



**INTERIM FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED  
30 JUNE 2013**



**CONNECTCOUNTY HOLDINGS BERHAD**  
Company no. 618933-D  
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE  
SECOND QUARTER ENDED 30 JUNE 2013**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	INDIVIDUAL QUARTER (UNAUDITED)		CUMULATIVE QUARTER (UNAUDITED)	
		CURRENT YEAR QUARTER 30 JUN 2013 RM	PRECEDING YEAR CORRESPONDING QUARTER 30 JUN 2012 RM	CURRENT YEAR- TO-DATE 30 JUN 2013 RM	PRECEDING YEAR CORRESPONDING PERIOD 30 JUN 2012 RM
Operating revenue	B1	14,170,280	15,154,664	27,566,057	26,650,224
Cost of sales		(10,055,028)	(11,276,801)	(20,512,530)	(20,777,276)
<b>Gross profit</b>		<u>4,115,252</u>	<u>3,877,863</u>	<u>7,053,527</u>	<u>5,872,948</u>
Other income		393,554	54,715	467,126	149,943
Administrative expense		(2,642,439)	(2,256,681)	(4,820,453)	(4,403,986)
Distribution and selling expenses		(879,174)	(800,820)	(1,562,608)	(1,512,354)
Other expenses		373,342	(1,761)	130,313	(3,958)
Depreciation and amortisation		(274,730)	(318,713)	(568,868)	(633,365)
Gain/(loss) on foreign exchange	B1				
- unrealised		108,566	286,587	108,566	146,565
- realised		(13,636)	(333,135)	14,609	(269,982)
<b>Profit/(loss) from operations</b>		<u>1,180,735</u>	<u>508,055</u>	<u>822,212</u>	<u>(654,189)</u>
Interest income		142	148	304	310
Finance costs		(51,470)	(151,315)	(97,408)	(333,488)
<b>Profit/(loss) before tax</b>	B1	<u>1,129,407</u>	<u>356,888</u>	<u>725,108</u>	<u>(987,367)</u>
Taxation	B5	(277,464)	(2,560)	(359,921)	(2,560)
<b>Net profit/(loss) attributable to shareholders</b>		<u>851,943</u>	<u>354,328</u>	<u>365,187</u>	<u>(989,927)</u>
Other comprehensive income/(expense):					
Foreign exchange reserve		72,692	117,898	69,854	(83,996)
<b>Total comprehensive income/(expense) attributable to shareholders</b>		<u>924,635</u>	<u>472,226</u>	<u>435,041</u>	<u>(1,073,923)</u>
Profit/(loss) per share (sen)					
- Basic	B14 (a)	<u>0.55</u>	<u>0.23</u>	<u>0.23</u>	<u>(0.66)</u>
- Diluted	B14 (b)	<u>0.39</u>	<u>0.16</u>	<u>0.17</u>	<u>N/A</u>

(The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to this interim financial statements.)

**CONNECTCOUNTRY HOLDINGS BERHAD**  
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**INTERIM FINANCIAL STATEMENTS FOR THE**  
**SECOND QUARTER ENDED 30 JUNE 2013**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	AS AT 30 JUNE 2013 (UNAUDITED) RM	AS AT 31 DECEMBER 2012 (AUDITED) RM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Plant and equipment	2,755,271	3,046,507
Investment in associate	25,000	50,000
Deferred tax assets	709,773	1,049,939
	<u>3,490,044</u>	<u>4,146,446</u>
<b>Current assets</b>		
Inventories	4,316,841	4,607,756
Trade receivables	11,558,324	10,646,178
Other receivables	1,542,467	2,171,641
Cash and bank balances	4,035,838	2,260,805
	<u>21,453,470</u>	<u>19,686,380</u>
<b>TOTAL ASSETS</b>	<u>24,943,514</u>	<u>23,832,826</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	15,617,540	15,617,540
Share premium	491,340	491,340
Foreign exchange reserve	146,520	76,666
Accumulated losses	(2,917,573)	(3,282,760)
<b>Total equity</b>	<u>13,337,827</u>	<u>12,902,786</u>
<b>Non-current liabilities</b>		
Borrowings	157,485	167,788
Deferred tax liabilities	39,799	39,799
	<u>197,284</u>	<u>207,587</u>
<b>Current liabilities</b>		
Borrowings	112,570	491,486
Trade payables	9,378,818	8,722,111
Other payables	1,917,015	1,508,856
	<u>11,408,403</u>	<u>10,722,453</u>
<b>Total liabilities</b>	<u>11,605,687</u>	<u>10,930,040</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>24,943,514</u>	<u>23,832,826</u>
<b>Net Assets Per Share (RM)</b>	<u>0.09</u>	<u>0.08</u>

(The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory

**CONNECTCOUNTY HOLDINGS BERHAD**  
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**INTERIM FINANCIAL STATEMENTS FOR THE  
 SECOND QUARTER ENDED 30 JUNE 2013**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	← Attributable to Equity Holders of the Parent →				→ Total RM
	Share Capital RM	Share Premium RM	Non-Distributable Foreign Exchange Reserve RM	Accumulated Losses RM	
<b>At 1 January 2012</b>	14,197,840	-	191,770	182,561	14,572,171
Total comprehensive expense for the period	-	-	(83,996)	(989,927)	(1,073,923)
Issuance of ordinary shares pursuant to: - Private placement	1,419,700	491,340	-	-	1,911,040
<b>At 30 June 2012</b>	<u>15,617,540</u>	<u>491,340</u>	<u>107,774</u>	<u>(807,366)</u>	<u>15,409,288</u>
<b>At 1 January 2013</b>	15,617,540	491,340	76,666	(3,282,760)	12,902,786
Total comprehensive income for the period	-	-	69,854	365,187	435,041
<b>At 30 June 2013</b>	<u>15,617,540</u>	<u>491,340</u>	<u>146,520</u>	<u>(2,917,573)</u>	<u>13,337,827</u>

(The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to this interim financial statements.)

**CONNECTCOUNTRY HOLDINGS BERHAD**  
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**INTERIM FINANCIAL STATEMENTS FOR THE**  
**SECOND QUARTER ENDED 30 JUNE 2013**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	(UNAUDITED) CURRENT YEAR-TO-DATE 30 JUN 2013 RM	(UNAUDITED) PRECEDING YEAR CORRESPONDING CUMULATIVE PERIOD 30 JUN 2012 RM
<b>Cash flows from operating activities</b>		
Profit/(Loss) before tax	725,108	(987,367)
Adjustments for:		
Depreciation	568,868	633,365
Impairment loss on investment in associate	25,000	-
Reversal of impairment loss on receivables	(155,313)	-
Interest expenses	20,563	288,327
Interest income	(304)	(310)
Loss on disposal of plant and equipment	-	6,400
Gain on foreign exchange unrealised	(108,566)	(146,565)
Plant and equipment written off	-	3,121
Operating profit/(loss) before working capital changes	1,075,356	(203,029)
Changes in working capital:		
Inventories	290,915	675,920
Receivables (trade)	(912,146)	(1,513,464)
Receivables (non-trade)	784,487	1,108,875
Payables (trade)	656,707	84,434
Payables (non-trade)	408,159	(911,697)
Cash generated from/(used in) operations	2,303,478	(758,961)
Interest paid	(20,563)	(288,327)
Tax paid	(4,022)	(2,560)
<b>Net cash generated from/(used in) operating activities</b>	<b>2,278,893</b>	<b>(1,049,848)</b>
<b>Cash flows from investing activities</b>		
Interest received	304	310
Purchase of plant and equipment	(287,346)	(200,240)
<b>Net cash used in investing activities</b>	<b>(287,042)</b>	<b>(199,930)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares	-	1,987,580
Repayment of hire purchase	(16,466)	(10,708)
Repayment of other short term borrowings	(372,753)	(326,838)
<b>Net cash (used in)/generated from financing activities</b>	<b>(389,219)</b>	<b>1,650,034</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,602,632</b>	<b>400,256</b>
<b>Effects of exchange rate changes</b>	<b>172,401</b>	<b>8,535</b>
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>2,260,805</b>	<b>2,745,793</b>
<b>Cash and cash equivalents at end of the financial year</b>	<b>4,035,838</b>	<b>3,154,584</b>

(The unaudited condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to this interim financial statements.)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2013

**A EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS ("FRS") 134  
INTERIM FINANCIAL REPORTING**

**A1 BASIS OF PREPARATION**

The unaudited interim financial statements are unaudited and have been prepared in accordance with MFRS134: Interim Financial Reporting Issued by the Malaysian Accounting Standards Board ("MASB") and Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market.

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2012.

The significant accounting policies and methods of computation applied in the unaudited Interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 December 2012.

**A2 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS**

There were no audit qualification on the financial statements of the Company and its subsidiaries for the financial year ended 31 December 2012 other than an audit emphasis of matter by the independent auditor as follows:

Rapid Conn Interconnect (M) Sdn. Bhd.'s auditor's report contain the audit emphasis of matter relating to the appropriateness of going concern basis of accounting is dependent on the success of the future operations and financial support from its holding Company and its fellow subsidiaries and/or its attaining sufficient cash inflow to sustain its operations.

**A3 SEASONALITY OR CYCLICALITY OF OPERATIONS**

The business of the Group is such that some of its products, particularly those relating to digital equipments are subject to seasonal variations. Demand for these products tends to increase in the second half of the year. However, it is pertinent to note that the demand of the Group's products are also dependent on the actual overall global economic environment; and the turnaround time of product delivery. Further explanation notes are disclosed in Note B1.

**A4 ITEMS OF UNUSUAL NATURE AND AMOUNT**

During the current quarter under review, save as disclosed below, there were no items or events that arose, which affected the assets, liabilities, equity, net income or cash flows that are unusual by reasons of their nature, size or incidence.

**A5 CHANGES IN ESTIMATES**

There were no estimates changes of amounts required in the prior interim periods of the current financial year or prior financial years that have a material effect in the current quarter under review.

**A6 ISSUANCE, CANCELLATION, REPURCHASE, RESALE AND REPAYMENT OF DEBT AND EQUITY SECURITIES**

There were no other issuance, cancellations, repurchases, resale and repayment of debt and equity security during the current quarter under review up to the date of this quarterly report.

**A7 VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

There was no revaluation on any of the Group's property, plant and equipment during the current quarter under review. The valuation of property, plant and equipment have been brought forward, without amendment from the previous audited financial statements.

**A8 DIVIDEND PAID**

There was no dividend declared or paid during the current quarter under review.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2013

A9 SEGMENTAL INFORMATION

(i) Business segments

Business segment information is not presented as the Group is mainly engaged in one business segment which is the design, development, manufacture and sale of customised, value-added and industry-standard cables, connectors and related products and assembly sub-assembly of electronic components. Thus, the segmental analysis as reviewed by management is based on the geographical segments as shown below:-

(ii) Geographical segments

	Malaysia RM	China RM	Singapore RM	USA RM	Total RM	Eliminations RM	Consolidated RM
<b>30 June 2013</b>							
<b>REVENUE AND EXPENSES</b>							
<b>Revenue</b>							
External sales	-	13,947,625	7,180,602	15,136,984	36,265,211	(8,699,154)	27,566,057
<b>RESULTS</b>							
Segment results	(364,988)	289,777	(403,724)	1,305,335	826,400	(4,188) *	822,212
Finance cost, net	(157)	(55,537)	(29,944)	(11,466)	(97,104)	-	(97,104)
Loss before tax	(365,145)	234,240	(433,668)	1,293,869	729,296	(4,188)	725,108
Taxation	783	(166,480)	-	(194,224)	(359,921)	-	(359,921)
Net loss attributable to shareholders	(364,362)	67,760	(433,668)	1,099,645	369,375	(4,188)	365,187
<b>ASSETS AND LIABILITIES</b>							
<b>Segment assets</b>							
Consolidated total assets	7,379,630	9,883,828	4,319,086	8,796,791	30,379,335	(5,435,821)	24,943,514
<b>Segment liabilities</b>							
Consolidated total liabilities	5,718,341	9,142,658	637,223	6,654,426	22,152,648	(10,546,961)	11,605,687
<b>OTHER INFORMATION</b>							
Depreciation	4,274	428,143	121,474	14,977	568,868	-	568,868
Capital expenditure	-	107,184	154,050	26,112	287,346	-	287,346

\*Note:-

The adjustment related to the write back of inter-company provision for doubtful debts between CCHB and RCM.

**30 June 2012**

**REVENUE AND EXPENSES**

<b>Revenue</b>							
External sales	99,564	16,928,673	6,609,773	12,295,891	35,933,901	(9,283,677)	26,650,224
<b>RESULTS</b>							
Segment results	(347,650)	17,762	346,729	346,628	363,469	(1,017,658)	(654,189)
Finance cost, net	(658)	(15,763)	(40,497)	(276,280)	(333,178)	-	(333,178)
Taxation	(348,308)	1,999	306,232	70,368	30,291	(1,017,658)	(987,367)
Net profit attributable to shareholders	(348,308)	1,999	306,232	67,808	27,731	(1,017,658)	(989,927)
<b>ASSETS AND LIABILITIES</b>							
<b>Segment assets</b>							
Consolidated total assets	9,171,266	12,080,538	5,070,599	10,778,348	37,100,751	(6,218,720)	30,882,031
<b>Segment liabilities</b>							
Consolidated total liabilities	5,482,313	11,191,282	(864,525)	9,855,970	25,665,040	(10,192,297)	15,472,743
<b>OTHER INFORMATION</b>							
Depreciation	3,833	467,878	112,166	49,488	633,365	-	633,365
Capital expenditure	-	132,482	62,173	5,585	200,240	-	200,240

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2013

**A10 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM REPORTING PERIOD**

(A) Reference is made to the Company's announcement dated 5 August 2010 and 16 August 2010 in relation to the Proposals.

On 18 July 2011, the Securities Commission had vide its letter dated 18 July 2011 approved the Proposed Exemption. The approval is subjected to CCHB disclosing in its annual and interim accounts and any public document, including annual reports, prospectuses and circulars, throughout the validity period and the conversion or subscription rights or options remain outstanding.

The following are the relevant disclosures made in compliance with the disclosure conditions imposed by the SC:-

- (i) The validity period for the Exemption is from 18 July 2011 up to 18 September 2021.
- (ii) The details of the shareholdings of the PAC and their entitlement to the Rights Issue are as follows:

Direct share holdings as at 30 June 2013

	No. of CCHB Shares	%	No. of Warrants	%
CSC	18,287,382	11.71	4,466,070	7.34
ACJ	11,665,752	7.47	-	-
Total	29,953,134	19.18	4,466,070	7.34

(iii) The maximum potential voting shares or voting rights of the offeror and persons acting in concert in the offeree, if only the offeror and persons acting in concert (but not other holders) exercise the conversion or subscription rights or options in full is 34,419,204 CCHB Shares representing 21.43% of the issued and paid-up share capital of CCHB.

(iv) The PAC shall not undertake the acquisition of voting shares or voting rights or acquisition of the conversion or subscription rights or options of CCHB (excluding issuance of new CCHB shares following the exercise of the conversion or subscription rights or options, or where all CCHB subscription rights or options on a pro-rata basis) by the PAC throughout the validity period of the Exemption.

(v) The mandatory offer obligation by the PAC to acquire all the remaining CCHB Shares not already held by them upon completion of the Rights Issue or after the exercise of the Warrants will not arise as a result of granting of the Exemption.

**A11 CHANGES IN THE COMPOSITION OF THE GROUP**

There were no material changes in the composition of the Group for the current financial quarter under review.

**A12 CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

There were no contingent liabilities or contingent assets since 31 December 2012 and up to the date of this report.

**A13 CAPITAL COMMITMENTS**

There were no capital commitments as at the current financial quarter under review.

**A14 RELATED PARTY TRANSACTIONS**

There were no related party transactions for the period under review.

**B ADDITIONAL INFORMATION REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA  
SECURITIES BERHAD FOR THE ACE MARKET**

**B1 REVIEW OF PERFORMANCE**

For the financial period ended 30 June 2013, the Group recorded revenue of RM27,566,057 and profit before taxation of RM725,108 as compared to its preceding year's corresponding period revenue of RM26,650,224 and loss before tax amount of RM987,367. The Group recorded an increase in revenue of approximately 3% in the period ended 30 June 2013 as compared to the corresponding period ended 30 June 2012.

The Group recorded more favourable margin from 22.0% in period ended 30 June 2012 to 25.6% for period ended 30 June 2013 due to favourable input cost as well as higher efficiency in production.

The Group recorded an unrealised forex gain of RM147k for period ended 30 June 2012, compared to unrealised forex gain of RM109k in the current period ended 30 June 2013. The Group recorded a realised forex loss of RM270k in period ended 30 June 2012, compared to realised forex gain of RM15k for the current period ended 30 June 2013; which was mainly due to the USD versus RM.

During the current quarter ended 30 June 2013, our subsidiary in China had made a 50% allowance for impairment of investment in associate RCJ amounting to RMB50k (approximately RM25k), compared to RMB Nil in quarter ended 30 June 2012.

The higher administration expense partly due to the one-off expense amounted to RMB738k (approximately RM369k) of which RMB388k paid in order to secure long-term commitment from existing key employees, and remaining amount of RMB350k for payment to restrain of trade for a former key employee, which were incurred in quarter ended 31 March 2013.

Furthermore, our subsidiary in Singapore had made a reversal of impairment from other receivables of approximately USD50k (approximately RM155k) when payments were received in the current period ended 30 June 2013. There was no reversal of impairment from other receivables for the period ended 30 June 2012.

The higher finance costs for period ended 30 June 2012 was mainly due to factoring interest charges incurred by our subsidiary in US, which amounted to an average of US\$12k per month, as compared to US\$ Nil for period ended 30 June 2013. This factoring facility was terminated in September 2012.



NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2013

**B2 COMPARISON WITH PRECEDING QUARTER'S RESULTS**

For the current quarter ended 30 June 2013, the Group recorded a revenue of RM14,170,280 and a profit before tax of RM1,129,407 as compared to a revenue and loss before tax amount of RM13,395,777 and RM404,299 respectively for the preceding quarter ended 31 March 2013. The Group recorded an increase in revenue of approximately 6% in the second quarter of 30 June 2013 as compared to the preceding quarter ended 31 March 2013.

During the current quarter ended 30 June 2013, our subsidiary in Singapore had made a reversal of impairment from other receivables of approximately USD9k (i.e. RM30k) when payments were received in the current quarter ended 30 June 2013. In comparison to the preceding quarter ended 31 March 2013, our Singapore subsidiary made reversal of impairment from other receivables of approximately US\$40k (i.e. RM126k).

During the preceding quarter ended 31 March 2013, our subsidiary in China incurred a one-off expense amounted to RMB738k (approximately RM369k) of which RMB388k paid in order to secure long-term commitment from existing key employees, and remaining amount of RMB350k for payment to restrain of trade for a former key employee. These expenses were recorded in administrative expense. However, there was no such expense incurred in the current quarter.

**B3 PROSPECTS FOR THE FINANCIAL YEAR 2013**

Looking ahead into the remaining period of 2013, global economic conditions remain uncertain and weaker-than-expected macro situation may drag down global demand of electronics and consumables and continue to affect the electronics and consumables ecosystem. As the market uncertainties continue to overshadow the Euro zone debt crisis and its contagious effect on the global economy, the Board remains cautious on the outlook for 2013.

However, the Board believes that there are opportunities arising from our geographical positioning and technological capabilities, given that emerging markets such as China, India, Latin America and ASEAN continue to drive global demand. Likewise, management is proactively mitigating the escalating labour costs in China, as shown in the improvement of gross margin during the quarter.

As such, the Board is of the view that notwithstanding the competitive business environment, we are optimistic that the financial performance for 2013 will be better than the preceding year due to the current measures taken by management to reduce costs and expand sales.

**B4 PROFIT FORECAST AND PROFIT GUARANTEE**

The Group did not issue any profit forecast or profit guarantee for the current financial quarter under review or in any other public document.

**B5 TAXATION**

	Individual Quarter		Cumulative Quarter	
	Quarter ended	Quarter ended	Quarter period ended	Quarter period ended
	30 JUN 2013 RM	30 JUN 2012 RM	30 JUN 2013 RM	30 JUN 2012 RM
Current taxation:				
Domestic	-	-	-	-
Foreign tax	4,805	2,560	4,805	2,560
	<u>4,805</u>	<u>2,560</u>	<u>4,805</u>	<u>2,560</u>
Over/(under) provision in prior period				
Domestic	-	-	(783)	-
Foreign tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>(783)</u>	<u>-</u>
Deferred taxation*	272,659	-	355,899	-
	<u>277,464</u>	<u>2,560</u>	<u>359,921</u>	<u>2,560</u>

\* For the quarter ended 30 June 2013, our subsidiaries in China and US had made reversal of deferred tax assets amounting to RM166,480 and RM189,419 respectively.

**B6 PRE-ACQUISITION PROFITS**

There were no pre-acquisition profits for the current financial year-to-date.

**B7 PROFIT ON SALE OR PURCHASE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES**

There were no disposals of unquoted investments and/or properties by the Group for the current quarter and financial year-to-date under review.

**B8 QUOTED SECURITIES**

There were no acquisitions or disposals of quoted securities by the Group during the current financial quarter under review. There was no investment in quoted securities as at end of the reporting period.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2013

**B9 STATUS OF CORPORATE PROPOSAL**

(i) Status of corporate proposals announced but not completed as at 5 August 2013 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report) - None.

**(ii) Self Regularisation Plan**

(A) Reference is made to the Company's announcement dated 5 August 2010 and 16 August 2010 in relation to the Proposals.

On 18 July 2011, the Securities Commission had vide its letter dated 18 July 2011 approved the Proposed Exemption. The approval is subjected to CCHB disclosing in its annual and interim accounts and any public document, including annual reports, prospectuses and circulars, throughout the validity period and the conversion or subscription rights or options remain outstanding.

The following are the relevant disclosures made in compliance with the disclosure conditions imposed by the SC:-

(i) The validity period for the Exemption is from 18 July 2011 up to 18 September 2021.

(ii) The details of the shareholdings of the PAC and their entitlement to the Rights Issue are as follows:

Direct share holdings as at 30 June 2013

	No. of CCHB Shares	%	No. of Warrants	%
CSC	18,287,382	11.71	4,466,070	7.34
ACJ	11,665,752	7.47	-	-
Total	29,953,134	19.18	4,466,070	7.34

(iii) The maximum potential voting shares or voting rights of the offeror and persons acting in concert in the offeree, if only the offeror and persons acting in concert (but not other holders) exercise the conversion or subscription rights or options in full is 34,419,204 CCHB Shares representing 21.43% of the issued and paid-up share capital of CCHB.

(iv) The PAC shall not undertake the acquisition of voting shares or voting rights or acquisition of the conversion or subscription rights or options of CCHB (excluding issuance of new CCHB shares following the exercise of the conversion or subscription rights or options, or where all CCHB subscription rights or options on a pro-rata basis) by the PAC throughout the validity period of the Exemption.

(v) The mandatory offer obligation by the PAC to acquire all the remaining CCHB Shares not already held by them upon completion of the Rights Issue or after the exercise of the Warrants will not arise as a result of granting of the Exemption.

**STATUS OF UTILIZATION OF PROCEEDS RAISED FROM PRIVATE PLACEMENT**

The RM1,987,580 proceeds raised from the Private Placement of 14,197,000 new ordinary shares of RM0.10 each in the Company ("Private Placement") at an issue price of RM0.14 each, which was completed on 15 March 2012, has been proposed to be utilized as follows:-

Description	Proposed Utilization RM'000	Actual Utilization As at 30 JUN 2013 RM'000	Deviation RM'000	Balance RM'000	Estimated timeframe for utilization of proceeds
Working capital					
- Staff salaries	350	350	-	-	Completed
- Marketing expenses	200	184	-	16	Within 3 months
- Purchase of raw materials and components	1,000	1,000	-	-	Completed
- Maintenance and administrative costs	345	361	16	-	Completed
Private Placement expenses	93	77	(16)	-	Completed
	<u>1,988</u>	<u>1,972</u>	<u>-</u>	<u>16</u>	

**B10 BORROWINGS**

	Quarter ended 30 JUN 2013	Quarter ended 30 JUN 2012
<b>Short term borrowings (RM)</b>		
Secured	<u>112,570</u>	<u>3,224,739</u>
<b>Long-term borrowings (RM)</b>		
Secured	<u>157,485</u>	<u>192,822</u>
<b>Total Borrowings (RM)</b>	<u>270,055</u>	<u>3,417,561</u>

**DENOMINATED IN FOREIGN CURRENCY**

	Foreign Currency	RM Equivalent	Foreign Currency	RM Equivalent
<b>Short term borrowings:</b>				
Secured (in Singapore Dollars)	-	-	15,497	38,445
Secured (in US Dollars)	35,178	112,570	991,873	3,173,994
Secured (in Chinese RMB)	-	-	24,600	12,300
		<u>112,570</u>		<u>3,224,739</u>
<b>Long term borrowings:</b>				
Secured (in Singapore Dollars)	-	-	77,732	192,822
Secured (in US Dollars)	49,214	157,485	-	-
		<u>157,485</u>		<u>192,822</u>

**B11 OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

The Group does not have any off balance sheet financial instruments as at the date of this report.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2013

**B12 MATERIAL LITIGATIONS**

There is no material litigation during the period under review and the Directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

**B13 DIVIDENDS**

The Directors did not propose any dividend for the period under review.

**B14 EARNINGS/(LOSS) PER SHARE**

*(a) Basic*

	Individual Quarter		Cumulative Quarter	
	Quarter ended 30 JUN 2013 RM	Quarter ended 30 JUN 2012 RM	Quarter period ended 30 JUN 2013 RM	Quarter period ended 30 JUN 2012 RM
Net loss attributable to shareholders	851,943	354,328	365,187	(989,927)
Weighted average number of shares - basic	156,175,400	156,175,400	156,175,400	150,338,856
<b>Basic loss per share (sen)</b>	<b>0.55</b>	<b>0.23</b>	<b>0.23</b>	<b>(0.66)</b>

*(b) Diluted*

	Individual Quarter		Cumulative Quarter	
	Quarter ended 30 JUN 2013 RM	Quarter ended 30 JUN 2012 RM	Quarter period ended 30 JUN 2013 RM	Quarter period ended 30 JUN 2012 RM
Net loss attributable to shareholders	851,943	354,328	365,187	(989,927)
Weighted average number of shares - basic	156,175,400	156,175,400	156,175,400	150,338,856
Add: Assuming conversion of Warrants	60,846,600	60,846,600	60,846,600	60,846,600
Weighted average number of shares - diluted	217,022,000	217,022,000	217,022,000	211,185,456
<b>Diluted earnings per share (sen)</b>	<b>0.39</b>	<b>0.16</b>	<b>0.17</b>	<b>N/A(*)</b>

Note:-

\* The fully diluted earnings per share is not disclosed as the effects on the assumed exercised of the warrants is anti-dilutive.

**B15 AUTHORISATION**

The first quarter interim financial statements were authorised for issue by the Board of Directors in accordance with resolution of the directors dated 19 August 2013.

**B16 DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)**

The determination of realised and unrealised (loss)/gain is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits of Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants on 20 December 2010.

The breakdown of accumulated losses of the Group as at the reporting date, into realised and unrealised losses are as follows:

	As At 30 JUN 2013 RM	(Audited) As At 31 DEC 2012 RM
Total accumulated losses of the Group:		
- Realised	(3,051,139)	(2,680,860)
- Unrealised	133,566	(601,900)
	<u>(2,917,573)</u>	<u>(3,282,760)</u>
Less: Consolidated adjustments	-	-
Accumulated losses as per financial statements	<u>(2,917,573)</u>	<u>(3,282,760)</u>

By order of the Board

Ang Chuang Juay  
 Group Chief Executive Officer  
 19 August 2013