

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

**CONDENSED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2011**

	Note	Individual Quarter		Cumulative Quarter	
		31.03.2011 RM'000	31.03.2010 RM'000	31.03.2011 RM'000	31.03.2010 RM'000
Revenue	9	13,679	17,020	13,679	17,020
Cost of sales		<u>(11,577)</u>	<u>(14,941)</u>	<u>(11,577)</u>	<u>(14,941)</u>
<b>Gross profit</b>		2,102	2,079	2,102	2,079
Other income		739	96	739	96
Marketing expenses		(366)	(430)	(366)	(430)
Administrative expenses		(2,733)	(3,104)	(2,733)	(3,104)
Other expenses		<u>(72)</u>	<u>(172)</u>	<u>(72)</u>	<u>(172)</u>
<b>Operating loss</b>	9	(330)	(1,531)	(330)	(1,531)
Finance costs		<u>(249)</u>	<u>(170)</u>	<u>(249)</u>	<u>(170)</u>
Loss before taxation		(579)	(1,701)	(579)	(1,701)
Income tax benefit/(expenses)	19	<u>106</u>	<u>(5)</u>	<u>106</u>	<u>(5)</u>
Loss for the period		<u><u>(473)</u></u>	<u><u>(1,706)</u></u>	<u><u>(473)</u></u>	<u><u>(1,706)</u></u>
Attributable to:					
Equity holders of the parent		<u><u>(473)</u></u>	<u><u>(1,706)</u></u>	<u><u>(473)</u></u>	<u><u>(1,706)</u></u>
Loss per share attributable to equity holders of the parent:					
- basic (sen)	27	(0.35)	(1.27)	(0.35)	(1.27)

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

**GOLDEN PHAROS BERHAD ( Company No. 152205-W )**  
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**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 MARCH 2011**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
	RM'000	RM'000	RM'000	RM'000
Loss for the period	(473)	(1,706)	(473)	(1,706)
Available for sale (AFS) investment's fair value changes	(653)	1,103	(653)	1,103
Deferred tax on AFS investment's fair value changes	163	-	163	-
Total comprehensive income	<u>(963)</u>	<u>(603)</u>	<u>(963)</u>	<u>(603)</u>
Total comprehensive income attributable to: Equity holders of the parent	<u>(963)</u>	<u>(603)</u>	<u>(963)</u>	<u>(603)</u>

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 31 MARCH 2011**

	<u>Note</u>	As at 31.03.2011 RM'000	As at 31.12.2010 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		47,480	48,273
Available-for-sale investments		7,504	8,156
		<u>54,984</u>	<u>56,429</u>
<b>Current assets</b>			
Inventories		14,888	13,927
Trade and other receivables		22,483	22,669
Cash and bank balances		4,984	5,254
Assets of disposal group classified as held for sale		-	74
		<u>42,355</u>	<u>41,924</u>
<b>Total assets</b>		<u><u>97,339</u></u>	<u><u>98,353</u></u>
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		67,273	67,273
Reserves		(15,180)	(14,217)
<b>Total equity</b>		<u>52,093</u>	<u>53,056</u>
<b>Non-current liabilities</b>			
Retirement benefit obligations		4,715	4,629
Borrowings	23	376	426
Deferred tax liabilities		823	1,143
		<u>5,914</u>	<u>6,198</u>
<b>Current liabilities</b>			
Borrowings	23	8,189	7,647
Overdrafts	23	6,771	6,063
Trade and other payables		24,372	25,389
		<u>39,332</u>	<u>39,099</u>
<b>Total liabilities</b>		<u>45,246</u>	<u>45,297</u>
<b>Total equity and liabilities</b>		<u><u>97,339</u></u>	<u><u>98,353</u></u>
Net assets per share attributable to equity holders of the parent (RM)		0.39	0.39

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 31 MARCH 2011**

	← Attributable to equity holders of the parent →						
	← Non-distributable →				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 / (Accumulated Losses) RM'000	Total Equity RM'000
<b>At 1 January 2011</b>	67,273	625	(22,718)	18,508	3,884	(14,516)	53,056
Total comprehensive income for the period	-	-	-	-	(490)	(473)	(963)
<b>At 31 March 2011</b>	<b>67,273</b>	<b>625</b>	<b>(22,718)</b>	<b>18,508</b>	<b>3,394</b>	<b>(14,989)</b>	<b>52,093</b>
<b>At 1 January 2010</b>	67,273	625	(22,718)	18,508	-	7,064	70,752
Effect arising from adoption of FRS 139	-	-	-	-	1,056	-	1,056
<b>At 1 January 2010, as restated</b>	67,273	625	(22,718)	18,508	1,056	7,064	71,808
Total comprehensive income for the period	-	-	-	-	1,103	(1,706)	(603)
<b>At 31 March 2010</b>	<b>67,273</b>	<b>625</b>	<b>(22,718)</b>	<b>18,508</b>	<b>2,159</b>	<b>5,358</b>	<b>71,205</b>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 31 MARCH 2011**

	<b>31.03.2011 RM'000</b>	<b>31.03.2010 RM'000</b>
<b>Cash flows from operating activities</b>		
Loss before taxation	(579)	(1,701)
Adjustments for:		
Non-cash items	477	1,419
Non-operating items	168	158
Operating profit/(loss) before working capital changes	<u>66</u>	<u>(124)</u>
Net changes in current assets	(1,491)	(3,821)
Net changes in current liabilities	<u>246</u>	<u>(621)</u>
Cash used in operating activities	(1,179)	(4,566)
Interest paid	(216)	(175)
Taxation paid	(32)	(90)
Payment of retirement benefits	<u>(120)</u>	<u>(114)</u>
<b>Net cash used in operating activities</b>	<b><u>(1,547)</u></b>	<b><u>(4,945)</u></b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(134)	(448)
Proceeds from disposal of property, plant and equipment	180	19
Dividend received	26	-
Interest received	7	5
<b>Net cash generated from/(used in) investing activities</b>	<b><u>79</u></b>	<b><u>(424)</u></b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	4,756	5,617
Repayments of borrowings	(4,263)	(5,375)
Interest paid	<u>(3)</u>	<u>(2)</u>
<b>Net cash generated from financing activities</b>	<b><u>490</u></b>	<b><u>240</u></b>
Net decrease in cash and cash equivalents	(978)	(5,129)
Cash and cash equivalents at beginning of the period	<u>(809)</u>	<u>9,456</u>
<b>Cash and cash equivalents at end of the period</b>	<b><u>(1,787)</u></b>	<b><u>4,327</u></b>

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

	<b>As at 31.03.2011 RM'000</b>	<b>As at 31.03.2010 RM'000</b>
Cash and bank balances	4,984	11,048
Overdrafts	<u>(6,771)</u>	<u>(6,721)</u>
	<b><u>(1,787)</u></b>	<b><u>4,327</u></b>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 2010. 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 2010.

**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 2010, except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations.

<b><u>Description</u></b>	<b><u>Effective for annual periods beginning on or after</u></b>
FRS 1 First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 Business Combinations (Revised)	1 July 2010
Amendments to FRS 2 Share-based Payment	1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127 Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132: Classification of Rights Issues	1 March 2010
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3 and the amendments to FRS 127 are described below.

**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.)**

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests.

**3. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 31 December 2010 was not subject to any qualification.

**4. Comments About Seasonal or Cyclical Factors**

During the quarter under review, the Group's principal business operations, mainly logs extraction activity was affected by the monsoon season.

**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 31 March 2011.

**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 31 March 2011.

**8. Dividends Paid**

There were no dividends paid by the Company during the financial period ended 31 March 2011.

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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 31 March 2011 was as follows:-

Segment Revenue	Individual Quarter		Cumulative Quarter	
	31.03.2011 RM'000	31.03.2010 RM'000	31.03.2011 RM'000	31.03.2010 RM'000
Harvesting, saw-milling & kiln drying	8,955	13,620	8,955	13,620
Manufacturing	8,124	9,236	8,124	9,236
Others	1,438	756	1,438	756
	<u>18,517</u>	<u>23,612</u>	<u>18,517</u>	<u>23,612</u>
Inter group eliminations	(4,838)	(6,592)	(4,838)	(6,592)
	<u><u>13,679</u></u>	<u><u>17,020</u></u>	<u><u>13,679</u></u>	<u><u>17,020</u></u>

**Segment Results**

Harvesting, saw-milling & kiln drying	(395)	798	(395)	798
Manufacturing	588	(2,038)	588	(2,038)
Others	308	(250)	308	(250)
Eliminations	(831)	(41)	(831)	(41)
	<u><u>(330)</u></u>	<u><u>(1,531)</u></u>	<u><u>(330)</u></u>	<u><u>(1,531)</u></u>

**10. Carrying Amount of Revalued Assets**

The Group did not carry out any revaluation on its property, plant and equipment in the financial period 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 2010.

**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 31 March 2011.

**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 2010.

**13. Significant Event**

During the prior year, the Company has announced a restructuring exercise involving its wholly-owned subsidiary, namely Golden Pharos Doors Sdn. Bhd. ("GPD"). GPD had in May 2010 completed its first stage of internal restructuring involving part retrenchment and down-sizing of its doors operation. In view of further strengthening the Group, GPD had ceased its in-house doors production at the end of the April 2011 and re-engineer its business operations into a trading hub with effect from the same date.

This exercise is part of the Group's ongoing effort to mitigate the continuous losses, reducing cost, improving operational efficiency and enhancing management control and effectiveness.

**14. Subsequent Events**

There were no material subsequent events during the current quarter other than as disclosed in Note 13.



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

**15. Performance Review**

The Group recorded a revenue of RM13.68 million for the quarter under review, a decrease of 20% from the RM17.02 million in the corresponding quarter of the previous financial year. The loss for the period of the Group for the quarter under review of RM0.60 million was 64% lower than the RM1.71 million recorded in the corresponding quarter of the previous financial year.

Lower revenue was attributed to lower selling price and lower logs extraction. Internal logs extraction decreased by 37.9% from 10,086 hoppus tonne in the previous corresponding period to only 6,262 hoppus tonne in the quarter under review. The loss recorded during the period ended 31 March 2011 is lower than the corresponding quarter of the previous year mainly due to reduction in the operational expenses and the write back of certain administration expenses.

**16. Comment on Material Change in results against preceding quarter**

The Group's revenue for the quarter under review reduced by RM2.31 million or 14% from the preceeding quarter. In terms of profitability, the Group recorded loss before taxation of RM0.58 million which represents a decreased of RM15.02 million as compared to loss before taxation of RM15.60 million in the preceeding quarter mainly due to the administrative expenses recorded in preceeding quarter resulted from the cessation of the in-house door production of one of the Company's wholly-owned subsidiary as mentioned in Note 13 and 14. Administrative expenses in the preceeding quarter consist of:

- i) Provision for impairment of inventory of RM 9.29 million
- ii) Provision for impairment of property, plant and equipment of RM1.63 million
- iii) Retrenchment cost of RM1.29 million
- iv) Provision for retrenchment cost of RM1.16 million
- v) Provision for doubtful debts of RM0.66 million

**17. Commentary on Prospects**

The Board of Directors is of the view that the Group's performance will be improved as the logging operation has shown some improvements. In addition, potential higher price and demand for timber products will help to improve profit margin.

Barring unforeseen circumstances, the Board is anticipate that the next financial quarter's prospect will improve compared to the current quarter.

**18. Profit Forecast or Profit Guarantee**

There was no profit forecast nor profit guarantee issued for the period ended 31 March 2011.

**19. Income Tax (Benefit)/Expenses**

	Individual Quarter		Cumulative Quarter	
	31.03.2011 RM'000	31.03.2010 RM'000	31.03.2011 RM'000	31.03.2010 RM'000
Current taxation expenses	52	39	52	39
Deferred tax	(27)	(65)	(27)	(65)
(Over)/Under provision of deferred tax	(131)	31	(131)	31
	(106)	5	(106)	5
Effective tax rate	18.3%	-0.3%	18.3%	-0.3%

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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)/Expenses (continued)**

The effective tax rate for the quarter under review was lower than the statutory tax rate in Malaysia principally due to overprovision of deferred tax in previous year.

**20. Sale of Unquoted Investments And/Or Properties**

There were no sale of unquoted investments and properties except for the disposal of a building in Feb 2011 which resulted in a profit on the disposal of RM0.01 million.

**21. Quoted Securities**

- a) There were no disposals of quoted securities during the current quarter.
- b) Investments in quoted securities as at 31 March 2011 were as follows:-

	RM' 000
i) At cost	<u>1,992</u>
ii) At carrying value/book value	<u>7,504</u>
iii) At market value at end of reporting period	<u>7,504</u>

**22. Status of Corporate Proposals Announced**

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

**23. Borrowings**

Details of the Group's borrowings as at 31 March 2011 are as follows:-  
(Including overdrafts)

	RM' 000
a) Unsecured	-
Secured	<u>15,336</u>
	<u>15,336</u>
b) Short term borrowings (due within 12 months)	14,960
Long term borrowings (due after 12 months)	376
	<u>15,336</u>

- c) There were no Group borrowings denominated in foreign currencies as at 31 March 2011.

**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 31 March 2011.

**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 2010.

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

**26. Dividend**

The Board of Directors does not recommend any payment of dividend for the period ended 31 March 2011.

**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	
		31.03.2011	31.03.2010	31.03.2011	31.03.2010
Net loss for the period attributable to ordinary equity holders of the parent	(RM'000)	(473)	(1,706)	(473)	(1,706)
Weighted average number of shares in issue	(' 000)	134,547	134,547	134,547	134,547
Basic loss per share	(sen)	<u>(0.35)</u>	<u>(1.27)</u>	<u>(0.35)</u>	<u>(1.27)</u>

**28. Realised and Unrealised Profit or Loss Disclosure**

	As at 31.03.2011 RM'000	As at 31.12.2010 RM'000
Total (accumulated losses)/retained profits of the Company and subsidiaries		
- Realised	(21,467)	(20,837)
- Unrealised	6,478	6,321
Total group accumulated losses consolidated accounts	<u>(14,989)</u>	<u>(14,516)</u>

**29. 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 26 May 2011.

**30. Limited Review by External Auditors**

The Group's quarterly results for the 1st Quarter period ended 31 March 2011 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

**Dato' Zakaria bin Awang**  
Chief Executive Officer