

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 3rd Quarter ended 30 September 2009

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

For the Nine-Months Period Ended 30 September 2009

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30-Sep-09 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-Sep-08 RM'000	CURRENT YEAR TO DATE 30-Sep-09 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-08 RM'000
Revenue	4	41,568	44,042	111,807	196,083
Cost of sales		<u>(16,154)</u>	<u>(15,832)</u>	<u>(44,843)</u>	<u>(83,465)</u>
Gross profit		25,414	28,210	66,964	112,618
Other operating income		4,304	4,446	8,709	9,916
Selling and marketing expenses		(1,521)	(2,011)	(4,281)	(5,171)
Administrative expenses		(5,819)	(4,708)	(16,535)	(14,646)
Other operating expenses		(17,109)	(19,604)	(48,277)	(56,026)
Finance costs		(6,235)	(6,565)	(18,689)	(20,543)
Share of results of associates		<u>41</u>	<u>432</u>	<u>(216)</u>	<u>350</u>
(Loss) / profit before tax		(925)	200	(12,325)	26,498
Income tax expenses	19	<u>(212)</u>	<u>242</u>	<u>325</u>	<u>(9,549)</u>
(Loss) / profit for the period		<u><u>(1,137)</u></u>	<u><u>442</u></u>	<u><u>(12,000)</u></u>	<u><u>16,949</u></u>
Attributable to:					
Equity holders of the Company		(275)	658	(8,593)	19,329
Minority interests		<u>(862)</u>	<u>(216)</u>	<u>(3,407)</u>	<u>(2,380)</u>
		<u><u>(1,137)</u></u>	<u><u>442</u></u>	<u><u>(12,000)</u></u>	<u><u>16,949</u></u>
Earnings per share attributable to ordinary equity holders of the Company (sen):					
- Basic	27 (a)	(0.10)	0.24	(3.12)	7.01
- 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 SEPTEMBER 2009

	Note	30-Sep-09 (Unaudited) RM'000	31-Dec-08 (Audited) RM'000
ASSETS			
Non-current assets			
Hotel properties and exhibition centre & showroom	9	341,864	344,676
Other property, plant and equipment	9	114,128	123,721
Property, plant and equipment		<u>455,992</u>	<u>468,397</u>
Investment properties	9	90,994	142,581
Prepaid land lease payments		349,408	352,637
Land held for property development		183,904	193,135
Investment in associates		5,432	3,274
Other investments	21	944	874
Long-term trade receivables		18,763	17,600
Fund held in trust		-	4,321
Deferred tax assets		<u>11,927</u>	<u>10,709</u>
		<u>1,117,364</u>	<u>1,193,528</u>
Current assets			
Property development costs		85,976	90,284
Inventories		137,926	139,428
Trade and other receivables		114,136	88,833
Tax recoverable		620	3,049
Cash and bank balances		<u>18,450</u>	<u>13,152</u>
		<u>357,108</u>	<u>334,746</u>
TOTAL ASSETS		<u>1,474,472</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		149,395	150,793
Foreign exchange reserves		(10,616)	(10,739)
Capital redemption reserves		19,048	19,048
Retained earnings		<u>186,154</u>	<u>193,349</u>
Shareholders' equity		676,939	685,409
Minority interests		<u>28,433</u>	<u>31,840</u>
Total equity		<u>705,372</u>	<u>717,249</u>
Non-current liabilities			
Borrowings	23	177,062	170,350
Long-term liabilities		3,847	3,860
Deferred Income		34,597	31,856
Deferred tax liabilities		<u>90,315</u>	<u>89,827</u>
		<u>305,821</u>	<u>295,893</u>
Current liabilities			
Borrowings	23	176,804	177,557
Trade and other payables		233,759	283,222
Tax liabilities		<u>52,716</u>	<u>54,353</u>
		<u>463,279</u>	<u>515,132</u>
Total Liabilities		<u>769,100</u>	<u>811,025</u>
TOTAL EQUITY AND LIABILITIES		<u>1,474,472</u>	<u>1,528,274</u>
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 Nine-Months Period Ended 30 September 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	-	-	(1,398)	-	-	1,398	-	-	-
Exchange differences arising on translation of foreign operations	-	-	-	123	-	-	123	-	123
Net transfers and profit recognised directly in equity	-	-	(1,398)	123	-	1,398	123	-	123
Loss for the period	-	-	-	-	-	(8,593)	(8,593)	(3,407)	(12,000)
Total recognised income and expense for the period	-	-	(1,398)	123	-	(7,195)	(8,470)	(3,407)	(11,877)
At 30 September 2009	275,707	57,251	149,395	(10,616)	19,048	186,154	676,939	28,433	705,372

(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 Nine-Months Period Ended 30 September 2009

	CURRENT YEAR TO DATE 30-Sep-09 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-08 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before tax	(12,325)	26,498
Adjustments for:		
Allowance for doubtful debts	5,187	3,372
Allowance for doubtful debts written back	(64)	(380)
Amortisation of deferred income	(704)	-
Amortisation of prepaid land lease payment	3,229	3,270
Bad debts written off	1,314	5,023
Depreciation of hotel properties and exhibition centre & showroom	3,117	3,157
Depreciation of other property, plant and equipment	5,148	6,022
Dividend income	-	(23)
Gain on disposal of subsidiary	(1,465)	-
Gain on disposal of investment properties	(3,174)	-
Impairment losses in value of other investments	-	150
Interest expense	18,689	20,543
Interest income	(646)	(863)
Loss on disposal of other investments	-	390
Gain disposal of other property, plant and equipment	(34)	(77)
Net foreign exchange gain	(5)	(2)
Other property, plant & equipment written off	20	2
Reversal of deferred income	3	(28)
Reversal of impairment losses in value of other investments	(69)	(123)
Share of results of associates	216	(350)
Operating profit before working capital changes	18,437	66,581
Changes in working capital:		
Inventories	1,502	15,953
Property development costs	3,128	(51,388)
Receivables	(32,687)	10,200
Deferred income	3,442	1,278
Payables	10,666	215
Cash generated from operations	4,488	42,839
Tax refund	2,477	-
Tax paid	(2,437)	(2,221)
Interest paid	(6,258)	(7,563)
Net cash (used in) / generated from operating activities	(1,730)	33,055

COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the Nine-Months Period Ended 30 September 2009

	CURRENT YEAR TO DATE 30-Sep-09 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-08 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of other property, plant and equipment	(2,807)	(6,550)
Expenditure incurred on hotel properties and exhibition centre & showroom	(305)	(197)
Expenditure on investment properties	(71)	(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	482	228
Proceeds from disposal of investment properties	7,432	-
Interest received	646	863
Net dividend received	-	19
Net cash generated from / (used in) investing activities	<u>5,377</u>	<u>(6,245)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Bond interest expenses paid	(4,468)	(4,488)
Drawdown of Bank Guaranteed Commercial Paper / Medium Term Notes	40,000	10,000
Drawdown of golf membership loans	-	22
Hire purchase and lease creditors	(596)	(450)
Repayment of Bank Guaranteed Commercial Paper / Medium Term Notes	(30,000)	(60,000)
Repayment of revolving credits	(2,502)	(6,766)
Repayment of term loans	(116)	(229)
Repayment of golf membership loans	(13)	-
Net cash generated from / (used in) financing activities	<u>2,305</u>	<u>(61,911)</u>
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	5,952	(35,101)
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>15,688</u>	<u>10,014</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	18,450	13,334
Bank Overdrafts	(2,762)	(3,320)
	<u>15,688</u>	<u>10,014</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 101	Presentation of financial statements**
FRS 123	Borrowing Costs**
FRS 139	Financial Instruments: Recognition and Measurement **
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards**
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations**
Amendments to FRS 5	Non-current Assets Held for sale and Discontinued Operations**
Amendments to FRS 7	Financial Instruments: Disclosures**
Amendments to FRS 8	Operating Segments**
Amendments to FRS 107	Statement of Cash Flows**
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors**
Amendments to FRS 110	Events after the Reporting Period**
Amendments to FRS 116	Property, Plant and Equipment**
Amendments to FRS 117	Leases**

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

2. Changes in Accounting Policies (Contd.)

Amendments to FRS 118	Revenue**
Amendments to FRS 119	Employee Benefits**
Amendments to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance**
Amendments to FRS 123	Borrowing Costs**
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate**
Amendments to FRS 128	Investments in Associates**
Amendments to FRS 129	Financial Reporting in Hyperinflationary Economies**
Amendments to FRS 131	Interest in Joint Ventures**
Amendments to FRS 132	Financial Instruments: Presentation**
Amendments to FRS 134	Interim Financial Reporting**
Amendments to FRS 136	Impairment of Assets**
Amendments to FRS 138	Intangible Assets**
Amendments to FRS 139	Financial Instruments: Recognition and Measurement**
Amendments to FRS 140	Investment Property**
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**
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives**

* *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
30 September 2009						
Revenue						
External sales	28,342	11,498	71,853	114		111,807
Inter-segment sales	3,075	1,875	10,657	3,202	(18,809)	-
Total revenue	<u>31,417</u>	<u>13,373</u>	<u>82,510</u>	<u>3,316</u>	<u>(18,809)</u>	<u>111,807</u>
Results						
Segment results	11,115	1,585	(1,677)	(680)	(3,763)	6,580
Finance costs						(18,689)
Share of results of associates	(216)	-	-	-	-	<u>(216)</u>
Loss before tax						(12,325)
Income tax expenses						<u>325</u>
Loss after tax						<u>(12,000)</u>
Minority interests						<u>3,407</u>
Net loss for the period						<u><u>(8,593)</u></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
30 September 2008						
Revenue						
External sales	119,557	6,829	69,674	23		196,083
Inter-segment sales	7,116	2,432	11,114	3,968	(24,630)	-
Total revenue	<u>126,673</u>	<u>9,261</u>	<u>80,788</u>	<u>3,991</u>	<u>(24,630)</u>	<u>196,083</u>
Results						
Segment results	40,208	(158)	3,281	1,031	2,329	46,691
Finance costs						(20,543)
Share of results of associates	350	-	-	-	-	<u>350</u>
Profit before tax						26,498
Income tax expenses						<u>(9,549)</u>
Profit after tax						16,949
Minority interests						<u>2,380</u>
Net profit for the period						<u>19,329</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.

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). No material contingent assets except as disclosed in Note 25 (b) to (d) 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 3rd quarter ended 30 September 2009.

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

The Group recorded lower revenue for the 3rd quarter ended 30 September 2009 of RM42 million as compared to RM44 million in the previous corresponding quarter ended 30 September 2008. This was mainly attributed by lower sales from the Property Development and Hospitality, Leisure and Health division due to slow down of demand as a result of global financial crisis. However the results had shown signs of improvement and recovery to the current economy.

The Group reported a loss before tax for the 3rd quarter ended 30 September 2009 of RM0.9 million against profit before tax of RM0.2 million in the previous corresponding quarter ended 30 September 2008. The loss before tax in the 3rd Quarter 2009 was mainly contributed by the Hospitality division, particularly the hotel business which had been adversely affected by the economic slowdown and the H1N1 flu outbreak. This was despite the Property Development division recording a profit before tax of RM3.1 million during the same period.

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

The Group's revenue for the 3rd quarter ended 30 September 2009 increased by approximately RM5 million to RM42 million as compared to the last quarter ended 30 June 2009 of RM37 million. The increase in revenue is mainly from higher sales of properties in the current quarter under review.

The Group recorded a loss before tax of RM0.9 million for the 3rd quarter ended 30 September 2009 against loss before tax of RM5.8 million for the last quarter ended 30 June 2009. The substantial decrease in losses was mainly attributed to Property Development division which contributed RM3.1 million in profits before tax compared to a loss of RM1.7 million in the previous quarter.

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

The Group remain focused on its core activities which are Property Development, Property Investment and Hospitality, Leisure and Health. While the sales of existing inventories continue to be emphasized, the Property Development division has planned a number of new project launchings in the coming year. Meanwhile the Group's health screening centres have been expanded in anticipation of further membership growth.

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 Group to bring about a significant profit turnaround.

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

	9 months ended	
	30-Sep-09	30-Sep-08
	RM'000	RM'000
Income tax:		
- current period	688	9,946
- over provision	(284)	(1,418)
- deferred tax	(729)	1,021
	<u>(325)</u>	<u>9,549</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:

	9 months ended	
	30-Sep-09	30-Sep-08
	RM'000	RM'000
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 September 2009 are as follows:

	As at
	30-Sep-09
	RM'000
Total investments at cost	239
Total investments at carrying value/ book value (after provision for diminution in value)	144
Total investment at market value at end of reporting period	144

22. Corporate Proposals

(a) Status of Corporate Proposals

There were no corporate proposals previously announced but not completed as at 24 November 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	2,762	-	2,762
Revolving credits	3,600	122	3,722
Term loan	175	2,711	2,886
Bonds	150,000	-	150,000
Redeemable Secured Loan Stock (‘RSLs Series B’)	-	68,822	68,822
Bank Guaranteed Commercial Paper and Medium Term Notes	-	91,962	91,962
Total secured borrowings	156,537	163,617	320,154
Unsecured			
Bank overdrafts	-	-	-
Revolving credits	19,600	12,000	31,600
Hire purchase & lease creditors	667	1,445	2,112
Total unsecured borrowings	20,267	13,445	33,712
Comprising:			
Local borrowings	176,804	177,062	353,866
Foreign borrowings	-	-	-
Total borrowings	176,804	177,062	353,866

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) 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.

- (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. 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. The matter came up for case management on 30 October 2009 and the court has fixed 21 December 2009 for the Plaintiff to submit their Q&A.

25. Material Litigation (Contd.)

- (b) 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.

- (c) 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 filed application to amend the Statement of Defence and added a counterclaim of RM501,245.46 which was opposed by MEM.

25. Material Litigation (Contd.)

The amendment application was fixed for hearing on 28 April 2009 and was subsequently allowed by the Registrar. The Court vacated the trial dates fixed on 25 May 2009 and 26 May 2009 and fixed the matter for continued trial on 28, 29 & 30 September 2009. The Plaintiff's 2nd witness gave evidence in court on 28 September 2009 and the Defendants witnesses gave evidence in court on 29 and 30 September 2009. The trial concluded on 30 September 2009 after cross examination and re-examination of the Defendant's witnesses in court. Subsequently, the matter was fixed for submission on 6 October 2009. The matter was fixed for decision on 30 October 2009. The court dismissed the Plaintiff's case against the Defendants and allowed the Defendant's counter-claim for the amount of RM471,478.95 with interest of 4% to be calculated from 19 May 2009 until the date of judgment and also awarded costs of RM60,000.00 to the 1st Defendant and RM10,000.00 to the 2nd Defendant respectively. The Plaintiff is appealing against the aforesaid Judgment. Notice of Appeal is to be filed by the Plaintiff by 30 November 2009.

- (d) 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 RM8.6 million (30 September 2008: profit of RM19.3 million) over the number of 275,707,403 (30 September 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 30 November 2009.

By Order of the Board

Mark Victor Rozario

Group Managing Director