

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017**

	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		30.09.2017	30.09.2016	30.09.2017	30.09.2016
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue		17,372	15,059	41,305	41,455
Cost of sales		<u>(13,948)</u>	<u>(13,373)</u>	<u>(35,767)</u>	<u>(37,677)</u>
<b>Gross profit</b>		3,424	1,686	5,538	3,778
Other operating income		124	146	328	573
Administrative expenses		(2,751)	(2,803)	(9,013)	(9,502)
Other operating expenses		(495)	(491)	(1,575)	(1,592)
<b>Operating profit/(loss)</b>		<u>302</u>	<u>(1,462)</u>	<u>(4,722)</u>	<u>(6,743)</u>
Finance costs		<u>(78)</u>	<u>(27)</u>	<u>(153)</u>	<u>(210)</u>
<b>Profit/(loss) before taxation</b>	7	224	(1,489)	(4,875)	(6,953)
Income tax benefit	8	<u>349</u>	<u>191</u>	<u>689</u>	<u>1,148</u>
<b>Profit/(loss) for the period</b>		<u>573</u>	<u>(1,298)</u>	<u>(4,186)</u>	<u>(5,805)</u>
<b>Profit/(loss) for the period attributable to:</b>					
Owners of the parent		649	(1,181)	(3,902)	(5,646)
Non-controlling interest		<u>(76)</u>	<u>(117)</u>	<u>(284)</u>	<u>(159)</u>
		<u>573</u>	<u>(1,298)</u>	<u>(4,186)</u>	<u>(5,805)</u>
<b>Earnings/(loss) per share attributable to owners of the parent (sen per share)</b>					
- Basic	9	<u>0.48</u>	<u>(0.88)</u>	<u>(2.90)</u>	<u>(4.20)</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 2016 and the accompanying explanatory notes attached to these interim financial statements.

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017 (CONTINUED)**

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30.09.2017 Unaudited RM'000	30.09.2016 Unaudited RM'000	30.09.2017 Unaudited RM'000	30.09.2016 Unaudited RM'000
Note				
Profit/(loss) for the period	573	(1,298)	(4,186)	(5,805)
<b>Other comprehensive income</b>				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Net loss on available-for-sale ("AFS") financial assets	(286)	(239)	(430)	(281)
<b>Other comprehensive loss for the period, net of tax</b>	(286)	(239)	(430)	(281)
Total comprehensive income/(loss) for the period, net of tax	287	(1,537)	(4,616)	(6,086)
<b>Total comprehensive income/(loss) for the period, net of tax attributable to:</b>				
Owners of the parent	363	(1,420)	(4,332)	(5,927)
Non-controlling interest	(76)	(117)	(284)	(159)
	287	(1,537)	(4,616)	(6,086)

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 2016 and the accompanying explanatory notes attached to these interim financial statements.

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2017**

	Note	30.09.2017 Unaudited RM'000	31.12.2016 Audited RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	52,715	53,432
Investment properties		12,095	12,266
Goodwill	11	-	-
Investment in associates		1,687	1,687
Deferred tax assets		1,095	534
Investment securities	12	2,516	2,946
		<u>70,108</u>	<u>70,865</u>
<b>Current assets</b>			
Inventories		10,975	7,214
Trade and other receivables		19,436	18,863
Tax recoverable		3,163	3,594
Cash and bank balances	13	6,720	11,654
		<u>40,294</u>	<u>41,325</u>
<b>Total assets</b>		<u>110,402</u>	<u>112,190</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	14	67,273	67,273
Share premium	14	625	625
Retained earnings		22,601	26,503
Other reserves		(20,381)	(19,951)
Equity attributable to owners of the parents		<u>70,118</u>	<u>74,450</u>
Non-controlling interest		154	438
<b>Total equity</b>		<u>70,272</u>	<u>74,888</u>
<b>Non-current liabilities</b>			
Retirement benefit obligations		8,484	8,927
Deferred tax liabilities		24	172
Borrowings	15	874	750
		<u>9,382</u>	<u>9,849</u>
<b>Current liabilities</b>			
Retirement benefit obligations		593	3
Borrowings	15	3,290	708
Trade and other payables		26,865	26,742
		<u>30,748</u>	<u>27,453</u>
<b>Total liabilities</b>		<u>40,130</u>	<u>37,302</u>
<b>Total equity and liabilities</b>		<u>110,402</u>	<u>112,190</u>
Net assets per share attributable to owners of the parent ("RM")		0.52	0.55

These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to these interim financial statements.

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017**

	Attributable to owners of the parent								Non-controlling 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 2017</b>	74,888	67,273	625	26,503	(19,951)	1,505	1,262	(22,718)	438
Loss for the period	(4,186)	-	-	(3,902)	-	-	-	-	(284)
Other comprehensive income									
- Fair value adjustment reserve	(430)	-	-	-	(430)	(430)	-	-	-
Total comprehensive loss	(4,616)	-	-	(3,902)	(430)	(430)	-	-	(284)
<b>Closing balance at 30 September 2017</b>	<b>70,272</b>	<b>67,273</b>	<b>625</b>	<b>22,601</b>	<b>(20,381)</b>	<b>1,075</b>	<b>1,262</b>	<b>(22,718)</b>	<b>154</b>
<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	(5,805)	-	-	(5,646)	-	-	-	-	(159)
Other comprehensive income									
- Fair value adjustment reserve	(281)	-	-	-	(281)	(281)	-	-	-
Total comprehensive loss	(6,086)	-	-	(5,646)	(281)	(281)	-	-	(159)
<b>Transactions with owners</b>									
Shares issued for acquisition of a subsidiary	640	-	-	-	-	-	-	-	640
<b>Closing balance at 30 September 2016</b>	<b>77,282</b>	<b>67,273</b>	<b>625</b>	<b>26,409</b>	<b>(17,506)</b>	<b>3,950</b>	<b>1,262</b>	<b>(22,718)</b>	<b>481</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 2016 and the accompanying explanatory notes attached to these interim financial statements.

**GOLDEN PHAROS BERHAD ( Company No. 152205-W )**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017**

	Note	9 months ended	
		30.09.2017 Unaudited RM'000	30.09.2016 Unaudited RM'000
<b>Operating activities</b>			
Loss before tax		(4,875)	(6,953)
<u>Adjustments for:</u>			
Interest income	7	(106)	(188)
Dividend income	7	(14)	(69)
Interest expenses	7	153	210
Gain on disposal of property, plant and equipment	7	(71)	(74)
Depreciation of property, plant and equipment	7	2,640	2,950
Depreciation of investment properties	7	171	171
Property, plant and equipment written off	7	1	-
Net unrealised foreign exchange gain	7	(60)	-
Provision for retirement benefits	7	687	625
Reversal for short-term accumulating compensated absences	7	(12)	(7)
Total adjustments		<u>3,389</u>	<u>3,618</u>
<b>Operating cash flows before changes in working capital</b>		<b>(1,486)</b>	<b>(3,335)</b>
<u>Changes in working capital</u>			
Increase in inventory		(3,761)	(2,667)
Increase in trade and other receivables		(546)	(1,438)
Decrease in trade and other payables		(711)	(1,215)
Total changes in working capital		<u>(5,018)</u>	<u>(5,320)</u>
Interest paid		(153)	(139)
Income taxes refund		372	376
Retirement benefits paid		(541)	(354)
Total changes in working capital		<u>(322)</u>	<u>(117)</u>
<b>Net cash flows used in operating activities</b>		<b><u>(6,826)</u></b>	<b><u>(8,772)</u></b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	10	(1,288)	(2,423)
Proceeds from disposal of property, plant and equipment		113	182
Placement of deposit with licensed bank		(20)	-
Withdrawal of deposit with licensed bank		1,000	-
Additional investment in a subsidiary		-	1,600
Net cash outflow on acquisition of a subsidiary		-	(960)
Dividend received		14	69
Interest received		106	188
<b>Net cash flows used in investing activities</b>		<b><u>(75)</u></b>	<b><u>(1,344)</u></b>
<b>Financing activities</b>			
Drawdown from borrowings		1,533	986
Repayment of borrowings		(874)	(2,258)
<b>Net cash flows from/(used in) financing activities</b>		<b><u>659</u></b>	<b><u>(1,272)</u></b>
<b>Net decrease in cash and cash equivalents</b>		<b>(6,242)</b>	<b>(11,388)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>9,608</b>	<b>17,477</b>
<b>Cash and cash equivalents at 30 September</b>		<b><u>3,366</u></b>	<b><u>6,089</u></b>

These condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to these interim financial statements.

**GOLDEN PHAROS BERHAD ( Company No. 152205-W )  
EXPLANATORY NOTES PURSUANT TO MFRS 134  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017**

**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 2016 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 2016, 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) (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  
Transactions (Amendments to MFRS 2)

MFRS 15 Revenue from Contracts with Customers

MFRS 9 Financial Instruments

**Effective for annual periods beginning on or after 1 July 2019**

MFRS 16 Leases

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 not affected by the seasonal and cyclical factors.

**GOLDEN PHAROS BERHAD ( Company No. 152205-W )**  
**EXPLANATORY NOTES PURSUANT TO MFRS 134**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017**

**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 30 September 2017</b>				
Operating revenue	10,768	6,421	183	17,372
Other operating income	8	49	67	124
Expenses	(10,052)	(6,345)	(875)	(17,272)
<b>Profit/(loss) before taxation</b>	<b>724</b>	<b>125</b>	<b>(625)</b>	<b>224</b>

**Results for 3 months ended  
30 September 2016**

Operating revenue	7,721	7,149	189	15,059
Other operating income	85	47	14	146
Expenses	(8,604)	(6,745)	(1,345)	(16,694)
<b>(Loss)/profit before taxation</b>	<b>(798)</b>	<b>451</b>	<b>(1,142)</b>	<b>(1,489)</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 9 months ended 30 September 2017</b>				
Operating revenue	20,019	20,570	716	41,305
Other operating income	87	159	82	328
Expenses	(23,059)	(19,928)	(3,521)	(46,508)
<b>(Loss)/profit before taxation</b>	<b>(2,953)</b>	<b>801</b>	<b>(2,723)</b>	<b>(4,875)</b>

**GOLDEN PHAROS BERHAD ( Company No. 152205-W )**  
**EXPLANATORY NOTES PURSUANT TO MFRS 134**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017**

**6. Segment information (continued)**

	Harvesting, sawmilling and kiln drying RM'000	Manufacturing RM'000	Others RM'000	Consolidated RM'000
<b>Results for 9 months ended 30 September 2016</b>				
Operating revenue	18,720	22,496	239	41,455
Other operating income	334	151	88	573
Expenses	(23,682)	(21,368)	(3,931)	(48,981)
<b>(Loss)/profit before taxation</b>	<b>(4,628)</b>	<b>1,279</b>	<b>(3,604)</b>	<b>(6,953)</b>

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

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

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000
Interest income	(33)	(38)	(106)	(188)
Dividend income	(14)	(34)	(14)	(69)
Interest expenses	78	27	153	210
Depreciation of property, plant and equipment	863	987	2,640	2,950
Depreciation of investment properties	58	56	171	171
Gain on disposal of property, plant and equipment	(20)	(2)	(71)	(74)
Property, plant and equipment written off	-	-	1	-
Net unrealised foreign exchange gain	(60)	-	(60)	-
Provision/(reversal) of provision for short-term accumulating compensated absences	3	5	(12)	(7)
Provision for retirement benefits	229	208	687	625



**GOLDEN PHAROS BERHAD ( Company No. 152205-W )**  
**EXPLANATORY NOTES PURSUANT TO MFRS 134**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017**

**8. Income tax benefit**

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000
Current income tax	(4)	16	20	58
Over provision of income tax in respect of previous years	(1)	-	(1)	-
Deferred income tax	(168)	(156)	(532)	(1,080)
Over provision of deferred tax in respect of previous years	(176)	(51)	(176)	(126)
	<u>(349)</u>	<u>(191)</u>	<u>(689)</u>	<u>(1,148)</u>
Effective tax rate	-155.8%	12.8%	14.1%	16.5%

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 quarter financial period under review, the Group's effective tax rate was lower than statutory tax rate due to reversal of temporary differences.

**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 9 months ended	
		30.09.2017	30.09.2016	30.09.2017	30.09.2016
Earnings/(loss) net of tax attributable to owners of the parent used in the computation of earnings per share	(RM'000)	<u>649</u>	<u>(1,181)</u>	<u>(3,902)</u>	<u>(5,646)</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>0.48</u>	<u>(0.88)</u>	<u>(2.90)</u>	<u>(4.20)</u>

**10. Property, plant and equipment**

During the nine-month period ended 30 September 2017, the Group has acquired property, plant and equipment at a cost of RM1,288,000 (30 September 2016: RM2,423,000). As at 30 September 2017, the total depreciation charged for the property, plant and equipment was RM2,640,000 (30 September 2016: RM2,950,000). Property, plant and equipment with a carrying amount of RM1,000 were written off by the Group during the nine-month period ended 30 September 2017 (30 September 2016: RMNil). 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 RM42,000 during the nine-months ended 30 September 2017 (30 September 2016 : RM108,000), resulting in a gain on disposal of RM71,000 (30 September 2016: RM74,000), 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017**

**11. Goodwill**

	<b>Goodwill</b> RM'000
<b>Cost:</b>	
At 1 January 2016/31 December 2016/30 September 2017	<u>613</u>
<b>Accumulated impairment:</b>	
At 1 January 2016/31 December 2016/30 September 2017	<u>(613)</u>
<b>Net carrying amount:</b>	
At 1 January 2016/31 December 2016/30 September 2017	<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>30 September 2017</b>				
<b>Available-for-sale financial assets</b>				
Equity shares	2,516	2,516	-	-
<b>31 December 2016</b>				
<b>Available-for-sale financial assets</b>				
Equity shares	2,946	2,946	-	-

No transfer between any levels of the fair value hierarchy took place during the current interim period and the comparative period. There were also no changes in the purpose of any financial assets that subsequently resulted in a different classification of that assets.

The Group does not hold credit enhancements or collateral to mitigate credit risk. The carrying amount of financial assets therefore represents the potential credit risk.

**GOLDEN PHAROS BERHAD ( Company No. 152205-W )**  
**EXPLANATORY NOTES PURSUANT TO MFRS 134**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017**

**13. Cash and bank balances**

Cash and bank balances comprised the following amounts:

	<b>30.09.2017</b>	<b>31.12.2016</b>
	RM'000	RM'000
Cash at banks and in hand	5,179	9,183
Deposits in licensed banks	1,541	2,471
	<u>6,720</u>	<u>11,654</u>
Less:		
Bank overdrafts	(2,288)	-
Deposits in licensed banks	(1,066)	(2,046)
<b>Total cash and cash equivalents</b>	<u><u>3,366</u></u>	<u><u>9,608</u></u>

**14. Share capital and share premium**

There were no issuances, cancellation, repurchases, resale and repayments of debts and equity securities for the financial period ended 30 September 2017.

**15. Borrowings**

	<b>30.09.2017</b>	<b>31.12.2016</b>
	RM'000	RM'000
<b>Current</b>		
Secured	3,290	708
<b>Non-current</b>		
Secured	874	750
Total borrowings	<u><u>4,164</u></u>	<u><u>1,458</u></u>

**16. Dividend**

There was no dividend declared by the Company during the financial period ended 30 September 2017 (30 September 2016: RMNil).

**17. Commitments**

	<b>30.09.2017</b>	<b>31.12.2016</b>
	RM'000	RM'000
<b>Capital expenditure</b>		
Approved and contracted for:		
Plant and machinery	1,003	-
Motor vehicles	690	-
Approved but not contracted for:		
Plant and machinery	2,386	3,389
Motor vehicles	-	690
	<u><u>4,079</u></u>	<u><u>4,079</u></u>

**GOLDEN PHAROS BERHAD ( Company No. 152205-W )**  
**EXPLANATORY NOTES PURSUANT TO MFRS 134**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017**

**18. Related party transactions**

The following table provides information on the transactions which have been entered into with related parties during the nine-month periods ended 30 September 2017 and 31 December 2016 as well as the balances with the related parties as at 30 September 2017 and 31 December 2016:

		<b>Loans</b>	<b>Expenses</b>	<b>Interest</b>	<b>Amounts</b>
		<b>from related</b>	<b>paid by</b>	<b>on loans</b>	<b>owed to</b>
		<b>parties</b>	<b>related</b>	<b>from related</b>	<b>related</b>
		<b>RM'000</b>	<b>parties</b>	<b>parties</b>	<b>parties</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Entities with significant influence over the Group:					
Holding company					
Terengganu Incorporated Sdn. Bhd. ("TISB")	30.09.2017	1,000	-	-	15,199
	31.12.2016	-	3	42	14,199
A corporate shareholder					
Lembaga Tabung Amanah Warisan	30.09.2017	-	-	-	640
Negeri Terengganu ("LTAWNT")	31.12.2016	-	-	-	640

**19. Events after the reporting period**

There were no material events after reporting period during the current quarter.

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**20. Performance review**

**(a) Current Quarter vs Corresponding Quarter of Previous Period (3Q17 vs 3Q16)**

The Group's revenue for the quarter under review was RM17.37 million, improved by 15% from RM15.06 million reported in the previous year's corresponding quarter. As a result, the Group recorded a profit before taxation of RM0.22 million as compared to a loss before taxation of RM1.49 million in the previous year's corresponding quarter.

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

**Harvesting, sawmilling and kiln drying segment**

During the quarter under review, the harvesting, sawmilling and kiln drying segment reported profit before taxation of RM0.72 million as compared to a loss before taxation of RM0.80 million in the previous year's corresponding quarter. The improvement in profitability was in line with the increase in revenue by 39% as a result of improved in sales volume of sawn timber from 4,301 tonne to 5,605 tonne in the quarter under review.

The segment's logs extraction increased in the quarter under review by 45% as compared to the same quarter in the previous year.

**Manufacturing segment**

During the quarter under review, the manufacturing segment which is represented by the glass division of the Group reported a profit before taxation of RM0.13 million, a decrease of 72% from RM0.45 million recorded in the previous year's corresponding quarter. The decline in profit was mainly contributed by the slowdown in the construction industry especially in the housing sector (medium and high end houses) that has impacted the glass revenue by 10%.

**Other segment**

The performance of other segment of the Group has significantly improved in the current quarter as the loss before taxation has reduced by 45%. The improvement in the quarter under review was contributed by the contribution from the sales of woodchips.

**(b) Current period-to-date vs Previous Period-to-date (FY2017 vs FY2016)**

The Group's performance for the period ended 30 September 2017 was better as the Group's loss before taxation reduced by 30% to RM4.88 million from RM6.95 million recorded in the previous year's corresponding quarter.

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**20. Performance review (continued)**

**(b) Current period-to-date vs Previous Period-to-date (FY2017 vs FY2016) (continued)**

**Harvesting, sawmilling and kiln drying segment**

In the current period, the segment reported higher revenue by 7% from RM18.72 million reported in the preceding year's corresponding period. As a result, the segment's loss has decreased by 36% to RM2.95 million reported in the current period. This favourable performance was closely related to higher sales achievement in sawn timber, as a result of better logs extraction during the period under review.

**Manufacturing segment**

During the period under review, the manufacturing segment recorded a profit before taxation of RM0.80 million, representing a decrease of 37% from RM1.28 million reported in the previous year's corresponding period. The decrease in the profit before taxation was in line with unfavourable performance of glass sales as a result of slower demand for local projects on medium and high end residential buildings.

**Other segment**

Other segment for the Group has recorded a decrease of 24% in loss before taxation from RM3.60 million to RM2.72 million in the current period. The improved result in the period under review was contributed by the processing and selling of woodchips and savings in the segment's operating

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

	<b>Current quarter 30.09.2017 RM'000</b>	<b>Immediate preceding quarter 30.06.2017 RM'000</b>
Revenue	17,372	15,510
Profit/(loss) before taxation	224	(1,677)

The Group's result improved significantly in the current quarter with profit before taxation of RM0.22 million as compared to a loss before taxation of RM1.68 million in the immediate preceding quarter. The revenue also improved by 12% in the current quarter.

The major contribution for the better result was from the harvesting, sawmilling and kiln drying segment with the improvement in revenue by 39%. The segment reported a profit before taxation of RM0.72 million as compared to a loss before taxation of RM0.83 million in the immediate preceding quarter. The improvement was due to better performance in logs extraction and sawmilling operations.

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

Meanwhile, the manufacturing segment's profit before tax dropped by 65% to RM0.13 million in the current quarter as compared to RM0.36 million in the immediate preceding quarter. The segment's revenue has slightly decreased from RM7.55 million in the Third Quarter of 2016 to RM6.42 million in the Third Quarter of 2017.

The loss before taxation for other segment in the current quarter decreased by 48% as compared to RM1.20 million reported in the immediate preceding quarter. The reduction in loss in the quarter under review was contributed by the savings in operating expenses of the segment.

**22. Commentary on prospect**

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

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

However, with the key recovery action plan to be carried out in the 4th Quarter 2017, the segment is expected to achieve improved results in the 4th Quarter 2017 and for the whole financial year 2017.

**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 longer credit terms.

With the consistent glass production and stable demands, the segment is 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 30 September 2017 (30 September 2016: RMNil).

**25. Risks and policies of derivatives**

The Group did not enter into any derivative during the financial period ended 30 September 2017 or the previous financial year ended 31 December 2016.

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**26. Disclosure of losses/gains arising from fair value changes of financial liabilities**

The Group did not have any financial liabilities measured at fair value through profit or loss as at 30 September 2017 and 31 December 2016.

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

The breakdown of the retained earnings of the Group as at 30 September 2017 and 31 December 2016 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 30.09.2017 RM'000</b>	<b>Previous financial year ended 31.12.2016 RM'000</b>
Total accumulated losses of the Company and its subsidiaries		
- Realised	(218,912)	(214,146)
- Unrealised	1,132	325
	<u>(217,780)</u>	<u>(213,821)</u>
Total accumulated losses from associates		
- Realised	(10,058)	(10,058)
	<u>(227,838)</u>	<u>(223,879)</u>
Less: Consolidation adjustments	<u>(250,439)</u>	<u>(250,382)</u>
Total Group's retained earnings as per financial statements	<u>22,601</u>	<u>26,503</u>

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

The auditors' report on the financial statements for the year ended 31 December 2016 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 November 2017.

By order of the Board

**Dato' Ahmad Nadzarudin bin Abdul Razak**  
Chief Executive Officer