

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

1. Basis of Preparation

The interim financial statements is unaudited and has been prepared in accordance with the requirements of Financial Reporting Standard (“FRS”) 134: “Interim Financial Reporting” and paragraph 9.22 of the 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 2007. 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 2007.

2. Changes in Accounting Policies

The significant accounting policies adopted by the Group in this interim financial statements are consistent with those of the audited financial statements of the Group for the financial year ended 31 December 2007 except for the adoption of the following revised FRSs that are effective for the financial period beginning 1 January 2008:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of these revised FRSs did not have any significant financial impact on the Group.

3. Audit Opinion on 2007 Financial Statements

The auditors’ report on the financial statements for the financial year ended 31 December 2007 was not subject to any qualification.

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

4. Segment Reporting

	Property Development RM'000	Rental Operations RM'000	Exhibition Operations RM'000	Hotel Operations RM'000	Leisure Operations RM'000	Medical Tourism RM'000	Others RM'000	Elimination RM'000	Group RM'000
31 March 2008									
Revenue									
External sales	64,170	1,558	276	12,254	6,626	6,009	416	-	91,309
Inter-segment sales	4,815	649	-	1,243	283	2,119	353	(9,462)	-
Total revenue	68,985	2,207	276	13,497	6,909	8,128	769	(9,462)	91,309
Results									
Segment results	22,578	1,308	(1,126)	(470)	1,106	1,213	1,572	4,442	30,623
Profit from operations									30,623
Finance costs									(7,060)
Share of results of associates	-	-	-	-	-	-	64	-	64
Profit before taxation									23,627
Income tax expense									(7,924)
Profit after taxation									15,703
Minority interests									1,188
Net profit for the year									16,891

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

4. Segment Reporting (Contd.)

	Property Development RM'000	Rental Operations RM'000	Exhibition Operations RM'000	Hotel Operations RM'000	Leisure Operations RM'000	Medical Tourism RM'000	Others RM'000	Elimination RM'000	Group RM'000
31 March 2007									
Revenue									
External sales	13,473	11,233	295	10,619	8,367	7,199	1,482	-	52,668
Inter-segment sales	665	673	186	926	235	1,505	341	(4,531)	-
Total revenue	14,138	11,906	481	11,545	8,602	8,704	1,823	(4,531)	52,668
Results									
Segment results	8,017	7,205	(1,818)	(3,063)	(518)	2,280	10,055	(12,587)	9,571
Profit from operations									9,571
Finance costs									(12,830)
Share of results of associates	-	-	-	-	-	-	240	-	240
Loss before taxation									(3,019)
Income tax expense									(65)
Loss after taxation									(3,084)
Minority interests									721
Net loss for the year									(2,363)

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. Change in Estimate

There were no changes in method of estimates that have a material effect in the current financial period under review.

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 2007.

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 current financial period under review.

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 balance sheet as at 31 December 2007 except for the followings:

- On 7 May 2008, PRS Homes Sdn Bhd, a wholly-owned subsidiary of Country Heights Holdings Berhad (“CHHB”), had fully settled the balance purchase consideration of RM50.4 million for the acquisition of approximately 2,073 acres of freehold land located at Mukim of Rasa and Mukim of Batang Kali for a development to be known as Mines Golf City.

13. Contingent Liabilities / Assets

There are no material contingent liabilities since the last audited balance sheet as at 31 December 2007 except as disclosed in Note 26 (a) to (c). No material contingent assets except as disclosed in Note 26 (d) to (f) as at the date of this report.

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

14. Subsequent event

There was no material event subsequent to the end of the current financial period that have not been reflected in the financial statements for the 1st quarter ended 31 March 2008.

15. Comparatives

Certain expenses for the previous financial period ended 31 March 2007 have been reclassified to conform with current financial period's presentation.