



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

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2019**

N2N CONNECT BERHAD (523137-K)

(Incorporated in Malaysia)

SUMMARY OF KEY FINANCIAL INFORMATION**FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2019**

Remark:

The results for the quarter and twelve months ended 31 December 2019 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 2018 and the accompanying explanatory notes attached to the interim financial statements.

	Quarter Ended		Year-To-Date Ended	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
1 Revenue	26,229	27,865	105,095	108,118
2 Profit before taxation	2,296	3,992	17,575	19,291
3 Profit for the period	1,465	2,746	15,269	12,791
4 Profit attributable to owners of the Company	1,573	2,868	15,679	13,156
5 Basic earnings per share (sen)	0.28	0.51	2.92	2.46
6 Diluted earnings per share (sen)	0.23	0.51	2.31	2.46
7 Proposed/Declared dividend per share (sen)	-	1.00	1.00	4.00

N2N CONNECT BERHAD (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 31 DECEMBER 2019**

Note	Quarter Ended			Year-To-Date Ended		
	31 Dec 2019 RM'000 (UNAUDITED)	31 Dec 2018 RM'000 (AUDITED)	Changes %	31 Dec 2019 RM'000 (UNAUDITED)	31 Dec 2018 RM'000 (AUDITED)	Changes %
Revenue	26,229	27,865	-6%	105,095	108,118	-3%
Cost of sales	(12,630)	(11,715)	8%	(46,111)	(46,976)	-2%
Gross profit	13,599	16,150	-16%	58,984	61,142	-4%
Other operating income	1,775	347	412%	5,473	4,006	37%
Administrative expenses	(12,329)	(12,023)	3%	(45,007)	(43,809)	3%
Finance costs	(375)	(409)	-8%	(1,376)	(1,840)	-25%
Share of results of associates	(374)	(73)	412%	(499)	(208)	140%
Profit before taxation	2,296	3,992	-42%	17,575	19,291	-9%
Taxation	B6 (831)	(1,246)	-33%	(2,306)	(6,500)	-65%
Profit for the period	1,465	2,746	-47%	15,269	12,791	19%
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
- Exchange differences arising from translation of foreign operations	(771)	(945)		(622)	670	
Items that will not be reclassified subsequently to profit or loss:						
- Remeasurement for long service payments, net of tax	81	495		81	495	
Total comprehensive income for the period	775	2,296		14,728	13,956	
Profit for the period attributable to:						
- Owners of the Company	1,573	2,868		15,679	13,156	
- Non-controlling interests	(108)	(122)		(410)	(365)	
	1,465	2,746		15,269	12,791	
Total comprehensive income for the period:						
- Owners of the Company	149	2,418		15,138	14,321	
- Non-controlling interests	(108)	(122)		(410)	(365)	
	41	2,296		14,728	13,956	
Earnings per share ("EPS") attributable to owners of the Company:						
- Basic EPS (sen)	B12 0.28	0.51		2.92	2.46	
- Diluted EPS (sen)	B12 0.23	0.51		2.31	2.46	

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 2018 and the accompanying explanatory notes attached to the interim financial statements.

N2N CONNECT BERHAD (523137-K)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	As at 31 Dec 2019 RM'000 (UNAUDITED)	As at 31 Dec 2018 RM'000 (AUDITED)
ASSETS			
Non-current assets			
Property, plant and equipment		31,548	33,425
Investment properties		9,963	10,197
Intangible assets		76,387	75,105
Investment in associates		7,369	8,043
Right of use		4,179	-
		<u>129,446</u>	<u>126,770</u>
Current assets			
Trade receivables		23,493	16,661
Other receivables	A11	9,805	7,165
Amount owing by related companies		263	409
Amount owing by an associate		1,235	681
Tax recoverable		1,830	432
Marketable securities	B7	82,518	52,045
Financial assets at fair value through profit or loss	A13	116	114
Deposits with licensed bank		351	341
Cash and bank balances		54,753	101,576
		<u>174,364</u>	<u>179,424</u>
TOTAL ASSETS		<u>303,810</u>	<u>306,194</u>
EQUITY AND LIABILITIES			
Total equity			
Share capital		260,987	260,987
Treasury shares		(37,198)	(35,542)
Exchange reserve		(8,185)	(7,563)
Retained profits		40,728	30,551
Equity attributable to owners of the Company		<u>256,332</u>	<u>248,433</u>
Non-controlling interests		(493)	(83)
		<u>255,839</u>	<u>248,350</u>
Non-current liabilities			
Bank borrowings	B8	11,369	20,680
Provision for retirement benefits	A14	2,691	2,234
Deferred tax liabilities		2,154	1,158
		<u>16,214</u>	<u>24,072</u>
Current liabilities			
Trade payables		5,339	5,497
Other payables	A12	9,866	16,404
Amount owing to related companies		76	24
Bank borrowings	B8	9,096	9,191
Provision for taxation		2,899	2,656
Lease liability		4,481	-
		<u>31,757</u>	<u>33,772</u>
Total liabilities		<u>47,971</u>	<u>57,844</u>
TOTAL EQUITY AND LIABILITIES		<u>303,810</u>	<u>306,194</u>
Net assets per share attributable to owners of the Company (sen) *		<u>46</u>	<u>44</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 2018 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 QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2019**

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	Warrants Reserve RM'000	Retained Profits RM'000			
At 1 January 2019	260,987	(35,542)	(7,563)	-	30,551	248,433	(83)	248,350
Profit for the period	-	-	-	-	15,679	15,679	(410)	15,269
Other comprehensive income	-	-	(622)	-	81	(541)	-	(541)
Total comprehensive income for the period	-	-	(622)	-	15,760	15,138	(410)	14,728
Dividends paid	i	-	-	-	(5,583)	(5,583)	-	(5,583)
Share repurchased during the period held as treasury shares	-	(1,656)	-	-	-	(1,656)	-	(1,656)
At 31 December 2019	260,987	(37,198)	(8,185)	-	40,728	256,332	(493)	255,839
At 1 January 2018	163,641	(5,832)	(8,233)	1,383	38,563	189,522	282	189,804
Effects of MFRS 9 adoption	-	-	-	-	(259)	(259)	-	(259)
At 1 January 2018 (restated)	163,641	(5,832)	(8,233)	1,383	38,304	189,263	282	189,545
Profit for the period	-	-	-	-	13,156	13,156	(365)	12,791
Other comprehensive income	-	-	670	-	495	1,165	-	1,165
Total comprehensive income for the period	-	-	670	-	13,651	14,321	(365)	13,956
Dividends paid	ii	-	-	-	(21,413)	(21,413)	-	(21,413)
Shares repurchased during the year held as treasury shares	-	(29,710)	-	-	-	(29,710)	-	(29,710)
Issuance of shares pursuant to:								
- exercise of Warrants	iii	32,294	-	(1,374)	-	30,920	-	30,920
- private placement	iv	65,052	-	-	-	65,052	-	65,052
Transfer of unexercised warrants reserve upon expiry	-	-	-	(9)	9	-	-	-
At 31 December 2018	260,987	(35,542)	(7,563)	-	30,551	248,433	(83)	248,350

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 2019, on 26 June 2019.

(ii) The Company paid First Interim Dividend of 3 sen per share (Single Tier Dividend) in respect of the financial year ended 31 December 2018, on 28 March 2018.

(iii) 68,711,512 new ordinary shares for cash pursuant to the conversion of Warrants at exercise price of RM0.45 per ordinary share.

(iv) Private placement of 52,041,431 new ordinary shares of RM1.25 per placement share on 14 June 2018.

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 2018 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR-TO-DATE ENDED 31 DECEMBER 2019**

	Year-To-Date Ended	
	31 Dec 2019 RM'000 (UNAUDITED)	31 Dec 2018 RM'000 (AUDITED)
Cash flows from operating activities		
Profit before taxation	17,575	19,291
Adjustments for:		
Amortisation of intangible assets	5,141	4,164
Bad debts written off	18	-
Depreciation of property, plant and equipment	5,455	5,897
Depreciation of investment properties	234	234
Depreciation of right of use	1,345	-
Fair value change on financial assets at fair value through profit or loss	(2)	202
Gain on disposal of property, plant and equipment	(4)	(29)
Allowance for impairment on trade receivables	925	754
Property, plant and equipment written off	-	17
Provision for long service payments	467	357
Share of results of associates	499	208
Unrealised foreign exchange gain	(162)	380
Interest expense	1,376	1,840
Interest income	(407)	(699)
Dividend income	(3,371)	(1,944)
Operating profit before working capital changes	<u>29,089</u>	<u>30,672</u>
Changes in working capital		
Trade receivables	(7,819)	(5,643)
Other receivables	(2,640)	(3,113)
Trade payables	(179)	(660)
Other payables	(6,538)	5
Amount owing by/to related companies	198	(151)
Amount owing by/to an associate	(554)	1,728
Amount owing by/to a corporate shareholder	-	(1,088)
Cash generated from operations	<u>11,557</u>	<u>21,750</u>
Dividend received	3,371	1,944
Interest paid	(1,376)	(1,840)
Interest received	407	699
Net tax paid	<u>(2,954)</u>	<u>(5,162)</u>
Net cash generated from operating activities	<u>11,005</u>	<u>17,391</u>
Cash flows from investing activities		
Computer software development cost	(6,692)	(4,527)
Purchase of property, plant and equipment	(3,576)	(2,362)
Proceeds from disposal of property, plant and equipment	4	55
Net changes in marketable securities	(30,473)	(8,102)
Investment in associate	-	(8,331)
Net cash used in investing activities	<u>(40,737)</u>	<u>(23,267)</u>
Cash flows from financing activities		
Dividend paid	(5,583)	(15,785)
Increase in short term deposits	(10)	-
Decrease in fixed deposits pledged	-	43,865
Proceeds from issuance of shares pursuant to exercise of warrants	-	30,920
Proceeds from issuance of shares pursuant to private placement	-	65,052
Payment for lease liabilities	(1,046)	-
Repayment of bank borrowings	(9,406)	(40,095)
Repurchase of treasury shares	(1,656)	(29,710)
Net cash (used in)/generated from financing activities	<u>(17,701)</u>	<u>54,247</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR-TO-DATE ENDED 31 DECEMBER 2019**

	Year-To-Date Ended	
	31 Dec 2019	31 Dec 2018
	RM'000	RM'000
	(UNAUDITED)	(AUDITED)
Net (decrease)/increase in cash and cash equivalents	(47,433)	48,371
Effect of exchange rate changes	610	47
Cash and cash equivalents at beginning of the period	101,576	53,158
Cash and cash equivalents at end of the period	54,753	101,576
Cash and cash equivalents at end of the period comprises:		
Cash and bank balances	54,753	101,576
Deposits with licensed bank	351	341
	55,104	101,917
Less: Fixed deposits pledged to licensed bank	(351)	(341)
	54,753	101,576

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 2018 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 31 DECEMBER 2019**

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 2018.

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 2018. 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 financial periods beginning on or after 1 January 2020

Amendments to MFRS 3: Business Combinations

Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors

Amendments to MFRS 101: Presentation of Financial Statements

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, and yet to be announced

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 0

There were no audit qualifications on the annual audited financial statements for the year ended 31 December 2018.

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

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

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.

	Malaysia RM'000	Hong Kong RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Financial period ended 31 December 2019					
<u>Revenue</u>					
Sales to external customers	38,163	57,672	9,260	-	105,095
Inter-segment sales	50	-	746	(796)	-
Total	38,213	57,672	10,006	(796)	105,095
<u>Results</u>					
EBITDA *	14,546	11,766	2,945	(168)	29,089
Dividend income	13,371	-	-	(10,000)	3,371
Finance income	393	21	(7)	-	407
Finance costs	(1,258)	(118)	-	-	(1,376)
Depreciation of property, plant and equipment	(2,990)	(2,375)	(90)	-	(5,455)
Depreciation of investment properties	(234)	-	-	-	(234)
Depreciation of right of use Amortisation of intangible assets	-	(1,292)	(53)	-	(1,345)
Unrealised foreign exchange gain/(loss)	(5,036)	(105)	-	-	(5,141)
Share of results of associates	237	-	(69)	(6)	162
Provision for doubtful debts	(499)	-	-	-	(499)
Other non-cash items	(522)	(403)	-	-	(925)
Taxation	6	(485)	-	-	(479)
Segment profit for the period	(966)	(1,053)	(287)	-	(2,306)
	17,048	5,956	2,439	(10,174)	15,269

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

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	Malaysia RM'000	Hong Kong RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Financial period ended 31 December 2018					
<u>Revenue</u>					
Sales to external customers	39,522	60,426	8,170	-	108,118
Inter-segment sales	-	-	-	-	-
Total	<u>39,522</u>	<u>60,426</u>	<u>8,170</u>	<u>-</u>	<u>108,118</u>
<u>Results</u>					
EBITDA *	15,287	10,840	3,251	(215)	29,163
Dividend income	1,944	-	-	-	1,944
Finance income	685	7	7	-	699
Finance costs	(1,840)	-	-	-	(1,840)
Depreciation of property, plant and equipment	(3,570)	(2,194)	(133)	-	(5,897)
Depreciation of investment properties	(234)	-	-	-	(234)
Amortisation of intangible assets	(4,063)	(101)	-	-	(4,164)
Unrealised foreign exchange gain/(loss)	(375)	8	1	(14)	(380)
Share of results of associates	(208)	-	-	-	(208)
Impairment loss on receivables	182	548	25	-	755
Other non-cash items	(190)	(357)	-	-	(547)
Taxation	(4,023)	(2,048)	(429)	-	(6,500)
Segment profit for the period	<u>3,595</u>	<u>6,703</u>	<u>2,722</u>	<u>(229)</u>	<u>12,791</u>

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

A10 PROVISION FOR DOUBTFUL DEBTS

During the quarter review, the Group has recognised a provision for doubtful debts amounting to RM925k.

The provision is not expected to have any material impact on the Company and the Group.

A11 OTHER RECEIVABLES

	As At 31 Dec 2019 RM'000	As At 31 Dec 2018 RM'000
Prepayments	2,649	2,416
Deposits paid	491	1,505
Other receivables	6,665	3,244
	<u>9,805</u>	<u>7,165</u>

A12 OTHER PAYABLES

	As At 31 Dec 2019 RM'000	As At 31 Dec 2018 RM'000
Accruals	2,516	4,726
Deposit received	3,598	3,421
Other payables	3,752	8,257
	<u>9,866</u>	<u>16,404</u>

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 Dec 2019 Level 1 Fair Value RM'000	As At 31 Dec 2018 Level 1 Fair Value RM'000
Financial assets at fair value through profit or loss	116	114

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 2018 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

On 22 February 2019, the Company had acquired the entire equity interest in Asianext Sdn. Bhd. ("Asianext") comprising of 2 ordinary shares for a total cash consideration of RM2. Asianext is principally engaged in providing, operate and maintain a digital asset exchange and alternative trading system. The Acquisition is not expected to have any material effect on the earnings and net assets of the Group.

Other than the above, 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 28 February 2020 (the latest practicable date which is not earlier than 7 days from the date of issue of this financial results).

N2N CONNECT BERHAD (523137-K)
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**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2019**

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.

N2N CONNECT BERHAD (523137-K)

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**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2019****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.

	Quarter Ended	
	31 Dec 2019	31 Dec 2018
	RM'000	RM'000
Revenue	26,229	27,865
Profit for the quarter	1,465	2,746
Core profit *	1,761	3,176

* Core profit represents earnings before extraordinary items.

The Group recorded a revenue of RM26.23 million for the quarter ended 31 December 2019 in comparison to revenue of RM27.86 million in the preceding year's corresponding quarter. The lower revenue by 5.85% was due to lower subscriptions in the current quarter compared to corresponding quarter.

The profit after taxation for the current quarter totalling to RM1.47 million was 46.55% lower than the profit after taxation of RM2.75 million recorded in the corresponding quarter resulting from lower revenue, higher cost of sales, higher provision for expected credit losses and higher taxes for the current quarter. However, the impact was softened by higher interest income recorded in the current quarter.

Core profits of the Group was RM1.76 million in the current quarter compared to RM3.18 million in corresponding quarter. The decrease was mainly attributed to combination of lower revenue, higher cost of sales, higher provision for expected credit losses in the current quarter compared to corresponding quarter.

- (b)
- Performance of the current financial year against the preceding year.

	Year-To-Date Ended	
	31 Dec 2019	31 Dec 2018
	RM'000	RM'000
Revenue	105,095	108,118
Profit for the year	15,269	12,791
Core profit *	13,804	17,898

* Core profit represents earnings before extraordinary items.

The Group recorded a revenue of RM105.10 million for the year ended 31 December 2019 compared to RM108.12 million in the preceding year. Revenue was 2.79% lower mainly due to a lower one-time implementation revenues and recurring revenue resulting from softer trading activity in the Malaysian securities market in the current year. The impact was however softened by an increase in managed services revenue.

The profit after taxation for the current year of RM15.27 million was 19.39% higher than the preceding year's profit after taxation of RM12.79 million mainly due to improvements in interest income and the absence of one-off expenses relating to taxes that was recorded in the preceding year.

Core profits of the Group was RM13.80 million in the current year compared to RM17.90 million in the preceding year due to combination of lower revenues, higher cost of sales, higher amortization costs resulting from a change in the period of amortization and higher provisions for expected credit losses.

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**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2019****B2 MATERIAL CHANGES IN THE CURRENT QUARTER RESULTS COMPARED WITH IMMEDIATE PRECEDING QUARTER**

	Quarter Ended	
	31 Dec 2019 RM'000	30 Sept 2019 RM'000
Revenue	26,229	25,450
Profit for the quarter	1,465	5,457
Core profit *	1,761	4,657

* Core profit represents earnings before extraordinary items.

The Group recorded a higher revenue of RM26.23 million for the current quarter compared to RM25.45 million in the preceding quarter due to higher subscription revenues and higher one time implementation charges.

The Group recorded a lower profit after taxation of RM1.47 million compared to RM5.46 million in the preceding quarter. The lower profit after taxation was mainly due to the combination of higher provisions for expected credit losses, higher cost of sales and share of losses from associate. The impact was however softened by an increase in interest income.

The Group recorded a lower core profit of RM1.76 million in the current quarter compared to RM4.66 million in the preceding quarter owing mainly due to the combination of higher provisions for expected credit losses, higher market data cost and share of losses from associate.

B3 PROSPECTS

The Malaysian securities market performance in the last quarter of 2019 was influenced by both global and domestic developments such as concerns over the US-China trade war and the soft domestic corporate earnings. The Securities market in Malaysia started off on a better note in 2020 and is expected to be resilient. Greater volatility in both securities and derivatives market is expected owing to the Phase 1 of the US-China trade agreement which has eased trade tensions. Having said that, the unexpected political shift in Malaysia that happened on 23rd of February 2020 had raise uncertainty over the condition of the market in the coming months

In Hong Kong, the Hang Seng turned in a good performance in December 2019 despite the domestic protests. Although the recent COVID-19 outbreak has caused concerns, the impact cannot be ascertained with certainty at this juncture.

The Board will closely monitor the ensuing developments in the Malaysian political climate and the impact of COVID-19 if any, and take necessary mitigation measures. For 2020, the Group will continue to pursue the promotion of its Asia Trading Hub which was launched in November 2019.

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	
	31 Dec 2019 RM'000	31 Dec 2018 RM'000	31 Dec 2019 RM'000	31 Dec 2018 RM'000
(a) Interest income	(86)	(113)	(407)	(699)
(b) Dividend Income	(728)	(464)	(3,371)	(1,944)
(c) Interest expense	375	409	1,376	1,840
(d) Depreciation and amortisation	4,042	2,570	12,175	10,295
(e) Net foreign exchange loss/(gain)	(275)	1,343	(19)	380
(f) Fair value change on financial assets at fair value through profit or loss	5	85	(2)	202

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B6 TAXATION

	Quarter Ended		Year-To-Date Ended	
	31 Dec 2019 RM'000	31 Dec 2018 RM'000	31 Dec 2019 RM'000	31 Dec 2018 RM'000
Current tax:				
- Current year provision	(1,857)	(1,426)	(3,313)	(2,005)
- Under provision in prior years	1,026	180	1,007	(4,495)
	<u>(831)</u>	<u>(1,246)</u>	<u>(2,306)</u>	<u>(6,500)</u>

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 been 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 Dec 2019 RM'000	As At 31 Dec 2018 RM'000
Quoted unit trusts in Malaysia*	<u>82,518</u>	<u>52,045</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 31 Dec 2019 RM'000	As At 31 Dec 2018 RM'000
Secured		
Short-term borrowings		
<i>United States Dollar</i>		
Term loan	9,096	9,191
Long-term borrowings		
<i>United States Dollar</i>		
Term loan	11,369	20,680
	<u>20,465</u>	<u>29,871</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	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
(a) Basic earnings per share				
Profit attributable to owners of the Company (RM'000)	1,573	2,868	15,679	13,156
Weighted average number of ordinary shares in issue ('000)	558,283	560,360	537,824	533,976
Basic EPS (sen)	0.28	0.51	2.92	2.46
(b) Diluted earnings per share				
Profit attributable to owners of the Company (RM'000)	1,573	2,868	15,679	13,156
Weighted average number of ordinary shares in issue ('000)	558,283	560,360	537,824	533,976
Assumed exercise of Warrants at no consideration ('000)	140,090	-	140,090	-
Adjusted weighted average number of ordinary shares in issue and issueable ('000)	698,373	560,360	677,914	533,976
Diluted EPS (sen)	0.23	0.51	2.31	2.46

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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**

There were no corporate proposals announced but not completed as at 28 February 2020.

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 28 February 2020.

By Order of the Board

Tiang Boon Hwa
Managing Director

Date : 28 February 2020