

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 Financial Statements for the year ended 31 December 2010 except for the adoption and their effects of the following new/revised Financial Reporting Standards (“FRSs”) effective 1 January 2011 as disclosed below:

FRS 1 : First-time Adoption of Financial Reporting Standards
 FRS 3 : Business Combinations (revised)
 Amendments to FRS 1 : Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters
 Amendments to FRS 1 : Additional Exemptions for First-time Adopters
 Amendments to FRS 2 : Share-based Payment
 Amendments to FRS 2 : Share-based Payment - Group Cash-settled Share-based Payment Transactions
 Amendments to FRS 5 : Non-current Assets Held for Sale and Discontinued Operations
 Amendments to FRS 7 : Improving Disclosures about Financial Instruments
 Amendments to FRS 132 : Classification of Right Issue
 Amendments to FRS 138 : Intangible Assets
 IC Interpretation 4 : Determining Whether an Arrangement Contains a Lease
 IC Interpretation 12 : Service Concession Arrangements
 IC Interpretation 16 : Hedges of a Net Investment in a Foreign Operation
 IC Interpretation 17 : Distributions of Non-cash Assets to Owners
 IC Interpretation 18 : Transfer of Assets from Customers
 Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives
 Improvements to FRSs issued in 2010

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

	Effective for annual periods beginning on or after
FRS 124 : Related Party Disclosures (revised)	1 January 2012
IC Interpretation 15 : Agreements for The Construction of Real Estate	1 January 2012
IC Interpretation 19 : Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14 : Prepayments of a Minimum Funding Requirement	1 July 2011

The Group plans to adopt the above revised FRSs and IC Interpretations when they become effective in the respective financial period. The adoption of the above revised FRSs, and IC Interpretations upon their initial application are not expected to have any significant impact on the financial statements of the Group.

2. Auditors’ report

The auditor’s report on the Financial Statements for the year ended 31 December 2010 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.

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)**

	2011	2010	2011	2010
	<u>1st Qtr</u>	<u>1st Qtr</u>	<u>3 Mths Cum</u>	<u>3 Mths Cum</u>
<u>Segment Revenue</u>				
Manufacturing	9,283	8,502	9,283	8,502
Properties	986	903	986	903
	10,269	9,405	10,269	9,405

	2011	2010	2011	2010
	<u>1st Qtr</u>	<u>1st Qtr</u>	<u>3 Mths Cum</u>	<u>3 Mths Cum</u>
<u>Segment Results</u>				
Manufacturing	359	(1,110)	359	(1,110)
Properties	(353)	(675)	(353)	(675)
	6	(1,785)	6	(1,785)

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 2010.

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 9.2% for the first quarter of 2011 as compared with the corresponding quarter of 2010. The Group recorded a profit before tax of RM6,000 in the current quarter as compared with a loss before tax of RM1.78 million in the corresponding first quarter of 2010.

The higher turnover for the current quarter as compared with the corresponding quarter last year was due to higher sales from the tableware division which increased by 186.7%, from RM0.565 million in the first quarter of 2010 to RM1.62 million in the first quarter of 2011 contributed mainly by a specific project sale.

The marginal profit before tax recorded in the current quarter was due to improved sales margin and production efficiencies.

2. Comparison with preceding quarter's results

Group turnover increased marginally from RM10.1 million in the fourth quarter of 2010 to RM10.3 million in the current quarter. Current quarter performance resulted in profit before tax of RM6,000 as compared with a loss before tax of RM2.41 million in the preceding quarter. The slight improvement in sales performance was due to a specific project sale from tableware division and the loss in the preceding quarter was mainly attributed to impairment of tunnel kiln of RM2.53 million and provision for slow moving stocks of RM2.15 million.

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 remainder of the 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 27 April 2010. The following is the status of utilisation of Proceeds as at 27 May 2011.

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	23,103	By 2nd half of 2011	-	-	Completed
Estimated expenses for the Rights Issue	1,200	770	By 2 nd half of 2010	430	36	Completed - Savings from lower cost incurred.
	74,303	73,873				

9. Group borrowings and debt securities

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

	31/03/2011 RM’000	31/03/2010 RM’000
Short term – secured	-	50,032
	-	50,032

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 27 May 2011, there were no other changes in other material litigation, including the status of pending material litigation since the last statements of financial position date of 31 December 2010.

12. Dividend

No dividend was recommended for this quarter.

13. Earnings / (loss) per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/03/2011 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2010 RM'000	CURRENT YEAR TO DATE 31/03/2011 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2010 RM'000
Net profit / (loss) attributable to shareholders	6	(1,785)	6	(1,785)
Weighted average number of ordinary shares	185,757	61,919	187,757	61,919
Basic / diluted earnings / (loss) per share (sen)	0.00	(2.88)	0.00	(2.88)

14. Realised and Unrealised Profit / Losses

	Current financial period	Previous financial period
	Current Quarter 31/03/2011 RM'000	Preceding Quarter 31/12/2010 RM'000
Total accumulated losses of the parent and its subsidiaries :-		
- Realised	(215,480)	(214,252)
- Unrealised	77	63
	<u>(215,403)</u>	<u>(214,189)</u>
Less: Consolidation adjustments	139,882	138,714
Total group accumulated losses as per consolidated accounts	<u><u>(75,521)</u></u>	<u><u>(75,475)</u></u>

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

**Tang Tat Chun
Executive Director – Finance**

**Kuala Lumpur
27/05/2011**