

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012

	Note	Current quarter 3 months ended		Cumulative quarter 3 months ended	
		31.03.2012 Unaudited RM'000	31.03.2011 Unaudited RM'000	31.03.2012 Unaudited RM'000	31.03.2011 Unaudited RM'000
Revenue		12,641	13,679	12,641	13,679
Cost of sales		<u>(11,597)</u>	<u>(11,577)</u>	<u>(11,597)</u>	<u>(11,577)</u>
Gross profit		1,044	2,102	1,044	2,102
Other operating income		120	739	120	739
Administrative expenses		(2,304)	(2,733)	(2,304)	(2,733)
Other operating expenses		<u>(369)</u>	<u>(438)</u>	<u>(369)</u>	<u>(438)</u>
Operating loss		(1,509)	(330)	(1,509)	(330)
Finance costs		<u>(247)</u>	<u>(249)</u>	<u>(247)</u>	<u>(249)</u>
Loss before taxation	7	(1,756)	(579)	(1,756)	(579)
Income tax benefit	8	<u>328</u>	<u>106</u>	<u>328</u>	<u>106</u>
Loss for the period		<u>(1,428)</u>	<u>(473)</u>	<u>(1,428)</u>	<u>(473)</u>
Attributable to:					
Owners of the parent		<u>(1,428)</u>	<u>(473)</u>	<u>(1,428)</u>	<u>(473)</u>
Loss per share attributable to owners of the parent (sen per share):					
- Basic	9	(1.06)	(0.35)	(1.06)	(0.35)

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 THREE-MONTH PERIOD ENDED 31 MARCH 2012

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Loss for the period	(1,428)	(473)	(1,428)	(473)
Other comprehensive income				
Net gain/(loss) on available-for-sale (AFS) financial assets				
- Gain on fair value changes	1,313	(653)	1,313	(653)
- Deferred tax relating to AFS financial assets	-	163	-	163
Other comprehensive income for the period	<u>(115)</u>	<u>(963)</u>	<u>(115)</u>	<u>(963)</u>
Total comprehensive income for the period attributable to:				
Owners of the parent	<u>(115)</u>	<u>(963)</u>	<u>(115)</u>	<u>(963)</u>

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 FINANCIAL POSITION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012

	<u>Note</u>	31.03.2012 Unaudited RM'000	31.12.2011 Unaudited RM'000 (Restated)	01.01.2011 Unaudited RM'000 (Restated)
Assets				
Non-current assets				
Property, plant and equipment	10	45,003	45,462	48,273
Intangible assets	11	-	-	-
Deferred tax assets		982	681	-
		<u>45,985</u>	<u>46,143</u>	<u>48,273</u>
Current assets				
Inventories		11,883	12,893	13,927
Trade and other receivables		24,361	24,372	22,743
Investment securities	13	7,451	6,139	8,156
Cash and bank balances	12	5,072	5,325	5,254
		<u>48,767</u>	<u>48,729</u>	<u>50,080</u>
Total assets		<u>94,752</u>	<u>94,872</u>	<u>98,353</u>
Equity and liabilities				
Equity				
Share capital	14	67,273	67,273	67,273
Reserves		(12,785)	(12,670)	(14,217)
Total equity		<u>54,488</u>	<u>54,603</u>	<u>53,056</u>
Non-current liabilities				
Retirement benefit obligations		4,878	4,725	4,629
Borrowings	15	376	400	426
Deferred tax liabilities		-	-	1,143
		<u>5,254</u>	<u>5,125</u>	<u>6,198</u>
Current liabilities				
Borrowings	15	4,215	8,376	13,710
Trade and other payables		30,795	26,768	25,389
		<u>35,010</u>	<u>35,144</u>	<u>39,099</u>
Total liabilities		<u>40,264</u>	<u>40,269</u>	<u>45,297</u>
Total equity and liabilities		<u>94,752</u>	<u>94,872</u>	<u>98,353</u>
Net assets per share attributable to owners of the parent (RM)		0.40	0.41	0.39

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012

	Attributable to owners of the parent							
	Non-distributable			Non-distributable				
	Equity, total RM'000	Share capital RM'000	Share premium RM'000	Accumulated losses RM'000	Other reserve, total RM'000	Revaluation reserve RM'000	Fair value adjustment reserve RM'000	Reserve arising from merger RM'000
Opening balance at 1 January 2011	53,056	67,273	625	(14,516)	(326)	18,508	3,884	(22,718)
Total comprehensive income for the period	(963)	-	-	(473)	(490)	-	(490)	-
Closing balance at 31 March 2011	52,093	67,273	625	(14,989)	(816)	18,508	3,394	(22,718)
Opening balance at 1 January 2012	54,603	67,273	625	(13,005)	(290)	18,508	3,920	(22,718)
Total comprehensive income for the period	(115)	-	-	(1,428)	1,313	-	1,313	-
Closing balance at 31 March 2012	54,488	67,273	625	(14,433)	1,023	18,508	5,233	(22,718)

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 THREE-MONTH PERIOD ENDED 31 MARCH 2012**

	Note	3 months ended	
		31.03.2012 Unaudited RM'000	31.03.2011 Unaudited RM'000 (Restated)
Operating activities			
Loss before tax		(1,756)	(579)
<u>Adjustments for:</u>			
Interest income	7	(10)	(7)
Dividend income	7	-	(35)
Interest expenses	7	247	219
Gain on disposal of property, plant and equipment	7	-	(21)
Depreciation of property, plant and equipment	7	849	841
Property, plant and equipment written off	7	3	-
Reversal of provision for impairment of receivables	7	-	(130)
Net unrealised foreign exchange loss/(gain)	7	4	(11)
Reversal of provision for unutilised lease	7	(17)	-
Provision for retirement benefit obligations	7	153	206
Total adjustments		<u>1,229</u>	<u>1,062</u>
Operating cash flows before changes in working capital		(527)	483
<u>Changes in working capital</u>			
Decrease/(increase) in inventories		1,010	(961)
Decrease/ (increase) in trade and other receivables		151	(949)
Increase in trade and other payables		(61)	248
Total changes in working capital		<u>1,100</u>	<u>(1,662)</u>
Interest paid		(146)	(216)
Taxation paid		(77)	(32)
Payments of retirement benefit obligations		-	(120)
		<u>(223)</u>	<u>(368)</u>
Cash flows from/(used in) operations		<u>350</u>	<u>(1,547)</u>
Investing activities			
Purchase of property, plant and equipment	10	(397)	(134)
Proceeds from disposal of property, plant and equipment	10	-	180
Dividend received		-	26
Interest received		10	7
Net cash flows (used in)/from investing activities		<u>(387)</u>	<u>79</u>
Financing activities			
Proceeds from borrowings		4,000	4,756
Repayments of borrowings		(1,145)	(4,263)
Interest paid		(2)	(3)
Net cash flows from financing activities		<u>2,853</u>	<u>490</u>
Net increase/(decrease) in cash and cash equivalents		2,816	(978)
Cash and cash equivalents at 1 January		<u>(1,463)</u>	<u>(809)</u>
Cash and cash equivalents at 31 March		<u>1,353</u>	<u>(1,787)</u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and accompanying explanatory notes attached to the interim financial statements.

**GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012**

1. Corporate information

Golden Pharos Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on 23 May 2012.

2. First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

These condensed consolidated interim financial statements, for the period ended 31 March 2012, have been prepared in accordance with MFRS 134 and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards in Malaysia ("FRS").

The consolidated financial statements of the Group for the year ended 31 December 2011 which were prepared under FRS are available upon request from the Company registered office at Level 18, The Garden North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

These condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS1") has been applied.

The explanatory notes attached to these condensed consolidated 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 year ended 31 December 2011.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

3. Significant accounting policies and application of MFRS 1

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

(a) Business combination

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

**GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012**

3. Significant accounting policies and application of MFRS 1 (continued)

(a) Business combination (continued)

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition.

- (i) The classification of former business combinations under FRS is maintained;
- (ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
- (iii) The carrying amount of goodwill recognised under FRS is not adjusted.

(b) Property, plant and equipment

The Group has previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standard IAS 16 (Revised) Property, Plant and Equipment which was effective for periods ended on or after 1 September 1998. By virtue of this transitional provision, the Group had recorded leasehold land and freehold land at revalued amounts but had not adopted a policy of revaluation and continued to carry those buildings on the basis of their previous revaluations subject to continuity in its depreciation policy and requirement to write down the assets to their recoverable amounts for impairment adjustments.

Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment. However, the carrying amount of revalued buildings, freehold land and leasehold land disclosed in these interim financial statement do not reflect the transition amount from FRS to MFRS as the Company is in the process of revaluation of its buildings, freehold land and leasehold land.

4. Changes in estimates

There were no significant changes in estimates that have had a material effect in the current interim results.

5. Seasonality of operations

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

6. Segment information

The Group is organised into business units based on their products and services, and has three operating segments as follows:

- (i) Harvesting, sawmilling and kiln drying of timber;
- (ii) Manufacturing - manufacturing and trading of glass.
- (iii) Others - include investment holding, marketing and distribution agent, and trading of doors, none of which are of a sufficient size to be reported separately.

There has been no material change in total assets and no differences in the basis of segmentation or in the basis of measurement of segment profit or loss as compared to the last annual financial statements except for information of the discontinued manufacturing segment has been disclosed in others segment in the current quarter as compared with previous years which disclosed in manufacturing segment.

GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012

6. Segment information (continued)

RM'000	Harvesting, saw-milling & kiln drying	Manufacturing	Others	Consolidated
Results for 3 months ended 31 March 2012				
Operating revenue	6,296	6,328	17	12,641
Other income	5	42	73	120
Expenses	(7,160)	(6,125)	(1,232)	(14,517)
(Loss)/profit before taxation	(859)	245	(1,142)	(1,756)

**Results for 3 months ended
31 March 2011**

Operating revenue	5,662	5,940	2,077	13,679
Other income	131	21	587	739
Expenses	(5,926)	(5,891)	(3,180)	(14,997)
(Loss)/profit before taxation	(133)	70	(516)	(579)

7. Loss before taxation

Included in the loss before taxation are the following items:

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31.03.2012 RM'000	31.03.2011 RM'000	31.03.2012 RM'000	31.03.2011 RM'000
Interest income	(10)	(7)	(10)	(7)
Dividend income	-	(35)	-	(35)
Interest expenses	247	219	247	219
Depreciation of property, plant and equipment	849	841	849	841
Gain on disposal of property, plant and equipment	-	(21)	-	(21)
Property, plant and equipment written off	3	-	3	-
Reversal of impairment of receivables	-	(130)	-	(130)
Net unrealised foreign exchange loss/(gain)	4	(11)	4	(11)
Reversal of provision for unutilised lease	(17)	-	(17)	-
Provision for retirement benefit obligations	153	206	153	206

GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012

8. Income tax benefit

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
	RM'000	RM'000	RM'000	RM'000
Current taxation expense	11	52	11	52
Over provision of income tax	(41)	-	(41)	-
Under provision of income tax	(670)	(27)	(670)	(27)
Under provision of income tax	372	(131)	372	(131)
	(328)	(106)	(328)	(106)
Effective tax rate	18.7%	18.3%	18.7%	18.3%

Income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. For the current financial period under review, the Group's effective tax rate was lower than the statutory tax rate due to deferred tax assets recognised from current year business losses mitigated by utilisation of unabsorbed business losses and unabsorbed capital allowances by certain subsidiaries.

9. Loss per share

Basic loss per share amounts are calculated by dividing loss for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares held by the Company.

		Current quarter		Cumulative quarter	
		3 months ended		3 months ended	
		31.3.2012	31.13.2011	31.3.2012	31.13.2011
Loss attributable to owners of the parent	(RM'000)	(1,428)	(473)	(1,428)	(473)
Weighted average number of shares in issue	(' 000)	134,547	134,547	134,547	134,547
Basic loss per share	(sen)	(1.06)	(0.35)	(1.06)	(0.35)

10. Property, plant and equipment

During the three months ended 31 March 2012, the Group acquired assets at a cost of RM397,000 (31 March 2011:RM134,000). Assets with carrying amount of RM3,000 were written off by the Group during the three months ended 31 March 2012 (31 March 2011: RMNil). The written off is included in other operating expenses in the statements of comprehensive income.

There was no asset disposed of by the Group during the three months ended 31 March 2012 (31 March 2011: RM159,000 resulting in a gain on disposal of RM21,000 recognised and included in other income in the statements of comprehensive income).

**GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012**

11. Intangible assets

	Goodwill RM'000
Cost:	
At 1 January 2011/31 December 2011/31 March 2012	<u>185</u>
Accumulated impairment:	
At 1 January 2011/31 December 2011/31 March 2012	<u>(185)</u>
Net carrying amount:	
At 1 January 2011/31 December 2011/31 March 2012	<u>-</u>

Goodwill is tested for impairment annually (31 December) and when circumstances indicate that the carrying value may be impaired. The Group's impairment test for goodwill is based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-years period. The key assumptions used to determine the recoverable amount for the different cash generating units were discussed in the annual financial statements for the year ended 31 December 2011.

12. Cash and bank balances

Cash and bank balances comprised the following amounts:

	31.03.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Cash at banks and in hand	3,568	3,821	3,281
Short term deposits	1,504	1,504	1,973
	<u>5,072</u>	<u>5,325</u>	<u>5,254</u>
Bank overdraft	(3,719)	(6,788)	(6,063)
Total cash and bank balances	<u>1,353</u>	<u>(1,463)</u>	<u>(809)</u>

13. Fair value hierarchy

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs that are based on observable market data, either directly or indirectly

Level 3 - Inputs that are not based on observable market data

**GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012**

13. Fair value hierarchy (continued)

As at the reporting date, the Group held the following financial assets that are measured at fair value:

	Total	Level 1	Level 2	Level 3
	RM'000	RM'000	RM'000	RM'000
31 March 2012				
Available-for-sale financial assets				
Equity shares	7,451	7,451	-	-
31 December 2011				
Available-for-sale financial assets				
Equity shares	6,139	6,139	-	-
1 January 2011				
Available-for-sale financial assets				
Equity shares	8,156	8,156	-	-

No transfer between any levels of the fair value hierarchy took place during the current interim period and the comparative period. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

The Group does not hold credit enhancements or collateral to mitigate credit risk. The carrying amount of financial assets therefore represents the potential credit risk.

14. Share capital, share premium and treasury shares

There were no issuances, cancellation, repurchases, resale and repayments of debts and equity securities for the financial period ended 31 March 2012.

15. Borrowings

	31.03.2012	31.12.2011	01.01.2011
	RM'000	RM'000	RM'000
Short-term borrowings:			
Secured	4,215	8,376	13,710
Long-term borrowings:			
Secured	376	400	426
	<u>4,591</u>	<u>8,776</u>	<u>14,136</u>

16. Dividends

There were no dividend declared by the Company during the financial period ended 31 March 2012 (31 March 2011:RM Nil).

GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012

17. Commitments

	31.03.2012	31.12.2011	01.01.2011
	RM'000	RM'000	RM'000
Capital expenditure			
Approved and contracted for:			
Plant and machinery	99	-	2,493
Motor vehicle	258	-	587
Approved but not contracted for:			
Plant and machinery	-	1,962	-
Motor vehicle	-	136	123
	357	2,098	3,203

18. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the three-month period ended 31 March 2012 and 31 March 2011 as well as the balances with the related parties as at 31 March 2012 and 31 December 2011:

		Loan from related parties	Interest on loan from related parties	Amount owed to related parties
		RM'000	RM'000	RM'000
Entities with significant influence over the Group:				
Terengganu Incorporated Sdn. Bhd.	31.03.2012	-	131	13,271
	31.12.2011	-	30	13,322
Lembaga Tabung Amanah Warisan Negeri Terengganu	31.03.2012	4,000	-	7,000
	31.12.2011	-	-	3,000

19. Events after the reporting period

There were no material events after reporting period during the current quarter.

**GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING
REQUIREMENT: CHAPTER 9, APPENDIX 9B, PART A
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012**

20. Performance review

(a) 1Q12 vs 1Q11

The Group recorded loss before taxation of RM1.76 million in the current period quarter as compared with loss before taxation of RM0.58 million in the previous period quarter. Increase in loss before taxation was mainly due to decrease in revenue by RM1.04 million. The performance review by segments are as follows:

Harvesting, saw-milling & kiln-drying Segment

The harvesting, saw-milling and kiln-drying segment registered loss before taxation of RM0.86 million, increase of RM0.73 million as compared to loss before taxation of RM0.13 million registered in previous corresponding quarter of the previous year mainly due to increase in operating expenses and decrease in other income amounting to RM1.23 million and RM0.13 million respectively.

(i) Operating revenue

Harvesting, saw-milling & kiln-drying's segment recorded revenue of RM6.30 million, increased by RM0.64 million or 11% from RM5.66 million in the previous period quarter. The increase in revenue was mainly due to increase in export sales of moulding by RM0.17 million from RM0.50 million in previous year to RM0.67 million in the quarter under review. However, internal logs extraction decrease from 6,262 hoppus tonne to 3,454 hoppus tonne in the quarter under review.

(ii) Other income

Other income decreased by RM0.125 million or 97% from RM0.13 million to RM0.005 million in the current period quarter. The decrease was mainly due to decrease in bad debts recovered by RM0.08 million from previous year corresponding quarter as compared with current quarter.

(iii) Expenses

Expenses increased by RM1.23 million or 21% from RM5.93 million to RM7.16 million mainly due to increase in raw material cost of RM1.3 million, maintenance cost of RM0.28 million and subcontractor cost RM0.09 million.

Manufacturing Segment

Manufacturing segment recorded profit before taxation of RM0.25 million, increased by RM0.18 million from profit before taxation recorded in the previous period quarter of RM0.07 million. Higher profit before taxation recorded in current period quarter was mainly due to increase in revenue by RM0.39 million.

(i) Operating revenue

Increase in operating revenue was mainly due to increase in the total export sales RM0.50 million or 48% eventhough sales by volume recorded in the current quarter decreased by 22% from 125,257 units in previous period to 97,442 units in current quarter.

(ii) Other income

Other income increased by RM0.021 million or 100% from RM0.021 million to RM0.042 million in the current period quarter mainly due to increase in gain on foreign exchange by RM0.02 million.

**GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING
REQUIREMENT: CHAPTER 9, APPENDIX 9B, PART A
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012**

20. Performance review (continued)

(a) 1Q12 vs 1Q11 (continued)

Manufacturing Segment (continued)

(iii) Expenses

Expenses increased by RM0.24 million or 4% from RM5.89 million to RM6.13 million in current period quarter. Increase in operating expenses mainly due to increase in manufacturing expenses such as raw material cost of RM0.09 million, repair and maintenance cost of RM0.01 million and consumable cost of RM0.04 million.

Others Segment

The segment registered revenue of RM0.017 million, decreased by RM2.06 million or 99% as compared to RM2.08 million in the previous corresponding quarter. Decrease in the total revenue was mainly due to reclassification of a subsidiary from manufacturing segment in previous year to others segment in the quarter under review due to cessation of in-house doors operations of the subsidiary.

This segment shown an increase in loss before tax from RM0.52 million to RM1.14 million in the quarter under review, represent an increased by 119% or RM0.62 million due to significant reduction in operating revenue primarily in sales volume of doors as a result of cessation of in-house doors production by 8,171 pieces.

21. Material change in performance of operating segments of current quarter compared with preceding quarter

	Current year quarter 31 Mar 2012 RM'000	Immediate preceding quarter 31 Dec 2011 RM'000
Revenue from continuing operations	12,641	16,833
Loss before tax from continuing operations	(1,756)	(1,940)

The total Group's revenue for the current year quarter decreased by RM4.19 million or 23% from the immediate preceding quarter. The Group registered loss before tax of RM1.76 million as compared with RM1.94 million in immediate preceding quarter, decreased by 9%. Decrease in loss before tax by 9% was mainly due to decrease in operational expenses by RM4.65 million.

Harvesting, saw-milling & kiln-drying Segment

Harvesting, saw-milling & kiln-drying segment recorded loss before taxation of RM0.86 million as compared with profit before taxation of RM0.73 million in the immediate preceding quarter.

**GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING
REQUIREMENT: CHAPTER 9, APPENDIX 9B, PART A
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012**

21. Material change in performance of operating segments of current quarter compared with preceding quarter (continued)

Harvesting, saw-milling & kiln-drying Segment (continued)

(i) Operating revenue

Operating revenue decreased by RM3.31 million or 34% from RM9.61 million in the immediate preceding quarter to RM6.30 million in the current year quarter. Decrease in operating revenue was mainly due to decrease in internal logs extraction by 1,866 hoppus tonne from 5,320 hoppus tonne in immediate preceding quarter to 3,454 hoppus tonne in the quarter under review. Meanwhile, sawntimber production also reduced as compared with immediate preceding quarter from 7,986 tonne to 3,288 tonne, decreased by 59% as a result of sawmill operated below its normal capacity resulted from insufficient raw materials.

(ii) Other income

Other income decreased by RM0.13 million or 96% from RM0.135 million to RM0.005 million in the current quarter mainly due to lower dividend income from investment securities recorded in previous year amounting to RM0.07 million whereas no such item for quarter under review and decrease in gain on foreign exchange of RM0.05 million.

(iii) Expenses

Expenses decreased by RM3.44 million or 32% from RM10.60 million to RM7.16 million in the current year quarter. Decrease in expenses was mainly due to decrease in sawmilling cost such as raw materials cost by RM3.58 million and subcontractor cost by RM0.23 million.

Manufacturing Segment

Manufacturing segment registered loss before taxation of RM0.25 million in the current year quarter as compared with profit before taxation of RM0.43 million in the immediate preceding quarter.

(i) Operating revenue

Operating revenue from manufacturing segment for the current year quarter decreased by RM0.46 million or 7% from RM6.79 million in the immediate preceding quarter to RM6.33 million in the current year quarter. Decrease in operating revenue mainly due to the decrease in the total production of glasses to 91,233 units from 95,447 units recorded in the previous quarter ended 31 December 2011.

(ii) Other income

Other income decreased by RM0.04 million or 50% from RM0.08 million to RM0.04 million in the current year quarter mainly due to gain on disposal of property, plant and equipment of RM0.03 million recorded in preceding quarter while no such item for the quarter under review.

(iii) Expenses

Expenses decreased by RM0.33 million or 5% from RM6.45 million in the immediate preceding quarter to RM6.12 million in the current year quarter mainly due to decrease in manufacturing cost by RM0.4 million or 6.78%, in line with the decrease in the volume of the glass production during current quarter by 4,214 units.

**GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING
REQUIREMENT: CHAPTER 9, APPENDIX 9B, PART A
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012**

21. Material change in performance of operating segments of current quarter compared with preceding quarter (continued)

Others Segment

The segment shows significant decline in revenue by 95% from RM0.43 million in preceding quarter to RM0.017 million in the quarter under review mainly due to decrease in sales volume of doors as less orders for the period under review. However, loss before taxation in the quarter under review reduced by 25% from RM1.51 million to RM1.14 million as compared to immediate quarter mainly due to there were inventories written off and loss on sales of veneer amounted to RM0.12 million and RM0.30 million respectively in the last quarter whereas no such item in current quarter.

22. Commentary on prospect

Harvesting, sawmilling and kiln drying of timber

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

The Group will continue to face challenges such as reduction in annual coupe, ability to achieve optimum extraction yield per hectare, higher fuel cost, transport cost and other operational costs. However, with the continuous improvement initiatives by the management, the performance of the harvesting, sawmill and kiln drying segment expected to improve.

Manufacturing

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

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

23. Changes in material litigation

There was no material litigation against the Group.

24. Dividend payable

There was no dividend paid by the Company during the financial period ended 31 March 2012 (31 March 2011:RM Nil).

25. Risks and policies of derivatives

The Group did not enter into any derivatives during the period ended 31 March 2012 or the previous financial year ended 31 December 2011.

26. Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit or losses as at 31 March 2012 and 31 December 2011.

GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING
REQUIREMENT: CHAPTER 9, APPENDIX 9B, PART A
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012

27. Breakdown of realised and unrealised losses

The breakdown of the accumulated losses of the Group as at 31 March 2012 and 31 December 2011 into realised and unrealised losses is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, prepared in accordance with *Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses* in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Current quarter ended 31.03.2012 RM'000	Previous financial year ended 31.12.2011 RM'000
Total accumulated losses of the Company and its subsidiaries		
- Realised	(78,882)	(77,157)
- Unrealised	7,151	6,850
	<u>(71,731)</u>	<u>(70,307)</u>
Less: Consolidation adjustments	57,298	57,302
Total group accumulated losses as per financial statements	<u>(14,433)</u>	<u>(13,005)</u>

28. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2011 was not qualified.

By order of the Board

Dato' Haji Zakaria bin Awang
Chief Executive Officer