



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

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

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR QUARTER 30-Sep-14 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-Sep-13 RM'000	CURRENT YEAR TO DATE 30-Sep-14 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-13 RM'000
Revenue	4	47,292	49,285	188,186	186,443
Cost of sales		<u>(19,399)</u>	<u>(21,949)</u>	<u>(76,763)</u>	<u>(72,290)</u>
Gross profit		27,893	27,336	111,423	114,153
Interest income		239	160	605	786
Other operating income		1,469	2,907	5,790	6,016
Selling and marketing expenses		(3,228)	(2,654)	(9,417)	(9,514)
Administrative expenses		(6,302)	(7,317)	(16,857)	(20,344)
Other operating expenses		(18,073)	(16,249)	(49,708)	(49,123)
Finance costs		(2,754)	(3,001)	(8,261)	(12,194)
Share of results of jointly controlled entity		(18)	(60)	(21)	(102)
Share of results of associate		<u>12</u>	<u>(4)</u>	<u>26</u>	<u>-</u>
Profit / (loss) before tax		(762)	1,118	33,580	29,678
Income tax expense	19	<u>(4,304)</u>	<u>(74)</u>	<u>(13,367)</u>	<u>(8,817)</u>
Profit / (loss) for the period		<u>(5,066)</u>	<u>1,044</u>	<u>20,213</u>	<u>20,861</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>(29)</u>	<u>(62)</u>	<u>(36)</u>	<u>(154)</u>
Total comprehensive income for the period		<u>(5,095)</u>	<u>982</u>	<u>20,177</u>	<u>20,707</u>



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

Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS		
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR	
	QUARTER 30-Sep-14 RM'000	CORRESPONDING QUARTER 30-Sep-13 RM'000	TO DATE 30-Sep-14 RM'000	CORRESPONDING PERIOD 30-Sep-13 RM'000	
Profit/(loss) attributable to :					
Equity holders of the Company	(3,901)	1,273	22,555	21,780	
Non-controlling interests	(1,165)	(229)	(2,342)	(919)	
Profit / (loss) for the period	(5,066)	1,044	20,213	20,861	
Total comprehensive income/(loss) attributable to :					
Equity holders of the Company	(3,930)	1,211	22,519	21,626	
Non-controlling interests	(1,165)	(229)	(2,342)	(919)	
Total comprehensive income for the period	(5,095)	982	20,177	20,707	
Earnings per share attributable to ordinary equity holders of the Company (sen):					
- Basic	30 (a)	(1.42)	0.46	8.18	7.90
- 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 SEPTEMBER 2014**

	Note	30-Sep-14 (Unaudited) RM'000	31-Dec-13 (Audited) RM'000
ASSETS			
Non-current assets			
Hotel properties and exhibition centre & showroom	9	318,989	322,072
Other property, plant and equipment	9	90,489	92,821
Property, plant and equipment		<u>409,478</u>	<u>414,893</u>
Investment properties	9	62,036	62,004
Prepaid land lease payments		314,675	317,776
Land held for property development		235,084	232,717
Investment in associate and joint venture		187	182
Available-for-sale financial assets		2,707	2,660
Long-term trade receivables		19,018	19,285
Deferred tax assets		3,749	4,546
		<u>1,046,934</u>	<u>1,054,063</u>
Current assets			
Property development costs		62,022	68,604
Inventories		89,496	110,812
Trade receivables, other receivables, deposits and prepayments		105,529	84,054
Tax recoverable		4,052	4,425
Cash and bank balances		29,981	40,277
		<u>291,080</u>	<u>308,172</u>
TOTAL ASSETS		<u>1,338,014</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		147,640	149,074
Retained earnings		331,945	307,992
Equity attributable to equity holders of the Company		<u>812,397</u>	<u>790,024</u>
Non-controlling interests		24,565	26,907
Total equity		<u>836,962</u>	<u>816,931</u>
Non-current liabilities			
Borrowings	25	35,635	42,952
Long-term liabilities		3,235	3,235
Deferred Income		38,850	37,085
Deferred tax liabilities		79,778	80,386
		<u>157,498</u>	<u>163,658</u>
Current liabilities			
Borrowings	25	180,451	191,476
Trade payables, other payables and accrued expenses		110,458	130,024
Tax payables		51,356	58,968
Deferred Income		1,289	1,178
		<u>343,554</u>	<u>381,646</u>
Total Liabilities		<u>501,052</u>	<u>545,304</u>
TOTAL EQUITY AND LIABILITIES		<u>1,338,014</u>	<u>1,362,235</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.95	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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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
At 1 January 2014	275,707	-	57,251	149,074	307,992	790,024
Profit / (loss) for the period	-	-	-	-	22,555	22,555
Other comprehensive income/(loss)	-	-	-	(36)	-	(36)
Total comprehensive income/(loss)	-	-	-	(36)	22,555	22,519
Shares bought-back held as treasury shares	-	(146)	-	-	-	(146)
Transfer to retained earnings	-	-	-	(1,398)	1,398	-
At 30 September 2014	275,707	(146)	57,251	147,640	331,945	812,397
At 1 January 2013	275,707	-	57,251	152,055	270,112	755,125
Profit / (loss) for the period	-	-	-	-	21,780	21,780
Other comprehensive income/(loss)	-	-	-	(1,552)	1,398	(154)
Total comprehensive income/(loss)	-	-	-	(1,552)	23,178	21,626
At 30 September 2013	275,707	-	57,251	150,503	293,290	776,751
					26,892	803,643

(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 SIX MONTHS PERIOD ENDED 30 SEPTEMBER 2014**

	CURRENT YEAR TO DATE 30-Sep-14 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-13 RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Profit before tax	33,580	29,678
Adjustments for:		
Allowance for doubtful debts	2,405	5,895
Allowance for doubtful debts written back	(230)	(421)
Amortisation of deferred income	(947)	(886)
Amortisation of prepaid land lease payment	3,101	3,230
Bad debts written off	1,753	1,132
Depreciation of hotel properties and exhibition centre & showroom	3,083	3,121
Depreciation of other property, plant and equipment	4,675	4,909
Fair value adjustment to long term receivables	678	-
Impairment gain in value of other investments	(48)	(11)
Interest expense	8,261	12,194
Interest income	(606)	(786)
Gain on disposal of other property, plant and equipment	(5)	(258)
Net unrealised loss on foreign exchange	4	1
Other property, plant & equipment written off	4	2
Share of results of associate and joint venture	(5)	102
Operating profit before working capital changes	55,703	57,902
Changes in working capital:		
Inventories	21,316	9,711
Property development costs	4,215	24,876
Receivables	(25,635)	(46,544)
Deferred income	2,824	3,498
Payables	(19,836)	(7,417)
Cash generated from operations	38,587	42,026
Tax refund	486	-
Tax paid	(21,078)	(6,119)
Interest paid	(7,563)	(11,265)
Net cash generated from operating activities	10,432	24,642



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

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

	CURRENT YEAR TO DATE 30-Sep-14 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-13 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of other property, plant and equipment	(2,331)	(1,234)
Expenditure on investment properties	(32)	(414)
Expenditure on prepaid land lease payments	-	(21)
Proceeds from disposal of other property, plant & equipment	50	283
Interest received	605	786
Net cash used in investing activities	(1,708)	(600)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of short term revolving credit	-	30,000
Drawdown of term loans	20,252	2,314
Hire purchase and lease creditors	(198)	(242)
Repayment of Bank Guaranteed Commercial Paper / Medium Term Notes	-	(49,757)
Repayment of revolving credits	(5,000)	(5,400)
Repayment of term loans	(42,751)	(27,966)
Purchase of treasury shares	(146)	-
Net cash used in financing activities	(27,843)	(51,051)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(19,119)	(27,009)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	38,583	61,455
CASH AND CASH EQUIVALENTS AT END OF PERIOD	19,464	34,446
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	29,981	36,397
Bank overdrafts	(10,517)	(1,951)
	19,464	34,446

(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.

Further on 2 September, 2014, MASB announced that TEs shall be required to apply the MFRS Framework for annual periods beginning on or after 1 January 2017. MASB has also issued on the same day MFRS 15 *Revenue from Contract with Customers* and *Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141)*. MFRS 15 is effective for annual periods beginning on or after 1 January 2017 while the Bearer Plants amendment is effective for annual periods beginning on or after 1 January 2016. With the issuance of MFRS 15 and the Bearer Plant amendment, all TEs would be required to adopt the MFRS Framework latest by 1 January 2017.

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 latest by the annual periods beginning on 1 January 2017.

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 Sep 2014	Property Development RM'000	Property Investment RM'000	Hospitality Health & Tourism RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	25,461	4,940	16,473	418	47,292
Results					
Segment results	8,036	578	(4,013)	(2,603)	1,998
Finance costs					(2,754)
Share of results of associate and joint venture					(6)
Loss before tax					(762)
Income tax expense					(4,304)
Loss after tax					(5,066)
Non-controlling interests					1,165
Loss for the period					(3,901)

Quarter Ended 30 Sep 2013	Property Development RM'000	Property Investment RM'000	Hospitality Health & Tourism RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	19,294	4,891	24,503	597	49,285
Results					
Segment results	5,123	406	869	(2,215)	4,183
Finance costs					(3,001)
Share of results of associate and joint venture					(64)
Profit before tax					1,118
Income tax expense					(74)
Profit after tax					1,044
Non-controlling interests					229
Profit for the period					1,273



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

**Nine Months Ended
30 Sep 2014**

	Property Development RM'000	Property Investment RM'000	Hospitality Health & Tourism RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	122,206	15,437	49,131	1,412	188,186
Results					
Segment results	54,572	2,096	(7,288)	(7,544)	41,836
Finance costs					(8,261)
Share of results of associate and joint venture					5
Profit before tax					33,580
Income tax expense					(13,367)
Profit after tax					20,213
Non-controlling interests					2,342
Profit for the period					22,555

**Nine Months Ended
30 Sep 2013**

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



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) 3rd Quarter 2014 vs 3rd Quarter 2013

The Group recorded total revenue of RM47.3 million for the third quarter ended 30 September 2014 compared to RM49.3 million in the preceding year corresponding quarter ended 30 September 2013. Corresponding with the lower revenue, current quarter recorded loss before tax of RM0.8 million compared to profit before tax of RM1.1 million in the preceding year corresponding quarter.

Property Development Division

Revenue for the third quarter of 2014 for the division was RM25.5 million as compared to RM19.3 million in the same quarter of 2013. The higher revenue in the current quarter of 2014 was mainly contributed by the revenue recognition from Belleza Phase 2A in College Heights Utara, Kedah and Cyber Heights Villa, Lakeview Residency, Mansion Park and Sawtelle in Cyberjaya. The division recorded segment profits of RM8.0 million for the current quarter under review in comparison with segment profits of RM5.1 million for the third quarter of 2013.

Property Investment Division

The revenue for the Property Investment Division was RM4.9 million in the current quarter consistent with RM4.9 million for the third quarter of 2013. Accordingly, segment profits was at RM0.6 million for the third quarter of 2014 as compared to segment profits of RM0.4 million for the same quarter of 2013.

Hospitality, Health & Tourism Division

Hospitality, Health & Tourism Division contributed RM16.5 million of revenue as compared to RM24.5 million in the third quarter of 2013, a decrease of RM8.0 million. This was mainly due to lower health and timeshare membership revenue and also lower hospitality revenue. Segment loss for the current quarter was RM4.0 million compared to segment profits of RM0.9 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 third quarter of 2014 compared to RM0.6 million for the third quarter of



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PART B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

2013. The segment loss for the third quarter 2014 was RM2.6 million versus RM2.2 million segment loss for the same quarter of 2013.

15. Operating Segment Review (Cont'd)

(b) YTD September 2014 vs YTD September 2013

Total Group revenue for the period ended 30 September 2014 increased by RM1.7 million to RM188.2 million as compared to RM186.4 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 current year to date was RM33.6 million as compared to RM29.7 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 for the period ended 30 September 2014 was RM122.2 million as compared to RM100.9 million for the same period in the preceding year. This was mainly contributed by the higher sales of Cyber Heights Villa and Country Heights Damansara bungalow lots and revenue recognition from Lakeview Residency, Mansion Park and Sawtelle. As such, higher segment profits of RM54.6 million was recorded in the current period as compared to segment profits of RM43.8 million for the same period of the preceding year.

Property Investment Division

Total revenue from the Property Investment Division was RM15.4 million as compared to RM13.9 million in the preceding year. This is mainly due to higher contribution from exhibition hall rental. As such, segment profits for the current period was RM2.1 million as compared to RM1.8 million for the preceding year.

Hospitality, Health & Tourism Division

Hospitality, Health & Tourism Division contributed RM49.1 million of revenue in the current year period as compared to RM69.4 million in the same period of the preceding year mainly due to lower contribution from hotel revenue, timeshare and health membership revenue. Segment loss of RM7.3 million was recorded for the current year period as compared to segment profit of RM1.5 million in the preceding year mainly due to the lower revenue.



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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) YTD September 2014 vs YTD September 2013 (Cont'd)

Others

Total RM1.4 million of revenue was contributed by the other subsidiaries in the current year period as compared to the same period of the preceding year of RM2.2 million. Segment loss was RM7.5 million for the current year period as compared to segment loss of RM5.1 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 third quarter of 2014 was at RM47.3 million as compared to the preceding quarter ended 30 June 2014 of RM61.8 million. Revenue was higher in the preceding quarter mainly due to higher revenue recognition from Cyber Heights Villa, Lakeview Residency and Mansion Park in the second quarter.

17. Commentary on Prospects

On 14th November 2014, Bank Negara Malaysia reported that the Malaysian economy registered a growth of 5.6% in the third quarter of 2014 (2Q 2014: 6.5%). Moving forward, domestic demand will remain the key driver of growth and Malaysian 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 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, Health and Tourism 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 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 Designer 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 at 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 revenue. 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 revenue.

18. Variance on Profit Forecast / Profit Guarantee

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

19. Income Tax Expense

	Nine Months ended	
	30-Sep-14	30-Sep-13
	RM'000	RM'000
Income tax:		
- current year	(11,076)	(8,598)
- over / (under) provision	(2,279)	515
Deferred tax	(12)	(734)
	(13,367)	(8,817)

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):

	Nine Months ended	
	30-Sep-14	30-Sep-13
	RM'000	RM'000
Depreciation and amortisation	10,859	11,260
Allowance for and write off of receivables	4,158	7,027
Impairment gain in value of other investments	(47)	(11)
Net unrealised foreign exchange loss	4	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. 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-Sep-14	30-Sep-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	10,517	-	10,517
Term loan	110,148	35,149	145,297
Total secured borrowings	120,665	35,149	155,814
Unsecured			
Term loan	53,586	-	53,586
Revolving credits	6,000	-	6,000
Hire purchase & lease creditors	201	485	686
Total unsecured borrowings	59,787	485	60,272
Comprising:			
Local borrowings	180,452	35,634	216,086
Foreign borrowings	-	-	-
Total borrowings	180,452	35,634	216,086

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 September 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- Sep- 14 RM'000	As at 31-Dec -13 RM'000
Total retained earnings / (accumulated lossess) of the Company and its subsidiaries:		
- Realised	523,000	502,523
- Unrealised	<u>(80,595)</u>	<u>(79,843)</u>
	442,405	422,680
Total share of retained earnings from associate:		
- Realised	76	50
Total share of accumulated losses from joint venture:		
- Realised	(22)	(209)
	<u>442,459</u>	<u>422,521</u>
Less: Consolidated adjustments	(110,514)	(114,529)
Total group retained earnings as per consolidated accounts	<u>331,945</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 13 November 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 which was fixed for trial on and 19 January 2015 to 21 January 2015 has now been rescheduled to 29 December 2014 to 31 December 2014 respectively. 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. However, the Plaintiff's have requested for adjournment of the trial due to the unavailability of their witness. The matter has been fixed for trial on 12 November 2014 and 13 November 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 RM22.6 million (30 Sep 2013: profit of RM21.8 million) over the number of 275,607,403 (30 Sep 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 20 November 2014.

By Order of the Board

Lee Cheng Wen

Group Chief Executive Officer