

Date: 28 November 2003

Attn: Cik Latifah Bt Haji Mohd Yusof
Senior Vice President, Listing

**COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)
QUARTERLY REPORT ANNOUNCEMENT**

Quarterly report on consolidated results for the third quarter ended 30 September 2003.
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT	PRECEDING YEAR	CURRENT	PRECEDING YEAR
	YEAR	CORRESPONDING	YEAR	CORRESPONDING
	QUARTER	QUARTER	TO DATE	PERIOD
	30/9/2003	30/9/2002	30/9/2003	30/9/2002
	RM'000	RM'000	RM'000	RM'000
1 (a) Revenue	104,986	58,894	256,068	223,991
(b) Cost of sales	(52,473)	(24,946)	(126,085)	(118,684)
(c) Gross profit	52,513	33,948	129,983	105,307
(d) Other operating income	2,775	1,211	13,325	7,494
(e) Selling & distribution expenses	(4,321)	(2,416)	(9,477)	(11,763)
(f) Administrative expenses	(4,366)	(3,359)	(9,823)	(8,251)
(g) Staff cost	(9,001)	(11,462)	(30,404)	(33,485)
(h) Depreciation	(6,119)	(6,752)	(18,283)	(20,180)
(i) Other operating expenses	(11,245)	(7,562)	(24,912)	(18,989)
(j) Profit from operations	20,236	3,608	50,409	20,133
(k) Finance costs	(14,627)	(16,388)	(47,509)	(47,460)
	5,609	(12,780)	2,900	(27,327)
(l) Share of results of associated companies	670	(1,616)	(6,159)	(596)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/9/2003 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2002 RM'000	CURRENT YEAR TO DATE 30/9/2003 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2002 RM'000
(m) Profit/ (loss) before taxation	6,279	(14,396)	(3,259)	(27,923)
(n) Taxation	(2,468)	(1,412)	(6,734)	(7,916)
(o) Profit/ (loss) after taxation	3,811	(15,808)	(9,993)	(35,839)
(p) Minority interest	(24)	715	(54)	782
(q) Net profit/ (loss) for the period	3,787	(15,093)	(10,047)	(35,057)
Basic profit/ (loss) per ordinary share (sen)	1.37	(5.47)	(3.64)	(12.72)
Diluted profit/ (loss) per ordinary share (sen)	NA	NA	NA	NA

(The Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2002)

CONDENSED CONSOLIDATED BALANCE SHEET

	AS AT END OF CURRENT QUARTER (unaudited) 30/9/2003 RM'000	AUDITED FINANCIAL STATEMENTS YEAR ENDED 31/12/2002 RM'000
1 Investment properties	215,122	215,122
2 Property, plant and equipment	421,314	439,088
3 Real property assets	136,451	134,409
4 Hotel properties and exhibition centre	898,840	898,840
5 Long term receivable	23,507	19,683
6 Investment in associated companies	87,873	94,223
7 Other investments	4,674	4,674
8 Goodwill on consolidation	1,704	2,033
9 Current assets		
Inventories	66,148	61,055
Development properties	189,146	186,884
Construction work in progress	-	652
Trade and other receivables	235,467	241,094
Bank balances held in trust	97,832	73,246
Deposits, bank and cash balances	33,761	62,741
	622,354	625,672
10 Current liabilities		
Trade and other payables	309,544	344,315
Short term borrowings	247,700	277,902
Provision for taxation	89,137	89,790
	646,381	712,007
11 Net current liabilities	(24,027)	(86,335)
	1,765,458	1,721,737

CONDENSED CONSOLIDATED BALANCE SHEET

	AS AT END OF CURRENT QUARTER (unaudited) 30/9/2003 RM'000	AUDITED FINANCIAL STATEMENT YEAR ENDED 31/12/2002 RM'000
12 Share capital	275,699	275,699
13 Reserves	377,468	387,500
14 Shareholders' equity	<u>653,167</u>	<u>663,199</u>
15 Minority interests	11,335	10,531
16 Long term borrowings	982,012	941,075
17 Other long term liabilities	91,415	79,403
18 Deferred taxation	27,529	27,529
	<u>1,765,458</u>	<u>1,721,737</u>
19 Net tangible assets per share (RM)	2.36	2.40

(The Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2002)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Period ended 30/9/2003 RM'000	Period ended 30/9/2002 RM'000
Loss before taxation and minority interest	(3,259)	(27,923)
Adjustments for:		
- Non cash items	23,626	22,542
- Non operating items (which are investing/ financing)	54,649	46,100
Operating profit before changes in working capital	<u>75,016</u>	<u>40,719</u>
- Net change in current assets	(12,246)	145,019
- Net change in current liabilities	(55,675)	(47,790)
Cash generated from operations	<u>7,095</u>	<u>137,948</u>
- Deferred income	3,855	5,065
- Interest paid	(19,207)	(18,800)
- Tax paid	(7,195)	(8,732)
Net cash flows used in operating activities	<u>(15,452)</u>	<u>115,481</u>
Investing activities		
- Increase in balances held in trust, sinking fund, HDA a/c	(22,667)	(68,771)
- Other investments	1,933	(10,278)
Net cash used in investing activities	<u>(20,734)</u>	<u>(79,049)</u>
Financing activities		
- Dividend paid	-	(3,970)
- Borrowings	42,064	717
Net cash generated from financing activities	<u>42,064</u>	<u>(3,253)</u>
Exchange reserve fluctuation	<u>15</u>	<u>(2,862)</u>
Net increase in cash and cash equivalents	5,893	30,317
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	(3,085)	(13,202)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u>2,808</u>	<u>17,115</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
(CONTINUED)

	30/9/2003	30/9/2002
	RM'000	RM'000
Cash and cash equivalents consist of:		
Bank balances held in trust	97,832	64,370
Cash and bank balances	33,761	60,418
	<u>131,593</u>	<u>124,788</u>
Bank overdrafts	(24,294)	(35,229)
Less : Deposits pledged and placed pursuant to Housing Development Account	(6,659)	(8,074)
Bank balances held in trust	<u>(97,832)</u>	<u>(64,370)</u>
	<u>2,808</u>	<u>17,115</u>

(The Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2002)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2003

	Share	Distributable	Non-distributable reserves			Total	
	capital	reserve	Share	Reserve on	Revaluation		Exchange
	Ordinary	Retained	premium	consolidation	reserve	reserve	
	shares	profits					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2002	275,699	103,195	57,232	59,788	319,042	(6,581)	808,375
Net loss for the year	-	(142,009)	-	-	-	-	(142,009)
Dividend	-	(3,970)	-	-	-	-	(3,970)
Crystallisation of profit guarantee	-	-	-	699	-	-	699
Translation gain	-	-	-	-	-	104	104
As at 31 December 2002	275,699	(42,784)	57,232	60,487	319,042	(6,477)	663,199
Net gain for the period	-	(10,047)	-	-	-	-	(10,047)
Translation gain	-	-	-	-	-	15	15
As at 30 September 2003	275,699	(52,831)	57,232	60,487	319,042	(6,462)	653,167

(The Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2002)

COUNTRY HEIGHTS HOLDINGS BERHAD
EXPLANATORY NOTES FOR THE QUARTER ENDED 30 SEPTEMBER 2003
Part I : MASB 26 Requirements (Paragraph 16)

1 Accounting Policies

The quarterly report has been prepared in accordance with MASB 26 'Interim Financial Reporting' and Chapter 9 part K of the Listing Requirements of Kuala Lumpur Stock Exchange. The same accounting policies and methods of computation are followed in the quarterly report as compared with the most recent annual audited financial statements of Country Heights Holdings Berhad ('CHHB') for the year ended 31 December 2002.

2 Audit Opinion on 2002 Financial Statements

The auditors did not qualify the audit opinion on CHHB's 2002 financial statements.

3 Seasonality or Cyclicity of Operations

There is no seasonality or cyclicity of operations.

4 Exceptional/ Extraordinary items

There were no exceptional/extraordinary items during the period under review.

5 Change in Estimate

There were no major changes in method of estimating during the period under review.

6 Issuance or Repayment of Debt and Equity Securities

There were no issuance or repayment of debt or equity securities during the period under review.

7 Dividends paid

There were no dividends paid during the period under review.

COUNTRY HEIGHTS HOLDINGS BERHAD

EXPLANATORY NOTES FOR THE QUARTER ENDED 30 SEPTEMBER 2003

Part I : MASB 26 Requirements (Paragraph 16)

8 Segmental Information for the Current Period to Date

	Property development RM'000	Construction RM'000	Hotel operations RM'000	Exhibition operations RM'000	Leisure operations RM'000	Rental operations RM'000	Others RM'000	Elimination RM'000	Total RM'000
<u>Revenue</u>									
Group total	131,079	11,440	38,229	11,532	27,426	25,656	14,738	(4,032)	256,068
Intersegment	(1,576)	-	(215)		(123)	(2,118)	-	4,032	-
External	129,503	11,440	38,014	11,532	27,303	23,538	14,738	-	256,068
<u>Results</u>									
Segment results - external	32,554	(711)	4,419	(1,149)	3,925	8,192	1,324	-	48,554
Interest income									1,855
Profit from operations									50,409
Finance costs									(47,509)
Share of results of associated companies									(6,159)
Loss before taxation									(3,259)
Taxation									(6,734)
Minority interest									(54)
Loss for the period									(10,047)

COUNTRY HEIGHTS HOLDINGS BERHAD

EXPLANATORY NOTES FOR THE QUARTER ENDED 30 SEPTEMBER 2003

Part I : MASB 26 Requirements (Paragraph 16)

9 Valuation of property, plant and equipment

There were no new revaluation of property, plant & equipment during the period under review. Included in the balance sheet are the following assets which are carried at revalued amounts from revaluations made in previous years:

At valuation	RM'000
- Hotel properties and exhibition centre	898,840
- Property, plant and equipment	22,383
Total	<u>921,223</u>

10 Subsequent event

There is no material event subsequent to 30 September 2003 that has not been reflected in the quarterly report for the period except for the disposal of our entire 25% shareholding in Setia Haruman Sdn Bhd ("Setia Haruman") , an associated company, for a consideration of RM50 million on 1 October 2003. The disposal was announced to the Kuala Lumpur Stock Exchange on 1 October 2003. Setia Haruman is principally engaged in the property development and sale of land. The disposal will result in a gain on disposal of RM36,841,187 at Group level.

11 Changes in the Composition of the Group

There were no changes in the composition of the Group subsequent to 31 December 2002 except for the disposal of:

- Country Heights Brickfields College Sdn Bhd ('CHBC'), a subsidiary company, for a purchase consideration of RM3 million on 22 April 2003. The disposal has resulted in a gain on disposal of RM4,006,740 at Group level. CHBC's principal business was the provision of education services but it had ceased business in 2001; and
- Setia Haruman as mentioned in note 10.

12 Contingent Liabilities / Assets

There are no material contingent liabilities except as disclosed in note 23(a) and no contingent assets except as disclosed in note 23(c) as at the date of this quarterly report.

COUNTRY HEIGHTS HOLDINGS BERHAD

EXPLANATORY NOTES FOR THE QUARTER ENDED 30 SEPTEMBER 2003

Part II : KLSE Revised Requirements

13 Review of To Date Performance (against previous year)

The higher turnover and lower cumulative loss before tax were mainly attributable to the significant recognition of profits from the Country Heights Damansara Project in accordance to percentage of work completed and a gain of RM4,006,740 recognised at Group level for the disposal of Country Heights Brickfields College Sdn Bhd in current year.

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

The Group was able to record a profit before taxation of RM1.8 million in the current quarter as compared to a loss before tax of RM3.4 million in the previous quarter. The improvement in results was contributed from a higher recognition of profits from the Country Heights Damansara Project in current year as substantial progress was recorded. The tourism property division also recorded increases in its revenue as it recovers from the double blow of the Iraq war and the Severe Acute Respiratory Syndrome ("SARS") outbreak earlier this year.

15 Current Year Prospects

Country Heights Damansara Project will continue to contribute significantly to the Group's profits in the final quarter of the year whereby its bungalow lots are scheduled to be officially handed over for vacant possession.

16 Variance on Forecast Profit/ Profit Guarantee

Not applicable.

COUNTRY HEIGHTS HOLDINGS BERHAD
EXPLANATORY NOTES FOR THE QUARTER ENDED 30 SEPTEMBER 2003
Part II : KLSE Revised Requirements

17 Taxation

Taxation comprises:

	Quarter 3		Cumulative Quarter	
	Current 30/9/2003 RM'000	Preceding 30/9/2002 RM'000	Current 30/9/2003 RM'000	Preceding 30/9/2002 RM'000
Malaysian taxation				
- current period	3,081	527	6,542	5,465
- deferred tax	(880)	-	-	-
Share of taxation of associated companies	267	885	192	2,451
	<u>2,468</u>	<u>1,412</u>	<u>6,734</u>	<u>7,916</u>

The effective rate of taxation for the Group is higher than the statutory tax rate as losses of certain subsidiary companies cannot be set off against profits made by other subsidiary companies.

18 Sale of Unquoted Investments/ Properties

There were no sale of unquoted investments/ properties since 31 December 2002 except for the disposal of shares in CHBC and Setia Haruman as mentioned under note 10 and note 11.

COUNTRY HEIGHTS HOLDINGS BERHAD
EXPLANATORY NOTES FOR THE QUARTER ENDED 30 SEPTEMBER 2003
Part II : KLSE Revised Requirements

19 Purchase and Sale of Quoted Securities

(a) There were no purchase of quoted securities during the period under review.

(b) Investments in quoted securities as at 30 September 2003 are as follows:

	RM'000
Total investments at cost	4,479
Total investments at carrying value/ book value (after provision for diminution in value)	4,006
Total investment at market value at end of reporting period	941

No further provision for diminution is made to take into account the decline in value of investments in quoted securities as these investments are held for long term and the decline in value is deemed temporary.

COUNTRY HEIGHTS HOLDINGS BERHAD
EXPLANATORY NOTES FOR THE QUARTER ENDED 30 SEPTEMBER 2003
Part II : KLSE Revised Requirements

20 Corporate Proposals

(a) Status of Corporate Proposals

(i) Proposed Rights Issue, Special Issue and Bonus Issue of new ordinary shares in CHHB

The Company has proposed a Rights Issue, Special Issue and Bonus Issue of new ordinary shares in CHHB. The Proposed Rights Issue of up to 401,176,000 new ordinary shares of RM1 each is on a basis of one Rights Issue share for every one existing ordinary share held, at an indicative issue price of RM1 each. The Special Issue of 100,000,000 new ordinary shares of RM1 each at an indicative price of RM1 each will be made to Bumiputra investors approved by the Ministry of International Trade and Industry ('MITI). The Proposed Bonus Issue shares will be issued as fully paid shares of RM1 each on the basis of one Bonus Issue share for every two Rights Issue shares.

Based on the existing issued and fully paid-up share capital of 275,699,400 ordinary shares of RM1 each, the number of Rights Issue shares that will be issued will amount to 275,699,400 ordinary shares, and the Bonus Issue shares to be issued for these Rights Issue shares will amount to 137,849,700. Together with the revised proposed Special Issue of 100,000,000 ordinary shares, the total number of new shares to be issued pursuant to these proposals will amount to 513,549,100 and the number of ordinary shares in the issued and paid up share capital will be 789,248,500.

All necessary approvals for the Proposed Rights Issue, Special Issue and Bonus Issue of new ordinary shares in CHHB have been obtained, including the approval from shareholders of the Company in an EGM held on 6 November 2002. Due to the uncertainties in stock market, the Directors have decided to hold in abeyance the above proposals. SC had on 31 October 2003 approved an extension of time to 19 March 2004 to implement the Proposed Rights Issue, Special Issue and Bonus Issue.

COUNTRY HEIGHTS HOLDINGS BERHAD
EXPLANATORY NOTES FOR THE QUARTER ENDED 30 SEPTEMBER 2003
Part II : KLSE Revised Requirements

20 Status of Corporate Proposals (continue)

(a) Status of Corporate Proposals (continue)

(ii) Proposed Public Offering Exercise To Be Undertaken by Mines City Hotel Sdn Bhd

The Company has proposed a divestment of up to 49% interest in Mines City Hotel Sdn Bhd ('MCH'), a wholly owned subsidiary of CHHB. The proposed divestment will be by way of a proposed public issue/ placement of up to 200,000,000 new MCH Shares at an indicative issue/ placement price of RM1.00 per MCH Share payable in full on application. MCH is the owner and operator of the Palace of the Golden Horses Hotel ('PGH Hotel'). PGH Hotel is a five-star luxury hotel and conference centre situated within the Mines Resort City. The proceeds to be raised from this Proposed Public Offering will be mainly utilized by MCH to repay the RM250,000,000 nominal amount of 3% Redeemable Bonds 1996/2001 ('Bonds') and interests on the Bonds of which RM200,000,000 is outstanding, on behalf of CHHB, in order to secure the release of the charge on PGH Hotel. The proceeds from the issuance of the Bonds were earlier utilized primarily for the construction of PGH Hotel.

The Proposed Public Offering has been approved by the relevant authorities and shareholders of the Company and the Bondholders. The prospectus is pending finalisation and approval of the SC. SC has on 31 October 2003 approved an extension of time to 26 February 2005 for CHHB to implement the Proposed Public Offering.

(b) Status of Utilisation of Proceeds

Not applicable.

COUNTRY HEIGHTS HOLDINGS BERHAD

EXPLANATORY NOTES FOR THE QUARTER ENDED 30 SEPTEMBER 2003

Part II : KLSE Revised Requirements

21 Borrowings

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

	Short term	Long term	Total
	RM'000	RM'000	RM'000
Secured			
Bank overdrafts			
- local	13,077	-	13,077
Revolving credits			
- local	167,238	-	167,238
Term loan			
- local	10,650	78,406	89,056
- foreign (South African Rand)	-	4,873	4,873
- foreign (New Zealand Dollar)	183	283	466
Bonds	-	200,000	200,000
Cumulative Redeemable Preference Shares * (‘CRPS’)	-	333,436	333,436
Redeemable Convertible Secured Loan Stock (‘RCSLS’)	-	148,500	148,500
Deferred cash consideration	-	25,750	25,750
Total secured borrowings	191,148	791,248	982,396
Unsecured			
Bank overdrafts			
- local	3,091	-	3,091
- foreign (South African Rand)	8,126	-	8,126
Revolving credits			
- local	44,800	-	44,800
Hire purchase & lease creditors	535	286	821
Cumulative Redeemable Preference Shares	-	190,478	190,478
Total unsecured borrowings	56,552	190,764	247,316
Comprising:			
Total borrowings as at 30 September 2003	247,700	982,012	1,229,712
Local borrowings	239,391	976,856	1,216,247
Foreign borrowings	8,309	5,156	13,465

* CHHB has granted separate put options to two financial institutions which are secured over the Mines Shopping Fair and Mines Waterfront Business Park.

All borrowings are denominated in Ringgit Malaysia unless indicated otherwise.

COUNTRY HEIGHTS HOLDINGS BERHAD

EXPLANATORY NOTES FOR THE QUARTER ENDED 30 SEPTEMBER 2003

Part II : KLSE Revised Requirements

22 Off Balance Sheet Financial Instruments

There are no financial instruments with off balance sheet risk as at the date of this quarterly report.

23 Pending Material Litigation

The pending material litigations are:

- (a) In July 2001, a third party filed a claim against Output Combination Sdn Bhd, a wholly owned subsidiary of CHHB, as the second defendant for wrongful termination of its appointment as exhibition managers. The alleged claims are for loss of management fee and commission amounting to RM300,000 and RM865,376 respectively plus other damages. The Court has fixed the matter for further case management hearing on 1 December 2003.

- (b) Master Strike Sdn Bhd ('Master Strike'), a wholly-owned subsidiary of CHHB, has in 1998 commenced action against a third party for the refund of a deposit sum of RM7,140,985 ('the Deposit) paid by Master Strike as purchaser pursuant to a Sale and Purchase Agreement which was forfeited on the ground of non-completion of the SPA by Master Strike. The Court dismissed Master Strike's claim with costs in October 2001. Master Strike has filed in a Notice of Appeal to the Court of Appeal and the hearing date for the appeal has yet to be fixed.

- (c) Country Heights Sdn Bhd ('CHSB'), a wholly-owned subsidiary of CHHB, has filed a claim for RM4,672,494 against the Government for the compulsory acquisition of land. CHHB was awarded a sum of RM4,462,958. There is a current appeal by CHSB concerning an addition of 83 lots of land, which have been affected as a result of the compulsory land acquisition. This appeal involves a total claim of RM1,523,373. We are now in the process of settling the matter out of court with the state legal advisor. In the meantime, the Court has fixed the next hearing date on 27 January 2004.

COUNTRY HEIGHTS HOLDINGS BERHAD

EXPLANATORY NOTES FOR THE QUARTER ENDED 30 SEPTEMBER 2003

Part II : KLSE Revised Requirements

24 Dividend

Not applicable.

25 Loss per share

Basic loss per share is calculated by dividing the loss after taxation and minority interest of RM10 million by the number of ordinary shares in issue of 275,699,400 during the period under review.

By Order of the Board

Tan Sri Lee Kim Yew

Managing Director