

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD

(618933-D)

(Incorporated in Malaysia)

**FINANCIAL STATEMENTS AS AT 31 DECEMBER 2008
TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS**

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(618933-D)
(Incorporated in Malaysia)

CONTENTS

	<u>PAGE</u>
DIRECTORS' REPORT	1 – 8
STATEMENT BY DIRECTORS	9
STATUTORY DECLARATION	9
AUDITORS' REPORT	10 – 12
INCOME STATEMENTS	13
BALANCE SHEETS	14
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	15-16
COMPANY STATEMENT OF CHANGES IN EQUITY	17-18
CASH FLOW STATEMENTS	19-20
NOTES TO THE FINANCIAL STATEMENTS	21 -69

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are that of design, manufacture, sales, marketing, services and trading of cables, connectors and related products.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM	Company RM
Net loss for the year	<u>6,129,000</u>	<u>9,567,717</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature. The adoption of new and revised FRS's has no material impact in the results of the operations of the Group and of the Company during the financial year.

ISSUE OF SHARES

During the financial year, the issued and fully paid-up share capital of the Company was increased from RM20,114,000 to RM20,282,500 by the issuance of 1,685,000 new ordinary shares of RM0.10 each as follows:

- (i) Issuance of 1,685,000 new ordinary shares of RM 0.10 each for cash pursuant to the Employee's Shares Option Scheme ('ESOS') of the company at an exercise price of RM 0.10 per ordinary share.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT

ISSUE OF SHARES (CONT'D)

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Ang Chuang Juay

Huang Yan Teo

Dato' Dr Mohamed Ariffin Bin Hj Aton

Lim Bee San

Koo Ah Kan

(Appointed on 13 May 2008)

Chong Shiong Joo

(Appointed on 28 May 2008, Resigned on 10 March 2009)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at anytime during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted to the directors pursuant to the Employees' Share Option Scheme ("ESOS").

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONT'D)

DIRECTORS INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM 0.10 Each			31.12.2008
	1.1.2008	Bought	Sold	
Direct Interest:				
Ang Chuang Juay	29,899,530	1,561,070	(1,000,000)	30,460,600
Huang Yan Teo	100,000	-	-	100,000
Koo Ah Kan	-	1,000,000	-	1,000,000
Chong Shiong Joo	-	339,000	-	339,000
Indirect Interest:				
Ang Chuang Juay* ¹	200,070	220,100	(420,070)	100

*¹ Indirect interest by virtue of the shareholdings of his spouse.

In addition to the above, the directors are also deemed to have an interest in the shares of the Company to the extent of options granted to them pursuant to the ESOS of the Company as follows:

Name	Grant Date	Expiry Date	Exercise Price RM	Number of Share Options		
				Granted	Exercised	31.12.2008
Ang Chuang Juay	14 June 2007	16 October 2010	0.10	2,000,000	-	2,000,000
Chong Shiong Joo	14 June 2007	16 October 2010	0.10	460,000	460,000	-

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONT'D)

DIRECTORS INTERESTS (CONT'D)

Ang Chuang Juay by virtue of his total direct and indirect interest in shares in the Company and pursuant to Section 6A(4)(c) of the Companies Act, 1965, is deemed interested in the shares in all of the Company's subsidiaries to the extent that the Company has interests.

Other than as disclosed above, the other Directors do not have any interest in the shares or options over shares of the Company or of its related companies during and at the end of the financial year.

EMPLOYEE SHARE OPTION SCHEME

The ConnectCounty Holdings Berhad Employee Share Option Scheme ("ESOS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 30 September, 2005. The ESOS was approved on 30 September, 2005 and is to be in force for a period of 5 years from the date of approval.

The salient features and other terms of the ESOS are disclosed in Note 6(b) to the financial statements.

The share options granted and exercised during the financial year are as follows:

Exercisable from	Exercise price per ordinary share RM	Number of options over ordinary shares of RM 0.10 each				
		Balance as at 1.1.2008	Granted	Exercised	Lapsed	Balance as at 31.12.2008
14 June 2007	0.10	13,030,000	-	1,685,000	3,735,000	7,610,000

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders, other than directors, who have been granted options to subscribe for less than 500,000 ordinary shares of RM 0.10 each.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONT'D)

EMPLOYEE SHARE OPTION SCHEME (CONT'D)

The names of option holders granted options to subscribe for 500,000 or more ordinary shares of RM0.10 each during the financial year are as follows:

Name	Grant Date	Expiry Date	Exercise Price RM	Number of Share Options			
				Granted '000	Exercised '000	Lapsed '000	31.12.2008 '000
Chin Hock Seng	14 June 2007	16 October 2010	0.10	560	-	-	560
Goh Mee Chin	14 June 2007	16 October 2010	0.10	725	200	-	525
Low Kim Teck, Henry	14 June 2007	16 October 2010	0.10	540	-	540	-
Turker Hidirlar	14 June 2007	16 October 2010	0.10	1,400	-	1,400	-
Robert Jean Tondreault	14 June 2007	16 October 2010	0.10	1,400	1,400	-	-

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) it is necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due ; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

The significant events during the financial year are as disclosed in Note 32 to the financial statements.

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 33 to the financial statements.

Company No.

618933

D

CONNECTCOUNTRY HOLDINGS BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT (CONT'D)

AUDITORS

The auditors, Moore Stephens AC., have expressed their willingness to continue in office.

Signed on behalf of the Board in
accordance with a resolution of
the directors

ANG CHUANG JUAY

HUANG YAN TEO

Melaka, Malaysia
Dated: 23 April 2009

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, ANG CHUANG JUAY and HUANG YAN TEO, being two of the directors of CONNECTCOUNTY HOLDINGS BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 13 to 69 are drawn up in accordance with Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in
accordance with a resolution of
the directors

ANG CHUANG JUAY

HUANG YAN TEO

Melaka
Date : 23 April 2009

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, ANG CHUANG JUAY, being the director primarily responsible for the financial management of CONNECTCOUNTY HOLDINGS BERHAD., do solemnly and sincerely declare that the accompanying financial statements set out on pages 13 to 69 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed ANG CHUANG JUAY)
at Melaka on 23 April 2009)

ANG CHUANG JUAY

Before me:
Commissioner for Oaths

Company No.

618933

D

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF CONNECTCOUNTRY HOLDINGS BERHAD

Report on the Financial Statements

We have audited the financial statements of ConnectCountry Holdings Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 13 to 69.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Approved Standards on Auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Company No.

618933

D

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

Emphasis of Matter

Subsequent to the financial year end as disclosed in Note 33 to the financial statements, the Company was designated as an affected listed issuer pursuant to the Guidance Note 3/2006 (“GN3/2006”) of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market on 26 February 2009. The Group and the Company and their advisers are in the process of formulating a Regularisation Plan to be submitted to the relevant regulatory authorities.

Without qualifying our opinion, the financial statements of the Group and the Company have been prepared assuming that the Group and the Company will continue as a going concern. This going concern basis presumes that the Group and the Company will be able to operate profitably in the foreseeable future and consequently, the realisation of assets and settlement of liabilities will occur in the ordinary course of business. The operations of the Group and the Company have been affected and may continue to be affected by the weak electronic market sentiment. As a result, there are significant uncertainties that may affect the future operations of the Group and the Company. The ability of the Group and the Company to continue as a going concern is dependent on the success of the future operations of the Group, its major customers and its ability to pay its obligations as and when they fall due and the successful formulation and implementation of a regularisation plan. The financial statements of the Group and the Company do not include any adjustments relating to the amounts and classifications of assets and liabilities of the Group and the Company that might be necessary should the Group and the Company be unable to continue as a going concern.

Company No.

618933

D

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act other than those disclosed in Note 13(b) to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose.

We do not assume responsibility to any other person for the content of this report.

Moore Stephens AC
AF001826
Chartered Accountants

Bala Krishnan A/L Ponniah
No. 1394/07/09(J/PH)
Partner

Date : 23 April 2009
Johor Bahru, Malaysia

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

	NOTE	GROUP		COMPANY	
		2008 RM	2007 RM	2008 RM	2007 RM
Revenue	3	54,828,234	64,534,751	-	-
Cost of sales	4	(49,260,081)	(56,380,823)	-	-
Gross profit		5,568,153	8,153,928	-	-
Other operating income		427,490	350,394	925,638	601,182
Administrative expenses		(8,326,159)	(7,895,784)	(924,455)	(969,972)
Distribution and selling expenses		(2,885,487)	(3,191,522)	-	-
Other expenses		(789,154)	(1,227,346)	(9,567,746)	(1,561,321)
Loss from operations	5	(6,005,157)	(3,810,330)	(9,566,563)	(1,930,111)
Finance costs, net	8	(343,372)	(310,977)	(1,182)	65,681
Loss before taxation		(6,348,529)	(4,121,307)	(9,567,745)	(1,864,430)
Taxation	9	219,529	(1,833,247)	28	2,847
Net loss for the year attributable to equity holders of the Company		(6,129,000)	(5,954,554)	(9,567,717)	(1,861,583)
Loss per share attributable to equity holders of the Company (sen)					
- Basic	10	(3.02)	(3.82)		
- Diluted	10	Not applicable			

The accompanying notes form an integral part of the financial statements.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

BALANCE SHEETS AS AT 31 DECEMBER 2008

	NOTE	GROUP		COMPANY	
		2008 RM	2007 RM	2008 RM	2007 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	11	3,975,980	5,065,568	142,372	4,056
Development expenditure	12	1,155,893	1,746,099	-	-
Investments in subsidiaries	13	-	-	4,285,481	10,776,332
Deferred tax assets	14	-	30,042	-	-
		<u>5,131,873</u>	<u>6,841,709</u>	<u>4,427,853</u>	<u>10,780,388</u>
CURRENT ASSETS					
Inventories	15	4,254,785	3,993,457	-	-
Trade receivables	16	11,721,397	15,813,452	-	-
Other receivables	17	1,696,899	2,550,427	8,350,560	8,538,841
Cash and bank balances	18	2,050,237	2,875,321	52,887	1,814,325
		<u>19,723,318</u>	<u>25,232,657</u>	<u>8,403,447</u>	<u>10,353,166</u>
TOTAL ASSETS		<u>24,855,191</u>	<u>32,074,366</u>	<u>12,831,300</u>	<u>21,133,554</u>
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	19	20,282,500	20,114,000	20,282,500	20,114,000
Share premium	20	6,893,524	6,857,481	6,893,524	6,857,481
Foreign exchange reserves	21	(318,636)	(176,069)	-	-
Share option reserve	22	162,785	278,723	162,785	278,723
Accumulated losses		(18,490,429)	(12,441,324)	(16,928,167)	(7,440,345)
TOTAL EQUITY		<u>8,529,744</u>	<u>14,632,811</u>	<u>10,410,642</u>	<u>19,809,859</u>
NON-CURRENT LIABILITIES					
Borrowings	23	529,223	554,029	90,428	-
Deferred tax liabilities	14	204,689	383,536	-	-
		<u>733,912</u>	<u>937,565</u>	<u>90,428</u>	<u>-</u>
CURRENT LIABILITIES					
Borrowings	23	3,223,280	2,710,917	19,820	-
Trade payables	25	9,936,360	11,937,686	-	-
Other payables	26	2,431,895	1,544,190	2,310,410	1,319,206
Tax payables		-	311,197	-	4,489
		<u>15,591,535</u>	<u>16,503,990</u>	<u>2,330,230</u>	<u>1,323,695</u>
TOTAL LIABILITIES		<u>16,325,447</u>	<u>17,441,555</u>	<u>2,420,658</u>	<u>1,323,695</u>
TOTAL EQUITY AND LIABILITIES		<u>24,855,191</u>	<u>32,074,366</u>	<u>12,831,300</u>	<u>21,133,554</u>

The accompanying notes form an integral part of the financial statements.

Company No.

618933

D

CONNECTCOUNTRY HOLDINGS BERHAD
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008**

Note	Share Capital RM	←----- Non-distributable -----→		Share option reserve RM	Accumulated Losses RM	Total RM
		Share premium RM	Foreign Exchange Reserve RM			
At 1 January 2007	15,000,000	6,756,365	1,163	-	(6,486,770)	15,270,758
Foreign exchange differences arising during the year	-	-	(177,232)	-	-	(177,232)
Issue of share pursuant to:						
Private placement	5,000,000	500,000	-	-	-	5,500,000
Exercise of ESOS	114,000	-	-	-	-	114,000
Expenses pertaining to Private Placement	-	(423,270)	-	-	-	(423,270)
Share option granted under ESOS	-	24,386	-	278,723	-	303,109
Net loss for the year	-	-	-	-	(5,954,554)	(5,954,554)
At 31 December 2007	20,114,000	6,857,481	(176,069)	278,723	(12,441,324)	14,632,811

The accompanying notes form an integral part of the financial statements.

Company No.

618933

D

CONNECTCOUNTRY HOLDINGS BERHAD
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008**

Note	Share Capital RM	Non-distributable			Share option reserve RM	Accumulated Losses RM	Total RM
		Share premium RM	Foreign Exchange Reserve RM				
At 1 January 2008	20,114,000	6,857,481	(176,069)	278,723	(12,441,324)	14,632,811	
Foreign exchange differences arising during the year	-	-	(142,567)	-	-	(142,567)	
Issue of share:							
Exercise of ESOS	168,500	-	-	-	-	168,500	
Share option granted under ESOS	-	36,043	-	(115,938)	79,895	-	
Net loss for the year	-	-	-	-	(6,129,000)	(6,129,000)	
At 31 December 2008	20,282,500	6,893,524	(318,636)	162,785	(18,490,429)	8,529,744	

The accompanying notes form an integral part of the financial statements.

Company No.

618933 D

CONNECTCOUNTRY HOLDINGS BERHAD
(Incorporated in Malaysia)

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008**

Note	Share Capital RM	Share premium RM	Share option reserve RM	Accumulated losses RM	Total RM	◀----- Non-distributable -----▶
At 1 January 2007	15,000,000	6,756,365	-	(5,578,762)	16,177,603	
Issue of shares pursuant to: Private Placement	5,000,000	500,000	-	-	5,500,000	
Exercise of ESOS	114,000	-	-	-	114,000	
Expenses pertaining to Private Placement	-	(423,270)	-	-	(423,270)	
Share-options granted under ESOS	-	24,386	278,723	-	303,109	
Net loss for the year	-	-	-	(1,861,583)	(1,861,583)	
At 31 December 2007	20,114,000	6,857,481	278,723	(7,440,345)	19,809,859	

The accompanying notes form an integral part of the financial statements.

Company No.

618933

D

CONNECTCOUNTRY HOLDINGS BERHAD
(Incorporated in Malaysia)

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008**

Note	Share Capital RM	Share premium RM	◀----- Non-distributable -----▶		Accumulated losses RM	Total RM
			Share option reserve RM			
At 1 January 2008	20,114,000	6,857,481	278,723		(7,440,345)	19,809,859
Issue of shares pursuant to: Exercise of ESOS	168,500	36,043	(36,043)		-	168,500
Share-options granted under ESOS	-	-	(79,895)		79,895	-
Net loss for the year	-	-	-		(9,567,717)	(9,567,717)
At 31 December 2008	<u>20,282,500</u>	<u>6,893,524</u>	<u>162,785</u>		<u>(16,928,167)</u>	<u>10,410,642</u>

The accompanying notes form an integral part of the financial statements.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES :				
Loss before taxation	(6,348,529)	(4,121,307)	(9,567,745)	(1,864,430)
Adjustments for :				
Amortisation of development expenditure	647,900	653,834	-	-
Bad debts written off	-	198	-	-
Depreciation	1,893,172	2,156,269	11,023	1,675
Development expenditure written off	-	112,920	-	-
Impairment loss on property, plant and equipment	164,128	-	-	-
Impairment loss on investments in subsidiaries	-	-	7,706,134	1,250,901
Inventories written off	-	183,512	-	-
Inventories written down	314,322	72,893	-	-
Loss on disposal of property, plant and equipment	111,565	4,086	-	-
Property, plant and equipment written off	409,479	692,001	-	-
Share options granted under ESOS	-	303,109	-	303,109
Provision for doubtful debts	28,926	-	2,123,336	-
Unrealised exchange (gain) / loss	(103,650)	276,002	(257,054)	307,444
Unrealised profits on inventories	62,356	4,585	-	-
Interest expenses	291,352	339,647	1,290	-
Interest income	(11,627)	(84,323)	(1,654)	(66,278)
Operating (loss) / profit before working capital changes	(2,540,606)	593,426	15,330	(67,579)
Inventories	(424,613)	(1,100,018)	-	-
Receivables	5,773,132	(1,830,610)	(1,678,001)	(2,657,816)
Payables	(2,436,087)	(3,612,439)	991,204	(2,812,440)
Cash generated from/ (used in) operations	371,826	(5,949,641)	(671,467)	(5,537,835)
Interest paid	(291,352)	(339,647)	(1,290)	-
Tax refunded	-	46,386	-	-
Tax paid	(262,637)	(190,264)	(4,461)	(2,574)
Net cash used in operating activities	(182,163)	(6,433,166)	(677,218)	(5,540,409)

The accompanying notes form an integral part of the financial statements.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2008

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING				
ACTIVITIES:				
Additional investment in a subsidiary	-	-	(1,215,283)	(847,854)
Development expenditure	-	(7,312)	-	-
Interest received	11,627	84,323	1,654	66,278
Placement of fixed deposit	-	(50,000)	-	-
Proceed from disposal of property, plant and equipment	402,040	195,086	-	-
Purchase of property, plant and equipment	(1,538,179)	(780,001)	(35,939)	-
Net cash used in investing activities	<u>(1,124,512)</u>	<u>(557,904)</u>	<u>(1,249,568)</u>	<u>(781,576)</u>
CASH FLOWS FROM FINANCING				
ACTIVITIES:				
Repayment of hire purchase	(151,245)	(307,685)	(3,152)	-
Repayment of term loan	(116,637)	(117,410)	-	-
Repayment of other short term borrowings	-	(117,402)	-	-
Drawdown of other short term borrowings	642,864	-	-	-
Proceeds from issuance of ordinary shares	168,500	5,190,730	168,500	5,190,730
Net cash generated from financing activities	<u>543,482</u>	<u>4,648,233</u>	<u>165,348</u>	<u>5,190,730</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(763,193)	(2,342,837)	(1,761,438)	(1,131,255)
EFFECTS OF EXCHANGE RATE CHANGES	64,981	8,076	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	2,698,449	5,033,210	1,814,325	2,945,580
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (NOTE 18)	<u>2,000,237</u>	<u>2,698,449</u>	<u>52,887</u>	<u>1,814,325</u>

The accompanying notes form an integral part of the financial statements.

Company No.

618933	D
--------	---

CONNECTCOUNTY HOLDINGS BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the MESDAQ Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 535B Jalan Merdeka, Melaka Raya, 75000 Melaka.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are that of design, manufacture, sales, marketing, services and trading of cables, connectors and related products. There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 April 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and the Company have been prepared under the historical cost convention. The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia. The preparation of the financial statements in conforming with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia require the use of estimate and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements. These estimates are based on the directors' best knowledge of the current events and actions, actual results may differ from these estimates.

The financial statements have been prepared assuming that the Group and the Company will continue as a going concern. The operation of the Group and the Company has been affected and may continue to be affected by the global weaken electronic market sentiment. As a result, there are significant uncertainties that may affect future operations, the recoverability of the Group and the Company's assets, and the ability of the Group and the Company to maintain or pay its debts as they fall due and mature. The ultimate effect, which may be material, of these uncertainties on the financial statements cannot presently be determined, and accordingly the financial statements do not include any adjustment that might result from these uncertainties. The ability of the Group and the Company to continue as a going concern is dependent upon the successful implementation of the Group's and the Company's regularisation plan, as well as the success of the future operations of the Group and the Company, directors and its ability to pay its obligations as and when they fall due.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Preparation (cont'd)

The financial statements of the Group and the Company do not include any adjustments relating to the amounts and classifications of assets and liabilities of the Group and the Company that might be necessary should the Company be unable to continue as a going concern.

(b) Changes in Accounting Policies

The accounting policies adopted by the Group and the Company are consistent with those adopted in previous years.

The following are the Financial Reporting Standards ("FRS") and IC Interpretations which have been issued by the Malaysian Accounting Standards Board ("MASB") as of the balance sheet date but are not yet effective:

FRS 139	Financial Instruments: Recognition and Measurement
FRS 4	Insurance Contract
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

All the new FRSs and IC Interpretations above are effective from 1 January 2010, with the exception of FRS 8, which is effective from 1 July 2009.

Those FRSs and IC Interpretations which have been issued but which the Group and the Company have not early adopted are as follows:

- (i) FRS 139 Financial Instruments: Recognition and Measurement – This standard establishes the principles for the recognition, derecognition and measurement of an entity's financial instruments and for hedge accounting. The impact of applying FRS 139 on the financial statements upon first adoption of this standards as required by paragraph 30(b) of FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors is not required to be disclosed by virtue of exemptions provided under paragraph, 103AB of FRS 139.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Changes in Accounting Policies (Cont'd)

- (ii) FRS 7 Financial Instruments: Disclosures – This new standard requires disclosures in financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and performance, and the nature and extent of risk arising from financial instruments which an entity is exposed and how these risks are managed. This standard requires both qualitative disclosures describing management's objectives, policies and processes for managing those risks, and quantitative disclosures providing information about the extent to which an entity is exposed to risk, based on information provided internally to the entity's key management personal. An entity shall not apply this standard for annual periods beginning prior to 1 January 2010 unless it also applies FRS 139. The application of this standard is not expected to have a material impact on the financial results of the Company as this standards deal only with disclosures in the financial statements.
- (iii) IC Interpretation 9 Reassessment of Embedded Derivatives – This interpretation clarifies that the reassessment of an embedded derivative after its initial recognition is forbidden unless the instrument's terms have changed and this has affected its cash flows significantly. This IC Interpretation is not expected to have any material impact on the financial statements of the Company.
- (iv) IC Interpretation 10 Interim Financial Reporting and Impairment – This interpretation clarifies that an entity shall not reverse impairment losses on goodwill and investments and financial assets carried at cost recognised in an interim period. This interpretation is not applicable to the annual financial statements of the Company.

In August 2008, the MASB announced its plan to bring Malaysia to full convergence with International Financial Reporting Standard ("IFRS") by 1 January 2012. The financial impact and effects on disclosures and measurement ensuing from such convergence are currently still being assessed pending the issuance of such revised FRSs incorporating the full convergence.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Significant accounting estimates and judgments

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Income taxes**

Significant judgment is involved in determining the Group's and the Company's provision for income taxes. The Group and the Company recognizes liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables at 31 December, 2008 was Nil (2007: RM311,197) and that of the Company was Nil (2007: RM4,489)

- **Depreciation of property, plant and equipment**

The cost of property, plant and equipment for the Group and the Company are depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 10 years. The carrying amount of the Group's and Company's property, plant and equipment at 31 December 2008 are RM3,975,980 (2007: RM5,065,568) and RM142,372 (2007: RM4,056) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Significant accounting estimates and judgments (Cont'd)

(i) Key sources of estimation uncertainty (cont'd)

- Residual value of property, plant and equipment and development expenditure

Property, plant and equipment and development expenditure of the Group and the Company may have a historical usage of more than their current estimate of useful economic lives. Nonetheless, the directors are of the opinion that the current estimates are reflective of the future expected usage in view of likelihood of technology change, depletion through regular usage etc.

- Inventories obsolescence

Reviews are made periodically by the management on inventories for excess inventories, obsolescence and decline in the net realisable value below cost. These reviews require the use of judgements and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. Inventories written off and written down to income statement for the financial year ended 31 December 2008 in respect of the Group were RM 314,322 (2007: RM 256,405)

(d) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in income statement.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Subsidiaries and Basis of Consolidation (Cont'd)

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the result of subsidiaries acquired or disposed of during the financial year are included in the consolidated income statements from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

(e) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, Plant and Equipment and Depreciation (Cont'd)

Depreciation of property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates :

Plant and machinery	10% to 20%
Office equipment, furniture and fittings	10% to 33.3%
Motor vehicles	10%-20%
Renovations	10%

At each balance sheet date, the Company assesses whether there is any indication of impairment. If any such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. The policy for the recognition and measurement of impairment losses of assets is in accordance with Note 2 (m).

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in income statement.

(f) Inventories

Inventories are stated at the lower of cost (determined on the first-in, first-out method) and net realisable value. The cost of finished goods and work in progress comprises direct materials, direct labour, other direct costs and appropriate proportions of production overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(g) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank and deposits at call which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Development Expenditure

Product development expenditure incurred in respect of specific products and for the design of prototypes for new products are charged to the income statement in the year in which it is incurred, except in so far it relates to a clearly defined project where the benefits there from can reasonably be regarded as assured. Development expenditure so deferred are limited to the value of the future benefits and are stated at cost incurred. The deferred development expenditure will be amortised over a period of five years upon commencement of commercial production of related products. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each balance sheet date.

(i) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

(i) Finance Leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable plant and equipment as described in Note 2(e).

(ii) Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rate that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

(k) Employee Benefits Expense

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Employee Benefits Expense (Cont'd)

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statements as incurred.

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension scheme. Such contributions are recognised as an expense in the income statement as incurred.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after balance sheet date are discounted to present value.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Employee Benefits Expense (Cont'd)

(iv) Share - based compensation

The Company has an Employee's Share Option Scheme whereby options to subscribe for ordinary shares in the Company were granted by the Company to eligible employees, including directors of the Group.

The Group and the Company recognises an increase in share capital and share premium when the options were exercised. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period.

The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium or until the option expires, upon which it will be transferred directly to retained earnings.

The fair value of share options is measured at grant date.

(l) Foreign Currencies Transactions

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(I) Foreign Currencies Transactions (Cont'd)

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the income statement. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the income statement. The carrying amount is increased to its revised recoverable amount, provided that the amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the assets in prior year.

(n) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group and the Company has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Trade Receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on review of all outstanding amounts as at the balance sheet date.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Financial Instruments (Cont'd)

(ii) Trade Payables

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iii) Interest - Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received less directly attributable transaction costs. After initial recognition, interest bearing borrowings are subsequently measured at amortised cost using the effective interest method.

All borrowings costs are recognised as an expense in the income statement in the period in which they are incurred.

(iv) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. REVENUE

This represents invoiced sales after allowance for goods returned and trade discount.

4. COST OF SALES

Cost of sales represents cost of inventories sold.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

5. LOSS FROM OPERATIONS

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Loss from operations is stated after charging / (crediting):				
Allowance for doubtful debts	28,926	-	2,123,336	-
Impairment losses on property, plant and equipment	164,128	-	-	-
Auditors remuneration				
- Statutory audit - current year	67,210	73,697	12,000	12,000
- Over provided in prior year	(5,500)	(28)	-	(3,000)
- Other service	14,965	9,700	4,000	9,700
Amortisation of development expenditure	647,900	653,834	-	-
Bad debts written off	-	198	-	-
Development expenditure written off	-	112,920	-	-
Depreciation	1,893,172	2,156,269	11,023	1,675
Employee benefits expenses (Note 6)	10,061,982	9,312,071	454,414	665,060
Foreign exchange losses/(gains)				
-Unrealised	(103,650)	276,002	(257,054)	307,444
-Realised	(473,515)	(174,135)	(4,670)	2,976
Inventories written off	-	183,512	-	-
Inventories written down	314,322	72,893	-	-
Impairment loss on investments in subsidiaries	-	-	7,706,134	1,250,901
Loss on disposal of property, plant and equipment	111,565	4,086	-	-
Property, plant and equipment written off	409,479	692,001	-	-
Rental of equipment	75,500	76,086	1,080	-
Rental of motor vehicles	11,779	-	-	-
Rental of premises	2,005,890	1,443,173	5,400	-
Unrealised profits on inventories	62,356	4,585	-	-

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Wages, salaries and bonuses	8,808,431	7,910,318	420,118	331,351
Social security contributions	258,099	333,025	1,753	1,488
Defined contribution plans	231,037	200,913	28,342	25,862
Other staff related expenses	764,415	564,706	4,201	3,250
Share- option granted under ESOS	-	303,109	-	303,109
	<u>10,061,982</u>	<u>9,312,071</u>	<u>454,414</u>	<u>665,060</u>

- (a) Included in employee benefits expense of the Group and of the Company are directors' remuneration amounting to RM 1,289,885 (2007:RM2,038,223) and RM367,680 (2007:RM116,000) respectively as disclosed in Note 7.
- (b) Employee Share Options Scheme ("ESOS")

The ConnectCounty Holdings Berhad Employee Share Options Scheme ("ESOS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 30 September, 2005. The ESOS was approved on 30 September, 2005 and is to be in force for a period of 5 years from the date of approval.

The salient features of the ESOS are as follows:-

- (i) The Options Committee appointed by the Board of Directors to administer the ESOS may from time to time grant options to eligible employees of the Group to subscribe for new ordinary shares of RM0.10 each in the Company.
- (ii) Subject to the discretion of the Options Committee, any employee whose employment has been confirmed and any executive directors holding office in a full-time executive capacity of the Group, shall be eligible to participate in the ESOS.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

6. EMPLOYEE BENEFITS EXPENSE (CONT'D)

(b) Employee Share Options Scheme ("ESOS") (cont'd)

- (iii) The total number of shares to be issued under the ESOS shall not exceed in aggregate 12% of the issued share capital of the Company at any point of time during the tenure of the ESOS and out of which not more than 50% of the shares shall be allocated, in aggregate, to directors and senior management. In addition, not more than 10% of the shares available under the ESOS shall be allocated to any individual director or employee who, either singly or collectively through his/her associates, holds 20% or more in the issued and paid-up capital of the Company.
- (iv) The option price for each share shall be the weighted average of the market price as quoted in the Daily Official List issued by Bursa Malaysia Securities for the 5 market days immediately preceding the date on which the option is granted less, if the Options Committee shall so determine at their discretion from time to time, a discount of not more than 10% or the par value of the shares of the Company.
- (v) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the then existing issued and paid-up ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.
- (vi) The persons to whom the options have been granted have no right to participate by virtue of the options, in any share issue of any other company.
- (vii) The movement during the financial year in the number of options over the ordinary shares of RM 0.10 each in the Company is as follows:

Grant date	Expire date	Exercise Price RM	At 1.1.2008 '000	Granted '000	Exercised '000	Lapsed '000	At 31.12.2008 '000
14 June, 2007	16 October 2010	0.10	13,030	---	1,685	3,735	7,610

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

6. EMPLOYEE BENEFITS EXPENSE (CONT'D)

(b) Employee Share Options Scheme ("ESOS") (cont'd)

- (viii) The fair value of share options granted since the effective date of the ESOS was estimated by the directors of the Company using Black- Scholes method model, taking into account the terms and conditions upon which the options were granted. The inputs into the model were as follows:

Fair value of share options on 14 June 2007(RM)	0.021
Weighted average share price (RM)	0.1095
Weighted average exercise price (RM)	0.10
Expected volatility (%)	10
Expected life (years)	3.25
Risk free rate (%)	3.5
Expected dividend yield (%)	0

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

7. DIRECTORS' REMUNERATION

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Directors of the Company				
Executive:				
Salaries and other emoluments	827,394	1,415,869	183,680	-
Fees	22,000	36,000	22,000	36,000
Benefits-in-kind	117,927	134,724	1,667	-
	<u>967,321</u>	<u>1,586,593</u>	<u>207,347</u>	<u>36,000</u>
Non-executive:				
Other emoluments	118,000	56,000	118,000	56,000
Fees	44,000	24,000	44,000	24,000
	<u>162,000</u>	<u>80,000</u>	<u>162,000</u>	<u>80,000</u>
Other Directors of Subsidiaries				
Executive:				
Salaries and other emoluments	278,491	506,354	-	-
Total	<u><u>1,407,812</u></u>	<u><u>2,172,947</u></u>	<u><u>369,347</u></u>	<u><u>116,000</u></u>
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration (Note 30 (b))	1,127,885	1,958,223	205,680	36,000
Total non-executive directors' remuneration	162,000	80,000	162,000	80,000
Total Directors' remuneration (Note 6(a))	<u><u>1,289,885</u></u>	<u><u>2,038,223</u></u>	<u><u>367,680</u></u>	<u><u>116,000</u></u>

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

7. DIRECTORS' REMUNERATION (CONT'D)

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors	
	2008	2007
Executive directors:		
Below RM 150,000	-	-
RM 150,001 to RM 200,000	1	-
RM 200,001 to RM 250,000	-	-
RM 250,001 to RM 300,000	-	-
RM 300,001 to RM 350,000	-	-
RM 350,001 to RM 400,000	-	-
RM 400,001 to RM 450,000	-	-
RM 450,001 to RM 500,000	-	2
RM 500,001 to RM 550,000	-	-
RM 550,001 to RM 600,000	-	-
RM 600,001 to RM 650,000	-	1
RM 650,001 to RM 700,000	-	-
RM 700,001 to RM 750,000	-	-
RM 750,001 to RM 800,000	1	-
Non-executive directors:		
Below RM 50,000	-	3
RM 50,000 to RM 100,000	4	-

8. FINANCE COSTS, NET

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Interest income	(11,627)	(84,323)	(1,654)	(66,278)
Bank interest	291,352	339,647	1,290	-
Bank charges	63,647	55,653	1,546	597
	<u>343,372</u>	<u>310,977</u>	<u>1,182</u>	<u>(65,681)</u>

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

9. TAXATION

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Current income tax:				
Malaysian income tax	-	7,063	-	7,063
Foreign tax	-	315,800	-	-
(Over) / under provision in prior years:				
Malaysian income tax	(28)	(9,910)	(28)	(9,910)
Foreign tax	(60,918)	53,104	-	-
	<u>(60,946)</u>	<u>366,057</u>	<u>(28)</u>	<u>(2,847)</u>
Deferred tax (Note 14):				
Relating to origination and reversal of temporary differences	(155,649)	(198,882)	-	-
Over/(under) provision in prior years	<u>(2,934)</u>	<u>1,666,072</u>	<u>-</u>	<u>-</u>
Total income tax expense / (income)	<u>(219,529)</u>	<u>1,833,247</u>	<u>(28)</u>	<u>(2,847)</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. The computation of deferred tax as at 31 December 2008 has reflected these changes.

Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

9. TAXATION (CONT'D)

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

Group	2008 RM	2007 RM
Loss before taxation	<u>(6,348,529)</u>	<u>(4,121,307)</u>
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	(1,650,617)	(1,112,753)
Effect of different tax rates in other countries	568,032	572,307
Effect of expenses not deductible for tax purposes	519,509	591,593
(Under)/Overprovision of tax in prior years	(60,947)	43,194
(Under)/Overprovision of deferred tax in prior years	(2,934)	1,666,072
Utilisation of previously unrecognised tax loss	-	(455,623)
Deferred tax assets not recognised	407,428	528,457
	<u>(219,529)</u>	<u>1,833,247</u>
	2008 RM	2007 RM
Loss before taxation	<u>(9,567,745)</u>	<u>(1,864,430)</u>
Taxation at Malaysian statutory tax rate of 26% (2007:27%)	(2,487,614)	(503,396)
Effect of expenses not deductible for tax purposes	2,487,614	510,459
(Over) / under provision of tax in prior years	(28)	(9,910)
	<u>(28)</u>	<u>(2,847)</u>

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

10. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share amounts are calculated by dividing the net loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2008	2007
Net loss for the year (RM)	<u>(6,129,000)</u>	<u>(5,954,554)</u>
Weighted average number of ordinary shares in issue	<u>202,760,546</u>	<u>155,948,616</u>
Basic loss per share (sen)	<u>(3.02)</u>	<u>(3.82)</u>

(b) Diluted loss per share

No diluted loss per share is presented as the conversion of Employee Share Option Scheme is anti-dilutive.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

11. PROPERTY, PLANT AND EQUIPMENT

Group	Plant and Machinery RM	Office Equipment, Furniture and Fittings RM	Motor Vehicles RM	Renovations RM	Total RM
At 31 December 2008					
Cost					
At 1 January 2008	8,615,301	1,823,509	473,436	941,448	11,853,694
Additions	1,012,794	162,815	149,339	380,032	1,704,980
Written off	(884,482)	(107,505)	-	-	(991,987)
Disposal	(1,740,531)	(8,918)	-	-	(1,749,449)
Exchange differences	194,776	106,304	25,560	74,476	401,116
At 31 December 2008	7,197,858	1,976,205	648,335	1,395,956	11,218,354
Accumulated Depreciation and Impairment					
At 1 January 2008	5,265,132	1,095,097	70,726	357,171	6,788,126
Charge for the year	1,265,255	375,002	68,020	184,895	1,893,172
Written off	(475,763)	(106,745)	-	-	(582,508)
Disposal	(1,226,929)	(8,915)	-	-	(1,235,844)
Impairment	164,128	-	-	-	164,128
Exchange differences	106,789	66,333	7,464	34,714	215,300
At 31 December 2008	5,098,612	1,420,772	146,210	576,780	7,242,374
Net Book Value					
At 31 December 2008	2,099,246	555,433	502,125	819,176	3,975,980

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Plant and Machinery RM	Office Equipment, Furniture and Fittings RM	Motor Vehicles RM	Renovations RM	Total RM
At 31 December 2007					
Cost					
At 1 January 2007	10,094,555	1,728,445	364,182	861,493	13,048,675
Additions	552,720	146,059	384,092	81,168	1,164,039
Written off	(1,900,593)	-	-	-	(1,900,593)
Reclassification	-	(5,346)	(278,316)	-	(283,662)
Exchange differences	(131,381)	(45,649)	3,478	(1,213)	(174,765)
At 31 December 2007	8,615,301	1,823,509	473,436	941,448	11,853,694
Accumulated Depreciation and Impairment					
At 1 January 2007	4,970,603	753,679	96,465	205,409	6,026,156
Charge for the year	1,574,103	371,003	54,258	156,905	2,156,269
Written off	(1,208,592)	-	-	-	(1,208,592)
Reclassification	-	(3,696)	(80,794)	-	(84,490)
Exchange differences	(70,982)	(25,889)	797	(5,143)	(101,217)
At 31 December 2007	5,265,132	1,095,097	70,726	357,171	6,788,126
Net Book Value					
At 31 December 2007	3,350,169	728,412	402,710	584,277	5,065,568

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Office Equipment, furniture and fittings RM	Motor Vehicle RM	Total RM
At 31 December, 2008			
Cost			
At 1 January 2008	8,244	-	8,244
Additions	-	149,339	149,339
At 31 December 2008	8,244	149,339	157,583
Accumulated Depreciation			
At 1 January 2008	4,188	-	4,188
Charge for the year	1,067	9,956	11,023
At 31 December 2008	5,255	9,956	15,211
Net Book Value			
As at 31 December 2008	2,989	139,383	142,372
At 31 December, 2007			
Cost			
At 1 January 2007/ At 31 December 2007	8,244	-	8,244
Accumulated Depreciation			
At 1 January 2007	2,513	-	2,513
Charge for the year	1,675	-	1,675
At 31 December 2007	4,188	-	4,188
Net Carrying Amount			
At 31 December 2007	4,056	-	4,056

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) During the year, the Group and the Company acquired property, plant and equipment by means of:

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Cash	1,538,179	780,001	35,939	-
Finance lease	113,400	384,038	113,400	-
Others included in				
sundry payables (Note 26)	53,401	-	-	-
	<u>1,704,980</u>	<u>1,164,039</u>	<u>149,339</u>	<u>-</u>

- (b) The net book value of property, plant and machinery of the Group held under finance leases at the end of the year was RM414,691 (2007: RM 602,777).
- (c) Included in plant and equipment of the Group and Company are fully depreciated assets which are still in use costing RM2,893,593. (2007 : RM1,418,085) and RM3,646 (2007: Nil) respectively.

12. DEVELOPMENT EXPENDITURE

	Group	
	2008	2007
	RM	RM
At cost:		
At 1 January	1,746,099	2,630,635
Additions:		
Patent-in-progress	-	7,312
	<u>1,746,099</u>	<u>2,637,947</u>
Less:		
Amortisation of development expenditure	(647,900)	(653,834)
Development expenditure written off	-	(112,920)
Exchange differences	57,694	(125,094)
At 31 December	<u>1,155,893</u>	<u>1,746,099</u>

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

13. INVESTMENTS IN SUBSIDIARIES

	Company	
	2008	2007
	RM	RM
Unquoted shares, at cost	18,278,570	17,063,287
Less : Accumulated Impairment losses	<u>(13,993,089)</u>	<u>(6,286,955)</u>
	<u>4,285,481</u>	<u>10,776,332</u>

(a) Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Effective Interest Held (%)		Principal Activities
		2008	2007	
Rapid Conn Interconnect (M) Sdn. Bhd.	Malaysia	100	100	Design, manufacture, sales, marketing and services of cables, connectors and related products and system assembly/sub-assembly services.
Rapid Conn Inc.	United State of America	100	100	Design, manufacture, sales, marketing and services of cables, connectors and related products.
Rapid Conn (S) Pte Ltd	Singapore	100	100	Trading and marketing of cables, connectors and related products.
Rapid Conn (Shen Zhen) Co., Ltd	People's Republic of China	100	100	Manufacture and trading of cables, connectors and related products.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) Auditors Report and subsidiaries

All the subsidiaries 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 of the Company, directors and its ability to pay its obligations as and when they fall due.

14. DEFERRED TAX

	Group	
	2008	2007
	RM	RM
At 1 January	353,494	(1,096,142)
Recognised in the income statement	(158,583)	1,467,190
Exchange differences	9,778	(17,554)
At 31 December	<u>204,689</u>	<u>353,494</u>

Deferred tax assets and liabilities are offsets when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. The net deferred tax assets and liabilities shown on the balance sheet after appropriate offsetting are as follows:

	Group	
	2008	2007
	RM	RM
Deferred tax assets, net	-	(30,042)
Deferred tax liabilities, net	204,689	383,536
	<u>204,689</u>	<u>353,494</u>

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

14. DEFERRED TAX (CONT'D)

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

	Group	
	2008	2007
	RM	RM
Deferred tax assets	(54,930)	(97,230)
Deferred tax liabilities	259,619	450,724
	204,689	353,494

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred Tax Assets of the Group:

	Unabsorbed Capital Allowances RM	Unutilised Business Losses RM	Others RM	Total RM
At 1 January, 2008	(97,230)	-	-	(97,230)
Recognised in the income statement	101,133	(34,763)	(20,167)	46,203
Exchange differences	(3,903)	-	-	(3,903)
At 31 December, 2008	-	(34,763)	(20,167)	(54,930)

	Unabsorbed Capital Allowances RM	Unutilised Business Losses RM	Others RM	Total RM
Deferred tax assets of the Group				
At 1 January 2007	(940,101)	(956,683)	-	(1,896,784)
Recognised in the income statement	843,637	952,826	-	1,796,463
Exchange differences	(766)	3,857	-	3,091
At 31 December 2007	(97,230)	-	-	(97,230)

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

14. DEFERRED TAX (CONT'D)

Deferred Tax Liabilities of the Group:

	Accelerated Capital Allowances RM	Deferred Development Expenditure RM	Total RM
At 1 January 2008	188,806	261,918	450,724
Recognised in the income statement	(44,882)	(161,740)	(206,622)
Exchange differences	4,939	10,578	15,517
At 31 December 2008	148,863	110,756	259,619

	Accelerated Capital Allowances RM	Deferred Development Expenditure RM	Total RM
Deferred tax liabilities of the Group			
At 1 January 2007	406,890	393,752	800,642
Recognised in the income statement	(216,212)	(113,061)	(329,273)
Exchange differences	(1,872)	(18,773)	(20,645)
At 31 December 2007	188,806	261,918	450,724

Deferred tax assets have not been recognised in respect of the following items as it is not probable that the respective subsidiary company will generate sufficient future taxable profits available against which it can be utilised:

	Group 2008 RM	2007 RM
Unutilised tax losses	12,200,000	7,611,000
Unutilised capital allowances	4,888,000	4,038,000

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

15. INVENTORIES

	Group	
	2008	2007
	RM	RM
At cost:		
Raw materials	1,063,669	502,189
Finished goods	1,909,984	971,932
Components	212,066	1,254,060
Good in transit	836,867	896,796
Work in progress	199,952	111,615
	<u>4,222,538</u>	<u>3,736,592</u>
At net realisable value:		
Raw materials	-	8,085
Finished goods	5,104	1,093
Components	27,143	247,687
	<u>4,254,785</u>	<u>3,993,457</u>

16. TRADE RECEIVABLES

The Group's normal trade credit terms are up to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to group of debtors. Trade receivables are non-interest bearing.

Details on related party transactions are disclosed in Note 30.

Other information on financial risks of receivables are disclosed in Note 31.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

17. OTHER RECEIVABLES

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Due from subsidiaries	-	-	10,467,215	8,536,841
Sales tax and purchase tax recoverable	841,805	616,029	-	-
Deposits	627,211	1,440,097	1,000	1,000
Prepayments	216,619	108,122	5,681	1,000
Sundry receivables	40,761	386,179	-	-
	<u>1,726,396</u>	<u>2,550,427</u>	<u>10,473,896</u>	<u>8,538,841</u>
Less: Provision for doubtful debts	(29,497)	-	(2,123,336)	-
	<u>1,696,899</u>	<u>2,550,427</u>	<u>8,350,560</u>	<u>8,538,841</u>

The amounts due from subsidiaries are unsecured, interest-free and have no fixed term of repayment.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors except that 99% of receivables are due from subsidiaries at Company level.

Details on related party transactions are disclosed in Note 30.

Other information on financial risks of receivables are disclosed in Note 31.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Fixed deposits with licensed banks	61,851	1,800,000	10,000	1,750,000
Cash on hand and at banks	<u>1,988,386</u>	<u>1,075,321</u>	<u>42,887</u>	<u>64,325</u>
Cash and bank balances	2,050,237	2,875,321	52,887	1,814,325
Less: Bank overdraft (Note 23)	-	(126,872)	-	-
Less: Fixed deposits pledge as security	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents	<u><u>2,000,237</u></u>	<u><u>2,698,449</u></u>	<u><u>52,887</u></u>	<u><u>1,814,325</u></u>

The fixed deposit amounting to RM 50,000 (2007: RM 50,000) is registered under a director's name and it is pledged to a licensed bank for issuance of bank guarantee on behalf of a subsidiary company.

19. SHARE CAPITAL

Group and Company

	Number of Ordinary shares		Amount	
	2008	2007	2008	2007
			RM	RM
Authorised:				
At 1 January / 31 December	<u>250,000,000</u>	<u>250,000,000</u>	<u>25,000,000</u>	<u>25,000,000</u>
Issued and fully paid:				
At 1 January	201,140,000	150,000,000	20,114,000	15,000,000
Issued during the year:				
Private Placement	-	50,000,000	-	5,000,000
ESOS	1,685,000	1,140,000	168,500	114,000
At 31 December	<u><u>202,825,000</u></u>	<u><u>201,140,000</u></u>	<u><u>20,282,500</u></u>	<u><u>20,114,000</u></u>

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

20. SHARE PREMIUM (NON DISTRIBUTABLE)

	Group and Company	
	2008	2007
	RM	RM
At 1 January	6,857,481	6,756,365
Credited during the year	-	500,000
Transferred from Share Option Reserve	36,043	24,386
Expenses pertaining to Private Placement	-	(423,270)
At 31 December	<u>6,893,524</u>	<u>6,857,481</u>

The share premium which is non-distributable represents the premium arising from the issue of shares and transfers from Share Option Reserve over the period when ESOS is exercised.

21. FOREIGN EXCHANGE RESERVES (NON DISTRIBUTABLE)

	Group	
	2008	2007
	RM	RM
At 1 January	(176,069)	1,163
Arising in the year	<u>(142,567)</u>	<u>(177,232)</u>
At 31 December	<u>(318,636)</u>	<u>(176,069)</u>

The foreign exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

22. SHARE OPTION RESERVE

Share option reserve represents the equity settled share options granted to employees. This reserve is transferred to the share premium over the period when the ESOS is exercised.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

23. BORROWINGS

	Group	
	2008	2007
	RM	RM
Short Term Borrowings		
Secured:		
Bank overdraft	-	126,872
Hire purchase payables	157,346	142,351
Factoring facility	3,065,934	2,329,558
	<u>3,223,280</u>	<u>2,598,781</u>
Unsecured:		
Term loan	-	112,136
	<u>3,223,280</u>	<u>2,710,917</u>
Long Term Borrowings		
Secured:		
Hire purchase payables	529,223	554,029
	<u>529,223</u>	<u>554,029</u>
Total borrowings		
Bank overdraft (Note 18)	-	126,872
Term loan	-	112,136
Hire purchase payables (Note 24)	686,569	696,380
Factoring facility	3,065,934	2,329,558
	<u>3,752,503</u>	<u>3,264,946</u>
Maturity of borrowings (excluding hire purchase)		
Within one year	3,065,934	2,568,566
More than one year and less than 5 years	-	-
	<u>3,065,934</u>	<u>2,568,566</u>

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

23. BORROWINGS (CONT'D)

	Company	
	2008	2007
	RM	RM
Short Term Borrowings		
Secured:		
Hire purchase payables	<u>19,820</u>	<u>-</u>
Long Term Borrowings		
Secured:		
Hire purchase payables	<u>90,428</u>	<u>-</u>
Total borrowings		
Hire purchase payables (Note 24)	<u>110,248</u>	<u>-</u>

The weighted average effective interest rates at the balance sheet date for borrowings, excluding hire purchase, were as follows:

	Group	
	2008	2007
	%	%
Overdraft	8.5	8.5
Term loan	15	15
Factoring facility	3.62-8.50	8.23-8.33

The factoring facility and bank overdraft granted to subsidiaries is secured by the corporate guarantee from the Company.

The unsecured term loan has been fully settled during the year.

Other information on financial risks of borrowings are disclosed in Note 31.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

24. HIRE PURCHASE PAYABLES

	Group	
	2008	2007
	RM	RM
Future minimum hire purchase and lease payments:		
Not later than 1 year	227,790	211,185
Later than 1 year and not later than 2 years	208,444	191,935
Later than 2 year and not later than 5 years	282,538	320,994
More than 5 years	173,828	219,915
	<u>892,600</u>	<u>944,029</u>
Less: Future finance charges	(206,031)	(247,649)
Present value of hire purchase liabilities (Note 23)	<u><u>686,569</u></u>	<u><u>696,380</u></u>

Analysis of present value of hire purchase liabilities:

Not later than 1 year	157,346	142,351
Later than 1 year and not later than 2 years	146,350	132,193
Later than 2 year and not later than 5 years	223,575	225,956
More than 5 years	159,298	195,880
	<u>686,569</u>	<u>696,380</u>

	Company	
	2008	2007
	RM	RM
Future minimum hire purchase and lease payments:		
Not later than 1 year	26,652	-
Later than 1 year and not later than 2 years	26,652	-
Later than 2 year and not later than 5 years	75,499	-
	<u>128,803</u>	<u>-</u>
Less: Future finance charges	(18,555)	-
Present value of hire purchase liabilities (Note 23)	<u><u>110,248</u></u>	<u><u>-</u></u>

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

24. HIRE PURCHASE PAYABLES (CONT'D)

Analysis of present value of hire purchase liabilities :	Company	
	2008 RM	2007 RM
Not later than 1 year	19,820	-
Later than 1 year and not later than 2 years	21,382	-
Later than 2 year and not later than 5 years	69,046	-
More than 5 years	-	-
	<u>110,248</u>	<u>-</u>

The hire purchase bore interest at the balance sheet date at rates between 3.5% and 13.7% per annum (2007: 5.17% and 13.7%).

Other information on financial risks of hire purchase payables are disclosed in Note 31.

25. TRADE PAYABLES

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranges from 30 to 120 days.

Details on related party transactions are disclosed in Note 30.

Other information on financial risks of trade payables are disclosed in Note 31.

26. OTHER PAYABLES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Due to subsidiaries ^	-	-	1,939,792	1,160,922
Accruals	1,604,577	1,131,755	205,281	119,175
Sundry payables	827,318	412,435	165,337	39,109
	<u>2,431,895</u>	<u>1,544,190</u>	<u>2,310,410</u>	<u>1,319,206</u>

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

26. OTHER PAYABLES (CONT'D)

Included in Group sundry payable is an amount of RM 53,401 (2007: Nil) which is in relation to the purchase of property, plant and equipment as indicated in note 11(a).

^ The amounts due to subsidiaries are unsecured, interest-free and have no fixed term of repayment.

Details on related party transactions are disclosed in Note 30.

Other information on financial risks of payables are disclosed in Note 31.

27. COMMITMENTS

	Group	
	2008	2007
	RM	RM
(a) Capital expenditure:		
Approved and contracted for:		
Property, plant and equipment	<u>583,374</u>	<u>786,300</u>
(b) Rental commitments:		
Payable within one year	1,042,810	1,846,610
Payable more than one year	<u>1,266,669</u>	<u>6,113,840</u>
	<u>2,309,479</u>	<u>7,960,450</u>
(c) Lease commitments:		
Payable within one year	906,975	-
Payable more than one year	<u>3,261,450</u>	-
	<u>4,168,425</u>	-

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

28. CONTINGENT LIABILITIES

Corporate Guarantees

	Company	
	2008	2007
	RM	RM
Unsecured :		
Corporate Guarantees		
Guarantees given to financial institutions for credit facilities granted to subsidiaries	<u>2,422,000</u>	<u>2,457,000</u>

29. CONTINGENT ASSET

One of the subsidiary company has raised a claim amounting to RM110,000 (2007: RM110,000) against an insurance company in respect of damages to one of its machinery caused by flood, the net book value of which has already been written off in the financial statements for the year ended 31 December 2007.

The Court has fixed the hearing on this matter on 17 June 2009.

30. SIGNIFICANT RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	2008	2007
	RM	RM
Group		
Related company - Le Champ (South East Asia) Pte. Ltd., in which a substantial shareholder of the Company has interest		
Sales	-	628
Repair and maintenance of plant and equipment	<u>-</u>	<u>7,390</u>

The directors are of the opinion that all the transactions above have been entered into the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

30. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Short term employee benefits	923,653	1,569,446	187,667	36,000
Post-employment benefits:				
Defined contribution plan	43,668	17,147	19,680	-
	<u>967,321</u>	<u>1,586,593</u>	<u>207,347</u>	<u>36,000</u>

Included in the total key management personnel are:

Director remuneration excluding benefits in kind (Note 7)	<u>1,127,885</u>	<u>1,958,223</u>	<u>205,680</u>	<u>36,000</u>
---	------------------	------------------	----------------	---------------

31. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

Company No.

618933	D
--------	---

CONNECTCOUNTY HOLDINGS BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relate primarily to interest bearing debts. The Group monitors the interest rate on borrowings closely to ensure that the borrowings are maintained at favourable rates. The Group does not use derivative financial instruments to hedge interest rate risk.

(c) Foreign Currency Risk

The Group operates internationally and is exposed to various currencies, mainly United States Dollars, Chinese Renminbi and Singapore Dollars. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

(d) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

(e) Credit Risk

Credit risk, or risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

31. FINANCIAL INSTRUMENTS (CONT'D)

(e) Credit Risk (Cont'd)

The carrying amounts of trade and other receivables represent the Group's maximum exposure to credit risk. As at the balance sheet date, there were no significant concentrations of credit risk with any particular entity other than as disclosed in Note 16 and 17 to the financial statements.

(f) Fair Value

The carrying amounts of the financial assets and financial liabilities as reflected in the balance sheet are carried at market value or at amounts which, because of their short-term nature, approximate their fair values.

The aggregate net fair values of financial liabilities which are not carried at fair value on the balance sheet of the Group as at the end of the financial year are represented as follow:

		Group		Company	
	Note	Carrying amount RM	Fair Value RM	Carrying amount RM	Fair Value RM
Financial Liabilities					
At 31 December 2008					
Hire Purchase payables	24	<u>686,569</u>	<u>541,293</u>	<u>110,248</u>	<u>99,939</u>
At 31 December 2007					
Hire Purchase payables	24	<u>696,380</u>	<u>522,836</u>	<u>-</u>	<u>-</u>

The following method and assumptions are used to estimate the fair value of the following classes of financial instruments:

(i) Cash and Cash Equivalents, Trade and Other Receivables / Payables

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

Company No.

618933

D

CONNECTCOUNTY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

32. SIGNIFICANT EVENTS

During the financial year,

- (a) the issue and paid-up ordinary share capital of the Company was increased from RM20,114,000 to RM20,282,500 by way of issuance of 1,685,000 new ordinary shares of RM 0.10 each for cash pursuant to the Employee's Share Option Scheme ("ESOS") of the Company at an exercise price of RM 0.10 per ordinary share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

- (b) the Company subscribed for additional registered capital amounting to RMB 2,537,265 in its wholly owned subsidiary, namely Rapid Conn (ShenZhen) Co. Ltd., a company incorporated in the People's Republic of China.

33. SUBSEQUENT EVENTS

In accordance with Guidance Note No.3/2006 ("GN3/2006"), the Company, is an Affected Listed Issuer pursuant to Rule 8.16 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa") for MESDAQ Market ("MMLR") due to the fact that the continuing losses incurred by the Group and the Company had triggered all the criteria prescribed under paragraph 2.1 (c) of the GN3/2006. On 26 February 2009, the Company announced to Bursa its status as an "Affected Listed Issuer" pursuant to GN3/2006.

The Company is required to regularize its financial conditions within the time frame stipulated by the GN3/2006 failing which the Company may be regarded as a listed issuer whose financial conditions does not warrant continued trading and/or listing. As of the date of this report, the Group and the Company and their advisers are in the process of formulating a regularization plan for submission to the relevant regulatory authorities for approval in accordance with the requirements of Bursa.

Company No.

618933	D
--------	---

CONNECTCOUNTRY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

34. SEGMENT INFORMATION

Geographical Segments:

Segmental reporting by business has not been prepared as the Group's operations are substantially in design, manufacturing, marketing, services and trading.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

31 December, 2008

REVENUE AND EXPENSES

Revenue	Malaysia RM	China RM	Singapore RM	USA RM	Total Eliminations RM	Consolidated RM
External sales	28,557	15,135,744	23,844,609	30,637,084	(14,817,760)	54,828,234
RESULTS						
Segment results	(10,891,400)	(2,312,792)	(3,647,766)	(3,967,101)	14,813,902	(6,005,157)
Finance cost, net	(5,863)	(14,678)	(252,359)	(70,472)	-	(343,372)
Taxation	66,173	-	(31,188)	184,544	-	219,529

Company No.

618933	D
--------	---

CONNECTCOUNTRY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

34. SEGMENT INFORMATION (CONT'D)

31 December, 2008(cont'd)

ASSETS AND LIABILITIES

	Malaysia RM	China RM	Singapore RM	USA RM	Total RM	Eliminations RM	Consolidated RM
Segment assets							
Consolidated total assets	13,596,815	7,698,250	11,521,593	10,019,458	42,836,116	(17,980,925)	24,855,191
Segment liabilities							
Consolidated total liabilities	8,154,588	11,168,107	7,230,344	10,395,699	36,948,738	(20,623,291)	16,325,447
OTHER INFORMATION							
Amortisation and development cost	-	-	-	647,900	647,900	-	647,900
Depreciation	471,787	569,242	248,366	607,169	1,896,564	(3,392)	1,893,172
Capital expenditure	159,250	1,416,535	2,921	128,037	1,706,743	(1,763)	1,704,980

Company No.

618933	D
--------	---

CONNECTCOUNTRY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

34. SEGMENT INFORMATION (CONT'D)

31 December, 2007

REVENUE AND EXPENSES

	Malaysia RM	China RM	Singapore RM	USA RM	Total RM	Eliminations RM	Consolidated RM
Revenue							
External sales	3,089,282	4,401,371	16,935,186	46,787,715	71,213,554	(6,678,803)	64,534,751
RESULTS							
Segment results	(3,571,327)	(2,726,145)	(50,632)	1,213,843	(5,134,261)	1,323,931	(3,810,330)
Finance cost, net	42,989	(3,759)	(286,510)	(63,697)	(310,977)	-	(310,977)
Taxation	(1,426,040)	-	59,340	(466,547)	(1,833,247)	-	(1,833,247)

Company No.

158936	M
--------	---

CONNECTCOUNTRY HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

34. SEGMENT INFORMATION (CONT'D)

31 December, 2007(cont'd)

ASSETS AND LIABILITIES

Segment assets

Consolidated total assets

	Malaysia RM	China RM	Singapore RM	USA RM	Total RM	Eliminations RM	Consolidated RM
	23,242,080	4,573,493	13,787,804	18,733,289	60,336,666	(28,262,300)	32,074,366

Segment liabilities

Consolidated total liabilities

	7,137,264	6,644,900	5,808,286	15,318,166	34,908,616	(17,467,061)	17,441,555
--	-----------	-----------	-----------	------------	------------	--------------	------------

OTHER INFORMATION

Amortisation of development cost

Depreciation

Capital expenditure

	-	-	-	766,754	766,754	-	766,754
	941,553	349,604	239,017	629,020	2,159,194	(2,925)	2,156,269
	101,003	381,125	428,825	262,233	1,173,186	(9,147)	1,164,039