



**N2N CONNECT BHD (523137-K)**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2017**



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

(Incorporated in Malaysia)

**SUMMARY OF KEY FINANCIAL INFORMATION**

**FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2017**

Remark:

The results for the quarter and three months ended 31 March 2017 should be read in conjunction with the Annual Audited Financial Statements of N2N and its subsidiaries ("Group") for the financial year ended 31 December 2016.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31 Mar 2017 RM'000	Preceding Year Corresponding Quarter 31 Mar 2016 RM'000	Current Year To date 31 Mar 2017 RM'000	Preceding Year Corresponding Period 31 Mar 2016 RM'000
1 Revenue	11,364	10,106	11,364	10,106
2 Profit before tax	3,622	2,879	3,622	2,879
3 Profit for the period	3,605	2,879	3,605	2,879
4 Profit attributable to owners of the Company	3,624	2,902	3,624	2,902
5 Basic earnings per share (sen)	0.77	0.62	0.77	0.62
6 Diluted earnings per share (sen)	0.73	0.58	0.73	0.58
7 Proposed/Declared dividend per share (sen)	-	-	-	-



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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2017**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter 31 Mar 2017 RM'000	Preceding Year Corresponding Quarter 31 Mar 2016 RM'000	Current Year To Date 31 Mar 2017 RM'000	Preceding Year Corresponding Period 31 Mar 2016 RM'000
Revenue		11,364	10,106	11,364	10,106
Cost of sales		(4,985)	(4,580)	(4,985)	(4,580)
Gross profit		6,379	5,526	6,379	5,526
Other operating income		1,066	1,283	1,066	1,283
Administrative expenses		(3,756)	(3,860)	(3,756)	(3,860)
Finance costs		(67)	(70)	(67)	(70)
Profit before taxation		3,622	2,879	3,622	2,879
Taxation	B6	(17)	-	(17)	-
Profit for the period		3,605	2,879	3,605	2,879
Other comprehensive income: Items that may be reclassified subsequently to profit or loss					
- exchange differences arising from translation of foreign operations		50	(133)	50	(133)
Total comprehensive income for the period		3,655	2,746	3,655	2,746
Profit for the period attributable to:					
Owners of the Company		3,624	2,902	3,624	2,902
Non-controlling interests		(19)	(23)	(19)	(23)
		3,605	2,879	3,605	2,879
Total comprehensive income for the period :					
Owners of the Company		3,674	2,769	3,674	2,769
Non-controlling interests		(19)	(23)	(19)	(23)
		3,655	2,746	3,655	2,746



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2017**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter 31 Mar 2017 RM'000	Preceding Year Corresponding Quarter 31 Mar 2016 RM'000	Current Year To Date 31 Mar 2017 RM'000	Preceding Year Corresponding Period 31 Mar 2016 RM'000
Earnings per share ("EPS") attributable to the owners of the Company:					
Basic EPS (sen)	B12	<u>0.77</u>	<u>0.62</u>	<u>0.77</u>	<u>0.62</u>
Diluted EPS (sen)	B12	<u>0.73</u>	<u>0.58</u>	<u>0.73</u>	<u>0.58</u>

*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 2016 and the accompanying explanatory notes attached to the interim financial statements.*



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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 31 Mar 2017 (UNAUDITED) RM'000	As at 31 Dec 2016 (AUDITED) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment and Investment properties	49,961	45,462
Intangible assets	20,105	18,133
Goodwill on consolidation	60,831	-
	<u>130,897</u>	<u>63,595</u>
<b>Current assets</b>		
Trade receivables	15,359	7,620
Other receivables	16,692	9,147
Amount owing by holding company	108	108
Amount owing by a related company	39	38
Tax recoverable	73	8
Marketable securities	209	70,729
Financial assets at fair value through profit or loss	3,322	2,923
Deposits with licensed bank	107,861	6,807
Cash and bank balances	22,820	29,720
	<u>166,483</u>	<u>127,100</u>
<b>TOTAL ASSETS</b>	<u>297,380</u>	<u>190,695</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Total equity</b>		
Share capital	47,643	47,643
Share premium	115,672	115,672
Exchange reserve	854	804
Warrants reserve	1,397	1,397
Treasury shares	(5,784)	(5,409)
Retained profits	21,909	18,285
<b>Equity attributable to owners of the Company</b>	<u>181,691</u>	<u>178,392</u>
Non-controlling interests	504	523
	<u>182,195</u>	<u>178,915</u>
<b>Non-current liabilities</b>		
Provision for long service payment	3,554	-
Loss on defined benefit plan	2,975	-
Term loan	45,820	2,874
Deferred tax liabilities	1,720	1,252
	<u>54,069</u>	<u>4,126</u>



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

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>As at 31 Mar 2017 (UNAUDITED) RM'000</b>	<b>As at 31 Dec 2016 (AUDITED) RM'000</b>
<b>Current liabilities</b>		
Trade payables	5,747	3,930
Other payables	16,334	2,889
Term loan	39,000	822
Hire Purchase creditor	35	13
	<u>61,116</u>	<u>7,654</u>
<b>Total liabilities</b>	<u>115,185</u>	<u>11,780</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>297,380</u>	<u>190,695</u>
 Net Assets ("NA") per share attributable to owners of the Company (sen) *	 <u>39</u>	 <u>38</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 2016 and the accompanying explanatory notes attached to the interim financial statements.*



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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED 31 MARCH 2017**

Note	Attributable to owners of the Company						Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Non-distributable			Distributable				
		Share Premium RM'000	Exchange Reserve RM'000	Treasury Shares RM'000	Warrants Reserve RM'000	Retained Profits RM'000			
<b>At 1 January 2017</b>	47,643	115,672	804	(5,409)	1,397	18,285	178,392	523	178,915
Profit for the period	-	-	-	-	-	3,624	3,624	(19)	3,605
Other comprehensive income	-	-	50	-	-	-	50	-	50
Total comprehensive income for the period	-	-	50	-	-	3,624	3,674	(19)	3,655
Shares purchased during the period held as treasury shares	-	-	-	(375)	-	-	(375)	-	(375)
<b>At 31 March 2017</b>	<b>47,643</b>	<b>115,672</b>	<b>854</b>	<b>(5,784)</b>	<b>1,397</b>	<b>21,909</b>	<b>181,691</b>	<b>504</b>	<b>182,195</b>



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED 31 MARCH 2017**

Note	Attributable to owners of the Company						Total Equity RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Non-distributable			Distributable				
		Share Premium RM'000	Exchange Reserve RM'000	Treasury Shares RM'000	Warrants Reserve RM'000	Retained Profits RM'000			
<b>At 1 January 2016</b>	46,359	111,809	728	-	1,654	15,936	176,486	589	177,075
Net profit for the period	-	-	-	-	-	2,902	2,902	(23)	2,879
Other comprehensive income	-	-	(133)	-	-	-	(133)	-	(133)
Total comprehensive income for the period	-	-	(133)	-	-	2,902	2,769	(23)	2,746
Dividends paid (i)	-	-	-	-	-	(4,647)	(4,647)	-	(4,647)
Shares purchased during the period held as treasury shares	-	-	-	(21)	-	-	(21)	-	(21)
Issuance of shares pursuant to conversion of Warrants (ii)	740	2,224	-	-	(148)	-	2,816	-	2,816
<b>At 31 March 2016</b>	<b>47,099</b>	<b>114,033</b>	<b>595</b>	<b>(21)</b>	<b>1,506</b>	<b>14,191</b>	<b>177,403</b>	<b>566</b>	<b>177,969</b>





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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED 31 MARCH 2017**

**Notes:**

- i) The Company paid Second Interim Dividend of 1 sen per share ( Single Tier Dividend) in respect of the financial year ended 31 December 2015, on 31 March 2016.
- ii) 7,409,933 new new ordinary shares of RM0.10 each for cash pursuant to the conversion of Warrants at exercise price of RM0.38 per ordinary share.

*The Unaudited 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 2016 and the accompanying explanatory notes attached to the interim financial statements.*



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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THREE MONTHS ENDED 31 MARCH 2017**

	<b>3 months ended 31 Mar 2017 RM'000</b>	<b>3 months ended 31 Mar 2016 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	3,622	2,879
Adjustments for:		
Amortisation of intangible asset	772	669
Depreciation of property, plant and equipment	1,229	1,021
Depreciation of investment properties	70	70
Fair value change on financial assets at fair value through profit or loss	(399)	(133)
Unrealised foreign exchange gain	4	(3)
Dividend income	(499)	(824)
Interest income	(264)	(17)
Interest expense	67	70
Operating profit before working capital changes	<u>4,602</u>	<u>3,732</u>
Changes in working capital		
Trade receivables	(1,726)	2,788
Other receivables	7,232	155
Trade payables	(873)	(807)
Other payables	70	41
Amount owing by a related company	(1)	72
Amount owing by holding company	-	15
Cash generated from operations	<u>9,304</u>	<u>5,996</u>
Interest received	264	17
Interest paid	(67)	(70)
Dividend received	499	824
Net tax paid	(17)	63
Net cash from operating activities	<u>9,983</u>	<u>6,830</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Computer software development cost	(1,160)	(1,218)
Purchase of property, plant and equipment	(264)	(1,383)
Net changes in marketable securities	70,520	3,841
Acquisition of subsidiary, net of cash acquired	(65,736)	-
Net cash generated from investing activities	<u>3,360</u>	<u>1,240</u>



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THREE MONTHS ENDED 31 MARCH 2017**

	<b>3 months ended 31 Mar 2017 RM'000</b>	<b>3 months ended 31 Mar 2016 RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	-	2,816
Shares buyback	(375)	(21)
Dividend paid	-	(4,647)
Net drawdown/(repayment) of term loan	81,124	(176)
Net hire purchase financing	(7)	(6)
Net cash used in financing activities	<u>80,742</u>	<u>(2,034)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	94,085	6,036
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	69	(98)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	36,527	24,871
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u>130,681</u>	<u>30,809</u>
<b>Cash and cash equivalents at end of the period comprises:</b>		
Cash and bank balances	22,820	24,493
Deposits with licensed bank	107,861	6,316
	<u>130,681</u>	<u>30,809</u>

*The Unaudited 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 2016 and the accompanying explanatory notes attached to the interim financial statements.*



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

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### **UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2017**

#### **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 2016.

##### **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 2016, 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 2017:

Amendments to MFRS 12: Disclosure of Interest in Other Entities (Annual Improvements 2014-2016 Cycle)

Amendments to MFRS 107: Disclosure Initiative

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

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

##### ***Effective for annual periods beginning on or after 1 January 2018***

Amendments to MFRS 1: First-time Adoption of Financial Malaysian Financial reporting Standards

Amendments to MFRS 2: Classification and Measurement of Share-Based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contract

MFRS 9: Financial Instruments

MFRS 15: Revenue from Contracts with Customers

Amendments to MFRS 128: Investments in Associates and Joint Ventures (Annual Improvements to MFRS 2014-2016)

Amendments to MFRS 140: Transfers of Investment Property

IC Interpretations 22: Foreign Currency Transactions and Advance Consideration

##### ***Effective for annual periods beginning on or after 1 January 2019***

MFRS 16: Leases

##### ***Effective date yet to be determined by the Malaysian Accounting Standards Board***

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 other than the adoption of MFRS 9 Financial Instruments and MFRS 15 Revenue from Contracts with Customers. The Group is currently assessing the impact of these standards and plans to adopt these standards on the respective effective dates.



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### **UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2017**

#### **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 2016.

#### **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:

##### Share buyback

During the current quarter under review, the Company repurchased 573,700 units of its issued ordinary shares from the open market at an average price of RM0.65 per share. Total consideration paid for the repurchase including transaction cost was approximately RM375,000 and this was financed by internally generated funds. As at 31 March 2017, the cumulative total number of shares repurchased was 7,274,700 at its issued ordinary shares from the open market at an average price of RM0.80 per share. Total consideration paid for the repurchase including transaction cost was approximately RM5,784,000 and this was financed by internally generated funds. 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 127 of the Companies Act, 2016.

#### **A8 Dividend paid**

There is no dividend paid during the current period under review.

#### **A9 Segmental information**

##### (a) 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.



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(b) 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 31 Mar 2017 RM'000	Preceding Year Corresponding Quarter 31 Mar 2016 RM'000	Current Year To Date 31 Mar 2017 RM'000	Preceding Year Corresponding Period 31 Mar 2016 RM'000
Malaysia	9,052	8,423	9,052	8,423
Singapore	1,526	1,347	1,526	1,347
Indonesia	16	6	16	6
Philippines	770	330	770	330
	<b>11,364</b>	<b>10,106</b>	<b>11,364</b>	<b>10,106</b>

**A10 Provision for doubtful debts**

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

**A11 Other receivables**

	As At 31 Mar 2017 RM'000	As at 31 Dec 2016 RM'000
Other receivables	12,173	116
Deposits	1,789	8,646
Prepayments	2,730	385
	<b>16,692</b>	<b>9,147</b>

**A12 Other payables**

	As At 31 Mar 2017 RM'000	As at 31 Dec 2016 RM'000
Other payables	3,994	673
Accruals	8,376	1,837
Deposit received	3,964	379
	<b>16,334</b>	<b>2,889</b>



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**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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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:

	As At 31 Mar 2017 Level 1 Fair Value	As at 31 Dec 2016 Level 1 Fair Value
	RM'000	RM'000
Financial assets at fair value through profit or loss	3,322	2,923

**A14 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.

**A15 Material events subsequent to the end of the period**

There was no material event subsequent to the current financial quarter ended 31 March 2017 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.

**A16 Changes in the composition of the Group**

During current period under review, the Company had, on 31 March 2017, completed the acquisition of the entire equity interest in AFE Solutions Limited ("AFE"), a company incorporated in Hong Kong, for an initial purchase consideration of USD20,597,300 (equivalent to RM91.17 million). AFE is a wholly-owned subsidiary of the Company. As at the acquisition date, a provisional goodwill amounting to RM60,831,000 was recognised in relation to the acquisition of AFE.

**A17 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 May 2017 (the latest practicable date which is not earlier than 7 days from the date of issue of this financial results).

**A18 Capital commitments**

There is a capital commitment for back office system for the financial institution of approximately RM240,000.

**A19 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 THREE MONTHS ENDED 31 MARCH 2017**

#### **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 corresponding quarter

For the current quarter ended 31 March 2017, the Group recorded revenue of RM11.36 million, 12.4% higher compared to that achieved in the preceding year corresponding quarter of RM10.11 million. The increase was mainly due to higher monthly fixed charge for leased lines and managed services and monthly variable matched trades.

The Group recorded a profit attributable to the owners of the Company of approximately RM3.62 million, 24.8% higher compared to that achieved in the preceding year corresponding quarter of RM2.90 million. This is mainly due to higher revenue earned.

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

The Group recorded a profit before taxation of RM3.62 million in the current quarter under review which was 34.6% higher than the profit before taxation of RM2.69 million reported in the immediate preceding quarter mainly due to higher revenue earned, fair value changes in the financial assets at fair value through profit or loss and acquisition costs related to AFE recognised in preceding quarter.

##### **B3 Prospects**

The acquisition of AFE, which was completed on 31 March 2017, enhanced our coverage in Malaysia, Singapore, Indonesia, Philippines, Hong Kong, Macau, Vietnam and the United States and made us one of the largest Asian base platform provider. The acquisition of AFE will positively contribute to the Group's performance in future. We are assessing a few more potential targets for acquisition to establish a Pan Asia presence and network of inter broking activities powered by our latest platform.

The Philippines business is expanding beyond the provision of platform to the Philippine Stock Exchange("PSE") as leading brokers are now coming directly to N2N to obtain a more advanced version of the trading system to complement the services currently obtained from N2N via PSE. New agreements are in the pipeline and more demonstration to prospects, including the Back Office Settlement system, which had gone live in April 2017. Together with N2N's continuing effort in expanding data centre and leased line business, and barring any unforeseen circumstances, the Directors are positive on the Group's performance for the financial year ending 2017.

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

Not applicable as no profit forecast was published.





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### UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2017

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

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31 Mar 2017 RM'000	Preceding Year Corresponding Quarter 31 Mar 2016 RM'000	Current Year To Date 31 Mar 2017 RM'000	Preceding Year Corresponding Period 31 Mar 2016 RM'000
(a) Interest income	(264)	(17)	(264)	(17)
(b) Dividend Income	(499)	(824)	(499)	(824)
(c) Interest expense	67	70	67	70
(d) Depreciation and amortisation	2,071	1,760	2,071	1,760
(e) Net foreign exchange (gain)/loss	135	(88)	135	(88)
(f) Bad debts written-off	-	11	-	11
(g) Fair value change on financial assets at fair value through profit or loss	(399)	(133)	(399)	(133)

#### B6 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31 Mar 2017 RM'000	Preceding Year Corresponding Quarter 31 Mar 2016 RM'000	Current Year To Date 31 Mar 2017 RM'000	Preceding Year Corresponding Period 31 Mar 2016 RM'000
Income tax:				
Current year	(17)	-	(17)	-

The effective tax rate of the Group for the current quarter under review was lower than the statutory tax rate of 24% mainly due to subsidiary companies have granted tax exemption for Multimedia Super Corridor ("MSC") qualifying activities under pioneer status pursuant to the Promotion of Investments Act, 1986 in Malaysia.

#### B7 Marketable securities

	As At 31 Mar 2017 RM'000	As At 31 Dec 2016 RM'000
At cost		
Quoted unit trusts *	209	70,729

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



## N2N CONNECT BERHAD (523137-K)

(Incorporated in Malaysia)

### UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2017

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

	As At 31 Mar 2017 RM'000	As At 31 Dec 2016 RM'000
<b>Secured</b>		
<b>Short-term borrowings</b>		
<i>United States Dollar</i>		
Term loan	39,000	822
<i>Hong Kong Dollar</i>		
Hire purchase creditor	29	
<i>Ringgit Malaysia</i>		
Hire purchase creditor	6	13
	39,035	835
<b>Long-term borrowings</b>		
<i>United States Dollar</i>		
Term loan	45,820	2,874
	84,855	3,709

#### 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.

#### B11 Dividend

No dividend declared or proposed by the Board of Directors for the current quarter under review.

#### B12 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31 Mar 2017	Preceding Year Corresponding Quarter 31 Mar 2016	Current Year To Date 31 Mar 2017	Preceding Year Corresponding Period 31 Mar 2016
<b>(a) Basic earnings per share</b>				
Net profit attributable to owners of the Company (RM'000)	3,624	2,902	3,624	2,902
Weighted average number of ordinary shares in issue ('000)	469,316	465,050	469,316	465,050
Basic earnings per share (sen)	0.77	0.62	0.77	0.62



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FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 31 Mar 2017	Preceding Year Corresponding Quarter 31 Mar 2016	Current Year Year To Date 31 Mar 2017	Preceding Year Corresponding Period 31 Mar 2016
<b>(b) Diluted earnings per share</b>				
Net profit attributable to owners of the Company (RM'000)	3,624	2,902	3,624	2,902
Weighted average number of ordinary shares in issue ('000)	469,316	465,050	469,316	465,050
Adjusted for: Assumed exercise of Warrants at no consideration ('000)	25,990	35,360	25,990	35,360
Adjusted number of ordinary shares ('000)	495,306	500,410	495,306	500,410
Diluted earnings per share (sen)	0.73	0.58	0.73	0.58

**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**

There were no corporate proposals announced but not completed as at 25 May 2017.

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**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2017****B14 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>As At</b>	<b>As at</b>
	<b>31 Mar 2017</b>	<b>31 Dec 2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits		
Realised	23,847	20,221
Unrealised	(783)	(783)
	<hr/> 23,064	<hr/> 19,438
Add: Consolidation adjustments	(1,155)	(1,153)
Total retained profits as per consolidated statement of financial position	<hr/> <hr/> 21,909	<hr/> <hr/> 18,285

**B15 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 May 2017.

By Order of the Board

Tiang Boon Hwa  
Managing Director

Date : 25 May 2017