



**COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR QUARTER 30-Sep-15 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-Sep-14 RM'000	CURRENT YEAR TO DATE 30-Sep-15 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-14 RM'000
Revenue	4	27,078	47,292	95,579	188,186
Cost of sales		<u>(8,775)</u>	<u>(19,399)</u>	<u>(37,708)</u>	<u>(76,763)</u>
Gross profit		18,303	27,893	57,871	111,423
Interest income		176	239	418	605
Other operating income		800	1,469	2,795	5,790
Selling and marketing expenses		(3,653)	(3,228)	(10,340)	(9,417)
Administrative expenses		(6,388)	(6,302)	(19,317)	(16,857)
Other operating expenses		(14,870)	(18,073)	(46,300)	(49,708)
Finance costs		(2,784)	(2,754)	(8,132)	(8,261)
Share of results of joint venture		-	(18)	-	(21)
Share of results of associate		<u>(77)</u>	12	<u>(200)</u>	26
Profit / (loss) before tax		(8,493)	(762)	(23,205)	33,580
Income tax expense	19	<u>(19)</u>	<u>(4,304)</u>	<u>(647)</u>	<u>(13,367)</u>
Profit / (loss) for the period		<u>(8,512)</u>	<u>(5,066)</u>	<u>(23,852)</u>	<u>20,213</u>
<b>Other comprehensive income/(loss), net of tax</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translating foreign operations		<u>133</u>	<u>(29)</u>	<u>140</u>	<u>(36)</u>
Total comprehensive income/(loss) for the period		<u>(8,379)</u>	<u>(5,095)</u>	<u>(23,712)</u>	<u>20,177</u>



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
		QUARTER 30-Sep-15 RM'000	CORRESPONDING QUARTER 30-Sep-14 RM'000	TO DATE 30-Sep-15 RM'000	CORRESPONDING PERIOD 30-Sep-14 RM'000
<b>Profit/(loss) attributable to :</b>					
Equity holders of the Company		(8,044)	(3,901)	(21,219)	22,555
Non-controlling interests		<u>(468)</u>	<u>(1,165)</u>	<u>(2,633)</u>	<u>(2,342)</u>
<b>Profit/(loss) for the period</b>		<u><b>(8,512)</b></u>	<u><b>(5,066)</b></u>	<u><b>(23,852)</b></u>	<u><b>20,213</b></u>
<b>Total comprehensive income/(loss) attributable to :</b>					
Equity holders of the Company		(7,911)	(3,930)	(21,079)	22,519
Non-controlling interests		<u>(468)</u>	<u>(1,165)</u>	<u>(2,633)</u>	<u>(2,342)</u>
<b>Total comprehensive income/(loss) for the period</b>		<u><b>(8,379)</b></u>	<u><b>(5,095)</b></u>	<u><b>(23,712)</b></u>	<u><b>20,177</b></u>
Earnings per share attributable to ordinary equity holders of the Company (sen):					
- Basic	30 (a)	(2.94)	(1.42)	(7.76)	8.18
- 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 SEPTEMBER 2015**

	Note	30-Sep-15 (Unaudited) RM'000	31-Dec-14 (Audited) RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		401,276	407,654
Investment properties	9	62,036	62,036
Prepaid land lease payments		310,541	313,641
Intangible asset		758	-
Land held for property development		179,001	174,835
Investment in associate		26	227
Available-for-sale financial assets		2,922	2,922
Trade receivables		15,116	12,093
Deferred tax assets		3,644	3,685
		<u>975,320</u>	<u>977,093</u>
<b>Current assets</b>			
Property development costs		127,807	120,462
Inventories		84,614	86,733
Trade receivables and other receivables		90,139	115,356
Tax recoverable		3,778	4,336
Cash and bank balances		27,521	47,547
		<u>333,859</u>	<u>374,434</u>
<b>TOTAL ASSETS</b>		<b><u>1,309,179</u></b>	<b><u>1,351,527</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital		275,707	275,707
Treasury Shares	24	(2,914)	(146)
Share premium		57,251	57,251
Other reserves		146,250	146,455
Retained earnings		326,833	347,707
Equity attributable to equity holders of the Company		<u>803,127</u>	<u>826,974</u>
<b>Non-controlling interests</b>		23,843	26,476
<b>Total equity</b>		<b><u>826,970</u></b>	<b><u>853,450</u></b>
<b>Non-current liabilities</b>			
Borrowings	25	95,937	26,465
Other payables		3,186	3,131
Deferred Income		42,102	38,385
Deferred tax liabilities		78,577	79,321
		<u>219,802</u>	<u>147,302</u>
<b>Current liabilities</b>			
Borrowings	25	94,525	181,118
Trade and other payables		117,597	115,262
Tax payables		48,876	52,774
Deferred Income		1,409	1,621
		<u>262,407</u>	<u>350,775</u>
<b>Total Liabilities</b>		<b><u>482,209</u></b>	<b><u>498,077</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>1,309,179</u></b>	<b><u>1,351,527</u></b>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.94	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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015**

	Attributable to Equity Holders of the Company				Non-Controlling Interests	Total Equity
	Non-distributable	Distributable				
	Treasury Shares	Share Premium	Other Reserves	Retained Earnings	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2015</b>	(146)	57,251	146,455	347,707	26,476	853,450
Loss for the period	-	-	-	(21,219)	(2,633)	(23,852)
Other comprehensive income	-	-	140	-	-	140
Total comprehensive income/(loss)	-	-	140	(21,219)	(2,633)	(23,712)
Shares bought-back held as treasury shares	(2,768)	-	-	-	-	(2,768)
Transfer to retained earnings	-	-	(345)	345	-	-
<b>At 30 September 2015</b>	(2,914)	57,251	146,250	326,833	23,843	826,970
<b>At 1 January 2014</b>	-	57,251	149,074	307,992	26,907	816,931
Profit / (loss) for the period	-	-	-	22,555	(2,342)	20,213
Other comprehensive loss	-	-	(36)	-	-	(36)
Total comprehensive income/(loss)	-	-	(36)	22,555	(2,342)	20,177
Shares bought-back held as treasury shares	(146)	-	-	-	-	(146)
Transfer to retained earnings	-	-	(1,398)	1,398	-	-
<b>At 30 September 2014</b>	(146)	57,251	147,640	331,945	24,565	836,962

(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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015**

	<b>CURRENT YEAR TO DATE 30-Sep-15 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-14 RM'000</b>
<b>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>		
Profit / (Loss) before tax	(23,205)	33,580
Adjustments for:		
Allowance for doubtful debts	1,924	2,405
Allowance for doubtful debts written back	-	(230)
Amortisation of deferred income	(1,061)	(947)
Amortisation of prepaid land lease payment	3,100	3,101
Bad debts written off	3	1,753
Depreciation of property, plant and equipment	7,634	7,758
Fair value adjustment to long term receivables	-	678
Impairment gain in value of other investments	-	(48)
Interest expense	8,132	8,261
Interest income	(418)	(605)
Gain on disposal of other property, plant and equipment	(3)	(5)
Net unrealised (gain) / loss on foreign exchange	(125)	4
Other property, plant & equipment written off	22	4
Share of results of associate	200	(5)
<b>Operating profit / (loss) before working capital changes</b>	<b>(3,797)</b>	<b>55,704</b>
Changes in working capital:		
Inventories	2,119	21,316
Property development costs	(11,511)	4,215
Receivables	20,267	(25,635)
Deferred income	4,566	2,824
Payables	1,471	(19,837)
<b>Cash generated from operations</b>	<b>13,115</b>	<b>38,587</b>
Tax refund	404	486
Tax paid	(5,114)	(21,078)
Interest paid	(8,027)	(7,563)
<b>Net cash generated from / (used in) operating activities</b>	<b>378</b>	<b>10,432</b>



**COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015**

	<b>CURRENT YEAR TO DATE 30-Sep-15 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-14 RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of other property, plant and equipment	(1,258)	(2,331)
Expenditure on investment properties	-	(32)
Proceeds from disposal of other property, plant & equipment	7	50
Interest received	418	605
<b>Net cash used in investing activities</b>	<b>(833)</b>	<b>(1,708)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of term loans	19,680	20,252
Hire purchase and lease creditors	(174)	(198)
Repayment of revolving credits	(1,800)	(5,000)
Repayment of term loans	(45,523)	(42,751)
Purchase of treasury shares	(2,767)	(146)
<b>Net cash used in financing activities</b>	<b>(30,584)</b>	<b>(27,843)</b>
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>	<b>(31,039)</b>	<b>(19,119)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>37,054</b>	<b>38,583</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>6,015</b>	<b>19,464</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	27,521	29,981
Bank overdrafts	(21,506)	(10,517)
	<b>6,015</b>	<b>19,464</b>

(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**

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**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**

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**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 1<sup>st</sup> 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 Sep 2015	Property Development RM'000	Property Investment RM'000	Hospitality, Health & Tourism RM'000	Others RM'000	Consolidated RM'000
<b>Revenue</b>					
External sales	6,630	4,811	15,180	457	27,078
<b>Results</b>					
Segment results	(1,865)	1,086	(1,208)	(3,645)	(5,632)
Finance costs					(2,784)
Share of results of associate					(77)
Loss before tax					(8,493)
Income tax expense					(19)
Loss after tax					(8,512)
Non-controlling interests					468
Loss for the period					(8,044)

Quarter Ended 30 Sep 2014	Property Development RM'000	Property Investment RM'000	Hospitality, Health & Tourism RM'000	Others RM'000	Consolidated RM'000
<b>Revenue</b>					
External sales	25,461	4,940	16,473	418	47,292
<b>Results</b>					
Segment results	8,036	578	(4,013)	(2,603)	1,998
Finance costs					(2,754)
Share of results of associate & joint venture					(6)
Loss before tax					(762)
Income tax expense					(4,304)
Loss after tax					(5,066)
Non-controlling interests					1,165
Loss for the period					(3,901)



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

Nine Months Ended 30 Sep 2015	Property	Property	Hospitality,	Others	Consolidated
	Development	Investment	Health & Tourism		
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>					
External sales	39,607	14,857	39,635	1,480	95,579
<b>Results</b>					
Segment results	5,924	2,831	(13,627)	(10,001)	(14,873)
Finance costs					(8,132)
Share of results of associate					(200)
Loss before tax					(23,205)
Income tax expense					(647)
Loss after tax					(23,852)
Non-controlling interests					2,633
Loss for the period					(21,219)
<b>Revenue</b>					
External sales	122,206	15,437	49,131	1,412	188,186
<b>Results</b>					
Segment results	54,572	2,096	(7,288)	(7,544)	41,836
Finance costs					(8,261)
Share of results of associate & joint venture					5
Profit before tax					33,580
Income tax expense					(13,367)
Profit after tax					20,213
Non-controlling interests					2,342
Profit for the period					22,555



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

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**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.



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

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**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**

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**15. Operating Segment Review**

**(a) 3rd Quarter 2015 vs 3rd Quarter 2014**

The Group recorded total revenue of RM27.1 million for the third quarter ended 30 September 2015 compared to RM47.3 million in the preceding year corresponding quarter ended 30 September 2014. The difference was mainly due to lower progressive recognition of on going developments from the Property Development Division and lower contribution from the Hospitality, Health and Tourism Division as compared to 2014.

The Group recorded loss before tax of RM8.5 million for the current quarter compared to loss before tax of RM0.8 million in the preceding year corresponding quarter.

Property Development Division

Revenue for the third quarter of 2015 for the division was RM6.6 million as compared to RM25.5 million in the same quarter of 2014. The higher revenue in 2014 was mainly contributed by the higher recognition of Lakeview Residency, Mansion Park, Sawtelle and Belleza Phase 2A in the third quarter of 2014. The division recorded segment loss of RM1.9 million for the current quarter under review in comparison with segment profit of RM8.0 million for the third 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 third quarter of 2014. Segment profits was at RM1.1 million for the third quarter of 2015 as compared to segment profits of RM0.6 million for the same quarter of 2014 mainly due to higher hall rental revenue with higher margin recorded in 2015.

Hospitality, Health & Tourism Division

Hospitality, Health & Tourism Division contributed RM15.2 million of revenue as compared to RM16.5 million in the third quarter of 2014, a decrease of RM1.3 million. This was mainly due to lower contribution from the health membership revenue and the hotel operation. The hotel industry was generally facing stiff competition, rate war amongst hotels and the softer tourism market. Segment loss for the current quarter was RM1.2 million compared to segment loss of RM4.0 million in the same quarter of 2014 due to higher allowance for doubtful debts in 2014.



**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**

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**15. Operating Segment Review (Cont'd)**

Others

This mainly comprised of Country Heights Holdings Berhad and the Education division. Total revenue of RM0.5 million was recorded in the third quarter of 2015 consistent with RM0.4 million for the third quarter of 2014. The segment loss for the third quarter of 2015 was RM3.6 million versus RM2.6 million segment loss for the same quarter of 2014.

**(b) YTD September 2015 vs YTD September 2014**

Total Group revenue for the period ended 30 September 2015 decreased to RM95.6 million from RM188.2 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 RM23.2 million for the current year to date as compared to profit before tax of RM33.6 million in the same period of preceding year.

Property Development Division

Total revenue contributed by the Property Development Division for the period ended 30 September 2015 was RM39.6 million as compared to RM122.2 million for the same period in the preceding year. The higher revenue in 2014 was mainly contributed by the sale of Country Heights Damansara bungalow lots and completed Cyber Heights Villa units recognized in the period. The division recorded lower segment profits of RM5.9 million in the period ended 30 September 2015 as compared to RM54.6 million for the same period in the preceding year.

Property Investment Division

Total revenue for the Property Investment Division was RM14.9 million as compared to RM15.4 million in the preceding year. Segment profits for the current year period was RM2.8 million as compared to RM2.0 million for the preceding year mainly due to higher hall rental revenue with higher margin recorded 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**

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**15. Operating Segment Review (Cont'd)**

**(b) YTD September 2015 vs YTD September 2014 (Cont'd)**

Hospitality, Health & Tourism Division

Hospitality, Health & Tourism Division contributed RM39.6 million of revenue in the current year period as compared to RM49.1 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 RM13.6 million was recorded for the current year period as compared to segment loss of RM7.3 million in the preceding year mainly due to the lower revenue recorded.

Others

This mainly comprised of Country Heights Holdings Berhad and the Education division. Total RM1.5 million of revenue was recorded in the current year period as compared to RM1.4 million in the same period of the preceding year. Segment loss was RM10.0 million for the current year period as compared to segment loss of RM7.5 million in the same period of preceding year.

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

The Group's revenue for the second quarter of 2015 was higher at RM33.2 million as compared to the current quarter ended 30 September 2015 of RM27.1 million, mainly due to higher revenue recorded by the Property Development Division in the second quarter of 2015 from the recognition of Mansion Park, Sawtelle and Belleza Phase 2A.

**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 (launched)
- Mines Waterfront Designer Suites Tower 3 & 4
- Belleza Garden Homes Phase 3 at Jitra, Kedah (launched)
- 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 and Tourism 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**

	<b>Nine Months ended</b>	
	<b>30-Sep-15</b>	<b>30-Sep-14</b>
	<b>RM'000</b>	<b>RM'000</b>
Income tax:		
- current year	(268)	(11,076)
- Over / (under) provision	(1,103)	(2,279)
Deferred tax	724	(12)
	<u>(647)</u>	<u>(13,367)</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.





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**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):

	<b>Nine Months ended</b>	
	<b>30-Sep-15</b>	<b>30-Sep-14</b>
	<b>RM'000</b>	<b>RM'000</b>
Depreciation and amortisation	10,734	10,859
Allowance for and write off of receivables	1,927	4,158
Impairment gain in value of other investments	-	(48)
Net unrealised foreign exchange loss / (gain)	(125)	4

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)**  
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**24. Details of Treasury Shares**

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

	Quarter ended 30-Sep-15	As at 30-Sep-15
Description of shares purchased	Ordinary Shares	Ordinary Shares
Number of shares purchased	-	2,150,000
Number of shares cancelled	-	-
Number of shares held as treasury shares	2,150,000	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 RM'000	Long-term RM'000	Total RM'000
<b>Secured</b>			
Bank overdrafts	21,506	-	21,506
Term loan	25,025	95,504	120,529
<b>Total secured borrowings</b>	<b>46,531</b>	<b>95,504</b>	<b>142,035</b>
<b>Unsecured</b>			
Term loan	44,233	-	44,233
Revolving credits	3,600	-	3,600
Hire purchase & lease creditors	161	433	594
<b>Total unsecured borrowings</b>	<b>47,994</b>	<b>433</b>	<b>48,427</b>
Comprising:			
Local borrowings	94,525	95,937	190,462
Foreign borrowings	-	-	-
<b>Total borrowings</b>	<b>94,525</b>	<b>95,937</b>	<b>190,462</b>

All borrowings are denominated in Ringgit Malaysia unless indicated otherwise.



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**26. Disclosure requirements pursuant to implementation of FRS 139**

**(a) Disclosure of Derivatives**

There are no outstanding derivatives as at 30 September 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.



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**27. Retained earnings**

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

	As at 30-Sep-15 RM'000	As at 31-Dec-14 RM'000
<b>Total retained earnings / (accumulated lossess) of the Company and its subsidiaries:</b>		
- Realised	518,187	540,574
- Unrealised	<u>(80,267)</u>	<u>(82,598)</u>
	437,920	457,976
<b>Total share of retained earnings from associate:</b>		
- Realised	<u>26</u>	<u>186</u>
	437,946	458,162
Less: Consolidated adjustments	(111,113)	(110,455)
	<u>326,833</u>	<u>347,707</u>
<b>Total group retained earnings as per consolidated accounts</b>	<b><u>326,833</u></b>	<b><u>347,707</u></b>



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**28. Material Litigation**

Save for the following, neither the Company nor its subsidiaries are engaged in any material litigation, either as plaintiff or defendant, and the Directors of the Company do not have any knowledge of any proceedings, pending or threatened against the Group or of any facts likely to give rise to any proceedings which might adversely and materially affect the position or business of the Group, as at 12 November 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.



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**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. The Court allowed the appeal by the Defendant with costs and dismissed the cross appeal by the Plaintiffs. The Plaintiffs have on 7 September 2015 filed their Notice of Appeal at the Court of Appeal against the decision of the High Court.

- (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 Court 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.



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**28. Material Litigation (Cont'd)**

The Defendant filed an appeal against the decision at 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. The appeal was fixed for hearing on 2 September 2015. Following that, the Court of Appeal dismissed the Defendant's appeal.

- (c) By a summons dated 17 August 2015, the Government of Malaysia ("Plaintiff") has filed a claim against Country Heights Sdn Bhd ("CHSB") for Income Tax for the Year of Assessment 2008 amounting to the sum of RM4,616,051.06 together with interest at 5% per annum thereon. Also, vide a summons dated 17 August 2015, the Government of Malaysia ("Plaintiff") has filed a claim against Country Heights Sdn Bhd ("CHSB") for Income Tax for the Year of Assessment 1997 and 1998 amounting to the sum of RM23,475,686.75 with interest at the rate of 5% per annum thereon. Both matters are currently fixed for case management.

**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 RM21.2 million (30 Sep 2014: profit of RM22.6 million) over the number of 273,557,403 (30 Sep 2014: 275,607,403) number of ordinary shares in issue as of the current financial period under review.

**(b) Diluted**

Not applicable.



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**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 19 November 2015.

By Order of the Board

**Lee Cheng Wen**

Group Chief Executive Officer