

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 2016

	Note	Current quarter 3 months ended		Cumulative quarter 3 months ended	
		31.03.2016	31.03.2015	31.03.2016	31.03.2015
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue		10,104	15,405	10,104	15,405
Cost of sales		<u>(9,759)</u>	<u>(14,710)</u>	<u>(9,759)</u>	<u>(14,710)</u>
Gross profit		345	695	345	695
Other operating income		242	281	242	281
Administrative expenses		(3,134)	(2,778)	(3,134)	(2,778)
Other operating expenses		(538)	(547)	(538)	(547)
Operating loss		<u>(3,085)</u>	<u>(2,349)</u>	<u>(3,085)</u>	<u>(2,349)</u>
Finance costs		<u>(111)</u>	<u>(112)</u>	<u>(111)</u>	<u>(112)</u>
Loss before taxation	8	(3,196)	(2,461)	(3,196)	(2,461)
Income tax benefit	9	<u>614</u>	<u>382</u>	<u>614</u>	<u>382</u>
Loss for the period		<u>(2,582)</u>	<u>(2,079)</u>	<u>(2,582)</u>	<u>(2,079)</u>
Loss for the period attributable to:					
Owners of the parent		(2,570)	(2,079)	(2,570)	(2,079)
Minority interest		<u>(12)</u>	<u>-</u>	<u>(12)</u>	<u>-</u>
		<u>(2,582)</u>	<u>(2,079)</u>	<u>(2,582)</u>	<u>(2,079)</u>
Loss per share attributable to owners of the parent (sen per share)					
- Basic	10	<u>(1.91)</u>	<u>(1.55)</u>	<u>(1.91)</u>	<u>(1.55)</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 2015 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 2016 (CONTINUED)

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	Unaudited	Unaudited	Unaudited	Unaudited
Note	RM'000	RM'000	RM'000	RM'000
Loss for the period	(2,582)	(2,079)	(2,582)	(2,079)
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	726	(327)	726	(327)
Other comprehensive income/(loss) for the period, net of tax	726	(327)	726	(327)
Total comprehensive loss for the period, net of tax	(1,856)	(2,406)	(1,856)	(2,406)
Total comprehensive loss for the period, net of tax attributable to:				
Owners of the parent	(1,844)	(2,406)	(1,844)	(2,406)
Minority interest	(12)	-	(12)	-
	(1,856)	(2,406)	(1,856)	(2,406)

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 2015 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 2016

	Note	31.03.2016 Unaudited RM'000	31.12.2015 Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	11	66,944	67,452
Goodwill	12	-	-
Investment in associates		1,169	1,169
Deferred tax assets		829	505
Investment securities	13	7,397	6,672
		<u>76,339</u>	<u>75,798</u>
Current assets			
Inventories		9,295	7,821
Trade and other receivables		18,196	17,177
Tax recoverable		3,842	3,896
Cash and bank balances	14	13,366	18,511
		<u>44,699</u>	<u>47,405</u>
Total assets		<u>121,038</u>	<u>123,203</u>
Equity and liabilities			
Equity			
Share capital	15	67,273	67,273
Share premium	15	625	625
Retained earnings		29,485	32,055
Other reserves		(16,499)	(17,225)
Equity attributable to owners of the parents		<u>80,884</u>	<u>82,728</u>
Minority interest		628	-
Total equity		<u>81,512</u>	<u>82,728</u>
Non-current liabilities			
Retirement benefit obligations		8,275	8,037
Deferred tax liabilities		400	712
Borrowings	16	1,543	1,657
		<u>10,218</u>	<u>10,406</u>
Current liabilities			
Retirement benefit obligations		389	508
Borrowings	16	948	1,137
Trade and other payables		27,888	28,321
Tax payable		83	103
		<u>29,308</u>	<u>30,069</u>
Total liabilities		<u>39,526</u>	<u>40,475</u>
Total equity and liabilities		<u>121,038</u>	<u>123,203</u>
Net assets per share attributable to owners of the parent ("RM")		0.60	0.61

These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2016

	Attributable to owners of the parent								Minority interest RM'000
	Non-distributable		Distributable		Non-distributable				
	Equity, total RM'000	Share capital RM'000	Share premium RM'000	Total retained earnings RM'000	Other reserves, total RM'000	Fair value adjustment reserve RM'000	Equity contribution from a corporate shareholder RM'000	Reserve arising from merger RM'000	
Opening balance at 1 January 2016	82,728	67,273	625	32,055	(17,225)	4,231	1,262	(22,718)	-
Loss for the period	(2,582)	-	-	(2,570)	-	-	-	-	(12)
Other comprehensive income									
- Fair value adjustment reserve	726	-	-	-	726	726	-	-	-
Total comprehensive loss	(1,856)	-	-	(2,570)	726	726	-	-	(12)
Transactions with owners									
Shares issued for acquisition of a subsidiary	640	-	-	-	-	-	-	-	640
Closing balance at 31 March 2016	81,512	67,273	625	29,485	(16,499)	4,957	1,262	(22,718)	628
Opening balance at 1 January 2015	86,784	67,273	625	36,088	(17,202)	5,316	200	(22,718)	-
Loss for the period	(2,079)	-	-	(2,079)	-	-	-	-	-
Other comprehensive income									
- Fair value adjustment reserve	(327)	-	-	-	(327)	(327)	-	-	-
Total comprehensive loss	(2,406)	-	-	(2,079)	(327)	(327)	-	-	-
Closing balance at 31 March 2015	84,378	67,273	625	34,009	(17,529)	4,989	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 2015 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 2016

	Note	3 months ended	
		31.03.2016 Unaudited RM'000	31.03.2015 Unaudited RM'000
Operating activities			
Loss before tax		(3,196)	(2,461)
<u>Adjustments for:</u>			
Interest income	8	(61)	(120)
Dividend income	8	(35)	-
Interest expenses	8	111	112
Gain on disposal of property, plant and equipment	8	(78)	(95)
Depreciation of property, plant and equipment	8	1,046	1,151
Net unrealised foreign exchange gain	8	-	(21)
Provision for retirement benefits	8	208	146
Reversal of provision for short-term accumulating compensated absences	8	(17)	(17)
Total adjustments		<u>1,174</u>	<u>1,156</u>
Operating cash flows before changes in working capital		(2,022)	(1,305)
<u>Changes in working capital</u>			
Increase in inventory		(1,474)	(1,587)
(Increase)/Decrease in trade and other receivables		(998)	305
Decrease in trade and other payables		(532)	(1,197)
Total changes in working capital		<u>(3,004)</u>	<u>(2,479)</u>
Interest paid		(41)	(62)
Income taxes refund/(paid)		39	(2,153)
Retirement benefits paid		(90)	(133)
Total changes in working capital		<u>(92)</u>	<u>(2,348)</u>
Net cash flows used in operating activities		<u>(5,118)</u>	<u>(6,132)</u>
Investing activities			
Purchase of property, plant and equipment	11	(619)	(210)
Proceeds from disposal of property, plant and equipment		159	125
Additional investment in a subsidiary		1,600	-
Net cash outflow on acquisition of subsidiary		(960)	-
Dividend received		35	-
Interest received		61	120
Net cash flows (used in)/from investing activities		<u>276</u>	<u>35</u>
Financing activities			
Drawdowns from borrowings		419	397
Repayment of borrowings		(722)	(447)
Net cash flows from/(used in) financing activities		<u>(303)</u>	<u>105</u>
Net decrease in cash and cash equivalents		(5,145)	(5,992)
Cash and cash equivalents at 1 January		17,477	17,899
Cash and cash equivalents at 31 March		<u>12,332</u>	<u>11,907</u>

These condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2016**

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 2015 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 2015, except for the adoption of the following new and revised MFRS, and Amendments (collectively referred to as "pronouncements") which are applicable to its financial statements and are relevant to its operations:-

(i) Adoption of standards

Effective for annual periods beginning on or after 1 January 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 2018

MFRS 15 Revenue from Contracts with Customers

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.

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.

GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2016

6. Changes in Composition of the Group

There were no changes in the composition of the Group during the interim period, except on 28 January 2016, Permint Plywood Sdn. Bhd. ("PPSB"), a wholly-owned subsidiary of Permint Timber Corporation Sdn. Bhd. which in turn is a wholly-owned subsidiary of the Company has acquired 3 ordinary shares of RM1.00 each, representing 60% of the issued and paid-up share capital of GP Dynamic Venture Sdn. Bhd. ("GPDVSB" or "the joint venture company"), a joint venture company of PPSB and Cymao Plywood Sdn. Bhd. ("CPSB") from a non-related third party for a total cash consideration of RM3.00.

Thereafter, on 11 February 2016, PPSB has subscribed for 959,997 new ordinary shares of RM1.00 each for a total cash consideration of RM959,997. Accordingly, the total investment of PPSB has increased to RM960,000, representing 60% of the issued and fully paid-up capital of GPDVSB.

GPDVSB was incorporated on 29 December 2015 and is currently dormant. The authorised share capital of GPDVSB is RM10,000,000 divided into 10,000,000 ordinary shares of RM1.00 each and the issued and fully paid-up share capital is RM1,600,000 divided into 1,600,000 ordinary shares of RM1.00 each. The remaining 640,000 ordinary shares of RM1.00 each or 40% of the issued and fully paid-up capital of GPDVSB is held by CPSB.

7. 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, rental of properties, 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 2016				
Operating revenue	2,475	7,608	21	10,104
Other operating income	149	49	44	242
Expenses	(4,953)	(7,310)	(1,279)	(13,542)
(Loss)/Profit before taxation	(2,329)	347	(1,214)	(3,196)
Results for 3 months ended 31 December 2015				
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)
(Loss)/Profit before taxation	(1,456)	116	(1,121)	(2,461)

GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2016

8. Loss before taxation

Included in the loss before taxation are the following items:

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Interest income	(61)	(120)	(61)	(120)
Dividend income	(35)	-	(35)	-
Interest expenses	111	112	111	112
Depreciation of property, plant and equipment	-			
	1,046	1,151	1,046	1,151
Gain on disposal of property, plant and equipment	(78)	(95)	(78)	(95)
Net unrealised foreign exchange gain	-	(21)	-	(21)
Reversal of provision for short-term accumulating compensated absences	(17)	(17)	(17)	(17)
Provision for retirement benefits	208	146	208	146

9. Income tax benefit

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Current income tax	22	21	22	21
Deferred income tax	(569)	(364)	(569)	(364)
Over provision of deferred tax in respect of previous years	(67)	(39)	(67)	(39)
	(614)	(382)	(614)	(382)
Effective tax rate	19.2%	15.5%	19.2%	15.5%

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.

GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2016

10. Loss per share

Basic loss per share amounts are calculated by dividing loss for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period.

		Current quarter		Cumulative quarter	
		3 months ended		3 months ended	
		31.03.2016	31.03.2015	31.03.2016	31.03.2015
Loss net of tax attributable to owners of the parent used in the computation of earnings per share	(RM'000)	(2,570)	(2,079)	(2,570)	(2,079)
Weighted average number of ordinary shares in issue	(' 000)	134,547	134,547	134,547	134,547
Basic loss per share	(sen)	(1.91)	(1.55)	(1.91)	(1.55)

11. Property, plant and equipment

During the three-month period ended 31 March 2016, the Group has acquired property, plant and equipment at a cost of RM619,000 (31 March 2015: RM210,000). As at 31 March 2016, the total depreciation charged for the property, plant and equipment was RM1,046,000 (31 March 2015: RM1,151,000).

The Group has also disposed of assets with a carrying amount of RM81,000 during the three-months ended 31 March 2016 (31 March 2015 : RM30,000), resulting in a gain on disposal of RM78,000 (31 March 2015: RM95,000), recognised and included in operating expenses in the statement of profit or loss and other comprehensive income.

12. Goodwill

	Goodwill
	RM'000
Cost:	
At 1 January 2015/31 December 2015/31 March 2016	<u>613</u>
Accumulated impairment:	
At 1 January 2015/31 December 2015/31 March 2016	<u>(613)</u>
Net carrying amount:	
At 1 January 2015/31 December 2015/31 March 2016	<u>-</u>

GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2016

13. 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	Level 1	Level 2	Level 3
	RM'000	RM'000	RM'000	RM'000
31 March 2016				
Available-for-sale financial assets				
Equity shares	7,397	7,397	-	-
31 December 2015				
Available-for-sale financial assets				
Equity shares	6,672	6,672	-	-

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.

14. Cash and bank balances

Cash and bank balances comprised the following amounts:

	31.03.2016	31.12.2015
	RM'000	RM'000
Cash at banks and in hand	8,685	10,580
Deposits in licensed banks	4,681	7,931
	<u>13,366</u>	<u>18,511</u>
Less:		
Deposits in licensed banks	(1,034)	(1,034)
Total cash and cash equivalents	<u><u>12,332</u></u>	<u><u>17,477</u></u>

15. 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 2016.

**GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2016**

16. Borrowings

	31.03.2016	31.12.2015
	RM'000	RM'000
Current		
Secured	948	1,137
Non-current		
Secured	1,543	1,657
Total borrowings	<u>2,491</u>	<u>2,794</u>

17. Dividend

There was no dividend declared by the Company during the financial period ended 31 March 2016 (31 March 2015: RMNil).

18. Commitments

	31.03.2016	31.12.2015
	RM'000	RM'000
Capital expenditure		
Approved but not contracted for:		
Plant and machinery	423	423
Motor vehicles	350	350
	<u>773</u>	<u>773</u>

19. 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 2016 and 31 December 2015 as well as the balances with the related parties as at 31 March 2016 and 31 December 2015:

		Expenses paid by related parties	Interest on loans from related parties	Amounts owed to related parties
		RM'000	RM'000	RM'000
Entities with significant influence over the Group:				
Holding company				
Terengganu Incorporated Sdn. Bhd.	31.03.2016	1	70	14,224
("TISB")	31.12.2015	10	(1,062)*	14,153
A corporate shareholder				
Lembaga Tabung Amanah Warisan	31.03.2016	-	-	640
Negeri Terengganu ("LTAWNT")	31.12.2015	-	-	640

* The interest on loan from TISB has been waived in December 2015.

20. 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 2016**

21. Performance review

(a) Current Quarter vs Corresponding Quarter of Previous Period (1Q16 vs 1Q15)

The Group's revenue for the quarter under review was RM10.10 million, decreased by 34% from RM15.41 million reported in the previous year's corresponding quarter. Consequently, the Group recorded a loss before taxation of RM3.20 million as compared to a loss before taxation of RM2.46 million recorded in the previous year's corresponding quarter.

Harvesting, sawmilling and kiln drying segment

For the quarter under review, the segment's revenue stood at RM2.48 million, 71% lower than the preceding year's corresponding quarter of RM8.44 million. As a result, the segment incur higher loss before taxation of RM2.33 million as compared to RM1.46 million recorded in the preceding year's corresponding quarter. The major factor that contributed to the higher loss was the significant reduction in the internal logs extraction from 11,797 hoppus tonne in the preceding year's corresponding quarter to 4,352 hoppus tonne in the quarter under review.

Manufacturing segment

In contrast, the manufacturing segment showed an improvement in performance during the quarter under review where the profit before taxation improved to RM0.35 million from RM0.12 million recorded in the previous year's corresponding quarter. The revenue has increased by 9% in the current quarter due to the increase in glass sales volume for the local projects.

Other segment

Other segment has recorded a slight increase in loss before taxation of RM1.21 million in the quarter under review as compared to the loss before taxation of RM1.12 million in the previous year's corresponding quarter as a result of the increase in the finance cost.

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

	Current quarter 31.03.2016 RM'000	Immediate preceding quarter 31.12.2015 RM'000
Revenue	10,104	15,814
Loss before taxation	(3,196)	(4,472)

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 2016

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

The Group's revenue for the quarter under review was RM10.10 million, dropped by 36% from RM15.81 million reported in the immediate preceding quarter. Despite the reduction in revenue, the Group's result has improved 28% whereby the loss before taxation reduced to RM3.20 million in the quarter under review.

During the quarter under review, the harvesting, sawmilling and kiln drying segment reported loss before taxation of RM2.33 million as compared to the loss before taxation of RM2.79 million in the immediate preceding quarter. Meanwhile, the segment's revenue stood at RM2.48 million, 68% lower than the immediate preceding quarter of RM7.81 million as a result of the decrease in the sales volume of sawn timber by 67%.

Meanwhile, the manufacturing segment's profit before taxation dropped by 24% to RM0.35 million in the current quarter as compared to RM0.46 million in the immediate preceding quarter. The segment's revenue has slightly decreased from RM7.99 million to RM7.61 million in the quarter under review.

The loss before taxation for other segment in the current quarter decreased by 43% as compared to RM2.14 million reported in the immediate preceding quarter. The decrease in loss in the quarter under review was contributed by the decrease in finance cost.

23. 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.

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

24. Changes in material litigation

There was no material litigation against the Group.

**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 2016**

25. Dividend payable

There was no dividend paid by the Company during the financial period ended 31 March 2016 (31 March 2015: RMNil).

26. Risks and policies of derivatives

The Group did not enter into any derivative during the financial period ended 31 March 2016 or the previous financial year ended 31 December 2015.

27. 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 2016 and 31 December 2015.

28. Breakdown of realised and unrealised losses

The breakdown of the retained earnings of the Group as at 31 March 2016 and 31 December 2015 into realised and unrealised losses is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, prepared in accordance with *Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses* in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Current quarter ended 31.03.2016 RM'000	Previous financial year ended 31.12.2015 RM'000
Total accumulated losses of the Company and its subsidiaries		
- Realised	(199,822)	(196,751)
- Unrealised	430	(150)
	<u>(199,392)</u>	<u>(196,901)</u>
Total accumulated loss from associates		
- Realised	(10,576)	(10,576)
	<u>(209,968)</u>	<u>(207,477)</u>
Less: Consolidation adjustments	(239,453)	(239,532)
Total Group's retained earnings as per financial statements	<u>29,485</u>	<u>32,055</u>

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29. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2015 was not qualified.

30. 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 29 May 2016.

By order of the Board

Mohd Adawi bin Ton Omar
Chief Executive Officer