



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2012

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR QUARTER 31-Dec-12 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-11 RM'000	CURRENT YEAR TO DATE 31-Dec-12 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-11 RM'000
Revenue	4	81,048	56,356	255,996	181,840
Cost of sales		(25,898)	(20,566)	(104,067)	(61,341)
Gross profit		55,150	35,790	151,929	120,499
Interest income		469	330	1,269	1,372
Other operating income		2,701	4,188	9,723	31,264
Selling and marketing expenses		(3,561)	(3,160)	(10,447)	(11,226)
Administrative expenses		(8,651)	(9,446)	(29,937)	(29,670)
Other operating expenses		(18,827)	(20,071)	(69,210)	(72,087)
Finance costs		(4,922)	(4,533)	(20,392)	(17,667)
Share of results of jointly controlled entity		(35)	-	(35)	-
Share of results of associate		(114)	(48)	(190)	443
Profit before tax		22,210	3,050	32,710	22,928
Income tax expense	19	(1,582)	2,792	(7,848)	614
Profit for the period / year		20,628	5,842	24,862	23,542
Other comprehensive income/(loss), net of tax					
Exchange differences on translating foreign operations		(838)	(2,161)	(836)	(2,348)
Transfer from revaluation reserve to retained earnings upon depreciation on revalued assets		(499)	(462)	(1,897)	(1,862)
Realisation of revaluation reserve to retained earnings upon depreciation on revalued assets		499	462	1,897	1,862
Other comprehensive income/(loss) for the period / year		(838)	(2,161)	(836)	(2,348)
Total comprehensive income for the period / year		19,790	3,681	24,026	21,194



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2012

Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR QUARTER 31-Dec-12 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-11 RM'000	CURRENT YEAR TO DATE 31-Dec-12 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-11 RM'000
Profit/(loss) attributable to :				
Equity holders of the Company	19,191	5,888	24,543	23,650
Non-controlling interests	1,437	(46)	319	(108)
Profit for the period / year	20,628	5,842	24,862	23,542
Total comprehensive income/(loss) attributable to :				
Equity holders of the Company	18,353	3,727	23,707	21,302
Non-controlling interests	1,437	(46)	319	(108)
Total comprehensive income for the period / year	19,790	3,681	24,026	21,194
Earnings per share attributable to ordinary equity holders of the Company (sen):				
- Basic	29 (a)	6.96	2.14	8.90
- Diluted	29 (b)	NA	NA	NA

(The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	31-Dec-12 (Unaudited) RM'000	31-Dec-11 (Audited) RM'000
ASSETS			
Non-current assets			
Hotel properties and exhibition centre & showroom	9	328,737	332,881
Other property, plant and equipment	9	95,935	88,136
Property, plant and equipment		424,672	421,017
Investment properties	9	111,385	110,887
Prepaid land lease payments		335,498	339,719
Land held for property development		180,313	183,243
Investment in associate and jointly controlled entity		228	153
Available-for-sale financial assets		2,186	2,258
Long-term trade receivables		18,459	16,506
Deferred tax assets		5,979	6,639
		<u>1,078,720</u>	<u>1,080,422</u>
Current assets			
Property development costs		63,953	63,725
Inventories		124,581	128,359
Trade and other receivables		64,756	52,094
Tax recoverable		8,167	6,538
Cash and bank balances		62,404	53,409
		<u>323,861</u>	<u>304,125</u>
TOTAL ASSETS		<u>1,402,581</u>	<u>1,384,547</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		275,707	275,707
Share premium		57,251	57,251
Other reserves		152,004	154,737
Retained earnings		269,436	242,995
Shareholders' equity		754,398	730,690
Non-controlling interests		27,626	27,307
Total equity		<u>782,024</u>	<u>757,997</u>
Non-current liabilities			
Borrowings	24	71,671	224,708
Long-term liabilities		3,756	4,069
Deferred Income		35,288	35,320
Deferred tax liabilities		82,191	84,306
		<u>192,906</u>	<u>348,403</u>
Current liabilities			
Borrowings	24	247,356	102,547
Trade and other payables		123,872	118,881
Tax liabilities		55,309	55,559
Deferred Income		1,114	1,160
		<u>427,651</u>	<u>278,147</u>
Total Liabilities		<u>620,557</u>	<u>626,550</u>
TOTAL EQUITY AND LIABILITIES		<u>1,402,581</u>	<u>1,384,547</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.74	2.65

(The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Year Ended 31 December 2012

	Attributable to Equity Holders of the Company				Non-Controlling Interests	Total Equity
	Share Capital	Share Premium	Other Reserves	Distributable		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2012	275,707	57,251	154,737	242,995	27,307	757,997
Profit for the year	-	-	-	24,543	319	24,862
Other comprehensive income/(loss)	-	-	(2,733)	1,898	-	(836)
Total comprehensive income/(loss)	-	-	(2,733)	26,441	319	24,027
At 31 December 2012	275,707	57,251	152,004	269,436	27,626	782,024
At 1 January 2011	275,707	57,251	158,947	217,483	27,415	736,803
Profit/(loss) for the year	-	-	-	23,650	(108)	23,542
Other comprehensive income/(loss)	-	-	(4,210)	1,862	-	(2,348)
Total comprehensive income/(loss)	-	-	(4,210)	25,512	(108)	21,194
At 31 December 2011	275,707	57,251	154,737	242,995	27,307	757,997

(The Unaudited Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Year Ended 31 December 2012

	CURRENT YEAR TO DATE 31-Dec-12 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-11 RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Profit before tax	32,710	22,928
Adjustments for:		
Allowance for doubtful debts	5,010	6,612
Allowance for doubtful debts written back	(630)	(966)
Amortisation of deferred income	(1,135)	(1,117)
Amortisation of prepaid land lease payment	4,306	4,306
Bad debts written off	5,589	8,922
Depreciation of hotel properties and exhibition centre & showroom	4,162	4,164
Depreciation of other property, plant and equipment	6,728	4,813
Waiver of debts owing to related party	-	(15,343)
Waiver of debts owing to other payables	-	(490)
Fair value adjustment to long term receivables	(918)	(909)
Loss on disposal of investment properties	-	16
Impairment losses in value of other investments	72	(3)
Interest expense	20,392	17,667
Interest income	(1,269)	(1,372)
Loss on disposal of investment in associate	-	1,359
Gain on disposal of other property, plant and equipment	(61)	(1,581)
Net unrealised foreign exchange (gain) / loss	(1)	20
Other property, plant & equipment written off	7	17
Reversal of deferred income	-	(468)
Reversal of impairment losses in value of other investments	-	(1,250)
Share of results of associate and jointly controlled entity	225	(443)
Operating profit before working capital changes	75,187	46,882
Changes in working capital:		
Inventories	3,494	1,931
Property development costs	2,640	8,322
Receivables	(21,333)	11,292
Deferred income	1,056	1,747
Payables	4,315	(17,957)
Cash generated from operations	65,359	52,217
Tax refund	3,275	-
Tax paid	(14,444)	(8,965)
Interest paid	(18,730)	(38,427)
Net cash generated from operating activities	35,460	4,825



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Year Ended 31 December 2012

	CURRENT YEAR TO DATE 31-Dec-12 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-11 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of other property, plant and equipment	(15,906)	(8,651)
Expenditure on hotel properties and exhibition centre & showroom	(19)	(3)
Expenditure on investment properties	(498)	(2,947)
Expenditure on prepaid land lease payments	(85)	-
Investment in jointly controlled entity	(300)	-
Proceeds from disposal of other property, plant & equipment	65	5,343
Proceeds from disposal of investment properties	-	449
Proceeds from disposal of associate	-	2,764
Interest received	1,269	1,372
Net cash used in investing activities	(15,474)	(1,673)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loan	18,704	122,178
Hire purchase and lease creditors	(422)	(489)
Repayment of Bank Guaranteed Commercial Paper / Medium Term Notes	(3)	(37,002)
Repayment of RSLs Series B	-	(68,822)
Repayment of revolving credits	(7,600)	(8,103)
Repayment of term loans	(20,560)	(36,086)
Proceed from issuance of share capital	3	-
Net cash used in financing activities	(9,878)	(28,324)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	10,108	(25,172)
Effects of foreign exchange rate changes	(1)	67
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	50,418	75,523
CASH AND CASH EQUIVALENTS AT END OF YEAR	60,525	50,418
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	62,404	53,409
Bank overdrafts	(1,879)	(2,991)
	60,525	50,418

(The Unaudited Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)
PART A – Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard (“FRS”) 134: “Interim Financial Reporting” and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2011. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2011.

2. Significant Accounting Policies

The significant accounting policies adopted by the Group in these interim financial statements are consistent with those of the audited financial statements of the Group for the financial year ended 31 December 2011, except for adoption of the following new/revised FRSs, Amendments to FRSs and IC Interpretations which are effective for financial periods beginning on or after :

1 July 2011

IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and Their Interaction (Amendments relating to prepayments of a minimum funding requirement)
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

1 January 2012

FRS 7	Financial Instruments : Disclosures (Amendments relating to Disclosures – Transfers of Financial Assets)
FRS 112	Income Taxes (Amendments relating to Deferred Tax – Recovery of Underlying Assets)
FRS 124	Related Party Disclosure (Revised)

On 19 November, 2011, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework (“MFRS Framework”) in conjunction with its planned convergence of FRSs with



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)
PART A – Explanatory Notes Pursuant to FRS 134

2. Significant Accounting Policies (Cont'd.)

International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board on 1 January, 2012.

The MFRS Framework is a fully IFRS-compliant framework, equivalent to IFRSs which is mandatory for adoption by all Entities Other than Private Entities for annual periods beginning on or after 1 January, 2012, with exception for Transitioning Entities. Transitioning Entities, being entities which are subject to the application of MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for the Construction of Real Estate* are given an option to defer adoption of the MFRS Framework for an additional one year. Transitioning Entities also include those entities that consolidate, equity account or proportionately consolidate an entity that has chosen to continue to apply the FRS Framework for annual periods beginning on or after 1 January, 2012. However, on 30 June 2012, the MASB decided to extend the aforementioned transitional period for another one year. Thus, Transitioning Entities are given an additional option to continue to apply the FRS Framework for annual periods beginning on or after 1 January 2013. Consequently, the MFRS Framework will be mandatory for application for annual periods beginning on or after 1 January 2014.

Accordingly, the Group and the Company, being Transitioning Entities, have availed themselves of this transitional arrangement and will continue to apply FRSs in their next set of financial statements. Therefore, the Group and the Company will be required to apply MFRS 1 First-time Adoption of Malaysian Financial Reporting Standard ("MFRS 1") in its financial statements for the financial year ending 31 December, 2014, being the first set of financial statements prepared in accordance with the new MFRS Framework. Further, an explicit and unreserved statement of compliance with IFRSs will be made in these financial statements.

3. Audit Opinion on 2011 Financial Statements

The auditors' report on the financial statements of the Group for the financial year ended 31 December 2011 was not subject to any qualification.



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)
PART A – Explanatory Notes Pursuant to FRS 134

4. Segment Reporting

Quarter Ended 31 Dec 2012	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	48,877	7,163	24,476	532	81,048
Results					
Segment results	27,671	1,141	620	(2,151)	27,281
Finance costs					(4,922)
Share of results of associate & jointly controlled entity	(114)	-	-	(35)	(149)
Profit before tax					22,210
Income tax expense					(1,582)
Profit after tax					20,628
Non-controlling interests					(1,437)
Profit for the period					19,191
Quarter Ended 31 Dec 2011					
Revenue					
External sales	25,050	7,008	23,239	1,059	56,356
Results					
Segment results	6,065	997	2,136	(1,567)	7,631
Finance costs					(4,533)
Share of results of associate	(48)	-	-	-	(48)
Profit before tax					3,050
Income tax expense					2,792
Profit after tax					5,842
Non-controlling interests					46
Profit for the period					5,888



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)
PART A – Explanatory Notes Pursuant to FRS 134

Year Ended 31 Dec 2012	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	133,608	21,661	98,297	2,430	255,996
Results					
Segment results	52,166	2,030	5,130	(5,999)	53,327
Finance costs					(20,392)
Share of results of associate & jointly controlled entity	(190)	-	-	(35)	(225)
Profit before tax					32,710
Income tax expense					(7,848)
Profit after tax					24,862
Non-controlling interests					(319)
Profit for the year					24,543

Year Ended 31 Dec 2011	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	58,260	21,925	98,106	3,549	181,840
Results					
Segment results	16,932	2,169	10,127	10,924	40,152
Finance costs					(17,667)
Share of results of associates	443	-	-	-	443
Profit before tax					22,928
Income tax expense					614
Profit after tax					23,542
Non-controlling interests					108
Profit for the year					23,650



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)
PART A – Explanatory Notes Pursuant to FRS 134

5. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial period under review.

6. Changes in Estimates

There were no changes in estimates that have a material effect in the financial year-to-date results.

7. Seasonal or Cyclical Factors

The operations of the Group were not materially affected by any seasonal or cyclical factors.

8. Dividends Paid

There were no dividends paid during the current financial period under review.

9. Carrying Amount of Revalued Assets

The valuation of property, plant and equipment and investment properties have been brought forward without amendment from the audited financial statements for the financial year ended 31 December 2011.

10. Issuance or Repayment of Debt and Equity Securities

There were no issuance, repurchases, cancellations, resale and repayment of debt and equity securities during the financial year-to-date.

11. Changes in the Composition of the Group

There were no material changes in the composition of the Group during the current financial period under review except for the following:

- (a) Etika Cergas Sdn Bhd, a wholly owned subsidiary of the Company has been struck-off from the Register of Companies Commission of Malaysia pursuant to Section 308 of the Companies Act, 1965 effective from 13 September 2012.
- (b) The Company had on 24 September 2012 entered into five separate Share Purchase Agreement with the remaining shareholders of Malaysia Trade & Distribution Centre (Rotterdam) Sdn Bhd ("MTDC"), a 60% owned subsidiary of the Company to acquire the entire equity shares held in MTDC for a total consideration of RM5.00 only.



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)
PART A – Explanatory Notes Pursuant to FRS 134

(c) Master Strike Sdn Bhd, a wholly owned subsidiary of the Company has been struck-off from the Register of Companies Commission of Malaysia pursuant to Section 308 of the Companies Act, 1965 effective from 28 September 2012.

11. Changes in the Composition of the Group (Con't)

(d) Best Golden Inc., a wholly owned subsidiary of the Company has been struck off from the Registry of British Virgin Islands effective from 1 November 2012.

12. Capital Commitments

There were no material changes in capital commitments since the last audited Statement of Financial Position as at 31 December 2011.

13. Contingent Liabilities / Assets

There are no material contingent liabilities since the last audited Statement of Financial Position as at 31 December 2011 except as disclosed in Note 27 (a) to (d). There are no material contingent assets as at the date of this report.

14. Subsequent event

There was no material event subsequent to the end of the current financial period that have not been reflected in these financial statements.



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)
PART B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

15. Operating Segment Review

(a) 4th Quarter 2012 vs 4th Quarter 2011

Total Group revenue increased 43% to RM81.0 million for the fourth quarter ended 31 December 2012 compared to RM56.4 million in the previous year corresponding quarter ended 31 December 2011. The increase in total revenue was mainly due to higher revenue from the Property Development Division recorded for the quarter.

In line with the higher revenue recorded, profit before tax for the current quarter of RM22.2 million was significantly higher compared to RM3.1 million in the previous year corresponding quarter.

Property Development Division

Revenue for the fourth quarter of 2012 for the division was RM48.9 million as compared to RM25.1 million in the same quarter of 2011, an increase of RM23.8 million. The higher revenue in 2012 was mainly contributed by higher sales of bungalow lots at Country Heights Kajang, Country Heights Damansara and The Mines, sales of Lakeview Residency and Cyber Heights Villas at Cyber Heights and College Valley Industrial lots. In line with the higher revenue above, the division recorded segment profits of RM27.7 million for the current quarter under review in comparison with segment profits of RM6.1 million for the fourth quarter of 2011.

Property Investment Division

The revenue for the Property Investment Division was RM7.2 million compared to RM7.0 million for the fourth quarter of 2011. However, segment results for the fourth quarter has improved from profit of RM1.0 million in 2011 to profit of RM1.1 million in 2012 mainly due to the increase in revenue.

Hospitality & Health Division

Hospitality & Health Division contributed RM24.5 million of revenue as compared to RM23.2 million in the fourth quarter of 2011. However, segment profits were RM0.6 million compared to RM2.1 million in the same quarter of 2011. This was mainly due to higher depreciation in fourth quarter of 2012 after completion of the renovation of hotels.



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)
PART B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

15. Review of To Date Performance (Cont'd)

Others

This mainly comprised of Country Heights Holdings Berhad and the Education subsidiary, Country Heights Education Sdn Bhd. Total revenue of RM0.5 million was contributed by this subsidiary in the fourth quarter of 2012 compared to RM1.1 million for the fourth quarter of 2011. The segment loss for the fourth quarter 2011 was RM1.6 million versus RM2.2 million segment loss for the current quarter under review mainly due to the lower revenue in the fourth quarter.

(b) YTD Dec 2012 vs YTD Dec 2011

Total Group revenue for current year to date increased 41% to RM256.0 million as compared to RM181.8 million in the same period preceding year. The above increase was mainly due to higher revenue recorded by the Property Development Division.

Group net profit for current year to date was RM24.9 million as compared to RM23.5 million in the same period preceding year due to the increase in revenue.

Property Development Division

Total revenue contributed by the Property Development Division in the year to date 2012 was RM133.6 million as compared to RM58.3 million same period in the preceding year. This was mainly due to higher completion revenue recognition of Belleza Garden Homes Phase 1 at Kolej Heights Utara, Kubang Pasu and Lakeview Residency at Cyber Heights, Cyberjaya which was launched in the 3rd quarter of 2011 and also higher sales of the Country Heights Kajang bungalow lots and Country Heights Damansara bungalow lots. As such, higher segment profit of RM52.2 million was recorded in current year to date as compared to RM16.9 million in the same period of preceding year. There were RM104.1 million of unbilled property sales yet to recognized as at 31 December 2012.



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)
PART B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

15. Review of To Date Performance (Cont'd)

(b) YTD Dec 2012 vs YTD Dec 2011 (Cont'd)

Property Investment Division

Total revenue from the Property Investment Division was RM21.7 million as compared to RM21.9 million in the preceding year. Segment profit for the division for the current year to date was RM2.0 million compared to RM2.2 million in the preceding year, consistent with the revenue recorded.

Hospitality & Health Division

Hospitality & Health Division contributed RM98.3 million of revenue in the current year to date as compared to RM98.1 million in the same period of preceding year. Segment profit of RM5.1 million was recorded for the current year compared to RM10.1 million in the preceding year mainly due to gain on disposal of other property, plant & equipment in 2011 and higher depreciation due to completion of refurbishment of hotels in 2012.

Others

Total RM2.4 million of revenue was contributed by the Education subsidiary and other subsidiaries in current year to date as compared to the same period of preceding year of RM3.5 million. The decrease in the revenue was mainly due to stricter immigration regulations which have affected the number of students from the Middle East and the depreciation of the Iran currency against US Dollars has also affected the number of students from Iran. Segment loss was RM6.0 million for the current year compared to segment profit of RM10.9 million in the preceding year. This was mainly due to the waiver of debts received, steps taken in cleaning up accounts, reversal and writing back unnecessary provision.

16. Material Changes in the Quarterly Results as Compared with the Immediate Preceding Quarter

The Group's revenue for the fourth quarter of 2012 was 38% higher at RM81.0 million as compared to the preceding third quarter ended 30 September 2012 of RM58.8 million, mainly due to higher revenue recorded for the Property Development Division in the fourth quarter.



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)
PART B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

17. Commentary on Prospects

On 20th February 2013, Bank Negara announced that the Malaysian economy grew by 6.4% in the fourth quarter of 2012 and for the year of 2012 as a whole, the economy expanded by 5.6%. Research by the Malaysian Institute of Economic Research forecasted a growth of 5.4% for 2013. Overall, the implementation of key projects under the 10th Malaysia Plan, the Economic Transformation Program and Budget 2013 will boost domestic demand. The Group is confident that its core activities of Property Development, Property Investment and Hospitality and Health will benefit from this positive growth. The global economic uncertainties like the on going sovereign debts crisis in Europe are however causes for concern as these could dampen sentiments and affect demand in certain sectors.

The Property Development Division maintains its focus on the sales of existing inventories and has also planned a number of new project launchings. Mansion Park, an exclusive development of luxury superlink houses (signature villas) located in Cyberjaya has been launched in September 2012. Other new developments are currently at various stages of planning in Cyberjaya, Country Heights Damansara, Kolej Heights Utara and The Mines Wellnes City.

The Group expects to see further growth in the Hospitality and Health Division. Golden Horses Health Sanctuary ("GHHS") with its new center launched is increasing its services and packages for international health tourists. This is a one-stop centre for wellness needs that infuses preventive methods. It is a place for wellbeing equipped with modern technology in a resort environment.

A further impetus was the announcement on 11 January 2011 by Dato' Sri Mohd Najib bin Tun Abdul Razak, Prime Minister of Malaysia that Mines Resort City ("MRC") has been designated as an entry point project under the government's Economic Transformation Program (ETP).

On 16 October 2012, a Joint Venture agreement was signed with a leading Korean travel agency, JaU Tour Co. Ltd. to form Mines Global Holidays Sdn Bhd. The venture will boost South Korean and foreign tourist arrivals to Malaysia and in particular, promote our medical tourism and leisure packages to South Korean and other foreign tourists.



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)
PART B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

18. Variance on Profit Forecast / Profit Guarantee

There was no profit forecast / profit guarantee issued by the Group.

19. Income Tax Expense

	12 months ended	
	31-Dec-12	31-Dec-11
	RM'000	RM'000
Income tax:		
- current year	(7,121)	(1,301)
- over / (under) provision	(2,169)	1,328
Deferred tax	1,442	587
	<u>(7,848)</u>	<u>614</u>

The effective tax rate of the Group for the year was higher than the applicable tax rate mainly due to deferred tax assets not recognized and certain expenses not deductible for tax purposes. The effective tax rate for last year same period was lower than the applicable rate mainly due to certain non-taxable income.

20. Sale of Unquoted Investments / Properties

There was no sale of unquoted investments/ properties during the financial year-to-date.

21. Purchase and Sale of Quoted Securities

There were no sales or purchase of quoted securities during the financial year-to-date.

22. Profit before Tax

Profit before tax has been arrived at after charging / (crediting):

	Year ended	
	31-Dec-12	31-Dec-11
	RM'000	RM'000
Depreciation and amortisation	15,196	13,283
Allowance for and write off of receivables	9,969	14,568
Loss on disposal of investment properties and other investments	-	16
Impairment losses/(reversal of impairment losses) in value of other investments	72	(1,253)
Net unrealised foreign exchange (gain) / loss	(1)	20

There were no gain or loss on derivatives, exceptional items and allowance for and write off of inventories.



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23. Corporate Proposals

(a) Status of Corporate Proposals

There were no corporate proposals previously announced but not completed.

(b) Status of Utilisation of Proceeds from Corporate Proposal

There was no utilisation of proceeds derived from the Company's corporate proposal.

24. Borrowings

The Group bank borrowings and debt securities as at end of the current financial period are:

	Short-term RM'000	Long-term RM'000	Total RM'000
Secured			
Bank overdrafts	1,879	-	1,879
Term loan	126,569	68,298	194,867
Bank Guaranteed Commercial Paper and Medium Term Notes	49,757	-	49,757
Total secured borrowings	178,205	68,298	246,503
Unsecured			
Term loan	53,909	-	53,909
Revolving credits	15,000	2,800	17,800
Hire purchase & lease creditors	242	573	815
Total unsecured borrowings	69,151	3,373	72,524
Comprising:			
Local borrowings	247,356	71,671	319,027
Foreign borrowings	-	-	-
Total borrowings	247,356	71,671	319,027

All borrowings are denominated in Ringgit Malaysia unless indicated otherwise.



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25. Disclosure requirements pursuant to implementation of FRS 139

(a) Disclosure of Derivatives

There are no outstanding derivatives as at 31 December 2012 and there have been no changes in derivatives since the last financial year.

(b) Disclosure of gain/losses arising from fair value changes of financial liabilities

The Group did not have any gain/losses arising from fair value changes of its financial liabilities.



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26. Retained earnings

The breakdown of the retained earnings of the Group is prepared in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with guidance on special matter No. 1, Determination of Realised and Unrealised Profit or Losses in the context of disclosure pursuant to Bursa Malaysia Security Berhad listing requirement as issued by the Malaysian Institute of Accountants.

	As at 31- Dec- 12 RM'000	As at 31-Dec -11 RM'000
Total retained earnings / (accumulated losses) of the Company and its subsidiaries:		
- Realised	481,772	456,005
- Unrealised	<u>(89,864)</u>	<u>(90,382)</u>
	391,908	365,623
Total share of retained earnings / (accumulated losses) from associate:		
- Realised	(284)	1,126
Total share of accumulated losses from jointly controlled entity:	(35)	-
- Realised		
	<u>391,589</u>	<u>366,749</u>
Less: Consolidated adjustments	(122,153)	(123,754)
Total group retained earnings as per consolidated accounts	<u>269,436</u>	<u>242,995</u>



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27. Material Litigation

Save for the following, neither the Company nor its subsidiaries are engaged in any material litigation, either as plaintiff or defendant, and the Directors of the Company do not have any knowledge of any proceedings, pending or threatened against the Group or of any facts likely to give rise to any proceedings which might adversely and materially affect the position or business of the Group, as at 14 February 2013, a date not earlier than 7 days from the date of issuance of this report. The material litigations are:

- (a) On 26 August 2008, Singham Sulaiman Sdn Bhd (Trading as Jones Lang Wootton) as the Plaintiff has through its solicitors issued and sent to Country Heights Holdings Berhad as the 1st Defendant and Mega Palm Sdn Bhd as the 2nd Defendant (collectively called "the Defendants") a demand notice dated 26 August 2008 demanding a sum of RM1,214,069.47 together with late payment charges of 1.25% per month on the outstanding sum beginning from 27 July 2008 till full settlement to be paid by the Defendants for an alleged payment of real estate agency fees. Trial proceeded on 7, 8 and 9 January 2013 and the Court has fixed 7 March 2013 for decision.
- (b) By a summons dated 20 January 2010, the Government of Malaysia ("Plaintiff") has filed a claim against Country Heights Holdings Berhad ("CHHB") for Real Property Gains Tax for the Year of Assessment 1993, 1998 and 1999 amounting to the sum of RM22,617,311.49 together with interest at 8% thereon. The Plaintiff has on 5 February 2010 served the Summons on CHHB. CHHB has on 10 February 2010 filed the memorandum of appearance and the statement of defence was filed on 18 March 2010. CHHB has subsequently filed the application for Order 14A on 31 March 2010. On 30 July 2010 the Order 14A application was dismissed with costs. Notice of Appeal to the Court of Appeal was filed on 23 August 2010. Application for stay of proceedings was filed and the same is fixed for case management on 17 January 2011. The application for stay of proceedings came up for hearing before the High Court Judge on 24 February 2011 and the said application was dismissed with costs. Hearing to hear the motion to file the supplementary record of appeal came up on 8 March 2011 and the Court of Appeal has allowed the said application. On 6 April 2011, the fair order together with the amended and approved judgment was filed in the Court. Hearing of CHHB's appeal to the decision of High Court's Order 14A application which was dismissed on 30 July 2010 was fixed on 10 August 2011. On 10 August 2011, the Court of Appeal has dismissed CHHB's appeal. The decision by the Court of Appeal was merely on a point



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27. Material Litigation (Cont'd.)

of law (ie whether IRB after having received and accepted the returns in the prescribed form filed by the Disposer and assessed the Disposer on tax payable by them has the jurisdiction to issue or make an assessment on CHHB under Section 16(1) Real Property Gain Tax Act, 1976. The trial was fixed on 19 and 20 June 2013 however the Plaintiff has subsequently filed a Summary Judgment application in court and the same was fixed for hearing on 12 December 2012. On 21 December 2012, the Court allowed the Plaintiff's application for Summary Judgment with cost. On 24 December 2012, CHHB has filed a Notice of Appeal against the High Court's decision. Meanwhile, an appeal was also lodged against the raising of the said taxes by way of a Form Q before the Special Commissioners of Income Tax. The appeal was fixed and proceeded for hearing on 16 and 17 October 2012. The Special Commissioner has instructed the Plaintiff to file their written submission by 23 January 2013 and CHHB to file the written submission by 25 February 2013. .

- (c) By a Summons dated 12 February 2010, Kamarul Jaman Bin Seeni Mohideen trading as PJ Baiduri Restaurant ("the Plaintiff") has filed a claim against Mines Shopping Fair Sdn Bhd ("the Defendant") for RM3,350,000.00 together with an interest at 8% per annum from 12 February 2010 till the date of full settlement, being loss and damages suffered by the Plaintiff for the Defendant's alleged breach of the Tenancy Agreement dated 6 August 2007 as alleged by the Plaintiff. The Plaintiff has on 16 March 2010 served the Summons on the Defendant. Solicitors for the Defendant have on 19 March 2010 filed the memorandum of appearance in court and the Statement of Defence has been filed on 1 April 2010. The Court fixed 3 and 4 May 2012 for trial however the Court had vacated the trial pending the outcome of Defendant's striking out application. The solicitors for the Defendant applied to the Court to strike out the Plaintiff's claim as the subject matter of this case was already tried in the Subordinate Courts ** Note

The Court dismissed the Defendant's striking out application with cost. On 7 September 2012, the Defendant's lawyer has filed a Notice of Appeal against the High Court's decision and subsequently filed an application for Stay of Proceedings pending the disposal of the Session Court's Appeal. The Defendant's application for Stay of Proceedings has been fixed for hearing on 8 February 2013. The hearing of the Defendant's appeal on the striking out application was fixed on 14 January 2013 and



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27. Material Litigation (Cont'd.)

the appeal was dismissed with costs. The matter has now been set for trial which has been fixed on 27 and 28 February 2013.

***Note* The Defendant had instituted legal action to recover the outstanding due under a separate action under which the Court has on 9 February 2012 allowed the Defendant's claim against the Plaintiff and a judgment sum of RM183,585.60 together with interest at 18% per annum from 30 June 2010 until the date of full settlement as well as cost was awarded to the Defendant. The Plaintiff has filed a Notice of Appeal against the Session Court's decision and the same is fixed for hearing on 26 February 2013. In furtherance of the judgment obtained against the Plaintiff, the Defendant has filed a Bankruptcy Notice against the Plaintiff to enforce the judgment obtained on 9 February 2012 and the same has been fixed for hearing on 30 October 2012. However, the Plaintiff has filed an application to strike out the Bankruptcy Notice which was also fixed for hearing on 30 October 2012. On 27 December 2012, the Court dismissed the Plaintiff's application to strike out the Bankruptcy Notice with cost and fixed the next case management on 25 February 2013 to monitor the Defendant's Creditor's Petition.

- (d) By a Summons dated 20 January 2010, the Government of Malaysia ("the Plaintiff") filed a suit against Timbang Makmur Sdn Bhd ("the Defendant") for the sum of RM1,812,217.00 together with interest at 8% thereon in relation to unpaid real property gains tax for the year 1998 for the acquisition of 500,000 shares in Mines Wonderland Sdn Bhd. Solicitors for the Defendant have filed the Memorandum of Appearance on 1 April 2010 and the Statement of Defence was filed on 14 April 2010. Subsequently, the Defendant's solicitors have filed the application to strike out the summons on 25 May 2010. The Court has on 24 May 2012 dismissed the Defendant's application with costs. The Plaintiff subsequently filed a Summary Judgment application in Court and the same is fixed for Case Management on 12 March 2013. The Court has directed both parties to exchange their respective written submission by the Case Management date and the hearing of the Summary Judgment application is fixed on 22 March 2013.

28. Dividend Payable

No dividend has been proposed for the current financial year under review and the previous corresponding financial year.

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29. Earnings Per Share

(a) Basic

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of RM24.6 million (31 Dec 2011: profit of RM23.7 million) over the number of 275,707,403 (31 Dec 2011: 275,707,403) ordinary shares issued during the current financial year under review.

(b) Diluted

Not applicable.

30. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 February 2013.

By Order of the Board

Lee Cheng Wen

Group Chief Executive Officer