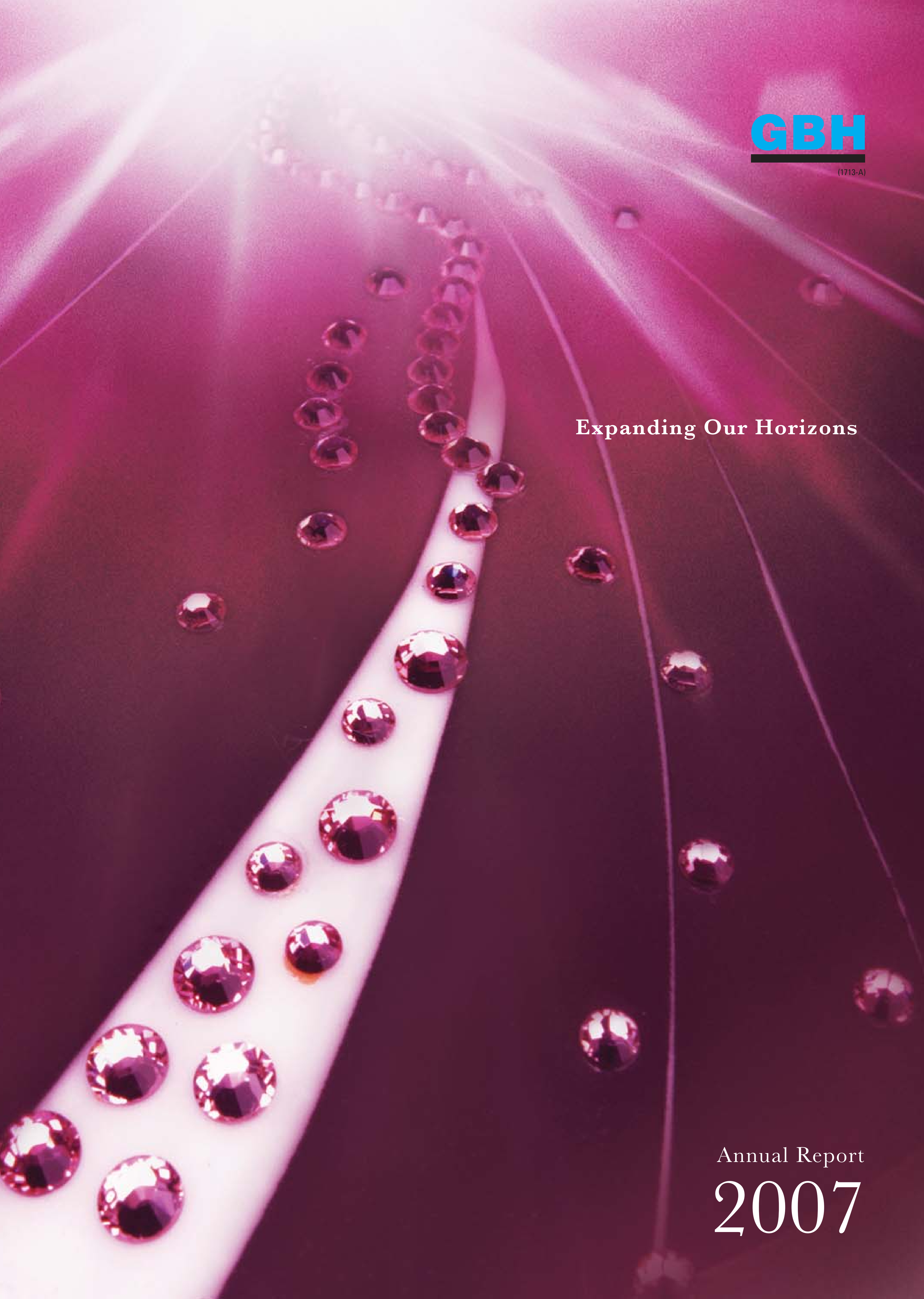


GBH

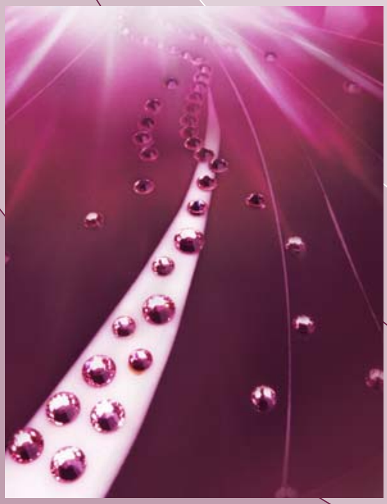
(1713-A)

Expanding Our Horizons

Annual Report

2007

Contents



Cover Rationale

A new day is dawning. A new excitement, energy and enthusiasm are rising. GBH looks back on another year of growth and innovation, as we look forward to the future with the same optimism and commitment. In the past year the Company has been expanding its reach to new international markets regionally and globally, including the Middle East and Russia. We have also expanded our range of products, such as the line of attractive Swarovski crystal heirloom boxes (shown in close-up on the cover) . And we've expanded the demographics of those buying our products – from Royalty to young married couples just starting out on their own "royal road."

GBH Glittering Tableware:

Another innovative concept: combining fine ceramics with Swarovski Crystals. The fruits of this partnership are luxury products that allow our tableware to expand into the high end gift market.

2 Corporate Information

Board of Directors
Mr. Goh Tai Seng
Chairman and Executive Director

Mr. Goh Tai He
Managing Director

Mr. Tan Ah Cheun
Executive Director

Mr. Tang Tat Chun
Executive Director
(Re-designated w.e.f. 21 May 2008)

Dato' Haji Mohd Sarit Bin Haji Yusoh
Independent & Non-Executive Director

Tuan Haji Mohamed Amin Bin Haji Mohamed
Independent & Non-Executive Director

Encik W Shalihudin Bin W Ibrahim
Independent & Non-Executive Director
(Re-designated w.e.f. 14 March 2007)

Brig Jen (Rtd) Dato' Mior Azam Bin Mior Safi
Non-Independent & Non-Executive Director

Mr. Yap Koon
Independent & Non-Executive Director

Dato' Dr. Haji Mohd Yusof Bin Haji Mohamed
Alternate Director

Audit Committee
Chairman
Mr. Yap Koon

Members
Mr. Goh Tai He
(Resigned w.e.f. 29 February 2008)
Haji Mohamed Amin Bin Haji Mohamed
Dato' Haji Mohd Sarit Bin Haji Yusoh
Mr. Tang Tat Chun
(Appointed w.e.f. 28 November 2007
Resigned w.e.f. 21 May 2008)
Encik W Shalihudin Bin W Ibrahim
(Appointed w.e.f. 29 February 2008)

Secretary
Ng Yim Kong (LS 0009297)

Registered Office And Business Address
238, Jalan Segambut
51200 Kuala Lumpur
T 603 6256 2800
F 603 6256 2816
E enquiry@gbhgroup.com.my
W www.gbhgroup.com.my

Auditors
Ernst & Young
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara,
50490 Kuala Lumpur

Principal Bankers
Alliance Bank Malaysia Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Kenanga Investment Bank Berhad

Share Registrars
Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
T 03-2721 2222
F 03-2721 2530 / 03-2721 2531

Stock Exchange Listing
Bursa Malaysia Securities Berhad
Main Board

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Goh Ban Huat Berhad for the Financial Year ended 31 December 2007.

Review of Operations

The year 2007 continued to be a difficult year for the operations of the Group although the Group managed to increase Group turnover slightly from RM43.2 million in 2006 to RM44.0 million in 2007.

In respect of the Group's operating divisions, the Tableware and Clay Pipes divisions registered higher sales while Sanitaryware, Ceramic Formers and Warehouse rental division recorded declines. During the year, the Group realized a gain of RM6.60 million from the disposal of properties to the subsidiaries of FCW Holdings Berhad and wrote off RM1.83 million and wrote down RM1.11 million worth of inventories

Despite the slightly higher Group Turnover and the gain on disposal of properties, the Group suffered a loss before tax of RM2.23 million. The Group recorded a Group Loss after tax of RM5.37.

Outlook and Prospects

Domestic demand from the building industry is beginning to improve for the Group's Clay Pipes division with the gradual implementation of the projects under the Ninth Malaysia Plan.

The Sanitaryware division continues to face extreme competition in the industry. To strengthen this business unit, the Group has commissioned the services of a competent Italian designer, Mr Saverio Harrauer, and has begun to launch a new series of Saverio Designer bathroom products into the market. Initial successes have seen the Company's Saverio products being used in a couple of 5-star hotels in Kuala Lumpur. We are indeed very encouraged by the new Saverio bathroom products and hope that the new Saverio designer wares will take us to the upper echelons of the bathroom products market. In addition, the Group continues to embrace automation technology and has launched a new mechanical assisted flushing water closet that uses only 1.5 liters of water. The Group introduced its first GBH Automatic Street Toilet (AST) in the City of Kuala Lumpur on December 18, 2006 and is optimistic that business leads will materialize in the near future.

The Group expects its Tableware division to continue to perform with more business leads coming through. It is the vision of the Group that the market positioning of products in the Tableware division be elevated into the profitable high-end tableware market. To this end, this Division will also be introducing some Saverio designer wares in its Tableware range.

Market conditions for the Ceramic Formers industry continue to be extremely competitive with downward pressures being experienced on selling prices.

4 Chairman's Statement

Corporate Development

Corporate Social Responsibility

While we pursue our business commitments, we acknowledge our responsibility to the environment. We have implemented various environmentally friendly systems and safety programs in all our factories.

We are also operating a Waste Water Treatment Plant in compliance with the Department of Environment (DOE) guidelines to ensure that waste water is treated before being discharged. We have gone a step further by re-cycling the treated water and channeling it back into our manufacturing operations.

The flushing mechanisms in our Sanitaryware products have features emphasizing water conservation. We are proud to have pioneered the design of the dual flush system which gives the user an option to either flush with 3 litres or 6 liters of water.

Public Reprimand

On July 18, 2007, the Company received a public reprimand by Bursa Malaysia Securities Berhad for not ensuring the Unaudited Results for the financial period ended December 31, 2006 which was announced on February 27, 2007 was factual and accurate. As a consequence, the audited consolidated loss after tax of the Group for the financial period ended December 31, 2006 was increased from RM2.52 million to RM4.05 million.

Sale of Properties

On November 14, 2007, the Company announced that it and its wholly-owned subsidiary, GBH Clay Pipes Sdn Bhd, had received a total of RM70.0 million of the aggregate consideration of RM86.0 million from the purchasers of 2 landed properties currently housing the Group's clay pipes plant and warehousing facilities. The balance RM16.0 million will only be payable by the purchasers to the Group on the third anniversary date from November 13, 2007, in accordance with the Sale and Purchase Agreements.

In addition, on November 13, 2007, the Company and its subsidiary, GBH Clay Pipes Sdn Bhd had entered into Tenancy Agreements with the purchasers of the properties, in accordance with the Sale and Purchase Agreements.

New Working Capital Line

On January 16, 2008, the Company announced that it had accepted a Term Loan Facility of RM36.0 million from Kenanga Investment Bank Berhad for the purpose of financing working capital requirements of the Group.

Re-designation of Directors

Encik W Shalihudin Bin W Ibrahim, previously a Non-Independent Non-Executive Director has been re-designated as an Independent Non-Executive Director of the Company on 14 March 2007.

Mr. Tang Tat Chun, previously a Non-Independent Non-Executive Director of the Company has been re-designated as an Executive Director – Finance of the Company on May 21, 2008.

Conclusion

On behalf of the Board of Directors, I wish to take this opportunity to express our gratitude and thanks to all our bankers, customers, suppliers, technical consultants, staff and the relevant authorities for the continuing support to the Group.

Alex Goh Tai Seng
Chairman of the Board of Directors

GBH Tableware:
Making a beautiful impression

GBH introduced a trendy contemporary range of tableware targeted to younger people, newly married couples and young families. It's a distinctive fusion of Eastern and Western design, whose cachet is young, hip and fashionable.

6 Director's Profiles

Mr Goh Tai Seng

64, 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 34 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 conflict of interest with GBH, except, that he is deemed to derive to a benefit from supply of raw materials to subsidiary companies in GBH. He attended five (5) of five (5) Board Meetings held in the financial year ended 31 December 2007. He had no convictions for any offences within the past 10 years.

Mr Goh Tai He

61, a Malaysian, is an Executive Director and is the Group Managing Director of 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 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 conflict of interest with GBH. He attended five (5) of five (5) Board Meetings held in the financial year ended 31 December 2007. He had no convictions for any offences within the past 10 years.

Tuan Haji Mohamed Amin Bin Haji Mohamed

69, 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' Dr. 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. He has no conflict of interest with GBH. He attended five (5) of five (5) Board Meetings held in the financial year ended 31 December 2007. He had no convictions for any offences within the past 10 years.

Dato' Haji Mohd Sarit Bin Haji Yusoh

57, 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, Kwantas Corporation Berhad and Dana Mutiara Berhad and several other private companies. He does not have any family relationship with any Director and/or major shareholder of GBH. He has no conflict of interest with GBH. He attended three (3) of five (5) Board Meetings held in the financial year ended 31 December 2007. He had no convictions for any offences within the past 10 years.

Mr Tan Ah Cheun

61, 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 was appointed as an Executive Director of GBH on 9 December 1988. He is also a Director of all GBH's subsidiaries. He is a member of the SIRIM sponsored Technical Committee on Sanitary Ware as well as the Technical Committee on Public Toilets. Prior to joining GBH, he was engaged in the banking and finance industry for some 16 years. He does not have any family relationship with any Director and / or major shareholder of GBH. He has no conflict of interest with GBH. He attended five (5) of five (5) Board Meetings held in the financial year ended 31 December 2007. He has no convictions for any offences within the past 10 years.

8 Director's Profiles

Brig Jen (Rtd) Dato' Mior Azam Bin Mior Safi

63, 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 of Metal Reclamation Bhd as well as several other private companies. He does not have any family relationship with any Director and/or major shareholder of GBH.He has no conflict of interest with GBH. He attended five (5) of five (5) Board Meetings held in the financial year ended 31 December 2007. He had no convictions for any offences within the past 10 years.

Dato' Dr. Haji Mohd Yusof Bin Haji Mohamed

(Alternate Director to Tuan Haji Mohamed Amin Bin Haji Mohamed) 66, 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 Tuan 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. He has no conflict of interest with GBH. He attended none (0) of five (5) Board Meetings held in the financial year ended 31 December 2007. He had no convictions for any offences within the past 10 years.

Encik W Shalihudin Bin W Ibrahim

46, a Malaysian, is an Independent Non-Executive Director. He has sixteen (16) 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 does not have any family relationship with any Director of GBH. He has no conflict of interest with GBH. He attended four (4) of five (5) Board Meetings held in the financial year ended 31 December 2007. He had no convictions for any offences within the past 10 years.

Mr. Yap Koon

56, a Malaysian, is an Independent Non-Executive Director. He was invited to join the Board on 28 April, 2005 and was also appointed to be a member of the Audit Committee. On 18 May 2006, he was appointed as Chairman of the Audit Committee. He is a Certified Public Accountant and is a member of the Malaysian Institute of Accountants since January 29, 1988. He started his working experience in 1975 and since then has worked for two substantial Malaysian conglomerates, firstly involved in the automobile assembly and distribution industry, and secondly, involved in the diversified activities of a conglomerate. He was employed as Financial Control Manager in the first job and as Chief Accountant in the second job where he was later promoted as General Manager – Finance. In the second job he was redesignated to be General Manager – Operations in the employer's China operations. Currently, he works as a freelance Financial Consultant. He does not have any family relationship with any Director and / or major shareholder of GBH. He has no conflict of interest with GBH. He attended five (5) of five (5) Board Meetings held in the financial year ended 31 December 2007. He had no convictions for any offences within the last 10 years.

Mr. Tang Tat Chun

42, a Malaysian, is an Executive Director of GBH. He was appointed to the Board of GBH on 28 May 2007, as a Non-Independent Non-Executive Director. Subsequently his position has been redesigated as Executive Director on 21 May 2008. He holds a Bachelor of Business (Accounting) from Australia and he is also a member of CPA Australia and the Malaysian Institute of Accountants. He commenced his career with Ernst & Young (Singapore office) and has held senior positions in internal audit units of several public listed companies involved in industries such as manufacturing, trading, property development and telecommunication. He is also a director of other public companies, namely, Hi-City Bioscience Group Berhad and United Malaysian Steel Mills Berhad and several other private companies. He does not have any family relationship with any Directors and/or major shareholders of GBH and has no conflict of interest with GBH. He attended three (3) of three (3) Board Meeting held in the financial year ended 31 December 2007. He has no conviction for offences within the past 10 years.

GBH Glazed Clay Pipes for export:

To cater for the sector of export market that require glazing on pipes,
GBH is now offering Glazed Clay pipes.

The Board of Directors of Goh Ban Huat Berhad is committed to ensure that the highest standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

Set out below are statements of how the Group applied the Principles of the Malaysian Code on Corporate Governance ("the Code").

A BOARD OF DIRECTORS

i The Board

The Group recognises the vital roles played by the Board in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholders' and stakeholders' value. The Board is responsible for overseeing the conduct and performance of the Group's businesses and oversees the Group's internal control. The composition of independent and non-independent directors is carefully considered to ensure that the Board is well balanced.

There were five (5) Board of Directors' Meetings held during the financial year ended 31 December 2007. The details of attendance of each individual Director are as follows:

Name of Directors	Total Meetings Attended by Directors	Percentage of Attendance
Mr. Goh Tai Seng	5/5	100%
Mr. Goh Tai He	5/5	100%
Dato' Haji Mohd Sarit Bin Haji Yusoh	3/5	60%
Mr. Tan Ah Cheun	5/5	100%
Tuan Haji Mohamed Amin Bin Haji Mohamed	5/5	100%
Encik W Shalihudin Bin W Ibrahim	4/5	80%
Brig. Jen (Rtd) Dato' Mior Azam Bin Mior Safi	5/5	100%
Mr. Yap Koon	5/5	100%
Mr. Tang Tat Chun *(Appointed w.e.f. 28 May 2007)*	3/3	100%
Dato' Dr. Haji Mohd Yusof Bin Haji Mohamed *(Alternate Director to Tuan Haji Mohamed Amin Bin Haji Mohamed)*	N/A	N/A

Board Committees

The Board has delegated specific responsibilities to three sub-committees, namely Audit Committee, Nomination Committee and Remuneration Committee in order to enhance business, operational and administration efficiency as well as efficacy.

The members of the committees would appoint the Chairman of the various committees. These committees have the authority to examine particular issues and report to the Board with recommendations. The ultimate responsibility for the final decision on all the matters, however, lies with the Board.

a Audit Committee

The Audit Committee report is presented on pages 18 to 20 of this Annual Report.

b Nomination Committee and Remuneration Committee

Reports of the Nomination and Remuneration Committees are set out under item A (v) and item B below.

ii Board Balance

The Board has nine (9) members and one alternate director representing a diverse range of experiences, skills, knowledge and industry comprising of an Executive Chairman, three (3) Executive Directors, four (4) Independent Non-Executive Directors, a Non-Independent Non-Executive Director and an Alternate Director. The profiles of Directors are set out in pages 6 to 9 in this Annual Report.

The Board is led by Mr. Goh Tai Seng as the Executive Chairman. Mr. Goh Tai He, the Group Managing Director, leads the executive management of the Company. There is a clear division of responsibility between these two roles to ensure a balance of power and authority. Mr. Yap Koon, the Audit Committee Chairman, is the Independent Non-Executive Director to whom concerns may be conveyed.

iii Supply of Information

All Directors are provided with an agenda and board papers containing information relevant to the business of the Board meeting. This is issued in sufficient time to enable the Directors to obtain further explanation where necessary, in order to be properly briefed before the meeting. Where necessary, minutes of the Board Committees are also tabled at the Board's meetings for information and deliberation.

The Board also has direct access to the advice and services of the Company Secretary in carrying out their duties. The Board may obtain independent professional advice in furtherance of their duties, with consent of the Board.

iv Directors' Training

All the Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. As part of its efforts to keep the Directors abreast of new relevant laws and regulations, the Directors has attended briefings on the Revised Code on Corporate Governance and on the latest amendments to the Companies Act, 1965 conducted by the Company Secretary.

The Directors will continue to undergo other relevant training programmes to further enhance their skills and knowledge to assist them in discharging their duties and to keep abreast with the latest development in the marketplace.

v Appointments to the Board

The Board believes that the current composition of the Board brings the required mix of qualification, skills, core competencies and industry experience required for the Board to discharge its duties effectively. The Board appoints its members through a formal and transparent selection process which is consistent with the Articles of Association of the Company. This process has been reviewed, approved and adopted by the Board.

The appointment of any additional Director is made when necessary and upon the recommendation of Nomination Committee. In the process of nominating and appointment of new Directors, due consideration is given to the appointee's industry's experience and mixed expertise for an effective Board.

The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory requirements are complied with.

Nomination Committee

In compliance with the Code, a Nomination Committee was established on 28 November 2005 and is delegated with the following specific tasks:

a To recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board. In making its recommendations, the Committee should consider the candidates' :-
  - skills, knowledge, expertise and experience;
  - professionalism;
  - integrity; and
  - in the case of candidates for the position of independent non-executive directors, the Committee should also evaluate the candidates' ability to discharge such responsibilities/ functions as expected from independent non-executive directors.

b To review regularly the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary.

c To identify and propose new nominees for appointment to the Board of Directors.

d To assess Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director, including independent non-executive directors, as well as the chief executive officer. All assessments and evaluations carried out by the Committee in the discharge of all its functions should be properly documented.

e To recommend to the Board, Directors to fill the seats on Board Committees.

f To review annually the Board's mix of skills and experience and other qualities including core competencies which non-executive Directors should bring to the Board. This should be disclosed in the Annual Report.

g To determine annually whether or not a Director is Executive, Non-Executive or Independent.

h To recommend to the Board for continuation (or not) in service of executive Director(s) and Directors who are due for retirement by rotation.

i To consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or shareholder.

The Nomination Committee comprises the following members:

1 Encik W Shalihudin Bin W Ibrahim (Chairman)
2 Brig. Jen (Rtd) Dato' Mior Azam Bin Mior Safi
3 Mr. Yap Koon

Details of attendance of Nomination Committee

There was only one (1) Nomination Committee Meeting held during the financial year and all the members of the Nomination Committee attended the meeting.

vi Re-election

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors for the time being, or, if their number is not a multiple of three, then the number nearest to but not exceeding one-third (1/3) shall retire from office and be eligible for re-election and an election of directors shall take place each year PROVIDED ALWAYS that all Directors including a Managing Director shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

In accordance with the Company's Articles of Association, any director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the directors who are to retire by rotation at that meeting.

Directors over seventy years of age shall hold office until the next Annual General Meeting shall be eligible for re-appointment in accordance with Section 129(6) of the Companies Act, 1965.

The Directors standing for re-election are shown in the Notice of Sixty-First Annual General Meeting on page 63 (Ordinary Resolutions 3, 4, 5 and 6).

B DIRECTORS' REMUNERATION

Remuneration Committee

In compliance with the Code, a Remuneration Committee was established on 28 November 2005 and is delegated with the following specific tasks:

a To recommend to the Board the framework of Executive Directors' remuneration and the remuneration package for each Executive Director, drawing from outside advice as necessary.

b To recommend to the Board, guidelines for determining remuneration of Non-Executive Directors.

c To recommend to the Board any performance related pay schemes for Executive Directors.

d To review Executive Directors' scope of service contracts.

e To consider the appointment of the service of such advisers or consultants as it deems necessary to fulfil its functions.

The Remuneration Committee comprises the following members:

1 Brig. Jen (Rtd) Dato' Mior Azam Bin Mior Safi (Chairman)
2 Mr. Goh Tai He
3 Tuan Haji Mohamed Amin Bin Haji Mohamed
4 Encik W Shalihudin Bin W Ibrahim

It is the policy of the Remuneration Committee to structure the remuneration of the Executive Directors so as to link his rewards to the Group's performance whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed. Fees payable to all Directors are proposed at the Annual General Meeting for the shareholders' approval.

Details of attendance of Remuneration Committee
There was only one (1) Remuneration Committee Meeting held during the financial year and all the members of the Nomination Committee attended the meeting.

Details of Directors' remuneration
Details of Directors' remuneration for the financial year ended 31 December 2007, distinguishing between Executive and Non-Executive Directors in aggregate, with categorisation into appropriate components are set out below:

i The aggregate remuneration of Directors of the Company, categorised into appropriates components are as follows:

Categorisation	Executive Directors (RM)	Non-Executive Directors (RM)
Fees	-	24,000
Salaries	578,760	-
Bonuses	24,115	-
Allowances	-	-
Other Emoluments	46,656	-
Total	649,531	24,000

ii The numbers of Directors of the Company whose total remunerations fall in each successive bands of RM50,000 are as follows:

	Number of Directors	
Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	-	7
RM150,001 to RM200,000	1	-
RM200,001 to RM250,000	2	-

C SHAREHOLDERS

Dialogue between the Company and Investors
The Company values the importance of dialogue between the Group and its investors in order to provide them with the clearest and most complete picture of the Group's performance and financial position. Such information is disseminated via the Company's annual reports, various disclosures to Bursa Securities including quarterly financial results, research papers and various announcements made from time to time. Regular discussions were also held between senior management and shareholders, selected investment analysts and investors, highlighting to them the Group's performance.

Annual General Meeting
The forthcoming Annual General Meeting is the Company's Sixty-First AGM and this will provide the opportunity for shareholders to raise questions pertaining to issues in the Annual Report, Audited Financial Statements and corporate developments in the Group, the resolutions being proposed and/or on the business of the Group. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Members of the Board as well as Auditors of the Company are present to answer questions raised at the meeting.

D ACCOUNTABILITY AND AUDIT

i Financial Reporting

The aim of the Directors in relation to financial reporting is to present a balanced and meaningful assessment of the Group's position and prospects primarily through its annual financial statements and quarterly financial results to its shareholders.

In presenting the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable judgments and estimates.

The quarterly financial results were reviewed by the External Auditors and then the Audit Committee will recommend it to the Board for approval before its release to Bursa Securities.

ii Statement of Directors' Responsibility for preparing the Financial Statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the results of their operations and cash flows for the year then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates. The Directors also have a 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.

iii Internal Control

The Directors acknowledge their responsibility for the Group's system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management.

The Statement on Internal Control is furnished on page 16 of this Annual Report and this provides an overview of the state of internal controls within the Group.

iv Relationship with Auditors

The Company maintains a transparent and professional relationship with the Company's auditors in seeking their professional advice towards ensuring compliance with the accounting standards. Key features underlying the relationships of the Auditors through the Audit Committee is described on pages 18 to 20 of this Annual Report.

v Compliance with the Code

The Board of Directors is committed to uphold and continue to maintain the Best Practices of the Code. The Group has maintained a high standard of corporate governance and practices a high level of integrity and ethical standard in all its business dealing and will continue the best practices as set out in the Code in all its future business dealings.

16 Statement of Internal Control

Introduction

In accordance with paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors ("Board") is pleased to provide the following statement in internal control and the state of internal control within the Group.

Board Responsibility

The Board and senior management acknowledge its responsibility for the Group's system of internal control and risk management to safeguard shareholder's investments and the Company's assets. The Board is responsible for the review, identifying and managing the principal risks relating to the achievement of its business goals and objectives on an ongoing basis.

The System of Internal Control does not eliminate in total the risks but manages it, therefore the system provides for a reasonable but not absolute guarantee against material misstatement, loss or fraud.

The Group's system of internal control features are summarized as follows:

a **Review of Financial Performance**
Financial reports are prepared on a timely basis to the management. The Management team review and monitor the financial and operational results of the various divisions of the Group against the operating plans on a monthly basis and take immediate action to address any area of concern. The Board and the Audit Committee will review and monitor the financial performance of the Group every quarter.

b **Defined Organisation Structure**
The Group has in place a distinct reporting organizational structure with clearly defined responsibilities.

c **Segregation of Duties and Responsibilities**
The Group has placed competent and responsible people to oversee the Group's operation functions with key responsibilities properly segregated.

d **Documented Policies and Procedures**
The Group maintained review and update a series of documented standard operating manuals on its Internal Policies and Procedures covering the major areas of operations.

e **Employee Training**
The Management encourages and sent employees regularly to training programs conducted by external trainers to ensure the continuous education and improvement of the staff in their respective fields.

f **Quality Control**
The Group adheres to a strict process of quality control in its production processes to ensure and maintain the high quality of all its products.

g **Review of Effectiveness on Control Environment**
Through the establishment of internal control, which includes monitoring and reporting systems, the Board reports that the existing system of internal controls is satisfactory. No material losses have occurred during the financial year under review as a result of weaknesses in internal control. The Board together with management continues to take measures to strengthen the control environment.

Statement is made in accordance with the resolution of the Board of Directors date 25 April 2008.

GBH and Saverio:
The Italian Connection

GBH is proud to have commissioned the services of Saverio Harrauer, an Italian designer of luxury goods based in Milan. Saverio has designed 7 complete series of ceramic bathroom ware products comprising the full range, from exquisite close coupled pans, bidets and basins for hotels and residential needs to exquisite water closets, basins and accessories for commercial development needs. The new Saverio Range of ceramic bathroom products is fully manufactured in Malaysia by GBH.

Audit Committee Report

The Audit Committee supports and provides assistance to the Board in discharging its responsibilities to meet its objectives of enhancing shareholders' value with accountability. Its role in reviewing the Group's financial reporting processes, internal control system and reinforcing the independence of the internal and external auditors adds credence to the governance and transparency of the Board.

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee comprises five (5) members who are as follows:

Chairman Mr. Yap Koon *Independent Non-Executive Director*

Members Mr. Goh Tai He *Executive Director (Resigned w.e.f. 29 February 2008)*
Dato' Haji Mohd Sarit Bin Haji Yusoh *Independent Non-Executive Director*
Tuan Haji Mohamed Amin Bin Haji Mohamed *Independent Non-Executive Director*
Encik W Shalihudin Bin W Ibrahim *Independent Non-Executive Director (Appointed w.e.f. 29 February 2008)*
Mr. Tang Tat Chun *Executive Director (Appointed w.e.f. 28 Novemeber 2007. Resigned w.e.f. 21 May 2008)*

TERMS OF REFERENCE

1 Composition

1.1 The Audit Committee shall be appointed by the Board from amongst its Directors and shall consist of no fewer than three (3) members, all the Audit Committee Members must be non-executive directors, with a majority of them being independent directors. No alternate director shall be appointed as a member of the Audit Committee.

1.2 The Chairman, who shall be elected by the Audit Committee, shall be an independent director.

1.3 All the Audit Committee Members should be financially literate and at least one (1) member of the Audit Committee:
- i must be a member of the Malaysian Institute of Accountants (MIA); or
- ii if he is not a member of MIA, he must have at least three (3) years' working experience; and:-
  - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
  - he must be a member of one (1) of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
- iii must have a degree/masters/doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance; or
- iv must have a least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
- v fulfils such other requirements as prescribed or approved by the Exchange.

1.4 The Board must review the terms of office and performance of the Audit Committee and each of its members at least once in every three (3) years to determine whether such committee and its members have carried out their duties in accordance with their terms of reference.

1.5 In the event of any vacancy with the result that the number of members is reduced to below three (3), the vacancy shall be filled within three (3) months. Therefore, a member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

2 Attendance and Frequency Meeting

The Audit Committee shall meet at least four (4) times in each financial year although additional meetings may be called at any time at the discretion of the Chairman. The quorum for a meeting shall be two (2) members of the Audit Committee. The majority of members present at the meeting shall be independent directors.

The finance director, financial controller, the head of internal audit and a representative of the external auditors should normally attend meetings. Other board members may attend meetings upon the invitation of the Audit Committee. However, the Audit Committee should meet with external auditors without the presence of any executive board members at least twice a year.

Meeting will be attended by the members of the Audit Committee and the Company Secretary who shall as the Secretary, or any representative of the Secretary.

3 Procedures of Meetings

3.1 The Audit Committee Chairman shall preside at all meetings. In his absence, the Audit Committee members present shall elect among themselves an independent director to be the chairman of the meeting.

3.2 The Audit Committee may call for a meeting as and when required with reasonable notice as the Audit Committee Members deem fit.

3.3 The Company Secretary shall be the Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

3.4 A minimum seven (7) days' notice shall be given for all meetings. Nevertheless, a shorter notice is permitted subject to agreement by all Audit Committee members.

3.5 All decisions are determined by a majority of votes. In case of equality of votes, the Audit Committee Chairman shall have a casting vote.

3.6 A resolution in writing signed by a majority of the Audit Committee members and constituting a quorum shall be effective as a resolution passed at a meeting of the Audit Committee.

4 Minutes of Meetings

The Company Secretary shall be responsible for keeping the minutes of meetings of the Audit Committee and circulating them to the Audit Committee Members. The Audit Committee Members may inspect the minutes of the Audit Committee at the Registered Office or such other place as may be determined by the Audit Committee.

5 Authority

The Audit Committee shall:

5.1 have authority to investigate any matter within its terms of reference.

5.2 have the resources which are required to perform its duties.

5.3 have full and unrestricted access to any information of the Group when it determines as relevant to its activities from any employees of the Company and the Group and all employees are directed to co-operate with any request made by the Audit Committee.

5.4 have direct communication channels with the external auditors and internal auditors.

5.5 be able to obtain independent professional or other advice.

5.6 be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

6 Functions

The functions of the Audit Committee shall include the following:

6.1 To review with the external auditors on the following and report the same to the Board of Directors of the Company:
- the audit plan, its scope and nature;
- the audit report;
- the results of their evaluation of the accounting policies and system of internal controls within the Group;
- the management letter and management's response; and
- the major audit findings arising from the interim and final external audits, the audit report and the assistance given by the Group's officers to external auditors.

6.2 To do the following, in relation to the internal audit function:
- review the adequacy of the scope, functions, competency and resources and setting of performance standards of the internal audit function;
- review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- review the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function;
- review and approve any appointment or termination of senior staff members of the internal audit function; and
- take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

6.3 To provide assurance to the Board of Directors on the effectiveness of the system of internal controls and risk management practices of the Group.

6.4 To review with Management:
- the audit reports and the implementation of audit recommendations; and
- Interim financial information.

6.5 To review related party transaction (if any) entered into by the Company or the Group to be undertaken on an arm's length basis and normal commercial terms and on terms not favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to shareholders via the annual report and to review conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

6.6 To review the quarterly results and annual financial statements prior to approval of the Board of Directors, focusing particularly on:
- changes in or implementation of major accounting policies changes;
- significant and unusual events;
- the going concern assumption; and
- compliance with accounting standards and other legal requirements.

6.7 To review and report to the Board any letter of resignation from the external auditors of the Group as well as whether there is any reason (supported by grounds) to believe that the Group's external auditors are not suitable from re-appointment.

6.8 To make recommendations concerning the appointment of external auditors and their remuneration to the Board.

6.9 To verify that the allocation of options pursuant to Employees' Share Option Scheme of the Company is in accordance with the criteria for allocation established under the scheme at the end of each financial year.

6.10 Promptly reporting to Bursa Malaysia Securities Berhad on any matter reported by the Audit Committee to the Board which has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

SUMMARY OF ACTIVITIES

During the financial year, the main activities undertaken by the Audit Committee included:

a Reviewed the quarterly financial results announcements of the Group prior to seeking the Board's approval and releasing the results to the Bursa Securities.

b Reviewed the presentation of the financial statements of the Group with the external auditors to ensure adequacy of disclosure of information essential to a fair and full presentation of the financial affairs of the Group for recommendation to the Board for approval.

c Reviewed the inter-company transactions and any related/interested party transactions that may arise within the Company and the Group to ensure compliance with Malaysian Accounting Standards Board, Listing Requirements of Bursa Securities and other relevant authorities and to ensure that such transactions are:
- undertaken in the ordinary course of business;
- carried out at arm's length and based on normal commercial terms consistent with the Group's usual business practices and policies;
- on terms not more favourable to the related parties than those generally available to the public; and
- not detrimental to the minority shareholders of the Company.

d Reported to the Board of Directors on its activities and significant findings and results.

There were four (4) Audit Committee meetings held during the financial year ended 31 December 2007. The details of the attendance of each member of the Audit Committee are as follows:

	Total Meetings attended by Director	Percentage of Attendance
Mr. Yap Koon Independent *Non-Executive Director*	4/4	100%
Mr. Goh Tai He *Executive Director (Resigned on 29 February 2008)*	4/4	100%
Dato' Haji Mohd Sarit Bin Haji Yusoh *Independent Non-Executive Director*	2/4	50%
Tuan Haji Mohamed Amin Bin Haji Mohamed *Independent Non-Executive Director*	4/4	100%
Mr. Tang Tat Chun *Executive Director (Appointed w.e.f. 28 November 2007, resigned on 21 May 2008)*	N/A	N/A
Encik W Shalihudin Bin W Ibrahim *Independent Non-Executive Director (Appointed w.e.f. 29 February 2008)*	N/A	N/A

INTERNAL AUDIT FUNCTION

The Board recognizes the need for an internal audit function. As such, the Group has placed competent and responsible personnel to oversee its operational functions.


KILANG
PAIP VCP
GBH Clay Pipes

22 Other Compliance Information

IN COMPLIANCE WITH THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1 Status of Utilisation of Proceeds from Corporate Proposal

As at 31 December 2007, the status of the utilization of proceeds raised from the Warehouse Block Disposal and Clay Pipes Block Disposal of RM70,000,000 is as follow:

	Proposed Utilisation RM'000	Amount Utilised RM'000	Balance RM'000
Repayment of bank borrowings	62,406	62,406	Nil
Working capital	22,794	6,794	16,000
Estimated espenses for the Proposed Disposal	800	800	Nil
Total	86,000	70,000	16,000

2 Share Buy-Back

There was no share buy-back carried out by the Company during the financial year.

3 Options / Warrants / Convertibles Securities

There were no options, warrants or convertible securities exercised during the financial year.

4 American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR Programme during the financial year.

5 Imposition of Sanctions and/or Penalties

Particulars of the sanctions and/or penalties by the relevant regulatory bodies to the Company and its subsidiaries are as follows :

	RM
Pentadbir Tanah Wilayah Persekutuan	188,106
Dewan Bandaraya Kuala Lumpur	92,656
Kumpulan Wang Simpanan Pekerja	39,611
Pertubuhan Keselamatan Sosial	16,594
Lembaga Hasil Dalam Negeri	10,216
Kastam Diraja Malaysia	244,848
Total	592,031

Except as disclosed above, there were no other sanctions or penalties imposed on the Directors and Management by the relevant regulatory bodies during the financial year.

6 Non-Audit Fees

There were RM94,300 non-audit fees incurred by the Group and by Company during the financial year to the external auditors by the Group and by the Company during the financial year.

7 Variation in results

There were no material variance between the audited results for the financial year and the unaudited results previously announced.

8 Profit Estimate, Forecast or Projection

The Company did not make any release on the profit estimate, forecast or projection during the financial year.

9 Profit Guarantee

There was no profit guarantee given by the Company during the financial year.

10 Material Contracts involving Directors' and Major Shareholders' Interests

There were no material contracts entered into by the Company and its subsidiaries involving Directors and major shareholders' interests.

11 Revaluation of Landed Properties

The Group has adopted a policy of regular revaluation as stated in Note 2 to the audited financial statements on page 35 and 36 of this Annual Report.

12 Related Party Transactions

The details of the transactions with related parties undertaken by the Group during the financial year are disclosed in Note 31 of the Notes to the audited financial statements on page 54 of this Annual Report.

Report & Accounts

DIRECTORS' REPORT

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 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company is rental of properties and investment holding.

The principal activities of the subsidiaries are set out in Notes 16 to the financial statements.

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

RESULTS

In RM	GROUP	COMPANY
Loss for the year attributable to equity holders of the Company	**(5,376,882)**	**(12,897,304)**

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

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 to the financial statements.

DIVIDEND

Since the end of the previous financial year, no dividend has been paid or declared by the Company.

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
Yap Koon
Dato Haji Mohd Yusof Bin Haji Mohamed
(Alternate Director to Haji Mohamed Amin Bin Haji Mohamed)
Tang Tat Chun (appointed on 28 May 2007)

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.

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 8 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 he has a substantial financial interest, except as disclosed in Note 31 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:

	Ordinary shares of RM1 each in the Company			
	As at 1.1.2007	Bought	Sold	As at 31.12.2007
The Company				
Direct Interest:				
Goh Tai Seng	315,322	–	–	315,322
Goh Tai Hee @ Goh Tai He	280,896	–	–	280,896
Tan Ah Cheun	100,000	–	–	100,000
Haji Mohamed Amin Bin Haji Mohamed	7,000	–	(7,000)	–
Indirect interest:				
Goh Tai Seng	10,850,782	109,250	–	10,960,032
Goh Tai Hee @ Goh Tai He	10,380,782	183,000	–	10,563,782
Tan Ah Cheun	1,076,125	–	–	1,076,125
Dato Haji Mohd Yusof Bin Haji Mohamed	–	33,000	–	33,000

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

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 allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

ii to ensure that any current assets which were unlikely to realise their values 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 which would render:

i the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company 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.

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.

OTHER STATUTORY INFORMATION (contd.)

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.

SIGNIFICANT EVENTS

Details of significant events are disclosed in Note 32 to the financial statements.

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 dated 25 April 2008.

Goh Tai Hee @ Goh Tai He **Tan Ah Cheun**

Statement by Directors

Pursuant to Section 169(15) of The Companies ACT, 1965

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 29 to 57 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2007 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 dated 25 April 2008.

Goh Tai Hee @ Goh Tai He

Tan Ah Cheun

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 29 to 57 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 25 April 2008.

Low Kok Yung

Before me,

Report of the Auditors

to the members of Goh Ban Huat (Incorporated in Malaysia)

We have audited the financial statements set out on pages 29 to 57. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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.

In our opinion:

a the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards 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 2007 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 have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 16 in the financial statements, being financial statements that have been included in the consolidated financial statements.

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.

Ernst & Young
AF: 0039
Chartered Accountants

Lee Seng Huat
No. 2518/12/09(J)
Partner

Kuala Lumpur, Malaysia
25 April 2008

In RM	Note	GROUP 2007	GROUP 2006	COMPANY 2007	COMPANY 2006
Revenue	4	**43,998,427**	43,167,988	**2,807,111**	2,947,405
Cost of sales	5	**(34,126,370)**	(31,533,244)	**–**	–
Gross profit		**9,872,057**	11,634,744	**2,807,111**	2,947,405
Other income		**7,424,644**	2,083,734	**16,410,242**	5,361,235
Distribution expenses		**(5,112,071)**	(3,122,525)	**–**	–
Administrative expenses		**(7,102,762)**	(5,710,978)	**(1,496,706)**	(1,082,585)
Other expenses		**(1,888,527)**	(2,030,675)	**(23,339,058)**	(41,289,006)
Profit/(loss) from operations	6	**3,193,341**	2,854,300	**(5,618,411)**	(34,062,951)
Finance costs	9	**(5,428,145)**	(5,502,859)	**(5,428,145)**	(5,502,859)
Loss before taxation		**(2,234,804)**	(2,648,559)	**(11,046,556)**	(39,565,810)
Taxation	10	**(3,142,078)**	(1,399,650)	**(1,850,748)**	(1,184,635)
Loss for the year attributable to equity holders of the Company		**(5,376,882)**	(4,048,209)	**(12,897,304)**	(40,750,445)
Loss per share attributable to equity holders of the Company (sen):					
Basic	11	**(8.68)**	(6.54)		

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

Balance Sheets
as at 31 December 2007

In RM	Note	GROUP 2007	GROUP 2006 (Restated)	COMPANY 2007	COMPANY 2006 (Restated)
ASSETS					
Non-current Assets					
Property, plant and equipment	12	**149,113,332**	153,154,669	**116,290,892**	116,813,352
Investment properties	13	**1,459,401**	1,712,787	**892,788**	1,022,481
Prepaid land lease payments	14	**2,008,859**	2,083,446	**2,008,859**	2,083,446
Other investments	15	**185,950**	188,420	**114,250**	111,720
Investments in subsidiaries	16	**–**	–	**1,500,004**	21,700,004
Long term receivable	17	**16,000,000**	–	**–**	–
		168,767,542	157,139,322	**120,806,793**	141,731,003
Current Assets					
Inventories	18	**19,287,343**	21,983,569	**–**	–
Trade receivables	19	**17,560,273**	13,298,130	**39,015**	117,041
Other receivables	20	**2,836,723**	1,316,865	**60,085,228**	69,421,328
Cash and bank balances	21	**302,053**	287,032	**14,191**	72,676
		39,986,392	36,885,596	**60,138,434**	69,611,045
Non-current assets classified as held for sale		**–**	78,693,479	**–**	43,543,151
		39,986,392	115,579,075	**60,138,434**	113,154,196
TOTAL ASSETS		**208,753,934**	272,718,397	**180,945,227**	254,885,199
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	26	**61,919,011**	61,919,011	**61,919,011**	61,919,011
Reserves	27	**106,137,031**	104,136,324	**104,502,587**	110,512,755
Total equity		**168,056,042**	166,055,335	**166,421,598**	172,431,766
Non-current Liabilities					
Long term borrowings	22	**–**	19,414,522	**–**	19,414,522
Deferred tax liabilities	28	**1,365,712**	8,793,920	**1,201,644**	8,088,780
		1,365,712	28,208,442	**1,201,644**	27,503,302
Current Liabilities					
Short term borrowings	22	**–**	42,991,176	**–**	42,991,176
Trade payables	23	**13,996,231**	15,568,566	**82,385**	82,385
Other payables	24	**16,936,011**	14,687,633	**8,253,899**	8,741,617
Tax payable		**8,399,938**	5,207,245	**4,985,701**	3,134,953
		39,332,180	78,454,620	**13,321,985**	54,950,131
Total Liabilities		**40,697,892**	106,663,062	**14,523,629**	82,453,433
TOTAL EQUITY AND LIABILITIES		**208,753,934**	272,718,397	**180,945,227**	254,885,199

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

In RM	Share Capital	Share Premium	Revaluation Reserves	Capital Reserves	Accumulated Losses	Total Equity
	Attributable to Equity Holders of the Company					
		Non - Distributable				
GROUP						
At 1 January 2006	61,919,011	16,966,462	132,442,477	1,118,356	(42,342,762)	170,103,544
Net loss for the year, representing total recognised income and expenses for the year	–	–	–	–	(4,048,209)	(4,048,209)
At 31 December 2006	61,919,011	16,966,462	132,442,477	1,118,356	(46,390,971)	166,055,335
At 1 January 2007	**61,919,011**	**16,966,462**	**132,442,477**	**1,118,356**	**(46,390,971)**	**166,055,335**
Deferred tax adjustments relating to revaluation of properties, representing net income recognised directly in equity	–	–	7,377,589	–	–	7,377,589
Loss for the year	–	–	–	–	(5,376,882)	(5,376,882)
Total recognised income and expenses for the year	–	–	7,377,589	–	(5,376,882)	2,000,707
Transfer of revaluation reserves on disposal of properties	–	–	(42,632,742)	–	42,632,742	–
At 31 December 2007	**61,919,011**	**16,966,462**	**97,187,324**	**1,118,356**	**(9,135,111)**	**168,056,042**
COMPANY						
At 1 January 2006	61,919,011	16,966,462	123,883,855	2,257,088	8,155,795	213,182,211
Net loss for the year, representing total recognised income and expenses for the year	–	–	–	–	(40,750,445)	(40,750,445)
At 31 December 2006	61,919,011	16,966,462	123,883,855	2,257,088	(32,594,650)	172,431,766
At 1 January 2007	**61,919,011**	**16,966,462**	**123,883,855**	**2,257,088**	**(32,594,650)**	**172,431,766**
Deferred tax adjustments relating to revaluation of properties, representing net income recognised directly in equity	–	–	6,887,136	–	–	6,887,136
Loss for the year	–	–	–	–	(12,897,304)	(12,897,304)
Total recognised income and expenses for the year	–	–	6,887,136	–	(12,897,304)	(6,010,168)
Transfer of revaluation reserves on disposal of properties	–	–	(32,826,454)	–	32,826,454	–
At 31 December 2007	**61,919,011**	**16,966,462**	**97,944,537**	**2,257,088**	**(12,665,500)**	**166,421,598**

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

Cash Flow Statements
for the year ended 31 December 2007

In RM	GROUP 2007	GROUP 2006	COMPANY 2007	COMPANY 2006
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation	**(2,234,804)**	(2,648,559)	**(11,046,556)**	(39,565,810)
Adjustments for:				
Bad debts written off	**–**	259,917	**–**	252,043
Investment written off	**–**	–	**–**	4
Deposits written off	**127,435**	52,437	**16,950**	169,494
(Reversal of)/impairment losses				
- investment in subsidiaries	**–**	–	**20,200,000**	9,148,109
- other investments	**2,470**	75,495	**(2,530)**	60,500
- investment property	**119,500**	–	**–**	–
Unrealised foreign exchange (gain)/loss	**(91,878)**	57,839	**–**	–
Depreciation	**4,287,163**	4,623,826	**491,941**	521,907
Amortisation of prepaid land lease payments	**74,587**	74,587	**74,587**	74,587
Interest income	**–**	–	**(5,421,986)**	(5,143,926)
Interest expense	**5,428,145**	5,502,859	**5,428,145**	5,502,859
Allowance for doubtful debts	**690,664**	652,439	**2,669,074**	31,170,250
Write down of inventories	**1,107,120**	444,709	**–**	–
Inventories written off	**1,827,256**	–	**–**	–
Property, plant & equipment written off	**2**	127,342	**1**	–
Loss on disposal of investment property	**9,267**	–	**9,267**	–
Goodwill written off	**–**	305,620	**–**	–
Write back of allowance for doubtful debts	**(422,559)**	(1,403,120)	**–**	–
Gain on disposal of property, plant and equipment	**(6,728,148)**	(11,999)	**(10,985,003)**	–
Dividend income	**(50)**	–	**(50)**	–
Operating profit before working capital changes	**4,196,170**	8,113,392	**1,433,840**	2,190,017
Working capital changes:				
Inventories	**(238,150)**	(2,009,519)	**–**	–
Receivables	**(6,177,541)**	(1,673,311)	**6,728,102**	(181,482)
Payables	**767,921**	4,676,804	**(487,705)**	1,035,890
Cash (used in)/generated from operating activities	**(1,451,600)**	9,107,366	**7,674,237**	3,044,425
Interest received	**–**	–	**5,421,986**	5,143,926
Interest paid	**(5,428,145)**	(5,502,859)	**(5,428,145)**	(5,502,859)
Net cash flows (used in)/generated from operating activities	**(6,879,745)**	3,604,507	**7,668,078**	2,685,492

In RM	GROUP 2007	GROUP 2006	COMPANY 2007	COMPANY 2006
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	**69,462,578**	12,000	**54,569,098**	–
Proceeds from disposal of investment property	**110,000**	–	**110,000**	–
Dividend received	**37**	–	**37**	–
Purchase of property, plant and equipment	**(272,151)**	(761,245)	**–**	–
Net cash generated from/(used in) investing activities	**69,300,464**	(749,245)	**54,679,135**	–
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of term loans	**(26,180,928)**	(3,724,797)	**(26,180,928)**	(3,724,797)
Repayment of trade line and bankers' acceptances	**(8,916,030)**	–	**(8,916,030)**	–
Repayment of hire purchase	**(50,000)**	(20,000)	**(50,000)**	(20,000)
Net cash used in financing activities	**(35,146,958)**	(3,744,797)	**(35,146,958)**	(3,744,797)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**27,273,761**	(889,535)	**27,200,255**	(1,059,305)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**(26,971,708)**	(26,082,173)	**(27,186,064)**	(26,126,759)
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 21)	**302,053**	(26,971,708)	**14,191**	(27,186,064)

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

1 CORPORATE INFORMATION

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 and principal place of business of the Company is located at 238, Jalan Segambut, 51200 Kuala Lumpur.

The principal activity of the Company is rental of properties and investment holding. The principal activities of the subsidiaries are set out in Notes 16 to the financial statements. There have been no significant changes in the nature of these activities during the year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 April 2008.

2 SIGNIFICANT ACCOUNTING POLICIES

a Basis of Preparation

The financial statements of the Group and of the Company, presented in Ringgit Malaysia, comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia.

The financial statements of the Group and of the Company have also been prepared on a historical basis, except for freehold land and buildings included within property, plant and equipment that have been measured at their fair values.

i Adoption of new and revised Financial Reporting Standards ("FRSs")

At the beginning of the current financial year, the Group and the Company had adopted the following new and revised FRSs which are mandatory for their financial periods beginning on 1 January 2007.

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 117	Leases
FRS 124	Related Party Disclosures
Amendments to FRS 119	Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

FRS 117 and FRS 124 are effective for periods beginning on or after 1 October 2006, while FRS 6 and amendments to FRS 119 are effective for periods beginning on or after 1 January 2007.

The principal changes in accounting policies and their effects resulting from the adoption of FRS 117 are discussed in Note 3. The adoption of the other new and revised FRSs does not result in significant changes to the accounting policies of the Group except for additonal disclosures requirements.

ii New standards and interpretations that are not yet effective

At the date of authorisation of these financial statements, the following new/revised and amendments to FRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company.

FRSs and Interpretations		Effective for financial periods beginning on or after
FRS 107	Cash Flow Statements	1 July 2007
FRS 111	Construction Contracts	1 July 2007
FRS 112	Income Taxes	1 July 2007
FRS 118	Revenue	1 July 2007
FRS 119	Employee Benefits	1 July 2007
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates	1 July 2007
FRS 134	Interim Financial Reporting	1 July 2007
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
FRS 139	Financial Instruments: Recognition and Measurement	Deferred
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007

2 **SIGNIFICANT ACCOUNTING POLICIES (contd.)**

a **Basis of Preparation (contd.)**

ii **New standards and interpretations that are not yet effective (contd.)**

FRSs and Interpretations		**Effective for financial periods beginning on or after**
IC Interpretation 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7	Applying the Restatement Approach under FRS 129_{2004} - Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8	Scope of FRS 2 - Share Based Payment	1 July 2007

FRS 111, FRS 120 and the Interpretations do not apply to the activities of the Group and of the Company.

FRS 139, Financial Instruments: Recognition and Measurement application has been deferred to a date to be announced by the Malaysian Accounting Standards Board. The Group and the Company is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

The other new/revised and amendments to FRSs are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application.

b **Subsidiaries and Basis of Consolidation**

i **Subsidiaries**
Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

ii **Basis of Consolidation**
The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

c **Property, Plant and Equipment, and Depreciation**
All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land and buildings are stated at cost less accumulated depreciation and any accumulated impairment losses.

2 **SIGNIFICANT ACCOUNTING POLICIES** (contd.)

c **Property, Plant and Equipment, and Depreciation** (contd.)

Freehold land and buildings are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are also not depreciated as these assets are not available for use. 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%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

d **Investment Properties**

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured at cost, including transaction costs.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

e **Impairment of Non-financial Assets**

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For assets that have an indefinite useful life, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the assets belong to. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to these units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

2 **SIGNIFICANT ACCOUNTING POLICIES (contd.)**

e **Impairment of Non-financial Assets (contd.)**
Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

f **Inventories**
Inventories are stated at lower of cost and net realisable value.

Cost is determined using the first in, first out method. The cost of raw materials and work-in-progress is determined on specific identification per unit and includes the cost of materials and incidentals in bringing the raw materials into store. The cost of finished goods comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

g **Financial Instruments**
Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and 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 recognised directly in 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 **Cash and Cash Equivalents**
For the purposes of the cash flow statements, cash and cash equivalents include cash and bank balances, net of outstanding bank overdrafts.

ii **Other Non-Current Investments**
Non-current investments other than investments in subsidiaries are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

iii **Marketable Securities**
Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in profit or loss. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

iv **Receivables**
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.

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

vi **Interest Bearing Loans and Borrowings**
All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

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

2 **SIGNIFICANT ACCOUNTING POLICIES (contd.)**

h Leases

i Classification
A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

ii Operating Leases - the Group as Lessee
Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

i 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. 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 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 as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised 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 the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

j 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. 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. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii Defined Contributions Plans
Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

k Foreign Currencies

i Functional and Presentation Currency
The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

2 **SIGNIFICANT ACCOUNTING POLICIES (contd.)**

k **Foreign Currencies (contd.)**

ii **Foreign Currency Transactions**

Foreign currency transactions are recorded in the functional currency of the Group at rates of exchange approximating those ruling at transaction dates. Foreign currency monetary assets and liabilities at the balance sheet date are translated at the rates ruling at that date. Exchange differences are dealt with in the income statement.

The exchange rates used at the balance sheet date are as follows:

In RM	2007	2006
One Great Britain Pound	**6.61**	6.62
One United States Dollar	**3.31**	3.53
One Singapore Dollar	**2.29**	2.30

l **Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

i **Sale of Goods**

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

ii **Rental Income**

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

m **Significant Accounting Judgements and Estimates**

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are discussed below.

Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful life. Management estimates of the useful lives of property, plant and equipment and the residual value are as disclosed in Note 2(c). Any changes in the useful lives and residual value could impact the future depreciation charges. A 5% difference in the current year depreciation charge would result in 4% variance in the loss for the year of the Group.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2007, the Group have tax payable and deferred tax liabilities of approximately RM8,400,000 (2006: RM5,207,000) and RM1,366,000 (2006: RM8,794,000), respectively.

3 CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs

a FRS 117: Leases

i Leasehold land held for own use

Prior to 1 January 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 January 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and as disclosed in Note 3(c), certain comparatives have been restated. The effects on the balance sheets as at 31 December 2007 are set out in Note 3(b)(i). There were no effects on the income statements for the year ended 31 December 2007.

ii Initial direct costs

Prior to 1 January 2006, the Group, as lessee in operating lease arrangements, had recognised initial direct costs incurred in negotiating and arranging leases as an expense in the profit or loss in the period in which they were incurred. The revised FRS 117 requires such costs to be added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. According to the revised FRS 117, this change in accounting policy should be applied retrospectively. The Group and the Company did not incur significant initial direct costs on negotiating and arranging leases and as a result, this change in accounting policy has no impact on the Group's and the Company's financial statements.

b Summary of Effects of Adopting New and Revised FRSs on the Current Year's Financial Statements

The following tables provide estimates of the extent to which each of the line items in the balance sheets as at 31 December 2007 is higher or lower than it would have been had the previous policies been applied in the current year.

i Effects on balance sheets as at 31 December 2007

	Increase/(Decrease)	
Description of Changes In RM	**FRS 117 Note 3(a)**	**Total**
GROUP/COMPANY		
Property, plant and equipment	(2,008,859)	(2,008,859)
Prepaid land lease payments	2,008,859	2,008,859

c Restatement of comparatives

Description of change In RM	**Previously Stated**	**FRS 117 Note 3(a)**	**Restated**
GROUP			
Property, plant and equipment	155,238,115	(2,083,446)	153,154,669
Prepaid land lease payments	–	2,083,446	2,083,446
COMPANY			
Property, plant and equipment	118,896,798	(2,083,446)	116,813,352
Prepaid land lease payments	–	2,083,446	2,083,446

4 REVENUE

Revenue of the Company comprises 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.

Analysed as:

	GROUP		COMPANY	
In RM	**2007**	**2006**	**2007**	**2006**
Rental income	**2,807,111**	3,038,018	**2,807,111**	2,947,405
Sale of goods	**41,191,316**	40,129,970	**–**	–
	43,998,427	43,167,988	**2,807,111**	2,947,405

5 COST OF SALES

Cost of sales of goods represents cost of inventories manufactured and sold.

6 PROFIT/(LOSS) FROM OPERATIONS

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

	GROUP		COMPANY	
In RM	**2007**	**2006**	**2007**	**2006**
Staff costs (Note 7)	**10,295,247**	10,751,698	**–**	–
Executive directors' remuneration (Note 8)	**649,531**	649,531	**–**	–
Non-executive directors' remuneration (Note 8)	**24,000**	20,000	**24,000**	20,000
Auditors' remuneration	**77,000**	67,850	**15,000**	15,000
Depreciation				
- property, plant and equipment	**4,272,544**	4,609,120	**481,515**	511,395
- investment properties	**14,619**	14,706	**10,426**	10,512
Amortisation of prepaid land lease payments	**74,587**	74,587	**74,587**	74,587
Write down of inventories	**1,107,120**	444,709	**–**	–
Inventories written off	**1,827,256**	–	**–**	–
Goodwill written off	**–**	305,620	**–**	–
Bad debts written off	**–**	259,917	**–**	252,043
Property, plant and equipment written off	**2**	127,342	**1**	–
Investment written off	**–**	–	**–**	4
Deposits written off	**127,435**	52,437	**16,950**	169,494
Allowance for doubtful debts	**690,664**	652,439	**2,669,074**	31,170,250
(Reversal of)/impairment losses				
- investments in subsidiaries	**–**	–	**20,200,000**	9,148,109
- other investments	**2,470**	75,495	**(2,530)**	60,500
- investment property	**119,500**	–	**–**	–
Rental of equipment and machinery	**110,130**	19,435	**–**	–
Rental of forklifts	**335,669**	450,219	**–**	–
Rental of premises	**1,169,450**	412,240	**398,052**	–
Gain on disposal of property, plant and equipment	**(6,728,148)**	(11,999)	**(10,985,003)**	–
Loss on disposal of investment property	**9 ,267**	–	**9 ,267**	–
(Gain)/loss on foreign exchange				
- realised	**28,846**	22,000	**–**	–
- unrealised	**(91,878)**	57,839	**–**	–
Gain on deconsolidation of a subsidiary	**–**	(212,995)	**–**	–
Dividend income				
- quoted shares	**(50)**	–	**(50)**	–
Write back of allowance for doubtful debts	**(422,559)**	(1,403,120)	**–**	–
Interest income	**–**	–	**(5,421,986)**	(5,143,926)

7 STAFF COSTS

In RM	GROUP 2007	GROUP 2006
Wages and salaries	**6,578,391**	6,948,343
Social security costs	**99,113**	106,743
Short term accumulating compensated balances	**–**	4,653
Pension costs		
- defined contribution plans	**763,857**	764,450
Other staff related expenses	**2,853,886**	2,927,509
	10,295,247	10,751,698

8 DIRECTORS' REMUNERATION

In RM	GROUP 2007	GROUP 2006	COMPANY 2007	COMPANY 2006
Executive:				
Salaries and other emoluments	**578,760**	578,760	**–**	–
Bonus	**24,115**	24,115	**–**	–
Pension costs				
- defined contribution plans	**46,656**	46,656	**–**	–
	649,531	649,531	**–**	–
Non-executive:				
Fees	**24,000**	20,000	**24,000**	20,000
Total	**673,531**	669,531	**24,000**	20,000

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

	Number of Directors 2007	Number of Directors 2006
Executive Directors:		
RM150,000 - RM200,000	**1**	1
RM200,001 - RM250,000	**2**	2
Non-Executive Directors:		
Below RM50,000	**7**	6

9 FINANCE COSTS

In RM	GROUP 2007	GROUP 2006	COMPANY 2007	COMPANY 2006
Interest expense on:				
- bankers' acceptances	**1,101,530**	622,035	**1,101,530**	622,035
- bank overdrafts	**2,340,596**	2,460,207	**2,340,596**	2,460,207
- term loans	**1,979,860**	2,393,262	**1,979,860**	2,393,262
- hire purchase interest	**6,159**	3,400	**6,159**	3,400
- trust receipts	**–**	23,955	**–**	23,955
	5,428,145	5,502,859	**5,428,145**	5,502,859

10 TAXATION

In RM	GROUP 2007	GROUP 2006	COMPANY 2007	COMPANY 2006
Income tax:				
Current year	**3,246,978**	1,317,765	**1,973,000**	774,000
(Over)/under provided in prior years:				
Malaysian income tax	**(54,281)**	403,194	**(122,252)**	458,317
	3,192,697	1,720,959	**1,850,748**	1,232,317
Deferred tax: (Note 28)				
Relating to origination and reversal of temporary difference	**(40,738)**	(46,196)	**–**	(31,615)
Relating to changes in tax rates	**(16,839)**	(33,188)	**–**	(16,067)
Under/(over) provision in prior years	**6,958**	(241,925)	**–**	–
	(50,619)	(321,309)	**–**	(47,682)
	3,142,078	1,399,650	**1,850,748**	1,184,635

Domestic income tax is calculated at the Malaysian statutory tax rate of 27% (2006: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008 and to 25% effective year of assessment 2009. The computation of deferred tax as at 31 December 2007 has reflected these changes.

A reconciliation of income tax expense applicable to loss 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:

In RM	2007	2006
GROUP		
Loss before taxation	**(2,234,804)**	(2,648,559)
Taxation at Malaysian statutory rate of 27% (2006: 28%)	**(603,397)**	(741,597)
Effect of income subject to tax rate of 20% (2006: 20%)	**(35,000)**	(40,000)
Effect of changes in tax rates on deferred tax	**(16,839)**	(33,188)
Income not subject to tax	**–**	(306,958)
Effect of expenses not deductible for tax purposes	**774,822**	1,121,219
Effect of utilisation of previously unrecognised unabsorbed capital allowances and unutilised business losses	**–**	(31,204)
Deferred tax assets not recognised during the year	**3,069,815**	1,270,109
Under/(over) provision of deferred tax in prior years	**6,958**	(241,925)
(Over)/under provision of income tax expense in prior years	**(54,281)**	403,194
Tax expense for the year	**3,142,078**	1,399,650
COMPANY		
Loss before taxation	**(11,046,556)**	(39,565,810)
Taxation at Malaysian statutory rate of 27% (2006: 28%)	**(2,982,570)**	(11,078,427)
Effect of changes in tax rates on deferred tax	**–**	(16,067)
Effect of expenses not deductible for tax purposes	**4,955,570**	11,820,812
(Over)/under provision of income tax expense in prior years	**(122,252)**	458,317
Tax expense for the year	**1,850,748**	1,184,635

11 LOSS PER SHARE

Basic

Basic loss per share is calculated by dividing the net loss for the year attributable to equity holders of the Company by the number of ordinary shares in issue during the financial year.

In RM	GROUP 2007	GROUP 2006
Net loss for the year attributable to equity holders of the Company (RM)	**(5,376,882)**	(4,048,209)
Number of ordinary shares in issue	**61,919,011**	61,919,011
Basic loss per share (sen)	**(8.68)**	(6.54)

Diluted

There is no instrument that will potentially dilute basic earnings for share.

12 PROPERTY, PLANT AND EQUIPMENT

GROUP In RM	Freehold land	Buildings	Plant and machinery	Equipment & motor vehicles	Total
Cost/Valuation					
At 1 January 2007	**113,137,229**	**18,949,182**	**88,793,924**	**11,049,156**	**231,929,491**
Additions	**–**	**–**	**206,430**	**65,721**	**272,151**
Disposals/written off	**–**	**(5,056,490)**	**(168,037)**	**(153,543)**	**(5,378,070)**
At 31 December 2007	**113,137,229**	**13,892,692**	**88,832,317**	**10,961,334**	**226,823,572**
Representing:					
At cost	–	–	88,832,317	10,961,334	99,793,651
At valuation - 2004	113,137,229	–	–	–	113,137,229
At valuation - 1989	–	13,892,692	–	–	13,892,692
	113,137,229	13,892,692	88,832,317	10,961,334	226,823,572
Accumulated Depreciation					
At 1 January 2007	**–**	**15,328,219**	**53,685,634**	**9,760,969**	**78,774,822**
Charge for the year	**–**	**462,155**	**3,550,995**	**259,394**	**4,272,544**
Disposals/written off	**–**	**(5,056,489)**	**(168,036)**	**(112,601)**	**(5,337,126)**
At 31 December 2007	**–**	**10,733,885**	**57,068,593**	**9,907,762**	**77,710,240**
Net Carrying Amount					
At cost	**–**	**–**	**31,763,724**	**1,053,572**	**32,817,296**
At valuation	**113,137,229**	**3,158,807**	**–**	**–**	**116,296,036**
At 31 December 2007	**113,137,229**	**3,158,807**	**31,763,724**	**1,053,572**	**149,113,332**

12 PROPERTY, PLANT AND EQUIPMENT (contd.)

GROUP In RM	Freehold land	Buildings	Plant and machinery	Equipment & motor vehicles	Capital work in progress	Total
Cost/Valuation						
At 1 January 2006	179,267,380	34,917,903	89,278,412	12,880,711	1,258,044	317,602,450
Additions	–	–	539,562	94,419	127,264	761,245
Disposals/written off	–	–	(2,023,633)	(1,925,974)	–	(3,949,607)
Reclassification	–	–	999,583	–	(999,583)	–
Transfer to inventories	–	–	–	–	(385,725)	(385,725)
Reclassified as held for sale	(66,130,151)	(15,968,721)	–	–	–	(82,098,872)
At 31 December 2006	113,137,229	18,949,182	88,793,924	11,049,156	–	231,929,491
Representing:						
At cost	–	–	88,793,924	11,049,156	–	99,843,080
At valuation - 2004	113,137,229	–	–	–	–	113,137,229
At valuation - 1989	–	18,949,182	–	–	–	18,949,182
	113,137,229	18,949,182	88,793,924	11,049,156	–	231,929,491
Accumulated Depreciation						
At 1 January 2006	–	17,933,547	52,098,478	11,361,329	–	81,393,354
Charge for the year	–	800,060	3,483,585	325,475	–	4,609,120
Disposals/written off	–	–	(1,896,429)	(1,925,835)	–	(3,822,264)
Reclassified as held for sale	–	(3,405,388)	–	–	–	(3,405,388)
At 31 December 2006	–	15,328,219	53,685,634	9,760,969	–	78,774,822
Net Carrying Amount						
At cost	–	–	35,108,290	1,288,187	–	36,396,477
At valuation	113,137,229	3,620,963	–	–	–	116,758,192
At 31 December 2006	113,137,229	3,620,963	35,108,290	1,288,187	–	153,154,669

COMPANY In RM	Freehold land	Buildings	Motor vehicles	Total
Cost/Valuation				
At 1 January 2007	**113,137,229**	**18,941,546**	**153,545**	**132,232,320**
Disposals	**–**	**(5,056,490)**	**(153,545)**	**(5,210,035)**
At 31 December 2007	**113,137,229**	**13,885,056**	**–**	**127,022,285**
Representing:				
At cost	–	1,614,133	–	1,614,133
At valuation - 2004	113,137,229	–	–	113,137,229
At valuation - 1989	–	12,270,923	–	12,270,923
	113,137,229	13,885,056	–	127,022,285
Accumulated Depreciation				
At 1 January 2007	**–**	**15,326,840**	**92,128**	**15,418,968**
Charge for the year	**–**	**461,042**	**20,473**	**481,515**
Disposals	**–**	**(5,056,489)**	**(112,601)**	**(5,169,090)**
At 31 December 2007	**–**	**10,731,393**	**–**	**10,731,393**
Net Carrying Amount				
At cost	**–**	**366,612**	**–**	**366,612**
At valuation	**113,137,229**	**2,787,051**	**–**	**115,924,280**
At 31 December 2007	**113,137,229**	**3,153,663**	**–**	**116,290,892**

12 PROPERTY, PLANT AND EQUIPMENT (contd.)

COMPANY In RM	Freehold land	Buildings	Motor vehicles	Total
Cost/Valuation				
At 1 January 2006	156,680,380	18,941,546	153,545	175,775,471
Reclassified as held for sale	(43,543,151)	–	–	(43,543,151)
At 31 December 2006	113,137,229	18,941,546	153,545	132,232,320
Representing:				
At cost	–	1,614,133	153,545	1,767,678
At valuation - 2004	113,137,229	–	–	113,137,229
At valuation - 1989	–	17,327,413	–	17,327,413
	113,137,229	18,941,546	153,545	132,232,320
Accumulated Depreciation				
At 1 January 2006	–	14,846,154	61,419	14,907,573
Charge for the year	–	480,686	30,709	511,395
At 31 December 2006	–	15,326,840	92,128	15,418,968
Net Carrying Amount				
At cost	–	308,033	61,417	369,450
At valuation	113,137,229	3,306,673	–	116,443,902
At 31 December 2006	113,137,229	3,614,706	61,417	116,813,352

On December 2004, the Group revalued all the freehold and leasehold land based on the valuation conducted in 2003 by Mr. Nagalingam T., a Registered Valuer (V461) with City Valuers & Consultants Sdn. Bhd. The valuation was made on the basis of open market values on existing use bases.

The buildings where stated at valuation, remains at their previous valuation in 1989.

The Group and the Company are unable to disclose the carrying amounts of the revalued buildings had they been carried at cost, due to the absence of historical records.

Included in property, plant and equipment of the Group and of the Company in the previous year were motor vehicles with a net book value of RM61,418 which was acquired under hire purchase instalment plan.

13 INVESTMENT PROPERTIES

	GROUP		COMPANY	
In RM	**2007**	**2006**	**2007**	**2006**
Cost				
At 1 January	**1,804,413**	1,804,413	**1,032,993**	1,032,993
Disposal	**(121,953)**	–	**(121,953)**	–
At 31 December	**1,682,460**	1,804,413	**911,040**	1,032,993
Accumulated Depreciation				
At 1 January	**14,706**	–	**10,512**	–
Charge for the year	**14,619**	14,706	**10,426**	10,512
Disposal	**(2,686)**	–	**(2,686)**	–
At 31 December	**26,639**	14,706	**18,252**	10,512

13 INVESTMENT PROPERTIES (contd.)

In RM	GROUP 2007	GROUP 2006	COMPANY 2007	COMPANY 2006
Accumulated Impairment				
At 1 January	**76,920**	76,920	**–**	–
Impairment loss for the year	**119,500**	–	**–**	–
At 31 December	**196,420**	76,920	**–**	–
Net Carrying Amount				
At 31 December	**1,459,401**	1,712,787	**892,788**	1,022,481

Investment properties comprise a number of commercial properties leased out to third parties.

The carrying amount of the above investment properties approximate its fair value based on amounts determined on a willing buyer and willing seller basis.

14 PREPAID LAND LEASE PAYMENTS

In RM	GROUP/COMPANY 2007	GROUP/COMPANY 2006
Cost		
At 1 January/31 December	**2,232,620**	2,232,620
Accumulated Amortisation		
At 1 January	**149,174**	74,587
Amortisation for the year	**74,587**	74,587
At 31 December	**223,761**	149,174
Net Carrying Amount		
At 31 December	**2,008,859**	2,083,446
Analysed as:		
Long term leasehold land	**226,089**	229,366
Short term leasehold land	**1,782,770**	1,854,080
	2,008,859	2,083,446

15 OTHER INVESTMENTS

In RM	GROUP 2007	GROUP 2006	COMPANY 2007	COMPANY 2006
At cost:				
Transferable club membership	**202,995**	202,995	**170,000**	170,000
Unquoted shares in Malaysia	**55,000**	55,000	**–**	–
	257,995	257,995	**170,000**	170,000
Less: Accumulated impairment losses	**(79,995)**	(75,495)	**(60,000)**	(60,500)
	178,000	182,500	**110,000**	109,500
Quoted shares in Malaysia	**7,950**	5,920	**4,250**	2,220
	185,950	188,420	**114,250**	111,720
Market value of quoted shares in Malaysia	**5,450**	2,400	**4,250**	1,360

16 INVESTMENTS IN SUBSIDIARIES

In RM	COMPANY 2007	2006
Unquoted shares at cost	**30,848,113**	30,848,117
Less: Investment written off	–	(4)
Accumulated impairment losses	**(29,348,109)**	(9,148,109)
	1,500,004	21,700,004

Details of the subsidiaries are as follows:

Name of the Subsidiaries	Country of Incorporation	Equity Interest Held (%) 2007	2006	Principal Activities
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	Manufacturing and trading of ceramic wares
GBH Porcelain Sdn. Bhd.	Malaysia	**100**	100	Manufacturing and trading of formers
GBH Crown Lynn Sdn. Bhd.	Malaysia	**100**	100	Manufacturing and trading of ceramic tablewares
GBH Clay Pipes Sdn. Bhd.	Malaysia	**100**	100	Manufacturing and trading of vitrified clay pipes
Kenangan Dimensi Sdn. Bhd.	Malaysia	**100**	100	Dormant

All the subsidiaries of the Group are audited by Ernst & Young except for Kenangan Dimensi Sdn. Bhd.

17 LONG TERM RECEIVABLE

Long term receivable refers to the balance of cash consideration for the disposal of clay pipes block which will be receivable by one of the subsidiaries, GBH Clay Pipes Sdn. Bhd. on the third anniversary of 13 November 2007 thereafter as stipulated under the Sales and Purchase agreement.

Further details are disclosed in Note 32.

18 INVENTORIES

In RM	GROUP 2007	GROUP 2006
At cost:		
Raw materials	**1,331,343**	841,682
Work-in-progress	**1,616,713**	1,099,395
Finished goods	**8,911,283**	14,788,592
Consumables	**891,144**	854,177
	12,750,483	17,583,846
At net realisable value:		
Finished goods	**6,536,860**	4,399,723
	19,287,343	21,983,569

19 TRADE RECEIVABLES

In RM	GROUP 2007	GROUP 2006	COMPANY 2007	COMPANY 2006
Trade receivables	**26,896,683**	22,415,447	**662,589**	776,259
Less: Allowance for doubtful debts	**(9,336,410)**	(9,117,317)	**(623,574)**	(659,218)
	17,560,273	13,298,130	**39,015**	117,041

During the financial year, the Group and Company have written off RM49,012 (2006: RM6,226,589) and RM35,644 (2006: RM241,47) respectively against allowance for doubtful debts and trade receivables.

The Group's normal trade credit term given to its customers is ranging from 60 to 90 days.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtor.

20 OTHER RECEIVABLES

In RM	GROUP 2007	GROUP 2006	COMPANY 2007	COMPANY 2006
Deposits	**1,465,017**	529,569	**1,134,882**	140,902
Prepayments	**1,037,114**	173,945	**20,207**	20,207
Sundry receivables	**349,489**	629,401	**13,418**	12,221
Amount due from subsidiaries	**–**	–	**92,716,998**	100,380,354
Amount due from a related party	**3,403**	2,250	**3,403**	2,250
	2,855,023	1,335,165	**93,888,908**	100,555,934
Less: Allowance for doubtful debts	**(18,300)**	(18,300)	**(33,803,680)**	(31,134,606)
	2,836,723	1,316,865	**60,085,228**	69,421,328

The amounts due from subsidiaries are unsecured, repayable on demand and bore interest rates of 4.0% to 7.0% (2006: 4.0% to 7.0%) per annum.

Amount due from a related party is from GBH Rekabahan Sdn. Bhd. in which there are certain common directors with the Company.

21 CASH AND CASH EQUIVALENTS

In RM	GROUP 2007	GROUP 2006	COMPANY 2007	COMPANY 2006
Cash and bank balances	**302,053**	287,032	**14,191**	72,676
Less: Bank overdrafts (Note 22)	**–**	(27,258,740)	**–**	(27,258,740)
Cash and cash equivalents	**302,053**	(26,971,708)	**14,191**	(27,186,064)

22 BORROWINGS

In RM	GROUP 2007	GROUP 2006	COMPANY 2007	COMPANY 2006
Short Term Borrowings				
Secured:				
Bank overdrafts	–	27,258,740	–	27,258,740
Bankers' acceptances	–	8,672,000	–	8,672,000
Term loans	–	6,790,406	–	6,790,406
Trade line	–	244,030	–	244,030
Hire purchase payables (Note 25)	–	26,000	–	26,000
	–	42,991,176	–	42,991,176
Long Term Borrowings				
Secured:				
Hire purchase payables (Note 25)	–	24,000	–	24,000
Term loans	–	19,390,522	–	19,390,522
	–	19,414,522	–	19,414,522
Total Borrowings				
Bank overdrafts (Note 21)	–	27,258,740	–	27,258,740
Bankers' acceptances	–	8,672,000	–	8,672,000
Term loans	–	26,180,928	–	26,180,928
Trade line	–	244,030	–	244,030
Hire purchase payables (Note 25)	–	50,000	–	50,000
	–	62,405,698	–	62,405,698
Maturity of borrowings (excluding hire purchase):				
Within one year	–	42,965,176	–	42,965,176
More than 1 year and less than 2 years	–	7,377,700	–	7,377,700
More than 2 years and less than 5 years	–	12,012,822	–	12,012,822
	–	62,355,698	–	62,355,698

The average effective interest rates as at the balance sheet date for borrowings were as follows:

	GROUP 2007 %	GROUP 2006 %	COMPANY 2007 %	COMPANY 2006 %
Bank overdrafts	–	9.25	–	9.25
Bankers' acceptances and trade line	–	7.17	–	7.17
Term loans	–	8.40	–	8.40
Hire purchase payables	–	3.40	–	3.40

23 TRADE PAYABLES

	GROUP		COMPANY	
In RM	2007	2006	2007	2006
Trade payables	**13,996,231**	15,568,566	**82,385**	82,385

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

24 OTHER PAYABLES

	GROUP		COMPANY	
In RM	2007	2006	2007	2006
Due to directors	**2,735,469**	1,080,452	**323,452**	323,452
Deposits	**595,100**	734,506	**595,100**	734,506
Amounts due to subsidiaries	**–**	–	**4,976,352**	4,740,819
Accruals	**1,842,753**	1,948,357	**581,027**	777,205
Sundry payables	**11,762,689**	10,924,318	**1,777,968**	2,165,635
	16,936,011	14,687,633	**8,253,899**	8,741,617

The amounts due to subsidiaries are unsecured, repayable on demand and bore interest rates of 5% (2006: 4.0% to 7.0%) per annum.

Included in sundry payables are an amounts of RM40,500 (2006: RM40,500) and RM11,550 (2006: RM33,728) due to related parties, Alpha Dynamics Sdn. Bhd. and Goh Nam Huat Realty Sdn. Bhd. respectively where there are common directors.

25 HIRE PURCHASE PAYABLES

	GROUP		COMPANY	
In RM	2007	2006	2007	2006
Minimum payments:				
- not later than 1 year	–	28,080	–	28,080
- later than one year and not later than 2 years	–	28,080	–	28,080
- later than 2 years and not later than 5 years	–	2,340	–	2,340
	–	58,500	–	58,500
Less: Future finance charges		(8,500)	–	(8,500)
Present value	–	50,000	–	50,000
Analysed as:				
- Due within 12 months (Note 22)	–	26,000	–	26,000
- Due after 12 months (Note 22)	–	24,000	–	24,000
	–	50,000	–	50,000

26 SHARE CAPITAL

	NUMBER OF ORDINARY SHARES OF RM1 EACH		AMOUNT	
In RM	2007	2006	2007	2006
Authorised:				
At 1 January/31 December	**100,000,000**	100,000,000	**100,000,000**	100,000,000
Issued and fully paid:				
At 1 January/31 December	**61,919,011**	61,919,011	**61,919,011**	61,919,011

27 RESERVES

In RM	GROUP 2007	GROUP 2006	COMPANY 2007	COMPANY 2006
Accumulated losses	**(9,135,111)**	(46,390,971)	**(12,665,500)**	(32,594,650)
Non-distributable:				
Share premium	**16,966,462**	16,966,462	**16,966,462**	16,966,462
Capital reserves	**1,118,356**	1,118,356	**2,257,088**	2,257,088
Revaluation reserves	**97,187,324**	132,442,477	**97,944,537**	123,883,855
	106,137,031	104,136,324	**104,502,587**	110,512,755

Movements in reserves are shown in the respective statements of changes in equity.

Share premium arose from premium on the issue of ordinary shares above par value while revaluation reserves arose from revaluation of property, plant and equipment net of deferred tax.

28 DEFERRED TAX LIABILITIES

In RM	GROUP 2007	GROUP 2006	COMPANY 2007	COMPANY 2006
At 1 January	**8,793,920**	9,115,229	**8,088,780**	8,136,462
Recognised in the income statement (Note 10)	**(50,619)**	(321,309)	**–**	(47,682)
Recognised in equity	**(7,377,589)**	–	**(6,887,136)**	–
At 31 December	**1,365,712**	8,793,920	**1,201,644**	8,088,780

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	Revaluation of Land	Accelerated Capital Allowances	Revaluation of Buildings	Total
At 1 January 2007	**7,377,589**	**15,920,991**	**73,752**	**2,372,332**
Recognised in the income statement	**–**	**(50,619)**	**(198,242)**	**(248,861)**
Recognised in equity	**(7,377,589)**	**–**	**–**	**(7,377,589)**
At 31 December 2007	**–**	**15,870,372**	**(124,490)**	**15,745,882**
At 1 January 2006	7,377,589	9,560,079	1,844,353	18,782,021
Recognised in the income statement	–	6,360,912	(1,770,601)	4,590,311
At 31 December 2006	7,377,589	15,920,991	73,752	23,372,332

28 DEFERRED TAX LIABILITIES (contd.)

Deferred Tax Assets of the Group:

In RM	Accelerated Depreciation	Tax Losses & Unabsorbed Capital Allowances	Other Payables	Total
At 1 January 2007	**(505,567)**	**(13,793,018)**	**(279,827)**	**(14,578,412)**
Recognised in the income statement	**198,242**	**–**	**–**	**198,242**
At 31 December 2007	**(307,325)**	**(13,793,018)**	**(279,827)**	**(14,380,170)**
At 1 January 2006	(505,567)	(8,570,878)	(590,347)	(9,666,792)
Recognised in the income statement	–	(5,222,140)	310,520	(4,911,620)
At 31 December 2006	(505,567)	(13,793,018)	(279,827)	(14,578,412)

Deferred Tax Liabilities of the Company:

In RM	Revaluation of Land	Accelerated Capital Allowances	Revaluation of Buildings	Total
At 1 January 2007	**6,887,136**	**5,600**	**1,701,611**	**8,594,347**
Recognised in the income statement	**–**	**–**	**(198,242)**	**(198,242)**
Recognised in equity	**(6,887,136)**	**–**	**–**	**(6,887,136)**
At 31 December 2007	**–**	**5,600**	**1,503,369**	**1,508,969**
At 1 January 2006	6,887,136	5,600	1,749,293	8,642,029
Recognised in the income statement	–	–	(47,682)	(47,682)
At 31 December 2006	6,887,136	5,600	1,701,611	8,594,347

Deferred Tax Assets of the Company:

In RM	Accelerated Depreciation
At 1 January 2007	**(505,567)**
Recognised in the income statement	**198,242**
At 31 December 2007	**(307,325)**
At 1 January 2006	(505,567)
Recognised in the income statement	–
At 31 December 2006	(505,567)

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

	GROUP	
In RM	2007	2006
Unused tax losses	**49,936,689**	43,048,749
Unabsorbed capital allowances	**21,307,623**	16,825,878
Unabsorbed reinvestment allowances	**23,255,928**	23,255,928

The availability of the unused tax losses, unabsorbed capital allowances and unabsorbed reinvestment allowances for offsetting against future taxable profits of the Group are subject to no substantial changes in shareholdings of the respective companies under Section 44(5A) & (5B) of the Income Tax Act, 1967 and guidelines issued by the tax authority.

Deferred tax assets have not been recognised in respect of unused tax losses, unabsorbed capital allowances and unabsorbed reinvestment allowances as it is not probable that future taxable profit will be available against which they can be utilised based on the current plan of the respective companies.

29 CONTINGENT LIABILITIES - UNSECURED

a Contingent liability relating to late payment charges and capital contribution of RM3,896,661 (2006: RM3,243,331) claimed by a trade creditor against the Company and its subsidiary, GBH Clay Pipes Sdn. Bhd. for which the directors of the Company are in the midst of negotiating settlement. As there have been positive indicators of success, no provision for these amounts have been made in the financial statements of the Group as at 31 December 2007.

b A claim of RM1,289,126 has been filed against a subsidiary, GBH Trading Sdn. Bhd. in the High Court in prior year by a trade creditor for goods delivered. The court fixed 17 October 2006 for hearing and the legal counsel for both parties agreed to postpone to a later date.

Similarly, a subsidiary, GBH Bathroom Products Sdn. Bhd. has also filed a legal suit against the same trade creditor to claim damages in aggregate of RM1,100,495 together with interest and costs. The subsidiary has obtained judgment in default against the said trade creditor on 25 May 2005. GBH Bathroom Products Sdn. Bhd. has also filed a legal suit against an affiliated company of the said trade creditor for the sum of RM325,696 being goods sold and delivered. This case is referred for Case Management on 8 April 2008 and has been postponed to 6 May 2008 for mention.

In view of the claims against the trade creditor and its affiliated company, no provision has been made in the financial statements of the Group on the legal claims made against GBH Trading Sdn. Bhd.

30 OPERATING LEASE COMMITMENTS

The future minimum lease payments under non-cancellable operating leases are as follows:

	GROUP		COMPANY	
In RM	**2007**	**2006**	**2007**	**2006**
Not later than 1 year	**5,250,000**	–	**4,125,000**	–
Later than 1 year and not later than 2 years	**9,800,000**	–	**7,700,000**	–
	15,050,000	–	**11,825,000**	–

31 SIGNIFICANT RELATED PARTY TRANSACTIONS

In RM	**2007**	**2006**
a GROUP		
Purchase of raw materials from Ceramtec Sdn. Bhd., a corporate shareholder of the Company, in which certain Directors of the Company have substantial interest	**1,000,395**	879,164
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	**–**	170,000
Rental of premises paid to Goh Nam Huat Realty Sdn. Bhd., a company in which there are certain common Directors	**286,800**	286,800
b COMPANY		
Rental income receivable from subsidiaries	**156,383**	–
Interest income receivable from subsidiaries	**5,421,986**	5,143,926

Information regarding outstanding balances arising from related party transactions as at 31 December 2007 is disclosed in Note 20 and 24.

The remuneration of directors of the Group and of the Company during the year is disclosed in Note 8.

31 SIGNIFICANT RELATED PARTY TRANSACTIONS

The remuneration of other members of key management during the year is as follows:

	GROUP		COMPANY	
In RM	**2007**	**2006**	**2007**	**2006**
Salaries and other related costs	**126,280**	87,980	**–**	–
Benefits-in-kind	**15,093**	12,000	**–**	–
	141,373	99,980	**–**	–

32 SIGNIFICANT EVENTS

i On 12 January 2007, Goh Ban Huat Berhad ("GBHB") entered into a Sale and Purchase Agreement with Federal Telecommunications Sdn Bhd ("FTSB"), a wholly-owned subsidiary of FCW Industries Sdn Bhd ("FISB") which in turn is wholly-owned by FCW Holdings Berhad ("FCW"), for the disposal of two (2) pieces of freehold land held under Geran Mukim 1452 Lot 4722 and Geran Mukim 335 Lot 32661, both in the Mukim of Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan together with 9 independent blocks of warehouses erected thereon bearing postal address of Lot 32661, Jalan Segambut, 51200 Kuala Lumpur ("Warehouse Block") for a cash consideration of RM55,000,000 ("Proposed Warehouse Block Disposal"), payable in full upon the fulfillment of all conditions precedent under the agreement.

ii On 12 January 2007, GBH Clay Pipes Sdn Bhd ("GBH Clay"), a wholly-owned subsidiary of GBHB, entered into a Sale and Purchase Agreement with FISB, for the disposal of a piece of freehold land held under Geran Mukim 6242 Lot 54833 Mukim of Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan together with a single-storey office with four (4) adjoining single-storey factories erected thereon bearing postal address of 368 Jalan Segambut, 51200 Kuala Lumpur ("Clay Pipes Block") for a cash consideration of RM31,000,000 ("Proposed Clay Pipes Block Disposal"), whereby RM15,000,000 will be payable upon fulfillment of all conditions precedent and the balance of RM16,000,000 will be payable on the third anniversary thereafter as stipulated under the agreement.

The above disposal transactions were completed during the financial year.

33 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 (both fair value and cash flow), foreign currency, liquidity and credit risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

b Interest Rate Risk
Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. 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 22.

33 FINANCIAL INSTRUMENTS (contd.)

c Foreign Currency Risk

The Group is exposed to various currencies, mainly Great Britain Pound, 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 that are not denominated in their functional currencies are as follows:

Functional Currency of the Group In RM	Singapore Dollars	Great Britain Pounds	United States Dollars	Total
At 31 December 2007				
Trade receivables				
Ringgit Malaysia	**713,215**	**–**	**927,091**	**1,640,306**
Trade payables				
Ringgit Malaysia	**41,750**	**28,102**	**162,531**	**232,383**
At 31 December 2006				
Trade receivables				
Ringgit Malaysia	509,002	–	1,111,622	1,620,624
Trade payables				
Ringgit Malaysia	54,499	24,185	359,172	437,856

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 fundings so as to achieve overall cost effectiveness.

e Credit Risk

The Group's credit risk is primarily attributable to trade receivables. 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 credit risk of the Group's other financial assets, which comprise cash and cash equivalents, marketable securities and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

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 financial assets and liabilities of the Group at the balance sheet date approximate their fair values due to the relatively short term maturity of these financial instruments except for the following:

At 31 December 2007

In RM	Note	Carrying Amount	Fair Value
Long term receivable	17	16,000,000	13,060,766

Fair value of the long term receivable has been determined using discounted estimated cash flows. The discount rate used is the current market lending rate for similar types of lending, borrowing and leasing arrangements.

34 SEGMENT INFORMATION

a Reporting Format
The segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

b Business Segments:
The Group operates predominantly in two business segments:

i Manufacturing - manufacturing and trading of ceramic wares, ceramic formers and pipes; and

ii Properties - rental of properties.

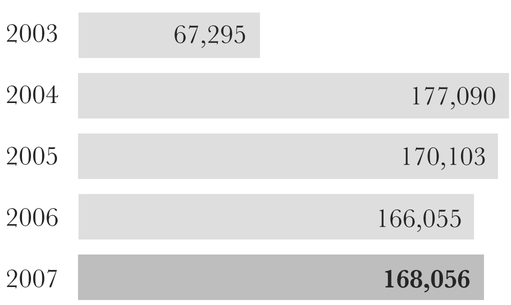
c Geographical Segments:
Information on the Group's operations by geographical segments is not presented as the Group predominantly operates in Malaysia.

	Manufacturing		Properties		Eliminations		Consolidated	
In RM	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
REVENUE AND EXPENSES								
Revenue								
External sales	**41,191,316**	40,220,583	**2,807,111**	2,947,405	–	–	**43,998,427**	43,167,988
Results								
(Loss)/profit from operations	**(8,653,637)**	1,806,762	**11,846,978**	1,047,538	–	–	**3,193,341**	2,854,300
Finance cost	**(5,421,986)**	(5,143,926)	**(6,159)**	(358,933)	–	–	**(5,428,145)**	(5,502,859)
Taxation	**(1,291,330)**	(215,015)	**(1,850,748)**	(1,184,635)	–	–	**(3,142,078)**	(1,399,650)
(Loss)/profit after taxation	**(15,366,953)**	(3,552,179)	**9,990,071**	(496,030)	–	–	**(5,376,882)**	(4,048,209)
ASSETS AND LIABILITIES								
Segment assets	**204,392,749**	268,770,203	**4,361,185**	3,948,194	–	–	208,753,934	272,718,397
Segment liabilities	**27,572,310**	88,578,714	**3,359,932**	4,083,183	–	–	30,932,242	92,661,897
OTHER INFORMATION								
Capital expenditure	**272,151**	761,245	–	–			**272,151**	761,245
Depreciation	**3,795,222**	4,101,919	**491,941**	521,907			**4,287,163**	4,623,826
Other significant non-cash expenses:								
Goodwill written off	–	305,620	–	–			–	305,620
Bad debts written off	–	7,874	–	252,043			–	259,917
Allowance for doubtful debts	**690,664**	634,139	–	18,300			**690,664**	652,439
Inventories written off	**1,827,256**	–	–	–			**1,827,256**	–
Write down of inventories	**1,107,120**	444,709	–				**1,107,120**	444,709

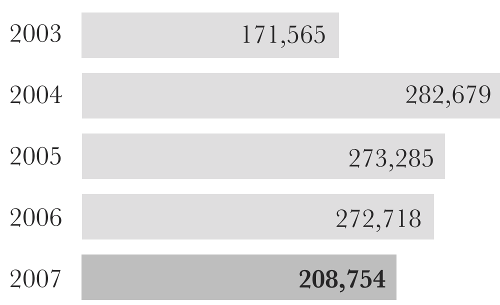
Financial Highlight
for the year ended 31 December 2003 to 31 December 2007

In RM ('000)	2003	2004	2005	2006	2007
Group Turnover	53,224	49,480	41,948	43,168	**43,998**
Group Profit/(Loss) Before Tax	(5,028)	(28,931)	(611)	(2,648)	**(2,235)**
Taxation	(1,961)	(857)	962	(1,400)	**(3,142)**
Profit/(Loss) After Tax	(6,989)	(29,789)	351	(4,048)	**(5,377)**
Minority Interest	–	–	–	–	**–**
Profit/(Loss) Attributable to Shareholder	(6,989)	(29,789)	351	(4,048)	**(5,377)**
Net Dividend	–	–	–	–	**–**
Net Earning/(Loss) Per Share (Sen)	(11.00)	(48.00)	0.57	(6.54)	**(8.68)**
Gross Dividend Rate Per Share (%)	–	–	–	–	**–**

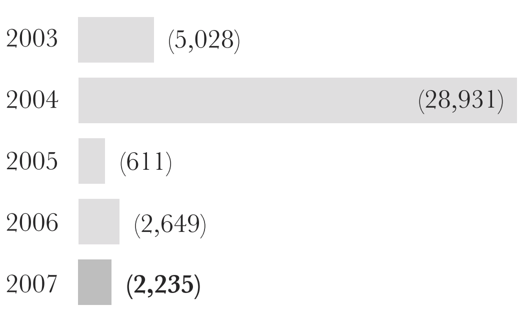
Shareholder's Fund (RM'000)



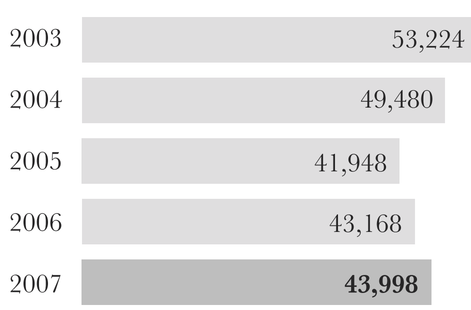
Total Assets (RM'000)



Profit/Loss Before Tax (RM'000)



Revenue (RM'000)



Summarised Balance Sheet

for the year ended 31 December 2003 to 31 December 2007

In RM ('000)	2003	2004	2005	2006	2007
Property, Plant & Equipment	107,741	241,759	238,367	153,155	**149,113**
Prepaid land lease payments	–	–	–	2,083	**2,009**
Properties classified as held for sale	–	–	–	78,693	**–**
Other Investments	2,068	2,068	1,991	1,901	**1,645**
Goodwill on Consolidation	305	305	305	–	**–**
Long term receivable	–	–	–	–	**16,000**
Net Current Assets/Liabilities	(14,750)	(42,272)	(38,040)	(41,569)	**654**
	95,364	201,860	202,623	194,263	**169,421**
Financed By:					
Share Capital	61,919	61,919	61,919	61,919	**61,919**
Share Premium	16,966	16,966	16,966	16,966	**16,966**
Reserves	(11,590)	98,205	91,218	87,170	**89,170**
	67,295	177,090	170,103	166,055	**168,055**
Deferred and Long Term Liabilities	28,069	24,770	32,520	28,208	**1,366**
	95,364	201,860	202,623	194,263	**169,421**
Share Capital	61,919	61,919	61,919	61,919	**61,919**
Shareholders' Fund	67,295	177,090	170,103	166,055	**168,055**
Net Tangible Assets Per Share (RM)	1.08	2.86	2.75	2.68	**2.71**

Analysis of Shareholdings

Authorised Share Capital	:	RM100,000,000.00
Issued and fully paid-up Share Capital	:	RM61,919,011.00
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Right	:	One Vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 5 MAY 2008

Size of shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	80	4.88	2,856	0.00
100 - 1,000	685	41.79	589,378	0.95
1,001 - 10,000	724	44.18	2,628,672	4.25
10,001 - 100,000	118	7.20	3,462,526	5.59
100,001 to less than 5% of issued shares	29	1.77	15,251,197	24.63
5% and above of issued shares	3	0.18	39,984,382	64.58
Total	**1,639**	**100.00**	**61,919,011**	**100.00**

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 5 MAY 2008

No.	Shareholders' Name	No. of Shares of RM1.00 each	%
1	Tan Hua Choon	18,851,600	30.45
2	Lembaga Tabung Angkatan Tentera	11,260,000	18.19
3	Ceramtec Sdn Bhd	9,872,782	15.94
4	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ong Huey Peng	1,976,500	3.19
5	Lim Siew Sooi	1,765,300	2.85
6	Goh Soon Eng	1,244,254	2.01
7	Chew Boon Seng	1,113,686	1.80
8	Tan Guat Poh	1,078,000	1.74
9	Tan Nguyen Thi Mai Hoong	1,076,125	1.74
10	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Sow Gek Pong	1,000,000	1.62
11	Lau Siew Kian	800,000	1.29
12	HLG Nominee (Tempatan) Sdn Bhd Pledged Securities Account For Ayisha Majid	656,000	1.06
13	Goh Tye Nam	419,629	0.68
14	Goh Tai Seng	315,322	0.51
15	Cartaban Nominees (Asing) Sdn Bhd Exempt An For Credit Agricole (Suisse) SA	286,000	0.46
16	Goh Leong Chuan	280,000	0.45
17	Alpha Dynamics Sdn Bhd	261,250	0.42
18	Goh Kheng Kym	258,000	0.42
19	Cheong Siew Yoong	255,000	0.41
20	Tan Lai Ming	250,000	0.40
21	Sin Len Moi	244,900	0.40
22	HSBC Nominee (Asing) Sdn Bhd Exempt An For Credit Suisse	243,900	0.39
23	Ong Huey Peng	236,000	0.38
24	Chen Seong Fook	218,500	0.35
25	Goh Tye Nam	213,827	0.35
26	Goh Tai He	200,004	0.32
27	Tan Chong Pen	176,000	0.28
28	Yasuko Matsumoto	175,000	0.28
29	Leong Liew Geok	160,000	0.26
30	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Jing Nam	129,000	0.21
Total		**55,016,579**	**88.85**

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 5 MAY 2008
(As per the Register of Substantial Shareholders of the Company)

		Direct		Indirect	
	Name	**No. of Shares**	**%**	**No. of Shares**	**%**
1	Tan Sri Dato' Tan Hua Choon	18,851,600	30.45	–	–
2	Lembaga Tabung Angkatan Tentera	11,260,000	18.19	–	–
3	Ceramtec Sdn Bhd	9,872,782	15.94	–	–
4	Goh Tai Seng	315,322	0.51	10,960,032	17.70[(a)]
5	Goh Tai He	280,896	0.45	10,563,782	17.06[(b)]
6	Goh Tye Nam	633,456	1.02	9,872,782	15.94[(c)]

Notes:

[(a)] Deemed interest by virtue of his shareholdings in Ceramtec Sdn. Bhd. and his spouse, Madam Tan Guat Poh's direct shareholding in Goh Ban Huat Berhad.

[(b)] Deemed interest by virtue of his shareholdings in Ceramtec Sdn Bhd and his spouse, Madam Tan Lai Ming's and his children, Mr. Goh Kheng Kym's, Ms. Goh Ee Ling's and Ms. Goh Ee Mei's direct shareholdings in Goh Ban Huat Berhad.

[(c)] Deemed interest by virtue of his shareholdings in Ceramtec Sdn. Bhd.

DIRECTORS' SHAREHOLDINGS AS AT 5 MAY 2008
(As per the Register of Directors' Shareholdings of the Company)

	Direct		Indirect	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**
Mr. Goh Tai Seng	315,322	0.51	10,960,032	17.70[(a)]
Mr. Goh Tai He	280,896	0.45	10,563,782	17.06[(b)]
Mr. Tan Ah Cheun	100,000	0.16	1,076,125	1.74[(c)]
Dato' Haji Mohd Sarit Bin Hj Yusoh	–	–	–	–
Brig. Jen (Rtd) Dato' Mior Azam Bin Mior Safi	–	–	–	–
Tuan Haji Mohamed Amin Bin Haji Mohamed	–	–	–	–
Encik W Shalihudin Bin W Ibrahim	–	–	–	–
Mr. Yap Koon	–	–	–	–
Mr. Tang Tat Chun	–	–	–	–
Dato' Dr. Haji Mohd Yusof Bin Haji Mohamed (Alternate Director to Tuan Haji Mohamed Amin Bin Haji Mohamed)	–	–	–	–

Notes:

[(a)] Deemed interest by virtue of his shareholdings in Ceramtec Sdn. Bhd. and his spouse, Madam Tan Guat Poh's direct shareholding in Goh Ban Huat Berhad.

[(b)] Deemed interest by virtue of his shareholdings in Ceramtec Sdn Bhd and his spouse, Madam Tan Lai Ming's and his children, Mr. Goh Kheng Kym's, Ms. Goh Ee Ling's and Ms. Goh Ee Mei's direct shareholdings in Goh Ban Huat Berhad.

[(c)] Deemed interested in his spouse, Madam Tan Nguyen Thi Mai Huong's direct shareholding in Goh Ban Huat Berhad.

Particular of Group Properties

The Properties included under Land as at 31 December 2007 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)	725	Leasehold (Expiring 05/09/2033)	Storage Yard	32	348,385
Lot 46262 (formerly known as Lot P.T. 556)	2,985	Leasehold (Expiring 05/09/2033)	Storage Yard	27	1,434,385
Lot 46261 (formerly known as Lot P.T. 6049)	274	Leasehold (Expiring 27/08/2077)	Storage Yard	32	226,089
Lot 1470	15,862	Freehold	Factory Land & Building	31	34,394,424
Lot 2983	4,044	Freehold	Factory Land & Building	56	9,302,557
Lot 3680	5,481	Freehold	Office Building & Resident Bungalow	56	12,816,728
Lot 2984	26,362	Freehold	Factory Land & Building	56	58,393,983
Lot 4397	545	Freehold	Storage Yard	56	1,184,000
Lot 38755	93	Freehold	Access Road	62	199,200
	56,371				**118,299,751**

NOTICE IS HEREBY GIVEN THAT the Sixty-First Annual General Meeting of the Company will be held at The Banquet Hall at the Kuala Lumpur Golf & Country Club. No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Thursday, 26 June 2008 at 3.00 p.m. for the following purposes:

AGENDA

ORDINARY BUSINESS

1 To receive the Audited Financial Statements for the year ended 31 December 2007 together with the Directors' and Auditors' Reports thereon. **Ordinary Resolution 1**

2 To approve the payment of Directors' fees for the year ended 31 December 2007. **Ordinary 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 Mr. Goh Tai Seng **Ordinary Resolution 3**

3.2 Tuan Haji Mohamed Amin Bin Haji Mohamed **Ordinary Resolution 4**

3.3 Brig. Jen (Rtd) Dato' Mior Azam Bin Mior Safi **Ordinary Resolution 5**

3.4 Mr. Yap Koon **Ordinary Resolution 6**

4 To re-appoint Messrs. Ernst & Young, the retiring Auditors, and to authorise the Board of Directors to fix their remuneration. **Ordinary Resolution 7**

5 AS SPECIAL BUSINESS

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

5.1 Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965

"THAT subject always to the approvals of the relevant authorities, the Directors be and are hereby authorised 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 capital of the Company at the time of issue AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares to be issued on Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 8**

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

By Order Of The Board
GOH BAN HUAT BERHAD

Ng Yim Kong (LS0009297)
Company Secretary

Kuala Lumpur
3 June 2008

Notes:

1 A proxy may but does not need to be a member of the Company and the provisions of Section 149(1)(b) of the Act need not be complied with.
2 To be valid this form duly completed must be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting.
3 A member shall be entitled to appoint more than one proxy to attend and vote at the same meetings.
4 Where a member appoints more than one proxy the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5 If the appointer is a corporation, this form must be executed under its common seal or under the hand of its attorney.

EXPLANATORY NOTE ON SPECIAL BUSINESS

a Resolution pursuant to Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965

The Proposed Ordinary Resolution 8 under item 5.1 above, if passed, will empower the Directors of the Company from the date of the above Annual General Meeting, authority to allot and 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 Bursa Malaysia Securities 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.

Statement Accompanying Notice of Sixty-First Annual General Meeting

Details of Directors who are standing for re-election in Agenda 3.1 (Mr. Goh Tai Seng), Agenda 3.2 (Tuan Haji Mohamed Amin Bin Haji Mohamed), Agenda 3.3 (Brig. Jen (Rtd) Dato' Mior Azam Bin Mior Safi) and Agenda 3.4 (Mr. Yap Koon) of the Notice of the Sixty-First Annual General Meeting are laid out in the Directors' Profile appearing on pages 6 to 9 of this Annual Report.

Proxy Form
Sixty-First Annual General Meeting

I/We, ____ (NRIC No./Company No. ________________)
(FULL NAME IN CAPITAL LETTERS)
of ____
(FULL ADDRESS)
being a *member/*members of **GOH BAN HUAT BERHAD** hereby appoint
____ (NRIC No.________________)
(FULL NAME)
of ____
(FULL ADDRESS)
or failing whom____ (NRIC No.________________)
(FULL NAME)
of ____
(FULL ADDRESS)

as *my/*our proxy to vote for *me/*us and on *my/*our behalf at the Sixty-First Annual General Meeting of the Company to be held at The Banquet Hall at the Kuala Lumpur Golf & Country Club. No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Thursday, 26 June 2008 at 3.00 p.m. and at any adjournment thereof for/against the resolution(s) to be proposed thereat.

*My/*our proxy(ies) *is/*are to vote as indicated below:

No	Resolutions		For	Against
1	**ORDINARY BUSINESS** To receive the Audited Financial Statements for the year ended 31 December 2007 together with the Directors' and Auditors' Reports thereon.	**Ordinary Resolution 1**		
2	To approve the payment of Directors' fees for the year ended 31 December 2007.	**Ordinary 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 Mr. Goh Tai Seng	**Ordinary Resolution 3**		
	3.2 Tuan Haji Mohamed Amin Bin Haji Mohamed	**Ordinary Resolution 4**		
	3.3 Brig. Jen (Rtd) Dato' Mior Azam Bin Mior Safi	**Ordinary Resolution 5**		
	3.4 Mr. Yap Koon	**Ordinary Resolution 6**		
4	To re-appoint Messrs. Ernst & Young, the retiring Auditors, and to authorise the Board of Directors to fix their remuneration.	**Ordinary Resolution 7**		
5	**SPECIAL BUSINESS** 5.1 Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965.	**Ordinary Resolution 8**		

[Please indicate with (X) in the spaces provided above as to 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(her) discretion]

Dated this __________ day of __________ 2008

Number of Ordinary shares held : ____________________

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

Notes:

1 A proxy may but does not need to be a member of the Company and the provisions of Section 149(1)(b) of the Act need not be complied with.
2 To be valid this form duly completed must be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting.
3 A member shall be entitled to appoint more than one proxy to attend and vote at the same meetings.
4 Where a member appoints more than one proxy the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5 If the appointer is a corporation, this form must be executed under its common seal or under the hand of its attorney.

Fold Here

Stamp

The Company Secretary
GOH BAN HUAT BERHAD (1713-A)
238 Jalan Segambut
51200 Kuala Lumpur
Malaysia

Fold Here

GBH
(1713-A)
238, Jalan Segambut, 51200 Kuala Lumpur, Malaysia.
T 603 6265 2800 F 603 6256 2816 / 6256 2817 E enquiry@gbhgroup.com.my W www.gbhgroup.com.my