



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

| | Note | INDIVIDUAL QUARTER | | CUMULATIVE QUARTERS | |
|---|------|--------------------------------|---|--------------------------------|--|
| | | CURRENT YEAR | PRECEDING YEAR | CURRENT YEAR | PRECEDING YEAR |
| | | QUARTER 31-Dec-15 RM'000 | CORRESPONDING QUARTER 31-Dec-14 RM'000 | TO DATE 31-Dec-15 RM'000 | CORRESPONDING PERIOD 31-Dec-14 RM'000 |
| Revenue | 4 | 31,124 | 86,979 | 126,703 | 275,165 |
| Cost of sales | | (9,618) | (41,854) | (47,326) | (118,617) |
| Gross profit | | 21,506 | 45,125 | 79,377 | 156,548 |
| Interest income | | 165 | 285 | 583 | 890 |
| Other operating income | | 31,766 | 4,300 | 34,559 | 10,090 |
| Selling and marketing expenses | | (5,453) | (4,158) | (15,793) | (13,575) |
| Administrative expenses | | (6,386) | (8,013) | (25,703) | (24,870) |
| Other operating expenses | | (24,014) | (16,603) | (70,314) | (66,311) |
| Finance costs | | (3,053) | (2,813) | (11,185) | (11,074) |
| Share of results of associate | | (26) | 131 | (226) | 136 |
| Profit / (loss) before tax | | 14,505 | 18,254 | (8,702) | 51,834 |
| Income tax credit / (expense) | 19 | 744 | (1,138) | 97 | (14,505) |
| Profit / (loss) for the period / year | | 15,249 | 17,116 | (8,605) | 37,329 |
| 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 | | 4 | (748) | 11 | (755) |
| Total comprehensive income / (loss) for the period / year | | 15,253 | 16,368 | (8,594) | 36,574 |



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

| | Note | INDIVIDUAL QUARTER | | CUMULATIVE QUARTERS | |
|--|--------|--|---|--|--|
| | | CURRENT YEAR QUARTER 31-Dec-15 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-14 RM'000 | CURRENT YEAR TO DATE 31-Dec-15 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-14 RM'000 |
| Profit/(loss) attributable to : | | | | | |
| Equity holders of the Company | | 13,167 | 15,296 | (8,054) | 37,851 |
| Non-controlling interests | | 2,082 | 1,820 | (551) | (522) |
| Profit / (loss) for the period / year | | 15,249 | 17,116 | (8,605) | 37,329 |
| Total comprehensive income/(loss) attributable to : | | | | | |
| Equity holders of the Company | | 13,171 | 14,548 | (8,043) | 37,096 |
| Non-controlling interests | | 2,082 | 1,820 | (551) | (522) |
| Total comprehensive income / (loss) for the period / year | | 15,253 | 16,368 | (8,594) | 36,574 |
| Earnings / (loss) per share attributable to ordinary equity holders of the Company (sen): | | | | | |
| - Basic | 30 (a) | 4.81 | 5.55 | (2.94) | 13.74 |
| - 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 DECEMBER 2015**

| | Note | 31-Dec-15 (Unaudited) RM'000 | Restated 31-Dec-14 (Audited) RM'000 |
|--|------|------------------------------------|--|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 330,102 | 407,654 |
| Investment properties | 9 | 151,595 | 62,036 |
| Prepaid land lease payments | | 308,119 | 313,641 |
| Land held for property development | | 178,556 | 174,835 |
| Investment in associate | | - | 227 |
| Available-for-sale financial assets | | 2,816 | 2,922 |
| Trade receivables | | 7,991 | 12,093 |
| Deferred tax assets | | 3,647 | 3,685 |
| | | <u>982,826</u> | <u>977,093</u> |
| Current assets | | | |
| Property development costs | | 144,466 | 120,462 |
| Inventories | | 84,574 | 86,733 |
| Trade receivables and other receivables | | 102,350 | 115,356 |
| Tax recoverable | | 3,932 | 4,336 |
| Cash and bank balances | | 20,806 | 47,547 |
| | | <u>356,128</u> | <u>374,434</u> |
| TOTAL ASSETS | | <u>1,338,954</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 | | 156,039 | 146,455 |
| Retained earnings | | 340,098 | 347,707 |
| Equity attributable to equity holders of the Company | | <u>826,181</u> | <u>826,974</u> |
| Non-controlling interests | | 25,925 | 26,476 |
| Total equity | | <u>852,106</u> | <u>853,450</u> |
| Non-current liabilities | | | |
| Borrowings | 25 | 91,402 | 26,465 |
| Other payables | | 2,973 | 3,131 |
| Deferred income | | 33,905 | 38,385 |
| Deferred tax liabilities | | 78,743 | 79,321 |
| | | <u>207,023</u> | <u>147,302</u> |
| Current liabilities | | | |
| Borrowings | 25 | 98,660 | 181,118 |
| Trade and other payables | | 132,815 | 115,262 |
| Tax payables | | 46,897 | 52,774 |
| Deferred income | | 1,453 | 1,621 |
| | | <u>279,825</u> | <u>350,775</u> |
| Total Liabilities | | <u>486,848</u> | <u>498,077</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>1,338,954</u> | <u>1,351,527</u> |
| Net assets per share attributable to ordinary equity holders of the Company (RM) | | 3.02 | 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 YEAR ENDED 31 DECEMBER 2015**

| | Attributable to Equity Holders of the Company | | | | | Non-Controlling Interests | Total Equity | |
|--|---|---------------------------|-------------------------|--------------------------|-----------------------------|---------------------------|--------------|---------|
| | Non-distributable | | Distributable | | | | | |
| | Share Capital RM'000 | Treasury Shares RM'000 | Share Premium RM'000 | Other Reserves RM'000 | Retained Earnings RM'000 | Total RM'000 | RM'000 | |
| At 1 January 2015 | 275,707 | (146) | 57,251 | 146,455 | 347,707 | 826,974 | 26,476 | 853,450 |
| Loss for the period | - | - | - | - | (8,054) | (8,054) | (551) | (8,605) |
| Other comprehensive income | - | - | - | 11 | - | 11 | - | 11 |
| Total comprehensive income/(loss) | - | - | - | 11 | (8,054) | (8,043) | (551) | (8,594) |
| Shares bought-back held as treasury shares | - | (2,768) | - | - | - | (2,768) | - | (2,768) |
| Revaluation surplus | - | - | - | 10,018 | - | 10,018 | - | 10,018 |
| Transfer to retained earnings | - | - | - | (445) | 445 | - | - | - |
| At 31 December 2015 | 275,707 | (2,914) | 57,251 | 156,039 | 340,098 | 826,181 | 25,925 | 852,106 |
| At 1 January 2014 | 275,707 | - | 57,251 | 149,074 | 307,992 | 790,024 | 26,907 | 816,931 |
| Profit / (loss) for the period | - | - | - | - | 37,851 | 37,851 | (522) | 37,329 |
| Other comprehensive loss | - | - | - | (755) | - | (755) | - | (755) |
| Total comprehensive income/(loss) | - | - | - | (755) | 37,851 | 37,096 | (522) | 36,574 |
| Shares bought-back held as treasury shares | - | (146) | - | - | - | (146) | - | (146) |
| Effect from joint venture recognised as subsidiary | - | - | - | - | - | - | 91 | 91 |
| Transfer to retained earnings | - | - | - | (1,864) | 1,864 | - | - | - |
| At 31 December 2014 | 275,707 | (146) | 57,251 | 146,455 | 347,707 | 826,974 | 26,476 | 853,450 |

(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 YEAR ENDED 31 DECEMBER 2015**

| | CURRENT YEAR TO DATE 31-Dec-15 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-14 RM'000 |
|---|--|---|
| CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES | | |
| (Loss) / Profit before tax | (8,702) | 51,834 |
| Adjustments for: | | |
| Allowance for doubtful debts | 2,312 | 3,510 |
| Allowance for doubtful debts written back | - | (230) |
| Amortisation of deferred income | (8,581) | (1,322) |
| Amortisation of prepaid land lease payment | 4,123 | 4,135 |
| Bad debts written off / (written back) | 5,106 | (646) |
| Depreciation of property, plant and equipment | 10,297 | 10,476 |
| Fair value adjustment to investment properties | (16,055) | - |
| Imputed interest income on receivable | (41) | 650 |
| Impairment loss in value of other investments | 105 | 8 |
| Interest expense | 11,185 | 11,074 |
| Interest income | (583) | (890) |
| Goodwill written off | 757 | - |
| Waiver of debts owing to other payables | (12,450) | - |
| Gain on disposal of other property, plant and equipment | (7) | (22) |
| Loss on disposal of joint venture | - | 91 |
| Net unrealised gain on foreign exchange | (169) | (8) |
| Other property, plant & equipment written off | 570 | 4 |
| Inventories written down | 256 | - |
| Reversal of impairment losses in value of other investments | - | (270) |
| Share of results of associate | 226 | (136) |
| Operating (loss) / profit before working capital changes | (11,651) | 78,258 |
| Changes in working capital: | | |
| Inventories | 1,831 | (33,554) |
| Property development costs | (20,508) | 63,669 |
| Receivables | 9,532 | (27,638) |
| Deferred income | 3,934 | 3,065 |
| Payables | 29,598 | (14,153) |
| Cash generated from operations | 12,736 | 69,647 |
| Tax refund | 404 | - |
| Tax paid | (6,338) | (20,819) |
| Interest paid | (11,079) | (12,208) |
| Net cash (used in) / generated from operating activities | (4,277) | 36,620 |



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015**

| | CURRENT YEAR TO DATE 31-Dec-15 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-14 RM'000 |
|---|--|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of other property, plant and equipment | (4,190) | (3,356) |
| Net cash inflow on acquisition of subsidiary | - | 40 |
| Expenditure on investment properties | - | (32) |
| Expenditure on prepaid land lease payments | 1,014 | |
| Proceeds from disposal of other property, plant & equipment | 16 | 72 |
| Interest received | 583 | 890 |
| Net cash used in investing activities | (2,577) | (2,386) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Drawdown of term loans | 19,851 | 20,585 |
| Hire purchase and lease creditors | (243) | (117) |
| Repayment of revolving credits | (2,400) | (5,600) |
| Repayment of term loans | (54,784) | (50,512) |
| Purchase of treasury shares | (2,767) | (146) |
| Net cash used in financing activities | (40,343) | (35,790) |
| NET MOVEMENT IN CASH AND CASH EQUIVALENTS | (47,197) | (1,556) |
| Effects of foreign exchange rate changes | 37 | 27 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 37,054 | 38,583 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | (10,106) | 37,054 |
| ANALYSIS OF CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 20,806 | 47,547 |
| Bank overdrafts | (30,912) | (10,493) |
| | (10,106) | 37,054 |

(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 and Amendments to FRSs which are effective for financial periods beginning on or after:

1 December 2015

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 15 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 31 Dec 2015 | Property Development RM'000 | Property Investment RM'000 | Hospitality, Health & Tourism RM'000 | Others RM'000 | Consolidated RM'000 |
|-------------------------------|-----------------------------------|----------------------------------|---|------------------|------------------------|
| Revenue | | | | | |
| External sales | 2,120 | 6,984 | 21,480 | 540 | 31,124 |
| Results | | | | | |
| Segment results | (2,811) | 11,314 | 12,957 | (3,876) | 17,584 |
| Finance costs | | | | | (3,053) |
| Share of results of associate | | | | | (26) |
| Profit before tax | | | | | 14,505 |
| Income tax expense | | | | | 744 |
| Profit after tax | | | | | 15,249 |
| Non-controlling interests | | | | | (2,082) |
| Profit for the period | | | | | 13,167 |

| Quarter Ended 31 Dec 2014 | Property Development RM'000 | Property Investment RM'000 | Hospitality, Health & Tourism RM'000 | Others RM'000 | Consolidated RM'000 |
|-------------------------------|-----------------------------------|----------------------------------|---|------------------|------------------------|
| Revenue | | | | | |
| External sales | 58,483 | 8,539 | 19,538 | 419 | 86,979 |
| Results | | | | | |
| Segment results | 19,912 | 1,592 | 3,054 | (3,622) | 20,936 |
| Finance costs | | | | | (2,813) |
| Share of results of associate | | | | | 131 |
| Profit before tax | | | | | 18,254 |
| Income tax expense | | | | | (1,138) |
| Profit after tax | | | | | 17,116 |
| Non-controlling interests | | | | | (1,820) |
| Profit for the period | | | | | 15,296 |



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

| Year Ended 31 Dec 2015 | Property Development RM'000 | Property Investment RM'000 | Hospitality, Health & Tourism RM'000 | Others RM'000 | Consolidated RM'000 |
|-------------------------------|-----------------------------------|----------------------------------|---|------------------|------------------------|
| Revenue | | | | | |
| External sales | 41,727 | 21,841 | 61,115 | 2,020 | 126,703 |
| Results | | | | | |
| Segment results | 3,113 | 14,145 | (670) | (13,879) | 2,709 |
| Finance costs | | | | | (11,185) |
| Share of results of associate | | | | | (226) |
| Loss before tax | | | | | (8,702) |
| Income tax expense | | | | | 97 |
| Loss after tax | | | | | (8,605) |
| Non-controlling interests | | | | | 551 |
| Loss for the year | | | | | (8,054) |

| Year Ended 31 Dec 2014 | Property Development RM'000 | Property Investment RM'000 | Hospitality, Health & Tourism RM'000 | Others RM'000 | Consolidated RM'000 |
|---|-----------------------------------|----------------------------------|---|------------------|------------------------|
| Revenue | | | | | |
| External sales | 180,689 | 23,976 | 68,669 | 1,831 | 275,165 |
| Results | | | | | |
| Segment results | 74,484 | 3,688 | (4,234) | (11,166) | 62,772 |
| Finance costs | | | | | (11,074) |
| Share of results of associate & joint venture | | | | | 136 |
| Profit before tax | | | | | 51,834 |
| Income tax expense | | | | | (14,505) |
| Profit after tax | | | | | 37,329 |
| Non-controlling interests | | | | | 522 |
| Profit for the year | | | | | 37,851 |



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. Valuation of Investment Properties

During the quarter under review, a revaluation was undertaken for Investment Properties of the Group pursuant to FRS 140. The revaluation has resulted in a surplus of RM16.1 million and has been incorporated into the financial statements of the Group as at 31 December 2015. The details of the said revaluation carried out are tabled as follows:

| Description of Property | Location | Date of Valuation | 2015 Fair value RM'000 |
|-------------------------------------|-----------------|--------------------------|---------------------------------------|
| KHU Clubhouse | Kubang Pasu | 31-Dec-15 | 15,000 |
| Kindergarten and Institution land | Kajang | 31-Dec-15 | 7,300 |
| Bungalow lot | Nilai | 31-Dec-15 | 350 |
| Mines Waterfront Business Park Ph 1 | Seri Kembangan | 31-Dec-15 | 70,000 |
| Mines Wellness Hotel | Seri Kembangan | 31-Dec-15 | 90,000 |
| | | | 182,650 |
| | | | (31,055) |
| | | | 151,595 |

Less: portion classified under property plant & equipment and development cost

Fair value as at 31 December 2015

The fair value of the investment properties as determined by external valuer, differs from the amount presented in the statement of financial position due to certain portion of the properties were classified under property, plant and equipment and property development cost.



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

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

14. Subsequent event

Mines Holdings Sdn Bhd, a wholly-owned subsidiary of the Company, has on 16 February 2016, disposed off 33,343,602 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of Timbang Makmur Sdn Bhd for a total cash consideration of RM15,000 and accordingly Timbang Makmur Sdn Bhd ceased to be a sub-subsi-dary of the Company.



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

15. Operating Segment Review

(a) 4th Quarter 2015 vs 4th Quarter 2014

The Group recorded total revenue of RM31.1 million for the fourth quarter ended 31 December 2015 compared to RM87.0 million in the preceding year corresponding quarter ended 31 December 2014. The difference was mainly due to lower sales and lesser progressive recognition of on going developments from the Property Development Division and lower contribution from the Property Investment Division as compared to 2014.

The Group recorded profit before tax of RM14.5 million for the current quarter compared to profit before tax of RM18.3 million in the preceding year corresponding quarter mainly due to recognition of RM16.1 million fair value gain of investment properties.

Property Development Division

Revenue for the fourth quarter of 2015 for the division was RM2.1 million as compared to RM58.5 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 fourth quarter of 2014. The division recorded segment loss of RM2.8 million for the current quarter under review in comparison with segment profit of RM19.9 million for the fourth quarter of 2014. The current quarter loss was after taken in RM8.2 million fair value gain of investment properties.

Property Investment Division

The revenue for the Property Investment Division was RM7.0 million in the current quarter compared to RM8.5 million for the fourth quarter of 2014. Segment profits was at RM11.3 million for the fourth quarter of 2015 as compared to segment profits of RM1.6 million for the same quarter of 2014 mainly due to mainly due to recognition of RM7.8 million fair value gain of Investment Property in 2015.

Hospitality, Health & Tourism Division

Hospitality, Health & Tourism Division contributed RM21.5 million of revenue as compared to RM19.5 million in the fourth quarter of 2014. This was mainly due to higher contribution from the timeshare membership revenue recognition. Segment profit for the current quarter was RM12.9 million compared to segment profit of RM3.0 million in the same quarter of 2014 mainly due to RM12.4 million debt waiver written back in the fourth quarter of 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

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 fourth quarter of 2015 consistent with RM0.4 million for the fourth quarter of 2014. The segment loss for the fourth quarter of 2015 was RM3.9 million versus RM3.6 million segment loss for the same quarter of 2014.

(b) YTD December 2015 vs YTD December 2014

Total Group revenue for the year ended 31 December 2015 decreased to RM126.7 million from RM275.2 million for the year in 2014. The difference was mainly due to lower sales of completed inventories and progressive recognition of lesser on going developments compared to 2014 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 RM8.7 million for the current year to date as compared to profit before tax of RM51.8 million in the preceding year. Loss before tax in year 2015 has included the recognition of RM16.1 million fair value gain of Investment Properties.

Property Development Division

Total revenue contributed by the Property Development Division for the year ended 31 December 2015 was RM41.7 million as compared to RM180.7 million for 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 year. The division recorded lower segment profits of RM3.1 million in the year ended 31 December 2015 as compared to RM74.5 million for the preceding year.

Property Investment Division

Total revenue for the Property Investment Division was RM21.8 million as compared to RM24.0 million in the preceding year. Segment profits for the current year was RM14.1 million as compared to RM3.7 million for the preceding year mainly due to recognition of RM3.9 million fair value gain of Investment Property 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

15. Operating Segment Review (Cont'd)

(b) YTD December 2015 vs YTD December 2014 (Cont'd)

Hospitality, Health & Tourism Division

Hospitality, Health & Tourism Division contributed RM61.1 million of revenue in the current year as compared to RM68.7 million in 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 RM0.7 million was recorded for the current year as compared to segment loss of RM4.2 million in the preceding year mainly due to the RM12.4 million of debt waiver written back.

Others

This mainly comprised of Country Heights Holdings Berhad and the Education division. Total RM2.0 million of revenue was recorded in the current year as compared to RM1.8 million in the preceding year. Segment loss was RM13.9 million for the current year as compared to segment loss of RM11.2 million in the preceding year.

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

The Group's revenue for the fourth quarter of 2015 was higher at RM31.1 million as compared to the third 2015 of RM27.1 million, mainly due to higher revenue recorded by the Hospitality Health & Tourism division in the fourth quarter of 2015 from the timeshare membership revenue recognition.

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.

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



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Malaysia's premier Wellness City under the government's Economic Transformation Program (ETP). Amongst projects scheduled for launching in 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) / Credit

| | 12 Months ended | |
|-------------------|---------------------|---------------------|
| | 31-Dec-15 RM'000 | 31-Dec-14 RM'000 |
| Income tax: | | |
| - current year | - | (12,637) |
| - under provision | (461) | (2,079) |
| Deferred tax | 558 | 211 |
| | 97 | (14,505) |



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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):

| | 12 Months ended | |
|--|------------------------|------------------|
| | 31-Dec-15 | 31-Dec-14 |
| | RM'000 | RM'000 |
| Inventories written down | 256 | - |
| Depreciation and amortisation | 14,420 | 14,611 |
| Allowance for and write off of receivables | 2,312 | 3,510 |
| Fair value gain in Investment Properties | (16,055) | - |
| Net unrealised foreign exchange gain | (169) | (8) |

There were no gain or loss on derivatives and exceptional items.

23. Corporate Proposals

(a) Status of Corporate Proposals

There were no corporate proposals previously announced but not completed.

(b) Status of Utilisation of Proceeds from Corporate Proposal

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



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24. Details of Treasury Shares

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

| Description of shares purchased | Quarter ended | As at |
|--|-----------------|-----------------|
| | 31-Dec-15 | 31-Dec-15 |
| | 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 |
|-----------------------------------|----------------------|---------------------|-----------------|
| Secured | | | |
| Bank overdrafts | 30,912 | - | 30,912 |
| Term loan | 26,923 | 91,008 | 117,931 |
| Total secured borrowings | 57,835 | 91,008 | 148,843 |
| Unsecured | | | |
| Term loan | 37,694 | - | 37,694 |
| Revolving credits | 3,000 | - | 3,000 |
| Hire purchase & lease creditors | 131 | 394 | 525 |
| Total unsecured borrowings | 40,825 | 394 | 41,219 |
| Comprising: | | | |
| Local borrowings | 98,660 | 91,402 | 190,062 |
| Foreign borrowings | - | - | - |
| Total borrowings | 98,660 | 91,402 | 190,062 |

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 31 December 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 31- Dec- 15 RM'000 | As at 31-Dec -14 RM'000 |
|---|--------------------------------|-------------------------------|
| Total retained earnings of the Company and its subsidiaries: | | |
| - Realised | 543,168 | 540,574 |
| - Unrealised | <u>(80,019)</u> | <u>(82,598)</u> |
| | 463,149 | 457,976 |
| Total share of retained earnings from associate: | | |
| - Realised | <u>-</u> | <u>186</u> |
| | 463,149 | 458,162 |
| Less: Consolidated adjustments | (123,051) | (110,455) |
| Total group retained earnings as per consolidated accounts | <u><u>340,098</u></u> | <u><u>347,707</u></u> |



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28. Material Litigation

Save for the following, neither the Company nor its subsidiaries are engaged in any material litigation, either as plaintiff or defendant, and the Directors of the Company do not have any knowledge of any proceedings, pending or threatened against the Group or of any facts likely to give rise to any proceedings which might adversely and materially affect the position or business of the Group, as at 22 February 2016, 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 17 August 2015 ("Suit 1"), 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% thereon. Also, by a summons dated 17 August 2015 ("Suit 2"), 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% thereon. Suit 1 has been fixed for case management on 23 February 2016 whereas Suit 2 is fixed for case management on 16 March 2016

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 loss per share is calculated by dividing loss for the year attributable to equity holders of RM8.1 million (31 Dec 2014: profit of RM37.9 million) over the number of 273,557,403 (31 Dec 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 29 February 2016.

By Order of the Board

Lee Cheng Wen

Group Chief Executive Officer