

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015

	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		30.09.2015	30.09.2014	30.09.2015	30.09.2014
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue		23,058	19,136	58,285	87,001
Cost of sales		<u>(15,865)</u>	<u>(17,125)</u>	<u>(47,322)</u>	<u>(51,992)</u>
Gross profit		7,193	2,011	10,963	35,009
Other operating income		116	1,079	585	2,100
Administrative expenses		(3,193)	(2,855)	(8,765)	(8,649)
Other operating expenses		<u>(536)</u>	<u>(502)</u>	<u>(1,514)</u>	<u>(1,544)</u>
Operating profit/(loss)		3,580	(267)	1,269	26,916
Finance costs		<u>(140)</u>	<u>(95)</u>	<u>(352)</u>	<u>(320)</u>
Profit/(loss) before taxation	7	3,440	(362)	917	26,596
Income tax (expenses)/benefit	8	<u>(741)</u>	<u>213</u>	<u>(293)</u>	<u>(6,515)</u>
Profit/(loss) for the period		<u>2,699</u>	<u>(149)</u>	<u>624</u>	<u>20,081</u>
Attributable to:					
Owners of the parent		<u>2,699</u>	<u>(149)</u>	<u>624</u>	<u>20,081</u>
Earnings/(loss) per share attributable to owners of the parent (sen per share):					
- Basic	9	2.01	(0.11)	0.46	14.93

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015 (CONTINUED)

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30.09.2015 Unaudited RM'000	30.09.2014 Unaudited RM'000	30.09.2015 Unaudited RM'000	30.09.2014 Unaudited RM'000
Profit/(loss) for the period	2,699	(149)	624	20,081
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Net loss on available-for-sale ("AFS") financial assets	(239)	(873)	(1,431)	(130)
Other comprehensive loss for the period, net of tax	(239)	(873)	(1,431)	(130)
Total comprehensive income/(loss) for the period, attributable to: Owners of the parent	2,460	(1,022)	(807)	19,951

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 30 SEPTEMBER 2015

	Note	30.09.2015 Unaudited RM'000	31.12.2014 Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	10	68,453	68,569
Goodwill	11	-	-
Investment in associates		263	263
Deferred tax assets		189	211
Investment securities	12	6,325	7,758
		<u>75,230</u>	<u>76,801</u>
Current assets			
Inventories		11,678	13,054
Trade and other receivables		18,156	18,195
Tax recoverable		3,654	785
Cash and bank balances	13	18,422	19,883
		<u>51,910</u>	<u>51,917</u>
Total assets		<u>127,140</u>	<u>128,718</u>
Equity and liabilities			
Equity attributable to owners of the parents			
Share capital	14	67,273	67,273
Share premium	14	625	625
Retained earnings		36,712	36,088
Other reserves		(18,633)	(17,202)
Total equity		<u>85,977</u>	<u>86,784</u>
Non-current liabilities			
Retirement benefit obligations		6,431	6,000
Deferred tax liabilities		1,593	1,937
Borrowings	15	1,726	1,190
		<u>9,750</u>	<u>9,127</u>
Current liabilities			
Retirement benefit obligations		154	281
Borrowings	15	2,910	1,818
Trade and other payables		28,336	30,674
Tax payable		13	34
		<u>31,413</u>	<u>32,807</u>
Total liabilities		<u>41,163</u>	<u>41,934</u>
Total equity and liabilities		<u>127,140</u>	<u>128,718</u>
Net assets per share attributable to owners of the parent ("RM")		0.64	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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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
Opening balance at 1 January 2015	86,784	67,273	625	36,088	(17,202)	5,316	200	(22,718)
Profit for the period	624	-	-	624	-	-	-	-
Other comprehensive income								
- Fair value adjustment reserve	(1,431)	-	-	-	(1,431)	(1,431)	-	-
Total comprehensive loss	(807)	-	-	624	(1,431)	(1,431)	-	-
Closing balance at 30 September 2015	85,977	67,273	625	36,712	(18,633)	3,885	200	(22,718)
Opening balance at 1 January 2014	73,168	67,273	625	21,242	(15,972)	6,546	200	(22,718)
Profit for the period	20,081	-	-	20,081	-	-	-	-
Other comprehensive income								
- Fair value adjustment reserve	(130)	-	-	-	(130)	(130)	-	-
Total comprehensive income	19,951	-	-	20,081	(130)	(130)	-	-
Closing balance at 30 September 2014	93,119	67,273	625	41,323	(16,102)	6,416	200	(22,718)

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015

	Note	9 months ended	
		30.09.2015 Unaudited RM'000	30.09.2014 Unaudited RM'000
Operating activities			
Profit before tax		917	26,596
<u>Adjustments for:</u>			
Interest income	7	(176)	(143)
Dividend income	7	(121)	(81)
Interest expenses	7	352	320
Gain on disposal of property, plant and equipment	7	(103)	(74)
Depreciation of property, plant and equipment	7	3,146	3,326
Property, plant and equipment written off	7	52	1
Impairment loss on trade and other receivables	7	32	-
Reversal of allowance for impairment of trade and other receivables	7	(120)	-
Net unrealised foreign exchange gain	7	-	1
Provision for retirement benefits	7	436	468
Reversal of provision for short-term accumulating compensated absences	7	(7)	(6)
Total adjustments		<u>3,491</u>	<u>3,812</u>
Operating cash flows before changes in working capital		4,408	30,408
<u>Changes in working capital</u>			
Decrease in inventories		1,375	1,246
Decrease/(increase) in trade and other receivables		156	(39)
Decrease in trade and other payables		(2,560)	(8,993)
Total changes in working capital		<u>(1,029)</u>	<u>(7,786)</u>
Interest paid		(221)	(106)
Income taxes paid		(3,498)	(2,220)
Retirement benefits paid		(133)	(98)
Total changes in working capital		<u>(3,852)</u>	<u>(2,424)</u>
Net cash flows (used in)/from operating activities		(473)	20,198
Investing activities			
Purchase of property, plant and equipment	10	(1,748)	(2,558)
Proceeds from disposal of property, plant and equipment		134	142
Dividend received		121	81
Interest received		176	143
Net cash flows used in investing activities		(1,317)	(2,192)
Financing activities			
Drawdowns from borrowings		315	324
Repayment of borrowings		(901)	(3,220)
Increase in placement of fixed deposit		-	204
Net cash flows used in financing activities		(586)	(2,692)
Net (decrease)/increase in cash and cash equivalents		(2,376)	15,314
Cash and cash equivalents at 1 January		17,899	2,398
Cash and cash equivalents at 30 September		15,523	17,712

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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

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

Effective for annual periods beginning on or after 1 January 2018

MFRS 9 Financial Instruments

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015

4. Changes in estimates

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

5. Seasonality of operations

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

6. Segment information

The Group is organised into business units based on their products and services, and has three operating segments as follows:

- (i) Harvesting, sawmilling and kiln drying of timber.
- (ii) Manufacturing - manufacturing and trading of glass.
- (iii) Others - include investment holding, marketing and distribution agent and trading of wooden doors, none of which are of a sufficient size to be reported separately.

There has been no material change in total assets and no differences in the basis of segmentation or in the basis of measurement of segment profit or loss as compared to the last annual financial statements.

	Harvesting, sawmilling and kiln drying RM'000	Manufacturing RM'000	Others RM'000	Consolidated RM'000
Results for 3 months ended 30 September 2015				
Operating revenue	16,784	6,252	22	23,058
Other operating income	59	48	9	116
Expenses	(12,345)	(6,167)	(1,222)	(19,734)
Profit/(loss) before taxation	4,498	133	(1,191)	3,440

**Results for 3 months ended
30 September 2014**

Operating revenue	11,697	7,429	10	19,136
Other operating income	1,019	26	34	1,079
Expenses	(12,345)	(7,106)	(1,126)	(20,577)
Profit/(loss) before taxation	371	349	(1,082)	(362)

GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015

6. Segment information (continued)

	Harvesting, sawmilling and kiln drying RM'000	Manufacturing RM'000	Others RM'000	Consolidated RM'000
Results for 9 months ended 30 September 2015				
Operating revenue	38,104	20,143	38	58,285
Other operating income	378	188	19	585
Expenses	(34,805)	(19,748)	(3,400)	(57,953)
Profit/(loss) before taxation	3,677	583	(3,343)	917

**Results for 9 months ended
30 September 2014**

Operating revenue	63,717	23,083	201	87,001
Other operating income	1,964	81	55	2,100
Expenses	(37,069)	(21,841)	(3,595)	(62,505)
Profit/(loss) before taxation	28,612	1,323	(3,339)	26,596

7. Profit/(loss) before taxation

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

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Interest income	(36)	(51)	(176)	(143)
Dividend income	-	(81)	(121)	(81)
Interest expenses	123	95	352	320
Depreciation of property, plant and equipment	1,020	966	3,146	3,326
Gain on disposal of property, plant and equipment	(8)	(1)	(103)	(74)
Property, plant and equipment written off	-	-	52	1
Impairment loss on trade and other receivables	32	-	32	-
Reversal of allowance for impairment of trade and other receivables	-	-	(120)	-
Net unrealised foreign exchange loss	-	13	-	1
Reversal of provision for short-term accumulating compensated absences	(13)	5	(7)	(6)
Provision for retirement benefits	147	157	436	468

GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015

8. Income tax expense/(benefit)

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Current income tax	245	(63)	323	6,742
Under/(over) provision of income tax in respect of previous years	290	(23)	290	(23)
Deferred income tax	369	(91)	(125)	(9)
Over provision of deferred tax in respect of previous years	(163)	(36)	(195)	(195)
	<u>741</u>	<u>(213)</u>	<u>293</u>	<u>6,515</u>
Effective tax rate	21.5%	58.8%	32.0%	24.5%

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 that the taxation is arising out of profit making subsidiaries.

9. Earnings/(loss) 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 3 months ended		Cumulative quarter 9 months ended	
		30.09.2015	30.09.2014	30.09.2015	30.09.2014
Profit/(loss) net of tax attributable to owners of the parent used in the computation of earnings per share	(RM'000)	<u>2,699</u>	<u>(149)</u>	<u>624</u>	<u>20,081</u>
Weighted average number of ordinary shares in issue	(' 000)	<u>134,547</u>	<u>134,547</u>	<u>134,547</u>	<u>134,547</u>
Basic earnings/(loss) per share	(sen)	<u>2.01</u>	<u>(0.11)</u>	<u>0.46</u>	<u>14.93</u>

10. Property, plant and equipment

During the nine-month period ended 30 September 2015, the Group has acquired property, plant and equipment at a cost of RM1,748,000 (30 September 2014: RM2,558,000). As at 30 September 2015, the total depreciation charged for the property, plant and equipment was RM3,146,000 (30 September 2014: RM3,326,000). Property, plant and equipment with a carrying amount of RM52,000 were written off by the Group during the nine-month period ended 30 September 2015 (30 September 2014: RM1,000). This has been included in other operating expenses in the statement of profit and loss and other comprehensive income.

The Group has also disposed of assets with a carrying amount of RM31,000 during the nine-months ended 30 September 2015 (30 September 2014 : RM68,000), resulting in a gain on disposal of RM103,000 (30 September 2014: RM74,000), 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**

11. Goodwill

	Goodwill RM'000
Cost:	
At 1 January 2014/31 December 2014/30 September 2015	<u>613</u>
Accumulated impairment:	
At 1 January 2014/31 December 2014/30 September 2015	<u>(613)</u>
Net carrying amount:	
At 1 January 2014/31 December 2014/30 September 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:

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
30 September 2015				
Available-for-sale financial assets				
Equity shares	6,325	6,325	-	-
31 December 2014				
Available-for-sale financial assets				
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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015

13. Cash and bank balances

Cash and bank balances comprised the following amounts:

	30.09.2015	31.12.2014
	RM'000	RM'000
Cash at banks and in hand	10,361	7,982
Deposits in licensed banks	8,061	11,901
	<u>18,422</u>	<u>19,883</u>
Less:		
Bank overdrafts	(1,865)	(950)
Deposits in licensed banks	(1,034)	(1,034)
Total cash and cash equivalents	<u><u>15,523</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 30 September 2015.

15. Borrowings

	30.09.2015	31.12.2014
	RM'000	RM'000
Current		
Secured	2,910	1,818
Non-current		
Secured	1,726	1,190
Total borrowings	<u><u>4,636</u></u>	<u><u>3,008</u></u>

16. Dividend

There was no dividend declared by the Company during the financial period ended 30 September 2015 (30 September 2014: RMNil).

17. Commitments

	30.09.2015	31.12.2014
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Plant and machinery	1,991	-
Motor vehicles	466	-
Approved but not contracted for:		
Plant and machinery	-	1,991
Motor vehicles	424	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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015

18. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the nine-month periods ended 30 September 2015 and 31 December 2014 as well as the balances with the related parties as at 30 September 2015 and 31 December 2014:

		Expenses paid by related parties RM'000	Interest on loans from related parties RM'000	Amounts owed to related parties RM'000
Entities with significant influence over the Group:				
Holding company				
Terengganu Incorporated Sdn. Bhd.	30.09.2015	9	131	14,417
("TISB")	31.12.2014	-	263	14,277
A corporate shareholder				
Lembaga Tabung Amanah Warisan	30.09.2015	-	-	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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**

20. Performance review

(a) Current Quarter vs Corresponding Quarter of Previous Period (3Q15 vs 3Q14)

The Group's revenue for the quarter under review was RM23.06 million, improved by 20% from RM19.14 million reported in the previous year's corresponding quarter. In terms of profitability, the Group recorded a profit before taxation of RM3.44 million as compared to a loss before taxation of RM0.36 million in the previous year's corresponding quarter.

The improvement in the current quarter's result was contributed by favourable performance of harvesting, sawmilling and kiln-drying segment.

Harvesting, sawmilling and kiln drying segment

For the quarter under review, the harvesting, sawmilling and kiln drying segment reported profit before taxation of RM4.50 million as compared to RM0.37 million in the previous year's corresponding quarter. The improvement in profitability was in line with the increase in revenue of 43% as a result of logs sales proceed amounting to RM3.62 million from the concession of the Group's timber management subsidiary which had been allocated for mining purposes.

Internal logs extraction increased in the quarter under review by 11% as compared to the same quarter in the previous year.

Manufacturing segment

During the quarter under review, the manufacturing segment which is represented by the glass division of the Group reported a profit before taxation of RM0.13 million, a decrease of 61% from RM0.35 million recorded in the previous year's corresponding quarter. The decrease in profit was mainly contributed by the decrease in the segment's revenue of 16% during the quarter under review. It is reported that the slowdown in the construction industry especially in the housing sector (medium and high end houses) has impacted the Group's glass division.

Other segment

Other segment for the Group has recorded a loss before taxation of RM1.19 million in the quarter under review as compared to loss before taxation of RM1.08 million in the previous year's corresponding quarter as a result of the increment in the segment's administrative expenses.

(b) Current Period-to-date vs Previous Period-to-date (FY2015 vs FY2014)

The Group's performance for the period ended 30 September 2015 was unfavorable as compared to the previous year's corresponding period. The Group recorded a profit before taxation of RM0.92 million in the current period, declined by 96% from RM26.60 million reported in the same period last year. Whilst, the Group's revenue has decreased by 33% from RM87.00 million in the previous year's corresponding period to RM58.23 million in the current period. The adverse result of the Group was mainly contributed by the harvesting, sawmilling and kiln drying segment.

**GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING
REQUIREMENT: CHAPTER 9, APPENDIX 9B, PART A
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**

20. Performance review (continued)

(b) Current Period-to-date vs Previous Period-to-date (FY2015 vs FY2014)(continued)

Harvesting, sawmilling and kiln drying segment

For the nine-month period ended 30 September 2015, the segment reported a profit before taxation of RM3.68 million, a substantial decrease of 87% from the previous year's corresponding period. Whilst, the segment's operating revenue has reduced significantly to RM38.10 million in the current period from RM63.72 million reported in the preceding year's corresponding period. In the preceding year's corresponding period, 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.

Other operating income for the segment has reduced considerably in the period under review, from RM1.96 million to RM0.38 million, mainly as a result of no income on post-felling forest inventory development and fire insurance claim recorded in the current period. The lower expenses for the segment in the current period were in line with the reduction in logs harvesting and sawn timber production.

Manufacturing segment

During the period under review, the manufacturing segment recorded a profit before taxation of RM0.58 million, representing a decrease of 56% from RM1.32 million reported in the previous year's corresponding period. The decrease in profit before taxation was in line with the decrease in the segment's revenue of 13% in the period under review. The adverse performance in the manufacturing segment was contributed by the slowdown in the demand for the local projects on medium and high end residential buildings which has impacted the performance of the glass division of the Group.

Other segment

There was no significant changes in the result for other segment of the Group, except for the decrease in revenue of RM0.16 million, mainly as a result of no door sales from projects secured during the period under review.

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

	Current quarter 30.09.2015 RM'000	Immediate preceding quarter 30.06.2015 RM'000
Revenue	23,058	19,823
Profit/(loss) before taxation	3,440	(59)

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

The Group's result improved tremendously in the current quarter with a profit before taxation of RM3.44 million as compared to loss before taxation of RM0.06 million in the immediate preceding quarter, and the revenue improved by 16% in the current quarter.

The major contribution for the improvement was from the harvesting, sawmilling and kiln-drying segment as a result of logs sales proceed of RM3.62 million from the concession of the Group's timber management subsidiary during the quarter under review.

Meanwhile, the manufacturing segment's profit before tax has dropped by 60% to RM0.13 million in the current quarter as compared to RM0.33 million in the immediate preceding quarter. The segment's revenue has slightly decreased from RM6.94 million in the Second Quarter of 2015 to RM6.25 million in the Third Quarter of 2015.

The loss before taxation for other segment in the current quarter increased by 21% as compared to RM0.99 million reported in the immediate preceding quarter. The increase in loss in the quarter under review was contributed by the increase in certain administrative expenses.

22. Commentary on prospect

Harvesting, sawmilling and kiln drying of timber

Internal logs extraction and mid-stream activities are expected to be effected by the coming monsoon season in the harvesting operational area. Overall, 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.

In addition, the reduction in the harvesting quota imposed by the state forestry department in 2015 is going to affect the segment's performance in 2015.

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.

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24. Dividend payable

There was no dividend paid by the Company during the financial period ended 30 September 2015 (30 September 2014: RMNil).

25. Risks and policies of derivatives

The Group did not enter into any derivative during the financial period ended 30 September 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 30 September 2015 and 31 December 2014.

27. Breakdown of realised and unrealised losses

The breakdown of the retained earnings of the Group as at 30 September 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.

	Current quarter ended 30.09.2015 RM'000	Previous financial year ended 31.12.2014 RM'000
Total accumulated losses of the Company and its subsidiaries		
- Realised	(200,689)	(189,696)
- Unrealised	(1,405)	(1,678)
	<u>(202,094)</u>	<u>(191,374)</u>
Total accumulated loss from associates		
- Realised	(11,482)	(11,482)
	<u>(213,576)</u>	<u>(202,856)</u>
Less: Consolidation adjustments	(250,288)	(238,944)
Total Group's retained earnings as per financial statements	<u>36,712</u>	<u>36,088</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 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 26 November 2015.

By order of the Board

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