



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

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2020**

N2N CONNECT BERHAD 200001020530 (523137-K)

(Incorporated in Malaysia)

SUMMARY OF KEY FINANCIAL INFORMATION

FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2020

Remark:

The results for the quarter and three months ended 31 March 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 & Year-To-Date Ended	
		31 Mar 2020	31 Mar 2019
		RM'000	RM'000
1	Revenue	26,261	27,248
2	Profit before taxation	4,719	5,774
3	Profit for the period	3,656	5,486
4	Profit attributable to owners of the Company	3,762	5,589
5	Basic earnings per share (sen)	0.70	1.04
6	Diluted earnings per share (sen)	0.55	0.82
7	Proposed/Declared dividend per share (sen)	2.00	-

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 31 MARCH 2020**

	Note	Quarter & Year-To-Date Ended		Changes %
		31 Mar 2020 RM'000 (UNAUDITED)	31 Mar 2019 RM'000 (UNAUDITED)	
Revenue		26,261	27,248	-4%
Cost of sales		(10,994)	(12,043)	-9%
Gross profit		15,267	15,205	0%
Other operating income		345	1,395	-75%
Administrative expenses		(10,667)	(10,331)	3%
Finance costs		(226)	(370)	-39%
Share of results of associates		-	(125)	-100%
Profit before taxation		4,719	5,774	-18%
Taxation	B6	(1,063)	(288)	269%
Profit for the period		3,656	5,486	-33%
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
- Exchange differences arising from translation of foreign operations		4,217	(1,089)	
Total comprehensive income for the period		7,873	4,397	
Profit for the period attributable to:				
- Owners of the Company		3,762	5,589	
- Non-controlling interests		(106)	(103)	
		3,656	5,486	
Total comprehensive income for the period:				
- Owners of the Company		7,979	4,500	
- Non-controlling interests		(106)	(103)	
		7,873	4,397	
Earnings per share ("EPS") attributable to owners of the Company:				
- Basic EPS (sen)	B12	0.70	1.04	
- Diluted EPS (sen)	B12	0.55	0.82	

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 31 MARCH 2020

	Note	As at 31 Mar 2020 RM'000 (UNAUDITED)	As at 31 Dec 2019 RM'000 (AUDITED)
ASSETS			
Non-current assets			
Property, plant and equipment		30,544	31,525
Investment properties		9,904	9,963
Right-of-use assets		4,350	4,178
Intangible assets		79,833	76,387
Investment in associates		7,369	7,369
		<u>132,000</u>	<u>129,422</u>
Current assets			
Trade receivables		25,332	22,983
Other receivables	A11	10,674	9,776
Amount owing by related companies		293	263
Amount owing by an associate		1,235	1,235
Tax recoverable		1,937	2,481
Marketable securities	B7	79,183	82,518
Financial assets at fair value through profit or loss	A13	65	116
Deposits with licensed bank		353	351
Cash and bank balances		57,454	54,753
		<u>176,526</u>	<u>174,476</u>
TOTAL ASSETS		<u>308,526</u>	<u>303,898</u>
EQUITY AND LIABILITIES			
Total equity			
Share capital		260,987	260,987
Treasury shares		(37,237)	(37,198)
Exchange reserve		(3,808)	(8,025)
Retained profits		44,407	40,645
Equity attributable to owners of the Company		<u>264,349</u>	<u>256,409</u>
Non-controlling interests		(614)	(508)
		<u>263,735</u>	<u>255,901</u>
Non-current liabilities			
Bank borrowings	B8	9,602	11,369
Lease liabilities		3,429	3,278
Provision for retirement benefits	A14	2,942	2,692
Deferred tax liabilities		2,198	2,154
		<u>18,171</u>	<u>19,493</u>
Current liabilities			
Trade payables		4,722	4,534
Other payables	A12	11,009	10,068
Amount owing to related companies		128	76
Bank borrowings	B8	9,567	9,096
Lease liabilities		1,241	1,187
Provision for taxation		(47)	3,543
		<u>26,620</u>	<u>28,504</u>
Total liabilities		<u>44,791</u>	<u>47,997</u>
TOTAL EQUITY AND LIABILITIES		<u>308,526</u>	<u>303,898</u>
Net assets per share attributable to owners of the Company (sen) *		<u>47</u>	<u>46</u>

Note:

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

The Unaudited 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 31 MARCH 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	-	-	-	3,762	3,762	(106)	3,656
Other comprehensive income	-	-	4,217	-	4,217	-	4,217
Total comprehensive income for the period	-	-	4,217	3,762	7,979	(106)	7,873
Share repurchased during the period held as treasury shares	-	(39)	-	-	(39)	-	(39)
At 31 March 2020	260,987	(37,237)	(3,808)	44,407	264,349	(614)	263,735
At 1 January 2019	260,987	(35,542)	(7,563)	30,551	248,433	(83)	248,350
Profit for the period	-	-	-	15,687	15,687	(425)	15,262
Other comprehensive income	-	-	(462)	(10)	(472)	-	(472)
Total comprehensive income for the period	-	-	(462)	15,677	15,215	(425)	14,790
Dividends paid	-	-	-	(5,583)	(5,583)	-	(5,583)
Shares repurchased during the year held as treasury shares	-	(1,656)	-	-	(1,656)	-	(1,656)
At 31 December 2019	260,987	(37,198)	(8,025)	40,645	256,409	(508)	255,901

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.

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 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 CASH FLOWS
FOR YEAR-TO-DATE ENDED 31 MARCH 2020**

	Year-To-Date Ended	
	31 Mar 2020	31 Mar 2019
	RM'000	RM'000
	(UNAUDITED)	(UNAUDITED)
Cash flows from operating activities		
Profit before taxation	4,719	5,774
Adjustments for:		
Amortisation of intangible assets	1,451	1,346
Depreciation of property, plant and equipment	1,152	1,473
Depreciation of investment properties	59	62
Depreciation of right-of-use assets	40	-
Fair value change on financial assets at fair value through profit or loss	51	(15)
Allowance for impairment on trade receivables	-	(6)
Provision for long service payments	90	-
Share of results of associates	-	125
Unrealised foreign exchange gain	375	(133)
Interest expense	226	370
Interest income	(73)	(125)
Dividend income	(699)	(793)
Operating profit before working capital changes	<u>7,391</u>	<u>8,078</u>
Changes in working capital		
Trade receivables	(1,952)	(3,539)
Other receivables	(898)	101
Trade payables	105	712
Other payables	941	(6,949)
Amount owing by/to related companies	22	(42)
Amount owing by/to an associate	-	(356)
Cash generated from/(used in) operations	<u>5,609</u>	<u>(1,995)</u>
Dividend received	699	-
Interest paid	(226)	(370)
Interest received	73	125
Net tax paid	<u>(4,168)</u>	<u>(451)</u>
Net cash generated from/(used in) operating activities	<u>1,987</u>	<u>(2,691)</u>
Cash flows from investing activities		
Computer software development cost	(1,664)	(1,488)
Purchase of property, plant and equipment	(181)	(2,220)
Net changes in marketable securities	<u>3,335</u>	<u>(34,820)</u>
Net cash generated from/(used in) investing activities	<u>1,490</u>	<u>(38,528)</u>
Cash flows from financing activities		
Dividend received	-	793
Decrease in fixed deposits pledged	(2)	(3)
Repayment of bank borrowings	(1,296)	(2,504)
Repayment of finance lease	(42)	-
Repurchase of treasury shares	(39)	(476)
Net cash used in financing activities	<u>(1,379)</u>	<u>(2,190)</u>

N2N CONNECT BERHAD 200001020530 (523137-K)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR-TO-DATE ENDED 31 MARCH 2020**

	Year-To-Date Ended	
	31 Mar 2020	31 Mar 2019
	RM'000	RM'000
	(UNAUDITED)	(UNAUDITED)
Net increase/(decrease) in cash and cash equivalents	2,098	(43,409)
Effect of exchange rate changes	605	(976)
Cash and cash equivalents at beginning of the period	55,104	101,576
Cash and cash equivalents at end of the period	57,807	57,191
Cash and cash equivalents at end of the period comprises:		
Cash and bank balances	57,454	57,191
Deposits with licensed bank	353	344
	57,807	57,535
Less: Fixed deposits pledged to licensed bank	(353)	(344)
	57,454	57,191

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

N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 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.

N2N CONNECT BERHAD 200001020530 (523137-K)

(Incorporated in Malaysia)

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

Share buy-back

During the current quarter under review, the Company repurchased 79,000 units of its issued ordinary shares from the open market at an average price of RM0.50 per share. Total consideration price paid for the repurchase including transaction cost was approximately RM39,350 and this was financed by internally generated funds. As at 31 March 2020, the cumulative total number of shares repurchased was 39,673,900 at its issued ordinary shares from the open market at an average price of RM0.94 per share. Total consideration paid for the repurchase including transaction cost was approximately RM37,237,309 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 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 March 2020					
<u>Revenue</u>					
Sales to external customers	9,843	14,073	2,345	-	26,261
Inter-segment sales	13	-	187	(200)	-
Total	9,856	14,073	2,532	(200)	26,261
<u>Results</u>					
EBITDA *	4,166	2,634	591	-	7,391
Dividend income	699	-	-	-	699
Finance income	73	-	-	-	73
Finance costs	(223)	-	(3)	-	(226)
Depreciation of property, plant and equipment	(598)	(524)	(30)	-	(1,152)
Depreciation of investment properties	(59)	-	-	-	(59)
Depreciation of right-of-use assets	-	-	(40)	-	(40)
Amortisation of intangible assets	(1,424)	(27)	-	-	(1,451)
Unrealised foreign exchange gain/(loss)	(815)	-	350	90	(375)
Share of results of associates	-	-	-	-	-
Provision for doubtful debts	-	-	-	-	-
Other non-cash items	(51)	(90)	-	-	(141)
Taxation	(645)	(347)	(71)	-	(1,063)
Segment profit for the period	1,123	1,646	797	90	3,656

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

N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2020

	Malaysia RM'000	Hong Kong RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Financial period ended					
31 March 2019					
<u>Revenue</u>					
Sales to external customers	9,440	14,582	3,226	-	27,248
Inter-segment sales	13	-	-	(13)	-
Total	<u>9,453</u>	<u>14,582</u>	<u>3,226</u>	<u>(13)</u>	<u>27,248</u>
<u>Results</u>					
EBITDA *	3,817	2,943	1,442	(124)	8,078
Dividend income	10,793	-	-	(10,000)	793
Finance income	120	5	-	-	125
Finance costs	(370)	-	-	-	(370)
Depreciation of property, plant and equipment	(822)	(614)	(37)	-	(1,473)
Depreciation of investment properties	(62)	-	-	-	(62)
Amortisation of intangible assets	(1,320)	(26)	-	-	(1,346)
Unrealised foreign exchange gain/(loss)	219	-	(10)	(76)	133
Share of results of associates	(125)	-	-	-	(125)
Other non-cash items	15	6	-	-	21
Taxation	(288)	-	-	-	(288)
Segment profit for the period	<u>11,977</u>	<u>2,314</u>	<u>1,395</u>	<u>(10,200)</u>	<u>5,486</u>

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

A10 PROVISION FOR DOUBTFUL DEBTS

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

A11 OTHER RECEIVABLES

	As At 31 Mar 2020 RM'000	As At 31 Dec 2019 RM'000
Prepayments	2,727	3,783
Deposits paid	484	1,595
Other receivables	7,463	4,398
	<u>10,674</u>	<u>9,776</u>

A12 OTHER PAYABLES

	As At 31 Mar 2020 RM'000	As At 31 Dec 2019 RM'000
Accruals	4,591	3,552
Deposit received	3,792	3,598
Other payables	2,626	2,918
	<u>11,009</u>	<u>10,068</u>

N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2020

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 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	65	116

A14 PROVISION FOR RETIREMENT BENEFITS

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

A15 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no changes in the valuation of the property, plant and equipment reported in the previous audited financial statements that will have an effect in the current quarter under review.

A16 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD

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

A17 CHANGES IN THE COMPOSITION OF THE GROUP

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

A18 CONTINGENT LIABILITIES

The Directors are of the opinion that the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position and business of the Group as at 28 May 2020 (the latest practicable date which is not earlier than 7 days from the date of issue of this financial results).

A19 CAPITAL COMMITMENTS

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

A20 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2020

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

B1 PERFORMANCE OF CURRENT QUARTER RESULTS AGAINST THE PRECEDING YEAR'S CORRESPONDING QUARTER

	Quarter & Year-To-Date Ended	
	31 Mar 2020	31 Mar 2019
	RM'000	RM'000
Revenue	26,261	27,248
Profit for the quarter	3,656	5,486
Core profit *	3,588	4,447

* Core profit represents earnings before extraordinary items.

The Group recorded a revenue of RM26.26 million for the quarter ended 31 March 2020 in comparison to revenue of RM27.25 million in the preceding year's corresponding quarter. The lower revenue by 3.63% was mainly due to the softer revenue from the Hong Kong market.

The profit after taxation for the current quarter totalling to RM3.66 million was 33.33% lower than the profit after taxation of RM5.49 million recorded in the corresponding quarter. This was mainly attributed by the combination of lower revenue, higher foreign exchange losses from USD loan, higher operating expenses and taxes in comparison to the corresponding quarter.

Core profits of the Group recorded RM3.59 million in the current quarter compared to RM4.45 million in corresponding quarter. This was mainly attributed by the combination of lower revenue, higher operating expenses and taxes in comparison to the corresponding quarter.

B2 PERFORMANCE OF CURRENT QUARTER RESULTS AGAINST THE IMMEDIATE PRECEDING QUARTER

	Quarter Ended	
	31 Mar 2020	31 Dec 2019
	RM'000	RM'000
Revenue	26,261	26,228
Profit for the quarter	3,656	1,464
Core profit *	3,588	2,020

* Core profit represents earnings before extraordinary items.

The Group recorded revenue of RM26.26 million compared to RM26.23 million in the immediate preceding quarter. Generally the Group experienced an increase in transaction based revenue in the current quarter compared to the immediate preceding quarter. However, the absence of one time implementation fees in current quarter resulted in revenue for the current quarter being almost the same as the revenue of preceding quarter.

The Group recorded a higher profit after taxation for the current quarter in comparison to the immediate preceding quarter by RM2.19 million. This was mainly due to higher revenue, lower cost of sales and operating costs in comparison to the immediate preceding quarter.

The Group recorded a higher core profit of RM3.59 million in the current quarter compared to RM2.02 million in the immediate preceding quarter. This was mainly due to higher revenue, lower cost of sales and lower operating costs in comparison to the immediate preceding quarter.

N2N CONNECT BERHAD 200001020530 (523137-K)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2020****B3 PROSPECTS**

During the global pandemic, the market experienced a surge in trading activity as share prices fell and market indices dipped and the same was observed for Malaysia. 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. The fact that the group's customer base in Malaysia comprises securities companies that rank amongst the top 15 in Bursa Malaysia in terms of trade volume presented the Group with further advantage.

In Hong Kong however, the long drawn protests followed by the coronavirus outbreak has resulted in majority of Hong Kong brokers taking a more prudent stance of rationalizing overheads through the reduction of branches. This has resulted in a reduction in terminal subscriptions which will translate to a slightly lower revenue contribution from Hong Kong. Nonetheless, the strategy to expand our market share in Hong Kong through the introduction of Asia Trading Hub is expected to result in additional revenues that will offset the lower revenues caused by the outbreak.

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 & Year-To-Date Ended	
	31 Mar 2020	31 Mar 2019
	RM'000	RM'000
(a) Interest income	(73)	(125)
(b) Dividend Income	(699)	(793)
(c) Interest expense	226	370
(d) Depreciation and amortisation	2,662	2,881
(e) Net foreign exchange loss/(gain)	593	(133)
(f) Fair value change on financial assets at fair value through profit or loss	51	(15)

N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2020

B6 TAXATION

	Quarter & Year-To-Date Ended	
	31 Mar 2020	31 Mar 2019
	RM'000	RM'000
Current tax:		
- Current year provision	(1,063)	(288)
- Under provision in prior years	-	-
	<u>(1,063)</u>	<u>(288)</u>

B7 MARKETABLE SECURITIES

	As At	As At
	31 Mar 2020	31 Dec 2019
	RM'000	RM'000
Quoted unit trusts in Malaysia*	79,183	82,518

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	As At
	31 Mar 2020	31 Dec 2019
	RM'000	RM'000
Secured		
Short-term borrowings		
<i>United States Dollar</i>		
Term loan	9,567	9,096
Long-term borrowings		
<i>United States Dollar</i>		
Term loan	9,602	11,369
	<u>19,169</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.

N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2020

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

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.

B12 EARNINGS PER SHARE ("EPS")

	Quarter & Year-To-Date Ended	
	31 Mar 2020	31 Mar 2019
(a) Basic earnings per share		
Profit attributable to owners of the Company (RM'000)	3,762	5,589
Weighted average number of ordinary shares in issue ('000)	537,824	538,288
Basic EPS (sen)	0.70	1.04
(b) Diluted earnings per share		
Profit attributable to owners of the Company (RM'000)	3,762	5,589
Weighted average number of ordinary shares in issue ('000)	537,824	538,288
Assumed exercise of Warrants at no consideration ('000)	140,090	140,090
Adjusted weighted average number of ordinary shares in issue and issueable ('000)	677,914	678,378
Diluted EPS (sen)	0.55	0.82

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 May 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 May 2020.

By Order of the Board

Tiang Boon Hwa
Managing Director

Date : 28 May 2020