



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 2016

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
		QUARTER 30-Sep-16 RM'000	CORRESPONDING QUARTER 30-Sep-15 RM'000	TO DATE 30-Sep-16 RM'000	CORRESPONDING PERIOD 30-Sep-15 RM'000
Revenue	4	19,652	27,078	66,159	95,579
Cost of sales		<u>(4,059)</u>	<u>(8,775)</u>	<u>(19,591)</u>	<u>(37,708)</u>
Gross profit		15,593	18,303	46,568	57,871
Interest income		65	176	169	418
Other operating income		1,426	800	5,324	2,795
Selling and marketing expenses		(1,375)	(3,653)	(5,160)	(10,340)
Administrative expenses		(2,302)	(6,388)	(14,751)	(19,317)
Other operating expenses		(16,563)	(14,870)	(42,469)	(46,300)
Finance costs		(2,857)	(2,784)	(8,714)	(8,132)
Share of results of associate		<u>-</u>	<u>(77)</u>	<u>-</u>	<u>(200)</u>
Loss before tax		(6,013)	(8,493)	(19,033)	(23,205)
Income tax credit / (expense)	19	<u>589</u>	<u>(19)</u>	<u>835</u>	<u>(647)</u>
Loss for the period		<u>(5,424)</u>	<u>(8,512)</u>	<u>(18,198)</u>	<u>(23,852)</u>
Other comprehensive income/(loss), net of tax					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translating foreign operations		<u>(256)</u>	<u>133</u>	<u>(256)</u>	<u>140</u>
Total comprehensive loss for the period		<u>(5,680)</u>	<u>(8,379)</u>	<u>(18,454)</u>	<u>(23,712)</u>



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	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
		QUARTER	CORRESPONDING	TO DATE	CORRESPONDING
		30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
		RM'000	RM'000	RM'000	RM'000
Profit/(loss) attributable to :					
Equity holders of the Company		(5,051)	(8,044)	(16,632)	(21,219)
Non-controlling interests		<u>(373)</u>	<u>(468)</u>	<u>(1,566)</u>	<u>(2,633)</u>
Loss for the period		<u>(5,424)</u>	<u>(8,512)</u>	<u>(18,198)</u>	<u>(23,852)</u>
Total comprehensive income/(loss) attributable to :					
Equity holders of the Company		(5,307)	(7,911)	(16,888)	(21,079)
Non-controlling interests		<u>(373)</u>	<u>(468)</u>	<u>(1,566)</u>	<u>(2,633)</u>
Total comprehensive Loss for the period		<u>(5,680)</u>	<u>(8,379)</u>	<u>(18,454)</u>	<u>(23,712)</u>
Earnings per share attributable to ordinary equity holders of the Company (sen):					
- Basic	30 (a)	(1.85)	(2.92)	(6.08)	(7.76)
- 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 30 SEPTEMBER 2016**

	Note	30-Sep-16 (Unaudited) RM'000	31-Dec-15 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		325,434	330,634
Investment properties	9	151,593	151,595
Prepaid land lease payments		305,004	308,119
Land held for property development		179,229	178,556
Investment in associate		-	-
Available-for-sale financial assets		2,815	2,816
Trade receivables-non-current portion		17,706	8,030
Deferred tax assets		4,341	4,633
		<u>986,122</u>	<u>984,383</u>
Current assets			
Property development costs		157,221	143,280
Inventories		89,644	85,760
Trade and other receivables		73,077	105,836
Tax recoverable		2,759	3,888
Cash and bank balances		5,583	20,806
		<u>328,284</u>	<u>359,570</u>
TOTAL ASSETS		<u>1,314,406</u>	<u>1,343,953</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		275,707	275,707
Treasury shares		(2,914)	(2,914)
Share premium		57,251	57,251
Other reserves		154,535	156,039
Retained earnings		324,156	339,540
Equity attributable to equity holders of the Company		<u>808,735</u>	<u>825,623</u>
Non-controlling interests		<u>24,601</u>	<u>25,857</u>
Total equity		<u>833,336</u>	<u>851,480</u>
Non-current liabilities			
Borrowings	25	96,790	101,735
Other payables		2,974	2,973
Deferred Income - non-current portion		35,267	33,905
Deferred tax liabilities		78,321	79,685
		<u>213,352</u>	<u>218,298</u>
Current liabilities			
Borrowings	25	100,283	92,948
Trade and other payables		130,051	132,924
Tax payables		35,842	46,850
Deferred Income		1,542	1,453
		<u>267,718</u>	<u>274,175</u>
Total Liabilities		<u>481,070</u>	<u>492,473</u>
TOTAL EQUITY AND LIABILITIES		<u>1,314,406</u>	<u>1,343,953</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.96	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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016**

	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 2016	275,707	(2,914)	57,251	156,039	339,540	825,623	25,857	851,480
Loss for the period	-	-	-	-	(16,632)	(16,632)	(1,566)	(18,198)
Other comprehensive loss	-	-	-	(256)	-	(256)	-	(256)
Total comprehensive loss	-	-	-	(256)	(16,632)	(16,888)	(1,566)	(18,454)
Realisation of revaluation reserves	-	-	-	(1,248)	1,248	-	-	-
Effect from acquisition of subsidiary	-	-	-	-	-	-	310	310
At 30 September 2016	275,707	(2,914)	57,251	154,535	324,156	808,735	24,601	833,336
At 1 January 2015	275,707	(146)	57,251	146,455	347,707	826,974	26,476	853,450
Loss for the period	-	-	-	-	(21,219)	(21,219)	(2,633)	(23,852)
Other comprehensive income	-	-	-	140	-	140	-	140
Total comprehensive income/(loss)	-	-	-	140	(21,219)	(21,079)	(2,633)	(23,712)
Share bought-back held as treasury shares	-	(2,768)	-	-	-	(2,768)	-	(2,768)
Transfer to retained earnings	-	-	-	(345)	345	-	-	-
At 30 September 2015	275,707	(2,914)	57,251	146,250	326,833	803,127	23,843	826,970

(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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016**

	CURRENT YEAR TO DATE 30-Sep-16 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-15 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(19,033)	(23,205)
Adjustments for:		
Allowance for doubtful debts	1,232	1,924
Allowance for doubtful debts written back	(890)	-
Amortisation of deferred income	(1,108)	(1,061)
Amortisation of prepaid land lease payment	3,084	3,100
Bad debts written off	-	3
Depreciation of property, plant and equipment	6,834	7,634
Net gain on disposal of subsidiary	(53)	-
Impairment gain in value of other investments	1	-
Interest expense	8,715	8,132
Interest income	(169)	(418)
Gain on disposal of other property, plant and equipment	(11)	(3)
Net unrealised gain on foreign exchange	(137)	(125)
Other property, plant & equipment written off	173	22
Share of results of associate	-	200
Operating (loss) / profit before working capital changes	(1,362)	(3,797)
Changes in working capital:		
Inventories	(3,885)	2,119
Property development costs	(14,583)	(11,511)
Receivables	22,759	20,267
Deferred income	2,560	4,566
Payables	(11,790)	1,471
Cash generated from / (used in) operations	(6,301)	13,115
Tax refund	120	404
Tax paid	(1,604)	(5,114)
Interest paid	(8,609)	(8,027)
Net cash generated from / (used in) operating activities	(16,394)	378



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016**

	CURRENT YEAR TO DATE 30-Sep-16 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-15 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of other property, plant and equipment	(2,023)	(1,258)
Proceeds from disposal of other property, plant & equipment	224	7
Sale of subsidiaries, net of cash disposed	10	-
Interest received	169	418
Net cash used in investing activities	(1,618)	(833)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Bank Overdrafts	(1,032)	-
Drawdown of term loan	20,073	19,680
Hire purchase and lease creditors	299	(174)
Repayment of revolving credits	(1,800)	(1,800)
Repayment of term loans	(14,751)	(45,523)
Purchase of treasury shares	-	(2,767)
Net cash used in financing activities	2,789	(30,584)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(15,223)	(31,039)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	20,806	37,054
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5,583	6,015

(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

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

2. Significant Accounting Policies (Cont'd.)

On 19 November, 2012, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS”) Framework, a fully-IFRS compliant framework. Entities other than private entities shall apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception for Transitioning Entities (“TEs”).

TEs, being entities within the scope of MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for the Construction of Real Estate*, including its parents, significant investors and venturers were given a transitional period of two years, which allow these entities an option to continue with the FRS Framework. Following the announcement by the MASB on 7 August, 2013, the transitional period for TEs has been extended for an additional year.

Further on 2 September 2014, MASB announced that TEs shall be required to apply the MFRS Framework for annual periods beginning or after 1st January 2017. MASB has also issued on the same day MFRS 15 *Revenue from Contract with Customers and Agriculture: Bear Plants (Amendments to MFRS 116 and MFRS 114)*. MFRS 115 is effective for effective for annual periods beginning or after 1 January 2017 while the Bearer Plants amendments is effective for annual periods beginning on or after 1 January 2016. With the issuance of MFRS 15 and the Bearer Plants amendment, all TEs would be required to adopt the MFRSs Framework latest by 1 January 2017.

On 8 September 2015, the MASB confirmed that the effective date of MFRS 15 will be deferred to annual periods beginning on or after 1 January 2018. However, early application of MFRS 15 is still permitted.

Accordingly, the Group and the Company, being TEs, have availed themselves of this transitional arrangement and will continue to apply FRSs in the preparation of its 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 2018.

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 30 Sep 2016	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	1,094	4,203	14,010	345	19,652
Results					
Segment results	(1,483)	1,498	(1,983)	(1,188)	(3,156)
Finance costs					(2,857)
Share of results of associate					-
Loss before tax					(6,013)
Income tax expense					589
Loss after tax					(5,424)
Non-controlling interests					373
Loss for the period					(5,051)

Quarter Ended 30 Sep 2015	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	6,630	4,811	15,180	457	27,078
Results					
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)



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

Nine Months Ended 30 Sep 2016	Hospitals, Health & Tourism				Consolidated RM'000
	Property Development	Property Investment	Health & Tourism	Others	
	RM'000	RM'000	RM'000	RM'000	
Revenue					
External sales	13,955	12,350	38,596	1,258	66,159
Results					
Segment results	(952)	3,388	(5,505)	(7,250)	(10,319)
Finance costs					(8,714)
Share of results of associate					-
Loss before tax					(19,033)
Income tax credit					835
Loss after tax					(18,198)
Non-controlling interests					1,566
Loss for the period					(16,632)

Nine Months Ended 30 Sep 2015	Hospitals, Health & Tourism				Consolidated RM'000
	Property Development	Property Investment	Health & Tourism	Others	
	RM'000	RM'000	RM'000	RM'000	
Revenue					
External sales	39,607	14,857	39,635	1,480	95,579
Results					
Segment results	5,924	2,831	(13,627)	(10,001)	(14,873)
Finance costs					(8,132)
Share of results of associate & joint venture					(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)



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

5. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial period under review.

6. Changes in Estimates

There were no changes in estimates that have a material effect in the financial year-to-date results.

7. Seasonal or Cyclical Factors

The operations of the Group were not materially affected by any seasonal or cyclical factors.

8. Dividends Paid

There were no dividends paid during the current financial period under review.

9. Carrying Amount of Revalued Assets

The valuation of property, plant and equipment and investment properties have been brought forward without amendment from the audited financial statements for the financial year ended 31 December 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

15. Operating Segment Review

(a) 3rd Quarter 2016 vs 3rd Quarter 2015

The Group recorded total revenue of RM19.6 million for the third quarter ended 30 September 2016 compared to RM27.1 million in the previous year corresponding quarter ended 30 September 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 exhibition hall rental in Property Investment Division as compared to 2015.

The Group recorded loss before tax of RM6.0 million for the current quarter compared to loss of RM8.5 million in previous year corresponding quarter.

Property Development Division

Revenue for the third quarter of 2016 for the division was RM1.1 million as compared to RM6.6 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 loss of RM1.5 million for the current quarter under review in comparison with segment loss of RM1.9 million for the third quarter of 2015.

Property Investment Division

The revenue for the Property Investment Division was RM4.2 million in the current quarter compared to RM4.8 million for the third quarter of 2015. Segment profits was RM1.5 million for the third quarter of 2016 as compared to segment profit of RM1.1 million for the same quarter of 2015 mainly due to higher margin achieved from the exhibition revenue in the third quarter of 2016.

Hospitality & Health Division

Hospitality & Health Division contributed RM14.0 million of revenue as compared to RM15.2 million in the third quarter of 2015. This was mainly due to lower contribution from the hotel and health screening membership revenue in the third quarter. The hotel industry was generally facing stiff competition, rate war amongst hotels and the softer tourism markets. Segment loss of RM2.0 million was recorded compared to segment loss of RM1.2 million in the same 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. 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 RM0.3 million was contributed by this subsidiary in the third quarter of 2016 as compared to RM0.5 million for the third quarter of 2015. The segment loss for the third quarter 2016 was RM1.2 million versus RM3.6 million segment loss for the same quarter of 2015.

(b) YTD September 2016 vs YTD September 2015

Total Group revenue for the period ended 30 September 2016 decreased to RM66.2 million from RM95.6 million for the same period in 2015. 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 Property Investment Division as compared to 2015.

The Group recorded loss before tax of RM19.0 million for the current year to date as compared to loss before tax of RM23.2 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 2016 was RM14.0 million as compared to RM39.6 million for the same period in the preceding year. The higher revenue in 2015 was mainly contributed by the sale of completed Cyber Heights Villa at Cyberjaya and progressive revenue recognition of on-going development on Mansion Park and Sawtelle projects units recognized in the period. The division recorded segment loss of RM1.0 million in the period ended 30 September 2016 as compared to segment profit of RM5.9 million for the same period in the preceding year.

Property Investment Division

Total revenue for the Property Investment Division was RM12.3 million as compared to RM14.9 million in the preceding year. Segment profits in the current year period was RM3.4 million as compared to RM2.8 million for the preceding year mainly due to reduction in operating expenses.



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 September 2016 vs YTD September 2015 (Cont'd)

Hospitality, Health & Tourism Division

Hospitality, Health & Tourism Division contributed RM38.6 million of revenue in the current year period as compared to RM39.6 million in the same period of the preceding year. The hotel industry was generally facing stiff competition, rate war amongst hotels and the softer tourism market. Segment loss of RM5.5 million was recorded for the current year period as compared to segment loss of RM13.6 million in the preceding year mainly due to the lower operating expenses especially saving in operating expenses of Mine Wellness Hotel that has been leased out to external party.

Others

This mainly comprised of Country Heights Holdings Berhad and the Education division. Total RM1.3 million of revenue was recorded in the current year period as compared to RM1.5 million in the same period of the preceding year. Segment loss was RM7.2 million for the current year period as compared to segment loss of RM10.0 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 third quarter of 2016 was lower at RM19.6 million as compared to the preceding second quarter ended 30 June 2016 of RM24.3 million, mainly due to lower revenue recorded for the Property Development Division in the third 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 Malaysian economy registered a growth of 4.3% in the third quarter of 2016 (2Q 2016: 4.0%), underpinned mainly by continued expansion in private sector spending and additional support from net exports. On the supply side, growth continued to be driven by the major economic sectors.



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 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 & 2017, 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 & 2017 are:-

- College Heights Garden Resort – 28 units of 2-storey shop-office
- College Valley Industrial Park – 60 units of single-storey terrace industrial lot
- Country Heights Damansara – Subdividing Bungalow Land
- Country Heights Kajang – Kajang Commercial Centre
- Mines Waterfront Suites – Block 6 & 7
- College Heights Utara – 200 units of PPAIM scheme on 200 acres land
- Belleza Garden Homes Phase 3 at Jitra, Kedah

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.



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

19. Income Tax Expense

	Nine Months ended	
	30-Sep-16	30-Sep-15
	RM'000	RM'000
Income tax:		
- current year	(236)	(268)
- Over / (under) provision	-	(1,103)
Deferred tax	1,071	724
	835	(647)

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 before Tax

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

	Nine Months ended	
	30-Sep-16	30-Sep-15
	RM'000	RM'000
Depreciation and amortisation	9,918	10,734
Allowance for and write off of receivables	1,232	1,927
Net unrealised foreign exchange gain	(137)	(125)

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.



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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
	30-Sep-16	30-Sep-16
	RM'000	RM'000
	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	Long-term	Total
	RM'000	RM'000	RM'000
Secured			
Bank overdrafts	29,880	-	29,880
Term loan	14,837	96,137	110,974
Total secured borrowings	44,717	96,137	140,854
Unsecured			
Term loan	54,196	-	54,196
Revolving credits	1,200	-	1,200
Hire purchase & lease creditors	170	653	823
Total unsecured borrowings	55,566	653	56,219
Comprising:			
Local borrowings	100,283	96,790	197,073
Foreign borrowings	-	-	-
Total borrowings	100,283	96,790	197,073

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 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.

27. Retained earnings

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

	As at 30-Sep - 16 RM'000	As at 31-Dec -15 RM'000
Total retained earnings / (accumulated losses) of the Company and its subsidiaries:		
- Realised	520,588	538,457
- Unrealised	(80,301)	(80,386)
	<u>440,287</u>	<u>458,071</u>
Total share of retained earnings from associate:		
- Realised	<u>-</u>	<u>-</u>
	440,287	458,071
Less: Consolidated adjustments	(116,131)	(118,531)
	<u>324,156</u>	<u>339,540</u>
Total group retained earnings as per consolidated accounts	<u>324,156</u>	<u>339,540</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 18 November 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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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. The High Court did not process the Notice of Appeal filed by the Plaintiff on 7 September, 2015. The Plaintiff therefore applied to the High Court to obtain the permission of the High Court to refile its Notice of Appeal. Parties are awaiting the date for the said appeal.

- (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.



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The Plaintiff on 1 June 2016 has withdrawn Suit 1 with liberty to file afresh and followed on to withdraw Suit 2 on 15 June 2016 with liberty to file afresh.

On 30 August 2016, the Plaintiff filed a new claim in the High Court under Suit 1 amounting to the sum of RM22,488,593.83. This new suit was fixed for case management on 29 September 2016 and CHSB were to file their defence by 27 September 2016. Subsequent from this, the next case management was fixed on 11 November 2016 and the High Court has directed that CHSB file its affidavit in reply for summary judgment and the hearing of this application is fixed on 8 December 2016. Both parties are also to file all documents for trial by the next case management date fixed on 9 December 2016 to allow the High Court to fix trial dates.

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 RM16.6 million (30 Sep 2015: loss of RM21.2 million) over the number of 273,557,403 (30 Jun 2015: 273,557,403) ordinary shares issued during the current financial period under review.

(b) Diluted

Not applicable.

31. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 November 2016.

By Order of the Board

Lee Thai Young Matahari
Executive Director