

**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)**

	<b>2010 3rd Qtr</b>	<b>2009 3<sup>rd</sup> Qtr</b>	<b>2010 9 Mths Cum</b>	<b>2009 9 Mths Cum</b>
<b><u>Segment Revenue</u></b>				
Manufacturing	9,050	7,778	27,056	23,097
Properties	986	735	2,852	1,527
	<u>10,036</u>	<u>8,513</u>	<u>29,908</u>	<u>24,624</u>

	<b>2010 3rd Qtr</b>	<b>2009 3<sup>rd</sup> Qtr</b>	<b>2010 9 Mths Cum</b>	<b>2009 9 Mths Cum</b>
<b><u>Segment Results</u></b>				
Manufacturing	51	(7,780)	(1,167)	(14,206)
Properties	(188)	(3,817)	(1,258)	(4,774)
	<u>(137)</u>	<u>(11,597)</u>	<u>(2,425)</u>	<u>(18,980)</u>

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**

There were no material capital commitments for the Group as at the date of this announcement.

**PART B. NOTES PER BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS****1. Performance review**

Group turnover increased by 17.89% for the third quarter of 2010 as compared with the same quarter of 2009. The Group recorded a loss before tax of RM137,000 in the current quarter as compared with a loss before tax of RM11.60 million in the corresponding third 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 25.59% from RM5.43 million in the third quarter 2009 to RM6.82 million in the third quarter 2010 due to implementation of the marketing initiatives under the Group's 2010 business plan.

The loss before tax has also narrowed in the current quarter due to improved production efficiencies and the loss in the corresponding quarter in 2009 was also partly attributed to provision for stock obsolescence of RM4.3 million and ex-gratia and retirement benefits paid to former Directors of RM2.60 million.

**2. Comparison with preceding quarter's results**

Group turnover decreased from RM10.48 million in the second quarter of 2010 to RM10.04 million in the current quarter. Current quarter performance resulted in loss before tax of RM137,000 as compared with a loss before tax of RM504,000 in the preceding quarter.

Group turnover decreased slightly due to the Hari Raya break in the third quarter 2010 and smaller loss was due to better efficiency of the plants 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 29 November 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	770	By 2 <sup>nd</sup> half of 2010	430	36	Savings from lower cost incurred
	<u>74,303</u>	<u>50,770</u>				

**9. Group borrowings and debt securities**

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

	30/9/2010 RM’000	30/9/2009 RM’000
Short term – secured	5	35,638
	<u>5</u>	<u>35,638</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 29 November 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.

**12. Dividend**

No dividend was recommended for this quarter.

**13. Loss per share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/09/2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2009 RM'000	CURRENT YEAR TO DATE 30/09/2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2009 RM'000
Net loss attributable to shareholders	(138)	(11,260)	(2,351)	(18,616)
Number of ordinary shares	185,757	61,919	185,757	61,919
Basic / diluted loss per share (sen)	(0.07)	(18.19)	(1.27)	(30.07)

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

**Tang Tat Chun  
Executive Director – Finance**

**Kuala Lumpur  
29/11/2010**