



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR QUARTER 30-Jun-15 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-Jun-14 RM'000	CURRENT YEAR TO DATE 30-Jun-15 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-14 RM'000
Revenue	4	33,249	61,751	68,501	140,894
Cost of sales		<u>(13,793)</u>	<u>(26,628)</u>	<u>(28,933)</u>	<u>(57,364)</u>
Gross profit		19,456	35,123	39,568	83,530
Interest income		103	192	242	366
Other operating income		1,064	1,259	1,997	4,324
Selling and marketing expenses		(4,830)	(2,934)	(6,687)	(6,189)
Administrative expenses		(6,076)	(5,220)	(12,929)	(10,555)
Other operating expenses		(15,821)	(17,233)	(31,430)	(31,635)
Finance costs		(2,827)	(2,524)	(5,348)	(5,506)
Share of results of joint venture		-	(11)	-	(3)
Share of results of associate		<u>(26)</u>	<u>-</u>	<u>(123)</u>	<u>14</u>
Profit / (loss) before tax		(8,957)	8,652	(14,710)	34,346
Income tax expense	19	<u>230</u>	<u>(2,320)</u>	<u>(628)</u>	<u>(9,063)</u>
Profit / (loss) for the period		<u>(8,727)</u>	<u>6,332</u>	<u>(15,338)</u>	<u>25,283</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>10</u>	<u>8</u>	<u>3</u>	<u>(92)</u>
Total comprehensive income/(loss) for the period		<u>(8,717)</u>	<u>6,340</u>	<u>(15,335)</u>	<u>25,191</u>



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		CURRENT YEAR QUARTER 30-Jun-15 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-Jun-14 RM'000	CURRENT YEAR TO DATE 30-Jun-15 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-14 RM'000
Profit/(loss) attributable to :					
Equity holders of the Company		(7,826)	7,237	(13,173)	26,460
Non-controlling interests		(901)	(905)	(2,165)	(1,177)
Profit/(loss) for the period		(8,727)	6,332	(15,338)	25,283
Total comprehensive income/(loss) attributable to :					
Equity holders of the Company		(7,816)	7,245	(13,170)	25,881
Non-controlling interests		(901)	(905)	(2,165)	(690)
Total comprehensive income/(loss) for the period		(8,717)	6,340	(15,335)	25,191
Earnings per share attributable to ordinary equity holders of the Company (sen):					
- Basic	30 (a)	(2.86)	2.63	(4.82)	9.60
- 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 30 JUNE 2015**

	Note	30-Jun-15 (Unaudited) RM'000	31-Dec-14 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		403,596	407,654
Investment properties	9	62,036	62,036
Prepaid land lease payments		311,573	313,641
Intangible asset		758	-
Land held for property development		178,209	174,835
Investment in associate		104	227
Available-for-sale financial assets		2,922	2,922
Trade receivables		14,300	12,093
Deferred tax assets		3,666	3,685
		<u>977,164</u>	<u>977,093</u>
Current assets			
Property development costs		125,669	120,462
Inventories		84,203	86,733
Trade receivables and other receivables		94,921	115,356
Tax recoverable		3,778	4,336
Cash and bank balances		19,109	47,547
		<u>327,680</u>	<u>374,434</u>
TOTAL ASSETS		<u>1,304,844</u>	<u>1,351,527</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		275,707	275,707
Treasury Shares	24	(2,914)	(146)
Share premium		57,251	57,251
Other reserves		146,227	146,455
Retained earnings		334,765	347,707
Equity attributable to equity holders of the Company		<u>811,036</u>	<u>826,974</u>
Non-controlling interests		24,311	26,476
Total equity		<u>835,347</u>	<u>853,450</u>
Non-current liabilities			
Borrowings	25	103,869	26,465
Other payables		3,186	3,131
Deferred Income		40,126	38,385
Deferred tax liabilities		78,825	79,321
		<u>226,006</u>	<u>147,302</u>
Current liabilities			
Borrowings	25	85,798	181,118
Trade and other payables		108,198	115,262
Tax payables		48,118	52,774
Deferred Income		1,377	1,621
		<u>243,491</u>	<u>350,775</u>
Total Liabilities		<u>469,497</u>	<u>498,077</u>
TOTAL EQUITY AND LIABILITIES		<u>1,304,844</u>	<u>1,351,527</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.96	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 SIX MONTHS PERIOD ENDED 30 JUNE 2015**

	Attributable to Equity Holders of the Company				Non-Controlling Interests	Total Equity
	Non-distributable	Share Premium	Other Reserves	Distributable		
	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	(146)	57,251	146,455	347,707	26,476	853,450
Loss for the period	-	-	-	(13,173)	(2,165)	(15,338)
Other comprehensive income	-	-	3	-	-	3
Total comprehensive income/(loss)	-	-	3	(13,173)	(2,165)	(15,335)
Shares bought-back held as treasury shares	(2,768)	-	-	-	-	(2,768)
Transfer to retained earnings	-	-	(231)	231	-	-
At 30 June 2015	(2,914)	57,251	146,227	334,765	24,311	835,347
At 1 January 2014	-	57,251	149,074	307,992	26,907	816,931
Profit / (loss) for the period	-	-	-	26,460	(1,177)	25,283
Other comprehensive income	-	-	1	-	-	1
Total comprehensive income/(loss)	-	-	1	26,460	(1,177)	25,284
Shares bought-back held as treasury shares	(146)	-	-	-	-	(146)
Transfer to retained earnings	-	-	(932)	932	-	-
At 30 June 2014	(146)	57,251	148,143	335,384	25,730	842,069

(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 SIX MONTHS PERIOD ENDED 30 JUNE 2015**

	CURRENT YEAR TO DATE 30-Jun-15 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-14 RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Profit / (Loss) before tax	(14,710)	34,346
Adjustments for:		
Allowance for doubtful debts	1,665	1,537
Amortisation of deferred income	(673)	(580)
Amortisation of prepaid land lease payment	2,068	2,068
Bad debts written off	4	7
Depreciation of property, plant and equipment	5,192	5,223
Fair value adjustment to long term receivables	-	678
Impairment gain in value of other investments	-	(48)
Interest expense	5,348	5,506
Interest income	(242)	(366)
Gain on disposal of other property, plant and equipment	(3)	-
Net unrealised (gain) / loss on foreign exchange	(69)	1
Other property, plant & equipment written off	(2)	-
Share of results of associate	123	(11)
Operating profit / (loss) before working capital changes	(1,299)	48,361
Changes in working capital:		
Inventories	2,530	19,023
Property development costs	(8,581)	6,537
Receivables	16,557	(26,343)
Deferred income	2,170	2,762
Payables	(7,596)	(15,496)
Cash generated from operations	3,781	34,844
Tax refund	410	104
Tax paid	(5,613)	(5,916)
Interest paid	(5,243)	(5,259)
Net cash generated from / (used in) operating activities	(6,665)	23,773



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015**

	CURRENT YEAR TO DATE 30-Jun-15 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-14 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of other property, plant and equipment	(1,127)	(2,040)
Proceeds from disposal of other property, plant & equipment	7	3
Interest received	242	366
Net cash used in investing activities	(878)	(1,671)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loans	4,180	5,252
Hire purchase and lease creditors	(131)	(132)
Repayment of Bank Guaranteed Commercial Paper / Medium Term Notes	-	-
Repayment of revolving credits	(1,200)	(3,600)
Repayment of term loans	(34,571)	(30,051)
Purchase of treasury shares	(2,767)	(146)
Net cash used in financing activities	(34,489)	(28,677)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(42,032)	(6,575)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	37,054	38,583
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(4,978)	32,008
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	19,109	33,998
Bank overdrafts	(24,087)	(1,990)
	(4,978)	32,008

(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 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 30 June 2015	Property Development RM'000	Property Investment RM'000	Hospitality, Health & Tourism RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	15,483	4,849	12,533	384	33,249
Results					
Segment results	1,787	1,682	(5,784)	(3,789)	(6,104)
Finance costs					(2,827)
Share of results of associate					(26)
Loss before tax					(8,957)
Income tax expense					230
Loss after tax					(8,727)
Non-controlling interests					901
Loss for the period					(7,826)

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



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

Six Months Ended 30 June 2015	Property Development RM'000	Property Investment RM'000	Hospitality, Health & Tourism RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	32,977	10,046	24,455	1,023	68,501
Results					
Segment results	7,790	1,745	(12,418)	(6,356)	(9,239)
Finance costs					(5,348)
Share of results of associate					(123)
Loss before tax					(14,710)
Income tax expense					(628)
Loss after tax					(15,338)
Non-controlling interests					2,165
Loss for the period					(13,173)

Six Months Ended 30 June 2014	Property Development RM'000	Property Investment RM'000	Hospitality, Health & Tourism RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	96,745	10,497	32,658	994	140,894
Results					
Segment results	46,536	1,518	(3,275)	(4,938)	39,841
Finance costs					(5,506)
Share of results of associate & joint venture					11
Profit before tax					34,346
Income tax expense					(9,063)
Profit after tax					25,283
Non-controlling interests					1,177
Profit for the period					26,460



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 28 (a) to (b). There are no material contingent assets as at the date of this report.

14. Subsequent event

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



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

15. Operating Segment Review

(a) 2nd Quarter 2015 vs 2nd Quarter 2014

The Group recorded total revenue of RM33.2 million for the second quarter ended 30 June 2015 compared to RM61.8 million in the preceding year corresponding quarter ended 30 June 2014. The difference was mainly due to lower sales of completed inventories and lower progressive recognition of on going developments from Property Development Division and lower contribution from the Hospitality, Health and Tourism Division as compared to 2014.

The Group recorded loss before tax of RM9.0 million for the current quarter compared to profits of RM8.7 million in the preceding year corresponding quarter.

Property Development Division

Revenue for the second quarter of 2015 for the division was RM15.5 million as compared to RM40.5 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 second quarter of 2014. The division recorded segment profits of RM1.8 million for the current quarter under review in comparison with segment profits of RM16.2 million for the second quarter of 2014.

Property Investment Division

The revenue for the Property Investment Division was RM4.8 million in the current quarter compared to RM4.9 million for the second quarter of 2015. Segment profits was at RM1.7 million for the second quarter of 2015 as compared to segment profits of RM0.8 million for the same quarter of 2014 due to higher hall rental revenue with higher margin recorded in second quarter of 2015.

Hospitality, Health & Tourism Division

Hospitality, Health & Tourism Division contributed RM12.5 million of revenue as compared to RM15.9 million in the second quarter of 2014, a decrease of RM3.4 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 market. Segment loss for the current quarter was RM5.8 million compared to segment loss of RM3.2 million in the same quarter of 2014 due to the lower revenue recorded.



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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)

Others

This mainly comprised of Country Heights Holdings Berhad and the Education subsidiary, Country Heights Education Sdn Bhd. Total revenue of RM0.4 million was contributed by this subsidiary in the second quarter of 2015 consistent with RM0.4 million for the second quarter of 2014. The segment loss for the second quarter of 2015 was RM3.8 million versus RM2.6 million segment loss for the same quarter of 2014.

(b) 2H 2015 vs 2H 2014

Total Group revenue for the first half of 2015 decreased to RM68.5 million from RM140.9 million for the same period in 2014. The difference was mainly due to lower sales of completed inventories and lower progressive recognition of on going developments from Property Development Division and lower contribution from the Hospitality, Health and Tourism Division as compared to 2014.

The Group recorded loss before tax of RM14.7 million for the first half of current year as compared to profit before tax of RM34.3 million in the same period of preceding year.

Property Development Division

Total revenue contributed by the Property Development Division in the first half of 2015 was RM33.0 million as compared to RM96.7 million for the same period in the preceding year. The higher revenue in 2014 was mainly contributed by the sale of Country Heights Damansara and completed Cyber Heights Villa units recognized in the first half of 2014. The division recorded segment profits of RM7.8 million in the first half of current year as compared to RM46.5 million for the same period of the preceding year.

Property Investment Division

Total revenue for the Property Investment Division was RM10.0 million consistent with RM10.5 million in the preceding year. Segment profits for the first half of the current year was RM1.7 million as compared to RM1.5 million for the preceding year.



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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) 2H 2015 vs 2H 2014 (Cont'd)

Hospitality, Health & Tourism Division

Hospitality, Health & Tourism Division contributed RM24.5 million of revenue in the first half of the current year as compared to RM32.7 million in the same period of the preceding year mainly due to the 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 market. Segment loss of RM12.4 million was recorded for the current year period as compared to segment loss of RM3.3 million in the preceding year mainly due to the lower revenue recorded.

Others

This mainly comprised of Country Heights Holdings Berhad and the Education subsidiary, Country Heights Education Sdn Bhd. Total RM1.0 million of revenue was contributed by this subsidiary in the first half of the current year as compared to the same period of the preceding year of RM1.0 million. Segment loss was RM6.4 million for the current year period as compared to segment loss of RM4.9 million in the same period of preceding year.

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

The Group's revenue for the first quarter of 2015 was higher at RM35.3 million as compared to the current quarter ended 30 June 2015 of RM33.2 million, mainly due to higher revenue recorded by the Property Development Division in the first quarter of 2015 from the sale of Cyber Heights Villa and Belleza Homes at Kolej Heights Utara.

17. Commentary on Prospects

The global economic uncertainties, slower domestic economic growth, sharp currency depreciation, increasing cost of living in the country couple with the high lending and difficulty in obtaining end financing have dampen consumer sentiments and affected the Group's revenue and results. Private consumption has also moderated as households adjust to the introduction of the Goods and Services Tax.



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 Property Development Division has a series of 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

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

	Six Months ended	
	30-Jun-15	30-Jun-14
	RM'000	RM'000
Income tax:		
- current year	(905)	(9,202)
- Over / (under) provision	(199)	399
Deferred tax	476	(260)
	<u>(628)</u>	<u>(9,063)</u>

The income tax expenses in the current period was attributed to the profits from the Property Development Division. The effective tax rate of the Group for the current period was lower than the applicable rate mainly due to the overall Group losses.



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 / (loss) before Tax

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

	Six Months ended	
	30-Jun-15 RM'000	30-Jun-14 RM'000
Depreciation and amortisation	7,260	7,291
Allowance for and write off of receivables	1,669	1,544
Impairment gain in value of other investments	-	(48)
Net unrealised foreign exchange loss / (gain)	(69)	1

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

23. Corporate Proposals

(a) Status of Corporate Proposals

There were no corporate proposals previously announced but not completed.

(b) Status of Utilisation of Proceeds from Corporate Proposal

There was no utilisation of proceeds derived from the Company's corporate proposal.



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

24. Details of Treasury Shares

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

Description of shares purchased	Quarter ended	As at
	30-Jun-15	30-Jun-15
	Ordinary Shares	Ordinary Shares
Number of shares purchased	2,050,000	2,150,000
Number of shares cancelled	-	-
Number of shares held as treasury shares	2,050,000	2,150,000
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	24,087	-	24,087
Term loan	13,102	103,408	116,510
Total secured borrowings	37,189	103,408	140,597
Unsecured			
Term loan	44,233	-	44,233
Revolving credits	4,200	-	4,200
Hire purchase & lease creditors	176	461	637
Total unsecured borrowings	48,609	461	49,070
Comprising:			
Local borrowings	85,798	103,869	189,667
Foreign borrowings	-	-	-
Total borrowings	85,798	103,869	189,667

All borrowings are denominated in Ringgit Malaysia unless indicated otherwise.

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

26. Disclosure requirements pursuant to implementation of FRS 139

(a) Disclosure of Derivatives

There are no outstanding derivatives as at 30 June 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)
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27. Retained earnings

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

	As at 30- Jun- 15 RM'000	As at 31-Dec -14 RM'000
Total retained earnings / (accumulated losses) of the Company and its subsidiaries:		
- Realised	522,321	540,574
- Unrealised	<u>(80,493)</u>	<u>(82,598)</u>
	441,828	457,976
Total share of retained earnings from associate:		
- Realised	<u>104</u>	<u>186</u>
	441,932	458,162
Less: Consolidated adjustments	(107,167)	(110,455)
Total group retained earnings as per consolidated accounts	<u><u>334,765</u></u>	<u><u>347,707</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 31 July 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 19 January 2015 to 21 January 2015 has been rescheduled to 29 December 2014 to 31 December 2014 respectively. However, the main suit at the High Court has been disposed of on 18 December 2014 by parties recording a consent judgement wherein both parties have agreed to be bound by the decision of the Special Commission of Income Tax ("Special Commissioners").

Previously, 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 Form Q before the 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 assessments for the Year of Assessment 1999, including penalties, for the sum of RM3,378,256.



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)

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. The High Court has however reserved its decision to 10 July 2015 and subsequently to 7 August 2015.

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.



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)

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. The appeal is now fixed for hearing on 2 September 2015.

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 loss for the period attributable to equity holders of RM13.2 million (30 Jun 2014: profit of RM26.5 million) over the number of 273,557,403 (30 Jun 2014: 275,607,403) 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 7 August 2015.

By Order of the Board

Lee Cheng Wen

Group Chief Executive Officer