



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR QUARTER 31-Dec-14 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-13 RM'000	CURRENT YEAR TO DATE 31-Dec-14 RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE 31-Dec-13 RM'000
Revenue	4	85,288	76,386	273,474	262,829
Cost of sales		(41,871)	(25,273)	(118,634)	(97,563)
Gross profit		43,417	51,113	154,840	165,266
Interest income		285	104	890	890
Other operating income		6,215	8,911	12,003	14,927
Selling and marketing expenses		(4,224)	(5,720)	(13,641)	(15,234)
Administrative expenses		(8,160)	(7,739)	(25,017)	(28,083)
Other operating expenses		(16,281)	(23,275)	(65,989)	(72,398)
Finance costs		(2,814)	(3,777)	(11,074)	(15,971)
Share of results of associate & joint venture		27	19	32	(83)
Profit before tax		18,465	19,636	52,044	49,314
Income tax expense	19	(1,262)	(5,385)	(14,629)	(14,202)
Profit for the period / year		17,203	14,251	37,415	35,112
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		(748)	(963)	(755)	(1,117)
Total comprehensive income for the period / year		16,455	13,288	36,660	33,995



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		CURRENT YEAR QUARTER 31-Dec-14 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-13 RM'000	CURRENT YEAR TO DATE 31-Dec-14 RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE 31-Dec-13 RM'000
Profit/(loss) attributable to :					
Equity holders of the Company		15,344	14,236	37,898	36,016
Non-controlling interests		1,859	15	(483)	(904)
Profit for the period / year		<u>17,203</u>	<u>14,251</u>	<u>37,415</u>	<u>35,112</u>
Total comprehensive income/(loss) attributable to :					
Equity holders of the Company		14,596	13,273	37,143	34,899
Non-controlling interests		1,859	15	(483)	(904)
Total comprehensive income for the period / year		<u>16,455</u>	<u>13,288</u>	<u>36,660</u>	<u>33,995</u>
Earnings per share attributable to ordinary equity holders of the Company (sen):					
- Basic	30 (a)	5.57	5.16	13.75	13.06
- 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 31 DECEMBER 2014**

	Note	31-Dec-14 (Unaudited) RM'000	31-Dec-13 (Audited) RM'000
ASSETS			
Non-current assets			
Hotel properties and exhibition centre & showroom	9	317,961	322,072
Other property, plant and equipment	9	89,691	92,821
Property, plant and equipment		407,652	414,893
Investment properties	9	62,036	62,004
Prepaid land lease payments		313,641	317,776
Land held for property development		173,749	232,717
Investment in associate and joint venture		123	182
Available-for-sale financial assets		2,922	2,660
Long-term trade receivables		12,093	19,285
Deferred tax assets		3,685	4,546
		<u>975,901</u>	<u>1,054,063</u>
Current assets			
Property development costs		121,582	68,604
Inventories		86,679	110,812
Trade receivables, other receivables, deposits and prepayments		115,609	84,054
Tax recoverable		4,336	4,425
Cash and bank balances		47,474	40,277
		<u>375,680</u>	<u>308,172</u>
TOTAL ASSETS		1,351,581	1,362,235
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		275,707	275,707
Treasury Shares	24	(146)	-
Share premium		57,251	57,251
Other reserves		146,455	149,074
Retained earnings		347,754	307,992
Equity attributable to equity holders of the Company		<u>827,021</u>	<u>790,024</u>
Non-controlling interests		<u>26,424</u>	<u>26,907</u>
Total equity		853,445	816,931
Non-current liabilities			
Borrowings	25	32,642	42,952
Long-term liabilities		3,130	3,235
Deferred Income		37,921	37,085
Deferred tax liabilities		79,530	80,386
		<u>153,223</u>	<u>163,658</u>
Current liabilities			
Borrowings	25	174,941	191,476
Trade payables, other payables and accrued expenses		115,662	130,024
Tax payables		52,689	58,968
Deferred Income		1,621	1,178
		<u>344,913</u>	<u>381,646</u>
Total Liabilities		498,136	545,304
TOTAL EQUITY AND LIABILITIES		1,351,581	1,362,235
Net assets per share attributable to ordinary equity holders of the Company (RM)		3.00	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
FOR THE YEAR ENDED 31 DECEMBER 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 year	-	-	-	-	37,898	37,898	37,415
Other comprehensive income/(loss)	-	-	-	(755)	-	(755)	(755)
Total comprehensive income/(loss)	-	-	-	(755)	37,898	37,143	36,660
Shares bought-back held as treasury shares	-	(146)	-	-	-	(146)	(146)
Transfer to retained earnings	-	-	-	(1,864)	1,864	-	-
At 31 December 2014	275,707	(146)	57,251	146,455	347,754	827,021	853,445
At 1 January 2013	275,707	-	57,251	152,055	270,112	755,125	782,936
Profit / (loss) for the year	-	-	-	-	36,016	36,016	35,112
Other comprehensive income/(loss)	-	-	-	(1,117)	-	(1,117)	(1,117)
Total comprehensive income/(loss)	-	-	-	(1,117)	36,016	34,899	33,995
Transfer to retained earnings	-	-	-	(1,864)	1,864	-	-
At 31 December 2013	275,707	-	57,251	149,074	307,992	790,024	816,931



(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 YEAR ENDED 31 DECEMBER 2014**

	CURRENT YEAR TO DATE 31-Dec-14 RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE 31-Dec-13 RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Profit before tax	52,044	49,314
Adjustments for:		
Allowance for doubtful debts	3,504	6,503
Allowance for doubtful debts written back	(230)	(483)
Amortisation of deferred income	(1,725)	(1,180)
Amortisation of prepaid land lease payment	4,135	4,306
Bad debts written off	922	7,104
Depreciation of hotel properties and exhibition centre & showroom	4,111	4,162
Depreciation of other property, plant and equipment	6,365	6,496
Fair value adjustment to investment properties	-	(2,409)
Fair value adjustment to long term receivables	650	(31)
Impairment gain in value of other investments	(262)	-
Interest expense	11,074	15,971
Interest income	(890)	(890)
Gain on disposal of other property, plant and equipment	(22)	(295)
Net unrealised (gain) / loss on foreign exchange	(8)	1
Other property, plant & equipment written off	36	4
Allowance for impairment losses no longer required for available for sale financial assets	-	(474)
Share of results of associate and joint venture	(32)	83
Operating profit before working capital changes	79,672	88,182
Changes in working capital:		
Inventories	(33,500)	17,166
Property development costs	63,635	(3,800)
Receivables	(29,219)	(24,794)
Deferred income	3,003	1,809
Payables	(13,457)	8,486
Cash generated from operations	70,134	87,049
Tax refund	825	-
Tax paid	(21,644)	(14,907)
Interest paid	(12,208)	(6,632)
Net cash generated from operating activities	37,107	65,510



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014**

	CURRENT YEAR TO DATE 31-Dec-14 RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE 31-Dec-13 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of other property, plant and equipment	(3,541)	(4,287)
Expenditure on investment properties	(32)	(478)
Expenditure on prepaid land lease payments	-	(1,278)
Proceeds from disposal of other property, plant & equipment	73	311
Interest received	890	890
Net cash used in investing activities	(2,610)	(4,842)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loans	20,252	8,376
Hire purchase and lease creditors	(117)	(325)
Repayment of Bank Guaranteed Commercial Paper / Medium Term Notes	-	(49,757)
Repayment of revolving credits	(5,600)	(7,200)
Repayment of term loans	(50,512)	(34,612)
Purchase of treasury shares	(146)	-
Net cash used in financing activities	(36,123)	(83,518)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(1,626)	(22,850)
Effects of foreign exchange rate changes	24	(22)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	38,583	61,455
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	36,981	38,583
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	47,474	40,277
Bank overdrafts	(10,493)	(1,694)
	36,981	38,583

(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 31 Dec 2014	Property Development RM'000	Property Investment RM'000	Hospitality Health & Tourism RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	56,435	8,539	19,898	416	85,288
Results					
Segment results	19,968	1,592	3,303	(3,611)	21,252
Finance costs					(2,814)
Share of results of associate					27
Profit before tax					18,465
Income tax expense					(1,262)
Profit after tax					17,203
Non-controlling interests					1,165
Profit for the year					18,368

Quarter Ended 31 Dec 2013	Property Development RM'000	Property Investment RM'000	Hospitality Health & Tourism RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	45,930	7,385	22,435	636	76,386
Results					
Segment results	24,568	1,787	(534)	(2,427)	23,394
Finance costs					(3,777)
Share of results of associate and joint venture					19
Profit before tax					19,636
Income tax expense					(5,385)
Profit after tax					14,251
Non-controlling interests					(15)
Profit for the year					14,236



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

Year Ended 31 Dec 2014	Property Development RM'000	Property Investment RM'000	Hospitality Health & Tourism RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	178,641	23,976	69,029	1,828	273,474
Results					
Segment results	74,540	3,688	(3,985)	(11,157)	63,086
Finance costs					(11,074)
Share of results of associate					32
Profit before tax					52,044
Income tax expense					(14,629)
Profit after tax					37,415
Non-controlling interests					391
Profit for the year					37,806

Year Ended 31 Dec 2013	Property Development RM'000	Property Investment RM'000	Hospitality Health & Tourism RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	146,800	21,302	91,864	2,863	262,829
Results					
Segment results	68,332	3,574	987	(7,525)	65,368
Finance costs					(15,971)
Share of results of associate and joint venture					(83)
Profit before tax					49,314
Income tax expense					(14,202)
Profit after tax					35,112
Non-controlling interests					904
Profit for the year					36,016



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 year under review.

6. Changes in Estimates

There were no changes in estimates that have a material effect in the financial year-to-date results.

7. Seasonal or Cyclical Factors

The operations of the Group were not materially affected by any seasonal or cyclical factors.

8. Dividends Paid

There were no dividends paid during the current financial year under review.

9. Carrying Amount of Revalued Assets

The valuation of property, plant and equipment and investment properties have been brought forward without amendment from the audited financial statements for the financial year ended 31 December 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 year under review.

12. Capital Commitments

There were no material changes in capital commitments since the last audited Statement of Financial Position as at 31 December 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) and (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 year that has not been reflected in these financial statements.



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

15. Operating Segment Review

(a) 4th Quarter 2014 vs 4th Quarter 2013

The Group recorded total revenue of RM85.3 million for the fourth quarter ended 31 December 2014 compared to RM76.4 million in the preceding year corresponding quarter ended 31 December 2013. However, current quarter recorded lower profit before tax of RM18.5 million compared to profit before tax of RM19.6 million in the preceding year corresponding quarter. This was mainly due to contribution of revenue from Property Development Division in the fourth quarter of the preceding year were mainly from the sale of higher margin inventories as compared to revenue recognition from percentage of completion of projects under construction in the current quarter.

Property Development Division

Revenue for the fourth quarter of 2014 for the division was RM56.4 million as compared to RM45.9 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 RM20.0 million for the current quarter under review in comparison with segment profits of RM24.6 million for the fourth quarter of 2013.

Property Investment Division

The revenue for the Property Investment Division was RM8.5 million in the current quarter as compared with RM7.4 million for the fourth quarter of 2013. Segment profits were at RM1.6 million for the fourth quarter of 2014 as compared to segment profits of RM1.8 million for the same quarter of 2013.

Hospitality, Health & Tourism Division

Hospitality, Health & Tourism Division contributed RM19.9 million of revenue as compared to RM22.4 million in the fourth quarter of 2013, a decrease of RM2.5 million. This was mainly due to lower health and timeshare membership revenue and also lower hospitality revenue. However, segment profit for the current quarter was RM3.3 million compared to segment loss of RM0.5 million in the same quarter of 2013 mainly due to lower bad debts written off and lower allowance for doubtful debts.



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

15. Operating Segment Review (Cont'd)

Others

This mainly comprised of Country Heights Holdings Berhad and the Education subsidiary, Country Heights Education Sdn Bhd. Total revenue of RM0.4 million was contributed by this subsidiary in the fourth quarter of 2014 compared to RM0.6 million for the fourth quarter of 2013. The segment loss for the fourth quarter 2014 was RM3.6 million versus RM2.4 million segment loss for the same quarter of 2013.

(b) YTD December 2014 vs YTD December 2013

Total Group revenue for the year ended 31 December 2014 increased by RM10.7 million to RM273.5 million as compared to RM262.8 million for 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 RM52.0 million as compared to RM49.3 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 year ended 31 December 2014 was RM178.6 million as compared to RM146.8 million in the preceding year. This was mainly contributed by the higher revenue recognition from Cyber Heights Villa, Lakeview Residency, Mansion Park and Belleza Phase 2A. As such, higher segment profits of RM74.5 million were recorded in the current year as compared to segment profits of RM68.3 million for the preceding year.

Property Investment Division

Total revenue from the Property Investment Division was RM24.0 million as compared to RM21.3 million in the preceding year. This is mainly due to higher contribution from exhibition hall rental. Segment profits for the current year was RM3.7 million as compared to RM3.6 million for the preceding year.



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

15. Operating Segment Review (Cont'd)

(b) YTD December 2014 vs YTD December 2013 (Cont'd)

Hospitality, Health & Tourism Division

Hospitality, Health & Tourism Division contributed RM69.0 million of revenue in the current year as compared to RM91.9 million in the preceding year mainly due to lower contribution from hotel revenue, timeshare and health membership revenue. Segment loss of RM4.0 million was recorded for the current year as compared to segment profit of RM1.0 million in the preceding year mainly due to the lower revenue.

Others

RM1.8 million of revenue was contributed by the other subsidiaries in the current year as compared to the preceding year of RM2.9 million. Segment loss was RM11.2 million for the current year as compared to segment loss of RM7.5 million in the preceding year due to higher administrative expenses and lower revenue contribution from the Education subsidiary.

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

The Group's revenue for the fourth quarter of 2014 was at RM85.3 million as compared to the preceding quarter ended 30 September 2014 of RM47.3 million. Revenue was higher in the current quarter mainly due to higher revenue recognition from Cyber Heights Villa, Lakeview Residency and Mansion Park in the fourth quarter.

17. Commentary on Prospects

On 12 February 2015, Bank Negara Malaysia reported that Malaysia's economy expanded 5.8% in the fourth quarter of 2014 supported largely by strong domestic demand while for the year, the country's Gross Domestic Product (GDP) grew 6%. The economy is expected to remain on a steady growth path despite the uncertainty in the global environment. Domestic demand is expected to remain favourable amidst the lower oil prices and investment activities are projected to remain resilient, with broad-based capital spending by both the private and public sectors cushioning the lower oil and gas-related investment activities. The Malaysia Institute of Economic Research has forecasted real GDP growth of between 5% to 5.5% in 2015.



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

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, increasing cost of living in the country couple with the difficulty in obtaining financing 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 2015 and 2016, 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 2015 and 2016 are:-

- Mines Waterfront Designer Suites at Mines Wellness City
- Mines Waterfront Designer Suites Tower 3 & 4
- Belleza Garden Homes Phase 3 at Jitra, Kedah
- Cyberjaya Phase 2 Condominium and Double Story Terrace House
- Aqualis, mixed development project at Mines Wellness City
- Resort Style Condominium at Port Dickson

In 2014, the Hospitality Division faced stiff competitions in the market coupled with the airline tragedies 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.



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

19. Income Tax Expense

	12 Months ended	
	31-Dec-14	31-Dec-13
	RM'000	RM'000
Income tax:		
- current year	(12,550)	(12,741)
- over / (under) provision	(2,081)	(1,756)
Deferred tax	2	295
	<u>(14,629)</u>	<u>(14,202)</u>

The effective tax rate of the Group for the current year and last year was higher than the applicable rate mainly due to deferred tax assets not recognized and certain expenses not deductible for tax purpose.

20. Sale of Unquoted Investments / Properties

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

21. Purchase and Sale of Quoted Securities

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

22. Profit before Tax

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

	12 Months ended	
	31-Dec-14	31-Dec-13
	RM'000	RM'000
Depreciation and amortisation	14,611	14,964
Allowance for and write off of receivables	4,426	13,607
Impairment gain in value of other investments	(262)	-
Net unrealised foreign exchange (gain)/loss	(8)	1

There were no gain or loss on derivatives, exceptional items and allowance for and write off of inventories.



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. 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.

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
	31-Dec-14	31-Dec-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	-	-



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. Borrowings

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

	Short-term RM'000	Long-term RM'000	Total RM'000
Secured			
Bank overdrafts	10,493	-	10,493
Term loan	105,609	32,081	137,690
Total secured borrowings	116,102	32,081	148,183
Unsecured			
Term loan	53,233	-	53,233
Revolving credits	5,400	-	5,400
Hire purchase & lease creditors	206	561	767
Total unsecured borrowings	58,839	561	59,400
Comprising:			
Local borrowings	174,941	32,642	207,583
Foreign borrowings	-	-	-
Total borrowings	174,941	32,642	207,583

All borrowings are denominated in Ringgit Malaysia unless indicated otherwise.

26. Disclosure requirements pursuant to implementation of FRS 139

(a) Disclosure of Derivatives

There are no outstanding derivatives as at 31 December 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

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 31- Dec- 14 RM'000	As at 31-Dec -13 RM'000
Total retained earnings / (accumulated losses) of the Company and its subsidiaries:		
- Realised	538,482	502,314
- Unrealised	<u>(80,362)</u>	<u>(79,843)</u>
	458,120	422,471
Total share of retained earnings from associate:		
- Realised	82	50
	<u>458,202</u>	<u>422,521</u>
Less: Consolidated adjustments	<u>(110,448)</u>	<u>(114,529)</u>
Total group retained earnings as per consolidated accounts	<u><u>347,754</u></u>	<u><u>307,992</u></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

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 23 February 2015. 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 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. The matter is now fixed for the hearing of the Appeal on 24 March 2015.



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. Material Litigation (Cont'd)

As for the main suit at the High Court, it has been disposed on 18 December 2014 by both parties recording a consent judgment, wherein both parties have agreed to be bound by the decision of the Appeal.

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 then reverted back to the High Court for full trial. The trial for this matter has concluded and the decision was pronounced on 18 February 2015 whereby, the judge allowed the Plaintiff's claim of RM1,812,217.00 with interest of 5% to be calculated from the date of the judgment till realization. The Defendant will be filing an Appeal to the Court of Appeal against the decision and will be applying for a Stay of the execution.



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

29. Dividend Payable

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

30. Earnings Per Share

(a) Basic

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of RM37.9 million (31 Dec 2013: profit of RM36.0 million) over the number of 275,607,403 (31 Dec 2013: 275,707,403) number of ordinary shares in issue as of the current financial year 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 23 February 2015.

By Order of the Board

Lee Cheng Wen

Group Chief Executive Officer