

GOLDEN PHAROS BERHAD (Company No. 152205-W)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

	Note	Current quarter 3 months ended		Cumulative quarter 3 months ended	
		31.03.2019	31.03.2018	31.03.2019	31.03.2018
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue		15,652	15,894	15,652	15,894
Cost of sales		<u>(11,631)</u>	<u>(10,861)</u>	<u>(11,631)</u>	<u>(10,861)</u>
Gross profit		4,021	5,033	4,021	5,033
Other operating income		83	236	83	236
Administrative expenses		(3,377)	(3,725)	(3,377)	(3,725)
Other operating expenses		<u>(385)</u>	<u>(429)</u>	<u>(385)</u>	<u>(429)</u>
Operating profit		342	1,115	342	1,115
Finance costs		<u>(38)</u>	<u>(26)</u>	<u>(38)</u>	<u>(26)</u>
Profit before taxation	7	304	1,089	304	1,089
Income tax expense	8	<u>(278)</u>	<u>(79)</u>	<u>(278)</u>	<u>(79)</u>
Profit for the period		<u>26</u>	<u>1,010</u>	<u>26</u>	<u>1,010</u>
Profit for the period attributable to:					
Owners of the parent		26	1,008	26	1,008
Non-controlling interest		-	2	-	2
		<u>26</u>	<u>1,010</u>	<u>26</u>	<u>1,010</u>
Earnings per share attributable to owners of the parent (sen per share)					
- Basic	9	<u>0.02</u>	<u>0.75</u>	<u>0.02</u>	<u>0.75</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 2018 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 2019 (CONTINUED)

	Note	Current quarter 3 months ended		Cumulative quarter 3 months ended	
		31.03.2019	31.03.2018	31.03.2019	31.03.2018
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Profit for the period		26	1,010	26	1,010
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Net gain/(loss) on fair value changes of fair value through other comprehensive income ("FVTOCI") financial assets					
		58	(338)	58	(338)
Other comprehensive income/(loss) for the period, net of tax					
		58	(338)	58	(338)
Total comprehensive income for the period, net of tax					
		84	672	84	672
Total comprehensive income for the period, net of tax attributable to:					
Owners of the parent					
		84	670	84	670
Non-controlling interest					
		-	2	-	2
		84	672	84	672

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 2018 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 2019

	Note	31.03.2019 Unaudited RM'000	31.12.2018 Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	10	50,003	50,301
Investment properties		12,104	12,162
Goodwill	11	-	-
Investment in associates		2,548	2,548
Deferred tax assets		1,106	1,064
Investment securities	12	1,422	1,364
		<u>67,183</u>	<u>67,439</u>
Current assets			
Inventories		9,119	7,326
Trade and other receivables		19,572	16,966
Tax recoverable		144	932
Cash and bank balances	13	14,297	18,812
		<u>43,132</u>	<u>44,036</u>
Total assets		<u>110,315</u>	<u>111,475</u>
Equity and liabilities			
Equity			
Share capital	14	68,192	68,192
Retained earnings		29,031	29,005
Other reserves		(21,439)	(21,556)
Total equity		<u>75,784</u>	<u>75,641</u>
Non-current liabilities			
Retirement benefit obligations		7,522	7,368
Borrowings	15	1,432	1,271
		<u>8,954</u>	<u>8,639</u>
Current liabilities			
Retirement benefit obligations		278	992
Borrowings	15	288	496
Trade and other payables		25,011	25,707
		<u>25,577</u>	<u>27,195</u>
Total liabilities		<u>34,531</u>	<u>35,834</u>
Total equity and liabilities		<u>110,315</u>	<u>111,475</u>
Net assets per share attributable to owners of the parent ("RM")		0.56	0.56

These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 2019

	Attributable to owners of the parent								
	Non-distributable				Distributable				Non-controlling interest
	Equity, total	Share capital	Total retained earnings	Other reserves, total	Fair value reserve	Equity contribution from owners	Reserve arising from merger	Employee share option reserve	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Opening balance at 1 January 2019	75,641	68,192	29,005	(21,556)	(134)	1,262	(22,718)	34	-
Profit for the period	26	-	26	-	-	-	-	-	-
Other comprehensive income									
- Net gain on fair value changes of FVTOCI financial assets	58	-	-	58	58	-	-	-	-
Total comprehensive income	84	-	26	58	58	-	-	-	-
<u>Transaction with owners</u>									
- Grant of equity-settled share options to employees	59	-	-	59	-	-	-	59	-
Closing balance at 31 March 2019	75,784	68,192	29,031	(21,439)	(76)	1,262	(22,718)	93	-
Opening balance at 1 January 2018									
- As previously stated	74,425	67,898	27,019	(20,521)	935	1,262	(22,718)	-	29
- Effect of changes in accounting policies	(68)	-	(68)	-	-	-	-	-	-
As at 1 January 2018, as restated	74,357	67,898	26,951	(20,521)	935	1,262	(22,718)	-	29
Profit for the period	1,010	-	1,008	-	-	-	-	-	2
Other comprehensive loss									
- Net loss on fair value changes of FVTOCI financial assets	(338)	-	-	(338)	(338)	-	-	-	-
Total comprehensive income/(loss)	672	-	1,008	(338)	(338)	-	-	-	2
Closing balance at 31 March 2018	75,029	67,898	27,959	(20,859)	597	1,262	(22,718)	-	31

These condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 2019

	Note	3 months ended	
		31.03.2019 Unaudited RM'000	31.03.2018 Unaudited RM'000
Operating activities			
Profit before tax		304	1,089
<u>Adjustments for:</u>			
Interest income	7	(26)	(30)
Interest expenses	7	38	26
Gain on disposal of property, plant and equipment	7	(1)	-
Depreciation of property, plant and equipment	7	806	951
Depreciation of investment properties	7	58	58
Property, plant and equipment written off	7	-	85
Reversal of expected credit loss allowance	7	-	(2)
Grant equity-settled share options to employees	7	59	-
Provision for retirement benefits	7	203	265
(Reversal)/provision for short-term accumulating compensated absences	7	(92)	6
Total adjustments		<u>1,045</u>	<u>1,359</u>
Operating cash flows before changes in working capital		1,349	2,448
<u>Changes in working capital</u>			
Increase in inventory		(1,792)	(4,410)
Increase in trade and other receivables		(2,034)	(1,219)
(Decrease)/increase in trade and other payables		(1,117)	1,795
Total changes in working capital		<u>(4,943)</u>	<u>(3,834)</u>
Interest paid		(38)	(26)
Income taxes refund/(paid)		461	(117)
Retirement benefits paid		(762)	(74)
Total changes in working capital		<u>(339)</u>	<u>(217)</u>
Net cash flows used in operating activities		<u>(3,933)</u>	<u>(1,603)</u>
Investing activities			
Purchase of property, plant and equipment	10	(508)	(558)
Proceeds from disposal of property, plant and equipment		1	-
Placement of deposit with licensed bank		-	(2,500)
Interest received		26	30
Net cash flows used in investing activities		<u>(481)</u>	<u>(3,028)</u>
Financing activities			
Drawdown from borrowings		177	202
Repayment of borrowings		(278)	(566)
Net cash flows used in financing activities		<u>(101)</u>	<u>(364)</u>
Net decrease in cash and cash equivalents		(4,515)	(4,995)
Cash and cash equivalents at 1 January		17,772	10,361
Cash and cash equivalents at 31 December		<u>13,257</u>	<u>5,366</u>

These condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 2019**

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 2018 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 2018, except for the adoption of the following new and amended MFRSs and IC Interpretation which are applicable to its financial statements and are relevant to its operations:-

On 1 January 2019, the Group adopted the following new and amended MFRSs and IC Interpretation mandatory for annual periods beginning on or after 1 January 2019:

Description	Effective for annual periods beginning on or after
MFRS 9 <i>Prepayment Features with Negative Compensation (Amendments to MFRS 9)</i>	1 January 2019
MFRS 16 <i>Leases</i>	1 January 2019
MFRS 128 <i>Long-term Interests in Associates and Joint Venture (Amendments to MFRS 128)</i>	1 January 2019
Annual Improvements to MFRS 2015 - 2017 Cycle	1 January 2019
- Amendments to MFRS 3 <i>Business Combinations: Previously held interest in a joint operation</i>	1 January 2019
- Amendments to MFRS 11 <i>Joint Arrangements: Previously held interest in a joint operation</i>	1 January 2019
- Amendments to MFRS 112 <i>Income Taxes: Income tax consequences of payments on financial instruments classified as equity</i>	1 January 2019
- Amendments to MFRS 123 <i>Borrowing Costs: Borrowing costs eligible for capitalisation</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019

The initial application of the abovementioned standards and interpretations did not have any material impact to the financial statements of the Group except as discussed in below:

MFRS 16 Leases

MFRS 16 will replaces MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Lease-Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

**GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019**

3. Significant accounting policies (continued)

MFRS 16 Leases (continued)

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. The application of this standard is not expected to have a significant impact on the Group's financial statements.

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.

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, kiln drying of timber and sales of logs and right to log.
- (ii) Manufacturing - manufacturing and trading of glass, veneer and woodchips.
- (iii) Others - including investment holding, rental of properties, none of which are of a sufficient size to be reported separately.

**GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019**

6. Segment information (continued)

	Harvesting, sawmilling and kiln drying RM'000	Manufacturing RM'000	Others RM'000	Consolidated RM'000
Results for 3 months ended 31 December 2019				
Operating revenue	9,670	5,976	6	15,652
Other operating income	7	64	12	83
Expenses	(8,153)	(6,468)	(810)	(15,431)
Profit/(loss) before taxation	1,524	(428)	(792)	304
Results for 3 months ended 31 December 2018				
Operating revenue	9,535	6,353	6	15,894
Other operating income	100	43	93	236
Expenses	(7,940)	(6,240)	(861)	(15,041)
Profit/(loss) before taxation	1,695	156	(762)	1,089

7. Profit before taxation

Included in the profit before taxation are the following items:

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31.03.2019 RM'000	31.03.2018 RM'000	31.03.2019 RM'000	31.03.2018 RM'000
Interest income	(26)	(30)	(26)	(30)
Interest expenses	38	26	38	26
Depreciation of property, plant and equipment	806	951	806	951
Depreciation of investment properties	58	58	58	58
Gain on disposal of property, plant and equipment	(1)	-	(1)	-
Property, plant and equipment written off	-	85	-	85
Reversal of expected credit loss allowance	-	(2)	-	(2)
Grant equity-settled share options to employees	59	-	59	-
(Reversal)/provision for short-term accumulating compensated absences	(92)	6	(92)	6
Provision for retirement benefits	203	265	203	265

**GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019**

8. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31.03.2019 RM'000	31.03.2018 RM'000	31.03.2019 RM'000	31.03.2018 RM'000
Current income tax	241	295	241	295
Deferred income tax	10	(214)	10	(214)
Over provision of deferred tax in respect of previous years	27	(2)	27	(2)
	<u>278</u>	<u>79</u>	<u>278</u>	<u>79</u>
Effective tax rate	91.4%	7.3%	91.4%	7.3%

Income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. For the current financial period under review, the Group's effective tax rate was higher than statutory tax rate due to certain expenses which were not deductible for tax purposes and due to the fact that the taxation is arising out of profit making subsidiaries whereas the group profit before tax is minimal due to heavy losses incurred by certain subsidiaries and also due to elimination of inter-company transaction.

9. Earnings per share

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

		Current quarter 3 months ended		Cumulative quarter 3 months ended	
		31.03.2019	31.03.2018	31.03.2019	31.03.2018
Earnings net of tax attributable to owners of the parent used in the computation of earnings per share	(RM'000)	<u>26</u>	<u>1,008</u>	<u>26</u>	<u>1,008</u>
Weighted average number of ordinary shares in issue	(' 000)	<u>135,135</u>	<u>134,547</u>	<u>135,135</u>	<u>134,547</u>
Basic earnings per share	(sen)	<u>0.02</u>	<u>0.75</u>	<u>0.02</u>	<u>0.75</u>

10. Property, plant and equipment

During the three-month period ended 31 March 2019, the Group has acquired property, plant and equipment at a cost of RM508,000 (31 March 2018: RM558,000). As at 31 March 2019, the total depreciation charged for the property, plant and equipment was RM806,000 (31 March 2019: RM915,000). There were no property, plant and equipment were written off by the Group during the three-month period ended 31 March 2019 (31 March 2019: RM85,000). 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 RMNil during the three-month period ended 31 March 2019 (31 March 2018:RMNil), resulting in a gain on disposal of RM1,000 (31 March 2019: RMNil), 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 THREE-MONTH PERIOD ENDED 31 MARCH 2019**

11. Goodwill

	Goodwill RM'000
Cost:	
At 1 January 2018/31 December 2018/31 March 2019	<u>613</u>
Accumulated impairment:	
At 1 January 2018/31 December 2018/31 March 2019	<u>(613)</u>
Net carrying amount:	
At 1 January 2018/31 December 2018/31 March 2019	<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 March 2019				
Fair value through other comprehensive income financial assets				
Equity shares	1,422	1,422	-	-
31 December 2018				
Fair value through other comprehensive income financial assets				
Equity shares	1,364	1,364	-	-

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.

13. Cash and bank balances

Cash and bank balances comprised the following amounts:

	31.03.2019 RM'000	31.12.2018 RM'000
Cash at banks and in hand	5,406	8,701
Deposits in licensed banks	8,891	10,111
	<u>14,297</u>	<u>18,812</u>
Less:		
Bank overdraft	-	-
Deposits in licensed banks	(1,040)	(1,040)
Total cash and cash equivalents	<u>13,257</u>	<u>17,772</u>

**GOLDEN PHAROS BERHAD (Company No. 152205-W)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019**

14. Share capital

There were no issuances, cancellation, repurchases, resale and repayments of debts and equity securities for the financial period ended 31 March 2019.

15. Borrowings

	31.03.2019	31.12.2018
	RM'000	RM'000
Current		
Secured	288	496
Non-current		
Secured	1,432	1,271
Total borrowings	<u>1,720</u>	<u>1,767</u>

16. Dividend

There was no dividend declared by the Company during the financial period ended 31 March 2019 (31 March 2018: RMNil).

17. Commitments

	31.03.2019	31.12.2018
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Plant and machinery	413	4,700
Motor vehicles	-	-
Approved but not contracted for:		
Plant and machinery	637	1,050
Motor vehicles	200	200
	<u>1,250</u>	<u>5,950</u>

18. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the three-month periods ended 31 March 2019 and 31 December 2018 as well as the balances with the related parties as at 31 March 2019 and 31 December 2018:

		Expenses	Amounts
		paid by	owed to
		parties	parties
		RM'000	RM'000
Entities with significant influence over the Group:			
Holding company			
Terengganu Incorporated Sdn. Bhd. ("TISB")	31.03.2019	-	15,274
	31.12.2018	5	15,274
A corporate shareholder			
Lembaga Tabung Amanah Warisan	31.03.2019	-	640
Negeri Terengganu ("LTAWNT")	31.12.2018	-	640

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 2019

19. Performance review

(a) Current Quarter vs Corresponding Quarter of Previous Period (1Q2019 vs 1Q2018)

The Group registered a revenue of RM15.65 million for the current quarter ended 31 March 2019 ("1Q2019") as compared with RM15.89 million reported in the previous year's corresponding quarter ("1Q2018"). In terms of profitability, the Group posted a profit before taxation of RM0.30 million in the current quarter as compared with a profit before taxation of RM1.09 million in the previous year's corresponding quarter.

Although the Group registered a lower profit before taxation during 1Q2019 as compared with 1Q2018, the Group has shown profit momentum with seven consecutive profitable quarters recorded since third quarter 2017.

Harvesting, sawmilling and kiln drying segment

During the quarter under review, the harvesting, sawmilling and kiln drying segment reported a revenue of RM9.67 million, 1% higher than the revenue of RM9.54 million in 1Q2018. This improved revenue however was not translated into the segment's profit in 1Q2019 whereby the segment posted a 10% lower profit before taxation against in 1Q2018.

The internal logs extraction was adversely affected by the rainy season in the early period of 1Q2019. Consequently, the total logs harvested reduced by 41% in 1Q2019 to 7,082 hoppus tonne from 11,916 hoppus tonne in 1Q2018.

Manufacturing segment

The manufacturing segment, which is the manufacturing activities of glass, veneer and woodchip of the Group, reported a reduction in revenue by 6% in 1Q2019 as compared with 1Q2018. As a result, the segment posted a loss before taxation of RM0.43 million as compared with a profit before taxation of RM0.16 million in 1Q2018.

The glass operation was still affected by the non-recoverability of construction sectors since early 2018, led to the postponements of the glass order. Meanwhile, the veneer operation has just started in 3Q2018 and the revenue generated was minimal due to low running capacity.

Other segment

Other segment which refers to the investment holding and rental of properties activity of the Group, has recorded marginal revenue from its rental. There was a slight increase in loss, primarily contributed by the reduction in segment's other operating income by 87%.

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

	Current quarter 31.03.2019 RM'000	Immediate preceding quarter 31.12.2018 RM'000
Revenue	15,652	21,593
Profit before taxation	304	166

Despite the reduction in the Group's revenue by 28% in 1Q2019, the Group's result slightly improved to RM0.30 million in 1Q2019 from RM0.17 million reported in the immediate preceding quarter ("4Q2018"). The slight improvement in the Group's profitability in 1Q2019 was primarily contributed by the major reduction in other segment's expenses.

**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 2019**

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

During the quarter under review, the harvesting, sawmilling and kiln drying segment posted a profit before taxation of RM1.52 million and revenue of RM9.67 million. If compared with 4Q2018's profit before taxation of RM2.39 million and revenue of RM15.68 million, the profit and revenue reduced by 36% and 38% respectively. The reduction was in line with the lower proceeds from site clearance for forest plantation amounted to RM2.39 million in 4Q2018 as compared with RM1.97 million in 1Q2019.

While the manufacturing segment showed unfavourable result by registering an increase in loss before taxation from RM0.17 million in 4Q2018 to RM0.43 million in 1Q2019, despite the increase in the segment's revenue by 1%. This situation was primarily contributed by the increase in the operating expenses of the segment's veneer operation during 1Q2019.

Other segment reported better position in 1Q2019 where the segment's loss before taxation decreased significantly to RM0.79 million from RM2.06 million reported in 4Q2018. The better performance in the quarter under review was contributed by the non-recurrence of the segment's one-off expenses incurred during 4Q2018.

21. 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. Further, the active logging compartment is expected to increase as six licenses were approved in 1Q2019 which would benefit the logging operations in 2Q2019. As such, the segment is expected to generate better result in next quarter with the anticipated logs production improved.

Manufacturing

The market environment and construction projects situation will cause greater challenge to the glass segment of the Group. Competition remains very stiff especially in the local market as the customers demand price reduction and longer credit terms.

Veneer operation is expected to improve as the operating subsidiary has entered into a Service Level Agreement with a third party that will increase running capacity and in turn will increase the revenue to the Group.

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

22. Changes in material litigation

There was no material litigation against the Group.

23. Dividend payable

There was no dividend paid by the Company during the financial period ended 31 March 2019 (31 March 2018: RMNil).

24. Risks and policies of derivatives

The Group did not enter into any derivative during the financial period ended 31 March 2019 or the previous financial year ended 31 December 2018.

**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 2019**

25. 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 2019 and 31 December 2018.

26. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2018 was not qualified.

27. Authorised for issue

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 May 2019.

By order of the Board

Dato' Ahmad Nadzarudin bin Abdul Razak
Chief Executive Officer