



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

| | Note | INDIVIDUAL QUARTER | | | CUMULATIVE QUARTERS | | |
|--------------------------------|------|---------------------------------------|---|-----------|---------------------------------------|--|-----------|
| | | CURRENT YEAR QUARTER 30-Jun-18 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 30-Jun-17 RM'000 | Changes % | CURRENT YEAR TO DATE 30-Jun-18 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-17 RM'000 | Changes % |
| Revenue | 4 | 16,086 | 33,847 | -52% | 36,668 | 52,561 | -30% |
| Cost of sales | | (5,197) | (6,929) | | (11,870) | (13,279) | |
| Gross profit | | 10,889 | 26,918 | -60% | 24,798 | 39,282 | -37% |
| Interest income | | 55 | 37 | | 85 | 74 | |
| Other operating income | | 1,280 | 4,708 | | 2,840 | 5,927 | |
| Selling and marketing expenses | | (1,467) | (1,440) | | (2,708) | (2,785) | |
| Administrative expenses | | (6,947) | (4,703) | | (12,886) | (9,907) | |
| Other operating expenses | | (9,133) | (12,959) | | (18,178) | (25,661) | |
| Finance costs | | (2,170) | (2,823) | 23% | (4,315) | (5,487) | 21% |
| Profit/(Loss) before tax | | (7,493) | 9,738 | 177% | (10,364) | 1,443 | 818% |
| Income tax credit/(expense) | 19 | 227 | (1,847) | | 455 | (1,354) | |
| Profit/(Loss) for the period | | (7,266) | 7,891 | 192% | (9,909) | 89 | 11234% |

Other comprehensive income/(loss), net of tax

Items that may be reclassified subsequently to profit or loss:

| | | | | | | | |
|--|--|---------|-------|------|---------|----|--------|
| Exchange differences on translating foreign operations | | 35 | - | | 35 | - | |
| Total comprehensive income/(loss) for the period | | (7,231) | 7,891 | 192% | (9,874) | 89 | 11194% |

(The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements)



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

| | INDIVIDUAL QUARTER | | | CUMULATIVE QUARTERS | | |
|---|----------------------|--------------------------------------|-------------|----------------------|-------------------------------------|---------------|
| | CURRENT YEAR QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | Changes | CURRENT YEAR TO DATE | PRECEDING YEAR CORRESPONDING PERIOD | Changes |
| | 30-Jun-18 RM'000 | 30-Jun-17 RM'000 | % | 30-Jun-18 RM'000 | 30-Jun-17 RM'000 | % |
| Profit/(Loss) attributable to : | | | | | | |
| Equity holders of the Company | (6,988) | 7,993 | 187% | (9,392) | 139 | 6857% |
| Non-controlling interests | (278) | (102) | | (517) | (50) | |
| Profit/(Loss) for the period | <u>(7,266)</u> | <u>7,891</u> | <u>187%</u> | <u>(9,909)</u> | <u>89</u> | <u>6857%</u> |
| Total comprehensive income/(loss) attributable to : | | | | | | |
| Equity holders of the Company | (6,953) | 7,993 | 187% | (9,357) | 139 | 6832% |
| Non-controlling interests | (278) | (102) | | (517) | (50) | |
| Total comprehensive income/(loss) for the period | <u>(7,231)</u> | <u>7,891</u> | <u>192%</u> | <u>(9,874)</u> | <u>89</u> | <u>11194%</u> |
| Earnings / (Loss) per share attributable to ordinary equity holders of the Company (sen): | | | | | | |
| - Basic | 29 (a) | (2.55) | 2.92 | (3.43) | 0.05 | |
| - Diluted | 29 (b) | NA | NA | NA | NA | |

(The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements)



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

| | Note | 30-Jun-18 (Unaudited) RM'000 | 31-Dec-17 (Audited) RM'000 |
|---|------|------------------------------------|----------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 324,126 | 320,403 |
| Investment properties | 9 | 145,158 | 150,721 |
| Prepaid land lease payments | | 299,233 | 301,212 |
| Land held for property development | | 197,626 | 213,785 |
| Available-for-sale financial assets | | 2,734 | 2,734 |
| Trade receivables-non-current portion | | 8,589 | 7,427 |
| Deferred tax assets | | 6,521 | 6,090 |
| | | <u>983,987</u> | <u>1,002,372</u> |
| Current assets | | | |
| Property development costs | | 132,716 | 127,325 |
| Inventories | | 77,949 | 72,236 |
| Trade and other receivables | | 42,737 | 51,955 |
| Tax recoverable | | 4,480 | 4,053 |
| Cash and bank balances | | 8,414 | 16,167 |
| | | <u>266,296</u> | <u>271,736</u> |
| TOTAL ASSETS | | <u>1,250,283</u> | <u>1,274,108</u> |
| EQUITY AND LIABILITIES | | | |
| Capital and Reserves | | | |
| Share capital | | 352,006 | 352,006 |
| Treasury shares | | (2,914) | (2,914) |
| Other reserves | | 129,892 | 130,689 |
| Retained earnings | | 284,565 | 293,125 |
| Equity attributable to equity holders of the Company | | <u>763,549</u> | <u>772,906</u> |
| Non-controlling interests | | <u>20,025</u> | <u>20,542</u> |
| Total equity | | <u>783,574</u> | <u>793,448</u> |
| Non-current liabilities | | | |
| Borrowings | 25 | 188,692 | 190,290 |
| Other payables | | 1,890 | 1,548 |
| Deferred Income - non-current portion | | 38,869 | 38,553 |
| Deferred tax liabilities | | 77,390 | 77,422 |
| | | <u>306,841</u> | <u>307,813</u> |
| Current liabilities | | | |
| Borrowings | 25 | 33,316 | 38,973 |
| Trade and other payables | | 116,221 | 122,585 |
| Tax payables | | 9,000 | 9,597 |
| Deferred Income | | 1,331 | 1,692 |
| | | <u>159,868</u> | <u>172,847</u> |
| Total Liabilities | | <u>466,709</u> | <u>480,660</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>1,250,283</u> | <u>1,274,108</u> |
| Net assets per share attributable to ordinary equity holders of the Company (RM) | | 2.79 | 2.83 |

(The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements)



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018**

| | Attributable to Equity Holders of the Company | | | | | Total | 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 | RM'000 |
| At 1 January 2018 | 352,006 | (2,914) | - | 130,689 | 293,125 | 772,906 | 20,542 | 793,448 |
| Loss for the period | - | - | - | - | (9,392) | (9,392) | (517) | (9,909) |
| Other comprehensive income | - | - | - | 35 | - | 35 | - | 35 |
| Total comprehensive income/(loss) | - | - | - | 35 | (9,392) | (9,357) | (517) | (9,874) |
| Transfer to retained earnings | - | - | - | (832) | 832 | - | - | - |
| At 30 June 2018 | 352,006 | (2,914) | - | 129,892 | 284,565 | 763,549 | 20,025 | 783,574 |
| At 1 January 2017 | 275,707 | (2,914) | 57,251 | 152,851 | 294,086 | 776,981 | 20,114 | 797,095 |
| Adjustment for effects of Companies Act 2016 (Note a) | 76,299 | - | (57,251) | (19,048) | - | - | - | - |
| (Loss)/profit for the period | - | - | - | - | 139 | 139 | (50) | 89 |
| Total comprehensive income/(loss) | - | - | - | - | 139 | 139 | (50) | 89 |
| Effect from disposal of subsidiary | - | - | - | - | - | - | 157 | 157 |
| Transfer to retained earnings | - | - | - | (832) | 832 | - | - | - |
| At 30 June 2017 | 352,006 | (2,914) | - | 132,971 | 295,057 | 777,120 | 20,221 | 797,341 |

With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credit standing in the share premium and capital redemption reserve accounts of RM57,251,000 and RM19,048,000 respectively, has been transferred to the share capital account. Pursuant to subsection 618(3) and 618(4) of the New Act, the Group may exercise its right to use the credit amounts being transferred from share premium and capital redemption reserve accounts within 24 months after the commencement of the New Act. The Board of Directors will make a decision thereon by 31 January 2019.

(The Unaudited Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements)



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018**

| | CURRENT YEAR TO DATE 30-Jun-18 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-17 RM'000 |
|--|--|---|
| CASH FLOWS FROM /(USED IN) OPERATING ACTIVITIES | | |
| Profit/(Loss) before tax | (10,364) | 1,443 |
| Adjustments for: | | |
| Allowance for doubtful debts | 269 | 311 |
| Allowance for doubtful debts written back | (3) | (42) |
| Amortisation of deferred income | (582) | (565) |
| Amortisation of debts issuance costs | 40 | 80 |
| Amortisation of prepaid land lease payment | 1,984 | 2,039 |
| Bad debts written off | - | 2 |
| Depreciation of property, plant and equipment | 4,522 | 4,296 |
| Interest expense | 4,315 | 5,487 |
| Interest income | (85) | (74) |
| Bad debts recovered | (12) | - |
| Net unrealised gain on foreign exchange | (27) | (15) |
| Property, plant & equipment written off | - | 559 |
| Net loss on disposal of subsidiary | - | 1,137 |
| Operating profit before working capital changes | 57 | 14,658 |
| Changes in working capital: | | |
| Inventories | (5,713) | 5,169 |
| Property development costs | 10,766 | (8,373) |
| Receivables | 7,802 | (15,970) |
| Deferred income | 537 | 4,882 |
| Payables | (5,870) | 13,628 |
| Cash generated from operations | 7,579 | 13,994 |
| Tax refund | - | 53 |
| Tax paid | (1,032) | (3,756) |
| Interest paid | (4,275) | (5,381) |
| Net cash generated from operating activities | 2,272 | 4,910 |



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018**

| | CURRENT YEAR TO DATE 30-Jun-18 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-17 RM'000 |
|---|--|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of other property, plant and equipment | (2,816) | (909) |
| Expenditure on investment properties | - | (222) |
| Proceeds from disposal of subsidiaries | - | 150 |
| Interest received | 85 | 74 |
| Net cash used in investing activities | <u>(2,732)</u> | <u>(907)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of bank overdrafts | (2,795) | (770) |
| Drawdown of term loan | 7 | 11,198 |
| Hire purchase and lease creditors | (140) | (163) |
| Repayment of revolving credits | - | (800) |
| Repayment of term loans | (4,365) | (16,291) |
| Net cash used in financing activities | <u>(7,293)</u> | <u>(6,826)</u> |
| NET MOVEMENT IN CASH AND CASH EQUIVALENTS | (7,753) | (2,823) |
| Effects of foreign exchange rate changes | - | - |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 16,167 | 12,856 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | <u>8,414</u> | <u>10,033</u> |

(The Unaudited Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017 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 2017. 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 2017.

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 2017, 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 2018

- FRS 9, Financial Instruments (2014)
- Amendments to FRS 1, First-Time Adoption of Financial Reporting Standards (Annual Improvements to FRS Standards 2014-2016 Cycle)
- Amendments to FRS 2, Share-based Payment – Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 4, Insurance Contracts – Applying FRS 9, Financial Instruments with FRS 4, Insurance Contracts
- Amendments to FRS 128, Investments in Associates and Joint Ventures (Annual Improvements to FRS Standards 2014-2016 Cycle)
- Amendments to FRS 140, Investment Property – Transfers of Investment Property
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration



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

3. Significant Accounting Policies (Cont'd)

On 19 November, 2011, 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 ventures were allowed to defer the adoption of the MFRS Framework until such time as mandated by the MASB. On 2nd September 2014, with the issuance of MFRS 15 *Revenue from Contracts with Customers* and Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*, the MASB announced that TEs which have chosen to continue with FRS Framework is now required to adopt the MFRS Framework latest by 1st January 2017.

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

The Group and the Company fall within the scope definition of TEs and have availed themselves of this transitional arrangement and will continue to apply FRSs in the preparation of their financial statements. Accordingly, the Group and the Company will be required to apply MFRS 1 *First-time Adoption of MFRS* in their financial statements for the financial year ending 31st December 2018, being the first set of financial statements prepared in accordance with the new MFRS Framework.

4. Audit Opinion on 2017 Financial Statements

The auditors’ report on the financial statements of the Group for the financial year ended 31 December 2017 was not subject to any qualification.



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

4. Segment Reporting

| Quarter Ended 30 June 2018 | Property Development RM'000 | Property Investment RM'000 | Hospitality & Health RM'000 | Others RM'000 | Consolidated RM'000 |
|-------------------------------|-----------------------------------|----------------------------------|-----------------------------------|------------------|------------------------|
| Revenue | | | | | |
| External sales | 1,455 | 3,286 | 11,345 | - | 16,086 |
| Results | | | | | |
| Segment results | (3,475) | 145 | (1,759) | (234) | (5,323) |
| Finance costs | | | | | (2,170) |
| Loss before tax | | | | | (7,493) |
| Income tax credit | | | | | 227 |
| Loss after tax | | | | | (7,266) |
| Non-controlling interests | | | | | 278 |
| Loss for the period | | | | | (6,988) |
| | | | | | |
| Quarter Ended 30 June 2017 | Property Development RM'000 | Property Investment RM'000 | Hospitality & Health RM'000 | Others RM'000 | Consolidated RM'000 |
| Revenue | | | | | |
| External sales | 17,086 | 3,698 | 13,063 | - | 33,847 |
| Results | | | | | |
| Segment results | 12,792 | 866 | (532) | (565) | 12,561 |
| Finance costs | | | | | (2,823) |
| Profit before tax | | | | | 9,738 |
| Income tax expense | | | | | (1,847) |
| Profit after tax | | | | | 7,891 |
| Non-controlling interests | | | | | 102 |
| Profit for the period | | | | | 7,993 |



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

Six Months Ended
30 June 2018

| | Property Development RM'000 | Property Investment RM'000 | Hospitality & Health RM'000 | Others RM'000 | Consolidated RM'000 |
|----------------|-----------------------------------|----------------------------------|-----------------------------------|------------------|------------------------|
| Revenue | | | | | |
| External sales | 8,647 | 6,880 | 21,141 | - | 36,668 |

Results

| | | | | | |
|---------------------------|---------|-----|---------|-------|----------|
| Segment results | (1,964) | 596 | (4,295) | (386) | (6,049) |
| Finance costs | | | | | (4,315) |
| Loss before tax | | | | | (10,364) |
| Income tax credit | | | | | 455 |
| Loss after tax | | | | | (9,909) |
| Non-controlling interests | | | | | 517 |
| Loss for the period | | | | | (9,392) |

Six Months Ended
30 June 2017

| | Property Development RM'000 | Property Investment RM'000 | Hospitality & Health RM'000 | Others RM'000 | Consolidated RM'000 |
|----------------|-----------------------------------|----------------------------------|-----------------------------------|------------------|------------------------|
| Revenue | | | | | |
| External sales | 21,421 | 8,060 | 22,900 | 180 | 52,561 |

Results

| | | | | | |
|---------------------------|--------|-------|---------|-------|---------|
| Segment results | 11,839 | 1,626 | (5,649) | (886) | 6,930 |
| Finance costs | | | | | (5,487) |
| Profit before tax | | | | | 1,443 |
| Income tax expense | | | | | (1,354) |
| Profit after tax | | | | | 89 |
| Non-controlling interests | | | | | 50 |
| Profit for the period | | | | | 139 |



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 2017.

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 2017.

13. Contingent Liabilities / Assets

There are no material contingent liabilities since the last audited Statement of Financial Position as at 31 December 2017. There are no material contingent assets as at the date of this report.

14. Subsequent event

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



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

15. Operating Segment Review

(a) 2nd Quarter 2018 vs 2nd Quarter 2017

| | Current Year Quarter 30-Jun-18 RM'000 | Preceding Year Corresponding Quarter 30-Jun-17 RM'000 | Changes (%) |
|---|--|--|--------------------|
| Revenue | 16,086 | 33,847 | -52% |
| Operating Loss | (5,323) | 12,561 | 142% |
| Loss Before Interest and Tax | (5,323) | 12,561 | 142% |
| Loss Before Tax | (7,493) | 9,738 | 177% |
| Loss After Tax | (7,266) | 7,891 | 192% |
| Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent | (6,988) | 7,993 | 187% |

The Group recorded total revenue of RM16.1 million for the second quarter ended 30 June 2018 compared to RM33.8 million in the previous year corresponding quarter ended 30 June 2017. The lower revenue was due to the drop from Property Development Division by 91% compared with the preceding quarter.

The Group recorded a loss before tax of RM7.5 million for the current quarter compared to a RM9.7 million profit before tax in the previous year corresponding quarter.

Property Development Division

Revenue for the second quarter of 2018 for the division was RM1.5 million as compared to RM17.1 million in the same quarter of 2017. The significant drop was due to lower sales of inventories. Segment loss of RM3.5 million was recorded for the first quarter of 2018 as compared to segment profit of RM12.8 million for the first quarter of 2017 due to the lower revenue contribution.



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)

(a) 2nd Quarter 2018 vs 2nd Quarter 2017 (Cont'd)

Property Investment Division

The revenue for Property Investment Division was RM3.3 million in the current quarter compared to RM3.7 million for the second quarter of 2017. Segment profit was RM0.1 million for the second quarter of 2018 as compared to segment profit of RM0.9 million for the same quarter of 2017.

Hospitality & Health Division

Hospitality & Health Division contributed RM11.3 million of revenue in the current quarter as compared to RM13.1 million in the second quarter of 2017. Segment loss of RM1.8 million was recorded in the current quarter compared to segment loss of RM0.5 million in the same quarter of 2017.

Others

There is no revenue contributed in the second quarter of 2018 and 2017. The segment loss for the second quarter 2018 was RM0.2 million compared to RM0.6 million segment loss for the same quarter 2017.



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 June 2018 vs YTD June 2017

| | Current Year To Date 30-Jun-18 RM'000 | Preceding Year Corresponding Period 30-Jun-17 RM'000 | Charges (%) |
|--|--|---|--------------------|
| Revenue | 36,668 | 52,561 | -30% |
| Operating Loss | (6,049) | 6,930 | 187% |
| Loss Before Interest and Tax | (6,049) | 6,930 | 187% |
| Loss Before Tax | (10,364) | 1,443 | 818% |
| Loss After Tax | (9,909) | 89 | 11234% |
| Loss Attributable to Ordinary Equity Holders of the Parent | (9,392) | 139 | 6857% |

Total Group revenue for the period ended 30 June 2018 dropped from RM52.6 million to 36.7 million due to lower sales of completed properties from the property development division.

The Group recorded a loss before tax of RM10.4 million for the current year to date as compared to a profit before tax of RM1.4 million in the same period of preceding year.

Property Development Division

Total revenue contributed by the Property Development Division for the period ended 30 June 2018 was RM8.6 million as compared to RM21.4 million for the same period in the preceding year.

The division recorded a segment loss of RM2.0 million in the period ended 30 June 2018 as compared to profit of RM11.8 million for the same period in the preceding year.



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

(b) YTD June 2018 vs YTD June 2017 (Cont'd)

Property Investment Division

Total revenue for the Property Investment Division for the period ended 30 June 2018 was RM6.9 million as compared to RM8.1 million for the same period in the preceding year. Segment profits for first half of the current year period was RM0.6 million as compared to RM1.6 million in the preceding year.

Hospitality & Health Division

Hospitality, Health & Tourism Division contributed RM21.1 million of revenue in the first half of the current year period as compared to RM22.9 million in the same period of the preceding year. Segment loss of RM4.3 million was recorded for the current year period as compared to segment loss of RM5.6 million in the preceding year.

Others

There is no revenue contributed in the period ended 30 June 2018 as compared to RM0.2 million in the same period of the preceding year as Country Heights Education was disposed off during the period ended 30 June 2017. Segment loss of RM0.4 million was recorded for the current year period as compared to segment loss of RM0.9 million in the preceding year.



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

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

| | Current Quarter | Immediate Preceding Quarter | |
|--|------------------------|------------------------------------|--------------------|
| | 30-Jun-18 | 31-Mar-18 | |
| | RM'000 | RM'000 | Changes (%) |
| Revenue | 16,086 | 20,582 | 22% |
| Operating Loss | (5,323) | (726) | 633% |
| Loss Before Interest and Tax | (5,323) | (726) | 633% |
| Loss Before Tax | (7,493) | (2,871) | 161% |
| Loss After Tax | (7,266) | (2,643) | 175% |
| Loss Attributable to Ordinary Equity Holders of the Parent | (6,988) | (2,404) | 191% |

The Group's revenue for the second quarter of 2018 was lower at RM16.1 million as compared with the preceding first quarter ended 31 March 2018 of RM20.6 million, and the Group's loss before tax for the second quarter of 2018 was higher at RM7.5 million as compared with loss before tax in the preceding first quarter ended 31 March 2018 of RM2.9 million. This was mainly due to the lower revenue recorded for the Property Development Division in the second quarter of 2018.

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 2018. According to Bank Negara Malaysia, the Malaysian economy is projected to grow by 5.4% (2017 : 5.2%) in 2018 although the second quarter the GDP growth was only 4.5%.



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

17. Commentary on Prospects (Cont'd)

The global economic uncertainties, our country debt of RM1 trillion, slowdown in property development market, increasing cost of living in the country coupled with the high borrowing cost and difficulty in obtaining end financing are of great concern as these will dampen sentiments and affect demand in certain sectors.

Notwithstanding the above, the Group intends to transform itself and realign the business to focus on four key ventures moving forward. They are:-

- **Grand Wellness Hub**

- A convergence of three different projects including a wellness centre, shopping mall and serviced apartments in Mines Wellness City. With a total of 1 mil sq ft space and a gross development value of RM1.5 billion, this will change the face of medical and wellness tourism as well. The Grand Wellness Hub will also see a joint venture to develop Luxe Retirement Residences service apartments to provide 200 units of comfortable living spaces for retirees.
- With the GHHS Healthcare under the umbrella of the Grand Wellness Hub, new strategies are introduced focusing on the innovative product development on holistic treatments, wellness & rejuvenation. There are some newly joint ventures between GHHS Healthcare and Wellness Practitioners to enhance the varieties of treatments in the centre such as External Counterpulsation (ECP) and BodyReg (CO2). Besides that, some new developments are added into the Chinese Medical Centre (TCM) such as treatments for Paediatric Care, Gynaecology, Fertility Treatment, Post Stroke, Chiropractic Care and Metabolic Syndrome. Furthermore, there are enhancements on the wellness spa with the introduction of Yunohana hot stone bed that is specially imported from Japan to provide natural, antioxidant, slimming and detox treatment. The introduction on the latest flexible program can be customized for members under Health United Plus with Points Value (PV) redemption.



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

17. Commentary on Prospects (Cont'd)

- As for Health Screening, introduction of the latest Genetic Screening packages, Food Intolerance, Allergy Screening, Bio-Identical Hormone Replacement Therapy (BHRT), Endoscopy Screening and Calcium Scoring CT will accelerate growth by strengthening the membership market and to venture to new markets such as corporate screening for local corporate sector and preventive healthcare tourism for foreign tourist.

- **Resorts and Hospitality**
 - Targeted at high net worth individuals looking for a combination of resort lifestyle and luxury hospitality. This integrated project will have a proposed total GDV of RM3.7 billion and includes the Golf Villa (serviced apartments and SOHO located next to the Palace of the Golden Horses Hotel, Kuala Lumpur) as well as new developments in Port Dickson.

 - With plans to refurbish the Palace of the Golden Horses, measures have been put in place to increase M.I.C.E marketing namely meetings, incentives, conferencing and exhibitions with more local corporate events and promotions. These include international marketing and branding exercises, service improvement programs, online marketing and strategic collaborations to help stimulate the business.

- **Car City Centre**
 - A 1.5 mil sq ft transformative project combining the real estate, exhibition and the automotive industry, MC3 is ASEAN'S pioneer automotive themed lifestyle center with a projected gross development value of RM1.2 to 1.5 billion. The project will rejuvenate the MINES International Exhibition and Convention Centre into Asean's largest automotive expo centre showcasing the latest automotive technology and trends.

 - The project also includes The Auto Collective (TAC) which will be Malaysia's Largest Indoor Bonded Warehouse and a co-working space called the Mines Workpool.



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

17. Commentary on Prospects (Cont'd)

- **Cheng Ho Islamic Finance and Trade Centre**

- A total of 62 acres of land in Alor Gajah, Malacca, to be transformed to an exhibition centre, a business hotel, retail outlets, business suites and warehouses. With strategic partnership with China's 'One Belt One Road' initiative, this future epicenter of Islamic trade and finance projects a gross development value of RM1.3 billion.
- Positioned as the world's 1st Shariah-attested blockchain development strategically poised to tap into the RM5.8 trillion Islamic economy by year 2022.

18. Variance on Profit Forecast / Profit Guarantee

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

19. Income Tax Credit/(Expense)

| | Six Months ended | |
|---------------------------------|-------------------------|------------------|
| | 30-Jun-18 | 30-Jun-17 |
| | RM'000 | RM'000 |
| Income tax | | |
| - Current year | (7) | (2,705) |
| - Under provision in prior year | - | 152 |
| - Group relief | - | 386 |
| Deferred tax | | |
| - Current year | 462 | 813 |
| | <u>455</u> | <u>(1,354)</u> |



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

20. Sale of Unquoted Investments / Properties

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

21. Purchase and Sale of Quoted Securities

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

22. Profit/Loss) before Tax

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

| | Six Months ended | |
|---|-------------------------|------------------|
| | 30-Jun-18 | 30-Jun-17 |
| | RM'000 | RM'000 |
| Property, plant & equipment written off | - | 559 |
| Depreciation and amortisation | 6,586 | 6,335 |
| Allowance on receivables for write - off | 269 | 311 |
| Allowance on receivables no longer required | (3) | (42) |
| Net unrealised foreign exchange gain | (27) | (15) |
| Bad debt written off | - | 2 |
| Bad debt recovered | (12) | - |

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



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

23. Corporate Proposals

(a) Status of Corporate Proposals

There were no corporate proposals.

(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:

| | As at 30-Jun-18 RM'000 | As at 30-Jun-17 RM'000 |
|--|---------------------------------------|---------------------------------------|
| Description of shares purchased | Ordinary Shares | Ordinary Shares |
| Number of shares purchased | - | 2,150,000 |
| Number of shares cancelled | - | - |
| Number of shares held as treasury shares | 2,150,000 | 2,150,000 |
| Number of treasury shares 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's bank borrowings and debt securities as at end of the current financial period are:

| | As at 2nd quarter ended 2018 | | | | | |
|---------------------------------|------------------------------|-----------------|-------------------|-----------------|-------------------|-----------------|
| | Long-term | | Short-term | | Total borrowings | |
| | Foreign RM'000 | Local RM'000 | Foreign RM'000 | Local RM'000 | Foreign RM'000 | Local RM'000 |
| Secured | | | | | | |
| Bank overdrafts | - | - | - | 27,049 | - | 27,049 |
| Term loan | - | 77,552 | - | 6,200 | - | 83,752 |
| Total secured borrowings | - | 77,552 | - | 33,249 | - | 110,801 |
| Unsecured | | | | | | |
| Term Loan | - | 110,937 | - | - | - | 110,937 |
| Hire purchase & lease creditors | - | 203 | - | 67 | - | 270 |
| Total unsecured borrowings | - | 111,140 | - | 67 | - | 111,207 |
| Total borrowings | - | 188,692 | - | 33,316 | - | 222,008 |
| | As at 2nd quarter ended 2017 | | | | | |
| | Long-term | | Short-term | | Total borrowings | |
| | Foreign RM'000 | Local RM'000 | Foreign RM'000 | Local RM'000 | Foreign RM'000 | Local RM'000 |
| Secured | | | | | | |
| Bank overdrafts | - | - | - | 30,169 | - | 30,169 |
| Term loan | - | 80,593 | - | 9,118 | - | 89,711 |
| Total secured borrowings | - | 80,593 | - | 39,287 | - | 119,880 |
| Unsecured | | | | | | |
| Term Loan | - | 86,626 | - | - | - | 86,626 |
| Hire purchase & lease creditors | - | 335 | - | 241 | - | 576 |
| Total unsecured borrowings | - | 86,961 | - | 241 | - | 87,202 |
| Total borrowings | - | 167,554 | - | 39,528 | - | 207,082 |

All borrowings are denominated in Ringgit Malaysia unless indicated otherwise.



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

26. Disclosure requirements pursuant to implementation of FRS 139

(a) Disclosure of Derivatives

There are no outstanding derivatives as at 30 June 2018 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- June- 18 RM'000 | As at 31-Dec-17 RM'000 |
|---|--|---------------------------------------|
| Total retained earnings of the Company and its subsidiaries: | | |
| - Realised | 478,815 | 488,076 |
| - Unrealised | <u>(79,041)</u> | <u>(78,579)</u> |
| | 399,774 | 409,497 |
| Less: Consolidated adjustments | (115,209) | (116,372) |
| | <u> </u> | <u> </u> |
| Total group retained earnings as per consolidated accounts | <u><u>284,565</u></u> | <u><u>293,125</u></u> |



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

28. Dividend Payable

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

29. Earnings/(Loss) Per Share

(a) Basic

Basic loss per share is calculated by dividing loss for the year attributable to equity holders of RM9.4 million (30 June 2017: profit of RM0.1 million) over the number of 273,557,403 (30 June 2017: 273,557,403) ordinary shares issued during the current financial period under review.

(b) Diluted

Not applicable.

30. 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 30 August 2018.

By Order of the Board

Lee Thai Young Matahari

Executive Director