



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2011

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR QUARTER 31-Dec-11 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-10 RM'000	CURRENT YEAR TO DATE 31-Dec-11 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-10 RM'000
Revenue	4	56,693	67,087	182,177	228,595
Cost of sales		(20,635)	(18,340)	(61,410)	(73,339)
Gross profit		36,058	48,747	120,767	155,256
Interest income		330	308	1,372	751
Other operating income		4,126	13,850	31,202	20,456
Selling and marketing expenses		(3,164)	(2,786)	(11,230)	(9,559)
Administrative expenses		(10,404)	(7,962)	(30,628)	(28,370)
Other operating expenses		(19,482)	(34,441)	(71,498)	(87,100)
Finance costs		(4,482)	(7,467)	(17,616)	(25,945)
Share of results of associates		(48)	474	443	525
Profit before tax		2,934	10,723	22,812	26,014
Income tax expense	18	2,941	(2,541)	763	(8,038)
Profit for the period / year		5,875	8,182	23,575	17,976
Other comprehensive income/(loss), net of tax					
Exchange differences on translating foreign operations		(2,183)	(8)	(2,370)	(100)
Loss arising on revaluation of available for-sale financial assets		-	51	-	57
Transfer from revaluation reserve to retained earnings upon depreciation on revalued assets		(462)	(466)	(1,862)	(1,864)
Realisation of revaluation reserve to retained earnings upon depreciation on revalued assets		462	466	1,862	1,864
Other comprehensive income /(loss) for the period / year		(2,183)	43	(2,370)	(43)
Total comprehensive income for the period / year		3,692	8,225	21,205	17,933



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2011

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS		
	Note	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
		QUARTER	CORRESPONDING	QUARTER	TO DATE
		31-Dec-11	31-Dec-10	31-Dec-11	31-Dec-10
		RM'000	RM'000	RM'000	RM'000
Profit/(loss) attributable to :					
Equity holders of the Company		5,867	9,259	23,629	19,570
Non-controlling interests		<u>8</u>	<u>(1,077)</u>	<u>(54)</u>	<u>(1,594)</u>
Profit for the period / year		<u><u>5,875</u></u>	<u><u>8,182</u></u>	<u><u>23,575</u></u>	<u><u>17,976</u></u>
Total comprehensive income/(loss) attributable to :					
Equity holders of the Company		3,684	9,302	21,259	19,527
Non-controlling interests		<u>8</u>	<u>(1,077)</u>	<u>(54)</u>	<u>(1,594)</u>
Total comprehensive income for the period / year		<u><u>3,692</u></u>	<u><u>8,225</u></u>	<u><u>21,205</u></u>	<u><u>17,933</u></u>
Earnings per share attributable to ordinary equity holders of the Company (sen):					
- Basic	28 (a)	2.13	3.36	8.57	7.10
- Diluted	28 (b)	NA	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 31 DECEMBER 2011**

	Note	31-Dec-11 (Unaudited) RM'000	31-Dec-10 (Audited) RM'000
ASSETS			
Non-current assets			
Hotel properties and exhibition centre & showroom	9	332,881	337,014
Other property, plant and equipment	9	87,146	89,356
Property, plant and equipment		<u>420,027</u>	<u>426,370</u>
Investment properties	9	110,887	108,394
Prepaid land lease payments		339,719	344,025
Land held for property development		183,243	182,446
Investment in associates		153	3,834
Available-for-sale financial assets		2,258	1,005
Long-term trade receivables		25,540	25,101
Deferred tax assets		6,644	7,093
		<u>1,088,471</u>	<u>1,098,268</u>
Current assets			
Property development costs		67,788	74,048
Inventories		126,701	129,616
Trade and other receivables		43,151	69,162
Tax recoverable		6,269	5,643
Cash and bank balances		52,958	75,981
		<u>296,867</u>	<u>354,450</u>
TOTAL ASSETS		<u>1,385,338</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		154,715	158,947
Retained earnings		242,974	217,483
Shareholders' equity		<u>730,647</u>	<u>709,388</u>
Non-controlling interests		27,361	27,415
Total equity		<u>758,008</u>	<u>736,803</u>
Non-current liabilities			
Borrowings	23	227,974	147,894
Long-term liabilities		4,069	4,800
Deferred Income		35,434	35,337
Deferred tax liabilities		84,227	85,337
		<u>351,704</u>	<u>273,368</u>
Current liabilities			
Borrowings	23	102,699	205,066
Trade and other payables		116,651	172,878
Tax liabilities		55,230	63,622
Deferred Income		1,046	981
		<u>275,626</u>	<u>442,547</u>
Total Liabilities		<u>627,330</u>	<u>715,915</u>
TOTAL EQUITY AND LIABILITIES		<u>1,385,338</u>	<u>1,452,718</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.65	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 Year Ended 31 December 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 year	-	-	-	23,629	(54)	23,575
Other comprehensive income/(loss)	-	-	(4,232)	1,862	-	(2,370)
Total comprehensive income/(loss)	-	-	(4,232)	25,491	(54)	21,205
At 31 December 2011	275,707	57,251	154,715	242,974	27,361	758,008
At 1 January 2010	275,707	57,251	160,854	198,626	29,041	721,479
Effect of adoption of FRS 139	-	-	-	(2,577)	-	(2,577)
Total comprehensive income / (loss) for the year	-	-	(1,907)	21,434	(1,594)	17,933
Effect of dilution on equity interest in subsidiaries	-	-	-	-	(32)	(32)
At 31 December 2010	275,707	57,251	158,947	217,483	27,415	736,803

(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 Year Ended 31 December 2011

	CURRENT YEAR TO DATE 31-Dec-11 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-10 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	22,812	26,014
Adjustments for:		
Allowance for doubtful debts	7,307	15,755
Allowance for doubtful debts written back	(966)	(1,429)
Amortisation of deferred income	(1,117)	(983)
Amortisation of prepaid land lease payment	4,306	4,306
Bad debts written off	7,836	5,559
Depreciation of hotel properties and exhibition centre & showroom	4,164	4,160
Depreciation of other property, plant and equipment	4,809	7,522
Dividend income	(3,300)	-
Waiver of debts	(15,343)	-
Fair value adjustment to long term receivables	(909)	800
Loss on disposal of investment properties	16	39
Impairment losses in value of other investments	-	8
Interest expense	17,616	25,945
Interest income	(1,372)	(751)
Loss/(Gain) on disposal of investment in associate	1,359	(5,260)
Gain on disposal of other property, plant and equipment	(1,581)	(471)
Gain on disposal of non-current asset classified as held for sales	-	(333)
Net unrealised foreign exchange loss /(gain)	20	(219)
Other property, plant & equipment written off	12	5
Reversal of deferred income	(468)	(106)
Reversal of impairment losses in value of other investments	(1,253)	-
Share of results of associates	(443)	(525)
Operating profit before working capital changes	43,505	80,036
Changes in working capital:		
Inventories	1,965	9,470
Property development costs	5,319	16,348
Receivables	12,148	15,550
Deferred income	1,747	3,938
Payables	(19,635)	(39,896)
Cash generated from operations	45,049	85,446
Tax paid	(8,958)	(10,162)
Interest paid	(38,095)	(4,392)
Net cash generated from operating activities	(2,004)	70,892



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Year Ended 31 December 2011

	CURRENT YEAR TO DATE 31-Dec-11 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-10 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of other property, plant and equipment	(9,190)	(9,121)
Expenditure incurred on hotel properties and exhibition centre & showroom	(31)	(308)
Expenditure on investment properties	(2,947)	(2,353)
Purchase of non-controlling interest	-	(37)
Acquisition of subsidiary, net of cash and cash equivalent acquired	-	513
Proceeds from disposal of other property, plant & equipment	5,343	7,557
Proceeds from disposal of investment properties	450	257
Proceeds from disposal of associate	2,764	7,394
Proceeds from disposal of non-current asset classified as held for sale	-	1,110
Proceeds from disposal of subsidiaries, net of cash and cash equivalents	-	7
Interest received	1,372	751
Net dividend received	3,300	-
Net cash generated from investing activities	1,061	5,770
CASH FLOWS FROM FINANCING ACTIVITIES		
Bond interest expenses paid	-	(24,732)
Drawdown of term loan	124,623	75,000
Hire purchase and lease creditors	(405)	(619)
Repayment of Bank Guaranteed Commercial Paper / Medium Term Notes	(37,000)	(4,964)
Repayment of RSLs Series B	(68,822)	-
Repayment of revolving credits	(8,103)	(1,819)
Repayment of term loans	(35,112)	(163)
Repayment of bonds	-	(75,000)
Drawdown of golf membership loans	-	17
Net cash used in financing activities	(24,819)	(32,280)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(25,762)	44,382
Effects of foreign exchange rate changes	206	(75)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	75,523	31,216
CASH AND CASH EQUIVALENTS AT END OF PERIOD	49,967	75,523
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	52,958	75,981
Bank overdrafts	(2,991)	(458)
	49,967	75,523

(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)
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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.

In addition, on 19 November 2011, the Malaysian Accounting Standard Board (MASB) issued a new approved accounting framework, the Malaysian Financial Reporting Standards Framework (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception for Transitioning Entities which are within the scope of MFRS 141 Agriculture and/or IC Interpretation 15 Agreement for Construction of Real Estate are given an option to defer adoption of the MFRS Framework for an additional one year.

Accordingly, the Group and the Company, being Transitioning Entities, have availed themselves of this transitional arrangement and will continue to apply FRSS in their next set of financial statements. Therefore, the Group and the Company will be required to apply MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (MFRS 1) in their financial statements for the financial year ending 31 December 2013, being the first set of financial statement prepared in accordance with the new MFRS Framework.

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

Quarter Ended 31 Dec 2011	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	25,115	7,054	23,421	1,103	56,693
Results					
Segment results	5,409	1,079	2,655	(1,679)	7,464
Finance costs					(4,482)
Share of results of associates	(48)	-	-	-	(48)
Profit before tax					2,934
Income tax expense					2,941
Profit after tax					5,875
Non-controlling interests					(8)
Profit for the year					5,867
Quarter Ended 31 Dec 2010					
	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	28,924	7,213	29,824	1,126	67,087
Results					
Segment results	17,592	1,450	192	(1,518)	17,716
Finance costs					(7,467)
Share of results of associates	474	-	-	-	474
Profit before tax					10,723
Income tax expense					(2,541)
Profit after tax					8,182
Non-controlling interests					1,077
Profit for the year					9,259



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

Year Ended 31 Dec 2011	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	58,326	21,971	98,288	3,592	182,177
Results					
Segment results	16,276	2,251	10,646	10,812	39,985
Finance costs					(17,616)
Share of results of associates and joint venture	443	-	-	-	443
Profit before tax					22,812
Income tax expense					763
Profit after tax					23,575
Non-controlling interests					54
Profit for the year					23,629
Year Ended 31 Dec 2010	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	95,875	21,657	107,200	3,863	228,595
Results					
Segment results	46,771	3,535	5,916	(4,788)	51,434
Finance costs					(25,945)
Share of results of associates and joint venture	525	-	-	-	525
Profit before tax					26,014
Income tax expense					(8,038)
Profit after tax					17,976
Non-controlling interests					1,594
Profit for the year					19,570



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 year 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 year 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 year under review except for the following:

- (a) Country Heights Promotion Limited, a wholly owned dormant sub-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-subsidiary 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-subsidiary 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 year 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. Operating Segment Review

(a) 4th Quarter 2011 vs 4th Quarter 2010

The Group recorded lower revenue of RM56.7 million for the fourth quarter ended 31 December 2011 as compared to RM67.1 million in the previous year corresponding quarter ended 31 December 2010. The reduction in total revenue was mainly due to lower sales from the Property Development Division and the Hospitality & Health Division.

RM2.9 million profit before tax was reported for the fourth quarter of 2011 compared to RM10.7 million in the previous year corresponding quarter. Besides the higher revenue in the previous year fourth quarter, gain from disposal of an associate of RM5.3 million also contributed to higher profit before tax in the previous year fourth quarter.

Property Development Division

Revenue for the fourth quarter of 2011 for the division was RM25.1 million as compared to RM28.9 million in the same quarter of 2010. Higher revenue in 2010 was mainly due to higher bungalow lots sale in Country Heights Damansara. The division recorded a segment profits of RM5.4 million in the fourth quarter of 2011 compared to RM17.6 million in the fourth quarter of 2010 mainly due to the gain from disposal of an associate of RM5.3 million besides higher revenue for the quarter in 2010.

Property Investment Division

Total revenue from Property Investment Division was RM7.1 million which was consistent as compared to RM7.2 million in the fourth quarter of 2010. Segment profits of RM1.1 million was recorded in fourth quarter of 2011 as compared to RM1.5 million in the same quarter of 2010 mainly due to lower margin on certain exhibition events organized.

Hospitality & Health Division

Hospitality & Health Division contributed RM23.4 million of revenue as compared to RM29.8 million in the fourth quarter of 2010. Lower revenue for the fourth quarter of 2011 was mainly due to decrease in revenue from hotel occupancy and also lower revenue from health screening membership sales as a result of re-strategizing marketing direction by closing down one telemarketing call center. However, segment profits of RM2.7 million was recorded for the fourth quarter of 2011 as compared to RM0.2 million in the same quarter of 2010. This was mainly due to higher allowance for doubtful debts and write off of receivables in the fourth quarter of 2010.



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 (Cont'd)

Others

This mainly comprised of the Education subsidiary providing English Language program and other subsidiaries. Total of RM1.1 million of revenue was contributed by this subsidiary in the fourth quarter of 2011 which was same as the fourth quarter of 2010.

(b) FY2011 vs FY2010

Revenue for current year was RM182.2 million as compared to RM228.6 million in the preceding year. The above decrease was mainly due to lower revenue recorded by the Property Development Division and the Hospitality & Health Division.

Group profit before tax for the current year was RM22.8 million as compared to RM26.0 million in the preceding year. This is in line with the lower revenue recorded but the Group has improved on its profit before tax margin to 12.5% (2010: 11.4%).

Property Development Division

Total current year revenue contributed by the Property Development Division was RM58.3 million as compared to RM95.9 million in the preceding year. This was mainly due to the one off sale of 2.9 acres of Club and Commercial land in Country Heights Damansara in the preceding year at sale value of RM19.9 million. The newly launched project in Kolej Heights Utara had only recognized 27 per cent of the total sales in accordance to the percentage of completion method as at year end. Lower segment profits of RM16.3 million was recorded in the current year as compared to RM46.8 million in the preceding year mainly due to the lower revenue in the current year as explained above.

Property Investment Division

Total revenue from the Property Investment Division was RM22.0 million which was consistent as compared to RM21.7 million in the preceding year. Segment profits for the division for the current year was RM2.3 million compared to RM3.5 million in the preceding year due to lower margin on certain exhibition events organized.



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 (Cont'd)

Hospitality & Health Division

Hospitality & Health Division contributed RM98.3 million in the current year as compared to RM107.2 million in the preceding year. Lower revenue for the current year was mainly due to the refurbishment of hotel rooms during the year affecting the number of room night available for generating income. However, segment profits of RM10.6 million was recorded for the current year compared to RM5.9 million in the preceding year mainly due to gain on disposal of a property, plant & equipment and reversal of over provision for expenses under the health screening membership business.

Others

Total RM3.6 million of revenue was contributed by the Education subsidiary and other subsidiaries in the current year as compared to the preceding year of RM3.8 million. The slight decrease in the revenue was mainly due to stricter immigration regulations which have affected the number of students from the Middle East. Segment profits was RM10.8 million for the current year compared to loss of RM4.8 million in the preceding year. This was mainly due to steps taken in cleaning up accounts, reversal and writing back unnecessary provision, waiver of debts received and striking off dormant companies.

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

The Group's revenue for the fourth quarter was higher by RM17.6 million at RM56.7 million as compared to the preceding quarter ended 30 September 2011 of RM39.1 million. Profit before tax of RM2.9 million was recorded for the fourth quarter 2011 compared to profit before tax of RM5.5 million in the third quarter ended 30 September 2011. Lower profits in the fourth quarter was mainly due to provision and write off of bad debts in the fourth quarter for the membership business of the Hospitality and Health Division.



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17. Commentary on Prospects

Gross Domestic Product in Malaysia expanded 5.2% in the fourth quarter of 2011 over the same quarter previous year. Domestic demand, in particular private expenditure, is expected to play a more significant role in driving economic expansion in 2012. Overall, the 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 various stages of planning in Cyberjaya, Country Heights Damansara, Kolej Heights Utara and The Mines Resort City.

The Group expects to see further growth in the Hospitality and Health Division. Golden Horses Health Sanctuary (“GHHS”) with its new center launched beginning of the year, it is increasing its services and packages for international health tourists. 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. GHHS has also 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 Resort City (“MRC”) has been designated as an entry point project under the government’s Economic Transformation Program (ETP).

The MRC project is envisioned to transform the landscape of Southern Kuala Lumpur to become the country’s premier health and tourism landmark. MRC 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.



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17. Variance on Profit Forecast / Profit Guarantee

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

18. Income Tax Expense

	3 months ended		12 months ended	
	31-Dec-11	31-Dec-10	31-Dec-11	31-Dec-10
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- current year	(2,172)	(1,157)	(4,788)	(7,570)
- over provision	4,844	188	4,880	231
Deferred tax	269	(1,572)	671	(699)
	<u>2,941</u>	<u>(2,541)</u>	<u>763</u>	<u>(8,038)</u>

The effective tax rate of the Group for the current quarter and current financial year was lower than the applicable tax rate mainly due to certain non-taxable income, overprovision of prior year tax and reversal of deferred tax liabilities.

19. Sale of Unquoted Investments/ Properties

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

20. Purchase and Sale of Quoted Securities

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

21. Profit before Tax

Profit before tax has been arrived at after charging / (crediting):

	Current Quarter	Current Year to Date
	RM'000	RM'000
Depreciation and amortisation	2,307	13,279
Allowance for and write off of receivables	7,149	14,177
Impairment of assets	(84)	(1,253)
Foreign exchange loss	19	20

There were no gain or loss on derivatives, exceptional items and allowance for and write off of inventories.



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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.

23. Borrowings

The Group bank borrowings and debt securities as at end of the current financial year are:

	Short-term RM'000	Long-term RM'000	Total RM'000
Secured			
Bank overdrafts	2,992	-	2,992
Term loan	27,756	169,712	197,468
Revolving credits	4,800	8,000	12,800
Bank Guaranteed Commercial Paper and Medium Term Notes	-	49,760	49,760
Total secured borrowings	35,548	227,472	263,020
Unsecured			
Term loan	54,137	-	54,137
Revolving credits	12,600	-	12,600
Hire purchase & lease creditors	414	502	916
Total unsecured borrowings	67,151	502	67,653
Comprising:			
Local borrowings	102,699	227,974	330,673
Foreign borrowings	-	-	-
Total borrowings	102,699	227,974	330,673

All borrowings are denominated in Ringgit Malaysia unless indicated otherwise.



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24. Disclosure requirements pursuant to implementation of FRS 139

(a) Disclosure of Derivatives

There are no outstanding derivatives as at 31 December 2011 and there have been no changes in derivatives since the 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.

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 31- Dec- 11 RM'000	As at 31-Dec -10 RM'000
Total retained earnings / (accumulated losses) of the Company and its subsidiaries:		
- Realised	378,292	352,025
- Unrealised	<u>(12,733)</u>	<u>(5,872)</u>
	365,559	346,153
 Total share of retained earnings from associates:		
- Realised	1,126	683
	<u>366,685</u>	<u>346,836</u>
Less: Consolidated adjustments	(123,711)	(129,353)
	<u>242,974</u>	<u>217,483</u>
Total group retained earnings as per consolidated accounts	<u><u>242,974</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 20 February 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 was 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. The Court has directed the Plaintiff to proceed with case management. The court has fixed the suit for case management on 28 February 2012 and has directed the parties to file the documents by the next case management date.



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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 fair 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 was 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.



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26. Material Litigation (Cont'd.)

- (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 files the memorandum of appearance in court and the Statement of Defence has been filed on 1 April 2010. On 29 June 2010, the 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. The Court has fixed 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. The Court had fixed the matter for trial on 3 March 2012 and 4 May 2012 and final case management on 12 April 2012.
- (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. The Court has fixed the suit for case management on 2 March 2012.

27. Dividend Payable

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



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28. Earnings Per Share

(a) Basic

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of RM23.6 million (31 December 2010: profit of RM19.6 million) over the number of 275,707,403 (31 December 2010: 275,707,403) ordinary shares issued during the current financial year under review.

(b) Diluted

Not applicable.

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 28 February 2012.

By Order of the Board

Lee Cheng Wen

Group Chief Executive Officer