

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 2015

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31.12.2015 Unaudited RM'000	31.12.2014 Unaudited RM'000	31.12.2015 Unaudited RM'000	31.12.2014 Unaudited RM'000
Revenue		15,814	19,353	74,099	106,354
Cost of sales		<u>(16,458)</u>	<u>(21,013)</u>	<u>(63,780)</u>	<u>(73,005)</u>
Gross (loss)/profit		(644)	(1,660)	10,319	33,349
Other operating income		750	789	1,335	2,889
Administrative expenses		(3,932)	(4,459)	(12,697)	(13,108)
Other operating expenses		(650)	(942)	(2,164)	(2,486)
Share of result of associate		<u>906</u>	<u>263</u>	<u>906</u>	<u>263</u>
Operating (loss)/profit		(3,570)	(6,009)	(2,301)	20,907
Finance costs		<u>(847)</u>	<u>(193)</u>	<u>(1,199)</u>	<u>(512)</u>
(Loss)/profit before taxation	7	(4,417)	(6,202)	(3,500)	20,395
Income tax benefit/(expense)	8	<u>1,006</u>	<u>966</u>	<u>713</u>	<u>(5,549)</u>
(Loss)/profit for the period		<u>(3,411)</u>	<u>(5,236)</u>	<u>(2,787)</u>	<u>14,846</u>
Attributable to:					
Owners of the parent		<u>(3,411)</u>	<u>(5,236)</u>	<u>(2,787)</u>	<u>14,846</u>
(Loss)/earning per share attributable to owners of the parent (sen per share):					
- Basic	9	(2.54)	(3.89)	(2.07)	11.03

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 YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31.12.2015 Unaudited RM'000	31.12.2014 Unaudited RM'000	31.12.2015 Unaudited RM'000	31.12.2014 Unaudited RM'000
(Loss)/profit for the period	<u>(3,411)</u>	<u>(5,236)</u>	<u>(2,787)</u>	<u>14,846</u>
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Net gain/(loss) on available-for-sale ("AFS") financial assets	346	(1,099)	(1,085)	(1,230)
Net loss on remeasurement of defined benefit liability	<u>(1,500)</u>	<u>-</u>	<u>(1,500)</u>	<u>-</u>
Other comprehensive loss for the period, net of tax	<u>(1,154)</u>	<u>(1,099)</u>	<u>(2,585)</u>	<u>(1,230)</u>
Total comprehensive (loss)/income for the period, attributable to:				
Owners of the parent	<u>(4,565)</u>	<u>(6,335)</u>	<u>(5,372)</u>	<u>13,616</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 DECEMBER 2015

	Note	31.12.2015 Unaudited RM'000	31.12.2014 Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	10	67,452	68,569
Goodwill	11	-	-
Investment in associates		1,169	263
Deferred tax assets		530	211
Investment securities	12	6,672	7,758
		<u>75,823</u>	<u>76,801</u>
Current assets			
Inventories		7,821	13,054
Trade and other receivables		17,238	18,195
Tax recoverable		3,909	785
Cash and bank balances	13	18,502	19,883
		<u>47,470</u>	<u>51,917</u>
Total assets		<u>123,293</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		31,801	36,088
Other reserves		(18,287)	(17,202)
Total equity		<u>81,412</u>	<u>86,784</u>
Non-current liabilities			
Retirement benefit obligations		7,958	6,000
Deferred tax liabilities		1,125	1,937
Borrowings	15	1,650	1,190
		<u>10,733</u>	<u>9,127</u>
Current liabilities			
Retirement benefit obligations		588	281
Borrowings	15	1,144	1,818
Trade and other payables		29,379	30,674
Tax payable		37	34
		<u>31,148</u>	<u>32,807</u>
Total liabilities		<u>41,881</u>	<u>41,934</u>
Total equity and liabilities		<u>123,293</u>	<u>128,718</u>
Net assets per share attributable to owners of the parent ("RM")		0.61	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 YEAR ENDED 31 DECEMBER 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)
Loss for the period	(2,787)	-	-	(2,787)	-	-	-	-
Other comprehensive income								
- Fair value adjustment reserve	(1,085)	-	-	-	(1,085)	(1,085)	-	-
- Remeasurement on defined benefit liability	(1,500)	-	-	(1,500)	-	-	-	-
Total comprehensive loss	(5,372)	-	-	(4,287)	(1,085)	(1,085)	-	-
Closing balance at 31 December 2015	81,412	67,273	625	31,801	(18,287)	4,231	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	14,846	-	-	14,846	-	-	-	-
Other comprehensive income								
- Fair value adjustment reserve	(1,230)	-	-	-	(1,230)	(1,230)	-	-
Total comprehensive income	13,616	-	-	14,846	(1,230)	(1,230)	-	-
Closing balance at 31 December 2014	86,784	67,273	625	36,088	(17,202)	5,316	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 YEAR ENDED 31 DECEMBER 2015

		12 months ended	
		31.12.2015	31.12.2014
	Note	Unaudited RM'000	Unaudited RM'000
Operating activities			
Profit before tax		(3,500)	20,395
<u>Adjustments for:</u>			
Interest income	7	(337)	(323)
profit from Al-Mudharabah	7	(25)	(20)
Dividend income	7	(121)	(169)
Interest expenses	7	1,199	512
Gain on disposal of property, plant and equipment	7	(160)	(135)
Depreciation of property, plant and equipment	7	4,397	4,550
Property, plant and equipment written off	7	118	22
Impairment loss on inventories	7	-	33
Impairment loss on trade and other receivables	7	149	582
Reversal of allowance for impairment of trade and other receivables	7	(136)	-
Net unrealised foreign exchange gain	7	(133)	(48)
Share of result of associate		(906)	(263)
Provision for retirement benefits	7	999	630
Reversal of provision for short-term accumulating compensated absences	7	44	97
Total adjustments		<u>5,088</u>	<u>5,468</u>
Operating cash flows before changes in working capital		1,588	25,863
<u>Changes in working capital</u>			
Decrease in inventories		5,232	5,618
Decrease in trade and other receivables		1,016	2,852
Decrease in trade and other payables		(2,203)	(8,122)
Total changes in working capital		<u>4,045</u>	<u>348</u>
Profit from Al-Mudharabah		25	20
Interest paid		(133)	(113)
Income taxes paid		(3,542)	(5,106)
Retirement benefits paid		(235)	(98)
Total changes in working capital		<u>(3,885)</u>	<u>(5,297)</u>
Net cash flows from operating activities		<u>1,748</u>	<u>20,914</u>
Investing activities			
Purchase of property, plant and equipment	10	(1,987)	(3,121)
Proceeds from disposal of property, plant and equipment		365	182
Placement of deposit in licensed bank		-	203
Dividend received		121	81
Interest received		337	323
Net cash flows used in investing activities		<u>(1,164)</u>	<u>(2,332)</u>
Financing activities			
Drawdowns from borrowings		1,519	303
Repayment of borrowings		(2,399)	(3,366)
Interest paid		(137)	(18)
Net cash flows used in financing activities		<u>(1,017)</u>	<u>(3,081)</u>
Net (decrease)/increase in cash and cash equivalents		(433)	15,501
Cash and cash equivalents at 1 January		17,899	2,398
Cash and cash equivalents at 31 December		<u>17,466</u>	<u>17,899</u>

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 YEAR ENDED 31 DECEMBER 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 YEAR ENDED 31 DECEMBER 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 adversely affected by the seasonal and 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.

	Harvesting, sawmilling and kiln drying RM'000	Manufacturing RM'000	Others RM'000	Consolidated RM'000
Results for 3 months ended 31 December 2015				
Operating revenue	7,804	7,988	22	15,814
Other operating income	325	238	187	750
Expenses	(11,841)	(7,769)	(2,277)	(21,887)
Share of result of associate	906	-	-	906
(Loss)/profit before taxation	(2,806)	457	(2,068)	(4,417)

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

Operating revenue	11,112	8,234	7	19,353
Other operating income	692	81	16	789
Expenses	(16,549)	(8,293)	(1,765)	(26,607)
Share of result of associate	263	-	-	263
(Loss)/profit before taxation	(4,482)	22	(1,742)	(6,202)

GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE YEAR ENDED 31 DECEMBER 2015

6. Segment information (continued)

	Harvesting, sawmilling and kiln drying RM'000	Manufacturing RM'000	Others RM'000	Consolidated RM'000
Results for 12 months ended 31 December 2015				
Operating revenue	45,908	28,131	60	74,099
Other operating income	703	427	205	1,335
Expenses	(46,646)	(27,518)	(5,676)	(79,840)
Share of result of associate	906	-	-	906
Profit/(loss) before taxation	871	1,040	(5,411)	(3,500)

**Results for 12 months ended
31 December 2014**

Operating revenue	74,830	31,317	207	106,354
Other operating income	2,656	163	70	2,889
Expenses	(53,618)	(30,134)	(5,359)	(89,111)
Share of result of associate	263	-	-	263
Profit/(loss) before taxation	24,131	1,346	(5,082)	20,395

7. (Loss)/profit before taxation

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

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Interest income	(161)	(180)	(337)	(323)
Interest expenses	847	193	1,199	512
Depreciation of property, plant and equipment	-	1,224	4,397	4,550
Gain on disposal of property, plant and equipment	-	(61)	(160)	(135)
Property, plant and equipment written off	66	21	118	22
Impairment loss on inventories	-	33	-	33
Impairment loss on trade and other receivables	117	582	149	582
Reversal of allowance for impairment of trade and other receivables	(16)	-	(136)	-
Net unrealised foreign exchange gain	(133)	(49)	(133)	(48)
Share of result of associate	(906)	(263)	(906)	(263)
Provision for short-term accumulating compensated absences	51	103	44	97
Provision for retirement benefits	563	162	999	630

GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE YEAR ENDED 31 DECEMBER 2015

8. Income tax (benefit)/expense

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Current income tax	(225)	(827)	97	5,915
Under/(over) provision of income tax in respect of previous years	29	17	320	(5)
Deferred income tax	(966)	(323)	(1,090)	(331)
Under/(over) provision of deferred tax in respect of previous years	156	167	(40)	(30)
	<u>(1,006)</u>	<u>(966)</u>	<u>(713)</u>	<u>5,549</u>
Effective tax rate	22.8%	15.6%	20.4%	27.2%

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 reversal of temporary difference.

9. (Loss)/earning 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		
	31.12.2015	31.12.2014	31.12.2015	31.12.2014	
(Loss)/profit net of tax attributable to owners of the parent used in the computation of earnings per share	(RM'000)	<u>(3,411)</u>	<u>(5,236)</u>	<u>(2,787)</u>	<u>14,846</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)/earning per share	(sen)	<u>(2.54)</u>	<u>(3.89)</u>	<u>(2.07)</u>	<u>11.03</u>

10. Property, plant and equipment

During the twelve-month period ended 31 December 2015, the Group has acquired property, plant and equipment at a cost of RM1,987,000 (31 December 2014: RM3,121,000). As at 31 December 2015, the total depreciation charged for the property, plant and equipment was RM4,397,000 (31 Decemeber 2014: RM4,550,000). Property, plant and equipment with a carrying amount of RM18,000 were written off by the Group during the twelve-month period ended 31 December 2015 (31 December 2014: RM22,000). 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 RM205,000 during the twelve-months ended 31 December 2015 (31 December 2014 : RM47,000), resulting in a gain on disposal of RM160,000 (31 December 2014: RM135,000), 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 YEAR ENDED 31 DECEMBER 2015**

11. Goodwill

	Goodwill RM'000
Cost:	
At 1 January 2014/31 December 2014/31 December 2015	<u>613</u>
Accumulated impairment:	
At 1 January 2014/31 December 2014/31 December 2015	<u>(613)</u>
Net carrying amount:	
At 1 January 2014/31 December 2014/31 December 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
31 December 2015				
Available-for-sale financial assets				
Equity shares	6,672	6,672	-	-
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 YEAR ENDED 31 DECEMBER 2015

13. Cash and bank balances

Cash and bank balances comprised the following amounts:

	31.12.2015	31.12.2014
	RM'000	RM'000
Cash at banks and in hand	10,578	7,982
Deposits in licensed banks	7,922	11,901
	<u>18,500</u>	<u>19,883</u>
Less:		
Bank overdrafts	-	(950)
Deposits in licensed banks	(1,034)	(1,034)
Total cash and cash equivalents	<u><u>17,466</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 December 2015.

15. Borrowings

	31.12.2015	31.12.2014
	RM'000	RM'000
Current		
Secured	1,144	1,818
Non-current		
Secured	1,650	1,190
Total borrowings	<u><u>2,794</u></u>	<u><u>3,008</u></u>

16. Dividend

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

17. Commitments

	31.12.2015	31.12.2014
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Plant and machinery	1,991	-
Motor vehicles	602	-
Approved but not contracted for:		
Plant and machinery	-	1,991
Motor vehicles	288	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 YEAR ENDED 31 DECEMBER 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 31 December 2015 and 31 December 2014 as well as the balances with the related parties as at 31 December 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.	31.12.2015	10	928	15,215
("TISB")	31.12.2014	-	263	14,277
A corporate shareholder				
Lembaga Tabung Amanah Warisan	31.12.2015	-	-	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 TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2015**

20. Performance review

(a) Current Quarter vs Corresponding Quarter of Previous Period (4Q15 vs 4Q14)

The Group's revenue for the current quarter stood at RM15.81 million, 18% lower than RM19.35 million reported in the previous year's corresponding quarter. In contrast, the Group's loss before taxation dropped by 29% to RM4.42 million from RM6.20 million recorded in the previous year's corresponding quarter due to the decrease in the operational expenses.

Harvesting, sawmilling and kiln drying segment

The harvesting, sawmilling and kiln drying segment reported a better result in profitability despite the reduction in revenue by 30% in the current quarter. The loss before taxation reduced by 37% to RM2.81 million as compared to loss before taxation of RM4.48 million reported in the previous year's corresponding quarter. The unfavourable result of the segment was contributed by the weak performance of the harvesting activity of the Group as a result of raining season during the quarter under review.

Manufacturing segment

During the quarter under review, the manufacturing segment's revenue reduced by 3% to RM7.99 million from RM8.23 million reported in the previous year's corresponding quarter. Despite the reduction in revenue, the segment's profit before taxation increased to RM0.46 million as compared to RM0.02 million recorded in the previous year's corresponding quarter as a result of reversal of allowance for impairment of trade receivables amounting to RM0.13 million.

Other segment

Other segment for the Group has recorded a loss before taxation of RM2.07 million in the quarter under review as compared to the loss before taxation of RM1.74 million in the previous year's corresponding quarter as a result of the increment in the finance cost.

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

For the financial year under review, the Group registered a loss before taxation of RM3.50 million as compared to the profit before taxation of RM20.40 million reported in the previous year's corresponding period. Whilst, the Group's revenue has decreased by 30% from RM106.35 million reported in the previous year to RM74.10 million in the current year. 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 TWELVE-MONTH PERIOD ENDED 31 DECEMBER 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

In the current year, the segment reported a profit before taxation of RM0.87 million, a substantial decrease of 96% from the previous financial year's profit before taxation. Similarly, the segment's operating revenue has reduced significantly to RM45.91 million in the current year as compared to RM74.83 million reported in the previous financial year. 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 year under review, from RM2.66 million to RM0.70 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 year under review, the manufacturing segment which is represented by the glass division of the Group recorded a profit before taxation of RM1.04 million, representing a decrease of 23% from RM1.35 million reported in the previous financial year. The decrease in the profit before taxation was in line with the decrease in the segment's revenue of 10% in the year 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 manufacturing segment of the Group.

Other segment

The loss before taxation in the current financial year has slightly increased to RM5.41 million as compared to RM5.08 million reported in the previous financial year mainly due to the increase in finance cost by RM0.47 million.

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

	Current quarter 31.12.2015 RM'000	Immediate preceding quarter 30.09.2015 RM'000
Revenue	15,814	23,058
(Loss)/profit before taxation	(4,417)	3,440

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

The Group registered a loss before taxation of RM4.42 million in the current quarter as compared to profit before taxation of RM3.44 million in the immediate preceding quarter. The adverse result of the Group was mainly contributed by the unfavourable performance of the harvesting, sawmilling and kiln drying segment of the Group.

During the quarter under review, the harvesting, sawmilling and kiln drying segment reported loss before taxation of RM2.81 million as compared to the profit before taxation of RM4.50 million in the immediate preceding quarter. The reason was due to the logs sales proceed of RM3.62 million from the concession of the Group's timber management subsidiary recorded in the immediate preceding quarter. In addition, significant drop in sales performance of sawn timber by 43% was contributed by the disruption in sawmilling operation during the raining season in 4th Quarter 2015.

Meanwhile, the manufacturing segment showed a favourable performance where the profit before taxation increased by 243% as compared to the profit before taxation recorded in the immediate preceding quarter of RM0.13 million. The segment's revenue has improved from RM6.25 million in the immediate preceding quarter to RM7.99 million in the current quarter, representing the increase of 28%.

The loss before taxation for other segment in the current quarter increased by 73% as compared to RM1.19 million reported in the immediate preceding quarter. The increase in loss in the quarter under review was contributed by the increase in finance cost.

22. Commentary on prospect

Harvesting, sawmilling and kiln drying of timber

Internal logs extraction and mid-stream activities are expected to be further effected by the raining 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 2015, the Group's harvesting quota was reduced and allocated to other small sawmillers as part of the overall reduction of harvesting quota for the final year of the 10th Malaysian Plan. The Group will be reallocated the normal harvesting quota in 2016 (commencement of 11th Malaysian Plan) onwards.

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.

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 31 December 2015 (31 December 2014: RMNil).

25. Risks and policies of derivatives

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

27. Breakdown of realised and unrealised losses

The breakdown of the retained earnings of the Group as at 31 December 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 31.12.15 RM'000	Previous financial year ended 31.12.2014 RM'000
Total accumulated losses of the Company and its subsidiaries		
- Realised	(195,328)	(189,696)
- Unrealised	(595)	(1,678)
	<u>(195,923)</u>	<u>(191,374)</u>
Total accumulated loss from associates		
- Realised	(10,576)	(11,482)
	<u>(206,499)</u>	<u>(202,856)</u>
Less: Consolidation adjustments	(238,300)	(238,944)
Total Group's retained earnings as per financial statements	<u>31,801</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 22 February 2016.

By order of the Board

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