



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

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

N2N CONNECT BERHAD 200001020530 (523137-K)

(Incorporated in Malaysia)

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

Remark:

The results for the quarter and nine months ended 30 September 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 Sept 2020	30 Sept 2019	30 Sept 2020	30 Sept 2019
	RM'000	RM'000	RM'000	RM'000
1 Revenue	31,553	25,450	86,362	78,866
2 Profit before taxation	10,233	5,730	23,059	15,280
3 Profit for the period	9,585	5,457	20,101	13,804
4 Profit attributable to owners of the Company	9,694	5,559	20,424	14,106
5 Basic earnings per share (sen)	1.74	1.00	3.66	2.62
6 Diluted earnings per share (sen)	1.39	0.80	2.92	2.08
7 Proposed/Declared dividend per share (sen)	-	-	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 SEPTEMBER 2020**

	Note	Quarter Ended			Year-To-Date Ended		
		30 Sept 2020	30 Sept 2019	Changes %	30 Sept 2020	30 Sept 2019	Changes %
		RM'000 (UNAUDITED)	RM'000 (UNAUDITED)		RM'000 (UNAUDITED)	RM'000 (UNAUDITED)	
Revenue		31,553	25,450	24%	86,362	78,866	10%
Cost of sales		(11,615)	(10,326)	12%	(33,683)	(33,481)	1%
Gross profit		<u>19,938</u>	<u>15,124</u>	32%	<u>52,679</u>	<u>45,385</u>	16%
Other operating income		1,874	1,119	67%	3,440	3,699	-7%
Administrative expenses		(11,312)	(10,217)	11%	(31,779)	(32,678)	-3%
Finance costs		(140)	(296)	-53%	(589)	(1,001)	-41%
Share of results of associates		(127)	-	#DIV/0!	(692)	(125)	454%
Profit before taxation		<u>10,233</u>	<u>5,730</u>	79%	<u>23,059</u>	<u>15,280</u>	51%
Taxation	B6	(648)	(273)	137%	(2,958)	(1,476)	100%
Profit for the period		<u>9,585</u>	<u>5,457</u>	76%	<u>20,101</u>	<u>13,804</u>	46%
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
- Exchange differences arising from translation of foreign operations		(2,624)	734		906	883	
Total comprehensive income for the period		<u>6,961</u>	<u>6,191</u>		<u>21,007</u>	<u>14,687</u>	
Profit for the period attributable to:							
- Owners of the Company		9,694	5,559		20,424	14,106	
- Non-controlling interests		(109)	(102)		(323)	(302)	
		<u>9,585</u>	<u>5,457</u>		<u>20,101</u>	<u>13,804</u>	
Total comprehensive income for the period:							
- Owners of the Company		7,070	6,293		21,330	14,989	
- Non-controlling interests		(109)	(102)		(323)	(302)	
		<u>6,961</u>	<u>6,191</u>		<u>21,007</u>	<u>14,687</u>	
Earnings per share ("EPS") attributable to owners of the Company:							
- Basic EPS (sen)	B12	1.74	1.00		3.66	2.62	
- Diluted EPS (sen)	B12	<u>1.39</u>	<u>0.80</u>		<u>2.92</u>	<u>2.08</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 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 SEPTEMBER 2020

	Note	As at 30 Sept 2020 RM'000 (UNAUDITED)	As at 31 Dec 2019 RM'000 (AUDITED)
ASSETS			
Non-current assets			
Property, plant and equipment		29,980	31,525
Investment properties		9,787	9,963
Right-of-use assets		3,348	4,178
Intangible assets		77,352	76,387
Investment in associates		6,677	7,369
		<u>127,144</u>	<u>129,422</u>
Current assets			
Trade receivables		28,975	22,983
Other receivables	A11	10,639	9,776
Amount owing by related companies		374	263
Amount owing by an associate		2,346	1,235
Tax recoverable		1,867	2,481
Marketable securities	B7	71,076	82,518
Financial assets at fair value through profit or loss	A13	105	116
Deposits with licensed bank		357	351
Cash and bank balances		63,525	54,753
		<u>179,264</u>	<u>174,476</u>
TOTAL ASSETS		<u>306,408</u>	<u>303,898</u>
EQUITY AND LIABILITIES			
Total equity			
Share capital		260,987	260,987
Treasury shares		(37,237)	(37,198)
Exchange reserve		(7,119)	(8,025)
Retained profits		49,905	40,645
Equity attributable to owners of the Company		<u>266,536</u>	<u>256,409</u>
Non-controlling interests		54	(508)
		<u>266,590</u>	<u>255,901</u>
Non-current liabilities			
Bank borrowings	B8	4,552	11,369
Lease liabilities		2,405	3,278
Provision for retirement benefits	A14	3,015	2,692
Deferred tax liabilities		2,169	2,154
		<u>12,141</u>	<u>19,493</u>
Current liabilities			
Trade payables		4,781	4,534
Other payables	A12	10,787	10,068
Amount owing to related companies		155	76
Bank borrowings	B8	9,234	9,096
Lease liabilities		1,252	1,187
Provision for taxation		1,468	3,543
		<u>27,677</u>	<u>28,504</u>
Total liabilities		<u>39,818</u>	<u>47,997</u>
TOTAL EQUITY AND LIABILITIES		<u>306,408</u>	<u>303,898</u>
Net assets per share attributable to owners of the Company (sen) *		<u>48</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 SEPTEMBER 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			
At 1 January 2020		260,987	(37,198)	(8,025)	40,645	256,409	(508)	255,901
Profit for the period		-	-	-	20,424	20,424	(323)	20,101
Other comprehensive income		-	-	906	-	906	-	906
Total comprehensive income for the period		-	-	906	20,424	21,330	(323)	21,007
Dividends paid	i	-	-	-	(11,164)	(11,164)	-	(11,164)
Partial disposal of equity interest in a subsidiary	ii	-	-	-	-	-	885	885
Share repurchased during the period held as treasury shares		-	(39)	-	-	(39)	-	(39)
At 30 September 2020		260,987	(37,237)	(7,119)	49,905	266,536	54	266,590
At 1 January 2019		260,987	(35,542)	(7,563)	30,551	248,433	(83)	248,350
Profit for the period		-	-	-	14,106	14,106	(302)	13,804
Other comprehensive income		-	-	883	-	883	-	883
Total comprehensive income for the period		-	-	883	14,106	14,989	(302)	14,687
Dividends paid	iii	-	-	-	(5,582)	(5,582)	-	(5,582)
Shares repurchased during the year held as treasury shares		-	(1,656)	-	-	(1,656)	-	(1,656)
At 30 September 2019		260,987	(37,198)	(6,680)	39,075	256,184	(385)	255,799

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) A wholly-owned subsidiary of the Company, N2N Connect Pte Ltd ("NCPL"), has disposed of 30% of its investment in PT NGS Services Indonesia. The final shareholdings of NCPL is 70%.
- (iii) 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 SEPTEMBER 2020

	Year-To-Date Ended	
	30 Sept 2020	30 Sept 2019
	RM'000	RM'000
	(UNAUDITED)	(UNAUDITED)
Cash flows from operating activities		
Profit before taxation	23,059	15,280
Adjustments for:		
Amortisation of intangible assets	4,493	3,760
Bad debts written off	9	18
Depreciation of property, plant and equipment	3,410	4,197
Depreciation of investment properties	176	176
Depreciation of right-of-use assets	903	-
Fair value change on financial assets at fair value through profit or loss	11	(7)
Loss/(Gain) on disposal of property, plant and equipment	1	(4)
Provision for doubtful debts	419	67
Provision for long service payments	273	263
Share of results of associates	692	125
Unrealised foreign exchange gain	297	184
Interest expense	589	1,001
Interest income	(212)	(321)
Dividend income	(1,587)	(2,643)
Operating profit before working capital changes	<u>32,533</u>	<u>22,096</u>
Changes in working capital		
Trade receivables	(6,378)	(9,561)
Other receivables	(863)	(2,260)
Trade payables	174	1,008
Other payables	719	(6,920)
Amount owing by/to related companies	(32)	210
Amount owing by/to an associate	(1,111)	(548)
Cash generated from operations	<u>25,042</u>	<u>4,025</u>
Dividend received	1,587	2,643
Interest paid	(589)	(1,001)
Interest received	212	321
Net tax paid	(4,609)	(1,144)
Net cash generated from operating activities	<u>21,643</u>	<u>4,844</u>
Cash flows from investing activities		
Computer software development cost	(4,341)	(4,982)
Purchase of property, plant and equipment	(1,871)	(3,306)
Computer software injection from non-controlling interest	885	-
Proceeds from disposal of property, plant and equipment	-	4
Net changes in marketable securities	11,442	(29,747)
Net cash generated from/(used in) investing activities	<u>6,115</u>	<u>(38,031)</u>
Cash flows from financing activities		
Dividend paid	(11,164)	(5,582)
Increase in fixed deposits pledged	6	-
Repayment of bank borrowings	(6,679)	(6,593)
Repayment of lease liabilities	(1,003)	-
Repurchase of treasury shares	(39)	(1,656)
Net cash used in financing activities	<u>(18,879)</u>	<u>(13,831)</u>

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

	Year-To-Date Ended	
	30 Sept 2020	30 Sept 2019
	RM'000	RM'000
	(UNAUDITED)	(UNAUDITED)
Net increase/(decrease) in cash and cash equivalents	8,879	(47,018)
Effect of exchange rate changes	(101)	106
Cash and cash equivalents at beginning of the period	55,104	101,917
Cash and cash equivalents at end of the period	63,882	55,005
Cash and cash equivalents at end of the period comprises:		
Cash and bank balances	63,525	55,005
Deposits with licensed bank	357	349
	63,882	55,354
Less: Fixed deposits pledged to licensed bank	(357)	(349)
	63,525	55,005

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

	Malaysia RM'000	Hong Kong RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Financial period ended 30 September 2020					
<u>Revenue</u>					
Sales to external customers	36,252	41,848	8,262	-	86,362
Inter-segment sales	-	-	559	(559)	-
Total	36,252	41,848	8,821	(559)	86,362
<u>Results</u>					
EBITDA *	19,195	8,963	5,067	(692)	32,533
Dividend income	1,587	-	-	-	1,587
Finance income	200	-	12	-	212
Finance costs	(506)	(74)	(9)	-	(589)
Depreciation of property, plant and equipment	(1,811)	(1,473)	(126)	-	(3,410)
Depreciation of investment properties	(176)	-	-	-	(176)
Depreciation of right-of-use assets	-	(783)	(120)	-	(903)
Amortisation of intangible assets	(4,412)	(81)	-	-	(4,493)
Unrealised foreign exchange gain/(loss)	(324)	-	40	(13)	(297)
Share of results of associates	(692)	-	-	-	(692)
Provision for doubtful debts	(421)	2	-	-	(419)
Bad debt written off	-	(9)	-	-	(9)
Other non-cash items	(12)	(273)	-	-	(285)
Taxation	(1,513)	(1,178)	(267)	-	(2,958)
Segment profit for the period	11,115	5,094	4,597	(705)	20,101

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

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

	Malaysia RM'000	Hong Kong RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Financial period ended 30 September 2019					
<u>Revenue</u>					
Sales to external customers	28,818	42,946	7,102	-	78,866
Inter-segment sales	38	-	557	(595)	-
Total	<u>28,856</u>	<u>42,946</u>	<u>7,659</u>	<u>(595)</u>	<u>78,866</u>
<u>Results</u>					
EBITDA *	11,531	8,897	1,793	(125)	22,096
Dividend income	12,643	-	-	(10,000)	2,643
Finance income	302	19	-	-	321
Finance costs	(1,001)	-	-	-	(1,001)
Depreciation of property, plant and equipment	(2,266)	(1,827)	(104)	-	(4,197)
Depreciation of investment properties	(176)	-	-	-	(176)
Amortisation of intangible assets	(3,681)	(79)	-	-	(3,760)
Unrealised foreign exchange gain/(loss)	(206)	-	28	(6)	(184)
Share of results of associates	(125)	-	-	-	(125)
Provision for doubtful debts	-	(67)	-	-	(67)
Bad debt written off	-	(18)	-	-	(18)
Other non-cash items	11	(263)	-	-	(252)
Taxation	(1,189)	-	(287)	-	(1,476)
Segment profit for the period	<u>15,843</u>	<u>6,662</u>	<u>1,430</u>	<u>(10,131)</u>	<u>13,804</u>

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

A10 PROVISION FOR DOUBTFUL DEBTS

The Group applies a simplified approach in calculating ECL (Estimated Credit Losses). The Group has established a provision matrix that is based on its client's historical payment trend, adjusted for forward-looking factors specific to the debtors and the economic environment. As a prudence approach, the Group has provided RM419k in doubtful debt despite there are collections from the customers during the period under review.

A11 OTHER RECEIVABLES

	As At 30 Sept 2020 RM'000	As At 31 Dec 2019 RM'000
Prepayments	4,378	3,783
Deposits paid	1,668	1,595
Other receivables	4,593	4,398
	<u>10,639</u>	<u>9,776</u>

A12 OTHER PAYABLES

	As At 30 Sept 2020 RM'000	As At 31 Dec 2019 RM'000
Accruals	2,834	3,552
Deposit received	3,648	3,598
Other payables	4,305	2,918
	<u>10,787</u>	<u>10,068</u>

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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 30 Sept 2020 Level 1 Fair Value RM'000	As At 31 Dec 2019 Level 1 Fair Value RM'000
Financial assets at fair value through profit or loss	105	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 period 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 period 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 November 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 period under review.

A20 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 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

	Quarter Ended	
	30 Sept 2020	30 Sept 2019
	RM'000	RM'000
Revenue	31,553	25,450
Profit for the quarter	9,585	5,457
Core profit *	8,412	4,657

* Core profit represents earnings before extraordinary items.

The Group recorded a revenue of RM31.55 million for the quarter ended 30 September 2020 in comparison to revenue of RM25.45 million in the preceding year's corresponding quarter. The higher revenue by 23.97% was due to increase in trading volumes which has resulted to an increase in transaction based revenue.

The profit after taxation for the current quarter totalling to RM9.59 million was 75.64% higher than the profit after taxation of RM5.46 million recorded in the preceding year's corresponding quarter. This was attributed mainly by the combination of higher revenues, improved margins and lower operating expenses.

Core profits of the Group recorded RM8.41 million in the current quarter compared to RM4.66 million in preceding year's corresponding quarter. The increase by 80.47% was contributed by the items stated above.

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

	Year-To-Date Ended	
	30 Sept 2020	30 Sept 2019
	RM'000	RM'000
Revenue	86,362	78,866
Profit for the period	20,101	13,804
Core profit *	18,001	11,122

* Core profit represents earnings before extraordinary items.

The Group recorded a revenue of RM86.36 million for the period ended 30 September 2020 in comparison to revenue of RM78.87 million in the preceding year's corresponding period. The higher revenue of 9.50% was due mainly to the increase of transaction based revenue.

The profit after taxation for the current period totalling to RM20.10 million was 45.65% higher than the profit after taxation of RM13.80 million recorded in the corresponding period. The improvement was contributed mainly by the combination of higher revenues and lower operating expenses.

Core profits of the Group recorded RM18.00 million in the current period compared to RM11.12 million in corresponding period. The increase by 61.87% was contributed by the items stated above.

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

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

	Quarter Ended	
	30 Sept 2020 RM'000	30 Jun 2020 RM'000
Revenue	31,553	28,548
Profit for the quarter	9,585	6,860
Core profit *	8,412	5,991

* Core profit represents earnings before extraordinary items.

The Group recorded a higher revenue of RM31.55 million compared to RM28.55 million in the immediate preceding quarter. The higher revenue of 10.51% was due to increase in transaction based revenue.

The Group recorded a higher profit after taxation for the current quarter in comparison to the immediate preceding quarter by RM2.73 million. This was mainly due to the combination of higher revenue from transaction based fee, incentive received in relation to the HK government's stimulus package, lower losses in share of results of associates and taxation expenses.

Core profits of the Group recorded RM8.41 million in the current quarter compared to RM5.99 million in the immediate preceding quarter. This increase by 40.40% was mainly due to the combination of higher revenue from transaction based fee and lower share of losses of associates and taxation expenses offset by higher operating expenses.

B3 PROSPECTS

Trading activities in Bursa Malaysia continued to rally in Q3 2020. As a result, brokers and investment banks benefited from the increased trading volumes and these benefits flowed to the Group owing to its transaction based charging mechanism.

In Hong Kong, brokers generally maintain a cautious outlook of the global economy amidst the escalating rise in Covid-19 cases and the uncertainties surrounding the US-China economic ties in view of the US Presidential elections which has just ended. As a result, brokers in Hong Kong continues to push forward with cost rationalization plans which had affected the terminal subscriptions for the Group's Hong Kong subsidiary. Nonetheless, the strategy to expand the Group's market share in Hong Kong through the introduction of Asia Trading Hub is expected to offset these effects moving forward.

The Group continues to closely monitor the developments in the economic conditions locally and globally. Barring any unforeseen circumstances, the Group expects its business to remain resilient despite the ongoing pandemic

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 Sept 2020 RM'000	30 Sept 2019 RM'000	30 Sept 2020 RM'000	30 Sept 2019 RM'000
(a) Interest income	(61)	(91)	(212)	(321)
(b) Dividend Income	(372)	(922)	(1,587)	(2,643)
(c) Interest expense	140	296	589	1,001
(d) Depreciation and amortisation	2,685	2,706	8,079	8,133
(e) Net foreign exchange loss/(gain)	(111)	325	486	256
(f) Fair value change on financial assets at fair value through profit or loss	4	-	11	(7)

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B6 TAXATION

	Quarter Ended		Year-To-Date Ended	
	30 Sept 2020 RM'000	30 Sept 2019 RM'000	30 Sept 2020 RM'000	30 Sept 2019 RM'000
Current tax:				
- Current year provision	(671)	(254)	(2,981)	(1,457)
- Under provision in prior years	23	(19)	23	(19)
	<u>(648)</u>	<u>(273)</u>	<u>(2,958)</u>	<u>(1,476)</u>

B7 MARKETABLE SECURITIES

	As At 30 Sept 2020 RM'000	As At 31 Dec 2019 RM'000
Quoted unit trusts in Malaysia*	<u>71,076</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 Sept 2020 RM'000	As At 31 Dec 2019 RM'000
Secured		
Short-term borrowings		
<i>United States Dollar</i>		
Term loan	9,234	9,096
Long-term borrowings		
<i>United States Dollar</i>		
Term loan	4,552	11,369
	<u>13,786</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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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 Sept 2020	30 Sept 2019	30 Sept 2020	30 Sept 2019
(a) Basic earnings per share				
Profit attributable to owners of the Company (RM'000)	9,694	5,559	20,424	14,106
Weighted average number of ordinary shares in issue ('000)	558,283	558,283	558,283	537,824
Basic EPS (sen)	1.74	1.00	3.66	2.62
(b) Diluted earnings per share				
Profit attributable to owners of the Company (RM'000)	9,694	5,559	20,424	14,106
Weighted average number of ordinary shares in issue ('000)	558,283	558,283	558,283	537,824
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	698,373	677,914
Diluted EPS (sen)	1.39	0.80	2.92	2.08

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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 November 2020.

By Order of the Board

Tiang Boon Hwa
Managing Director

Date : 25 November 2020