



**COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
For the Year Ended 31 Dec 2013

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR QUARTER 31-Dec-13 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-12 RM'000	CURRENT YEAR TO DATE 31-Dec-13 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-12 RM'000
Revenue	4	76,512	78,768	262,955	253,716
Cost of sales		<u>(26,262)</u>	<u>(23,390)</u>	<u>(98,552)</u>	<u>(101,559)</u>
Gross profit		50,250	55,378	164,403	152,157
Interest income		104	469	890	1,269
Other operating income		8,854	2,853	14,870	9,873
Selling and marketing expenses		(6,010)	(3,498)	(15,524)	(10,384)
Administrative expenses		(7,801)	(8,520)	(28,145)	(29,806)
Other operating expenses		(22,606)	(19,279)	(71,729)	(69,662)
Finance costs		(3,750)	(4,888)	(15,944)	(20,358)
Share of results of jointly controlled entity		(72)	(36)	(174)	(36)
Share of results of associate		<u>91</u>	<u>(77)</u>	<u>91</u>	<u>(153)</u>
Profit before tax		19,060	22,402	48,738	32,900
Income tax expense	19	<u>(5,063)</u>	<u>(877)</u>	<u>(13,880)</u>	<u>(7,143)</u>
Profit for the period / year		<u>13,997</u>	<u>21,525</u>	<u>34,858</u>	<u>25,757</u>
<b>Other comprehensive income/(loss), net of tax</b>					
Exchange differences on translating foreign operations		(988)	(830)	(1,142)	(818)
Transfer from revaluation reserve to retained earnings upon depreciation on revalued assets		(466)	(1,398)	(1,864)	(1,864)
Realisation of revaluation reserve to retained earnings upon depreciation on revalued assets		466	1,398	1,864	1,864
Other comprehensive income / (loss) for the period / year		<u>(988)</u>	<u>(830)</u>	<u>(1,142)</u>	<u>(818)</u>
Total comprehensive income for the period / year		<u>13,009</u>	<u>20,695</u>	<u>33,716</u>	<u>24,939</u>



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<b>Profit/(loss) attributable to :</b>					
Equity holders of the Company		14,042	19,903	35,822	25,253
Non-controlling interests		(45)	1,622	(964)	504
<b>Profit for the period / year</b>		<u>13,997</u>	<u>21,525</u>	<u>34,858</u>	<u>25,757</u>
<b>Total comprehensive income/(loss) attributable to :</b>					
Equity holders of the Company		13,054	19,073	34,680	24,435
Non-controlling interests		(45)	1,622	(964)	504
<b>Total comprehensive income for the period / year</b>		<u>13,009</u>	<u>20,695</u>	<u>33,716</u>	<u>24,939</u>
<b>Earnings per share attributable to ordinary equity holders of the Company (sen):</b>					
- Basic	29 (a)	5.09	7.22	12.99	9.16
- 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 31 DEC 2013**

	Note	31-Dec-13 (Unaudited) RM'000	31-Dec-12 (Audited) RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Hotel properties and exhibition centre & showroom	9	324,575	328,737
Other property, plant and equipment	9	92,809	95,968
Property, plant and equipment		417,384	424,705
Investment properties	9	122,540	119,690
Prepaid land lease payments		331,155	335,498
Land held for property development		156,265	171,142
Investment in associate and jointly controlled entity		182	264
Available-for-sale financial assets		2,660	2,186
Long-term trade receivables		15,732	18,459
Deferred tax assets		4,544	6,020
		<u>1,050,462</u>	<u>1,077,964</u>
<b>Current assets</b>			
Property development costs		50,703	48,740
Inventories		113,661	128,242
Trade and other receivables		104,262	73,333
Tax recoverable		4,599	6,268
Cash and bank balances		39,252	63,334
		<u>312,477</u>	<u>319,917</u>
<b>TOTAL ASSETS</b>		<u><b>1,362,939</b></u>	<u><b>1,397,881</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		275,707	275,707
Share premium		57,251	57,251
Other reserves		149,049	152,055
Retained earnings		307,798	270,112
Shareholders' equity		<u>789,805</u>	<u>755,125</u>
<b>Non-controlling interests</b>		26,847	27,811
<b>Total equity</b>		<u><b>816,652</b></u>	<u><b>782,936</b></u>
<b>Non-current liabilities</b>			
Borrowings	24	42,952	72,049
Long-term liabilities		3,235	3,757
Deferred Income		37,181	36,520
Deferred tax liabilities		80,368	82,120
		<u>163,736</u>	<u>194,446</u>
<b>Current liabilities</b>			
Borrowings	24	191,476	244,934
Trade and other payables		131,159	121,506
Tax liabilities		58,834	52,945
Deferred Income		1,082	1,114
		<u>382,551</u>	<u>420,499</u>
<b>Total Liabilities</b>		<u><b>546,287</b></u>	<u><b>614,945</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>1,362,939</b></u>	<u><b>1,397,881</b></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.86	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

**COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
For the Year Ended 31 Dec 2013

	Attributable to Equity Holders of the Company				Non-Controlling Interests	Total Equity
	Non-distributable		Distributable			
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Earnings RM'000	Total RM'000	RM'000
<b>At 1 Jan 2013</b>	275,707	57,251	152,055	270,112	755,125	782,936
Profit / (loss) for the period	-	-	-	35,822	35,822	34,858
Other comprehensive income/(loss)	-	-	(3,006)	1,864	(1,142)	(1,142)
Total comprehensive	-	-	(3,006)	37,686	34,680	33,716
<b>At 31 Dec 2013</b>	275,707	57,251	149,049	307,798	789,805	816,652
<b>At 1 Jan 2012</b>	275,707	57,251	154,737	242,995	730,690	757,997
Profit / (loss) for the period	-	-	-	25,253	25,253	25,757
Other comprehensive income/(loss)	-	-	(2,682)	1,864	(818)	(818)
Total comprehensive	-	-	(2,682)	27,117	24,435	24,939
<b>At 31 Dec 2012</b>	275,707	57,251	152,055	270,112	755,125	782,936

(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 Year Ended 31 Dec 2013**

	<b>CURRENT YEAR TO DATE 31-Dec-13 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-12 RM'000</b>
<b>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>		
Profit before tax	48,738	32,900
Adjustments for:		
Allowance for doubtful debts	6,963	5,411
Allowance for doubtful debts written back	(483)	(694)
Amortisation of deferred income	(1,180)	(1,135)
Amortisation of prepaid land lease payment	4,307	4,306
Bad debts written off	6,621	5,748
Depreciation of hotel properties and exhibition centre & showroom	4,162	4,162
Depreciation of other property, plant and equipment	6,519	7,346
Fair value adjustment to investment properties	(2,409)	-
Fair value adjustment to long term receivables	(54)	(918)
Gain on disposal of other property, plant and equipment	(295)	(104)
Impairment loss / (gain) in value of other investments	(474)	72
Interest expense	15,944	20,358
Interest income	(890)	(1,269)
Net unrealised (gain)/loss on foreign exchange	1	(1)
Other property, plant & equipment written off	4	114
Reversal of deferred income	-	(345)
Share of results of associate	(91)	153
Share of results of jointly controlled entity	174	36
<b>Operating profit before working capital changes</b>	<b>87,557</b>	<b>76,140</b>
Changes in working capital:		
Inventories	14,460	117
Property development costs	12,811	14,127
Receivables	(41,383)	(32,739)
Deferred income	1,809	2,322
Payables	9,670	4,861
<b>Cash generated from operations</b>	<b>84,924</b>	<b>64,828</b>
Tax paid	(6,633)	(11,043)
Interest paid	(14,880)	(18,688)
<b>Net cash generated from operating activities</b>	<b>63,411</b>	<b>35,097</b>



**COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Year Ended 31 Dec 2013**

	<b>CURRENT YEAR TO DATE 31-Dec-13 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-12 RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of other property, plant and equipment	(4,287)	(15,165)
Expenditure on hotel properties and exhibition centre & showroom	-	(18)
Expenditure on investment properties	(478)	(498)
Expenditure on prepaid land lease payments	(204)	-
Investment in jointly controlled entity	-	(300)
Proceeds from disposal of other property, plant & equipment	311	108
Prepayment of land lease	-	(85)
Interest received	890	1,269
<b>Net cash used in investing activities</b>	<b>(3,768)</b>	<b>(14,689)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of term loan	8,376	22,067
Hire purchase and lease creditors	(325)	(420)
Repayment of Bank Guaranteed Commercial Paper / Medium Term Notes	(49,757)	(3)
Repayment of revolving credits	(7,200)	(7,200)
Repayment of term loans	(34,612)	(23,924)
<b>Net cash used in financing activities</b>	<b>(83,518)</b>	<b>(9,480)</b>
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>	<b>(23,875)</b>	<b>10,928</b>
Effects of foreign exchange rate changes	(22)	109
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>61,455</b>	<b>50,418</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>37,558</b>	<b>61,455</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	39,252	63,334
Bank overdrafts	(1,694)	(1,879)
	<b>37,558</b>	<b>61,455</b>

(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**

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**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**

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**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**

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**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 31 Dec 2013	Property Development RM'000	Property Investment RM'000	Hospitality, Health & Tourism RM'000	Others RM'000	Consolidated RM'000
<b>Revenue</b>					
External sales	46,078	7,385	22,412	637	76,512
<b>Results</b>					
Segment results	24,683	1,792	(1,308)	(2,376)	22,791
Finance costs					(3,750)
Share of results of associate					91
Share of results of jointly controlled entity					(72)
Profit before tax					19,060
Income tax expense					(5,063)
Profit after tax					13,997
Non-controlling interests					45
Profit for the period					14,042
<b>Quarter Ended 31 Dec 2012</b>					
	Property Development RM'000	Property Investment RM'000	Hospitality Health & Tourism RM'000	Others RM'000	Consolidated RM'000
<b>Revenue</b>					
External sales	46,616	7,163	24,468	521	78,768
<b>Results</b>					
Segment results	27,144	1,054	1,413	(2,208)	27,403
Finance costs					(4,888)
Share of results of associate					(77)
Share of results of jointly controlled entity					(36)
Profit before tax					22,402
Income tax expense					(877)
Profit after tax					21,525
Non-controlling interests					404
Profit for the period					21,929



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

Year Ended 31 Dec 2013	Property Development RM'000	Property Investment RM'000	Hospitality Health & Tourism RM'000	Others RM'000	Consolidated RM'000
<b>Revenue</b>					
External sales	146,948	21,302	91,841	2,864	262,955
<b>Results</b>					
Segment results	68,447	3,579	213	(7,474)	64,765
Finance costs					(15,944)
Share of results of associate					91
Share of results of jointly controlled entity					(174)
Profit before tax					48,738
Income tax expense					(13,880)
Profit after tax					34,858
Non-controlling interests					964
Profit for the year					35,822

Year Ended 31 Dec 2012	Property Development RM'000	Property Investment RM'000	Hospitality Health & Tourism RM'000	Others RM'000	Consolidated RM'000
<b>Revenue</b>					
External sales	131,347	21,661	98,289	2,419	253,716
<b>Results</b>					
Segment results	51,639	1,943	5,923	(6,058)	53,447
Finance costs					(20,358)
Share of results of associate					(153)
Share of results of jointly controlled entity					(36)
Profit before tax					32,900
Income tax expense					(7,143)
Profit after tax					25,757
Non-controlling interests					1,118
Profit for the year					26,875



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

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**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 year 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 year 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 year 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 year 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**

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**15. Operating Segment Review**

**(a) 4th Quarter 2013 vs 4th Quarter 2012**

Total Group recorded a revenue of RM76.5 million for the fourth quarter ended 31 December 2013 as compared to RM78.8 million in the previous year corresponding quarter.

Corresponding with the revenue, profit before tax for the current quarter was RM19.1 million compared to RM22.4 million in the previous year corresponding quarter.

Property Development Division

Revenue for the fourth quarter of 2013 for the division was RM46.1 million as compared to RM46.6 million in the same quarter for 2012. The turnover in the fourth quarter of 2013 was mainly contributed by revenue from Cyber Heights Villa and Country Heights Kajang bungalow lots and the recognition of work completion for Lakeview Residency, Mansion Park and Belleza Garden Homes Phase 2A for that quarter. The division recorded segment profits of RM24.7 million for the current quarter under review in comparison with segment profits of RM27.1 million for the fourth quarter of 2012, the differences was mainly due to higher provision for doubtful debts and higher marketing expenses recognised in the current quarter.

Hospitality, Health & Tourism Division

Hospitality, Health & Tourism Division contributed RM22.4 million of revenue as compared to RM24.5 million in the fourth quarter of 2012. This was mainly due to lower health and timeshare membership sales. Segment loss for the current quarter was RM1.3 million as compared to segment profit of RM1.4 million in the same quarter of 2012.

Property Investment Division

The revenue for the Property Investment Division in the fourth quarter of 2013 was RM7.4 million compared to RM7.2 million for the fourth quarter of 2012. Accordingly, higher segment profit of RM1.8 million was recorded for the fourth quarter of 2013 as compared to segment profit of RM1.1 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**

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**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 fourth quarter of 2013 compared with RM0.5 million for the fourth quarter of 2012. The segment loss for the fourth quarter 2013 was RM2.4 million compared with the RM2.2 million segment loss reported for the same quarter of 2012 due to higher professional fees and legal expenses incurred by CHHB.

**(b) YTD Dec 2013 vs YTD Dec 2012**

Total Group revenue for the year ended 31 December 2013 increased by 3.6% to RM263.0 million as compared to RM253.7 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 by 48.0% at RM48.7 million as compared to RM32.9 million in the same period preceding year mainly contributed by the increase in revenue, lower cost of sales and lower finance cost.

Property Development Division

Total revenue contributed by the Property Development Division for the year ended 31 December 2013 was RM146.9 million, compared to RM131.3 million of 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 RM68.4 million in current year, compared to RM51.6 million in the preceding year, representing a 32.5% increase.

Hospitality, Health & Tourism Division

Hospitality, Health & Tourism Division recorded RM91.8 million of revenue in the current year ended 31 December 2013, compared to RM98.3 million in the preceding year, mainly due to lower contribution from the hotel operations and timeshare membership operations. As a result of the lower revenue and higher allowance for doubtful debts, segment profit for the current year was RM0.2 million compared to RM5.9 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**

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**15. Operating Segment Review (Cont'd)**

Property Investment Division

Total revenue from the Property Investment Division was RM21.3 million, compared to RM21.7 million in the preceding year. This is mainly due to lower contribution from exhibition hall rental. However, segment profit for the current year was RM3.6 million, compared to RM1.9 million for the preceding year, mainly due to improvement in gross profit margin.

Others

Total revenue of RM2.9 million was contributed by the other subsidiaries for the current year, compared to RM2.4 million for the preceding year. Segment loss was RM7.5 million for the current year, compared to segment loss of RM6.1 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 fourth quarter of 2013 was higher at RM76.5 million as compared to the preceding quarter ended 30 September 2013 of RM49.3 million, mainly due to higher revenue recorded for the Property Development Division in the fourth 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 10<sup>th</sup> Malaysia Plan, the Economic Transformation Program (ETP) and Budget 2014 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.



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**17. Commentary on Prospects (Cont'd)**

The Property Development Division has a series of exciting projects in the pipeline for launching in 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"), has been 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.

**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-13	31-Dec-12
	RM'000	RM'000
Income tax:		
- current year	(12,434)	(6,439)
- over / (under) provision	(1,757)	(2,260)
Deferred tax	311	1,556
	(13,880)	(7,143)

The effective tax rate of the Group for 2012 was lower than the applicable rate mainly due to utilization of deferred tax assets previously not recognized and certain non-taxable income.





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**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):

	12 months ended	
	31-Dec-13	31-Dec-12
	RM'000	RM'000
Depreciation and amortisation	14,988	15,814
Allowance for and write off of receivables	13,584	11,159
Impairment loss / (gain) in value of other investments	(474)	72
Net unrealised foreign exchange (gain)/ loss	1	(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.



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**24. Borrowings**

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

	Short-term RM'000	Long-term RM'000	Total RM'000
<b>Secured</b>			
Bank overdrafts	1,694	-	1,694
Term loan	124,934	42,330	167,264
<b>Total secured borrowings</b>	<b>126,628</b>	<b>42,330</b>	<b>168,958</b>
<b>Unsecured</b>			
Term loan	53,586	-	53,586
Revolving credits	11,000	-	11,000
Hire purchase & lease creditors	262	622	884
<b>Total unsecured borrowings</b>	<b>64,848</b>	<b>622</b>	<b>65,470</b>
Comprising:			
Local borrowings	191,476	42,952	234,428
Foreign borrowings	-	-	-
<b>Total borrowings</b>	<b>191,476</b>	<b>42,952</b>	<b>234,428</b>

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 31 December 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 31- Dec- 13 RM'000	As at 31-Dec -12 RM'000
<b>Total retained earnings / (accumulated losses) of the Company and its subsidiaries:</b>		
- Realised	502,413	468,752
- Unrealised	<u>(79,827)</u>	<u>(78,162)</u>
	422,586	390,590
<b>Total share of retained earnings / (accumulated losses) from associate:</b>		
- Realised	50	(41)
<b>Total share of accumulated losses from jointly controlled entity:</b>		
- Realised	(175)	(36)
	<u>422,461</u>	<u>390,513</u>
Less: Consolidated adjustments	(114,663)	(120,401)
<b>Total group retained earnings as per consolidated accounts</b>	<u>307,798</u>	<u>270,112</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 17 February 2014, 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 1<sup>st</sup> Defendant and Mega Palm Sdn Bhd as the 2<sup>nd</sup> 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 1<sup>st</sup> Defendant was earlier struck out and the trial against the 2<sup>nd</sup> Defendant proceeded on 7, 8 and 9 January 2013. On 7 March 2013, the court dismissed the Plaintiff's claims against the 2<sup>nd</sup> 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 2<sup>nd</sup> Defendant and ordering costs in the sum of RM35,000.00 ("**the Appeal**"). Solicitors for the 2<sup>nd</sup> Defendant have on 14 June 2013 received payment for the costs. On 22 November 2013, the Plaintiff withdrew the Appeal with no order as to costs.
- (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.



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**27. Material Litigation (Cont'd.)**

The Plaintiff 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 filed a Notice of Appeal against the High Court's decision which has been allowed by the Court of Appeal with costs in the cause. Being dissatisfied with the decision of the Court of Appeal above, the Plaintiff has now filed an application for leave to appeal to the Federal Court (Federal Court Civil Application No: 08(f)-5-02-2014/(W). Thus far no date has been fixed by the Federal Court registry for the application for leave to appeal. On 13 February 2013, CHHB filed an Application for Stay of Execution of judgment obtained by the Plaintiff which was fixed for case management on 12 December 2013. On 12 December 2013, our solicitors withdrew the Application for Stay of Execution of judgment with no order as to costs.

Meanwhile, an appeal was also lodged against the raising of the said taxes for the Years of Assessment 1993, 1998 and 1999, including penalties, by way of Forms Q before the Special Commission of Income Tax ("**Special Commissioners**"). The appeal was fixed and proceeded for hearing on 16 and 17 October 2012. The Special Commissioners instructed the Director-General of the Inland Revenue Board to file his written submission by 23 January 2013 and CHHB to file its the written submission by 25 February 2013 which had been done. On 21 August 2013, the Special Commissioners held that (1) CHHB's appeal on the assessments for the Years of Assessment 1993 and 1998, including penalties, for the sum of RM19,239,055.26 is disallowed; and (2) CHHB's appeal on the assessment for the Year of Assessment 1999, including penalties, for the sum of RM3,378,256.23 is allowed and the notice of assessment for the Year of Assessment 1999, including penalties, 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 Commissioners on CHHB's appeal on the assessments for the Years of Assessment 1993 and 1998, including penalties, The Director- General of the Inland Revenue Board has on 10 October 2013 filed a Notice of Appeal to the High Court in relation to the decision rendered by the Special Commissioners on CHHB's appeal on the assessment for the Year of Assessment 1999, including penalties. In the event that the aforesaid appeal are determined in favour of the Director-General 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 RM11,403,311.49 would need to be paid by CHHB.



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**27. Material Litigation (Cont'd.)**

(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. Further, the Defendant filed the Notice of Application on 22 March 2013 to amend the Statement of Defence and the application was allowed on 22 April 2013. The Plaintiff filed the reply to the amended defence on 10 May 2013.

**28. Dividend Payable**

No dividend has been proposed for the current financial year 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 RM35.8 million (31 December 2012: profit of RM25.3 million) over the number of 275,707,403 (31 December 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 24 February 2014.

By Order of the Board

**Lee Cheng Wen**

Group Chief Executive Officer