



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Nine-Months Period Ended 30 September 2011

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR QUARTER 30-Sep-11 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-Sep-10 RM'000	CURRENT YEAR TO DATE 30-Sep-11 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-10 RM'000
Revenue	4	39,148	43,321	125,484	161,508
Cost of sales		<u>(14,447)</u>	<u>(13,202)</u>	<u>(40,775)</u>	<u>(54,999)</u>
Gross profit		24,701	30,119	84,709	106,509
Other operating income		9,434	2,871	28,118	7,049
Selling and marketing expenses		(1,215)	(1,003)	(8,066)	(6,773)
Administrative expenses		(7,229)	(7,433)	(20,224)	(20,408)
Other operating expenses		(15,926)	(17,606)	(52,016)	(52,659)
Finance costs		(4,146)	(6,179)	(13,134)	(18,478)
Share of results of associates		<u>(101)</u>	<u>(383)</u>	<u>491</u>	<u>51</u>
Profit before tax		5,518	386	19,878	15,291
Income tax expense	19	<u>(29)</u>	<u>130</u>	<u>(2,178)</u>	<u>(5,497)</u>
Profit for the period		<u>5,489</u>	<u>516</u>	<u>17,700</u>	<u>9,794</u>
Other comprehensive income/(loss), net of tax					
Exchange differences on translating foreign operations		(71)	(36)	(187)	(94)
Loss arising on revaluation of available-for-sale financial assets		-	12	-	6
earnings upon depreciation on revalued assets		(470)	(466)	(1,400)	(1,398)
earnings upon depreciation on revalued assets		470	466	1,400	1,398
Other comprehensive loss for the period		<u>(71)</u>	<u>(24)</u>	<u>(187)</u>	<u>(88)</u>
Total comprehensive income for the period		<u>5,418</u>	<u>492</u>	<u>17,513</u>	<u>9,706</u>



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Nine-Months Period Ended 30 September 2011

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	CURRENT YEAR QUARTER 30-Sep-11 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-Sep-10 RM'000	CURRENT YEAR TO DATE 30-Sep-11 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-10 RM'000
Profit/(loss) attributable to :				
Equity holders of the Company	5,384	894	17,762	10,311
Non-controlling interests	105	(378)	(62)	(517)
Profit for the period	5,489	516	17,700	9,794
Total comprehensive income/(loss) attributable to :				
Equity holders of the Company	5,313	870	17,575	10,223
Non-controlling interests	105	(378)	(62)	(517)
Total comprehensive income for the period	5,418	492	17,513	9,706
Earnings per share attributable to ordinary equity holders of the Company (sen):				
- Basic	28 (a)	1.95	0.32	6.44
- Diluted	28 (b)	NA	NA	NA

(The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements)



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2011

	Note	30-Sep-11 (Unaudited) RM'000	31-Dec-10 (Audited) RM'000
ASSETS			
Non-current assets			
Hotel properties and exhibition centre & showroom	9	333,895	337,014
Other property, plant and equipment	9	86,917	89,356
Property, plant and equipment		420,812	426,370
Investment properties	9	110,705	108,394
Prepaid land lease payments		340,795	344,025
Land held for property development		183,483	182,446
Investment in associates		207	3,834
Available-for-sale financial assets	21	2,174	1,005
Long-term trade receivables		28,664	25,101
Deferred tax assets		6,864	7,093
		<u>1,093,704</u>	<u>1,098,268</u>
Current assets			
Property development costs		62,932	74,048
Inventories		124,779	129,616
Trade and other receivables		40,347	69,162
Tax recoverable		5,639	5,643
Cash and bank balances		80,333	75,981
		<u>314,030</u>	<u>354,450</u>
Non-current asset classified as held for sale		-	-
		<u>314,030</u>	<u>354,450</u>
TOTAL ASSETS		<u>1,407,734</u>	<u>1,452,718</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		157,360	158,947
Retained earnings		236,645	217,483
Shareholders' equity		<u>726,963</u>	<u>709,388</u>
Non-controlling interests		27,353	27,415
Total equity		<u>754,316</u>	<u>736,803</u>
Non-current liabilities			
Borrowings	23	169,788	147,894
Long-term liabilities		4,800	4,800
Deferred Income		36,695	35,337
Deferred tax liabilities		84,676	85,337
		<u>295,959</u>	<u>273,368</u>
Current liabilities			
Borrowings	23	163,874	205,066
Trade and other payables		133,029	172,878
Tax liabilities		59,465	63,622
Deferred Income		1,091	981
		<u>357,459</u>	<u>442,547</u>
Total Liabilities		<u>653,418</u>	<u>715,915</u>
TOTAL EQUITY AND LIABILITIES		<u>1,407,734</u>	<u>1,452,718</u>

Net assets per share attributable to ordinary equity holders of the Company (RM)

2.64

2.57

(The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements)

COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Nine-Months Period Ended 30 September 2011

	Attributable to Equity Holders of the Company				Non-Controlling Interests	Total Equity
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Distributable Retained Earnings RM'000		
At 1 January 2011	275,707	57,251	158,947	217,483	27,415	736,803
Profit for the period	-	-	-	17,762	(62)	17,700
Other comprehensive income/(loss)	-	-	(1,587)	1,400	-	(187)
Total comprehensive income/(loss)	-	-	(1,587)	19,162	(62)	17,513
At 30 September 2011	275,707	57,251	157,360	236,645	27,353	754,316
At 1 January 2010	275,707	57,251	160,854	198,626	29,041	721,479
Effect of adoption of FRS 139	-	-	-	2,786	-	2,786
Total comprehensive income / (loss) for the period	-	-	(1,485)	11,708	(517)	9,706
Adjustment in relation to acquisition/disposal of equity interest in subsidiaries	-	-	-	-	(32)	(32)
At 30 September 2010	275,707	57,251	159,369	213,120	28,492	733,939

(The Unaudited Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements)





COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine-Months Period Ended 30 September 2011

	CURRENT YEAR TO DATE 30-Sep-11 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-10 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	19,878	15,291
Adjustments for:		
Allowance for doubtful debts	6,059	2,985
Allowance for doubtful debts written back	(860)	-
Amortisation of deferred income	(818)	(736)
Amortisation of prepaid land lease payment	3,230	3,229
Bad debts written off	1,829	1,229
Depreciation of hotel properties and exhibition centre & showroom	3,121	3,120
Depreciation of other property, plant and equipment	4,621	5,391
Dividend income	(3,300)	-
Fair value adjustment to long term receivable	(24)	6
Loss/(Gain) on disposal of investment properties	16	(25)
Interest expense	13,134	18,478
Interest income	(1,042)	(443)
Loss on disposal of investment in associate	1,354	-
Loss on disposal of other investments	1	-
Gain on disposal of other property, plant and equipment	(1,580)	(305)
Net unrealised foreign exchange loss	1	1
Other property, plant & equipment written off	12	3
Reversal of deferred income	(18)	(106)
Reversal of impairment losses in value of other investments	(1,169)	-
Share of results of associates	(491)	(51)
Operating profit before working capital changes	43,954	48,067
Changes in working capital:		
Inventories	4,837	8,123
Property development costs	10,079	8,750
Receivables	18,248	1,475
Deferred income	2,304	3,587
Payables	(42,859)	(32,381)
Cash generated from operations	36,563	37,621
Tax paid	(6,733)	(851)
Interest paid	(10,325)	(5,894)
Net cash generated from operating activities	19,505	30,876



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine-Months Period Ended 30 September 2011

	CURRENT YEAR TO DATE 30-Sep-11 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-10 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of other property, plant and equipment	(5,991)	(6,243)
Expenditure incurred on hotel properties and exhibition centre & showroom	(3)	(265)
Expenditure on investment properties	(2,765)	(2,276)
Acquisition of subsidiary, net of cash and cash equivalent acquired	-	484
Proceeds from disposal of other property, plant & equipment	5,341	6,852
Proceeds from disposal of investment properties	450	687
Proceeds from disposal of associate	2,764	-
Proceeds from disposal of subsidiaries, net of cash and cash equivalents	-	7
Interest received	1,042	443
Net dividend received	3,300	-
Net cash generated from / (used in) investing activities	4,138	(311)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loan	31,733	-
Hire purchase and lease creditors	(291)	(468)
Repayment of Bank Guaranteed Commercial Paper / Medium Term Notes	(37,000)	(4,761)
Repayment of revolving credits	(6,303)	(1,507)
Repayment of term loans	(9,740)	(124)
Drawdown of golf membership loans	-	17
Net cash used in financing activities	(21,601)	(6,843)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	2,042	23,722
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	75,523	31,215
CASH AND CASH EQUIVALENTS AT END OF PERIOD	77,565	54,937
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	80,333	56,792
Bank overdrafts	(2,767)	(1,855)
	77,566	54,937

(The Unaudited Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010 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 Main Market 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 2010. 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 2010.

2. Significant Accounting Policies

The significant accounting policies adopted by the Group in these interim financial statements are consistent with those of the audited financial statements of the Group for the financial year ended 31 December 2010, 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 March 2010

FRS 132 Financial Instruments: Presentation (Amendments relating to classification of right issue)

1 July 2010

FRS 1 First-time Adoption of Financial Reporting Standards (Revised)

FRS 2 Share-based Payment (Amendment relating to scope of FRS 2 and revised FRS 3)

FRS 3 Business Combinations (Revised)

FRS 5 Non-current Assets Held for Sale and Discontinued Operations (Amendments relating to plan to sell controlling interest in a subsidiary)

FRS 127 Consolidated and Separate Financial Statements (Revised)

FRS 138 Intangible Assets (Amendments relating to additional consequential amendments arising from revised FRS 3)

FRS 139 Financial Instruments: Recognition and Measurement (Amendments relating to additional consequential amendments arising from revised FRS 3 and revised FRS 127)



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

2. Significant Accounting Policies (Cont'd.)

IC Interpretation 9	Reassessment of Embedded Derivatives (Amendments relating to additional consequential amendments arising from revised FRS 3)
IC Interpretation 9	Reassessment of Embedded Derivatives (Amendments relating to scope of IC Interpretation 9 revised FRS 3)
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners

1 January 2011

FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to limited exemption from Comparative FRS 7 Disclosures for First-time Adopters)
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to additional exemptions for First-time Adopters)
FRS 2	Share-based Payment (Amendments relating to group cash settled share-based payment transactions)
FRS 7	Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments)
Improvements to FRSs issued in 2010	
IC Interpretation 4	Determining whether an arrangement contains a lease
IC Interpretation 18	Transfer of Assets from Customers

The application of the above FRSs, Amendments to FRSs and IC Interpretations did not result in any significant changes in the accounting policies and presentation of the financial statements of the Group.

At the date of authorization of these interim financial statements, the FRSs, Amendments to FRSs and IC Interpretations which were issued but not yet effective are listed below:

FRS 124	Related Party Disclosure (Revised)*
IC Interpretation 15	Agreements for the Construction of Real Estate**
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments***

* Effective for annual periods beginning on or after 1 January 2012

** Original effective date of 1 July 2009 deferred to 1 January 2012 and MASB has on 19 November 2011 allowed the adoption to be deferred to 1 January 2013

*** Effective for annual periods beginning on or after 1 July 2011



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

2. Significant Accounting Policies (Cont'd.)

The Directors anticipate that the adoption of the above standards and interpretations, when they become effective, are not expected to be relevant or have material impact on the financial statements of the Group except for IC Interpretation 15 that the impact of the eventual application of the Interpretation is not known or reasonably estimable presently.

3. Audit Opinion on 2010 Financial Statements

The auditors' report on the financial statements of the Group for the financial year ended 31 December 2010 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 & Health RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
30 Sep 2011						
Revenue						
External sales	33,211	14,917	74,867	2,489	-	125,484
Inter-segment sales	3,177	1,610	23,859	3,716	(32,362)	-
Total revenue	36,388	16,527	98,726	6,205	(32,362)	125,484
Results						
Segment results	18,787	1,771	7,251	11,593	(6,881)	32,521
Finance costs						(13,134)
Share of results of associates	491	-	-	-	-	491
Profit before tax						19,878
Income tax expense						(2,178)
Profit after tax						17,700
Non-controlling interests						62
Profit for the period						17,762



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

4. Segment Reporting (Cont'd.)

	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
30 Sep 2010						
Revenue						
External sales	66,951	14,444	80,113	-	-	161,508
Inter-segment sales	7,696	1,534	26,741	4,115	(40,086)	-
Total revenue	74,647	15,978	106,854	4,115	(40,086)	161,508
Results						
Segment results	25,138	2,055	6,590	(308)	243	33,718
Finance costs						(18,478)
Share of results of associates	51	-	-	-	-	51
Profit before tax						15,291
Income tax expense						(5,497)
Profit after tax						9,794
Non-controlling interests						517
Profit for the period						10,311



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. Changes in Estimates

There were no changes in estimates that have a material effect in the financial year-to-date results.

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 2010.

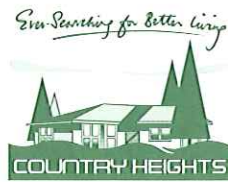
10. Issuance or Repayment of Debt and Equity Securities

There were no issuance, repurchases, cancellations, resale and repayment of debt and equity securities during the financial year-to-date.

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) Country Heights Promotion Limited, a wholly owned subsidiary company incorporated in British Virgin Islands had been automatically struck off from the British Virgin Island Registry with effect from 1 May 2011.
- (b) Speedbuild Sdn Bhd, a wholly owned dormant subsidiary has been struck off from the Register of Companies Commission of Malaysia pursuant to Section 308 of the Companies Act 1965 effective from 4 May 2011.
- (c) World Racquet Centre Sdn Bhd, a wholly owned dormant sub-subsiary has been struck off from the Register of Companies Commission of Malaysia pursuant to Section 308 of the Companies Act 1965 effective from 15 August 2011.
- (d) Mines Engineering & Technical Services Sdn Bhd, a wholly owned dormant sub-subsiary has been struck off from the Register of Companies Commission of Malaysia pursuant to Section 308 of the Companies Act 1965 effective from 15 August 2011.



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

11. Changes in the Composition of the Group (Cont'd.)

- (e) Lokasi Istimewa Sdn Bhd, a wholly owned dormant subsidiary has been struck off from the Register of Companies Commission of Malaysia pursuant to Section 308 of the Companies Act 1965 effective from 23 August 2011.
- (f) Dragon Spring Investment (Labuan) Limited ("DSI"), a 20% owned associate had on 30 September offered to purchase its own shares from its shareholders. In consequence thereof, DSI ceased to be an associate of CHHB.

12. Capital Commitments

There were no material changes in capital commitments since the last audited Statement of Financial Position as at 31 December 2010.

13. Contingent Liabilities / Assets

There are no material contingent liabilities since the last audited Statement of Financial Position as at 31 December 2010 except as disclosed in Note 26 (a) to (d). There are no material contingent assets 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 these financial statements.



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

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

The Group recorded lower revenue of RM39.1 million for the third quarter ended 30 September 2011 as compared to RM43.3 million in the previous year corresponding quarter ended 30 September 2010. This was mainly due to a lower revenue recorded by the Property Development Division whereby the sales from the newly launched project in Kolej Heights Utara have yet to be recognized on a percentage of completion. RM5.5 million profit before tax was recorded for the third quarter 2011 compared to RM0.4 million in the previous year corresponding quarter. This is mainly due to streamlining of business activities, dividend income of RM3.3 million from an associate received in the current quarter and gain on disposal of property, plant and equipment of RM1.6 million.

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

The Group's revenue for the third quarter was lower by RM5.8 million at RM39.1 million as compared to the preceding quarter ended 30 June 2011 of RM44.9 million. Profit before tax of RM5.5 million was recorded for the third quarter 2011 compared to profit before tax of RM11.4 million in the second quarter ended 30 June 2011. Higher profits in second quarter was mainly due to steps taken in cleaning up accounts; striking off dormant companies and writing back unnecessary provision and debts during the second quarter.

17. Commentary on Prospects

The second quarter of 2011 GDP growth in Malaysia edged lower to 4.0 percent year-on-year due to a weaker domestic demand. Economy growth momentum will probably moderate from second half onwards. However, further implementation of key projects under the 10th Malaysia Plan, the Economic Transformation Program and Budget 2012 will boost domestic demand. The Group is confident that its core activities of Property Development, Property Investment and Hospitality and Health will benefit from this positive growth. The global economic uncertainties like the on going sovereign debts crisis in Europe are however causes for concern as these could dampen sentiments and affect demand in certain sectors.

The Property Development Division maintains its focus on the sales of existing inventories and has also planned a number of new project launchings. The Cyberjaya Lakeview Residency project was launched in September 2011. New developments are currently at



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

17. Commentary on Prospects (Cont'd.)

various stages of planning in Cyberjaya, Country Heights Kajang and The Mines Resort City.

The Group expects to see further growth in the Hospitality and Health Division. Golden Horses Health Sanctuary (“GHHS”) has launched the new Health Screening and Preventive Clinic with 40,000 square feet at Palace of the Golden Horses. This is a one-stop centre for wellness needs that infuses preventive methods. It is a place for wellbeing equipped with modern technology in a resort environment. Moreover, GHHS has recently launched a new membership scheme in Kuala Lumpur and Borneo Highlands Resort in Sarawak.

A further impetus was the announcement on 11 January 2011 by Dato’ Sri Mohd Najib bin Tun Abdul Razak, Prime Minister of Malaysia that **Mines Wellness City (“MWC”)** has been designated as an entry point project under the government’s Economic Transformation Program (ETP).

The MWC project is envisioned to transform the landscape of Southern Kuala Lumpur to become the country’s premier health and tourism landmark. MWC will therefore be well positioned to attract potential customers, tenants, investors and co-branders partners to benefit from the cluster effect of the synergistic businesses.

18. Variance on Profit Forecast / Profit Guarantee

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

19. Income Tax Expense

	9 months ended	
	30-Sep-11	30-Sep-10
	RM'000	RM'000
Income tax:		
- current period	2,616	6,413
- over provision	(36)	(43)
- deferred tax	(402)	(873)
	2,178	5,497
	2,178	5,497

The effective tax rate of the Group for the current financial period was lower than the applicable tax rate mainly due to certain non-taxable income.



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

20. Sale of Unquoted Investments/ Properties

There was no sale of unquoted investments/ properties during the financial year-to-date.

21. Purchase and Sale of Quoted Securities

(a) There were no sales or purchase of quoted securities during the financial year-to-date.

(b) The available-for-sale investments in quoted securities as at 30 September 2011 are as follows:

	As at 30-Sep-11 RM'000
Total investments at cost	239
Total investments at carrying value/ book value	189
Total investment at market value	189

22. Corporate Proposals

(a) Status of Corporate Proposals

There were no corporate proposals previously announced but not completed.

(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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad

23. Borrowings

The Group bank borrowings 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	2,767	-	2,767
Term loan	56	106,643	106,699
Redeemable Secured Loan Stock (‘RSLs Series B’)	68,822	-	68,822
Bank Guaranteed Commercial Paper and Medium Term Notes	-	49,756	49,756
Total secured borrowings	71,645	156,399	228,044
Unsecured			
Bank overdrafts	-	-	-
Revolving credits	14,400	12,800	27,200
Hire purchase & lease creditors	441	589	1,030
Term loan	77,388	-	77,388
Total unsecured borrowings	92,229	13,389	105,618
Comprising:			
Local borrowings	163,874	169,788	333,662
Foreign borrowings	-	-	-
Total borrowings	163,874	169,788	333,662

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 30 September 2011 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.



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

25. Retained earnings

The breakdown of the retained earnings of the Group is prepared in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with guidance on special matter No. 1, Determination of Realised and Unrealised Profit or Losses in the context of disclosure pursuant to Bursa Malaysia Security Berhad listing requirement as issued by the Malaysian Institute of Accountants.

	As at 30- Sep- 11 RM'000	As at 31-Dec -10 RM'000
Total retained earnings / (accumulated losses) of the Company and its subsidiaries:		
- Realised	376,260	352,025
- Unrealised	<u>(10,003)</u>	<u>(5,872)</u>
	366,257	346,153
 Total share of retained earnings from associates:		
- Realised	1,174	683
	<u>367,431</u>	<u>346,836</u>
Less: Consolidated adjustments	(130,786)	(129,353)
	<u>236,645</u>	<u>217,483</u>
Total group retained earnings as per consolidated accounts	<u><u>236,645</u></u>	<u><u>217,483</u></u>



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26. 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 15 November 2011, a date not earlier than 7 days from the date of issuance of this report. The material litigations are:

- (a) 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. On 19 May 2011, the SAR has allowed the Plaintiff Application to amend their Writ of Summons and Statement of Claim with costs to be borne by the Plaintiff. The Defendant has filed the Notice of Appeal to appeal to the judge in chamber of the KL High Court against the decision of the SAR. The appeal came for hearing on 13 October 2011 and the Court did not allow the Defendant's appeal and dismissed it with cost. Court has directed the plaintiff to proceed with case management.



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26. Material Litigation (Cont'd.)

(b) 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 was filed and the same is fixed for case management on 17 January 2011. The application for stay of proceedings came up for hearing before the High Court Judge on 24 February 2011 and the said application was dismissed with costs. Hearing to hear the motion to file the supplementary record of appeal came up on 8 March 2011 and the Court of Appeal has allowed the said application. On 6 April 2011, the final order together with the amended and approved judgment was filed in the Court. Hearing of CHHB's appeal to the decision of High Court's Order 14A application which was dismissed on 30 July 2010 is fixed on 10 August 2011. On 10 August 2011, the Court of Appeal has dismissed CHHB's appeal.

The decision by the Court of Appeal was merely on a point of law (ie whether IRB after having received and accepted the returns in the prescribed form filed by the Disposer and assessed the Disposer on tax payable by them has the jurisdiction to issue or make an assessment on CHHB under Section 16(1) Real Property Gain Tax Act, 1976) and not on the substantive claim which has yet to be tried.

(c) 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,



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26. Material Litigation (Contd.)

summary of case for Plaintiff and Defendant, list of witnesses and witness statement. The Court has fixed further case management on 23 November 2011 for parties to file their common bundle of documents, defendant's summary of case and Agreed facts in Court.

- (d) 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 to strike out the Summons was filed on 25 May 2010. The Court has fixed 7 December 2011 for hearing of The Defendant to strike out the Plaintiff's Summons and statements of claim.

27. Dividend Payable

No dividend has been proposed for the current financial period under review and the previous corresponding financial period.

28. Earnings Per Share

(a) Basic

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of RM17.7 million (30 September 2010: profit of RM9.8 million) over the number of 275,707,403 (30 September 2010: 275,707,403) ordinary shares issued during the current financial period under review.

(b) Diluted

Not applicable.



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29. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 November 2011.

By Order of the Board

Lee Cheng Wen

Group Chief Executive Officer