

**JOHAN CERAMICS BERHAD (Company No. 27160U)**  
**UNAUDITED INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE SIX**  
**MONTHS ENDED 30 JUNE 2006**

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**1.0 NOTES TO THE INTERIM FINANCIAL REPORT**

**1.1 Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS134 "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (BMSB).

The interim financial statements should be read in conjunction with the Company's annual audited financial statements for the year ended 31 December 2005. The explanatory notes to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the year ended 31 December 2005.

**1.2 Changes in accounting policies**

The significant accounting policies and methods of computation adopted in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2005 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 January 2006:

FRS 101 Presentation of Financial Statements  
FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors  
FRS 116 Property, Plant and Equipment  
FRS 132 Financial Instruments: Disclosure and Presentation  
FRS 133 Earnings Per Share  
FRS 136 Impairment of Assets

The adoption of FRS 108, 116, 132, 133 and 136 do not have significant financial impact on the Company.

**1.3 Audit report of preceding annual financial statements**

The audit report of the Company's most recent annual audited financial statements for the year ended 31 December 2005 was not qualified. However the auditors' have expressed a modified opinion with emphasis on the going concern of the Company.

**1.4 Seasonal & cyclical factors**

The Company's business operations have not been significantly affected by seasonal or cyclical factors except for the Chinese New Year holidays, which normally affects the construction industry in the first quarter of the year. The Company's revenue was also affected by fewer production and sales days in January and February 2006.

**1.5 Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

**1.6 Changes in estimates**

There were no significant changes in estimates of amounts reported in prior financial years that have material effect in the current quarter.

**1.7 Issuance and repayment of debt and equity securities**

There were no issuances and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period under review.

**1.8 Dividends paid**

No dividend was paid for the current quarter under review.

**1.9 Segmental reporting**

There is no industry and geographical information disclosed as the Company operates in Malaysia within an industry segment.

**1.10 Carrying amount of revalued assets**

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 December, 2005.

**1.11 Material subsequent events**

There were no material events subsequent to the current financial period to date.

**1.12 Changes in the composition of the Company**

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

**1.13 Contingent liabilities and assets**

There were no contingent liabilities or contingent assets at the date of this report.

## **2.0) NOTES (BMSB LISTING REQUIREMENTS)**

### **2.1 Review of results**

Revenue for the current quarter under review was RM14.16 as compared to the revenue of the preceding quarter of RM12.58 million. This was 12.6% or RM1.58 million higher than the revenue of the preceding quarter. The improved revenue was mainly due to higher prices to projects and dealers market and higher yield.

Loss after tax has decreased from RM1.24 million in the preceding quarter to RM0.55 million for the quarter under review. This was mainly attributable to improved revenue, higher margins and productivity.

The loss after tax for the current financial year-to-date of RM1.79 million as compared to the corresponding financial year-to-date of RM3.02 million was due to higher sales revenue and increases in margins and productivity.

### **2.2 Comparison with preceding quarter's results**

The Company had recorded a loss after tax of RM0.55 million for the quarter under review as compared to a loss after tax of RM1.24 million in the preceding quarter. The lower loss after tax was mainly due to improved revenue, higher margins and productivity.

### **2.3 Current year prospects 2006**

The Company has been classified as an affected listed issuer pursuant to paragraph 2.1(e) of the Amended PN17 on 12 June 2006. The Company is still in the process of drafting a regularisation plan, which once completed will be made available to Bursa Malaysia Securities Berhad.

The Company anticipates that its performance for the 3<sup>rd</sup> quarter to commensurate with the current quarter under review. The escalating costs of raw materials and increase in electricity tariff shall affect the Company's operating margin.

### **2.4 Profit forecast**

The Company did not issue any profit forecast during the period.

### **2.5 Taxation**

	<b>6 months ended</b>		<b>6 months ended</b>	
	<b>30.06.06</b>	<b>30.06.05</b>	<b>30.06.06</b>	
30.06.05	RM'000	RM'000	RM'000	RM'000
- Current tax expense	0	0	0	0
- Deferred tax expense	0	0	0	0
	-----	-----	-----	-----
	0	0	0	0
	=====	=====	=====	=====

There is no tax expense for the quarter under review as the Company has adequate amount of unused tax losses, capital allowances and reinvestment allowances carried forward.

## 2.6 Purchase and disposal of quoted securities

There were no purchases or sales of quoted securities for the financial quarter under review.

## 2.7 Corporate proposals

There were no corporate proposals announced as at the date of this announcement.

## 2.8 Group borrowings and debt securities

Details of the Company's bank borrowings as at 30 June 2006 are as follows:

	<u>Current</u> RM'000	<u>Non Current</u> RM'000
Unsecured	16,709	-
Secured	-	-
	-----	-----
	16,709	-
	=====	=====

All borrowings are denominated in Ringgit Malaysia

## 2.9 Off balance sheet financial instruments

There was no financial instrument with off balance sheet risk as at the reporting date.

## 2.10 Material litigation

There were no material litigation pending at the date of this report.

## 2.11 Dividends

No dividend has been recommended for the current quarter.

## 2.12 Earnings/(loss) per share

		<u>6 months ended</u>		<u>6 months ended</u>	
		<b>30.06.06</b>	30.06.05	<b>30.06.06</b>	30.06.05
<b>(a) Basic earning/(loss) per share</b>					
Net earnings/(loss) for the period	(RM'000)	(545)	(1,460)	(1,788)	(3,020)
Number of ordinary, shares in issue	('000)	65,000	65,000	65,000	65,000
Basic earnings/(loss)					

per share	(sen)	<b>(0.84)</b>	<b>(2.25)</b>	<b>(2.75)</b>	<b>(4.65)</b>
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### 2.13 Capital commitments

Capital commitments not provided for in the financial statements as at 30 June 2006 is as follows :

	<b>RM'000</b>
<b>Property, plant and equipment :</b>	
Authorised by the Directors and contracted	916
Authorised by the Directors and not contracted	3,379
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	<b>4,295</b>
	=====

### 2.14 Significant related party transactions – 3 months ended 30/06/2006

	<b>Related Companies</b>	<b>Relationship</b>	<b>Nature of Transaction</b>	<b>RM '000</b>
(i)	Boustead Building Materials Sdn Bhd	Indirect subsidiary of holding company	Sale of goods and services	2,694
(ii)	Boustead Holdings Berhad	Subsidiary of holding company	Management fees	6
(iii)	Boustead Petroleum Marketing Sdn Bhd	Associate of holding company	Purchase of petroleum products	90
(iv)	Boustead Management Services Sdn Bhd	Indirect subsidiary of holding company	Fees paid for share registration	12

#### BY ORDER OF THE BOARD

Sharifah Malek  
Company Secretary  
Kuala Lumpur