



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2014

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR QUARTER 31-Mar-14 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-13 RM'000	CURRENT YEAR TO DATE 31-Mar-14 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-13 RM'000
Revenue	4	79,143	85,802	79,143	85,802
Cost of sales		<u>(30,736)</u>	<u>(30,843)</u>	<u>(30,736)</u>	<u>(30,843)</u>
Gross profit		48,407	54,959	48,407	54,959
Interest income		174	332	174	332
Other operating income		3,065	1,226	3,065	1,226
Selling and marketing expenses		(3,255)	(3,170)	(3,255)	(3,170)
Administrative expenses		(5,335)	(6,003)	(5,335)	(6,003)
Other operating expenses		(14,402)	(16,343)	(14,402)	(16,343)
Finance costs		(2,982)	(4,813)	(2,982)	(4,813)
Share of results of jointly controlled entity		8	(7)	8	(7)
Share of results of associate		<u>14</u>	<u>4</u>	<u>14</u>	<u>4</u>
Profit before tax		25,694	26,185	25,694	26,185
Income tax expense	19	<u>(6,743)</u>	<u>(7,830)</u>	<u>(6,743)</u>	<u>(7,830)</u>
Profit for the period		<u>18,951</u>	<u>18,355</u>	<u>18,951</u>	<u>18,355</u>
Other comprehensive income/(loss), net of tax					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translating foreign operations		<u>(7)</u>	<u>(43)</u>	<u>(7)</u>	<u>(43)</u>
Total comprehensive income for the period		<u>18,944</u>	<u>18,312</u>	<u>18,944</u>	<u>18,312</u>



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	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR QUARTER 31-Mar-14 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-13 RM'000	CURRENT YEAR TO DATE 31-Mar-14 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-13 RM'000
Profit/(loss) attributable to :					
Equity holders of the Company		19,223	18,931	19,223	18,931
Non-controlling interests		<u>(272)</u>	<u>(576)</u>	<u>(272)</u>	<u>(576)</u>
Profit for the period		<u><u>18,951</u></u>	<u><u>18,355</u></u>	<u><u>18,951</u></u>	<u><u>18,355</u></u>
Total comprehensive income/(loss) attributable to :					
Equity holders of the Company		19,216	18,888	19,216	18,888
Non-controlling interests		<u>(272)</u>	<u>(576)</u>	<u>(272)</u>	<u>(576)</u>
Total comprehensive income for the period		<u><u>18,944</u></u>	<u><u>18,312</u></u>	<u><u>18,944</u></u>	<u><u>18,312</u></u>
Earnings per share attributable to ordinary equity holders of the Company (sen):					
- Basic	29 (a)	6.97	6.87	6.97	6.87
- Diluted	29 (b)	NA	NA	NA	NA

(The Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 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 MARCH 2014**

	Note	31-Mar-14 (Unaudited) RM'000	31-Dec-13 (Audited) RM'000
ASSETS			
Non-current assets			
Hotel properties and exhibition centre & showroom	9	321,044	322,072
Other property, plant and equipment	9	92,714	92,821
Property, plant and equipment		413,758	414,893
Investment properties	9	62,004	62,004
Prepaid land lease payments		316,742	317,776
Land held for property development		233,607	232,717
Investment in associate and joint venture		204	182
Available-for-sale financial assets		2,665	2,660
Long-term trade receivables		14,041	19,285
Deferred tax assets		3,926	4,546
		<u>1,046,947</u>	<u>1,054,063</u>
Current assets			
Property development costs		65,239	68,604
Inventories		102,845	110,812
Trade receivables, other receivables, deposits and prepayments		109,871	84,054
Tax recoverable		4,245	4,425
Cash and bank balances		40,746	40,277
		<u>322,946</u>	<u>308,172</u>
TOTAL ASSETS		<u>1,369,893</u>	<u>1,362,235</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		275,707	275,707
Share premium		57,251	57,251
Other reserves		148,601	149,074
Retained earnings		327,681	307,992
Equity attributable to equity holders of the Company		809,240	790,024
Non-controlling interests		26,635	26,907
Total equity		<u>835,875</u>	<u>816,931</u>
Non-current liabilities			
Borrowings	24	35,787	42,952
Long-term liabilities		3,235	3,235
Deferred Income		38,806	37,085
Deferred tax liabilities		80,138	80,386
		<u>157,966</u>	<u>163,658</u>
Current liabilities			
Borrowings	24	187,284	191,476
Trade payables, other payables and accrued expenses		127,592	130,024
Tax payables		60,094	58,968
Deferred Income		1,082	1,178
		<u>376,052</u>	<u>381,646</u>
Total Liabilities		<u>534,018</u>	<u>545,304</u>
TOTAL EQUITY AND LIABILITIES		<u>1,369,893</u>	<u>1,362,235</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.94	2.87

(The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 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
INCOME FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2014

	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
At 1 January 2014	275,707	57,251	149,074	307,992	790,024	816,931
Profit / (loss) for the period	-	-	-	19,223	19,223	18,951
Other comprehensive income/(loss)	-	-	(7)	-	(7)	(7)
Total comprehensive income/(loss)	-	-	(7)	19,223	19,216	18,944
Transfer to retained earnings	-	-	(466)	466	-	-
At 31 March 2014	275,707	57,251	148,601	327,681	809,240	835,875
At 1 January 2013	275,707	57,251	152,055	270,112	755,125	782,936
Profit / (loss) for the period	-	-	-	18,931	18,931	18,355
Other comprehensive income/(loss)	-	-	(43)	-	(43)	(43)
Total comprehensive income/(loss)	-	-	(43)	18,931	18,888	18,312
Transfer to retained earnings	-	-	(466)	466	-	-
At 31 March 2013	275,707	57,251	151,546	289,509	774,013	801,248

(The Unaudited Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 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 THREE MONTHS PERIOD ENDED 31 MARCH 2014**

	CURRENT YEAR TO DATE 31-Mar-14 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-13 RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Profit before tax	25,694	26,185
Adjustments for:		
Allowance for doubtful debts	671	2,048
Allowance for doubtful debts written back	-	(82)
Amortisation of deferred income	(290)	(302)
Amortisation of prepaid land lease payment	1,034	1,077
Depreciation of hotel properties and exhibition centre & showroom	1,028	1,040
Depreciation of other property, plant and equipment	1,480	1,700
Impairment (gain)/loss in value of other investments	(5)	6
Interest expense	2,982	4,813
Interest income	(174)	(332)
Gain on disposal of other property, plant and equipment	(1)	(41)
Net unrealised (gain) / loss on foreign exchange	(1)	1
Other property, plant & equipment written off	-	1
Share of results of associate and joint venture	(22)	3
Operating profit before working capital changes	32,396	36,117
Changes in working capital:		
Inventories	7,967	5,704
Property development costs	2,475	(14,362)
Receivables	(21,245)	(3,537)
Deferred income	1,915	1,606
Payables	(2,437)	(17,543)
Cash generated from operations	21,071	7,985
Tax paid	(5,063)	(3,933)
Interest paid	(2,879)	(3,941)
Net cash generated from operating activities	13,129	111



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2014**

	CURRENT YEAR TO DATE 31-Mar-14 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-13 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of other property, plant and equipment	(1,371)	(164)
Expenditure on investment properties	-	(15)
Proceeds from disposal of other property, plant & equipment	3	41
Interest received	174	332
Net cash generated from / (used in) investing activities	(1,194)	194
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loan	1,017	1,775
Hire purchase and lease creditors	(67)	(67)
Repayment of revolving credits	(1,800)	(1,800)
Repayment of term loans	(10,590)	(10,089)
Net cash used in financing activities	(11,736)	(10,181)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	199	(9,876)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	38,583	61,455
CASH AND CASH EQUIVALENTS AT END OF PERIOD	38,782	51,579
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	40,746	52,158
Bank overdrafts	(1,964)	(579)
	38,782	51,579

(The Unaudited Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 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 2013. 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 2013.

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 2013, 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 January 2014

IC Int. 21	Levies
Amendments to FRS 10, FRS 12 And FRS 127	Investments Entities
Amendments to FRS 132	Financial Instruments : Presentation (Amendments relating to Offsetting Financial Assets and Liabilities)
Amendments to FRS 136	Impairment of Assets (Amendments relating to Recoverable Amounts Disclosures for Non-Financial Assets)
Amendments to FRS 139	Financial Instruments : Recognition and Measurement (Amendments relating to Novation of Derivatives and Continuation Of Hedge Accounting)



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

2. Significant Accounting Policies (Cont'd.)

On 19 November, 2012, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“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 for 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 venturers were given a transitional period of two years, which allow these entities an option to continue with the FRS Framework. Following the announcement by the MASB on 7 August, 2013, the transitional period for TEs has been extended for an additional year.

Accordingly, the Group and the Company, being TEs, have availed themselves of this transitional arrangement and will continue to apply FRSs in their next set of financial statements. Accordingly, the Group and the Company including certain subsidiary companies will be required to prepare its first set of MFRS financial statements when the MFRS Framework is mandated by MASB.

3. Audit Opinion on 2013 Financial Statements

The auditors’ report on the financial statements of the Group for the financial year ended 31 December 2013 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 Mar 2014	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	56,216	5,611	16,747	569	79,143
Results					
Segment results	30,319	698	(71)	(2,292)	28,654
Finance costs					(2,982)
Share of results of associate & joint venture	-	-	8	14	22
Profit before tax					25,694
Income tax expense					(6,743)
Profit after tax					18,951
Non-controlling interests					272
Profit for the period					19,223
Quarter Ended 31 Mar 2013					
Revenue					
External sales	60,716	3,747	20,507	832	85,802
Results					
Segment results	32,842	(196)	(510)	(1,135)	31,001
Finance costs					(4,813)
Share of results of associate & joint venture	-	-	(7)	4	(3)
Profit before tax					26,185
Income tax expense					(7,830)
Profit after tax					18,355
Non-controlling interests					576
Profit for the period					18,931



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 2013.

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 2013.

13. Contingent Liabilities / Assets

There are no material contingent liabilities since the last audited Statement of Financial Position as at 31 December 2013 except as disclosed in Note 27 (a) to (b). 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) 1st Quarter 2014 vs 1st Quarter 2013

The Group recorded total revenue of RM79.1 million for the first quarter ended 31 March 2014 compared to RM85.8 million in the previous year corresponding quarter ended 31 March 2013. The difference was mainly due to absence of stock clearance in property sales that was evident in the previous year's corresponding quarter.

The Group recorded profit after tax of RM18.9 million for the current quarter compared to RM18.4 million mainly due to lower effective tax rate, lower finance cost and lower allowance for doubtful debts.

Property Development Division

Revenue for the first quarter of 2014 for the division was RM56.2 million as compared to RM60.7 million in the same quarter of 2013. The higher revenue in 2013 was mainly contributed by the sale of land at Country Heights Damansara recognized in the first quarter of 2013. The division recorded segment profits of RM30.3 million for the current quarter under review in comparison with segment profits of RM32.8 million for the first quarter of 2013.

Property Investment Division

The revenue for the Property Investment Division was RM5.6 million in the current quarter compared to RM3.7 million for the first quarter of 2013. The higher revenue in the current quarter was due to higher exhibition hall rental and events revenue. As such, segment profits was RM0.7 million for the first quarter of 2014 as compared to segment loss of RM0.2 million for the same quarter of 2013.

Hospitality & Health Division

Hospitality & Health Division contributed RM16.7 million of revenue as compared to RM20.5 million in the first quarter of 2013, a decrease of RM3.8 million. This was mainly due to lower contribution from the timeshare membership revenue. However, segment loss of RM0.1 million was recorded compared to segment loss of RM0.5 million in the same quarter of 2013 due to lower provision of doubtful debts in the current quarter.



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

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

Others

This mainly comprised of Country Heights Holdings Berhad and the Education subsidiary, Country Heights Education Sdn Bhd. Total revenue of RM0.6 million was contributed by this subsidiary in the first quarter of 2014 compared to RM0.8 million for the first quarter of 2013. The segment loss for the first quarter 2014 was RM2.3 million versus RM1.1 million segment loss for the same quarter of 2013 mainly due to higher operating expenses in the first quarter of 2014.

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

The Group's revenue for the first quarter of 2014 was 3.6% higher at RM79.1 million as compared to the preceding fourth quarter ended 31 December 2013 of RM76.4 million, mainly due to higher revenue recorded for the Property Development Division in the first quarter of 2014.

17. Commentary on Prospects

On 19th March 2014, Bank Negara Malaysia reported that the Malaysian economy expanded by 4.7% in 2013 (2012: 5.6%) and for the year of 2014 as a whole, the economy is expected to remain on a steady growth path expanding by 4.5% - 5.5%. Forecast by Malaysian Institute of Economic Research, domestic demand will continue to be the key driver of growth, improving external demand as seen in the last two quarters of 2013 and also in the early months of 2014 together with continued strong private investment will see that the growth forecast at 4.5% - 5.5% will be achieved. 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, persistently high inflation rate and cost of living in the country, are however causes for concern as these could dampen sentiments and affect demand in certain sectors.

The Property Development Division has a series of exciting projects in the pipeline for launching in 2014 and 2015, especially within the Mines Wellness City, which is poised to transform into Malaysia's premier Wellness City under the government's Economic Transformation Program (ETP). Amongst projects scheduled for launching in 2014 and 2015 are:-



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

Commentary on Prospects (Cont'd)

- Mines Waterfront Business Suites at Mines Wellness City
- Sawtelle Suites, duplex condominium at Cyberjaya
- Belleza Garden Homes Phase 3 at Jitra, Kedah
- Trousdale, a retirement resort home at Mines Wellness City
- Aqualis, mixed development project in Mines Wellness City

The Group expects to see further growth in the Hospitality and Health 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.

17. Variance on Profit Forecast / Profit Guarantee

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

18. Income Tax Expense

	Quarter ended	
	31-Mar-14	31-Mar-13
	RM'000	RM'000
Income tax:		
- current year	(6,370)	(6,545)
- over provision	-	4
Deferred tax	(373)	(1,289)
	(6,743)	(7,830)

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.

19. Sale of Unquoted Investments / Properties

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

20. Purchase and Sale of Quoted Securities

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



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

21. Profit before Tax

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

	Quarter ended	
	31-Mar-14	31-Mar-13
	RM'000	RM'000
Depreciation and amortisation	3,542	3,817
Allowance for and write off of receivables	671	2,048
Impairment (gain) /losses in value of other investments	(5)	6
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.

22. 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

23. 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	1,964	-	1,964
Term loan	122,283	35,221	157,504
Total secured borrowings	124,247	35,221	159,468
Unsecured			
Term loan	53,586	-	53,586
Revolving credits	9,200	-	9,200
Hire purchase & lease creditors	251	566	817
Total unsecured borrowings	63,037	566	63,603
Comprising:			
Local borrowings	187,284	35,787	223,071
Foreign borrowings	-	-	-
Total borrowings	187,284	35,787	223,071

All borrowings are denominated in Ringgit Malaysia unless indicated otherwise.

24. Disclosure requirements pursuant to implementation of FRS 139

(a) Disclosure of Derivatives

There are no outstanding derivatives as at 31 March 2014 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

25. 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- Mar- 14 RM'000	As at 31-Dec -13 RM'000
Total retained earnings / (accumulated losses) of the Company and its subsidiaries:		
- Realised	519,184	502,523
- Unrealised	<u>(80,586)</u>	<u>(79,843)</u>
	438,598	422,680
Total share of retained earnings from associate:		
- Realised	64	50
Total share of accumulated losses from joint venture:		
- Realised	(201)	(209)
	<u>438,461</u>	<u>422,521</u>
Less: Consolidated adjustments	(110,780)	(114,529)
Total group retained earnings as per consolidated accounts	<u>327,681</u>	<u>307,992</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

26. 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 15 May 2014, a date not earlier than 7 days from the date of issuance of this report. The material litigations are:

- (a) 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 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 filed an application for leave to appeal to the Federal Court and is now fixed for hearing on 19 June 2014. 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 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. is allowed and the notice of assessment for



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 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.

- (b) 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 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.

Further, the Plaintiff filed a Summary Judgment application in Court. On 7 November 2013, the Court dismissed the summary judgment application with costs. The matter is now fixed for case management on 7 April 2014 and trial on 9 June 2014 and 10 June 2014. Being dissatisfied with the High Court's decision on the summary judgment application, the Plaintiff filed a Notice of Appeal which is now fixed for hearing on 27 May 2014.



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

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 RM19.2 million (31 Mar 2013: profit of RM18.9 million) over the number of 275,707,403 (31 Mar 2012: 275,707,403) ordinary shares issued during the current financial period under review.

(b) Diluted

Not applicable.

30. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 May 2014.

By Order of the Board

Lee Cheng Wen

Group Chief Executive Officer