



**N2N CONNECT BERHAD (523137-K)**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For The Quarter and Year-To-Date Ended 31 December 2014

(the figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To date	Preceding Year Corresponding Period
	31 Dec 2014 RM'000	31 Dec 2013 RM'000	31 Dec 2014 RM'000	31 Dec 2013 RM'000
Revenue	8,370	8,560	34,239	31,327
Direct costs	(3,606)	(3,524)	(14,382)	(12,103)
Gross profit	4,764	5,036	19,857	19,224
Other operating income	1,019	479	2,716	1,298
Administrative expenses	(3,814)	(3,261)	(14,484)	(12,895)
Finance costs	(101)	(323)	(998)	(1,447)
<b>Profit before taxation</b>	1,868	1,931	7,091	6,180
Taxation	(27)	(58)	(157)	(137)
Profit for the period	1,841	1,873	6,934	6,043
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
- Exchange differences arising from translation of foreign operations	115	2	62	115
<b>Total comprehensive income for the period attributable to owners of the Company</b>	1,956	1,875	6,996	6,158
<b>Profit for the period attributable to:</b>				
Owners of the Company	1,841	1,873	6,934	6,043
<b>Earnings per share ("EPS") attributable to the owners of the Company (sen):</b>				
Basic EPS (sen)	0.49	0.63	1.86	2.02
Diluted EPS (sen)	0.47	0.57	1.76	1.83

**Note:**

The above Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income was prepared based on the consolidated results of the Group for the financial year ended 31 December 2014 and should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.



**N2N CONNECT BERHAD (523137-K)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**As At 31 December 2014**

(the figures have not been audited)

	As at 31 Dec 2014 RM'000	As at 31 Dec 2013 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	46,020	46,107
Intangible asset	12,212	11,032
	<u>58,232</u>	<u>57,139</u>
<b>Current assets</b>		
Trade receivables	10,746	8,401
Other receivables	1,201	868
Amount owing by holding company	-	224
Amount owing by related company	8	310
Tax Recoverable	136	-
Marketable securities	86,538	58
Deposits with licensed bank	6,008	36
Cash and bank balances	4,811	3,927
	<u>109,448</u>	<u>13,824</u>
<b>TOTAL ASSETS</b>	<u>167,680</u>	<u>70,963</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	43,969	30,407
Share premium	106,225	6,634
Exchange reserve	309	247
Warrants reserve	1,678	1,938
Treasury Shares	(4,881)	(1,657)
Retained profits	10,777	11,595
<b>Total equity</b>	<u>158,077</u>	<u>49,164</u>
<b>Non-current liabilities</b>		
Term loan	4,282	14,311
Hire Purchase creditor	38	-
Deferred tax liabilities	351	244
	<u>4,671</u>	<u>14,555</u>
<b>Current liabilities</b>		
Trade payables	1,416	795
Other payables	2,741	2,529
Amount owing to related company	8	10
Bank overdraft	-	1,718
Term loan	704	2,045
Hire Purchase creditor	24	-
Amount owing to directors	39	146
Provision for taxation	-	1
	<u>4,932</u>	<u>7,244</u>
<b>Total liabilities</b>	<u>9,603</u>	<u>21,799</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>167,680</u>	<u>70,963</u>
Net Assets ("NA") per share attributable to owners of the Company (sen) *	<u>42.49</u>	<u>16.47</u>

**Note:**

\* Based on number of shares net of treasury shares

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.



**N2N CONNECT BERHAD (523137-K)**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For The Year-To-Date Ended 31 December 2014

(the figures have not been audited)

	Attributable to owners of the Company						Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Exchange Reserve RM'000	Treasury Shares RM'000	Warrants Reserve	Distributable Retained Profits RM'000	
<b>At 1 January 2014</b>	30,407	6,634	247	(1,657)	1,938	11,595	49,164
Net profit for the period	-	-	-	-	-	6,934	6,934
Other comprehensive income	-	-	62	-	-	-	62
Total comprehensive income for the period	-	-	62	-	-	6,934	6,996
Shares purchased during the period held as treasury shares	-	-	-	(3,226)	-	-	(3,226)
Resale of treasury shares during the period	-	0	-	2	-	-	2
Dividend	-	-	-	-	-	(7,752)	(7,752)
Issuance of shares pursuant to ESOS Exercise <sup>i)</sup>	58	68	-	-	-	-	126
Issuance of shares pursuant to conversion of Warrants <sup>ii)</sup>	1,301	3,121	-	-	(260)	-	4,162
Issuance of shares pursuant to private placement <sup>iii)</sup>	12,203	96,402	-	-	-	-	108,605
<b>At 31 December 2014</b>	<b>43,969</b>	<b>106,225</b>	<b>309</b>	<b>(4,881)</b>	<b>1,678</b>	<b>10,777</b>	<b>158,077</b>
<b>At 1 January 2013</b>	29,974	5,333	132	(917)	-	5,552	40,074
Net profit for the period	-	-	-	-	-	6,043	6,043
Other comprehensive income	-	-	115	-	-	-	115
Total comprehensive income for the period	-	-	115	-	-	6,043	6,158
Shares purchased during the period held as treasury shares	-	-	-	(1,661)	-	-	(1,661)
Resale of treasury shares during the period	-	419	-	921	-	-	1,340
Adjustment for fair value of warrants	-	-	-	-	1,998	-	1,998
<b>Transactions with owners in their capacity as owners:</b>							
Issuance of shares pursuant to ESOS Exercise <sup>iv)</sup>	129	154	-	-	-	-	283
Issuance of shares pursuant to conversion of Warrants <sup>v)</sup>	304	728	-	-	(60)	-	972
<b>At 31 December 2013</b>	<b>30,407</b>	<b>6,634</b>	<b>247</b>	<b>(1,657)</b>	<b>1,938</b>	<b>11,595</b>	<b>49,164</b>

**Notes:**

- 550,600; and 33,000 new N2N Shares issued from 21 January 2014 to 30 September 2014 pursuant to the Company's Employee Share Option Scheme ("ESOS") at exercise price of RM0.22 and RM0.18 per ordinary share respectively.
- 13,000,665 new N2N Shares issued from 12 March 2014 to 7 April 2014 pursuant to the conversion of Warrants at exercise price of RM0.32 per ordinary share.
- Private placement of a total of 122,027,600 new ordinary shares of RM0.10 each at RM0.89 per placement share on 2 July 2014.
- 17,600; 15,400; 1,219,000; and 49,500 new N2N Shares issued from 14 February 2013 to 18 December 2013 pursuant to the Company's Employee Share Option Scheme ("ESOS") at exercise price of RM0.20, RM0.25, RM0.22 and RM0.18 per ordinary share respectively.
- 3,035,500 new N2N Shares issued on 19 July 2013 pursuant to the conversion of Warrants at exercise price of RM0.32 per ordinary share.

The Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.



**N2N CONNECT BERHAD (523137-K)**

**CONSOLIDATED STATEMENT OF CASH FLOW**  
**For The Year-To-Date Ended 31 December 2014**  
 (the figures have not been audited)

	12 months ended 31 Dec 2014 RM'000	12 months ended 31 Dec 2013 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	7,091	6,180
Adjustments for:		
Amortisation of intangible asset	2,202	1,930
Bad debts written off	-	26
Provision for receivables	222	-
Depreciation of property, plant and equipment	3,802	3,860
Gain on disposal of property, plant and equipment	-	(10)
Property, plant and equipment written off	-	192
Unrealised foreign exchange gain	-	(82)
Interest income	(76)	(19)
Interest expense	998	1,447
Operating profit before working capital changes	<u>14,239</u>	<u>13,524</u>
(Increase)/Decrease in working capital		
Trade receivables	(2,353)	(953)
Other receivables	(377)	(148)
Trade payables	664	(551)
Other payables	(1)	61
Amount owing to directors	(107)	67
Amount owing by related company	300	(87)
Amount owing by holding company	224	(180)
Cash generated from operations	<u>12,589</u>	<u>11,733</u>
Interest received	76	19
Interest paid	(998)	(1,447)
Income tax paid	(187)	(137)
Net cash from operating activities	<u>11,480</u>	<u>10,168</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Computer software development cost	(3,383)	(2,937)
Purchase of property, plant and equipment	(3,696)	(4,418)
Proceeds from disposal of property, plant and equipment	-	10
Dividend income received from marketable securities	1,446	-
Purchase of marketable securities	(87,926)	(1)
Net cash used in investing activities	<u>(93,559)</u>	<u>(7,346)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	112,893	1,256
Proceeds from issue of warrants	-	1,998
Proceeds from resale of treasury shares	2	1,340
Shares buyback	(3,226)	(1,661)
Dividend payment	(7,752)	-
Repayment of term loan	(11,369)	(2,044)
Net hire purchase financing	61	-
Net cash (used in)/from financing activities	<u>90,609</u>	<u>889</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>8,529</b>	<b>3,711</b>
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	<b>46</b>	<b>42</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>2,244</b>	<b>(1,508)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b><u>10,819</u></b>	<b><u>2,245</u></b>
<b>Cash and cash equivalents at end of the period comprises:</b>		
Cash and bank balances	4,811	3,927
Deposits with licensed bank	6,008	36
Bank overdraft	-	(1,718)
	<u>10,819</u>	<u>2,245</u>

**Note:**

The above Consolidated Statement of Cash Flow was prepared based on the consolidated results of the Group for the financial period ended 31 December 2014 and should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.



**N2N CONNECT BERHAD (523137-K)**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
For The Quarter and Year-To-Date Ended 31 December 2014**

**A NOTES TO THE INTERIM FINANCIAL REPORT**

**A1 Basis of preparation**

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") No. 134: Interim Financial Reporting, and Part K Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market.

The condensed consolidated financial statements should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2013.

**A2 Significant accounting policies**

The accounting policies and presentation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the year ended 31 December 2013, except for changes arising from the adoption of following Malaysian Financial Reporting Standards ("MFRS"), Amendments to MFRSs and IC Interpretations that are effective for financial period beginning on or after 1 January 2014:

Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities  
Amendments to MFRS 132: Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities  
Amendments to MFRS 136: Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets  
Amendments to MFRS 139: Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting  
IC Interpretation 21: Levies

The adoption of the above pronouncements did not have any significant impact on the financial statements of the Group.

**MFRSs, Amendments to MFRSs and IC Interpretations issued but not yet effective**

The following MFRSs, Amendments to MFRSs have been issued but are not yet effective, and have yet to be adopted by the Group:

***Effective for annual periods beginning on or after 1 July 2014***

Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011 - 2013 Cycle)  
Amendments to MFRS 2: Share-based Payment (Annual Improvements 2010 - 2012 Cycle)  
Amendments to MFRS 3: Business Combinations (Annual Improvements 2010 - 2012 Cycle and 2011 - 2013 Cycle)  
Amendments to MFRS 8: Operating Segments (Annual Improvements 2010 - 2012 Cycle)  
Amendments to MFRS 13: Fair Value Measurement (Annual Improvements 2010 - 2012 Cycle and 2011 - 2013 Cycle)  
Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2010 - 2012 Cycle)  
Amendments to MFRS 119: Employee Benefits - Defined Benefit Plans: Employee Contributions  
Amendments to MFRS 124: Related Party Disclosures (Annual Improvements 2010 - 2012 Cycle)  
Amendments to MFRS 138: Intangible Assets (Annual Improvements 2010 - 2012 Cycle)  
Amendments to MFRS 140: Investment Property (Annual Improvements 2011 - 2013 Cycle)

***Effective for annual periods beginning on or after 1 January 2016***

MFRS 14: Regulatory Deferral Accounts  
Amendments to MFRS 11: Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations  
Amendments to MFRS 116: Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 138: Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation

***Effective for a date yet to be confirmed***

MFRS 9: Financial Instruments (2009)  
MFRS 9: Financial Instruments (2010)  
MFRS 9: Financial Instruments - Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139  
Amendments to MFRS 7: Financial Instruments: Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures



**N2N CONNECT BERHAD (523137-K)**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**For The Quarter and Year-To-Date Ended 31 December 2014**

**A3 Audit report of preceding annual financial statements**

There were no audit qualifications on the annual audited financial statements for the year ended 31 December 2013.

**A4 Seasonal or cyclical factors**

The Group's operations were not materially affected by seasonal or cyclical changes during the current quarter under review.

**A5 Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review.

**A6 Material changes in estimates**

There were no changes in estimates of amounts reported in prior financial years, which have a material effect in the current quarter under review.

**A7 Debt and equity securities**

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities for the current quarter under review except for the following:

(a) *Share buyback by the Company*

During the quarter under review, the Company repurchased 2,862,800 units of its issued ordinary shares from the open market at an average price of RM0.82 per share. Total consideration paid for the repurchase including transaction cost was RM2,364,167 and this was financed by internally generated funds. Cumulative total number of shares repurchased at the end of the quarter was 7,380,500. There was no resale or cancellation of treasury shares for the quarter under review. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

**A8 Dividend paid or proposed**

There is no dividend being proposed in the current quarter under review.

**A9 Segmental information**

Business segment

The principal businesses of the Group are researcher and developer of software package and provision of design, programming, consultancy services and related services which are substantially within a single business segment, and therefore, segmental reporting by business segment is deemed not necessary. Accordingly, the information regarding its financial position and results is represented by the financial statements as a whole.

Geographical segment

In determining the geographical segments of the Group, segment revenue is based on the geographical location of customers.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To date	Preceding Year Corresponding Period
	31 Dec 2014 RM'000	31 Dec 2013 RM'000	31 Dec 2014 RM'000	31 Dec 2013 RM'000
Malaysia	6,923	7,558	29,294	26,251
Singapore	1,440	1,000	4,711	4,627
Indonesia	7	2	170	243
Philippines	-	-	64	206
	<u>8,370</u>	<u>8,560</u>	<u>34,239</u>	<u>31,327</u>

**A10 Provision for doubtful debts**

There was provision for doubtful debts of RM222,000 in the current quarter under review.



**N2N CONNECT BERHAD (523137-K)**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
For The Quarter and Year-To-Date Ended 31 December 2014**

**A11 Other receivables**

	<b>Current Year 4th Quarter As At 31 Dec 2014 RM'000</b>	<b>As at 31 Dec 2013 RM'000</b>
Other receivables	31	310
Deposits	397	328
Prepayments	773	230
	<u>1,201</u>	<u>868</u>

**A12 Other payables**

	<b>Current Quarter 4th Quarter As At 31 Dec 2014 RM'000</b>	<b>As at 31 Dec 2013 RM'000</b>
Other payables	368	992
Accruals	1,932	1,223
Deposit received	441	314
	<u>2,741</u>	<u>2,529</u>

**A13 Valuation of property, plant and equipment**

There were no changes in the valuation of the property, plant and equipment reported in the previous audited financial statements that will have an effect in the current quarter under review.

**A14 Material events subsequent to the end of the quarter**

There were no material events subsequent to the end of the current quarter under review up to 23 February 2015.

**A15 Changes in the composition of the Group**

There were no changes in the composition of the Group for the current quarter under review except for:

(i) On 9 September 2014, NGN Connection Sdn Bhd, the wholly-owned subsidiary of the Company, acquired the entire issued and paid-up share capital of Global Fin Net Sdn Bhd comprising twenty (20) ordinary shares of RM0.10 each for a cash consideration of RM2.00; and

(ii) On 21 November 2014, N2N Global Solutions Sdn Bhd, the wholly-owned subsidiary of the Company, acquired the entire issued and paid-up share capital of Influx Biotech Sdn Bhd comprising two (2) ordinary shares of RM1.00 each for a cash consideration of RM2.00.

**A16 Contingent liabilities**

The Directors are of the opinion that the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position and business of the Group as at 23 February 2015 (the latest practicable date which is not earlier than 7 days from the date of issue of this financial results).

**A17 Capital commitments**

As at 31 December 2014, the Group has no material capital commitment in respect of property, plant and equipment.

**A18 Significant related party transactions**

There were no significant related party transactions in the current quarter under review.



**N2N CONNECT BERHAD (523137-K)**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
For The Quarter and Year-To-Date Ended 31 December 2014**

**B ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENTS**

**B1 Review of performance**

**4th Quarter 2014 versus 4th Quarter 2013**

For the current quarter under review, the Group recorded revenue of RM 8.37 million, 2.2% lower compared to that achieved in the preceding year corresponding quarter of RM 8.56 million. The decrease was mainly due to renewal of contract rates.

The Group recorded a profit attributable to the owners of the Company of approximately RM1.841 million, 1.7% lower compared to that achieved in the preceding year corresponding quarter of RM1.873 million. This was mainly due to the reason as stated above, mitigated by increase in other operating income.

**B2 Material changes in the quarterly results as compared with the preceding quarter**

The Group recorded a profit before taxation of RM1.868 million in the current quarter under review which was 8.1% lower than the profit before taxation of RM2.034 million registered in the immediate preceding quarter mainly due to the reasons mentioned in Note B1 above.

**B3 Prospects**

Due to the Group's existing dominance in the domestic market, the Group continues to attract new businesses from other equities and derivatives solution users to adopt its new and enhanced flagship products and services. Regionally the Group continues to secure new engagements from ASEAN and beyond to implement its solution and services. The Group is also actively pursuing a few merger and acquisition targets it has identified that will be complementary to the Group business activities. Barring any unforeseen circumstances, the Group expects its financial performance for the financial year ending 31 December 2015 to remain satisfactory.

**B4 Variation of actual profit from forecast profit**

Not applicable as no profit forecast was published.

**B5 Items in the statement of comprehensive income**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31 Dec 2014 RM'000	Preceding Year Corresponding Quarter 31 Dec 2013 RM'000	Current Year To date 31 Dec 2014 RM'000	Preceding Year Corresponding Period 31 Dec 2013 RM'000
(a) Interest income	27	7	76	19
(b) Dividend Income from marketable securities	740	-	1,446	-
(c) Interest expense	(101)	(356)	(998)	(1,447)
(d) Depreciation and amortisation	(1,586)	(1,467)	(6,004)	(5,790)
(e) (Provision for)/reversal of receivables	(222)	-	(222)	-
(f) Property, plant and equipment written off	-	(4)	-	(192)
(g) Net foreign exchange loss	(2)	(48)	(8)	(14)

Other than the above, there were no other income including gain or loss on disposal of property, plant and equipment, provision for and write off of inventories, gain or loss on disposal of quoted or unquoted investments or properties, impairment of assets, gain or loss on derivatives and exceptional items included in the results for the current quarter and financial year ended 31 December 2014.





**N2N CONNECT BERHAD (523137-K)**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
For The Quarter and Year-To-Date Ended 31 December 2014**

**B6 Taxation**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31 Dec 2014 RM'000	Preceding Year Corresponding Quarter 31 Dec 2013 RM'000	Current Year To date 31 Dec 2014 RM'000	Preceding Year Corresponding Period 31 Dec 2013 RM'000
Income tax:				
Current year	33	58	33	94
Prior year	(6)	-	17	43
Deferred tax	-	-	107	-
	<u>27</u>	<u>58</u>	<u>157</u>	<u>137</u>

The effective tax rate of the Group for the current quarter under review was lower than the statutory tax rate of 25% mainly due to availability of unabsorbed capital allowance brought forward.

**B7 Quoted securities**

	Current Year 4th Quarter As At 31 Dec 2014 RM'000	As At 31 Dec 2013 RM'000
At cost		
Quoted unit trusts *	<u>86,538</u>	<u>58</u>

Note \* : These relate to quoted unit trusts, namely AmIncome and AmCash, which are exempted from corporate tax and management fees, and has the flexibility of withdrawal as well as higher yields.

**B8 Group's borrowings and debt securities**

	Current Year 4th Quarter As At 31 Dec 2014 RM'000	As At 31 Dec 2013 RM'000
<b>Secured</b>		
<b>Short-term borrowings</b>		
Bank overdraft	-	1,718
Term loan	704	2,045
Sub total	<u>704</u>	<u>3,763</u>
<b>Long-term borrowings</b>		
Term loan	4,282	14,311
Grand total	<u>4,986</u>	<u>18,074</u>

All borrowings are denominated in Ringgit Malaysia.

**B9 Off balance sheet financial instruments**

There were no financial instruments with off balance sheet risk as at the date of this announcement applicable to the Group.

**B10 Material litigation**

Neither the Company nor its subsidiary is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiary and the Board of Directors does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or its subsidiary.



**N2N CONNECT BERHAD (523137-K)**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
For The Quarter and Year-To-Date Ended 31 December 2014**

**B11 Earnings per share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31 Dec 2014	Preceding Year Corresponding Quarter 31 Dec 2013	Current Year Quarter 31 Dec 2014	Preceding Year Corresponding Quarter 31 Dec 2013
<b>(a) Basic earnings per share</b>				
Net profit attributable to owners of the Company (RM'000)	1,841	1,873	6,934	6,043
Weighted average number of ordinary shares in issue ('000)	372,029	298,516	372,029	298,516
Basic earnings/(loss) per share (sen)	0.49	0.63	1.86	2.02
<b>(b) Diluted earnings per share</b>				
Net profit attributable to owners of the Company (RM'000)	1,841	1,873	6,934	6,043
Weighted average number of ordinary shares	372,029	298,516	372,029	298,516
Adjusted for:				
Assumed exercise of ESOS at no consideration ('000)	5,541	12,185	5,541	12,185
Assumed exercise of Warrants at no consideration ('000)	16,777	20,193	16,777	20,193
Adjusted number of ordinary shares ('000)	394,347	330,894	394,347	330,894
Diluted earnings/(loss) per share (sen)	0.47	0.57	1.76	1.83

**B12 Status of corporate proposals announced but not completed at the latest practicable date which must not be earlier than 7 days from the date of issue of the quarterly report**

There were no corporate proposals announced but not completed as at 23 February 2015.

**B13 Utilisation of proceeds from Rights Issue of Warrants**

The status of utilisation of the gross proceeds raised from the Rights Issue of Warrants of RM1.998 million as at 31 December 2014 is as follows:-

<b>Purpose</b>	<b>Proposed to be utilised</b>	<b>Actual utilisation as at 31 December 2014</b>	<b>Intended timeframe for utilisation from date of listing of the Warrants</b>	<b>Unutilised</b>
	<b>RM'000</b>	<b>RM'000</b>		<b>RM'000</b>
Working capital	1,548	1,548	Within two (2) years	-
Estimated expenses for the Rights Issue of Warrants	450	450	Within one (1) month	-
	<u>1,998</u>	<u>1,998</u>		<u>-</u>



**N2N CONNECT BERHAD (523137-K)**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**For The Quarter and Year-To-Date Ended 31 December 2014**

**B13 Disclosure of realised and unrealised profits**

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, was as follows:

	<b>Current Year</b>	<b>As at</b>
	<b>4th Quarter As At</b>	<b>31 Dec 2013</b>
	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits		
Realised	11,165	11,835
Unrealised	(351)	(204)
	<u>10,814</u>	<u>11,631</u>
Add: Consolidation adjustments	(37)	(37)
Total retained profits as per consolidated statement of financial position	<u><u>10,777</u></u>	<u><u>11,595</u></u>

**B14 Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 27 February 2015.

By Order of the Board

Tiang Boon Hwa  
Managing Director

Date : 27 February 2015