



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2015

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR QUARTER 31-Mar-15 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-14 RM'000	CURRENT YEAR TO DATE 31-Mar-15 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-14 RM'000
Revenue	4	35,252	79,143	35,252	79,143
Cost of sales		(15,140)	(30,736)	(15,140)	(30,736)
Gross profit		20,112	48,407	20,112	48,407
Interest income		139	174	139	174
Other operating income		934	3,065	934	3,065
Selling and marketing expenses		(1,857)	(3,255)	(1,857)	(3,255)
Administrative expenses		(6,853)	(5,335)	(6,853)	(5,335)
Other operating expenses		(15,609)	(14,402)	(15,609)	(14,402)
Finance costs		(2,521)	(2,982)	(2,521)	(2,982)
Share of results of associate		(97)	22	(97)	22
Profit / (loss) before tax		(5,752)	25,694	(5,752)	25,694
Income tax expense	19	(858)	(6,743)	(858)	(6,743)
Profit / (loss) for the period		(6,610)	18,951	(6,610)	18,951
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		(89)	(7)	(89)	(7)
Total comprehensive income/(loss) for the period		(6,699)	18,944	(6,699)	18,944



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2015

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
		QUARTER 31-Mar-15 RM'000	CORRESPONDING QUARTER 31-Mar-14 RM'000	TO DATE 31-Mar-15 RM'000	CORRESPONDING PERIOD 31-Mar-14 RM'000
Profit/(loss) attributable to :					
Equity holders of the Company		(5,346)	19,223	(5,346)	19,223
Non-controlling interests		<u>(1,264)</u>	<u>(272)</u>	<u>(1,264)</u>	<u>(272)</u>
Profit/(loss) for the period		<u>(6,610)</u>	<u>18,951</u>	<u>(6,610)</u>	<u>18,951</u>
Total comprehensive income/(loss) attributable to :					
Equity holders of the Company		(5,435)	19,216	(5,435)	19,216
Non-controlling interests		<u>(1,264)</u>	<u>(272)</u>	<u>(1,264)</u>	<u>(272)</u>
Total comprehensive income/(loss) for the period		<u>(6,699)</u>	<u>18,944</u>	<u>(6,699)</u>	<u>18,944</u>
Earnings per share attributable to ordinary equity holders of the Company (sen):					
- Basic	30 (a)	(1.94)	6.97	(1.94)	6.97
- 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 2014 and the accompanying explanatory notes attached to the interim financial statements)



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2015**

	Note	31-Mar-15 (Unaudited) RM'000	31-Dec-14 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		405,519	407,654
Investment properties	9	62,036	62,036
Prepaid land lease payments		312,609	313,641
Land held for property development		176,494	174,835
Investment in associate		129	227
Available-for-sale financial assets		2,930	2,922
Trade receivables-non-current portion		13,384	12,093
Deferred tax assets		3,685	3,685
		<u>976,786</u>	<u>977,093</u>
Current assets			
Property development costs		127,155	120,462
Inventories		85,752	86,733
Trade and other receivables		105,614	115,356
Tax recoverable		3,193	4,336
Cash and bank balances		23,360	47,547
		<u>345,074</u>	<u>374,434</u>
TOTAL ASSETS		<u>1,321,860</u>	<u>1,351,527</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		275,707	275,707
Treasury shares		(146)	(146)
Share premium		57,251	57,251
Other reserves		146,251	146,455
Retained earnings		342,476	347,707
Equity attributable to equity holders of the Company		<u>821,539</u>	<u>826,974</u>
Non-controlling interests		25,212	26,476
Total equity		<u>846,751</u>	<u>853,450</u>
Non-current liabilities			
Borrowings	25	102,108	26,465
Other payables		3,192	3,131
Deferred Income - non-current portion		39,129	38,385
Deferred tax liabilities		79,073	79,321
		<u>223,502</u>	<u>147,302</u>
Current liabilities			
Borrowings	25	90,444	181,118
Trade and other payables		111,479	115,262
Tax payables		48,285	52,774
Deferred Income		1,399	1,621
		<u>251,607</u>	<u>350,775</u>
Total Liabilities		<u>475,109</u>	<u>498,077</u>
TOTAL EQUITY AND LIABILITIES		<u>1,321,860</u>	<u>1,351,527</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.98	3.00

(The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 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 THREE MONTHS PERIOD ENDED 31 MARCH 2015**

	Attributable to Equity Holders of the Company				Non-Controlling Interests	Total Equity
	Non-distributable		Distributable			
	Share Capital	Treasury Shares	Share Premium	Other Reserves	Retained Earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015	275,707	(146)	57,251	146,455	347,707	826,974
Profit / (loss) for the period	-	-	-	-	(5,346)	(5,346)
Other comprehensive income/(loss)	-	-	-	(89)	-	(89)
Total comprehensive income/(loss)	-	-	-	(89)	(5,346)	(5,435)
Transfer to retained earnings	-	-	-	(115)	115	-
At 31 March 2015	275,707	(146)	57,251	146,251	342,476	821,539
At 1 January 2014	275,707	-	57,251	149,074	307,992	790,024
Profit / (loss) for the period	-	-	-	-	19,223	19,223
Other comprehensive income/(loss)	-	-	-	(7)	-	(7)
Total comprehensive income/(loss)	-	-	-	(7)	19,223	19,216
Transfer to retained earnings	-	-	-	(466)	466	-
At 31 March 2014	275,707	-	57,251	148,601	327,681	809,240



(The Unaudited Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2015**

	CURRENT YEAR TO DATE 31-Mar-15 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-14 RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Profit / (Loss) before tax	(5,752)	25,694
Adjustments for:		
Allowance for doubtful debts	1,270	671
Amortisation of deferred income	(336)	(290)
Amortisation of prepaid land lease payment	1,033	1,034
Bad debts written off	(2)	-
Depreciation of property, plant and equipment	2,596	2,508
Impairment gain in value of other investments	-	(5)
Interest expense	2,522	2,982
Interest income	(140)	(174)
Gain on disposal of other property, plant and equipment	-	(1)
Net unrealised gain on foreign exchange	(35)	(1)
Other property, plant & equipment written off	22	-
Reversal of impairment losses in value of other investments	(8)	-
Share of results of associate	97	(22)
Operating profit before working capital changes	1,267	32,396
Changes in working capital:		
Inventories	981	7,967
Property development costs	(8,352)	2,475
Receivables	7,183	(21,245)
Deferred income	858	1,915
Payables	(4,637)	(2,437)
Cash generated from operations	(2,700)	21,071
Tax refund	410	-
Tax paid	(4,861)	(5,063)
Interest paid	(2,415)	(2,879)
Net cash generated from operating activities	(9,566)	13,129



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2015**

	CURRENT YEAR TO DATE 31-Mar-15 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-14 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of other property, plant and equipment	(485)	(1,371)
Expenditure on investment properties	-	-
Proceeds from disposal of other property, plant & equipment	-	3
Interest received	139	174
Net cash generated from / (used in) investing activities	(346)	(1,194)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loan	171	1,017
Hire purchase and lease creditors	(76)	(67)
Repayment of revolving credits	(600)	(1,800)
Repayment of term loans	(20,446)	(10,590)
Net cash used in financing activities	(20,951)	(11,440)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(30,863)	199
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	37,054	38,583
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6,191	38,782
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	23,360	40,746
Bank overdrafts	(17,169)	(1,964)
	6,191	38,782

(The Unaudited Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 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 2014. 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 2014.

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 2014, 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 July 2014

Amendments to Defined Benefit Plans: Employee Contributions
FRS 119

Amendments to FRSs contained in the document entitled Annual Improvements to FRSs 2010-2012 cycle

Amendments to FRSs contained in the document entitled Annual Improvements to FRSs 2011-2013 cycle



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 or after 1st January 2017. MASB has also issued on the same day MFRS 15 *Revenue from Contract with Customers and Agriculture: Bear Plants (Amendments to MFRS 116 and MFRS 114)*. MFRS 115 is effective for effective for annual periods beginning or after 1 January 2017 while the Bearer Plants amendments is effective for annual periods beginning on or after 1 January 2016. With the issuance of MFRS 15 and the Bearer Plants amendment, all TEs would be required to adopt the MFRSs 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 1 January 2017.

3. Audit Opinion on 2014 Financial Statements

The auditors’ report on the financial statements of the Group for the financial year ended 31 December 2014 was not subject to any qualification.



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

4. Segment Reporting

Quarter Ended 31 Mar 2015	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	17,494	5,197	11,923	638	35,252
Results					
Segment results	6,003	63	(6,633)	(2,567)	(3,134)
Finance costs					(2,521)
Share of results of associate					(97)
Loss before tax					(5,752)
Income tax expense					(858)
Loss after tax					(6,610)
Non-controlling interests					1,264
Loss for the period					(5,346)
Quarter Ended 31 Mar 2014					
Revenue					
External sales	56,216	5,611	16,747	569	79,143
Results					
Segment results	30,319	698	(71)	(2,292)	28,654
Finance costs					(2,982)
Share of results of associate & joint venture					22
Profit before tax					25,694
Income tax expense					(6,743)
Profit after tax					18,951
Non-controlling interests					272
Profit for the period					19,223



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 2014.

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 2014.

13. Contingent Liabilities / Assets

There are no material contingent liabilities since the last audited Statement of Financial Position as at 31 December 2014 except as disclosed in Note 26 (a) to (b). There are no material contingent assets as at the date of this report.

14. Subsequent event

There was no material event subsequent to the end of the current financial period that has not been reflected in these financial statements.



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

15. Operating Segment Review

(a) 1st Quarter 2015 vs 1st Quarter 2014

The Group recorded total revenue of RM35.3 million for the first quarter ended 31 March 2015 compared to RM79.1 million in the previous year corresponding quarter ended 31 March 2014. The difference was mainly due to lower sale of completed inventories and progressive recognition of on going developments from the Property Development Division and lower contribution from the Hospitality & Health Division as compared to 2014.

The Group recorded loss before tax of RM5.7 million for the current quarter compared to profit of RM25.7 million in previous year corresponding quarter.

Property Development Division

Revenue for the first quarter of 2015 for the division was RM17.5 million as compared to RM56.2 million in the same quarter of 2014. The higher revenue in 2014 was mainly contributed by the sale of land at Country Heights Damansara and completed Cyber Heights Villa units at Cyberjaya recognized in the first quarter of 2014. The division recorded segment profits of RM6.0 million for the current quarter under review in comparison with segment profits of RM30.3 million for the first quarter of 2014.

Property Investment Division

The revenue for the Property Investment Division was RM5.2 million in the current quarter compared to RM5.6 million for the first quarter of 2014. Segment profits was RM0.06 million for the first quarter of 2015 as compared to segment profit of RM0.7 million for the same quarter of 2014 mainly due to lower contribution from events revenue and office rental income.

Hospitality & Health Division

Hospitality & Health Division contributed RM12.0 million of revenue as compared to RM16.7 million in the first quarter of 2014, a decrease of RM4.7 million. This was mainly due to lower contribution from the hotel revenue and health membership revenue. The hotel industry was generally facing stiff competition, rate war amongst hotels and the softer tourism markets. Segment loss of RM6.6 million was recorded compared to segment loss of RM0.07 million in the same quarter of 2014 due to the lower revenue recorded.



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

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

Others

This mainly comprised of Country Heights Holdings Berhad and the Education subsidiary, Country Heights Education Sdn Bhd. Total revenue of RM0.6 million was contributed by this subsidiary in the first quarter of 2015 consistent with RM0.6 million for the first quarter of 2014. The segment loss for the first quarter 2014 was RM2.6 million versus RM2.3 million segment loss for the same quarter of 2014.

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

The Group's revenue for the first quarter of 2015 was lower at RM35.3 million as compared to the preceding fourth quarter ended 31 December 2014 of RM87.0 million, mainly due to lower revenue recorded for the Property Development Division and Hospitality & Health Division in the first quarter of 2015.

17. Commentary on Prospects

On 15 May 2015, Bank Negara Malaysia reported that Malaysia's economy grew by 5.6% in the first quarter of 2015 (4Q 2014: 5.7%) underpinned mainly by the private sector demand. The Malaysian economy is expected to remain on a steady growth path. Domestic demand will remain the key driver of growth amid the lower oil prices. Investment activities are projected to remain resilient, with continued capital spending by both the private and public sectors. While private consumption is expected to moderate as households adjust to the introduction of the Goods and Services Tax. The Malaysia Institute of Economic Research has forecasted real GDP growth of between 5% to 5.5% in 2015.

The global economic uncertainties, slower domestic economic growth, increasing cost of living in the country couple with the high lending and difficulty in obtaining end 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:-



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

- 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

The Hospitality & Health Division faced stiff competitions in the market, rate war amongst hotels and the softer tourism markets. Nevertheless, the management seeks to implement new strategies and counter measures to stimulate revenue and 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

	Quarter ended	
	31-Mar-15 RM'000	31-Mar-14 RM'000
Income tax:		
- current year	(1,105)	(6,370)
Deferred tax	247	(373)
	(858)	(6,743)

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.

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.



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

22. Profit before Tax

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

	Quarter ended	
	31-Mar-15	31-Mar-14
	RM'000	RM'000
Depreciation and amortisation	3,629	3,542
Allowance for and write off of receivables	2,671	671
Impairment gain in value of other investments	-	(5)
Net unrealised foreign exchange gain	(35)	(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.

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-Mar-15	31-Mar-15
	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 period are:

	Short-term RM'000	Long-term RM'000	Total RM'000
Secured			
Bank overdrafts	17,169	-	17,169
Term loan	15,051	101,608	116,659
Total secured borrowings	32,220	101,608	133,828
Unsecured			
Term loan	53,233	-	53,233
Revolving credits	4,800	-	4,800
Hire purchase & lease creditors	191	500	691
Total unsecured borrowings	58,224	500	58,724
Comprising:			
Local borrowings	90,444	102,108	192,552
Foreign borrowings	-	-	-
Total borrowings	90,444	102,108	192,552

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 March 2015 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 Securities Berhad listing requirement as issued by the Malaysian Institute of Accountants.

	As at 31- Mar- 15 RM'000	As at 31-Dec -14 RM'000
Total retained earnings / (accumulated losses) of the Company and its subsidiaries:		
- Realised	531,245	540,574
- Unrealised	<u>(80,722)</u>	<u>(82,598)</u>
	450,523	457,976
Total share of retained earnings from associate:		
- Realised	<u>129</u>	<u>186</u>
	450,652	458,162
Less: Consolidated adjustments	(108,176)	(110,455)
	<u>342,476</u>	<u>347,707</u>
Total group retained earnings as per consolidated accounts	<u>342,476</u>	<u>347,707</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 18 May 2015, 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 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 Appeal was heard on 24 March 2015 and the Court has fixed to deliver its decision on 11 June 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)

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. The trial for this matter has concluded and the decision was pronounced on 18 February 2015 whereby the Learned judge allowed the Plaintiff's claim of RM 1,812,217.00 with interest of 5% to be calculated from the date of the judgment till realization. The Defendant filed an Appeal to the Court Of Appeal against the said decision and will be applying for a Stay of the said execution. The appeal was filed in the Court of Appeal and the case management has been fixed for 7 May 2015. Following that, the Court of Appeal fixed 25 June 2015 for further case management for the Defendant to file in their plea upon receipt of the grounds of judgment from the High Court.



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 period under review and the previous corresponding financial year.

30. Earnings Per Share

(a) Basic

Basic earnings per share is calculated by dividing profit / (loss) for the period attributable to equity holders of RM5.3 million (31 Mar 2014: profit of RM19.2 million) over the number of 275,607,403 (31 Mar 2014: 275,607,403) ordinary shares issued during 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 25 May 2015.

By Order of the Board

Lee Cheng Wen

Group Chief Executive Officer