

PART A. NOTES TO THE INTERIM FINANCIAL REPORT

1. Accounting policies and methods

The interim financial statements are unaudited and have been prepared in accordance with the FRS134; Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

The accounting policies and methods of computation adopted in the quarterly financial statements are consistent with those adopted in the audited Annual Financial Statements for the year ended 31 December 2009.

The quarterly financial statements are to be read in conjunction with the latest audited annual financial statements.

On 1 January 2010, the Group adopted the following FRSs:

- FRS 8: Operating Segments
- FRS 4: Insurance Contracts
- FRS 7: Financial Instruments: Disclosures
- FRS 101: Presentation of Financial Statements (revised)
- FRS 123: Borrowing Costs
- FRS 139: Financial Instruments: Recognition and Measurement
- Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2: Share-based Payment: Vesting Conditions and Cancellations
- Amendments to FRS 7: Financial Instruments: Disclosures
- Amendments to FRS 132: Financial Instruments: Presentation
- Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives
- FRSs contained in the document entitled "Improvements to FRSs (2009)"
- IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 10: Interim Financial Reporting and Impairment
- IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions
- IC Interpretation 13: Customer Loyalty Programmes
- IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The new FRSs, Amendments to FRSs and Interpretations above are expected to have no significant impact on the financial statements of the Company upon their initial application except for the changes in disclosures.

2. Auditors' report

The auditor's report on the Financial Statements for the year ended 31 December 2009 was not qualified.

3. Seasonality of operation

The Group's business operations in the current quarter were not affected by seasonal or cyclical factors.

4. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flow during the financial quarter under review.

5. Material changes in estimates

There were no material effect on the current interim period from estimates of amounts reported in prior interim periods of the current financial year or prior financial years.

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6. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities in the financial quarter under review.

7. Dividends

No dividend was paid in the financial quarter under review.

**8. Segmental information
(RM'000)**

	2010	2009	2010	2009
	<u>2nd Qtr</u>	<u>2nd Qtr</u>	<u>6 Mths Cum</u>	<u>6 Mths Cum</u>
<u>Segment Revenue</u>				
Manufacturing	9,504	6,549	18,006	14,584
Properties	963	786	1,866	1,527
	10,467	7,335	19,872	16,111
<u>Segment Results</u>				
	2010	2009	2010	2009
	<u>2nd Qtr</u>	<u>2nd Qtr</u>	<u>6 Mths Cum</u>	<u>6 Mths Cum</u>
Manufacturing	(109)	(4,662)	(1,218)	(6,426)
Properties	(395)	(302)	(1,070)	(957)
	(504)	(4,964)	(2,288)	(7,383)

Information on the Group's operations by geographical segments is not presented as the Group predominantly operates in Malaysia.

9. Valuation of properties, plant and equipment

Properties, plant and equipment are stated at valuation or at cost less accumulated depreciation and impairment losses.

10. Subsequent events

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the current financial quarter under review.

11. Changes in group composition

There were no changes in the composition of the Group during the financial quarter under review.

12. Contingent liabilities and contingent assets

There were no changes in contingent liabilities and contingent assets since the last annual balance sheet date as at 31 December 2009.



13. Capital commitments

The following are material capital commitments for the Group as at the date of this announcement :-

<u>Capital expenditure for Claypipes plants :</u>	<u>RM</u>
Clay preparation	503,610
Extrusion	271,250
Shuttle kiln	274,110
Setting	33,000
Grinding & Cutting	130,950

	1,212,920
 Enterprise Resource Planning System	
	656,699

	<u>1,869,619</u>
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PART B. NOTES PER BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

1. Performance review

Group turnover increased by 42.70% for the second quarter of 2010 as compared with the same quarter of 2009. The Group recorded a loss before tax of RM429,000 in the current quarter as compared with a loss before tax of RM4.96 million in the corresponding second quarter of 2009.

The higher turnover for the current quarter as compared with the corresponding quarter last year was due to higher sales from the claypipes division which increased by 54.84% from RM4.86 million in the second quarter 2009 to RM7.52 million in the second quarter 2010 due to implementation of the marketing initiatives under the Group's 2010 business plan.

The loss before tax has also narrowed in 2010 due to improved production efficiencies and the loss in 2009 was also partly attributed to a stock adjustment of RM1.06 million.

2. Comparison with preceding quarter's results

Group turnover increased from RM9.40 million in the first quarter of 2010 to RM10.47 million in the current quarter. Current quarter performance resulted in loss before tax of RM429,000 as compared with a loss before tax of RM1.78 million in the preceding quarter.

The slight improvement in sales performance was due to better efficiency of the plant and economies of scale which resulted in improvement in gross profit from RM979,000 in the first quarter 2010 to RM1.9 million in the current quarter.

3. Current year prospects

The Group's operating environment, principally within the ceramic building materials industry, remains difficult and challenging, with intense competition from imports sourced from cheaper cost manufacturing countries. However, the Group has taken measures to discontinue manufacture of lower margin products, strengthen its core business in the claypipes division and undertaken cost reduction measures which should result in better performance for the Group in the remaining period of the current financial year.

4. Variance on profit forecast

Not applicable.

5. Taxation

Not applicable.

6. Profit / (loss) on sale of unquoted investments and / or properties

There were no disposals of unquoted investments or properties during the financial quarter under review.

7. Quoted securities

There were no purchase or disposal of quoted securities during the financial quarter under review.



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8. Status of utilisation of proceeds from rights issue

The Company has raised RM74.303 million cash (“Proceeds”) via its Rights Issue Exercise which was completed on 13 April 2010. The following is the status of utilisation of Proceeds as at 20 August 2010.

Purpose	Proposed Utilisation RM000	Actual Utilisation RM000	Intended Timeframe for Utilisation	Deviation		Explanations
				Amount RM000	%	
Repayment of borrowings	50,000	50,000	By 2nd half of 2010	-	-	Completed
Working capital for our Group’s existing businesses	23,103	-	By 2nd half of 2011	23,103	100	Not incurred yet
Estimated expenses for the Rights Issue	1,200	693	By 2 nd half of 2010	507	42	Awaiting billing for remaining expenses
	74,303	50,693				

9. Group borrowings and debt securities

The tenure of Group borrowings classified as short and long term categories are as follows:

	30/6/2010 RM’000	30/6/2009 RM’000
Short term – secured	19	35,645
Long term – secured	-	30
	<u>19</u>	<u>35,675</u>

10. Financial instruments with off balance sheet risk

There were no off balance sheet financial instruments during the financial quarter under review.

11. Material litigation

As at 20 August 2010, there were no other changes in other material litigation, including the status of pending material litigation since the last balance sheet date of 31 December 2009.



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12. Dividend

No dividend was recommended for this quarter.

13. Loss per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT	PRECEDING YEAR	CURRENT	PRECEDING YEAR
	YEAR	CORRESPONDING	YEAR	CORRESPONDING
	QUARTER	QUARTER	TO DATE	PERIOD
	30/06/2010	30/06/2009	30/06/2010	30/06/2009
	RM'000	RM'000	RM'000	RM'000
Net loss attributable to shareholders	(429)	(4,964)	(2,213)	(7,356)
Number of ordinary shares	185,757	61,919	185,757	61,919
Basic / diluted loss per share (sen)	(0.23)	(8.02)	(1.19)	(11.88)

**BY ORDER OF THE BOARD
GOH BAN HUAT BERHAD**

**Tang Tat Chun
Executive Director – Finance**

**Kuala Lumpur
20/08/2010**