



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Nine-Months Period Ended 30 Sep 2012

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR QUARTER 30-Sep-12 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-Sep-11 RM'000	CURRENT YEAR TO DATE 30-Sep-12 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-11 RM'000
Revenue	4	58,756	39,148	174,948	125,484
Cost of sales		<u>(27,124)</u>	<u>(14,447)</u>	<u>(78,169)</u>	<u>(40,775)</u>
Gross profit		31,632	24,701	96,779	84,709
Interest income		60	279	800	1,042
Other operating income		2,151	9,155	7,020	27,076
Selling and marketing expenses		(2,644)	(1,215)	(6,886)	(8,066)
Administrative expenses		(7,235)	(7,229)	(21,286)	(20,224)
Other operating expenses		(15,981)	(15,926)	(50,383)	(52,016)
Profit from operations	4	7,983	9,765	26,044	32,521
Finance costs		(5,057)	(4,146)	(15,470)	(13,134)
Share of results of associate		<u>(75)</u>	<u>(101)</u>	<u>(76)</u>	<u>491</u>
Profit before tax		2,851	5,518	10,498	19,878
Income tax expense	19	<u>(2,302)</u>	<u>(29)</u>	<u>(6,266)</u>	<u>(2,178)</u>
Profit for the period		<u>549</u>	<u>5,489</u>	<u>4,232</u>	<u>17,700</u>
Other comprehensive income/(loss), net of tax					
Exchange differences on translating foreign operations		12	(71)	2	(187)
Transfer from revaluation reserve to retained earnings upon depreciation on revalued assets		(466)	(470)	(1,398)	(1,400)
Realisation of revaluation reserve to retained earnings upon depreciation on revalued assets		466	470	1,398	1,400
Other comprehensive income/(loss) for the period		<u>12</u>	<u>(71)</u>	<u>2</u>	<u>(187)</u>
Total comprehensive income for the period		<u>561</u>	<u>5,418</u>	<u>4,234</u>	<u>17,513</u>



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For the Nine-Months Period Ended 30 Sep 2012

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		CURRENT YEAR QUARTER 30-Sep-12 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-Sep-11 RM'000	CURRENT YEAR TO DATE 30-Sep-12 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-11 RM'000
Profit/(loss) attributable to :					
Equity holders of the Company		953	5,384	5,350	17,762
Non-controlling interests		<u>(404)</u>	<u>105</u>	<u>(1,118)</u>	<u>(62)</u>
Profit for the period		<u><u>549</u></u>	<u><u>5,489</u></u>	<u><u>4,232</u></u>	<u><u>17,700</u></u>
Total comprehensive income/(loss) attributable to :					
Equity holders of the Company		965	5,313	5,352	17,575
Non-controlling interests		<u>(404)</u>	<u>105</u>	<u>(1,118)</u>	<u>(62)</u>
Total comprehensive income for the period		<u><u>561</u></u>	<u><u>5,418</u></u>	<u><u>4,234</u></u>	<u><u>17,513</u></u>
Earnings per share attributable to ordinary equity holders of the Company (sen):					
- Basic	29 (a)	0.35	1.95	1.94	6.44
- 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 30 SEPTEMBER 2012

	Note	30-Sep-12 (Unaudited) RM'000	31-Dec-11 (Audited) RM'000
ASSETS			
Non-current assets			
Hotel properties and exhibition centre & showroom	9	329,778	332,881
Other property, plant and equipment	9	94,716	88,136
Property, plant and equipment		424,494	421,017
Investment properties	9	111,385	110,887
Prepaid land lease payments		336,489	339,719
Land held for property development		181,018	183,243
Investment in associate		77	153
Available-for-sale financial assets		2,198	2,258
Long-term trade receivables		16,916	16,506
Deferred tax assets		6,021	6,639
		<u>1,078,598</u>	<u>1,080,422</u>
Current assets			
Property development costs		66,459	63,725
Inventories		102,431	128,359
Trade and other receivables		90,301	52,094
Tax recoverable		2,867	6,538
Cash and bank balances		59,100	53,409
		<u>321,158</u>	<u>304,125</u>
TOTAL ASSETS		<u>1,399,756</u>	<u>1,384,547</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		153,340	154,737
Retained earnings		249,742	242,995
Shareholders' equity		<u>736,040</u>	<u>730,690</u>
Non-controlling interests		<u>26,189</u>	<u>27,307</u>
Total equity		<u>762,229</u>	<u>757,997</u>
Non-current liabilities			
Borrowings	24	78,183	224,708
Long-term liabilities		4,069	4,069
Deferred Income		37,698	35,320
Deferred tax liabilities		83,638	84,306
		<u>203,588</u>	<u>348,403</u>
Current liabilities			
Borrowings	24	247,094	102,547
Trade and other payables		129,526	118,881
Tax liabilities		56,187	55,559
Deferred Income		1,132	1,160
		<u>433,939</u>	<u>278,147</u>
Total Liabilities		<u>637,527</u>	<u>626,550</u>
TOTAL EQUITY AND LIABILITIES		<u>1,399,756</u>	<u>1,384,547</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.67	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 Nine-Months Period Ended 30 Sep 2012

	Attributable to Equity Holders of the Company				Non-Controlling Interests	Total Equity
	Share Capital	Share Premium	Other Reserves	Distributable		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2012	275,707	57,251	154,737	242,995	27,307	757,997
Profit/(loss) for the period	-	-	-	5,350	(1,118)	4,232
Other comprehensive income/(loss)	-	-	(1,397)	1,397	-	-
Total comprehensive income/(loss)	-	-	(1,397)	6,747	(1,118)	4,232
At 30 September 2012	275,707	57,251	153,340	249,742	26,189	762,229
At 1 January 2011	275,707	57,251	158,947	217,483	27,415	736,803
Profit/(loss) 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



(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)

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COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine-Months Period Ended 30 Sep 2012

	CURRENT YEAR TO DATE 30-Sep-12 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-11 RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Profit before tax	10,498	19,878
Adjustments for:		
Allowance for doubtful debts	2,587	6,059
Allowance for doubtful debts written back	(796)	(860)
Amortisation of deferred income	(842)	(818)
Amortisation of prepaid land lease payment	3,230	3,230
Bad debts written off	4,349	1,829
Depreciation of hotel properties and exhibition centre & showroom	3,122	3,121
Depreciation of other property, plant and equipment	4,905	4,621
Dividend income	-	(3,300)
Fair value adjustment to long term receivables	-	(24)
Loss on disposal of investment properties	-	16
Impairment losses in value of other investments	59	-
Interest expense	15,470	13,134
Interest income	(800)	(1,042)
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	(61)	(1,580)
Net unrealised foreign exchange loss	-	1
Other property, plant & equipment written off	7	12
Reversal of deferred income	-	(18)
Reversal of impairment losses in value of other investments	-	(1,169)
Share of results of associate	76	(491)
Operating profit before working capital changes	41,804	43,954
Changes in working capital:		
Inventories	25,928	4,837
Property development costs	(509)	10,079
Receivables	(42,309)	18,248
Deferred income	3,192	2,304
Payables	7,912	(42,859)
Cash generated from operations	36,018	36,563
Tax paid	(5,293)	(6,733)
Interest paid	(12,949)	(10,325)
Net cash generated from operating activities	21,051	19,505



COUNTRY HEIGHTS HOLDINGS BERHAD (119416-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine-Months Period Ended 30 Sep 2012

	CURRENT YEAR TO DATE 30-Sep-12 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-11 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of other property, plant and equipment	(10,966)	(5,991)
Expenditure on hotel properties and exhibition centre & showroom	(19)	(3)
Expenditure on investment properties	(498)	(2,765)
Proceeds from disposal of other property, plant & equipment	64	5,341
Proceeds from disposal of investment properties	-	450
Proceeds from disposal of associate	-	2,764
Interest received	800	1,042
Net dividend received	-	3,300
Net cash (used in)/generated from investing activities	(10,619)	4,138
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loan	20,540	31,733
Hire purchase and lease creditors	(345)	(291)
Repayment of Bank Guaranteed Commercial Paper / Medium Term Notes	4	(37,000)
Repayment of revolving credits	(5,400)	(6,303)
Repayment of term loans	(18,965)	(9,740)
Net cash used in financing activities	(4,166)	(21,601)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	6,266	2,042
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	50,417	75,523
CASH AND CASH EQUIVALENTS AT END OF PERIOD	56,683	77,565
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	59,100	80,333
Bank overdrafts	(2,417)	(2,767)
	56,683	77,566

(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

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



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

2. Significant Accounting Policies (Cont'd.)

International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board on 1 January, 2012.

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. However, on 30 June 2012, the MASB decided to extend the aforementioned transitional period for another one year. Thus, Transitioning Entities are given an additional option to continue to apply the FRS Framework for annual periods beginning on or after 1 January 2013. Consequently, the MFRS Framework will be mandatory for application for annual periods beginning on or after 1 January 2014.

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, 2014, 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 30 SEP 2012	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	28,040	4,531	25,564	621	58,756
Results					
Segment results	5,582	245	2,906	(750)	7,983
Finance costs					(5,057)
Share of results of associate	(75)	-	-	-	(75)
Profit before tax					2,851
Income tax expense					(2,302)
Profit after tax					549
Non-controlling interests					404
Profit for the period					953
Quarter Ended 30 SEP 2011					
	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	6,725	5,254	26,216	953	39,148
Results					
Segment results	2,200	(292)	2,720	5,137	9,765
Finance costs					(4,146)
Share of results of associate	(101)	-	-	-	(101)
Profit before tax					5,518
Income tax expense					(29)
Profit after tax					5,489
Non-controlling interests					(105)
Profit for the period					5,384



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

Period Ended 30 SEP 2012	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	84,731	14,498	73,821	1,898	174,948
Results					
Segment results	24,495	889	4,510	(3,850)	26,044
Finance costs					(15,470)
Share of results of associate	(76)	-	-	-	(76)
Profit before tax					10,498
Income tax expense					(6,266)
Profit after tax					4,232
Non-controlling interests					1,118
Profit for the period					5,350

Period Ended 30 SEP 2011	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	33,211	14,917	74,867	2,489	125,484
Results					
Segment results	10,867	1,172	7,991	12,491	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

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 except for the following:

- (a) Etika Cergas Sdn Bhd, a wholly owned subsidiary of the Company has been struck-off from the Register of Companies Commission of Malaysia pursuant to Section 308 of the Companies Act, 1965 effective from 13 September 2012.
- (b) The Company had on 24 September 2012 entered into five separate Share Purchase Agreement with the remaining shareholders of Malaysia Trade & Distribution Centre (Rotterdam) Sdn Bhd ("MTDC"), a 60% owned subsidiary of the Company to acquire the entire equity shares held in MTDC for a total consideration of RM5.00 only.

12. Capital Commitments

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



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

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

15. Operating Segment Review

(a) 3rd Quarter 2012 vs 3rd Quarter 2011

The Group recorded higher revenue of RM58.8 million for the third quarter ended 30 September 2012 as compared to RM39.1 million in the previous year corresponding quarter ended 30 September 2011. The increase in total revenue was mainly due to higher turnover from the Property Development Division as analysed below.

RM2.9 million of profit before tax was reported for the current quarter under review compared to RM5.5 million in the previous year corresponding quarter, a decrease of RM2.6 million. The higher profit before tax in the third quarter of 2011 was mainly due to the waiver of debts received, lower finance cost and higher other income partly resulted from the steps taken in cleaning up accounts and writing back unnecessary provision.

Property Development Division

Revenue for the third quarter of 2012 for the division was RM28.0 million as compared to RM6.7 million in the same quarter of 2011, an increase of RM21.3 million. The higher revenue in 2012 was mainly contributed by higher sales of Country Villa at Country Heights Kajang, College Heights Garden Resort Bungalow Lots, Lakeview Residency at Cyber Heights and incremental revenue recognition for Belleza Garden Homes at Kolej Heights Utara. In line with the higher revenue above, the division recorded segment profits of RM5.6 million for the current quarter under review in comparison with segment profits of RM2.2 million for the third quarter of 2011.

Property Investment Division

The revenue for the Property Investment Division was RM4.5 million compared to RM5.3 million for the third quarter of 2011. However, segment results for the third quarter has improved from loss of RM0.3 million in 2011 to profit of RM0.2 million in 2012 mainly due to lower expenses incurred.

Hospitality & Health Division

Hospitality & Health Division contributed RM25.6 million of revenue as compared to RM26.2 million in the third quarter of 2011. However, segment profits were RM2.9 million compared to RM2.7 million in the same quarter of 2011. This was mainly due to lower allowance for doubtful debts in third quarter of 2012.



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 Country Heights Holdings Berhad and the Education subsidiary, Country Heights Education Sdn Bhd. Total revenue of RM0.6 million was contributed by this subsidiary in the third quarter of 2012 compared to RM1.0 million for the third quarter of 2011. The segment profits for the third quarter 2011 was RM5.1 million versus RM0.8 million segment losses for the current quarter under review mainly due to the waiver of debts received and writing back of unnecessary provision in 2011.

(b) YTD Sept 2012 vs YTD Sept 2011

Revenue for current year to date was RM174.9 million as compared to RM125.5 million in the same period preceding year, an increase of RM49.4 million or 39%. The above increase was mainly due to higher revenue recorded by the Property Development Division.

Group profit before tax for current year to date was RM10.5 million as compared to RM19.9 million in the same period preceding year. Higher profits in 2011 was mainly due to the waiver of debts received, steps taken in cleaning up accounts, reversal and writing back unnecessary provision.

Property Development Division

Total revenue contributed by the Property Development Division in the year to date 2012 was RM84.7 million as compared to RM33.2 million same period in the preceding year. This was mainly due to the higher sales of Lakeview Residency at Cyber Heights, semi-d factories at College Valley Industrial Park and bungalow lots at Country Heights Kajang in addition to incremental revenue recognized for Belleza Garden Homes at Kolej Heights Utara. As such, higher segment profits of RM24.5 million were recorded in current year to date as compared to RM10.9 million in the same period of preceding year. There were RM68.8 million of unbilled property sales yet to recognize as at 30 September 2012.

Property Investment Division

Total revenue from the Property Investment Division was RM14.5 million as compared to RM14.9 million in the preceding year. Segment profits for the division for the current year to date was RM0.9 million compared to RM1.2 million in the preceding year mainly due to the



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)

lower revenue and higher sales mix contribution from exhibition events with lower margin in 2012.

Hospitality & Health Division

Hospitality & Health Division contributed RM73.8 million of revenue in the current year to date as compared to RM74.9 million in the same period of preceding year. Segment profits of RM4.5 million was recorded for the current year compared to RM8.0 million in the preceding year mainly due to gain on disposal of other property, plant & equipment in 2011, higher depreciation due to refurbishment of hotels in year 2012 apart from lower revenue of RM1 million.

Others

Total RM1.9 million of revenue was contributed by the Education subsidiary and other subsidiaries in current year to date as compared to the same period of preceding year of RM2.5 million. The decrease in the revenue was mainly due to stricter immigration regulations which have affected the number of students from the Middle East and the depreciation of the Iran currency against US Dollars has also affected the number of students from Iran. Segment loss was RM3.9 million for the current year compared to segment profits of RM12.5 million in the preceding year. This was mainly due to the waiver of debts received, steps taken in cleaning up accounts, reversal and writing back unnecessary provision 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 third quarter of 2012 was lower at RM58.8 million as compared to the preceding second quarter ended 30 June 2012 of RM69.5 million, mainly due to lower revenue recorded for the Property Development Division. However, there were RM68.8 million of unbilled property sales yet to recognize as at 30 September 2012.



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

Gross Domestic Product in Malaysia expanded for the third quarter ended 30 September 2012 5.2% year on year supported by domestic demand and investment activities. Overall, the implementation of key projects under the 10th Malaysia Plan, the Economic Transformation Program and Budget 2013 will boost domestic demand. Research by the Malaysian Institute of Economic Research forecasted the Malaysia economy growth of 4.9% for 2012 and 5.4% for 2013. 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. Mansion Park, an exclusive development of luxury superlink houses (signature villas) located in Cyberjaya has been launched in September 2012. Other new developments are currently at various stages of planning in Cyberjaya, Country Heights Damansara, Country Heights Kajang, 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 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.

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).

On 16 October 2012, a Joint-Venture agreement was signed with a leading Korean travel agency, JaU Tour Co. Ltd. to form Mines Global Holidays Sdn Bhd. The venture will boost South Korean and foreign tourist arrivals to Malaysia and in particular, promote our medical tourism and leisure packages to South Korean and other foreign tourists.



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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-12	30-Sep-11
	RM'000	RM'000
Income tax:		
- current year	(5,754)	(2,616)
- over provision	(563)	36
Deferred tax	51	402
	(6,266)	(2,178)

The effective tax rate of the Group for the period was higher than the applicable tax rate mainly due to deferred tax assets not recognized and certain expenses not deductible for tax purposes. The effective tax rate for last year same period was lower than the applicable rate mainly due to certain non-taxable income.

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

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):

	9 months ended	
	30-Sep-12	30-Sep-11
	RM'000	RM'000
Depreciation and amortisation	11,257	10,972
Allowance for and write off of receivables	6,936	7,888
Loss on disposal of investment properties and other investments	-	16
Impairment losses/(reversal of impairment losses) in value of other investments	59	(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.



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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.

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
Secured			
Bank overdrafts	2,417	-	2,417
Term loan	124,941	73,128	198,069
Bank Guaranteed Commercial Paper and Medium Term Notes	49,764	-	49,764
Total secured borrowings	177,122	73,128	250,250
Unsecured			
Term loan	54,137	-	54,137
Revolving credits	15,600	4,400	20,000
Hire purchase & lease creditors	235	655	890
Total unsecured borrowings	69,972	5,055	75,027
Comprising:			
Local borrowings	247,094	78,183	325,277
Foreign borrowings	-	-	-
Total borrowings	247,094	78,183	325,277

All borrowings are denominated in Ringgit Malaysia unless indicated otherwise.



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25. Disclosure requirements pursuant to implementation of FRS 139

(a) Disclosure of Derivatives

There are no outstanding derivatives as at 30 September 2012 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.

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 30- Sep- 12 RM'000	As at 31-Dec -11 RM'000
Total retained earnings / (accumulated losses) of the Company and its subsidiaries:		
- Realised	460,136	456,005
- Unrealised	<u>(88,220)</u>	<u>(90,382)</u>
	371,916	365,623
 Total share of retained earnings from associate:		
- Realised	(170)	1,126
	<u>371,746</u>	<u>366,749</u>
 Less: Consolidated adjustments	(122,004)	(123,754)
	<u>249,742</u>	<u>242,995</u>
 Total group retained earnings as per consolidated accounts	<u><u>249,742</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 14 November 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 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 a final case management on 3 December 2012 for the parties to submit their respective witness statements and the case is also fixed for trial on 7 to 10 January 2013.



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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 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. 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. The appeal proceeded on 16 and 17 October 2012 and is now pending further instructions from the Special Commissioners of Income Tax .

At the case management on 1 August 2012, the High Court Judge has directed the parties to file bundle of pleadings, common bundle of documents, statement of agreed facts, agreed issues to be tried and summary of case by the next case management on 27 February 2013. The case is also fixed for mention on 4 June 2013 and trial on 19 June 2013 and 20 June 2013.



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27. Material Litigation (Cont'd.)

In the mean time, the Plaintiff has filed an application for Summary Judgment. The hearing of the Summary Judgment application has been fixed on 12 December 2012.

- (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. The Court had 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 Defendant has filed a Bankruptcy Notice against the Plaintiff to enforce the judgement obtained on 9 February 2012 and the same has been fixed for hearing on 30 October 2012. However, the Plaintiff has filed an application to strike out the Bankruptcy Notice which has also been fixed for hearing on 30 October 2012.

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. Both parties had handed the written submission for Defendant's striking out application to the Court and the hearing has been fixed on 13 August 2012. The Court has dismissed the Defendant's striking out application with cost. On 7 September 2012, the Defendant's lawyer has filed a Notice of Appeal against the High Court's decision. Pending a hearing date to be fixed.



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

27. Material Litigation (Cont'd.)

(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. Pending trial hearing date to be fixed.

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 RM5.4 million (30 Sep 2011: profit of RM17.8 million) over the number of 275,707,403 (30 Sep 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 21 November 2012.

By Order of the Board

Lee Cheng Wen

Group Chief Executive Officer