



**COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**For the Three-Months Period Ended 31 March 2012**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
		QUARTER 31-Mar-12 RM'000	CORRESPONDING QUARTER 31-Mar-11 RM'000	TO DATE 31-Mar-12 RM'000	CORRESPONDING PERIOD 31-Mar-11 RM'000
Revenue	4	46,712	41,459	46,712	41,459
Cost of sales		(18,607)	(13,093)	(18,607)	(13,093)
Gross profit		28,105	28,366	28,105	28,366
Interest income		267	384	267	384
Other operating income		2,785	3,258	2,785	3,258
Selling and marketing expenses		(1,778)	(2,265)	(1,778)	(2,265)
Administrative expenses		(6,176)	(6,240)	(6,176)	(6,240)
Other operating expenses		(15,360)	(16,241)	(15,360)	(16,241)
Finance costs		(5,379)	(4,600)	(5,379)	(4,600)
Share of results of associates		(119)	268	(119)	268
Profit before tax		2,345	2,930	2,345	2,930
Income tax expense	19	(1,601)	(1,086)	(1,601)	(1,086)
Profit for the period		744	1,844	744	1,844
<b>Other comprehensive income/(loss), net of tax</b>					
Exchange differences on translating foreign operations		-	(84)	-	(84)
Transfer from revaluation reserve to retained earnings upon depreciation on revalued assets		(466)	(466)	(466)	(466)
Realisation of revaluation reserve to retained earnings upon depreciation on revalued assets		466	466	466	466
Other comprehensive income /(loss) for the period		-	(84)	-	(84)
Total comprehensive income for the period		744	1,760	744	1,760



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**For the Three-Months Period Ended 31 March 2012**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS		
	Note	CURRENT YEAR QUARTER 31-Mar-12 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-11 RM'000	CURRENT YEAR TO DATE 31-Mar-12 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-11 RM'000
<b>Profit/(loss) attributable to :</b>					
Equity holders of the Company		1,342	2,286	1,342	2,286
Non-controlling interests		<u>(598)</u>	<u>(442)</u>	<u>(598)</u>	<u>(442)</u>
<b>Profit for the period</b>		<u><u>744</u></u>	<u><u>1,844</u></u>	<u><u>744</u></u>	<u><u>1,844</u></u>
 <b>Total comprehensive income/(loss) attributable to :</b>					
Equity holders of the Company		1,342	2,202	1,342	2,202
Non-controlling interests		<u>(598)</u>	<u>(442)</u>	<u>(598)</u>	<u>(442)</u>
<b>Total comprehensive income for the period</b>		<u><u>744</u></u>	<u><u>1,760</u></u>	<u><u>744</u></u>	<u><u>1,760</u></u>
 Earnings per share attributable to ordinary equity holders of the Company (sen):					
- Basic	29 (a)	0.49	0.83	0.49	0.83
- Diluted	29 (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 2011 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 MARCH 2012**

	Note	31-Mar-12 (Unaudited) RM'000	31-Dec-11 (Audited) RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Hotel properties and exhibition centre & showroom	9	331,840	332,881
Other property, plant and equipment	9	89,097	88,136
Property, plant and equipment		<u>420,937</u>	<u>421,017</u>
Investment properties	9	111,283	110,887
Prepaid land lease payments		338,642	339,719
Land held for property development		180,366	183,243
Investment in associates		35	153
Available-for-sale financial assets		2,244	2,258
Long-term trade receivables		14,318	16,506
Deferred tax assets		6,639	6,639
		<u>1,074,464</u>	<u>1,080,422</u>
<b>Current assets</b>			
Property development costs		60,693	63,725
Inventories		120,855	128,359
Trade and other receivables		70,800	52,094
Tax recoverable		6,511	6,538
Cash and bank balances		45,252	53,409
		<u>304,111</u>	<u>304,125</u>
<b>TOTAL ASSETS</b>		<u><b>1,378,575</b></u>	<u><b>1,384,547</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		275,707	275,707
Share premium		57,251	57,251
Other reserves		154,271	154,737
Retained earnings		244,803	242,995
Shareholders' equity		<u>732,032</u>	<u>730,690</u>
<b>Non-controlling interests</b>		26,709	27,307
<b>Total equity</b>		<u><b>758,741</b></u>	<u><b>757,997</b></u>
<b>Non-current liabilities</b>			
Borrowings	24	219,984	224,708
Long-term liabilities		4,069	4,069
Deferred Income		36,628	35,320
Deferred tax liabilities		84,148	84,306
		<u>344,829</u>	<u>348,403</u>
<b>Current liabilities</b>			
Borrowings	24	101,694	102,547
Trade and other payables		116,118	118,881
Tax liabilities		56,032	55,559
Deferred Income		1,161	1,160
		<u>275,005</u>	<u>278,147</u>
<b>Total Liabilities</b>		<u><b>619,834</b></u>	<u><b>626,550</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>1,378,575</b></u>	<u><b>1,384,547</b></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.66	2.65

(The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011 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 Three-Months Period Ended 31 March 2012

	Attributable to Equity Holders of the Company				Non-Controlling Interests	Total Equity
	Share Capital	Share Premium	Other Reserves	Distributable Retained Earnings		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2012</b>	275,707	57,251	154,737	242,995	27,307	757,997
Profit/(loss) for the period	-	-	-	1,342	(598)	744
Other comprehensive income/(loss)	-	-	(466)	466	-	-
Total comprehensive income/(loss)	-	-	(466)	1,808	(598)	744
<b>At 31 March 2012</b>	275,707	57,251	154,271	244,803	26,709	758,741
<b>At 1 January 2011</b>	275,707	57,251	158,947	217,483	27,415	736,803
Profit/(loss) for the period	-	-	-	2,286	(442)	1,844
Other comprehensive income/(loss)	-	-	(550)	466	-	(84)
Total comprehensive income/(loss)	-	-	(550)	2,752	(442)	1,760
<b>At 31 March 2011</b>	275,707	57,251	158,397	220,235	26,973	738,563

(The Unaudited Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011 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 Three-Months Period Ended 31 March 2012**

	CURRENT YEAR TO DATE 31-Mar-12 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-11 RM'000
<b>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>		
Profit before tax	2,345	2,930
Adjustments for:		
Allowance for doubtful debts	1,051	1,110
Allowance for doubtful debts written back	-	(6)
Amortisation of deferred income	(292)	(241)
Amortisation of prepaid land lease payment	1,077	1,077
Bad debts written off	251	630
Depreciation of hotel properties and exhibition centre & showroom	1,041	1,040
Depreciation of other property, plant and equipment	1,526	1,618
Fair value adjustment to long term receivables	-	(24)
Loss on disposal of investment properties	-	15
Impairment losses in value of other investments	14	-
Interest expense	5,379	4,600
Interest income	(267)	(384)
Loss on disposal of other investments	-	1
Gain on disposal of other property, plant and equipment	(56)	(32)
Net unrealised foreign exchange loss	-	1
Other property, plant & equipment written off	3	11
Reversal of impairment losses in value of other investments	-	(1,169)
Share of results of associates	119	(268)
<b>Operating profit before working capital changes</b>	<b>12,191</b>	<b>10,909</b>
Changes in working capital:		
Inventories	7,504	2,761
Property development costs	5,909	2,041
Receivables	(15,371)	19,665
Deferred income	1,601	897
Payables	(3,187)	(9,439)
<b>Cash generated from operations</b>	<b>8,647</b>	<b>26,834</b>
Tax paid	(1,260)	(2,717)
Interest paid	(4,959)	(3,113)
<b>Net cash generated from operating activities</b>	<b>2,428</b>	<b>21,004</b>



**COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Three-Months Period Ended 31 March 2012**

	CURRENT YEAR TO DATE 31-Mar-12 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-11 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of other property, plant and equipment	(2,170)	(2,104)
Expenditure on investment properties	(396)	(1,499)
Proceeds from disposal of other property, plant & equipment	56	34
Proceeds from disposal of investment properties	-	450
Interest received	267	384
<b>Net cash used in investing activities</b>	<b><u>(2,243)</u></b>	<b><u>(2,735)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Hire purchase and lease creditors	(123)	(126)
Repayment of revolving credits	(1,800)	(1,400)
Repayment of term loans	(6,270)	(39)
<b>Net cash used in financing activities</b>	<b><u>(8,193)</u></b>	<b><u>(1,565)</u></b>
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>	<b>(8,008)</b>	<b>16,704</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b><u>50,417</u></b>	<b><u>75,523</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u>42,409</u></b>	<b><u>92,227</u></b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	45,252	94,182
Bank overdrafts	(2,843)	(1,955)
	<b><u>42,409</u></b>	<b><u>92,227</u></b>

(The Unaudited Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011 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**

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**1. Basis of Preparation**

The interim financial statements are unaudited and have 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 2011. 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 2011.

**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 2011, 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 2011**

IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and Their Interaction (Amendments relating to prepayments of a minimum funding requirement)
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

**1 January 2012**

FRS 7	Financial Instruments : Disclosures (Amendments relating to Disclosures – Transfers of Financial Assets)
FRS 112	Income Taxes (Amendments relating to Deferred Tax – Recovery of Underlying Assets)
FRS 124	Related Party Disclosure (Revised)

On 19 November, 2011, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework (“MFRS Framework”) in conjunction with its planned convergence of FRSs with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board on 1 January, 2012.



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

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**2. Significant Accounting Policies (Cont'd.)**

The MFRS Framework is a fully IFRS-compliant framework, equivalent to IFRSs which is mandatory for adoption by all Entities Other than Private Entities for annual periods beginning on or after 1 January, 2012, with exception for Transitioning Entities. Transitioning Entities, being entities which are subject to the application of MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for the Construction of Real Estate* are given an option to defer adoption of the MFRS Framework for an additional one year. Transitioning Entities also include those entities that consolidate, equity account or proportionately consolidate an entity that has chosen to continue to apply the FRS Framework for annual periods beginning on or after 1 January, 2012.

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 Standard ("MFRS 1") in its financial statements for the financial year ending 31 December, 2013, being the first set of financial statements prepared in accordance with the new MFRS Framework. Further, an explicit and unreserved statement of compliance with IFRSs will be made in these financial statements.

**3. Audit Opinion on 2011 Financial Statements**

The auditors' report on the financial statements of the Group for the financial year ended 31 December 2011 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 Mar 2012	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
<b>Revenue</b>					
External sales	19,953	3,928	22,212	619	46,712
<b>Results</b>					
Segment results	8,149	161	815	(1,282)	7,843
Finance costs					(5,379)
Share of results of associates	(119)	-	-	-	(119)
Profit before tax					2,345
Income tax expense					(1,601)
Profit after tax					744
Non-controlling interests					598
Profit for the period					1,342
<b>Quarter Ended 31 Mar 2011</b>					
	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
<b>Revenue</b>					
External sales	13,747	3,854	23,110	748	41,459
<b>Results</b>					
Segment results	6,274	244	1,264	(520)	7,262
Finance costs					(4,600)
Share of results of associates	268	-	-	-	268
Profit before tax					2,930
Income tax expense					(1,086)
Profit after tax					1,844
Non-controlling interests					442
Profit for the period					2,286



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

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**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 2011.

**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.

**12. Capital Commitments**

There were no material changes in capital commitments since the last audited Statement of Financial Position as at 31 December 2011.

**13. Contingent Liabilities / Assets**

There are no material contingent liabilities since the last audited Statement of Financial Position as at 31 December 2011 except as disclosed in Note 27 (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**

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**15. Operating Segment Review**

**1st Quarter 2012 vs 1st Quarter 2011**

The Group recorded higher revenue of RM46.7 million for the first quarter ended 31 March 2012 as compared to RM41.5 million in the previous year corresponding quarter ended 31 March 2011. The increase in total revenue was mainly due to higher turnover from the Property Development Division as analysed below.

RM2.3 million of profit before tax was reported for the current quarter under review compared to RM2.9 million in the previous year corresponding quarter, a decrease of RM0.6 million. The higher profit before tax in the first quarter of 2011 was mainly due to a reversal of impairment losses in value of other investments amounting to RM1.2 million for that period while first quarter of 2012 also saw higher finance cost and a share of loss of associates.

Property Development Division

Revenue for the first quarter of 2012 for the division was RM20.0 million as compared to RM13.7 million in the same quarter of 2011, an increase of RM6.3 million. The higher turnover in 2012 was mainly due to higher sales of semi-d factories at College Valley Industrial Park and bungalow lots at Country Heights Kajang in addition to incremental revenue recognition for Belleza Garden Homes at Kolej Heights Utara. In line with the higher revenue above, the division recorded segment profits of RM8.1 million for the current quarter under review in comparison with segment profits of RM6.3 million for the first quarter of 2011.

Property Investment Division

The revenue and segments results recorded for the Property Investment Division were RM3.9 million and RM0.2 million respectively which were consistent with that as reported for the first quarter of 2011.

Hospitality & Health Division

Hospitality & Health Division contributed RM22.2 million of revenue as compared to RM23.1 million in the first quarter of 2011 after experiencing a decrease in the turnover of Golden Horses Health Sanctuary which was offset partially by the higher sales from Palace Vacation Club. The decrease in turnover has contributed to lower segment profits of RM0.8



**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**

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**15. Review of To Date Performance (Cont'd)**

million for the current quarter under review versus RM1.3 million for the previous year corresponding quarter.

Others

This mainly comprised of the Education subsidiary providing English Language program and other subsidiaries. Total revenue of RM0.6 million was contributed by this subsidiary in the first quarter of 2012 consistent with RM0.7 million for the first quarter of 2011. The segment losses for the first quarter 2011 was lower at RM0.5 million versus RM1.3 million segment losses for the current quarter under review due to reversal of overprovision of expenses in 2011.

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

The Group's revenue for the first quarter of 2012 was lower by RM10.0 million at RM46.7 million as compared to the preceding quarter ended 31 December 2011 of RM56.7 million, mainly contributed by higher sale of bungalow house/bungalow lot at Country Heights Damansara. The profit before tax margin for the first quarter of 2012 was 5.0% which was consistent with the margin recorded for the fourth quarter of 2011 of 5.2%.

**17. Commentary on Prospects**

Gross Domestic Product in Malaysia expanded 4.7% in the first quarter of 2012 supported by domestic demand, which rose 9.6% on the back of a 7.4% growth in private consumption and 5.9% gain in public sector consumption. Overall, the implementation of key projects under the 10<sup>th</sup> 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 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 in 2011 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).

**18. Variance on Profit Forecast / Profit Guarantee**

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

**19. Income Tax Expense**

	<b>3 months ended</b>	
	<b>31-Mar-12</b>	<b>31-Mar-11</b>
	<b>RM'000</b>	<b>RM'000</b>
Income tax:		
- current year	(1,811)	(1,232)
- over provision	52	21
Deferred tax	158	125
	(1,601)	(1,086)

The effective tax rate of the Group for the current quarter and corresponding quarter were higher than the applicable tax rate mainly due to deferred tax assets not recognized and certain expenses not deductible for tax purposes.

**20. Sale of Unquoted Investments / Properties**

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



**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**

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**21. Purchase and Sale of Quoted Securities**

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

**22. Profit before Tax**

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

	<b>3 months ended</b>	
	<b>31-Mar-12</b>	<b>31-Mar-11</b>
	<b>RM'000</b>	<b>RM'000</b>
Depreciation and amortisation	3,644	3,735
Allowance for and write off of receivables	1,302	1,740
Loss on disposal of investment properties and other investments	-	16
Impairment losses/(reversal of impairment losses) in value of other investments	14	(1,169)
Net unrealised foreign exchange loss	-	1

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

**23. 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**

**24. 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
<b>Secured</b>			
Bank overdrafts	2,843	-	2,843
Term loan	27,551	162,673	190,224
Bank Guaranteed Commercial Paper and Medium Term Notes	-	49,761	49,761
<b>Total secured borrowings</b>	<b>30,394</b>	<b>212,434</b>	<b>242,828</b>
<b>Unsecured</b>			
Term loan	54,137	-	54,137
Revolving credits	16,800	6,800	23,600
Hire purchase & lease creditors	363	750	1,113
<b>Total unsecured borrowings</b>	<b>71,300</b>	<b>7,550</b>	<b>78,850</b>
Comprising:			
Local borrowings	101,694	219,984	321,678
Foreign borrowings	-	-	-
<b>Total borrowings</b>	<b>101,694</b>	<b>219,984</b>	<b>321,678</b>

All borrowings are denominated in Ringgit Malaysia unless indicated otherwise.

**25. 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.



**COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)**  
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**26. 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- Mar- 12 RM'000	As at 31-Dec -11 RM'000
<b>Total retained earnings / (accumulated losses) of the Company and its subsidiaries:</b>		
- Realised	457,410	456,005
- Unrealised	<u>(90,914)</u>	<u>(90,382)</u>
	366,496	365,623
 <b>Total share of retained earnings from associates:</b>		
- Realised	(6)	1,126
	<u>366,490</u>	<u>366,749</u>
 Less: Consolidated adjustments	(121,687)	(123,754)
	<u>244,803</u>	<u>242,995</u>
 <b>Total group retained earnings as per consolidated accounts</b>	<u><u>244,803</u></u>	<u><u>242,995</u></u>





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**27. 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 25 May 2012, 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 1<sup>st</sup> Defendant and Mega Palm Sdn Bhd as the 2<sup>nd</sup> 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 1<sup>st</sup> Defendant and the Plaintiff’s claim against the 2<sup>nd</sup> 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 case management on 1 August 2012 for pre-trial directions from the Court.



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**27. 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 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. Meanwhile, an appeal was also lodged against the raising of the said taxes by way of a Form Q before the Special Commissioners of Income Tax. The appeal is fixed for hearing on 16 and 17 October 2012.



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**27. Material Litigation (Cont'd.)**

(c) By a Summon 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. The Court has fixed 3 and 4 May 2012 for trial. The Court had vacated the trial pending the outcome of Defendant's striking out application.

The Defendant had instituted legal action to recover the outstanding due under a separate action under which the Court has on 9 February 2012 allowed the Defendant's claim against the Plaintiff and a judgement sum of RM183,585.60 together with interest at 18% per annum from 30 June 2010 until the date of full settlement as well as cost was awarded to the Defendant. The solicitors for the Defendant have applied to the Court to strike out the Plaintiff's claim as the subject matter of this case was already tried in the Subordinate Courts in the Defendant's claim against the Plaintiff as stated above. The Court had fixed 22 June 2012 for parties to submit their respective written submission for Defendant's striking out application.

(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. Subsequently, the Defendant's solicitors have filed the application to strike out the summons on 25 May 2010. The Court has on 24 May 2012 dismissed the Defendant's application with costs.



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**28. Dividend Payable**

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

**29. Earnings Per Share**

**(a) Basic**

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of RM1.3 million (31 March 2011: profit of RM2.3 million) over the number of 275,707,403 (31 December 2011: 275,707,403) ordinary shares issued during the current financial period under review.

**(b) Diluted**

Not applicable.

**30. 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 30 May 2012.

By Order of the Board

**Lee Cheng Wen**

Group Chief Executive Officer