

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31.12.2014	31.12.2013	31.12.2014	31.12.2013
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue		19,353	20,921	106,354	79,140
Cost of sales		<u>(20,890)</u>	<u>(18,502)</u>	<u>(72,882)</u>	<u>(66,372)</u>
<b>Gross (loss)/profit</b>		(1,537)	2,419	33,472	12,768
Other operating income		795	496	2,894	1,085
Administrative expenses		(4,389)	(3,799)	(13,038)	(12,150)
Other operating expenses		<u>(746)</u>	<u>(581)</u>	<u>(2,291)</u>	<u>(2,099)</u>
<b>Operating (loss)/profit</b>		(5,877)	(1,465)	21,037	(396)
Finance costs		<u>(193)</u>	<u>(618)</u>	<u>(512)</u>	<u>(1,459)</u>
<b>(Loss)/profit before taxation</b>	7	(6,070)	(2,083)	20,525	(1,855)
Income tax benefit/(expenses)	8	<u>682</u>	<u>(171)</u>	<u>(5,833)</u>	<u>(696)</u>
<b>(Loss)/profit for the period</b>		<u>(5,388)</u>	<u>(2,254)</u>	<u>14,692</u>	<u>(2,551)</u>
Attributable to:					
Owners of the parent		<u>(5,388)</u>	<u>(2,254)</u>	<u>14,692</u>	<u>(2,551)</u>
(Loss)/earnings per share attributable to owners of the parent (sen per share):					
- Basic	9	(4.00)	(1.68)	10.92	(1.90)

These condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to these interim financial statements.

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Note	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
(Loss)/profit for the period	<u>(5,388)</u>	<u>(2,254)</u>	<u>14,692</u>	<u>(2,551)</u>
<b>Other comprehensive income</b>				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Net (loss)/gain on available-for-sale ("AFS") financial assets	<u>(1,099)</u>	<u>909</u>	<u>(1,230)</u>	<u>3,053</u>
<b>Other comprehensive (loss)/income for the period, net of tax</b>	<u>(1,099)</u>	<u>909</u>	<u>(1,230)</u>	<u>3,053</u>
Total comprehensive (loss)/income for the period, attributable to:				
Owners of the parent	<u>(6,487)</u>	<u>(1,345)</u>	<u>13,462</u>	<u>502</u>

These condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to these interim financial statements.

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2014**

	Note	31.12.2014 Unaudited RM'000	31.12.2013 Audited RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	68,568	69,140
Goodwill	11	-	-
Deferred tax assets		211	429
Investment securities	12	7,758	8,900
		<u>76,537</u>	<u>78,469</u>
<b>Current assets</b>			
Inventories		13,134	18,672
Trade and other receivables		18,174	21,627
Tax recoverable		569	1,751
Cash and bank balances	13	19,833	5,973
		<u>51,710</u>	<u>48,023</u>
<b>Total assets</b>		<u>128,247</u>	<u>126,492</u>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the parents</b>			
Share capital	14	67,273	67,273
Share premium	14	625	625
Retained earnings		35,934	21,242
Other reserves		(17,202)	(15,972)
<b>Total equity</b>		<u>86,630</u>	<u>73,168</u>
<b>Non-current liabilities</b>			
Retirement benefit obligations		5,652	5,120
Deferred tax liabilities		1,983	2,517
Borrowings	15	1,271	918
		<u>8,906</u>	<u>8,555</u>
<b>Current liabilities</b>			
Retirement benefit obligations		629	629
Borrowings	15	1,736	5,613
Trade and other payables		30,283	38,323
Tax payable		63	204
		<u>32,711</u>	<u>44,769</u>
<b>Total liabilities</b>		<u>41,617</u>	<u>53,324</u>
<b>Total equity and liabilities</b>		<u>128,247</u>	<u>126,492</u>
Net assets per share attributable to owners of the parent ("RM")		0.64	0.54

These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to these interim financial statements.

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	Attributable to owners of the parent							
	Non-distributable		Distributable			Non-distributable		
	Equity, total	Share capital	Share premium	Total retained earnings	Other reserves, total	Fair value adjustment reserve	Equity contribution from a corporate shareholder	Reserve arising from merger
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Opening balance at 1 January 2014</b>	73,168	67,273	625	21,242	(15,972)	6,546	200	(22,718)
Profit for the period	14,692	-	-	14,692	-	-	-	-
Other comprehensive income								
- Fair value adjustment reserve	(1,230)	-	-	-	(1,230)	(1,230)	-	-
Total comprehensive income	13,462	-	-	14,692	(1,230)	(1,230)	-	-
<b>Closing balance at 31 December 2014</b>	<b>86,630</b>	<b>67,273</b>	<b>625</b>	<b>35,934</b>	<b>(17,202)</b>	<b>5,316</b>	<b>200</b>	<b>(22,718)</b>
<b>Opening balance at 1 January 2013 (restated)</b>	72,466	67,273	625	23,793	(19,225)	3,493	-	(22,718)
Loss for the period	(2,551)	-	-	(2,551)	-	-	-	-
Other comprehensive income								
- Fair value adjustment reserve	3,053	-	-	-	3,053	3,053	-	-
Total comprehensive income	502	-	-	(2,551)	3,053	3,053	-	-
Transaction with owner								
Waiver of amount due to a corporate shareholder	200	-	-	-	200	-	200	-
<b>Closing balance at 31 December 2013</b>	<b>73,168</b>	<b>67,273</b>	<b>625</b>	<b>21,242</b>	<b>(15,972)</b>	<b>6,546</b>	<b>200</b>	<b>(22,718)</b>

These condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to these interim financial statements.

**GOLDEN PHAROS BERHAD ( Company No. 152205-W )**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	12 months ended	
		31.12.2014 Unaudited RM'000	31.12.2013 Unaudited RM'000
<b>Operating activities</b>			
Profit/(loss) before tax		20,525	(1,855)
<u>Adjustments for:</u>			
Interest income	7	(328)	(115)
Dividend income	7	(169)	(409)
Interest expenses	7	512	1,459
Gain on disposal of property, plant and equipment	7	(135)	(33)
Gain on disposal of assets classified as held for sale	7	-	(35)
Depreciation of property, plant and equipment	7	4,544	4,477
Property, plant and equipment written off	7	21	13
Impairment loss on inventories	7	32	-
Impairment loss on trade and other receivables	7	373	514
Reversal of allowance for impairment of trade and other receivables	7	-	(31)
Net unrealised foreign exchange gain	7	(43)	(32)
Provision for retirement benefits	7	630	656
Provision for short-term accumulating compensated absences	7	72	86
Total adjustments		<u>5,509</u>	<u>6,550</u>
<b>Operating cash flows before changes in working capital</b>		26,034	4,695
<u>Changes in working capital</u>			
Decrease/(increase) in inventories		5,506	(1,126)
Decrease/(increase) in trade and other receivables		2,472	(1,554)
(Decrease)/increase in trade and other payables		(7,854)	3,209
Total changes in working capital		<u>124</u>	<u>529</u>
Interest paid		(131)	(556)
Income taxes (paid)/refund		(5,097)	1,311
Retirement benefits paid		(98)	(538)
Total changes in working capital		<u>(5,326)</u>	<u>217</u>
<b>Net cash flows from operating activities</b>		<b><u>20,832</u></b>	<b><u>5,441</u></b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	10	(3,273)	(1,611)
Proceeds from disposal of property, plant and equipment		183	81
Proceeds from disposal of assets classified as held for sale	10	-	42
Dividend received		81	354
Interest received		328	358
<b>Net cash flows used in investing activities</b>		<b><u>(2,681)</u></b>	<b><u>(776)</u></b>
<b>Financing activities</b>			
Drawdowns from borrowings		303	7,962
Repayment of borrowings		(3,207)	(9,849)
Increase/(decrease) in placement of fixed deposit		204	(42)
<b>Net cash flows used in financing activities</b>		<b><u>(2,700)</u></b>	<b><u>(1,929)</u></b>
<b>Net increase in cash and cash equivalents</b>		15,451	2,736
<b>Cash and cash equivalents at 1 January</b>		<u>2,398</u>	<u>(338)</u>
<b>Cash and cash equivalents at 31 December</b>		<b><u>17,849</u></b>	<b><u>2,398</u></b>

These condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to these interim financial statements.

**GOLDEN PHAROS BERHAD ( Company No. 152205-W )  
EXPLANATORY NOTES PURSUANT TO MFRS 134  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**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. Basis of preparation**

The condensed financial statements are unaudited and have been prepared in accordance with IAS 34, MFRS 134, *Interim Financial Reporting* and paragraph 9.22 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements. They should also be read in conjunction with the financial statements of the Group for the year ended 31 December 2013 and the accompanying notes attached to the unaudited condensed consolidated financial statements.

**3. Significant accounting policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2013, except for the adoption of the following new and revised MFRS, and Amendments (collectively referred to as "pronouncements") which are applicable to its financial statements and are relevant to its operations:-

(i) Adoption of standards

**Effective for annual periods beginning on or after 1 January 2014**

Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities

Amendments to MFRS 132 Financial Instruments: Presentation

- Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets

Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting

IC Interpretation 21: Levies

**Effective for annual periods beginning on or after 1 July 2014**

Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions

Annual Improvements to MFRSs 2010–2012 Cycle

Annual Improvements to MFRSs 2011–2013 Cycle

The adoption of the above pronouncements does not have significant financial impact to the Group's consolidated financial statements of the current quarter.

**GOLDEN PHAROS BERHAD ( Company No. 152205-W )**  
**EXPLANATORY NOTES PURSUANT TO MFRS 134**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**3. Significant accounting policies (continued)**

(ii) Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2017
MFRS 9 Financial Instruments	1 January 2018

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

**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 adversely affected by any seasonal or cyclical factors such as rainy season and flood.

**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.

**GOLDEN PHAROS BERHAD ( Company No. 152205-W )**  
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**FOR THE YEAR ENDED 31 DECEMBER 2014**

**6. Segment information (continued)**

	Harvesting, sawmilling and kiln drying RM'000	Manufacturing RM'000	Others RM'000	Consolidated RM'000
<b>Results for 3 months ended 31 December 2014</b>				
Operating revenue	11,112	8,234	7	19,353
Other operating income	692	87	16	795
Expenses	(16,516)	(8,192)	(1,510)	(26,218)
<b>(Loss)/profit before taxation</b>	<b>(4,712)</b>	<b>129</b>	<b>(1,487)</b>	<b>(6,070)</b>
<b>Results for 3 months ended 31 December 2013</b>				
Operating revenue	12,117	8,777	27	20,921
Other operating income	422	58	16	496
Expenses	(13,074)	(8,375)	(2,051)	(23,500)
<b>(Loss)/profit before taxation</b>	<b>(535)</b>	<b>460</b>	<b>(2,008)</b>	<b>(2,083)</b>
<b>Results for 12 months ended 31 December 2014</b>				
Operating revenue	74,830	31,317	207	106,354
Other operating income	2,656	168	70	2,894
Expenses	(53,585)	(30,033)	(5,105)	(88,723)
<b>Profit/(loss) before taxation</b>	<b>23,901</b>	<b>1,452</b>	<b>(4,828)</b>	<b>20,525</b>
<b>Results for 12 months ended 31 December 2013</b>				
Operating revenue	47,971	30,937	232	79,140
Other operating income	870	95	120	1,085
Expenses	(46,628)	(29,552)	(5,900)	(82,080)
<b>Profit/(loss) before taxation</b>	<b>2,213</b>	<b>1,480</b>	<b>(5,548)</b>	<b>(1,855)</b>



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**7. (Loss)/profit before taxation**

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

	<b>Current quarter</b>		<b>Cumulative quarter</b>	
	<b>3 months ended</b>		<b>12 months ended</b>	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Interest income	(185)	(77)	(328)	(115)
Dividend income	(88)	(86)	(169)	(409)
Interest expenses	193	618	512	1,459
Depreciation of property, plant and equipment	-	-	-	-
	1,218	1,379	4,544	4,477
Gain on disposal of property, plant and equipment	-	-	-	-
	(61)	(47)	(135)	(33)
Gain on disposal of assets classified as held for sale	-	-	-	(35)
Property, plant and equipment written off	20	5	21	13
Impairment loss on inventories	32	-	32	-
Impairment loss on trade and other receivables	-	-	-	-
	373	482	373	514
Reversal of allowance for impairment of trade and other receivables	-	(19)	-	(31)
Net unrealised foreign exchange gain	(44)	(24)	(43)	(32)
Provision for short-term accumulating compensated absences	78	92	72	86
Provision for retirement benefits	162	186	630	656

**8. Income tax (benefit)/expense**

	<b>Current quarter</b>		<b>Cumulative quarter</b>	
	<b>3 months ended</b>		<b>12 months ended</b>	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Current income tax	(597)	159	6,146	648
Under/(over) provision of income tax in respect of previous years	17	67	(5)	63
Deferred income tax	(420)	(209)	(429)	(207)
Under provision of deferred tax in respect of previous years	318	154	121	192
	(682)	171	5,833	696
Effective tax rate	11.2%	-8.2%	28.4%	-37.5%

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 quarter financial period under review, the Group's effective tax rate was higher than statutory tax rate due to certain expenses which were not deductible for tax purposes and deferred tax adjustment arising from the acquisition of property, plant and equipment.

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**FOR THE YEAR ENDED 31 DECEMBER 2014**

**9. (Loss)/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.

		Current quarter		Cumulative quarter	
		3 months ended		12 months ended	
		31.12.2014	31.12.2013	31.12.2014	31.12.2013
(Loss)/profit net of tax attributable to owners of the parent used in the computation of earnings per share	(RM'000)	(5,388)	(2,254)	14,692	(2,551)
Weighted average number of ordinary shares in issue	(' 000)	134,547	134,547	134,547	134,547
Basic (loss)/earnings per share	(sen)	(4.00)	(1.68)	10.92	(1.90)

**10. Property, plant and equipment**

During the twelve-month period ended 31 December 2014, the Group has acquired property, plant and equipment at a cost of RM3,273,000 (31 December 2013: RM1,611,000). As at 31 December 2014, the total depreciation charged for the property, plant and equipment was RM4,547,000 (31 December 2013: RM4,477,000). Property, plant and equipment with a carrying amount of RM21,000 were written off by the Group during the twelve-month period ended 31 December 2014 (31 December 2013 : RM13,000) which has been included in other operating expenses in the statement of profit or loss and other comprehensive income.

The Group has also disposed of assets with a carrying amount of RM48,000 during the twelve-months ended 31 December 2014 (31 December 2013 : RM48,000), resulting in a gain on disposal of RM135,000 (31 December 2013: RM33,000), recognised and included in operating expenses in the statement of profit or loss and other comprehensive income.

**11. Goodwill**

	<b>Goodwill</b>
	RM'000
<b>Cost:</b>	
At 1 January 2013/31 December 2013/31 December 2014	<u>613</u>
<b>Accumulated impairment:</b>	
At 1 January 2013/31 December 2013/31 December 2014	<u>(613)</u>
<b>Net carrying amount:</b>	
At 1 January 2013/31 December 2013/31 December 2014	<u>-</u>

**GOLDEN PHAROS BERHAD ( Company No. 152205-W )**  
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**FOR THE YEAR ENDED 31 DECEMBER 2014**

**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 (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	RM'000	RM'000	RM'000	RM'000
<b>31 December 2014</b>				
<b>Available-for-sale financial assets</b>				
Equity shares	7,758	7,758	-	-
<b>31 December 2013</b>				
<b>Available-for-sale financial assets</b>				
Equity shares	8,900	8,900	-	-

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:

	<b>31.12.2014</b>	<b>31.12.2013</b>
	RM'000	RM'000
Cash at banks and in hand	7,932	4,687
Deposits in licensed banks	11,901	1,286
	<u>19,833</u>	<u>5,973</u>
Less:		
Bank overdrafts	(950)	(2,337)
Deposits in licensed banks	(1,034)	(1,238)
<b>Total cash and cash equivalents</b>	<u><u>17,849</u></u>	<u><u>2,398</u></u>

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**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 31 December 2014.

**15. Borrowings**

	<b>31.12.2014</b>	<b>31.12.2013</b>
	RM'000	RM'000
<b>Current</b>		
Secured	1,736	5,613
<b>Non-current</b>		
Secured	1,271	918
Total borrowings	<u>3,007</u>	<u>6,531</u>

**16. Dividend**

There was no dividend declared by the Company during the financial period ended 31 December 2014 (31 December 2013: RMNil).

**17. Commitments**

	<b>31.12.2014</b>	<b>31.12.2013</b>
	RM'000	RM'000
<b>Capital expenditure</b>		
Approved and contracted for:		
Plant and machinery	1,161	397
Motor vehicles	2,016	226
Approved but not contracted for:		
Plant and machinery	1,591	2,355
Motor vehicles	270	2,060
	<u>5,038</u>	<u>5,038</u>

**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 2014 and 31 December 2013 as well as the balances with the related parties as at 31 December 2014 and 31 December 2013:

**GOLDEN PHAROS BERHAD ( Company No. 152205-W )  
EXPLANATORY NOTES PURSUANT TO MFRS 134  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**18. Related party transactions (continued)**

		<b>Loans from related parties RM'000</b>	<b>Interest on loans from related parties RM'000</b>	<b>Amounts owed to related parties RM'000</b>
Entities with significant influence over the Group:				
Holding company				
Terengganu Incorporated Sdn. Bhd.	31.12.2014	-	269	14,277
("TISB")	31.12.2013	-	379	14,007
A corporate shareholder				
Lembaga Tabung Amanah Warisan	31.12.2014	-	118	640
Negeri Terengganu ("LTAWNT")	31.12.2013	-	(199)*	7,522

\* The interest on loan from LTAWNT has been waived in December 2013.

**19. Events after the reporting period**

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

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**20. Performance review**

**(a) Current Quarter vs Corresponding Quarter of Previous Period (4Q14 vs 4Q13)**

The Group's revenue for the current quarter stood at RM19.35 million, dropped by 7% from RM20.92 million reported in the previous year's corresponding quarter. In terms of profitability, the Group recorded a loss before taxation of RM6.04 million as compared to a loss before taxation of RM2.08 million in the previous year's corresponding quarter.

**Harvesting, sawmilling and kiln drying segment**

The harvesting, sawmilling and kiln-drying segment reported a loss before taxation of RM4.72 million, increased by RM4.18 million as compared to loss before taxation of RM 0.54 million recorded in the previous year's corresponding quarter.

**(i) Operating revenue**

The segment's operating revenue declined by 8% to RM11.11 million as compared to RM12.12 million recorded in the previous year's corresponding quarter. The slight decrease in revenue was due to low value species and short size of sawn timber sold that affected the average selling price of sawn timber.

**(ii) Other operating income**

Other operating income increased from RM0.42 million to RM0.69 million in the quarter under review due to income from insurance claims received in current quarter for consequential loss of sawmill operation during the flood in January 2014 amounting to RM0.30 million.

**(iii) Expenses**

The segment's expenses increased by 26% to RM16.52 million in the current quarter as compared to RM13.07 million in the previous year's corresponding quarter partly as a result of improved logs harvesting activity during the quarter.

**Manufacturing segment**

During the quarter under review, manufacturing segment recorded a profit before taxation of RM0.13 million, decreased of RM0.33 million from RM0.46 million reported in the previous corresponding quarter. The decrease in profit before taxation was in line with the decrease in operating revenue by the segment.

**(i) Operating revenue**

The operating revenue for the current quarter dropped by 6% from RM8.78 million in the previous year's corresponding quarter to RM8.23 million in the quarter under review. The decrease in segment's revenue was contributed by affected glass production as a result of machines laminating line breakdown for several days.

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**20. Performance review (continued)**

**(a) Current Quarter vs Corresponding Quarter of Previous Period (4Q14 vs 4Q13) (continued)**

**Manufacturing segment (continued)**

**(ii) Other operating income**

Segment's operating income increased by 50% in the current quarter mainly resulted from interest income on fixed deposit of RM0.02 million.

**(iii) Expenses**

No major changes in segment's expenses during the quarter except for the savings of 2% as a result of affected glass production.

**Others segment**

There was a reduction in other segment's loss before taxation from RM2.01 million to RM1.49 million mainly as a result of reduction in finance cost.

**(b) Current Period-to-date vs Previous Period-to-date (FY2014 vs FY2013)**

The Group recorded a favourable result in the period under review in terms of revenue and profitability whereby the revenue increased by 34% and profit before taxation stood at RM20.53 million as compared to the loss before taxation of RM1.86 million reported in previous year's corresponding period. The significant improvement was contributed by harvesting, sawmilling and kiln-drying segment.

**Harvesting, sawmilling and kiln drying segment**

The segment reported a profit before taxation of RM23.90million, a substantial increase of RM21.69 million from the previous year's corresponding period.

**(i) Operating revenue**

The segment's operating revenue increased by 56% to RM74.83 million in the current period as compared to RM47.97 million reported in the previous year's corresponding period. The increase in revenue was contributed by the logs sales proceeds amounting to RM27.29 million from the concession of the Group's timber management subsidiary, Kumpulan Pengurusan Kayu-Kayan Trengganu Sdn. Bhd. ("KPKKT") in the 1st quarter 2014. The six (6) compartments in the concession were part of a land area in KPKKT's concession that was awarded to the Group's shareholder, Lembaga Tabung Amanah Warisan Negeri Terengganu ("LTAWNT") by the Terengganu State Land Office for mining purposes. In return, KPKKT was given the right to extract and sell the logs therein.

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**20. Performance review (continued)**

**(b) Current Period-to-date vs Previous Period-to-date (FY2014 vs FY2013) (continued)**

**Harvesting, sawmilling and kiln drying segment (continued)**

**(ii) Other operating income**

There was an increase in segment's other operating income from RM0.87 million to RM2.66 million in the period under review mainly due to the income on post-felling forest inventory development received from Forestry Department amounting to RM0.41 million and fire insurance claim of RM1.55 million.

**(iii) Expenses**

The segment's expenses has increased by 14% to RM53.55 million as compared to RM46.63 million in the previous year's corresponding period. The increased in expenses was due to increase in sawmilling cost and administration expenses especially in harvesting and sawmilling cost.

**Manufacturing segment**

During the period under review, the manufacturing segment recorded a profit before taxation of RM1.45 million, reduced by 2% from RM1.48 million in the previous year's corresponding period.

**(i) Operating revenue**

For the current year, the segment's operating revenue has slightly improved to RM31.32 million from RM30.94 million reported in the previous year's corresponding period as a result of the increase in industrial market portion as compared to local market.

**(ii) Other operating income**

The other operating income overall increased by 70% from RM0.10 million to RM0.17 million in the current period mainly due to interest on deposit with licensed bank.

**(iii) Expenses**

The segment's expenses have slightly increased from RM29.55 million to RM30.03million during the current period. The increase in manufacturing cost especially direct material cost and labour cost have contributed to the increase in segment's expenses.

**Others segment**

Others segment recorded a loss before taxation of RM4.83 million as compared to loss before taxation of RM5.55 million recorded in the previous period, declined by 13% as a result of the reduction in finance cost.



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

	<b>Current quarter 31.12.2014 RM'000</b>	<b>Immediate preceding quarter 30.09.2014 RM'000</b>
Revenue	19,353	19,136
Loss before taxation	(6,070)	(362)

The Group reported loss before taxation of RM6.07 million in the current quarter, an increased of RM5.71 million compared to RM0.36 million loss before taxation recorded in the preceding quarter. The substantial increase in Group's loss before taxation was mainly due to the decline in harvesting, sawmilling and kiln drying segment's performance.

**Harvesting, sawmilling and kiln drying segment**

During the quarter under review, the harvesting, sawmilling and kiln drying segment recorded loss before taxation of RM4.72 million as compared to a profit before taxation of RM0.37 million recorded in the immediate preceding quarter. The adverse performance of the segment was due to the increase in expenses.

**(i) Operating revenue**

The segment's operating revenue of RM11.11 million in the current quarter was 5% lower than the immediate preceding quarter of RM11.70 million. The drop in sales volume of 2% was contributed by the disruption in sawmilling operation during the raining season in 4th quarter 2014.

**(ii) Other operating income**

Other operating income has decreased by 32% mainly due to insurance claim received in immediate preceding quarter amounting to RM0.89 million.

**(iii) Expenses**

The segment recorded expenses of RM16.52 million in the current quarter as compared to RM12.35 million recorded in the immediate preceding quarter, increased by 34%. The increase in sawmilling cost and forestry cost have contributed to the increase in overall segment's expenses.

**Manufacturing segment**

The manufacturing segment recorded a profit before taxation of RM0.13 million in the current quarter as compared to a profit before taxation of RM0.35 million in the immediate preceding quarter.

**(i) Operating revenue**

The segment's operating revenue for the current quarter has increased by 11% from RM7.43 million in the immediate preceding quarter as a result of improved sales volume of glasses by 2%.

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

**Manufacturing segment (continued)**

**(ii) Other operating income**

Other operating income slightly increased from RM0.03 million to RM0.09 million in the current quarter as a result of higher income on fixed deposit with licensed bank.

**(iii) Expenses**

Segment's expenses increased to RM8.19 million in the current quarter from RM7.11 million in the immediate preceding quarter. The increase of 15% was in line with the increase in the production of glasses from 72,077 units in the preceeding quarter to 132,902 units in the quarter under review.

**Others segment**

The loss before taxation in the current quarter has increased by 38% to RM1.49 million as compared to RM1.08 million in the immediate preceding quarter. The reduction in profitability in the period under review was contributed by the increase in administration expenses and finance cost.

**22. Commentary on prospect**

**Harvesting, sawmilling and kiln drying of timber**

Harvesting activity is expected to be effected further in 1st quarter 2015 as a result of the monsoon season continues in the operational area. In addition, harvesting activity will continue to face challenges such as ability to achieve optimum extraction yield per hectare, new regulations by the Forestry Department due to the stringent compliances, higher fuel cost, transportation 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 in the local market as the customers demand price reduction and high quality products.

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

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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**23. Changes in material litigation**

There was no material litigation against the Group.

**24. Dividend payable**

There was no dividend paid by the Company during the financial period ended 31 December 2014 (31 December 2013: RMNil).

**25. Risks and policies of derivatives**

The Group did not enter into any derivative transaction during the financial period ended 31 December 2014 or the previous financial year ended 31 December 2013.

**26. Disclosure of losses/gains 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 2014 and 31 December 2013.

**27. Breakdown of realised and unrealised losses**

The breakdown of the retained earnings of the Group as at 31 December 2014 and 31 December 2013 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.

	<b>Current quarter ended 31.12.2014 RM'000</b>	<b>Previous financial year ended 31.12.2013 RM'000</b>
Total accumulated losses of the Company and its subsidiaries		
- Realised	(184,503)	(187,047)
- Unrealised	(1,779)	(2,056)
	<u>(186,282)</u>	<u>(189,103)</u>
Total accumulated losses from associates		
- Realised	(11,745)	(11,745)
	<u>(198,027)</u>	<u>(200,848)</u>
Less: Consolidation adjustments	(233,961)	(222,090)
Total Group's retained earnings as per financial statements	<u>35,934</u>	<u>21,242</u>

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**28. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the year ended 31 December 2013 was not qualified.

**29. 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 23 February 2015.

By order of the Board

**Dato' Haji Zakaria bin Awang**  
Chief Executive Officer