

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 4th Quarter ended 31 December 2009

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

For the Twelve-Months Period Ended 31 December 2009

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
		QUARTER	CORRESPONDING	TO DATE	CORRESPONDING
		31-Dec-09	31-Dec-08	31-Dec-09	31-Dec-08
		RM'000	RM'000	RM'000	RM'000
Revenue	4	65,361	47,108	177,168	243,191
Cost of sales		<u>(25,101)</u>	<u>(20,826)</u>	<u>(69,944)</u>	<u>(104,291)</u>
Gross profit		40,260	26,282	107,224	138,900
Other operating income		15,286	5,644	23,995	15,560
Selling and marketing expenses		(2,036)	(1,953)	(6,317)	(7,124)
Administrative expenses		(6,480)	(5,837)	(23,015)	(20,483)
Other operating expenses		(24,064)	(25,289)	(72,341)	(81,315)
Finance costs		(6,758)	(6,264)	(25,447)	(26,807)
Share of results of associates		<u>101</u>	<u>(371)</u>	<u>(115)</u>	<u>(21)</u>
Profit / (loss) before tax		16,309	(7,788)	3,984	18,710
Income tax expenses	19	<u>(3,178)</u>	<u>(557)</u>	<u>(2,853)</u>	<u>(10,106)</u>
Profit / (loss) for the period / year		<u><u>13,131</u></u>	<u><u>(8,345)</u></u>	<u><u>1,131</u></u>	<u><u>8,604</u></u>
Attributable to:					
Equity holders of the Company		11,808	(6,123)	3,215	13,206
Minority interests		<u>1,323</u>	<u>(2,222)</u>	<u>(2,084)</u>	<u>(4,602)</u>
		<u><u>13,131</u></u>	<u><u>(8,345)</u></u>	<u><u>1,131</u></u>	<u><u>8,604</u></u>
Earnings per share attributable to ordinary equity holders of the Company (sen):					
- Basic	27 (a)	4.28	(2.22)	1.17	4.79
- 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 DECEMBER 2009

	Note	31-Dec-09 (Unaudited) RM'000	31-Dec-08 (Audited) RM'000
ASSETS			
Non-current assets			
Hotel properties and exhibition centre & showroom	9	340,866	344,676
Other property, plant and equipment	9	118,135	123,721
Property, plant and equipment		459,001	468,397
Investment properties	9	89,951	142,581
Prepaid land lease payments		348,331	352,637
Land held for property development		174,785	193,135
Investment in associates		5,533	3,274
Other investments	21	932	874
Long-term trade receivables		16,446	17,600
Fund held in trust		-	4,321
Deferred tax assets		11,603	10,709
		<u>1,106,582</u>	<u>1,193,528</u>
Current assets			
Property development costs		85,943	90,284
Inventories		138,977	139,428
Trade and other receivables		131,663	88,833
Tax recoverable		1,495	3,049
Cash and bank balances		35,082	13,152
		<u>393,160</u>	<u>334,746</u>
Non-current asset classified as held for sale		130	-
		<u>393,290</u>	<u>334,746</u>
TOTAL ASSETS		<u>1,499,872</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		148,929	150,793
Foreign exchange reserves		(7,031)	(10,739)
Capital redemption reserves		19,048	19,048
Retained earnings		198,428	193,349
Shareholders' equity		692,332	685,409
Minority interests		29,756	31,840
Total equity		<u>722,088</u>	<u>717,249</u>
Non-current liabilities			
Borrowings	23	176,709	170,350
Long-term liabilities		4,783	3,860
Deferred Income		33,469	31,856
Deferred tax liabilities		89,851	89,827
		<u>304,812</u>	<u>295,893</u>
Current liabilities			
Borrowings	23	176,272	177,557
Trade and other payables		240,039	283,222
Tax liabilities		56,661	54,353
		<u>472,972</u>	<u>515,132</u>
Total Liabilities		<u>777,784</u>	<u>811,025</u>
TOTAL EQUITY AND LIABILITIES		<u>1,499,872</u>	<u>1,528,274</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.51	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 Twelve-Months Period Ended 31 December 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	-	-	(1,864)	-	-	1,864	-	-	-
Exchange differences arising on translation of foreign operations	-	-	-	3,708	-	-	3,708	-	3,708
Net transfers and profit recognised directly in equity	-	-	(1,864)	3,708	-	1,864	3,708	-	3,708
Profit for the year	-	-	-	-	-	3,215	3,215	(2,084)	1,131
Total recognised income and expense for the period	-	-	(1,864)	3,708	-	5,079	6,923	(2,084)	4,839
At 31 December 2009	275,707	57,251	148,929	(7,031)	19,048	198,428	692,332	29,756	722,088

(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 Twelve-Months Period Ended 31 December 2009

	CURRENT YEAR TO DATE 31-Dec-09 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-08 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	3,984	18,710
Adjustments for:		
Allowance for doubtful debts	7,579	7,389
Allowance for doubtful debts written back	(637)	(1,371)
Amortisation of deferred income	(956)	(746)
Amortisation of prepaid land lease payment	4,306	4,306
Bad debts written off	3,359	8,103
Depreciation of hotel properties and exhibition centre & showroom	4,157	4,196
Depreciation of other property, plant and equipment	7,039	8,157
Dividend income	-	(23)
Gain on disposal of subsidiary	(1,462)	-
Gain on disposal of investment properties	(3,401)	(3,301)
Impairment losses in value of other investments	-	160
Interest expense	25,447	26,807
Interest income	(1,186)	(944)
Inventories written off	-	1
Investment properties written off	-	4
Loss on disposal of other investments	-	390
Gain on disposal of other property, plant and equipment	(315)	(69)
Net foreign exchange (gain) / loss	(120)	1
Other property, plant & equipment written off	49	4
Reversal of deferred income	(27)	(30)
Reversal of impairment losses in value of other investments	(58)	(123)
Share of results of associates	115	21
Operating profit before working capital changes	47,873	71,642
Changes in working capital:		
Inventories	2,098	19,366
Property development costs	12,280	(4,063)
Receivables	(51,691)	(1,763)
Deferred income	2,596	5,728
Payables	19,580	17,439
Cash generated from operations	32,736	108,349
Tax refund	2,103	-
Tax paid	(2,045)	(2,937)
Interest paid	(9,347)	(10,342)
Net cash generated from operating activities	23,447	95,070

COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the Twelve-Months Period Ended 31 December 2009

	CURRENT YEAR TO DATE 31-Dec-09 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-08 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of other property, plant and equipment	(5,261)	(14,114)
Expenditure incurred on hotel properties and exhibition centre & showroom	(347)	(197)
Expenditure on investment properties	(573)	(51,953)
Additional investment in other investments	-	(1,204)
Proceeds from disposal of other investments	-	3,399
Proceeds from disposal of other property, plant & equipment	1,681	231
Proceeds from disposal of investment properties	9,198	-
Interest received	1,186	944
Net dividend received	-	19
Net cash generated from / (used in) investing activities	<u>5,884</u>	<u>(62,875)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Bond interest expenses paid	(12,668)	(9,025)
Drawdown of Bank Guaranteed Commercial Paper / Medium Term Notes	39,764	7,000
Drawdown of golf membership loans	-	30
Hire purchase and lease creditors	(845)	(727)
Repayment of Bank Guaranteed Commercial Paper / Medium Term Notes	(30,000)	(55,000)
Repayment of revolving credits	(2,502)	(9,066)
Repayment of term loans	(195)	(288)
Repayment of golf membership loans	(13)	-
Net cash used in financing activities	<u>(6,459)</u>	<u>(67,076)</u>
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	22,872	(34,881)
Effects of foreign exchange rate changes	69	(498)
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>32,677</u>	<u>9,736</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	35,082	13,152
Bank Overdrafts	(2,405)	(3,416)
	<u>32,677</u>	<u>9,736</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, Amendments to FRSs and IC Interpretations were in issue but not yet effective and have not been adopted by the Group:

FRS 1	First-time adoption of Financial Reporting Standards**
FRS 3	Business Combinations**
FRS 4	Insurance Contracts *
FRS 7	Financial Instruments: Disclosures *
FRS 101	Presentation of financial statements*
FRS 123	Borrowing Costs*
FRS 127	Consolidated and Separate Financial Statements**
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 2	Share-based payment**
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*

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

2. Changes in Accounting Policies (Contd.)

Amendments to FRS 110	Events after the Reporting Period*
Amendments to FRS 116	Property, Plant and Equipment*
Amendments to FRS 117	Leases*
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 12	Service Concession Arrangements**
IC Interpretation 13	Customer Loyalty Programmes*
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
IC Interpretation 15	Agreements for the construction of Real Estate**
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation**
IC Interpretation 17	Distributions of Non-cash Assets to Owners**
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives***

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

2. Changes in Accounting Policies (Contd.)

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

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

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

The Group has applied the transitional provisions in FRS 7 and FRS 139 which exempts entities from disclosing the possible impact, if any, to the financial statements upon its initial application. These new FRSs requirement may have some impact on the Group financial statements upon the initial application of the same in the year 2010.

The other new and revised FRSs, amendments to FRSs and Interpretations above 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 of the Group 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 December 2009						
Revenue						
External sales	62,110	17,024	98,034	-		177,168
Inter-segment sales	6,465	2,351	15,341	9,975	(34,132)	-
Total revenue	<u>68,575</u>	<u>19,375</u>	<u>113,375</u>	<u>9,975</u>	<u>(34,132)</u>	<u>177,168</u>
Results						
Segment results	40,014	4,111	11,147	9,657	(35,383)	29,546
Finance costs						(25,447)
Share of results of associates	(115)	-	-	-	-	<u>(115)</u>
Profit before tax						3,984
Income tax expenses						<u>(2,853)</u>
Profit after tax						1,131
Minority interests						<u>2,084</u>
Net profit for the period						<u><u>3,215</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
31 December 2008						
Revenue						
External sales	141,402	11,901	89,865	23		243,191
Inter-segment sales	7,904	3,138	15,089	4,338	(30,469)	-
Total revenue	<u>149,306</u>	<u>15,039</u>	<u>104,954</u>	<u>4,361</u>	<u>(30,469)</u>	<u>243,191</u>
Results						
Segment results	48,963	423	(4,564)	(4,981)	5,697	45,538
Finance costs						(26,807)
Share of results of associates	(21)	-	-	-	-	<u>(21)</u>
Profit before tax						18,710
Income tax expenses						<u>(10,106)</u>
Profit after tax						8,604
Minority interests						<u>4,602</u>
Net profit for the year						<u>13,206</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) to (c). No material contingent assets except as disclosed in Note 25 (d) to (f) as at the date of this report.

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

14. Subsequent event

There was no material event subsequent to the end of the current financial period that have not been reflected in the financial statements of the Group for the 4th quarter ended 31 December 2009 except for the following:

On 11 January 2010, Golden Horse Palace Bhd, a subsidiary of Country Heights Holdings Berhad entered into a Sale and Purchase of Shares Agreement with Mr. Yip Chun Mun and Mr. Loke Kim Wan (“the Vendors”) to acquire the entire equity interest in Mines Marketing Sdn. Bhd. (“MMSB”) comprising 100,000 ordinary shares of RM1.00 each (“Sale Shares”) representing 100% of the issued and paid-up capital of MMSB from the Vendors for a cash consideration of RM100,000 on a “willing buyer-willing seller” basis.

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 higher revenue for the 4th quarter ended 31 December 2009 of RM65 million as compared to RM47 million in the previous corresponding quarter ended 31 December 2008. The Group reported a profit before tax for the 4th quarter ended 31 December 2009 of RM16.3 million against a loss before tax of RM7.8 million in the previous corresponding quarter ended 31 December 2008. Higher revenue and profit before tax were mainly attributed by improved sales from Property Development division due to improving economic conditions. The properties sales in Country Heights Damansara continue to contribute favorably to the Group's profitability.

In addition, the Group wishes to disclose that in the 4th Quarter 2009, the Property Development division had also locked in sales of completed properties amounting to RM34.1 million with gross profit of RM20.4 million. Although Sale & Purchase Agreements had already been executed and deposits received, the sales of these completed properties were not recognize in the financial statements for year 2009 in strict compliance with the Financial Reporting Standards ("FRSs") particularly FRS 118 Revenue. These sales are expected to be recognized in the financial year ended 2010 upon fulfillment of all the conditions stipulated in FRS 118.

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

The Group's revenue for the 4th quarter ended 31 December 2009 increased by approximately RM23 million to RM65 million as compared to the last quarter ended 30 September 2009 of RM42 million. The increase in revenue is mainly derived from strong demand of properties in the current quarter under review.

The Group recorded a profit before tax of RM16.3 million for the 4th quarter ended 31 December 2009 against a loss before tax of RM0.9 million for the last quarter ended 30 September 2009. The substantial increase in profit was mainly attributed to Property Development division which contributed RM12 million in profit before tax ("PBT") compared to a PBT of RM3.1 million in the previous quarter. The rest of the divisions also contributed to the Group profit before tax as a consequence of improved sales, streamlining of its businesses and cost savings.

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 year 2010. In our Cyberjaya project, one block of completed 4 storey apartment will be launched in March 2010. Another phase comprising 120 units of condominium is expected to be launch in the 4th Quarter of 2010.

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

	12 months ended	
	31-Dec-09	31-Dec-08
	RM'000	RM'000
Income tax:		
- current period	4,137	10,829
- over provision	(640)	(1,305)
- deferred tax	(644)	582
	2,853	10,106

The effective tax rate of the Group for the current financial year was higher than the applicable tax rate due to deferred tax assets not recognised in respect of unabsorbed losses. Deferred tax assets will be recognised to the extent that it is probable that future taxable profits will be available against which the unabsorbed losses can be utilised. Furthermore, certain expenses were also not deductible for tax purposes.

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

20. Sale of Unquoted Investments/ Properties

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

21. Purchase and Sale of Quoted Securities

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

	12 months ended	
	31-Dec-09	31-Dec-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 31 December 2009 are as follows:

	As at
	31-Dec-09
	RM'000
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 20 February 2010.

(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	2,387	-	2,387
Revolving credits	3,600	122	3,722
Term loan	175	2,632	2,807
Bonds	150,000	-	150,000
Redeemable Secured Loan Stock (‘RSLs Series B’)	-	68,822	68,822
Bank Guaranteed Commercial Paper and Medium Term Notes	-	91,726	91,726
Total secured borrowings	156,162	163,302	319,464
Unsecured			
Bank overdrafts	18	-	18
Revolving credits	19,600	12,000	31,600
Hire purchase & lease creditors	492	1,407	1,899
Total unsecured borrowings	20,110	13,407	33,517
Comprising:			
Local borrowings	176,272	176,709	352,981
Foreign borrowings	-	-	-
Total borrowings	176,272	176,709	352,981

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 20 February 2010, the latest practicable date which is not earlier than 7 days from the date of issuance of this report.

COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)
PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa
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25. Material Litigation

Save for the following, neither the Company nor its subsidiaries are engaged in any material litigation, either as plaintiff or defendant, and the Directors of the Company do not have any knowledge of any proceedings, pending or threatened against the Group or of any facts likely to give rise to any proceedings which might adversely and materially affect the position or business of the Group, as at 20 February 2010, a date not earlier than 7 days from the date of issuance of this report. 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.

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25. Material Litigation (Contd.)

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. Our lawyer attended court on 21 December 2009 and the Court fixed 20 January 2010 as next case management date to enable the Plaintiff's solicitor to re-file documents. On 20 January 2010, the Court subsequently fixed next case management date to 20 March 2010.

- (b) On 26 August 2008, Singham Sulaiman Sdn Bhd (Trading as Jones Lang Wootton) as the Plaintiff has through its solicitors issued and sent to Country Heights Holdings Berhad as the 1st Defendant and Mega Palm Sdn Bhd as the 2nd Defendant (collectively called "the Defendants") a demand notice dated 26 August 2008 demanding a sum of RM1,214,069.47 together with late payment charges of 1.25% per month on the outstanding sum beginning from 27 July 2008 till full settlement to be paid by the Defendants for an alleged payment of real estate agency fees. Subsequently on 26 May 2009, the Plaintiff has through its solicitors served on the Defendants a copy of the sealed "Writ of Summon" and Statement of claim both dated 16 April 2009. The Defendants denied the Plaintiff's claim and filed Notice of Appearance in court. On 23 June 2009, the Defendants filed application to strike out the above suit. The matter is currently fixed for case management on 22 February 2010 pending exchange of affidavits between the parties.
- (c) By a summons dated 20 January 2010, the Government of Malaysia ("Plaintiff") has filed a claim against Country Heights Holdings Berhad ("CHHB") for Real Property Gains Tax for the Year of Assessment 1993, 1998 and 1999 amounting to the sum of RM22,617,311.49 together with interest at 8% thereon. The Plaintiff has on 5 February 2010 served the Summon on CHHB. CHHB has on 10 February 2010 filed the memorandum of appearance vide its Solicitors to dispute the above said claim.

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25. Material Litigation (Contd.)

(d) 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.

(e) 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.

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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 filed on 24 November 2009. MEM applied to stay execution of the High Court Judgment dated 30 October 2009 pending MEM's appeal against it to the Court of Appeal and on 11 January 2010, the High Court dismissed MEM's application to stay execution of judgment. Subsequently, MEM appealed to the Court of Appeal for the stay application filed and currently MEM is awaiting a hearing date to be fixed by the Court of Appeal. In respect of appeal against the aforesaid judgment, MEM's solicitor has filed Appeal Record and currently pending a case management date to be fixed by the Court of Appeal.

- (f) 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.

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26. Dividend Payable

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

27. Earnings / Loss Per Share

(a) Basic

Basic earnings / loss per share is calculated by dividing profit for the year attributable to equity holders to the parent of RM3.2 million (31 December 2008: profit of RM13.2 million) over the number of 275,707,403 (31 December 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 25 February 2010.

By Order of the Board

Mark Victor Rozario

Group Managing Director