



**N2N CONNECT BERHAD 200001020530 (523137-K)**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2020**

**N2N CONNECT BERHAD 200001020530 (523137-K)**

(Incorporated in Malaysia)

**SUMMARY OF KEY FINANCIAL INFORMATION****FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2020**

Remark:

The results for the quarter and six months ended 30 June 2020 should be read in conjunction with the Annual Audited Financial Statements of N2N Connect Berhad and its subsidiaries ("Group") for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

	Quarter Ended		Year-To-Date Ended	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	RM'000	RM'000	RM'000	RM'000
1 Revenue	28,548	26,168	54,809	53,416
2 Profit before taxation	8,107	3,776	12,826	9,550
3 Profit for the period	6,860	2,861	10,516	8,347
4 Profit attributable to owners of the Company	6,968	2,958	10,730	8,547
5 Basic earnings per share (sen)	1.25	0.53	2.00	1.59
6 Diluted earnings per share (sen)	1.00	0.42	1.58	1.26
7 Proposed/Declared dividend per share (sen)	-	1.00	2.00	1.00

**N2N CONNECT BERHAD 200001020530 (523137-K)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2020**

	Note	Quarter Ended			Year-To-Date Ended		
		30 Jun 2020	30 Jun 2019	Changes %	30 Jun 2020	30 Jun 2019	Changes %
		RM'000 (UNAUDITED)	RM'000 (UNAUDITED)		RM'000 (UNAUDITED)	RM'000 (UNAUDITED)	
Revenue		28,548	26,168	9%	54,809	53,416	3%
Cost of sales		(11,074)	(11,112)	0%	(22,068)	(23,155)	-5%
Gross profit		<u>17,474</u>	<u>15,056</u>	16%	<u>32,741</u>	<u>30,261</u>	8%
Other operating income		1,221	1,185	3%	1,566	2,580	-39%
Administrative expenses		(9,800)	(12,130)	-19%	(20,467)	(22,461)	-9%
Finance costs		(223)	(335)	-33%	(449)	(705)	-36%
Share of results of associates		(565)	-	N/A	(565)	(125)	352%
Profit before taxation		<u>8,107</u>	<u>3,776</u>	115%	<u>12,826</u>	<u>9,550</u>	34%
Taxation	B6	(1,247)	(915)	36%	(2,310)	(1,203)	92%
Profit for the period		<u>6,860</u>	<u>2,861</u>	140%	<u>10,516</u>	<u>8,347</u>	26%
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
- Exchange differences arising from translation of foreign operations		(687)	1,238		3,530	149	
Total comprehensive income for the period		<u>6,173</u>	<u>4,099</u>		<u>14,046</u>	<u>8,496</u>	
Profit for the period attributable to:							
- Owners of the Company		6,968	2,958		10,730	8,547	
- Non-controlling interests		(108)	(97)		(214)	(200)	
		<u>6,860</u>	<u>2,861</u>		<u>10,516</u>	<u>8,347</u>	
Total comprehensive income for the period:							
- Owners of the Company		6,281	4,196		14,260	8,696	
- Non-controlling interests		(108)	(97)		(214)	(200)	
		<u>6,173</u>	<u>4,099</u>		<u>14,046</u>	<u>8,496</u>	
Earnings per share ("EPS") attributable to owners of the Company:							
- Basic EPS (sen)	B12	1.25	0.53		2.00	1.59	
- Diluted EPS (sen)	B12	1.00	0.42		1.58	1.26	

*The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.*

**N2N CONNECT BERHAD 200001020530 (523137-K)**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	Note	As at 30 Jun 2020 RM'000 (UNAUDITED)	As at 31 Dec 2019 RM'000 (AUDITED)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		30,140	31,525
Investment properties		9,846	9,963
Right-of-use assets		3,770	4,178
Intangible assets		79,393	76,387
Investment in associates		6,804	7,369
		<u>129,953</u>	<u>129,422</u>
<b>Current assets</b>			
Trade receivables		29,060	22,983
Other receivables	A11	10,746	9,776
Amount owing by related companies		336	263
Amount owing by an associate		2,036	1,235
Tax recoverable		1,924	2,481
Marketable securities	B7	71,703	82,518
Financial assets at fair value through profit or loss	A13	109	116
Deposits with licensed bank		355	351
Cash and bank balances		59,772	54,753
		<u>176,041</u>	<u>174,476</u>
<b>TOTAL ASSETS</b>		<u>305,994</u>	<u>303,898</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity</b>			
Share capital		260,987	260,987
Treasury shares		(37,237)	(37,198)
Exchange reserve		(4,495)	(8,025)
Retained profits		40,211	40,645
<b>Equity attributable to owners of the Company</b>		<u>259,466</u>	<u>256,409</u>
Non-controlling interests		(722)	(508)
		<u>258,744</u>	<u>255,901</u>
<b>Non-current liabilities</b>			
Bank borrowings	B8	7,137	11,369
Lease liabilities		3,002	3,278
Provision for retirement benefits	A14	3,015	2,692
Deferred tax liabilities		2,193	2,154
		<u>15,347</u>	<u>19,493</u>
<b>Current liabilities</b>			
Trade payables		5,644	4,534
Other payables	A12	14,192	10,068
Amount owing to related companies		165	76
Bank borrowings	B8	9,517	9,096
Lease liabilities		1,086	1,187
Provision for taxation		1,299	3,543
		<u>31,903</u>	<u>28,504</u>
<b>Total liabilities</b>		<u>47,250</u>	<u>47,997</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>305,994</u>	<u>303,898</u>
<b>Net assets per share attributable to owners of the Company (sen) *</b>		<u>46</u>	<u>46</u>

**Note:**

\* Based on number of shares net of treasury shares ('000)

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

**N2N CONNECT BERHAD 200001020530 (523137-K)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2020**

Note	Attributable to owners of the Company				Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Non-distributable		Distributable				
	Share Capital RM'000	Treasury Shares RM'000	Exchange Reserve RM'000	Retained Profits RM'000			
<b>At 1 January 2020</b>	260,987	(37,198)	(8,025)	40,645	256,409	(508)	255,901
Profit for the period	-	-	-	10,730	10,730	(214)	10,516
Other comprehensive income	-	-	3,530	-	3,530	-	3,530
Total comprehensive income for the period	-	-	3,530	10,730	14,260	(214)	14,046
Dividends paid	i	-	-	(11,164)	(11,164)	-	(11,164)
Share repurchased during the period held as treasury shares		-	(39)	-	(39)	-	(39)
<b>At 30 June 2020</b>	<b>260,987</b>	<b>(37,237)</b>	<b>(4,495)</b>	<b>40,211</b>	<b>259,466</b>	<b>(722)</b>	<b>258,744</b>
<b>At 1 January 2019</b>	260,987	(35,542)	(7,563)	30,551	248,433	(83)	248,350
Profit for the period	-	-	-	8,547	8,547	(200)	8,347
Other comprehensive income	-	-	149	-	149	-	149
Total comprehensive income for the period	-	-	149	8,547	8,696	(200)	8,496
Dividends paid	ii	-	-	(5,582)	(5,582)	-	(5,582)
Shares repurchased during the year held as treasury shares		-	(1,656)	-	(1,656)	-	(1,656)
<b>At 30 June 2019</b>	<b>260,987</b>	<b>(37,198)</b>	<b>(7,414)</b>	<b>33,516</b>	<b>249,891</b>	<b>(283)</b>	<b>249,608</b>

**Notes:**

- (i) The Company paid First Interim Dividend of 1 sen per share (Single Tier Dividend) in respect of the financial year ending 31 December 2020 and Special Dividend of 1 sen per share (Single Tier Dividend) in respect of the financial year ended 31 December 2019, on 14 May 2020.
- (ii) The Company paid First Interim Dividend of 1 sen per share (Single Tier Dividend) in respect of the financial year ended 31 December 2019, on 26 June 2019.

*The above Condensed 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 2019 and the accompanying explanatory notes attached to the interim financial statements.*

**N2N CONNECT BERHAD 200001020530 (523137-K)**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR YEAR-TO-DATE ENDED 30 JUNE 2020**

	<b>Year-To-Date Ended</b>	
	<b>30 Jun 2020</b>	<b>30 Jun 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(UNAUDITED)</b>	<b>(UNAUDITED)</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	12,826	9,550
Adjustments for:		
Amortisation of intangible assets	2,975	2,425
Depreciation of property, plant and equipment	2,302	2,878
Depreciation of investment properties	117	124
Depreciation of right-of-use assets	600	-
Fair value change on financial assets at fair value through profit or loss	7	(7)
Impairment loss of trade receivables	-	361
Provision for long service payments	181	-
Share of results of associates	565	125
Unrealised foreign exchange gain	378	(117)
Interest expense	449	705
Interest income	(151)	(230)
Dividend income	(1,215)	(1,721)
Operating profit before working capital changes	<u>19,034</u>	<u>14,093</u>
Changes in working capital		
Trade receivables	(5,926)	(6,685)
Other receivables	(970)	(1,770)
Trade payables	1,185	1,526
Other payables	4,124	(6,961)
Amount owing by/to related companies	16	(68)
Amount owing by/to an associate	(801)	-
Amount owing by/to a corporate shareholder	-	(375)
Cash generated from/(used in) operations	<u>16,662</u>	<u>(240)</u>
Dividend received	1,215	1,721
Interest paid	(449)	(705)
Interest received	151	230
Net tax paid	<u>(4,139)</u>	<u>(451)</u>
<b>Net cash generated from operating activities</b>	<b><u>13,440</u></b>	<b><u>555</u></b>
<b>Cash flows from investing activities</b>		
Computer software development cost	(3,140)	(3,200)
Purchase of property, plant and equipment	(925)	(2,850)
Net changes in marketable securities	<u>10,815</u>	<u>(31,822)</u>
<b>Net cash generated from/(used in) investing activities</b>	<b><u>6,750</u></b>	<b><u>(37,872)</u></b>
<b>Cash flows from financing activities</b>		
Dividend paid	(11,164)	(5,582)
Increase/(Decrease) in fixed deposits pledged	4	(5)
Repayment of bank borrowings	(3,811)	(4,493)
Repayment of lease liabilities	(604)	-
Repurchase of treasury shares	(39)	(1,656)
<b>Net cash used in financing activities</b>	<b><u>(15,614)</u></b>	<b><u>(11,736)</u></b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR YEAR-TO-DATE ENDED 30 JUNE 2020**

	Year-To-Date Ended	
	30 Jun 2020	30 Jun 2019
	RM'000	RM'000
	(UNAUDITED)	(UNAUDITED)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,576</b>	<b>(49,053)</b>
Effect of exchange rate changes	447	(168)
Cash and cash equivalents at beginning of the period	55,104	101,576
<b>Cash and cash equivalents at end of the period</b>	<b>60,127</b>	<b>52,355</b>
<b>Cash and cash equivalents at end of the period comprises:</b>		
Cash and bank balances	59,772	52,355
Deposits with licensed bank	355	346
	60,127	52,701
Less: Fixed deposits pledged to licensed bank	(355)	(346)
	59,772	52,355

*The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.*

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**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2020**

**A NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**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 2019.

**A2 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of the Condensed Report are consistent with those in the preparation of the Group's audited financial statements for the financial year ended 31 December 2019. As at the date of authorisation of this Condensed Report, the following Standards and amendments to standards have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group:

**Standards issued but not yet effective**

**Effective for annual periods beginning on or after 1 January 2021**

MFRS 17: Insurance Contracts

**Effective date of these amendments to Standards has been deferred**

Amendments to MFRS 10 and 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have a material impact to the financial statements of the Group upon their initial recognition.

**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 2019.

**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.



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**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.

**A8 DIVIDEND PAID**

During the current period under review, the Company declared a First Interim Dividend of 1 sen per share (Single Tier Dividend) amounting to RM5,582,021 for the financial year ending 31 December 2020 and Special Dividend of 1 sen per share (Single Tier Dividend) amounting to RM5,582,021 for the financial year ended 31 December 2019. The dividends were paid on 14 May 2020.

**A9 SEGMENT INFORMATION**

The reportable segments of the Group derive their revenue primarily from the provision of design, programming, consultancy services and related services which are substantially within a single business segment.

	<b>Malaysia RM'000</b>	<b>Hong Kong RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
<b>Financial period ended 30 June 2020</b>					
<u>Revenue</u>					
Sales to external customers	21,323	28,387	5,099	-	54,809
Inter-segment sales	25	-	370	(395)	-
<b>Total</b>	<b>21,348</b>	<b>28,387</b>	<b>5,469</b>	<b>(395)</b>	<b>54,809</b>
<u>Results</u>					
EBITDA *	10,435	6,884	2,650	(935)	19,034
Dividend income	1,215	-	-	-	1,215
Finance income	151	-	-	-	151
Finance costs	(392)	(51)	(6)	-	(449)
Depreciation of property, plant and equipment	(1,187)	(1,046)	(69)	-	(2,302)
Depreciation of investment properties	(117)	-	-	-	(117)
Depreciation of right-of-use assets	-	(520)	(80)	-	(600)
Amortisation of intangible assets	(2,921)	(54)	-	-	(2,975)
Unrealised foreign exchange gain/(loss)	(536)	-	167	(9)	(378)
Share of results of associates	(565)	-	-	-	(565)
Other non-cash items	(7)	(181)	-	-	(188)
Taxation	(1,281)	(811)	(218)	-	(2,310)
<b>Segment profit for the period</b>	<b>4,795</b>	<b>4,221</b>	<b>2,444</b>	<b>(944)</b>	<b>10,516</b>

\* Earnings before interest, taxes, depreciation and amortisation (excluding other significant non-cash items).

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**FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2020**

	Malaysia RM'000	Hong Kong RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<b>Financial period ended 30 June 2019</b>					
<u>Revenue</u>					
Sales to external customers	19,010	28,902	5,504	-	53,416
Inter-segment sales	25	-	-	(25)	-
Total	<u>19,035</u>	<u>28,902</u>	<u>5,504</u>	<u>(25)</u>	<u>53,416</u>
<u>Results</u>					
EBITDA *	7,054	5,612	1,552	(125)	14,093
Dividend income	11,721	-	-	(10,000)	1,721
Finance income	218	12	-	-	230
Finance costs	(705)	-	-	-	(705)
Depreciation of property, plant and equipment	(1,572)	(1,235)	(71)	-	(2,878)
Depreciation of investment properties	(124)	-	-	-	(124)
Amortisation of intangible assets	(2,373)	(52)	-	-	(2,425)
Unrealised foreign exchange gain/(loss)	131	-	(50)	36	117
Share of results of associates	(125)	-	-	-	(125)
Impairment loss of receivables	-	(361)	-	-	(361)
Provision for doubtful debts	-	(361)	-	-	(361)
Other non-cash items	7	-	-	-	7
Taxation	(915)	-	(288)	-	(1,203)
Segment profit for the period	<u>13,317</u>	<u>3,976</u>	<u>1,143</u>	<u>(10,089)</u>	<u>8,347</u>

\* Earnings before interest, taxes, depreciation and amortisation (excluding other significant non-cash items).

**A10 PROVISION FOR DOUBTFUL DEBTS**

There was no provision for doubtful debts in the current quarter under review.

**A11 OTHER RECEIVABLES**

	As At 30 Jun 2020 RM'000	As At 31 Dec 2019 RM'000
Prepayments	4,694	3,783
Deposits paid	1,737	1,595
Other receivables	4,315	4,398
	<u>10,746</u>	<u>9,776</u>

**A12 OTHER PAYABLES**

	As At 30 Jun 2020 RM'000	As At 31 Dec 2019 RM'000
Accruals	4,910	3,552
Deposit received	3,748	3,598
Other payables	5,534	2,918
	<u>14,192</u>	<u>10,068</u>

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**A13 FAIR VALUE HIERARCHY**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that is not based on observable market data.

The following table analyses the fair value hierarchy for financial instruments carried at fair value in the statement of financial position:

	<b>As At 30 Jun 2020 Level 1 Fair Value RM'000</b>	<b>As At 31 Dec 2019 Level 1 Fair Value RM'000</b>
Financial assets at fair value through profit or loss	109	116

**A14 PROVISION FOR RETIREMENT BENEFITS**

Provision for retirement benefits of the Group relate to long service payments ("LSP") provisions as prescribed under the Hong Kong Employment Ordinance. LSP is paid to employees of a subsidiary company upon termination of their employment, subject to completion of five years of continuous service and meeting certain qualifying conditions. The benefit is based on final wages and service at leaving employment.

**A15 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.

**A16 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD**

There was no material event subsequent to the current financial year ended 31 December 2019 up to the date of the announcement of this report which is likely to substantially affect the results of the operations of the Group for the current financial quarter under review.

**A17 CHANGES IN THE COMPOSITION OF THE GROUP**

There were no other changes in the composition of the Group for the current period under review.

**A18 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 25 August 2020 (the latest practicable date which is not earlier than 7 days from the date of issue of this financial results).

**A19 CAPITAL COMMITMENTS**

There were no material capital commitments in the current quarter under review.

**A20 SIGNIFICANT RELATED PARTY TRANSACTIONS**

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

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**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2020**

**B ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES**

**B1 REVIEW OF PERFORMANCE**

- (a) Performance of current quarter against the preceding year's corresponding quarter

	<b>Quarter Ended</b>	
	<b>30 Jun 2020</b>	<b>30 Jun 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	28,548	26,168
Profit for the quarter	6,860	2,861
Core profit *	5,991	2,019

\* Core profit represents earnings before extraordinary items.

Revenue of the Group increased by 9.09% to RM28.55 million for the quarter under review compared to the revenue of RM26.17 million in the preceding year's corresponding quarter. The higher revenues were mainly due to the higher implementation fees, higher equipment rental revenue and higher monthly transaction fees attributed to the surge in Bursa's market trading volumes during the quarter.

Profit after tax for the quarter under review amounting to RM6.86 million was 2.4 times higher than the profit after tax of RM2.86 million recorded in the preceding year's corresponding quarter.

The higher profit after tax were attributed to lower costs and expenses and the higher revenues during the quarter under review. This also resulted in a higher core profits of RM5.99 million for the quarter under review in comparison to RM2.02 million in the preceding year's corresponding quarter.

- (b) Performance of the current financial period against the preceding year's corresponding period

	<b>Year-To-Date Ended</b>	
	<b>30 Jun 2020</b>	<b>30 Jun 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	54,809	53,416
Profit for the period	10,516	8,347
Core profit *	9,589	6,465

\* Core profit represents earnings before extraordinary items.

The Group recorded a revenue of RM54.81 million for 6 months ended 30 June 2020 which is 2.60% higher than the revenue of RM53.42 million recorded in the preceding year's corresponding period. The higher revenues were mainly attributed to the higher equipment rental revenue and higher monthly transaction fees recorded by the Group as a result of the increased trading volumes on Bursa's market.

Profit after tax for the 6 months ended 30 June 2020 was RM10.52 million which is 25.99% higher than the profit after tax of RM8.35 million recorded in the preceding year's corresponding period.

Similarly, the core profits of the Group increased by 48.22% from RM6.47 million in the preceding year to RM9.59 million in the current period under review. The higher profits were mainly attributed to the combination of lower cost and expenses and the higher revenues.

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**B2 MATERIAL CHANGES IN THE CURRENT QUARTER RESULTS COMPARED WITH IMMEDIATE PRECEDING QUARTER**

	Quarter Ended	
	30 Jun 2020 RM'000	31 Mar 2020 RM'000
Revenue	28,548	26,261
Profit for the quarter	6,860	3,656
Core profit *	5,991	3,598

\* Core profit represents earnings before extraordinary items.

The Group's revenue for the quarter under review amounting to RM28.55 million was 8.72% higher than the previous quarter's revenue of RM26.26 million. The higher revenues were mainly due to the higher monthly transaction fees resulting the increased trading volumes on Bursa's market.

Profit after tax jumped 87.43% to RM6.86 million from RM3.66 million in the previous quarter. Core profits of the Group registered an increase of 66.38% from RM3.60 million in the previous quarter to RM5.99 million in the current quarter under review.

The higher profits were mainly due to the combination of higher revenues and lower costs.

**B3 PROSPECTS**

The government's well managed containment measures during the Covid-19 outbreak and the massive stimulus package launched by the government is expected to help offset the economic losses sustained during the height of the movement control order. As such, we expect that economic activities in general would accelerate and rebound in the 2H.

Bursa Malaysia's trading volume has been hitting a high note in recent months with retail investors attributing to major part of the rally. We foresee the interest from retail investors to continue as they chase penny stocks and mid cap stocks to benefit from the rally.

In Hong Kong, the broadly supportive, rapid and robust monetary and fiscal responses from the Hong Kong government is expected to support a partial recovery for Hong Kong in 2H.

The Group continues to closely monitor the development in the economic conditions locally and globally. Barring unforeseen circumstances, the Group expects its business to remain resilient moving forward.

**B4 VARIATION OF ACTUAL PROFIT FROM FORECAST PROFIT**

Not applicable as no profit forecast was published.

**B5 ITEMS IN THE STATEMENT OF COMPREHENSIVE INCOME**

The following items have been charged/(credited) in arriving at the profit from operations:

	Quarter Ended		Year-To-Date Ended	
	30 Jun 2020 RM'000	30 Jun 2019 RM'000	30 Jun 2020 RM'000	30 Jun 2019 RM'000
(a) Interest income	(78)	(105)	(151)	(230)
(b) Dividend Income	(516)	(928)	(1,215)	(1,721)
(c) Interest expense	223	335	449	705
(d) Depreciation and amortisation	2,732	2,546	5,394	5,427
(e) Net foreign exchange loss/(gain)	4	84	597	(117)
(f) Fair value change on financial assets at fair value through profit or loss	(44)	8	7	(7)

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**B6 TAXATION**

	Quarter Ended		Year-To-Date Ended	
	30 Jun 2020 RM'000	30 Jun 2019 RM'000	30 Jun 2020 RM'000	30 Jun 2019 RM'000
Current tax:				
- Current year provision	(1,247)	(915)	(2,310)	(1,203)
- Under provision in prior years	-	-	-	-
	<u>(1,247)</u>	<u>(915)</u>	<u>(2,310)</u>	<u>(1,203)</u>

**B7 MARKETABLE SECURITIES**

	As At 30 Jun 2020 RM'000	As At 31 Dec 2019 RM'000
Quoted unit trusts in Malaysia*	<u>71,703</u>	<u>82,518</u>

Note \* : These relate to quoted Islamic unit trusts, which are exempted from corporate tax, produce higher yields and have the flexibility of withdrawal.

**B8 GROUP'S BORROWINGS AND DEBT SECURITIES**

	As At 30 Jun 2020 RM'000	As At 31 Dec 2019 RM'000
<b>Secured</b>		
<b>Short-term borrowings</b>		
<i>United States Dollar</i>		
Term loan	9,517	9,096
<b>Long-term borrowings</b>		
<i>United States Dollar</i>		
Term loan	7,137	11,369
	<u>16,654</u>	<u>20,465</u>

**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.

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**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.

**B11 PROPOSED DIVIDENDS**

No dividend has been declared or recommended during the current quarter under review.

**B12 EARNINGS PER SHARE ("EPS")**

	Quarter Ended		Year-To-Date Ended	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
<b>(a) Basic earnings per share</b>				
Profit attributable to owners of the Company (RM'000)	6,968	2,958	10,730	8,547
Weighted average number of ordinary shares in issue ('000)	558,283	558,283	537,824	538,288
Basic EPS (sen)	1.25	0.53	2.00	1.59
<b>(b) Diluted earnings per share</b>				
Profit attributable to owners of the Company (RM'000)	6,968	2,958	10,730	8,547
Weighted average number of ordinary shares in issue ('000)	558,283	558,283	537,824	538,288
Assumed exercise of Warrants at no consideration ('000)	140,090	140,090	140,090	140,090
Adjusted weighted average number of ordinary shares in issue and issueable ('000)	698,373	698,373	677,914	678,378
Diluted EPS (sen)	1.00	0.42	1.58	1.26

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**B13 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**

The Group had on 26 June 2020 announced the proposal in relation to the undertaking of the transfer of listing of and quotation for the entire issued share capital and the outstanding warrants 2019/2024 from ACE Market to the Main Market of Bursa Securities.

Please refer to our announcement dated 26 June 2020 for details.

**B14 AUTHORISATION FOR ISSUE**

The unaudited condensed consolidated financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 25 August 2020.

By Order of the Board

Tiang Boon Hwa  
Managing Director

Date : 25 August 2020