

**GOLDEN PHAROS BERHAD (Company No. 152205-W)
INTERIM FINANCIAL STATEMENTS**

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2009**

	Note	Individual Quarter		Cumulative Quarter	
		30.06.2009 RM'000	30.06.2008 RM'000	30.06.2009 RM'000	30.06.2008 RM'000
Revenue	9	20,953	31,897	43,814	55,900
Cost of sales		<u>(18,414)</u>	<u>(22,264)</u>	<u>(38,278)</u>	<u>(42,441)</u>
Gross profit		2,539	9,633	5,536	13,459
Other income		360	480	648	1,392
Marketing expenses		(425)	(413)	(849)	(811)
Administrative expenses		(3,830)	(3,418)	(5,674)	(5,916)
Other expenses		<u>(41)</u>	<u>(38)</u>	<u>(159)</u>	<u>(376)</u>
Operating (loss)/profit		(1,397)	6,244	(498)	7,748
Finance costs		<u>(157)</u>	<u>(282)</u>	<u>(273)</u>	<u>(503)</u>
(Loss)/profit before taxation		(1,554)	5,962	(771)	7,245
Income tax benefit/(expense)	19	<u>37</u>	<u>(1,741)</u>	<u>(444)</u>	<u>(2,261)</u>
(Loss)/profit for the period		<u><u>(1,517)</u></u>	<u><u>4,221</u></u>	<u><u>(1,215)</u></u>	<u><u>4,984</u></u>
Attributable to:					
Equity holders of the parent		<u><u>(1,517)</u></u>	<u><u>4,221</u></u>	<u><u>(1,215)</u></u>	<u><u>4,984</u></u>
(Loss)/Earnings per share attributable to equity holders of the parent:					
- basic (sen)		(1.13)	3.29	(0.90)	4.08

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

**GOLDEN PHAROS BERHAD (Company No. 152205-W)
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**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2009**

	<u>Note</u>	As at 30.06.09 RM'000	As at 31.12.2008 RM'000
Assets			
Non-current assets			
Property, plant and equipment		27,787	29,088
Prepaid land lease payments		14,152	14,158
Quoted investments		2,947	2,947
Goodwill on consolidation		185	185
		<u>45,071</u>	<u>46,378</u>
Current assets			
Inventories		27,041	34,108
Trade and other receivables		28,667	25,384
Deposits, bank and cash balances		15,412	15,844
		<u>71,120</u>	<u>75,336</u>
Total assets		<u>116,191</u>	<u>121,714</u>
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital		67,273	67,273
Reserves		15,669	16,884
Total equity		<u>82,942</u>	<u>84,157</u>
Non-current liabilities			
Borrowings	23	163	136
Provision for retirement benefits		6,029	5,943
Deferred tax liabilities		365	419
		<u>6,557</u>	<u>6,498</u>
Current liabilities			
Trade and other payables		14,302	17,296
Borrowings	23	7,869	11,942
Overdrafts	23	4,521	1,821
		<u>26,692</u>	<u>31,059</u>
Total liabilities		<u>33,249</u>	<u>37,557</u>
Total equity and liabilities		<u>116,191</u>	<u>121,714</u>
Net assets per share attributable to equity holders of the parent (RM)		0.62	0.63

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2009

	← Attributable to equity holders of the parent →					Total Equity RM'000
	← Non-distributable →			Distributable		
	Share Capital RM'000	Share Premium RM'000	Reserve Arising From Merger RM'000	Revaluation Reserves RM'000	Retained earnings RM'000	
At 1 January 2009	67,273	625	(22,718)	18,508	20,469	84,157
Loss for the period	-	-	-	-	(1,215)	(1,215)
At 30 June 2009	67,273	625	(22,718)	18,508	19,254	82,942

	← Attributable to equity holders of the parent →					Total Equity RM'000
	← Non-distributable →			Distributable		
	Share Capital RM'000	Share Premium RM'000	Reserve Arising From Merger RM'000	Revaluation Reserves RM'000	Retained earnings/ (accumulated losses) RM'000	
At 1 January 2008	116,154	625	(22,718)	20,331	(40,773)	73,619
Par value reduction	(58,077)	-	-	-	58,077	-
Issuance of ordinary shares pursuant to rights issue	9,196	-	-	-	-	9,196
Equity component of deferred tax	-	-	-	(1,824)	-	(1,824)
Profit for the period	-	-	-	-	4,984	4,984
At 30 June 2008	67,273	625	(22,718)	18,507	22,288	85,975

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

**GOLDEN PHAROS BERHAD (Company No. 152205-W)
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2009**

	30.06.2009 RM'000	30.06.2008 RM'000
Cash flows from operating activities		
(Loss)/profit before taxation	(771)	7,245
Adjustments for:		
Non-cash items	2,184	3,060
Non-operating items	620	(775)
Operating profit before working capital changes	<u>2,033</u>	<u>9,530</u>
Net changes in current assets	(761)	(8,818)
Net changes in current liabilities	<u>2,262</u>	<u>(4,784)</u>
Cash generated from / (used in) operating activities	3,534	(4,072)
Interest paid	(366)	(496)
Taxation paid	(857)	(62)
Payment of retirement benefits	<u>(344)</u>	<u>(456)</u>
Net cash generated from / (used in) operating activities	<u>1,967</u>	<u>(5,086)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,112)	(3,035)
Proceeds from disposal of property, plant and equipment	159	170
Prepayment of land lease	(158)	-
Dividend received	-	26
Proceeds from disposal of quoted investments	-	45
Interest received	59	48
Net cash used in investing activities	<u>(1,052)</u>	<u>(2,746)</u>
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	-	9,196
Proceeds from borrowings	13,169	31,800
Repayments of borrowings	(17,214)	(27,047)
Interest paid	(2)	(5)
Net cash (used in)/generated from financing activities	<u>(4,047)</u>	<u>13,944</u>
Net (decrease)/increase in cash and cash equivalents	(3,132)	6,112
Cash and cash equivalents at beginning of the period	<u>14,023</u>	<u>10,068</u>
Cash and cash equivalents at end of the period	<u>10,891</u>	<u>16,180</u>

Cash and cash equivalents at the end of the financial period comprise the following:

	As at 30.06.2009 RM'000	As at 30.06.2008 RM'000
Deposits, bank and cash balances	15,412	20,362
Overdrafts	<u>(4,521)</u>	<u>(4,182)</u>
	<u>10,891</u>	<u>16,180</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and accompanying explanatory notes attached to the interim financial statements.

GOLDEN PHAROS BERHAD (Company No. 152205-W)
INTERIM FINANCIAL STATEMENTS

PART A - Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2008. These explanatory notes attached 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 Group since the financial year ended 31 December 2008.

2. Changes in Accounting Policies

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

FRS 107 : Cash Flow Statements
FRS 111 : Construction Contracts
FRS 118 : Revenue
FRS 120 : Accounting for Government Grants and Disclosure of Government Assistance
FRS 134 : Interim Financial Reporting
FRS 137 : Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5: Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6: Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Interpretation 7: Applying the Restatement Approach under FRS 129²⁰⁰⁴ Financial Reporting in Hyperinflationary Economies
IC Interpretation 8: Scope of FRS 2

The new and revised FRSs, Amendment to FRS and Interpretations above do not have any significant impact on the financial statements of the Group.

At the date of authorisation of these financial statements, the following new FRSs and Interpretations were issued but not yet effective and have not been applied by the Group:

FRSs and Interpretations	Effective for financial periods beginning on or after
FRS 4 : Insurance Contracts	1 January 2010
FRS 7: Financial Instruments: Disclosures	1 January 2010
FRS 8: Operating Segments	1 July 2009
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010

**GOLDEN PHAROS BERHAD (Company No. 152205-W)
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PART A - Explanatory Notes Pursuant to FRS 134 (Cont'd.)

2. Changes in Accounting Policies (Cont'd.)

FRSs and Interpretations	Effective for financial periods beginning on or after
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010

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

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2008 was not qualified.

4. Comments About Seasonal or Cyclical Factors

During the quarter under review, the Group's principal business operations were not affected by any seasonal or cyclical factors.

5. Unusual Items Due to their Nature, Size or Incidence

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

6. Changes in Estimates

There were no significant changes in estimates of amounts reported in the current financial period ended 30 June 2009.

7. Debt and Equity Securities

There were no issuance of debt and equity securities, share buy backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period ended 30 June 2009.

8. Dividends Paid

There were no dividends paid by the Company during the financial period ended 30 June 2009.

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PART A - Explanatory Notes Pursuant to FRS 134 (Cont'd.)

9. Segmental Information

The analysis by activities of the Group for the financial period ended 30 June 2009 was as follows:-

Segment Revenue	Individual Quarter		Cumulative Quarter	
	30.06.2009 RM'000	30.06.2008 RM'000	30.06.2009 RM'000	30.06.2008 RM'000
Harvesting, saw-milling & kiln drying	16,446	30,259	33,322	42,811
Manufacturing	10,880	15,426	21,484	31,641
Others	765	1,585	1,548	2,472
	<u>28,091</u>	<u>47,270</u>	<u>56,354</u>	<u>76,924</u>
Inter group eliminations	(7,138)	(15,373)	(12,540)	(21,024)
	<u>20,953</u>	<u>31,897</u>	<u>43,814</u>	<u>55,900</u>
Segment Results				
Harvesting, saw-milling & kiln drying	351	5,821	1,491	6,801
Manufacturing	(987)	647	(1,015)	1,150
Others	(715)	(221)	(881)	(190)
Eliminations	(46)	(3)	(93)	(13)
	<u>(1,397)</u>	<u>6,244</u>	<u>(498)</u>	<u>7,748</u>

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 2008.

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the quarter ended 30 June 2009.

12. Changes in Contingent Liabilities

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 30 June 2009.

13. Significant Event

There was no material significant event during the current quarter except for the following:-

Mutual termination contract has been signed on 25 May 2009 between a wholly owned subsidiary, GP Overseas Sales Sdn. Bhd. and its sub-contractor, Sawfish Under Water Logging Sdn. Bhd. The mutual termination contract was signed after a viability study, including a more detailed assessment of fibre availability, market conditions, operational logistics, and finance sourcing. The results of this assessment unfortunately revealed that continued underwater logging operations using remotely operated vehicle (ROV) at Lake Kenyir were not viable.

14. Subsequent Events

There were no material events subsequent to the end of period reported which are likely to affect substantially the results of the operations of the Group for the financial period ended 30 June 2009.

**PART B - Explanatory Notes Pursuant to Appendix 9B
of the Listing Requirements of Bursa Malaysia Securities Berhad**

15. Performance Review

The Group's revenue for the period ended 30 June 2009 of RM43.81 million decreased by 22% or RM12.09 million against the previous corresponding period ended 30 June 2008. The decrease in revenue was mainly due to the decrease in sales volume of doors in the manufacturing segment. Lower production of doors resulted in the higher cost per unit of door produced, which in turn lowered the profit margin and profit before taxation. Profit before tax reduced by 111% from RM7.25 million in the previous corresponding period to loss before tax of RM0.77 million in the quarter under review. Internal logs extraction shows significant reduction of 41% from 25,974 hoppus tonne in preceding year corresponding quarter to 15,249 hoppus tonne in the quarter under review due to prolong raining season.

16. Comment on Material Change in results against preceding quarter

The Group's revenue for the quarter under review decreased by RM1.91 million or 8% from the preceding quarter. Reduction in the revenue resulting the Group to record loss before tax of RM1.55 million which reduced by 299% from profit before tax of RM0.78 million in the preceding quarter.

Lower revenue recorded during the quarter under review was mainly due to the decrease in revenue of harvesting and sawmilling segment by 17% from RM12.77 million to RM10.58 million. Despite of slight reduction in revenue, the Group recorded loss before tax as the profit margin for both segments, harvesting and sawmilling and manufacturing segment was reduced due to lower average selling price and higher production cost per unit.

Other than that, the Group recorded higher administrative expenses during the quarter under review as in the preceding quarter, there were reversal made on overprovision of bonus and unutilised corporate social responsibilities expenses.

17. Commentary on Prospects

Internal logs production and mid - stream activities are expected to improve in the coming quarter as the weather condition improves.

On 21 April 2008, the Company obtained Forest Stewardship Council (FSC) forest management certification, through its forest management subsidiary, Kumpulan Pengurusan Kayu-Kayan Trengganu Sdn. Bhd., for approximately 108,900 hectares of its 129,130 hectares of natural forest concession.

The Group will continue to face the challenges such as reduction in annual coupe, ability to achieve optimum extraction yield per hectare, higher fuel, transport, packaging and other operational costs. However, with the continuous improvement initiatives undertaken by the current management and with the FSC certifications valid until 21 April 2013, the Group should improve in its performance for the current year.

The outlook for business continues to be cautious. The attempts by the Government to stimulate the economy will have positive effects on the overall business. Our manufacturing segment will face a challenging period but with improvement initiatives in place, we expect that the results from the segment will improve.

18. Profit Forecast or Profit Guarantee

There was no profit forecast nor profit guarantee issued for the period ended 30 June 2009.

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**PART B - Explanatory Notes Pursuant to Appendix 9B
of the Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd.)**

19. Income Tax (Benefit)/Expense

	Individual Quarter		Cumulative Quarter	
	30.06.2009 RM'000	30.06.2008 RM'000	30.06.2009 RM'000	30.06.2008 RM'000
Current taxation expense	117	1,227	461	1,545
Deferred tax	(154)	109	(17)	311
Under provision of deferred tax	-	405	-	405
	<u>(37)</u>	<u>1,741</u>	<u>444</u>	<u>2,261</u>
Effective tax rate	-2.4%	29.2%	57.6%	31.2%

The effective tax rate for the financial period ended 30 June 2009, was higher than the statutory tax rate in Malaysia principally due to certain expenses which were not deductible for tax purposes and the tax provision was based on estimates made in the beginning of the financial year for tax purposes.

20. Sale of Unquoted Investments And/Or Properties

There was no sale of unquoted investments and/or properties for the current quarter and financial period ended 30 June 2009.

21. Quoted Securities

a) There were no disposals of quoted securities during the current quarter. The disposal of quoted securities during the financial period ended 30 June 2009 was as follows:

	Individual Quarter		Cumulative Quarter	
	30.06.2009 RM'000	30.06.2008 RM'000	30.06.2009 RM'000	30.06.2008 RM'000
Total purchase consideration	-	-	-	54.0
Total sales proceeds	-	-	-	54.6
Total gain from disposals	-	-	-	0.6

b) Investments in quoted securities as at 30 June 2009 were as follows:-

	RM' 000
i) At cost	<u>2,010</u>
ii) At carrying value/book value	<u>1,984</u>
iii) At market value at end of reporting period	<u>3,317</u>

22. Status of Corporate Proposals Announced

The corporate restructuring exercises were completed on 30 April 2008 except for the proposed ESOS.

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**PART B - Explanatory Notes Pursuant to Appendix 9B
of the Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd.)**

23. Borrowings

Details of the Group's borrowings as at 30 June 2009 are as follows:-
(Including overdrafts)

	RM' 000
a) Unsecured	-
Secured	12,553
	<u>12,553</u>
b) Short term borrowings (due within 12 months)	12,390
Long term borrowings (due after 12 months)	163
	<u>12,553</u>
c) There were no Group borrowings denominated in foreign currencies as at 30 June 2009.	

24. Off Balance Sheet Financial Instruments

The Group did not enter into any contract involving off balance sheet financial instruments during the financial period ended 30 June 2009.

25. Changes in Material Litigation

As disclosed during the previous quarter ended 31 March 2009, there were claims filed by ex-employees pursuant to Section 20 of the Industrial Relations Act, 1967 for reinstatement and /or salary in lieu thereof against the Company.

As at 20 August 2009, there is one pending case of the above claims filed against the Company. All other cases have been settled out of court.

26. Dividend

The Board of Directors does not recommend any payment of dividend for the period ended 30 June 2009.

27. Basic earnings per share

Basic (loss)/earnings per share is calculated by dividing (loss)/profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

		Individual Quarter		Cumulative Quarter	
		30.06.2009	30.06.2008	30.06.2009	30.06.2008
Net (loss)/profit for the period attributable to ordinary equity holders of the parent	(RM'000)	(1,517)	4,221	(1,215)	4,984
Weighted average number of shares in issue	(' 000)	134,547	128,416	134,547	122,285
Basic (loss)/earnings per share	(sen)	<u>(1.13)</u>	<u>3.29</u>	<u>(0.90)</u>	<u>4.08</u>

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**PART B - Explanatory Notes Pursuant to Appendix 9B
of the Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd.)**

28. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 August 2009.

29. Limited Review by External Auditors

The Group's quarterly results for the 2nd quarter period ended 30 June 2009 have been reviewed by our external auditors.

The limited review by our external auditors has been performed since the 3rd quarter period ended 30 September 2006.

By order of the Board

Muhammad Nasruddin bin Salim
Chief Executive Officer