

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2012

	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		30.09.2012 Unaudited RM'000	30.09.2011 Unaudited RM'000	30.09.2012 Unaudited RM'000	30.09.2011 Unaudited RM'000
Continuing operations					
Revenue		17,660	14,786	46,798	44,042
Cost of sales		<u>(13,332)</u>	<u>(11,622)</u>	<u>(35,782)</u>	<u>(35,614)</u>
Gross profit		4,328	3,164	11,016	8,428
Other operating income		192	80	771	2,217
Administrative expenses		(2,755)	(2,549)	(7,831)	(7,180)
Other operating expenses		<u>(457)</u>	<u>(412)</u>	<u>(1,366)</u>	<u>(1,139)</u>
Operating profit		1,308	283	2,590	2,326
Finance costs		<u>(244)</u>	<u>(97)</u>	<u>(718)</u>	<u>(307)</u>
Profit before taxation	7	1,064	186	1,872	2,019
Income tax (expense)/benefit	8	<u>(536)</u>	<u>46</u>	<u>(394)</u>	<u>(35)</u>
Profit for the period from continuing operations		528	232	1,478	1,984
Discontinued operation					
Profit for period from a discontinued operation		<u>-</u>	<u>1,124</u>	<u>-</u>	<u>1,319</u>
Profit for the period		<u>528</u>	<u>1,356</u>	<u>1,478</u>	<u>3,303</u>
Attributable to:					
Owners of the parent		<u>528</u>	<u>1,356</u>	<u>1,478</u>	<u>3,303</u>
Earnings per share attributable to owners of the parent (sen per share):					
- Basic for earnings from continuing operation (sen)	9	0.39	0.17	1.10	1.47
- Basic for earnings from discontinuing operation (sen)	9	<u>0.00</u>	<u>0.84</u>	<u>0.00</u>	<u>0.98</u>
- Basic for earnings for the period		<u>0.39</u>	<u>1.01</u>	<u>1.10</u>	<u>2.45</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 COMPREHENSIVE INCOME (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2012

	Current quarter		Cumulative quarter	
	3 months ended		9 months ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Profit for the period from continuing operations	528	232	1,478	1,984
Profit for period from a discontinued operation	-	1,124	-	1,319
Profit for the period	<u>528</u>	<u>1,356</u>	<u>1,478</u>	<u>3,303</u>
Net gain on available-for-sale ("AFS") financial assets				
- Loss on fair value changes	(1,042)	(612)	(429)	(1,129)
- Deferred tax relating to AFS financial assets	-	-	-	1,294
- Transfer to profit or loss upon disposal	-	-	-	(1,637)
Other comprehensive (loss)/income for the period, net of tax	<u>(1,042)</u>	<u>(612)</u>	<u>(429)</u>	<u>(1,472)</u>
Total comprehensive (loss)/income for the period, net of tax attributable to: Owners of the parent	<u>(514)</u>	<u>744</u>	<u>1,049</u>	<u>1,831</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
AS AT 30 SEPTEMBER 2012

	<u>Note</u>	30.09.2012 Unaudited RM'000	31.12.2011 Unaudited RM'000	01.01.2011 Unaudited RM'000
Assets				
Non-current assets				
Property, plant and equipment	10	44,422	45,462	48,273
Goodwill	11	-	-	-
Deferred tax assets		229	681	-
Investment securities	12	5,709	6,139	8,156
		<u>50,360</u>	<u>52,282</u>	<u>56,429</u>
Current assets				
Inventories		23,323	12,893	13,927
Trade and other receivables		19,679	20,256	18,324
Cash and bank balances	13	3,126	5,325	5,254
Tax recoverable		3,888	4,116	4,419
		<u>50,016</u>	<u>42,590</u>	<u>41,924</u>
Total assets		<u>100,376</u>	<u>94,872</u>	<u>98,353</u>
Equity and liabilities				
Equity				
Share capital	14	67,273	67,273	67,273
Share premium	14	625	625	625
Accumulated losses		(11,527)	(13,005)	(14,516)
Other reserves		(719)	(290)	(326)
Total equity		<u>55,652</u>	<u>54,603</u>	<u>53,056</u>
Non-current liabilities				
Loans and borrowings	15	295	400	426
Retirement benefit obligations		4,360	4,316	4,216
Deferred tax liabilities		-	-	1,143
		<u>4,655</u>	<u>4,716</u>	<u>5,785</u>
Current liabilities				
Loans and borrowings	15	7,766	8,376	13,710
Retirement benefit obligations		506	409	413
Trade and other payables		31,797	26,768	25,389
		<u>40,069</u>	<u>35,553</u>	<u>39,512</u>
Total liabilities		<u>44,724</u>	<u>40,269</u>	<u>45,297</u>
Total equity and liabilities		<u>100,376</u>	<u>94,872</u>	<u>98,353</u>
Net assets per share attributable to owners of the parent (RM)		0.41	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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 reserves, 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	1,831	-	-	3,303	(1,472)	-	(1,472)	-
Closing balance at 30 September 2011	54,887	67,273	625	(11,213)	(1,798)	18,508	2,412	(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	1,049	-	-	1,478	(429)	-	(429)	-
Closing balance at 30 September 2012	55,652	67,273	625	(11,527)	(719)	18,508	3,491	(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 STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2012

	Note	9 months ended	
		30.09.2012	30.09.2011
		Unaudited RM'000	Unaudited RM'000
Operating activities			
Profit before tax		1,872	3,338
<u>Adjustments for:</u>			
Interest income	7	(37)	(41)
Dividend income	7	(249)	(283)
Interest expenses	7	718	817
Gain on disposal of property, plant and equipment	7	(24)	(33)
Depreciation of property, plant and equipment	7	2,552	2,533
Property, plant and equipment written off	7	1	32
Gain on disposal of investment securities	7	-	(1,645)
Reversal of impairment loss on trade and other receivables	7	(31)	(132)
Net unrealised foreign exchange loss/(gain)	7	19	(10)
Provision for retirement benefits	7	388	646
Reversal of provision for short term accumulating compensated absences	7	(18)	-
Total adjustments		<u>3,319</u>	<u>1,884</u>
Operating cash flows before changes in working capital		5,191	5,222
<u>Changes in working capital</u>			
Increase in inventories		(10,430)	(4,013)
Decrease/ (increase) in trade and other receivables		628	(1,468)
Increase in trade and other payables		795	604
Total changes in working capital		<u>(9,007)</u>	<u>(4,877)</u>
Interest paid		(374)	(668)
Income tax (benefit)/paid		372	(167)
Payments of retirement benefits		(248)	(365)
		<u>(250)</u>	<u>(1,200)</u>
Net cash flows used in operating activities		<u>(4,066)</u>	<u>(855)</u>
Investing activities			
Purchase of property, plant and equipment	10	(1,518)	(725)
Proceeds from disposal of property, plant and equipment	10	27	196
Proceeds from disposal of investment securities		-	2,408
Dividend received		249	283
Interest received		37	41
Net cash flows (used in)/from investing activities		<u>(1,205)</u>	<u>2,203</u>
Financing activities			
Proceeds from borrowings		8,441	5,118
Repayments of borrowings		(1,860)	(8,946)
Interest paid		(39)	(7)
Net cash flows from/(used in) financing activities		<u>6,542</u>	<u>(3,835)</u>
Net increase/(decrease) in cash and cash equivalents		1,271	(2,487)
Cash and cash equivalents at 1 January		<u>(1,463)</u>	<u>(809)</u>
Cash and cash equivalents at 30 September		<u>(192)</u>	<u>(3,296)</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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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.

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

These condensed consolidated interim financial statements, for the period ended 30 September 2012, have been prepared in accordance with MFRS 134 *Interim Financial Reporting* 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 ("FRS") in Malaysia.

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. An explanation of how the transition from FRS to MFRS has effected the Group's financial position, financial performance and cash flows is set out in Note 3 below. These notes include reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. 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. Except for certain differences, the requirements under FRS and MFRS are similar. 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 its 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 and leasehold land disclosed in these interim financial statements do not reflect the transition amount from FRS to MFRS as the Group is in the process of revaluation of its buildings, freehold land and leasehold land.

(c) Retirement benefit obligations

Under FRS, cumulative unrecognised actuarial gains/(losses) in excess of 10% of the greater of the present value of the defined benefit obligation or fair value of plan assets are amortised over the expected average remaining working lives of the employees participating in the plan and recognised in income statement. Upon adoption of MFRS, all future actuarial gains and losses will be recognised in the other comprehensive income in the year such remeasurement occurs. However, the carrying amount of retirement benefit obligations disclosed in these interim financial statements do not reflect the transition amount from FRS to MFRS as the Group is in the process of valuing its retirement benefit obligations.

GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2012

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 were not affected by any seasonal or cyclical factors.

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 wooden 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 and trading of wooden doors segment has been disclosed in others segment in the current quarter as compared with previous years which disclosed in manufacturing segment.

	Harvesting, sawmilling and kiln drying RM'000	Manufacturing RM'000	Others RM'000	Consolidated RM'000
Results for 3 months ended 30 September 2012				
Operating revenue	9,695	7,944	21	17,660
Other operating income	39	57	96	192
Expenses	(7,677)	(7,719)	(1,392)	(16,788)
Profit/(loss) before taxation	2,057	282	(1,275)	1,064
Results for 3 months ended 30 September 2011				
Operating revenue	8,233	6,546	7	14,786
Other operating income	22	24	34	80
Expenses	(7,359)	(6,183)	(1,138)	(14,680)
Profit/(loss) before taxation from continuing operations	896	387	(1,097)	186
Profit before taxation from a discontinued operation	-	-	1,124	1,124
	896	387	27	1,310

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EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2012**

6. Segment information (continued)

	Harvesting, sawmilling and kiln drying RM'000	Manufacturing RM'000	Others RM'000	Consolidated RM'000
Results for 9 months ended 30 September 2012				
Operating revenue	24,459	22,278	61	46,798
Other operating income	346	195	230	771
Expenses	(20,245)	(21,477)	(3,975)	(45,697)
Profit/(loss) before taxation	4,560	996	(3,684)	1,872
Results for 9 months ended 30 September 2011				
Operating revenue	24,838	19,183	21	44,042
Other operating income	2,087	71	59	2,217
Expenses	(22,360)	(18,621)	(3,259)	(44,240)
Profit/(loss) before taxation from continuing operations	4,565	633	(3,179)	2,019
Profit before taxation from a discontinued operation	-	-	1,319	1,319
	4,565	633	(1,860)	3,338

7. Profit before taxation

Included in the profit before taxation are the following items:

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30.09.2012 RM'000	30.09.2011 RM'000	30.09.2012 RM'000	30.09.2011 RM'000
Interest income	(10)	(15)	(37)	(41)
Dividend income	-	-	(249)	(283)
Interest expenses	244	272	718	817
Depreciation of property, plant and equipment	871	844	2,552	2,533
Gain on disposal of property, plant and equipment	(24)	-	(24)	(33)
Property, plant and equipment (written back)/ written off	(2)	-	1	32
Gain on disposal of investment securities	-	-	-	(1,645)
Provision for/(reversal of) impairment loss on trade and other receivables	-	11	(31)	(132)
Net unrealised foreign exchange (gain)/loss	(19)	1	19	(10)
Reversal of provision for short term accumulating compensated absences	-	-	(18)	-
Provision for retirement benefits	136	221	388	646

**GOLDEN PHAROS BERHAD (Company No. 152205-W)
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8. Income tax expense/(benefit)

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30.09.2012 RM'000	30.09.2011 RM'000	30.09.2012 RM'000	30.09.2011 RM'000
Current income tax	86	118	111	397
(Over)/under provision of income tax in respect of previous years	(100)	4	(171)	4
Deferred income tax	517	(31)	934	(236)
Under/(over) provision of deferred tax in respect of previous years	33	(137)	(480)	(130)
	<u>536</u>	<u>(46)</u>	<u>394</u>	<u>35</u>
Effective tax rate	50.4%	3.5%	21.0%	-1.0%

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 over provision of income tax and deferred tax in previous year.

9. Earnings per share

Basic earnings per share amounts are calculated by dividing profit 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 3 months ended		Cumulative quarter 9 months ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
Profit net of tax from continuing operations attributable to owners of the parent used in the computation of earnings per share (RM'000)	528	232	1,478	1,984
Profit net of tax from discontinued operation attributable to owners of the parent used in the computation of earnings per share (RM'000)	-	1,124	-	1,319
Profit net of tax attributable to owners of the parent used in the computation of earnings per share (RM'000)	<u>528</u>	<u>1,356</u>	<u>1,478</u>	<u>3,303</u>
Weighted average number of ordinary shares in issue (' 000)	<u>134,547</u>	<u>134,547</u>	<u>134,547</u>	<u>134,547</u>
Basic earnings per share for:				
Profit from continuing operations (sen)	0.39	0.17	1.10	1.47
Profit from discontinued operation (sen)	-	0.84	-	0.98
Profit for the period (sen)	<u>0.39</u>	<u>1.01</u>	<u>1.10</u>	<u>2.45</u>

**GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2012**

10. Property, plant and equipment

During the nine month period ended 30 September 2012, the Group acquired property, plant and equipment at a cost of RM1,518,000 (30 September 2011: RM725,000). Property, plant and equipment with carrying amount of RM1,000 were written off by the Group during the nine month period ended 30 September 2012 (30 September 2011: RM32,000). The amount written off is included in other operating expenses in the statement of comprehensive income.

Assets with a carrying amount of RM3,000 were disposed of by the Group during the nine months period ended 30 September 2012 (30 September 2011: RM163,000), resulting in a gain on disposal of RM24,000 (30 September 2011: RM33,000), recognised and included in other income in the statement of comprehensive income.

11. Goodwill

	Goodwill RM'000
Cost:	
At 1 January 2011/31 December 2011/30 September 2012	<u>185</u>
Accumulated impairment:	
At 1 January 2011/31 December 2011/30 September 2012	<u>(185)</u>
Net carrying amount:	
At 1 January 2011/31 December 2011/30 September 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-year 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. 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

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

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12. Fair value hierarchy (continued)

	Total	Level 1	Level 2	Level 3
	RM'000	RM'000	RM'000	RM'000
30 September 2012				
Available-for-sale financial assets				
Equity shares	5,709	5,709	-	-
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 assets that subsequently resulted in a different classification of that assets.

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.

13. Cash and bank balances

Cash and bank balances comprised the following amounts:

	30.09.2012	31.12.2011	01.01.2011
	RM'000	RM'000	RM'000
Cash at banks and in hand	1,533	3,821	3,281
Short term deposits	1,593	1,504	1,973
	<u>3,126</u>	<u>5,325</u>	<u>5,254</u>
Bank overdrafts	(3,318)	(6,788)	(6,063)
Total cash and bank balances	<u>(192)</u>	<u>(1,463)</u>	<u>(809)</u>

14. Share capital and share premium

There were no issuances, cancellation, repurchases, resale and repayments of debts and equity securities for the financial period ended 30 September 2012.

**GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
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15. Loans and borrowings

	30.09.2012	31.12.2011	01.01.2011
	RM'000	RM'000	RM'000
Short-term borrowings:			
Secured	7,766	8,376	13,710
Long-term borrowings:			
Secured	295	400	426
	<u>8,061</u>	<u>8,776</u>	<u>14,136</u>

16. Dividends

There was no dividend declared by the Company during the financial period ended 30 September 2012 (30 September 2011: RM Nil).

17. Commitments

	30.09.2012	31.12.2011	01.01.2011
	RM'000	RM'000	RM'000
Capital expenditure			
Approved and contracted for:			
Plant and machinery	616	-	2,493
Motor vehicles	420	-	587
Approved but not contracted for:			
Plant and machinery	-	1,962	-
Motor vehicles	-	136	123
	<u>1,036</u>	<u>2,098</u>	<u>3,203</u>

18. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the nine-month periods ended 30 September 2012 and 30 September 2011 as well as the balances with the related parties as at 30 September 2012 and 31 December 2011:

		Loans from related parties	Interest on loans 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.	30.09.2012	-	280	10,303
	31.12.2011	9,300	(48)	13,322
Lembaga Tabung Amanah Warisan Negeri Terengganu	30.09.2012	4,000	25	7,025
	31.12.2011	<u>3,000</u>	<u>-</u>	<u>3,000</u>

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19. Events after the reporting period

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

20. Performance review

(a) Current Quarter vs Corresponding Quarter of Previous Period (3Q12 vs 3Q11)

The Group registered a revenue of RM17.66 million for current quarter as compared to RM14.79 million in previous year's corresponding quarter, an increase of 19%. However, the profit before taxation has shown a decrease of RM0.25 million or 19% from RM1.31 million to RM1.06 million recorded in the current quarter. The performance review by segments are as follows:

Harvesting, saw-milling & kiln-drying Segment

The harvesting, saw-milling and kiln-drying segment's profit before taxation for the current quarter was higher by RM1.16 million or 129% as compared to the corresponding quarter. Substantial increase in profit was due to increase in revenue recorded in the quarter under review by RM1.47 million from RM8.23 million.

(i) Operating revenue

The segment's operating revenue of RM9.70 million for the current quarter was 18% higher than that reported in the previous year's corresponding quarter. Higher revenue recorded was mainly due to increase in sales volume of sawn timber from 5,469 tonned to 6,986 tonned, an increased of 28%. In addition, export sales increased by 31% or RM0.10 million from RM0.32 million in previous year's corresponding quarter to RM0.42 million in the current quarter.

(ii) Other operating income

There was an increase in other operating income by 77% as compared to RM0.02 million reported in previous year's corresponding quarter which was mainly due to gain on foreign exchange of RM0.16 million.

(iii) Expenses

The segment recorded expenses of RM7.68 million in the current quarter as compared to RM7.36 million recorded in previous year's corresponding quarter, a slight increased by 4% or RM0.32 million. Increase in expenses was mainly due to increase in forestry costs from RM4.82 million to RM9.44 million, which represents an increased of 96%. Forestry costs included logging contract, timber's premium and other related costs due to new opening of compartment areas during the period under review.

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20. Performance review (continued)

(a) Current Quarter vs Corresponding Quarter of Previous Period (3Q12 vs 3Q11) (continued)

Manufacturing Segment

During the quarter under review, the manufacturing segment recorded a profit before taxation of RM0.28 million, decreased by RM0.11 million from RM0.39 million recorded in the previous year's corresponding quarter. Reduction in profit before taxation was due to increase in expenses by 25%, outweighed the increase in operating revenue of 21% or RM1.40 million as compared to previous year's quarter.

(i) Operating revenue

For the current quarter, the segment's operating revenue improved by 21% or RM 1.40 million from RM6.55 million reported in the same quarter last year due to increase in sales volume of glasses of 138,053 units in the quarter under review as compared to 114,093 units in the previous corresponding quarter, increased by 21%.

(ii) Other operating income

Other operating income increased by RM0.033 million or 138% from RM0.024 million to RM0.057 million in the current quarter was due to increase in gain on foreign exchange and interest income on short-term fixed deposits by RM0.025 million and RM0.005 million respectively.

(iii) Expenses

Expenses rose to RM7.72 million in the current quarter from RM6.18 million in the previous corresponding quarter. Manufacturing expenses have shown an increase such as raw materials cost of RM0.91 million, labour cost of RM0.15 million and repair and maintenance costs of RM0.02 million that contributed to the increase of 25%. The increases were in line with the better performance of the glass's sales and production volume in the quarter.

Others Segments

The segment's recorded a loss before taxation of RM1.28 million as compared to profit before taxation of RM0.03 million recorded in the same quarter last year. Significant drop in profit before taxation was due to in previous corresponding quarter consist of gain on disposal of property, plant and equipment amounting to RM1.46 million as a result of cessation of in-house doors production.

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20. Performance review (continued)

(b) Current Period-to-date vs Previous Period-to-date (FY2012 vs FY2011)

The Group's registered profit before taxation of RM1.87 million in the period under review, 44% lower than profit before taxation of RM3.34 million recorded in the corresponding period. Lower profit before taxation was due to decrease in other operating income by RM1.47 million. Meanwhile, the Group's revenue for the nine-month period ended 30 September 2012 increase by 6% to RM46.8 million from RM44.04 million achieved in the previous year's corresponding period.

Harvesting, saw-milling & kiln-drying Segment

The segment revenue decreased to RM24.46 million from RM24.84 million in the corresponding period by 2% or RM0.38 million. The profit before taxation was consistent and stood at RM4.56 million.

(i) Operating revenue

In the current period, the segment recorded an operating revenue of RM24.46 million, a decrease of 2% as compared to RM24.84 million in the previous period. The decrease was mainly due to significant drop in the export sales of sawn timber of RM0.59 million, decreased by 75% compared to RM2.36 million recorded in the corresponding period.

During the period under review, internal logs extraction was slightly dropped to 31,146 hoppus tonne from 34,173 hoppus tonne in the previous year's corresponding period.

(ii) Other operating income

The segment's other operating income decrease significantly from RM2.09 million to RM0.35 million in the current quarter mainly due to in previous year's corresponding consist of gain on disposal of investment securities of RM1.65 million and reversal of impairment loss on trade and other receivables of RM0.10 million.

(iii) Expense

Overall expenses for the segment decreased by RM2.11 million or 9% from RM22.36 million to RM20.25 million in the period under review. This was mainly due to a decrease in total sawmilling expenses by RM2 million in the current period which is inline with the increase in sawn timber's closing stocks from RM0.61 million to RM4.03 million.

Manufacturing Segment

During the period, manufacturing segment recorded a profit before taxation of RM1.00 million, representing an increase of 59% from RM0.63 in the same period previous year. Increase in profitability was in line with increase in operating revenue.

(i) Operating revenue

Manufacturing segment recorded a revenue of RM22.28 million, improved by 16% as compared to RM19.18 million recorded in corresponding period. Increase in operating revenue was mainly due to increase in sales volume of glasses from 359,159 units to 381,925 units in the period under review.

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20. Performance review (continued)

(b) Current Period-to-date vs Previous Period-to-date (FY2012 vs FY2011) (continued)

Manufacturing Segment (continued)

(ii) Other operating income

Increase in other operating income was mainly due to increase in gain on foreign exchange from RM0.03 million to RM0.16 million in the period under review.

(iii) Expenses

Expenses increased by 15% from RM18.62 million to RM21.48 million in the current period. Higher manufacturing cost such as raw material cost of RM0.91 million, direct labour cost of RM0.16 million as well as utilities of RM0.27 million had caused the increase in operating expenses.

Others Segment

Others segment recorded loss before taxation of RM3.68 million as compared to a loss before taxation of RM1.86 million in the same period previous year. The decrease in others segment was mainly due to the cessation of in-house doors production.

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

	Current quarter 30 September 2012 RM'000	Immediate preceding quarter 30 June 2012 RM'000
Revenue	<u>17,660</u>	<u>16,497</u>
Profit before taxation	<u>1,064</u>	<u>2,566</u>

The Group's profit before taxation has shown a decrease from RM2.57 million in the preceding quarter to RM1.06 million despite the increase in revenue by RM1.16 million to RM17.66 million in the quarter under review. The decrease in profit before taxation was due to increase in operating expenses of RM16.79 million in the quarter under review.

Harvesting, saw-milling & kiln-drying Segment

Profit before taxation for harvesting, saw-milling and kiln drying segment dropped to RM2.06 million in the quarter under review from RM3.36 million in the immediate preceding quarter, representing a decrease of 39%.

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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

The segment's operating revenue of RM9.70 million, 15% higher than operating revenue recorded in the immediate preceding quarter of RM8.47 million. Increase in operating revenue was due to increase quantity sold of sawn timber from 4,466 tonned to 6,986 tonned in the quarter under review, rise by 56%. In addition, export sales increased by RM0.41 million.

(ii) Other operating income

Other operating income dropped by RM0.26 million or 87% as compared to RM0.30 million recorded in the immediate preceding quarter. Substantial reduction in other operating income was mainly due to dividend income received from investment securities amounting to RM0.25 million whereas no such item in the quarter under review.

(iii) Expenses

Expenses increased by 42% from RM5.41 million to RM7.68 million in the current quarter. Increase in expenses was due to increase in cost of sales primarily forestry costs such as logging contract cost of RM1.15 million, timber royalties cost of RM0.15 million and transportation cost of RM0.60 million.

Manufacturing Segment

Manufacturing segment recorded a profit before taxation of RM0.28 million in the current year quarter as compared with profit before taxation of RM0.47 million in the immediate preceding quarter.

(i) Operating revenue

Segment's operating revenue for the current quarter decreased by 1% from RM8.00 million in the immediate preceding quarter to RM7.94 million in the current quarter. Decline in operating revenue was mainly due to the lower sales volume of glasses from 146,431 units to 138,052 units recorded in the quarter under review.

(ii) Other operating income

Other operating income decreased by RM0.04 million from RM0.10 million to RM0.06 million in the current quarter as a result of lower gain on foreign exchange from RM0.09 million to RM0.05 million.

(iii) Expenses

Expenses increased by RM0.09 million from RM7.63 million in the immediate preceding quarter to RM7.72 million in the current quarter mainly due to increase in cost of sales primarily in manufacturing cost as a result of decrease in production volume by 5% which lead to higher cost per unit in the quarter under review.

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

Others Segment

The segment shows consistent revenue of RM0.02 million. The loss before taxation for the segment in the quarter under review increased by 1% from RM1.27 million to RM1.28 million as compared to immediate preceding quarter mainly due to increase in finance cost of RM0.02 million.

22. Commentary on prospect

Harvesting, sawmilling and kiln drying of timber

Harvesting activities will be affected with the coming monsoon season. However, with the buffer stocking strategy in place, sawmill segment would have sufficient raw materials for the operations during monsoon season.

Operationally, the segment will continue to face challenges such as reduction in annual coupe, ability to achieve optimum extraction yield per hectare, new regulations by Forestry Department due to stringent compliances, higher fuel cost, transport cost and other operational costs. With the continuous improvement initiatives by the management, the performance of the harvesting, sawmilling and kiln drying segment is expected to remain positive.

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.

With the continues supply for the current secured projects from the government and Vietnam business market, the segment is thus, expected to remain profitable for the next quarter.

Barring any unforeseen circumstances, the Board will continue to intensify its effort to improve efficiency, productivity and profitability for the current financial year.

23. Changes in material litigation

There was no material litigation against the Group.

24. Risks and policies of derivatives

The Group did not enter into any derivative during the financial period ended 30 September 2012 or the previous financial year ended 31 December 2011.

25. 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 loss as at 30 September 2012 and 31 December 2011.

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26. Breakdown of realised and unrealised losses

The breakdown of the accumulated losses of the Group as at 30 September 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 30.09.2012 RM'000	Previous financial year ended 31.12.2011 RM'000
Total accumulated losses of the Company and its subsidiaries		
- Realised	(75,224)	(77,157)
- Unrealised	6,398	6,850
	<u>(68,826)</u>	<u>(70,307)</u>
Less: Consolidation adjustments	57,299	57,302
Total Group accumulated losses as per financial statements	<u>(11,527)</u>	<u>(13,005)</u>

27. Auditors' report on preceding annual financial statements

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

28. Authorised for issue

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 November 2012.

By order of the Board

Dato' Haji Zakaria bin Awang
Chief Executive Officer