



GOH BAN HUAT BERHAD 1713-A

**CREATING
LIFE'S
INSPIRATION**

ANNUAL
REPORT
2008

GBH



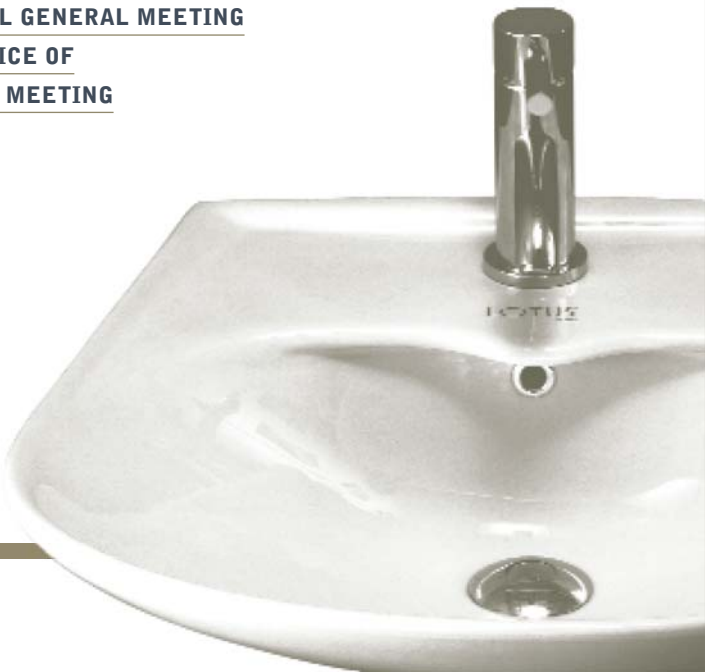
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CORPORATE INFORMATION

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BOARD OF DIRECTORS

Mr. Goh Tai Seng
Chairman & Executive Director

Mr. Goh Tai He
Managing Director

Mr. Tan Ah Cheun
Executive Director

Mr. Tang Tat Chun
Executive Director - Finance
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

Mr. Yap Koon
Independent & Non-Executive Director

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

Tan Sri Dato' Tan Hua Choon
Non-Independent & Non-Executive Director
Appointed w.e.f. 8 July 2008

Mr. Thor Poh Seng
Non-Independent & Non-Executive Director
Appointed w.e.f. 8 July 2008

Dato' Dr. Haji Mohd Yusof Bin Haji Mohamed
Alternate Director to Tuan Haji Mohamed Amin
Bin Haji Mohamed

AUDIT COMMITTEE

Mr. Yap Koon
Chairman

Members

Tuan Haji Mohamed Amin Bin Haji Mohamed

Dato' Haji Mohd Sarit Bin Haji Yusoh

Encik W Shalihudin Bin W Ibrahim
Appointed w.e.f. 29 February 2008

Mr. Goh Tai He
Resigned w.e.f. 29 February 2008

Mr. Tang Tat Chun
Resigned w.e.f. 21 May 2008

NOMINATION COMMITTEE

Encik W Shalihudin Bin W Ibrahim
Chairman

Members

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

Mr. Yap Koon

REMUNERATION COMMITTEE

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

Members

Mr. Goh Tai He

Tuan Haji Mohamed Amin Bin Haji Mohamed

Encik W Shalihudin Bin W Ibrahim

SECRETARY

Ng Yim Kong
(LS 0009297)

REGISTERED OFFICE AND BUSINESS ADDRESS

238, Jalan Segambut
51200 Kuala Lumpur
Tel: +60 3 6256 2800
Fax: +60 3 6256 2816
Email: enquiry@gbhgroup.com.my
Website: www.gbhgroup.com.my

AUDITORS

Ernst & Young (AF 0039)
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
Malayan Banking Berhad
Kenanga Investment Bank Berhad
The Bank of Nova Scotia Berhad
AmInvest Services Berhad

SHARE REGISTRARS

Symphony Share Registrars Sdn. Bhd.
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: +60 3 2721 2222
Fax: +60 3 2721 2530 / 2721 2531

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Board





GBH'S DESIGNER RANGE
ARE EXPANDING INTO
HIGH-END PROPERTIES
LOCATED IN THE
GOLDEN TRIANGLE,
KUALA LUMPUR.

CORPORATE STRUCTURE

of Companies as at 31 December 2008

GOH BAN HUAT BERHAD (1713-A)

100%

GBH CERAMICS SDN. BHD. (38312-P)

100%

GBH BATHROOM PRODUCTS SDN. BHD. (89564-D)

100%

GBH CROWN LYNN SDN. BHD. (174452-V)

100%

GBH PORCELAIN SDN. BHD. (169657-A)

100%

GBH CLAY PIPES SDN. BHD. (179689-T)*

100%

GBH TRADING SDN. BHD. (48812-H)*

100%

KENANGAN DIMENSI SDN. BHD. (687782-V)*

* Dormant Company

CHAIRMAN'S STATEMENT

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**ON BEHALF OF THE BOARD OF
DIRECTORS, I AM PLEASED TO
PRESENT THE ANNUAL REPORT
AND AUDITED ACCOUNTS OF
GOH BAN HUAT BERHAD FOR
THE FINANCIAL YEAR ENDED
31 DECEMBER 2008.**

Review of Operations

The year 2008 continued to be a difficult year for the operations of the Group. Group Turnover was substantially maintained at RM44.6 million compared with RM44.0 million achieved in the previous year.

Sales of Clay Pipes and Warehousing Rental Revenue increased while sales declined for the Group's Sanitary Ware, Tableware and Ceramic Formers Divisions. The Group suffered a loss before tax amounting to RM13.1 million. The loss was impacted by several one-off charges as well as increases in certain costs of production.

Group Loss after tax amounted to RM11.8 million after write back of taxes overprovided in prior years.

The price of natural gas went up from RM12.87 per million British Thermal Unit (mmbtu) to RM22.06 per mmbtu in July 2008 – an increase of 71.4% - following record global prices for crude oil prevailing in global markets. Fortunately, this substantial increase in the price of natural gas was reduced to a more manageable RM15.00 per mmbtu with effect from March 2009. Similarly, the cost of electricity was increased substantially by a margin of 26% in July 2008 and was subsequently reduced by a margin of 5% in March 2009.

These energy costs increases also coincided with substantial increases in the prices of petroleum products, which created a generally higher cost environment as such increases worked its way into higher operating and transport charges, affecting the whole country during the second half of the year.



Market conditions for the Group's products continue to be challenging and difficult, particularly in the Sanitary Ware and Ceramic Formers divisions. Markets are characterised by intense price competition. The Group had decided to downsize its Ceramic Formers division by exiting sales of lower priced formers in favour of value added and higher priced formers. By doing so, it has set free some valuable warehouse space to be made available for rental to third parties. In respect of Sanitary Ware, the newly developed up-market Saverio range of bathroom products is beginning to attract more discerning customers where price is not the main determinant for a successful purchase. In respect of Tableware, the Group has decided to re-locate its previous House of Crown Lynn retail showroom previously located in the Bangsar Shopping Centre to the newly completed Pavilion KL Shopping Mall. It is hoped that this new location will facilitate greater market exposure and retail sales for the Group's high-end tableware products. Sales of Clay Pipes increased significantly in 2008 by a margin of 46% and it is hoped that the stronger demand for this product will be maintained.





NEW LINE OF CROWN LYNN
TABLE WARES ARE BEING SOLD
AT OUR NEW RETAIL SHOWROOM,
PAVILION KUALA LUMPUR
SHOPPING MALL.



New Directors

On July 8, 2008 the Company appointed Tan Sri Dato' Tan Hua Choon and Mr. Thor Poh Seng as new Directors to its Board. Tan Sri Dato' Tan Hua Choon holds a direct 30.45% interest in the issued capital of the Company. He is a well-known businessman and has Directorships in 7 other public listed companies. Mr. Thor graduated with an MBA and sits on the Board of 8 public listed companies.

Re-designation of Non-Executive Director

On May 21, 2008, Mr. Tang Tat Chun, previously a non-executive Director of the Company, was re-designated as an Executive Director of the Company in charge of Finance. Mr. Tang graduated with a Business Degree and is a member of CPA Australia and the Malaysian Institute of Accountants.

Re-designation of Audit Committee Members

Pursuant to the new requirements of the Malaysian Code on Corporate Governance the following Executive Directors had resigned from the Company's Audit Committee being Mr. Goh Tai He, who resigned on February 29, 2008 and Mr. Tang Tat Chun, who resigned on May 21, 2008.

To fill the vacancy in the Audit Committee, En. W Shalihudin Bin W Ibrahim was appointed as a member of the Audit Committee on February 29, 2008.

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.

Firstly, the Group operates a Waste Water Treatment Plant in compliance with the Department of Environment (DOE) requirements to ensure that waste water is treated to specified qualities before being discharged. We also recycle approximately 65% of the treated water for our production operations purposes.

Secondly all of the Group's new product development is aimed at generating higher levels of environmentally friendly products. For instance, in developing the new Saverio Range of sanitary ware, we have ensured that, as much as possible that the new toilets would flush 4.5 / 3 litres instead of 6 / 3 litres as required by Malaysian Standards. Also in the same manner, the Group had recently launched a mechanically assisted 1.5 litres flushing toilets.

GBH also prides itself as the very first manufacturing company in Malaysia to manufacture the very first Waterless Urinal in the country. This innovative product, which is manufactured under license from the Waterless LLC, San Diego California, USA, has enabled users to save substantial amounts of potable water, otherwise used for flushing of urinals. We are pleased to advise that, in one instance, one of our customers for this product has reported savings in water consumption of up to 10 million litres per month.

Thirdly, with effect from March 2009, GBH had completed the delivery of 20 Automatic Street Toilets (AST) to Dewan Bandaraya Kuala Lumpur. These ASTs have no doubt provided our City of Kuala Lumpur with a cleaner toilet image, particularly from the viewpoint of the many foreign tourists visiting our City.

Conclusion

With the onset of a global recession in 2009, business conditions are likely to get more difficult. The Group intends to focus on high-end products in its ceramic products manufacturing division to avoid direct competition with lower priced imported products and hopes that this strategy will take its operations to eventual profitability. Niche market cultivation has been relatively successful with the Tableware Division and it is hoped that a substantially similar formula will work for both the Ceramic Formers and Sanitary Ware Division. In conclusion, I wish to extend a warm welcome to our newly appointed Directors and look forward to the abilities of our personnel to tackle the difficult trading conditions successfully.

I would also like to express my gratitude and thanks to all our shareholders, bankers, customers, suppliers, technical consultants, staff and the relevant authorities for the continuing support to the Group.

Goh Tai Seng,
Chairman



DIRECTORS' PROFILE

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MR. GOH TAI SENG

65, 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 35 years of all round experience in ceramic manufacturing and management of GBH's affairs. He was appointed as the 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. He attended five (5) of five (5) Board Meetings held in the financial year ended 31 December 2008. He had no convictions for any offences within the past 10 years.



MR. GOH TAI HE

62, 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 as the Group Managing Director of GBH 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 2008. He had no convictions for any offences within the past 10 years.



**TUAN HAJI MOHAMED AMIN
BIN HAJI MOHAMED**

70, 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 as a Director of GBH 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 Directors and/or major shareholders 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 2008. He had no convictions for any offences within the past 10 years.



**DATO' HAJI MOHD SARIT BIN
HAJI YUSOH**

58, 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 as a Director of GBH on 28 February 1994. In addition, he is also a Director of other public companies, namely, Kurnia Setia Berhad, Kwantas Corporation Berhad and several other private companies. He does not have any family relationship with any Directors and/or major shareholders 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 2008. He had no convictions for any offences within the past 10 years.



MR. TAN AH CHEUN

62, 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 Directors and/or major shareholders 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 2008. He has no convictions for any offences within the past 10 years.



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

64, 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 as a Director of GBH 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 Directors and/or major shareholders 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 2008. He had no convictions for any offences within the past 10 years.

DIRECTORS' PROFILE

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**DATU' DR. HAJI MOHD YUSOF
BIN HAJI MOHAMED**

(Alternate Director to Tuan Haji Mohamed Amin Bin Haji Mohamed) 67, 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 as a Director of GBH 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 Directors and/or major shareholders 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 2008. He had no convictions for any offences within the past 10 years.



**ENCIK W SHALIHUDIN BIN
W IBRAHIM**

47, a Malaysian, is an Independent Non-Executive Director. He has seventeen (17) 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 as a Director of GBH on 28 November 2000. He is also a director in several other private companies. He does not have any family relationship with any Directors and/or major shareholders 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 2008. He had no convictions for any offences within the past 10 years.



MR. YAP KOON

57, 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 Directors and/or major shareholders 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 2008. He had no convictions for any offences within the last 10 years.

MR. TANG TAT CHUN

44, a Malaysian, is the Executive Director - Finance 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 redesignated 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, Biosis Group Berhad, Jasa Kita Berhad and several other private companies. He does not have any family relationship with any Directors and/or major shareholders of GBH. He has no conflict of interest with GBH. He attended five (5) of five (5) Board Meeting held in the financial year ended 31 December 2008. He has no conviction for offences within the past 10 years.

TAN SRI DATO' TAN HUA CHOON

67, a Malaysian, is a Non-Independent Non-Executive Director. He was appointed as Non-Independent Non-Executive Director of the Company on 8 July 2008. Tan Sri Dato' Tan is a self-made businessman with vast experiences in various fields and industries. He has been involved in a wide range of businesses which include manufacturing, marketing, banking, shipping, property development and trading. He has also build-up investments in numerous public listed companies and is the Chairman of Keladi Maju Berhad, Malaysia Aica Berhad, FCW Holdings Berhad, Marco Holdings Berhad, Jasa Kita Berhad and GPA Holdings Berhad. He does not have any family relationship with any Directors and/or major shareholders of GBH. He attended two (2) of five (5) Board Meetings held in the financial year ended 31 December 2008. He has no convictions for offences within the past 10 years.

MR. THOR POH SENG

48, a Malaysian, is a Non-Independent Non-Executive Director. He was appointed as Non-Independent Non-Executive Director of the Company on 8 July 2008. He holds a Bachelor of Engineering degree from University Pertanian Malaysia (now known as Universiti Putra Malaysia) and a Master's Degree in Business Management from the Asian Institute of Management, Philippines. Mr Thor was an ex-merchant banker from Commerce International Merchant Bankers Berhad (now known as CIMB Investment Bank Berhad) ("CIMB"). He has extensive experience in corporate finance and corporate planning. Prior to joining CIMB, he has held senior positions in operations and in finance in Dunlop Estates Berhad and Sitt Tatt Berhad respectively. He is also a Director of Keladi Maju Berhad, Malaysia Aica Berhad, PDZ Holdings Bhd, FCW Holdings Berhad, Jasa Kita Berhad, GPA Holdings Berhad, Marco Holdings Berhad and Computer Forms (Malaysia) Berhad. He does not have any family relationship with any Directors and/or major shareholders of GBH. He attended three (3) of five (5) Board Meetings held in the financial year ended 31 December 2008. He has no convictions for offences within the past 10 years.

STATEMENT ON CORPORATE GOVERNANCE

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 2008. The details of attendance of each individual Director are as follows:

DATE OF BOARD MEETING	18 FEB	29 MAY	28 AUG	14 NOV	11 DEC
Mr. Goh Tai Seng	●	●	●	●	●
Mr. Goh Tai He	●	●	●	●	●
Mr. Tan Ah Cheun	●	●	●	●	●
Dato’ Haji Mohd Sarit Bin Haji Yusoh	–	●	●	●	●
Tuan Haji Mohamed Amin Bin Haji Mohamed	●	●	●	●	●
Encik W Shalihudin Bin W Ibrahim	●	●	●	●	●
Brig. Jen (Rtd) Dato’ Mior Azam Bin Mior Safi	●	●	●	●	●
Mr. Yap Koon	●	●	●	●	●
Mr. Tang Tat Chun	●	●	●	●	●
Tan Sri Dato’ Tan Hua Choon	N/A	N/A	–	●	●
<i>(Appointed as Non-Independent Non-Executive Director w.e.f. 8 July 2008)</i>					
Mr. Thor Poh Seng	N/A	N/A	●	●	●
<i>(Appointed as Non-Independent Non-Executive Director w.e.f. 8 July 2008)</i>					
Dato’ Dr. Haji Mohd Yusof Bin Haji Mohamed	N/A	N/A	N/A	N/A	N/A
<i>(Alternate Director to Tuan Haji Mohamed Amin Bin Haji Mohamed)</i>					

Note:
 ● Present
 - Absent
 N/A Not Applicable

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 20 to 23 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 eleven (11) 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, three (3) Non-Independent Non-Executive Directors and an Alternate Director. The profiles of Directors are set out in pages 10 to 13 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

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.

During the year ended 31 December 2008, the Directors had attended training conducted by the Company Secretary pertaining to the functions and powers of the board of directors, business judgement, reliance on information provided by others and substantial property transaction by director or substantial shareholder pursuant to the Companies (Amendment) Act 2007.

Other than the aforesaid training, the following Director has also attended the undermentioned trainings:

Director	Seminar / Workshop / Conference
Dato' Haji Mohd Sarit Bin Haji Yusoh	Corporate Governance and Directors' Duties (The Challenge Ahead)

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 nomination 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.

STATEMENT ON CORPORATE GOVERNANCE

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- 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 were two (2) Nomination Committee Meetings 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-Second Annual General Meeting on page 69 (Ordinary Resolutions 2, 3, 4, 5, 6 and 7).

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 Remuneration Committee attended the meeting.

Details of Directors' remuneration

Details of Directors' remuneration for the financial year ended 31 December 2008, 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 appropriate components are as follows:

CATEGORISATION IN RM	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS
Fees	14,175	199,548
Salaries	1,377,806	-
Bonuses	39,750	-
Allowances	-	-
Other Emoluments	106,741	-
Total	1,538,472	199,548

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

RANGE OF REMUNERATION	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS
Below RM50,000	-	8
RM50,001 to RM150,000	1	-
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	-	-
Above RM250,000	3	-

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 Malaysia Securities Berhad ("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.

STATEMENT ON CORPORATE GOVERNANCE

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Annual General Meeting (AGM)

The forthcoming Annual General Meeting is the Company's Sixty-Second 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 judgements and estimates.

The quarterly financial results were reviewed by the Audit Committee and 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 of Internal Control is furnished on page 19 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 are described on pages 20 to 23 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.

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 on internal control of 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 on-going 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 follow:

A Review of Financial Performance

Financial reports are prepared on a timely basis. The Management will review and monitor the financial and operational results of the various divisions of the Group against the budgets on a monthly basis and take immediate action to address any areas of concern. The Board and the Audit Committee will review and monitor the financial performance of the Group on a quarterly basis.

B Defined Organisation Structure

The Group has in place a distinct reporting organisational structure with clearly defined lines of accountability and responsibilities. Employees are also required to adhere to the Employee Handbook which emphasises corporate values and ethical code of conduct.

C Segregation of Duties and Responsibilities

The Group has placed competent and responsible people to oversee its operational functions. In addition, key job responsibilities are properly segregated.

D Documented Policies and Procedures

The Group maintains, reviews and updates 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 sends employees regularly to training programs conducted by external trainers to ensure they are kept abreast of latest developments in their respective fields.

F Quality Control

The Group is awarded the ISO 9001:2000 certificate on quality management system requirements. This is in recognition of its strict adherence to quality control in all its production processes.

G Internal Audit Function

The Group has established an internal audit function to carry out independent assessment of the adequacy and integrity of the current system of internal controls. This internal audit function reports directly to the Audit Committee. Internal audit reports are circulated to members of the Audit Committee who review the findings, recommendations and management's responses at the quarterly meetings.

H 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 control 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 will on an on-going basis continue to take measures to strengthen the control environment.

This Statement is made in accordance with the resolution of the Board of Directors dated 13 May 2009.

AUDIT COMMITTEE REPORT

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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 four (4) members who are as follows:

Chairman	Mr. Yap Koon Independent Non-Executive Director
Members	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 (Resigned w.e.f. 21 May 2008) Mr. Goh Tai He Executive Director (Resigned w.e.f. 29 February 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 this 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, internal auditor 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 or any representative of the Secretary shall be 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.

AUDIT COMMITTEE REPORT

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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 programmes, processes, the results of the internal audit programmes, 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 transactions (if any) entered into by the Company or the Group to be undertaken on at arm's length basis and normal commercial terms and on terms not more 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 for 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.
- e Met the external auditors without the presence of the Executive Directors and management.
- f Reviewed Internal Audit Charter and annual internal audit plan and assessed the adequacy and effectiveness of the system of internal control by reviewing the internal audit reports issued and management's responses thereto and ensuring significant findings are adequately addressed by management.

There were four (4) Audit Committee meetings held during the financial year ended 31 December 2008. The details of the attendance of each member of the Audit Committee are as follows:

DATE OF MEETING	18 FEB	29 MAY	28 AUG	14 NOV
Mr. Yap Koon <i>Independent Non-Executive Director</i>	●	●	●	●
Dato' Haji Mohd Sarit Bin Haji Yusoh <i>Independent Non-Executive Director</i>	●	●	–	●
Tuan Haji Mohamed Amin Bin Haji Mohamed <i>Independent Non-Executive Director</i>	●	●	●	●
Encik W Shalihudin Bin W Ibrahim <i>Independent Non-Executive Director (appointed w.e.f. 29 February 2008)</i>	N/A	●	●	●
Mr. Tang Tat Chun <i>Executive Director (resigned w.e.f. 21 May 2008)</i>	●	N/A	N/A	N/A
Mr. Goh Tai He <i>Executive Director (resigned w.e.f. 29 February 2008)</i>	●	N/A	N/A	N/A

Note:

- Present
- Absent
- N/A Not Applicable

INTERNAL AUDIT FUNCTION

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

OTHER COMPLIANCE INFORMATION

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IN COMPLIANCE WITH THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1 Status of Utilisation of Proceeds from Corporate Proposal

There were no Corporate Proposals carried out by the Company during the financial year.

2 Share Buy-Back

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

3 Options / Warrants / Convertible Securities

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

4 American Depositary Receipt (“ADR”) or Global Depositary 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
Dewan Bandaraya Kuala Lumpur	5,720
Kumpulan Wang Simpanan Pekerja	306,823
Pertubuhan Keselamatan Sosial	3,244
Lembaga Hasil Dalam Negeri	1,463,998
Total	1,779,785

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 RM58,800 non-audit fees incurred by the Group and by the Company during the financial year to the external auditors and firm affiliated to the external auditors of the Company.

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 were 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 2.1c to the audited financial statements on page 39 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 30 to the audited financial statements on pages 59 and 60 of this Annual Report.



DIRECTORS' REPORT

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The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

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 Note 15 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	(11,813,314)	(12,608,580)

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 He
Goh Tai Seng
Tan Ah Cheun
Dato' Haji Mohd Sarit Bin Haji Yusoh
Tuan Haji Mohamed Amin Bin Haji Mohamed
W Shalihudin Bin W Ibrahim
Brig Jen (Rtd) Dato' Mior Azam Bin Mior Safi
Yap Koon
Tang Tat Chun
Dato Haji Mohd Yusof Bin Haji Mohamed (*alternate to Tuan Haji Mohamed Amin Bin Haji Mohamed*)
Tan Sri Dato' Tan Hua Choon (*appointed on 8 July 2008*)
Thor Poh Seng (*appointed on 8 July 2008*)

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 7 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 30 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 1.1.2008/ DATE OF APPOINTMENT	BOUGHT	SOLD
THE COMPANY			
Direct Interest:			
Tan Sri Dato' Tan Hua Choon	18,851,600	—	—
Goh Tai Seng	315,322	—	—
Goh Tai He	280,896	—	—
Tan Ah Cheun	100,000	—	—

	ORDINARY SHARES OF RM1 EACH IN THE COMPANY		
	AS AT 1.1.2008	BOUGHT	SOLD
THE COMPANY			
Indirect interest:			
Goh Tai Seng	10,960,032	—	—
Goh Tai He	10,563,782	—	—
Tan Ah Cheun	1,076,125	—	—
Dato Haji Mohd Yusof Bin Haji Mohamed	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.

DIRECTORS' REPORT

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OTHER STATUTORY INFORMATION (contd.)

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

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 16 April 2009.

GOH TAI HE

TAN AH CHEUN

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

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We, 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 32 to 63 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 2008 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 16 April 2009.

GOH TAI HE

TAN AH CHEUN

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Tang Tat Chun, being the director 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 32 to 63 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 Tang Tat Chun
at Kuala Lumpur in the Federal Territory
on 16 April 2009.

TANG TAT CHUN

Before me,

INDEPENDENT AUDITORS' REPORT

to the members of Goh Ban Huat Berhad

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REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Goh Ban Huat Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 32 to 63.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable Financial Reporting Standards and the Companies Act, 1965 ("Act") 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 2008 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Act, we also report the following:

- a In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b We have considered the financial statements and the auditors' reports of the subsidiary of which we have not acted as auditors, which are indicated in Note 15 to the financial statements.
- c 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.
- d The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Act and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG

AF: 0039

Chartered Accountants

KUA CHOH LEANG

No. 2716/01/11 (J)

Chartered Accountant

Kuala Lumpur, Malaysia

16 April 2009

INCOME STATEMENTS

For the year ended 31 December 2008

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IN RM	NOTE	GROUP		COMPANY	
		2008	2007	2008	2007
Revenue	3	44,559,172	43,998,427	3,962,132	2,807,111
Cost of sales	4	(41,986,243)	(34,126,370)	(4,125,000)	–
Gross profit/(loss)		2,572,929	9,872,057	(162,868)	2,807,111
Other income		3,194,606	7,424,644	2,215,246	16,410,242
Distribution expenses		(4,133,255)	(5,112,071)	–	–
Administrative expenses		(10,661,929)	(7,102,762)	(2,677,073)	(1,496,706)
Other expenses		(1,848,568)	(1,888,527)	(11,392,781)	(23,339,058)
(Loss)/profit from operations	5	(10,876,217)	3,193,341	(12,017,476)	(5,618,411)
Finance costs	8	(2,232,390)	(5,428,145)	(2,149,930)	(5,428,145)
Loss before taxation		(13,108,607)	(2,234,804)	(14,167,406)	(11,046,556)
Taxation	9	1,295,293	(3,142,078)	1,558,826	(1,850,748)
Loss for the year attributable to equity holders of the Company		(11,813,314)	(5,376,882)	(12,608,580)	(12,897,304)
Loss per share attributable to equity holders of the Company (sen):					
Basic	10	(19.08)	(8.68)		

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

BALANCE SHEETS

as at 31 December 2008

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IN RM	NOTE	2008	GROUP 2007	2008	COMPANY 2007
ASSETS					
Non-current assets					
Property, plant and equipment	11	145,268,702	149,113,332	115,829,844	116,290,892
Investment properties	12	1,446,098	1,459,401	883,678	892,788
Prepaid land lease payments	13	1,934,272	2,008,859	1,934,272	2,008,859
Other investments	14	180,112	185,950	111,412	114,250
Investments in subsidiaries	15	–	–	1,500,004	1,500,004
Long term receivable	16	16,000,000	16,000,000	–	–
		164,829,184	168,767,542	120,259,210	120,806,793
Current assets					
Inventories	17	17,025,942	19,287,343	–	–
Trade receivables	18	13,509,173	17,560,273	119,274	39,015
Other receivables	19	2,603,182	2,836,723	77,248,711	60,085,228
Cash and bank balances	20	13,908,761	302,053	2,908,963	14,191
		47,047,058	39,986,392	80,276,948	60,138,434
Total assets		211,876,242	208,753,934	200,536,158	180,945,227
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	25	61,919,011	61,919,011	61,919,011	61,919,011
Reserves	26	95,162,782	106,137,031	92,733,072	104,502,587
Total equity		157,081,793	168,056,042	154,652,083	166,421,598
Non-current liabilities					
Long term borrowings	21	35,637,533	–	35,592,154	–
Deferred tax liabilities	27	498,451	1,365,712	272,508	1,201,644
		36,135,984	1,365,712	35,864,662	1,201,644
Current Liabilities					
Short term borrowings	21	49,945	–	–	–
Trade payables	22	5,080,135	13,996,231	83,769	82,385
Other payables	23	7,564,652	16,936,011	7,508,852	8,253,899
Tax payable		5,963,733	8,399,938	2,426,792	4,985,701
		18,658,465	39,332,180	10,019,413	13,321,985
Total liabilities		54,794,449	40,697,892	45,884,075	14,523,629
Total equity and liabilities		211,876,242	208,753,934	200,536,158	180,945,227

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

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2008

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GROUP IN RM	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					TOTAL EQUITY
	SHARE CAPITAL	SHARE PREMIUM	NON - DISTRIBUTABLE REVALUATION RESERVES	CAPITAL RESERVES	ACCUMULATED LOSSES	
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
At 1 January 2008	61,919,011	16,966,462	97,187,324	1,118,356	(9,135,111)	168,056,042
Deferred tax adjustments relating to revaluation of properties, representing net income recognised directly in equity	–	–	–	–	839,065	839,065
Loss for the year	–	–	–	–	(11,813,314)	(11,813,314)
Total recognised income and expenses for the year	–	–	–	–	(10,974,249)	(10,974,249)
At 31 December 2008	61,919,011	16,966,462	97,187,324	1,118,356	(20,109,360)	157,081,793
COMPANY IN RM						
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
At 1 January 2008	61,919,011	16,966,462	97,944,537	2,257,088	(12,665,500)	166,421,598
Deferred tax adjustments relating to revaluation of properties, representing net income recognised directly in equity	–	–	–	–	839,065	839,065
Loss for the year	–	–	–	–	(12,608,580)	(12,608,580)
Total recognised income and expenses for the year	–	–	–	–	(11,769,515)	(11,769,515)
At 31 December 2008	61,919,011	16,966,462	97,944,537	2,257,088	(24,435,015)	154,652,083

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

CASH FLOW STATEMENTS

For the year ended 31 December 2008

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IN RM	GROUP		COMPANY	
	2008	2007	2008	2007
Cash flows from operating activities				
Loss before taxation	(13,108,607)	(2,234,804)	(14,167,406)	(11,046,556)
Adjustments for:				
Deposits written off	500	127,435	–	16,950
Impairment losses of:				
- investments in subsidiaries	–	–	–	20,200,000
- other investments	5,838	2,470	2,838	–
- investment property	–	119,500	–	–
Reversal of impairment losses	–	–	–	(2,530)
Unrealised foreign exchange gain	(259,246)	(91,878)	(1,296)	–
Depreciation	4,196,329	4,287,163	470,158	491,941
Amortisation of prepaid land lease payments	74,587	74,587	74,587	74,587
Interest income	(95,510)	–	(2,211,815)	(5,421,986)
Trust income	(89,281)	–	–	–
Interest expense	2,232,390	5,428,145	2,149,930	5,428,145
Allowance for doubtful debts	834,161	690,664	11,040,223	2,669,074
Write down of inventories	1,462,100	1,107,120	–	–
Inventories written off	478,167	1,827,256	–	–
Property, plant and equipment written off	–	2	–	1
Loss on disposal of an investment property	–	9,267	–	9,267
Write back of allowance for doubtful debts	(2,416,616)	(422,559)	–	–
Gain on disposal of property, plant and equipment	(3,000)	(6,728,148)	–	(10,985,003)
Dividend income	(84)	(50)	(84)	(50)
Operating (loss)/profit before working capital changes	(6,688,272)	4,196,170	(2,642,864)	1,433,840
Working capital changes:				
Inventories	321,135	(238,150)	–	–
Receivables	5,938,917	(6,177,541)	(28,282,669)	6,728,102
Payables	(18,055,152)	767,921	(743,663)	(487,705)
Cash (used in)/generated from operating activities	(18,483,372)	(1,451,600)	(31,669,196)	7,674,237
Interest received	95,510	–	2,211,815	5,421,986
Trust income received	89,281	–	–	–
Interest paid	(2,232,390)	(5,428,145)	(2,149,930)	(5,428,145)
Tax paid	(1,169,108)	–	(1,090,154)	–
Net cash flows (used in)/generated from operating activities	(21,700,079)	(6,879,745)	(32,697,465)	7,668,078

CASH FLOW STATEMENTS

For the year ended 31 December 2008

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IN RM	GROUP		COMPANY	
	2008	2007	2008	2007
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	3,000	69,462,578	–	54,569,098
Proceeds from disposal of an investment property	–	110,000	–	110,000
Dividend received	84	37	84	37
Purchase of property, plant and equipment	(338,396)	(272,151)	–	–
Net cash (used in)/generated from investing activities	(335,312)	69,300,464	84	54,679,135
Cash flows from financing activities				
Net drawdown/(repayment) of term loans	35,592,154	(26,180,928)	35,592,154	(26,180,928)
Repayment of trade line and bankers' acceptances	–	(8,916,030)	–	(8,916,030)
Repayment of hire purchase	49,945	(50,000)	–	(50,000)
Net cash generated from/(used in) financing activities	35,642,099	(35,146,958)	35,592,154	(35,146,958)
Net increase in cash and cash equivalents	13,606,708	27,273,761	2,894,773	27,200,255
Cash and cash equivalents at beginning of year	302,053	(26,971,708)	14,191	(27,186,064)
Cash and cash equivalents at end of year (note 20)	13,908,761	302,053	2,908,963	14,191

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

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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 15. 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 16 April 2009.

2.1 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")

On 1 January 2008, the Group and the Company adopted the following revised FRSs, amendments to FRS and Interpretations:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
FRS 119	Employee Benefits
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 - Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2 - Share Based Payment

The adoption of the revised FRSs, amendment to FRS and Interpretations above does not result in significant changes to the accounting policies and does not result in significant impact on the financial statements of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

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2.1 SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

a Basis of preparation (cont'd.)

ii Standards and Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following new 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 7	Financial Instruments: Disclosure	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

The other new FRSs and Interpretations above are expected to have no significant impact on the financial statements of the Company upon their initial application except for the changes in disclosures.

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.

2.1 SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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.

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. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

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2.1 SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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.

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.

2.1 SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

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2.1 SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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.

iii Finance leases - the Group as lessee

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

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

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.1(c).

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.

2.1 SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

i Income tax (cont'd.)

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.

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	2008	2007
One Great Britain Pound	–	6.61
One United States Dollar	3.46	3.31
One Singapore Dollar	2.41	2.29
One Brunei Dollar	2.41	–

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2.1 SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

I 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.

2.2 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.

a 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 approximately 2% variance in the loss for the year of the Group.

b 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 2008, the Group have tax payable and deferred tax liabilities of approximately RM5,964,000 (2007: RM8,400,000) and RM498,000 (2007: RM1,366,000), respectively.

3 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:

IN RM	GROUP		COMPANY	
	2008	2007	2008	2007
Rental income	2,942,095	2,807,111	3,962,132	2,807,111
Sale of goods	41,617,077	41,191,316	–	–
	44,559,172	43,998,427	3,962,132	2,807,111

4 COST OF SALES

Cost of sales represents cost of inventories manufactured and sold, and the direct operating expenses relating to the rental income of the properties.

Analysed as:

IN RM	GROUP		COMPANY	
	2008	2007	2008	2007
Direct operating expenses	3,106,768	–	4,125,000	–
Cost of inventories	38,879,475	34,126,370	–	–
	41,986,243	34,126,370	4,125,000	–

5 (LOSS)/PROFIT FROM OPERATIONS

(Loss)/profit from operations is stated after charging/(crediting):

IN RM	GROUP		COMPANY	
	2008	2007	2008	2007
Staff costs (Note 6)	10,767,152	10,295,247	–	–
Directors' remuneration (Note7)	1,738,020	673,531	320,681	24,000
Auditors' remuneration				
- current year	88,400	77,000	25,000	15,000
- underprovision	24,000	–	10,000	–
Depreciation				
- property, plant and equipment	4,183,026	4,272,544	461,048	481,515
- investment properties	13,303	14,619	9,110	10,426

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5 (LOSS)/PROFIT FROM OPERATIONS (cont'd.)

(Loss)/profit from operations is stated after charging/(crediting):

IN RM	GROUP		COMPANY	
	2008	2007	2008	2007
Amortisation of prepaid land lease payments	74,587	74,587	74,587	74,587
Write down of inventories	1,462,100	1,107,120	—	—
Inventories written off	478,167	1,827,256	—	—
Property, plant and equipment written off	—	2	—	1
Deposits written off	500	127,435	—	16,950
Allowance for doubtful debts	834,161	690,664	11,040,223	2,669,074
Impairment losses of:				
- investments in subsidiaries	—	—	—	20,200,000
- other investments	5,838	2,470	2,838	—
- investment property	—	119,500	—	—
Reversal of impairment losses	—	—	—	(2,530)
Rental of equipment and machinery	37,263	110,130	—	—
Rental of forklifts	87,240	335,669	—	—
Rental of premises	5,491,299	1,169,450	4,125,000	398,052
Rental income	(2,942,095)	(2,650,728)	(3,962,132)	(2,807,111)
Gain on disposal of property, plant and equipment	(3,000)	(6,728,148)	—	(10,985,003)
Loss on disposal of an investment property	—	9,267	—	9,267
(Gain)/loss on foreign exchange				
- realised	111,876	28,846	—	—
- unrealised	(259,246)	(91,878)	(1,296)	—
Dividend income				
- quoted shares	(84)	(50)	(84)	(50)
Write back of allowance for doubtful debts	(2,416,616)	(422,559)	—	—
Trust income received	(89,281)	—	—	—
Interest income	(95,510)	—	(2,211,815)	(5,421,986)

6 STAFF COSTS

IN RM	GROUP	
	2008	2007
Wages and salaries	7,436,823	6,578,391
Social security costs	101,903	99,113
Pension costs		
- defined contribution plans	809,167	763,857
Other staff related expenses	2,419,259	2,853,886
Total (excluding directors' remuneration)	10,767,152	10,295,247

7 DIRECTORS' REMUNERATION

IN RM	2008	GROUP 2007	2008	COMPANY 2007
Executive:				
Salaries and other emoluments	1,377,806	578,760	91,742	–
Bonus	39,750	24,115	3,750	–
Pension costs				
- defined contribution plans	106,741	46,656	11,466	–
	1,524,297	649,531	106,958	–
Non-executive:				
Fees	213,723	24,000	213,723	24,000
Total	1,738,020	673,531	320,681	24,000

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

	NUMBER OF DIRECTORS 2008	2007
Executive Directors:		
Below RM150,000	1	–
RM150,000 - RM200,000	–	1
RM200,001 - RM250,000	–	2
Above RM250,000	3	–
Non-Executive Directors:		
Below RM50,000	8	7

8 FINANCE COSTS

IN RM	2008	GROUP 2007	2008	COMPANY 2007
Interest expense on:				
- bankers' acceptances	–	1,101,530	–	1,101,530
- bank overdrafts	33,764	2,340,596	–	2,340,596
- term loans	2,141,206	1,979,860	2,149,930	1,979,860
- hire purchase interest	754	6,159	–	6,159
- related party	56,666	–	–	–
	2,232,390	5,428,145	2,149,930	5,428,145

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9 TAXATION

IN RM	GROUP		COMPANY	
	2008	2007	2008	2007
Income tax:				
Current year	246,593	3,246,978	–	1,973,000
Over provided in prior years:				
Malaysian income tax	(1,513,690)	(54,281)	(1,468,755)	(122,252)
	(1,267,097)	3,192,697	(1,468,755)	1,850,748
Deferred tax: (Note 27)				
Relating to origination and reversal of temporary difference	(186,212)	(40,738)	(269,924)	–
Relating to changes in tax rates	(36,706)	(16,839)	(21,697)	–
Underprovision in prior years	194,722	6,958	201,550	–
	(28,196)	(50,619)	(90,071)	–
	(1,295,293)	3,142,078	(1,558,826)	1,850,748

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 25% from the current year's rate of 26% with effect from the year of assessment 2009. The computation of deferred tax as at 31 December 2008 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	2008	2007
Group		
Loss before taxation	(13,108,607)	(2,234,804)
Taxation at Malaysian statutory rate of 26% (2007: 27%)	(3,408,238)	(603,397)
Effect of income subject to tax rate of 20% (2007:20%)	–	(35,000)
Effect of changes in tax rates on deferred tax	(36,706)	(16,839)
Income not subject to tax	(489,265)	–
Effect of expenses not deductible for tax purposes	1,307,101	774,822
Deferred tax assets not recognised during the year	2,650,783	3,069,815
Under provision of deferred tax in prior years	194,722	6,958
Overprovision of income tax expense in prior years	(1,513,690)	(54,281)
Tax expense for the year	(1,295,293)	3,142,078
Company		
Loss before taxation	(14,167,406)	(11,046,556)
Taxation at Malaysian statutory rate of 26% (2007: 27%)	(3,683,526)	(2,982,570)
Effect of changes in tax rates on deferred tax	(21,697)	–
Effect of expenses not deductible for tax purposes	3,413,601	4,955,570
Deferred tax assets not recognised during the year	–	–
Underprovision of deferred tax in prior years	201,551	–
Over provision of income tax expense in prior years	(1,468,755)	(122,252)
Tax expense for the year	(1,558,826)	1,850,748

10 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.

	2008	GROUP 2007
Net loss for the year attributable to equity holders of the Company (RM)	(11,813,314)	(5,376,882)
Number of ordinary shares in issue	61,919,011	61,919,011
Basic loss per share (sen)	(19.08)	(8.68)

Diluted

There is no instrument that will potentially dilute basic loss per share.

11 PROPERTY, PLANT AND EQUIPMENT

GROUP IN RM	FREEHOLD LAND	BUILDINGS	PLANT AND MACHINERY	EQUIPMENT & MOTOR VEHICLES	TOTAL
Cost/Valuation					
At 1 January 2008	113,137,229	13,892,692	88,832,317	10,961,334	226,823,572
Additions	–	–	8,318	330,078	338,396
Disposals/written off	–	–	–	(31,729)	(31,729)
At 31 December 2008	113,137,229	13,892,692	88,840,635	11,259,683	227,130,239
Representing:					
At cost	–	–	88,840,635	11,259,683	100,100,318
At valuation - 2004	113,137,229	–	–	–	113,137,229
At valuation - 1989	–	13,892,692	–	–	13,892,692
	113,137,229	13,892,692	88,840,635	11,259,683	227,130,239
Accumulated Depreciation					
At 1 January 2008	–	10,733,885	57,068,593	9,907,762	77,710,240
Charge for the year	–	493,001	3,516,734	173,291	4,183,026
Disposals/written off	–	–	–	(31,729)	(31,729)
At 31 December 2008	–	11,226,886	60,585,327	10,049,324	81,861,537
Net Carrying Amount					
At cost	–	–	28,255,308	1,210,359	29,465,667
At valuation	113,137,229	2,665,806	–	–	115,803,035
At 31 December 2008	113,137,229	2,665,806	28,255,308	1,210,359	145,268,702

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11 PROPERTY, PLANT AND EQUIPMENT (cont'd.)

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
COMPANY IN RM		FREEHOLD LAND	BUILDINGS	MOTOR VEHICLES	TOTAL
Cost/Valuation					
At 1 January 2008/ 31 December 2008		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 2008		–	10,731,393	–	10,731,393
Charge for the year		–	461,048	–	461,048
At 31 December 2008		–	11,192,441	–	11,192,441
Net Carrying Amount					
At cost		–	313,016	–	313,016
At valuation		113,137,229	2,379,600	–	115,516,829
At 31 December 2008		113,137,229	2,692,615	–	115,829,844

11 PROPERTY, PLANT AND EQUIPMENT (cont'd.)

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

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 were 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 were motor vehicles with a net book value of RM131,000 (2007: RM61,418) which was acquired under hire purchase instalment plan.

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12 INVESTMENT PROPERTIES

IN RM	GROUP		COMPANY	
	2008	2007	2008	2007
Cost				
At 1 January	1,682,460	1,804,413	911,040	1,032,993
Disposal	–	(121,953)	–	(121,953)
At 31 December	1,682,460	1,682,460	911,040	911,040
Accumulated Depreciation				
At 1 January	26,639	14,706	18,252	10,512
Charge for the year	13,303	14,619	9,110	10,426
Disposal	–	(2,686)	–	(2,686)
At 31 December	39,942	26,639	27,362	18,252
Accumulated Impairment				
At 1 January	196,420	76,920	–	–
Impairment loss for the year	–	119,500	–	–
At 31 December	196,420	196,420	–	–
Net Carrying Amount				
At 31 December	1,446,098	1,459,401	883,678	892,788

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.

13 PREPAID LAND LEASE PAYMENTS

IN RM	GROUP AND COMPANY	
	2008	2007
Cost		
At 1 January/31 December	2,232,620	2,232,620
Accumulated Amortisation		
At 1 January	223,761	149,174
Amortisation for the year	74,587	74,587
At 31 December	298,348	223,761
Net Carrying Amount		
At 31 December	1,934,272	2,008,859
Analysed as:		
Long term leasehold land	222,813	226,089
Short term leasehold land	1,711,459	1,782,770
	1,934,272	2,008,859

14 OTHER INVESTMENTS

IN RM	GROUP		COMPANY	
	2008	2007	2008	2007
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	(82,995)	(79,995)	(60,000)	(60,000)
	175,000	178,000	110,000	110,000
Quoted shares in Malaysia	5,112	7,950	1,412	4,250
	180,112	185,950	111,412	114,250
Market value of quoted shares in Malaysia	3,372	5,450	1,412	4,250

15 INVESTMENTS IN SUBSIDIARIES

IN RM	COMPANY	
	2008	2007
Unquoted shares at cost	30,848,113	30,848,113
Less: Accumulated impairment losses	(29,348,109)	(29,348,109)
	1,500,004	1,500,004

Details of the subsidiaries are as follows:

NAME OF THE SUBSIDIARIES	COUNTRY OF INCORPORATION	EQUITY INTEREST HELD (%)		PRINCIPAL ACTIVITIES
		2008	2007	
GBH Ceramics Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading of vitrified clay pipes
GBH Trading Sdn. Bhd.	Malaysia	100	100	Dormant
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	Dormant
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.

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16 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. by the third anniversary of 13 November 2007 thereafter as stipulated under the Sales and Purchase agreement.

17 INVENTORIES

IN RM	2008	GROUP 2007
At cost:		
Raw materials	2,536,472	1,331,343
Work-in-progress	1,453,405	1,616,713
Finished goods	4,748,132	8,911,283
Consumables	829,183	891,144
	9,567,192	12,750,483
At net realisable value:		
Finished goods	7,458,750	6,536,860
	17,025,942	19,287,343

18 TRADE RECEIVABLES

IN RM	2008	GROUP 2007	COMPANY 2008	COMPANY 2007
Trade receivables	21,058,824	26,896,683	742,848	662,589
Less: Allowance for doubtful debts	(7,549,651)	(9,336,410)	(623,574)	(623,574)
	13,509,173	17,560,273	119,274	39,015

During the financial year, the Group and Company have written off nil (2007: RM49,012) and RM Nil (2007: RM35,644) 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 (2007: 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.

19 OTHER RECEIVABLES

IN RM	2008	GROUP 2007	COMPANY 2008	COMPANY 2007
Deposits	2,005,405	1,465,017	1,255,882	1,134,882
Prepayments	259,556	1,037,114	20,207	20,207
Sundry receivables	553,404	349,489	52,732	13,418
Amount due from subsidiaries	—	—	120,756,370	92,716,998
Amount due from a related party	7,422	3,403	7,422	3,403
	2,825,787	2,855,023	122,092,613	93,888,908
Less: Allowance for doubtful debts	(222,605)	(18,300)	(44,843,903)	(33,803,680)
	2,603,182	2,836,723	77,248,711	60,085,228

The amounts due from subsidiaries are unsecured and repayable on demand, except for amounts owing from its subsidiaries, GBH Bathroom Products Sdn. Bhd., GBH Ceramics Sdn. Bhd. and GBH Porcelain Sdn. Bhd. respectively, which bore interest rates of 2.0% to 2.5% (2007: 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.

20 CASH AND CASH EQUIVALENTS

IN RM	2008	GROUP 2007	2008	COMPANY 2007
Cash and bank balances	1,281,965	302,053	304,572	14,191
Deposit with licensed banks	4,637,583	–	2,604,391	–
Deposit with financial institution	7,989,213	–	–	–
Cash and cash equivalents	13,908,761	302,053	2,908,963	14,191

Deposit with licensed banks of the Group amounting to RM2,033,192 (2007: nil) is pledged to a bank for credit facilities granted to the Company.

The weighted average effective interest rates of deposits at the balance sheet date were as follows:

IN %	2008	2007
Licensed bank	3.2	–
Financial institution	2.2	–

The average maturities of deposits as at the end of the financial year were as follows:

IN DAYS	2008	2007
Licensed bank	30	–
Financial institution	30	–

21 BORROWINGS

IN RM	2008	GROUP 2007	2008	COMPANY 2007
Short Term Borrowings				
Secured:				
Hire purchase payables (Note 24)	49,945	–	–	–
	49,945	–	–	–
Long Term Borrowings				
Secured:				
Hire purchase payables (Note 24)	45,379	–	–	–
Term loans	35,592,154	–	35,592,154	–
	35,637,533	–	35,592,154	–
Total Borrowings				
Term loans	35,592,154	–	35,592,154	–
Hire purchase payables (Note 24)	95,324	–	–	–
	35,687,478	–	35,592,154	–
Maturity of borrowings (excluding hire purchase):				
More than 2 years and less than 5 years	35,592,154	–	35,592,154	–
	35,592,154	–	35,592,154	–

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

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21 BORROWINGS (cont'd.)

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

IN %	GROUP		COMPANY	
	2008	2007	2008	2007
Term loans	7.25	–	7.25	–
Hire purchase payables	6.50	–	–	–

22 TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days (2007: 30 to 90 days).

23 OTHER PAYABLES

IN RM	GROUP		COMPANY	
	2008	2007	2008	2007
Due to directors	73,452	2,735,469	73,452	323,452
Deposits	648,533	595,100	648,533	595,100
Amount due to subsidiaries	–	–	4,790,171	4,976,352
Accruals	843,390	1,842,753	40,150	581,027
Sundry payables	5,999,277	11,762,689	1,956,546	1,777,968
	7,564,652	16,936,011	7,508,852	8,253,899

The amounts due to subsidiaries are unsecured, interest free and repayable on demand.

Included in sundry payables are amounts of RM40,500 (2007: RM40,500) and nil (2007: RM11,550) due to related parties, Alpha Dynamics Sdn. Bhd. and Goh Nam Huat Realty Sdn. Bhd. respectively where there are common directors.

24 HIRE PURCHASE PAYABLES

IN RM	GROUP		COMPANY	
	2008	2007	2008	2007
Minimum payments:				
- not later than 1 year	56,856	–	–	–
- later than one year and not later than 2 years	47,380	–	–	–
Total future minimum lease payments	104,236	–	–	–
Less: Future finance charges	(8,912)	–	–	–
Present value	95,324	–	–	–
IN RM	GROUP		COMPANY	
	2008	2007	2008	2007
Analysed as:				
- Due within 12 months (Note 21)	49,945	–	–	–
- Due after 12 months (Note 21)	45,379	–	–	–
	95,324	–	–	–

25 SHARE CAPITAL

	NUMBER OF ORDINARY SHARES OF RM1 EACH		AMOUNT	
	2008	2007	2008 RM	2007 RM
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

26 RESERVES

	GROUP		COMPANY	
IN RM	2008	2007	2008	2007
Accumulated losses	(20,109,360)	(9,135,111)	(24,435,015)	(12,665,500)
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	97,187,324	97,944,537	97,944,537
	95,162,782	106,137,031	92,733,072	104,502,587

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.

27 DEFERRED TAX LIABILITIES

	GROUP		COMPANY	
IN RM	2008	2007	2008	2007
At 1 January	1,365,712	8,793,920	1,201,644	8,088,780
Recognised in the income statement (Note 9)	(28,196)	(50,619)	(90,071)	–
Recognised in equity	(839,065)	(7,377,589)	(839,065)	(6,887,136)
At 31 December	498,451	1,365,712	272,508	1,201,644

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:

	REVALUATION OF LAND	ACCELERATED CAPITAL ALLOWANCES	REVALUATION OF BUILDINGS	TOTAL
IN RM				
At 1 January 2008	–	15,870,372	(124,490)	15,745,882
Recognised in the income statement	–	(28,196)	(276,909)	(305,105)
Recognised in equity	–	–	(839,065)	(839,065)
At 31 December 2008	–	15,842,176	(1,240,464)	14,601,712
At 1 January 2007	7,377,589	15,920,991	73,752	23,372,332
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

NOTES TO THE FINANCIAL STATEMENTS

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27 DEFERRED TAX LIABILITIES (cont'd.)

Deferred Tax Assets of the Group:

IN RM	ACCELERATED DEPRECIATION	TAX LOSSES & UNABSORBED CAPITAL ALLOWANCES	OTHER PAYABLES	TOTAL
At 1 January 2008	(307,325)	(13,793,018)	(279,827)	(14,380,170)
Recognised in the income statement	276,909	–	–	276,909
At 31 December 2008	(30,416)	(13,793,018)	(279,827)	(14,103,261)
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)

Deferred Tax Liabilities of the Company:

IN RM	REVALUATION OF LAND	ACCELERATED CAPITAL ALLOWANCES	REVALUATION OF BUILDINGS	TOTAL
At 1 January 2008	–	5,600	1,503,369	1,508,969
Recognised in the income statement	–	(5,600)	(276,909)	(282,509)
Recognised in equity	–	–	(839,065)	(839,065)
At 31 December 2008	–	–	387,395	387,395
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

Deferred Tax Assets of the Company:

IN RM	ACCELERATED DEPRECIATION
At 1 January 2008	(307,325)
Recognised in the income statement	192,438
At 31 December 2008	(114,887)
At 1 January 2007	(505,567)
Recognised in the income statement	198,242
At 31 December 2007	(307,325)

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

IN RM	2008	GROUP 2007
Unused tax losses	53,763,047	49,936,689
Unabsorbed capital allowances	43,542,276	21,307,623
Unabsorbed reinvestment allowances	23,255,928	23,255,928

27 DEFERRED TAX LIABILITIES (cont'd.)

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 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.

28 CONTINGENT LIABILITY - UNSECURED

Contingent liability relates to late payment charges amounted to RM3,589,917 (2007: RM3,896,661 relates to late payment charges and capital contribution) 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 2008.

29 OPERATING LEASE COMMITMENTS

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

IN RM	GROUP		COMPANY	
	2008	2007	2008	2007
Not later than 1 year	5,250,000	5,250,000	4,125,000	4,125,000
Later than 1 year and not later than 2 years	4,550,000	9,800,000	3,575,000	7,700,000
	9,800,000	15,050,000	7,700,000	11,825,000

30 SIGNIFICANT RELATED PARTY TRANSACTIONS

IN RM	2008	2007
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
Rental expense charged by Federal Telecommunications Sdn. Bhd., a company in which Tan Sri Dato' Tan Hua Choon, a director of the Company, has interest.	4,125,000	590,252
Rental expense charged by FCW Industries Sdn. Bhd., a company in which Tan Sri Dato' Tan Hua Choon, a director of the Company, has interest.	1,125,000	150,000
Loan interest charged by a related party, Goh Tye Nam	56,666	–
Rental of premises paid to Goh Nam Huat Realty Sdn. Bhd., a company in which there are certain common Directors	164,799	286,800
Company		
Rental expense charged by Federal Telecommunications Sdn. Bhd., a company in which Tan Sri Dato' Tan Hua Choon, a director of the Company, has interest.	4,125,000	590,252
Rental income from subsidiaries	1,020,037	156,383
Interest income from subsidiaries	2,116,305	5,421,986

Information regarding outstanding balances arising from related party transactions as at 31 December 2008 is disclosed in Note 19 and 23.

The remuneration of directors who are the key management personnel of the Group and of the Company during the year is disclosed in Note 7.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

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30 SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd.)

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

IN RM	GROUP		COMPANY	
	2008	2007	2008	2007
Salaries and other related costs	–	126,280	–	–
Benefits-in-kind	–	15,093	–	–
	–	141,373	–	–

31 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. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

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 assets and liabilities are disclosed in Note 20 and 21.

c 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.

d 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.

31 FINANCIAL INSTRUMENTS (cont'd.)

e 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	BRUNEI DOLLARS	TOTAL
At 31 December 2008					
Trade receivables					
Ringgit Malaysia	1,732,103	–	858,614	40,599	2,631,316
Trade payables					
Ringgit Malaysia	8,385	–	45,330	–	53,715
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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

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31 FINANCIAL INSTRUMENTS (cont'd.)

f Fair values

The carrying amounts of financial assets of the Company and of the Group at the balance sheet date approximate their fair values except for the following:

IN RM	NOTE	CARRYING AMOUNT	FAIR VALUE
GROUP			
At 31 December 2008			
Other investments	14		
- Quoted shares		5,112	3,372
- Others		175,000	#
Long term receivable	16	16,000,000	13,975,020
At 31 December 2007			
Other investments	14		
- Quoted shares		7,950	5,450
- Others		178,000	#
Long term receivable	16	16,000,000	13,060,766
COMPANY			
At 31 December 2008			
Other investments	14		
- Quoted shares		1,412	1,412
- Others		110,000	#
At 31 December 2007			
Other investments	14		
- Quoted shares		4,250	4,250
- Others		110,000	#

It is not practicable to estimate the fair values of the Group's and Company's noncurrent unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

- i The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.
- ii Fair value of the long term receivables 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 of the Group.

32 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.

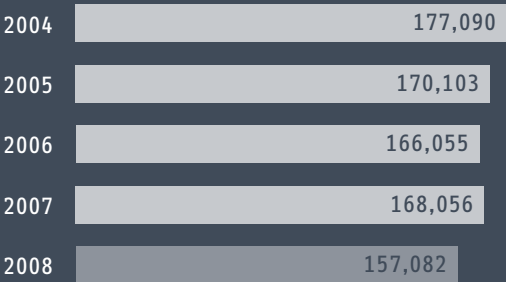
IN RM	MANUFACTURING		PROPERTIES		ELIMINATIONS		CONSOLIDATED	
	2008	2007	2008	2007	2008	2007	2008	2007
REVENUE AND EXPENSES								
Revenue								
External sales	41,617,077	41,191,316	2,942,095	2,807,111	–	–	44,559,172	43,998,427
Results								
(Loss)/profit from operations	(9,898,964)	(8,653,637)	(977,253)	11,846,978	–	–	(10,876,217)	3,193,341
Finance cost	(2,198,765)	(5,421,986)	(33,625)	(6,159)	–	–	(2,232,390)	(5,428,145)
Taxation	(263,533)	(1,291,330)	1,558,826	(1,850,748)	–	–	1,295,293	(3,142,078)
(Loss)/profit after taxation	(12,361,262)	(15,366,953)	547,948	9,990,071	–	–	(11,813,314)	(5,376,882)
ASSETS AND LIABILITIES								
Segment assets	207,735,531	204,392,749	4,140,711	4,361,185	–	–	211,876,242	208,753,934
Segment liabilities	45,529,814	27,570,926	2,802,450	3,361,316	–	–	48,332,264	30,932,242
OTHER INFORMATION								
Capital expenditure	338,396	272,151	–	–			338,396	272,151
Depreciation	3,726,171	3,795,222	470,158	491,941			4,196,329	4,287,163
Other significant non-cash expenses:								
Allowance for doubtful debts	834,161	690,664	–	–			834,161	690,664
Inventories written off	478,167	1,827,256	–	–			478,167	1,827,256
Write down of inventories	1,462,100	1,107,120	–	–			1,462,100	1,107,120

FINANCIAL HIGHLIGHTS

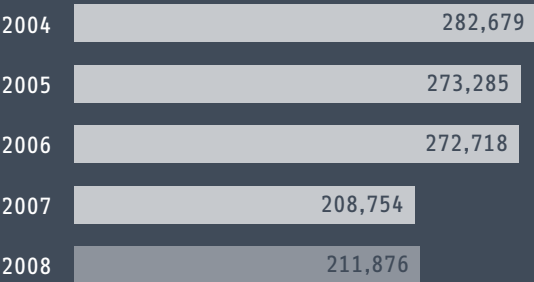
for the year ended 31 December 2004 to 31 December 2008

IN RM ('000)	2004	2005	2006	2007	2008
Group Turnover	49,480	41,948	43,168	43,998	44,559
Group Profit/(Loss) Before Tax	(28,931)	(611)	(2,648)	(2,235)	(13,109)
Taxation	(857)	962	(1,400)	(3,142)	1,295
Profit/(Loss) After Tax	(29,789)	351	(4,048)	(5,377)	(11,813)
Minority Interest	–	–	–	–	–
Profit/(Loss) Attributable to Shareholder	(29,789)	351	(4,048)	(5,377)	(11,813)
Net Dividend	–	–	–	–	–
Net Earning/(Loss) Per Share (Sen)	(48.00)	0.57	(6.54)	(8.68)	(19.08)
Gross Dividend Rate Per Share (%)	–	–	–	–	–

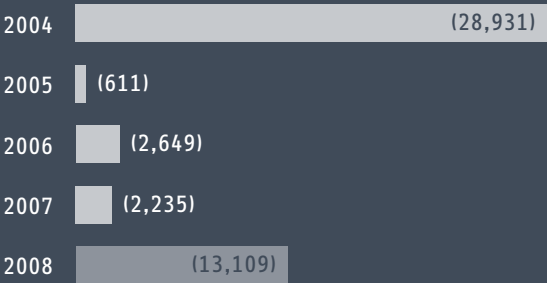
Shareholders' Fund (RM'000)



Total Assets (RM'000)



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



Revenue (RM'000)



SUMMARISED BALANCE SHEETS

for the year ended 31 December 2004 to 31 December 2008

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IN RM ('000)	2004	2005	2006	2007	2008
Property, Plant & Equipment	241,759	238,367	153,155	149,113	145,269
Prepaid land lease payments	–	–	2,083	2,009	1,934
Properties classified as held for sale	–	–	78,693	–	–
Other Investments	2,068	1,991	1,901	1,645	1,626
Goodwill on Consolidation	305	305	–	–	–
Long term receivables	–	–	–	16,000	16,000
Net Current Assets/Liabilities	(42,272)	(38,040)	(41,569)	654	28,389
	201,860	202,623	194,263	169,421	193,218
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	98,205	91,218	87,170	89,170	78,197
	177,090	170,103	166,055	168,055	157,082
Deferred and Long Term Liabilities	24,770	32,520	28,208	1,366	36,136
	201,860	202,623	194,263	169,421	193,218
Share Capital	61,919	61,919	61,919	61,919	61,919
Shareholders' Fund	177,090	170,103	166,055	168,055	157,082
Net Tangible Assets Per Share (RM)	2.86	2.75	2.68	2.71	2.53

ANALYSIS OF SHAREHOLDINGS

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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 11 MAY 2009

SIZE OF SHAREHOLDING	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	80	5.09	2,800	0.00
100 - 1,000	663	42.20	567,009	0.92
1,001 - 10,000	690	43.92	2,507,497	4.05
10,001 - 100,000	108	6.87	3,299,826	5.32
100,001 to less than 5% of issued shares	27	1.73	15,557,497	25.13
5% and above of issued shares	3	0.19	39,984,382	64.58
Total	1,571	100.00	61,919,011	100.00

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 11 MAY 2009

NO.	NAME	NO. OF SHARES	%
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 (REM 650)	1,976,500	3.19
5	LIM SIEW SOOI	1,780,300	2.88
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 (MLK)	1,000,000	1.62
11	GAN LOCK YONG @ GAN CHOON HUR	827,300	1.34
12	LAU SIEW KIAN	800,000	1.29
13	HLG NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AYISHA MAJID	656,000	1.06
14	GOH TYE NAM	419,629	0.68
15	GOH TAI SENG	315,322	0.51
16	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT AGRICOLE (SUISSE) SA	286,000	0.46
17	GOH LEONG CHUAN	280,000	0.45
18	ALPHA DYNAMICS SDN BHD	261,250	0.42
19	GOH KHENG KYM	258,000	0.42
20	TAN LAI MING	250,000	0.40
21	SIN LEN MOI	244,900	0.40
22	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG-BR-TST-ASING)	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	LEONG LIEW GEOK	160,000	0.26
29	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN JING NAM (CEB)	129,000	0.21
30	TAN BOON HUAT	113,000	0.18
Total		55,541,879	89.70

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 11 MAY 2009

(As per the Register of Substantial Shareholders of the Company)

NAME	NO. OF SHARES	DIRECT %	INDIRECT 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 11 MAY 2009

(As per the Register of Directors' Shareholdings of the Company)

NAME	NO. OF SHARES	DIRECT %	INDIRECT NO. OF SHARES	%
Tan Sri Dato' Tan Hua Choon	18,851,600	30.45	—	—
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	—	—	—	—
Mr. Thor Poh Seng	—	—	—	—
Dato' Dr. Haji Mohd Yusof Bin Haji Mohamed	—	—	—	—
<i>(Alternate Director to Tuan Haji Mohamed Amin Bin Haji Mohamed)</i>				

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.

LIST OF GROUP PROPERTIES

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The Properties included under Land as at 31 December 2008 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 no.: 46260 (formerly known as Lot P.T. no.: 555)	725	Leasehold (Expiring 05/09/2033)	Storage Yard	33	334,449
Lot no.: 46262 (formerly known as Lot P.T. no.: 556)	2,985	Leasehold (Expiring 05/09/2033)	Storage Yard	28	1,377,008
Lot no.: 46261 (formerly known as Lot P.T. no.: 6049)	274	Leasehold (Expiring 27/08/2077)	Storage Yard	33	222,813
Lot no.: 1470	15,862	Freehold	Factory Land & Building	32	34,343,825
Lot no.: 2983	4,044	Freehold	Factory Land & Building	57	9,236,349
Lot no.: 3680	5,481	Freehold	Office Building & Residential Bungalow	57	12,787,116
Lot no.: 2984	26,362	Freehold	Factory Land & Building	57	58,079,352
Lot no.: 4397	545	Freehold	Storage Yard	57	1,184,000
Lot no.: 38755	93	Freehold	Access Road	63	199,200
Lot no.: 0021928	268	Freehold	Shoplot	8	911,140
Lot no.: 2865	112	Freehold	Apartment	12	294,500
Lot no.: 3301	143	Freehold	Shoplot	5	476,920
	56,894				119,982,211

NOTICE OF SIXTY-SECOND ANNUAL GENERAL MEETING

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NOTICE IS HEREBY GIVEN THAT the Sixty-Second Annual General Meeting of the Company will be held at the Dewan Berjaya at the Bukit Kiara Equestrian and Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Friday, 26 June, 2009 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 2008 together with the Directors' and Auditors' Reports thereon.
- 2 To approve the payment of Directors' fees for the year ended 31 December 2008. Ordinary Resolution 1
- 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 He Ordinary Resolution 2
 - 3.2 Mr. Tan Ah Cheun Ordinary Resolution 3
 - 3.3 En. W Shalihudin Bin W Ibrahim Ordinary Resolution 4
- 4 To re-elect the following Directors who are retiring in accordance with Article 87 of the Company's Articles of Association:
 - 4.1 Tan Sri Dato' Tan Hua Choon Ordinary Resolution 5
 - 4.2 Mr. Thor Poh Seng Ordinary Resolution 6
- 5 To re-appoint Tuan Haji Mohamed Amin Bin Haji Mohamed, who retires pursuant to Section 129(2) of the Companies Act, 1965. Ordinary Resolution 7
- 6 To re-appoint Messrs. Ernst & Young, the retiring Auditors, and to authorise the Board of Directors to fix their remuneration. Ordinary Resolution 8

7 AS SPECIAL BUSINESS

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

- 7.1 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 9

- 8 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
Date : 3 June 2009

NOTICE OF SIXTY-SECOND ANNUAL GENERAL MEETING

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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 the form appointing the proxy must be duly completed and 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 meeting.
- 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 ORDINARY BUSINESS

- Re-appointment of Director of 70 years of age

The Ordinary Resolution 7 proposed under item 5 is in accordance with Section 129(6) of the Companies Act, 1965 which requires that a separate resolution be passed to re-appoint Tuan Haji Mohamed Amin Bin Haji Mohamed who is 70 years of age as Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company. This resolution must be passed by a majority of not less than three-fourth of such Members of the Company as being entitled to vote in person or where proxies are allowed, by proxy at the Annual General Meeting of the Company.

EXPLANATORY NOTE ON SPECIAL BUSINESS

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

The Proposed Ordinary Resolution 9 under item 7.1 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-SECOND ANNUAL GENERAL MEETING

Details of the Director who is standing for re-appointment in Agenda 5 (Tuan Haji Mohamed Amin Bin Haji Mohamed) and the Directors who are standing for re-election in Agenda 3.1 (Mr. Goh Tai He), Agenda 3.2 (Mr. Tan Ah Cheun), Agenda 3.3 (En. W Shalihudin Bin W Ibrahim), Agenda 4.1 (Tan Sri Dato' Tan Hua Choon) and Agenda 4.2 (Mr. Thor Poh Seng) of the Notice of the Sixty-Second Annual General Meeting are laid out in the Directors' Profile appearing on pages 10 to 13 of this Annual Report.

FORM OF
PROXY
SIXTY-SECOND ANNUAL GENERAL MEETING

GOH BAN HUAT BERHAD
(Company No. 1713-A) (Incorporated in Malaysia)

I/We,

NRIC No./Company No.

(FULL NAME IN CAPITAL LETTERS)

(FULL ADDRESS)

being a *member/*members of **GOH BAN HUAT BERHAD** hereby appoint

NRIC No.

(FULL NAME)

(FULL ADDRESS)

of

NRIC No.

or failing whom

(FULL NAME)

of

(FULL ADDRESS)

as *my/*our proxy to vote for *me/*us and on *my/*our behalf at the Sixty-Second Annual General Meeting of the Company to be held at the Dewan Berjaya at the Bukit Kiara Equestrian and Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Friday, 26 June, 2009 at 3.00 p.m. and 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 2008 together with the Directors' and Auditors' Reports thereon.		
2	To approve the payment of Directors' fees for the year ended 31 December 2008. Ordinary Resolution 1		
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 He 3.2 Mr. Tan Ah Cheun 3.3 En. W Shalihudin Bin W Ibrahim Ordinary Resolution 2 Ordinary Resolution 3 Ordinary Resolution 4		
4	To re-elect the following Directors who are retiring in accordance with Article 87 of the Company's Articles of Association: 4.1 Tan Sri Dato' Tan Hua Choon 4.2 Mr. Thor Poh Seng Ordinary Resolution 5 Ordinary Resolution 6		
5	To re-appoint Tuan Haji Mohamed Amin Bin Haji Mohamed, who retires pursuant to Section 129(2) of the Companies Act, 1965. Ordinary Resolution 7		
6	To re-appoint Messrs. Ernst & Young, the retiring Auditors, and to authorise the Board of Directors to fix their remuneration. Ordinary Resolution 8		
7	SPECIAL BUSINESS 7.1 Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965. Ordinary Resolution 9		

[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

2009.

Number of ordinary shares held:

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

- Notes:
- 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.
 - To be valid the form appointing the proxy must be duly completed and deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting.
 - A member shall be entitled to appoint more than one proxy to attend and vote at the same meetings.
 - 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.
 - If the appointer is a corporation, this form must be executed under its common seal or under the hand of its attorney.

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Stamp

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

Fold Here



GBH

GOH BAN HUAT BERHAD 1713-A
238 Jalan Segambut
51200 Kuala Lumpur
Malaysia
Tel: +60 3 6265 2800
Fax: +60 3 6256 2816 / 6256 2817
Email: enquiry@gbhgroup.com.my

Website: www.gbhgroup.com.my