

**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 2016**

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31.12.2016	31.12.2015	31.12.2016	31.12.2015
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue		16,473	15,814	57,928	74,099
Cost of sales		<u>(14,991)</u>	<u>(16,432)</u>	<u>(52,668)</u>	<u>(63,755)</u>
<b>Gross profit/(loss)</b>		1,482	(618)	5,260	10,344
Other operating income		3,369	727	3,941	1,312
Administrative expenses		(3,845)	(3,995)	(13,347)	(12,759)
Other operating expenses		(594)	(645)	(2,186)	(2,159)
Share of result of associate		<u>652</u>	<u>906</u>	<u>652</u>	<u>906</u>
<b>Operating profit/(loss)</b>		1,064	(3,625)	(5,680)	(2,356)
Finance costs		<u>(3)</u>	<u>(847)</u>	<u>(213)</u>	<u>(1,199)</u>
<b>Profit/(loss) before taxation</b>	7	1,061	(4,472)	(5,893)	(3,555)
Income tax (expense)/benefit	8	<u>(736)</u>	<u>1,315</u>	<u>412</u>	<u>1,022</u>
<b>Profit/(loss) for the period</b>		<u>325</u>	<u>(3,157)</u>	<u>(5,481)</u>	<u>(2,533)</u>
<b>Profit/(loss) for the period attributable to:</b>					
Owners of the parent		368	(3,157)	(5,279)	(2,533)
Minority interest		<u>(43)</u>	<u>-</u>	<u>(202)</u>	<u>-</u>
		<u>325</u>	<u>(3,157)</u>	<u>(5,481)</u>	<u>(2,533)</u>
<b>Earnings/(loss) per share attributable to owners of the parent (sen per share)</b>					
- Basic	9	<u>0.27</u>	<u>(2.35)</u>	<u>(3.92)</u>	<u>(1.88)</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 YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Note	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Profit/(loss) for the period	325	(3,157)	(5,481)	(2,533)
<b>Other comprehensive income</b>				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Net (loss)/gain on available-for-sale ("AFS") financial assets	(28)	346	(309)	(1,085)
Net loss on remeasurement of defined benefit liability	-	(1,500)	-	(1,500)
Transfer to profit and loss upon disposal	(2,678)	-	(2,678)	-
Cumulative loss reclassified to profit or loss	260	-	260	-
<b>Other comprehensive loss for the period, net of tax</b>	<b>(2,446)</b>	<b>(1,154)</b>	<b>(2,727)</b>	<b>(2,585)</b>
Total comprehensive loss for the period, net of tax	(2,121)	(4,311)	(8,208)	(5,118)
<b>Total comprehensive loss for the period, net of tax attributable to:</b>				
Owners of the parent	(2,078)	(4,311)	(8,006)	(5,118)
Minority interest	(43)	-	(202)	-
	<b>(2,121)</b>	<b>(4,311)</b>	<b>(8,208)</b>	<b>(5,118)</b>

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 DECEMBER 2016**

	Note	31.12.2016 Unaudited RM'000	31.12.2015 Audited RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	65,698	67,452
Goodwill	11	-	-
Investment in associates		1,823	1,169
Deferred tax assets		534	505
Investment securities	12	2,945	6,672
		<u>71,000</u>	<u>75,798</u>
<b>Current assets</b>			
Inventories		7,214	7,821
Trade and other receivables		18,947	17,177
Tax recoverable		3,497	3,896
Cash and bank balances	13	11,654	18,511
		<u>41,312</u>	<u>47,405</u>
<b>Total assets</b>		<u>112,312</u>	<u>123,203</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	14	67,273	67,273
Share premium	14	625	625
Retained earnings		26,776	32,055
Other reserves		(19,952)	(17,225)
Equity attributable to owners of the parents		<u>74,722</u>	<u>82,728</u>
Minority interest		438	-
<b>Total equity</b>		<u>75,160</u>	<u>82,728</u>
<b>Non-current liabilities</b>			
Retirement benefit obligations		8,338	8,037
Deferred tax liabilities		283	712
Borrowings	15	756	1,657
		<u>9,377</u>	<u>10,406</u>
<b>Current liabilities</b>			
Retirement benefit obligations		593	508
Borrowings	15	745	1,137
Trade and other payables		26,437	28,321
Tax payable		-	103
		<u>27,775</u>	<u>30,069</u>
<b>Total liabilities</b>		<u>37,152</u>	<u>40,475</u>
<b>Total equity and liabilities</b>		<u>112,312</u>	<u>123,203</u>
Net assets per share attributable to owners of the parent ("RM")		0.56	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 YEAR ENDED 31 DECEMBER 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	
<b>Opening balance at 1 January 2016</b>	82,728	67,273	625	32,055	(17,225)	4,231	1,262	(22,718)	-
Loss for the period	(5,481)	-	-	(5,279)	-	-	-	-	(202)
Other comprehensive income									
- Fair value adjustment reserve	(2,727)	-	-	-	(2,727)	(2,727)	-	-	-
Total comprehensive loss	(8,208)	-	-	(5,279)	(2,727)	(2,727)	-	-	(202)
<b>Transactions with owners</b>									
Shares issued for acquisition of a subsidiary	640	-	-	-	-	-	-	-	640
<b>Closing balance at 31 December 2016</b>	<b>75,160</b>	<b>67,273</b>	<b>625</b>	<b>26,776</b>	<b>(19,952)</b>	<b>1,504</b>	<b>1,262</b>	<b>(22,718)</b>	<b>438</b>
<b>Opening balance at 1 January 2015</b>	86,784	67,273	625	36,088	(17,202)	5,316	200	(22,718)	-
Profit for the period	(2,533)	-	-	(2,533)	-	-	-	-	-
Other comprehensive income									
- Fair value adjustment reserve	(1,085)	-	-	-	(1,085)	(1,085)	-	-	-
- Net loss on remeasurement of defined benefit obligations	(1,500)	-	-	(1,500)	-	-	-	-	-
Total comprehensive loss	(5,118)	-	-	(4,033)	(1,085)	(1,085)	-	-	-
<b>Transaction with owners</b>									
Waiver of amount due to a shareholder	1,062	-	-	-	1,062	-	1,062	-	-
<b>Closing balance at 31 December 2015</b>	<b>82,728</b>	<b>67,273</b>	<b>625</b>	<b>32,055</b>	<b>(17,225)</b>	<b>4,231</b>	<b>1,262</b>	<b>(22,718)</b>	<b>-</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 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 YEAR ENDED 31 DECEMBER 2016**

	Note	12 months ended	
		31.12.2016 Unaudited RM'000	31.12.2015 Unaudited RM'000
<b>Operating activities</b>			
Loss before tax		(5,893)	(3,555)
<u>Adjustments for:</u>			
Interest income	7	(292)	(345)
Dividend income	7	(271)	(122)
Interest expenses	7	212	1,199
Gain on disposal of property, plant and equipment	7	(79)	(160)
Gain on disposal of investment securities	7	(2,789)	-
Depreciation of property, plant and equipment	7	4,375	4,397
Property, plant and equipment written off	7	-	172
Impairment loss on inventories	7	68	-
Impairment loss on investment securities	7	260	-
Impairment loss on trade and other receivables	7	300	211
Reversal of allowance for impairment of trade and other receivables	7	(19)	(136)
Impairment loss on trade and other receivables written off	7	(168)	-
Net unrealised foreign exchange gain	7	(53)	(56)
Share of result of associate	7	(652)	(906)
Provision for retirement benefits	7	906	999
Provision for short-term accumulating compensated absences	7	63	95
Total adjustments		<u>1,861</u>	<u>5,348</u>
<b>Operating cash flows before changes in working capital</b>		<b>(4,032)</b>	<b>1,793</b>
<u>Changes in working capital</u>			
Decrease in inventory		539	5,232
(Increase)/decrease in trade and other receivables		(1,409)	941
Decrease in trade and other payables		(2,429)	(2,252)
Total changes in working capital		<u>(3,299)</u>	<u>3,921</u>
Interest paid		(25)	(133)
Income taxes refund/(paid)		270	(3,542)
Retirement benefits paid		(521)	(235)
Total changes in working capital		<u>(276)</u>	<u>(3,910)</u>
<b>Net cash flows used in operating activities</b>		<b>(7,607)</b>	<b>1,804</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	10	(2,542)	(1,987)
Proceeds from disposal of property, plant and equipment		188	311
Placement of deposit in licensed bank		8	-
Proceeds from disposal of investment securities		3,559	-
Additional investment in a subsidiary		1,600	-
Net cash outflow on acquisition of subsidiary		(960)	-
Dividend received		239	122
Interest received		292	345
<b>Net cash flows used in investing activities</b>		<b>2,384</b>	<b>(1,209)</b>
<b>Financing activities</b>			
Drawdowns from borrowings		1,193	1,519
Repayment of borrowings		(1,336)	(1,472)
Repayment of obligations under finance lease		(1,349)	(927)
Interest paid		(142)	(137)
<b>Net cash flows used in financing activities</b>		<b>(1,634)</b>	<b>(1,017)</b>

**GOLDEN PHAROS BERHAD ( Company No. 152205-W )**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	12 months ended	
	31.12.2016	31.12.2015
Note	Unaudited RM'000	Unaudited RM'000
<b>Net decrease in cash and cash equivalents</b>	(6,857)	(422)
<b>Cash and cash equivalents at 1 January</b>	17,477	17,899
<b>Cash and cash equivalents at 31 December</b>	<b>10,620</b>	<b>17,477</b>

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 YEAR ENDED 31 DECEMBER 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 2017**

MFRS 107 Disclosures Initiatives (Amendments to MFRS 107)

MFRS 112 Recognition of Deferred Tax for Unrealised Losses (Amendments to MFRS 112)

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

MFRS 2 Classification and Measurement of Share-based Payment Transaction  
(Amendments to MFRS 2)

MFRS 15 Revenue from Contracts with Customers

MFRS 9 Financial Instruments

MFRS 16 Leases

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between  
an Investor and its Associate or Joint Venture

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 material effects 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 YEAR ENDED 31 DECEMBER 2016**

**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, rental of properties, marketing and distribution agent and trading of wooden doors and woodchips, 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.

	<b>Harvesting, sawmilling and kiln drying RM'000</b>	<b>Manufacturing RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b>Results for 3 months ended 31 December 2016</b>				
Operating revenue	8,151	8,092	230	16,473
Other operating income	3,215	27	127	3,369
Expenses	(10,883)	(7,440)	(1,110)	(19,433)
Share of result of associate	652	-	-	652
<b>Profit/(loss) before taxation</b>	<b>1,135</b>	<b>679</b>	<b>(753)</b>	<b>1,061</b>

**Results for 3 months ended  
31 December 2015**

Operating revenue	7,804	7,988	22	15,814
Other operating income	307	233	187	727
Expenses	(11,812)	(7,764)	(2,343)	(21,919)
Share of result of associate	906	-	-	906
<b>(Loss)/profit before taxation</b>	<b>(2,795)</b>	<b>457</b>	<b>(2,134)</b>	<b>(4,472)</b>

	<b>Harvesting, sawmilling and kiln drying RM'000</b>	<b>Manufacturing RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b>Results for 12 months ended 31 December 2016</b>				
Operating revenue	26,871	30,588	469	57,928
Other operating income	3,549	178	214	3,941
Expenses	(34,565)	(28,809)	(5,040)	(68,414)
Share of result of associate	652	-	-	652
<b>(Loss)/profit before taxation</b>	<b>(3,493)</b>	<b>1,957</b>	<b>(4,357)</b>	<b>(5,893)</b>



**GOLDEN PHAROS BERHAD ( Company No. 152205-W )**  
**EXPLANATORY NOTES PURSUANT TO MFRS 134**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**6. Segment information (continued)**

	Harvesting, sawmilling and kiln drying RM'000	Manufacturing RM'000	Others RM'000	Consolidated RM'000
<b>Results for 12 months ended 31 December 2015</b>				
Operating revenue	45,908	28,131	60	74,099
Other operating income	685	421	206	1,312
Expenses	(46,044)	(27,518)	(6,310)	(79,872)
Share of result of associate	906			906
<b>Profit/(loss) before taxation</b>	<b>1,455</b>	<b>1,034</b>	<b>(6,044)</b>	<b>(3,555)</b>

**7. Profit/(loss) before taxation**

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

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Interest income	(104)	(169)	(292)	(345)
Dividend income	(202)	-	(271)	(122)
Interest expenses	2	847	212	1,199
Depreciation of property, plant and equipment	1,254	1,251	4,375	4,397
Gain on disposal of property, plant and equipment	(5)	(57)	(79)	(160)
Gain on disposal of investment securities	(2,789)	-	(2,789)	-
Property, plant and equipment written off	-	120	-	172
Impairment loss on inventories	68	-	68	-
Impairment loss on investment securities	260	-	260	-
Impairment loss on trade and other receivables	300	179	300	211
Reversal of allowance for impairment of trade and other receivables	(19)	(16)	(19)	(136)
Impairment loss on trade and other receivables written off	(168)	-	(168)	-
Net unrealised foreign exchange gain	-	(69)	(53)	(56)
Share of result of associate	(652)	(906)	(652)	(906)
Provision of provision for short-term accumulating compensated absences	70	102	63	95
Provision for retirement benefits	281	563	906	999

**GOLDEN PHAROS BERHAD ( Company No. 152205-W )**  
**EXPLANATORY NOTES PURSUANT TO MFRS 134**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Current income tax	93	(146)	150	177
(Over)/under provision of income tax in respect of previous years	(106)	29	(106)	320
Deferred income tax	612	(1,264)	(467)	(1,389)
Under/(over) provision of deferred tax in respect of previous years	137	66	11	(130)
	<u>736</u>	<u>(1,315)</u>	<u>(412)</u>	<u>(1,022)</u>
Effective tax rate	69.4%	29.4%	7.0%	28.7%

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. Earnings/(loss) per share**

Basic earnings/(loss) per share amounts are calculated by dividing profit/(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 3 months ended		Cumulative quarter 12 months ended	
		31.12.2016	31.12.2015	31.12.2016	31.12.2015
Earnings/(loss) net of tax attributable to owners of the parent used in the computation of earnings per share	(RM'000)	<u>368</u>	<u>(3,157)</u>	<u>(5,279)</u>	<u>(2,533)</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>0.27</u>	<u>(2.35)</u>	<u>(3.92)</u>	<u>(1.88)</u>

**10. Property, plant and equipment**

During the twelve-month period ended 31 December 2016, the Group has acquired property, plant and equipment at a cost of RM2,542,000 (31 December 2015: RM1,987,000). As at 31 December 2016, the total depreciation charged for the property, plant and equipment was RM4,375,000 (31 December 2015: RM4,397,000). There were no property, plant and equipment written off during the twelve-month period ended 31 December 2016 (31 December 2015: RM172,000)

The Group has also disposed of assets with a carrying amount of RM109,000 during the twelve-months ended 31 December 2016 (31 December 2015 : RM151,000), resulting in a gain on disposal of RM79,000 (31 December 2015: RM160,000), recognised and included in other income 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 2016**

**11. Goodwill**

	<b>Goodwill</b> RM'000
<b>Cost:</b>	
At 1 January 2015/31 December 2015/31 December 2016	<u>613</u>
<b>Accumulated impairment:</b>	
At 1 January 2015/31 December 2015/31 December 2016	<u>(613)</u>
<b>Net carrying amount:</b>	
At 1 January 2015/31 December 2015/31 December 2016	<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 December 2016</b>				
<b>Available-for-sale financial assets</b>				
Equity shares	2,945	2,945	-	-
<b>31 December 2015</b>				
<b>Available-for-sale financial assets</b>				
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.

**GOLDEN PHAROS BERHAD ( Company No. 152205-W )**  
**EXPLANATORY NOTES PURSUANT TO MFRS 134**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**13. Cash and bank balances**

Cash and bank balances comprised the following amounts:

	<b>31.12.2016</b>	<b>31.12.2015</b>
	RM'000	RM'000
Cash at banks and in hand	10,195	10,580
Deposits in licensed banks	1,459	7,931
	<u>11,654</u>	<u>18,511</u>
Less:		
Deposits in licensed banks	(1,034)	(1,034)
<b>Total cash and cash equivalents</b>	<u><u>10,620</u></u>	<u><u>17,477</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 2016.

**15. Borrowings**

	<b>31.12.2016</b>	<b>31.12.2015</b>
	RM'000	RM'000
<b>Current</b>		
Secured	745	1,137
<b>Non-current</b>		
Secured	756	1,657
Total borrowings	<u><u>1,501</u></u>	<u><u>2,794</u></u>

**16. Dividend**

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

**17. Commitments**

	<b>31.12.2016</b>	<b>31.12.2015</b>
	RM'000	RM'000
<b>Capital expenditure</b>		
Approved and contracted for:		
Plant and machinery	413	-
Motor vehicles	346	-
Approved but not contracted for:		
Plant and machinery	10	423
Motor vehicles	4	350
	<u><u>773</u></u>	<u><u>773</u></u>

**GOLDEN PHAROS BERHAD ( Company No. 152205-W )**  
**EXPLANATORY NOTES PURSUANT TO MFRS 134**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**18. Related party transactions**

The following table provides information on the transactions which have been entered into with related parties during the twelve-month periods ended 31 December 2016 and 31 December 2015 as well as the balances with the related parties as at 31 December 2016 and 31 December 2015:

		<b>Expenses paid by related parties RM'000</b>	<b>Interest on loans from related parties RM'000</b>	<b>Amounts owed to related parties RM'000</b>
Entities with significant influence over the Group:				
Holding company				
Terengganu Incorporated Sdn. Bhd.	31.12.2016	3	42	14,198
("TISB")	31.12.2015	10	(1,062)*	14,153
A corporate shareholder				
Lembaga Tabung Amanah Warisan	31.12.2016	-	-	640
Negeri Terengganu ("LTAWNT")	31.12.2015	-	-	640

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

**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 2016**

**20. Performance review**

**(a) Current Quarter vs Corresponding Quarter of Previous Period (4Q16 vs 4Q15)**

The Group's revenue for the quarter under review was RM16.47 million, 4% higher than RM15.81 million reported in the previous year's corresponding quarter. In terms of profitability, the Group recorded a profit before taxation of RM1.06 million as compared to a loss before taxation of RM4.47 million in the previous year's corresponding quarter, which was due to the increase in other operating income.

**Harvesting, sawmilling and kiln drying segment**

The harvesting, sawmilling and kiln drying segment reported a better result in profitability, whereby profit before taxation of RM1.14 million, increased by 141% from loss before taxation of RM2.80 million reported in the previous year's corresponding quarter. The improvement in profitability was due to the gain on disposal of investment securities amounting to RM2.79 million. The segment's revenue stood at RM8.15 million in the current quarter, 4% higher than RM7.80 million recorded in the previous year's corresponding quarter which is due to logs sales proceed to third party amounting to RM2.90 million.

**Manufacturing segment**

During the quarter under review, the manufacturing segment which is the glass division of the Group recorded a profit before taxation of RM0.68 million, a increase of 49% from RM0.46 million recorded in the previous year's corresponding quarter. The increase in profit was contributed by the decrease in expenses by 4% primarily in manufacturing cost such as raw material cost and labour cost.

**Other segment**

Other segment for the Group has recorded a decrease of 65% in loss before taxation from RM2.13 million to RM0.75 million in the current quarter. The improvement in the quarter under review was contributed by the increased in operating revenue primarily as a result of new business venture in woodchip as well as saving in the segment's finance cost.

**(b) Current period-to-date vs Previous Period-to-date (FY2016 vs FY2015)**

For the financial year under review, the Group registered a loss before taxation of RM5.89 million as compared to a loss before taxation of RM3.56 million reported in the same period last year. The Group's revenue has decreased by 22% from RM74.10 million reported in the previous year to RM57.93 million in the current year. The adverse performance of the Group was mainly contributed by the unfavorable performance of the harvesting, sawmilling and kiln drying segment.

**Harvesting, sawmilling and kiln drying segment**

In the current year, the segment recorded loss before taxation of RM3.49 million, an adverse performance as compared to profit before taxation of RM1.46 million registered in the previous financial year. The segment's revenue dropped significantly to RM26.87 million in the current year from RM45.91 million reported in the previous financial year. The reduction in revenue in line with the lower log extracted, which in turn has affected sawn timber sales by a reduction of 47% from 24,089 tonne from the previous financial year to 12,690 tonne in the current year.

**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 2016**

**20. Performance review (continued)**

**(b) Current period-to-date vs Previous Period-to-date (FY2016 vs FY2015) (continued)**

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

Other operating income for the segment has increased in the year under review, from RM0.69 million to RM3.55 million, mainly as a result of gain on disposal of investment securities of RM2.79 million. The lower expenses for the segment in the current year were in line with the reduction in logs harvesting and sawn timber production.

**Manufacturing segment**

During the year under review, manufacturing segment recorded profit before taxation of RM1.96 million, representing an increase of 89% from RM1.03 million reported in the previous financial year. The increased in profit before taxation was in line with the increased in operating revenue of 8% in the year under review. The favourable performance in the manufacturing segment was due to the better selling price and contribution from the local project.

**Other segment**

Other segment recorded a loss before taxation of RM4.36 million as compared to loss before taxation of RM6.04 million recorded in the previous financial year, declined by 28% which is due to increase in operating revenue as a result of new business venture in woodchip and the reduction in finance cost and certain administrative cost.

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

	<b>Current quarter 31.12.2016 RM'000</b>	<b>Immediate preceding quarter 30.09.2016 RM'000</b>
Revenue	<u>16,473</u>	<u>15,059</u>
Profit/(loss) before taxation	<u>1,061</u>	<u>(1,489)</u>

The Group's result improved tremendously in the current quarter with a profit before taxation of RM1.06 million as compared to loss before taxation of RM1.49 million in the immediate preceding quarter, and the revenue increased by 9% in the current quarter.

The major contribution for the improvement was from the harvesting, sawmilling and kiln-drying segment as a result of increased in other operating income by 368% which is due to the gain on disposal of investment securities of RM2.79 million during the quarter under review. Meanwhile, the segment's revenue was at RM8.15 million, 6% higher than immediate preceding quarter as a result of logs sales proceed of RM2.90 million from the concession of the Group's timber management subsidiary 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 2016**

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

Similarly, the manufacturing segment's profit before tax improved by 51% to RM0.68 million in the current quarter as compared to RM0.45 million in the immediate preceding quarter. The result was in line with the increased in revenue from RM7.15 million to RM8.09 million in the quarter under review which is due to encouraging supply to local project.

The loss before taxation for other segment in the current quarter decreased by 34% as compared to RM1.14 million reported in the immediate preceding quarter as a result of the contribution from the sales of woodchip as well as saving in finance cost and certain administrative expenses.

**22. Commentary on prospect**

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

Internal log extraction and mid-stream activities are expected to continued be affected by the coming monsoon season in the harvesting operational area. Overall, harvesting activity will continue to face challenges, particularly the ability to achieve optimum extraction yield per hectare, new stringent regulations by the Forestry Department which need to be complied, higher fuel cost, transportation cost and other operational costs.

**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 customers demand price reduction and high quality products.

With the improved of glass production line and stable demands, the segment is thus, expected to further contribute positively to the Group result in 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 December 2016 (31 December 2015: RMNil).

**25. Risks and policies of derivatives**

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

**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 2016 and 31 December 2015.



**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 2016**

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

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

	<b>Current quarter ended 31.12.2016 RM'000</b>	<b>Previous financial year ended 31.12.2015 RM'000</b>
Total accumulated losses of the Company and its subsidiaries		
- Realised	(213,868)	(196,751)
- Unrealised	250	(150)
	<u>(213,618)</u>	<u>(196,901)</u>
Total accumulated losses from associates		
- Realised	(9,924)	(10,576)
	<u>(223,542)</u>	<u>(207,477)</u>
Less: Consolidation adjustments	(250,318)	(239,532)
Total Group's retained earnings as per financial statements	<u>26,776</u>	<u>32,055</u>

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

The auditors' report on the financial statements for the year ended 31 December 2015 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 21 February 2017.

By order of the Board

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