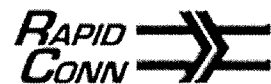
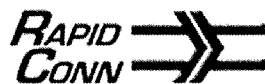
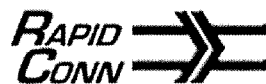
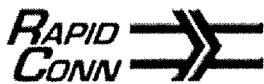




INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED
30 JUNE 2015



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

**INTERIM FINANCIAL STATEMENTS FOR THE
SECOND QUARTER ENDED 30 JUNE 2015**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		INDIVIDUAL QUARTER (UNAUDITED) CURRENT YEAR QUARTER 30 JUNE 2015 RM'000	(UNAUDITED) PRECEDING YEAR CORRESPONDING QUARTER 30 JUNE 2014 RM'000	CUMULATIVE QUARTER (UNAUDITED) CURRENT YEAR- TO-DATE 30 JUNE 2015 RM'000	(UNAUDITED) PRECEDING YEAR CORRESPONDING PERIOD 30 JUNE 2014 RM'000
	Note				
Operating revenue	B1	15,898	15,165	30,299	27,711
Cost of sales		(11,567)	(10,829)	(21,701)	(19,513)
Gross profit		<u>4,331</u>	<u>4,336</u>	<u>8,598</u>	<u>8,198</u>
Other income		225	238	550	283
Administrative expense		(2,611)	(3,116)	(5,180)	(5,540)
Distribution and selling expenses		(787)	(784)	(1,509)	(1,612)
Other expenses		(22)	-	(47)	(363)
Depreciation and amortisation		(341)	(279)	(659)	(546)
Profit from operations		<u>795</u>	<u>395</u>	<u>1,753</u>	<u>420</u>
Finance costs, net		(16)	-	(36)	-
Profit before tax	B1	<u>779</u>	<u>395</u>	<u>1,717</u>	<u>420</u>
Taxation	B5	(91)	(486)	(125)	(488)
Profit for the year		<u>688</u>	<u>(91)</u>	<u>1,592</u>	<u>(68)</u>
Other comprehensive income/(expenses):					
Foreign currency translation		67	(213)	1,052	(425)
Total comprehensive profit/(loss) for the year		755	(304)	2,644	(493)
Profit attributable to:					
Owners of the Company		688	13	1,592	167
Non-controlling interest		-	(104)	-	(235)
		<u>688</u>	<u>(91)</u>	<u>1,592</u>	<u>(68)</u>
Total comprehensive income/(expense) attributable to:					
Owners of the Company		755	(200)	2,644	(257)
Non-controlling interest		-	(104)	-	(236)
		<u>755</u>	<u>(304)</u>	<u>2,644</u>	<u>(493)</u>
(Loss)/earning per share (sen)					
- Basic	B10 (a)	<u>0.33</u>	<u>0.01</u>	<u>0.77</u>	<u>0.19</u>
- Diluted	B10 (b)	<u>0.26</u>	<u>0.01</u>	<u>0.59</u>	<u>0.11</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 2014 and the accompanying explanatory notes attached to this interim financial statements.)

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

INTERIM FINANCIAL STATEMENTS FOR THE
SECOND QUARTER ENDED 30 JUNE 2015

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
	AS AT	AS AT
	30 JUNE 2015	31 DECEMBER 2014
	(UNAUDITED)	(AUDITED)
Note	RM'000	RM'000
ASSETS		
Non-current assets		
	4,389	4,047
Plant and equipment		
	80	194
Deferred tax assets		
	<u>4,469</u>	<u>4,241</u>
Current assets		
	5,569	5,613
Inventories		
	15,288	9,666
Trade receivables		
	3,416	2,821
Other receivables		
	3,914	4,847
Cash and bank balances		
	<u>28,187</u>	<u>22,947</u>
TOTAL ASSETS	<u><u>32,656</u></u>	<u><u>27,188</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
	21,274	20,615
Share capital		
	1,990	2,171
Share premium		
	1,246	194
Foreign exchange reserve		
	(5,451)	(7,043)
Accumulated losses	B12	
Total equity	<u>19,059</u>	<u>15,937</u>
Non-current liabilities		
	254	267
Borrowings	B7	
	-	38
Other payables		
	40	40
Deferred tax liabilities		
	<u>294</u>	<u>345</u>
Current liabilities		
	117	61
Borrowings	B7	
	11,302	7,884
Trade payables		
	1,884	2,961
Other payables		
	<u>13,303</u>	<u>10,906</u>
Total liabilities	<u>13,597</u>	<u>11,251</u>
TOTAL EQUITY AND LIABILITIES	<u><u>32,656</u></u>	<u><u>27,188</u></u>
Net Assets Per Share (RM)	<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 2014 and the accompanying explanatory notes attached to this interim financial statements.)

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

INTERIM FINANCIAL STATEMENTS FOR THE
SECOND QUARTER ENDED 30 JUNE 2015

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to Equity Holders of the Parent →				Non-controlling Interest RM'000	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Non-Distributable Foreign Exchange Reserve RM'000	Accumulated Losses RM'000		
At 1 January 2014	17,179	666	12	(4,366)	-	13,491
Acquisition of subsidiary				-	49	49
Total comprehensive expense for the period	-	-	(425)	167	(235)	(493)
Issuance of ordinary shares pursuant to: - Private placement	1,690	984	-	-	-	2,674
At 30 June 2014	<u>18,869</u>	<u>1,650</u>	<u>(413)</u>	<u>(4,199)</u>	<u>(186)</u>	<u>15,721</u>
At 1 January 2015	20,615	2,171	194	(7,043)	-	15,937
Total comprehensive income/(expense) for the period	-	(181)	1,052	1,592	-	2,463
Issuance of ordinary shares pursuant to: - Conversion of warrant shareholdings	659	-	-	-	-	659
At 30 June 2015	<u>21,274</u>	<u>1,990</u>	<u>1,246</u>	<u>(5,451)</u>	<u>-</u>	<u>19,059</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 2014 and the accompanying explanatory notes attached to this interim financial statements.)

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

INTERIM FINANCIAL STATEMENTS FOR THE
SECOND QUARTER ENDED 30 JUNE 2015

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(UNAUDITED) CURRENT YEAR-TO-DATE 30 JUNE 2015 RM'000	(UNAUDITED) PRECEDING YEAR CORRESPONDING CUMULATIVE PERIOD 30 JUN 2014 RM'000
Cash flows from operating activities		
Profit before tax	1,717	420
Adjustments for:		
Depreciation	659	546
Deferred taxes	154	-
Interest received	(2)	-
Interest expenses	7	5
(Gain)/loss on disposal of plant and equipment	(6)	-
(Gain)/loss on foreign exchange unrealised	(303)	57
Operating profit before working capital changes	2,226	1,028
Changes in working capital:		
Inventories	44	786
Receivables	(6,217)	(1,552)
Payables	2,303	652
Cash (used in)/generated from operations	(1,644)	914
Interest paid	(7)	(5)
Tax paid	(5)	(5)
Net cash (used in)/generated from operating activities	(1,656)	904
Cash flows from investing activities		
Interest received	2	-
Proceed from disposal of plant and equipment	6	(1,350)
Purchase of plant and equipment	(1,078)	(673)
Net cash used in investing activities	(1,070)	(2,023)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	-	2,674
Proceeds from exercise of warrants	659	-
Private placement expenses	(180)	-
Repayment of hire purchase	(43)	(10)
(Repayment) / drawdown of other short term borrowings	-	34
Net cash generated from financing activities	436	2,698
Net decrease in cash and cash equivalents	(2,290)	1,579
Effects of exchange rate changes	1,357	(67)
Cash and cash equivalents at beginning of the financial year	4,847	3,095
Cash and cash equivalents at end of the financial year	3,914	4,607
Cash and cash equivalents are represented by		
Cash and at bank balances	3,914	4,607
	3,914	4,607

(The unaudited condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to this interim financial statements.)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARDS (“MFRS”) 134 ON INTERIM FINANCIAL REPORTING

A1 BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with the requirement of MFRS134: Interim Financial Reporting and Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

A2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted as disclosed in the Group’s annual audited financial statements for the year ended 31 December 2014.

The Group has adopted the new and revised Malaysian Financial Reporting Standards (“**MFRSs**”) and IC Interpretations that became mandatory for the current reporting period. The adoption of these new and revised MFRSs and IC Interpretations does not result in significant changes in the accounting policies of the Group.

A3 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 2014 other than an audit emphasis of matter by the independent auditor as follows:

Rapid Conn Interconnect (M) Sdn. Bhd.'s and Borderless Fame Sdn. Bhd.'s respective auditors' report contain the audit emphasis of matter relating to the appropriateness of going concern basis of accounting is dependent on financial support from its Holding Company and its fellow subsidiaries.

A4 SEASONALITY OR CYCLICALITY OF OPERATIONS

The business of the Group is such that some of its products, particularly those relating to digital equipment are subjected 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.

A5 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

During the current quarter under review, 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.

A6 MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates that have had effect on the current financial period under review.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARDS (“MFRS”) 134 ON INTERIM FINANCIAL REPORTING (CONT’D)

A7 ISSUANCE, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

Exercise of Warrants 2011/2021

During the current year to date, the Company has issued 6,589k new ordinary shares of RM0.10 each for cash at RM0.10 each pursuant to the exercise of Warrants 2011/2021 and the total cash proceeds arising from the exercise of Warrants amounted to RM659k. The details of the Warrants exercised during the current year to date are as follows:

Allotment Date	No. of Warrants Exercised per Unit ('000)	No. of Shares Allotted Unit ('000)	Type of Issue	
25 May 2015	160	160	Exercise of Warrants 2011/2021 at RM0.10 per share	
27 May 2015	600	600		
01 June 2015	63	63		
05 June 2015	2,046	2,046		
08 June 2015	1,150	1,150		
09 June 2015	150	150		
11 June 2015	940	940		
12 June 2015	200	200		
14 June 2015	650	650		
15 June 2015	100	100		
17 June 2015	140	140		
18 June 2015	140	140		
19 June 2015	250	250		
06 June 2015	551	551		
23 June 2015	200	200		
26 June 2015	349	349		
29 June 2015	80	80		
30 June 2015	2,247	2,247		
Total	10,016	10,016		

As a result of the exercise of the Warrants mentioned above, the total number of issued and paid up shares of RM0.10 each of the Company has increased from 206,151,400 shares to 212,740,200 shares. The new ordinary shares issued arising from the exercise of Warrants shall rank pari passu in all respect with the existing ordinary shares of the Company, save and except that the new shares shall not be entitled to any dividends, rights, allotments and/or distributions, unless the exercise of Warrant is effected before the book closure of the share registers for determination of the entitlement to such rights or distributions.

A8 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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARDS (“MFRS”) 134 ON INTERIM FINANCIAL REPORTING (CONT’D)

A9 DIVIDENDS

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

A10 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, assembly and sub-assembly of electronic components.

Contributions from other new venture businesses during the current quarter are not material at this stage and therefore, the segmental analysis as reviewed by management is based on the geographical segments as shown below:-

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARDS ("MFRS") 134 ON INTERIM FINANCIAL REPORTING (CONT'D)

A10 SEGMENTAL INFORMATION (CONT'D)

(ii) Geographical Segments	Malaysia	China	Singapore	USA	Total	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 June 2015							
REVENUE AND EXPENSES							
REVENUE							
External sales	-	18,473	10,709	15,429	44,611	(14,312)	30,299
RESULTS							
Segments results	(636)	614	963	812	1,753	-	1,753
Finance cost, net	-	(10)	(16)	(10)	(36)	-	(36)
Profit before tax	(636)	604	947	802	1,717	-	1,717
Taxation	-	-	-	(162)	(162)	37	(125)
Net profit attributable to	(636)	604	947	640	1,555	37	1,592
ASSETS AND LIABILITIES							
Segment assets							
Consolidated total assets	10,602	16,951	5,606	10,190	43,349	(10,693)	32,656
Segment liabilities							
Consolidated total liabilities	5,810	14,580	2,070	5,523	27,983	(14,386)	13,597
OTHER INFORMATION							
Depreciation	5	466	162	26	659	-	659
Capital expenditure	-	1,069	-	9	1,078	-	1,078

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015

PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARDS ("MFRS") 134 ON INTERIM FINANCIAL REPORTING (CONT'D)

A10 SEGMENTAL INFORMATION (CONT'D)

(ii) Geographical Segments	Malaysia	China	Singapore	USA	Total	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 June 2014							
REVENUE AND EXPENSES							
REVENUE							
External sales	672	14,927	5,678	17,150	38,427	(10,716)	27,711
RESULTS							
Segments results	(1,244)	342	(788)	2,095	405	-	405
Finance cost, net	(1)	39	(12)	(11)	15	-	15
Profit before tax	(1,245)	381	(800)	2,084	420	-	420
Taxation	-	-	-	(488)	(488)	-	(488)
Net profit attributable to	(1,245)	381	(800)	1,596	(68)	-	(68)
ASSETS AND LIABILITIES							
Segment assets							
Consolidated total assets	12,018	13,392	3,150	8,830	37,390	(9,943)	27,447
Segment liabilities							
Consolidated total liabilities	5,921	11,702	1,586	4,760	23,969	(12,241)	11,728
OTHER INFORMATION							
Depreciation	15	352	154	25	546	-	546
Capital expenditure	282	163	124	104	673	-	673

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARDS ("MFRS") 134 ON INTERIM FINANCIAL REPORTING (CONT'D)

A11 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM REPORTING PERIOD

A. Proposed Acquisition - Kejuruteraan Asastera Sdn Bhd

On 1 April 2015, the Company entered into a share sale agreement with a third party for the proposed acquisition of Kejuruteraan Asastera Sdn. Bhd. ("**KASB**"), a private limited company, for a purchase consideration of RM25,000,000 to be satisfied by cash amounting to RM12,500,000 and issuance of 250,000,000 new irredeemable convertible preference shares ("**ICPS**") at an issue price of RM0.05 per ICPS amounting to RM12,500,000. KASB specialises in the provision of electrical and mechanical engineering services within the construction industry.

The acquisition was approved by the Board, which is subjected to the outcome of a due diligence. The Company has set up a due diligence working group specifically for this exercise. The entire exercise is expected to be completed in the third quarter of this year, and if successful, will result in the Group expanding its core business to include electrical, mechanical and telecommunicating engineering contracting.

B. New Sub-subsidiary – Change in Ownership and Share Capital

Rapid Conn (Shenzhen) Co Ltd, ("**RCC**"), a wholly-owned subsidiary of the Company has entered into an agreement with Mr. Zhou Jian, a Chinese national, to form a new private limited company, HS Co. Ltd. ("**HSC**"), in Shenzhen, China. The new company was incorporated in 12 February 2015 and has a subscription share capital of RenMinBi ("**RMB**") 5,000,000 (equivalent to RM2,986,500).

RCC is the majority shareholder of the HS by way of a cash injection of RMB3,000,000/-, equivalent to a 60%-stake in the capital of HS, while Mr. Zhou shall inject RMB2,000,000/-, equivalent to the remaining 40%-stake in the capital of HS.

On 4 March 2015 (Reference no. CS-150226-54615) and 30 March 2015 (Reference no. CS-150305-40878), the Board of Directors of the Company has on 4 August 2015 been notified that HS Co., Ltd. a new majority-owned subsidiary in China, under the wholly-owned subsidiary of the Company, Rapid Conn (Shenzhen) Co., Ltd ("**RCC**") had on 2 July 2015 increased its subscription share capital from RenMinBi ("**RMB**") 5,000,000 comprising 5,000,000 subscription shares of RMB1/- each to RMB7,500,000 comprising 7,500,000 subscription shares of RMB1/- each.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015

PART B: EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARDS (“MFRS”) 134 ON INTERIM FINANCIAL REPORTING (CONT’D)

A11 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM REPORTING PERIOD (CONT’D)

B. New Sub -subsidiary – Change in Ownership and Share Capital (Cont’d)

The shareholding structure of HS Co. Ltd. shall be as follows:

Shareholders	Before		After	
	No. of Subscription Shares @ RMB1/- share	Percentage of Issued and Paid-up Capital (%)	No. of Subscription Shares @ RMB1/- share	Percentage of Issued and Paid-Up Capital (%)
RCC	3,000,000	60	4,500,000	60
Zhou Jian	2,000,000	40	3,000,000	40
Total	5,000,000	100	7,500,000	100

Subsequently thereto, RCC had on 9 July 2015 transferred all its subscription shares, which is to be held in trust for and on behalf of RCC, to Mr. Liu ZhengHua, a Chinese national (of Long San Road, 6th Lane, Luo Tian Social District, Song Gang Street, Bao An District, Shenzhen 518105, China), who is the legal representative of HSC.

Consequently, the current shareholding structure of HS Co., Ltd. shall be as follows:-

Shareholders	No. of Subscription Shares @ RMB1/- per Share	Percentage of Issued and Paid-Up Capital (%)
Liu ZhengHua	4,500,000	60
Zhou Jian	3,000,000	40
Total	7,500,000	100

With effect from 20 July 2015, Rapid Power (Shenzhen) Co. Ltd. (formerly known as HS. Co. Ltd.) has become a wholly-owned subsidiary of RCC, which in turn is a wholly-owned subsidiary of the Company.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARDS (“MFRS”) 134 ON INTERIM FINANCIAL REPORTING (CONT’D)

A11 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM REPORTING PERIOD (CONT’D)

B. New Sub-subsidiary – Change in Ownership and Share Capital (Cont’d)

Before			After		
Shareholders	No. of Subscription Shares @ RMB1/- per Share	Percentage of Issued and Paid-Up Capital (%)	Shareholders	No. of Subscription Shares @ RMB1/- per Share	Percentage of Issued and Paid-Up Capital (%)
Liu ZhengHua	4,500,000	60	RCC	7,500,000	100
Zhou Jian	3,000,000	40	-	-	-
Total	7,500,000	100	Total	7,500,000	100

A12 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, except for the formation of a new sub-subsidiary, Rapid Conn (Shenzhen), which was mentioned in A11 (B).

A13 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or contingent assets since the last audited financial report and up to the date of this report.

A14 CAPITAL COMMITMENTS

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET

B1 REVIEW OF PERFORMANCE

The Group's overall performance has improved as it has recorded a higher revenue in the period ended 30 June 2015 as compared to the corresponding period ended 30 June 2014.

For the current financial period ended 30 June 2015, the Group's revenue and profit before tax were RM30,299k and RM1,717k respectively, compared to its preceding year's corresponding period's revenue of RM27,711k and profit before tax of RM420k.

The Group recorded a favourable, albeit lower margin of 28% in the period ended 30 June 2015, if compared to 30% for the period ended 30 June 2014. This was due to the overall increased in labour costs, which have been mitigated by our efforts in diversifying into higher margin products as well as our controls over input costs.

Other income mainly consists of an overall gain on foreign exchange, a gain on disposal of a motor vehicle, interest received, scrap sales, and rental income. The increased in other income in both the quarter and the period under review was mainly due to the appreciation of the United States Dollar (“USD”) against the Ringgit (“RM”).

Other expenses consist mainly of fixed assets written off and realised loss on foreign exchange.

B2 COMPARISON WITH PRECEDING QUARTER'S RESULTS

For the current quarter ended 30 June 2015, the Group recorded a revenue of RM15,898k and a profit before tax of RM779k as compared to the revenue and profit before tax at RM14,401 and RM938k respectively for the preceding quarter ended 31 March 2015. The Group recorded an increase in revenue of approximately 10% in the current quarter compared to first quarter of 31 March 2015.

The Group recorded a margin of 27% in the quarter ended 30 June 2015 as compared to 30% in the preceding quarter ended 31 March 2015. The margin of the group has decreased compared to the preceding quarter ended 31 March 2015.

The Group recorded an unrealised forex gain of RM134k for the quarter ended 30 June 2015, compared to unrealised profit of RM169k in the preceding quarter ended 31 March 2015. Notwithstanding the above, the Group recorded a realised forex loss of RM22k in the quarter ended 30 June 2015, as compared to realised forex loss of RM24k for the preceding quarter ended 31 March 2015; which was mainly due to the appreciation of USD against RM.

B3 PROSPECTS FOR THE FINANCIAL YEAR 2015

Due to the escalating labour costs and the competitive nature of the labour market in Shenzhen, China where our plant (Rapid Conn Shenzhen) is located, we are continuously looking into ways in which we can reduce our manufacturing and fixed costs to enable us to absorb or mitigate increases in labour costs. This in turn will also help increase our profitability and make us more price competitive, which will help the Group meet its strategic objectives with regards to market penetration and market diversification (industry-wise). Currently, we are also looking into new areas of our manufacturing process in which automation can be implemented which will not only reduce costs, but also improve overall space utilisation.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET

B3 PROSPECTS FOR THE FINANCIAL YEAR 2015 (CONT'D)

In anticipation of increased global demand, we are expanding into more lucrative industrial markets (like white goods and automotive), while also increasing our portfolio of customers across different markets geographically. To help facilitate our business plans, we hope to expand our existing cable extrusion operations via Rapid Power Shenzhen Co. Ltd., which is wholly owned by RCC. This will not only enable us to better control our overall supply of raw cables and manage our turnaround time more effectively, but will also enable us to be more price competitive (which will be further enhanced by automation) and improve our delivery process.

B4 VARIANCE OF FORECAST AND PROFIT GUARANTEE

The Group did not issue any profit forecast or profit forecast or profit guarantee and thus this is not applicable to the Group.

B5 TAXATION

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 30 June 2015 RM'000	Quarter Ended 30 June 2014 RM'000	Quarter Ended 30 June 2015 RM'000	Quarter Ended 30 June 2014 RM'000
Current taxation:				
Domestic	-	-	-	-
Foreign tax	-	3	-	5
	-	3	-	5
Under provision in prior period:				
Domestic	-	-	-	-
Foreign tax	-	-	(5)	-
	-	-	(5)	-
Deferred taxation	(91)	483	(120)	483
	(91)	486	(125)	488

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET

B6. STATUS OF CORPORATE PROPOSAL

(i) Proposed Acquisition - Kejuruteraan Asastera Sdn Bhd

On 1 April 2015, the Company entered into a share sale agreement with a third party for the proposed acquisition of Kejuruteraan Asastera Sdn. Bhd. (“**KASB**”), a private limited company, for a purchase consideration of RM25,000,000 to be satisfied by cash amounting to RM12,500,000 and issuance of 250,000,000 new irredeemable convertible preference shares (“**ICPS**”) at an issue price of RM0.05 per ICPS amounting to RM12,500,000. KASB specialises in the provision of electrical and mechanical engineering services within the construction industry.

The acquisition was approved by the Board, which is subjected to the outcome of a due diligence. The Company has set up a due diligence working group specifically for this exercise, which is expected to be completed in the third quarter of this year. The completion of this exercise, if successful, will result in the Group expanding its core business to include electrical, mechanical and telecommunicating engineering contracting.

(ii) New Sub-subsidiary – Change in Ownership and Share Capital

Rapid Conn (Shenzhen) Co Ltd, a wholly-owned subsidiary of the Company has entered into an agreement with Mr. Zhou Jian, a Chinese national, to form a new private limited company, HS Co. Ltd. (“**HSC**”), in Shenzhen, China. The new company was incorporated in 12 February 2015 and has a subscription share capital of RenMinBi (“**RMB**”) 5,000,000 (equivalent to RM2,986,500).

RCC is the majority shareholder of HSC by way of a cash injection of RMB3,000,000/-, equivalent to a 60%-stake in the capital of HSC, while Mr. Zhou shall inject RMB2,000,000/-, equivalent to the remaining 40%-stake in the capital of HSC.

On 4 March 2015 (Reference no. CS-150226-54615) and 30 March 2015 (Reference no. CS-150305-40878), the Board of Directors of the Company has on 4 August 2015 been notified that HS Co., Ltd., a new majority-owned subsidiary in China, under the wholly-owned subsidiary of the Company, Rapid Conn (Shenzhen) Co., Ltd (“**RCC**”) had on 2 July 2015 increased its subscription share capital from RenMinBi (“**RMB**”) 5,000,000 comprising 5,000,000 subscription shares of RMB1/- each to RMB7,500,000 comprising 7,500,000 subscription shares of RMB1/- each.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET

B6. STATUS OF CORPORATE PROPOSAL

(ii) New Sub-subsidiary – Change in Ownership and Share Capital (Cont’d)

The shareholding structure of HS Co. Ltd. shall be as follows:

Shareholders	Before		After	
	No. of Subscription Shares @ RMB1/- per Share	Percentage of Issued and Paid-up Capital (%)	No. of Subscription Share @ RMB1/- per Share	Percentage of Issued and Paid-Up Capital (%)
RCC	3,000,000	60	4,500,000	60
Zhou Jian	2,000,000	40	3,000,000	40
Total	5,000,000	100	7,500,000	100

Subsequently thereto, RCC had on 9 July 2015 transferred all its subscription shares, which is to be held in trust for and on behalf of RCC, to Mr. Liu ZhengHua, a Chinese national (of Long San Road, 6th Lane, Luo Tian Social District, Song Gang Street, Bao An District, Shenzhen 518105, China), who is the legal representative of HSC.

Consequently, the current shareholding structure of HS Co., Ltd. shall be as follows:-

Shareholders	No. of Subscription Shares @ RMB1/- per Share	Percentage of Issued and Paid-up Capital (%)
Liu ZhengHua	4,500,000	60
Zhou Jian	3,000,000	40
Total	7,500,000	100

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015

PART C: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET

B6 STATUS OF CORPORATE PROPOSAL (CONT'D)

(ii) New Sub-subsidiary – Change in Ownership and Share Capital (Cont'd)

With effect from 20 July 2015, Rapid Power (Shenzhen) Co. Ltd. (formerly known as HS. Co. Ltd.) has become a wholly-owned subsidiary of RCC, which in turn is a wholly-owned subsidiary of the Company.

Before			After		
Shareholders	No. of Subscription Shares @ RMB1/- per Share	Percentage of Issued and Paid-Up Capital (%)	Shareholders	No. of Subscription Shares @ RMB1/- per Share	Percentage of Issued and Paid-Up Capital (%)
Liu ZhengHua	4,500,000	60	RCC	7,500,000	100
Zhou Jian	3,000,000	40	-	-	-
Total	7,500,000	100	Total	7,500,000	100

(iii) Status of Utilization of Proceeds Raised From Private Placement

The Company had on 20 June 2014 completed the first tranche of the Private Placement with the listing of and quotation for 16,902,900 new Connect shares on the ACE Market of Bursa Malaysia Securities Berhad ("Placement Shares") at an issue price of RM0.168 each.

The Company had on 4 November 2014, fully completed the Private Placement with the listing of and quotation for the remaining 17,455,600 Placement Shares on the ACE market of Bursa Malaysia Securities Berhad at an issue price of RM0.133 each.

Following the completion of the Private Placement, the Company raised actual total gross proceed of RM5,161,282, the utilisation of which has been revised as follows:-

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET

B6 STATUS OF CORPORATE PROPOSAL (CONT'D)

(v) Status of Utilization of Proceeds Raised From Private Placement (Cont'd)

Description	Proposed Utilization	Revised Utilization	Actual Utilization as at 30 June 2015	Balance	Estimated Timeframe for Utilization of Proceeds	
	RM'000	RM'000	RM'000	RM'000		
Working capital for:						
- Increased Rapid Conn (Shenzhen) Co., Ltd ("RCC") paid up capital	3,960	2,960	1,350	1,610	Within 6 months	***
- MyGenBizz Berhad, a 51% subsidiary of the Company ("MyGenBizz")	1,026	900	900	-	Completed	**
- Administrative expenses of other companies ("Connect Group")	699	1,085	1,085	-	Completed	*
- Estimated expenses in relation to the Proposed Private Placement	500	217	217	-	Completed	
Total	6,185	5,162	3,552	1,610		

*** Due to the difference between actual proceeds received from the private placement and proposed private placement. Therefore amendment were made in RCC paid up capital.

** Repayment of advance for working capital of MyGenBizz Berhad.

* The excess balances from MyGenBizz and estimated expenses in relation to the Proposed Private Placement are grouped under the administrative expenses.

	Proposed RCC RM'000	Revised RCC RM'000
Purchase of raw materials such as raw cooper cables, plastics. Interjects and packaging materials	1,970	1,470
Purchase of tools and equipment such as cable assembly and moulding equipment as well as crimping machines	1,500	1,000
Production labour costs	490	490
Total	3,960	2,960

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET

B7 GROUP BORROWINGS

	Quarter Ended 30 June 2015 RM'000	Quarter Ended 30 June 2014 RM'000
Short-term borrowings (RM)		
- Secured	117	106
Long-term borrowings (RM)		
- Secured	254	93
Total Borrowings (RM)	371	199

DENOMINATED IN FOREIGN CURRENCY

Short Term Borrowings:	Foreign Currency	RM Equivalent RM'000	Foreign Currency	RM Equivalent RM'000
Secured (in Singapore Dollars)	-	-	-	-
Secured (in US Dollars)	18	67	16	52
Secured (in Chinese RMB)	81	50	108	54
		<u>117</u>		<u>106</u>
Long Term Borrowings:	Foreign Currency	RM Equivalent RM'000	Foreign Currency	RM Equivalent RM'000
Secured (in Singapore Dollars)	-	-	-	-
Secured (in US Dollars)	67	254	29	93
		<u>254</u>		<u>93</u>

B8 MATERIAL LITIGATIONS

There is no pending material litigation as at the date of this announcement.

B9 DIVIDENDS

The Directors did not propose any dividends as at the date of this announcement.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET

B10 EARNINGS PER SHARE

(i) Basic Earnings Per Share

The basic earnings per share was calculated by dividing the net profit for the current financial quarter and the current financial year to date by the weighted average number of ordinary shares in issued.

	Quarter Ended		Year to Date	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Net profit attributable to shareholders	688	13	1,592	167
Weighted average number of shares – basic	208,324	177,365	207,245	86,580
Basic profit per share (sen)	0.33	0.01	0.77	0.19

(ii) Diluted Earnings Per Share

The diluted earnings per share was calculated by dividing the net profit for the current financial quarter and year to date by the weighted average number of ordinary shares based on the assumption that the Warrants issued are fully exercised and converted into ordinary shares.

	Quarter Ended		Year to Date	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Net profit attributable to shareholders	688	13	1,592	167
Weighted average number of shares - basic	208,324	177,365	207,245	86,580
Add: Assuming conversion of Warrants	60,847	60,847	60,847	60,847
Weighted average number of shares – diluted	269,171	238,212	268,092	147,427
Diluted earnings per share (sen)	0.26	0.01	0.59	0.11

Note:-

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET

B11 REALISED AND UNREALISED PROFITS / (LOSSES) DISCLOSURE

The accumulated losses of the Group may be analysed as follows:-

	As at 30 June 2015 RM'000	(Unaudited) As at 30 June 2014 RM'000
Total accumulated losses of the Group:		
- Realised	(5,754)	(6,082)
- Unrealised	303	(57)
	(5,451)	(6,139)
Less: Consolidated adjustments	-	-
Accumulated losses as per financial statements	(5,451)	(6,139)

B12 NOTE TO THE STATEMENT OF COMPREHENSIVE INCOME

	Quarter Ended		Year to Date	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Depreciation of property, plant and equipment	341	279	659	546
Interest expense	3	3	7	5
Interest income	2	-	2	-
(Gain)/loss in foreign exchange – unrealised	(134)	(25)	(303)	(57)
Gain/(loss) on disposal of property, plant and equipment	6	-	6	-