



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		31-Mar-16 RM'000	31-Mar-15 RM'000	31-Mar-16 RM'000	31-Mar-15 RM'000
Revenue	4	22,183	35,252	22,183	35,252
Cost of sales		<u>(7,994)</u>	<u>(15,140)</u>	<u>(7,994)</u>	<u>(15,140)</u>
Gross profit		14,189	20,112	14,189	20,112
Interest income		68	139	68	139
Other operating income		1,438	934	1,438	934
Selling and marketing expenses		(1,564)	(1,857)	(1,564)	(1,857)
Administrative expenses		(6,297)	(6,853)	(6,297)	(6,853)
Other operating expenses		(12,494)	(15,609)	(12,494)	(15,609)
Finance costs		(2,878)	(2,521)	(2,878)	(2,521)
Share of results of associate		<u>-</u>	<u>(97)</u>	<u>-</u>	<u>(97)</u>
Loss before tax		(7,538)	(5,752)	(7,538)	(5,752)
Income tax credit / (expense)	19	<u>257</u>	<u>(858)</u>	<u>257</u>	<u>(858)</u>
Loss for the period		<u>(7,281)</u>	<u>(6,610)</u>	<u>(7,281)</u>	<u>(6,610)</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>(107)</u>	<u>(89)</u>	<u>(107)</u>	<u>(89)</u>
Total comprehensive loss for the period		<u>(7,388)</u>	<u>(6,699)</u>	<u>(7,388)</u>	<u>(6,699)</u>



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	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR QUARTER 31-Mar-16 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-15 RM'000	CURRENT YEAR TO DATE 31-Mar-16 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-15 RM'000
<b>Profit/(loss) attributable to :</b>					
Equity holders of the Company		(6,516)	(5,346)	(6,516)	(5,346)
Non-controlling interests		<u>(765)</u>	<u>(1,264)</u>	<u>(765)</u>	<u>(1,264)</u>
<b>Loss for the period</b>		<u><b>(7,281)</b></u>	<u><b>(6,610)</b></u>	<u><b>(7,281)</b></u>	<u><b>(6,610)</b></u>
<b>Total comprehensive income/(loss) attributable to :</b>					
Equity holders of the Company		(6,623)	(5,435)	(6,623)	(5,435)
Non-controlling interests		<u>(765)</u>	<u>(1,264)</u>	<u>(765)</u>	<u>(1,264)</u>
<b>Total comprehensive Loss for the period</b>		<u><b>(7,388)</b></u>	<u><b>(6,699)</b></u>	<u><b>(7,388)</b></u>	<u><b>(6,699)</b></u>
<b>Earnings per share attributable to ordinary equity holders of the Company (sen):</b>					
- Basic	30 (a)	(2.38)	(1.94)	(2.38)	(1.94)
- 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 2015 and the accompanying explanatory notes attached to the interim financial statements)



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2016

	Note	31-Mar-16 (Unaudited) RM'000	31-Dec-15 (Audited) RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		328,701	330,634
Investment properties	9	151,595	151,595
Prepaid land lease payments		307,124	308,119
Land held for property development		178,655	178,556
Investment in associate		-	-
Available-for-sale financial assets		2,815	2,816
Trade receivables-non-current portion		15,032	8,030
Deferred tax assets		3,878	4,633
		<u>987,800</u>	<u>984,383</u>
<b>Current assets</b>			
Property development costs		151,080	143,280
Inventories		85,511	85,760
Trade and other receivables		70,282	105,836
Tax recoverable		3,882	3,888
Cash and bank balances		13,864	20,806
		<u>324,619</u>	<u>359,570</u>
<b>TOTAL ASSETS</b>		<b><u>1,312,419</u></b>	<b><u>1,343,953</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital		275,707	275,707
Treasury shares		(2,914)	(2,914)
Share premium		57,251	57,251
Other reserves		154,854	156,039
Retained earnings		333,440	339,540
Equity attributable to equity holders of the Company		<u>818,338</u>	<u>825,623</u>
Non-controlling interests		25,402	25,857
<b>Total equity</b>		<b><u>843,740</u></b>	<b><u>851,480</u></b>
<b>Non-current liabilities</b>			
Borrowings	25	100,080	101,735
Other payables		2,973	2,973
Deferred Income - non-current portion		34,656	33,905
Deferred tax liabilities		78,699	79,685
		<u>216,408</u>	<u>218,298</u>
<b>Current liabilities</b>			
Borrowings	25	83,175	92,948
Trade and other payables		130,219	132,924
Tax payables		37,376	46,850
Deferred Income		1,501	1,453
		<u>252,271</u>	<u>274,175</u>
<b>Total Liabilities</b>		<b><u>468,679</u></b>	<b><u>492,473</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>1,312,419</u></b>	<b><u>1,343,953</u></b>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.99	3.02

(The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016**

	Attributable to Equity Holders of the Company					Non-Controlling Interests	Total Equity
	Share Capital	Treasury Shares	Share Premium	Other Reserves	Retained Earnings		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2016</b>	275,707	(2,914)	57,251	156,039	339,540	25,857	851,480
Loss for the period	-	-	-	-	(6,516)	(765)	(7,281)
Other comprehensive loss	-	-	-	(107)	-	-	(107)
Total comprehensive loss	-	-	-	(107)	(6,516)	(765)	(7,388)
Realisation of revaluation reserves	-	-	-	(662)	-	-	(662)
Effect from acquisition of subsidiary	-	-	-	-	-	310	310
Transfer to retained earnings	-	-	-	(416)	416	-	-
<b>At 31 March 2016</b>	275,707	(2,914)	57,251	154,854	333,440	25,402	843,740
<b>At 1 January 2015</b>	275,707	(146)	57,251	146,455	347,707	26,476	853,450
Loss for the period	-	-	-	-	(5,346)	(1,264)	(6,610)
Other comprehensive loss	-	-	-	(89)	-	-	(89)
Total comprehensive loss	-	-	-	(89)	(5,346)	(1,264)	(6,699)
Transfer to retained earnings	-	-	-	(115)	115	-	-
<b>At 31 March 2015</b>	275,707	(146)	57,251	146,251	342,476	25,212	846,751

(The Unaudited Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)





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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016**

	CURRENT YEAR TO DATE 31-Mar-16 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-15 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(7,538)	(5,752)
Adjustments for:		
Allowance for doubtful debts	243	1,270
Amortisation of deferred income	(282)	(336)
Amortisation of prepaid land lease payment	995	1,033
Bad debts written off	-	(2)
Depreciation of property, plant and equipment	2,227	2,596
Net gain on disposal of subsidiary	(53)	-
Impairment gain in value of other investments	1	-
Interest expense	2,878	2,521
Interest income	(68)	(139)
Net unrealised gain on foreign exchange	(42)	(35)
Other property, plant & equipment written off	2	22
Share of results of associate	-	97
<b>Operating (loss) / profit before working capital changes</b>	<b>(1,637)</b>	<b>1,267</b>
Changes in working capital:		
Inventories	248	981
Property development costs	(7,899)	(8,352)
Receivables	28,327	7,183
Deferred income	1,081	858
Payables	(11,341)	(4,637)
<b>Cash generated from / (used in) operations</b>	<b>8,779</b>	<b>(2,700)</b>
Tax paid	(810)	(4,861)
Interest paid	(2,772)	(2,415)
<b>Net cash generated from / (used in) operating activities</b>	<b>5,197</b>	<b>(9,566)</b>



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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016**

	CURRENT YEAR TO DATE 31-Mar-16 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-15 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of other property, plant and equipment	(520)	(485)
Proceeds from disposal of other property, plant & equipment	119	-
Sale of subsidiaries, net of cash disposed	10	-
Interest received	68	139
<b>Net cash used in investing activities</b>	<b>(323)</b>	<b>(346)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of Bank Overdrafts	982	6,676
Drawdown of term loan	2,590	171
Hire purchase and lease creditors	(53)	(76)
Repayment of revolving credits	(600)	(600)
Repayment of term loans	(14,735)	(20,446)
<b>Net cash used in financing activities</b>	<b>(11,816)</b>	<b>(14,275)</b>
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>	<b>(6,942)</b>	<b>(24,187)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>20,806</b>	<b>47,547</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>13,864</b>	<b>23,360</b>

(The Unaudited Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 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 2015. 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 2015.

**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 2015, except for adoption of the following new/revised FRSs, Amendments to FRSs and IC Interpretations which are effective for financial periods beginning on or after:

**1 January 2016**

Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 101	Disclosure Initiative
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRSs	Annual Improvement to FRSs 2012 – 2014 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 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 2015 Financial Statements**

The auditors' report on the financial statements of the Group for the financial year ended 31 December 2015 was not subject to any qualification.





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

**4. Segment Reporting**

Quarter Ended 31 Mar 2016	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
<b>Revenue</b>					
External sales	7,361	4,121	10,281	420	22,183
<b>Results</b>					
Segment results	629	914	(3,154)	(3,049)	(4,660)
Finance costs					(2,878)
Share of results of associate					-
Loss before tax					(7,538)
Income tax expense					257
Loss after tax					(7,281)
Non-controlling interests					765
Loss for the period					(6,516)

Quarter Ended 31 Mar 2015	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
<b>Revenue</b>					
External sales	17,494	5,197	11,923	638	35,252
<b>Results</b>					
Segment results	6,003	63	(6,633)	(2,567)	(3,134)
Finance costs					(2,521)
Share of results of associate					(97)
Loss before tax					(5,752)
Income tax expense					(858)
Profit after tax					(6,610)
Non-controlling interests					1,264
Profit for the period					(5,346)



**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 2015.

**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 2015.

**13. Contingent Liabilities / Assets**

There are no material contingent liabilities since the last audited Statement of Financial Position as at 31 December 2015 except as disclosed in Note 28 (a). 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**

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**15. Operating Segment Review**

**(a) 1st Quarter 2016 vs 1st Quarter 2015**

The Group recorded total revenue of RM22.2 million for the first quarter ended 31 March 2016 compared to RM35.3 million in the previous year corresponding quarter ended 31 March 2015. The difference was mainly due to lower sale of inventory and lower progressive revenue recognition of on going developments from the Property Development Division and lower contribution from the Hospitality & Health Division as compared to 2015.

The Group recorded loss before tax of RM7.5 million for the current quarter compared to loss of RM5.8 million in previous year corresponding quarter.

Property Development Division

Revenue for the first quarter of 2016 for the division was RM7.4 million as compared to RM17.5 million in the same quarter of 2015. The higher revenue in 2015 was mainly contributed by the sale of completed Cyber Heights Villa units at Cyberjaya and progressive revenue recognition of on-going development on Mansion Park and Sawtelle projects. The division recorded segment profits of RM0.6 million for the current quarter under review in comparison with segment profits of RM6.0 million for the first quarter of 2015.

Property Investment Division

The revenue for the Property Investment Division was RM4.1 million in the current quarter compared to RM5.2 million for the first quarter of 2015. Segment profits was RM0.9 million for the first quarter of 2016 as compared to segment profit of RM0.06 million for the same quarter of 2015 mainly due to higher contribution from hall rental income with higher margin and lower operating expenses in the first quarter of 2016.

Hospitality & Health Division

Hospitality & Health Division contributed RM10.3 million of revenue as compared to RM11.9 million in the first quarter of 2015. This was mainly due to lower contribution from the hotel revenue and vacation membership revenue. The hotel industry was generally facing stiff competition, rate war amongst hotels and the softer tourism markets. However, lower segment loss of RM3.2 million was recorded compared to segment loss of RM6.6 million in the same quarter of 2015 mainly due to lower allowance for doubtful debts and operating costs incurred during the current period.



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

Others

This mainly comprised of Country Heights Holdings Berhad and the Education subsidiary, Country Heights Education Sdn Bhd. Total revenue of RM0.4 million was contributed by this subsidiary in the first quarter of 2016 as compared to RM0.6 million for the first quarter of 2015. The segment loss for the first quarter 2016 was RM3.0 million versus RM2.6 million segment loss for the same quarter of 2015.

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

The Group's revenue for the first quarter of 2016 was lower at RM22.2 million as compared to the preceding fourth quarter ended 31 December 2015 of RM31.1 million, mainly due to lower revenue recorded for the Property Investment Division and Hospitality & Health Division in the first quarter of 2016.

**17. Commentary on Prospects**

The international economic and financial landscape is likely to remain challenging and will be key factor that will influence the prospects of Malaysian economy in 2016. Bank Negara reported that the Malaysia economy is expected to grow by 4% - 4.5% (2015 : 5.0%) in 2016 . Domestic demand will continue to be the principal driver of growth, sustained primarily by private sector spending.

The global economic uncertainties, slower domestic economic growth, increasing cost of living in the country couple with the high lending and difficulty in obtaining end financing are causes for concern as these could dampen sentiments and affect demand in certain sectors.

The Property Development Division has a series of exciting projects in the pipeline for launching in 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 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



**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**

- Cyberjaya Phase 2 Condominium and Double Story Terrace House
- Aqualis, mixed development project at Mines Wellness City
- Resort Style Condominium at Port Dickson

On the hospitality division, despite a drastic drop in the numbers of tourist to Malaysia, focus is given to refurbish the Palace of the Golden Horses, introduction of a new management team, joint-ventures and measures have been put into place to counter room occupancy rates with more international and local corporate events and promotions to help stimulate the business.

The health division, GHHS Healthcare, which have a combined western and eastern practices continues to be the key opinion leader in the preventive healthcare industry. GHHS Healthcare will focus on raising its platform to be perceived as a centre for medical tourism with increased international health tourists especially from middle-east market and a new focus on the Indonesian market.

**18. Variance on Profit Forecast / Profit Guarantee**

There was no profit forecast / profit guarantee issued by the Group.

**19. Income Tax Expense**

	Quarter ended	
	31-Mar-16	31-Mar-15
	RM'000	RM'000
Income tax:		
- current year	26	(1,105)
Deferred tax	231	247
	<u>257</u>	<u>(858)</u>

**20. Sale of Unquoted Investments / Properties**

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

**21. Purchase and Sale of Quoted Securities**

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



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

**22. Profit before Tax**

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

	31-Mar-16	31-Mar-15
	RM'000	RM'000
Depreciation and amortisation	3,222	3,629
Allowance for and write off of receivables	243	1,268
Net unrealised foreign exchange gain	(37)	(35)

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

**23. Corporate Proposals**

**(a) Status of Corporate Proposals**

There were no corporate proposals previously announced but not completed.

**(b) Status of Utilisation of Proceeds from Corporate Proposal**

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

**24. Details of Treasury Shares**

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

	Quarter ended 31-Mar-16 RM'000	As at 31-Mar-15 RM'000
Description of shares purchased	Ordinary Shares	Ordinary Shares
Number of shares purchased	2,150,000	100,000
Number of shares cancelled	-	-
Number of shares held as treasury shares	2,150,000	100,000
Number of treasury share resold	-	-



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

**25. Borrowings**

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

	Short-term RM'000	Long-term RM'000	Total RM'000
<b>Secured</b>			
Bank overdrafts	31,668	-	31,668
Term loan	11,102	99,342	110,444
<b>Total secured borrowings</b>	<b>42,770</b>	<b>99,342</b>	<b>142,112</b>
<b>Unsecured</b>			
Term loan	37,713	-	37,713
Revolving credits	2,400	-	2,400
Hire purchase & lease creditors	292	738	1,030
<b>Total unsecured borrowings</b>	<b>40,405</b>	<b>738</b>	<b>41,143</b>
<b>Comprising:</b>			
Local borrowings	83,175	100,080	183,255
Foreign borrowings	-	-	-
<b>Total borrowings</b>	<b>83,175</b>	<b>100,080</b>	<b>183,255</b>

All borrowings are denominated in Ringgit Malaysia unless indicated otherwise.

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

**(a) Disclosure of Derivatives**

There are no outstanding derivatives as at 31 March 2016 and there have been no changes in derivatives since the last financial year.

**(b) Disclosure of gain/losses arising from fair value changes of financial liabilities**

The Group did not have any gain/losses arising from fair value changes of its financial liabilities.



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

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

**Total retained earnings / (accumulated losses) of the Company and its subsidiaries:**

- Realised	530,667	538,457
- Unrealised	<u>(81,140)</u>	<u>(80,386)</u>
	449,527	458,071

**Total share of retained earnings from associate:**

- Realised	<u>-</u>	<u>-</u>
	449,527	458,071

Less: Consolidated adjustments	<u>(116,087)</u>	<u>(118,531)</u>
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<b>Total group retained earnings as per consolidated accounts</b>	<u><u>333,440</u></u>	<u><u>339,540</u></u>
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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**

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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 18 May 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 and 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:

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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**

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

- (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.

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.

Following the case management for Suit 1, the Plaintiff sought to make an application to consolidate Suit 1 and Suit 2 but has withdrawn the said application as the Court was of the view to proceed with the suit separately. The High Court has fixed for case management on 29 March 2016 for the Plaintiff to file its application for summary judgement, if any. The High Court has now fixed 25 May 2016 for case management



**COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)**  
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**29. Dividend Payable**

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

**30. Earnings / (Loss) Per Share**

**(a) Basic**

Basic loss per share is calculated by dividing loss for the period attributable to equity holders of RM6.5 million (31 Mar 2015: loss of RM5.3 million) over the number of 273,557,403 (31 Mar 2015: 275,607,403) ordinary shares issued during the current financial period under review.

**(b) Diluted**

Not applicable.

**31. Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 May 2016.

By Order of the Board

**Lee Cheng Wen**

Group Chief Executive Officer