

**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 THREE-MONTH PERIOD ENDED 31 MARCH 2015**

	Note	Current quarter 3 months ended		Cumulative quarter 3 months ended	
		31.03.2015 Unaudited RM'000	31.03.2014 Unaudited RM'000	31.03.2015 Unaudited RM'000	31.03.2014 Unaudited RM'000
Revenue		15,405	46,340	15,405	46,340
Cost of sales		<u>(14,710)</u>	<u>(16,905)</u>	<u>(14,710)</u>	<u>(16,905)</u>
<b>Gross profit</b>		695	29,435	695	29,435
Other operating income		281	534	281	534
Administrative expenses		(2,778)	(2,562)	(2,778)	(2,562)
Other operating expenses		<u>(547)</u>	<u>(481)</u>	<u>(547)</u>	<u>(481)</u>
<b>Operating (loss)/profit</b>		(2,349)	26,926	(2,349)	26,926
Finance costs		<u>(112)</u>	<u>(124)</u>	<u>(112)</u>	<u>(124)</u>
<b>(Loss)/profit before taxation</b>	7	(2,461)	26,802	(2,461)	26,802
Income tax benefit/(expenses)	8	<u>382</u>	<u>(6,842)</u>	<u>382</u>	<u>(6,842)</u>
<b>(Loss)/profit for the period</b>		<u>(2,079)</u>	<u>19,960</u>	<u>(2,079)</u>	<u>19,960</u>
Attributable to:					
Owners of the parent		<u>(2,079)</u>	<u>19,960</u>	<u>(2,079)</u>	<u>19,960</u>
(Loss)/earnings per share attributable to owners of the parent (sen per share):					
- Basic	9	(1.55)	14.84	(1.55)	14.84

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 2014 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 THREE-MONTH PERIOD ENDED 31 MARCH 2015 (CONTINUED)**

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31.03.2015 Unaudited RM'000	31.03.2014 Unaudited RM'000	31.03.2015 Unaudited RM'000	31.03.2014 Unaudited RM'000
	Note			
(Loss)/profit for the period	<u>(2,079)</u>	<u>19,960</u>	<u>(2,079)</u>	<u>19,960</u>
<b>Other comprehensive income</b>				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Net loss on available-for-sale ("AFS") financial assets	<u>(327)</u>	<u>(237)</u>	<u>(327)</u>	<u>(237)</u>
<b>Other comprehensive loss for the period, net of tax</b>	<u>(327)</u>	<u>(237)</u>	<u>(327)</u>	<u>(237)</u>
Total comprehensive (loss)/income for the period, attributable to:				
Owners of the parent	<u>(2,406)</u>	<u>19,723</u>	<u>(2,406)</u>	<u>19,723</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 2014 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 MARCH 2015**

	Note	31.03.2015 Unaudited RM'000	31.12.2014 Audited RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	67,774	68,569
Goodwill	11	-	-
Investment in associates		263	263
Deferred tax assets		260	211
Investment securities	12	7,430	7,758
		<u>75,727</u>	<u>76,801</u>
<b>Current assets</b>			
Inventories		14,641	13,054
Trade and other receivables		17,935	18,195
Tax recoverable		2,890	785
Cash and bank balances	13	14,431	19,883
		<u>49,897</u>	<u>51,917</u>
<b>Total assets</b>		<u>125,624</u>	<u>128,718</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		34,009	36,088
Other reserves		(17,529)	(17,202)
<b>Total equity</b>		<u>84,378</u>	<u>86,784</u>
<b>Non-current liabilities</b>			
Retirement benefit obligations		6,141	6,000
Deferred tax liabilities		1,582	1,937
Borrowings	15	1,196	1,190
		<u>8,919</u>	<u>9,127</u>
<b>Current liabilities</b>			
Retirement benefit obligations		154	281
Borrowings	15	2,683	1,818
Trade and other payables		29,482	30,674
Tax payable		8	34
		<u>32,327</u>	<u>32,807</u>
<b>Total liabilities</b>		<u>41,246</u>	<u>41,934</u>
<b>Total equity and liabilities</b>		<u>125,624</u>	<u>128,718</u>
Net assets per share attributable to owners of the parent ("RM")		0.63	0.65

These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 THREE-MONTH PERIOD ENDED 31 MARCH 2015**

	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 2015</b>	86,784	67,273	625	36,088	(17,202)	5,316	200	(22,718)
Loss for the period	(2,079)	-	-	(2,079)	-	-	-	-
Other comprehensive loss								
- Fair value adjustment reserve	(327)	-	-	-	(327)	(327)	-	-
Total comprehensive loss	(2,406)	-	-	(2,079)	(327)	(327)	-	-
<b>Closing balance at 31 March 2015</b>	<b>84,378</b>	<b>67,273</b>	<b>625</b>	<b>34,009</b>	<b>(17,529)</b>	<b>4,989</b>	<b>200</b>	<b>(22,718)</b>
<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	19,960	-	-	19,960	-	-	-	-
Other comprehensive loss								
- Fair value adjustment reserve	(237)	-	-	-	(237)	(237)	-	-
Total comprehensive income/(loss)	19,723	-	-	19,960	(237)	(237)	-	-
<b>Closing balance at 31 March 2014</b>	<b>92,891</b>	<b>67,273</b>	<b>625</b>	<b>41,202</b>	<b>(16,209)</b>	<b>6,309</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 2014 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 THREE-MONTH PERIOD ENDED 31 MARCH 2015**

	Note	3 months ended	
		31.03.2015 Unaudited RM'000	31.03.2014 Unaudited RM'000
<b>Operating activities</b>			
(Loss)/profit before tax		(2,461)	26,802
<u>Adjustments for:</u>			
Interest income	7	(120)	(20)
Interest expenses	7	112	124
Gain on disposal of property, plant and equipment	7	(95)	(65)
Depreciation of property, plant and equipment	7	1,151	1,045
Property, plant and equipment written off	7	-	1
Net unrealised foreign exchange gain	7	(21)	(10)
Provision for retirement benefits	7	146	156
(Reversal)/provision for short-term accumulating compensated absences	7	(17)	5
Total adjustments		<u>1,156</u>	<u>1,236</u>
<b>Operating cash flows before changes in working capital</b>		<b>(1,305)</b>	<b>28,038</b>
<u>Changes in working capital</u>			
(Increase)/decrease in inventories		(1,587)	627
Decrease in trade and other receivables		305	1,949
Decrease in trade and other payables		<u>(1,197)</u>	<u>(1,423)</u>
Total changes in working capital		<u>(2,479)</u>	<u>1,153</u>
Interest paid		(62)	(46)
Income taxes paid		(2,153)	(211)
Retirement benefits paid		<u>(133)</u>	<u>(14)</u>
Total changes in working capital		<u>(2,348)</u>	<u>(271)</u>
<b>Net cash flows from/(used in) operating activities</b>		<b><u>(6,132)</u></b>	<b><u>28,920</u></b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	10	(210)	(1,217)
Proceeds from disposal of property, plant and equipment		125	65
Interest received		120	20
<b>Net cash flows from/(used in) investing activities</b>		<b><u>35</u></b>	<b><u>(1,132)</u></b>
<b>Financing activities</b>			
Drawdowns from borrowings		397	391
Repayment of borrowings		(447)	(2,965)
Decrease in placement of fixed deposit		-	203
<b>Net cash flows used in financing activities</b>		<b><u>(50)</u></b>	<b><u>(2,371)</u></b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(6,147)</b>	<b>25,417</b>
<b>Cash and cash equivalents at 1 January</b>		<b>17,899</b>	<b>2,398</b>
<b>Cash and cash equivalents at 31 March</b>		<b><u>11,752</u></b>	<b><u>27,815</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 2014 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 THREE-MONTH PERIOD ENDED 31 MARCH 2015**

**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 2014 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 2014, 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 July 2014**

Amendments to MFRS 119: Defined Benefit Plans: Employee Contribution  
Annual Improvements to MFRS 2010–2012 Cycle  
Annual Improvements to MFRS 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.

(ii) Standards issued but not yet effective

**Effective for annual periods beginning on or after 1 January 2016**

Annual Improvements to MFRS 2012 – 2014 Cycle  
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation  
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants  
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture  
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations  
Amendments to MFRS 127: Equity Method in Separate Financial Statements  
Amendments to MFRS 101: Disclosure Initiatives  
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception  
MFRS 14 Regulatory Deferral Accounts

**Effective for annual periods beginning on or after 1 January 2017**

MFRS 15 Revenue from Contracts with Customers

**GOLDEN PHAROS BERHAD ( Company No. 152205-W )  
EXPLANATORY NOTES PURSUANT TO MFRS 134  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

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

(ii) Standards issued but not yet effective (continued)

**Effective for annual periods beginning on or after 1 January 2018**

MFRS 9 Financial Instruments

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 seasonal or cyclical factors such as raining 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 )**  
**EXPLANATORY NOTES PURSUANT TO MFRS 134**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

**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 March 2015</b>				
Operating revenue	8,442	6,955	8	15,405
Other operating income	136	138	7	281
Expenses	(10,034)	(6,977)	(1,136)	(18,147)
<b>(Loss)/profit before taxation</b>	<b>(1,456)</b>	<b>116</b>	<b>(1,121)</b>	<b>(2,461)</b>

**Results for 3 months ended  
31 March 2014**

Operating revenue	38,839	7,474	27	46,340
Other operating income	492	33	9	534
Expenses	(11,985)	(7,036)	(1,051)	(20,072)
<b>Profit/(loss) before taxation</b>	<b>27,346</b>	<b>471</b>	<b>(1,015)</b>	<b>26,802</b>

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

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

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31.03.2015 RM'000	31.03.2014 RM'000	31.03.2015 RM'000	31.03.2014 RM'000
Interest income	(120)	(20)	(120)	(20)
Interest expenses	112	124	112	124
Depreciation of property, plant and equipment	1,151	1,045	1,151	1,045
Gain on disposal of property, plant and equipment	(95)	(65)	(95)	(65)
Property, plant and equipment written off	-	1	-	1
Net unrealised foreign exchange gain (Reversal)/provision for short-term accumulating compensated absences	(21)	(10)	(21)	(10)
Provision for retirement benefits	(17)	5	(17)	5
	146	156	146	156



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**EXPLANATORY NOTES PURSUANT TO MFRS 134**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

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

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
	RM'000	RM'000	RM'000	RM'000
Current income tax	21	6,552	21	6,552
Deferred income tax	(364)	373	(364)	373
Over provision of deferred tax in respect of previous years	(39)	(83)	(39)	(83)
	<u>(382)</u>	<u>6,842</u>	<u>(382)</u>	<u>6,842</u>
Effective tax rate	15.5%	25.5%	15.5%	25.5%

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 lower than the statutory tax rate due to deferred tax assets recognised from current year business losses mitigated by utilisation of unabsorbed business losses and unabsorbed capital allowances by certain subsidiaries.

**9. (Loss)/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		3 months ended	
		31.03.2015	31.03.2014	31.03.2015	31.03.2014
(Loss)/profit net of tax attributable to owners of the parent used in the computation of earnings per share	(RM'000)	<u>(2,079)</u>	<u>19,960</u>	<u>(2,079)</u>	<u>19,960</u>
Weighted average number of ordinary shares in issue	(' 000)	<u>134,547</u>	<u>134,547</u>	<u>134,547</u>	<u>134,547</u>
Basic (loss)/earnings per share	(sen)	<u>(1.55)</u>	<u>14.84</u>	<u>(1.55)</u>	<u>14.84</u>

**10. Property, plant and equipment**

During the three-month period ended 31 March 2015, the Group has acquired property, plant and equipment at a cost of RM210,000 (31 March 2014: RM1,217,000). As at 31 March 2015, the total depreciation charged for the property, plant and equipment was RM1,151,000 (31 March 2014: RM1,045,000).

The Group has also disposed of assets with a carrying amount of RM30,000 during the three-months ended 31 March 2015 (31 March 2014 : RMNil), resulting in a gain on disposal of RM95,000 (31 March 2014: RM65,000), recognised and included in operating expenses in the statement of profit or loss and other comprehensive income.

**GOLDEN PHAROS BERHAD ( Company No. 152205-W )  
EXPLANATORY NOTES PURSUANT TO MFRS 134  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

**11. Goodwill**

	<b>Goodwill</b> RM'000
<b>Cost:</b>	
At 1 January 2014/31 December 2014/31 March 2015	<u>613</u>
<b>Accumulated impairment:</b>	
At 1 January 2014/31 December 2014/31 March 2015	<u>(613)</u>
<b>Net carrying amount:</b>	
At 1 January 2014/31 December 2014/31 March 2015	<u>-</u>

**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> RM'000	<b>Level 1</b> RM'000	<b>Level 2</b> RM'000	<b>Level 3</b> RM'000
<b>31 March 2015</b>				
<b>Available-for-sale financial assets</b>				
Equity shares	7,430	7,430	-	-
<b>31 December 2014</b>				
<b>Available-for-sale financial assets</b>				
Equity shares	7,758	7,758	-	-

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.

**GOLDEN PHAROS BERHAD ( Company No. 152205-W )**  
**EXPLANATORY NOTES PURSUANT TO MFRS 134**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

**13. Cash and bank balances**

Cash and bank balances comprised the following amounts:

	<b>31.03.2015</b>	<b>31.12.2014</b>
	RM'000	RM'000
Cash at banks and in hand	12,330	7,982
Deposits in licensed banks	2,101	11,901
	<u>14,431</u>	<u>19,883</u>
Less:		
Bank overdrafts	(1,645)	(950)
Deposits in licensed banks	(1,034)	(1,034)
<b>Total cash and cash equivalents</b>	<u><u>11,752</u></u>	<u><u>17,899</u></u>

**14. Share capital and share premium**

There were no issuances, cancellation, repurchases, resale and repayments of debts and equity securities for the financial period ended 31 March 2015.

**15. Borrowings**

	<b>31.03.2015</b>	<b>31.12.2014</b>
	RM'000	RM'000
<b>Current</b>		
Secured	2,683	1,818
<b>Non-current</b>		
Secured	1,196	1,190
Total borrowings	<u><u>3,879</u></u>	<u><u>3,008</u></u>

**16. Dividend**

There was no dividend declared by the Company during the financial period ended 31 March 2015 (31 March 2014: RMNil).

**17. Commitments**

	<b>31.03.2015</b>	<b>31.12.2014</b>
	RM'000	RM'000
<b>Capital expenditure</b>		
Approved and contracted for:		
Plant and machinery	26	-
Motor vehicles	297	-
Approved but not contracted for:		
Plant and machinery	1,965	1,991
Motor vehicles	593	890
	<u><u>2,881</u></u>	<u><u>2,881</u></u>

**GOLDEN PHAROS BERHAD ( Company No. 152205-W )  
EXPLANATORY NOTES PURSUANT TO MFRS 134  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

**18. 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 2015 and 31 December 2014 as well as the balances with the related parties as at 31 March 2015 and 31 December 2014:

		<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.	31.03.2015	-	50	14,327
("TISB")	31.12.2014	-	263	14,277
A corporate shareholder				
Lembaga Tabung Amanah Warisan	31.03.2015	-	-	640
Negeri Terengganu ("LTAWNT")	31.12.2014	-	118	640

**19. Events after the reporting period**

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

**GOLDEN PHAROS BERHAD ( Company No. 152205-W )**  
**EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING**  
**REQUIREMENT: CHAPTER 9, APPENDIX 9B, PART A**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

**20. Performance review**

**(a) Current Quarter vs Corresponding Quarter of Previous Period (1Q15 vs 1Q14)**

The Group's revenue for the quarter under review was RM15.41 million, decreased significantly from RM46.34 million reported in the previous year's corresponding quarter . Consequently, the Group recorded a loss before taxation of RM2.46 million as compared to a profit before taxation of RM26.80 million in the previous year's corresponding quarter.

**Harvesting, sawmilling and kiln drying segment**

The segment reported a loss before taxation of RM1.46 million, a substantial decrease of RM28.80 million from the previous year's corresponding quarter.

**(i) Operating revenue**

The segment's operating revenue of RM8.44 million in the current quarter was 78% lower than the preceding year's corresponding quarter of RM38.84 million. In the preceding year's corresponding quarter, the segment recorded logs sales proceed amounting to RM27.29 million from the concession of the Group's timber management subsidiary which had been allocated for mining purposes. There was no such income registered in the current quarter under review.

**(ii) Other operating income**

There was a decrease in the segment's other operating income from RM0.49 million to RM0.14 million in the quarter under review mainly as a result of no income on post-felling forest inventory development recorded in the current quarter as compared to the amount of RM0.41 million recorded in the previous year's corresponding quarter.

**(iii) Expenses**

The expenses has decreased by 16% to RM10.03 million from RM11.99 million reported in the previous year's corresponding quarter. The decrease in expenses was in line with the decrease in the production of sawn timber from 6,697 tonne to 5,067 tonne in the quarter under review.

**Manufacturing segment**

During the quarter under review, manufacturing segment recorded a profit before taxation of RM0.12 million, representing a decrease of 74% from RM0.47 million recorded in the previous year's corresponding quarter. The decrease in profit before taxation was in line with the decrease in the segments revenue during the quarter under review.

**(i) Operating revenue**

The operating revenue for the current quarter decreased by 7% from RM7.47 million in the previous year's corresponding quarter to RM6.96 million in the current quarter. As reported, the decline in the revenue was affected by the downtime in glass production as a result of machine line rearrangement.

**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 2015**

**20. Performance review (continued)**

**(a) Current Quarter vs Corresponding Quarter of Previous Period (1Q15 vs 1Q14) (continued)**

**Manufacturing segment (continued)**

**(ii) Other operating income**

The increase in the segment's other operating income from RM0.03 million to RM0.14 million in the quarter under review was mainly contributed by the gain on disposal of property, plant and equipment amounting to RM0.10 million.

**(iii) Expenses**

The segment's expenses stood at RM6.98 million in the current quarter, a slight decrease as compared to RM7.04 million in the previous year's corresponding quarter. The reduction was in line with the decline in glass production during the quarter under review.

**Other segment**

This segment has recorded an increase of 9% in loss before taxation from RM1.02 million to RM1.12 million in the current quarter as a result of decrease in revenue primarily in sales of wooden doors.

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

	<b>Current quarter 31.03.2015 RM'000</b>	<b>Immediate preceding quarter 31.12.2014 RM'000</b>
Revenue	15,405	19,353
Loss before taxation	(2,461)	(6,201)

The Group recorded a decrease in loss before taxation from RM6.20 million in the immediate preceding quarter to RM2.46 million in the current quarter despite the decrease in revenue by RM3.94 million from RM19.35 million to RM15.41 million.

**Harvesting, sawmilling and kiln drying segment**

During the quarter under review, the harvesting, sawmilling and kiln drying segment recorded loss before taxation of RM1.46 million as compared to a loss before taxation of RM4.74 million recorded in the immediate preceding quarter. The improvement was mainly due to the decrease in certain expenses of the segment.

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

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

**(i) Operating revenue**

The operating revenue of RM8.44 million was 24% lower than the operating revenue recorded in the immediate preceding quarter of RM11.11 million. The decrease in the operating revenue was mainly due to sawn timber production was affected by the rainy season during the quarter under review.

**(ii) Other operating income**

Other operating income has dropped significantly. In the immediate preceding quarter, the segment obtained RM0.31 million income from insurance compensation. There was no such income recorded in the current quarter under review.

**(iii) Expenses**

The segment recorded expenses of RM10.03 million in the current quarter as compared to RM16.55 million recorded in the immediate preceding quarter. The 39% reduction in expenses was in line with the decrease in sawn timber production in the current quarter as a result of disruption in the logs supply.

**Manufacturing segment**

The manufacturing segment recorded a profit before taxation of RM0.12 million in the current quarter as compared to a profit before taxation of RM0.02 million in the immediate preceding quarter, despite the reduction in operating revenue.

**(i) Operating revenue**

The decline in the segment's operating revenue for the current quarter by 16% from RM8.23 million in the immediate preceding quarter was in line with the reduction in glass production by 29%. The glass production was disrupted during the current quarter due to downtime in glass manufacturing line.

**(ii) Other operating income**

Other operating income increased from RM0.08 million to RM0.14 million in the current quarter as a result of gain on disposal of property, plant and equipment in the quarter under review.

**(iii) Expenses**

The segment's expenses reduced to RM6.98 million in the current quarter from RM8.29 million in the immediate preceding quarter. The 16% reduction was in line with the decrease in the production of glasses from 132,902 units in the preceding quarter to 94,243 units in the quarter under review.

**Other segment**

The loss before taxation in the current quarter decreased by 24% to RM1.12 million as compared to RM1.48 million in the immediate preceding quarter. The reduction in profitability in the period under review was contributed by the savings in certain administrative expenses and finance cost.

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**22. Commentary on prospect**

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

Internal logs extraction and mid-stream activities are expected to improve in the coming quarters as the weather conditions improve. However, 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 improved glass production line and stable demands, 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.

**23. Changes in material litigation**

There was no material litigation against the Group.

**24. Dividend payable**

There was no dividend paid by the Company during the financial period ended 31 March 2015 (31 March 2014: RMNil).

**25. Risks and policies of derivatives**

The Group did not enter into any derivative during the financial period ended 31 March 2015 or the previous financial year ended 31 December 2014.

**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 March 2015 and 31 December 2014.



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

The breakdown of the retained earnings of the Group as at 31 March 2015 and 31 December 2014 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 31.03.2015 RM'000</b>	<b>Previous financial year ended 31.12.2014 RM'000</b>
Total accumulated losses of the Company and its subsidiaries		
- Realised	(192,191)	(189,696)
- Unrealised	(1,302)	(1,678)
	<u>(193,493)</u>	<u>(191,374)</u>
Total accumulated losses from associates		
- Realised	(11,482)	(11,482)
	<u>(204,975)</u>	<u>(202,856)</u>
Less: Consolidation adjustments	(238,984)	(238,944)
Total Group's retained earnings as per financial statements	<u>34,009</u>	<u>36,088</u>

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

The auditors' report on the financial statements for the year ended 31 December 2014 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 28 May 2015.

By order of the Board

**Mohd Adawi@Ton Mohd Ali bin Ton Omar**  
Chief Executive Officer