

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31.12.2012	31.12.2011	31.12.2012	31.12.2011
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
			(restated)		(restated)
Continuing operations					
Revenue		19,837	16,406	66,635	60,449
Cost of sales		<u>(17,390)</u>	<u>(15,185)</u>	<u>(53,172)</u>	<u>(50,799)</u>
Gross profit		2,447	1,221	13,463	9,650
Other operating income		347	251	1,118	2,490
Administrative expenses		(4,024)	(3,011)	(11,855)	(10,192)
Other operating expenses		<u>(534)</u>	<u>(276)</u>	<u>(1,900)</u>	<u>(1,435)</u>
Operating (loss)/profit		(1,764)	(1,815)	826	513
Finance (costs)/income		<u>(312)</u>	<u>139</u>	<u>(1,030)</u>	<u>(168)</u>
(Loss)/Profit before taxation	7	(2,076)	(1,676)	(204)	345
Income tax benefit	8	<u>2,011</u>	<u>148</u>	<u>1,617</u>	<u>252</u>
(Loss)/Profit for the period/year from continuing operations		(65)	(1,528)	1,413	597
Discontinued operation					
(Loss)/Profit for the period/year from a discontinued operation		-	(794)	-	524
(Loss)/Profit for the period/year		<u>(65)</u>	<u>(2,322)</u>	<u>1,413</u>	<u>1,121</u>
Attributable to:					
Owners of the parent		<u>(65)</u>	<u>(2,322)</u>	<u>1,413</u>	<u>1,121</u>
(Loss)/Earnings per share attributable to owners of the parent (sen per share):					
- Basic for (loss)/earnings from continuing operations (sen)	9	(0.05)	(1.14)	1.05	0.44
- Basic for (loss)/earnings from discontinued operation (sen)	9	-	(0.59)	-	0.39
- Basic for (loss)/earnings for the period/year		<u>(0.05)</u>	<u>(1.73)</u>	<u>1.05</u>	<u>0.83</u>

The condensed consolidated statement 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 STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the period/year from continuing operations	(65)	(1,528)	1,413	597
(Loss)/Profit for the period/year from a discontinued operation	-	(794)	-	524
(Loss)/Profit for the period/year	<u>(65)</u>	<u>(2,322)</u>	<u>1,413</u>	<u>1,121</u>
Net gain on available-for-sale ("AFS") financial assets				
- (Loss)/gain on fair value changes	2	1,510	(427)	381
- Deferred tax relating to AFS financial assets	-	(2)	-	1,292
- Transfer to profit or loss upon disposal	-	-	-	(1,637)
Net gain on remeasurement of defined benefit liability	-	94	-	94
Other comprehensive (loss)/income for the period/year, net of tax	<u>2</u>	<u>1,602</u>	<u>(427)</u>	<u>130</u>
Total comprehensive (loss)/income for the period/year, net of tax attributable to: Owners of the parent	<u>(63)</u>	<u>(720)</u>	<u>986</u>	<u>1,251</u>

The condensed consolidated statement 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 STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012**

	<u>Note</u>	31.12.2012 Unaudited RM'000	31.12.2011 Unaudited RM'000	01.01.2011 Unaudited RM'000
Assets				
Non-current assets				
Property, plant and equipment	10	70,817	72,153	75,466
Goodwill	11	-	-	-
Investment securities	12	5,711	6,139	8,156
		<u>76,528</u>	<u>78,292</u>	<u>83,622</u>
Current assets				
Inventories		19,725	12,893	13,927
Trade and other receivables		21,895	20,256	18,324
Cash and bank balances	13	4,288	5,325	5,254
Tax recoverable		3,630	4,116	4,419
		<u>49,538</u>	<u>42,590</u>	<u>41,924</u>
Total assets		<u>126,066</u>	<u>120,882</u>	<u>125,546</u>
Equity and liabilities				
Equity				
Share capital	14	67,273	67,273	67,273
Share premium	14	625	625	625
Retained earnings		28,329	26,916	25,701
Other reserves		(19,225)	(18,798)	(18,834)
Total equity		<u>77,002</u>	<u>76,016</u>	<u>74,765</u>
Non-current liabilities				
Loans and borrowings	15	402	400	426
Retirement benefit obligations		5,122	5,036	5,002
Deferred tax liabilities		2,103	3,877	5,841
		<u>7,627</u>	<u>9,313</u>	<u>11,269</u>
Current liabilities				
Loans and borrowings	15	8,134	8,376	13,710
Retirement benefit obligations		510	409	413
Trade and other payables		32,793	26,768	25,389
		<u>41,437</u>	<u>35,553</u>	<u>39,512</u>
Total liabilities		<u>49,064</u>	<u>44,866</u>	<u>50,781</u>
Total equity and liabilities		<u>126,066</u>	<u>120,882</u>	<u>125,546</u>
Net assets per share attributable to owners of the parent (RM)		0.57	0.56	0.56

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements as at 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 CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Attributable to owners of the parent					Fair value adjustment reserve RM'000	Reserve arising from merger RM'000
	Non-distributable	Distributable	Non-distributable				
	Equity, total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Other reserves, total RM'000		
Opening balance at 1 January 2011 (restated)	74,765	67,273	625	25,701	(18,834)	3,884	(22,718)
Total comprehensive income for the year	1,251	-	-	1,215	36	36	-
Closing balance at 31 December 2011 (restated)	76,016	67,273	625	26,916	(18,798)	3,920	(22,718)
Opening balance at 1 January 2012	76,016	67,273	625	26,916	(18,798)	3,920	(22,718)
Total comprehensive income for the year	986	-	-	1,413	(427)	(427)	-
Closing balance at 31 December 2012	77,002	67,273	625	28,329	(19,225)	3,493	(22,718)

The condensed consolidated statement 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 YEAR ENDED 31 DECEMBER 2012**

	Note	12 months ended	
		31.12.2012 Unaudited RM'000	31.12.2011 Unaudited RM'000 (Restated)
Operating activities			
(Loss)/Profit before tax		(204)	869
<u>Adjustments for:</u>			
Interest income	7	(64)	(84)
Dividend income	7	(333)	(351)
Interest expenses	7	949	828
Gain on disposal of property, plant and equipment	7	(67)	(1,614)
Depreciation of property, plant and equipment	7	4,031	3,946
Provision for impairment of property, plant and equipment	7	-	61
Property, plant and equipment written off	7	1	46
Gain on disposal of investment securities	7	-	(1,645)
Gain on disposal of asset group classified as held for sale	7	-	(10)
Provision for impairment loss on trade and other receivables	7	233	173
Reversal for impairment loss for receivables other receivables	7	(109)	(168)
Bad debts recovered	7	(66)	(86)
Impairment loss on inventories	7	22	120
Inventories write off	7	165	-
Net unrealised foreign exchange gain	7	(1)	(57)
Provision for retirement benefits	7	630	606
Provision for short term accumulating compensated absences	7	41	38
Reversal of provision for retrenchment cost	7	-	(65)
Total adjustments		<u>5,432</u>	<u>1,738</u>
Operating cash flows before changes in working capital		5,228	2,607
<u>Changes in working capital</u>			
(Increase)/decrease in inventories		(7,019)	914
Increase in trade and other receivables		(1,697)	(2,016)
Increase/(decrease) in trade and other payables		5,303	(1,435)
Total changes in working capital		<u>(3,413)</u>	<u>(2,537)</u>
Interest paid		(402)	(748)
Income tax (benefit)/paid		254	(206)
Payments of retirement benefits		(445)	(482)
		<u>(593)</u>	<u>(1,436)</u>
Net cash flows from/(used in) operating activities		<u>1,222</u>	<u>(1,366)</u>
Investing activities			
Purchase of property, plant and equipment	10	(2,735)	(774)
Proceeds from disposal of property, plant and equipment	10	98	1,893
Proceeds from disposal of investment securities		-	2,409
Proceeds from disposal of asset group classified as held for sale		-	84
Dividend received		333	351
Interest received		64	84
Net cash flows (used in)/from investing activities		<u>(2,240)</u>	<u>4,047</u>
Financing activities			
Proceeds from borrowings		5,564	5,758
Repayments of borrowings		(1,748)	(9,013)
Interest paid		(36)	(80)
Net cash flows from/(used in) financing activities		<u>3,780</u>	<u>(3,335)</u>
Net increase/(decrease) in cash and cash equivalents		2,762	(654)
Cash and cash equivalents at 1 January		(1,463)	(809)
Cash and cash equivalents at 31 December	13	<u>1,299</u>	<u>(1,463)</u>

The condensed consolidated statement 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 YEAR ENDED 31 DECEMBER 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 year ended 31 December 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 ended 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 YEAR ENDED 31 DECEMBER 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, freehold land and buildings at revalued amounts.

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*. At the date of transition to MFRS, the Company elected to regard the fair value of buildings, freehold land and leasehold land at the date of transition as its deemed cost at that date. As at that date, a decrease in buildings of RM2,327,000 (31 December 2011: RM2,327,000, 1 January 2011: RM2,327,000) and an increase in land of RM27,017,000 (31 December 2011: RM27,017,000, 1 January 2011: RM27,017,000) was recognised in property, plant and equipment and revaluation reserve was reduced by RM18,508,000 (31 December 2011: RM18,508,000, 1 January 2011: RM18,508,000). The resulting adjustments were recognised against retained earnings.

(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.

The Group had remeasured its defined benefit obligations as at 1 January 2011, the difference between provision provided and the defined benefit obligations are considered as unrecognised net actuarial losses. The differences will be adjusted in the prior year's retained earnings upon adoption of MFRS 119. The unrecognised net actuarial losses of RM786,000 (31 December 2011: RM720,000) were adjusted to retained earnings.

**GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE YEAR ENDED 31 DECEMBER 2012**

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

(i) Reconciliation adjustments of statement of financial position as at 1 January 2011

	FRS as at 1 January 2011 RM'000	Note 3 (b) Property, plant and equipment RM'000	Note 3 (c) Retirement benefit obligations RM'000	MFRS as at 1 January 2011 RM'000
Assets				
Non-current assets				
Property, plant and equipment	48,273	27,193		75,466
Goodwill	-			-
Investment securities	8,156			8,156
	<u>56,429</u>			<u>83,622</u>
Current assets				
Inventories	13,927			13,927
Trade and other receivables	18,324			18,324
Cash and bank balances	5,254			5,254
Tax recoverable	4,419			4,419
	<u>41,924</u>			<u>41,924</u>
Total assets	<u>98,353</u>			<u>125,546</u>
Equity and liabilities				
Equity				
Share capital	67,273			67,273
Share premium	625			625
Retained earnings	(14,516)	41,003	(786)	25,701
Other reserves	(326)	(18,508)		(18,834)
Total equity	<u>53,056</u>			<u>74,765</u>
Non-current liabilities				
Loans and borrowings	426			426
Retirement benefit obligations	4,216		786	5,002
Deferred tax liabilities	1,143	4,698		5,841
	<u>5,785</u>			<u>11,269</u>
Current liabilities				
Loans and borrowings	13,710			13,710
Retirement benefit obligations	413			413
Trade and other payables	25,389			25,389
	<u>39,512</u>			<u>39,512</u>
Total liabilities	<u>45,297</u>			<u>50,781</u>
Total equity and liabilities	<u>98,353</u>			<u>125,546</u>

GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE YEAR ENDED 31 DECEMBER 2012

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

(ii) Reconciliation adjustments of statement of financial position as at 31 December 2011

	FRS as at 31 December 2011 RM'000	Note 3 (b) Property, plant and equipment RM'000	Note 3 (c) Retirement benefit obligations RM'000	MFRS as at 31 December 2011 RM'000
Assets				
Non-current assets				
Property, plant and equipment	45,462	26,691		72,153
Goodwill	-			-
Deferred tax assets	681	(681)		-
Investment securities	6,139			6,139
	<u>52,282</u>			<u>78,292</u>
Current assets				
Inventories	12,893			12,893
Trade and other receivables	20,256			20,256
Cash and bank balances	5,325			5,325
Tax recoverable	4,116			4,116
	<u>42,590</u>			<u>42,590</u>
Total assets	<u>94,872</u>			<u>120,882</u>
Equity and liabilities				
Equity				
Share capital	67,273			67,273
Share premium	625			625
Retained earnings	(13,005)	40,641	(720)	26,916
Other reserves	(290)	(18,508)		(18,798)
Total equity	<u>54,603</u>			<u>76,016</u>
Non-current liabilities				
Loans and borrowings	400			400
Retirement benefit obligations	4,316		720	5,036
Deferred tax liabilities	-	3,877		3,877
	<u>4,716</u>			<u>9,313</u>
Current liabilities				
Loans and borrowings	8,376			8,376
Retirement benefit obligations	409			409
Trade and other payables	26,768			26,768
	<u>35,553</u>			<u>35,553</u>
Total liabilities	<u>40,269</u>			<u>44,866</u>
Total equity and liabilities	<u>94,872</u>			<u>120,882</u>

**GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE YEAR ENDED 31 DECEMBER 2012**

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

(iii) Reconciliation adjustments of total comprehensive income for the year ended 31 December 2011

	FRS as at 31 December 2011 RM'000	Note 3 (b) Property, plant and equipment RM'000	Note 3 (c) Retirement benefit obligations RM'000	MFRS as at 31 December 2011 RM'000
Continuing operations				
Revenue	60,449			60,449
Cost of sales	(50,799)			(50,799)
Gross profit	<u>9,650</u>			<u>9,650</u>
Other operating income	2,490			2,490
Administrative expenses	(9,662)	(28)	(502)	(10,192)
Other operating expenses	(1,435)			(1,435)
Operating profit	<u>1,043</u>			<u>513</u>
Finance costs	(168)			(168)
Profit before taxation	<u>875</u>			<u>345</u>
Income tax benefit	112	140		252
Profit for the year from continuing operations	<u>987</u>			<u>597</u>
Discontinued operation				
Profit for the year from a discontinued operation	524			524
Profit for the year	<u><u>1,511</u></u>			<u><u>1,121</u></u>

(iv) Statement of cash flows

The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

4. Changes in estimates

The Group revised the accounting for defined benefits plans and termination benefits due to amendment on MFRS 119, Employee Benefits with effect 1 January 2012. The revisions were accounted for as a change in accounting estimates and as result, the defined benefits plans and termination benefits charges for current interim period ended 31 December 2012 have been increased by RM187,000.

5. Seasonality of operations

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

GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE YEAR ENDED 31 DECEMBER 2012

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 31 December 2012				
Operating revenue	11,696	8,122	19	19,837
Other operating income	189	64	94	347
Expenses	(12,634)	(7,880)	(1,746)	(22,260)
(Loss)/Profit before taxation	(749)	306	(1,633)	(2,076)
Results for 3 months ended 31 December 2011				
Operating revenue	9,605	6,795	6	16,406
Other operating income	135	84	32	251
Expenses	(10,991)	(6,422)	(920)	(18,333)
(Loss)/Profit before taxation from continuing operations	(1,251)	457	(882)	(1,676)
(Loss)/Profit before taxation from a discontinued operation	-	-	(794)	(794)
(Loss)/Profit before taxation	(1,251)	457	(1,676)	(2,470)

GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE YEAR ENDED 31 DECEMBER 2012

6. Segment information (continued)

	Harvesting, sawmilling and kiln drying RM'000	Manufacturing RM'000	Others RM'000	Consolidated RM'000
Results for 12 months ended 31 December 2012				
Operating revenue	36,155	30,400	80	66,635
Other operating income	535	259	324	1,118
Expenses	(32,879)	(29,357)	(5,721)	(67,957)
Profit/(loss) before taxation	3,811	1,302	(5,317)	(204)
Results for 12 months ended 31 December 2011				
Operating revenue	34,444	25,978	27	60,449
Other operating income	2,222	155	113	2,490
Expenses	(33,352)	(25,045)	(4,197)	(62,594)
Profit/(loss) before taxation from continuing operations	3,314	1,088	(4,057)	345
Profit before taxation from a discontinued operation	-	-	524	524
Profit/(loss) before taxation	3,314	1,088	(3,533)	869

7. (Loss)/Profit before taxation

Included in the (loss)/profit before taxation are the following items:

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
Interest income	(27)	(43)	(64)	(84)
Dividend income	(84)	(68)	(333)	(351)
Interest expenses	231	11	949	828
Depreciation of property, plant and equipment	1,463	911	4,031	3,946
Gain on disposal of property, plant and equipment	-	(1,581)	(67)	(1,614)
Gain on disposal of asset classified as held for sale	-	(10)	-	(10)
Property, plant and equipment written off	-	14	1	46
Provision for impairment of property, plant and equipment	-	61	-	61
Gain on disposal of investment securities	-	-	-	(1,645)
Provision for impairment loss on trade and other receivables	188	173	233	173
Reversal for impairment loss for receivables other receivables	(35)	(36)	(109)	(168)
Bad debts recovered	(2)	(86)	(66)	(86)

GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE YEAR ENDED 31 DECEMBER 2012

7. (Loss)/Profit before taxation (continued)

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Impairment loss on inventories	22	120	22	120
Net unrealised foreign exchange gain	(20)	(47)	(1)	(57)
Provision for short term accumulating compensated absences	18	38	41	38
Provision for/(reversal of) retirement benefits	171	(68)	630	578
Reversal of retrenchment cost	-	(65)	-	(65)

8. Income tax benefit

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Current income tax	277	(61)	338	337
(Over)/under provision of income tax in respect of previous years	(60)	81	(182)	84
Deferred tax	(784)	(131)	149	(367)
Over provision of deferred tax in respect of previous years	(1,444)	(37)	(1,922)	(166)
	<u>(2,011)</u>	<u>(148)</u>	<u>(1,617)</u>	<u>(112)</u>
Effective tax rate	96.9%	-6.0%	792.6%	12.9%

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 year under review, the Group's effective tax rate was higher than the statutory tax rate due to over provision of income tax and deferred tax in previous years.

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9. Earnings per share

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

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
(Loss)/Profit net of tax from continuing operations attributable to owners of the parent used in the computation of earnings per share (RM'000)	(65)	(1,528)	1,413	597
(Loss)/Profit net of tax from discontinued operation attributable to owners of the parent used in the computation of earnings per share (RM'000)	-	(794)	-	524
(Loss)/Profit net of tax attributable to owners of the parent used in the computation of earnings per share (RM'000)	(65)	(2,322)	1,413	1,121
Weighted average number of ordinary shares in issue (' 000)	134,547	134,547	134,547	134,547
Basic (loss)/earnings per share for:				
(Loss)/Profit from continuing operations (sen)	(0.05)	(1.14)	1.05	0.44
(Loss)/Profit from discontinued operation (sen)	-	(0.59)	-	0.39
(Loss)/Profit for the period/year (sen)	(0.05)	(1.73)	1.05	0.83

10. Property, plant and equipment

During the twelve month period ended 31 December 2012, the Group acquired property, plant and equipment at a cost of RM2,735,000 (31 December 2011: RM774,000). Property, plant and equipment with carrying amount of RM1,000 were written off by the Group during the twelve months period ended 31 December 2012 (31 December 2011: RM46,000). The amount written off is included in other operating expenses in the statement of comprehensive income.

Property, plant and equipment with a carrying amount of RM31,000 were disposed of by the Group during the twelve months period ended 31 December 2012 (31 December 2011: RM279,000), resulting in a gain on disposal of RM67,000 (31 December 2011: RM1,614,000), recognised and included in other income in the statement of comprehensive income.

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11. Goodwill

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

Goodwill is tested for impairment annually 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 approved financial budgets 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:

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
31 December 2012				
Available-for-sale financial assets				
Equity shares	5,711	5,711	-	-
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/year and the comparative period/year. There were also no changes in the purpose of any financial assets that subsequently resulted in a different classification of the 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.

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13. Cash and bank balances

Cash and bank balances comprised the following amounts:

	31.12.2012	31.12.2011	01.01.2011
	RM'000	RM'000	RM'000
Cash at banks and in hand	2,629	3,821	3,281
Short term deposits	1,659	1,504	1,973
	<u>4,288</u>	<u>5,325</u>	<u>5,254</u>
Bank overdrafts	(2,989)	(6,788)	(6,063)
Total cash and bank balances	<u>1,299</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 year ended 31 December 2012.

15. Loans and borrowings

	31.12.2012	31.12.2011	01.01.2011
	RM'000	RM'000	RM'000
Short-term borrowings:			
Secured	8,134	8,376	13,710
Long-term borrowings:			
Secured	402	400	426
	<u>8,536</u>	<u>8,776</u>	<u>14,136</u>

16. Dividends

There was no dividend declared by the Company during the financial years ended 31 December 2012 and 31 December 2011.

17. Commitments

	31.12.2012	31.12.2011	01.01.2011
	RM'000	RM'000	RM'000
Capital expenditure			
Approved and contracted for:			
Plant and machinery	961	-	2,493
Motor vehicles	863	-	587
Approved but not contracted for:			
Plant and machinery	-	1,962	-
Motor vehicles	-	136	123
	<u>1,824</u>	<u>2,098</u>	<u>3,203</u>

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18. Related party transactions

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

		Loans from related parties RM'000	Interest on loans from related parties RM'000	Amount owed to related parties RM'000
Entities with significant influence over the Group:				
Terengganu Incorporated Sdn. Bhd.	31.12.2012	-	485	13,626
	31.12.2011	9,300	(48)	13,322
Lembaga Tabung Amanah Warisan Negeri Terengganu	31.12.2012	4,000	59	7,059
	31.12.2011	3,000	-	3,000

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 (4Q12 vs 4Q11)

For the current quarter under review, the Group's revenue increased by 21% or RM3.43 million to RM19.84 from RM16.41 million as compared to the preceding period's corresponding quarter. The Group registered loss before taxation of RM2.08 million, decreased by 16% from RM2.47 million in the preceding period corresponding quarter. The performance review by segments is as follows:

Harvesting, saw-milling & kiln-drying Segment

The harvesting, saw-milling and kiln-drying segment recorded loss before taxation of RM0.75 million in the current quarter, improved by 40% as compared to previous period's corresponding quarter of loss of RM1.25 million. The reduction in loss was mainly due to the higher sales achieved in this quarter.

(i) Operating revenue

The segment's operating revenue of RM11.70 million for the current quarter was 22% higher than that reported in the previous period's corresponding quarter. The increase in revenue was mainly contributed by the improved export sales of sawn timber. The segment has posted an increase of sawn timber sold in export market to 140 tonne in the current quarter as compared to 21 tonne recorded in preceding period's corresponding quarter.

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20. Performance review (continued)

(a) Current Quarter vs Corresponding Quarter of Previous Period (4Q12 vs 4Q11) (continued)

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

(ii) Other operating income

There was an increase in operating income from RM0.14 million to RM0.19 million in the quarter under review, raised by 40%. Increase in operating income was mainly due to sales of scrap and bad debts recovered recorded in the quarter under review.

(iii) Expenses

The segment recorded expenses of RM12.63 million in the current quarter as compared to RM10.99 million recorded in previous period's corresponding quarter, an increased by 15% or RM1.64 million. Increase in expenses was mainly due to increase in forestry costs, represents an increase of 13%. Forestry costs including the logging contract, timber's premium and other related costs due to the opening of new compartment areas during the period under review.

Manufacturing Segment

During the quarter under review, the manufacturing segment recorded a profit before taxation of RM0.31 million, decreased by 33% from RM0.46 million recorded in the previous period's corresponding quarter. Reduction in profit before taxation was mainly due to increase in expenses by 23%, outweighed the increase in operating revenue of 20% as compared to previous period's quarter.

(i) Operating revenue

For the current quarter, the segment's operating revenue improved by 20% or RM 1.30 million from RM6.80 million reported in the same quarter preceding period mainly due to increase in sales volume of glasses of 145,651 units in the quarter under review as compared to 127,858 units in the previous period's corresponding quarter, represents an increase of 14%.

(ii) Other operating income

Other operating income decreased to RM0.064 million from RM0.084 million registered in the preceding year's corresponding quarter, dropped by 24%. The reduction in other operating income was mainly due to no gain on disposal of property, plant and equipment recorded in the current quarter as compared to RM0.031 million recorded in previous period's corresponding quarter. In addition, the decrease in provision for doubtful debts written back from RM0.13 million to RM0.044 million in the current quarter also contributed to the reduction.

(iii) Expenses

Segment's expenses recorded an increase to RM7.88 million in the current quarter as compared with RM6.42 million in the previous period's corresponding quarter. Manufacturing expenses such as raw materials cost and labor cost have increased by 16% and 27 % respectively, that had contributed to the total increase of costs by 25%. The increases were in line with the improved performance in glass's sales and production volume during the quarter under review.

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20. Performance review (continued)

(a) Current Quarter vs Corresponding Quarter of Previous Period (4Q12 vs 4Q11) (continued)

Other Segments

Other segment recorded a loss before taxation of RM1.63 million as compared to loss before taxation of RM1.68 million recorded in the same quarter previous period, declined by 3%. The decrease in loss before taxation was mainly due to no loss on disposal of materials and impairment of inventories recorded in the current quarter as compared to previous period corresponding quarter.

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

The Group registered total revenue of RM 66.64 million for the financial year ended 31 December 2012 as compared to RM60.45 million in the previous financial year ended 31 December 2011. Despite of higher revenue, the Group recorded loss before taxation of RM0.2 million in the year under review as compared to profit before taxation of RM0.87 million in the corresponding year. The loss before taxation for the Group was contributed by other segment meanwhile harvesting, sawmilling and kiln-drying and manufacturing segments have posted an increase in profit before taxation.

Harvesting, saw-milling & kiln-drying Segment

The segment's revenue and profit before taxation improved by 5% and 15% respectively for the current year as compared to RM34.44 million and RM3.31 million registered in the corresponding year.

(i) Operating revenue

In the current year, the segment recorded an operating revenue of RM36.16 million, an increase of 5% from the previous year, mainly due to the improve in average selling price of sawn timber despite of sawn timber sales volume decreased by 9%.

In the current year, the segment recorded operating revenue of RM36.16 million, an increase of 5% from the previous year, mainly due to improve in average selling price of sawn timber despite of sawn timber sales volume decreased by 9%.

(ii) Other operating income

The segment's other operating income decreased significantly from RM2.22 million to RM0.54 million in the current year mainly due to no gain on disposal of investment securities of RM1.65 million as reported in previous financial year.

(iii) Expenses

There was a slight decrease in segment's expenses from RM33.35 million to RM32.88 million in the year under review. The reduction in the expenses was mainly contributed by the decrease in the cost of sales from RM27.84 million to RM26.51, represents decrease in 5% mainly due to improved in the internal cost efficiency.

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20. Performance review (continued)

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

Manufacturing Segment

During the year, the manufacturing segment recorded a profit before taxation of RM1.30 million, representing an increase of 20% from RM1.1 million in previous year. Increase in profitability was in line with increase in operating revenue.

(i) Operating revenue

The manufacturing segment registered revenue of RM30.40 million, improved by 17% as compared to RM25.98 million recorded in corresponding year. Increase in operating revenue was mainly due to improve in performance of the glass division where the sales volume of glasses had increased from 487,783 units to 527,576 units in the year under review.

(ii) Other operating income

Segment's other operating income increased by 67% in the current year mainly resulted from the gain on foreign exchange of RM0.18 million.

(iii) Expenses

The segment expenses had increased by 17% from RM25.05 million to RM29.36 million in the current year, in line with the increase in revenue. Higher manufacturing costs such as raw material cost of RM2.61 million, direct labour cost of RM0.50 million as well as utilities of RM0.32 million had contributed to the increase in operating expenses.

Other Segment

Other segment registered revenue of RM0.08 million, 196% lower than revenue recorded in previous year. Substantial reduction in revenue was mainly due to the cessation of in-house doors production that contributed to the reduction in sales of wooden doors. In terms of profitability, the segment's recorded loss before taxation of RM5.30 million, increased by 50% as compared to loss before taxation of RM3.53 million in previous year.

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

	Current quarter	Immediate preceding quarter
	31 December 2012	30 September 2012
	RM'000	RM'000
Revenue	19,837	17,660
(Loss)/profit before taxation	(2,076)	1,064

The Group's registered loss before taxation of RM2.08 million in the current quarter, reduced by 296% as compared to profit before taxation of RM1.06 million in immediate preceding quarter despite the increase in revenue by RM2.18 million to RM19.94 million in the quarter under review. The decrease in profitability was mainly due to increase in operating expenses to RM22.23 million in the quarter under review as compared to RM16.79 million in the immediate preceding quarter.

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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

The harvesting, saw-milling and kiln drying segment had recorded loss before taxation of RM0.77 million in the quarter under review from profit before taxation of RM2.06 million in the immediate preceding quarter, representing a significant decline of 137%.

(i) Operating revenue

The segment's operating revenue of RM11.70 million, 21% higher than operating revenue recorded in the immediate preceding quarter of RM9.70 million. Increase in operating revenue was mainly due to increase sales volume of sawn timber in export market from 89 tonne to 140 tonne in the quarter under review, increased by 57%.

(ii) Other operating income

The other operating income has improved by RM0.15 million as compared to RM0.04 million recorded in the immediate preceding quarter. Substantial improvement in other operating income was mainly due to increase in sales of scrap of by RM0.06 million as well as bad debts recovered by RM0.03 million in the quarter under review.

(iii) Expenses

The expenses have increased by 64% from RM7.68 million to RM12.62 million in the current quarter. Increase in expenses was mainly due to increase in cost of sales of the saw-milling by 32% which is in line with the increase in production of sawn timber from 6,697 tonne in the immediate preceding quarter to 8,557 tonne in the current quarter.

Manufacturing Segment

The manufacturing segment has recorded a profit before taxation of RM0.31 million in the current year quarter as compared with profit before taxation of RM0.28 million in the immediate preceding quarter.

(i) Operating revenue

The operating revenue for the current quarter has increased by 2% from RM7.94 million in the immediate preceding quarter to RM8.12 million in the current quarter. Increase in operating revenue was mainly due to increase in the quantity sold of glasses by 7,599 units, representing an increased by 6%.

(ii) Other operating income

The other operating income has increased by 12%, to RM0.064 million as compared with RM0.057 million in the immediate preceding quarter as a result of the provision for doubtful debts written back of RM0.044 million recorded in the quarter under review.

(iii) Expenses

Expenses has increased by RM0.16 million from RM7.72 million in the immediate preceding quarter to RM7.87 million in the current quarter mainly due to increase in cost of sales primarily in manufacturing cost.

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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 27% from RM1.28 million to RM1.62 million as compared to immediate preceding quarter mainly due to increase in provision for depreciation of RM0.17 million and provision for obsolete inventories of RM0.16 million.

22. Commentary on prospect

Harvesting, sawmilling and kiln drying of timber

The market recovery remain weak as a result, demand for the timber products also softened in tandem this year. To offset the global export slow down, the Group will continue to undertake pro-active measure to sustain a growth momentum.

Manufacturing

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

With the continuous supply of the current secured projects from the government, the segment is thus, expected to remain profitable for the next quarters.

Barring any unforeseen circumstances, the Board will continue to intensify its effort to improve efficiency, productivity and profitability of the Group.

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 year ended 31 December 2012 (31 December 2011: RMNil).

24. Risks and policies of derivatives

The Group did not enter into any derivative during the financial year ended 31 December 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 31 December 2012 and 31 December 2011.

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26. Breakdown of realised and unrealised profits

The breakdown of the accumulated profits of the Group as at 31 December 2012 and 31 December 2011 into realised and unrealised profits 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 financial year ended 31.12.2012 RM'000	Previous financial year ended 31.12.2011 RM'000
		Restated
Total accumulated profits/(losses) of the Company and its subsidiaries		
- Realised	(26,699)	(26,510)
- Unrealised	(2,271)	(3,876)
	(28,970)	(30,386)
Less: Consolidation adjustments	57,299	57,302
Total Group accumulated profits as per financial statements	<u>28,329</u>	<u>26,916</u>

27. Auditors' report on preceding annual financial statements

The auditors' report of 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 24 February 2013.

By order of the Board

Dato' Haji Zakaria bin Awang
Chief Executive Officer