



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

**SUMMARY OF KEY FINANCIAL INFORMATION**

**For The Quarter and Year-To-Date Ended 30 September 2010**

(the figures have not been audited)

Remark:

The results for the current quarter ended 30 September 2010 should be read in conjunction with the Annual Audited Financial Statements of N2N and its subsidiaries ("Group") for the financial year ended 31 December 2009.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To date	Preceding Year Corresponding Period
	30 Sep 2010 RM'000	30 Sep 2009 RM'000	30 Sep 2010 RM'000	30 Sep 2009 RM'000
1 Revenue	3,430	2,950	10,710	9,689
2 Loss before tax	(4,534)	(2,473)	(6,576)	(10,520)
3 Loss for the period	(4,537)	(2,473)	(6,579)	(10,520)
4 Loss attributable to ordinary equity holders of the parent	(4,537)	(2,473)	(6,579)	(10,520)
5 Basic loss per share (sen)	(1.52)	(0.83)	(2.20)	(3.52)
6 Diluted loss per share (sen)	(1.40)	(0.76)	(2.03)	(3.24)
7 Proposed/Declared dividend per share (sen)	-	-	-	-



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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For The Quarter and Year-To-Date Ended 30 September 2010

(the figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current	Preceding	Current	Preceding
	Year	Year	Year	Year
	Quarter	Corresponding	To date	Corresponding
	Quarter	Quarter	Period	Period
	30 Sep 2010	30 Sep 2009	30 Sep 2010	30 Sep 2009
	RM'000	RM'000	RM'000	RM'000
<b>CONTINUING OPERATIONS:</b>				
Revenue	3,430	2,950	10,710	9,689
Direct costs	(1,320)	(1,144)	(3,690)	(3,262)
Gross profit	2,110	1,806	7,020	6,427
Other operating income	100	72	269	223
Administrative expenses	(6,744)	(4,351)	(13,865)	(17,170)
Finance costs	-	*	-	*
<b>Loss before taxation</b>	<b>(4,534)</b>	<b>(2,473)</b>	<b>(6,576)</b>	<b>(10,520)</b>
Taxation	-	-	-	-
<b>Loss for the period from continuing operations</b>	<b>(4,534)</b>	<b>(2,473)</b>	<b>(6,576)</b>	<b>(10,520)</b>
<b>DISCONTINUED OPERATIONS:</b>				
Loss for the period from discontinued operations	(3)	-	(3)	-
<b>Loss for the period/Total comprehensive loss</b>	<b>(4,537)</b>	<b>(2,473)</b>	<b>(6,579)</b>	<b>(10,520)</b>
<b>Loss/Total comprehensive loss attributable to:</b>				
Equity holders of the Company	(4,537)	(2,473)	(6,579)	(10,520)
Minority interests	-	-	-	-
	<b>(4,537)</b>	<b>(2,473)</b>	<b>(6,579)</b>	<b>(10,520)</b>
<b>Loss per share ("LPS") attributable to the equity holders of the Company (sen):</b>				
Basic LPS (sen)	(1.52)	(0.83)	(2.20)	(3.52)
Diluted LPS (sen)	(1.40)	(0.76)	(2.03)	(3.24)

**Note:**

The above Condensed Consolidated Statement of Comprehensive Income were prepared based on the consolidated results of the Group for the financial period ended 30 September 2010 and should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

\* Less than RM1,000.



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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**As At 30 September 2010**

(the figures have not been audited)

	<b>Current Year 3rd Quarter as at 30 Sep 2010 RM'000</b>	<b>Audited as at 31 Dec 2009 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	14,105	18,181
Intangible asset	7,498	6,598
	<u>21,603</u>	<u>24,779</u>
<b>Current assets</b>		
Inventories	4	4
Trade receivables	5,232	6,595
Other receivables	1,416	1,684
Marketable securities	12,165	10,685
Tax recoverable	21	21
Cash and bank balances	2,077	5,357
	<u>20,915</u>	<u>24,346</u>
<b>TOTAL ASSETS</b>	<u>42,518</u>	<u>49,125</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	29,888	29,876
Share premium	5,221	5,206
Exchange reserves	239	271
Retained profits	4,965	11,544
<b>Total equity</b>	<u>40,313</u>	<u>46,897</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	33	33
	<u>33</u>	<u>33</u>
<b>Current liabilities</b>		
Trade payables	999	822
Other payables	1,144	1,314
Amount owing to directors	29	59
	<u>2,172</u>	<u>2,195</u>
<b>Total liabilities</b>	<u>2,205</u>	<u>2,228</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>42,518</u>	<u>49,125</u>
Net Assets ("NA") per share attributable to equity holders of the Company (sen)	<u>13.49</u>	<u>15.70</u>

**Note:**

NA per share is arrived at based on the Group's NA of RM40,313,000 (2009: RM46,897,000) over the number of ordinary shares of 298,879,400 (2009: 298,760,800) shares of RM0.10 each in N2N ("N2N 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 2009 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 30 September 2010**

(the figures have not been audited)

	Attributable to equity holders of the parent				Total Equity RM'000
	Share Capital RM'000	Non-distributable Share Premium RM'000	Exchange Reserve RM'000	Distributable Retained Profits RM'000	
<b>At 1 January 2010</b>	29,876	5,206	271	11,544	46,897
Total comprehensive loss for the period	-	-	(32)	(6,579)	(6,611)
<b>Transactions with owners in their capacity as owners:</b>					
Issuance of shares pursuant to ESOS Exercise <sup>i)</sup>	12	15	-	-	27
<b>At 30 September 2010</b>	<b>29,888</b>	<b>5,221</b>	<b>239</b>	<b>4,965</b>	<b>40,313</b>
<b>At 1 January 2009</b>	29,843	5,161	195	33,177	68,376
Total comprehensive loss for the period	-	-	26	(10,520)	(10,494)
<b>Transactions with owners in their capacity as owners:</b>					
Issuance of shares pursuant to ESOS Exercise <sup>ii)</sup>	8	11	-	-	19
<b>At 30 September 2009</b>	<b>29,851</b>	<b>5,172</b>	<b>221</b>	<b>22,657</b>	<b>57,901</b>

**Notes:**

- i) 62,000 and 56,600 new N2N Shares issued between 21 April 2010 to 19 May 2010 pursuant to the Company's Employee Share Option Scheme ("ESOS") at exercise price of RM0.20 and RM0.25 per ordinary share respectively.
- ii) 18,400 and 60,000 new N2N Shares issued between 20 May 2009 to 19 June 2009 pursuant to the Company's ESOS at exercise price of RM0.20 and RM0.25 per ordinary share respectively.

*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 2009 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 30 September 2010**  
 (the figures have not been audited)

	<b>9 months ended 30 Sep 2010 RM'000</b>	<b>9 months ended 30 Sep 2009 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(6,579)	(10,520)
Adjustments for:		
Amortisation of intangible asset	813	659
Depreciation of property, plant and equipment	5,931	6,473
Property, plant and equipment written off	7	4
Loss on disposal of property, plant and equipment	*	8
Provision for doubtful debts	2,906	6,897
Bad debts written off	272	-
Allowance for diminution in value of marketable securities	4	-
Unrealised foreign exchange loss/(gain)	71	(89)
Interest expense	-	*
Interest income	(201)	(207)
Dividend income	(38)	(20)
Operating profit before working capital changes	<u>3,186</u>	<u>3,205</u>
(Increase)/Decrease in working capital		
Trade receivables	(1,815)	(2,218)
Other receivables	269	154
Trade payables	176	(31)
Other payables	(131)	339
Amount owing to directors	(68)	(65)
Amount owing by holding company	(*)	(1)
Cash generated from operations	<u>1,617</u>	<u>1,383</u>
Interest received	201	207
Interest paid	-	(*)
Income tax paid	(*)	(6)
Net cash generated from operating activities	<u>1,818</u>	<u>1,584</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Computer software development cost	(1,714)	(1,380)
Purchase of property, plant and equipment	(1,912)	(465)
Net (purchase)/sales of marketable securities	(1,447)	1,975
Dividend received	-	20
Net cash (used in)/generated from investing activities	<u>(5,073)</u>	<u>150</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	27	19
Repayment of hire purchase payables	-	(20)
Net cash generated from/(used in) financing activities	<u>27</u>	<u>(1)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,228)</b>	<b>1,733</b>
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	<b>(52)</b>	<b>87</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>5,357</b>	<b>3,463</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b><u>2,077</u></b>	<b><u>5,283</u></b>
Cash and cash equivalents at end of period comprises:		
Cash and bank balances	<u>2,077</u>	<u>5,283</u>

**Note:**

The above Consolidated Statement of Cash Flow was prepared based on the consolidated results of the Group for the financial period ended 30 September 2010 and should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

\* Less than RM1,000.