



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR QUARTER 30-Jun-14 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-Jun-13 RM'000	CURRENT YEAR TO DATE 30-Jun-14 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-13 RM'000
Revenue	4	61,751	51,356	140,894	137,158
Cost of sales		(26,628)	(19,498)	(57,364)	(50,341)
Gross profit		35,123	31,858	83,530	86,817
Interest income		192	294	366	626
Other operating income		1,259	1,883	4,324	3,109
Selling and marketing expenses		(2,934)	(3,690)	(6,189)	(6,860)
Administrative expenses		(5,220)	(7,024)	(10,555)	(13,027)
Other operating expenses		(17,233)	(16,531)	(31,635)	(32,874)
Finance costs		(2,524)	(4,380)	(5,506)	(9,193)
Share of results of jointly controlled entity		(11)	(35)	(3)	(42)
Share of results of associate		-	-	14	4
Profit before tax		8,652	2,375	34,346	28,560
Income tax expense	19	(2,320)	(913)	(9,063)	(8,743)
Profit for the period		6,332	1,462	25,283	19,817
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		8	(49)	1	(92)
Total comprehensive income for the period		6,340	1,413	25,284	19,725



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	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR QUARTER 30-Jun-14 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-Jun-13 RM'000	CURRENT YEAR TO DATE 30-Jun-14 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-13 RM'000
Profit/(loss) attributable to :					
Equity holders of the Company		7,237	1,576	26,460	20,507
Non-controlling interests		<u>(905)</u>	<u>(114)</u>	<u>(1,177)</u>	<u>(690)</u>
Profit for the period		<u><u>6,332</u></u>	<u><u>1,462</u></u>	<u><u>25,283</u></u>	<u><u>19,817</u></u>
Total comprehensive income/(loss) attributable to :					
Equity holders of the Company		7,245	1,527	26,461	20,415
Non-controlling interests		<u>(905)</u>	<u>(114)</u>	<u>(1,177)</u>	<u>(690)</u>
Total comprehensive income for the period		<u><u>6,340</u></u>	<u><u>1,413</u></u>	<u><u>25,284</u></u>	<u><u>19,725</u></u>
Earnings per share attributable to ordinary equity holders of the Company (sen):					
- Basic	30 (a)	2.63	0.57	9.60	7.44
- Diluted	30 (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 30 JUNE 2014**

	Note	30-Jun-14 (Unaudited) RM'000	31-Dec-13 (Audited) RM'000
ASSETS			
Non-current assets			
Hotel properties and exhibition centre & showroom	9	320,016	322,072
Other property, plant and equipment	9	91,737	92,821
Property, plant and equipment		411,753	414,893
Investment properties	9	62,004	62,004
Prepaid land lease payments		315,708	317,776
Land held for property development		234,764	232,717
Investment in associate and joint venture		193	182
Available-for-sale financial assets		2,708	2,660
Long-term trade receivables		15,125	19,285
Deferred tax assets		3,926	4,546
		<u>1,046,181</u>	<u>1,054,063</u>
Current assets			
Property development costs		60,020	68,604
Inventories		91,789	110,812
Trade receivables, other receivables, deposits and prepayments		112,333	84,054
Tax recoverable		4,392	4,425
Cash and bank balances		33,998	40,277
		<u>302,532</u>	<u>308,172</u>
TOTAL ASSETS		<u>1,348,713</u>	<u>1,362,235</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		275,707	275,707
Treasury Shares	24	(146)	-
Share premium		57,251	57,251
Other reserves		148,143	149,074
Retained earnings		335,384	307,992
Equity attributable to equity holders of the Company		<u>816,339</u>	<u>790,024</u>
Non-controlling interests		<u>25,730</u>	<u>26,907</u>
Total equity		<u>842,069</u>	<u>816,931</u>
Non-current liabilities			
Borrowings	25	25,708	42,952
Long-term liabilities		3,235	3,235
Deferred Income		39,086	37,085
Deferred tax liabilities		80,025	80,386
		<u>148,054</u>	<u>163,658</u>
Current liabilities			
Borrowings	25	180,635	191,476
Trade payables, other payables and accrued expenses		114,672	130,024
Tax payables		61,925	58,968
Deferred Income		1,358	1,178
		<u>358,590</u>	<u>381,646</u>
Total Liabilities		<u>506,644</u>	<u>545,304</u>
TOTAL EQUITY AND LIABILITIES		<u>1,348,713</u>	<u>1,362,235</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.96	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 SIX MONTHS PERIOD ENDED 30 JUNE 2014**

	Attributable to Equity Holders of the Company					Non-Controlling Interests	Total Equity
	Non-distributable		Distributable				
	Share Capital RM'000	Treasury Shares 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	-	-	-	-	26,460	26,460	25,283
Other comprehensive income/(loss)	-	-	-	1	-	1	1
Total comprehensive income/(loss)	-	-	-	1	26,460	26,461	25,284
Shares bought-back held as treasury shares	-	(146)	-	-	-	(146)	(146)
Transfer to retained earnings	-	-	-	(932)	932	-	-
At 30 June 2014	275,707	(146)	57,251	148,143	335,384	816,339	842,069
At 1 January 2013	275,707	-	57,251	152,055	270,112	755,125	782,936
Profit / (loss) for the period	-	-	-	-	20,507	20,507	19,817
Other comprehensive income/(loss)	-	-	-	(1,024)	932	(92)	(92)
Total comprehensive income/(loss)	-	-	-	(1,024)	21,439	20,415	19,725
At 30 June 2013	275,707	-	57,251	151,031	291,551	775,540	802,661

(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)



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COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014**

	CURRENT YEAR TO DATE 30-Jun-14 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-13 RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Profit before tax	34,346	28,560
Adjustments for:		
Allowance for doubtful debts	1,537	4,033
Allowance for doubtful debts written back	-	(82)
Amortisation of deferred income	(580)	(607)
Amortisation of prepaid land lease payment	2,068	2,153
Bad debts written off	7	779
Depreciation of hotel properties and exhibition centre & showroom	2,056	2,081
Depreciation of other property, plant and equipment	3,167	3,412
Fair value adjustment to long term receivables	678	-
Impairment gain in value of other investments	(48)	(14)
Interest expense	5,506	9,193
Interest income	(366)	(626)
Gain on disposal of other property, plant and equipment	-	(195)
Net unrealised loss on foreign exchange	1	1
Other property, plant & equipment written off	-	2
Share of results of associate and joint venture	(11)	39
Operating profit before working capital changes	48,361	48,729
Changes in working capital:		
Inventories	19,023	6,860
Property development costs	6,537	14,526
Receivables	(26,343)	(39,383)
Deferred income	2,762	2,790
Payables	(15,496)	(18,926)
Cash generated from operations	34,844	14,596
Tax refund	104	-
Tax paid	(5,916)	(2,881)
Interest paid	(5,259)	(8,018)
Net cash generated from operating activities	23,773	3,697

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COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014**

	CURRENT YEAR TO DATE 30-Jun-14 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-13 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of other property, plant and equipment	(2,040)	(867)
Expenditure on investment properties	-	(414)
Proceeds from disposal of other property, plant & equipment	3	203
Interest received	366	626
Net cash used in investing activities	(1,671)	(452)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loans	5,252	2,314
Hire purchase and lease creditors	(132)	(152)
Repayment of Bank Guaranteed Commercial Paper / Medium Term Notes	-	(49,757)
Repayment of revolving credits	(3,600)	(3,600)
Repayment of term loans	(30,051)	(18,144)
Purchase of treasury shares	(146)	-
Net cash used in financing activities	(28,677)	(39,339)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(6,575)	(36,094)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	38,583	61,455
CASH AND CASH EQUIVALENTS AT END OF PERIOD	32,008	25,361
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	33,998	26,943
Bank overdrafts	(1,990)	(1,582)
	32,008	25,361

(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 30 June 2014	Property Development RM'000	Property Investment RM'000	Hospitality Health & Tourism RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	40,529	4,886	15,911	425	61,751
Results					
Segment results	16,217	820	(3,204)	(2,646)	11,187
Finance costs					(2,524)
Share of results of associate and joint venture					(11)
Profit before tax					8,652
Income tax expense					(2,320)
Profit after tax					6,332
Non-controlling interests					905
Profit for the period					7,237

Quarter Ended 30 June 2013	Property Development RM'000	Property Investment RM'000	Hospitality Health & Tourism RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	20,860	5,279	24,419	798	51,356
Results					
Segment results	5,799	1,577	1,163	(1,749)	6,790
Finance costs					(4,380)
Share of results of associate and joint venture					(35)
Profit before tax					2,375
Income tax expense					(913)
Profit after tax					1,462
Non-controlling interests					114
Profit for the period					1,576



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

Six Months Ended 30 June 2014	Property Development RM'000	Property Investment RM'000	Hospitality Health & Tourism RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	96,745	10,497	32,658	994	140,894
Results					
Segment results	46,536	1,518	(3,275)	(4,938)	39,841
Finance costs					(5,506)
Share of results of associate					14
Share of results of joint venture					(3)
Profit before tax					34,346
Income tax expense					(9,063)
Profit after tax					25,283
Non-controlling interests					1,177
Profit for the period					26,460

Six Months Ended 30 June 2013	Property Development RM'000	Property Investment RM'000	Hospitality Health & Tourism RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	81,576	9,026	44,926	1,630	137,158
Results					
Segment results	38,641	1,381	652	(2,883)	37,791
Finance costs					(9,193)
Share of results of associate					4
Share of results of joint venture					(42)
Profit before tax					28,560
Income tax expense					(8,743)
Profit after tax					19,817
Non-controlling interests					690
Profit for the period					20,507



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 28 (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) 2nd Quarter 2014 vs 2nd Quarter 2013

The Group recorded total revenue of RM61.8 million for the second quarter ended 30 June 2014 compared to RM51.4 million in the preceding year corresponding quarter ended 30 June 2013. Corresponding with the increase in revenue, profit before tax for the current quarter was RM8.7 million compared to RM2.4 million in the preceding year corresponding quarter.

Property Development Division

Revenue for the second quarter of 2014 for the division was RM40.5 million as compared to RM20.9 million in the same quarter of 2013. The higher revenue in the current quarter of 2014 was mainly contributed by the sale of Country Heights Damansara bungalow lots and Cyber Heights Villa and revenue recognition from Lakeview Residency. The division recorded segment profits of RM16.2 million for the current quarter under review in comparison with segment profits of RM5.8 million for the second quarter of 2013.

Property Investment Division

The revenue for the Property Investment Division was RM4.9 million in the current quarter compared to RM5.3 million for the second quarter of 2013. Accordingly, segment profits was at RM0.8 million for the second quarter of 2014 as compared to segment profits of RM1.6 million for the same quarter of 2013.

Hospitality, Health & Tourism Division

Hospitality, Health & Tourism Division contributed RM15.9 million of revenue as compared to RM24.4 million in the second quarter of 2013, a decrease of RM8.5 million. This was mainly due to lower health and timeshare membership revenue and also lower hotel revenue. Segment loss for the current quarter was RM3.2 million compared to segment profits of RM1.2 million in the same quarter of 2013.

Others

This mainly comprised of Country Heights Holdings Berhad and the Education subsidiary, Country Heights Education Sdn Bhd. Total revenue of RM0.4 million was contributed by this subsidiary in the second quarter of 2014 compared to RM0.8 million for the second quarter of 2013. The segment loss for the second quarter 2014 was RM2.6 million versus RM1.7 million segment loss for the same quarter of 2013.



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)

(b) 1H 2014 vs 1H 2013

Total Group revenue for the first half of 2014 increased by 2.7% to RM140.9 million as compared to RM137.2 million for the same period in 2013. The above increase was mainly due to the higher revenue recorded by the Property Development Division.

Group profit before tax for the first half of current year was RM34.3 million as compared to RM28.6 million in the same period of preceding year mainly contributed by the increase in revenue and lower finance cost and administrative expenses.

Property Development Division

Total revenue contributed by the Property Development Division in the first half of 2014 was RM96.7 million as compared to RM81.6 million for the same period in the preceding year. This was mainly contributed by the sale of Cyber Heights Villa and Country Heights Damansara bungalow lots and revenue recognition from Lakeview Residency. As such, higher segment profit of RM46.5 million was recorded in the first half of current year as compared to RM38.6 million for the same period of the preceding year.

Property Investment Division

Total revenue from the Property Investment Division was RM10.5 million as compared to RM9.0 million in the preceding year. This is mainly due to higher contribution from exhibition hall rental. Segment profit for the first half of the current year was RM1.5 million as compared to RM1.4 million for the preceding year.

Hospitality, Health & Tourism Division

Hospitality, Health & Tourism Division contributed RM32.7 million of revenue in the first half of the current year as compared to RM44.9 million in the same period of the preceding year mainly due to a lower contribution from hotel revenue, timeshare and health membership revenue. Segment loss of RM3.3 million was recorded for the current year period as compared to segment profit of RM0.7 million in the preceding year mainly due to the lower revenue.



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)

(b) 1H 2014 vs 1H 2013 (Cont'd)

Others

Total RM1.0 million of revenue was contributed by the other subsidiaries in the first half of the current year as compared to the same period of the preceding year of RM1.6 million. Segment loss was RM4.9 million for the current year period as compared to segment loss of RM2.9 million in the same period of preceding year.

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

The Group's revenue for the second quarter of 2014 was at RM61.8 million as compared to the preceding quarter ended 31 March 2014 of RM79.1 million, mainly due to higher revenue recorded for the Property Development Division in the first quarter of 2014 from the sale of Cyber Heights Villa and Country Heights Damansara bungalow lots.

17. Commentary on Prospects

On 15th August 2014, Bank Negara Malaysia reported that the Malaysian economy registered a strong growth of 6.4% in the second quarter of 2014 (1Q 2014: 6.2%). For the year of 2014 as a whole, the economy is expected to remain on a steady growth path. Forecast by The Malaysian Institute of Economic Research was that domestic demand will continue powering the growth of the Malaysian economy. Strong external demand as experienced in the first quarter of 2014, together with high private investment growth 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 couple with the upward adjustment in lending rate which will obviously push up debt servicing cost, 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:-



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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 Hospitality Division faced stiff competitions in the market coupled with tragedies of MH370 and MH17 and the incidence of kidnapping in Sabah affecting the travel and hospitality industry. Nevertheless, the management seeks to implement new strategies and counter measures to stimulate revenues. In respect of the 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. The management is focusing on bringing new products launches on to the market to boost revenues.

18. Variance on Profit Forecast / Profit Guarantee

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

19. Income Tax Expense

	Six Months ended	
	30-Jun-14	30-Jun-13
	RM'000	RM'000
Income tax:		
- current year	(9,202)	(7,616)
- over provision	399	4
Deferred tax	(260)	(1,131)
	(9,063)	(8,743)
	(9,063)	(8,743)

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):

	Six Months ended	
	30-Jun-14	30-Jun-13
	RM'000	RM'000
Depreciation and amortisation	7,291	7,646
Allowance for and write off of receivables	1,544	4,812
Impairment gain in value of other investments	(48)	(14)
Net unrealised foreign exchange 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.



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. Details of Treasury Shares

As at the end of the reporting period, the status of share buy-back is as follows:

Description of shares purchased	Quarter ended	As at
	30-Jun-14	30-Jun-14
	RM'000	RM'000
	Ordinary Shares	Ordinary Shares
Number of shares purchased	100,000	100,000
Number of shares cancelled	-	-
Number of shares held as treasury shares	100,000	100,000
Number of treasury share resold	-	-

25. Borrowings

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

	Short-term	Long-term	Total
	RM'000	RM'000	RM'000
Secured			
Bank overdrafts	1,990	-	1,990
Term loan	117,430	25,185	142,615
Total secured borrowings	119,420	25,185	144,605
Unsecured			
Term loan	53,586	-	53,586
Revolving credits	7,400	-	7,400
Hire purchase & lease creditors	229	523	752
Total unsecured borrowings	61,215	523	61,738
Comprising:			
Local borrowings	180,635	25,708	206,343
Foreign borrowings	-	-	-
Total borrowings	180,635	25,708	206,343

All borrowings are denominated in Ringgit Malaysia unless indicated otherwise.



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26. Disclosure requirements pursuant to implementation of FRS 139

(a) Disclosure of Derivatives

There are no outstanding derivatives as at 30 June 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.



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27. Retained earnings

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

	As at 30- Jun- 14 RM'000	As at 31-Dec -13 RM'000
Total retained earnings / (accumulated losses) of the Company and its subsidiaries:		
- Realised	534,609	502,523
- Unrealised	<u>(88,578)</u>	<u>(79,843)</u>
	446,031	422,680
Total share of retained earnings from associate:		
- Realised	64	50
Total share of accumulated losses from joint venture:		
- Realised	(4)	(209)
	<u>446,091</u>	<u>422,521</u>
Less: Consolidated adjustments	(110,707)	(114,529)
Total group retained earnings as per consolidated accounts	<u>335,384</u>	<u>307,992</u>



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28. 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 20 August 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 was allowed by the Court of Appeal with costs in the cause. Being dissatisfied with the decision of the Court of Appeal above, the Plaintiff filed an application for leave to appeal to the Federal Court. On 19 June 2014 the Federal Court dismissed the Plaintiff's appeal with costs and the matter has been reverted back to High Court for full trial. The matter is currently fixed for case management at the Kuala Lumpur High Court on 18 September 2014. 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 proceeded for hearing on 16 and 17 October 2012. On 21 August 2013, the Special Commissioners (1) Dismissed CHHB's appeal on the assessments for the Years of Assessment 1993 and 1998, including penalties, for the sum of RM19,239,055 and (2) Allowed CHHB's appeal on the assessment for the Year of Assessment 1999, including penalties, for the sum of RM3,378,256.

Both parties on 9 October 2013 have filed their Appeal to the High Court in relation to the decision rendered by the Special Commissioners. CHHB is currently awaiting for the date of Appeal.



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28. Material Litigation (Cont'd)

In the event that the aforesaid appeal are determined in favour of the Director-General of the Inland Revenue Board, CHHB is in the possession of a tax retention sum amounting to RM11,214,000 which can be used to settle the claim. The balance of RM11,403,311.49 would need 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 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. Being dissatisfied with the High Court’s decision on the summary judgment application, the Plaintiff filed a Notice of Appeal to the Court Of Appeal which was dismissed with costs on 27 May 2014. The matter has reverted back to the High Court for full trial on 3rd and 4th September 2014.

29. Dividend Payable

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



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30. Earnings Per Share

(a) Basic

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of RM26.5 million (30 Jun 2013: profit of RM20.5 million) over the number of 275,607,403 (30 Jun 2013: 275,707,403) number of ordinary shares in issue as of the current financial period under review.

(b) Diluted

Not applicable.

31. 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 27 August 2014.

By Order of the Board

Lee Cheng Wen

Group Chief Executive Officer