

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

CONDENSED CONSOLIDATED INCOME STATEMENTS
 FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2011

	Note	3 months ended		12 months ended	
		31.12.2011 RM'000	31.12.2010 RM'000 (restated)	31.12.2011 RM'000	31.12.2010 RM'000 (restated)
Continuing operations					
Operating revenue	8	16,406	13,831	60,449	58,335
Cost of sales		(15,185)	(13,481)	(50,799)	(51,428)
Gross profit		<u>1,221</u>	<u>350</u>	<u>9,650</u>	<u>6,907</u>
Other income	9	251	314	2,468	1,173
Other operating expenses	10	(2,757)	(3,803)	(11,075)	(13,448)
Operating (loss)/profit		<u>(1,285)</u>	<u>(3,139)</u>	<u>1,043</u>	<u>(5,368)</u>
Finance income/(costs)		139	(63)	(167)	(138)
(Loss)/profit before taxation		<u>(1,146)</u>	<u>(3,202)</u>	<u>876</u>	<u>(5,506)</u>
Income tax benefit	22	148	61	112	671
(Loss)/profit from continuing operations		<u>(998)</u>	<u>(3,141)</u>	<u>988</u>	<u>(4,835)</u>
Discontinued operation					
(Loss)/profit from a discontinued operation	21	(794)	(12,397)	524	(16,745)
(Loss)/profit for the period/year		<u>(1,792)</u>	<u>(15,538)</u>	<u>1,512</u>	<u>(21,580)</u>
Attributable to:					
Owners of the parent		<u>(1,792)</u>	<u>(15,538)</u>	<u>1,512</u>	<u>(21,580)</u>
(Loss)/earnings per share attributable to owners of the parent:					
- Basic, for (loss)/earnings from continuing operations (sen)	28	-0.74	-2.33	0.73	-3.59
- Basic, for (loss)/earnings from discontinued operations (sen)	28	-0.59	-9.21	0.39	-12.45
- Basic, for (loss)/earnings for the period/year		<u>-1.33</u>	<u>-11.54</u>	<u>1.12</u>	<u>-16.04</u>

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)
 INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2011

	3 months ended		12 months ended	
	31.12.2011 RM'000	31.12.2010 RM'000 (restated)	31.12.2011 RM'000	31.12.2010 RM'000 (restated)
(Loss)/profit for the period/year from continuing operations	(998)	(3,141)	988	(4,835)
(Loss)/profit for the period/year from a discontinued operation	(794)	(12,397)	524	(16,745)
(Loss)/profit for the period/year	<u>(1,792)</u>	<u>(15,538)</u>	<u>1,512</u>	<u>(21,580)</u>
Net (loss)/gain on available-for-sale (AFS) financial assets				
- Gain on fair value changes	1,510	2,417	381	4,122
- Deferred tax relating to AFS financial assets	(2)	(604)	1,292	(1,030)
- Transfer to profit or loss upon disposal	-	-	(1,637)	-
Total comprehensive income	<u>-284</u>	<u>-13,725</u>	<u>1,548</u>	<u>-18,488</u>
Total comprehensive income attributable to: Owners of the parent	<u>-284</u>	<u>-13,725</u>	<u>1,548</u>	<u>-18,488</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 DECEMBER 2011

	<u>Note</u>	As at 31.12.2011 RM'000	As at 31.12.2010 RM'000 (restated)
Assets			
Non-current assets			
Property, plant and equipment		45,462	48,273
Available-for-sale investments		6,138	8,156
Deferred tax assets		681	-
		<u>52,281</u>	<u>56,429</u>
Current assets			
Inventories		12,893	13,927
Trade and other receivables		24,371	22,669
Cash and bank balances		5,611	5,254
Assets of disposal group classified as held for sale		-	74
		<u>42,875</u>	<u>41,924</u>
Total assets		<u>95,156</u>	<u>98,353</u>
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital		67,273	67,273
Reserves		(12,669)	-14,217
Total equity		<u>54,604</u>	<u>53,056</u>
Non-current liabilities			
Retirement benefit obligations		4,607	4,216
Borrowings	25	401	426
Deferred tax liabilities		-	1,143
		<u>5,008</u>	<u>5,785</u>
Current liabilities			
Retirement benefit obligations		119	413
Borrowings	25	437	7,647
Overdrafts	25	8,226	6,063
Trade and other payables		26,762	25,389
		<u>35,544</u>	<u>39,512</u>
Total liabilities		<u>40,552</u>	<u>45,297</u>
Total equity and liabilities		<u>95,156</u>	<u>98,353</u>
Net assets per share attributable to owners of the parent (RM)		0.41	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 YEAR ENDED 31 DECEMBER 2011

	←		Attributable to owners of the parent		→		Total equity RM'000
	Share capital RM'000	Share premium RM'000	Reserve arising from merger RM'000	Revaluation reserve RM'000	Fair value adjustment reserve RM'000	Profit/ losses (Accumulated) RM'000	
	←		Attributable to owners of the parent		→		
	Non-distributable		Distributable				
At 1 January 2011	67,273	625	(22,718)	18,508	3,884	(14,516)	53,056
Total comprehensive income for the year	-	-	-	-	36	1,512	1,548
At 31 December 2011	67,273	625	-22,718	18,508	3,920	-13,004	54,604
At 1 January 2010	67,273	625	(22,718)	18,508	-	7,064	70,752
Effect arising from adoption of FRS 139	-	-	-	-	792	-	792
At 1 January 2010, as restated	67,273	625	(22,718)	18,508	792	7,064	71,544
Total comprehensive income for the year	-	-	-	-	3,092	(21,580)	(18,488)
At 31 December 2010	67,273	625	-22,718	18,508	3,884	-14,516	53,056

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)
INTERIM FINANCIAL STATEMENTS**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011**

	31.12.2011 RM'000	31.12.2010 RM'000 (restated)
Operating activities		
Profit/(loss) before tax from continuing operations	876	(5,506)
Profit/(loss) before tax from discontinued operation	524	(16,745)
Profit/(loss) before tax, net	<u>1,400</u>	<u>(22,251)</u>
Adjustments for:		
Non-cash items	4,199	17,430
Non-operating items	<u>(1,256)</u>	<u>(47)</u>
Operating profit/(loss) before working capital changes	4,343	(4,868)
Net changes in current assets	(1,666)	345
Net changes in current liabilities	<u>(867)</u>	<u>5,083</u>
Cash from operating activities	1,810	560
Interest paid	(797)	(800)
Taxation paid	(206)	(967)
Payments of retirement benefits	<u>(482)</u>	<u>(1,021)</u>
Net cash from/(used in) operating activities	<u>325</u>	<u>(2,228)</u>
Investing activities		
Purchase of property, plant and equipment	(945)	(11,144)
Proceeds from disposal of property, plant and equipment	367	508
Proceeds from disposal of quoted investments	2,409	-
Dividend received	337	386
Interest received	<u>64</u>	<u>45</u>
Net cash from/(used in) investing activities	<u>2,232</u>	<u>(10,205)</u>
Financing activities		
Proceeds from borrowings	4,778	20,678
Repayments of borrowings	(9,013)	(18,443)
Interest paid	<u>(128)</u>	<u>(67)</u>
Net cash (used in)/from financing activities	<u>(4,363)</u>	<u>2,168</u>
Net decrease in cash and cash equivalents	(1,806)	(10,265)
Cash and cash equivalents at 1 January	(809)	9,456
Cash and cash equivalents at 31 December	<u>(2,615)</u>	<u>(809)</u>

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

	As at 31.12.2011 RM'000	As at 31.12.2010 RM'000
Cash and bank balances	5,611	5,254
Overdrafts	<u>(8,226)</u>	<u>(6,063)</u>
	<u>(2,615)</u>	<u>(809)</u>

The condensed consolidated statement of cash flows 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, other than for financial instruments, have been prepared under the historical cost convention. Certain financial instruments have been carried at fair value in accordance to FRS 139 Financial Instruments: Recognition and Measurement.

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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the 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. Significant 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 Issues Committee (IC) Interpretations which are applicable for the Group's financial period beginning 1 January 2011.

2.1 Adoption of FRSs, Amendments to FRSs and IC Interpretations

On 1 January 2011, the Group adopted the following FRSs, Amendments to FRSs, IC Interpretations and Amendments to IC Interpretation;-

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 138	Intangible Assets
Amendments to FRS 1, FRS 3, FRS 7 FRS 101, FRS 121, FRS 128, FRS 131 FRS 132, FRS 134, FRS 139 and Amendments to IC Interpretation 13	Improvements to FRSs (2010)
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers

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

2. Significant Accounting Policies (Cont'd.)

2.1 Adoption of FRSs, Amendments to FRSs and IC Interpretations (Cont'd.)

Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives

Adoption of the above FRSs, Amendments to FRSs, IC Interpretations and Amendments to IC Interpretation did not have any effect on the financial performance, position or presentation of financials of the Group, other than the disclosures under the Amendments to FRS 7 which will affect the 2011 annual financial statements.

2.2 Malaysian Financial Reporting Standards (MFRS)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer.

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group will be required to restate the financial position as at 1 January 2012 to amounts reflecting the application of MFRS Framework.

The directors are of the opinion that the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 would not be significantly different if prepared under the MFRS Framework.

3. Comments About Seasonal or Cyclical Factors

During the quarter under review, the Group's principal business operations were adversely affected by seasonal or cyclical factors such as rainy season.

4. 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 year.

5. Significant Estimates and Changes in Estimates

There were no significant changes in estimates of amounts reported in the current financial year ended 31 December 2011.

6. 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 year ended 31 December 2011.

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

7. Dividends Paid

There were no dividends paid by the Company during the financial year ended 31 December 2011.

8. Operating Revenue

	3 months ended		12 months ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
		(restated)		(restated)
Revenue from continuing operations:				
Harvesting, saw-milling & kiln drying	10,842	8,306	50,562	50,581
Manufacturing	6,795	7,514	26,092	25,784
Others	714	743	3,531	3,001
	18,351	16,563	80,185	79,366
Inter group eliminations	(1,945)	(2,732)	(19,736)	(21,031)
Total revenue from continuing operations	16,406	13,831	60,449	58,335
Revenue from discontinued operation	427	2,162	3,200	11,489
Total operating revenue	16,833	15,993	63,649	69,824

9. Other Income

	3 months ended		12 months ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
		(restated)		(restated)
Finance income	21	20	61	41
Dividend income	68	104	351	399
Rental income	-	3	-	7
Sales of scrap and other products	-	-	-	5
Gain on disposal of property, plant and equipment	56	15	98	373
Gain on disposal of quoted investments	-	-	1,645	-
Gain on foreign exchange	64	43	113	67
Miscellaneous income	42	129	200	281
	251	314	2,468	1,173

10. Other Operating Expenses

	3 months ended		12 months ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Marketing expenses	333	320	1,341	1,318
Administrative expenses	1,507	206	6,156	5,040
Depreciation of property, plant and equipment	913	983	3,444	4,582
Provision for impairment of property, plant and equipment	61	1,627	61	1,627
Impairment loss on trade and other receivables	-	702	-	702
Reversal of impairment loss on trade receivables	(127)	(50)	-	(50)
Miscellaneous expenses	70	15	73	229
	2,757	3,803	11,075	13,448

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

11. Segmental Information

RM'000	Harvesting, saw-milling & kiln drying	Manufacturing	Others	Consolidated
Results for 3 months ended 31 December 2011				
Continuing operations:				
Operating revenue	9,605	6,795	6	16,406
Other income	135	84	32	251
Expenses	(10,593)	(6,454)	(756)	(17,803)
(Loss)/profit before tax from continuing operations	(853)	425	(718)	(1,146)
Discontinued operation:				
Operating revenue	-	427	-	427
Other income	-	137	-	137
Expenses	-	(1,358)	-	(1,358)
Loss before tax from discontinued operation	-	(794)	-	(794)
Results for 3 months ended 31 December 2010				
Continuing operations:				
Operating revenue	6,853	6,964	14	13,831
Other income	242	52	20	314
Expenses	(8,307)	(7,024)	(2,016)	(17,347)
Loss before tax from continuing operations	(1,212)	(8)	(1,982)	(3,202)
Discontinued operation:				
Operating revenue	-	2,162	-	2,162
Other income	-	357	-	357
Expenses	-	(14,916)	-	(14,916)
Loss before tax from discontinued operation	-	(12,397)	-	(12,397)

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

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

11. Segmental Information (Cont'd.)

RM'000	Harvesting, saw-milling & kiln drying	Manufacturing	Others	Consolidated
Results for 12 months ended				
31 December 2011				
Continuing operations:				
Operating revenue	34,444	25,978	27	60,449
Other income	2,222	155	91	2,468
Expenses	(32,954)	(25,077)	(4,010)	(62,041)
Profit/(loss) before tax from continuing operations	3,712	1,056	(3,892)	876
Discontinued operation:				
Operating revenue	-	3,200	-	3,200
Other income	-	2,934	-	2,934
Expenses	-	(5,610)	-	(5,610)
Profit before tax from discontinued operation	-	524	-	524
Results for 12 months ended				
31 December 2010				
Continuing operations:				
Operating revenue	34,112	24,188	35	58,335
Other income	982	77	114	1,173
Expenses	(34,175)	(24,713)	(6,126)	(65,014)
Profit/(loss) before tax from continuing operations	919	(448)	(5,977)	(5,506)
Discontinued operation:				
Operating revenue	-	11,489	-	11,489
Other income	-	449	-	449
Expenses	-	(28,683)	-	(28,683)
Loss before tax from discontinued operation	-	(16,745)	-	(16,745)

12. Carrying Amount of Revalued Assets

The Group did not carry out any revaluation on its property, plant and equipment in the financial year. The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 December 2010.

13. Changes in Composition of the Group

There were no changes in the composition of the Group for the current quarter and financial year ended 31 December 2011.

14. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual statement of financial position as at 31 December 2010.

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

15. Significant Event

There was no material significant event during the period under review other than as disclosed in Note 21.

16. Subsequent Events

There were no material events subsequent to the end of the period reported which are likely to affect substantially the results of the operations of the Group for the financial year ended 31 December 2011.

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

17. Operating Segments Review

(a) 4Q11 vs 4Q10

The Group recorded loss before taxation of RM1.15 million in the current period quarter as compared with loss before taxation of RM3.20 million in the previous period quarter. Decrease in loss before taxation was mainly due to increase in revenue by RM2.58 million.

Harvesting, saw-milling & kiln-drying Segment

The harvesting, saw-milling and kiln-drying segment registered loss before taxation of RM0.85 million, decreased by RM0.36 million from loss before taxation of RM1.21 million in the previous period quarter.

(i) Operating revenue

Harvesting, saw-milling & kiln-drying's segment recorded revenue of RM9.61 million, increased by RM2.76 million or 40% from RM6.85 million in the previous period quarter. The improvement in revenue was mainly due to increase in production of sawn timber by 6,300 tonne during the current period quarter under review.

(ii) Other income

Other income decreased by RM107 thousand or 44% from RM242 thousand to RM135 thousand in the current period quarter. This were mainly due to decrease in gain of disposal of property, plant and equipment by RM10 thousand, rental income by RM3 thousand and dividend income from investment by RM37 thousand.

(iii) Expenses

Expenses increased by RM2.28 million or 27% from RM8.31 million to RM10.59 million mainly due to increase in expenses for contract labour by RM1.8 million.

Manufacturing Segment

Manufacturing segment under continuing operations recorded profit before taxation of RM0.42 million, increased by RM0.43 million from loss before taxation recorded in the previous period quarter of RM8 thousand. Higher profit before taxation recorded in current period quarter was mainly due to substantial reduction in operational expenses resulted from cessation of in-house door production as explained in Note 21.

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

17. Operating Segments Review (Cont'd.)

(a) 4Q11 vs 4Q10 (Cont'd.)

Manufacturing Segment (Cont'd.)

(i) Operating revenue

Revenue from manufacturing segment for the current period quarter decreased by RM1.91 million or 21% from RM9.13 million to RM7.22 million in the current period quarter. Decrease in operating revenue was mainly due to decrease in sales of doors by RM1.73 million as the Group has ceased its in-house door production in the current period quarter.

(ii) Other income

Other income decreased by RM0.19 million or 46% from RM0.41 million to RM0.22 million in the current period quarter mainly due to decrease in sales of scrap by RM0.15 million.

(iii) Expenses

Expenses decreased by RM14.13 million or 64% from RM21.94 million to RM7.81 million in current period quarter. Decrease in expenses was mainly due to decrease in administrative expenses resulted from the cessation of the in-house door production such as impairment of property, plant and equipment of RM0.69 million, impairment of inventories of RM9.29 million and retrenchment cost of RM0.69 million whereas no such items incurred in the current period quarter.

Others Segment

Others segment has recorded loss before taxation of RM0.72 million, decreased by RM1.26 million or 64% as compared with loss before taxation of RM1.98 million in previous period quarter. Decrease in loss before taxation was mainly due to decrease in expenses recorded during the current period quarter such as impairment of property, plant and equipment by RM0.93 million, depreciation of property, plant and equipment by RM0.53 million and impairment loss of receivables by RM0.66 million and mitigated with increase in other expenses by RM0.86 million.

(b) FY2011 vs FY2010

In the current financial year, the Group recorded increase in revenue by RM2.11 million or 3.62% from RM58.34 million to RM60.45 million in current financial year. Profit before taxation increased by RM6.39 million or 116% from RM5.51 of loss before taxation to RM0.88 million profit before taxation in current financial year.

Harvesting, saw-milling & kiln-drying Segment

(i) Operating revenue

Harvesting, saw-milling and kiln-drying segment registered increase in operating revenue by RM0.33 million or 10% from RM34.11 million to RM34.44 million in current financial year. Increase in operating revenue mainly due to increase in internal logs extraction by 5,136 hoppus tonne or 18% from 29,322 hoppus tonne to 34,458 hoppus tonne in current financial year.

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

17. Operating Segments Review (Cont'd.)

(b) FY2011 vs FY2010 (Cont'd.)

(ii) Other income

Other income increased by RM1.24 million or 126% from RM0.98 million to RM2.22 million in the current financial year mainly due to gain on disposal from quoted investment securities by RM1.65 million recorded in the current financial year.

(iii) Expenses

Expenses decreased by RM1.23 million or 4% from RM34.18 million to RM32.95 million in current financial year mainly due to decrease in administrative expenses such as increase in salaries and wages by RM0.24 million, repair and maintenance expenses by RM0.11 million and provision for retirement benefits by RM0.22 million.

Manufacturing Segment

Manufacturing segments registered profit before taxation of RM1.58 million, increased by RM18.77 million or 109% from loss before taxation of RM17.19 million in previous financial year.

(i) Operating revenue

Operating revenue from manufacturing segment decreased by RM6.5 million or 18% from RM35.68 million to RM29.18 million in current financial year. Decrease in operating revenue was mainly due to decrease in sales volume of doors by RM8.71 million as the Group had ceased its in-house door production in April 2011 which mitigated with increase in revenue of glass products in the current financial year.

(ii) Other income

Other income increased by RM2.56 million or 487% from RM526 thousand to RM3.09 million in current financial year mainly due to increase in gain on disposal of property, plant and equipment by RM2.19 million and gain from disposal of timber and scrap by RM1.09 million.

(iii) Expenses

Expenses decreased by RM22.71 million or 43% from RM53.40 million to RM30.69 million in the current financial year. Decrease in expenses was mainly due to decrease in administrative expenses resulted from the cessation of the in-house door production such as impairment of property, plant and equipment by RM0.69 million, impairment of inventories by RM9.29 million, retrenchment cost by RM3.72 million and decrease in cost of sales by RM9.25 million.

Others Segment

Others segment has recorded loss before taxation of RM3.89 million in current financial year, decreased by RM2.09 million or 35% compared to loss before taxation of RM5.98 million in the previous financial year. Decrease in loss before taxation was mainly due to decrease in expenses recorded in current financial year as compared with previous financial year such as impairment of property, plant and equipments by RM0.93 million and depreciation of property, plant and equipment by RM0.55 million.

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

18. Material Change in Performance of Operating Segments of Current Quarter Compared with Preceding Quarter

	Current year Quarter 31 Dec 2011 RM'000	Immediate preceding Quarter 30 Sept 2011 RM'000
Revenue from continuing operations	16,406	14,786
Revenue from discontinued operations	427	961
Total revenue	<u>16,833</u>	<u>15,747</u>
(Loss)/profit before tax from continuing operations	(1,146)	186
(Loss)/profit before tax from discontinued operation	(794)	1,124
Total (loss)/profit before tax	<u>(1,940)</u>	<u>1,310</u>

The total Group's revenue for the current year quarter increased by RM1.09 million or 7% from the immediate preceeding quarter. However, the Group recorded total loss before taxation of RM1.94 million as compared to profit before taxation of RM1.31 million in the immediate preceding quarter.

Harvesting, saw-milling & kiln-drying Segment

Harvesting, saw-milling and kiln-drying segment recorded loss before taxation of RM0.85 million, decreased by RM1.75 million or 194% as compared with profit before taxation of RM0.90 million in the immediate preceding quarter.

(i) Operating revenue

Operating revenue increased by RM1.38 million or 17% from RM8.23 million in the preceding quarter to RM9.61 million in the current year quarter. Increase in operating revenue was mainly due to increase in export sales by RM0.87 million which fetched better average selling price as compared with the local sales.

(ii) Other income

Other income slightly increased by RM113 thousand or 514% from RM22 thousand to RM135 thousand in the current year quarter mainly due to increase in dividend income from investment securities by RM67.61 thousand and gain on foreign exchange by RM35.35 thousand.

(iii) Expenses

Expenses increased by RM3.24 million or 44% from RM7.36 million to RM10.60 million in the current year quarter. Increase in expenses was mainly due to increase in cost of sales such as transportation cost by RM0.71 million, repair and maintenance expenses by RM0.17 million and salary and wages by RM0.3 million.

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18. Material Change in Performance of Operating Segments of Current Quarter Compared with Preceding Quarter (Cont'd.)

Manufacturing Segment

Manufacturing segment registered loss before taxation of RM369 thousand in the current year quarter, decreased by RM1.88 million or 124% as compared to profit before taxation of RM1.51 million in the immediate preceding quarter.

(i) Operating revenue

Operating revenue from manufacturing segment for the current year quarter increased by RM0.61 million or 9% from RM6.61 million in the immediate preceding quarter to RM7.22 million in the current year quarter. Increase in operating revenue mainly due to the increase in sales volume of high value glasses by RM0.30 million.

(ii) Other income

Other income decreased by RM1.31 million or 86% from RM1.53 million to RM0.22 million in the current year quarter mainly due to decrease in gain of disposal of property, plant and equipment by RM1.46 million.

(iii) Expenses

Expenses increased by RM1.18 million or 18% from RM6.63 million in the immediate preceding quarter to RM7.81 million in the current year quarter mainly due to inventories written off by RM0.12 million and increase in direct material costs by RM0.87 million.

Others Segment

Others segment recorded loss before taxation of RM0.72 million, decreased by RM0.38 million or 35% from loss before taxation of RM1.10 million in the immediate preceding quarter. Decrease in loss before taxation was mainly due to reversal of provision for depreciation on property, plant and equipment by RM0.03 million and provision for retirement benefit expenses by RM0.10 million.

19. Commentary on Prospects

The board anticipate the operational performance of the Group in the financial year 2012 to improve compared to the financial year 2011 resulted from the strengthening and restructuring of operating subsidiaries.

For the harvesting, saw-milling and kiln-drying segments, the main challenges such as reduction in annual coupe, ability to achieve optimum extraction yield per hectare and increasing other operational costs. The Group will endeavour to undertake all necessary measures to mitigate the adverse effects of the problem through proper planning and close rapport with the contractors and authorities.

For the manufacturing segment, the price volatility and availability of raw materials will cause greater challenge to the Group. Competition remains very stiff especially on the local market as customers demand price cutting and high quality products.

Barring unforeseen circumstances, the Group is expected to improve its performance for the next quarter.

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20. Profit Forecast or Profit Guarantee

There was no profit forecast nor profit guarantee issued for the year ended 31 December 2011.

21. Discontinued Operation

In prior year, the Company has announced the decision to shut-down the operation of one of its wholly-owned subsidiary, Golden Pharos Doors Sdn. Bhd. ("GPD") which has been under performing for the last three years. GPD had in April 2011, ceased its in-house door production and re-engineered its business operations into a trading hub with effect on the same date.

The revenue, results and cash flows of GPD were as follows:

	3 months ended		12 months ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Revenue	427	2,162	3,200	11,489
Cost of sales	(688)	(2,842)	(3,522)	(12,768)
Gross loss	(261)	(680)	(322)	(1,279)
Other income	135	354	1,414	388
Interest income	2	3	4	4
Gain on disposal of property, plant and equipment	-	-	1,516	57
Depreciation of property, plant and equipment	-	(17)	-	(71)
Retrenchment cost	-	(686)	-	(3,722)
Impairment of property, plant and equipment	-	(698)	-	(698)
Impairment of inventories	-	(9,292)	-	(9,292)
Other operating expenses	(542)	(1,196)	(1,428)	(1,470)
Operating (loss)/profit	(666)	(12,212)	1,184	(16,083)
Finance costs	(128)	(185)	(660)	(662)
(Loss)/profit before tax	(794)	(12,397)	524	(16,745)
Income tax expense	-	-	-	-
(Loss)/profit for the period/year from discontinued operation	(794)	(12,397)	524	(16,745)
Cash flows from operating activities	10,136	138	6,935	60
Cash flows from investing activities	2	4	3	52
Cash flows from financing activities	(248)	(510)	(6,617)	1,293
Total cash flows	9,890	(368)	321	1,405

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22. Income Tax Benefits

	3 months ended		12 months ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Continuing operations:				
Current taxation (benefit)/expense	(61)	8	337	(101)
Under provision of income tax	81	448	84	21
Deferred tax	(131)	47	(367)	117
Over provision of deferred tax	(37)	(564)	(166)	(708)
	<u>(148)</u>	<u>(61)</u>	<u>(112)</u>	<u>(671)</u>
Effective tax rate	-12.9%	-1.9%	12.8%	-12.2%

For the current financial period under review, the Group's effective tax rate was lower than the statutory tax rate due to reversal of deferred tax in prior years in certain subsidiaries and utilisation of unabsorbed business losses.

23. Sale of Unquoted Investments And/Or Properties

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

24. Corporate Proposals

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

25. Borrowings

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

	RM' 000
a) Unsecured	-
Secured	9,064
	<u>9,064</u>
b) Short term borrowings (due within 12 months)	8,663
Long term borrowings (due after 12 months)	401
	<u>9,064</u>

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

26. 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.

27. Dividend

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

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28. Basic Earnings/(Loss) per Share

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

		3 months ended		12 months ended	
		31.12.2011	31.12.2010	31.12.2011	31.12.2010
(Loss)/profit from continuing operations attributable to owners of the parent	(RM'000)	(998)	(3,141)	988	(4,835)
(Loss)/profit from discontinued operation attributable to owners of the parent	(RM'000)	(794)	(12,397)	524	(16,745)
(Loss)/profit attributable to owners of the parent	(RM'000)	(1,792)	(15,538)	1,512	(21,580)
Weighted average number of shares in issue	(' 000)	134,547	134,547	134,547	134,547
Basic (loss)/earnings per share for:					
(Loss)/profit from continuing operations	(sen)	(0.74)	(2.33)	0.73	(3.59)
(Loss)/profit from discontinued operation	(sen)	(0.59)	(9.21)	0.39	(12.45)
(Loss)/profit for the period/year	(sen)	(1.33)	(11.54)	1.12	(16.04)

29. Accumulated Losses

	As at 31.12.2011 RM'000	As at 31.12.2010 RM'000
Total accumulated losses of the Group		
- Realised	(19,854)	(20,837)
- Unrealised	6,850	6,321
Total Group accumulated losses as per consolidated accounts	(13,004)	(14,516)

30. 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.

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31. Review by External Auditors

The Board had engaged the external auditors to review and report on the condensed consolidated financial statements of Golden Pharos Berhad for each of the four quarters ended 31 March 2011, 30 June 2011, 30 September 2011 and 31 December 2011 during the financial year, in accordance with International Standard on Review Engagements 2410 (ISRE 2410), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

The external auditors reported to the Board that nothing has come to their attention that causes them to believe that the said condensed consolidated financial statements were not prepared, in all material respects, in accordance with FRS 134: Interim Financial Reporting. The reports were made to the Board in accordance to the terms of reference with the external auditors and for no other purpose.

32. 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 28 February 2012.

By order of the Board

Dato' Zakaria bin Awang
Chief Executive Officer