

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013

	Note	Current quarter 3 months ended		Cumulative quarter 3 months ended	
		31.03.2013 Unaudited RM'000	31.03.2012 Unaudited RM'000	31.03.2013 Unaudited RM'000	31.03.2012 Unaudited RM'000
Revenue		19,320	12,641	19,320	12,641
Cost of sales		<u>(16,362)</u>	<u>(11,597)</u>	<u>(16,362)</u>	<u>(11,597)</u>
Gross profit		2,958	1,044	2,958	1,044
Other operating income		93	120	93	120
Administrative expenses		(2,621)	(2,421)	(2,621)	(2,421)
Other operating expenses		<u>(469)</u>	<u>(369)</u>	<u>(469)</u>	<u>(369)</u>
Operating loss		(39)	(1,626)	(39)	(1,626)
Finance costs		<u>(250)</u>	<u>(247)</u>	<u>(250)</u>	<u>(247)</u>
Loss before taxation	6	(289)	(1,873)	(289)	(1,873)
Income tax (expense)/benefit	7	<u>(90)</u>	<u>1,151</u>	<u>(90)</u>	<u>1,151</u>
Loss for the period		<u>(379)</u>	<u>(722)</u>	<u>(379)</u>	<u>(722)</u>
Attributable to:					
Owners of the parent		<u>(379)</u>	<u>(722)</u>	<u>(379)</u>	<u>(722)</u>
Loss per share attributable to owners of the parent (sen per share):					
- Basic	8	(0.28)	(0.54)	(0.28)	(0.54)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 THREE-MONTH PERIOD ENDED 31 MARCH 2013

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Loss for the period	<u>(379)</u>	<u>(722)</u>	<u>(379)</u>	<u>(722)</u>
Net gain on available-for-sale ("AFS") financial assets				
- Gain on fair value changes	<u>834</u>	<u>1,313</u>	<u>834</u>	<u>1,313</u>
Other comprehensive income for the period, net of tax	<u>834</u>	<u>1,313</u>	<u>834</u>	<u>1,313</u>
Total comprehensive income for the period, attributable to:				
Owners of the parent	<u>455</u>	<u>591</u>	<u>455</u>	<u>591</u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013**

	<u>Note</u>	31.03.2013 Unaudited RM'000	31.12.2012 Unaudited RM'000
Assets			
Non-current assets			
Property, plant and equipment	9	70,489	70,817
Goodwill	10	-	-
Investment securities	11	6,546	5,711
		<u>77,035</u>	<u>76,528</u>
Current assets			
Inventories		20,408	19,725
Trade and other receivables		22,486	22,542
Cash and bank balances	12	4,667	4,288
Tax recoverable		3,418	3,567
Asset classified as held for sale		-	7
		<u>50,979</u>	<u>50,129</u>
Total assets		<u>128,014</u>	<u>126,657</u>
Equity and liabilities			
Equity attributable to owners of the parents			
Share capital	13	67,273	67,273
Share premium	13	625	625
Retained earnings		27,950	28,329
Other reserves		(18,391)	(19,225)
Total equity		<u>77,457</u>	<u>77,002</u>
Non-current liabilities			
Retirement benefit obligations		4,905	4,986
Deferred tax liabilities		2,012	2,104
Borrowings	14	351	475
		<u>7,268</u>	<u>7,565</u>
Current liabilities			
Retirement benefit obligations		645	645
Borrowings	14	7,300	8,061
Trade and other payables		35,344	33,384
		<u>43,289</u>	<u>42,090</u>
Total liabilities		<u>50,557</u>	<u>49,655</u>
Total equity and liabilities		<u>128,014</u>	<u>126,657</u>
Net assets per share attributable to owners of the parent ("RM")		0.58	0.57

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 THREE-MONTH PERIOD ENDED 31 MARCH 2013**

	Attributable to owners of the parent						
	Non-distributable		Distributable	Non-distributable			
	Equity, total RM'000	Share capital RM'000	Share premium RM'000	Total retained earnings RM'000	Other reserves, total RM'000	Fair value adjustment reserve RM'000	Reserve arising from merger RM'000
Opening balance at 1 January 2013	77,002	67,273	625	28,329	(19,225)	3,493	(22,718)
Loss for the period	(379)	-	-	(379)	-	-	-
Other comprehensive income							
- Fair value adjustment reserve	834	-	-	-	834	834	-
Total comprehensive income	455	-	-	(379)	834	834	-
Closing balance at 31 March 2013	77,457	67,273	625	27,950	(18,391)	4,327	(22,718)
Opening balance at 1 January 2012	76,016	67,273	625	26,916	(18,798)	3,920	(22,718)
Loss for the period	(722)	-	-	(722)	-	-	-
Other comprehensive income							
- Fair value adjustment reserve	1,313	-	-	-	1,313	1,313	-
Total comprehensive income	591	-	-	(722)	1,313	1,313	-
Closing balance at 31 March 2012	76,607	67,273	625	26,194	(17,485)	5,233	(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 2012 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 2013**

	Note	3 months ended	
		31.03.2013 Unaudited RM'000	31.03.2012 Unaudited RM'000
Operating activities			
Loss before tax		(289)	(1,873)
<u>Adjustments for:</u>			
Interest income	6	(14)	(10)
Interest expenses	6	250	247
Gain on disposal of assets classified as held for sale	6	(35)	-
Depreciation of property, plant and equipment	6	1,043	961
Property, plant and equipment written off	6	-	3
Net unrealised foreign exchange (gain)/loss	6	(8)	4
Provision for retirement benefits	6	153	158
Reversal of provision for short-term accumulating compensated absences	6	(36)	(17)
Total adjustments		<u>1,353</u>	<u>1,346</u>
Operating cash flows before changes in working capital		1,064	(527)
<u>Changes in working capital</u>			
(Increase)/decrease in inventories		(683)	1,010
(Increase)/decrease in trade and other receivables		(513)	151
Increase/(decrease) in trade and other payables		<u>2,476</u>	<u>(61)</u>
Total changes in working capital		<u>1,280</u>	<u>1,100</u>
Interest paid		(114)	(146)
Income taxes paid		(38)	(77)
Retirement benefits paid		(190)	-
		<u>(342)</u>	<u>(223)</u>
Net cash flows from operating activities		<u>2,002</u>	<u>350</u>
Investing activities			
Purchase of property, plant and equipment	9	(449)	(397)
Proceeds from disposal of assets classified as held for sale	9	42	-
Interest received		14	10
Net cash flows used in investing activities		<u>(393)</u>	<u>(387)</u>
Financing activities			
Drawdowns from borrowings		2,534	4,000
Repayments of borrowings		(2,596)	(1,145)
Interest paid		-	(2)
Net cash flows (used in)/from financing activities		<u>(62)</u>	<u>2,853</u>
Net increase in cash and cash equivalents		1,547	2,816
Cash and cash equivalents at 1 January		845	(1,463)
Cash and cash equivalents at 31 March		<u>2,392</u>	<u>1,353</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 2013**

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. Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2012, except for the adoption of the following new and revised MFRSs, Amendments and IC Interpretations which are applicable to its financial statements and are relevant to its operations :-

(i) Adoption of standards

MFRS 101 Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)
Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
MFRS 10 Consolidated Financial Statements
MFRS 11 Joint Arrangements
MFRS 12 Disclosure of Interests in Other Entities
MFRS 13 Fair Value Measurement
MFRS 119 Employee Benefits
MFRS 127 Separate Financial Statements (2011)
MFRS 128 Investments in Associates and Joint Ventures (2011)
MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)
Amendments to MFRS 7 Financial Instruments: Disclosure - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 116 Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 132 Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 134 Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 10 Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11 Joint Arrangements: Transition Guidance
Amendments to MFRS 12 Disclosure of Interests in Other Entities: Transition Guidance

The adoption of the above standards and amendments do not have significant financial impact to the Group's consolidated financial statements of the current quarter.

(ii) Standards issued but not yet effective

At the date of authorisation of these interim financial statements, the followings standards were issued but not yet effective and have not been applied by the Group:

Description	Effective for annual periods beginning or after
Amendments to MFRS 132 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
MFRS 9 Financial Instruments	1 January 2015

The directors expect that the adoption of the above will have no material impact on the financial statements in the period of initial application.

GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013

3. Changes in estimates

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

4. Seasonality of operations

During the quarter under review, the Group's principal business operations were not affected by any seasonal or cyclical factors.

5. 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.

	Harvesting, sawmilling and kiln drying RM'000	Manufacturing RM'000	Others RM'000	Consolidated RM'000
Results for 3 months ended 31 March 2013				
Operating revenue	12,048	7,193	79	19,320
Other operating income	22	20	51	93
Expenses	(11,522)	(7,071)	(1,109)	(19,702)
Profit/(loss) before taxation	548	142	(979)	(289)
Results for 3 months ended 31 March 2012				
Operating revenue	6,296	6,328	17	12,641
Other operating income	5	42	73	120
Expenses	(7,228)	(6,133)	(1,273)	(14,634)
(Loss)/profit before taxation	(927)	237	(1,183)	(1,873)

GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013

6. Loss before taxation

Included in the loss before taxation are the following items:

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	RM'000	RM'000	RM'000	RM'000
Interest income	(14)	(10)	(14)	(10)
Interest expenses	250	247	250	247
Depreciation of property, plant and equipment	1,043	961	1,043	961
Gain on disposal of assets classified as held for sale	(35)	-	(35)	-
Property, plant and equipment written off	-	3	-	3
Net unrealised foreign exchange (gain)/loss	(8)	4	(8)	4
Reversal of provision for short-term accumulating compensated absences	(36)	(17)	(36)	(17)
Provision for retirement benefits	153	158	153	158

7. Income tax expense/(benefit)

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	RM'000	RM'000	RM'000	RM'000
Current income tax	180	41	180	41
Over provision of income tax in respect of previous years	-	(41)	-	(41)
Deferred income tax	(143)	(670)	(143)	(670)
Under/(over) provision of deferred tax in respect of previous years	53	(481)	53	(481)
	90	(1,151)	90	(1,151)
Effective tax rate	31.1%	61.5%	31.1%	61.5%

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 higher than the statutory tax rate due to certain expenses which were not deductible for tax purposes and due to the fact the taxation is arising out of profit making subsidiaries whereas the Group recorded a loss before taxation due to the heavy losses incurred by certain other subsidiaries and also due to elimination of inter-company transactions.

**GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013**

8. 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.

		Current quarter		Cumulative quarter	
		3 months ended		3 months ended	
		31.03.2013	31.03.2012	31.03.2013	31.03.2012
Loss net of tax attributable to owners of the parent used in the computation of loss per share	(RM'000)	(379)	(722)	(379)	(722)
Weighted average number of ordinary shares in issue	(' 000)	134,547	134,547	134,547	134,547
Basic loss per share	(sen)	(0.28)	(0.54)	(0.28)	(0.54)

9. Property, plant and equipment

During the three-month period ended 31 March 2013, the Group acquired property, plant and equipment at a cost of RM449,000 (31 March 2012: RM397,000). There were no property, plant and equipment written off by the Group during the three-month period ended 31 March 2013 (31 March 2012: RM3,000). The amount written off was included in other operating expenses in the statement of comprehensive income.

There were no disposal of assets other than disposal of assets classified as held for sale in previous financial period of RM7,000 which has resulted a gain of RM35,000 (31 March 2012: RMNil).

10. Goodwill

	Goodwill
	RM'000
Cost:	
At 1 January 2012/31 December 2012/31 March 2013	185
Accumulated impairment:	
At 1 January 2012/31 December 2012/31 March 2013	(185)
Net carrying amount:	
At 1 January 2012/31 December 2012/31 March 2013	-

11. 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 2013**

11. 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 2013				
Available-for-sale financial assets				
Equity shares	6,546	6,546	-	-
31 December 2012				
Available-for-sale financial assets				
Equity shares	5,711	5,711	-	-

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.

12. Cash and bank balances

Cash and bank balances comprised the following amounts:

	31.03.2013	31.12.2012
	RM'000	RM'000
Cash at banks and in hand	3,431	2,629
Short term deposits	1,236	1,659
	<u>4,667</u>	<u>4,288</u>
Bank overdrafts	(2,275)	(3,443)
Total cash and bank balances	<u>2,392</u>	<u>845</u>

13. Share capital and share premium

There were no issuances, cancellation, repurchases, resale and repayments of debts and equity securities for the financial period ended 31 March 2013.

14. Borrowings

	31.03.2013	31.12.2012
	RM'000	RM'000
Current		
Secured	2,155	2,288
Unsecured	5,145	5,773
	<u>7,300</u>	<u>8,061</u>
Non-current		
Secured	351	475
Unsecured	-	-
	<u>351</u>	<u>475</u>
Total borrowings	<u>7,651</u>	<u>8,536</u>

**GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013**

15. Dividend

There was no dividend declared by the Company during the financial period ended 31 March 2013 (31 March 2012: RM Nil).

16. Commitments

	31.03.2013	31.12.2012
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Plant and machinery	448	-
Approved but not contracted for:		
Plant and machinery	-	1,030
Motor vehicles	-	900
	<u>448</u>	<u>1,930</u>

17. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the three-month periods ended 31 March 2013 and 31 March 2012 as well as the balances with the related parties as at 31 March 2013 and 31 December 2012:

		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:				
Holding company				
Terengganu Incorporated Sdn. Bhd.	31.03.2013	-	105	13,731
	31.12.2012	-	485	13,626
A corporate shareholder				
Lembaga Tabung Amanah Warisan	31.03.2013	-	31	7,090
Negeri Terengganu	31.12.2012	4,000	59	7,059

18. 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 2013

19. Performance review

(a) Current Quarter vs Corresponding Quarter of Previous Period (1Q13 vs 1Q12)

The Group has shown an improvement in revenue and profitability in the current quarter. Revenue for the current quarter stood at RM19.32 million or 53% higher than RM12.64 million recorded in the corresponding quarter and loss before taxation reduced to RM0.29 million as compared to RM1.87 million in the corresponding quarter, representing a significant decrease of 85%. The performance review by segments are as follows:

Harvesting, saw-milling & kiln-drying Segment

The harvesting, saw-milling and kiln-drying segment registered a profit before taxation of RM0.55 million in current quarter as compared to a loss before taxation of RM0.93 million in the previous period's corresponding quarter. This commendable result of the segment was mainly contributed by the improvement at the forest management subsidiary with an increase of logs extraction by 233% in 1Q2013, 11,514 hoppus tonne as compared to 1Q2012, 3,454 hoppus tonne.

(i) Operating revenue

The segment's operating revenue posted an increase of 91% to RM12.05 million in the current quarter as compared to RM6.30 million reported in the previous period's corresponding quarter. Significant increase in revenue was mainly due to increase in sawn timber sold by 68% from 4,034 tonned in previous period's corresponding quarter to 6,793 tonned in the current quarter under review.

(ii) Other operating income

There was an increase in other operating income from RM0.005 million to RM0.022 million in the quarter under review, which was mainly contributed by the gain on foreign exchange of RM0.013 million.

(iii) Expenses

The segment recorded expenses of RM11.52 million in the current quarter as compared to RM7.23 million recorded in previous period's corresponding quarter, an increased by 59% or RM4.29 million. Increase in expenses was mainly due to increase in forestry costs from RM1.22 million to RM4.41 million as a result of improved logs extraction and forestry activities. Forestry costs including the logging contract, timber's premium and other related costs due to the existing and opening of new compartment areas during the period under review.

**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 2013**

19. Performance review (continued)

(a) Current Quarter vs Corresponding Quarter of Previous Period (1Q13 vs 1Q12) (continued)

Manufacturing Segment

During the quarter under review, manufacturing segment recorded a profit before taxation of RM0.14 million, representing a decrease of RM0.10 million from RM0.24 million recorded in the previous period's corresponding quarter. The decrease in profit before taxation was generally due to increase in expenses by 15%, outweighed the increase in operating revenue of 14%.

(i) Operating revenue

For the current quarter, the segment's operating revenue improved by 14% or RM 0.87 million from RM6.33 million reported in the previous period's corresponding quarter. This is in line with the increase in sales volume of glasses by 23,898 units in the current quarter under review as compared to 97,441 units in the previous period's corresponding quarter, an increased of 25%.

(ii) Other operating income

The other operating income dropped by RM0.022 million or 52% from RM0.042 million to RM0.020 million in the current quarter as a result of lower gain on foreign exchange recorded by RM0.018 million.

(iii) Expenses

The expenses rose to RM7.07 million in the current quarter from RM6.13 million in the previous period's corresponding quarter. The increase of 15% or RM0.94 million is in line with the increase in revenue.

Others Segments

This segment shown an increase in profitability whereby the loss before taxation in current quarter decreased by 17% from RM1.18 million in previous period's corresponding quarter to RM0.98 million. The increase was mainly contributed by the profit generated from supply of wooden doors to state's projects in current quarter under review.

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

	Current quarter 31.03.2013 RM'000	Immediate preceding quarter 31.12.2012 RM'000
Revenue	19,320	19,837
Loss before taxation	(289)	(2,076)

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 2013

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

The Group's loss before taxation has shown a decrease from RM2.08 million in immediate preceding quarter to RM0.29 million despite of the decrease in revenue by RM0.52 million from RM19.84 million to RM19.32 million. The decrease in loss before taxation were due to the extraction of logs activities and productivity and cost efficiency in saw-milling and kiln-drying segment of operation.

Harvesting, saw-milling & kiln-drying Segment

The segment recorded a profit before taxation of RM0.55 million, in the current quarter as compared to a loss before taxation of RM0.75 million in the immediate preceding quarter. This encouraging performance can be concluded by the improved sales of sawn timber and effective logs extraction at the forest management company level.

(i) Operating revenue

The operating revenue stood at RM12.05 million, 3% higher than operating revenue recorded in the immediate preceding quarter of RM11.70 million. Increase in operating revenue was mainly due to increase sales volume of sawn timber sold from 4,787 tonned to 6,793 tonned in the quarter under review.

(ii) Other operating income

The other operating income has dropped by RM0.17 million or 89% as compared to RM0.19 million recorded in the immediate preceding quarter. Included in immediate preceding quarter were sale of scrap of RM0.07 million, bad debts recovered of RM0.03 million and dividend income from investment securities of RM0.09 million.

(iii) Expenses

The expenses has decreased by 9% to RM11.52 million from RM12.63 million reported in immediate preceding quarter. The decrease in expenses were due to decrease in selling expenses of RM0.03 million, marketing expenses of RM0.03 million and administrative expenses of RM0.71 million.

Manufacturing Segment

The manufacturing segment has recorded a profit before taxation of RM0.14 million in the current year quarter as compared to a profit before taxation of RM0.31 million in the immediate preceding quarter.

(i) Operating revenue

The operating revenue for the current quarter decreased by 11% from RM8.12 million in the immediate preceding quarter to RM7.19 million in the current quarter. Decrease in operating revenue was mainly due to decrease in quantity sold of glasses from 145,651 units to 121,339 units recorded in the quarter under review.

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

Manufacturing Segment (continued)

(ii) Other operating income

The other operating income decreased by 69% to RM0.02 million in the current quarter. Included in immediate preceding quarter was reversal of allowances for impairment of trade and other receivables of RM0.04 million.

(iii) Expenses

The expenses has decreased by 10% from RM7.88 million in the immediate preceding quarter to RM7.07 million in the current quarter mainly due to the decrease in manufacturing cost which is consistent with the decline in production volume of glasses by 18%.

Other Segment

The other segment shows a decrease in loss before taxation by 40% from RM1.63 million in immediate preceding quarter to RM0.98 million in the quarter under review. This is mainly due to decrease in inventories written off of RM0.17 million, depreciation charged of RM0.17 million and salaries and wages of RM0.04 million.

21. Commentary on prospect

Harvesting, saw-milling and kiln drying of timber

Internal logs extraction and mid-stream activities are expected to improve in the current quarters as the weather conditions improve and close monitoring in harvesting activities.

Operationally, harvesting activity 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. Saw-milling and kiln-drying segment will face challenges in the down turn in selling price and market volatility. However, the continuous improvement initiatives by the management, the performance of the harvesting, saw-milling 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 in the local market as the customers demand price cutting and high quality products.

With the continuous supply for the current secured projects from the government and local projects, the segment is thus, expected to achieve minimal profit for the next quarter.

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

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22. Changes in material litigation

There was no material litigation against the Group.

23. Dividend payable

There was no dividend paid by the Company during the financial period ended 31 March 2013 (31 March 2012: RM Nil).

24. Risks and policies of derivatives

The Group did not enter into any derivative during the financial period ended 31 March 2013 or the previous financial year ended 31 December 2012.

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 March 2013 and 31 December 2012.

26. Breakdown of realised and unrealised losses

The breakdown of the retained earnings of the Group as at 31 March 2013 and 31 December 2012 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 31.03.2013 RM'000	Previous financial year ended 31.12.2012 RM'000
Total accumulated losses of the Company and its subsidiaries		
- Realised	(27,334)	(26,699)
- Unrealised	(2,012)	(2,271)
	<u>(29,346)</u>	<u>(28,970)</u>
Less: Consolidation adjustments	57,296	57,299
Total Group's retained earnings as per financial statements	<u>27,950</u>	<u>28,329</u>

27. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2012 was not qualified.

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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 22 May 2013.

By order of the Board

Dato' Haji Zakaria bin Awang
Chief Executive Officer