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GOH BAN HUAT BERHAD (1713-A)



**GBH**

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



2011 ANNUAL REPORT

# 2011 ANNUAL REPORT

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# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Sixty-Fifth Annual General Meeting ("65<sup>th</sup> AGM") of the Company will be held at Bukit Kiara Equestrian and Country Resort, Dewan Berjaya Room, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Tuesday, 26 June 2012 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions: -

## AGENDA

- |  |  |
|--|--|
| 1. To lay before the meeting the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2011 together with the Reports of the Directors and Auditors thereon.                | <b>Please refer Explanatory Note A</b> |
| 2. To approve the payment of Directors' fees in respect of the financial year ended 31 December 2011.  | <b>Ordinary Resolution 1</b>           |
| 3. To re-elect the following Directors retiring in accordance with Article 80 of the Company's Articles of Association:  |  |
| (a) Tuan Haji Nahar Bin Mohd Yusof;  | <b>Ordinary Resolution 2(a)</b>        |
| (b) En. Aminuddin Yusof Lana; and  | <b>Ordinary Resolution 2(b)</b>        |
| (c) Mr. Tang Tat Chun.   | <b>Ordinary Resolution 2(c)</b>        |
| 4. To re-appoint Tan Sri Dato' Tan Hua Choon as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting of the Company. | <b>Ordinary Resolution 3</b>           |
| 5. To re-appoint Messrs Paul Chuah & Co as Auditors of the Company and to authorise the Directors to fix their remuneration.   | <b>Ordinary Resolution 4</b>           |
| 6. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.  |  |

By Order of the Board

Lim Lai Sam (MAICSA No. 0877479)  
Loh Poh Wah (MAICSA No. 7047338)  
Secretaries

Kuala Lumpur  
4 June 2012

## Notes:

- A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 need not be complied with.*
- A member shall be entitled to appoint more than one proxy to attend and vote at the Meeting. 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.*
- Depositors whose names appear in the Record of Depositors on a date not less than three (3) market days before the general meeting shall be regarded as Member of the Company entitled to attend and vote at the Annual General Meeting or appoint a proxy to attend and vote on his behalf.*



## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

4. *Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.*
7. *The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notorially certified copy thereof, shall be deposited with the Company's Share Registrar, Messrs Tricor Investor Services Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.*

### **Explanatory Note A**

*This Agenda item is meant for discussion only as under the provisions of Section 169(1) of the Companies Act, 1965, the audited financial statements do not require formal approval of shareholders and hence, the matter will not be put forward for voting.*



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

<b>Tan Sri Dato' Tan Hua Choon</b>	<i>(Chairman, Managing Director)</i>
<b>Tuan Haji Nahar Bin Mohd Yusof</b>	<i>(Independent Non-Executive Director)</i>
<b>Brig. Jen. Dato' Mior Azam Bin Mior Safi (Rtd)</b>	<i>(Independent Non-Executive Director)</i>
<b>Aminuddin Yusof Lana</b>	<i>(Independent Non-Executive Director)</i>
<b>Thor Poh Seng</b>	<i>(Non-Independent Non-Executive Director)</i>
<b>Tang Tat Chun</b>	<i>(Executive Director-Finance)</i>
<b>Poh Weng Choon</b>	<i>(Executive Director)</i>
<b>Lai Sze Pheng</b>	<i>(Executive Director)</i>
<b>Tan Han Chuan</b>	<i>(Executive Director)</i>

### AUDIT COMMITTEE

Tuan Haji Nahar Bin Mohd Yusof (*Chairman*)  
Brig. Jen. Dato' Mior Azam Bin Mior Safi (*Rtd*)  
Aminuddin Yusof Lana (*MIA Member*)

### NOMINATION COMMITTEE

Tuan Haji Nahar Bin Mohd Yusof (*Chairman*)  
Brig. Jen. Dato' Mior Azam Bin Mior Safi (*Rtd*)

### REMUNERATION COMMITTEE

Tan Sri Dato' Tan Hua Choon (*Chairman*)  
Tuan Haji Nahar Bin Mohd Yusof  
Thor Poh Seng

### SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Tuan Haji Nahar Bin Mohd Yusof  
Fax : (03) 4043 6750

### COMPANY SECRETARIES

Lim Lai Sam (*MAICSA No. 0877479*)  
Loh Poh Wah (*MAICSA No. 7047338*)

### REGISTERED OFFICE

8-3, Jalan Segambut  
51200 Kuala Lumpur, Malaysia  
Tel: (03) 6195 1600  
Fax: (03) 4043 6750

### PRINCIPAL BANKERS

Malayan Banking Berhad  
The Bank of Nova Scotia Berhad

### SHARE REGISTRARS

Tricor Investor Services Sdn Bhd  
Level 17, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur, Malaysia  
Tel: (03) 2264 3883  
Fax: (03) 2282 1886

### AUDITORS

Messrs Paul Chuah & Co.  
(*Chartered Accountants*)  
17, Jalan Ipoh Kecil  
50350 Kuala Lumpur  
Tel: (03) 4042 1177  
Fax: (03) 4041 9216

### STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad Main Market  
Stock Name: GBH  
Stock Code: 3611

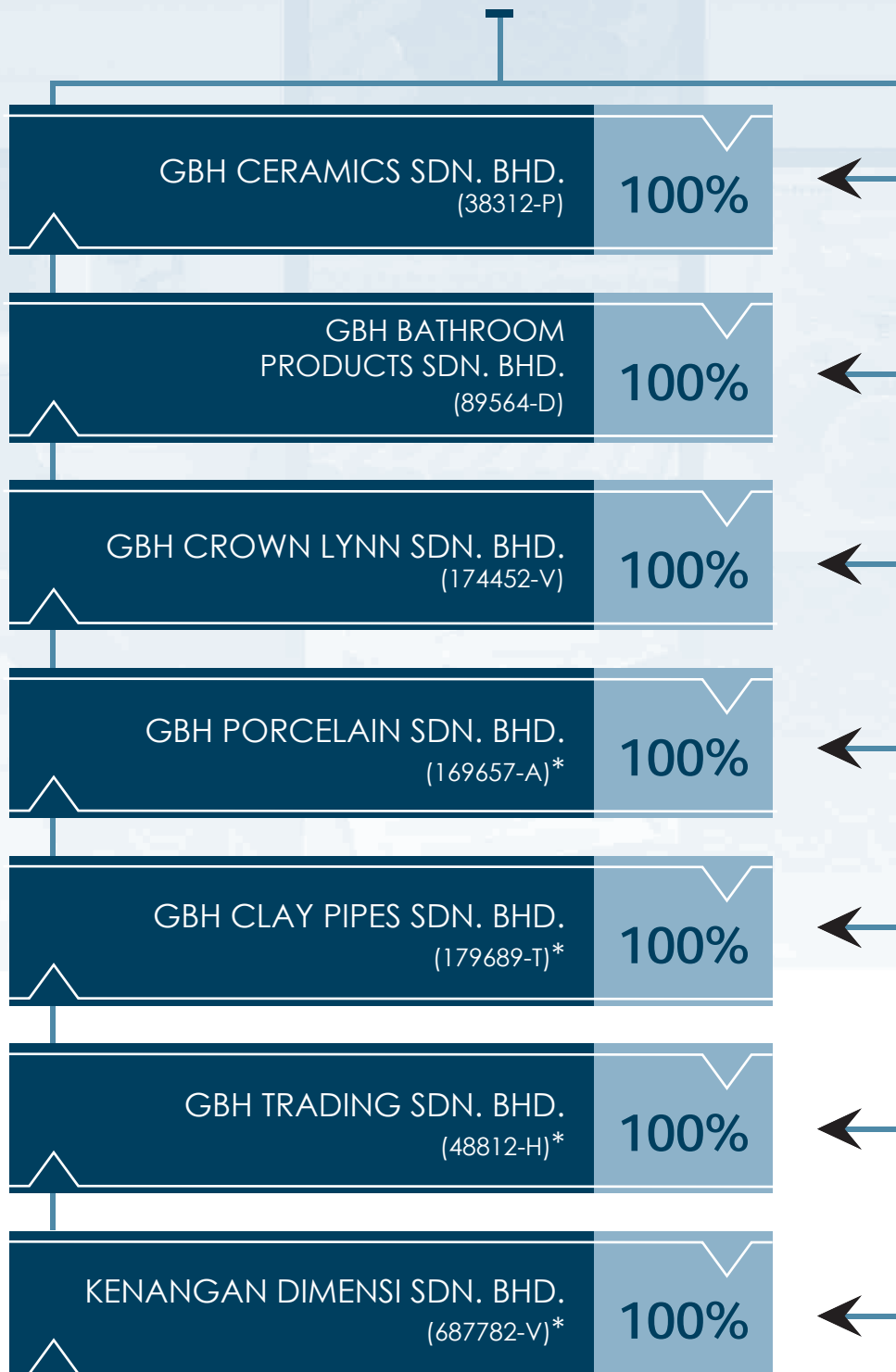
### WEBSITE

[www.gbhgroup.com.my](http://www.gbhgroup.com.my)

# CORPORATE STRUCTURE

as at 31 December 2011

## GOH BAN HUAT BERHAD (1713-A)



\*Dormant Company

# CHAIRMAN'S STATEMENT

**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 2011.**

## **Financial and Performance Review**

The initiatives put in place following the change of substantial shareholders in 2009 have resulted in marked improvement in the financial results of the Group in the last two financial years. We have strengthened the management structure and put in place a comprehensive business plan, which have yielded further improvement in the operational results in 2011.

Revenue for the Group improved by 7.5% from RM40.68 million in 2010 to RM43.73 million in 2011. The Group recorded a profit before tax of RM0.62 million in 2011 as compared with a loss before tax of RM4.88 million in the preceding year, an improvement of 112.9%. The profit marked a turnaround for the Group as the Group had been incurring financial losses every year since the financial year ended December 2006.

The Manufacturing Divisions continued to benefit from the measures taken to improve productivity, through continuous enhancement of the production processes combined with prudent investment in critical areas of capital expenditure. At the same time, we have sought to contain costs in an environment of increasing costs and strengthened our market positions through improvement in product quality and on time delivery to the market. We have also continued to build our market presence through our sales channels and by working hand in hand with our business partners.

We managed to improve both the top and bottom lines of the clay pipes and tableware businesses despite intense competition in these markets and rising cost, particularly the increase in gas tariff rate during the year.

Revenue for the Manufacturing Divisions improved by 19.6% from RM30.26 million in 2010 to RM36.20 million in 2011, whereas profit before tax for the Divisions improved tremendously by 245.9% from RM0.61 million in 2010 to RM2.11 million in 2011, as a result of these management initiatives.

In 2010, the Group ceased production of sanitary ware products at its facility and migrated its business model to one of trading. We have been managing the challenges faced during the transition to a trading business, particularly in managing the supply chain with our partners for the original equipment manufacturer ("OEM") products. As a result of these interim challenges, our revenue in the trading business has declined in 2011. We are confident that with the improvement in the management of the supply chain, we will bring about an increase in market share and profitability going forward. Our marketing team will continue to build our presence in the retail segment while we leverage on our past records in the projects segment of the market.

## CHAIRMAN'S STATEMENT (CONT'D)

The revenue for the Trading Division declined by 42.8% from RM6.29 million in 2010 to RM3.60 million in 2011. However, loss before tax for the Division reduced by 82.0%, from RM4.61 million in 2010 to RM0.83 million in 2011. The loss in 2010 was partly attributed to a one off charge, namely an impairment of RM2.53 million made in respect of a tunnel kiln previously used for the production of sanitary ware as a result of the cessation of production.

The Property Division continued to generate recurring income for the Group. Revenue for the Division was RM3.94 million in 2011, slightly lower compared with RM4.14 million in 2010, whereas loss before tax widened from RM0.33 million to RM0.79 million mainly due to certain onetime write-back of accruals in 2010.

### Prospects

Despite the challenging market conditions for the Group's manufacturing and trading products, we are optimistic that the management initiatives to improve the production, sales and marketing, working capital management and cost management processes will stand us in good stead in further improving the financial results of the Group in 2012.

Being a major vitrified clay pipes producer in the country, we are well poised to benefit from a buoyant infrastructure industry in 2012, although we have to be vigilant against lower price substitutes in the face of increasing costs.

Market condition for the Group's bathroom products continues to be challenging. The market is characterised by low entry barrier and intense price competition. However, we are confident of improving on the performance of this Division as we better manage certain aspects of supply chain management, particularly with regard to the management of our OEM partners.

The Tableware Division is continuing its program to diversify its market segments and widen its reach through multiple sales channels to reduce its reliance on projects-based sales. This should result in improvement in the Division's revenue in 2012.

### Dividends

No dividend has been declared or recommended for the financial year ended 31 December 2011.

### Appreciation

I wish to thank the Management team and staff for their contribution, commitment and loyalty, and to our valued customers, suppliers, business associates, bankers and most importantly, our shareholders, thank you for your continued support and confidence in the Group.

**Tan Sri Dato' Tan Hua Choon**  
Chairman, Managing Director



## PROFILE OF BOARD OF DIRECTORS

### Tan Sri Dato' Tan Hua Choon

Aged 71 • Malaysian  
*Chairman, Managing Director*

Tan Sri Dato' Tan was appointed to the Board of GBH on 8 July 2008 as a Non-Independent Non-Executive Director. On 16 October 2009, he was re-designated to the position of Managing Director and was appointed as Chairman of the Board's Remuneration Committee. He was appointed as Chairman of the Board with effect from 15 April 2010.

Tan Sri Dato' Tan is a self-made businessman with vast experience 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 built-up investments in numerous public listed companies. He is also the Chairman of Malaysia Aica Berhad, Marco Holdings Berhad, Keladi Maju Berhad, FCW Holdings Berhad, Jasa Kita Berhad, GPA Holdings Berhad and PDZ Holdings Bhd.

### Tuan Haji Nahar Bin Mohd Yusof

Aged 58 • Malaysian  
*Independent Non-Executive Director*

Tuan Haji Nahar was appointed as Director of the Company, Chairman of the Audit and Nomination Committees and a member of the Remuneration Committee on 16 October 2009. He holds a Diploma in Accountancy from University Technology Mara (UiTM) and Bachelor of Arts in Business Administration from Universiti Putra, Malaysia.

He started his career as an Audit Assistant with Messrs Hanafiah Roslan & Mohammad in 1976 before joining Lembaga Tabung Haji ("LTH") in the same year. He had been with LTH for 33 years and held various managerial posts such as General Manager (Finance), Chief Internal Auditor, Senior General Manager (Depository) and Senior General Manager (Administration and Building Management). His last position in LTH was Senior General Manager (Human Resource Department). During his tenure with LTH, he was nominated as member of the board of directors of various public listed and private limited companies. Currently, he is the Chairman of the Board of Smart Trade Concept Sdn Bhd, a company dealing in bioorganic fertilizer trading.

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

Aged 67 • Malaysian  
*Independent Non-Executive Director*

Brig. Jen. Dato' Mior was appointed as a Non-Independent Non-Executive Director of GBH on 24 September 2001. His Board position has on 1 October 2009 changed to Independent Non-Executive Director. He holds a Diploma in Management Science and held the position of Director of Defence Logistics Planning at The Malaysian Armed Forces Headquarters from 1996 to 1999. He retired in 2000, with the rank of Brig. Gen. as Assistant Chief of Staff, Defence Logistics at The Malaysian Armed Forces Headquarters. He is currently also a director of Metal Reclamation Bhd as well as several other private companies.

## PROFILE OF BOARD OF DIRECTORS (CONT'D)

### Aminuddin Yusof Lana

Aged 63 • Malaysian  
*Independent Non-Executive Director*

En. Aminuddin was appointed as Director of the Company and a member of the Audit Committee on 16 October 2009. He holds a Bachelor of Commerce and Administration Degree from Victoria University of Wellington, New Zealand. He is a Chartered Accountant of the New Zealand Society of Accountants and an Associate member of the Institute of Chartered Secretaries and Administrators of London and Wales.

He had previously served as Director and later Managing Director of Renong Berhad from 1990 to 1994 and as Director and Group Managing Director of Faber Group Berhad from 1990 to 1994. He was the Managing Director of Metacorp Berhad from 1995 to 1996. He was also the Managing Director of UEM Builders Berhad from 2000 to 2003.

Currently, he sits on the Board of Malaysia Aica Berhad and Scomi Oiltools International Limited (Bermuda).

### Thor Poh Seng

Aged 52 • Malaysian  
*Non-Independent Non-Executive Director*

Mr. Thor was appointed to the Board of GBH on 8 July 2008. He was appointed to the Board's Remuneration Committee on 16 October 2009.

He holds a Bachelor of Engineering degree from Universiti 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 Banker Berhad (now known as CIMB Investment Bank Berhad) ("CIMB") with extensive experience in corporate finance and corporate planning. Prior to joining CIMB, he has held senior positions in operations and finance in Dunlop Estate Berhad and Sitt Tatt Berhad respectively. He is also a Director of Marco Holdings Berhad, PDZ Holdings Bhd, Keladi Maju Berhad, FCW Holdings Berhad, Jasa Kita Berhad, GPA Holdings Berhad, Computer Forms (Malaysia) Berhad and Malaysia Aica Berhad.

### Tang Tat Chun

Aged 47 • Malaysian  
*Executive Director - Finance*

Mr. Tang was appointed to the Board of GBH on 28 May 2007 as a Non-Independent Non-Executive Director. He was then re-designated to the position of Executive Director - Finance 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.

## PROFILE OF BOARD OF DIRECTORS (CONT'D)

### **Poh Weng Choon**

Aged 61 • Malaysian  
*Executive Director*

Mr. Poh was appointed to the Board of GBH on 1 October 2009. He has been in the timber industry since 1972 and has gained over 35 years of all round experience in manufacturing environment. He was the Assistant Treasurer of Malaysian Wood Industries Association and the President of Selangor & Federal Territory Timber Traders Association ("SFTTA") from 2005 until 2007. He is now a Committee Member of SFTTA.

### **Lai Sze Pheng**

Aged 51 • Malaysian  
*Executive Director*

Mr. Lai was appointed to the Board of GBH on 30 March 2010. He holds a Bachelor of Science Degree in Business Administration from New Hampshire University, U.S.A. Upon graduation, he started his career as an auditor at Ernst & Whinney Public Accountants in 1986. He joined PDL Wylex Sdn Bhd (now known as PWE Industries Bhd) which involved in the manufacturing and distribution of electrical accessories, and held various positions during the period from 1987 to 1990.

He joined Hume Industries Malaysia Berhad (A member of the Hong Leong Group) in mid 1990 and held various senior positions with the last position as Chief Operating Officer. He spent 17 years with the said group, managing a divest business in manufacturing and distribution of building materials, and has gained vast experience in both marketing and manufacturing sectors. During his tenure with Hume Industries Malaysia Berhad, he was involved in a wide range of assignment covering general management, new business development and new business set up.

In 2007, he joined Malaysian Mosaic Berhad, a company involved in the manufacturing and distribution of ceramic tiles as the Director of Sales & Marketing.

He is currently assuming the position of Executive Director in Goh Ban Huat Berhad Group, managing the day to day operations of the Group's business activities.

### **Tan Han Chuan**

Aged 45 • Malaysian  
*Executive Director*

Mr. Tan was appointed to the Board of GBH on 15 April 2010. He holds a Bachelor of Science degree in Business Administration, majoring in Finance and Operations from Boston University, U.S.A. Mr. Tan joined Jasa Kita Trading Sdn Bhd, a wholly-owned subsidiary of Jasa Kita Berhad, in 1991 and has since been involved in the management of the Jasa Kita Berhad Group. He is also a Director of Jasa Kita Berhad and Keladi Maju Berhad.

## PROFILE OF BOARD OF DIRECTORS (CONT'D)

### FURTHER INFORMATION ON THE BOARD OF DIRECTORS:

- **Family Relationship**

Tan Sri Dato' Tan Hua Choon, the major shareholder of the Company, is the father of Mr. Tan Han Chuan.

There is no family relationship among the other Board members.

- **Conflict of Interest**

None of the Directors have any conflict of interest with the Company.

- **Conviction of Offences**

None of the Directors have been convicted of any offence within the past 10 years, other than traffic offence, if any.



# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Goh Ban Huat Berhad is pleased to report on how the Group has applied the principles and best practices set out in Parts 1 & 2 of the Malaysian Code on Corporate Governance ("the Code") and the extent of compliance with the requirements with regard to corporate governance under Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR"), with the aim of ensuring board effectiveness in enhancing financial performance of the Group and shareholders' value.

## A. BOARD OF DIRECTORS

### The Board

The Board has overall responsibility in the stewardship of the Group's direction with the role of overseeing the conduct and performance of the Group's businesses and operations with the ultimate aim of enhancing long-term shareholders' value.

### Board Balance

The Board has nine members comprising of a Chairman cum Managing Director, four Executive Directors and four Non-Executive Directors with three of the Non-Executive Directors fulfilling the criteria of independence as defined in the MMLR.

The Board is led by Tan Sri Dato' Tan Hua Choon, Chairman and Managing Director, who leads the executive management of the Company. The Executive Directors are tasked with running the day to day management of the business as well as the implementation of the Board's policies and decisions. The Board considers its current composition with the mix of skills and expertise sufficient and optimum to discharge its duties and responsibilities effectively. A brief profile of each Director is presented from pages 8 to 11 of this Annual Report.

The Board acknowledges that the role of Independent Non-Executive Directors are particularly important as they bring independent judgment towards the Group's business activities and strategies. In this respect, the three Independent Non-Executive Directors sitting on the Board which constitute one-third of the Board composition, are capable of ensuring a balanced and independent judgment on issues requiring the Board's deliberation and decision.

### Board of Directors' Meetings

The Board members meet to review and discuss matters specifically reserved to the Board for decision to ensure that the direction and control of the Group is firmly in its hands. Key matters tabled at Board meetings include review and adoption of the Group's quarterly and year end financial results, business plan, annual budget, assets acquisition, approval on major capital expenditure projects and consideration of significant financial matters, Group policies and delegated authority limits.

There were three (3) Board of Directors' Meetings held during the financial year ended 31 December 2011. The details of attendance of each individual Director are as follows:

Name of Directors	Date of Board Meeting		
	25 Feb 2011	10 Mar 2011	24 Aug 2011
Tan Sri Dato' Tan Hua Choon	√	√	√
Mr. Thor Poh Seng	√	√	√
Mr. Tang Tat Chun	√	√	√
Brig. Jen. Dato' Mior Azam Bin Mior Safi (Rtd)	√	√	√
Tuan Haji Nahar Bin Mohd Yusof	√	√	√
Encik Aminuddin Yusof Lana	√	√	√
Mr. Poh Weng Choon	√	-	√
Mr. Lai Sze Pheng	√	√	√
Mr. Tan Han Chuan	√	√	√

### Note:

- √ Present
- Absent

# STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

## A. BOARD OF DIRECTORS (CONT'D)

### Board Committees

The Board has delegated specific responsibilities to three sub-committees, namely Audit Committee, Nomination Committee and Remuneration Committee. These committees have the authority to examine particular issues and report to the Board with recommendations. The ultimate responsibility for the final decision, however, lies with the Board.

#### (i) Audit Committee

The Audit Committee report is presented on pages 20 to 23 of this Annual Report.

#### (ii) Nomination Committee

##### 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 and adopted by the Board. The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory requirements are complied with.

The appointment of any additional Director is made when necessary and upon the recommendation of Nomination Committee. The Nomination Committee of GBH 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. In making its recommendations, the Committee will 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 will also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.
- b. To review regularly the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary.
- c. To identify and propose new nominees for appointment to the Board of Directors.
- d. To assess Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director, including Independent Non-Executive Directors, as well as the Chief Executive Officer, if any. 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 will 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 Managing Director and, within the bounds of practicability, by any other Senior Executive or any Director or shareholder.

**The Nomination Committee comprises the following members:**

- (1) Tuan Haji Nahar Bin Mohd Yusof
- (2) Brig. Jen. Dato' Mior Azam Bin Mior Safi (Rtd)

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### A. BOARD OF DIRECTORS (CONT'D)

#### Board Committees (cont'd)

#### (ii) Nomination Committee (cont'd)

##### Details of attendance of Nomination Committee

There was one Nomination Committee Meeting held during the financial year with full attendance of all its members.

##### Re-election

In accordance with the Company's Articles of Association, one-third 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 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 the Managing Director shall retire from office at least once in each three 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, the directors shall have power at any time, and from time to time, appoint any person to be a director, either to fill a casual vacancy or as an addition to the existing directors, but so that the total number of directors shall not at any time exceed the number fixed in accordance with the Articles. 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 who are seventy years of age and above shall retire from office at each Annual General Meeting but shall be eligible for re-appointment in accordance with Section 129(6) of the Companies Act, 1965.

#### (iii) Remuneration Committee

The 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) Tan Sri Dato' Tan Hua Choon
- (2) Tuan Haji Nahar Bin Mohd Yusof
- (3) Mr. Thor Poh Seng

The Remuneration Committee reviews the remuneration packages and benefits accorded to the Executive Directors as well as the Non-Executive Directors' remunerations on an annual basis. For Executive Directors, the component parts of remuneration are structured to link rewards to corporate and individual 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 one Remuneration Committee Meeting held during the financial year with full attendance of all its members.

# STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

## A. BOARD OF DIRECTORS (CONT'D)

### Board Committees (cont'd)

#### (iii) Remuneration Committee (cont'd)

##### Details of Directors' Remuneration

Details of Directors' remuneration for the financial year ended 31 December 2011, 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	30,000	60,000
Salaries	690,000	-
Other emoluments	4,995	8,000
Bonus - current year's provision	172,500	-
Defined contribution plans	105,225	-
<b>Total</b>	<b>1,002,720</b>	<b>68,000</b>

- 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	NUMBER OF DIRECTORS	
	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS
RM50,000 and below	2	4
RM50,001 to RM150,000	-	-
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	1	-
RM250,001 to RM300,000	-	-
RM300,001 to RM350,000	1	-
RM350,001 to RM400,000	-	-
Above RM400,001	1	-

*Note: The above disclosures conform with the requirement under Appendix 9C Part A(11) of MMLR. Details of remuneration of individual Directors are not revealed for security and confidentiality reason.*

### Supply of Information

All the Directors are provided with a set of board papers before board meetings consisting of the agenda and all other relevant materials. This procedure enables the Directors to have sufficient time to peruse the papers and if necessary, to obtain further information or clarification from the Management.

Besides, the Board would also be provided with texts of any corporate announcements to be released to Bursa Securities and kept informed of any new legislation, rules and regulations issued by the various regulatory authorities, where relevant.

The Directors as a full Board or in their individual capacity have access to all information relating to the Group as well as unrestricted access to the advice of the senior management and the Company Secretaries. The Directors may also engage independent professional services, where necessary.



## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### A. BOARD OF DIRECTORS (CONT'D)

#### Directors' Training

All Directors have attended the Mandatory Accreditation Programme in compliance with the MMLR.

The Directors also undergo various training programmes on a continuous basis 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.

Conferences, seminars and training programmes attended by the Directors during the financial year are as follows:-

Title	Area of Focus
1. Sustainability Programme for Corporate Malaysia	Corporate Governance
2. The Board's Responsibility for Corporate Culture - Selected Governance Concerns and Tools for Addressing Corporate Culture and Board Performance	Corporate Governance
3. Asean Corporate Governance Scorecard and the Corporate Governance Ranking of Asean PLCs	Corporate Governance
4. Reporting on CG Practices: What do people want to know?	Corporate Governance
5. Oxford Union Style CG Debate Motion: Independent Directors are a myth	Corporate Governance

#### Corporate Social Responsibility

We are committed in ensuring that our operations have minimal impact on the environment as well as protecting the safety and health of our employees and all stakeholders.

The Group has developed and established occupational safety and health practices to ensure a safe working environment for our employees. The Group is also committed to implementing procedures to ensure that our operations are conducted and performed in compliance with existing laws, regulations and standards.

We operate a waste water treatment plant in compliance with the Department of Environment guidelines to ensure that waste water is treated before being discharged. We have taken a step further by re-cycling the treated water for use in our manufacturing operations.

Our clay pipes are environmental friendly as they are made 100% from clay and do not contaminate when buried in the ground for sewage infrastructure and we have also formulated a process to reduce the weight of our pipes and the amount of clay used.

We have reformulated the compound in the rubber sealing rings used for the pipes, which conforms to environment friendly specifications EN681, and are ozone resistant and do not produce chemical reactions when exposed to sun light.

Our fine tableware glazes are formulated to ensure that the finished products are free from lead and cadmium. Crown Lynn tableware products are decorated using lead free colour stains and fired up to 830 degrees celsius using mesh-belt electric kiln which minimises pollution.

The flushing mechanisms in our sanitary ware products have features emphasising water conservation, in particular the use of the dual flush system and waterless urinals. The Group also supplied the Automatic Street Toilet units that have helped to provide the city of Kuala Lumpur with a cleaner public toilet image.

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### B. SHAREHOLDERS

#### Dialogue between Companies and Investors

The Board of Directors acknowledges the need for shareholders to be informed of all material business matters affecting the Group and as such, maintains a constructive communication policy, which enables the Board and the Management to communicate effectively with the shareholders and the investing public generally.

In this respect, the Board observes timely release of quarterly financial results and corporate proposal announcements to the public via the Bursa Link and the press (where appropriate). Annual reports and circulars to shareholders are also despatched to the shareholders on a timely basis to ensure that shareholders have sufficient time to peruse through the documents before the relevant meeting dates.

The Group's corporate information including all announcements made to the public can also be accessible via the Company's website, [www.gbhgroup.com.my](http://www.gbhgroup.com.my)

#### General Meeting of Shareholders

The Annual General Meeting ("AGM") of the shareholders of the Company represents the principal forum for dialogue and interaction between the Board and the shareholders, during which the shareholders are given the opportunity to raise questions pertaining to the resolutions tabled thereat or business activities of the Group. Extraordinary General Meeting ("EGM") is held as and when shareholders' approvals are required on specific matters. Notices of AGM and EGM are sent out to the shareholders within a reasonable and sufficient time frame and are published in a nationally circulated newspaper. A press conference may be held after each AGM or EGM of the Company, if necessary.

### C. ACCOUNTABILITY AND AUDIT

#### i. Financial Reporting

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

In this respect, the Board is assisted by the Audit Committee in reviewing and overseeing the Group's financial reporting process to ensure correctness and adequacy before tabling the financial statements and quarterly results to the Board for further review prior to announcement or presentation to the shareholders at AGM. The statement by Directors pursuant to Section 169 (15) of the Companies Act, 1965 is set out on page 31 of this Annual Report.

#### ii. Internal Control

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

The Statement on Internal Control is set out on pages 24 to 25 of this Annual Report and this provides an overview of the state of internal controls within the Group.

#### iii. 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.

# STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

## D. OTHER INFORMATION

### In compliance with Bursa Securities MMLR

#### 1. Status of Utilisation of Proceeds from Corporate Proposal

The Company has raised RM74.303 million cash ("Proceeds") via its Rights Issue Exercise which was completed on 13 April 2010. The following is the status of utilisation of Proceeds:-

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Intended Timeframe for Utilisation	Deviation Amount (RM'000)	%	Explanation
Repayment of borrowings	50,000	50,000	By 2nd half of 2010	-	-	Completed
Working capital for our Group's existing businesses	23,103	23,103	By 2nd half of 2011	-	-	Completed
Estimated expenses for the Rights Issue	1,200	770	By 2nd half of 2010	430	36	Completed - savings from lower cost incurred

#### 2. Share Buy-Back

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

#### 3. Options/Warrants/Convertible Securities

The Company had on 8 April 2010 issued and allotted 123,838,022 ordinary shares of RM1.00 each ("Rights Shares") together with 61,918,993 free warrants ("Warrants 2010/2020") pursuant to its Rights Issue Exercise which was completed on 13 April 2010. The Warrants 2010/2020 were admitted to the Official List and were granted Listing and quotation on the Main Market of Bursa Malaysia Securities Berhad. As at the date of issuance of this annual report, none of the Warrants 2010/2020 have been exercised.

Save for the above, the Company did not issue any options, warrants or convertible securities during the financial year.

#### 4. Depository Receipt Programme ("DRP")

The Company did not sponsor any DRP during the financial year.

#### 5. Imposition of Sanctions and/or Penalties

There were no sanctions nor penalties imposed on the Directors and Management by the regulatory bodies during the financial year.

#### 6. Non-Audit Fees

Non-audit fees incurred by the Group and by the Company during the financial year and payable to the external auditors and firm affiliated to the external auditors of the Company amounted to RM31,000.

#### 7. Variation in Results

There were no material variances 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.

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### D. OTHER INFORMATION (CONT'D)

#### In compliance with Bursa Securities MMLR (cont'd)

#### 9. Profit Guarantee

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

#### 10. Material Contracts Involving Directors' and Major Shareholders' Interests

There were no material contracts entered into by the Group which involved Directors' and major shareholders' interests during the reporting financial year. The following are contracts involving interests of Directors and Major Shareholders which were entered into by the Group in previous financial years and are still subsisting:-

- (i) Tenancy Agreement dated 13 November 2007 between Federal Telecommunications Sdn Bhd ("FTSB"), a wholly-owned subsidiary of FCW Holdings Berhad ("FCW") and Goh Ban Huat Berhad ("GBH") to grant GBH a tenancy of 9 independent blocks of warehouses erected on all the pieces of freehold land held under Geran Mukim 1452 Lot 4722 and Geran Mukim 335 Lot 32661, both in the Mukim of Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan, bearing postal address Lot 32661, Jalan Segambut, 51200 Kuala Lumpur for a period of 3 years at the rental of RM343,750 per month with an option for a 2 years term of renewal by FTSB at the same rental rate, which has been exercised on 12 November 2010; and
- (ii) Tenancy Agreement dated 13 November 2007 between FCW Industries Sdn Bhd ("FCWI"), a wholly-owned subsidiary of FCW and GBH Clay Pipes Sdn Bhd ("GCP") to grant GCP a tenancy of the piece of freehold land held under Geran Mukim 6242 Lot 54833, Mukim of Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan together with a single storey office with 4 adjoining single-storey factories erected thereon bearing postal address 368, Jalan Segambut, 51200 Kuala Lumpur for a period of 3 years at the rental of RM93,750 per month with an option for a 2 years term of renewal by FCWI at the revised rental rate of RM193,750 per month, which has been exercised on 12 November 2010.

Tan Sri Dato' Tan Hua Choon is a director and major shareholder of FCW and GBH. He is deemed interested in the above transactions. Mr. Tan Han Chuan, son of Tan Sri Dato' Tan Hua Choon, a director of GBH and shareholder of FCW, is also deemed interested in the above transactions.

#### 11. Related Party Transactions

The details of the transactions with related parties undertaken by the Group during the financial year are disclosed in Note 28 to the audited financial statements on page 76 of this Annual Report.

### E. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act, 1965 (the "Act"), to ensure that financial statements of the Company and the Group for each financial year are drawn up in accordance with the applicable approved accounting standards of Malaysia and the provision of the Act so as to give a true and fair view of the Company and the Group's affairs, results and cash flow position for the financial year.

The Directors consider that in preparing the financial statements for the year ended 31 December 2011, the GBH Group had used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed.

The Directors are also responsible for ensuring that the GBH Group keeps adequate accounting records, which disclose with reasonable accuracy the financial position of the GBH Group at any point of time. In addition, the Directors have taken steps to safeguard the assets of the GBH Group to prevent and detect fraud and other irregularities.



# AUDIT COMMITTEE REPORT

The Board of Directors of Goh Ban Huat Berhad ("GBH") is pleased to present the Report of GBH Audit Committee ("the Audit Committee") for the financial year as follows:-

## COMPOSITION OF AUDIT COMMITTEE

The Audit Committee comprises three members, namely:

### *Chairman*

Tuan Haji Nahar Bin Mohd Yusof *(Independent Non-Executive Director)*

### *Members*

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

Encik Aminuddin Yusof Lana *(Independent Non-Executive Director)*  
*(MIA Member)*

## 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 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 with at least one member of the Audit Committee fulfilling the following requirements:
  - 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 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 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 years' post qualification experience in accounting or finance; or
  - iv must have a least seven 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; or
  - 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 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, the vacancy shall be filled within three 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.

# AUDIT COMMITTEE REPORT (CONT'D)

## TERMS OF REFERENCE (CONT'D)

### 2. ATTENDANCE AND FREQUENCY OF MEETING

The Audit Committee shall meet at least four times in each financial year. Additional meetings may be called at any time at the discretion of the Chairman. The quorum for a meeting shall be two 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 Company 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 Secretary of the Audit Committee 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 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 (CONT'D)

### TERMS OF REFERENCE (CONT'D)

#### 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; 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 the 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.

# AUDIT COMMITTEE REPORT (CONT'D)

## TERMS OF REFERENCE (CONT'D)

### 6. FUNCTIONS (CONT'D)

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:

- Reviewed the quarterly financial results announcements of the Group prior to seeking the Board's approval prior to releasing the results to Bursa Securities.
- Reviewed 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.
- 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.
- Met with the external auditors without the presence of the Executive Directors and management.
- Assessed the adequacy and effectiveness of the system of internal control by reviewing internal audit reports, audit findings, recommendations for improvement and management's responses thereto, and agreed action in rectifying weaknesses.

There were four Audit Committee meetings held during the financial year ended 31 December 2011 with full attendance of all Audit Committee members. The details of the attendance of each member of the Audit Committee are as follows:

Members	Date of Meeting			
	25/02/2011	27/05/2011	24/08/2011	24/11/2011
Tuan Haji Nahar Bin Mohd Yusof	√	√	√	√
Brig. Jen. Dato' Mior Azam Bin Mior Safi (Rtd)	√	√	√	√
Encik Aminuddin Yusof Lana	√	√	√	√

### Note:

√ Present

## INTERNAL AUDIT FUNCTION

The role of the internal audit function is to provide independent and objective reports on the state of internal control, compliance to policies, procedures and statutory requirements, the extent the Group's assets are accounted for and safeguarded, and any improvements to operations, processes and control systems. These report findings together with the related recommendations are reported to the Audit Committee.

The total cost incurred for the Group's internal audit function in respect of the financial year ended 31 December 2011 was RM80,000. The activity of the internal audit function is detailed in the Statement on Internal Control on pages 24 to 25 of this Annual Report.



# STATEMENT ON INTERNAL CONTROL

The Board of Goh Ban Huat Berhad is committed to continuously improving the Group's system of internal controls and is pleased to present the following Statement on Internal Control pursuant to Paragraph 15.26(b) of the Bursa Securities Main Market Listing Requirements and the Statement of Internal Control: Guidance For Directors of Public Listed Companies.

## 1. Board's Responsibility

The Board recognises the importance of sound controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's system of internal controls and risk management which includes reviewing its effectiveness, adequacy and integrity. However, the Board is equally aware that due to the limitations that are inherent in any system of internal controls, which is designed to manage rather than totally eliminate the risk of failure to achieve business objectives. In this regard, the system can provide only reasonable assurance, and not absolute assurance against material misstatement, loss or other significantly adverse consequences. The system of internal controls covers financial, operational and compliance controls and risk management procedures.

## 2. Key Elements of Internal Control

### Risk Management and Internal Audit

The overall risk management practice of the Group involves an ongoing process designed to identify the principal risks to the achievement of the Group's policies, goals and objectives, to evaluate the nature and extent of those risks and to proactively manage them efficiently, effectively and economically.

The heads of department are responsible for managing key risks applicable to their areas of business activities on a continuous basis. All operational matters and issues are regularly reviewed and resolved by the Management team at monthly Management meeting. Through these mechanisms, risks will be identified in a timely manner, their implications will be assessed and control procedures will be re-evaluated accordingly.

The Management, with the assistance of the internal audit function updated the "Business Risk Profile" of the Group during the financial year under review. The risks were determined through a series of interviews held with the respective process owners. The risks identified were prioritized after considering its impact and likelihood of occurrence. The consolidated risk profile was reviewed and approved by the Board.

During the financial year under review, the internal audit function had performed audit reviews on *GBH Bathroom Products Sdn Bhd – Sales Process & Trading Goods Procurement Process, Business Risk Profile & Internal Audit Plan, Inventory – GBH Bathroom Products Sdn Bhd and GBH Ceramics Sdn Bhd – Sales & Marketing*.

The internal audit reports were duly deliberated and endorsed by the Audit Committee.

### Other Key Elements of Internal Controls

Other key elements of the Group's system of internal controls are as follows:

- The Group has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve the Group's business objectives. Lines of responsibility and delegations of authority are clearly defined.
- To ensure the uniformity and consistency of practices and controls within the Group, Standard Operating Procedures have been formalised and documented for the key business processes.
- Business units prepare an annual budget and present it to the Board for approval. Any variances of actual performance against budget are monitored and reported on a monthly basis to Management and quarterly to the Board. Appropriate actions are devised to address any area of concerns arising from the regular review.
- Financial results are prepared and presented to Management and to the Board and Audit Committee on a timely basis for effective monitoring and decision making.

## STATEMENT ON INTERNAL CONTROL (CONT'D)

### 2. Key Elements of Internal Control (cont'd)

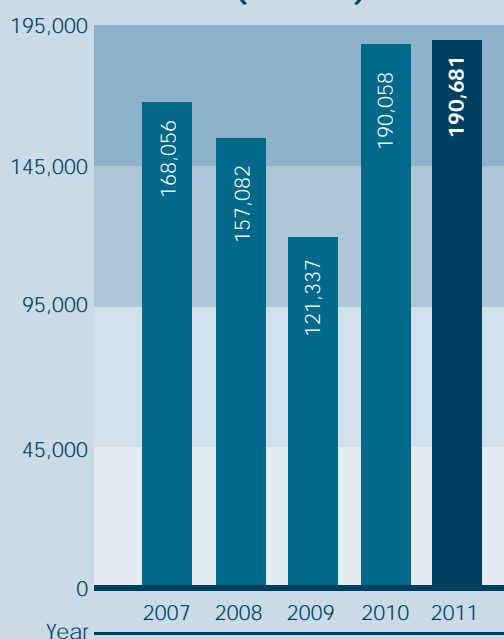
#### Other Key Elements of Internal Controls (cont'd)

- The Group has an appropriate organization structure which clearly defines the lines of responsibility and accountability.
- The Group has documented certain key processes in the form of Standard Operating Procedures for uniformity and consistency of practices within the Group.
- The Executives Directors act as the channel of communication between Board and the Management. The Executive Directors are empowered to manage the business of the Group and implement the Board's directives and policies.
- Appropriate qualified management personnel are responsible for the operation and monitoring of effective internal control. In addition, key job responsibilities are properly segregated.
- The Audit Committee meets at least four times a year and reviews the effectiveness of the Group's system of internal controls. The Committee meets with the internal auditors and external auditors regularly to review their reports so that any areas of concern can be appropriately addressed.
- Regular internal audit visits which provide independent assurance on the effectiveness of the Group's system of internal controls and advise the Management on the areas for improvement.
- The Group's main manufacturing arm, i.e. clay pipe manufacturing, has been accredited with ISO9001:2000 international quality system standard. The ISO system provides the Group with improved control of key processes and a foundation for improving quality and customer satisfaction.
- The Group enroll employees in external training programs regularly in order to keep abreast of developments in their respective fields or functions.

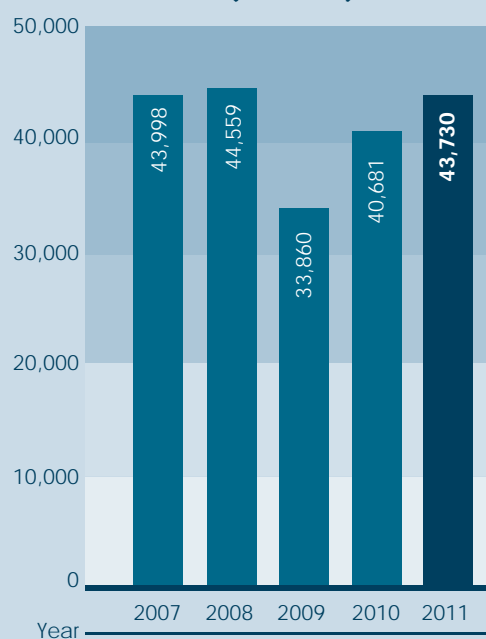
# FINANCIAL HIGHLIGHTS

	2007	2008	IN RM'000 2009	2010 Restated	2011
Revenue	43,998	44,559	33,860	40,681	<b>43,730</b>
Profit / (Loss) Before Tax	(2,235)	(13,109)	(36,290)	(4,881)	<b>624</b>
Taxation	(3,142)	1,295	461	69	<b>(1)</b>
Profit / (Loss) After Tax	(5,377)	(11,813)	(35,829)	(4,812)	<b>623</b>
Minority Interest	-	-	-	-	-
Profit / (Loss) Attributable to Owners of the Parent	(5,377)	(11,813)	(35,829)	(4,812)	<b>623</b>
Dividend	-	-	-	-	-
Earnings / (Loss) Per Share (Sen)	(8.68)	(19.08)	(57.86)	(3.11)	<b>0.34</b>
Gross Dividend Rate Per Share (%)	-	-	-	-	-
Net Assets Per Share (Sen)	271	254	196	102	<b>103</b>
Equity Attributable to Owners	168,056	157,082	121,337	190,058	<b>190,681</b>

**EQUITY  
ATTRIBUTABLE TO OWNERS  
(RM'000)**



**REVENUE  
(RM'000)**



# FINANCIAL STATEMENTS

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39	Statement of Comprehensive Income
40	Statement of Financial Position
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# DIRECTORS' REPORT

for the financial year ended 31 December 2011

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are the rental of properties and investment holding. The principal activities of the subsidiary companies are set out in note 15 to the financial statements. There have been no significant changes in the nature of the activities of the Company and its subsidiary companies during the financial year.

## RESULTS

	The Group RM	The Company RM
Profit/(loss) for the year	623,194	(894,728)

## DIVIDENDS

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year.

## SHARE CAPITAL

The Company did not issue any shares or debentures during the financial year.

## RESERVES AND PROVISIONS

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

## DIRECTORS

The directors in office since the date of the last report are:

Tan Sri Dato' Tan Hua Choon  
Lai Sze Pheng  
Tang Tat Chun  
Brig. Jen. Dato' Mior Azam Bin Mior Safi (Rtd)  
Thor Poh Seng  
Poh Weng Choon  
Aminuddin Yusof Lana  
Tuan Haji Nahar Bin Mohd Yusof  
Tan Han Chuan

In accordance with the Company's Articles of Association, Tuan Haji Nahar Bin Mohd Yusof, Aminuddin Yusof Lana and Tang Tat Chun retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Tan Sri Dato' Tan Hua Choon retires in accordance with Section 129(2) of the Companies Act, 1965 and a resolution will be proposed at the forthcoming Annual General Meeting for his re-appointment as director of the Company pursuant to Section 129(6) of the Act to hold office until the conclusion of the next Annual General Meeting.



## DIRECTORS' REPORT (CONT'D)

for the financial year ended 31 December 2011

### DIRECTORS' INTERESTS

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

	No. of ordinary shares of RM1 each			As at 31/12/2011
	As at 1/1/2011	Bought	Sold	
<b>The Company</b>				
<b>Direct interests</b>				
Tan Sri Dato' Tan Hua Choon	138,115,680	-	-	138,115,680
<b>The Company</b>				
<b>Deemed interests</b>				
Tan Han Chuan*	138,115,680	-	-	138,115,680

	No. of warrants in the Company			As at 31/12/2011
	As at 1/1/2011	Bought	Sold	
<b>The Company</b>				
<b>Direct interests</b>				
Tan Sri Dato' Tan Hua Choon - Warrants 2010/2020	46,288,190	-	-	46,288,190
<b>The Company</b>				
<b>Deemed interests</b>				
Tan Han Chuan* - Warrants 2010/2020	46,288,190	-	-	46,288,190

\* Deemed interests via Tan Sri Dato' Tan Hua Choon.

Other than as disclosed, none of the directors in office at the end of the financial year had any interest in shares of the Company and its related corporations during the financial year.

The above directors by virtue of their shareholdings in the Company are also deemed interested in shares of the related corporations to the extent the Company has an interest.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits disclosed as directors' remuneration) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in note 28 of the financial statements of the Company.

Neither at the end of the financial year, nor at anytime during the financial year, did there subsist any arrangements to which the Company is a party, being arrangements with the object or objects of enabling directors to acquire benefits by means of the acquisition of shares in the Company or shares in, or debentures of any other body corporate.

# DIRECTORS' REPORT (CONT'D)

for the financial year ended 31 December 2011

## STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

- (a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to:
- (i) ascertain that proper allowance has 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) ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company have been written down to amounts which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances:
- (i) which would render 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; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) As at the date of this report:
- (i) there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liability of any other person; and
  - (ii) there are no contingent liabilities in the Group or in the Company which have arisen since the end of the financial year.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.
- (e) 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, in the opinion of the directors, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.
- (f) In the opinion of the directors:
- (i) 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.
  - (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 and of the Company for the current financial year in which this report is made.

## AUDITORS

The auditors, Messrs Paul Chuah & Co., have indicated their willingness to continue in office.

On behalf of the board

**TANG TAT CHUN**

**LAI SZE PHENG**

Kuala Lumpur  
Date: 3 April 2012

## STATEMENT BY DIRECTORS

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

In the opinion of the directors, the financial statements set out on pages 34 to 77 are drawn up in accordance with the provisions of the Companies Act, 1965 and the 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 2011 and of the financial performance and cash flows of the Group and of the Company for the year then ended.

Signed in accordance with a resolution of the directors

**TANG TAT CHUN**

**LAI SZE PHENG**

Kuala Lumpur  
Date: 3 April 2012

## STATUTORY DECLARATION

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

I, Tang Tat Chun, being the director responsible for the financial management of Goh Ban Huat Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 34 to 77 are 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.

**TANG TAT CHUN**

Subscribed and solemnly declared at Kuala Lumpur, Wilayah Persekutuan on 3 April 2012

Before me:

Kapt (B) Affandi Bin Ahmad (W 602)

Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

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

## 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 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 34 to 77.

### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with applicable Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *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 about 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 judgment, including the assessment of risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal controls relevant to the Company's preparation of financial statements that give a true and fair view 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 controls. An audit also includes evaluating the appropriateness of 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 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 2011 and of their financial performance and cash flows for the year then ended.

## Reporting on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, 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 subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) The audit reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment 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 Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

# INDEPENDENT AUDITORS' REPORT

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

## Other Reporting Responsibilities

The supplementary information set out in Note 31 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**PAUL CHUAH & CO.**  
No. AF 1056  
Chartered Accountants

**CHUAH SUE YIN**  
No. 2540/04/12 (J)  
Partner of the firm

Kuala Lumpur  
Date : 3 April 2012

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2011

	NOTE	2011 RM	2010 (As restated) RM
REVENUE	7	43,730,392	40,681,355
COST OF SALES		(31,507,604)	(37,025,706)
GROSS PROFIT		12,222,788	3,655,649
OTHER INCOME		4,227,913	4,605,601
DISTRIBUTION COSTS		(4,735,094)	(4,372,290)
ADMINISTRATION EXPENSES		(7,769,674)	(6,203,368)
OTHER EXPENSES		(3,322,301)	(2,043,674)
FINANCE COSTS		-	(523,212)
PROFIT/(LOSS) BEFORE TAXATION	8	623,632	(4,881,294)
TAXATION	9	(438)	68,984
PROFIT/(LOSS) FOR THE YEAR		623,194	(4,812,310)
OTHER COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX		-	-
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR		623,194	(4,812,310)
PROFIT/(LOSS) FOR THE YEAR AND TOTAL COMPREHENSIVE PROFIT/(LOSS) ATTRIBUTABLE TO:			
OWNERS OF THE PARENT		623,194	(4,812,310)
EARNINGS/(LOSS) PER SHARE (sen)			
- basic	10	0.34	(3.11)
- diluted	10	0.33	(3.11)

The accompanying notes are an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2011

	NOTE	2011 RM	2010 (As restated) RM
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	129,740,559	131,014,218
Investment properties	12	400,000	400,000
Intangible assets	13	668,428	428,049
Land use rights	14	1,710,509	1,785,096
Other investments	16	55,939	55,939
Other receivable	26	-	333,344
		<b>132,575,435</b>	<b>134,016,646</b>
<b>CURRENT ASSETS</b>			
Inventories	17	10,834,681	8,386,814
Trade and other receivables	18	16,958,242	14,919,644
Tax recoverable		104,219	191,331
Cash and cash equivalents	19	39,851,898	40,983,600
		<b>67,749,040</b>	<b>64,481,389</b>
<b>TOTAL ASSETS</b>		<b>200,324,475</b>	<b>198,498,035</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>			
Share capital	20	185,757,033	185,757,033
Share premium	20	16,358,740	16,358,740
Accumulated losses		(74,903,463)	(75,526,657)
Other reserves	21	63,468,605	63,468,605
<b>TOTAL EQUITY</b>		<b>190,680,915</b>	<b>190,057,721</b>
<b>NON CURRENT LIABILITIES</b>			
Deferred taxation	22	-	29,814
<b>CURRENT LIABILITIES</b>			
Trade and other payables	23	9,613,307	8,410,500
Tax payable		30,253	-
		<b>9,643,560</b>	<b>8,410,500</b>
<b>TOTAL LIABILITIES</b>		<b>200,324,475</b>	<b>198,498,035</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>200,324,475</b>	<b>198,498,035</b>

The accompanying notes are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2011

	Attributable to owners of the Parent					
	Share Capital RM	Share premium- non distributable RM	Revaluation reserve – non distributable RM	Capital reserve- non distributable RM	Warrant reserve – non distributable RM	Accumulated losses RM
At 1 January 2010	61,919,011	16,966,462	97,187,324	1,118,356	-	(55,853,789)
Loss for the year	-	-	-	-	-	(4,812,310)
Total comprehensive loss	-	-	-	-	-	(4,812,310)
<b>Transactions with owners</b>						
Issue of new ordinary shares pursuant to rights issue (Note 20)	123,838,022	-	-	-	-	-
Issue of warrants	-	-	-	-	14,860,558	(14,860,558)
Capitalisation of revaluation surplus for the rights issue	-	-	(49,535,209)	-	-	-
Shares and warrants issuance expenses	-	(607,722)	-	-	(162,424)	-
<b>Total transactions with owners</b>	123,838,022	(607,722)	(49,535,209)	-	14,698,134	(14,860,558)
Balance at 31 December 2010	185,757,033	16,358,740	47,652,115	1,118,356	14,698,134	(75,526,657)
At 1 January 2011	185,757,033	16,358,740	47,652,115	1,118,356	14,698,134	(75,526,657)
Profit for the year	-	-	-	-	-	623,194
Total comprehensive income	-	-	-	-	-	623,194
Balance at 31 December 2011	185,757,033	16,358,740	47,652,115	1,118,356	14,698,134	(74,903,463)

The accompanying notes are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2011

	NOTE	2011 RM	2010 (As restated) RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(loss) before taxation		623,632	(4,881,294)
Adjustments for:			
Allowance for impairment on			
- investment in finance lease		333,344	-
- other investments		-	15,000
- investment properties		-	649,567
- property, plant and equipment		-	2,531,915
- receivables		221,571	222,268
Amortisation of intangible assets		11,329	-
Amortisation of land use rights		74,587	74,587
Bad debts written off		16,513	-
Depreciation		2,554,076	3,059,201
Dividend income		(165)	(99)
Interest expense		-	523,212
Interest income		(1,196,332)	(575,961)
Inventories written down		162,428	-
Inventories written off		-	2,226,493
Net loss from fair value adjustment on other investment		-	7,472
Payables written back		(26,192)	-
Profit from disposal of property, plant and equipment		(23,444)	(684,027)
Property, plant and equipment written off		131,277	219,429
Reversal of allowance for impairment on receivables		(172,713)	(160,080)
Reversal of inventories written down		(503,034)	(950,866)
Sundry deposits written off		26,698	-
Trust income		(1)	(4)
Unrealised (gain)/loss on foreign exchange		(58,772)	31,452
Profit before changes in working capital		2,174,802	2,308,265
Working capital changes:			
Inventories		(2,107,261)	235,126
Trade and other receivables		(2,071,894)	15,954,528
Trade and other payables		1,229,000	(15,107,138)
Cash (outflows)/inflows from operations		(775,353)	3,390,781
Interest paid		-	(523,212)
Interest received		1,196,332	575,961
Trust income received		1	4
Tax paid		(48,888)	(3,665,710)
Tax refunded		136,000	-
Net cash inflows/(outflows) from operating activities		508,092	(222,176)

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

for the year ended 31 December 2011

	NOTE	2011 RM	2010 (As restated) RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividend received		165	99
Proceeds from disposal of property, plant and equipment		166,000	15,400
Purchase of intangible assets		(251,708)	(428,049)
Purchase of property, plant and equipment		(1,554,251)	(1,769,568)
Net cash outflows from investing activities		(1,639,794)	(2,182,118)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of term loans		-	(85,592,154)
Drawdown of term loans		-	50,000,000
Repayment for hire purchase payables		-	(45,738)
Net proceeds from issuance of rights issues		-	74,302,813
Shares and warrants issuance expenses		-	(770,145)
Net cash inflows from financing activities		-	37,894,776
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(1,131,702)	35,490,482
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	19	40,983,600	5,493,118
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	19	39,851,898	40,983,600

The accompanying notes are an integral part of these financial statements.

# STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2011

	NOTE	2011 RM	2010 RM
REVENUE	7	4,350,784	4,135,838
COST OF SALES		(4,125,000)	(4,125,000)
GROSS PROFIT		225,784	10,838
OTHER INCOME		8,106,853	2,355,093
ADMINISTRATION EXPENSES		(1,467,962)	(1,868,452)
OTHER EXPENSES		(7,759,403)	(5,532,618)
FINANCE COSTS		-	(521,570)
LOSS BEFORE TAXATION	8	(894,728)	(5,556,709)
TAXATION	9	-	-
LOSS FOR THE YEAR		(894,728)	(5,556,709)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(894,728)	(5,556,709)
LOSS FOR THE YEAR AND TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
OWNERS OF THE PARENT		(894,728)	(5,556,709)

The accompanying notes are an integral part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

as at 31 December 2011

	NOTE	2011 RM	2010 RM
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	115,112,476	114,958,318
Investment properties	12	400,000	400,000
Land use rights	14	1,710,509	1,785,096
Investments in subsidiary companies	15	31,086,404	686,404
Other investments	16	1,220	1,220
		148,310,609	117,831,038
<b>CURRENT ASSETS</b>			
Trade and other receivables	18	16,056,359	44,180,981
Tax recoverable		17,536	-
Cash and cash equivalents	19	32,838,181	37,301,400
		48,912,076	81,482,381
<b>TOTAL ASSETS</b>		<b>197,222,685</b>	<b>199,313,419</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>			
Share capital	20	185,757,033	185,757,033
Share premium	20	16,358,740	16,358,740
Accumulated losses		(74,852,303)	(73,957,575)
Other reserves	21	65,364,550	65,364,550
<b>TOTAL EQUITY</b>		<b>192,628,020</b>	<b>193,522,748</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	23	4,594,665	5,790,671
<b>TOTAL LIABILITIES</b>		<b>4,594,665</b>	<b>5,790,671</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>197,222,685</b>	<b>199,313,419</b>

The accompanying notes are an integral part of these financial statements.



# STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2011

	Attributable to owners of the Parent					
	Share Capital RM	Share premium- non distributable RM	Revaluation reserve – non distributable RM	Capital reserve- non distributable RM	Warrant reserve – non distributable RM	Accumulated losses RM
At 1 January 2010	61,919,011	16,966,462	97,944,537	2,257,088	-	(53,540,308)
Loss for the year	-	-	-	-	-	(5,556,709)
Total comprehensive loss	-	-	-	-	-	(5,556,709)
<b>Transactions with owners</b>						
Issue of new ordinary shares pursuant to rights issue (Note 20)	123,838,022	-	-	-	-	-
Issue of warrants	-	-	-	-	14,860,558	(14,860,558)
Capitalisation of revaluation surplus for the rights issue	-	-	(49,535,209)	-	-	-
Shares and warrants issuance expenses	-	(607,722)	-	-	(162,424)	-
<b>Total transactions with owners</b>	123,838,022	(607,722)	(49,535,209)	-	14,698,134	(14,860,558)
Balance at 31 December 2010	185,757,033	16,358,740	48,409,328	2,257,088	14,698,134	(73,957,575)
At 1 January 2011	185,757,033	16,358,740	48,409,328	2,257,088	14,698,134	(73,957,575)
Loss for the year	-	-	-	-	-	(894,728)
Total comprehensive loss	-	-	-	-	-	(894,728)
Balance at 31 December 2011	185,757,033	16,358,740	48,409,328	2,257,088	14,698,134	(74,852,303)

The accompanying notes are an integral part of these financial statements.

# STATEMENT OF CASH FLOWS

for the year ended 31 December 2011

	NOTE	2011 RM	2010 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(894,728)	(5,556,709)
Adjustments for:			
Allowance for impairment on			
- investment in a subsidiary company		7,100,000	500,000
- investment property		-	474,567
- receivables		246,456	4,208,764
Amortisation of land use rights		74,587	74,587
Depreciation		251,263	410,482
Dividend income		(165)	(99)
Interest expenses		-	521,570
Interest income		(1,106,688)	(963,631)
Reversal of allowance for impairment on receivables		(7,000,000)	(5,037)
Unrealised loss on foreign exchange		-	1,448
Loss before changes in working capital		(1,329,275)	(334,058)
Working capital changes:			
Trade and other receivables		(280,768)	98,876
Trade and other payables		(23,807)	(9,199,623)
Cash outflows from operations		(1,633,850)	(9,434,805)
Interest paid		-	(521,570)
Interest received		1,106,688	963,631
Tax paid		(17,536)	(1,754,580)
Net cash outflows from operating activities		(544,698)	(10,747,324)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Subscription of shares in subsidiary companies		(37,500,000)	-
Dividends received		165	99
Purchase of property, plant and equipment		(522,421)	-
Proceeds from disposal of property, plant and equipment		117,000	-
Repayment of advances from subsidiary companies		35,158,934	9,229,065
Net cash (outflows)/inflows from investing activities		(2,746,322)	9,229,164
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of advances to subsidiary company		(1,172,199)	(307,957)
Repayment of term loans		-	(85,592,154)
Drawdown of term loans		-	50,000,000
Net proceeds from issuance of rights issues		-	74,302,813
Shares and warrants issuance expenses		-	(770,145)
Net cash (outflows)/inflows from financing activities		(1,172,199)	37,632,557
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(4,463,219)	36,114,397
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	19	37,301,400	1,187,003
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	19	32,838,181	37,301,400

The accompanying notes are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

## 1. BASIS OF PREPARATION

### (a) Statement of compliance

Goh Ban Huat Berhad is a public listed company incorporated and domiciled in Malaysia and is listed on Bursa Malaysia Securities Berhad.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 3 April 2012.

### (b) Basis of preparation

The financial statements are prepared under the historical cost convention unless otherwise indicated in the accounting policies below. The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRSs") in Malaysia.

The accounting policies adopted are consistent with those of previous financial year except as follows:

On 1 January 2011, the Group and the Company adopted the following new FRSs, IC Interpretations and Amendments to published standards mandatory for annual financial periods beginning on or after 1 January 2011:

#### Standards/Interpretations/Amendments

FRS 3 – Business Combinations

FRS 127 – Consolidated and Separate Financial Statements

Amendments to FRS 7 – Improving Disclosures about Financial Instruments

Amendments to FRS 138 – Intangible Assets

Amendments to IC Interpretation 9 – Reassessment of Embedded Derivatives

Amendments to Improvement to FRSs (2010) as follows:

- Amendments to FRS 3      Business Combinations
- Amendments to FRS 7      Financial Instruments: Disclosure
- Amendments to FRS 101    Presentation of Financial Statements
- Amendments to FRS 121    The Effect of Changes in Foreign Exchange Rate
- Amendments to FRS 132    Financial Instruments: Presentation
- Amendments to FRS 134    Interim Financial Reporting
- Amendments to FRS 139    Financial Instruments: Recognition and Measurement

IC Interpretation 4 – Determining whether an Arrangement Contains a Lease

The adoption of the above new FRSs, IC Interpretations and Amendments to published standards do not have any material effect on the financial statements of the Group and the Company.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### for the year ended 31 December 2011

#### 1. BASIS OF PREPARATION (CONT'D)

##### (b) Basis of preparation (cont'd)

The following new FRSs, IC Interpretations and Amendments to published standards have been issued and are relevant to the Group and the Company. However they are not yet effective and are not expected to have any possible material impact on the financial statements. Hence no further disclosure is warranted:

Standards/Interpretations/Amendments	Effective date
IC Interpretation 19 – Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
MFRS 1 – First-time Adoption of Malaysian Financial Reporting Standards	1 January 2012
MFRS 3 – Business Combinations	1 January 2012
MFRS 7 – Financial Instruments :Disclosures	1 January 2012
MFRS 8 – Operating Segments	1 January 2012
MFRS 101 – Presentation of Financial Statements	1 January 2012
MFRS 102 – Inventories	1 January 2012
MFRS 107 – Statement of Cash Flows	1 January 2012
MFRS 108 – Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2012
MFRS 110 – Events after the Reporting Period	1 January 2012
MFRS 112 – Income Taxes	1 January 2012
MFRS 116 – Property, Plant and Equipment	1 January 2012
MFRS 117 – Leases	1 January 2012
MFRS 118 – Revenue	1 January 2012
MFRS 119 – Employee Benefits	1 January 2012
MFRS 121 – The Effects of changes in Foreign Exchange Rates	1 January 2012
MFRS 124 – Related Party Disclosures	1 January 2012
MFRS 127 – Consolidated and Separate Financial Statements	1 January 2012
MFRS 132 – Financial Instruments: Presentation	1 January 2012
MFRS 134 – Interim Financial Reporting	1 January 2012
MFRS 136 – Impairment of Assets	1 January 2012
MFRS 137 – Provisions, Contingent Liabilities and Contingent Assets	1 January 2012
MFRS 138 – Intangible Assets	1 January 2012
MFRS 139 – Financial Instruments: Recognition and Measurement	1 January 2012
MFRS 140 – Investment Property	1 January 2012

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### for the year ended 31 December 2011

#### 1. BASIS OF PREPARATION (CONT'D)

##### (b) Basis of preparation (cont'd)

Standards/Interpretations/Amendments	Effective date (cont'd)	Effective date
IC Interpretation 4 – Determining whether an Arrangement Contains a Lease		1 January 2012
IC Interpretation 9 – Reassessment of Embedded Derivatives		1 January 2012
IC Interpretation 10 – Interim Financial Reporting and Impairment		1 January 2012
IC Interpretation 17 – Distributions of Non-cash Assets to Owners		1 January 2012
IC Interpretation 19 – Extinguishing Financial Liabilities with Equity Instruments		1 January 2012
IC Interpretation 115 – Operating Leases - Incentives		1 January 2012
IC Interpretation 125 – Income Taxes - Changes in the Tax Status of an Entity or its Shareholders		1 January 2012
IC Interpretation 127 – Evaluating the Substance of Transactions involving the Legal Form of a Lease		1 January 2012
Amendments to FRS 7 – Disclosures – Transfer of Financial Assets		1 January 2012
Amendments to FRS 112 – Deferred tax: Recovery of Underlying Assets		1 January 2012
Amendments to MFRS 101 – Presentation of Items of Other Comprehensive Income		1 July 2012
MFRS 10 – Consolidated Financial Statements		1 January 2013
MFRS 12 – Disclosure of Interests in Other Entities		1 January 2013
MFRS 13 – Fair Value Measurement		1 January 2013
MFRS 119 – Employee Benefits (IAS 19 as amended IASB in June 2011)		1 January 2013
MFRS 127 – Separate Financial Statements (IAS 27 as amended by IASB in May 2011)		1 January 2013
Amendments to MFRS 7 – Disclosures: Offsetting Financial Assets and Financial Liabilities		1 January 2013
Amendments to MFRS 132 – Offsetting Financial assets and Financial Liabilities		1 January 2014
MFRS 9 – Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010 respectively)		1 January 2015

##### (c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia which is the Group's and the Company's functional and presentation currency.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### for the year ended 31 December 2011

#### 1. BASIS OF PREPARATION (CONT'D)

##### (d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and the disclosure of contingent liabilities at the reporting date. However uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in the future.

##### Key sources of estimation uncertainty

The key assumptions concerning the future and other major sources of estimation uncertainty at the end of the reporting period that have significant risk of resulting in material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### (i) Impairment of trade receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's and of the Company's receivables at the reporting date are disclosed in note 18.

##### (ii) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' estimated useful lives of 5 to 50 years. The useful lives are determined based on the experience of the management team with reference to the assets expected pattern of consumption. The carrying amounts of the Group's and the Company's property, plant and equipment at the reporting date are disclosed in note 11.

##### (iii) Inventories write down

In estimating net realisable values, management reviews the inventories' aging and applies certain percentage of write down on those inventories that are aged more than one year. The percentage is determined based on the experience and judgement of the management team. The carrying amount at the reporting date is disclosed in note 17.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially of their fair values at the acquisition date. Acquisition related costs are recognised as expenses in the periods in which the costs are incurred and services received.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### for the year ended 31 December 2011

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (a) Basis of consolidation (cont'd)

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquired net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position.

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.

### (b) Subsidiary companies

The Company regards as subsidiary companies those companies in which it holds long term equity interest of more than 50% and/or where it is in a position to control the financial and operating policies. 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.

Investments in subsidiary companies are stated at cost. Where an indication of impairment exists, the carrying amount of the subsidiary company is assessed and written down immediately to its recoverable amount.

### (c) Property, plant and equipment

All items of property, plant and equipment are initially recorded at costs.

Subsequent costs are included in the assets' carrying amounts or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Group and the costs of the items can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in statement of comprehensive income as incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Certain freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of revaluation, if any. Valuation is performed where in the opinion of the directors the carrying amount differs materially from the fair value at the reporting date.

Surplus arising from revaluation is credited directly to revaluation reserve. Deficit in excess of the revaluation reserve arising from previous revaluation is charged to the profit or loss. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

Freehold land is not depreciated. Other property, plant and equipment are depreciated over their estimated useful lives on a straight-line basis at the following annual rates:

	%
Freehold buildings	2 – 4
Plant and machinery	5 – 10
Equipment, furniture and fittings and motor vehicles	2 – 20

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### for the year ended 31 December 2011

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (c) Property, plant and equipment (cont'd)

The residual values, useful lives and depreciation methods 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 the profit or loss and the unutilised portion of revaluation surplus on that item is taken directly to retained earnings.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

### (d) Inventories

Inventories are valued at the lower of costs and net realisable values. Costs of goods for resale, raw materials and consumables comprise the original costs of purchase and the costs of bringing the inventories to their present locations and conditions. Cost of finished goods and work-in-progress comprise direct materials, direct labour and an appropriate proportion of production overheads based on normal operating capacity. Cost is determined on the "first in, first out" basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

### (e) Foreign currencies

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

### (f) 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 initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at either cost less accumulated depreciation and accumulated impairment losses or fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group and the Company hold it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

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 (CONT'D)

### for the year ended 31 December 2011

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (g) Taxes

Tax charged on the profit or loss for the year comprises current and deferred taxes. Current year 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 reporting date.

Deferred tax liabilities and assets are provided for under the liability method in respect of temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base including unused tax losses and capital allowances. 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 the tax laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

### (h) Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over their estimated useful lives on a straight-line basis of 20%.

Where an indication of impairment exists, the carrying amount of the assets is assessed and written down immediately to its recoverable amount.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Gain or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

### (i) Revenue recognition

Revenue is recognised when it is probable that future economic benefits will flow to the entity and the revenue can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from sales of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyers.

Interest income is recognised on using the effective interest method.

Rental income is accounted for on a straight-line basis over the lease terms.

Dividend income is recognised when the right to receive payment has been established.

### (j) Impairment of assets

The carrying amounts of the Group's and Company's assets other than investment properties at fair value, inventories, deferred tax assets and financial 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 and an impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### for the year ended 31 December 2011

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (j) Impairment of assets (cont'd)

The impairment loss is recognised in the profit or loss immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation surplus account to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to the profit or loss.

All reversals of an impairment loss are recognised as income immediately in the profit or loss except for the reversal of an impairment loss on a revalued assets where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation surplus account of the same asset.

### (k) Financial assets

The Group and the Company shall recognise a financial asset on their statements of financial position when the entity becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all their risks and rewards of ownership of the financial assets.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

At the time of initial recognition, financial assets are classified into the following specified categories: 'fair value through profit or loss, held-to-maturity investments, available-for-sale and loans and receivables'. The classification depends on the purpose of the financial asset.

#### (i) Financial assets at fair value through profit or loss ( "FVTPL" )

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term;
- Part of a portfolio of identified financial instruments that are managed together and there are recent actual pattern of short-term profit-taking;
- It is a derivative (except for financial guarantee contract or a designated and effective hedging instrument).

#### (ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates and that the Group and the Company has positive intention and ability to hold to maturity.

#### (iii) Loans and receivables

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

#### (iv) Available- for- sale financial assets ( "AFS" )

AFS are non- derivative financial assets that are designated as available- for-sale or are not classified as loans and receivables, held-to-maturity investments or FVTPL.

Investments in unquoted equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### for the year ended 31 December 2011

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (k) Financial assets (cont'd)

#### (iv) Available- for- sale financial assets ("AFS") (cont'd)

FVTPL and AFS are subsequently carried at fair value. Held-to-maturity investments and loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in fair value from FVTPL are recognised in profit or loss.

Gains or losses arising from changes in fair value from AFS are recognised directly in equity.

Gains or losses from financial assets carried at amortised costs are recognised through profit or loss.

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets are impaired.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the asset shall be reduced directly through use of an allowance account. The amount of the loss is recognised in profit or loss. If there is reversal of previously recognised impairment loss, it is reversed either directly or by adjusting an allowance account. The reversal shall not result in carrying amount of the financial assets exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment loss is reversed. The amount of reversal is recognised in profit or loss.

For investment securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost, significant financial difficulties of issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence of impairment.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value less any impairment loss recognised in profit or loss, is transferred from equity to profit or loss. Impairment losses are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income.

For unquoted equity instruments carried at cost, if there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

### (l) Financial Liabilities

The Group and the Company shall recognise a financial liability on their statements of financial position when the entity becomes a party to the contractual provisions of the instruments.

Financial liabilities are derecognised when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

#### (i) Financial liabilities at fair value through profit or loss ("FVTPL")

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term;

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### for the year ended 31 December 2011

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (l) Financial Liabilities (cont'd)

#### (i) Financial liabilities at fair value through profit or loss ("FVTPL") (cont'd)

- Part of a portfolio of identified financial instruments that are managed together and there are recent actual pattern of short-term profit-taking;
- It is a derivative (except for financial guarantee contract or a designated and effective hedging instrument).

#### (ii) Other financial liabilities

Other financial liabilities are financial liabilities that are not classified as financial liabilities at FVTPL.

Other financial liabilities are initially recognised at fair value plus transactions costs. Financial liabilities carried at fair value through profit or loss are initially recognised at fair value and transactions costs are expensed in the profit or loss.

Other financial liabilities are subsequently carried at amortised cost using the effective interest method. Financial liabilities at FVTPL are measured at fair value except for derivatives liability that are linked to and must be settled by delivery of such unquoted equity instruments whose fair value cannot be reliably measured are measured at cost.

Gains or losses arising from changes in fair value from financial liabilities classified at FVTPL are recognised in profit or loss.

Gains or losses from other financial liabilities carried at amortised costs are recognised through profit or loss.

### (m) Derivative financial instruments

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting period. The method of recognising gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

An embedded derivative shall be separated from the host contract and accounted for as a separate derivative if the risks and characteristics of the embedded derivative are not closely related to the economic characteristics and risks of the host contracts, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid instrument is not measured at fair value with changes in fair value recognised in profit or loss.

### (n) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to cash with insignificant risk of changes in value.

### (o) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### for the year ended 31 December 2011

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (p) Employee benefits

#### (i) Short term employee benefits

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

#### (ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF").

### (q) Lease

#### (i) Classifications

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. All leases that do not transfer substantially all the risks and reward are classified as operating leases.

#### (ii) Operating leases – the Group and the Company as lessor

Assets leased out under operating leases are presented on the statement of financial position according to the nature of the assets. Rental income from operating leases is recognised on straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### (iii) Operating leases – the Group and the Company 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 expenses over the lease term on a straight-line basis.

In the case of a lease of land, the up-front payment represents prepaid lease payments for land use rights and are amortised on a straight-line basis over the lease term.

Prepaid land lease payments are amortised over the lease periods between 28 years to 72 years.

### (r) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in note 27, including the factor used to identify the reportable segments and the measurement basis of segment information.

### (s) Earning per share ("EPS")

Basis EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### for the year ended 31 December 2011

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (s) Earning per share ("EPS") (cont'd)

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares in issued during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

## 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's operating, investing and financing activities expose the Group and the Company to market risk, credit risk, liquidity risk and interest rate risk. The Group's and the Company's overall risk management programme is to focus on minimising the potential adverse effects on the Group's and the Company's financial performance.

The Board of Directors review and agree policies and procedures for the management of these risks. The Audit Committee also provides independent oversight to the effectiveness of the risk management process.

### (a) Market risk

#### (i) Foreign currency risk management

The Group is exposed to foreign risk primarily arising from Singapore Dollar (SGD), US Dollar (USD), Brunei Dollar (BD), New Zealand Dollar (NZ) and Sterling Pound (GBP).

During the year, there is no formal hedging policy with respect to foreign exchange risk exposure. The Group monitors its foreign exchange risk exposure on an on-going basis and endeavour to keep the net exposure at an acceptable level.

As at 31 December 2011, if the Ringgit Malaysia strengthened by 5% against the following currencies, this will result in a further (decrease)/increase in the Group's profit and equity. This sensitivity analysis assumes that all other variables are held constant.

	←	USD	SGD	GROUP	NZ	GBP	→
		2011	2011	BD	2011	2011	
		RM	RM	2011	RM	RM	
				RM			
Profit and equity		(60,161)	(757)	(1,595)	21,323	147	
		(i)	(ii)	(iii)	(iv)	(v)	

As at 31 December 2011, if the Ringgit Malaysia weakened by 5% against the following currencies, this will result in a further increase/(decrease) in the Group's profit and equity. This sensitivity analysis assumes that all other variables are held constant.

	←	USD	SGD	GROUP	NZ	GBP	→
		2011	2011	BD	2011	2011	
		RM	RM	2011	RM	RM	
				RM			
Profit and equity		60,161	757	1,595	(21,323)	(147)	
		(i)	(ii)	(iii)	(iv)	(v)	

(i) This is mainly attributable to the foreign exchange exposure of outstanding USD denominated receivables at the end of the reporting period.

(ii) This is mainly attributable to the foreign exchange exposure of outstanding SGD denominated receivables at the end of the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### for the year ended 31 December 2011

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (a) Market risk (cont'd)

##### (i) Foreign currency risk management (cont'd)

- (iii) This is mainly attributable to the foreign exchange exposure of outstanding BD denominated receivables at the end of the reporting period.
- (iv) This is mainly attributable to the foreign exchange exposure of outstanding NZ denominated payables at the end of the reporting period.
- (v) This is mainly attributable to the foreign exchange exposure of outstanding GBP denominated payables at the end of reporting period.

##### (ii) Market price risk management

Market price risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market prices.

The Group and the Company are exposed to equity price risk arising from their investments in quoted equity instruments. The quoted equity instruments in Malaysia and listed on Bursa Malaysia. These instruments are classified as available-for-sale financial assets.

As at the reporting date, the Group's and Company's results are not materially affected by the movement in market price as the Group's and Company's investment in quoted equity instruments is not significant. Hence the Group and Company has minimum market price risk.

#### (b) Credit risk management

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables.

For banks and financial institutions, only major banks are accepted.

The Group's and Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure.

For customer, credit control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits are set and approved by authorised personnel and credit limits are regularly monitored.

As at the reporting date, the Group has no significant concentration of credit risk. Whereas 47% of the Company's receivables were due from a subsidiary company.

#### (c) Liquidity risk management

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables.

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 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 debts 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. The Group and the Company have no borrowings as at the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### for the year ended 31 December 2011

#### 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

##### (c) Liquidity risk management (cont'd)

	Within 1 year RM
<b>GROUP</b>	
<b>As at 31 December 2011</b>	
<b>Non-derivative financial liabilities</b>	
Trade and other payables	<u>9,613,307</u>
<b>As at 31 December 2010 (As restated)</b>	
<b>Non-derivative financial liabilities</b>	
Trade and other payables	<u>8,410,500</u>
	<b>Within 1 year RM</b>
<b>COMPANY</b>	
<b>As at 31 December 2011</b>	
<b>Non-derivative financial liabilities</b>	
Trade and other payables	<u>4,594,665</u>
<b>As at 31 December 2010</b>	
<b>Non-derivative financial liabilities</b>	
Trade and other payables	<u>5,790,671</u>

##### (d) Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their fixed deposits with licensed banks.

The Group's and the Company's exposure to interest rate risk is minimum because their interest bearing fixed deposits are at fixed rate. Thus any change to the interest rate have immaterial effect to the profit and equity.

#### 4. CAPITAL RISK MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and to maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company's capital management is dependent on capital requirements of the business or investments. Management would evaluate various options taking into consideration market conditions, nature of investment and the Company's structure. As at 31 December 2011, the Company has no external borrowings. As a result, the Company does not set a policy on maintaining its capital structure at a specific gearing ratio.

The Group and the Company is not subject to any externally imposed capital requirements.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### for the year ended 31 December 2011

#### 5. FINANCIAL INSTRUMENTS BY CATEGORIES AND ITS FAIR VALUE ESTIMATION

##### FINANCIAL INSTRUMENTS BY CATEGORIES

GROUP	2011 RM	2010 (As restated) RM
<b>Financial assets</b>		
Loans and receivables		
- Trade and other receivables excluding prepayments	16,893,549	14,890,130
- Cash and cash equivalents	39,851,898	40,983,600
Available-for-sale financial assets		
- Unquoted shares at cost	53,700	53,700
- Transferable club membership	-	-
Financial assets at fair value through profit or loss (FVTPL)		
- Quoted shares	2,239	2,239
<b>Financial liabilities</b>		
Other financial liabilities		
- Trade and other payables	9,613,307	8,410,500

COMPANY	2011 RM	2010 RM
<b>Financial assets</b>		
Loans and receivables		
- Trade and other receivables excluding prepayments	16,044,216	44,179,330
- Cash and cash equivalents	32,838,181	37,301,400
Financial assets at fair value through profit or loss (FVTPL)		
- Quoted shares	1,220	1,220
<b>Financial liabilities</b>		
Other financial liabilities		
- Trade and other payables	4,594,655	5,790,671

##### FAIR VALUE ESTIMATION

Fair value hierarchy is as follows:

- Level 1 - quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Quoted shares are measured at Level 1 of the fair value hierarchy.

Unquoted shares represents a share held in a golf club and shares in a public company. It is not practical to determine the fair value of unquoted shares and transferable club membership due to lack of comparable quoted prices in active market. In addition, it is impractical to use valuation technique to estimate the fair value reliably as a result of significant variability in the inputs of the valuation technique.

Other than quoted shares, unquoted shares and transferable club membership, financial assets and financial liabilities are not carried at fair value but their carrying amounts are reasonable approximation of their fair value due to their short term nature.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### for the year ended 31 December 2011

#### 6. PRIOR YEAR ADJUSTMENT

A subsidiary company's revenue and related expenses relating to a project have been understated in the financial statements for the year ended 31 December 2010. Inventories as at 31 December 2010 relating to that project have also not been accounted for. There is no effect to the consolidated loss for the financial year ended 31 December 2010. As such, the Group's financial statements for the financial year ended 31 December 2010 have been restated retrospectively to reflect the above.

	As previously reported RM	Prior year adjustment RM	As restated RM
<b>Consolidated Statement of Comprehensive Income</b>			
Revenue	39,665,037	1,016,318	40,681,355
Cost of sales	(36,009,388)	(1,016,318)	(37,025,706)
<b>Consolidated Statement of Financial Position</b>			
Inventories	9,054,474	(667,660)	8,386,814
Trade and other receivables	13,903,326	1,016,318	14,919,644
Trade and other payables	8,061,841	348,659	8,410,500

#### 7. REVENUE

	GROUP		COMPANY	
	2011 RM	2010 (As restated) RM	2011 RM	2010 RM
Sale of goods	39,794,328	36,960,237	-	-
Operating lease – rental income from premises*	3,936,064	3,721,118	4,350,784	4,135,838
	43,730,392	40,681,355	4,350,784	4,135,838

\* For the Group and the Company, these consist of cancellable operating leases whereby 2 months' notice is required to terminate the agreements.

#### 8. PROFIT/(LOSS) BEFORE TAXATION

	GROUP		COMPANY	
	2011 RM	2010 (As restated) RM	2011 RM	2010 RM
<b>Profit/(loss) before taxation is stated after charging and (crediting):</b>				
Allowance for impairment on				
- investment property	-	649,567	-	474,567
- investment in finance lease	333,344	-	-	-
- investment in a subsidiary company	-	-	7,100,000	500,000
- property, plant and equipment	-	2,531,915	-	-
- other investment	-	15,000	-	-
- receivables	221,571	222,268	246,456	4,208,764
Amortisation of intangible assets	11,329	-	-	-
Amortisation of land use rights	74,587	74,587	74,587	74,587
Auditors' remuneration				
- current year	100,500	125,000	40,500	50,000
- over provision in prior year	(35,000)	(4,000)	(15,000)	-

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the year ended 31 December 2011

### 8. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	GROUP		COMPANY	
	2011 RM	2010 (As restated) RM	2011 RM	2010 RM
<b>Profit/(loss) before taxation is stated after charging and (crediting): (cont'd)</b>				
Bad debts written off	16,513	-	-	-
Cost of inventories charged to expenses	29,698,552	30,783,376	-	-
Depreciation	2,554,076	3,059,201	251,263	410,482
Direct operating expenses of investment properties				
- non-rental generating properties	-	799	-	-
Directors' remuneration				
- fees	90,000	85,625	90,000	85,625
- other emoluments *	1,152,860	661,332	689,426	661,332
FVTPL – Net loss from fair value adjustment on other investments	-	7,472	-	-
FVTPL – Gross dividend income from				
- quoted shares in Malaysia	(165)	(99)	(165)	(99)
Interest income from loans and receivables				
- fixed deposits	(1,154,573)	(525,993)	(1,106,688)	(455,455)
- investment in finance lease	(39,022)	(49,968)	-	-
- loans to subsidiary companies	-	-	-	(508,176)
- money market	(2,737)	-	-	-
Interest expense				
- term loans	-	521,570	-	521,570
- hire purchase	-	1,642	-	-
Inventories written down	162,248	-	-	-
Inventories written off	-	2,226,493	-	-
Loss/(gain) on foreign exchange				
- realised	16,889	29,383	-	-
- unrealised	(58,772)	31,452	-	1,448
Operating lease - rental of				
- equipment and machinery**	223,297	269,595	-	-
- premises**	6,937,388	5,574,080	4,125,000	4,125,000
Payables written back	(26,192)	-	-	-
Profit from disposal of property, plant and equipment	(23,444)	(684,027)	-	-
Property, plant and equipment written off	131,277	219,429	-	-
Reversal of allowance for impairment on receivables	(172,713)	(160,080)	(7,000,000)	(5,037)
Reversal of inventories written down	(503,034)	(950,866)	-	-
Staff costs*	8,344,051	7,796,918	90,773	56,417
Sundry deposits written off	26,698	-	-	-
Trust income received	(1)	(4)	-	-

\* Included in staff costs and directors' other emoluments of the Group and of the Company are amounts totalling RM893,781 (2010: RM730,875) and RM83,346 (2010: RM74,214) contributed to the Employees' Provident Fund.

\*\* These consist of cancellable and non-cancellable operating leases. For cancellable operating leases either no notice or 2 months' notice are required for termination of these agreements.

For non-cancellable operating leases, the lease commitments are disclosed in note 25 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### for the year ended 31 December 2011

#### 9. TAXATION

	GROUP	
	2011 RM	2010 RM
(a) Current Malaysian taxation	30,252	-
Deferred taxation (Note 22)	(29,814)	(69,691)
	438	(69,691)
Underprovision of taxation in prior years	-	707
	438	(68,984)

There is no provision for taxation for the Company because there is no chargeable income for the current and prior years.

#### (b) Reconciliation of tax expense and accounting profit/(loss) :

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Accounting profit/(loss)	623,632	(4,881,294)	(794,728)	(5,556,709)
Tax at the applicable tax rate	155,908	(1,220,324)	(198,682)	(1,389,177)
Tax effect of expenses that are not deductible in determining taxable profit	2,833,079	359,826	1,912,025	1,433,887
Tax effect of income that are not included in determining taxable profit	(2,467,060)	(620,389)	(1,775,000)	(223,945)
Movement from unrecognised deferred assets	(496,872)	1,411,196	61,657	179,235
Overprovision of deferred tax liability in prior year	(24,617)	-	-	-
Current tax expense / (write back)	438	(69,691)	-	-

The current corporate tax rate is 25% (2010: 25%). Consequently, deferred tax liabilities in note 22 are measured using this tax rate.

#### (c) The Company has unabsorbed capital allowances and unused tax losses of approximately RM6,300,000 (2010: RM6,000,000) available for set off against future taxable income.

#### 10. EARNINGS/(LOSS) PER SHARE

##### (a) Basic earnings/(loss) per share

The basic earnings/(loss) per share is calculated based on the consolidated profit/loss for the year attributable to owners of the parent of RM632,194 (2010: RM4,812,310) and the weighted average of 185,757,033 (2010: 154,797,528) ordinary shares issued and paid up during the financial year.

##### (b) Diluted earnings/(loss) per share

The diluted earnings/(loss) per share is calculated based on the consolidated profit/loss for the year attributable to owners of the parent of RM632,194 (2010: RM4,812,310) and the weighted average of 189,785,261 (2010: 154,797,528) ordinary shares issued and paid up during the financial year.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### for the year ended 31 December 2011

#### 11. PROPERTY, PLANT AND EQUIPMENT

2011 GROUP	Freehold land RM	Freehold buildings RM	Plant and machinery RM	Equipment, furniture and fittings and motor vehicles RM	Total RM
<b>At cost or valuation</b>					
At 1 January 2011	113,137,229	13,892,692	79,291,670	10,638,852	216,960,443
Additions	-	-	297,458	1,256,793	1,554,251
Disposals	-	-	(2,014,891)	(541,866)	(2,556,757)
Written off	-	-	(19,931,271)	(2,156,518)	(22,087,789)
At 31 December 2011	113,137,229	13,892,692	57,642,966	9,197,261	193,870,148

<b>Analysis of cost and valuation</b>					
At cost	-	1,621,769	57,642,966	9,197,261	68,461,996
At valuation	113,137,229	12,270,923	-	-	125,408,152
	113,137,229	13,892,692	57,642,966	9,197,261	193,870,148

#### Accumulated depreciation

At 1 January 2011	-	12,106,129	60,160,826	9,134,382	81,401,337
Charge for the year	-	198,167	2,040,929	314,980	2,554,076
Disposals	-	-	(2,014,891)	(399,309)	(2,414,200)
Written off	-	-	(15,303,720)	(2,107,904)	(17,411,624)
At 31 December 2011	-	12,304,296	44,883,144	6,942,149	64,129,589

#### Accumulated impairment loss

At 1 January 2011	-	-	4,506,109	38,779	4,544,888
Written off	-	-	(4,506,109)	(38,779)	(4,544,888)
At 31 December 2011	-	-	-	-	-

#### Net book value

At 31 December 2011	113,137,229	1,588,396	12,759,822	2,255,112	129,740,559
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#### 2010 GROUP

#### At cost or valuation

At 1 January 2010	113,137,229	13,892,692	78,255,651	10,689,204	215,974,776
Additions	-	-	1,188,676	580,892	1,769,568
Disposals	-	-	(119,713)	(370,024)	(489,737)
Written off	-	-	(32,944)	(261,220)	(294,164)
At 31 December 2010	113,137,229	13,892,692	79,291,670	10,638,852	216,960,443

<b>Analysis of cost and valuation</b>					
At cost	-	1,621,769	79,291,670	10,638,852	91,552,291
At valuation	113,137,229	12,270,923	-	-	125,408,152
	113,137,229	13,892,692	79,291,670	10,638,852	216,960,443

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the year ended 31 December 2011

### 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

2010 (CONT'D) GROUP	Freehold land RM	Freehold buildings RM	Plant and machinery RM	Equipment, furniture and fittings and motor vehicles RM	Total RM
<b>Accumulated depreciation</b>					
At 1 January 2010	-	11,689,041	57,766,797	9,325,042	78,780,880
Charge for the year	-	417,088	2,409,093	233,020	3,059,201
Disposals	-	-	(15,064)	(348,945)	(364,009)
Written off	-	-	-	(74,735)	(74,735)
At 31 December 2010	-	12,106,129	60,160,826	9,134,382	81,401,337
<b>Accumulated impairment loss</b>					
At 1 January 2010	-	-	1,974,194	38,779	2,012,973
Charge for the year	-	-	2,531,915	-	2,531,915
At 31 December 2010	-	-	4,506,109	38,779	4,544,888
<b>Net book value</b>					
At 31 December 2010	113,137,229	1,786,563	14,624,735	1,465,691	131,014,218

2011 COMPANY	Freehold land RM	Freehold buildings RM	Motor vehicle RM	Total RM
<b>At cost or valuation</b>				
At 1 January 2011	113,137,229	13,885,056	-	127,022,285
Addition	-	-	522,421	522,421
Disposals	-	-	(117,000)	(117,000)
At 31 December 2011	113,137,229	13,885,056	405,421	127,427,706

<b>Analysis of cost and valuation</b>				
At cost	-	1,614,133	405,421	2,019,554
At valuation	113,137,229	12,270,923	-	125,408,152
	113,137,229	13,885,056	405,421	127,427,706

<b>Accumulated depreciation</b>				
At 1 January 2011	-	12,063,967	-	12,063,967
Charge for the year	-	197,207	54,056	251,263
At 31 December 2011	-	12,261,174	54,056	12,315,230
<b>Net book value</b>				
At 31 December 2011	113,137,229	1,623,882	351,365	115,112,476

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### for the year ended 31 December 2011

#### 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM	Freehold buildings RM	Total RM
<b>2010 COMPANY</b>			
<b>At cost or valuation</b>			
At 1 January 2010			
and 31 December 2010	113,137,229	13,885,056	127,022,285
<b>Analysis of cost and valuation</b>			
At cost	-	1,614,133	1,614,133
At valuation	113,137,229	12,270,923	125,408,152
	113,137,229	13,885,056	127,022,285
<b>Accumulated depreciation</b>			
At 1 January 2010	-	11,653,485	11,653,485
Charge for the year	-	410,482	410,482
At 31 December 2010	-	12,063,967	12,063,967
<b>Net book value</b>			
At 31 December 2010	113,137,229	1,821,089	114,958,318

#### Revaluation of land and buildings

The carrying amount of the freehold land approximates its fair value based on independent professional valuation conducted by Rahim & Co., an accredited independent valuers in 2009 by using Comparison Method.

The buildings that 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.

#### 12. INVESTMENT PROPERTIES

	GROUP 2011 RM	2010 RM	COMPANY 2011 RM	2010 RM
<b>Investment property stated at fair value:</b>				
At 1 January and 31 December	400,000	400,000	400,000	400,000
<b>Investment property stated at cost:</b>				
<b>At cost</b>				
At 1 January	294,500	294,500	-	-
Written off	(294,500)	-	-	-
At 31 December	-	294,500	-	-
<b>Accumulated impairment</b>				
At 1 January	294,500	119,500	-	-
Charge for the year	-	175,000	-	-
Written off	(294,500)	-	-	-
At 31 December	-	294,500	-	-
<b>Net carrying amount</b>				
At 31 December	-	-	-	-
<b>Total investment properties</b>	400,000	400,000	400,000	400,000

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### for the year ended 31 December 2011

#### 12. INVESTMENT PROPERTIES (CONT'D)

The investment properties comprised freehold land and buildings.

The fair value of investment property has been determined based on the valuation as at the reporting date. Valuation has been performed by an accredited independent valuer using comparison valuation model.

#### 13. INTANGIBLE ASSETS

	GROUP	
	2011 RM	2010 RM
<b>Computer software:</b>		
<b>At cost</b>		
At 1 January	428,049	-
Additions	251,708	428,049
At 31 December	679,757	428,049
<b>Accumulated amortisation</b>		
At 1 January	-	-
Amortisation for the year	11,329	-
At 31 December	11,329	-
<b>Net carrying amount</b>		
At 31 December	668,428	428,049

#### 14. LAND USE RIGHTS

	GROUP AND COMPANY	
	2011 RM	2010 RM
<b>Cost</b>		
At 1 January and 31 December	2,232,620	2,232,620
<b>Accumulated amortisation</b>		
At 1 January	447,524	372,937
Amortisation for the year	74,587	74,587
At 31 December	522,111	447,524
<b>Net carrying amount</b>		
At 31 December	1,710,509	1,785,096
<b>Amount to be amortised:</b>		
- Not later than one year	74,587	74,587
- Later than one year but not later than five years	298,348	298,348
- Later than five years	1,337,574	1,412,161

The land use rights amounting to RM1,497,526 have a remaining tenure of 22 years (2010: 23 years) while the remaining land use rights of RM212,983 which are not transferable, have a remaining tenure of 66 years (2010: 67 years).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### for the year ended 31 December 2011

#### 15. SUBSIDIARY COMPANIES

	COMPANY 2011 RM	2010 RM
Shares in unquoted corporations:		
At cost	68,348,113	30,848,113
Impairment losses	(37,261,709)	(30,161,709)
	31,086,404	686,404

The subsidiary companies which were incorporated in Malaysia are:

Name of company	Principal activities	Group's equity interests	
		2011	2010
		%	%
GBH Ceramics Sdn. Bhd.	Manufacturing and trading of ceramic pipes	100	100
GBH Bathroom Products Sdn. Bhd.	Trading of ceramic wares	100	100
GBH Crown Lynn Sdn. Bhd.	Manufacturing and trading of ceramic tablewares	100	100
GBH Porcelain Sdn. Bhd.	Dormant	100	100
GBH Trading Sdn. Bhd.	Dormant	100	100
GBH Clay Pipes Sdn. Bhd.	Dormant	100	100
Kenangan Dimensi Sdn. Bhd.	Dormant	100	100

#### 16. OTHER INVESTMENTS

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
<b>Available-for-sale financial assets</b>				
Unquoted shares, at cost	58,700	58,700	-	-
Impairment loss	(5,000)	(5,000)	-	-
	53,700	53,700	-	-
Transferable club membership, at cost	15,000	15,000	-	-
Impairment loss	(15,000)	(15,000)	-	-
	-	-	-	-
<b>Financial assets at fair value through profit or loss (FVTPL)</b>				
Quoted shares	2,239	2,239	1,220	1,220
	55,939	55,939	1,220	1,220

Included in the unquoted shares is an amount of RM56,700 representing a share in a golf club.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### for the year ended 31 December 2011

#### 17. INVENTORIES

	GROUP	
	2011 RM	2010 (As restated) RM
<b>At cost</b>		
Raw materials	762,979	221,877
Consumables	458,258	779,962
Work-in-progress	1,410,978	853,686
Finished goods	4,545,941	2,655,430
Goods for resale	2,555,853	-
Goods-in-transit	-	189,604
	<u>9,734,009</u>	<u>4,700,559</u>
<b>At net realisable value</b>		
Goods for resale	344,835	-
Finished goods	755,837	3,686,255
	<u>10,834,681</u>	<u>8,386,814</u>

Inventories are written down based on the experience and judgment of the management team on the basis that they reflect expected selling prices for such inventories. Obsolete inventories are written off. Reversal of inventories written down is due to the inventories being sold above their carrying amounts.

#### 18. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2011 RM	2010 (As restated) RM	2011 RM	2010 RM
Trade receivables	14,065,387	14,618,409	399,679	173,706
Allowance for impairment	(677,294)	(2,488,396)	(174,092)	(30,305)
	<u>13,388,093</u>	<u>12,130,013</u>	<u>225,587</u>	<u>143,401</u>
Other receivables	64,463	320,106	-	-
Deposits	3,550,887	2,233,333	1,332,134	1,287,831
Prepayment	64,693	29,514	12,143	1,651
Investment in finance lease (Note 26)	-	260,978	-	-
Allowance for impairment	(109,894)	(54,300)	(18,300)	(18,300)
	<u>3,570,149</u>	<u>2,789,631</u>	<u>1,325,977</u>	<u>1,271,182</u>
Amounts due from subsidiary companies				
- current accounts	-	-	77,223,037	112,381,971
Allowance for impairment	-	-	(62,718,242)	(69,615,573)
	<u>-</u>	<u>-</u>	<u>14,504,795</u>	<u>42,766,398</u>
	<u>16,958,242</u>	<u>14,919,644</u>	<u>16,056,359</u>	<u>44,180,981</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### for the year ended 31 December 2011

#### 18. TRADE AND OTHER RECEIVABLES (CONT'D)

The currency exposure profile of trade receivables is as follows:

	GROUP		COMPANY	
	2011 RM	2010 (As restated) RM	2011 RM	2010 RM
Ringgit Malaysia	12,766,065	13,566,050	399,679	173,706
Singapore Dollar	1,252,277	937,686	-	-
Brunei Dollar	31,900	31,169	-	-
US Dollar	15,145	83,504	-	-
	<u>14,065,387</u>	<u>14,618,409</u>	<u>399,679</u>	<u>173,706</u>

There is no credit term given to the trade receivables of the Company.

Trade receivables of the Group are non-interest bearing and generally are on 30 days to 90 days terms.

The amounts due from subsidiary companies are non-interest bearing and repayable upon demand.

Ageing analysis of trade receivables:

	GROUP	
	2011 RM	2010 (As restated) RM
Neither past due nor impaired	9,602,226	8,869,590
1 to 30 days past due not impaired	2,530,365	1,649,112
31 to 60 days past due not impaired	826,188	980,328
61 to 90 days past due not impaired	380,794	176,989
91 to 120 days past due not impaired	4,149	236,686
More than 90 days past due not impaired	44,371	217,308
	<u>3,785,867</u>	<u>3,260,423</u>
Impaired	677,294	2,488,396
	<u>14,065,387</u>	<u>14,618,409</u>

Ageing analysis of trade receivables:

	COMPANY	
	2011 RM	2010 RM
Neither past due nor impaired	84,584	126,581
1 to 30 days past due not impaired	66,343	8,520
31 to 60 days past due not impaired	35,367	8,300
61 to 90 days past due not impaired	39,293	-
	<u>141,003</u>	<u>16,820</u>
Impaired	174,092	30,305
	<u>399,679</u>	<u>173,706</u>

#### Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment records with the Group and the Company. These are the customers with more than 2 years of experience with the Group and the Company and losses have occurred infrequently.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### for the year ended 31 December 2011

#### 18. TRADE AND OTHER RECEIVABLES (CONT'D)

The Group's and the Company's trade and other receivables and amounts due from subsidiary companies that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired GROUP		Individually impaired COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Trade receivables				
- nominal amounts	677,294	2,488,396	174,092	30,305
Amounts due from subsidiary companies – nominal amounts	-	-	62,718,242	69,615,573
Deposits – nominal amounts	109,894	54,300	18,300	18,300
Allowance for impairment	(787,188)	(2,542,696)	(62,910,634)	(69,664,178)
	-	-	-	-

Movement in allowance for impairment:

#### GROUP

	Trade receivables RM	Other receivables and deposits RM
<b>2011</b>		
At 1 January 2011	2,488,396	54,300
Additions	165,977	55,594
Reversal of impairment	(172,713)	-
Written off	(1,804,366)	-
At 31 December 2011	677,294	109,894

	Trade receivables RM	Deposits RM
<b>2010</b>		
At 1 January 2010	7,486,674	18,300
Additions	186,268	36,000
Reversal of impairment	(160,080)	-
Written off	(5,024,466)	-
At 31 December 2010	2,488,396	54,300

#### COMPANY

	Trade receivables RM	Deposits RM	Amounts due from subsidiary companies - current accounts RM
<b>2011</b>			
At 1 January 2011	30,305	18,300	69,615,573
Additions	143,787	-	102,669
Reversal of impairment	-	-	(7,000,000)
At 31 December 2011	174,092	18,300	62,718,242

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### for the year ended 31 December 2011

#### 18. TRADE AND OTHER RECEIVABLES (CONT'D)

##### COMPANY (CONT'D)

	Trade receivables RM	Deposits RM	Amounts due from subsidiary companies - current accounts RM
<b>2010</b>			
At 1 January 2010	656,003	18,300	65,406,809
Additions	-	-	4,208,764
Reversal of impairment	(5,037)	-	-
Written off	(620,661)	-	-
At 31 December 2010	30,305	18,300	69,615,573

Trade and other receivables that are determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Deposits that are determined to be impaired at the reporting date relate to deposits that may not be recoverable.

The amounts due from subsidiary companies were impaired at the reporting date as the subsidiary companies may not have the financial capability to make repayment.

#### 19. CASH AND CASH EQUIVALENTS

	GROUP 2011 RM	2010 RM	COMPANY 2011 RM	2010 RM
Cash in hand	1,386	2,326	-	-
Bank balances	5,342,170	2,482,894	495,004	921,131
Short term deposits with:				
Licensed bank	34,508,342	38,498,166	32,343,177	36,380,269
Other financial institutions	-	214	-	-
	39,851,898	40,983,600	32,838,181	37,301,400

Deposits are neither past due nor impaired and are placed with or entered into with reputable licensed banks.

Short term deposits are made for a period of one month for the Group and the Company and earn at respective short term deposit rates. The weighted average effective interest rates as at 31 December 2011 of the Group and the Company range from 2.22% to 3.70% (2010: 1.7% to 3.0%) and 3.35% to 3.70% (2010: 3.0%) respectively.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the year ended 31 December 2011

### 20. SHARE CAPITAL AND SHARE PREMIUM

	GROUP AND COMPANY	
	2011 RM	2010 RM
<b>Ordinary shares of RM1 each</b>		
<b>Authorised</b>		
At 1 January	300,000,000	100,000,000
Created during the year	-	200,000,000
At 31 December	300,000,000	300,000,000
<b>Issued and fully-paid up</b>		
At 1 January	185,757,033	61,919,011
Rights issue of shares	-	123,838,022
At 31 December	185,757,033	185,757,033

The holders of ordinary shares are entitled to receive dividend as and when declared by the Company.

All ordinary shares carry one vote per share without restriction and rank equally with regard to the distribution of Company's residual assets.

	GROUP AND COMPANY	
	2011 RM	2010 RM
<b>Share premium</b>		
At 1 January	16,358,740	16,966,462
Share issuance expenses	-	(607,722)
At 31 December	16,358,740	16,358,740

### 21. OTHER RESERVES

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
<b>Non-distributable</b>				
Capital reserve	1,118,356	1,118,356	2,257,088	2,257,088
Revaluation reserve	47,652,115	47,652,115	48,409,328	48,409,328
Warrant reserve	14,698,134	14,698,134	14,698,134	14,698,134
	63,468,605	63,468,605	65,364,550	65,364,550

#### Warrant reserve

The 61,918,993 warrants were issued on 8 April 2010 pursuant to the Renounceable Two-call Rights Issue of the Company. Each 2010/2020 warrant in issue entitles the warrant holders to subscribe for new ordinary shares in the Company at an exercise price of RM1.00 per ordinary share at any time during the exercise period in accordance with the deed poll.

The said warrants were admitted, listed and quoted on the main market of Bursa Malaysia Securities Berhad on 13 April 2010 and will expire on 7 April 2020.

The number of outstanding warrants as at 31 December 2011 is 61,918,933 (2010: 61,918,933).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### for the year ended 31 December 2011

#### 22. DEFERRED TAXATION

	GROUP 2011 RM	2010 RM
At 1 January	29,814	99,505
Deferred tax expenses originating and reversal of temporary differences	(5,197)	(69,691)
Overprovision of deferred tax liability in prior year	(24,617)	-
Transferred to income statement (Note 9)	(29,814)	(69,691)
At 31 December	-	29,814

The components of deferred tax liabilities and assets that are recognised during the financial year are as follows:

	GROUP 2011 RM	2010 RM	COMPANY 2011 RM	2010 RM
Deferred tax liabilities:				
Capital allowances in excess of depreciation	37,056	-	-	-
Revaluation of properties	332,683	332,683	332,683	332,683
Unrealised gain on foreign exchange	18,607	38,207	-	-
Deferred tax assets:				
Unused tax losses	(369,739)	(332,683)	(332,683)	(332,683)
Unabsorbed capital allowances	(18,607)	(8,393)	-	-
	-	29,814	-	-

The amounts of deferred tax assets that are not recognised in the balance sheet are as follows:

	GROUP 2011 RM	2010 RM	COMPANY 2011 RM	2010 RM
Unused tax losses	17,801,699	17,118,013	1,149,636	1,294,654
Unabsorbed capital allowances	8,023,679	7,780,143	379,809	-
Unabsorbed reinvestment allowances	5,813,982	5,813,982	-	-
Inventories written down	1,522,586	1,572,765	-	-
Others	17,633	111,326	-	-
	33,179,579	32,396,229	1,529,445	1,294,654

#### 23. TRADE AND OTHER PAYABLES

	GROUP 2011 RM	2010 (As restated) RM	COMPANY 2011 RM	2010 RM
Trade payables	4,632,006	4,287,669	22,638	9,960
Other payables and accruals	4,981,301	4,122,831	1,331,510	1,367,995
Amounts due to subsidiary companies – current accounts	-	-	3,240,517	4,412,716
	9,613,307	8,410,500	4,594,665	5,790,671

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### for the year ended 31 December 2011

#### 23. TRADE AND OTHER PAYABLES (CONT'D)

Credit terms of trade payables for current and prior years range from 30 days to 90 days (2010: 30 days to 90 days).

The amounts due to subsidiary companies and other payables are unsecured, non-interest bearing and repayable on demand.

The currency exposure profile of trade payables is as follows:

	GROUP		COMPANY	
	2011 RM	2010 (As restated) RM	2011 RM	2010 RM
Ringgit Malaysia	4,153,161	3,820,678	22,638	9,960
Sterling Pound	2,947	49,133	-	-
Euro	-	1,756	-	-
New Zealand Dollar	426,467	412,710	-	-
US Dollar	49,431	3,392	-	-
	<u>4,632,006</u>	<u>4,287,669</u>	<u>22,638</u>	<u>9,960</u>

#### 24. CAPITAL COMMITMENTS

	GROUP	
	2011 RM	2010 RM
Approved but not contracted for: Property, plant and equipment	<u>3,112,000</u>	<u>1,655,000</u>

#### 25. OPERATING LEASE ARRANGEMENTS

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
The future minimum lease payments payable under non-cancellable operating leases contracted for as at the reporting date but not recognised as payable are as follows:				
Within one year	5,819,470	6,458,340	3,781,250	4,125,000
Between two to five years	66,885	5,821,195	-	3,781,250
	<u>5,886,355</u>	<u>12,279,535</u>	<u>3,781,250</u>	<u>7,906,250</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### for the year ended 31 December 2011

#### 26. OTHER RECEIVABLE

	GROUP 2011 RM	2010 RM
Investment in finance lease		
Minimum rental receivables:		
Gross investment in finance lease		
Within 1 year	300,000	300,000
Between two to five years	50,000	350,000
	350,000	650,000
Less: Future finance charges	(16,656)	(55,678)
	333,344	594,322
Less: Allowance for impairment	(333,344)	-
Present value	-	594,322
Repayment due:		
Within 1 year (Note 18)	-	260,978
Between two to five years	-	333,344
	-	594,322

A subsidiary company has entered into a finance lease with Ceramic Formers Sdn. Bhd. to lease certain of its plant and equipment in 2010. The lease term is 3 years. The rate of interest for the finance lease is about 4.25% (2010: 4.25%) per year. The lease is on a fixed repayment basis.

This lease does not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Investment in finance lease was individually impaired at the reporting date as the debtor is in financial difficulty and has defaulted on payments. This receivable is not secured by any collateral or credit enhancements.

#### 27. SEGMENT INFORMATION

##### (a) Business segments

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

- (i) Manufacturing segment which is in the business of manufacturing and trading of ceramic table wares and ceramic pipes;
- (ii) Trading segment which is in the business of trading of ceramic wares (This arose from cessation of manufacturing of the ceramic wares); and
- (iii) Properties segment which is rental income.

Management monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the year ended 31 December 2011

## 27. SEGMENT INFORMATION (CONT'D)

### (a) Business segments (cont'd)

	Manufacturing		Trading		Properties		Adjustments and eliminations		Per consolidated financial statements	
	2011 RM	2010 RM	2011 RM	2010 RM	2011 RM	2010 RM	2011 RM	2010 RM	2011 (As restated) RM	2010 RM
<b>REVENUE AND EXPENSES</b>										
<b>Revenue</b>										
External customers	36,195,689	36,545,517	3,598,639	-	3,936,064	4,135,838	-	-	43,730,392	40,681,355
Inter-segment sales	2,614	480	-	-	414,720	414,720	(417,334)	(415,200)	-	-
<b>Total revenue</b>	<b>36,198,303</b>	<b>36,545,997</b>	<b>3,598,639</b>	<b>-</b>	<b>4,350,784</b>	<b>4,550,558</b>	<b>(417,334)</b>	<b>(415,200)</b>	<b>43,730,392</b>	<b>40,681,355</b>
<b>Results</b>										
Interest income	(2,737)	(120,506)	(86,907)	-	(1,106,688)	(963,631)	-	508,176	(1,196,332)	(575,961)
Dividend income	-	-	-	-	(165)	(99)	-	-	(165)	(99)
Depreciation	2,257,968	2,643,719	44,845	-	251,263	410,482	-	-	2,554,076	3,059,201
Amortisation of land use rights	-	-	-	-	74,587	74,587	-	-	74,587	74,587
Amortisation on intangible assets	10,250	-	1,079	-	-	-	-	-	11,329	-
Impairment of non-financial assets	-	2,531,915	-	-	-	-	-	-	-	2,531,915
Other material non-cash (income)/expenses	(291,946)	2,807,190	248,318	-	143,787	474,567	13,762	-	(113,921)	3,281,757
<b>Segment profit/(loss)</b>	<b>2,109,180</b>	<b>(4,031,708)</b>	<b>(824,065)</b>	<b>-</b>	<b>(794,728)</b>	<b>(326,374)</b>	<b>132,807</b>	<b>(454,228)</b>	<b>623,194</b>	<b>(4,812,310)</b>
<b>Total Assets</b>	<b>39,253,278</b>	<b>159,189,496</b>	<b>8,741,560</b>	<b>-</b>	<b>197,222,685</b>	<b>39,117,208</b>	<b>(44,893,048)</b>	<b>191,331</b>	<b>200,324,475</b>	<b>198,498,035</b>
<b>Assets</b>										
Additions to non-current assets (property, plant and equipment and intangible assets)	1,151,328	2,197,617	132,209	-	522,421	-	-	-	1,805,958	2,197,617



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the year ended 31 December 2011

### 27. SEGMENT INFORMATION (CONT'D)

#### NOTES

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash (income)/expenses consist of the following items:

	2011 RM	2010 RM
Unrealised gain on foreign exchange	(58,772)	-
Allowance for impairment on investment in finance lease	333,344	-
Reversal of inventories written down	(503,034)	-
Inventories written down	162,248	-
Reversal of allowance for impairment on receivables	(172,713)	-
Allowance for impairment of receivables	221,571	186,268
Property, plant and equipment written off	131,277	219,429
Impairment losses on investment properties	-	649,567
Inventories written off	-	2,226,493
	<u>113,921</u>	<u>3,281,757</u>

C Reconciling items of total reportable segments' profits/(loss) to the Group's profit/(loss) for the year:

	2011 RM	2010 (As restated) RM
Results of non-reportable segment	132,807	-
Finance costs	-	(523,212)
	<u>-</u>	<u>(390,405)</u>

D Reconciling items of total reportable segments' to the Group's assets:

	2011 RM	2010 (As restated) RM
Income tax receivable	-	191,331
Non-reportable segment's total	3,997,292	-
Inter-segment balance	(48,890,340)	-
	<u>(44,893,048)</u>	<u>191,331</u>

The Group's non-current assets are located in Malaysia.

The Group's revenue from external customers by location for customers:

	2011 RM	2010 (As restated) RM
Malaysia	40,657,328	37,012,994
Other	3,073,064	3,668,361
	<u>43,730,392</u>	<u>40,681,355</u>

There is no single customer that contributed 10% or more of the Groups' revenue for the years ended 31 December 2011 and 31 December 2010.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### for the year ended 31 December 2011

#### 27. SEGMENT INFORMATION (CONT'D)

The current trading segment comprises the trading results of a subsidiary company in ceramic wares. In previous years, these results were reported in the manufacturing segment as this subsidiary had also engaged in manufacturing. However the manufacturing activity had ceased in 2010. As of the financial year ended 31 December 2011 the trading activity is reported as an independent segment.

In addition, the results of the dormant companies that were previously included under manufacturing segment are now considered a non-reportable segment due to immateriality.

The comparative information for the above segments has not been restated as it is impractical to do so and the cost to develop it would be excessive. There is also no financial effect to the Group's loss for the year ended 31 December 2010.

#### 28. RELATED PARTY TRANSACTIONS

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Purchases of ceramic tableware from a subsidiary company	-	-	355	-
Operating lease - 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	4,125,000	4,125,000	4,125,000
Operating lease - 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	2,325,000	1,285,000	-	-
Insurance premium paid to Fleet Insurance Agency Sdn. Bhd., a company wholly-owned by a related company in which Tan Sri Dato' Tan Hua Choon is a director of the said company	292,731	301,343	88,450	65,845
Operating lease - Rental income received from subsidiary companies	-	-	(414,720)	(414,720)
Interest income received from subsidiary companies	-	-	-	(508,176)
Purchase a motor vehicle from Tan Sri Dato' Tan Hua Choon, a director of the Company	117,000	-	117,000	-

#### 29. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The key management personnel comprises directors having authority and responsibility for planning, directing and controlling the financial and operating policies of the Group entities and Company either directly or indirectly.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### for the year ended 31 December 2011

#### 29. COMPENSATION OF KEY MANAGEMENT PERSONNEL (CONT'D)

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Short term employee benefits (including directors)	1,242,860	963,957	779,426	748,020

#### 30. COMPARATIVE FIGURES

The comparative figures were not audited by Paul Chuah & Co.

#### 31. SUPPLEMENTARY INFORMATION

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Total accumulated losses of the Company and its subsidiaries:				
Realised	(214,701,836)	(214,302,802)	(74,852,303)	(73,957,575)
Unrealised	58,772	62,325	-	-
	(214,643,064)	(214,240,477)	(74,852,303)	(73,957,575)
Add: Consolidation adjustments	139,739,601	138,713,820	-	-
Total accumulated losses as per consolidated financial statements	(74,903,463)	(75,526,657)	(74,852,303)	(73,957,575)

This supplementary information is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

# ANALYSIS OF SHAREHOLDINGS

as at 3 May 2012

## A. SHARE CAPITAL

Authorised Share Capital	RM300,000,000 (300,000,000 ordinary shares of RM1.00 each)
Issued & Paid-Up Share Capital	RM185,757,033 (185,757,033 ordinary shares of RM1.00 each)
Voting Rights	One vote for each ordinary share held

## B. DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	No. of Shares	%
1 - 99	88	1,889	0.00
100 - 1,000	320	229,464	0.12
1,001 - 10,000	602	2,563,042	1.38
10,001 - 100,000	176	5,212,400	2.81
100,001 to less than 5% of issued shares	20	39,634,558	21.34
5% and above of issued shares	3	138,115,680	74.35
	1,209	185,757,033	100.00

## C. THIRTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	Tan Sri Dato' Tan Hua Choon	53,897,097	29.01
2.	Tan Sri Dato' Tan Hua Choon	42,765,600	23.02
3.	Tan Sri Dato' Tan Hua Choon	41,452,983	22.32
4.	Neoh Poh Lan	7,761,700	4.18
5.	How Yoke Kam	6,807,400	3.66
6.	Lee Pui Inn	5,289,800	2.85
7.	Chew Huat Heng	3,800,000	2.05
8.	Ong Poh Lin	3,171,000	1.71
9.	Ong Wee Shyong	2,443,300	1.32
10.	Gan Lock Yong @ Gan Choon Hur	1,883,400	1.01
11.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sow Huey Shan (MLK)	1,845,000	0.99
12.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Eng Huat (REM-650)	1,478,100	0.80
13.	Chew Boon Seng	1,301,058	0.70
14.	Ong Har Hong	1,152,900	0.62
15.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeong Sin Khong	669,900	0.36
16.	Tan Chong Pen	429,000	0.23
17.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pheng Yin Huah (8080339)	300,000	0.16
18.	Goh Leong Chuan	270,000	0.15
19.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Win Kee (8016787)	254,000	0.14
20.	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Foo Howe Kean	240,000	0.13
21.	Sang Lee Company Sdn Bhd	210,000	0.11

## ANALYSIS OF SHAREHOLDINGS (CONT'D)

as at 3 May 2012

### C. THIRTY LARGEST SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares	%
22.	Chua Tong Hin Hardware Sdn Bhd	168,000	0.09
23.	Leong Liew Geok	160,000	0.09
24.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheong Kuang Huang	96,200	0.05
25.	Lee Ghim Luan	88,500	0.05
26.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ow Choon Yen	87,000	0.05
27.	A.A. Anthony Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loh Chai Keong	85,000	0.05
28.	Liew Thong	84,000	0.05
29.	Tham Kin Foong (John)	83,200	0.04
30.	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Seraya Makmur Sdn Bhd (013)	81,000	0.04

**Remarks:**

*The shareholding of each person are disclosed herein without aggregating the shares from different securities accounts belonging to the same person.*

### D. SUBSTANTIAL SHAREHOLDER

Name of Shareholder	No. of Shares	%
Tan Sri Dato' Tan Hua Choon	138,115,680	74.35

### E. DIRECTORS' INTERESTS IN SHARES

Name of Directors	Direct Interest		Deemed Interest	
	No. of Shares	% of holdings	No. of Shares	% of holdings
Tan Sri Dato' Tan Hua Choon	138,115,680	74.35	-	-
Tan Han Chuan	-	-	138,115,680*	74.35*

\*Deemed interest held via shareholding of his father, Tan Sri Dato' Tan Hua Choon.

# ANALYSIS OF WARRANT HOLDINGS

as at 3 May 2012

## A. WARRANTS 2010/2020

Issued	61,918,993
Exercised to date	NIL
Outstanding	61,918,993
Class of Securities	Warrants 2010/2020
Voting Rights	Every warrant holder present in person or by proxy shall be entitled by a show of hands to one (1) vote and every warrant holder present in person or by proxy shall be entitled on a poll to one (1) vote for each share to which such holder would be entitled at the exercise price on the exercise in full of the Exercise Rights represented by such holder's warrant.

## B. DISTRIBUTION OF WARRANT HOLDINGS

Size of Holdings	No. of Holders	No. of Warrants	%
1 - 99	56	2,027	0.00
100 - 1,000	188	139,912	0.22
1,001 - 10,000	327	1,254,903	2.03
10,001 - 100,000	88	2,531,275	4.09
100,001 to less than 5% of issued warrants	23	11,702,686	18.90
5% and above of issued warrants	3	46,288,190	74.76
	685	61,918,993	100.00

## C. THIRTY LARGEST WARRANT HOLDERS

No.	Name of Warrant Holders	No. of Warrants	%
1.	Tan Sri Dato' Tan Hua Choon	17,965,699	29.01
2.	Tan Sri Dato' Tan Hua Choon	14,255,200	23.02
3.	Tan Sri Dato' Tan Hua Choon	14,067,291	22.72
4.	Neoh Poh Lan	1,677,300	2.71
5.	How Yoke Kam	1,641,500	2.65
6.	Chew Huat Heng	1,100,000	1.78
7.	Ong Poh Lin	1,057,000	1.71
8.	Ong Wee Shyong	810,100	1.31
9.	Lee Pui Inn	634,800	1.03
10.	Gan Lock Yong @ Gan Choon Hur	627,800	1.01
11.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sow Huey Shan (MLK)	615,000	0.99
12.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Eng Huat (REM-650)	492,700	0.80
13.	Chew Boon Seng	433,686	0.70
14.	Ong Har Hong	384,300	0.62
15.	Liew Yoon Peck	235,000	0.38
16.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeong Sin Khong	223,300	0.36
17.	Liew Thong	217,600	0.35

## ANALYSIS OF WARRANT HOLDINGS (CONT'D)

as at 3 May 2012

### C. THIRTY LARGEST WARRANT HOLDERS (CONT'D)

No.	Name of Warrant Holders	No. of Warrants	%
18.	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon (001)	210,000	0.34
19.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Luke Koh Earn Ten (REM 650-MARGIN)	205,900	0.33
20.	Teo Kwee Hock	179,200	0.29
21.	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Teh Teaw Kee	175,500	0.28
22.	Chee Chern Huan	170,000	0.27
23.	Lim Mooi Tean	160,000	0.26
24.	Wong Yook Phooi	159,000	0.26
25.	Lim Phee Lin	150,000	0.24
26.	Tan Chong Pen	143,000	0.23
27.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pheng Yin Huah (8080339)	100,000	0.16
28.	Lee Soon Ann	93,000	0.15
29.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheong Kuang Huang	92,600	0.15
30.	Lau Jun Tuck @ Lau Chin Tack	89,000	0.14

**Remarks:**

*The warrant holding of each person are disclosed herein without aggregating the warrants from different securities accounts belonging to the same person.*

### D. DIRECTORS' INTERESTS IN WARRANTS

Name of Directors	Direct Interest		Deemed Interest	
	No. of Warrants	% of holdings	No. of Warrants	% of holdings
Tan Sri Dato' Tan Hua Choon	46,288,190	74.76	-	-
Tan Han Chuan	-	-	46,288,190*	74.76*

\*Deemed interest held via warrant holding of his father, Tan Sri Dato' Tan Hua Choon.



# LIST OF GROUP PROPERTIES

The Properties included under Land and Building as at 31 December 2011 are indicated below:-

LOCATION / ADDRESS ALL MUKIM OF BATU, FEDERAL TERRITORY KUALA LUMPUR	LAND AREA (SQ METER)	TENURE	EXISTING USE	APPROXIMATE AGE OF BUILDING (YEARS)	NET BOOK VALUE OF PROPERTIES IN EXISTINGS STATE (RM)	DATE OF LAST REVALUATION (R)/ DATE OF ACQUISITION (A)
Lot no : 46260 (formerly known as Lot P.T. no: 555)	725	Leasehold (Expiring 05/09/2033)	Storage Yard	36	292,643	2004 ( R )
Lot no : 46262 (formerly known as Lot P.T no: 556)	2,985	Leasehold (Expiring 05/09/2033)	Storage Yard	31	1,204,883	2004 ( R )
Lot no: 46261 (formerly known as Lot P.T no: 6049)	274	Leasehold (Expiring 27/08/2077)	Storage Yard	36	212,983	2004 ( R )
Lot no: 1470	15,862	Freehold	Factory Land & Building	35	34,225,116	2009 ( R )-(Land) 1989 ( R )-(Building)
Lot no: 2983	4,044	Freehold	Factory Land & Building	60	9,037,725	2009 ( R )-(Land) 1989 ( R )-(Building)
Lot no: 3680	5,481	Freehold	Office Building & Residential Bungalow	60	12,698,281	1989 ( R )
Lot no: 2984	26,362	Freehold	Factory Land & Building	60	57,416,789	2009 ( R )-(Land) 1989 ( R )-(Building)
Lot no: 4397	545	Freehold	Storage Yard	60	1,184,000	2009 ( R )
Lot no: 38755	93	Freehold	Access Road	66	199,200	2009 ( R )
Lot no: 0021928	268	Freehold	Shoplot	11	400,000	1998 ( A )

# GOH BAN HUAT BERHAD

(Company No. 1713-A) (Incorporated in Malaysia)

## PROXY FORM

I/We..... NRIC No./Company No. ....  
(FULL NAME IN BLOCK LETTERS)

of.....  
(FULL ADDRESS)

being a member of **GOH BAN HUAT BERHAD** hereby appoint .....

..... NRIC No. ....  
(FULL NAME IN BLOCK LETTERS)

of.....  
(FULL ADDRESS)

representing.....percentage (%) of my/our shareholdings in the Company and/or failing him/her

..... NRIC No. ....  
(FULL NAME IN BLOCK LETTERS)

of .....  
(FULL ADDRESS)

representing ..... percentage (%) of my/our shareholdings in the Company and/or failing him/her/ them, the **Chairman of the Meeting** as my/our proxy/proxies to vote for me/us on my/our behalf, at the Sixty-Fifth Annual General Meeting ("65th AGM") of the shareholders of the Company to be held at Bukit Kiara Equestrian and Country Resort, Dewan Berjaya Room, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Tuesday, 26 June 2012 at 11.00 a.m. or any adjournment thereof.

My/our proxy shall vote as follows:

Ordinary Business	FOR	AGAINST
Ordinary Resolution No. 1		
Ordinary Resolution No. 2(a)		
Ordinary Resolution No. 2(b)		
Ordinary Resolution No. 2(c)		
Ordinary Resolution No. 3		
Ordinary Resolution No. 4		

*(Please indicate with an "X" in the spaces provided on how you wish your vote to be cast. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit)*

No. of shares held

\_\_\_\_\_  
Signature/Common Seal

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

### Notes:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 need not be complied with.
2. A member shall be entitled to appoint more than one proxy to attend and vote at the Meeting. 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.
3. Depositors whose names appear in the Record of Depositors on a date not less than three (3) market days before the general meeting shall be regarded as Member of the Company entitled to attend and vote at the Annual General Meeting or appoint a proxy to attend and vote on his behalf.
4. Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.
7. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, shall be deposited with the Company's Share Registrar, Messrs Tricor Investor Services Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

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**GOH BAN HUAT BERHAD** (1713-A)  
c/o Messrs Tricor Investor Services Sdn Bhd  
Level 17, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur  
Malaysia

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