

## 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 2nd Quarter ended 30 June 2009

### UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

For the Six-Months Period Ended 30 June 2009

|  | Note   | INDIVIDUAL QUARTER    |                   | CUMULATIVE QUARTER     |                      |
|--|--------|-----------------------|-------------------|------------------------|----------------------|
|  |        | CURRENT YEAR          | PRECEDING YEAR    | CURRENT YEAR           | PRECEDING YEAR       |
|  |        | QUARTER               | CORRESPONDING     | TO DATE                | CORRESPONDING        |
|  |        | 30-Jun-09             | 30-Jun-08         | 30-Jun-09              | 30-Jun-08            |
|  |        | RM'000                | RM'000            | RM'000                 | RM'000               |
| Revenue  | 4      | 37,400                | 60,733            | 70,239                 | 152,042              |
| Cost of sales  |        | <u>(14,484)</u>       | <u>(29,434)</u>   | <u>(28,689)</u>        | <u>(67,607)</u>      |
| Gross profit   |        | 22,916                | 31,299            | 41,550                 | 84,435               |
| Other operating income   |        | 2,086                 | 6,623             | 4,405                  | 10,155               |
| Selling and marketing expenses   |        | (1,285)               | (1,664)           | (2,760)                | (3,186)              |
| Administrative expenses  |        | (5,987)               | (5,377)           | (10,716)               | (9,937)              |
| Other operating expenses   |        | (16,891)              | (21,145)          | (31,168)               | (41,108)             |
| Finance costs  |        | (6,321)               | (6,918)           | (12,454)               | (13,978)             |
| Share of results of associates   |        | <u>(343)</u>          | <u>(146)</u>      | <u>(257)</u>           | <u>(82)</u>          |
| (Loss) / profit before tax   |        | (5,825)               | 2,672             | (11,400)               | 26,299               |
| Income tax expenses  | 19     | <u>471</u>            | <u>(1,867)</u>    | <u>537</u>             | <u>(9,791)</u>       |
| (Loss) / profit for the period   |        | <u><u>(5,354)</u></u> | <u><u>805</u></u> | <u><u>(10,863)</u></u> | <u><u>16,508</u></u> |
| <b>Attributable to:</b>  |        |                       |                   |                        |                      |
| Equity holders of the Company  |        | (3,574)               | 1,781             | (8,318)                | 18,672               |
| Minority interests   |        | <u>(1,780)</u>        | <u>(976)</u>      | <u>(2,545)</u>         | <u>(2,164)</u>       |
|  |        | <u><u>(5,354)</u></u> | <u><u>805</u></u> | <u><u>(10,863)</u></u> | <u><u>16,508</u></u> |
| Earnings per share attributable to ordinary equity holders of the Company (sen): |        |                       |                   |                        |                      |
| - Basic  | 27 (a) | (1.30)                | 0.65              | (3.02)                 | 6.77                 |
| - 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 30 JUNE 2009**

|  | Note | 30-Jun-09<br>(Unaudited)<br>RM'000 | 31-Dec-08<br>(Audited)<br>RM'000 |
|--|------|------------------------------------|----------------------------------|
| <b>ASSETS</b>  |      |                                    |                                  |
| <b>Non-current assets</b>  |      |                                    |                                  |
| Hotel properties and exhibition centre & showroom                                | 9    | 342,854                            | 344,676                          |
| Other property, plant and equipment  | 9    | 114,615                            | 123,721                          |
| Property, plant and equipment  |      | 457,469                            | 468,397                          |
| Investment properties  | 9    | 92,840                             | 142,581                          |
| Prepaid land lease payments  |      | 350,484                            | 352,637                          |
| Land held for property development   |      | 183,021                            | 193,135                          |
| Investment in associates   |      | 5,391                              | 3,274                            |
| Other investments  | 21   | 932                                | 874                              |
| Long-term trade receivables  |      | 17,905                             | 17,600                           |
| Fund held in trust   |      | 4,321                              | 4,321                            |
| Deferred tax assets  |      | 12,202                             | 10,709                           |
|  |      | <u>1,124,565</u>                   | <u>1,193,528</u>                 |
| <b>Current assets</b>  |      |                                    |                                  |
| Property development costs   |      | 89,061                             | 90,284                           |
| Inventories  |      | 138,927                            | 139,428                          |
| Trade and other receivables  |      | 108,898                            | 88,833                           |
| Tax recoverable  |      | 2,723                              | 3,049                            |
| Cash and bank balances   |      | 19,251                             | 13,152                           |
|  |      | <u>358,860</u>                     | <u>334,746</u>                   |
| <b>TOTAL ASSETS</b>  |      | <b><u>1,483,425</u></b>            | <b><u>1,528,274</u></b>          |
| <b>EQUITY AND LIABILITIES</b>  |      |                                    |                                  |
| <b>Equity attributable to equity holders of the Company</b>                      |      |                                    |                                  |
| Share capital  |      | 275,707                            | 275,707                          |
| Share premium  |      | 57,251                             | 57,251                           |
| Revaluation reserves   |      | 149,861                            | 150,793                          |
| Foreign exchange reserves  |      | (10,707)                           | (10,739)                         |
| Capital redemption reserves  |      | 19,048                             | 19,048                           |
| Retained earnings  |      | 185,963                            | 193,349                          |
| Shareholders' equity   |      | <u>677,123</u>                     | <u>685,409</u>                   |
| <b>Minority interests</b>  |      | 29,295                             | 31,840                           |
| <b>Total equity</b>  |      | <b><u>706,418</u></b>              | <b><u>717,249</u></b>            |
| <b>Non-current liabilities</b>   |      |                                    |                                  |
| Borrowings   | 23   | 177,284                            | 170,350                          |
| Long-term liabilities  |      | 3,847                              | 3,860                            |
| Deferred Income  |      | 34,209                             | 31,856                           |
| Deferred tax liabilities   |      | 90,642                             | 89,827                           |
|  |      | <u>305,982</u>                     | <u>295,893</u>                   |
| <b>Current liabilities</b>   |      |                                    |                                  |
| Borrowings   | 23   | 176,956                            | 177,557                          |
| Trade and other payables   |      | 240,005                            | 283,222                          |
| Tax liabilities  |      | 54,064                             | 54,353                           |
|  |      | <u>471,025</u>                     | <u>515,132</u>                   |
| <b>Total Liabilities</b>   |      | <b><u>777,007</u></b>              | <b><u>811,025</u></b>            |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |      | <b><u>1,483,425</u></b>            | <b><u>1,528,274</u></b>          |
| Net assets per share attributable to ordinary equity holders of the Company (RM) |      | 2.46                               | 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 Six-Months Period Ended 30 June 2009**

|   | <b>Attributable to Equity Holders of the Company</b> |                         |                               |                                    |                                      |                             | <b>Minority Interests</b> | <b>Total Equity</b> |                 |
|---|--|-------------------------|-------------------------------|------------------------------------|--------------------------------------|-----------------------------|---------------------------|---------------------|-----------------|
|   | <b>Non-distributable</b>                             |                         |                               | <b>Distributable</b>               |                                      |                             |                           |                     |                 |
|   | Share Capital<br>RM'000                              | Share Premium<br>RM'000 | Revaluation Reserve<br>RM'000 | Foreign Exchange Reserve<br>RM'000 | Capital Redemption Reserve<br>RM'000 | Retained Earnings<br>RM'000 |                           |                     | Total<br>RM'000 |
| <b>At 1 January 2008</b>  | 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           |
| <b>At 31 December 2008</b>  | <b>275,707</b>                                       | <b>57,251</b>           | <b>150,793</b>                | <b>(10,739)</b>                    | <b>19,048</b>                        | <b>193,349</b>              | <b>685,409</b>            | <b>31,840</b>       | <b>717,249</b>  |
| <b>At 1 January 2009</b>  | <b>275,707</b>                                       | <b>57,251</b>           | <b>150,793</b>                | <b>(10,739)</b>                    | <b>19,048</b>                        | <b>193,349</b>              | <b>685,409</b>            | <b>31,840</b>       | <b>717,249</b>  |
| Depreciation transfer on revalued hotel properties and exhibition centre & showroom and prepaid land lease payments | -  | -                       | (932)                         | -                                  | -                                    | 932                         | -                         | -                   | -               |
| Exchange differences arising on translation of foreign operations   | -  | -                       | -                             | 32                                 | -                                    | -                           | 32                        | -                   | 32              |
| Net transfers and profit recognised directly in equity  | -  | -                       | (932)                         | 32                                 | -                                    | 932                         | 32                        | -                   | 32              |
| Loss for the period   | -  | -                       | -                             | -                                  | -                                    | (8,318)                     | (8,318)                   | (2,545)             | (10,863)        |
| Total recognised income and expense for the period  | -  | -                       | (932)                         | 32                                 | -                                    | (7,386)                     | (8,286)                   | (2,545)             | (10,831)        |
| <b>At 30 June 2009</b>  | <b>275,707</b>                                       | <b>57,251</b>           | <b>149,861</b>                | <b>(10,707)</b>                    | <b>19,048</b>                        | <b>185,963</b>              | <b>677,123</b>            | <b>29,295</b>       | <b>706,418</b>  |

(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 Six-Months Period Ended 30 June 2009**

|   | <b>CURRENT YEAR<br/>TO DATE<br/>30-Jun-09<br/>RM'000</b> | <b>PRECEDING YEAR<br/>CORRESPONDING<br/>PERIOD<br/>30-Jun-08<br/>RM'000</b> |
|---|--|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                       |  |   |
| (Loss) / profit before tax  | (11,400)   | 26,299  |
| Adjustments for:  |  |   |
| Allowance for doubtful debts                                      | 3,516  | 2,633   |
| Allowance for doubtful debts written back                         | (64)   | (3,342)   |
| Amortisation of deferred income                                   | (477)  | -   |
| Amortisation of prepaid land lease payment                        | 2,153  | 2,165   |
| Bad debts written off   | 735  | 7,620   |
| Depreciation of hotel properties and exhibition centre & showroom | 2,078  | 2,119   |
| Depreciation of other property, plant and equipment               | 3,402  | 3,909   |
| Dividend income   | -  | (23)  |
| Gain from the disposal of subsidiary                              | (1,462)  | -   |
| Gain on disposal of investment properties                         | (821)  | -   |
| Impairment losses in value of other investments                   | -  | 138   |
| Interest expense  | 12,454   | 13,978  |
| Interest income   | (93)   | (622)   |
| Loss on disposal of other investments                             | -  | 390   |
| Gain on disposal of other property, plant and equipment           | (53)   | (78)  |
| Net foreign exchange gain   | (5)  | (2)   |
| Other property, plant & equipment written off                     | 20   | 1   |
| Reversal of deferred income                                       | 2  | (175)   |
| Reversal of impairment losses in value of other investments       | (58)   | (123)   |
| Share of results of associates                                    | 257  | 82  |
| <b>Operating profit before working capital changes</b>            | <b>10,184</b>  | <b>54,969</b>   |
| Changes in working capital:                                       |  |   |
| Inventories   | 501  | 13,193  |
| Property development costs  | 926  | (42,164)  |
| Receivables   | (23,874)   | 25,821  |
| Deferred income   | 2,828  | 691   |
| Payables  | 12,470   | (7,173)   |
| <b>Cash generated from operations</b>                             | <b>3,035</b>   | <b>45,337</b>   |
| Tax paid  | (451)  | (908)   |
| Interest paid   | (4,904)  | (5,720)   |
| <b>Net cash (used in) / generated from operating activities</b>   | <b>(2,320)</b>   | <b>38,709</b>   |

**COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)**

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

**For the Six-Months Period Ended 30 June 2009**

|   | <b>CURRENT YEAR<br/>TO DATE<br/>30-Jun-09<br/>RM'000</b> | <b>PRECEDING YEAR<br/>CORRESPONDING<br/>PERIOD<br/>30-Jun-08<br/>RM'000</b> |
|---|--|---|
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                               |  |   |
| Purchase of other property, plant and equipment                           | (1,501)  | (5,928)   |
| Expenditure incurred on hotel properties and exhibition centre & showroom | (255)  | (159)   |
| Expenditure on investment properties                                      | (70)   | (2,803)   |
| Additional investment in other investments                                | -  | (1,204)   |
| Proceeds from disposal of other investments                               | -  | 3,399   |
| Proceeds from disposal of other property, plant & equipment               | 367  | 222   |
| Proceeds from disposal of investment properties                           | 3,232  | -   |
| Interest received   | 93   | 622   |
| Net dividend received   | -  | 19  |
| <b>Net cash generated from / (used in) investing activities</b>           | <b><u>1,866</u></b>                                      | <b><u>(5,832)</u></b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                               |  |   |
| Bond interest expenses paid   | -  | (4,488)   |
| Drawdown of Bank Guaranteed Commercial Paper / Medium Term Notes          | 40,000   | 5,000   |
| Drawdown of golf membership loans   | -  | 4   |
| Hire purchase and lease creditors   | (370)  | (263)   |
| Repayment of Bank Guaranteed Commercial Paper / Medium Term Notes         | (30,000)   | (60,000)  |
| Repayment of revolving credits  | (2,502)  | (4,455)   |
| Repayment of term loans   | (77)   | (152)   |
| Repayment of golf membership loans  | (13)   | -   |
| <b>Net cash generated from / (used in) financing activities</b>           | <b><u>7,038</u></b>                                      | <b><u>(64,354)</u></b>  |
| <b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>                          | <b>6,584</b>   | <b>(31,477)</b>   |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>                     | <b><u>9,736</u></b>                                      | <b><u>45,115</u></b>  |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>                           | <b><u>16,320</u></b>                                     | <b><u>13,638</u></b>  |
| <b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>                              |  |   |
| Cash and bank balances  | 19,251   | 17,016  |
| Bank Overdrafts   | (2,931)  | (3,378)   |
|   | <b><u>16,320</u></b>                                     | <b><u>13,638</u></b>  |

(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 123              | Borrowing Costs**   |
| FRS 139              | Financial Instruments: Recognition and Measurement **   |
| Amendments to FRS 2  | Share-based Payment: Vesting Conditions and Cancellations**   |
| Amendments to FRS 1  | First-time Adoption of Financial Reporting Standards and FRS127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate** |
| IC Interpretation 9  | Reassessment of Embedded Derivatives **   |
| IC Interpretation 10 | Interim Financial Reporting and Impairment **   |
| IC Interpretation 11 | FRS 2 – Group and Treasury Share Transactions**   |
| IC Interpretation 13 | Customer Loyalty Programmes**   |
| IC Interpretation 14 | FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction**  |

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

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

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

---

**2. Changes in Accounting Policies (Contd.)**

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**

|                                | <b>Property<br/>Development<br/>RM'000</b> | <b>Property<br/>Investment<br/>RM'000</b> | <b>Hospitality,<br/>Leisure &amp; Health<br/>RM'000</b> | <b>Others<br/>RM'000</b> | <b>Elimination<br/>RM'000</b> | <b>Consolidated<br/>RM'000</b> |
|--------------------------------|--|---|---|--------------------------|-------------------------------|--------------------------------|
| <b>30 June 2009</b>            |  |   |   |                          |                               |                                |
| <b>Revenue</b>                 |  |   |   |                          |                               |                                |
| External sales                 | 14,412                                     | 7,558                                     | 48,269  | -                        |                               | 70,239                         |
| Inter-segment sales            | 2,063                                      | 1,380                                     | 7,159   | 2,236                    | (12,838)                      | -                              |
| Total revenue                  | <u>16,475</u>                              | <u>8,938</u>                              | <u>55,428</u>   | <u>2,236</u>             | <u>(12,838)</u>               | <u>70,239</u>                  |
| <b>Results</b>                 |  |   |   |                          |                               |                                |
| Segment results                | 5,379                                      | 978                                       | (1,001)   | (517)                    | (3,528)                       | 1,311                          |
| Finance costs                  |  |   |   |                          |                               | (12,454)                       |
| Share of results of associates | (257)                                      | -   | -   | -                        | -                             | <u>(257)</u>                   |
| Loss before tax                |  |   |   |                          |                               | (11,400)                       |
| Income tax expenses            |  |   |   |                          |                               | <u>537</u>                     |
| Loss after tax                 |  |   |   |                          |                               | <u>(10,863)</u>                |
| Minority interests             |  |   |   |                          |                               | <u>2,545</u>                   |
| Net loss for the period        |  |   |   |                          |                               | <u><u>(8,318)</u></u>          |



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

**4. Segment Reporting (Contd.)**

|                                | <b>Property<br/>Development<br/>RM'000</b> | <b>Property<br/>Investment<br/>RM'000</b> | <b>Hospitality,<br/>Leisure &amp; Health<br/>RM'000</b> | <b>Others<br/>RM'000</b> | <b>Elimination<br/>RM'000</b> | <b>Consolidated<br/>RM'000</b> |
|--------------------------------|--|---|---|--------------------------|-------------------------------|--------------------------------|
| <b>30 June 2008</b>            |  |   |   |                          |                               |                                |
| <b>Revenue</b>                 |  |   |   |                          |                               |                                |
| External sales                 | 101,731                                    | 4,245                                     | 46,042  | 24                       |                               | 152,042                        |
| Inter-segment sales            | 6,194                                      | 1,625                                     | 7,382   | 2,206                    | (17,407)                      | -                              |
| Total revenue                  | <u>107,925</u>                             | <u>5,870</u>                              | <u>53,424</u>   | <u>2,230</u>             | <u>(17,407)</u>               | <u>152,042</u>                 |
| <b>Results</b>                 |  |   |   |                          |                               |                                |
| Segment results                | 33,305                                     | 75  | 2,107   | (270)                    | 5,142                         | 40,359                         |
| Finance costs                  |  |   |   |                          |                               | (13,978)                       |
| Share of results of associates | (82)                                       | -   | -   | -                        | -                             | <u>(82)</u>                    |
| Profit before tax              |  |   |   |                          |                               | 26,299                         |
| Income tax expenses            |  |   |   |                          |                               | <u>(9,791)</u>                 |
| Profit after tax               |  |   |   |                          |                               | 16,508                         |
| Minority interests             |  |   |   |                          |                               | <u>2,164</u>                   |
| Net profit for the period      |  |   |   |                          |                               | <u>18,672</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 14 July 2009, Country Heights Holdings Berhad (“CHHB”) disposed of its wholly-owned subsidiary company, Country Heights Promotions Sdn Bhd (“CHP”) to Tan Sri Lee Kim Yew for a consideration of RM2.00. CHP is a dormant company with an authorized share capital of RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each, of which 10,000 ordinary shares are issued and fully paid-up. From the management accounts of CHP as at 30 June 2009, CHP had net liabilities of RM3,227. On disposal, CHP will not have any assets other than cash at bank of RM2,528 but have net liabilities of RM3,227.

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

---

**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 2<sup>nd</sup> quarter ended 30 June 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 2<sup>nd</sup> quarter ended 30 June 2009 of RM37 million as compared to RM61 million in the previous corresponding quarter ended 30 June 2008. This was mainly caused by lower sales from the Property Development division due to the slowdown of demand as a result of the global financial crisis.

The Group reported a loss before tax for the 2<sup>nd</sup> quarter ended 30 June 2009 of RM5.8 million against profit before tax of RM2.7 million in the previous corresponding quarter ended 30 June 2008. The loss resulted mainly from the lower sale of properties, and slightly higher operating cost of Property Development division and 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 2<sup>nd</sup> quarter ended 30 June 2009 increased by approximately RM4 million to RM37 million as compared to the last quarter ended 31 March 2009 of RM33 million. The increase in revenue was due to improved market condition which resulted demand for properties, office space, exhibitions, hospitality, leisure and health slowly picking up in the current quarter under review.

The Group recorded a loss before tax of RM5.8 million for the 2<sup>nd</sup> quarter ended 30 June 2009 against loss before tax of RM5.6 million for the last quarter ended 31 March 2009. The marginal increase in losses was mainly due to lower margins from some of the property sales.

**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 current year and for the next 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 competitiveness, the Group will continue to focus on improving its cost and resource management. A comprehensive business review and improvement program is currently being implemented for the Hospitality, Leisure and Health division to bring about a significant profit turnaround for the division.

Capitalising on the health conscious mindset of the public, not just locally but internationally, Palace Beach & Spa Hotel has now been rebranded effective from June 1<sup>st</sup> 2009 as the MINES Wellness Hotel, a sanctuary that focuses on relaxation and wellness. The Hospitality, Leisure and Health division has recently launched a new membership known as TCM Jade. It is based on an ancient Chinese healthcare regime which apply a variety of natural wellness methods aimed to provide a healthy life, enhanced physical health, prevent disease and anti-aging.

The Group continues to place strong emphasis on strengthening its business model adding long-term value and maximizing shareholder benefits and returns as well as building the confidence of investors and customers.

**18. Variance on Profit Forecast / Profit Guarantee**

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

**19. Income Tax Expenses**

|                  | <b>6 months ended</b> |                  |
|------------------|-----------------------|------------------|
|                  | <b>30-Jun-09</b>      | <b>30-Jun-08</b> |
|                  | <b>RM'000</b>         | <b>RM'000</b>    |
| Income tax:      |                       |                  |
| - current period | 140                   | 8,572            |
| - deferred tax   | (677)                 | 1,219            |
|                  | <u>(537)</u>          | <u>9,791</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:

|  | <b>6 months ended</b> |                  |
|--|-----------------------|------------------|
|  | <b>30-Jun-09</b>      | <b>30-Jun-08</b> |
|  | <b>RM'000</b>         | <b>RM'000</b>    |
| i) Purchase considerations for new marketable securities | -                     | 1,204            |
| ii) Sales proceed for existing marketable securities     | -                     | 3,399            |

(b) Investments in quoted securities as at 30 June 2009 are as follows:

|   | <b>As at</b>      |
|---|-------------------|
|   | <b>30-June-09</b> |
|   | <b>RM'000</b>     |
| Total investments at cost   | 239               |
| Total investments at carrying value/ book value (after provision for diminution in value) | 133               |
| Total investment at market value at end of reporting period                               | 133               |

**22. Corporate Proposals**

**(a) Status of Corporate Proposals**

There were no corporate proposals previously announced but not completed as at 22 August 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<br>RM'000 | Long-term<br>RM'000 | Total<br>RM'000 |
|---|----------------------|---------------------|-----------------|
| <b>Secured</b>  |                      |                     |                 |
| Bank overdrafts   | 2,497                | -                   | 2,497           |
| Revolving credits   | 3,600                | 122                 | 3,722           |
| Term loan   | 175                  | 2,750               | 2,925           |
| Bonds   | 150,000              | -                   | 150,000         |
| Redeemable Secured Loan Stock<br>(‘RSLs Series B’)        | -                    | 68,822              | 68,822          |
| Bank Guaranteed Commercial Paper<br>and Medium Term Notes | -                    | 91,962              | 91,962          |
| <b>Total secured borrowings</b>                           | <b>156,272</b>       | <b>163,656</b>      | <b>319,928</b>  |
| <b>Unsecured</b>  |                      |                     |                 |
| Bank overdrafts   | 434                  | -                   | 434             |
| Revolving credits   | 19,600               | 12,000              | 31,600          |
| Hire purchase & lease creditors                           | 650                  | 1,628               | 2,278           |
| <b>Total unsecured borrowings</b>                         | <b>20,684</b>        | <b>13,628</b>       | <b>34,312</b>   |
| Comprising:   |                      |                     |                 |
| Local borrowings  | 176,956              | 177,284             | 354,240         |
| Foreign borrowings  | -                    | -                   | -               |
| <b>Total borrowings</b>                                   | <b>176,956</b>       | <b>177,284</b>      | <b>354,240</b>  |

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 Plaintiff has 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. After filing of the Written Submission in Reply by the Claimant, both parties were waiting for the Award from the court. On 20 July 2009, an Award was given by the Industrial Court whereby the Defendant’s claims were dismissed.
- (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 1<sup>st</sup> Defendant**”) and Mega Palm Sdn Bhd (“**the 2<sup>nd</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> Defendant;
  
- (ii) The 2<sup>nd</sup> Defendant
  - RM1,189.00 being the refund of service charges paid by the Plaintiff to the 2<sup>nd</sup> Defendant.

The Defendants filed their Statement of Defence on 23 July 2007. The court has fixed next case management on 29 April 2009 to enable the parties to prepare the Q&A to all witnesses. Subsequently, the case management date was adjourned from 29 April 2009 to 31 July 2009 and now the court has fixed 30 October 2009 as next case management date.

- (c) On 7 April 2003, Nasmaya Juara Sdn Bhd (“NJSB”), a wholly owned subsidiary of CHHB filed a claim against CH Builder Sdn Bhd (1<sup>st</sup> Defendant) and Soon Cheng Ooi (2<sup>nd</sup> 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 1<sup>st</sup> 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 12<sup>th</sup>, 13<sup>th</sup>, 14<sup>th</sup> and 15<sup>th</sup> of May 2008. On 12 May 2008, the trial commenced with MEM’s 1<sup>st</sup> Witness. After conclusion of the 1<sup>st</sup> 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.

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

---

**26. Dividend Payable**

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

**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 RM8.3 million (30 June 2008: profit of RM18.7 million) over the number of 275,707,403 (30 June 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 August 2009.

By Order of the Board

**Mark Victor Rozario**  
Group Managing Director