



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 2010

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Twelve-Months Period Ended 31 December 2010**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31-Dec-10 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-09 RM'000 Restated	CURRENT YEAR TO DATE 31-Dec-10 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-09 RM'000 Restated
Revenue	4	67,087	64,532	228,595	176,339
Cost of sales		<u>(17,419)</u>	<u>(25,340)</u>	<u>(72,418)</u>	<u>(70,183)</u>
Gross profit		49,668	39,192	156,177	106,156
Other operating income		12,263	18,107	19,312	26,816
Selling and marketing expenses		(2,702)	(2,076)	(9,475)	(6,357)
Administrative expenses		(7,844)	(6,482)	(28,252)	(23,017)
Other operating expenses		(33,605)	(27,117)	(86,264)	(75,394)
Finance costs		(7,469)	(6,758)	(25,947)	(25,447)
Share of results of associates		<u>474</u>	<u>217</u>	<u>525</u>	<u>1</u>
Profit / (loss) before tax		10,785	15,083	26,076	2,758
Income tax expenses	19	<u>(2,850)</u>	<u>(2,469)</u>	<u>(8,347)</u>	<u>(2,144)</u>
Profit / (loss) for the period		<u>7,935</u>	<u>12,614</u>	<u>17,729</u>	<u>614</u>
Other comprehensive income/(loss), net of tax					
Foreign currency translation differences		158	3,493	66	3,616
Fair value of available-for-sale financial assets		51	-	57	-
Transfer from revaluation reserve to retained earnings upon depreciation transfer on revalued assets		(466)	(466)	(1,864)	(1,864)
Realisation of revaluation reserve to retained earnings upon depreciation transfer on revalued assets		466	466	1,864	1,864
Other comprehensive income for the period		<u>209</u>	<u>3,493</u>	<u>123</u>	<u>3,616</u>
Total comprehensive income/(loss) for the period		<u>8,144</u>	<u>16,107</u>	<u>17,852</u>	<u>4,230</u>



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Profit/(loss) attributable to :					
Equity holders of the Company		8,839	12,006	19,150	3,413
Minority interest		(904)	608	(1,421)	(2,799)
Profit/(loss) for the period		<u>7,935</u>	<u>12,614</u>	<u>17,729</u>	<u>614</u>
Total comprehensive income/(loss) attributable to :					
Equity holders of the Company		9,048	15,499	19,273	7,029
Minority interest		(904)	608	(1,421)	(2,799)
Total comprehensive income/(loss) for the period		<u>8,144</u>	<u>16,107</u>	<u>17,852</u>	<u>4,230</u>
Earnings per share attributable to ordinary equity holders of the Company (sen):					
- Basic	27 (a)	3.21	4.35	6.95	1.24
- Diluted	27 (b)	NA	NA	NA	NA

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements)



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	31-Dec-10 (Unaudited) RM'000	31-Dec-09 (Audited) RM'000
ASSETS			
Non-current assets			
Hotel properties and exhibition centre & showroom	9	337,014	340,866
Other property, plant and equipment	9	93,153	118,309
Property, plant and equipment		430,167	459,175
Investment properties	9	104,623	89,794
Prepaid land lease payments		344,025	348,331
Land held for property development		182,430	174,366
Investment in associates		3,834	5,443
Other investments	21	1,005	932
Long-term trade receivables		25,073	16,095
Deferred tax assets		7,222	9,401
		<u>1,098,379</u>	<u>1,103,537</u>
Current assets			
Property development costs		69,349	77,163
Inventories		134,331	139,086
Trade and other receivables		72,156	126,410
Tax recoverable		5,633	1,526
Cash and bank balances		77,792	33,569
		<u>359,261</u>	<u>377,754</u>
Non-current asset classified as held for sale		-	9,789
		<u>359,261</u>	<u>387,543</u>
TOTAL ASSETS		<u>1,457,640</u>	<u>1,491,080</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		275,707	275,707
Share premium		57,251	57,251
Other reserves		159,112	160,854
Retained earnings		219,639	198,626
Shareholders' equity		<u>711,709</u>	<u>692,438</u>
Minority interest		<u>27,588</u>	<u>29,041</u>
Total equity		<u>739,297</u>	<u>721,479</u>
Non-current liabilities			
Borrowings	23	154,069	180,135
Long-term liabilities		4,800	4,783
Deferred Income		35,337	32,439
Deferred tax liabilities		85,337	86,922
		<u>279,543</u>	<u>304,279</u>
Current liabilities			
Borrowings	23	198,893	172,794
Trade and other payables		174,875	234,723
Tax liabilities		64,051	56,775
Deferred Income		981	1,030
		<u>438,800</u>	<u>465,322</u>
Total Liabilities		<u>718,343</u>	<u>769,601</u>
TOTAL EQUITY AND LIABILITIES		<u>1,457,640</u>	<u>1,491,080</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.58	2.51

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 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 2010

	Attributable to Equity Holders of the Company					Minority Interests	Total Equity
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Earnings RM'000	Total RM'000		
At 1 January 2010, as previously stated	275,707	57,251	160,854	198,626	692,438	29,041	721,479
Effect of adopting FRS 139	-	-	-	-	-	-	-
At 1 January 2010, as restated	275,707	57,251	160,854	198,626	692,438	29,041	721,479
Total comprehensive income/(loss) Adjustment in relation to acquisition/disposal of equity interest in subsidiaries	-	-	(1,742)	21,013	19,271	(1,421)	17,850
At 31 December 2010	275,707	57,251	159,112	219,639	711,709	27,588	739,297
At 1 January 2009	275,707	57,251	159,102	193,349	685,409	31,840	717,249
Total comprehensive Income / (loss)	-	-	1,752	5,277	7,029	(2,799)	4,230
At 31 December 2009	275,707	57,251	160,854	198,626	692,438	29,041	721,479

(The Unaudited Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 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
AS AT 31 DECEMBER 2010**

RETAINED EARNINGS

	As at 31- Dec- 10 RM'000
Total retained profits / (accumulated losses) of the Company and its subsidiaries:	
- Realised	354,180
- Unrealised	<u>(5,743)</u>
	348,436
Total share of retained profits / (accumulated losses) from associated companies:	
- Realised	682
- Unrealised	-
	<u>349,118</u>
Less: Consolidated adjustments	<u>(129,479)</u>
Total group retained profits as per consolidated accounts	<u><u>219,639</u></u>

Comparative figures are not required in the first year of implementation of Bursa Securities's directive, which was issued on 20 December 2010.

(The Unaudited Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements)



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Twelve-Months Period Ended 31 December 2010

	CURRENT YEAR TO DATE 31-Dec-10 RM'000	PRECEDING YEAR CORRESPONDIN 31-Dec-09 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	26,076	2,758
Adjustments for:		
Allowance for doubtful debts	12,684	8,575
Allowance for doubtful debts written back	(1,429)	(353)
Amortisation of deferred income	(983)	(956)
Amortisation of prepaid land lease payment	4,306	4,306
Bad debts written off	5,462	3,359
Depreciation of hotel properties and exhibition centre & showroom	4,160	4,157
Depreciation of other property, plant and equipment	7,559	7,041
Fair value adjustment of long term receivable	3,136	-
Gain on disposal of subsidiary	-	(1,465)
Loss / (Gain) on disposal of investment properties	39	(3,401)
Impairment losses in value of other investments	-	206
Interest expense	25,947	25,447
Interest income	(751)	(1,187)
Investment properties written off	8	-
Gain on disposal of investment in associates	(5,260)	-
Gain on disposal of other property, plant and equipment	(471)	(38)
Net unrealised foreign exchange loss	(58)	(120)
Other property, plant & equipment written off	3	48
Reversal of deferred income	(106)	(27)
Reversal of impairment losses in value of other investments	-	(58)
Share of results of associates	(525)	(1)
Operating profit before working capital changes	79,797	48,291
Changes in working capital:		
Inventories	1,090	1,984
Property development costs	21,062	12,467
Receivables	16,463	(47,432)
Deferred income	3,938	2,596
Payables	(32,857)	7,256
Cash generated from operations	89,493	25,162
Tax refund	-	2,105
Tax paid	(5,566)	(2,050)
Interest paid	(10,164)	(9,347)
Net cash generated from / (used in) operating activities	73,763	15,870



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Twelve-Months Period Ended 31 December 2010

	CURRENT YEAR TO DATE 31-Dec-10 RM'000	PRECEDING YEAR CORRESPONDIN 31-Dec-09 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of other property, plant and equipment	(9,244)	(5,272)
Expenditure incurred on hotel properties and exhibition centre & showroom	(307)	(347)
Expenditure on investment properties	(2,354)	(573)
Additional investment in subsidiary's shares	(37)	-
Acquisition of subsidiary, net of cash and cash equivalent acquired	513	-
Proceeds from disposal of other property, plant & equipment	7,415	756
Proceeds from disposal of investment properties	257	9,220
Proceeds from disposal of associates	7,394	-
Proceeds from disposal of subsidiaries, net of cash and cash equivalents disposed	7	6,997
Interest received	751	1,187
Net cash used in investing activities	4,395	11,968
CASH FLOWS FROM FINANCING ACTIVITIES		
Bond interest expenses paid	(34,184)	(12,668)
Drawdown of Bank Guaranteed Commercial Paper / Medium Term Notes	-	39,764
Drawdown of golf membership loans	17	-
Drawdown of term loan	159,452	-
Hire purchase and lease creditors	(617)	(845)
Repayment of Bank Guaranteed Commercial Paper / Medium Term Notes	(4,725)	(30,000)
Repayment of revolving credits	(1,819)	(2,502)
Repayment of term loans	(163)	(195)
Repayment of bonds	(150,000)	-
Repayment of golf membership loans	-	(14)
Net cash used in financing activities	(32,039)	(6,460)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	46,119	21,378
Effects of foreign exchange rate changes	-	101
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	31,215	9,736
CASH AND CASH EQUIVALENTS AT END OF YEAR	77,334	31,215
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	77,792	33,568
Bank Overdrafts	(458)	(2,353)
	77,334	31,215

(The Unaudited Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 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 2009. 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 2009.

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 2009, except for adoption of the following new/revised FRSS, Amendments to FRSS and IC Interpretations which are effective for financial periods beginning on or after :

1 July 2009

FRS 8 Operating Segments

1 January 2010

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 101 Presentation of Financial Statements (revised)

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 101 Presentation of Financial Statements – Puttable Financial Instruments and Obligation Arising on Liquidation

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	Interests 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

The application of the above FRSs, Amendments to FRSs and interpretation did not result in any significant changes in the accounting policies and presentations of the financial statement of the Group except for the following applications as set out below:



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

2. Changes in Accounting Policies (Contd.)

(a) FRS 101 : Presentation of Financial Statements (revised)

FRS 101 introduces terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard requires the presentation of a third statement of financial position in the event that the entity has applied new accounting policies retrospectively. There is no impact on the Group's and the Company's financial statements as this change in accounting policy affects only the presentation of the Group's and the Company's financial statements.

The effects on the comparatives to the Group on adoption of FRS 101 are as follows:

For the period ended 31 December 2009	Income statement as previously reported RM'000	Effects of Adoption FRS 101 RM'000	Statement of comprehensive income as restated RM'000
Profit / (loss) for the period	614	-	614
Other Comprehensive income / (loss)	-	3,616	3,616
Total comprehensive income / (loss)			<u>4,230</u>
Total comprehensive income / (loss) attributable to:			
Equity holders of the Company			7,029
Minority interest			<u>(2,799)</u>
Total comprehensive loss for the period			<u>4,230</u>

(b) FRS 139 : Financial Instruments: Recognition and Measurement

FRS 139 sets out new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of financial instruments at the balance sheet date reflects the designation of the financial instruments

FRS 7 deals with new disclosure in relation to the financial instruments. This FRS entail increased disclosures both quantitative and qualitative of the Group's exposure to risks, enhanced disclosure on components of the Group's financial position and performance, and possible changes to the manner of which certain items are to be presented in the financial statements.



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

2. Changes in Accounting Policies (Contd.)

Financial assets

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) and financial assets that are specifically designated into this category upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Derivative that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with gains or losses recognized in the income statement.

ii. Held-to-maturity

Held-to-maturity investments category comprise debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold to maturity.

Financial assets categorized as held-to-maturity investments are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss.

iii. Available-for-sale

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss. Other financial assets categorized as available-for-sale subsequently measured at their fair values with the gain or loss recognized in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognized in profit or loss.



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

2. Changes in Accounting Policies (Contd.)

iii. Available-for-sale (Contd.)

On derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognized in profit or loss. All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

iv. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, receivables and cash and cash equivalents. Non-current receivables, previously measured at invoice amount and subject to impairment, are now classified as loans and receivables and measured at fair value plus transaction cost initially and subsequently, at amortised cost using the effective interest method.

When loan and receivables are impaired, the carrying amount of the asset is reduced and the amount of the loss is recognized in profit or loss. Impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discount at the asset's original effective interest rate.

In subsequent period, if the amount of the impairment loss decreases can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss.

In accordance with FRS 139, the recognition, derecognition and measurement are applied prospectively. The effects of remeasurement on 1 January 2010 of the financial assets and financial liabilities brought forward from previous financial year are adjusted to the opening balance of the Group:



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

2. Changes in Accounting Policies (Contd.)

	Long Term Trade Receivables RM'000
At 1 January 2010, as previously stated	16,095
Effect of adopting FRS 139	(2,198)
At 1 January 2010, as restated	<u>13,897</u>

(c) FRS 8 : Operating Segments

FRS 8, which replaces FRS 114²⁰⁰⁴ Segment Reporting, requires the identification of operating segments based on the internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and to assess its performance. Currently, the Group presents its segment information based on its business segments. Under FRS 8, the Group will present information in respect of its operating segments into property development division, property investment division and hospitality, leisure and health division.

(d) Amendments to FRS 116 "Property, Plant and Equipment" and FRS 140 "Investment property"

Prior to 1 January 2010, property being constructed or developed for future use as investment property is classified as property, plant and equipment until the construction or development is completed. Upon the adoption of the Amendments to FRS 116 and FRS 140, such property is accounted for as investment property rather than property, plant and equipment.

The effects arising from the adoption of the Amendments to FRS 116 and FRS 140 are as follows:-



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

2. Changes in Accounting Policies (Contd.)

- i. The adoption of the above amendments has the following effects:

	Increase/(decrease)
	RM'000
Property, plant and equipment	(24,907)
Investment properties	24,907

- ii. Since Amendments to FRS 116 and FRS 140 are applied prospectively, no restatement of comparative figures is required for statement of financial position as at 31 December 2009.

3. Audit Opinion on 2009 Financial Statements

The auditors' report on the financial statements of the Group for the financial year ended 31 December 2009 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 2010						
Revenue						
External sales	95,874	21,657	111,063	-		228,594
Inter-segment sales	11,637	2,047	37,191	26,894	(77,769)	-
Total revenue	107,511	23,704	148,254	26,894	(77,769)	228,594
Results						
Segment results	64,676	3,584	4,608	32,175	(53,545)	51,498
Finance costs						(25,947)
Share of results of associates	525	-	-	-	-	525
Profit before tax						26,076
Income tax expenses						(8,347)
Profit after tax						17,729
Minority interests						1,421
Net profit for the period						19,150



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

4. Segment Reporting (Contd.)

31 December 2009	Property Development RM'000	Property Investment RM'000	Hospitality, Leisure & Health RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External sales	61,449	17,024	97,866	-		176,339
Inter-segment sales	6,466	2,351	15,095	10,058	(33,970)	-
Total revenue	67,915	19,375	112,961	10,058	(33,970)	176,339
Results						
Segment results	40,612	4,065	10,155	11,764	(38,392)	28,204
Finance costs						(25,447)
Share of results of associates	1	-	-	-	-	1
Profit before tax						2,758
Income tax expenses						(2,144)
Profit after tax						614
Minority interests						2,799
Net profit for the period						3,413





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 2009.

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:

- (a) On 11 January, 2010, a subsidiary of the Company, Golden Horse Palace Bhd 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 comprising 100,000 ordinary shares of RM1 each from the Vendors for a cash consideration of RM100,000 on a “willing buyer-willing seller” basis.



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PART A – Explanatory Notes Pursuant to FRS 134

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

- (b) On 1 March, 2010, Country Heights Resorts & Leisure Sdn Bhd, a wholly-owned subsidiary of the Company entered into a Sale and Purchase of Shares Agreement with Golden Horse Palace Bhd (“GHPB”), a subsidiary of the Company to dispose of RM2,600,000 ordinary shares of RM1 each, representing 100% of the issued and paid-up share capital of Country Heights Lifestyle Bhd (“CHLB”) to GHPB for a cash consideration of RM1.

Following the disposal, CHLB became a wholly-owned subsidiary of GHPB and in turn still an indirect subsidiary of the Company. There would be no gain or loss from the said disposal to the Group.

- (c) On 11 March, 2010, Mines International Exhibition Centre Sdn Bhd (the “Vendor”), an indirect wholly-owned subsidiary of the Company entered into a Share Purchase Agreement (“the Agreement”) with Tan Sri Lee Kim Tiong @ Lee Kim Yew (“the Purchaser”) to dispose of its entire 70% equity interest in Mines Exhibition Management Sdn Bhd (“MEMSB”) comprising 14,000 ordinary shares of RM1 each for a total consideration of RM12,865 (“the Disposal”).
- (d) With effect from 11 May 2010, Lines Pte Ltd, a wholly-owned subsidiary company incorporated in United Kingdom had been struck off from the Register of Companies pursuant to Section 1003 of the Company Act 2006.
- (e) Country Heights Health Tourism Sdn Bhd (“CHHT”), a 70% owned subsidiary of CHHB, had on 20 July 2010 incorporated a subsidiary company known as GHHS Wellness Sdn Bhd (Company No. 908659-T) (“GWSB”). The authorized share capital of GWSB is RM100,000 divided into 100,000 ordinary shares of RM1 each. The issued and paid-up capital of GWSB is RM2 only comprising two Ordinary Shares of RM1.00 each.
- (f) On 2 August 2010, the Company received three Notices of Strike-Off all dated 15 July 2010 from Companies Commission of Malaysia that the following wholly-owned dormant subsidiaries have been struck-off from the Register of Companies Commission of Malaysia pursuant to Section 308 of the Companies Act, 1965:-



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

- (a) Fresh Innovatives Sdn Bhd
- (b) Country Heights Garden Resort (Sibu) Sdn Bhd
- (c) Signature Catering & Conference Services Sdn Bhd.

The Striking-Off Exercise is part of the Group's continuing rationalization exercise to improve efficiency within the Group and save future costs associated with maintaining the Subsidiaries.

- (g) College Heights Utara Sdn Bhd ("CHU"), a wholly-owned subsidiary of CHHB, had on 21 December 2010 entered into a Sale and Purchase of Shares Agreement with Tan Sri Lee Kim Yew for the disposal of 30% equity interest comprising 3,000,000 ordinary shares of RM1.00 each in Mines Golf City Sdn Bhd ("MGC") to Tan Sri Lee Kim Yew for a total consideration of RM7,393,637.

After completion of the disposal, MGC will cease to be an Associate of CHU and CHHB respectively.

12. Capital Commitments

There were no material changes in capital commitments since the last audited balance sheet as at 31 December 2009.

13. Contingent Liabilities / Assets

There are no material contingent liabilities since the last audited balance sheet as at 31 December 2009 except as disclosed in Note 25 (a) to (e). No material contingent assets except as disclosed in Note 25 (f) 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 of the Group for the 4th quarter ended 31 December 2010.



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

The Group recorded higher revenue of RM67.1 million for the 4th quarter ended 31 December 2010 as compared to RM64.5 million in the previous corresponding quarter ended 31 December 2009. The Group reported a profit before tax for the 4th quarter ended 31 December 2010 of RM10.8 million compared to a profit before tax of RM15.1 million in the previous corresponding quarter ended 31 December 2009. Despite the improvement in revenue, other operating expenses were higher in year 2010 compare to previous year mainly due to fair value adjustment of long term trade receivables and allowance for doubtful debts in the Hospitality, Leisure & Health Division.

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

The Group's revenue for the 4th quarter increased by RM23.7 million to RM67.1 million as compared to the last quarter ended 30 September 2010 of RM43.3 million. Profit before tax of RM10.8 million was recorded for the 4th quarter compared to profit before tax of RM0.4 million in last quarter ended 30 September 2010. The increase in revenue and profit before tax is mainly due to higher property sales and higher revenue in the Hospitality, Leisure & Health Division.

17. Commentary on Prospects

The Malaysian economy is expected to remain strong for the Year 2011 as there are positive signs for implementation of key projects under the 10th Malaysia Plan and the Economic Transformation Program. The Group is confident that its core activities of Property Development, Property Investment and Hospitality, Leisure and Health will benefit from this positive economic growth. The impact of rising oil prices due to uncertainty in the Middle East is however a cause for concern as this could dampen sentiments and affect demand in certain sectors.

The Property Development Division maintains its focus on the sales of existing inventories, but has also planned a number of new project launchings in the next 12 months. The Kolej Heights Utara project was recently launched with positive response. The Cyberjaya project is expected to be launched in the coming quarters of 2011. New developments are also currently at various stages of planning in Cyberjaya, Country Heights Kajang and The Mines Resort City.



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17. Commentary on Prospects (Contd.)

The Group expects to see further growth in the Health Division. Golden Horses Health Sanctuary (“GHHS”), which is part of the division, expects to recruit more new members by launching a new membership for holistic wellness program. GHHS has grown into 3 components now, providing preventive healthcare services like medical checkup, specialist therapy, including traditional Chinese medicine therapy.

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-10	31-Dec-09
	RM'000	RM'000
Income tax:		
- current period	8,288	5,593
- over provision	(516)	(2,016)
- deferred tax	575	(1,433)
	8,347	2,144

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 recognized in respect of unabsorbed losses. Deferred tax assets will be recognized to the extent that it is probable that future taxable profits will be available against which the unabsorbed losses can be utilized. Furthermore, certain expenses were also not deductible for tax purposes.

20. Sale of Unquoted Investments/ Properties

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



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21. Purchase and Sale of Quoted Securities

- (a) There were no sales or purchase of quoted securities during the quarter under review.
- (b) The available-for-sale Investments in quoted securities as at 31 December 2010 are as follows:

	As at
	31-Dec-10
	RM'000
Total investments at cost	239
Total investments at carrying value/ book value	189
Total investment at market value at end of reporting period	189

22. Corporate Proposals

(a) Status of Corporate Proposals

There were no corporate proposals previously announced but not completed as at 18 February 2011.

(b) Status of Utilisation of Proceeds from Corporate Proposal

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



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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	458	-	458
Revolving credits	-	1,903	1,903
Term loan	84,452	77,644	162,096
Bonds	-	-	-
Redeemable Secured Loan Stock (‘RSLs Series B’)	68,822	-	68,822
Bank Guaranteed Commercial Paper and Medium Term Notes	30,000	56,762	86,762
Total secured borrowings	183,732	136,309	320,041
Unsecured			
Bank overdrafts	-	-	-
Revolving credits	14,800	16,800	31,600
Hire purchase & lease creditors	361	960	1,321
Total unsecured borrowings	15,161	17,760	32,921
Comprising:			
Local borrowings	198,893	154,069	352,962
Foreign borrowings	-	-	-
Total borrowings	198,893	154,069	352,962

All borrowings are denominated in Ringgit Malaysia unless indicated otherwise.

24. Disclosure requirements pursuant to implementation of FRS 139

(a) Disclosure of Derivatives

There are no outstanding derivatives as at 31 December 2010 and there have been no changes in derivatives since last financial year.

(b) Disclosure of gain/losses arising from fair value changes of financial liabilities

The Group did not have any gain/losses arising from fair value changes of its financial liabilities.



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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 18 February 2011, 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;



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25. Material Litigation (Contd.)

(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 now fixed next case management on 15 December 2010. The Court has fixed the further case management on 8 March 2011.

- (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 fixed for case management on 22 February 2010 pending exchange of affidavits between the parties. The Court subsequently fixed the hearing for the Defendant's application on 8 April 2010 and the Plaintiff's Notice to Attend Pre-trial case management was fixed for case management on 30 April 2010. The Defendant's application came up for hearing on 8 April 2010 whereby the Court partly allowed the Defendant's application and has struck out the Plaintiff's suit against the 1st Defendant and the Plaintiff's claim against the 2nd Defendant will proceed to trial. The Court has now fixed next mention on 1 December 2010 for the Plaintiff to inform the Court of the status of the Plaintiff's application for amendment on the Writ of Summons and Statement of Claim. The Court has fixed the matter for case management on 17 February 2011 pending disposal of the Plaintiff's application for amendment of their Writ of Summons and Statement of Claim. Further, the Court has fixed the Plaintiff's application for amendment of their Writ of Summons and Statement of Claim for next mention on 23 February 2011.



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25. Material Litigation (Contd.)

- (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 Summons on CHHB. CHHB has on 10 February 2010 filed the memorandum of appearance and the statement of defence was filed on 18 March 2010. CHHB has subsequently filed the application for Order 14A on 31 March 2010. On 30 July 2010 the Order 14A application was dismissed with costs. Notice of Appeal to the Court of Appeal was filed on 23 August 2010. Application for stay of proceedings is fixed for case management on 17 January 2011. The Court has fixed hearing for the application for stay of proceedings on 24 February 2011. Further, the Court of Appeal has fixed the hearing for Notice of Appeal on 8 March 2011.
- (d) By a Summons dated 12 February 2010, Kamarul Jaman Bin Seeni Mohideen trading as PJ Baiduri Restaurant ("the Plaintiff") has filed a claim against Mines Shopping Fair Sdn Bhd ("the Defendant") for RM3,350,000.00 together with an interest at 8% per annum from 12 February 2010 till the date of full settlement, being loss and damages suffered by the Plaintiff for the Defendant's alleged breach of the Tenancy Agreement dated 6 August 2007 as alleged by the Plaintiff. The Plaintiff has on 16 March 2010 served the Summons on the Defendant. Solicitors for the Defendant have on 19 March 2010 filed the memorandum of appearance in court and the Statement of Defence has been filed on 1 April 2010. On 29 June 2010, Court has directed both parties to prepare bundle of pleadings, common bundle of documents, issues to be tried, statement of agreed facts, summary of case for Plaintiff and Defendant, list of witnesses and witness statement. Court has fixed the next case management on 25 November 2010, pending filing of documents by Plaintiff. The Court has fixed the further case management on 28 April 2011, pending filing of documents by the Plaintiff.
- (e) By a Summons dated 20 January 2010, the Government of Malaysia ("the Plaintiff") filed a suit against Timbang Makmur Sdn Bhd ("the Defendant") for the sum of RM1,812,217.00 together with interest at 8% thereon in relation to unpaid real property gains tax for the year 1998 for the acquisition of 500,000 shares in Mines Wonderland Sdn Bhd. Solicitors for the Defendant have filed the Memorandum of Appearance on 1 April 2010 and the Statement of Defence was filed on 14 April 2010 and the application



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25. Material Litigation (Contd.)

to strike out the Summons was filed on 25 May 2010. The application to strike out the Plaintiff's Summons is fixed for case management on 20 September 2010. Court has fixed the matter for next mention on 10 December 2010 and both parties need to file the written submission before the next mention date. The application to strike out the Plaintiff's Summons is fixed for hearing on 17 March 2011.

- (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 fixed hearing for the appeal on 13 October 2010. On 13 October 2010, the Court of Appeal dismissed our Appeal upon hearing of our arguments on the Appeal. The Plaintiff filed application for leave to appeal to the Federal Court on 12 November 2010. The Federal Court has fixed hearing for the application for leave to appeal on 1 March 2011.

26. Dividend Payable

No interim dividend has been declared for the current financial period under review (31 December 2009: 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 RM20.3 million (31 Dec 2009: profit of RM3.4 million) over the number of 275,707,403 (31 Dec 2009: 275,707,403) ordinary shares issue during the current financial period under review.

(b) Diluted

Not applicable.



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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 2011.

By Order of the Board

Mark Victor Rozario

Group Managing Director