

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

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2010**

	Note	Individual Quarter		Cumulative Quarter	
		30.06.2010 RM'000	30.06.2009 RM'000	30.06.2010 RM'000	30.06.2009 RM'000
Revenue	9	19,575	20,953	36,595	43,814
Cost of sales		<u>(16,952)</u>	<u>(18,414)</u>	<u>(31,893)</u>	<u>(38,278)</u>
Gross profit		2,623	2,539	4,702	5,536
Other income		470	360	566	648
Marketing expenses		(441)	(425)	(871)	(849)
Administrative expenses		(3,281)	(3,830)	(6,385)	(5,674)
Other expenses		<u>(1,902)</u>	<u>(41)</u>	<u>(2,074)</u>	<u>(159)</u>
Operating loss		(2,531)	(1,397)	(4,062)	(498)
Finance costs		<u>(165)</u>	<u>(157)</u>	<u>(335)</u>	<u>(273)</u>
Loss before taxation		(2,696)	(1,554)	(4,397)	(771)
Income tax (expense)/benefit	19	<u>(56)</u>	<u>37</u>	<u>(61)</u>	<u>(444)</u>
Loss for the period		<u><u>(2,752)</u></u>	<u><u>(1,517)</u></u>	<u><u>(4,458)</u></u>	<u><u>(1,215)</u></u>
Attributable to:					
Equity holders of the parent		<u><u>(2,752)</u></u>	<u><u>(1,517)</u></u>	<u><u>(4,458)</u></u>	<u><u>(1,215)</u></u>
Loss per share attributable to equity holders of the parent:					
- basic (sen)		(2.05)	(1.13)	(3.31)	(0.90)

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2010

	Individual Quarter		Cumulative Quarter	
	30.06.2010	30.06.2009	30.06.2010	30.06.2009
	RM'000	RM'000	RM'000	RM'000
Loss for the period	(2,752)	(1,517)	(4,458)	(1,215)
Available for sale investment's fair value movement	(140)	-	964	-
Total comprehensive loss	<u>(2,892)</u>	<u>(1,517)</u>	<u>(3,494)</u>	<u>(1,215)</u>
Total comprehensive loss attributable to: Equity holders of the parent	<u>(2,892)</u>	<u>(1,517)</u>	<u>(3,494)</u>	<u>(1,215)</u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010**

	<u>Note</u>	As at 30.06.2010 RM'000	As at 31.12.2009 RM'000 (Restated)
Assets			
Non-current assets			
Property, plant and equipment		41,406	42,853
Quoted investments		-	2,978
Available For Sale investments		4,997	-
		<u>46,403</u>	<u>45,831</u>
Current assets			
Inventories		23,583	21,599
Trade and other receivables		28,776	20,347
Cash and bank balances		7,024	16,228
		<u>59,383</u>	<u>58,174</u>
Total assets		<u><u>105,786</u></u>	<u><u>104,005</u></u>
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital		67,273	67,273
Reserves		1,041	3,479
Total equity		<u>68,314</u>	<u>70,752</u>
Non-current liabilities			
Retirement benefit obligations		6,435	5,501
Borrowings	23	354	93
Deferred tax liabilities		349	440
		<u>7,138</u>	<u>6,034</u>
Current liabilities			
Borrowings	23	7,387	5,774
Overdrafts	23	4,990	6,772
Trade and other payables		17,957	14,673
		<u>30,334</u>	<u>27,219</u>
Total liabilities		<u>37,472</u>	<u>33,253</u>
Total equity and liabilities		<u><u>105,786</u></u>	<u><u>104,005</u></u>
Net assets per share attributable to equity holders of the parent (RM)		0.51	0.53

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2010

	← Attributable to equity holders of the parent →					→ Distributable	Total Equity RM'000
	← Non-distributable		→				
	Share Capital RM'000	Share Premium RM'000	Reserve Arising From Merger RM'000	Revaluation Reserves RM'000	Available For Sale Reserve RM'000	Retained Earnings RM'000	
At 1 January 2010	67,273	625	(22,718)	18,508	-	7,064	70,752
Effect arising from adoption of FRS 139 (Note 2)	-	-	-	-	1,056	-	1,056
At 1 January 2010, as restated	67,273	625	(22,718)	18,508	1,056	7,064	71,808
Total comprehensive income/(loss) for the period	-	-	-	-	964	(4,458)	(3,494)
At 30 June 2010	67,273	625	(22,718)	18,508	2,020	2,606	68,314
At 1 January 2009	67,273	625	(22,718)	18,508	-	20,469	84,157
Total comprehensive loss for the period	-	-	-	-	-	(1,215)	(1,215)
At 30 June 2009	67,273	625	(22,718)	18,508	-	19,254	82,942

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2010**

	30.06.2010	30.06.2009
	RM'000	RM'000
Cash flows from operating activities		
Loss before taxation	(4,397)	(771)
Adjustments for:		
Non-cash items	2,892	2,184
Non-operating items	(21)	620
Operating (loss) / profit before working capital changes	<u>(1,526)</u>	<u>2,033</u>
Net changes in current assets	(8,607)	(761)
Net changes in current liabilities	<u>2,391</u>	<u>2,262</u>
Cash (used in)/generated from operating activities	<u>(7,742)</u>	<u>3,534</u>
Interest paid	(344)	(366)
Taxation paid	(125)	(857)
Payment of retirement benefits	<u>(434)</u>	<u>(344)</u>
Net cash (used in)/generated from operating activities	<u>(8,645)</u>	<u>1,967</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,056)	(1,112)
Proceeds from disposal of property, plant and equipment	107	159
Prepayment of land lease	-	(158)
Dividend received	295	-
Interest received	<u>16</u>	<u>59</u>
Net cash used in investing activities	<u>(638)</u>	<u>(1,052)</u>
Cash flows from financing activities		
Proceeds from borrowings	9,486	13,169
Repayments of borrowings	(7,620)	(17,214)
Interest paid	<u>(5)</u>	<u>(2)</u>
Net cash generated from/(used in) financing activities	<u>1,861</u>	<u>(4,047)</u>
Net decrease in cash and cash equivalents	(7,422)	(3,132)
Cash and cash equivalents at beginning of the period	<u>9,456</u>	<u>14,023</u>
Cash and cash equivalents at end of the period	<u>2,034</u>	<u>10,891</u>

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

	As at	As at
	30.06.2010	30.06.2009
	RM'000	RM'000
Cash and bank balances	7,024	15,412
Overdrafts	<u>(4,990)</u>	<u>(4,521)</u>
	<u>2,034</u>	<u>10,891</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 2009. 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 2009.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2009, except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations.

Effective for financial periods beginning on or after 1 July 2009

FRS 8: Operating Segments

Effective for financial periods beginning on or after 1 January 2010

FRS 4: Insurance Contracts

FRS 7: Financial Instruments: Disclosures

FRS 101: Presentation of Financial Statements (revised)

FRS 123: Borrowing Costs

FRS 139: Financial Instruments: Recognition and Measurement

Amendments to FRS 1: First-time Adoption of Financial Reporting Standards

and FRS 127: Consolidated and Separate Financial Statements: Cost of an

Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Share-based Payment – Vesting Conditions and

Cancellations

Amendments to FRS 132: Financial Instruments: Presentation

Amendments to FRS 139: Financial Instruments: Recognition and Measurement,

FRS 7: Financial Instruments: Disclosures and IC Interpretation 9:

Reassessment of Embedded Derivatives

Amendments to FRSs 'Improvements to FRSs (2009)'

IC Interpretation 9: Reassessment of Embedded Derivatives

IC Interpretation 10: Interim Financial Reporting and Impairment

IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions

IC Interpretation 13: Customer Loyalty Programmes

IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum

Funding Requirements and their Interaction

TR i – 3: Presentation of Financial Statements of Islamic Financial Institutions

Effective for financial periods beginning on or after 1 July 2010

FRS 1: First-time Adoption of Financial Reporting Standards

FRS 3: Business Combinations (revised)

FRS 127: Consolidated and Separate Financial Statements (amended)

Amendments to FRS 2: Share-based Payment

Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued

Operations

Amendments to FRS138: Intangible Assets

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

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

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

Effective for financial periods beginning on or after 1 July 2010 (cont'd.)

Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

IC Interpretation 12: Service Concession Arrangements

IC Interpretation 15: Agreements for the Construction of Real Estate

IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17: Distributions of Non-cash Assets to Owners

Other than for the application of FRS 8, FRS 101 and FRS 139, the application of the above FRSs, Amendments to FRSs and Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

Pronouncements effective for financial periods beginning on or after 1 July 2009

FRS 8: Operating Segment

FRS 8 replaces FRS 114₂₀₀₄: *Segment Reporting* and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief executive decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Group.

Pronouncements effective for financial periods beginning on or after 1 January 2010

FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

FRS 123: Borrowing Costs

This Standard supersedes FRS 123₂₀₀₄: *Borrowing Costs* that removes the option of expensing borrowing costs and requires capitalisation of such costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense. The Group's current accounting policy is to expense the borrowing costs in the period which they are incurred. In accordance with the transitional provisions of the Standard, the Group will apply the change in accounting policy prospectively for which the commencement date for capitalisation of borrowing cost on qualifying assets is on or after the financial period 1 January 2010.

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

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

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

Pronouncements effective for financial periods beginning on or after 1 January 2010 (cont'd.)

FRS 139: *Financial Instruments: Recognition and Measurement*, FRS 7: *Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement*, FRS 7: *Financial Instruments: Disclosures*

The new Standard on FRS 139: *Financial Instruments: Recognition and Measurement* establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: *Financial Instruments: Presentation* and the requirements for disclosing information about financial instruments are in FRS 7: *Financial Instruments: Disclosures*.

FRS 7: *Financial Instruments: Disclosures* is a new Standard that requires new disclosures in relation to financial instruments. This standard requires additional disclosures regarding fair value measurement and liquidity risk in the full year financial statements, and has no effect on reported profit or equity. However, FRS 7 disclosures are not required in the interim financial statements, and hence, no further disclosures have been made in these interim financial statements.

Amendments to FRS 1: *First-time Adoption of Financial Reporting Standards* and FRS 127: *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*

The amendments to FRS 1 allow first-time adopters to use costs, determined in accordance with FRS 127, or deemed cost of either fair value (in accordance with FRS 139) or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate opening FRS balance sheet. In the amendment to FRS 127, there is no longer a distinction between pre-acquisition and post-acquisition dividends.

The amendments also require the cost of the investment of a new parent in a group (in a reorganisation meeting certain criteria) to be measured at the carrying amount of its share of equity as shown in the separate financial statements of the previous parent. The amendments also remove the definition of the cost method from FRS 127 and will be applied prospectively that affect only the financial statements of the Company and do not have an impact on the financial statements of the Group.

Amendments to FRSs 'Improvements to FRSs (2009)'

FRS 7 *Financial Instruments: Disclosures: Clarifies on the presentation of finance costs whereby interest income is not a component of finance costs.*

FRS 8 *Operating Segments: Clarifies that segment information with respect to total asset is required only if they are included in measures of segment profit or loss that are used by the 'chief operating decision maker'.*

FRS101 *Presentation of Financial Statements: Clarifies that financial instruments classified as held for trading in accordance with FRS139 *Financial Instruments: Recognition and Measurement* are not automatically presented as current in the balance sheet. The amendment further clarifies that the classification of the liability component of a convertible instrument as current or non-current is not affected by the terms that could, at the option of the holder, result in settlement of the liability by the issue of equity instruments.*

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

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

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

Amendments to FRSs 'Improvements to FRSs (2009)' (cont'd)

FRS107 *Statement of Cash Flows (formerly known as Cash Flow Statements)*: Clarifies that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

FRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*: Clarifies that only implementation guidance that is an integral part of an FRS is mandatory when selecting accounting policies.

FRS 110 *Events after the Reporting Period (formerly known as Events After the Balance Sheet Date)*: Clarifies that dividends declared after the end of the reporting period are not liabilities as at the balance sheet date.

FRS 116 *Property, Plant and Equipment*: The amendment replaces the term "net selling price" with "fair value less costs to sell". It also clarifies that items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale.

FRS 117 *Leases*: Clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. The Group is currently in the process of assessing the impact of this amendment.

The following comparative figures have been restated following the adoption of the amendment to FRS 117:

	As previously reported RM'000	Effects of changes in accounting policy RM'000	As restated RM'000
Property, plant and equipment	28,602	14,251	42,853
Prepaid land lease payments	14,251	(14,251)	-

FRS 118 *Revenue*: The amendment provides additional guidance on whether an entity is acting as a principal or an agent. It also aligns the definition of costs incurred in originating a financial asset that should be deferred and recognised as an adjustment to the effective interest by replacing the term 'direct costs' with 'transaction costs' as defined in FRS 139.

FRS 119 *Employee Benefits*: The amendment revises the definition of 'past service costs', 'return on plan assets' and 'short term' and 'other long-term' employee benefits. It clarifies that the costs of administering the plan may be either recognised in the rate of return on plan assets or included in the actuarial assumptions used to measure the defined benefit obligation. The amendment further clarifies that amendment to plans that result in a reduction in benefits related to future services are curtailments. It also deleted the reference to the recognition of contingent liabilities to ensure consistency with FRS 137 *Provisions, Contingent Liabilities and Contingent Assets*.

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

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

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

Amendments to FRSs 'Improvements to FRSs (2009)' (cont'd.)

FRS 123 *Borrowing Costs*: The definition of borrowing costs is aligned with FRS 139 by referring to the use of effective interest rate as a component of borrowing cost.

FRS 127 *Consolidated and Separate Financial Statements*: The amendment clarifies that when a parent entity accounts for a subsidiary at fair value in accordance with FRS 139 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.

FRS 128 *Investments in Associates*: The amendment clarifies that if an associate is accounted for at fair value in accordance with FRS 139, only the requirement of FRS 128 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the investor in the form of cash or repayment of loans applies. It further clarifies that an investment in an associate is treated as a single asset for the purpose of impairment testing. Therefore, any impairment loss is not separately allocated to the goodwill included in the investment balance.

FRS 131 *Interests in Joint Ventures*: The amendment clarifies that if a joint venture is accounted for 'at fair value through profit or loss', in accordance with FRS 139, only the requirements of FRS 131 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply.

FRS 134 *Interim Financial Reporting*: Clarifies that earnings per share is to be disclosed in interim financial reports if an entity is within the scope of FRS 133: Earnings per Share.

FRS 136 *Impairment of Assets*: Clarifies that when discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'. The amendment further clarifies that the largest cash-generating unit for group of units to which goodwill should be allocated for purposes of impairment testing is an operating segment as defined in FRS 8.

FRS 139 *Financial Instruments: Recognition and Measurement*: Clarifies that changes in circumstances relating to derivatives are not reclassifications and therefore may be either removed from, or included in, the 'fair value through profit or loss' classification after initial recognition. It also clarifies on the scope exemption for business combination contracts. The amendments remove the reference in FRS 139 to a 'segment' when determining whether an instrument qualifies as a hedge and requires the use of the revised effective interest rate when remeasuring a debt instrument on the cessation of fair value hedge accounting. It also provides additional guidance on determining whether loan prepayment penalties result in an embedded derivatives that needs to be separated. In addition, the amendments state that the gains or losses on a hedged instrument should be reclassified from equity to profit or loss during the period that the hedged forecast cash flows impact profit or loss.

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments. The Group determines the classification at initial recognition and for the purpose of the first adoption of the standard, as at transitional date on 1 January 2010.

Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, Available For Sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

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

Amendments to FRSs 'Improvements to FRSs (2009)' (cont'd.)

Financial assets (cont'd)

The Group's financial assets include cash and short-term deposits, loans and receivables and Available For Sale investments.

(i) Loans and receivables

Prior to 1 January 2010, loans and receivables were stated at gross receivables less provision for doubtful debts. Under FRS 139, loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest rate ("EIR") method. Gains and losses arising from the derecognition of the loans and receivables, EIR amortisation and impairment losses are recognised in the income statement.

(ii) Available For Sale

Prior to 1 January 2010, Available For Sale financial assets such as investments were accounted for at cost adjusted for amortisation of premium and accretion of discount less impairment or at the lower of cost and market value, determined on an aggregate basis. Under FRS 139, Available For Sale financial asset is measured at fair value initially and subsequently with amortisation of premium with accretion of discount and other accrual of income recognised in income statement and with unrealised gains or losses recognised as other comprehensive income in the Available For Sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement or determined to be impaired, at which time the cumulative loss is recognised in the income statement and removed from the Available For Sale reserve.

Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit and loss, loans and borrowings, or as derivatives designated as hedging instrument in an effective hedge, as appropriate.

The Group's financial liabilities include trade and other payables and borrowings, and are carried at amortised cost.

Impact on opening balances

In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparatives as at 31 December 2009 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 January 2010.

	Previously stated RM'000	Effect of FRS 139 RM'000	As restated RM'000
Assets			
Quoted investments	2,978	(2,978)	-
Available For Sale investments	-	2,978	2,978
Equity			
Available For Sale reserves	-	1,056	1,056

IC Interpretation 10: Interim Financial Reporting and Impairment

This IC prohibits impairment losses recognised in an interim period on goodwill or investments in equity instruments or financial assets carried at cost to be reversed at a subsequent balance sheet date.

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

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

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

Amendments to FRSs 'Improvements to FRSs (2009)' (cont'd.)

IC Interpretation 14: FRS 119 - *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

This IC provides guidance on how to assess the limit, under FRS 119 *Employee Benefits*, on the amount of surplus in a defined benefit scheme that can be recognised as an asset and explains how the minimum funding requirements will affect the defined benefit asset and addresses when minimum funding requirements may give rise to a liability.

Pronouncements effective for financial periods beginning on or after 1 July 2010

FRS 1: *First-time Adoption of Financial Reporting Standards*

This FRS supersedes FRS 1 (issued in 2005 and amended in May 2009). The Standard sets out the procedures that an entity must follow when it adopts FRSs for the first time as the basis for preparing its financial statements.

FRS 3: *Business Combinations (revised)* and FRS 127: *Consolidated and Separate Financial Statements (amended)*

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 3 (revised) and FRS127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2009 was not subject to any qualification.

4. Comments About Seasonal or Cyclical Factors

During the quarter under review, the Group's principle 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.

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

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

6. Changes in Estimates

There were no significant changes in estimates of amounts reported in the current financial period ended 30 June 2010.

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 2010.

8. Dividends Paid

There were no dividends paid by the Company during the financial period ended 30 June 2010.

9. Segmental Information

The analysis by activities of the Group for the financial period ended 30 June 2010 was as follows:-

Segment Revenue	Individual Quarter		Cumulative Quarter	
	30.06.2010 RM'000	30.06.2009 RM'000	30.06.2010 RM'000	30.06.2009 RM'000
Harvesting, saw-milling & kiln drying	16,969	16,446	30,588	33,322
Manufacturing	8,725	10,880	17,961	21,484
Others	752	765	1,509	1,548
	<u>26,446</u>	<u>28,091</u>	<u>50,058</u>	<u>56,354</u>
Intra group eliminations	(6,871)	(7,138)	(13,463)	(12,540)
	<u>19,575</u>	<u>20,953</u>	<u>36,595</u>	<u>43,814</u>

Segment Results

Harvesting, saw-milling & kiln drying	1,010	351	1,900	1,491
Manufacturing	(2,781)	(987)	(4,474)	(1,015)
Others	(18,080)	(715)	(18,610)	(881)
Eliminations	17,320	(46)	17,122	(93)
	<u>(2,531)</u>	<u>(1,397)</u>	<u>(4,062)</u>	<u>(498)</u>

10. Carrying Amount of Revalued Assets

The Group did not carry out any revaluation on its property, plant and equipment in the financial year to date. The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 December 2009.

11. Changes in Composition of the Group

There were no changes in the composition of the Group for the current quarter and financial period ended 30 June 2010.

12. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2009.

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13. Significant Event

Company's wholly-owned subsidiary, Golden Pharos Doors Sdn. Bhd. ("GPD") underwent an internal restructuring exercise involving retrenchment and down-sizing the manufacturing operation on 15 May 2010. The said exercise is to mitigate further operating losses to Golden Pharos Berhad and its subsidiary company, particularly GPD. The affected employees of the subsidiary will be dealt with and compensated in accordance with the Employment Act, 1955 and other relevant applicable laws.

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 2010.

**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 2010 of RM36.59 million decreased by 16% or RM7.2 million against the previous corresponding period ended 30 June 2009. The decrease in revenue was mainly due to drop in sales volumes of doors in manufacturing segment and sawn timber in the harvesting, saw-milling and kiln drying segment respectively as a result of continuous effect from recent financial and economic crisis.

Lower production volume of doors led to higher cost per unit door produced, resulting in decrease in profit margin and profit before tax. The Group registered loss before tax of RM4.40 million compared to loss before tax of RM0.77 million reported in the corresponding quarter of 2009. Internal log extraction decreased by 22% from 25,974 hoppus tonne in previous corresponding period to 20,238 hoppus tonne in quarter under review.

16. Comment on Material Change in results against preceding quarter

The Group's revenue for the quarter under review increased by RM2.56 million or 15% from the preceding quarter. However, the Group recorded loss before taxation of RM2.70 million which represents an increase of 58% compared to loss before taxation of RM1.70 million in the preceding quarter. Higher revenue recorded during the quarter under review was mainly due to the increase in revenue from harvesting, sawmilling and kiln drying segment by 25% from RM13.62 million to RM16.97 million.

17. Commentary on Prospects

Internal logs production and mix-stream activities are expected to improve in the coming quarter as the weather conditions improve.

The Board is cautious as the market conditions continues to be challenging despite the improvement in logs production in the coming period. Group will focus on strengthening GPB's position in the global market and aims to improve our operation efficiency of our core business.

The Group also anticipates improvement in profitability from manufacturing segment, namely doors operations resulting from internal restructuring exercise.

Barring unforeseen circumstances, the Board expects the performance for the third quarter of the year 2010 to be better.

18. Profit Forecast or Profit Guarantee

There was no profit forecast nor profit guarantee issued for the period ended 30 June 2010.

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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 Expense

	Individual Quarter		Cumulative Quarter	
	30.06.2010 RM'000	30.06.2009 RM'000	30.06.2010 RM'000	30.06.2009 RM'000
Current taxation expense	113	117	152	461
Deferred tax	44	(154)	(21)	(17)
Under provision of deferred tax	(101)	-	(70)	-
	<u>56</u>	<u>(37)</u>	<u>61</u>	<u>444</u>
Effective tax rate	-2.1%	-2.4%	-1.4%	57.6%

The effective interest rate for the quarter under review was lower than the statutory tax rate in Malaysia principally due to a profit making subsidiary enjoying Group relief on the aggregate income arising from another subsidiary.

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 2010.

21. Quoted Securities

- a) There were no disposals of quoted securities during the current quarter.
- b) Investments in quoted securities as at 30 June 2010 were as follows:-

	RM' 000
i) At cost	<u>1,992</u>
ii) At carrying value/book value	<u>4,997</u>
iii) At market value at end of reporting period	<u>4,997</u>

22. Status of Corporate Proposals Announced

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

23. Borrowings

Details of the Group's borrowings as at 30 June 2010 are as follows:-
(Including overdrafts)

	RM' 000
a) Unsecured	-
Secured	<u>12,731</u>
	<u>12,731</u>
b) Short term borrowings (due within 12 months)	12,377
Long term borrowings (due after 12 months)	354
	<u>12,731</u>

- c) There were no Group borrowings denominated in foreign currencies as at 30 June 2010.

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

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 2010.

25. Changes in Material Litigation

There were no changes in material litigation, including the status of pending material litigation since the last annual balance sheet date of 31 December 2009.

26. Dividend

The Board of Directors does not recommend any payment of dividend for the period ended 30 June 2010.

27. Basic loss per share

Basic loss per share is calculated by dividing loss 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	
		30.06.2010	30.06.2009	30.06.2010	30.06.2009
Net loss for the period attributable to ordinary equity holders of the parent	(RM'000)	(2,752)	(1,517)	(4,458)	(1,215)
Weighted average number of shares in issue	(' 000)	134,547	134,547	134,547	134,547
Basic loss per share	(sen)	<u>(2.05)</u>	<u>(1.13)</u>	<u>(3.31)</u>	<u>(0.90)</u>

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 3 August 2010

29. Limited Review by External Auditors

The Group's quarterly results for the 1st quarter period ended 30 June 2010 have been reviewed by our external auditors in accordance with FRS 134 and Appendix 9B of Main Market listing requirements of Bursa Malaysia Securities Berhad.

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

By order of the Board

Wong Shew Yong
Chief Executive Officer