

GBH

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Pioneering Excellence



ANNUAL
REPORT
2003



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CHAIRMAN'S STATEMENT

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ON BEHALF OF YOUR COMPANY, I AM PLEASED TO PRESENT THE ANNUAL REPORT AND FINANCIAL STATEMENTS OF THE GOH BAN HUAT GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003.

REVIEW OF GROUP OPERATIONS

The Group continued its recovery in its operations for financial year ended December 31, 2003. Though Group sales decreased by 7.45% to RM53.224 million against RM57.512 million achieved in the previous financial year, the Group managed to post better profit results. As it was, the Group ended the year with a Profit Before Tax of RM5.025 million.

Sales performance for the Ceramic Formers and Tableware Divisions continued to improve while Clay Pipes, Sanitaryware and Trading Products divisions were lackluster.

Of notable interest is the Clay Pipes division which saw a major turn-around from a loss after tax of RM18.070 million in the previous financial year to a profit after tax of RM0.295 million in the current financial year.

Overall trading conditions in the country which were very strong in the first half of the year, unfortunately turned sluggish during the second half. The Group was able to pick out some high quality pockets of demand and performed against these requirements. In recent months, the Group also enjoyed better demand for its ceramic formers and clay pipes.

One noteworthy achievement during the financial year was that all operating divisions recorded profitable operations.

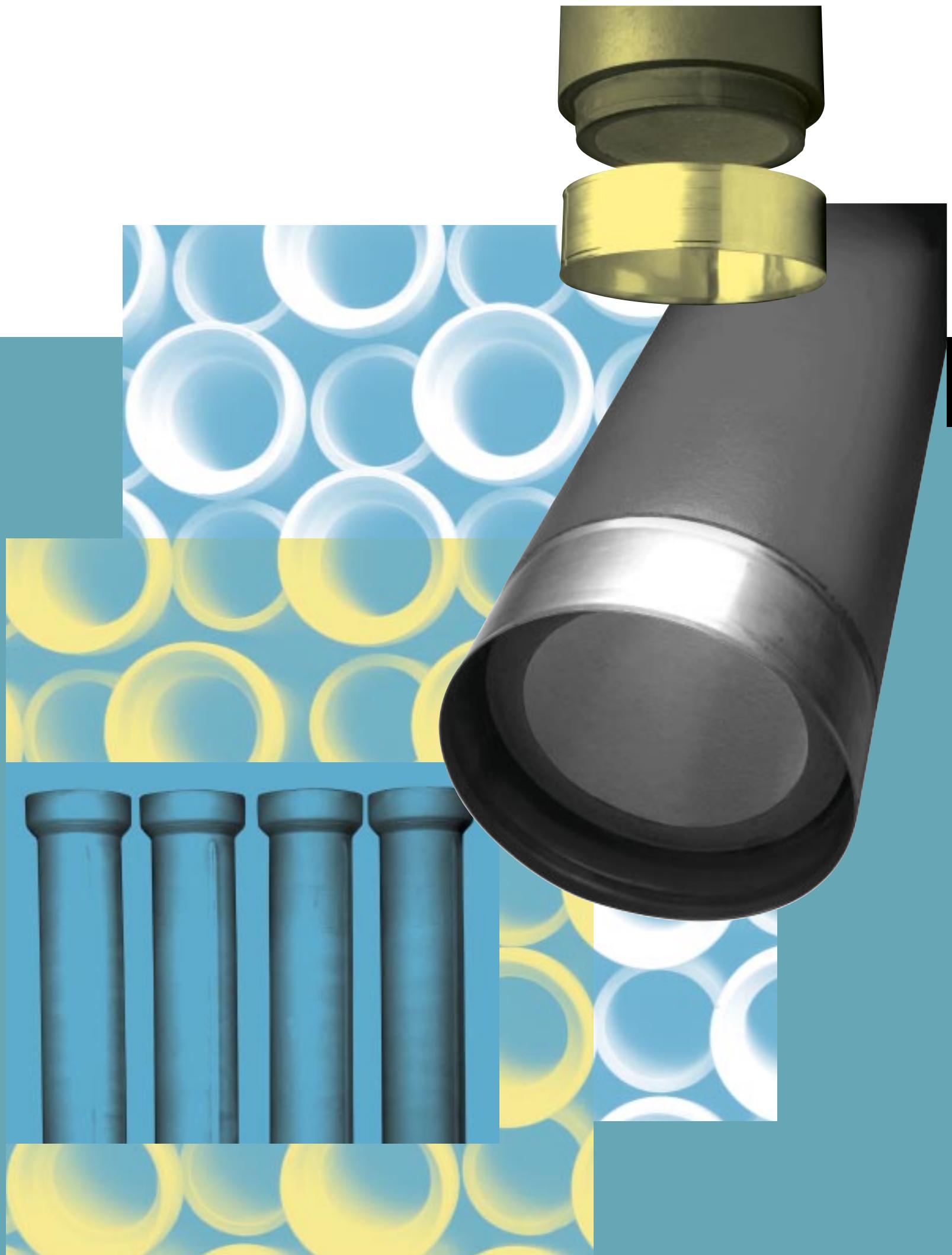
FUTURE PROSPECTS

The prospect of the Group for the coming year, at the time of writing, is optimistic but cautious in view of the uncertain world economic situation. The Group will continue to introduce high quality and innovative products into the domestic market, seek out higher quality market segments and adopt prudent management of its resources and cost reduction without compromising on efficiency and quality.

CONCLUSION

In conclusion, I would like to take this opportunity to thank all Officers and Staff of the Group whose support was paramount in assisting the Group to stage its continued enviable recovery during the year. In addition, I would like to thank the Group's many suppliers and associates for their continued support over the past few extremely difficult years. We look forward to the future with cautious optimism.

ALEX GOH TAI SENG
CHAIRMAN OF THE BOARD



NOTICE OF FIFTY-SEVENTH ANNUAL GENERAL MEETING

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NOTICE IS HEREBY GIVEN THAT
THE FIFTY-SEVENTH ANNUAL
GENERAL MEETING OF THE
COMPANY WILL BE HELD AT
BUNGA KENANGA, LEVEL 3,
PAN PACIFIC HOTEL KUALA
LUMPUR, JALAN PUTRA, 50746
KUALA LUMPUR ON MONDAY,
28 JUNE 2004 AT 3.00 PM FOR
THE FOLLOWING PURPOSES:

AGENDA

Ordinary Business

- 1 To receive the Audited Financial Statements for the year ended 31 December 2003 together with the Directors' and Auditors' Reports thereon. RESOLUTION 1
- 2 To approve the payment of Directors' fees of RM20,500.00 for the year ended 31 December 2003. RESOLUTION 2
- 3 To re-elect the following Directors who are retiring in accordance with Article 80 of the Company's Articles of Association:
 - 3.1 Dato' Haji Mohd Sarit Bin Haji Yusoh RESOLUTION 3
 - 3.2 W Shalihudin Bin W Ibrahim RESOLUTION 4
- 4 To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Board of Directors to fix their remuneration. RESOLUTION 5

5 As Special Business

To consider and, if thought fit, pass with or without modifications, the following resolution as an Ordinary Resolution:

Ordinary Resolution

Authority to allot and issue shares in general pursuant to Section 132D of the Companies Act, 1965 RESOLUTION 6

"THAT, subject always to the approvals of the relevant authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued share capital of the Company at the time of issue and the Directors are hereby further empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

6 To transact any other business of the Company of which due notice shall have been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

By Order of the Board

LIM PHOOI KEE (MIA 2759)
NG YIM KONG (LS 0008343)
Company Secretaries

Kuala Lumpur,
4 June 2004

Notes

- 1 A member of the Company entitled to attend and to vote at the Fifty-Seventh Annual General Meeting is entitled to appoint a proxy/proxies, to attend and vote instead of him. A proxy may but need not be a member of the Company and the provisions of Section 149(1) (b) of the Companies Act, 1965 need not be complied with.
- 2 Where a member appoints two or more proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
- 3 The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- 4 The instrument appointing a proxy must be deposited at 238 Jalan Segambut, 51200 Kuala Lumpur, at least forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.

Explanatory note on special business of the Agenda

- 5 The Ordinary Resolution proposed under item 5 is in line with the Company's expansion plan which may involve the issue of new shares. Under Section 132D of the Companies Act, 1965, the Directors would have to call for a general meeting to approve the issue of new shares even though the number of shares involved is less than 10% of the issued share capital of the Company for the time being. In order to avoid any delay and costs involved in convening a general meeting, it is thus considered appropriate to seek the shareholders' approval for Directors of the Company to issue shares in the Company up to an aggregate amount of not exceeding 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the best interest of the Company and also to empower Directors to obtain approval from the Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) for the listing of and quotation for additional shares issued. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

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STATEMENT ACCOMPANYING NOTICE OF FIFTY-SEVENTH ANNUAL GENERAL MEETING

Pursuant to paragraph 8.28 (2) of the Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) ("Bursa Malaysia") Listing Requirements appended hereunder are:

- 1 Place, date and time of the Fifty-Seventh Annual General Meeting

Date of Meeting	Time	Place
28 June 2004	3.00 p.m.	Bunga Kenanga, Level 3, Pan Pacific Hotel Kuala Lumpur, Jalan Putra, 50746 Kuala Lumpur

- 2 A total of four Board of Directors' Meetings were held during the financial year ended 31 December 2003. The place, date and time of the Board of Directors' Meetings are as follows:

Date of Meeting	Time	Place
18 February 2003	6.10 p.m.	Kuala Lumpur
26 May 2003	4.50 p.m.	Kuala Lumpur
28 August 2003	1.00 p.m.	Kuala Lumpur
18 November 2003	3.30 p.m.	Kuala Lumpur

- 3 Details of Directors' attendance at Board Meetings are as follows:

Name of Directors	Attendance	(%)
Mr. Goh Tai Seng	3	75%
Mr. Goh Tai He	3	75%
Dato' Haji Mohd Sarit Bin Haji Yusoh	3	75%
Mr. Tan Ah Cheun	3	75%
Haji Mohamed Amin Bin		
Haji Mohamed	4	100%
W Shalihudin Bin W Ibrahim	4	100%
Brig Jen (Rtd) Dato' Mior		
Azam Bin Mior Safi	4	100%
Dato' Haji Mohd Yusof Bin		
Haji Mohamed	0	0%
(Alternate Director to Haji Mohamed Amin Bin Haji Mohamed)		

- 4 Details of Directors standing for re-election as in Resolutions 3 and 4 of the Fifty-Seventh Annual General Meeting of the Company are as follows:

- (a) Directors to retire pursuant to Article 80 of the Company's Articles of Associations are:

Dato' Haji Mohd Sarit Bin Haji Yusoh

53, a Malaysian, is an Independent Non-Executive Director. He graduated from University of Malaya in 1975, with a Bachelor of Economics (Honours) degree and completed his Masters of Arts (Economics) from University of Philippines in 1977. He was with Petroliam Nasional Berhad (Petronas) from 1977 to 1981 and joined Perbadanan Nasional Berhad (Pernas) in 1981. He was appointed Director on 28 February 1994. In addition he is also a Director of other public companies, namely, Kurnia Setia Berhad, Khee San Berhad, Kwantas Corporation Berhad, Liqua Health Corporation Berhad and several other private companies. He does not have any family relationship with any Director and/or major shareholder of GBH, nor personal interest in any business arrangement involving the company. He attended three (3) of four (4) Board Meetings held in the financial year ended 31 December 2003. He had no convictions for any offences within the past 10 years.

W Shalihudin Bin W Ibrahim

42, a Malaysian, is a Non-Independent Non-Executive Director. He has fifteen (15) years experience in automotive industries. He was involved in National Economic Action Committee (NEAC) forum in 1998 and his proposal on "Revitalisation of Automotive Industry" was accepted and implemented into policies by the Government. He was appointed Director on 28 November 2000. He is also a director in several other private companies. He is a substantial shareholder of the company, holding 4,597,00 shares or 7.42% of the existing paid up capital of the company. Notwithstanding, he does not have any family relationship with any Director of GBH, nor personal interest in any business arrangement involving the company. He attended four (4) of four (4) Board Meetings held in the financial year ended 31 December 2003. He had no convictions for any offences within the past 10 years.

- (a) Other information on Directors who are standing for re-election:

Please refer to the Directors' Profile on pages 12 and 13.

AUDIT COMMITTEE REPORT

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The Audit Committee is pleased to present the Audit Committee Report for the financial year ended 31 December 2003.

COMPOSITION OF AUDIT COMMITTEE

Dato' Haji Mohd Sarit Bin Haji Yusoh

(Chairman of Audit Committee)

Independent Non-Executive Director

Haji Mohamed Amin Bin Haji Mohamed

Independent Non-Executive Director

Goh Tai He

Non-Independent Executive Director

TERMS OF REFERENCE

The board hereby resolves to establish a Committee of the board to be known as the Audit Committee.

MEMBERSHIP

The Committee shall be appointed by the board from amongst the directors of the Company and shall consist of not less than 3 members of which the majority shall not be executive directors of the Company or of a related company. A quorum shall be 2 members.

The Chairman of the Committee shall be appointed by the Board.

ATTENDANCE AT MEETINGS

The finance directors, the head of internal audit, and a representative of the external auditors shall normally attend meetings. However at least once a year the Committee shall meet with the external auditors without any executive board member present.

The company secretary shall be the secretary of the Committee.

Frequency of Meetings shall be held not less than three times a year. The external auditors may request a meeting if they consider that one is necessary.

AUTHORITY

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Committee.

The Committee is authorised by the board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

DUTIES

The duties of the Committee shall be:

- To consider the appointment of the external auditors, the audit fee, and any questions of resignation or dismissal
- To discuss with the external auditor before the audit commences the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved
- To review the quarterly and annual financial statements before submission to the board, focusing particularly on:
 - any changes in accounting policies and practices
 - major judgmental areas
 - significant adjustments resulting from the audit
 - compliance with accounting standards
 - compliance with stock exchange and legal requirements

- to discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss (in the absence of management where necessary)
- to review the internal audit programme, consider the major findings of internal audit investigations and management's response, and ensure co-ordination between the internal and external auditors
- to keep under review the effectiveness of internal control systems, and in particular review the external auditor's management letter and management's response
- to consider other topics, as defined

REPORTING PROCEDURES

The secretary shall circulate the minutes of meetings of the Committee to all members of the board.

MEETINGS AND ATTENDANCE IN FINANCIAL YEAR 2003

During the financial year ended 31 December 2003, the committee held a total of four (4) meetings, respectively on 18 February 2003, 26 May 2003, 28 August 2003 and 18 November 2003.

Name	Attendance	%
Dato' Haji Mohd Sarit Bin Haji Yusoh	4/4	100
Haji Mohamed Amin Bin		
Haji Mohamed	4/4	100
Goh Tai He	4/4	100

ACTIVITIES OF THE COMMITTEE DURING THE YEAR

The principal activities of the Audit Committee, in line with the terms of reference of the committee, for the financial year are as follows:

- review the quarterly and year end financial statements
- review reports of the external auditors
- review the audit scope and plan of the external auditors
- review status of Employee Share Option Scheme (ESOS) and private placement proposals

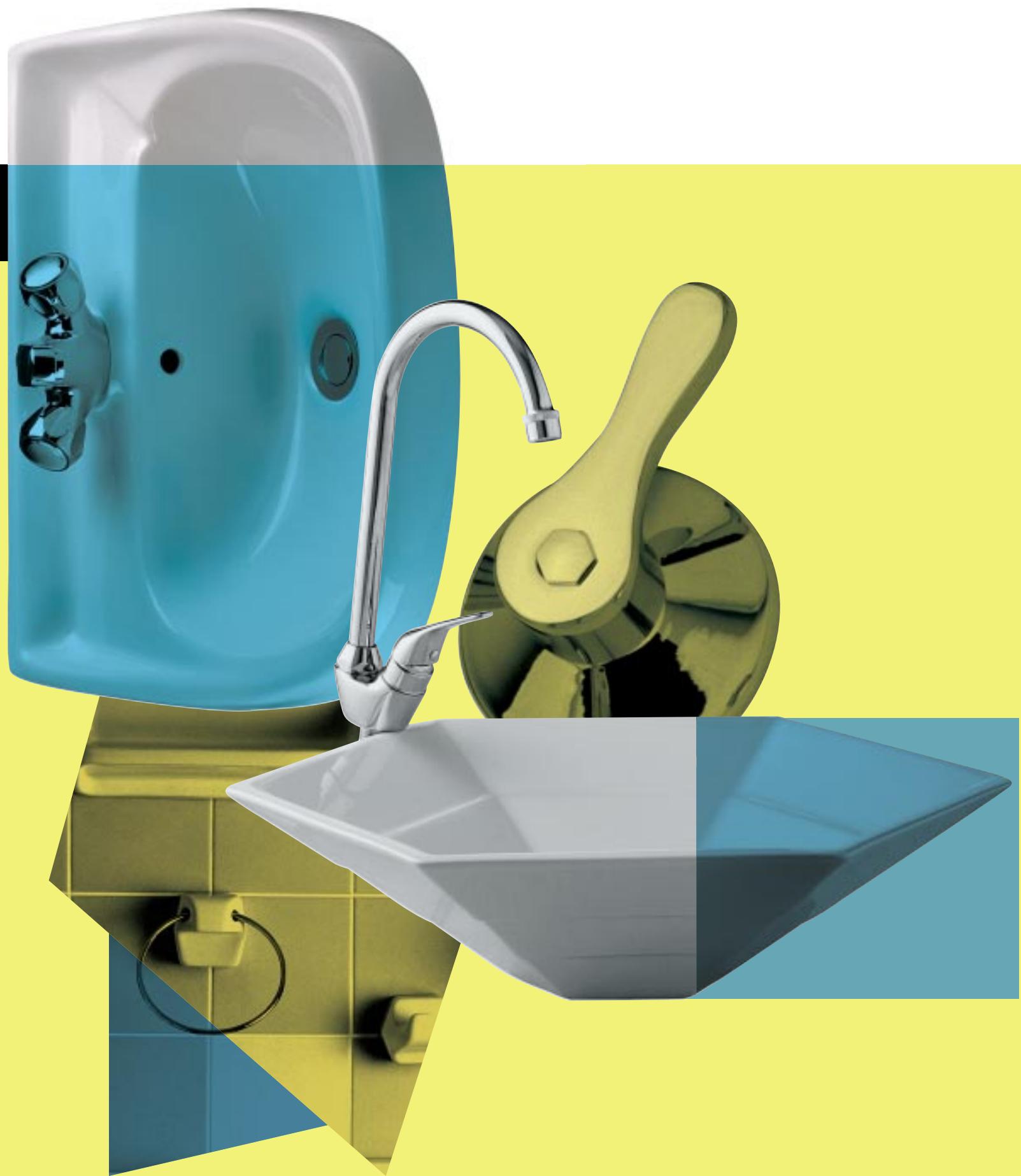
The above meetings are attended by the Company Secretary and the Executive Directors and the committee have been provided with information and are explanation to discharge their duties as detailed in the above terms of reference.

AUDIT AND CONTROL FUNCTIONS

The company does not have an internal audit department. The activities and operations of the Group is located principally in the area of Segambut, Kuala Lumpur and the management team of the Group is closely supervised in its day to day operations by the Executive Directors, who are present during committee meetings, to address all queries raised by the committee. It is the intention of the company to set up an internal audit unit during the course of the 2004 financial year.

The committee welcomes the Malaysian Code on Corporate Governance and the recommended "Best Practice in Corporate Governance", which was adopted by the Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) ("Bursa Malaysia") Listing Requirements. It raise the need to review this function to strengthen the structure and framework of the existing internal controls, to serve the needs of the Group and to comply with the Bursa Malaysia Listing Requirements.

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CORPORATE INFORMATION

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BOARD OF DIRECTORS

GOH TAI SENG
CHAIRMAN

GOH TAI HE
GROUP MANAGING DIRECTOR

TAN AH CHEUN
GROUP GENERAL MANAGER

HAJI MOHAMED AMIN
BIN HAJI MOHAMED
INDEPENDENT NON
EXECUTIVE DIRECTOR

DATO' HAJI MOHD SARIT
BIN HAJI YUSOH
INDEPENDENT NON
EXECUTIVE DIRECTOR

WAN SHALIHUDIN BIN WAN IBRAHIM
NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR

BRIG JEN (RTD) DATO'
MIOR AZAM BIN MIOR SAFI
NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR

DATO HAJI MOHD YUSOF
BIN HAJI MOHAMED
(ALTERNATE DIRECTOR TO HAJI
MOHAMED AMIN BIN HAJI MOHAMED)

SECRETARIES

LIM PHOOI KEE (MIA 2759)
NG YIM KONG (LS 0008343)

AUDITORS

ERNST & YOUNG
CHARTERED ACCOUNTANTS
Level 23A, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara, 50490
Kuala Lumpur.

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

238, Jalan Segambut, 51200 Kuala Lumpur
T 603 6258 1055
F 603 6257 0858
W www.gbhgroup.com.my
E enquiry@gbhgroup.com.my

REGISTRARS

Malaysian Share Registration Services Sdn Bhd
26th Floor, Menara Multi Purpose,
Capital Square, No 8 Jalan Munshi Abdullah,
50100 Kuala Lumpur.
T 603 2721 2222
F 603 2721 2530

PRINCIPAL BANKERS

ALLIANCE BANK MALAYSIA BERHAD
No 22, Wisma Sin Hoh Huat
Persiaran Segambut Tengah
51200 Kuala Lumpur

ALLIANCE BANK MALAYSIA BERHAD
Menara Multi-Purpose
Capital Square
8, Jalan Munshi Abdullah
50100 Kuala Lumpur

CITIBANK BERHAD
Menara Citibank
165, Jalan Ampang
PO Box 10112
50450 Kuala Lumpur

HSBC BANK MALAYSIA BERHAD
2, Lebuh Ampang
50100 Kuala Lumpur

MALAYAN BANKING BERHAD
2nd Floor, Sentul Raya Trade Finance Centre,
No 12-14, Jalan 14/48A
50100 Kuala Lumpur

RHB BANK BERHAD
75, Jalan Tun H.S.Lee Branch
50000 Kuala Lumpur

OCBC BANK (MALAYSIA) BERHAD
Wisma Lee Rubber
Jalan Melaka
50100 Kuala Lumpur

DIRECTORS' INFORMATION

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GOH TAI SENG

60, a Malaysian, is a Non-Independent Executive Director and is the Chairman of Goh Ban Huat Berhad (GBH). He joined GBH in 1968 and have gained over 33 years of all round experience in ceramic manufacturing and management of GBH's affairs. He was appointed Chairman of GBH on 1 September 1987. He is also a director of GBH's subsidiaries and several other private companies including Ceramtec Sdn Bhd, a substantial shareholder of GBH. He is related to Mr. Goh Tai He, the Group Managing Director. He has no personal interest in any business arrangement involving the company, except, that he is deemed to derive to a benefit from supply of raw materials to subsidiary companies in GBH. He attended three (3) of four (4) Board Meetings held in the financial year ended 31 December 2003. He had no convictions for any offences within the past 10 years.

MR GOH TAI HE

57, a Malaysian, is a Non-Independent Executive Director and is the Group Managing Director of Goh Ban Huat Berhad (GBH). He holds a Bachelor of Science (Chemistry) degree from La Trobe University, Victoria, Australia and joined GBH in 1972. Since, he was actively involved in the management of GBH and was instrumental in setting up the highly mechanised ceramic pipe plant. He was appointed Group Managing Director on 1 September 1987. He is a member of the Audit Committee. He is also a director of GBH's subsidiaries and several other private companies. He is related to Mr. Goh Tai Seng, the Chairman of GBH and related to Directors of Ceramtec Sdn Bhd, a substantial shareholder of GBH. He has no personal interest in any business arrangement involving the company. He attended three (3) of four (4) Board Meetings held in the financial year ended 31 December 2003. He had no convictions for any offences within the past 10 years.

MR TAN AH CHEUN

57, a Malaysian, is a Non-Independent Executive Director and the Group General Manager of Goh Ban Huat Berhad (GBH). He holds a Bachelor of Commerce (Honours) degree from University of Melbourne, Australia and joined GBH in 1988. He has twelve (12) years of local and international banking experience with one of the largest international banks in the world and has also worked in a merchant bank in Sydney, Australia. He was appointed Director on 9 December 1988. He is also a director of GBH's subsidiaries and several other private companies. He does not have any family relationship with any Director and/or major shareholder of GBH, nor personal interest in any business arrangement involving the company. He attended three (3) of four (4) Board Meetings held in the financial year ended 31 December 2003. He had no convictions for any offences within the past 10 years.

DATO' HAJI MOHD SARIT BIN HAJI YUSOH

53, a Malaysian, is an Independent Non-Executive Director. He graduated from University of Malaya in 1975, with a Bachelor of Economics (Honours) degree and completed his Masters of Arts (Economics) from University of Philippines in 1977. He was with Petroliam Nasional Berhad (Petronas) from 1977 to 1981 and joined Perbadanan Nasional Berhad (Pernas) in 1981. He was appointed Director on 28 February 1994. In addition he is also a Director of other public companies, namely, Kurnia Setia Berhad, Khee San Berhad and Kwantas Corporation Berhad and several other private companies. He does not have any family relationship with any Director and/or major shareholder of GBH, nor personal interest in any business arrangement involving the company. He attended three (3) of four (4) Board Meetings held in the financial year ended 31 December 2003. He had no convictions for any offences within the past 10 years.

HAJI MOHAMED AMIN BIN HAJI MOHAMED

65, a Malaysian, is an Independent Non-Executive Director. He has more than 28 years of working experience with a leading finance and public share issuing house in Malaysia. He was appointed Director on 9 December 1988. He is also a director of two subsidiaries of GBH. He is related to Dato' Haji Mohd Yusof Bin Haji Mohamed (Alternate Director), notwithstanding that, he does not have any family relationship with any other Director and/or major shareholder of GBH, nor personal interest in any business arrangement involving the company. He attended four (4) of four (4) Board Meetings held in the financial year ended 31 December 2003. He had no convictions for any offences within the past 10 years.

DATO' HAJI MOHD YUSOF BIN HAJI MOHAMED (Alternate Director to Haji Mohamed Amin Bin Haji Mohamed)

62, a Malaysian, is an Independent Non-Executive Director. He graduated from University of Malaya in 1966, with a Bachelor of Arts (Economics and Islamic Studies) and completed his Masters of Science (Economics) from University of Kentucky in 1978. He was in Government service, holding various positions from 1966 until his retirement in 1977. Thereafter, he held the post of Controller of the Selangor Royal Household on contractual basis till 1999. He was appointed Director on 24 November 1999. He is also a director in several other private companies. He is related to Haji Mohamed Amin Bin Haji Mohamed, notwithstanding that, he does not have any family relationship with any other Director and/or major shareholder of GBH, nor personal interest in any business arrangement involving the company. He attended none (0) of four (4) Board Meetings held in the financial year ended 31 December 2003. He had no convictions for any offences within the past 10 years.

WAN SHALIHUDIN BIN WAN IBRAHIM

42, a Malaysian, is a Non-Independent Non-Executive Director. He has fifteen (15) years experience in automotive industries. He was involved in National Economic Action Committee (NEAC) forum in 1998 and his proposal on "Revitalisation of Automotive Industry" was accepted and implemented into policies by the Government. He was appointed Director on 28 November 2000. He is also a director in several other private companies. He is a substantial shareholder of the company, holding 4,597,000 shares or 7.42% of the existing paid up capital of the company. Notwithstanding, he does not have any family relationship with any Director of GBH, nor personal interest in any business arrangement involving the company. He attended four (4) of four (4) Board Meetings held in the financial year ended 31 December 2003. He had no convictions for any offences within the past 10 years.

BRIG JEN (RTD) DATO' MIOR AZAM BIN MIOR SAFI

59, a Malaysian, is a Non-Independent Non-Executive Director. He holds a Diploma in Management Science and held the position of Director of Defence Logistics Planning with Malaysian Armed Forces Headquarters, with a rank of Colonel, from 1996 to 1999. He retired in 2000, with the rank of Brig. Gen. as Assistant Chief of Staff, Defence Logistics at Malaysian Armed Forces Headquarters. He was appointed Director on 24 September 2001. He is also a director in several other private companies. He does not have any family relationship with any Director and/or major shareholder of GBH, nor personal interest in any business arrangement involving the company. He attended four (4) of four (4) Board Meetings held in the financial year ended 31 December 2003. He had no convictions for any offences within the past 10 years.

STATEMENT ON CORPORATE GOVERNANCE

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The Malaysian Code on Corporate Governance ("the Code"), issued by the Finance Committee on Corporate Governance in March 2000, sets out the principles and best practices for public listed companies for adoption to ensure that the fundamental discharge of the Board of Directors' responsibilities in protecting and enhancing shareholders' and stakeholders' interest and the financial performance of the companies. It is also mandatory under the Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) ("Bursa Malaysia") Listing Requirements for companies to include a Statement on Corporate Governance in its Annual Report.

The Board of Directors of Goh Ban Huat Berhad is committed in ensuring these standards are practiced throughout the Group in its discharge of responsibilities and ensuring compliance with the Bursa Malaysia Listing Requirements.

BOARD OF DIRECTORS

The Board has seven (7) members plus one (1) alternate director representing a diverse range of experience and industry comprising of a Executive Chairman, two (2) Executive Directors, four (4) Non Executive Directors and an Alternate Director. The profiles of Directors are set out in Directors' Information, page 12 in this Annual Report.

A total of four (4) Board Meetings were held during the financial year ended 31 December 2003, details of which are as follows:

Date of Meeting	Time	Place
18 February 2003	6.10 p.m.	Kuala Lumpur
26 May 2003	4.50 p.m.	Kuala Lumpur
28 August 2003	1.00 p.m.	Kuala Lumpur
18 November 2003	3.30 p.m.	Kuala Lumpur

The attendance of the Board of Directors in these meetings is tabulated in the Statement Accompanying Notice of Annual General Meeting in page 7.

SUPPLY OF INFORMATION

Board meetings are structured around a preset agenda; all members are supplied with a set of board papers. The Board is briefed by the Executive Directors on the activities and performance of the group, facilitating informed decision making.

The Board also has access to the advice and services of the Company Secretary, and, where necessary, external consultants such as merchant bankers, valuers and financial advisers are engaged to advise the Board.

All Directors have attended and completed the Mandatory Accreditation Programme (MAP) conducted by Research Institute of Investment Analysis Malaysia (RIIAM), an approved institute to conduct such training.

APPOINTMENTS TO THE BOARD

The Board of Directors deliberates new appointments to the Board, ensuring the mix of qualifications and industry experience will enhance the effectiveness of the Board in formulating policies and decision-making.

RE-ELECTION

The company's Articles of Association ("Articles") provides for re-election of new appointed Directors by the shareholders at the first Annual General Meeting after their appointments.

In accordance to the Articles, one-third of the existing Directors is required to retire by rotation at each Annual General Meeting and all Directors should retire from office at least once in three years but shall be eligible for re-election.

The Directors standing for re-election are shown in the Notice of Annual General Meeting page 4 (Ordinary Resolutions 3 and 4).

DIRECTOR'S REMUNERATION

The company pays its Non-Executive Directors annual fees approved annually by the shareholders of the company at its Annual General Meeting.

The total remuneration, paid or payable, by the company during the financial year is as follows:

(a) Aggregate remuneration of Directors, categorised into components.

In RM'000	Fees	Salaries	Bonus	Other		Total
				Emoluments		
Executive						
Directors	-	548	46	46	640	
Non Executive						
Directors	20.5	-	-	-	-	20.5

(b) Number of Directors whose remuneration falls in each successive bands of RM50,000.

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
RM200,001 to RM250,000	2	-
RM150,001 to RM200,000	1	-
Below RM50,000	-	5

SHAREHOLDERS

The Board of Directors endeavours full Board of Directors attendance at all Annual General Meetings with the presence of Auditors. Open communication between members of the Board and Ordinary shareholders is provided for during Annual General Meetings.

In addition, the Company makes various announcements, through the Bursa Malaysia and the timely release of quarterly results, two months from the close of a particular quarter. These are available at the Bursa Malaysia website accessible to members of the public.

FINANCIAL REPORTING

The Audit Committee reviews information to be disclosed to ensure its accuracy and adequacy and recommend to the Board, which takes the responsibility for presenting a reasonable review of the Group's operations and prospects each time it releases its quarterly and annual financial statements to the shareholders.

INTERNAL CONTROLS

The Directors recognises the need to constantly review the effectiveness of the internal controls that are in place in order to safeguard the Group's assets and the shareholders' interest in the company. This system, by its nature, can only provide reasonable but not absolute assurance against misstatement, frauds or loss.

The Board is in the view that the current system provides reasonable assurance and is sufficient to safeguard the Group's interest.

The Board and management are currently undertaking a formal approach towards risk assessment and are working in complying with the guidance as provided by the Code.

RELATIONSHIP WITH THE AUDITORS

The role of the Audit Committee in relation to the external auditors is enumerated in page 8 and 9.

COMPLIANCE WITH THE CODE

Save for the following, the Group has in all material aspect complied with the Principles and Best Practices of Corporate Governance.

- (a) Set-up Internal Audit Department to strengthen the structure and framework of existing internal controls.
- (b) Formation of a Nomination Committee and a Remuneration Committee within the Board of Directors.

STATEMENT ON DIRECTOR'S RESPONSIBILITIES

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The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the Group at the end of the financial year and the profit or loss of the company and the Group for the financial year. As required by the Act and the Listing Requirements of Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad), the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Act.

The Directors consider that in preparing the financial statements for the year ended 31 December 2003 set out on pages 24 to 55, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgement and estimates. The Directors have responsibility for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the company and the Group which enable them to ensure that the financial statements comply with the Act. The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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DIRECTORS' REPORT

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The Directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The principal activity of the Company is rental of properties.

The principal activities of the subsidiaries are manufacturing and sale of ceramic wares, ceramic formers, pipes and general trading.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

In RM	GROUP	COMPANY
Profit before taxation	5,024,729	754,350
Taxation	(1,961,403)	(396,302)
Profit after taxation	3,063,326	358,048
(Accumulated losses)/retained profits brought forward	(5,915,150)	6,741,148
(Accumulated losses)/retained profits carried forward	(2,851,824)	7,099,196

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Goh Tai Seng
Goh Tai Hee @ Goh Tai He
Tan Ah Cheun
Haji Mohamed Amin Bin Haji Mohamed
Dato' Haji Mohd Sarit Bin Haji Yusoh
W Shalihudin Bin W Ibrahim
Brig Jen (Rtd) Dato' Mior Azam Bin Mior Safi
Dato Haji Mohd Yusof Bin Haji Mohamed
(Alternate Director to Haji Mohamed Amin Bin Haji Mohamed)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' BENEFITS (CONT'D)

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 7 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest required to be disclosed by Section 169(8) of the Companies Act, 1965, except as disclosed in Note 28 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

The Company	Number of Ordinary Shares of RM1 Each		
	1 January 2003	Bought	31 December 2003
Direct Interest			
Goh Tai Seng	315,322	-	315,322
Goh Tai Hee @ Goh Tai He	320,896	-	120,892 200,004
Tan Ah Cheun	1,176,125	-	1,176,125
Haji Mohamed Amin Bin Haji Mohamed	7,000	-	7,000
W Shalihudin Bin W Ibrahim	5,629,000	-	1,032,000 4,597,000
Deemed Interest			
Goh Tai Seng	21,293,068	-	21,293,068
Goh Tai Hee @ Goh Tai He	21,293,068	-	21,293,068

EMPLOYEE SHARE OPTION SCHEME ("ESOS")

Pursuant to the Scheme, which commenced on 15 December 2000, options to subscribe for 6,191,000 ordinary shares of RM1.00 each in the Company were granted to eligible executive employees and full-time Executive Directors of the Group. No options have been exercised up to the date of this report.

The main features of the ESOS are as follows:

- (a) Eligible persons are executive employees and full-time Executive Directors of the Group who have been confirmed in the employment of the Group for at least one year before the offer date.
- (b) The total number of shares to be offered under the Scheme shall not exceed 10% of the issued share capital of the Company.
- (c) The maximum entitlement of eligible employees and full-time Directors under the ESOS ranges from 72,000 to 500,000 ordinary shares.
- (d) The price at which the Grantee is entitled to subscribe for the new shares shall be set based on five days weighted average market price preceding the offer date, subject to a discount of not more than 10% if any or the par value of the shares, whichever is higher.
- (e) The Scheme shall continue to be in force for a period of five years commencing from 15 December 2000.

DIRECTORS' REPORT

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EMPLOYEE SHARE OPTION SCHEME ("ESOS") (CONT'D)

Information with respect to the number of options granted under the ESOS is as follows:

	Number of Share Options	
	2003	2002
At 1 January	6,191,000	6,051,000
Granted	-	140,000
At 31 December	6,191,000	6,191,000

Details of share options granted during the financial year:

Exercise Period	Exercise Price RM	Number of Share Options	
		2003	2002
17 January 2002 - 15 December 2005	1.03	-	140,000

The terms of share options outstanding as at the end of the financial year are as follows:

Exercise Period	Exercise Price RM	Number of Share Options Outstanding	
		2003	2002
4 January 2001 - 15 December 2005	1.11	6,051,000	6,051,000
17 January 2002 - 15 December 2005	1.03	140,000	140,000

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of option holders and their holdings.

OTHER STATUTORY INFORMATION

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render:

- (i) the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
- (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

OTHER STATUTORY INFORMATION (CONT'D)

- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors

GOH TAI HEE & GOH TAI HE

Kuala Lumpur, Malaysia
30 April 2004

TAN AH CHEUN

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

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We, GOH TAI HEE & GOH TAI HE and TAN AH CHEUN, being two of the Directors of GOH BAN HUAT BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 24 to 53 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2003 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors

GOH TAI HEE & GOH TAI HE

TAN AH CHEUN

Kuala Lumpur, Malaysia
30 April 2004

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, LOW KOK YUNG, being the Officer primarily responsible for the financial management of GOH BAN HUAT BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 24 to 53 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed **LOW KOK YUNG**
at Kuala Lumpur in the Federal Territory
on 30 April 2004

LOW KOK YUNG

Before me,

REPORT OF THE AUDITORS

TO THE MEMBERS OF GOH BAN HUAT BERHAD
(INCORPORATED IN MALAYSIA) - 1713 A

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We have audited the accompanying financial statements set out on pages 24 to 53. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

As disclosed in Note 16 to the financial statements, the trade receivables of the Group and of the Company has long outstanding debts. Notwithstanding the provisioning for doubtful debts of RM3,638,534 as at 31 December 2003, we are unable to ascertain whether the Group is able to recover the balance of the debt for which no allowance for doubtful debts has been made.

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 December 2003 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act except where disclosed in Note 13.

In forming our opinion on the financial statements of the Group, we have considered the adequacy of the disclosure in Note 11(e) to the financial statements concerning the impairment on the clay pipes making machines which are not in use with a net book value of RM6,487,753 as at 31 December 2003. We consider that this matter should be drawn to your attention but our opinion is not qualified in this respect.

ERNST & YOUNG
AF: 0039
CHARTERED ACCOUNTANTS

Yeo Eng Seng
No. 1212/12/04 (J)
PARTNER

Kuala Lumpur, Malaysia
30 April 2004

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

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In RM	Note	GROUP		COMPANY	
		2003	2002	2003	2002
REVENUE	3	53,224,729	57,512,171	1,882,387	1,746,621
COST OF SALE	4	(30,332,285)	(52,934,841)	-	-
GROSS PROFIT		22,892,444	4,577,330	1,882,387	1,746,621
OTHER OPERATING INCOME		74,424	82,247	4,132,234	4,357,484
DISTRIBUTION EXPENSES		(4,691,353)	(4,363,292)	-	-
ADMINISTRATIVE EXPENSES		(5,382,828)	(4,946,468)	(426,391)	(371,745)
OTHER OPERATING EXPENSES		(1,981,335)	(3,808,481)	(953,666)	(1,088,158)
PROFIT/(LOSS) FROM OPERATIONS	5	10,911,352	(8,458,664)	4,634,564	4,644,202
FINANCE COST	8	(5,886,623)	(6,262,752)	(3,880,214)	(4,261,888)
PROFIT/(LOSS) BEFORE TAXATION		5,024,729	(14,721,416)	754,350	382,314
TAXATION	9	(1,961,403)	(1,647,665)	(396,302)	(54,878)
PROFIT/(LOSS) AFTER TAXATION		3,063,326	(16,369,081)	358,048	327,436
EARNINGS/(LOSS) PER SHARE (SEN)					
BASIC	10	4.95	(26.44)		
DILUTED	10	5.09	(26.62)		

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2003

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In RM	Note	GROUP		COMPANY	
		2003	2002	2003	2002
NON-CURRENT ASSETS					
Property, plant and equipment	11	107,740,597	110,494,374	33,645,561	34,123,775
Investments	12	2,068,330	2,068,330	1,205,213	1,205,213
Goodwill on consolidation		305,620	305,620	-	-
Investment in subsidiaries	13	-	-	30,848,115	30,848,115
Expenditure carried forward	14	40,999	60,999	-	-
		110,155,546	112,929,323	65,698,889	66,177,103
CURRENT ASSETS					
Inventories	15	38,566,091	36,375,317	-	-
Trade receivables	16	29,187,439	34,101,266	711,536	726,453
Other receivables	17	3,273,994	1,880,514	108,131,940	114,737,127
Cash and bank balances	18	435,937	1,165,198	3,777	3,777
		71,463,461	73,522,295	108,847,253	115,467,357
CURRENT LIABILITIES					
Short term borrowings	19	50,766,918	53,791,136	50,766,918	53,791,136
Trade payables	20	14,327,929	16,279,625	11,608	11,608
Other payables	21	8,591,425	8,221,144	8,350,363	8,874,186
Tax payable		2,515,337	2,017,046	1,336,604	952,176
		76,201,609	80,308,951	60,465,493	63,629,106
NET CURRENT (LIABILITIES)/ASSETS					
		(4,738,148)	(6,786,656)	48,381,760	51,838,251
		105,417,398	106,142,667	114,080,649	118,015,354
FINANCED BY:					
Share capital	23	61,919,011	61,919,011	61,919,011	61,919,011
Reserves		15,428,925	12,365,599	26,518,677	26,160,629
Shareholders' equity		77,347,936	74,284,610	88,437,688	88,079,640
Long term borrowings	19	24,192,410	28,372,037	24,192,410	28,372,037
Deferred taxation	24	3,877,052	3,486,020	1,450,551	1,563,677
		105,417,398	106,142,667	114,080,649	118,015,354

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2003

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CONSOLIDATED

In RM	Note	Share Capital	Share Premium	Revaluation Reserves	Capital Reserves	(Accumulated Losses)/ Retained Profits	Total
AT 1 JANUARY 2002							
As previously stated		61,919,011	16,966,462	4,043,820	1,118,356	8,644,887	92,692,536
Prior year adjustments	25	-	-	(3,847,889)	-	1,809,044	(2,038,845)
AT 1 JANUARY 2002 (AS RESTATED)							
		61,919,011	16,966,462	195,931	1,118,356	10,453,931	90,653,691
Net loss for the year		-	-	-	-	(16,369,081)	(16,369,081)
AT 31 DECEMBER 2002							
		61,919,011	16,966,462	195,931	1,118,356	(5,915,150)	74,284,610
AT 1 JANUARY 2003							
As previously stated		61,919,011	16,966,462	4,043,820	1,118,356	(7,612,019)	76,435,630
Prior year adjustments	25	-	-	(3,847,889)	-	1,696,869	(2,151,020)
AT 1 JANUARY 2003 (AS RESTATED)							
		61,919,011	16,966,462	195,931	1,118,356	(5,915,150)	74,284,610
Net profit for the year		-	-	-	-	3,063,326	3,063,326
AT 31 DECEMBER 2003							
		61,919,011	16,966,462	195,931	1,118,356	(2,851,824)	77,347,936

COMPANY

In RM	Note	Share Capital	Share Premium	Revaluation Reserves	Capital Reserves	Retained Profits (Note 26)	Total
AT 1 JANUARY 2002							
As previously stated		61,919,011	16,966,462	4,043,820	2,257,088	4,248,228	89,434,609
Prior year adjustments	25	-	-	(3,847,889)	-	2,165,484	(1,682,405)
AT 1 JANUARY 2002 (AS RESTATED)							
		61,919,011	16,966,462	195,931	2,257,088	6,413,712	87,752,204
Net profit for the year		-	-	-	-	327,436	327,436
AT 31 DECEMBER 2002							
		61,919,011	16,966,462	195,931	2,257,088	6,741,148	88,079,640
AT 1 JANUARY 2003							
As previously stated		61,919,011	16,966,462	4,043,820	2,257,088	4,456,936	89,643,317
Prior year adjustments	25	-	-	(3,847,889)	-	2,284,212	(1,563,677)
AT 1 JANUARY 2003 (AS RESTATED)							
		61,919,011	16,966,462	195,931	2,257,088	6,741,148	88,079,640
Net profit for the year		-	-	-	-	358,048	358,048
AT 31 DECEMBER 2003							
		61,919,011	16,966,462	195,931	2,257,088	7,099,196	88,437,688

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

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In RM	2003	GROUP	COMPANY	
			2002	2002
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	5,024,729	(14,721,416)	754,350	382,314
Adjustment for:				
Amortisation of expenditure carried forward	20,000	20,000	-	-
Bad debts written off	17,071	70,718	17,071	-
Depreciation	4,818,067	4,819,664	631,759	631,759
Interest expense	5,886,623	6,262,752	3,880,214	4,261,888
Inventories written off	-	14,354,412	-	-
Loss on disposal of investment	-	14,700	-	-
Provision for doubtful debts	1,000,000	1,848,417	-	-
Property, plant and equipment written off	-	62	-	-
Write-down of inventories	-	773,096	-	-
Net unrealised foreign exchange losses	132,375	-	-	-
Gain on disposal of property, plant and equipment	(29,777)	(12,999)	-	-
Operating profit before working capital changes	16,869,088	13,429,406	5,283,394	5,275,961
Inventories	(2,190,774)	1,128,382	-	-
Receivables	2,503,276	(3,467,390)	6,603,033	(323,231)
Payables	(1,768,790)	1,143,538	(578,823)	470,814
Cash generated from operations	15,412,800	12,233,936	11,307,604	5,423,544
Income tax paid	(1,017,080)	(1,478,168)	(70,000)	-
Interest paid	(5,886,623)	(6,262,752)	(3,880,214)	(4,261,888)
Net cash generated from operating activities	8,509,097	4,493,016	7,357,390	1,161,656
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	30,000	13,000	-	-
Proceeds from disposal of investment	-	1,900	-	-
Purchase of property, plant and equipment	(2,064,513)	(2,534,602)	(153,545)	-
Net cash used in investing activities	(2,034,513)	(2,519,702)	(153,545)	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of revolving credits	(979,078)	(221,491)	(979,078)	(221,491)
(Repayment)/Drawdown of term loans	(3,019,279)	250,000	(3,019,279)	250,000
Drawdown of trade line	509,585	-	509,585	-
Repayment of bankers' acceptances	(2,844,659)	(1,182,566)	(2,844,659)	(1,182,566)
Net drawdown of hire purchase payables	118,000	-	118,000	-
Net cash (used in)/generated from financing activities	(6,215,431)	(1,154,057)	(6,215,431)	(1,154,057)
NET INCREASE IN CASH AND CASH EQUIVALENTS	259,153	819,257	988,414	7,599
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	(35,565,261)	(36,384,518)	(36,726,682)	(36,734,281)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 18)	(35,306,108)	(35,565,261)	(35,738,268)	(36,726,682)

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2003

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1 CORPORATE INFORMATION

The principal activity of the Company is rental of properties. The principal activities of the subsidiaries are manufacturing and sale of ceramic wares, ceramic formers, pipes and general trading. There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 238, Jalan Segambut, 51200 Kuala Lumpur.

The numbers of employees in the Group and in the Company at the end of the financial year were 514 (2002 : 490) and Nil (2002 : Nil) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 April 2004.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention modified to include revaluation of certain assets. The financial statements comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

The Group and the Company have applied certain transitional provisions as allowed by MASB Standard No. 15, Property, Plant and Equipment, by virtue of which a reporting enterprise is allowed to retain revalued amounts on the basis of their previous revaluations (subject to continuity in depreciation policy and the requirement to write an asset down to its recoverable amount), if it does not further revalue its property, plant and equipment.

During the financial year ended 31 December 2003, the Group and the Company adopted the following MASB Standards for the first time:

MASB 25 Income Taxes
MASB 29 Employee Benefits

The effects of adopting MASB 25 are summarised in the Statement of Changes in Equity and further information is disclosed in Note 25 to the financial statements. The adoption of MASB 29 has not given rise to any adjustments to the opening balances of retained profits of the prior and current year or to changes in comparatives.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The differences between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (cont'd)

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill is stated at cost. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet. Goodwill is not amortised unless in the opinion of the Directors that there is no continuing value, in which case the goodwill is written off to the consolidated income statement to the extent of the diminution in value.

(d) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m).

Freehold land and buildings of the Company have not been revalued since they were revalued in 1989. The Directors have not adopted a policy on regular revaluations of such asset. These assets have continued to be stated on the basis of their 1989 valuations as allowed by the transitional provisions adopted by the Malaysian Accounting Standards Board (MASB) Standard No. 15, Property, Plant and Equipment.

Freehold land is not depreciated. Leasehold land is depreciated over the remaining periods of the respective leases. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Freehold buildings	2% - 5%
Plant and machinery	5% - 10%
Factory equipment and fittings	10%
Furniture, fittings and equipment	10% - 20%
Motor vehicles	10% - 20%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement and the attributable portion of the revaluation surplus is taken directly to retained profits.

(e) Investments in Subsidiaries

The Company's investments in unquoted subsidiaries, which are eliminated on consolidation, are stated at cost. Impairment loss is recognised when the Directors are of the opinion that there is a permanent impairment in the value of the investments.

Dividends from subsidiaries are included in the income statement of the Company when declared.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by using standard costing method.

Cost of raw material and work-in-progress is determined on specific identification per unit and includes the cost of materials and incidentals in bringing the raw material into store.

Cost of finished products include direct cost materials, direct labour, fixed and variable factory overheads.

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2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Foreign Currencies

Transactions in foreign currencies are recorded in Ringgit Malaysia at rates of exchange approximating those ruling at transaction dates and where settlement had not taken place at the balance sheet date, at the approximate rates ruling at that date. All exchange differences are dealt with through the income statements.

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used are as follows:

<u>In RM</u>	<u>2003</u>	<u>2002</u>
Australian Dollar	2.93	2.15
Great Britain Pound	6.28	6.09
New Zealand Dollar	2.20	1.99
Singapore Dollar	2.24	2.19
United States Dollar	3.83	3.80

(h) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

Prior to the adoption of MASB 25 Income Taxes on 1 January 2003, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation. This change in accounting policy has been accounted for retrospectively and the effects of this change is disclosed in Note 25.

(i) Expenditure Carried Forward

Expenditure carried forward are written off to the income statements as and when incurred except that development expenditure relating to specific projects with commercial viability and for which there is a clear indication of the marketability of the products being developed, is carried forward. Such expenditure is amortised over the period in which the benefits are expected to be derived commencing in the period in which the related sales are first made.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Cash and Cash Equivalents

The statement of cash flows, prepared by using the indirect method, classifies changes in cash and cash equivalents according to operating, investing and financing activities. For the purpose of cash flow statements, cash and cash equivalents comprise cash and bank balances, and short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

(k) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

(i) Finance leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2(d).

(ii) Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the term of the relevant lease.

(l) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Sale of goods

Revenue is recognised upon delivery of goods, net of discounts, allowances and applicable indirect taxes.

(ii) Rental income

Revenue from rental of properties are recognised on an accrual basis.

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2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

The Directors have considered the carrying value as at 31 December 2003 of the assets of the Group and are satisfied that no impairment losses in value are required to be made.

(n) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(iii) Equity compensation benefits

The Goh Ban Huat Berhad Employee Share Options Scheme ("ESOS") allows the Group's employees to acquire shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

Prior to the adoption of MASB 29 - Employee Benefits on 1 January 2003, no liability was recognised for the obligations in respect of short-term employee benefits in the form of accumulating compensated absences.

(o) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Financial Instruments (cont'd)

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual agreement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Other Non-Current Investments

Investment properties are those properties which are held on a long term basis for their investment potential and are stated at cost.

Non-current investments other than investments in subsidiaries are stated at cost. Impairment loss for the investment properties and non-current investments is recognised when the Directors are of the opinion that there is a permanent impairment in the value of the investments. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m).

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(ii) Trade Receivables

Trade receivables are carried at anticipated realisable value. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iii) Trade Payables

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iv) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs. Borrowing costs are charged to income statement as an expense in the period in which they are incurred.

(v) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3 REVENUE

Revenue of the Company comprise income from rental of properties.

Revenue of the Group includes the invoiced value of goods sold after allowing for sales discounts and returns. For consolidated financial statements, revenue excludes intra-group transactions.

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3 REVENUE (CONT'D)

Revenue of the Group and of the Company consists of the following:

In RM	GROUP		COMPANY	
	2003	2002	2003	2002
Rental income	1,586,707	1,450,941	1,882,387	1,746,621
Sale of goods	51,638,022	56,061,230	-	-
	53,224,729	57,512,171	1,882,387	1,746,621

4 COST OF SALES

Cost of sales represents cost of inventories manufactured and sold.

5 PROFIT/(LOSS) FROM OPERATIONS

Profit/(loss) from operations is stated after charging/(crediting):

In RM	GROUP		COMPANY	
	2003	2002	2003	2002
Staff costs	9,463,635	8,867,510	-	-
Non-executive directors' remuneration (Note 7)	20,500	15,000	20,500	15,000
Auditors' remuneration	72,000	72,000	15,000	15,000
Amortisation of expenditure carried forward	20,000	20,000	-	-
Bad debts written off	17,071	70,718	17,071	-
Depreciation (Note 11)	4,818,067	4,819,664	631,759	631,759
Inventories written off	-	14,354,412	-	-
Loss on disposal of investment	-	14,700	-	-
Property, plant and equipment written off	-	62	-	-
Provision for doubtful debts	1,000,000	1,848,417	-	-
Rental of equipment and machinery	198,638	311,472	-	-
Rental of forklifts	303,180	303,180	-	-
Rental of premises	79,600	30,000	-	-
Write-down of inventories	-	773,096	-	-
Net unrealised foreign exchange losses	132,375	-	-	-
Gain on disposal of property, plant and equipment	(29,777)	(12,999)	-	-
Gain on foreign exchange	(13,608)	(36,036)	-	-

6 STAFF COSTS

Included in the staff costs of the Group and of the Company are executive directors' remuneration amounting to RM639,757 (2002 : RM580,797) and RM NIL (2002 : RM NIL) respectively as further disclosed in Note 7.

7 DIRECTORS' REMUNERATION

In RM	GROUP		COMPANY	
	2003	2002	2003	2002
Directors of the Company				
Executive:				
Salaries and other emoluments	639,757	580,797	-	-
Non-executive:				
Fees	20,500	15,000	20,500	15,000
Total	660,257	595,797	20,500	15,000

The number of Directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors	
	2003	2002
Executive Directors:		
RM150,000 - RM200,000	1	2
RM200,001 - RM250,000	2	1
Non-Executive Directors:		
Below RM50,000	5	5

8 FINANCE COST

In RM	GROUP		COMPANY	
	2003	2002	2003	2002
Interest expenses:				
bankers' acceptances				
bankers' acceptances	475,623	484,678	475,623	484,678
bank overdrafts	2,849,769	3,029,945	1,751,265	1,926,949
term loans	2,419,133	2,625,698	1,536,681	1,748,056
revolving credits	116,305	102,205	116,305	102,205
Hire purchase interest	340	-	340	-
Others	25,453	20,226	-	-
	5,886,623	6,262,752	3,880,214	4,261,888

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9 TAXATION

In RM	GROUP		COMPANY	
	2003	2002	2003	2002
Tax expense for the period:				
Malaysian income tax	1,346,518	516,795	344,487	173,606
Deferred tax: (Note 24)				
Relating to origination and reversal				
of temporary difference	390,614	1,042,175	(113,126)	(118,728)
Underprovided in prior year	418	-	-	-
	391,032	1,042,175	(113,126)	(118,728)
Underprovided in prior years:				
Malaysian income tax	223,853	88,695	164,941	-
	1,961,403	1,647,665	396,302	54,878

Income tax is calculated at the statutory tax rate of 28% (2002 : 28%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2003	2002
GROUP		
Profit/(Loss) before taxation	5,024,729	(14,721,416)
Taxation at Malaysian statutory rate of 28% (2002 : 28%)	1,406,924	(4,121,996)
Expenses not deductible for tax purposes	778,377	710,012
Utilisation of previously unrecognised unabsorbed capital allowances	(448,169)	-
Underprovided of deferred tax in prior year	418	-
Underprovided of income tax expense in prior year	223,853	88,695
Deferred tax assets not recognised during the year	-	4,970,954
Tax expense for the year	1,961,403	1,647,665
COMPANY		
Profit before taxation	754,350	382,314
Taxation at Malaysian statutory rate of 28% (2002 : 28%)	211,218	107,048
Expenses not deductible for tax purposes	20,143	(52,170)
Underprovided of deferred tax in prior year	-	-
Underprovided of income tax expense in prior years	164,941	-
Tax expense for the year	396,302	54,878

9 TAXATION (CONT'D)

<u>In RM</u>	<u>GROUP</u>	
	<u>2003</u>	<u>2002</u>
Tax savings are analysed as follows:		
Tax savings recognised during the year arising from:		

Utilisation of tax losses brought forward from previous years	201,892	131,923
Unutilised tax losses carried forward	<u>26,486,386</u>	27,207,429

Deferred tax assets have not been recognised in respect of the following items:

<u>In RM</u>	<u>GROUP</u>	
	<u>2003</u>	<u>2002</u>
Unabsorbed tax losses	26,486,386	26,486,386
Unutilised capital allowances	39,230,381	41,692,598
Unutilised reinvestment allowances	<u>23,243,348</u>	22,005,064

No deferred tax assets have been recognised in respect of the above items due to the unpredictability of future profit streams.

10 EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) for the year by the weighted average number of ordinary shares in issue during the financial year.

	<u>GROUP</u>	
	<u>2003</u>	<u>2002</u>
Net profit/(loss) for the year (RM)	3,063,326	(16,369,081)
Weighted average number of ordinary shares in issue	<u>61,919,011</u>	61,919,011
Basic earnings/(loss) per share (sen)	<u>4.95</u>	(26.44)

The comparative basic earnings per share has been restated to take into account the effect of the change in accounting policy (Note 2(a) and Note 25) on net loss for the year.

(b) Diluted

For the purpose of calculating diluted profit/(loss) per share, the net profit/(loss) for the year and the weighted average number of ordinary shares in issue during the financial year have been adjusted to assume conversion of all options on 1 January 2003 or the first date exercisable, whichever is later.

Diluted earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of dilutive options on the assumption all options were exercised on the first day of the financial year, or on the date granted if later.

	<u>GROUP</u>	
	<u>2003</u>	<u>2002</u>
Net profit/(loss) for the year (RM)	3,063,326	(16,369,081)
Weighted average number of ordinary shares in issue	<u>61,919,011</u>	61,919,011
Adjustment for share options	<u>(1,707,862)</u>	(416,702)
Adjusted weighted average number of ordinary shares in issue and issuable	<u>60,211,149</u>	61,502,309
Diluted earnings/(loss) per share (sen)	<u>5.09</u>	(26.62)

The comparative diluted loss per share has been restated to take into account the effect of the change in accounting policy (Note 2(a) and Note 25) on net loss for the year.

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11 PROPERTY, PLANT AND EQUIPMENT

In RM	Freehold land and buildings	Long term leasehold land	Short term leasehold land
GROUP			
Cost/Valuation			
At 1 January 2003			
	76,147,133	72,262	970,795
Additions	12,200	-	-
Disposals/written off	-	-	-
At 31 December 2003	76,159,333	72,262	970,795
Representing:			
At cost	17,768,414	72,262	970,795
At valuation	58,390,919	-	-
	76,159,333	72,262	970,795
Accumulated Depreciation			
At 1 January 2003	15,332,014	12,315	308,900
Charge for the year (Note 5)	927,498	1,642	22,064
Disposals/written off	-	-	-
At 31 December 2003	16,259,512	13,957	330,964
Net Book Value			
At 31 December 2003	59,899,821	58,305	639,831
At 31 December 2002	60,815,119	59,947	661,895
Depreciation charge for 2002 (Note 5)	927,336	1,642	22,064

Plant and machinery	Factory equipment and fittings	Furniture, fittings and equipment	Motor vehicles	Total
84,420,766	5,151,264	2,838,935	5,555,248	175,156,403
1,784,136	35,974	78,658	153,545	2,064,513
-	-	-	(79,250)	(79,250)
86,204,902	5,187,238	2,917,593	5,629,543	77,141,666
86,204,902	5,187,238	2,917,593	5,629,543	118,750,747
-	-	-	-	58,390,919
86,204,902	5,187,238	2,917,593	5,629,543	177,141,666
37,810,966	3,707,957	2,546,108	4,943,769	64,662,029
3,364,624	223,469	85,402	193,368	4,818,067
-	-	-	(79,027)	(79,027)
41,175,590	3,931,426	2,631,510	5,058,110	69,401,069
45,029,312	1,255,812	286,083	571,433	107,740,597
46,609,800	1,443,307	292,827	611,479	110,494,374
3,259,493	276,451	108,792	223,886	4,819,664

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11 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

In RM COMPANY	Freehold land and buildings	Long term leasehold land	Short term leasehold land	Motor vehicles	Total
Cost/Valuation					
At 1 January 2003	46,605,051	72,262	970,795	-	47,648,108
Additions	-	-	-	153,545	153,545
At 31 December 2003	46,605,051	72,262	970,795	153,545	47,801,653
Representing:					
At cost	1,614,132	72,262	970,795	153,545	2,810,734
At valuation	44,990,919	-	-	-	44,990,919
	46,605,051	72,262	970,795	153,545	47,801,653
Accumulated Depreciation					
At 1 January 2003	13,203,118	12,315	308,900	-	13,524,333
Charge for the year (Note 5)	608,053	1,642	22,064	-	631,759
At 31 December 2003	13,811,171	13,957	330,964	-	14,156,092
Net Book Value					
At 31 December 2003	32,793,880	58,305	639,831	153,545	33,645,561
At 31 December 2002	33,401,933	59,947	661,895	-	34,123,775
Depreciation charge for 2002 (Note 5)	608,053	1,642	22,064	-	631,759

(a) Details of independent professional valuations of freehold land and buildings owned by the Company and a subsidiary at 31 December 2003 are as follows:

Date of Valuation	Description of Property	Valuation Amount (RM)	Basis of Valuation
1992	Freehold land in Segambut	13,400,000	Open market value
1989	Freehold land and buildings in Segambut	44,990,919	Open market value
		58,390,919	

(b) The Group and the Company are unable to disclose the carrying amounts of the revalued property, plant and equipment, had they been carried at cost, due to the absence of historical records.

(c) Included in property, plant and equipment of the Group and of the Company is motor vehicle with a net book value of RM153,545 (2002: Nil) which is acquired under hire purchase instalment plan.

(d) All assets of the Group and of the Company have been pledged to financial institutions for bank facilities granted to the Company.

11 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(e) Included in the plant and machinery of the Group are clay pipes making machines acquired in 1991 and 1993 which are not in use. The net book value of these machines is RM6,487,753 (2002: RM6,640,923). The Directors have considered the carrying value of these machines of the Group as at 31 December 2003 and are satisfied that no impairment losses in value are required to be made.

12 INVESTMENTS

In RM	GROUP		COMPANY	
	2003	2002	2003	2002
At cost:				
Transferable club membership	202,995	202,995	170,000	170,000
Investment properties	1,804,413	1,804,413	1,032,993	1,032,993
Unquoted shares	55,002	55,002	-	-
Quoted shares	5,920	5,920	2,220	2,220
	2,068,330	2,068,330	1,205,213	1,205,213
Market value of quoted shares	3,520	3,640	2,370	2,500

13 INVESTMENT IN SUBSIDIARIES

In RM	COMPANY	
	2003	2002
Unquoted shares at cost	30,848,115	30,848,115

Details of the subsidiaries are as follows:

Name of the Subsidiaries	Country of Incorporation	Equity Interest Held (%)		Principal Activities
		2003	2002	
GBH Ceramics Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading of vitrified clay pipes
GBH Trading Sdn. Bhd.	Malaysia	100	100	General trading of ceramic wares, tap wares, pipes and general bathroom wares
GBH Bathroom Products Sdn. Bhd	Malaysia	100	100	Manufacture and trading of ceramic wares
GBH Porcelain Sdn. Bhd.	Malaysia	100	100	Manufacture and trading of formers
GBH Crown Lynn Sdn. Bhd.	Malaysia	100	100	Manufacture and trading of ceramic tablewares
GBH Clay Pipes Sdn. Bhd.	Malaysia	100	100	Manufacture and trading of vitrified clay pipes
GBH Australia Pty. Ltd.	Australia	100	100	Dormant

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13 INVESTMENT IN SUBSIDIARIES (CONT'D)

The auditors' reports on the financial statements of the following subsidiaries were modified and are summarised below:

Subsidiaries	Audit Report
GBH Ceramics Sdn. Bhd.	Emphasis of matter: Impairment consideration on the clay pipes making machines which are not in use with a net book value of RM6,487,753 as at 31 December 2003. Except for opinion: Auditor's disagreement with the management as to the appropriateness of not providing allowance for long overdue trade debts and the uncertainty on recovering the balance of the debts.
GBH Bathroom Products Sdn. Bhd.	Emphasis of matter: Uncertainty in relation to the recovery of long overdue trade debts.
GBH Porcelain Sdn. Bhd.	

14 EXPENDITURE CARRIED FORWARD

In RM	GROUP	
	2003	2002
At cost:		
Development expenditure	121,000	121,000
Less: Accumulated amortisation	(80,001)	(60,001)
	40,999	60,999

15 INVENTORIES

At cost:		
Raw materials	1,138,819	1,078,356
Work-in-progress	1,263,452	983,485
Finished goods	18,789,887	21,255,070
Maintenance inventories	1,241,504	1,345,190
Consumables	154,304	205,184
	22,587,966	24,867,285
At net realisable value:		
Work-in-progress	77,305	201,309
Finished goods	15,900,820	11,306,723
	15,978,125	11,508,032
	38,566,091	36,375,317

16 TRADE RECEIVABLES

In RM	GROUP		COMPANY	
	2003	2002	2003	2002
Trade receivables	32,825,973	36,739,800	711,536	726,453
Less: Provision for doubtful debts	(3,638,534)	(2,638,534)	-	-
	29,187,439	34,101,266	711,536	726,453

16 TRADE RECEIVABLES (CONT'D)

Included in trade receivables of the Group are amounts outstanding for 1 to 3 years of RM7,333,827 (2002 : RM7,110,458) and amounts outstanding for more than 3 years of RM12,842,413 (2002 : RM11,197,710).

In determining the amount to provide for doubtful trade debts, the Directors have given due consideration to the current information available to assess the likelihood of bad debts arising. Although uncertainties exist with regard to the recovery of long overdue debts, the Directors deemed the existing provision as adequate.

17 OTHER RECEIVABLES

In RM	GROUP		COMPANY	
	2003	2002	2003	2002
Due from subsidiaries	-	-	106,708,069	114,237,483
Deposits	521,359	498,003	254,662	253,662
Prepayments	1,527,342	410,275	1,169,209	225,726
Sundry receivables	1,224,076	972,236	-	20,256
Tax recoverable	1,217	-	-	-
	3,273,994	1,880,514	108,131,940	114,737,127

The amounts due from subsidiaries are unsecured, have no fixed term of repayment and bear interest at 6% to 8% (2002 : 6% to 8%) per annum.

18 CASH AND CASH EQUIVALENTS

In RM	GROUP		COMPANY	
	2003	2002	2003	2002
Cash and bank balances	435,937	1,165,198	3,777	3,777
Less: Bank overdrafts (Note 19)	(35,742,045)	(36,730,459)	(35,742,045)	(36,730,459)
Cash and cash equivalents	(35,306,108)	(35,565,261)	(35,738,268)	(36,726,682)

19 BORROWINGS

In RM	GROUP		COMPANY	
	2003	2002	2003	2002
SHORT TERM BORROWINGS				
Secured:				
Bank overdrafts	35,742,045	36,730,459	35,742,045	36,730,459
Bankers' acceptances	7,032,775	7,533,000	7,032,775	7,533,000
Term loans	4,668,793	3,414,445	4,668,793	3,414,445
Trade line	509,585	-	509,585	-
Hire purchase payables (Note 22)	24,000	-	24,000	-
	47,977,198	47,677,904	47,977,198	47,677,904
Unsecured				
Bankers' acceptances	-	2,344,434	-	2,344,434
Revolving credits	2,789,720	3,768,798	2,789,720	3,768,798
	2,789,720	6,113,232	2,789,720	6,113,232
	50,766,918	53,791,136	50,766,918	53,791,136

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2003

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19 BORROWINGS (CONT'D)

In RM	GROUP		COMPANY	
	2003	2002	2003	2002
LONG TERM BORROWINGS				
Secured:				
Hire purchase payables (Note 22)	94,000	-	94,000	-
Term loans	24,098,410	28,372,037	24,098,410	28,372,037
	24,192,410	28,372,037	24,192,410	28,372,037
TOTAL BORROWINGS				
Bank overdrafts (Note 18)	35,742,045	36,730,459	35,742,045	36,730,459
Bankers' acceptances (Note 18)	7,032,775	9,877,434	7,032,775	9,877,434
Revolving credits	2,789,720	3,768,798	2,789,720	3,768,798
Term loans	28,767,203	31,786,482	28,767,203	31,786,482
Trade line	509,585	-	509,585	-
Hire purchase payables (Note 22)	118,000	-	118,000	-
	74,959,328	82,163,173	74,959,328	82,163,173
Maturity of borrowings (excluding hire purchase):				
Within one year	50,742,918	53,791,136	50,742,918	53,791,136
More than 1 year and less than 2 years	9,349,431	5,853,334	9,349,431	5,853,334
More than 2 years and less than 5 years	14,748,979	17,560,002	14,748,979	17,560,002
5 years or more	-	4,958,701	-	4,958,701
	74,841,328	82,163,173	74,841,328	82,163,173

The average effective interest rates during the financial year for borrowings were as follows:

In %	GROUP		COMPANY	
	2003	2002	2003	2002
Bank overdrafts	7.70	7.90	7.70	7.90
Revolving credits	5.20	5.40	5.20	5.40
Bankers' acceptances	6.50	6.50	6.50	6.50
Term loans	7.70	7.90	7.70	7.90

The secured bank borrowings are secured by the following:

- (a) by way of fixed and floating charge over the assets, both present and future of the Group; and
- (b) by corporate guarantees amounting to RM9.14 million from two subsidiaries, GBH Bathroom Products Sdn. Bhd. and GBH Porcelain Sdn. Bhd.

During the previous financial year, the lending banks have approved two years deferment on the term loans principal repayment and now repayable over eight years commencing 1 September 2000.

20 TRADE PAYABLES

In RM	GROUP		COMPANY	
	2003	2002	2003	2002
Trade payables	14,327,929	16,279,625	11,608	11,608

The normal trade credit term granted to the Group ranges from 30 to 90 days.

21 OTHER PAYABLES

In RM	GROUP		COMPANY	
	2003	2002	2003	2002
Due to subsidiaries	-	-	6,180,664	6,510,642
Due to directors	12,000	17,000	10,000	15,000
Accruals	2,949,323	2,307,452	1,251,639	1,275,822
Sundry payables	5,630,102	5,896,692	908,060	1,072,722
	8,591,425	8,221,144	8,350,363	8,874,186

The amount due to subsidiaries are unsecured, interest-free and have no fixed term of repayment.

22 HIRE PURCHASE

In RM	GROUP		COMPANY	
	2003	2002	2003	2002
Minimum hire purchase payable				
- not later than one year	28,080	-	28,080	-
- later than one year and not later than five years	109,980	-	109,980	-
	138,060	-	138,060	-
Hire purchase interest allocated to future period	(20,060)	-	(20,060)	-
Present value of hire purchase payables	118,000	-	118,000	-
Repayable as follows:				
- not later than one year	24,000	-	24,000	-
- later than one year and not later than five years	94,000	-	94,000	-
	118,000	-	118,000	-

NOTES TO THE FINANCIAL STATEMENTS

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23 SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount(RM)	
	2003	2002	2003	2002
Authorised:				
At 31 December	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid:				
At 31 December	61,919,011	61,919,011	61,919,011	61,919,011

The main features of the ESOS and the details of the options granted are disclosed in the Directors' Report.

24 DEFERRED TAXATION

In RM	GROUP		COMPANY	
	2003	2002	2003	2002
At 1 January	3,486,020	2,443,845	1,563,677	1,682,405
Recognised in the income statement (Note 9)	391,032	1,042,175	(113,126)	(118,728)
At 31 December	3,877,052	3,486,020	1,450,551	1,563,677

Presented after appropriate offsetting as follows:

Deferred tax assets	(1,088,640)	(1,443,934)	(498,293)	(463,421)
Deferred tax liabilities	4,965,692	4,929,954	1,948,844	2,027,098
	3,877,052	3,486,020	1,450,551	1,563,677

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

DEFERRED TAX LIABILITIES OF THE GROUP:

In RM	Accelerated Capital Allowances	Revaluation of Freehold Land and Buildings		Total
		2003	2002	
At 1 January 2003	2,862,856	2,067,098	4,929,954	
Recognised in the income statement (Note 9)	119,592	(83,854)	35,738	
At 31 December 2003	2,982,448	1,983,244	4,965,692	

24 DEFERRED TAXATION (CONT'D)
DEFERRED TAX ASSETS OF THE GROUP:

In RM	Tax Losses and Unabsorbed			Total
	Accelerated Depreciation	Capital Allowances	Other Payables	
At 1 January 2003	(463,421)	(390,166)	(590,347)	(1,443,934)
Recognised in the income statement (Note 9)	(34,872)	390,166	-	355,294
At 31 December 2003	(498,293)	-	(590,347)	(1,088,640)

DEFERRED TAX LIABILITIES OF THE COMPANY:

In RM	Revaluation of Freehold Land and Buildings		Total
	Accelerated Capital Allowances		
At 1 January 2003	-	2,027,098	2,027,098
Recognised in the income statement (Note 9)	5,600	(83,854)	(78,254)
At 31 December 2003	5,600	1,943,244	1,948,844

DEFERRED TAX ASSETS OF THE COMPANY:

In RM	Accelerated Depreciation
At 1 January 2003	(463,421)
Recognised in the income statement (Note 9)	(34,872)
At 31 December 2003	(498,293)

25 CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS

(a) Changes in Accounting Policies

During the financial year, the Group and the Company applied two new MASB Standards, which became effective from 1 January 2003, and accordingly modified certain accounting policies. The changes in accounting policies which resulted in prior year adjustments are discussed below:

(i) MASB 25: Income Taxes

Under MASB 25, deferred tax liabilities are recognised for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. In addition, the Group and the Company has commenced recognition of deferred tax assets for all deductible temporary differences, when it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised. Previously, deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2003

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25 CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS (CONT'D)

(b) Prior Year Adjustments

The changes in accounting policies have been applied retrospectively and comparatives have been restated.

The effects of changes in accounting policies are as follows:

In RM	GROUP		COMPANY	
	2003	2002	2003	2002
EFFECTS ON (ACCUMULATED LOSSES)/				
RETAINED PROFIT:				
At 1 January, as previously stated	(7,612,019)	8,644,887	4,456,936	4,248,228
Effects of adopting MASB 25	1,696,869	1,809,044	2,284,212	2,165,484
At 1 January, as restated	(5,915,150)	10,453,931	6,741,148	6,413,712
EFFECTS ON REVALUATION RESERVES:				
At 1 January, as previously stated	4,043,820	4,043,820	4,043,820	4,043,820
Effects of adopting MASB 25	(3,847,889)	(3,847,889)	(3,847,889)	(3,847,889)
At 1 January, as restated	195,931	195,931	195,931	195,931
EFFECTS ON NET PROFIT/(LOSS)				
FOR THE YEAR:				
Net profit/(loss) before change in accounting policy	3,063,326	(16,256,906)	358,048	208,708
Effects of adopting MASB 25	-	(112,175)	-	118,728
Net profit/(loss) for the year after change in accounting policy	3,063,326	(16,369,081)	358,048	327,436

Comparatives amounts as at 31 December 2002 have been restated as follows:

In RM	GROUP	Previously Stated		Restated
		Stated	Adjustments	
Goodwill on consolidation		265,620	40,000	305,620
Deferred tax liabilities		1,295,000	2,191,020	3,486,020
Revaluation reserves		4,043,820	(3,847,889)	195,931
COMPANY				
Deferred tax liabilities		-	1,563,677	1,563,677
Revaluation reserves		4,043,820	(3,847,889)	195,931

26 RETAINED PROFITS

Subject to the agreement of the Inland Revenue Board, the Company has sufficient tax credit to distribute all its retained profits by way of dividends without incurring additional tax liability. The Company can distribute tax exempt dividend from its estimated tax exempt account up to approximately RM3,500,000 (2002 : RM2,400,000).

27 LEASE COMMITMENTS

Future minimum rentals under non-cancellable operating leases are as follows as of 31 December:

In RM	GROUP	
	2003	2002
Within one year	303,180	303,180
After one year but not more than five years	412,017	715,197

28 SIGNIFICANT RELATED PARTY TRANSACTIONS

In RM	2003	2002
GROUP		
Rental of machinery paid to Ceramtec Sdn. Bhd., a corporate shareholder of the Company, in which certain Directors of the Company have substantial interest	52,257	-
Purchase of property, plant and equipment from Ceramtec Sdn. Bhd., a corporate shareholder of the Company, in which certain Directors of the Company have substantial interest	-	2,000,000
Rental of premises paid to Goh Nam Huat Realty Sdn. Bhd., a company in which there are certain common Directors	121,000	39,000

COMPANY

Interest income receivable from subsidiaries,		
GBH Bathroom Products Sdn. Bhd.	2,142,259	2,434,528
GBH Ceramics Sdn. Bhd.	1,911,589	1,853,737
GBH Crown Lynn Sdn. Bhd.	57,662	61,218
Purchase from a subsidiary, GBH Crown Lynn Sdn. Bhd.	5,742	2,438
Rental income receivable from subsidiaries,		
GBH Ceramics Sdn. Bhd.	-	-
GBH Crown Lynn Sdn. Bhd.	147,840	147,840
GBH Porcelain Sdn. Bhd.	147,840	147,840

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2003

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29 FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is to not engage in speculative transactions.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The information on effective interest rates of financial liabilities are disclosed in Note 19.

(c) Foreign Exchange Risk

The Group is exposed to various currencies, mainly Great Britain Pound, New Zealand Dollar, Singapore Dollar and United States Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures are not hedged as the Group does not have foreign exchange contract facilities with the financial institutions. However, the Group maintains a natural hedge by having both receivables and payables for Singapore Dollar and United States Dollar.

The net unhedged financial assets and financial liabilities of the Group companies as at that are not denominated in the functional currencies are as follows:

Functional currency of Group Companies	Great Britain Pound	New Zealand Dollar	Singapore Dollar	United States Dollar	Total
AT 31 DECEMBER 2003:					
Trade Receivables					
Ringgit Malaysia	-	-	676,461	1,803,056	2,479,517
Trade Payables					
Ringgit Malaysia	107,884	305,740	704	610,020	1,024,348
AT 31 DECEMBER 2002:					
Trade Receivables					
Ringgit Malaysia	-	-	242,837	1,995,851	2,238,688
Trade Payables					
Ringgit Malaysia	27,361	305,740	29,503	1,411,997	1,774,601

29 FINANCIAL INSTRUMENTS (CONT'D)

(d) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(e) Credit Risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

(f) Fair Values

The carrying amounts of the financial assets and financial liabilities as reflected in the balance sheet approximate their respective net fair values.

30 SEGMENT INFORMATION

(a) Business Segments:

The Group operates predominantly in three business segments:

- (i) Manufacturing - manufacturing of ceramic wares, ceramic formers and pipes;
- (ii) Properties - rental of properties; and
- (iii) Trading - general trading of ceramic wares, pipes and related accessories.

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

NOTES TO THE FINANCIAL STATEMENTS

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30 SEGMENT INFORMATION (CONT'D)

In RM	Manufacturing		Properties	
	2003	2002	2003	2002
REVENUE AND EXPENSES				
Revenue				
External sales	51,638,022	56,061,230	1,586,707	1,450,941
Inter-segment sales	39,135	60,767	295,680	295,680
Total revenue	51,677,157	56,121,997	1,882,387	1,746,621
Results				
Profit/(loss) from operations	10,137,224	(9,142,358)	4,634,564	4,644,202
Finance cost	(6,047,965)	(6,270,296)	(3,880,214)	(4,261,888)
Taxation	(1,463,620)	(1,504,370)	(396,302)	(54,878)
Profit/(loss) after taxation	2,625,639	(16,917,024)	358,048	327,436
ASSETS AND LIABILITIES				
Segment assets	105,897,559	110,826,633	68,143,693	67,712,597
Segment liabilities	18,972,846	19,362,962	79,927,790	87,054,178
OTHER INFORMATION				
Depreciation	4,186,308	4,187,905	631,759	631,759
Amortisation of expenditure carried forward	-	-	-	-
Non-cash expenses other than depreciation and amortisation	1,000,000	17,046,705	17,071	-

(b) Geographical Segments:

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

31 COMPARATIVES

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except that certain comparative amounts have been adjusted as a result of changes in accounting policy as disclosed in Note 2(a) and Note 25.

Trading		Eliminations		Consolidated	
2003	2002	2003	2002	2003	2002
-	-	-	-	53,224,729	57,512,171
1,988,236	3,146,282	(2,323,051)	(3,502,729)	-	-
1,988,236	3,146,282	(2,323,051)	(3,502,729)	53,224,729	57,512,171
216,235	362,870	(4,076,671)	(4,323,378)	10,911,352	(8,458,664)
(69,954)	(80,051)	4,111,510	4,349,483	(5,886,623)	(6,262,752)
(101,481)	(88,417)	-	-	(1,961,403)	(1,647,665)
44,800	194,402	34,839	26,105	3,063,326	(16,369,081)
7,577,755	7,912,388	-	-	181,619,007	186,451,618
5,370,435	5,749,868	-	-	104,271,071	112,167,008
-	-	-	-	4,818,067	4,819,664
20,000	20,000	-	-	20,000	20,000
132,375	-	-	-	1,149,446	17,046,705

FIVE YEARS FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER 1999 TO 31 DECEMBER 2003

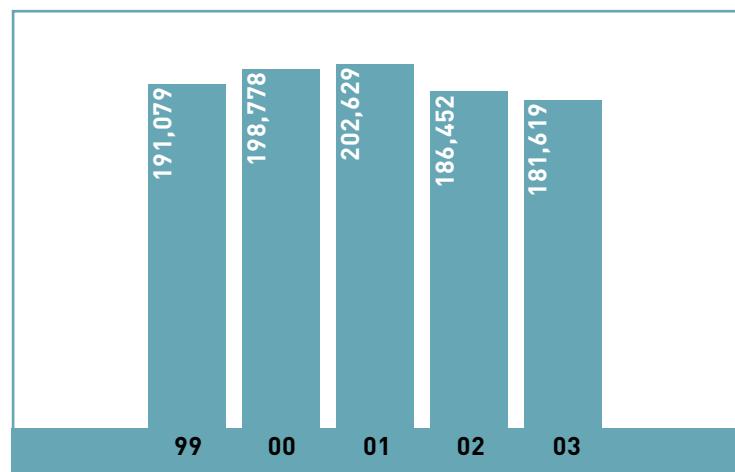
54

In RM'000	1999	2000	2001	2002	2003
Group Turnover	47,374	45,927	53,131	57,512	53,244
Group Profit/(Loss) Before Tax	207	(7,858)	(144)	(14,721)	5,024
Taxation	266	(577)	(736)	(1,648)	(1,961)
Profit/(Loss) After Tax	473	(8,435)	(880)	(16,369)	3,063
Minority Interest	—	—	—	—	—
Profit/(Loss) Attributable To Shareholder	473	(8,435)	(880)	(16,369)	3,063
Net Dividend	811	—	—	—	—
Net Earning/(Loss) Per Share (Sen)	0.80	(13.80)	(1.42)	(26.44)	4.95
Gross Dividend Rate Per Share (%)	2.00	—	—	—	—

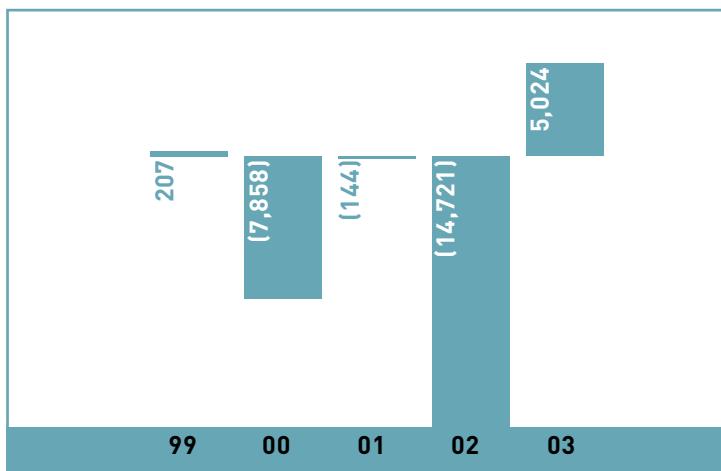
Shareholder's Fund (In RM'000)



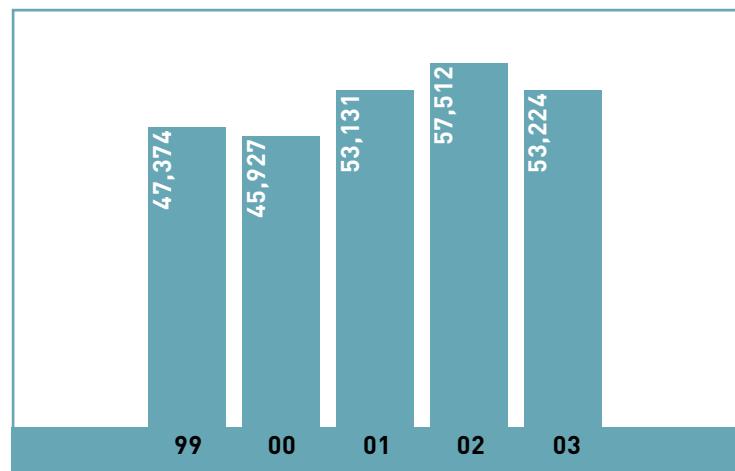
Total Assets (In RM'000)



Profit/(Loss) Before Tax (In RM'000)



Revenue (In RM'000)



SUMMARISED BALANCE SHEETS

FOR THE YEAR ENDED 31 DECEMBER 1999 TO 31 DECEMBER 2003

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In RM'000	1999	2000	2001	2002	2003
Property, Plant and Equipment	119,640	115,973	112,780	110,494	107,741
Other Investments	1,962	2,085	2,085	2,068	2,068
Goodwill On Consolidation	265	265	265	305	305
Net Current Assets/(Liabilities)	(27,339)	3,196	9,464	(6,725)	(4,697)
	94,528	121,519	124,594	106,142	105,417
Financed By:					
Share Capital	56,290	61,919	61,919	61,919	61,919
Share Premium	14,490	16,966	16,966	16,966	16,966
Reserves	23,122	14,687	13,808	(4,601)	(1,537)
	93,902	93,572	92,693	74,284	77,348
Deferred And Long Term Liabilities	626	27,947	31,901	31,858	28,069
	94,528	121,519	124,594	106,142	105,417
Share Capital	56,290	61,919	61,919	61,919	61,919
Shareholders' Fund	93,902	93,572	92,693	74,285	77,348
Net Tangible Assets Per Share (RM)	1.66	1.51	1.49	1.19	1.24

ANALYSIS OF SHAREHOLDINGS

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The Company has 2,483 shareholders as at 20 MAY 2004. There are only one class of shares namely, ordinary shares of RM1.00 each and the voting rights for these share are one vote per ordinary share.

DISTRIBUTION OF SHAREHOLDERS

Category	No. of Shareholders	%	No. of Shares	%
Less than 100	50	2.01	1,320	0.00
100 - 1,000	1,023	41.20	906,357	1.46
1,001 - 10,000	1,197	48.21	4,557,131	7.36
10,001 - 100,000	173	6.97	5,061,724	8.17
100,001 to less than 5% of issued shares	37	1.49	14,242,411	23.00
5% and above of issued shares	3	0.12	37,150,068	60.01
Total	2,483	100.00	61,919,011	100.00

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 20 MAY 2004

No	Shareholders' Name	No. of Shares	%
1	LEMBAGA TABUNG ANGKATAN TENTERA	11,260,000	18.19
2	CERAMTEC SDN BHD	9,872,782	15.94
3	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECS ACCOUNT FOR CERAMTEC SDN BHD)	8,610,286	13.91
4	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECS ACCOUNT FOR W SHALIHUDIN BIN W IBRAHIM)	4,597,000	7.42
5	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECS ACCOUNT FOR CERAMTEC SDN BHD)	2,810,000	4.54
6	GOH SOON ENG	1,244,254	2.01
7	TAN AH CHEUN	1,176,125	1.90
8	CHEW BOON SENG	1,120,000	1.81
9	LIM SIEW SOOI	1,113,000	1.80
10	TAN GUAT POH	1,087,250	1.76
11	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECS ACCOUNT FOR ONG HUEY PENG)	983,800	1.59
12	LAU SIEW KIAN	800,000	1.29
13	GOH TYE NAM	633,456	1.02
14	WONG HOK YIM	563,000	0.91
15	TAN LAI MING	500,000	0.81
16	TAN HAN CHUAN	440,000	0.71
17	GOH TAI SENG	315,322	0.51
18	BANK SIMPANAN NASIONAL	289,000	0.47
19	CARTABAN NOMINEES (ASING) SDN BHD (CREDIT AGRICOLE INDOSUEZ (SUISSE) SA FOR SUCKCHAINGANTHAVEE)	286,000	0.46
20	GOH TAI HE	280,896	0.45
21	GOH LEONG CHUAN	280,000	0.45
22	THEN YEN SUN	270,000	0.44
23	CHEN SEONG FOOK	267,500	0.43
24	ALPHA DYNAMICS SDN BHD	261,250	0.42
25	CHAN WAN MOI	259,000	0.42
26	ONG HUEY PENG	251,000	0.41
27	CHUA SHIOK HOON	235,000	0.38
28	TOH PAT MOOI	230,700	0.37
29	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECS ACCOUNT FOR SOW GEK PONG)	200,000	0.32
30	LEE TECK YUEN	185,000	0.30
	Total	50,421,621	81.44

SUBSTANTIAL SHAREHOLDINGS AS AT 20 MAY 2004 (AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS)

No	Shareholder's Name	Direct Interest	%	Indirect Interest	%
1	Lembaga Tabung Angkatan Tentera	11,260,000	18.19	-	-
2	Ceramtec Sdn Bhd	21,293,068	34.39	-	-
3	Goh Tai Seng	315,322	0.51	21,293,068	34.39*
4	Goh Tai He	280,896	0.45	21,293,068	34.39*
5	Wan Shalihudin Bin Wan Ibrahim	4,597,000	7.42	-	-
6	Goh Tye Nam	633,456	1.02	21,293,068	34.39*

Note: * Deemed interest by virtue of his shareholdings in Ceramtec Sdn Bhd under Section 6A(4) of the Companies Act, 1965

DIRECTORS' SHAREHOLDINGS AS AT 20 MAY 2004 (AS PER REGISTER OF DIRECTOR'S SHAREHOLDINGS)

No	Shareholder's Name	Direct Interest	%	Indirect Interest	%
1	Goh Tai Seng	315,322	0.51	21,293,068	34.39*
2	Goh Tai He	280,896	0.45	21,293,068	34.39*
3	Tan Ah Cheun	1,176,125	1.90	-	-
4	Dato' Haji Mohd Sarit Bin Haji Yusoh	-	-	-	-
5	Haji Mohamed Amin Bin Haji Mohamed	7,000	0.01	-	-
6	Wan Shalihudin Bin Wan Ibrahim	4,597,000	7.42	-	-
7	Dato' Haji Mohd Yusof Bin Haji Mohamed (Alternate Director to Haji Mohamed Amin Bin Haji Mohamed)	-	-	-	-
8	Brig Jen (Rtd) Dato' Mior Azam Bin Mior Safi	-	-	-	-

Note: * Deemed interest by virtue of his shareholdings in Ceramtec Sdn Bhd under Section 6A(4) of the Companies Act, 1965

PARTICULARS OF GROUP PROPERTIES

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The Properties included in land and buildings at 31 December 2003 are indicated below.

Location/Address (All Mukim of Batu Federal Territory Kuala Lumpur)	Land Area (Sq Meter)	Tenure	Existing Use	Approximate Age of Buildings (Years)	NBV of Properties In existing state (RM)
Lot 46260 (formerly known as Lot P.T. 555)	706	Leasehold (Expiring 05/09/2033)	Storage Yard	31	129,189
Lot 46261 (formerly known as Lot P.T. 556)	2,831	Leasehold (Expiring 05/09/2033)	Storage Yard	26	510,642
Lot 46262 (formerly known as Lot P.T. 6049)	260	Leasehold (Expiring 27/08/2077)	Storage Yard	31	58,305
Lot 1470	15,862	Freehold	Factory Land & Building	30	5,180,780
Lot 2983	4,044	Freehold	Factory Land & Building	55	1,398,716
Lot 3680	5,481	Freehold	Office Building & Resident Bungalow	55	1,895,574
Lot 2984	26,362	Freehold	Factory Land & Building & Warehouse for Rental	55	11,502,024
Lot 4397	545	Freehold	Factory Land & Building & Warehouse for Rental	55	162,846
Lot 38755	93	Freehold	Access Road	61	27,645
Lot 4722	1,898	Freehold	Warehouse for Rental	35	567,062
Lot 32661	38,307	Freehold	Warehouse for Rental	35	12,065,798
Lot P.T. 15519	23,446	Freehold	Factory Land & Building	10	27,099,376
	119,835				60,597,957

PROXY FORM

*I/*We (Full Name in Capital Letters)

of (Address)

being a *member/*members of **GOH BAN HUAT BERHAD**, hereby appoint (Full Name)

NRIC NO of (Address)

or failing him (Full Name)

NRIC NO of (Address)

as *my/*our proxy to vote for *me/*us and on *my/*our behalf at the Fifty-Seventh Annual General Meeting of the Company to be held at Bunga Kenanga, Level 3, Pan Pacific Hotel Kuala Lumpur, Jalan Putra, 50746 Kuala Lumpur on Monday, 28 June 2004 at 3.00 p.m. and at any adjournment thereof.

The proportion of *my/*our holding to be represented by *my/ *our proxies are as follows:
(The next paragraph should be completed only when two proxies are appointed)

Number of shares held:

First proxy (1)	%	Second proxy (2)	%
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No	RESOLUTIONS	For	Against
ORDINARY BUSINESS			
1	To receive the Audited Financial Statements for the year ended 31 December 2003 together with the Directors' and Auditors' Reports thereon.	Resolution 1	
2	To approve the payment of Directors' fees of RM 20,500 for the year ended 31 December 2003.	Resolution 2	
3	To re-elect the following Directors who are retiring in accordance with Article 80 of the Company's Articles of Association: 3.1. Dato' Haji Mohd. Sarit Bin Haji Yusoh 3.2. W Shalihudin Bin W Ibrahim	Resolution 3 Resolution 4	
4	To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Board of Directors to fix their remuneration.	Resolution 5	
5	SPECIAL BUSINESS Authority to allot and issue shares in general pursuant to Section 132D of the Companies Act, 1965	Resolution 6	

[Please indicate with (X) how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion]

Dated this _____ day of _____ 2004 Number of ordinary shares held: _____

Signature/Common Seal of Shareholder(s)[* Delete if not applicable]

Notes :

1. A member of the Company entitled to attend and to vote at the Fifty-Seventh Annual General Meeting is entitled to appoint a proxy/proxies, to attend and vote instead of him. A proxy may but need not be a member of the Company and the provisions of Section 149(1) (b) of the Companies Act, 1965 need not be complied with.
2. Where a member appoints two or more proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at 238 Jalan Segambut, 51200 Kuala Lumpur, at least forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.

Explanatory notes on special business of the Agenda

5. The Ordinary Resolution proposed under item 5 is in line with the Company's expansion plan which may involve the issue of new shares. Under Section 132D of the Companies Act, 1965, the Directors would have to call for a general meeting to approve the issue of new shares even though the number of shares involved is less than 10% of the issued share capital of the Company for the time being. In order to avoid any delay and costs involved in convening a general meeting, it is thus considered appropriate to seek the shareholders' approval for Directors of the Company to issue shares in the Company up to an aggregate amount of not exceeding 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the best interest of the Company and also to empower Directors to obtain approval from the Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) for the listing of and quotation for additional shares issued. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

Fold along this line (1)

Stamp

The Company Secretary
GOH BAN HUAT BERHAD
238 Jalan Segambut
51200 Kuala Lumpur
Malaysia

Fold along this line (2)



GBH

1713-A

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