



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Six Months Period Ended 30 June 2013

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR QUARTER 30-Jun-13 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-Jun-12 RM'000	CURRENT YEAR TO DATE 30-Jun-13 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-12 RM'000
Revenue	4	51,356	69,480	137,158	116,192
Cost of sales		(19,498)	(32,438)	(50,341)	(51,045)
Gross profit		31,858	37,042	86,817	65,147
Interest income		294	473	626	740
Other operating income		1,883	2,084	3,109	4,869
Selling and marketing expenses		(3,690)	(2,464)	(6,860)	(4,242)
Administrative expenses		(7,024)	(7,875)	(13,027)	(14,051)
Other operating expenses		(16,531)	(19,041)	(32,874)	(34,401)
Finance costs		(4,380)	(5,034)	(9,193)	(10,413)
Share of results of jointly controlled entity		(35)	-	(42)	-
Share of results of associate		-	118	4	(1)
Profit before tax		2,375	5,303	28,560	7,648
Income tax expense	19	(913)	(2,363)	(8,743)	(3,964)
Profit for the period		1,462	2,940	19,817	3,684
Other comprehensive income/(loss), net of tax					
Exchange differences on translating foreign operations		(49)	(10)	(92)	(10)
Transfer from revaluation reserve to retained earnings upon depreciation on revalued assets		(466)	(932)	(932)	(932)
Realisation of revaluation reserve to retained earnings upon depreciation on revalued assets		466	932	932	932
Other comprehensive loss for the period		(49)	(10)	(92)	(10)
Total comprehensive income for the period		1,413	2,930	19,725	3,674



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Profit/(loss) attributable to :					
Equity holders of the Company		1,576	3,056	20,507	4,398
Non-controlling interests		<u>(114)</u>	<u>(116)</u>	<u>(690)</u>	<u>(714)</u>
Profit for the period		<u><u>1,462</u></u>	<u><u>2,940</u></u>	<u><u>19,817</u></u>	<u><u>3,684</u></u>
Total comprehensive income/(loss) attributable to :					
Equity holders of the Company		1,527	3,046	20,415	4,388
Non-controlling interests		<u>(114)</u>	<u>(116)</u>	<u>(690)</u>	<u>(714)</u>
Total comprehensive income for the period		<u><u>1,413</u></u>	<u><u>2,930</u></u>	<u><u>19,725</u></u>	<u><u>3,674</u></u>
Earnings per share attributable to ordinary equity holders of the Company (sen):					
- Basic	29 (a)	0.57	1.11	7.44	1.60
- Diluted	29 (b)	NA	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 2012 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 30 JUNE 2013**

	Note	30-Jun-13 (Unaudited) RM'000	31-Dec-12 (Audited) RM'000
ASSETS			
Non-current assets			
Hotel properties and exhibition centre & showroom	9	326,656	328,737
Other property, plant and equipment	9	94,055	95,968
Property, plant and equipment		420,711	424,705
Investment properties	9	120,067	119,690
Prepaid land lease payments		333,345	335,498
Land held for property development		176,031	171,142
Investment in associate and jointly controlled entity		226	264
Available-for-sale financial assets		2,200	2,186
Long-term trade receivables		18,647	18,459
Deferred tax assets		4,542	6,020
		<u>1,075,769</u>	<u>1,077,964</u>
Current assets			
Property development costs		29,325	48,740
Inventories		121,381	128,242
Trade and other receivables		107,797	73,333
Tax recoverable		3,411	6,268
Cash and bank balances		26,943	63,334
		<u>288,857</u>	<u>319,917</u>
TOTAL ASSETS		<u>1,364,626</u>	<u>1,397,881</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		151,031	152,055
Retained earnings		291,551	270,112
Shareholders' equity		<u>775,540</u>	<u>755,125</u>
Non-controlling interests		27,121	27,811
Total equity		<u>802,661</u>	<u>782,936</u>
Non-current liabilities			
Borrowings	24	53,136	72,049
Long-term liabilities		3,756	3,757
Deferred Income		38,736	36,520
Deferred tax liabilities		81,804	82,120
		<u>177,432</u>	<u>194,446</u>
Current liabilities			
Borrowings	24	225,386	244,934
Trade and other payables		103,245	121,506
Tax liabilities		54,820	52,945
Deferred Income		1,082	1,114
		<u>384,533</u>	<u>420,499</u>
Total Liabilities		<u>561,965</u>	<u>614,945</u>
TOTAL EQUITY AND LIABILITIES		<u>1,364,626</u>	<u>1,397,881</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.81	2.74

(The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 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 Six Months Period Ended 30 June 2013**

	Attributable to Equity Holders of the Company				Non-Controlling Interests	Total Equity
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Earnings RM'000		
At 1 January 2013	275,707	57,251	152,055	270,112	27,811	782,936
Profit / (loss) for the period	-	-	-	20,507	(690)	19,817
Other comprehensive income/(loss)	-	-	(1,024)	932	-	(92)
Total comprehensive income/(loss)	-	-	(1,024)	21,439	(690)	19,725
At 30 June 2013	275,707	57,251	151,031	291,551	27,121	802,661
At 1 January 2012	275,707	57,251	154,737	242,995	27,307	757,997
Profit / (loss) for the period	-	-	-	4,398	(714)	3,684
Other comprehensive income/(loss)	-	-	(942)	932	-	(10)
Total comprehensive income/(loss)	-	-	(942)	5,330	(714)	3,674
At 30 June 2012	275,707	57,251	153,795	248,325	26,593	761,671

(The Unaudited Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements)





COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Period Ended 30 June 2013

	CURRENT YEAR TO DATE 30-Jun-13 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-12 RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Profit before tax	28,560	7,648
Adjustments for:		
Allowance for doubtful debts	4,033	1,241
Allowance for doubtful debts written back	(82)	(796)
Amortisation of deferred income	(607)	(575)
Amortisation of prepaid land lease payment	2,153	2,153
Bad debts written off	779	3,891
Depreciation of hotel properties and exhibition centre & showroom	2,081	2,081
Depreciation of other property, plant and equipment	3,412	3,113
Gain on disposal of other property, plant and equipment	(195)	(58)
Impairment losses / (gain) in value of other investments	(14)	44
Interest expense	9,193	10,413
Interest income	(626)	(740)
Net foreign exchange loss	1	-
Other property, plant & equipment written off	2	7
Share of results of associate and jointly controlled entity	39	1
Operating profit before working capital changes	48,729	28,423
Changes in working capital:		
Inventories	6,860	7,686
Property development costs	14,526	2,472
Receivables	(39,383)	(15,088)
Deferred income	2,790	2,435
Payables	(18,926)	(2,847)
Cash generated from operations	14,596	23,081
Tax paid	(2,881)	(2,128)
Interest paid	(8,018)	(9,590)
Net cash generated from operating activities	3,697	11,363



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Period Ended 30 June 2013

	CURRENT YEAR TO DATE 30-Jun-13 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-12 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of other property, plant and equipment	(867)	(3,927)
Expenditure on investment properties	(414)	(421)
Proceeds from disposal of other property, plant & equipment	203	59
Interest received	626	740
Net cash used in investing activities	(452)	(3,549)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of short term revolving credit	30,000	-
Drawdown of term loan	2,314	2,671
Hire purchase and lease creditors	(152)	(251)
Repayment of Bank Guaranteed Commercial Paper / Medium Term Notes	(49,757)	-
Repayment of revolving credits	(3,600)	(3,600)
Repayment of term loans	(18,144)	(12,644)
Net cash used in financing activities	(39,339)	(13,824)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(36,094)	(6,010)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	61,455	50,417
CASH AND CASH EQUIVALENTS AT END OF PERIOD	25,361	44,407
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	26,943	47,035
Bank overdrafts	(1,582)	(2,628)
	25,361	44,407

(The Unaudited Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 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 2012. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2012.

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 2012, 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 March 2012

FRS 7 Financial Instruments: Disclosures [Amendments relating to Mandatory Effective Date of MFRS 9 (IFRS 9 issued by IASB in November 2009), FRS 9 (IFRS 9 issued by IASB in October 2010) and Transition Disclosures]

1 July 2012

FRS 101 Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income)

1 January 2013

FRS 7 Financial Instruments: Disclosures [Amendments relating to Disclosure – Offsetting Financial Assets and Liabilities]

FRS 10 Consolidated Financial Statements

FRS 10 Consolidated Financial Statements (Amendments relating to Transition Guidance)



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

2. Significant Accounting Policies (Cont'd.)

FRS 11	Joint Arrangements
FRS 11	Joint Arrangements (Amendments relating to Transition Guidance)
FRS 12	Disclosure of Interest in Other Entities
FRS 12	Disclosure of Interest in Other Entities (Amendments relating to Transition Guidance)
FRS 13	Fair Value Measurements
FRS 116	Property, Plant and Equipment (Classification of servicing equipment)
FRS 119	Employee Benefits (2011)
FRS 127	Separate Financial Statements (2011)
FRS 128	Investment in Associates and Joint Ventures
FRS 134	Interim Financial Reporting

On 19 November, 2011, the Malaysian Accounting Standards Board ("MASB") has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework"), a fully-IFRS compliant framework. Entities other than private entities shall apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception of Transitioning Entities ("TEs")

TEs, being entities within the scope of MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for the Construction of Real Estate*, including its parents, significant investors and ventures were given a transitional period of two years, within which the MFRS Framework is mandatory to be adopted by the TEs. Following the announcement by MASB on 7 August 2013, the transitional period for TEs has been extended for an additional year. Therefore, the mandatory adoption date of the MFRS Framework for TEs has been extended from annual periods beginning on or after 1 January 2014 to annual periods beginning on or after 1 January 2015.



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

2. Significant Accounting Policies (Cont'd.)

The Group and the Company being TEs have availed themselves of this transitional arrangement and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group and the Company will be required to apply MFRS 1 First-time Adoption of Malaysian Financial Reporting Standard ("MFRS 1") in their financial statements for the financial year ending 31 December, 2015, 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 2012 Financial Statements

The auditors' report on the financial statements of the Group for the financial year ended 31 December 2012 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 30 June 2013	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	20,860	5,279	24,419	798	51,356
Results					
Segment results	5,799	1,577	1,163	(1,749)	6,790
Finance costs					(4,380)
Share of results of jointly controlled entity					(35)
Profit before tax					2,375
Income tax expense					(913)
Profit after tax					1,462
Non-controlling interests					114
Profit for the period					1,576
Quarter Ended 30 June 2012					
Revenue					
External sales	36,738	6,039	26,045	658	69,480
Results					
Segment results	10,764	483	789	(1,817)	10,219
Finance costs					(5,034)
Share of results of associate					118
Profit before tax					5,303
Income tax expense					(2,363)
Profit after tax					2,940
Non-controlling interests					116
Profit for the period					3,056



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

Period Ended 30 June 2013	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	81,576	9,026	44,926	1,630	137,158
Results					
Segment results	38,641	1,381	652	(2,883)	37,791
Finance costs					(9,193)
Share of results of associate					4
Share of results of jointly controlled entity					(42)
Profit before tax					28,560
Income tax expense					(8,743)
Profit after tax					19,817
Non-controlling interests					690
Profit for the year					20,507
Period Ended 30 June 2012					
	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	56,691	9,967	48,257	1,277	116,192
Results					
Segment results	18,913	644	1,604	(3,099)	18,062
Finance costs					(10,413)
Share of results of associate					(1)
Profit before tax					7,648
Income tax expense					(3,964)
Profit after tax					3,684
Non-controlling interests					714
Profit for the year					4,398



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 2012.

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.

12. Capital Commitments

There were no material changes in capital commitments since the last audited Statement of Financial Position as at 31 December 2012.

13. Contingent Liabilities / Assets

There are no material contingent liabilities since the last audited Statement of Financial Position as at 31 December 2012 except as disclosed in Note 27 (a) to (c). 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 has 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) 2nd Quarter 2013 vs 2nd Quarter 2012

Total Group recorded a revenue of RM51.4 million for the second quarter ended 30 June 2013 as compared to RM69.5 million in the previous year corresponding quarter. The decrease was mainly due to absence of stock clearance in property sales for that was evident in the previous year's corresponding quarter.

Corresponding with the revenue, profit before tax for the current quarter was RM2.4 million compared to RM5.3 million in the previous year corresponding quarter.

Property Development Division

Revenue for the second quarter of 2013 for the division was RM20.9 million as compared to RM36.7 million in the same quarter for 2012. The revenue in 2012 was mainly due to sales of inventory at Country Heights Kajang and The Mines Bungalow lots, and the recognition of work completion for Belleza Homes Phase 1 for that quarter. Consequently, the division recorded segment profits of RM5.8 million for the current quarter under review in comparison with segment profits of RM10.8 million for the second quarter of 2012.

Property Investment Division

The revenue for the Property Investment Division was RM5.3 million compared to RM6.0 million for the second quarter of 2012. However, RM1.6 million segment profit was recorded for the second quarter of 2013 as compared to segment profit of RM0.5 million for the same quarter of 2012 mainly due to bad debts recovered and implementation of cost control measures.

Hospitality & Health Division

Hospitality & Health Division contributed RM24.4 million of revenue as compared to RM26.0 million in the second quarter of 2012, a reduction of RM1.6 million. This was mainly due to lower revenue from the hotel and timeshare membership businesses. However, RM1.2 million of segment profit was recorded as compared to segment profit of RM0.8 million in the same quarter of 2012 arising from better cost efficiencies.



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 its Education subsidiary, Country Heights Education Sdn Bhd. Total revenue of RM0.8 million was contributed by this subsidiary in the second quarter of 2013 compared to RM0.7 million for the second quarter of 2012. The segment loss for the second quarter 2013 was RM1.7 million, consistent with the RM1.8 million segment loss reported for the same quarter of 2012.

(b) 1H 2013 vs 1H 2012

Total Group revenue for the first half of 2013 increased by 18% to RM137.2 million as compared to RM116.2 million for the same period in 2012. The above increase was mainly due to the overall higher revenue recorded by the Property Development Division.

Group profit before tax for the first half of current year was RM28.6 million as compared to RM7.6 million in the same period preceding year mainly contributed by the increase in revenue.

Property Development Division

Total revenue contributed by the Property Development Division in the first half of 2013 was RM81.6 million as compared to RM56.7 million for the same period in the preceding year. This was mainly due to recognition of land sale in Country Heights Damansara and the higher sales of Cyber Heights Villa, Cyberjaya and Country Villa, Kajang. As such, a higher segment profit of RM38.6 million was recorded in the first half of current year as compared to RM18.9 million for the same period of the preceding year.

Property Investment Division

Total revenue from the Property Investment Division was RM9.0 million as compared to RM10.0 million in the preceding year. This is mainly due to a lower contribution from exhibition hall rental. Segment profit for the first half of the current year was RM1.4 million as compared to RM0.6 million for the preceding year due to improvement in gross profit margin and the implementation of cost control measures.



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) 1H 2013 vs 1H 2012 (Cont'd)

Hospitality & Health Division

Hospitality & Health Division contributed RM44.9 million of revenue in the first half of the current year as compared to RM48.3 million in the same period of the preceding year mainly due to a lower contribution from timeshare membership revenue. Segment profit of RM0.7 million was recorded for the current year as compared to RM1.6 million in the preceding year mainly due to the lower revenue recorded.

Others

Total RM1.6 million of revenue was contributed by the other subsidiaries in the first half of the current year as compared to the same period of the preceding year of RM1.3 million. Segment loss was RM2.9 million for the current year as compared to segment loss of RM3.1 million in the preceding year.

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

The Group's revenue for the second quarter of 2013 was lower at RM51.4 million as compared to the preceding quarter ended 31 March 2013 of RM85.8 million, mainly due to higher revenue recorded for the Property Development Division in the first quarter of 2013 contributed by the recognition of land sale at Country Heights Damansara.

17. Commentary on Prospects

For the first quarter of 2013, the Malaysian economy grew by 4.1%. 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 (ETP) and Budget 2013 has given support to private investment and helped spur economic growth. 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 are however causes for concern as these could dampen sentiments and affect demand in certain sectors.



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 (Cont'd)

The Property Development Division has a series of exciting projects in the pipeline for launching in 2013 and 2014, especially within the Mines Resort City, which is poised to transform into Malaysia's premier Wellness City under the government's ETP. Other new developments are currently at various stages of planning in Cyber Heights, Cyberjaya and Kolej Heights Utara.

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.

Mines Global Holidays Sdn Bhd is also working in close collaboration with its Korean partner to promote golf and medical tourism and leisure packages to South Korean and other foreign tourists which will boost their arrival to Malaysia.

18. Variance on Profit Forecast / Profit Guarantee

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

19. Income Tax Expense

	Quarter ended	
	30-Jun-13	30-Jun-12
	RM'000	RM'000
Income tax:		
- current year	(7,616)	(3,702)
- over provision	4	1
Deferred tax	(1,131)	(263)
	<u>(8,743)</u>	<u>(3,964)</u>

The effective tax rate of the Group for the current period and last year same period was higher than the applicable rate mainly due to deferred tax assets not recognized and certain expenses not deductible for tax purpose.



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

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):

	Quarter ended	
	30-Jun-13 RM'000	30-Jun-12 RM'000
Depreciation and amortisation	7,646	7,347
Allowance for and write off of receivables	4,812	5,132
Impairment losses/(gain) in value of other investments	(14)	44
Net unrealised foreign exchange loss	1	-

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

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.



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

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	1,582	-	1,582
Term loan	125,305	51,558	176,863
Revolving Credits	30,000	-	30,000
Total secured borrowings	156,887	51,558	208,445
Unsecured			
Term loan	54,420	-	54,420
Revolving credits	13,800	800	14,600
Hire purchase & lease creditors	279	778	1,057
Total unsecured borrowings	68,499	1,578	70,077
Comprising:			
Local borrowings	225,386	53,136	278,522
Foreign borrowings	-	-	-
Total borrowings	225,386	53,136	278,522

All borrowings are denominated in Ringgit Malaysia unless indicated otherwise.

25. Disclosure requirements pursuant to implementation of FRS 139

(a) Disclosure of Derivatives

There are no outstanding derivatives as at 30 June 2013 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 30- Jun- 13 RM'000	As at 31-Dec -12 RM'000
Total retained earnings / (accumulated losses) of the Company and its subsidiaries:		
- Realised	491,894	468,752
- Unrealised	(83,756)	(78,162)
	408,138	390,590
Total share of retained earnings / (accumulated losses) from associate:		
- Realised	(37)	(41)
Total share of accumulated losses from jointly controlled entity:		
- Realised	(44)	(36)
	408,057	390,513
Less: Consolidated adjustments	(116,506)	(120,401)
Total group retained earnings as per consolidated accounts	291,551	270,112



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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 13 August 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. Subsequently a Summons dated 16 April 2009 was filed against the Defendants. The Plaintiff's suit against the 1st Defendant was earlier struck out and the trial against the 2nd Defendant proceeded on 7, 8 and 9 January 2013. On 7 March 2013, the court dismissed the Plaintiff's claims against the 2nd Defendant and awarded costs in the sum of RM35,000.00. The Plaintiff has on 1 April 2013 filed a Notice of Appeal against the decision of the High Court to dismiss their claim against the 2nd Defendant and ordering costs in the sum of RM35,000.00. Solicitors for the 2nd Defendant have on 14 June 2013 received payment for the costs. No date has been fixed for hearing of the appeal.
- (b) By a summons dated 20 January 2010, the Government of Malaysia ("Plaintiff") 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



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27. Material Litigation (Cont'd.)

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 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. The hearing date for CHHB's appeal which was set for 17 July 2013 was vacated pending the decision of CHHB's appeal to the Special Commissioner of Income Tax and the matter has now been set for case management on 10 September 2013. On 13 February 2013, CHHB filed an Application for Stay of Execution of the judgment obtained by the Plaintiff which has been fixed for mention on 22 August 2013. 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 instructed the Plaintiff to file their written submission by 23 January 2013 and CHHB to file the written submission by 25 February 2013 which has been done.



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- (c) 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 14 May 2013. The Court has directed the parties to file written submission for Summary Judgment application by 14 May 2013 and the hearing is fixed for 25 September 2013 and for case management on 30 September 2013.

28. Dividend Payable

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

29. Earnings Per Share

(a) Basic

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of RM20.5 million (30 June 2012: profit of RM4.4 million) over the number of 275,707,403 (30 June 2012: 275,707,403) ordinary shares issued during the current financial year under review.

(b) Diluted

Not applicable.



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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 21 August 2013.

By Order of the Board

Lee Cheng Wen

Group Chief Executive Officer