

**GOH BAN HUAT BERHAD (1713-A)**

**PART A. NOTES TO THE INTERIM FINANCIAL REPORT**

**1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the FRS 134: Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

The interim financial statements of the Group have been prepared in accordance with Malaysia Financial Reporting Standards (“MFRSs”) and the Companies Act, 1965 in Malaysia and with International Financial Reporting Standards (“IFRSs”) for the financial period beginning on 1 January 2012:

MFRS 1	First-time Adoption of Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 7	Financial Instruments: Disclosures
MFRS 8	Operating Segments
MFRS 101	Presentation of Financial Statements
MFRS 102	Inventories
MFRS 107	Statement of Cash Flows
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 110	Events after the Reporting Period
MFRS 112	Income Taxes
MFRS 116	Property, Plant and Equipment
MFRS 117	Leases
MFRS 118	Revenue
MFRS 119	Employee Benefits
MFRS 121	The Effects of Changes in Foreign Exchange Rates
MFRS 124	Related Party Disclosure
MFRS 127	Consolidated and Separate Financial Statements
MFRS 132	Financial Instruments: Presentation
MFRS 134	Interim Financial Reporting
MFRS 136	Impairment of Assets
MFRS 137	Provision, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
MFRS 139	Financial Instruments: Recognition and Measurement
MFRS 140	Investment Property
IC Int. 4	Determining whether an Arrangement contains a lease
IC Int. 9	Reassessment of Embedded Derivatives
IC Int. 10	Interim Financial Reporting and Impairment
IC Int. 17	Distributions of Non-cash Assets to Owners
IC Int. 19	Extinguishing Financial Liabilities with Equity Instruments
IC Int. 115	Operating Leases - Incentives
IC Int. 125	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
IC Int. 127	Evaluating the Substance of Transactions involving the Legal Form of a Lease

In the previous years, the interim financial statements of the Group were prepared in accordance with Financial Reporting Standards (“FRSs”) for the transition to the MFRS, the Group has elected to apply the exemptions in MFRS 1 – First-time Adoption of Financial Reporting Standards on designation of previously recognised financial instruments and fair value measurement of financial assets or financial liabilities at initial recognition.

Other than as disclosed below, there is no material impact on the transition to MFRSs in the interim financial statements:

Under FRSs, the Group measured certain freehold land and buildings at valuation. The last valuation was in 2004. Upon transition to MFRSs, the Group elected to apply the exemption to use the previous revaluation as deemed cost under MFRSs. The revaluation reserve of RM 47,652,000 at 1 January 2011 was recognised to retained earnings.



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PART A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

1. Basis of preparation (cont'd)

	1 January 2011 RM '000	31 December 2011 RM '000
<b>Consolidated statement of financial position</b>		
Revaluation reserve	47,652	47,652
Adjustment to retained earnings	47,652	47,652

Under FRSs, the Group measured investment properties at fair value. Upon transition to MFRSs, the Group elected to apply the exemption to use the fair value at 1 January 2011 as deemed cost under MFRSs. There is no financial effect to the Group interim financial statement.

Except as mentioned above the same accounting policies and method of computation have been applied consistently in the interim financial statement as compared with the last annual financial statement.

2. Auditors' report

The auditor's report on the annual financial statements of the Group for the financial year ended 31 December 2011 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 was 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. Dividends

No dividend was paid in the financial quarter under review.

7. Segmental information

(RM'000)	2012 3 <sup>rd</sup> Qtr	2011 3 <sup>rd</sup> Qtr	2012 9 Mths Cum	2011 9 Mths Cum
<b><u>Segment Revenue</u></b>				
Manufacturing	9,988	9,692	28,869	26,471
Trading	1,086	773	3,124	2,465
Properties	718	995	2,263	3,179
	<u>11,792</u>	<u>11,460</u>	<u>34,256</u>	<u>32,115</u>



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**PART A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**

**7. Segmental information (cont'd)**

<b>(RM'000)</b> <b><u>Segment Result</u></b>	<b><u>2012</u></b> <b><u>3<sup>rd</sup> Qtr</u></b>	<b><u>2011</u></b> <b><u>3<sup>rd</sup> Qtr</u></b>	<b><u>2012</u></b> <b><u>9 Mths Cum</u></b>	<b><u>2011</u></b> <b><u>9 Mths Cum</u></b>
Manufacturing	533	810	958	1,509
Trading	(181)	(313)	(242)	(460)
Properties	(433)	(159)	(1,283)	(689)
	<u>(81)</u>	<u>338</u>	<u>(567)</u>	<u>360</u>

**8. 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.

**9. Changes in group composition**

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

**10. Capital commitments**

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



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

**1. Performance review**

**Manufacturing segment**

Current quarter

The manufacturing segment revenue has improved by 3.1% from RM9.69 million in the third quarter of 2011 to RM9.99 million in third quarter of 2012. The increase in revenue was mainly attributed to the increase in clay pipes sales as a result of orders from the Greater Kuala Lumpur Sewerage and Refurnishing Works project launched by the government. However, the revenue was negated by the drop in sales from the tableware division from RM1.38 million in the third quarter 2011 to RM0.32 million in the current quarter due to the absence of revenue from government projects.

The segment recorded a lower profit before tax of RM0.53 million in the current quarter versus RM0.81 million from the same period last year due mainly to lower margin from the tableware division resulting in a loss before tax of RM0.30 million in the current quarter as compared to a profit before tax of RM0.33 million in the corresponding quarter last year.

Current year to date

The manufacturing segment revenue has improved by 9.1% from RM26.47 million in the preceding year to date to RM28.87 million in the current year to date of 2012. The increase in revenue was mainly attributed to the increase in clay pipes sales as a result of orders from the Greater Kuala Lumpur Sewerage and Refurnishing Works project.

However, the decline in profit before tax from RM1.51 million in 2011 to RM0.96 million in the current year was due to the drop in sales from the tableware division from RM3.58 million in preceding year to date to RM0.93 million in the current year to date and lower margin from these sales.

**Trading segment**

Current quarter

The trading segment revenue for the third quarter of 2012 has improved by 40.5% from RM0.77 million in the third quarter of 2011 to RM1.09 million in the current quarter mainly due to higher project sales.

The loss before tax narrowed from RM0.31 million in the third quarter of 2011 to RM0.18 million in the current quarter due to higher gross profit margin from current quarter and the increase in sales.

Current year to date

The trading segment revenue for the current year to date of 2012 has improved by 26.7% from RM2.47 million in of 2011 to RM3.12 million in 2012 mainly due to higher project sales.

The loss before tax has narrowed from RM0.46 million in the preceding year to date to RM0.24 million in the current year to date due to overall higher gross profit margin as a result of sale of stocks which have been provided for in prior years.

**Properties segment**

Current quarter

The properties segment revenue for the third quarter of 2012 has declined by 27.8% from RM0.99 million in the third quarter of 2011 to RM0.72 million in the third quarter of 2012 mainly due to lower occupancy rate and the termination of a major tenancy.

Loss before tax widened from RM0.16 million in the third quarter 2011 to RM0.43 million in the current quarter due to the lower revenue and provision made for doubtful debts amounting to RM58,000.



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**PART B. NOTES PER BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS (CONT'D)**

**1. Performance review (cont'd)**

**Properties segment (cont'd)**

Current year to date

The properties segment revenue for the current year to date of 2012 has declined by 28.8% from RM3.18 million in the preceding year to date to RM2.26 million in current year to date mainly due to low occupancy rate and termination of certain tenancy agreement.

Loss before tax widened from RM0.69 million in the preceding year to date of 2011 to RM1.28 million in the current year to date was due to the lower occupancy rate and termination of major tenancy and provision made for doubtful debts amounting to RM240,000.

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

The Group revenue increased from RM11.44 million in the second quarter of 2012 to RM11.79 million in the current quarter mainly due to higher sales in the trading segment. Current quarter performance resulted in loss before tax of RM81,000 as compared with a loss before tax of RM290,000 in the preceding quarter, due mainly to higher sales and gross profit from the trading segment.

**3. 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 low margin sanitary ware products and migrated to a trading business model, strengthened its core business in the clay pipes division and undertook cost reduction measures to improve the Group's financial performance. In view of the declining sales contribution from the tableware division, the Board is also reviewing the options for this business going forward, including cessation of production and migration to a trading model. Should the cessation take place, there will be one-off write off of the production assets of the tableware division which will affect the Group's results for the financial year.

**4. Variance on profit forecast**

Not applicable.

**5. Items included in the Statement of Income**

**Profit/(loss) before tax is after charging/(crediting) the following :**

	Individual Quarter		Cumulative Quarter	
	30/09/2012	30/09/2011	30/09/2012	30/09/2011
	RM'000	RM'000	RM'000	RM'000
Interest income	(331)	(313)	(936)	(876)
Other income	(34)	(47)	(159)	(196)
Interest expenses	-	-	-	-
Depreciation and amortisation	709	658	2,100	1,975
Provision for and write off of receivables	180	-	590	4
Provision for and write off of inventories	-	-	59	271
(Gain)/loss on disposal of investments or properties	-	-	-	-
Impairment of assets	-	-	-	-
Foreign exchange (gain)/loss	46	(42)	(19)	(42)
(Gain)/loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-



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**PART B. NOTES PER BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS (CONT'D)**

**6. Taxation**

There is no provision for taxation for the Group as there is no chargeable income for the current quarter under review.

**7. Group borrowings and debt securities**

The Group has no borrowings and it did not issue any debt securities.

**8. Material litigation**

There is no material litigation since the date of the last annual statements of financial position.

**9. Dividend**

No dividend was recommended for this quarter.

**10. Earnings / (loss) per share**

a) Basic (loss) / earnings per share

	Individual Quarter		Cumulative Quarter	
	30/09/2012 RM'000	30/09/2011 RM'000	30/09/2012 RM'000	30/09/2011 RM'000
Net (loss) / profit attributable to owners of the parent	(81)	338	(567)	360
Weighted average number of ordinary shares	185,757	185,757	185,757	185,757
Basic (loss) / earnings per share (sen)	(0.04)	0.18	(0.30)	0.19

b) Diluted (loss) / earnings per share

	Individual Quarter		Cumulative Quarter	
	30/09/2012 RM'000	30/09/2011 RM'000	30/09/2012 RM'000	30/09/2011 RM'000
Net (loss) / profit attributable to owners of the Parent	(81)	338	(567)	360
Weighted average number of ordinary shares	185,757	185,757	185,757	185,757
Diluted potential ordinary shares	7,820	-	7,820	-
Diluted (loss) / earnings per share (sen)	(0.04)	0.18	(0.29)	0.19



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PART B. NOTES PER BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS (CONT'D)

11. Realised and Unrealised Profit / (Losses)

	As at 30/09/2012 RM'000	As at 30/09/2011 RM'000	As at 31/12/2011 RM'000	As at 31/12/2010 RM'000
Total accumulated losses of the parent and its subsidiaries :-				
- Realised	(215,350)	(215,155)	(214,702)	(214,252)
- Unrealised	47,792	47,758	47,711	47,663
	(167,558)	(167,397)	(166,991)	166,589
Less: Consolidation adjustments	139,740	139,882	139,740	138,714
Total group accumulated losses as per consolidated accounts	(27,818)	(27,515)	(27,251)	(27,875)

BY ORDER OF THE BOARD  
GOH BAN HUAT BERHAD

Tang Tat Chun  
Executive Director – Finance

Kuala Lumpur  
27/11/2012