



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Nine Months Period Ended 30 Sept 2013

| | Note | INDIVIDUAL QUARTER | | CUMULATIVE QUARTERS | |
|--|------|--|---|--|--|
| | | CURRENT YEAR QUARTER 30-Sep-13 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 30-Sep-12 RM'000 | CURRENT YEAR TO DATE 30-Sep-13 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-12 RM'000 |
| Revenue | 4 | 49,285 | 58,756 | 186,443 | 174,948 |
| Cost of sales | | (21,949) | (27,124) | (72,290) | (78,169) |
| Gross profit | | 27,336 | 31,632 | 114,153 | 96,779 |
| Interest income | | 160 | 60 | 786 | 800 |
| Other operating income | | 2,907 | 2,151 | 6,016 | 7,020 |
| Selling and marketing expenses | | (2,654) | (2,644) | (9,514) | (6,886) |
| Administrative expenses | | (7,317) | (7,235) | (20,344) | (21,286) |
| Other operating expenses | | (16,249) | (15,981) | (49,123) | (50,383) |
| Finance costs | | (3,001) | (5,057) | (12,194) | (15,470) |
| Share of results of jointly controlled entity | | (60) | - | (102) | - |
| Share of results of associate | | (4) | (75) | - | (76) |
| Profit before tax | | 1,118 | 2,851 | 29,678 | 10,498 |
| Income tax expense | 19 | (74) | (2,302) | (8,817) | (6,266) |
| Profit for the period | | 1,044 | 549 | 20,861 | 4,232 |
| Other comprehensive income/(loss), net of tax | | | | | |
| Exchange differences on translating foreign operations | | (62) | 12 | (154) | 2 |
| Transfer from revaluation reserve to retained earnings upon depreciation on revalued assets | | (466) | (466) | (1,398) | (1,398) |
| Realisation of revaluation reserve to retained earnings upon depreciation on revalued assets | | 466 | 466 | 1,398 | 1,398 |
| Other comprehensive income/ (loss) for the period | | (62) | 12 | (154) | 2 |
| Total comprehensive income for the period | | 982 | 561 | 20,707 | 4,234 |



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Nine Months Period Ended 30 Sept 2013

| | Note | INDIVIDUAL QUARTER | | CUMULATIVE QUARTERS | |
|---|--------|--|---|--|--|
| | | CURRENT YEAR QUARTER 30-Sep-13 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 30-Sep-12 RM'000 | CURRENT YEAR TO DATE 30-Sep-13 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-12 RM'000 |
| Profit/(loss) attributable to : | | | | | |
| Equity holders of the Company | | 1,273 | 953 | 21,780 | 5,350 |
| Non-controlling interests | | <u>(229)</u> | <u>(404)</u> | <u>(919)</u> | <u>(1,118)</u> |
| Profit for the period | | <u><u>1,044</u></u> | <u><u>549</u></u> | <u><u>20,861</u></u> | <u><u>4,232</u></u> |
| Total comprehensive income/(loss) attributable to : | | | | | |
| Equity holders of the Company | | 1,211 | 965 | 21,626 | 5,352 |
| Non-controlling interests | | <u>(229)</u> | <u>(404)</u> | <u>(919)</u> | <u>(1,118)</u> |
| Total comprehensive income for the period | | <u><u>982</u></u> | <u><u>561</u></u> | <u><u>20,707</u></u> | <u><u>4,234</u></u> |
| Earnings per share attributable to ordinary equity holders of the Company (sen): | | | | | |
| - Basic | 29 (a) | 0.46 | 0.35 | 7.90 | 1.94 |
| - 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 SEPT 2013**

| | Note | 30-Sep-13 (Unaudited) RM'000 | 31-Dec-12 (Audited) RM'000 |
|--|------|------------------------------------|----------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Hotel properties and exhibition centre & showroom | 9 | 325,616 | 328,737 |
| Other property, plant and equipment | 9 | 92,901 | 95,968 |
| Property, plant and equipment | | <u>418,517</u> | <u>424,705</u> |
| Investment properties | 9 | 120,067 | 119,690 |
| Prepaid land lease payments | | 332,289 | 335,498 |
| Land held for property development | | 155,364 | 171,142 |
| Investment in associate and jointly controlled entity | | 163 | 264 |
| Available-for-sale financial assets | | 2,197 | 2,186 |
| Long-term trade receivables | | 25,143 | 18,459 |
| Deferred tax assets | | 4,542 | 6,020 |
| | | <u>1,058,282</u> | <u>1,077,964</u> |
| Current assets | | | |
| Property development costs | | 39,642 | 48,740 |
| Inventories | | 118,530 | 128,242 |
| Trade and other receivables | | 106,585 | 73,333 |
| Tax recoverable | | 3,541 | 6,268 |
| Cash and bank balances | | 36,397 | 63,334 |
| | | <u>304,695</u> | <u>319,917</u> |
| TOTAL ASSETS | | <u>1,362,977</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 | | 150,503 | 152,055 |
| Retained earnings | | 293,290 | 270,112 |
| Shareholders' equity | | <u>776,751</u> | <u>755,125</u> |
| Non-controlling interests | | 26,892 | 27,811 |
| Total equity | | <u>803,643</u> | <u>782,936</u> |
| Non-current liabilities | | | |
| Borrowings | 24 | 40,974 | 72,049 |
| Long-term liabilities | | 3,756 | 3,757 |
| Deferred Income | | 39,164 | 36,520 |
| Deferred tax liabilities | | 81,377 | 82,120 |
| | | <u>165,271</u> | <u>194,446</u> |
| Current liabilities | | | |
| Borrowings | 24 | 226,091 | 244,934 |
| Trade and other payables | | 114,708 | 121,506 |
| Tax liabilities | | 52,182 | 52,945 |
| Deferred Income | | 1,082 | 1,114 |
| | | <u>394,063</u> | <u>420,499</u> |
| Total Liabilities | | <u>559,334</u> | <u>614,945</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>1,362,977</u> | <u>1,397,881</u> |
| Net assets per share attributable to ordinary equity holders of the Company (RM) | | 2.82 | 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 Nine Months Period Ended 30 Sept 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 | Distributable 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 | - | - | - | 21,780 | (919) | 20,861 |
| Other comprehensive income/(loss) | - | - | (1,552) | 1,398 | - | (154) |
| Total comprehensive income/(loss) | - | - | (1,552) | 23,178 | (919) | 20,707 |
| At 30 Sept 2013 | 275,707 | 57,251 | 150,503 | 293,290 | 26,892 | 803,643 |
| At 1 January 2012 | 275,707 | 57,251 | 154,737 | 242,995 | 27,307 | 757,997 |
| Profit / (loss) for the period | - | - | - | 5,350 | (1,118) | 4,232 |
| Other comprehensive income/(loss) | - | - | (1,397) | 1,397 | - | - |
| Total comprehensive income/(loss) | - | - | (1,397) | 6,747 | (1,118) | 4,232 |
| At 30 Sept 2012 | 275,707 | 57,251 | 153,340 | 249,742 | 26,189 | 762,229 |

(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 Nine Months Period Ended 30 Sept 2013

| | CURRENT YEAR TO DATE 30-Sep-13 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-12 RM'000 |
|---|--|---|
| CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES | | |
| Profit before tax | 29,678 | 10,498 |
| Adjustments for: | | |
| Allowance for doubtful debts | 5,895 | 2,587 |
| Allowance for doubtful debts written back | (421) | (796) |
| Amortisation of deferred income | (886) | (842) |
| Amortisation of prepaid land lease payment | 3,230 | 3,230 |
| Bad debts written off | 1,132 | 4,349 |
| Depreciation of hotel properties and exhibition centre & showroom | 3,121 | 3,122 |
| Depreciation of other property, plant and equipment | 4,909 | 4,905 |
| Gain on disposal of other property, plant and equipment | (258) | (61) |
| Impairment losses / (gain) in value of other investments | (11) | 59 |
| Interest expense | 12,194 | 15,470 |
| Interest income | (786) | (800) |
| Net foreign exchange loss | 1 | - |
| Other property, plant & equipment written off | 2 | 7 |
| Share of results of associate and jointly controlled entity | 102 | 76 |
| Operating profit before working capital changes | 57,902 | 41,804 |
| Changes in working capital: | | |
| Inventories | 9,711 | 25,928 |
| Property development costs | 24,876 | (509) |
| Receivables | (46,544) | (42,309) |
| Deferred income | 3,498 | 3,192 |
| Payables | (7,417) | 7,912 |
| Cash generated from operations | 42,026 | 36,018 |
| Tax paid | (6,119) | (2,018) |
| Interest paid | (11,265) | (12,949) |
| Net cash generated from operating activities | 24,642 | 21,051 |



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Nine Months Period Ended 30 Sept 2013

| | CURRENT YEAR TO DATE 30-Sep-13 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-12 RM'000 |
|---|--|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of other property, plant and equipment | (1,234) | (10,966) |
| Expenditure on hotel properties and exhibition centre & showroom | - | (19) |
| Expenditure on investment properties | (414) | (498) |
| Expenditure on prepaid land lease payments | (21) | - |
| Proceeds from disposal of other property, plant & equipment | 283 | 64 |
| Interest received | 786 | 800 |
| Net cash used in investing activities | (600) | (10,619) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Drawdown of short term revolving credit | 30,000 | - |
| Drawdown of term loan | 2,314 | 20,540 |
| Hire purchase and lease creditors | (242) | (345) |
| Repayment of Bank Guaranteed Commercial Paper / Medium Term Notes | (49,757) | 4 |
| Repayment of revolving credits | (5,400) | (5,400) |
| Repayment of term loans | (27,966) | (18,965) |
| Net cash used in financing activities | (51,051) | (4,166) |
| NET MOVEMENT IN CASH AND CASH EQUIVALENTS | (27,009) | 6,266 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 61,455 | 50,417 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 34,446 | 56,683 |
| ANALYSIS OF CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 36,397 | 59,100 |
| Bank overdrafts | (1,951) | (2,417) |
| | 34,446 | 56,683 |

(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 Sep 2013 | Property Development RM'000 | Property Investment RM'000 | Hospitality, Health & Tourism RM'000 | Others RM'000 | Consolidated RM'000 |
|---|-----------------------------------|----------------------------------|---|------------------|------------------------|
| Revenue | | | | | |
| External sales | 19,294 | 4,891 | 24,503 | 597 | 49,285 |
| Results | | | | | |
| Segment results | 5,123 | 406 | 869 | (2,215) | 4,183 |
| Finance costs | | | | | (3,001) |
| Share of results of associate | | | | | (4) |
| Share of results of jointly controlled entity | | | | | (60) |
| Profit before tax | | | | | 1,118 |
| Income tax expense | | | | | (74) |
| Profit after tax | | | | | 1,044 |
| Non-controlling interests | | | | | 229 |
| Profit for the period | | | | | 1,273 |

| Quarter Ended 30 Sep 2012 | Property Development RM'000 | Property Investment RM'000 | Hospitality Health & Tourism RM'000 | Others RM'000 | Consolidated RM'000 |
|-------------------------------|-----------------------------------|----------------------------------|--|------------------|------------------------|
| Revenue | | | | | |
| External sales | 28,040 | 4,531 | 25,564 | 621 | 58,756 |
| Results | | | | | |
| Segment results | 5,582 | 245 | 2,906 | (750) | 7,983 |
| Finance costs | | | | | (5,057) |
| Share of results of associate | | | | | (75) |
| Profit before tax | | | | | 2,851 |
| Income tax expense | | | | | (2,302) |
| Profit after tax | | | | | 549 |
| Non-controlling interests | | | | | 404 |
| Profit for the period | | | | | 953 |



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

| Period Ended 30 Sep 2013 | Property | Property | Hospitality | Others | Consolidated |
|---|-------------|------------|------------------|---------|--------------|
| | Development | Investment | Health & Tourism | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | | | | |
| External sales | 100,870 | 13,917 | 69,429 | 2,227 | 186,443 |
| Results | | | | | |
| Segment results | 43,764 | 1,787 | 1,521 | (5,098) | 41,974 |
| Finance costs | | | | | (12,194) |
| Share of results of associate | | | | | - |
| Share of results of jointly controlled entity | | | | | (102) |
| Profit before tax | | | | | 29,678 |
| Income tax expense | | | | | (8,817) |
| Profit after tax | | | | | 20,861 |
| Non-controlling interests | | | | | 919 |
| Profit for the year | | | | | 21,780 |

| Period Ended 30 Sep 2012 | Property | Property | Hospitality | Others | Consolidated |
|-------------------------------|-------------|------------|------------------|---------|--------------|
| | Development | Investment | Health & Tourism | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | | | | |
| External sales | 84,731 | 14,498 | 73,821 | 1,898 | 174,948 |
| Results | | | | | |
| Segment results | 24,495 | 889 | 4,510 | (3,850) | 26,044 |
| Finance costs | | | | | (15,470) |
| Share of results of associate | | | | (1) | (76) |
| Profit before tax | | | | | 10,498 |
| Income tax expense | | | | | (6,266) |
| Profit after tax | | | | | 4,232 |
| Non-controlling interests | | | | | 1,118 |
| Profit for the year | | | | | 5,350 |



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) 3rd Quarter 2013 vs 3rd Quarter 2012

Total Group recorded a revenue of RM49.3 million for the third quarter ended 30 September 2013 as compared to RM58.8 million in the previous year corresponding quarter. The difference was mainly due to absence of stock clearance in property sales that was evident in the previous year's corresponding quarter.

Corresponding with the revenue, profit before tax for the current quarter was RM1.1 million compared to RM2.9 million in the previous year corresponding quarter.

Property Development Division

Revenue for the third quarter of 2013 for the division was RM19.3 million as compared to RM28.0 million in the same quarter for 2012. The revenue in 2012 was mainly due to sales of inventories at Country Heights Damansara and the recognition of work completion for Belleza Garden Homes Phase 1 for that quarter. Consequently, the division recorded segment profits of RM5.1 million for the current quarter under review in comparison with segment profits of RM5.6 million for the third quarter of 2012.

Hospitality, Health & Tourism Division

Hospitality, Health & Tourism Division contributed RM24.5 million of revenue as compared to RM25.6 million in the third quarter of 2012. This was mainly due to slower health and timeshare membership sales. Consequently, segment profit for the current quarter of RM0.9 million was slightly lower compared to segment profit of RM2.9 million in the same quarter of 2012.

Property Investment Division

The revenue for the Property Investment Division was RM4.9 million compared to RM4.5 million for the third quarter of 2012. Accordingly, higher segment profit of RM0.4 million was recorded for the third quarter of 2013 as compared to segment profit of RM0.2 million for the same quarter of 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. Operating Segment Review (Cont'd)

Others

This mainly comprised of Country Heights Holdings Berhad ("CHHB") and its Education subsidiary, Country Heights Education Sdn Bhd. Total revenue of RM0.6 million was contributed by this subsidiary in the third quarter of 2013 consistent with RM0.6 million for the third quarter of 2012. The segment loss for the third quarter 2013 was RM2.2 million compared with the RM0.8 million segment loss reported for the same quarter of 2012 due to higher professional fees and legal fees incurred by CHHB.

(b) YTD Sept 2013 vs YTD Sept 2012

Total Group revenue for the period ended 30 September 2013 increased by 6.6% to RM186.4 million as compared to RM174.9 million for the same period in 2012. The above increase was mainly due to the higher revenue recorded by the Property Development Division.

Overall, group profit before tax for the current year to date is higher at RM29.7 million as compared to RM10.5 million in the same period preceding year mainly contributed by the increase in revenue and lower finance cost.

Property Development Division

Total revenue contributed by the Property Development Division for the period ended 30 September 2013 was RM100.9 million, compared to RM84.7 million for the same period in the preceding year. The higher revenue is contributed by the recognition on sale of bungalow land in Country Heights Damansara and the higher sales of inventories in Cyber Heights Villa, Cyberjaya and Country Villa, Kajang. This gave rise to a higher segment profit of RM43.8 million in current period, compared to RM24.5 million for the same period of the preceding year.

Hospitality, Health & Tourism Division

Hospitality, Health & Tourism Division recorded RM69.4 million of revenue in the current year period ended 30 September 2013, compared to RM73.8 million in the same period of the preceding year, mainly due to lower contribution from the hotel and timeshare membership operations. As a result of the lower revenue, segment profit for the current period was RM1.5 million compared to RM4.5 million in the preceding year.



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 (Cont'd)

Property Investment Division

Total revenue from the Property Investment Division was RM13.9 million, compared to RM14.5 million in the same period of preceding year. This is mainly due to a lower contribution from exhibition hall rental. However, segment profit for the current period was RM1.8 million, compared to RM0.9 million for the preceding year, mainly due to improvement in gross profit margin.

Others

Total revenue of RM2.2 million was contributed by the other subsidiaries in the nine months period of the current year, compared to RM1.9 million for the same period of the preceding year. Segment loss was RM5.1 million for the current year, compared to segment loss of RM3.9 million in the preceding year, mainly due to higher professional fees and legal fees incurred by CHHB.

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

The Group's revenue for the third quarter of 2013 was lower at RM49.3 million as compared to the preceding quarter ended 30 June 2013 of RM51.4 million, mainly due to higher revenue recorded for the Property Development Division in the second quarter of 2013.

17. Commentary on Prospects

For the third quarter of 2013, the Malaysian economy grew by 5%. 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 provided support to private investment and helped spur economic growth. The Group is confident that its core activities of Property Development, Property Investment and Hospitality, Health & Tourism 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, Kolej Heights Utara, College Heights Garden Resort and Borneo Heights.

The Group expects to see further growth in the Hospitality, Health & Tourism 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

| | 9 months ended | |
|----------------------------|-----------------------|------------------|
| | 30-Sep-13 | 30-Sep-12 |
| | RM'000 | RM'000 |
| Income tax: | | |
| - current year | (8,598) | (5,754) |
| - over / (under) provision | 515 | (563) |
| Deferred tax | (734) | 51 |
| | <u>(8,817)</u> | <u>(6,266)</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):

| | 9 months ended | |
|--|---------------------|---------------------|
| | 30-Sep-13 RM'000 | 30-Sep-12 RM'000 |
| Depreciation and amortisation | 11,260 | 11,257 |
| Allowance for and write off of receivables | 7,027 | 6,936 |
| Impairment losses/(gain) in value of other investments | (11) | 59 |
| 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 | 1,951 | - | 1,951 |
| Term loan | 126,420 | 40,248 | 166,668 |
| Revolving Credits | 30,000 | - | 30,000 |
| Total secured borrowings | 158,371 | 40,248 | 198,619 |
| Unsecured | | | |
| Term loan | 54,679 | - | 54,679 |
| Revolving credits | 12,800 | - | 12,800 |
| Hire purchase & lease creditors | 241 | 726 | 967 |
| Total unsecured borrowings | 67,720 | 726 | 68,446 |
| Comprising: | | | |
| Local borrowings | 226,091 | 40,974 | 267,065 |
| Foreign borrowings | - | - | - |
| Total borrowings | 226,091 | 40,974 | 267,065 |

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 September 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.



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

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- Sept- 13 RM'000 | As at 31-Dec -12 RM'000 |
|--|--|--|
| Total retained earnings / (accumulated losses) of the Company and its subsidiaries: | | |
| - Realised | 494,039 | 468,752 |
| - Unrealised | <u>(83,622)</u> | <u>(78,162)</u> |
| | 410,417 | 390,590 |
| Total share of retained earnings / (accumulated losses) from associate: | | |
| - Realised | (41) | (41) |
| Total share of accumulated losses from jointly controlled entity: | | |
| - Realised | (103) | (36) |
| | <u>410,273</u> | <u>390,513</u> |
| Less: Consolidated adjustments | (116,983) | (120,401) |
| Total group retained earnings as per consolidated accounts | <u>293,290</u> | <u>270,112</u> |



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

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 12 November 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.



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

27. Material Litigation (Cont'd.)

The Plaintiff filed a Summary Judgement 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 Judgement with cost. On 24 December 2012, CHHB has filed a Notice of Appeal against the High Court's decision. The Appeal is now fixed for hearing on 5 December 2013. On 13 February 2013, CHHB filed an Application for Stay of Execution of judgement obtained by the Plaintiff which has been fixed for case management on 12 December 2013.

Meanwhile, an appeal was also lodged against the raising of the said taxes by way of a Form Q before the Special Commission 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. On 21 August 2013, the Special Commissioner of Income Tax held that CHHB's appeal on the assessment for Year of Assessment 1999 for the sum of RM3,378,256.23 was allowed and the notice of assessment for Year of Assessment 1999 has been discharged. CHHB has on 9 October 2013 filed a Notice of Appeal to the High Court in relation to the decision rendered by the Special Commission on CHHB's appeal for Year of Assessment 1993 and 1998. In the event that the aforesaid appeal is determined in favour of the Inland Revenue Board, CHHB is in possession of a tax retention sum amounting to RM11,214,000.00 which can be used to settle the claim. The balance of RM8,025,055.26 would need to be paid by CHHB.

- (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.



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

27. Material Litigation (Cont'd.)

The Plaintiff subsequently filed a Summary Judgment application and on 7 November 2013, the Court dismissed the application with costs. The next case management has been fixed on 16 January 2014 and trial on 9 and 10 June 2014.

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 RM21.8 million (30 September 2012: profit of RM5.4 million) over the number of 275,707,403 (30 September 2012: 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 19 November 2013.

By Order of the Board

Lee Cheng Wen

Group Chief Executive Officer