

COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

The Board of Directors of Country Heights Holdings Berhad is pleased to announce the following unaudited results of the Group for the 1st Quarter ended 31 March 2009

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
For the Three-Months Period Ended 31 March 2009**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31-Mar-09 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-08 RM'000	CURRENT YEAR TO DATE 31-Mar-09 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-08 RM'000
Revenue	4	32,839	91,309	32,839	91,309
Cost of sales		<u>(14,205)</u>	<u>(38,173)</u>	<u>(14,205)</u>	<u>(38,173)</u>
Gross profit		18,634	53,136	18,634	53,136
Other operating income		2,319	3,532	2,319	3,532
Selling and marketing expenses		(1,475)	(1,522)	(1,475)	(1,522)
Administrative expenses		(4,729)	(4,560)	(4,729)	(4,560)
Other operating expenses		(14,277)	(19,963)	(14,277)	(19,963)
Finance costs		(6,133)	(7,060)	(6,133)	(7,060)
Share of results of associates		<u>86</u>	<u>64</u>	<u>86</u>	<u>64</u>
(Loss) / profit before tax		(5,575)	23,627	(5,575)	23,627
Income tax expenses	19	<u>66</u>	<u>(7,924)</u>	<u>66</u>	<u>(7,924)</u>
(Loss) / profit for the period		<u><u>(5,509)</u></u>	<u><u>15,703</u></u>	<u><u>(5,509)</u></u>	<u><u>15,703</u></u>
Attributable to:					
Equity holders of the Company		(4,744)	16,891	(4,744)	16,891
Minority interests		<u>(765)</u>	<u>(1,188)</u>	<u>(765)</u>	<u>(1,188)</u>
		<u><u>(5,509)</u></u>	<u><u>15,703</u></u>	<u><u>(5,509)</u></u>	<u><u>15,703</u></u>
Earnings per share attributable to ordinary equity holders of the Company (sen):					
- Basic	27 (a)	(1.72)	6.13	(1.72)	6.13
- Diluted	27 (b)	NA	NA	NA	NA

(The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements)

COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET as at 31 MARCH 2009

	Note	31-Mar-09 (Unaudited) RM'000	31-Dec-08 (Audited) RM'000
ASSETS			
Non-current assets			
Hotel properties and exhibition centre & showroom	9	343,862	344,676
Other property, plant and equipment	9	115,331	123,721
Property, plant and equipment		459,193	468,397
Investment properties	9	95,182	142,581
Prepaid land lease payments		351,561	352,637
Land held for property development		182,919	193,135
Investment in associates		5,733	3,274
Other investments	21	881	874
Long-term trade receivables		15,114	17,600
Fund held in trust		4,321	4,321
Deferred tax assets		12,202	10,709
		<u>1,127,106</u>	<u>1,193,528</u>
Current assets			
Property development costs		87,360	90,284
Inventories		138,946	139,428
Trade and other receivables		109,025	88,833
Tax recoverable		2,723	3,049
Cash and bank balances		8,930	13,152
		<u>346,984</u>	<u>334,746</u>
TOTAL ASSETS		<u>1,474,090</u>	<u>1,528,274</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		275,707	275,707
Share premium		57,251	57,251
Revaluation reserves		150,327	150,793
Foreign exchange reserves		(10,746)	(10,739)
Capital redemption reserves		19,048	19,048
Retained earnings		189,071	193,349
Shareholders' equity		<u>680,658</u>	<u>685,409</u>
Minority interests		<u>31,075</u>	<u>31,840</u>
Total equity		<u>711,733</u>	<u>717,249</u>
Non-current liabilities			
Borrowings	23	168,603	170,350
Long-term liabilities		3,847	3,860
Deferred Income		33,340	31,856
Deferred tax liabilities		91,038	89,827
		<u>296,828</u>	<u>295,893</u>
Current liabilities			
Borrowings	23	177,494	177,557
Trade and other payables		233,867	283,222
Tax liabilities		54,168	54,353
		<u>465,529</u>	<u>515,132</u>
Total Liabilities		<u>762,357</u>	<u>811,025</u>
TOTAL EQUITY AND LIABILITIES		<u>1,474,090</u>	<u>1,528,274</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.47	2.49

(The Unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements)

COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Three-Months Period Ended 31 March 2009

	Attributable to Equity Holders of the Company						Minority Interests	Total Equity	
	Non-distributable			Distributable					
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Foreign Exchange Reserve RM'000	Capital Redemption Reserve RM'000	Retained Earnings RM'000			Total RM'000
At 1 January 2008	275,707	57,251	145,204	(5,244)	19,048	177,420	669,386	43,785	713,171
Depreciation transfer on revalued hotel properties and exhibition centre & showroom and prepaid land lease payments	-	-	(1,864)	-	-	1,864	-	-	-
Transfer from deferred tax	-	-	-	-	-	969	969	-	969
Exchange differences arising on translation of foreign operations	-	-	-	(5,495)	-	-	(5,495)	-	(5,495)
Net transfers and losses recognised directly in equity	-	-	(1,864)	(5,495)	-	2,833	(4,526)	-	(4,526)
Reclassification	-	-	7,453	-	-	(110)	7,343	(7,343)	-
Profit for the year	-	-	-	-	-	13,206	13,206	(4,602)	8,604
Total recognised income and expense for the year	-	-	5,589	(5,495)	-	15,929	16,023	(11,945)	4,078
At 31 December 2008	275,707	57,251	150,793	(10,739)	19,048	193,349	685,409	31,840	717,249
At 1 January 2009	275,707	57,251	150,793	(10,739)	19,048	193,349	685,409	31,840	717,249
Depreciation transfer on revalued hotel properties and exhibition centre & showroom and prepaid land lease payments	-	-	(466)	-	-	466	-	-	-
Exchange differences arising on translation of foreign operations	-	-	-	(7)	-	-	(7)	-	(7)
Net transfers and profit recognised directly in equity	-	-	(466)	(7)	-	466	(7)	-	(7)
Profit for the period	-	-	-	-	-	(4,744)	(4,744)	(765)	(5,509)
Total recognised income and expense for the period	-	-	(466)	(7)	-	(4,278)	(4,751)	(765)	(5,516)
At 31 March 2009	275,707	57,251	150,327	(10,746)	19,048	189,071	680,658	31,075	711,733

(The Unaudited Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements)

COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the Three-Months Period Ended 31 March 2009

	CURRENT YEAR TO DATE 31-Mar-09 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-08 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before tax	(5,575)	23,627
Adjustments for:		
Allowance for doubtful debts	1,658	1,212
Allowance for doubtful debts written back	-	(1,415)
Amortisation of deferred income	(1)	-
Amortisation of prepaid land lease payment	1,077	1,079
Bad debts written off	197	1,972
Depreciation of hotel properties and exhibition centre & showroom	1,039	1,045
Depreciation of other property, plant and equipment	1,709	2,358
Dividend income	-	(13)
Gain from the disposal of subsidiary	(1,462)	-
Impairment losses in value of other investments	-	195
Interest expense	6,133	7,060
Interest income	(61)	(262)
Loss on disposal of other investments	-	170
Gain on disposal of other property, plant and equipment	(15)	(29)
Net foreign exchange gain	(6)	(2)
Reversal of deferred income	2	(175)
Reversal of impairment losses in value of other investments	(7)	-
Share of results of associates	(86)	(64)
Operating profit before working capital changes	4,602	36,758
Changes in working capital:		
Inventories	482	4,270
Property development costs	2,729	4,586
Receivables	(19,974)	(23,536)
Deferred income	1,483	1,121
Payables	9,620	(24,917)
Cash generated from operations	(1,058)	(1,718)
Tax paid	(75)	(429)
Interest paid	(691)	(1,116)
Net cash generated from operating activities	(1,824)	(3,263)

COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the Three-Months Period Ended 31 March 2009

	CURRENT YEAR TO DATE 31-Mar-09 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-08 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of other property, plant and equipment	(924)	(2,752)
Expenditure incurred on hotel properties and exhibition centre & showroom	(225)	(127)
Expenditure on investment properties	-	(1,269)
Additional investment in other investments	-	(1,055)
Proceeds from disposal of other investments	-	1,550
Proceeds from disposal of other property, plant & equipment	280	55
Interest received	61	262
Net dividend received	-	10
Net cash (used in) / generated from investing activities	<u>(808)</u>	<u>(3,326)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Hire purchase and lease creditors	(211)	(127)
Repayment of Bank Guaranteed Commercial Paper / Medium Term Notes	-	(5,000)
Repayment of revolving credits	(1,380)	(2,100)
Repayment of term loans	(38)	(88)
Repayment of golf membership loans	(13)	-
Net cash use in financing activities	<u>(1,642)</u>	<u>(7,315)</u>
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(4,274)	(13,904)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>9,736</u>	<u>45,115</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>5,462</u>	<u>31,211</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	8,930	34,051
Bank Overdrafts	<u>(3,468)</u>	<u>(2,840)</u>
	<u>5,462</u>	<u>31,211</u>

(The Unaudited Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2008 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 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 2008. 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 2008.

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 2008. At the date of authorization of this interim financial statements, the following FRSs and IC Interpretations were in issue but not yet effective and have not been adopted by the Group:

FRS 4	Insurance Contracts **
FRS 7	Financial Instruments: Disclosures **
FRS 8	Operating Segments *
FRS 139	Financial Instruments: Recognition and Measurement **
IC Interpretation 9	Reassessment of Embedded Derivatives **
IC Interpretation 10	Interim Financial Reporting and Impairment **

* *Effective for financial period beginning on or after 1 July 2009.*

** *Effective for financial period beginning on or after 1 January 2010.*

The adoption of the above FRSs and Interpretations in future periods are expected to have no significant impact on the financial statement of the Group.

3. Audit Opinion on 2008 Financial Statements

The auditors’ report on the financial statements for the financial year ended 31 December 2008 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	Property Investment RM'000	Hospitality, Leisure & Health RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
31 March 2009						
Revenue						
External sales	6,441	2,872	23,526	-		32,839
Inter-segment sales	1,034	770	3,105	1,177	(6,086)	-
Total revenue	<u>7,475</u>	<u>3,642</u>	<u>26,631</u>	<u>1,177</u>	<u>(6,086)</u>	<u>32,839</u>
Results						
Segment results	3,260	314	(2,163)	(173)	(766)	472
Finance costs						(6,133)
Share of results of associates	86	-	-	-	-	<u>86</u>
Loss before tax						(5,575)
Income tax expenses						<u>66</u>
Loss after tax						(5,509)
Minority interests						<u>765</u>
Net loss for the period						<u>(4,744)</u>

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

4. Segment Reporting (Contd.)

	Property Development RM'000	Property Investment RM'000	Hospitality, Leisure & Health RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
31 March 2008						
Revenue						
External sales	66,306	1,923	23,067	13		91,309
Inter-segment sales	5,012	1,001	3,449	-	(9,462)	-
Total revenue	<u>71,318</u>	<u>2,924</u>	<u>26,516</u>	<u>13</u>	<u>(9,462)</u>	<u>91,309</u>
Results						
Segment results	22,761	201	1,585	1,634	4,442	30,623
Finance costs						(7,060)
Share of results of associates	64	-	-	-	-	<u>64</u>
Profit before tax						23,627
Income tax expenses						<u>(7,924)</u>
Profit after tax						15,703
Minority interests						<u>1,188</u>
Net profit for the period						<u>16,891</u>

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 2008.

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 except for the following:

On 10 March 2009, the authorised share capital of a subsidiary of the Company, Mines Golf City Sdn Bhd ("MGC") has increased from RM5,000,000 comprising 5,000,000 ordinary shares of RM1 each to RM10,000,000 comprising 10,000,000 ordinary shares of RM1 each.

On 18 March 2009, MGC increased its issued and paid-up share capital from RM2,600,000 to RM10,000,000 by way of allotment of 7,000,000 and 400,000 ordinary shares of RM1 each to Bee Garden Holdings Sdn Bhd ("Bee Garden") and College Heights Utara Sdn Bhd ("CHU") respectively at an issue price of RM1 each as partial settlement of the advances granted by Bee Garden and the Company. Concurrently, a shareholders' agreement was entered into between Bee Garden and CHU to regularise their rights and obligation as shareholders of MGC.

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

11. Changes in the Composition of the Group (Contd.)

Subsequent to the shares issuance, the Company's interest in MGC was diluted to 30% of the total equity of MGC and as a result, MGC became a 30% owned associate of the Company.

12. Capital Commitments

There were no material changes in capital commitments since the last audited balance sheet as at 31 December 2008.

13. Contingent Liabilities / Assets

There are no material contingent liabilities since the last audited balance sheet as at 31 December 2008 except as disclosed in Note 25 (a) to (b). No material contingent assets except as disclosed in Note 25 (c) to (e) 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 have not been reflected in the financial statements for the 1st quarter ended 31 March 2009.

COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

15. Review of To Date Performance (against previous year)

The Group recorded lower revenue for the 1st quarter ended 31 March 2009 of RM33 million as compared to RM91 million in the previous corresponding quarter ended 31 March 2008. This resulted mainly from lower sales generated by the Property Development division due to global economic downturn.

The Group reported a loss before tax for the 1st quarter ended 31 March 2009 of RM5.6 million against profit before tax of RM23.6 million in the previous corresponding quarter ended 31 March 2008. The loss resulted mainly from the lower sale of properties and higher operating cost of Hospitality, Leisure and Health division.

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

The Group's revenue for the 1st quarter ended 31 March 2009 decreased by approximately RM14 million to RM33 million as compared to the last quarter ended 31 December 2008 of RM47 million. The decrease in revenue resulted from the lower sale of properties, decline in hotel occupancy and F&B sales reflecting the impact of the current economic slowdown.

The Group recorded a loss before tax of RM5.6 million for the 1st quarter ended 31 March 2009 against loss before tax of RM7.8 million for the last quarter ended 31 December 2008. The reduction in the losses was mainly due to lower provision on allowance for doubtful debts by the Hospitality, Leisure and Health division.

17. Commentary on Prospects

The announcement by Bank Negara Malaysia reducing the Malaysian Gross Domestic Product (GDP) growth forecast for 2009 to 0.9% (from 3.5% in 2008) due to weak demand reflected the challenging environment in the coming few years.

Despite the above mentioned challenging economic and market environment, the Group remain focused on its core activities which are Property Development, Property Investment and Hospitality, Leisure and Health by placing great emphasis on sales of existing property inventories and membership growth for the health business to meet the Group's financial commitments.

COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

17. Commentary on Prospects (Contd.)

In an effort to strengthen and sustain its competencies, the Group will continue to focus on more effective cost and resource management. A comprehensive business review had been carried out on the Hospitality, Leisure and Health division and business improvement action plans are currently being implemented to bring about a significant profit turnaround for the division.

The Group has recently kick off the re-branding program known as “Build Your Dream Home Campaign” which was launched to promote better collaboration between the developer and buyers. College Heights is a freehold mixed development which comprises of residential, commercial, institutional, recreational and industrial lots and was selected as the first project to kick off the re-branding program to encourage landowners to build their dream homes at lower construction costs.

The Group will place strong emphasis on strengthening its business model adding long-term value and maximizing shareholder benefits and returns as well as gaining the confidence of investors and customers. Moving in this direction, the Group is confident of achieving the next level of excellence.

18. Variance on Profit Forecast / Profit Guarantee

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

19. Income Tax Expenses

	3 months ended	
	31-Mar-09	31-Mar-08
	RM'000	RM'000
Income tax:		
- current period	216	6,313
- deferred tax	(282)	1,611
	<u>(66)</u>	<u>7,924</u>

20. Sale of Unquoted Investments/ Properties

There was no sale of unquoted investments/ properties during the quarter under review.

COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

21. Purchase and Sale of Quoted Securities

(a) Details of purchase and disposal of marketable securities are as follows:

	3 months ended	
	31-Mar-09	31-Mar-08
	RM'000	RM'000
i) Purchase considerations for new marketable securities	-	1,055
ii) Sales proceed for existing marketable securities	-	1,550

(b) Investments in quoted securities as at 31 March 2009 are as follows:

	As at
	31-Mar-09
	RM'000
Total investments at cost	239
Total investments at carrying value/ book value (after provision for diminution in value)	82
Total investment at market value at end of reporting period	82

22. Corporate Proposals

(a) Status of Corporate Proposals

There were no corporate proposals previously announced but not completed as at 22 May 2009.

(b) Status of Utilisation of Proceeds from Corporate Proposal

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

COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)**PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad****23. Borrowings**

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

	Short-term RM'000	Long-term RM'000	Total RM'000
Secured			
Bank overdrafts	2,997	-	2,997
Revolving credits	3,600	1,244	4,844
Term loan	175	2,788	2,963
Bonds	150,000	-	150,000
Redeemable Secured Loan Stock (‘RSLs Series B’)	-	68,822	68,822
Bank Guaranteed Commercial Paper and Medium Term Notes	-	81,962	81,962
Total secured borrowings	156,772	154,816	311,588
Unsecured			
Bank overdrafts	471	-	471
Revolving credits	19,600	12,000	31,600
Hire purchase & lease creditors	651	1,787	2,438
Total unsecured borrowings	20,722	13,787	34,509
Comprising:			
Local borrowings	177,494	168,603	346,097
Foreign borrowings	-	-	-
Total borrowings	177,494	168,603	346,097

All borrowings are denominated in Ringgit Malaysia unless indicated otherwise.

24. Off Balance Sheet Financial Instruments

There are no financial instruments with off balance sheet risk as at the date of current financial period under review.

COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

25. Material Litigation

The material litigations are:

- (a) On 5 May 2005, Azizan Bin Ismail and Razali Bin Zaihidin (“Plaintiff”) filed a claim against Mines Engineering & Technical Services Sdn Bhd, a wholly-owned subsidiary of CHHB (“Defendant”) for alleged unfair termination of their employment. Azizan Bin Ismail and Razali Bin Zaihidin are both claiming RM342,924 and RM593,844 respectively. The Defendant’s solicitor attended court on 15 August 2008 for continued hearing and the court has directed that the Plaintiff to file in their written submission by 15 October 2008 and the Defendant to file in their Submission in Reply by 15 December 2008. The Claimants have filed their Submission in Reply to our Submission on 2 January 2009. Subsequently, the Defendant have filed the Submission in Reply on 6 April 2009. The Claimants have yet to file their Submission in Reply. The matter has been fixed for mention on 22 May 2009 in which the Court has given directive that the Claimant is to file in the Written Submission in Reply on or before 5 June 2009. The next mention is fixed on 5 June 2009.
- (b) Bungalow land (Lot 428 Country Heights Damansara) was purchased by Loh Kum Seng and 2 others (“**the Plaintiffs**”) from Country Heights Properties Sdn Bhd (“**the 1st Defendant**”) and Mega Palm Sdn Bhd (“**the 2nd Defendant**”) (collectively referred to as “**the Defendants**”) vide a Sale and Purchase Agreement dated 15 December 2001 (“**the SPA**”). The Plaintiff was to build a bungalow on the said land. Prior to the building of the bungalow, the Plaintiff was required to obtain approval of the building plan from the relevant authorities. The Plaintiff was subsequently informed by the authorities that the issuance of the approval of the building plan required the submission of the individual title to the said land. At that time, the master titles to the land at Country Heights Damansara had yet to be subdivided and individual titles had yet to be issued by the relevant authority. Pursuant to the SPA, the Defendants’ obligation was to deliver vacant possession within 24 months from date of the SPA. The Defendants delivered the same within the time stipulated. The Plaintiff filed the following claims against the following parties on 20 June 2007.

COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

25. Material Litigation (Contd.)

- (i) The 1st Defendant
 - RM361,522.78 being late interest of 10% on the purchase price calculated from the due date of delivery of vacant possession (15 December 2003) to the date of receipt of approval to the building plan (23 June 2006) and RM6,458.00 being the refund of service charges paid by the Plaintiff to the 1st Defendant;

- (ii) The 2nd Defendant
 - RM1,189.00 being the refund of service charges paid by the Plaintiff to the 2nd Defendant.

The Defendants filed their Statement of Defence on 23 July 2007 and currently the matter was fixed for case management on 31 July 2009 to enable the Defendant to prepare the Q&A to all witnesses.

- (c) On 7 April 2003, Nasmaya Juara Sdn Bhd (“NJSB”), a wholly owned subsidiary of CHHB filed a claim against CH Builder Sdn Bhd (1st Defendant) and Soon Cheng Ooi (2nd Defendant) for the sum of RM1,497,314 together with interest of 8% thereon and to restrain the Defendants either directly or through their agents from disposing of materials purchased by NJSB and to compel the Defendants to deliver the materials to NJSB. The 1st Defendant was wound up on 25 November 2003 at the High Court of Penang vide Petition No. 2-28-22-2003 by NYC Engineering Sdn Bhd. In these circumstances, and upon solicitor’s advice the NJSB filed proof of debt against the first Defendant.

Solicitors for the NJSB has prepared draft amendments to the writ and the amended Statement of Claim and the Senior Assistance Registrar (“SAR”) has yet to fix hearing for application to amend the Statement of Claim.

COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

25. Material Litigation (Contd.)

- (d) Mines Exhibition Management Sdn Bhd (“MEM”), a subsidiary of CHHB, has on 28 January 2005 commenced action against Chua Lee Seng and Cha Hoo Peng (“Defendants”) for the breach of Joint Venture Agreement dated 3 September 2001 and the recovery of outstanding debt amounting to RM770,000 due to MEM. The Judge has fixed for case management on 24 February 2006. The judge was of the view that it was not appropriate to grant injunctions and directed the parties to proceed for full trial. The Court fixed 29 October 2007 for case management.

On the last case management date 29 October 2007, the court directed (under order from the Chief Justice of Malaysia) that the above matter be heard in the Intellectual Property Court. On 30 November 2007, the matter was fixed for Mention before the new Judge (IP Court) and the Judge thereafter fixed the matter for trial on 12th, 13th, 14th and 15th of May 2008. On 12 May 2008, the trial commenced with MEM’s 1st Witness. After conclusion of the 1st Witness’s testimony, the Defendants’ lawyer sought an adjournment of the trial on the basis that they needed time to peruse the additional bundle of documents filed by the MEM’s Solicitors on 9 May 2008. The judge allowed the adjournment and has fixed the matter for continued trial on 25 and 26 May 2009. The Defendant has filed application to amend the Statement of Defence and to add a counterclaim of RM501,245.46 which was opposed by MEM. The amendment application was fixed for hearing on 28 April 2009 and was subsequently allowed by the Registrar. As such, the Court has vacated the trial dates fixed on 25 May 2009 and 26 May 2009 and has fixed the matter for continued trial on 28, 29 & 30 September 2009.

- (e) On 11 November 2005, Country Heights Holdings Berhad (“CHHB”) filed a claim against Rating Agency Malaysia Berhad (“RAM”) in the High Court of Kuala Lumpur for amongst others, negligent, untrue and defamatory reports in its rating reviews in respect of the Redeemable Bonds issued by CHHB. RAM applied to strike out CHHB action in the High Court and on 16 January 2007, the Senior Assistant allowed RAM’s application to strike out CHHB Statement of Claim. On 14 November 2007, the Judge dismissed CHHB’s appeal with costs. Notice of Appeal to the Court of Appeal was filed on 11 December 2007. The Record of Appeal was filed on 7 April 2008. The Court of Appeal has yet to fix hearing date for the appeal.

26. Dividend Payable

No interim dividend has been declared for the current financial period under review (31 December 2008: Nil).

COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

**PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa
Malaysia Securities Berhad**

27. Loss Per Share

(a) Basic

Basic loss per share is calculated by dividing loss for the period attributable to equity holders to the parent of RM4.7 million (31 March 2008: profit of RM16.9 million) over the number of 275,707,403 (31 March 2008: 275,707,403) ordinary shares issue during the current financial period under review.

(b) Diluted

Not applicable.

28. Authorization for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 May 2009.

By Order of the Board

Mark Victor Rozario

Group Managing Director