

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31.12.2020	31.12.2019	31.12.2020	31.12.2019
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue		15,702	12,663	47,201	57,472
Cost of sales		<u>(15,000)</u>	<u>(13,945)</u>	<u>(40,719)</u>	<u>(49,660)</u>
Gross profit		702	(1,282)	6,482	7,812
Other operating income		1,103	392	2,784	935
Administrative expenses		(4,885)	(5,126)	(14,153)	(15,922)
Other operating expenses		(387)	(517)	(1,283)	(1,649)
Share of result of associate		<u>192</u>	<u>(129)</u>	<u>192</u>	<u>197</u>
Operating loss		(3,275)	(6,662)	(5,978)	(8,627)
Finance costs		<u>(297)</u>	<u>(177)</u>	<u>(673)</u>	<u>(350)</u>
Loss before tax	7	(3,572)	(6,839)	(6,651)	(8,977)
Income tax benefit/(expenses)	8	<u>585</u>	<u>956</u>	<u>(133)</u>	<u>(229)</u>
Loss for the period, net of tax		<u>(2,987)</u>	<u>(5,883)</u>	<u>(6,784)</u>	<u>(9,206)</u>
Loss for the period attributable to:					
Owners of the parent		<u>(2,987)</u>	<u>(5,883)</u>	<u>(6,784)</u>	<u>(9,206)</u>
Loss per share attributable to owners of the parent (sen per share)					
- Basic	9	<u>(2.20)</u>	<u>(4.34)</u>	<u>(5.00)</u>	<u>(6.79)</u>
- Diluted	9	<u>(2.12)</u>	<u>(4.18)</u>	<u>(4.82)</u>	<u>(6.54)</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 2019 and the accompanying explanatory notes attached to these interim financial statements.

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	Unaudited	Unaudited	Unaudited	Unaudited
<u>Note</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Loss for the period, net of tax	<u>(2,987)</u>	<u>(5,883)</u>	<u>(6,784)</u>	<u>(9,206)</u>
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	<u>455</u>	<u>778</u>	<u>(237)</u>	<u>848</u>
Other comprehensive income/(loss) for the period, net of tax	<u>455</u>	<u>778</u>	<u>(237)</u>	<u>848</u>
Total comprehensive loss for the period, net of tax	<u>(2,532)</u>	<u>(5,105)</u>	<u>(7,021)</u>	<u>(8,358)</u>
Total comprehensive loss for the period, net of tax attributable to:				
Owners of the parent	<u>(2,532)</u>	<u>(5,105)</u>	<u>(7,021)</u>	<u>(8,358)</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 2019 and the accompanying explanatory notes attached to these interim financial statements.

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	31.12.2020 Unaudited RM'000	31.12.2019 Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	10	15,151	14,984
Right-of-use assets		25,933	26,712
Investment properties		18,284	18,540
Intangible assets		426	2,405
Goodwill	11	-	-
Investment in associates		3,571	3,514
Deferred tax assets		980	1,878
Investment securities	12	2,010	2,211
		<u>66,355</u>	<u>70,244</u>
Current assets			
Inventories		6,236	6,298
Trade and other receivables		12,511	13,323
Tax recoverable		3,148	1,590
Cash and bank balances	13	13,137	22,242
Assets classified as held for sale		20	-
		<u>35,052</u>	<u>43,453</u>
Total assets		<u>101,407</u>	<u>113,697</u>
Equity and liabilities			
Equity			
Share capital	14		
- ordinary shares		68,447	68,447
- redeemable preference shares		12,000	-
Retained earnings		8,152	14,936
Other reserves		(20,298)	(20,487)
Total equity		<u>68,301</u>	<u>62,896</u>
Non-current liabilities			
Retirement benefit obligations		7,151	7,332
Borrowings	15	10,241	9,686
Lease liabilities		1	27
		<u>17,393</u>	<u>17,045</u>
Current liabilities			
Retirement benefit obligations		565	580
Borrowings	15	1,832	2,823
Lease liabilities		24	25
Trade and other payables		13,292	30,328
		<u>15,713</u>	<u>33,756</u>
Total liabilities		<u>33,106</u>	<u>50,801</u>
Total equity and liabilities		<u>101,407</u>	<u>113,697</u>
Net assets per share attributable to owners of the parent ("RM")		0.50	0.46

These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Attributable to owners of the parent								
	Non-distributable			Distributable		Non-distributable			
	Equity, total RM'000	Ordinary Share capital RM'000	Redeemable preference shares RM'000	Total retained earnings RM'000	Other reserves, total RM'000	Fair value reserve RM'000	Equity contribution from owners RM'000	Reserve arising from merger RM'000	Employee share option reserve RM'000
Opening balance at 1 January 2020	62,896	68,447	-	14,936	(20,487)	714	1,262	(22,718)	255
Loss for the period	(6,784)	-	-	(6,784)	-	-	-	-	-
Other comprehensive loss									
- Net loss on fair value changes of FVTOCI financial assets	(237)	-	-	-	(237)	(237)	-	-	-
Total comprehensive loss	(7,021)	-	-	(6,784)	(237)	(237)	-	-	-
<u>Transaction with owners</u>									
- Grant of equity-settled share options to employees	426	-	-	-	426	-	-	-	426
- Issuance of redeemable preference shares	12,000	-	12,000	-	-	-	-	-	-
Closing balance at 31 December 2020	68,301	68,447	12,000	8,152	(20,298)	477	1,262	(22,718)	681
Opening balance at 1 January 2019	72,515	68,192	-	25,879	(21,556)	(134)	1,262	(22,718)	34
Loss for the period	(9,206)	-	-	(9,206)	-	-	-	-	-
Other comprehensive income									
- Net gain on fair value changes of FVTOCI financial assets	848	-	-	-	848	848	-	-	-
Total comprehensive income	(8,358)	-	-	(9,206)	848	848	-	-	-
<u>Transaction with owners</u>									
- Grant of equity-settled share options to employees	476	255	-	-	221	-	-	-	221
- Dividend	(1,737)	-	-	(1,737)	-	-	-	-	-
Closing balance at 31 December 2019	62,896	68,447	-	14,936	(20,487)	714	1,262	(22,718)	255

These condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	12 months ended	
		31.12.2020 Unaudited RM'000	31.12.2019 Unaudited RM'000
Operating activities			
Loss before tax		(6,651)	(8,977)
<u>Adjustments for:</u>			
Interest income	7	(267)	(429)
Dividend income	7	(36)	(68)
Interest expenses	7	673	350
Gain on disposal of property, plant and equipment	7	(17)	(63)
Depreciation of property, plant and equipment	7	2,551	2,698
Depreciation of investment properties	7	488	508
Depreciation on right-of-use assets	7	779	779
Property, plant and equipment written off	7	2	-
Impairment on property, plant and equipment	7	51	-
Reversal of allowance for impairment of trade and other receivables	7	(17)	-
Provision for impairment loss on trade and other receivables	7	843	38
Inventories written off	7	5	71
Grant equity-settled share options to employees	7	426	476
Amortisation on intangible assets	7	1,979	2,611
Share of results of an associate	7	(192)	(197)
Provision for retirement benefits	7	774	803
Reversal for short-term accumulating compensated absences	7	(94)	94
Total adjustments		<u>7,948</u>	<u>7,671</u>
Operating cash flows/(used in) before changes in working capital		1,297	(1,306)
<u>Changes in working capital</u>			
Decrease in inventory		57	1,045
(Increase)/decrease in trade and other receivables		(14)	2,637
Decrease in trade and other payables		(4,939)	(370)
Total changes in working capital		<u>(4,896)</u>	<u>3,312</u>
Interest paid		(671)	(350)
Income taxes paid		(799)	(1,306)
Retirement benefits paid		(970)	(1,251)
Total changes in working capital		<u>(2,440)</u>	<u>(2,907)</u>
Net cash flows used in operating activities		<u>(6,039)</u>	<u>(901)</u>
Investing activities			
Purchase of property, plant and equipment	10	(1,972)	(1,295)
Additional in investment property		(232)	-
Proceeds from disposal of property, plant and equipment		17	110
Withdrawal of deposit with licensed bank		451	-
Placement of deposit with licensed bank		-	(200)
Additional of intangible assets		-	(3,832)
Dividend received		135	68
Interest received		268	429
Dividend paid		-	(1,737)
Net cash flows used in investing activities		<u>(1,333)</u>	<u>(6,457)</u>
Financing activities			
Contractual lease payment		(27)	(30)
Drawdown from borrowings		952	9,743
Repayment of borrowings		(1,206)	(788)
Net cash flows (used in)/from financing activities		<u>(281)</u>	<u>8,925</u>
Net (decrease)/increase in cash and cash equivalents		(7,653)	1,567
Cash and cash equivalents at 1 January		19,646	18,079
Cash and cash equivalents at 31 December		<u>11,993</u>	<u>19,646</u>

These condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

**GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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 2019 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 2019, 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 2020, the Group adopted the following new and amended MFRSs and IC Interpretation mandatory for annual periods beginning on or after 1 January 2020:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 2: Share-based Payment	1 January 2020
Amendments to MFRS 3: Business Combinations	1 January 2020
Amendments to MFRS 6: Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendments to MFRS 14: Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101: Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134: Interim Financial Reporting	1 January 2020
Amendments to MFRS 137: Provision, Contingent Liabilities and Contingent Asset	1 January 2020
Amendments to MFRS 138: Intangible Assets	1 January 2020
Amendments to IC Interpretation 12: Service Concession Agreements	1 January 2020
Amendments to IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendment to IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
Amendments to IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2020
Amendments to IC Interpretation 132: Intangible Assets-Website Costs	1 January 2020

The initial application of the abovementioned standards and interpretations did not have any material impact to the financial statements of the Group.

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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 seasons.

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.

	Harvesting, sawmilling and kiln drying RM'000	Manufacturing RM'000	Others RM'000	Consolidated RM'000
Results for 3 months ended 31 December 2020				
Operating revenue	10,483	5,176	43	15,702
Other operating income	665	379	59	1,103
Expenses	(12,385)	(7,083)	(1,101)	(20,569)
Share of profit of associate	192	-	-	192
Loss before taxation	(1,045)	(1,528)	(999)	(3,572)

**Results for 3 months ended
31 December 2019**

Operating revenue	7,262	5,323	78	12,663
Other operating income	288	45	59	392
Expenses	(10,353)	(8,044)	(1,368)	(19,765)
Share of profit of associate	(129)	-	-	(129)
Loss before taxation	(2,932)	(2,676)	(1,231)	(6,839)

	Harvesting, sawmilling and kiln drying RM'000	Manufacturing RM'000	Others RM'000	Consolidated RM'000
Results for 12 months ended 31 December 2020				
Operating revenue	30,726	16,356	119	47,201
Other operating income	2,007	636	141	2,784
Expenses	(33,965)	(19,219)	(3,644)	(56,828)
Share of profit of associate	192	-	-	192
Loss before taxation	(1,040)	(2,227)	(3,384)	(6,651)

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

6. Segment information (continued)

	Harvesting, sawmilling and kiln drying RM'000	Manufacturing RM'000	Others RM'000	Consolidated RM'000
Results for 12 months ended 31 December 2019				
Operating revenue	36,723	20,650	99	57,472
Other operating income	680	177	78	935
Expenses	(39,243)	(23,748)	(4,590)	(67,581)
Share of profit of associate	197	-	-	197
Loss before taxation	(1,643)	(2,921)	(4,413)	(8,977)

7. Loss before tax

Included in the loss before taxation are the following items:

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Interest income	(166)	(203)	(267)	(429)
Dividend income	(36)	(68)	(36)	(68)
Interest expenses	297	177	673	350
Loss/(gain) on disposal of property, plant and equipment	6	(53)	(17)	(63)
Depreciation of property, plant and equipment	687	911	2,551	2,698
Depreciation of investment properties	113	130	488	508
Depreciation of right-of-use assets	196	197	779	779
Property, plant and equipment written off	-	-	2	-
Impairment on property, plant and equipment	51	-	51	-
Reversal of allowance for impairment of trade and other receivables	(17)	-	(17)	-
Provision for impairment loss on trade and other receivables	843	38	843	38
Inventories written off	5	71	5	71
Grant equity-settled share options to employees	240	118	426	476
Amortisation of intangible assets	(1,167)	652	1,979	2,611
Share of results of an associate	(192)	129	(192)	(197)
Provision for retirement benefits	198	246	774	803
Reversal/(provision) for short-term accumulating compensated absences	-	150	(94)	94

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

8. Income tax (benefit)/expenses

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Current income tax	(152)	(555)	377	481
(Over)/underprovision of income tax in respect of previous years	(1,143)	(3)	(1,143)	111
Deferred income tax	(36)	449	38	(59)
Under/(over) provision of deferred tax in respect of previous years	746	(847)	861	(304)
	<u>(585)</u>	<u>(956)</u>	<u>133</u>	<u>229</u>
Effective tax rate	16.4%	14.0%	-2.0%	-2.6%

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 statutory tax rate due to reversal temporary differences.

9. Loss per share

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

		Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31.12.2020	31.12.2019	31.12.2020	31.12.2019
Loss net of tax attributable to owners of the parent used in the computation of earnings per share	(RM'000)	<u>(2,987)</u>	<u>(5,883)</u>	<u>(6,784)</u>	<u>(9,206)</u>
No of ordinary shares					
- In issue	(' 000)	135,645	135,645	135,645	135,645
- Effect of dilution:share option	(' 000)	5,123	5,123	5,123	5,123
		<u>140,768</u>	<u>140,768</u>	<u>140,768</u>	<u>140,768</u>
Basic loss per share					
- Basic	(sen)	<u>(2.20)</u>	<u>(4.34)</u>	<u>(5.00)</u>	<u>(6.79)</u>
- Diluted	(sen)	<u>(2.12)</u>	<u>(4.18)</u>	<u>(4.82)</u>	<u>(6.54)</u>

10. Property, plant and equipment

During the financial year ended 31 December 2020, the Group has acquired property, plant and equipment at a cost of RM1,972,000 (31 December 2019: RM1,295,000). As at 31 December 2020, the total depreciation charged for the property, plant and equipment was RM2,551,000 (31 December 2019: RM2,698,000). Property, plant and equipment with the carrying amount of RM2,000 were written off by the Group during the financial year ended 31 December 2020 (31 December 2019: 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 RMNil during the financial year ended 31 December 2020 (31 December 2019: RM47,000), resulting in a gain on disposal of RM17,000 (31 December 2019: RM63,000), recognised and included in other income in the statement of profit or loss and other comprehensive income.

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

11. Goodwill

	Goodwill RM'000
Cost:	
At 1 January 2019/31 December 2019/31 December 2020	<u>613</u>
Accumulated impairment:	
At 1 January 2019/31 December 2019/31 December 2020	<u>(613)</u>
Net carrying amount:	
At 1 January 2019/31 December 2019/31 December 2020	<u>-</u>

12. Fair value hierarchy

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

As at the reporting date, the Group held the following financial assets that are measured at fair value:

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
31 December 2020				
Fair value through other comprehensive income financial assets				
Equity shares	2,010	2,010	-	-
31 December 2019				
Fair value through other comprehensive income financial assets				
Equity shares	2,211	2,211	-	-

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:

	31.12.2020 RM'000	31.12.2019 RM'000
Cash at banks and in hand	6,633	10,603
Deposits in licensed banks	6,504	11,639
	<u>13,137</u>	<u>22,242</u>
Less:		
Bank overdraft	(355)	(1,356)
Deposits in licensed banks	(789)	(1,240)
Total cash and cash equivalents	<u>11,993</u>	<u>19,646</u>

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

14. Share capital

On 13 August 2020, the Company had issued 12,000,000 units of Redeemable Preference Shares ("RPS") in the Company to Terengganu Incorporated Sdn. Bhd. ("TISB") at RM1 per RPS as full settlement of the amount due to TISB of RM12 million in accordance with the terms and conditions of the Settlement Agreement.

15. Borrowings

	31.12.2020	31.12.2019
	RM'000	RM'000
Current		
Secured	1,832	2,823
Non-current		
Secured	10,241	9,686
Total borrowings	<u>12,073</u>	<u>12,509</u>

16. Dividend

There was no dividend declared by the Company during the financial year ended 31 December 2020 (31 December 2019: Single tier first and final dividend of 1.27 sen per ordinary share amounting to RM1,737,000).

17. Commitments

	31.12.2020	31.12.2019
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Plant and machinery	477	637
Motor vehicles	417	200
Approved but not contracted for:		
Plant and machinery	153	630
Motor vehicles	353	770
	<u>1,400</u>	<u>2,237</u>

18. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the financial year ended 31 December 2020 and 31 December 2019 as well as the balances with the related parties as at 31 December 2020 and 31 December 2019:

		Expenses	Amounts	Amounts
	Secretarial	paid by	owed by	owed to
	RM'000	related	related	related
		RM'000	RM'000	RM'000
Entities with significant influence over the Group:				
Holding company				
Terengganu Incorporated Sdn. Bhd. ("TISB")	31.12.2020	-	-	-
	31.12.2019	3	28	(24) 12,127
A corporate shareholder				
Lembaga Tabung Amanah Warisan	31.12.2020	-	-	640
Negeri Terengganu ("LTAWNT")	31.12.2019	-	-	640

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING
REQUIREMENT: CHAPTER 9, APPENDIX 9B, PART A
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

19. Performance review

(a) Current Quarter vs Corresponding Quarter of Previous Period (4Q2020 vs 4Q2019)

The Group's revenue for the quarter under review was RM15.70 million, 24% higher than RM12.66 million reported in the previous year's corresponding quarter. In terms of profitability, the Group reported a reduction in loss before tax from RM6.84 million in the quarter ended 31 December 2019 (4Q2019) to RM3.57 million in the quarter ended 31 December 2020 (4Q2020).

The improved result was primarily contributed by the favourable performance of the Group's harvesting, sawmilling and kiln-drying segment.

Harvesting, sawmilling and kiln drying segment

The harvesting, sawmilling and kiln-drying segment reported a better result in profitability whereby loss before tax dropped significantly to RM1.05 million from RM2.93 million in 4Q2019. The factor contributed to the better result in the current quarter was due to higher sales volume of sawn timber by 49% increased from 3,372 tonne in 4Q2019 to 5,032 tonne in 4Q2020 as a result of better logs extraction during the quarter.

Manufacturing segment

The manufacturing segment which is the manufacturing activities of glass, veneer and woodchip showed an improvement in the performance during the 4Q2020 whereby loss before tax has significantly reduced from RM2.68 million recorded in 4Q2019 to RM1.53 million in 4Q2020. This favourable performance was due to lower expenses and higher other operating income reported by the segment.

Other segment

Other segment of the Group has recorded a loss before tax of RM1.00 million in the quarter under review, slightly improved from a loss before tax of RM1.23 million in the previous year's corresponding quarter. This was mainly due to significant savings in segment's administrative expenses.

(b) Current Period-to-date vs Previous Period-to-date (FY2020 vs FY2019)

During the financial year ended 31 December 2020 (FY2020), the Group businesses were adversely affected by the Covid-19 pandemic and business temporary closure during the Movement Control Order ("MCO") period commenced from 18 March 2020 until 3 May 2020.

However, the Group's performance in FY2020 was better, as the loss before tax reduced from RM8.98 million in the financial year ended 31 December 2019 (FY2019) to RM6.65 million. The favourable performance was contributed by effective cost saving measures undertaken by the Group.

Harvesting, sawmilling and kiln drying segment

In FY2020, the segment registered a revenue of RM30.73 million, a reduction by 16% as compared to RM36.72 million revenue reported in FY2019. The adverse performance in segment's revenue as compared against previous financial year were mainly related to the current Covid-19 pandemic situation. As a result, the quantity of sawn timber sold has reduced by 21% due to lower logs extraction during the period.

Despite the significant reduction in revenue, the segment reported a lower loss before tax than the previous financial year due to cost savings in the segment's expenses and higher other operating income.

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19. Performance review (continued)

(b) Current Period-to-date vs Previous Period-to-date (FY2020 vs FY2019) (continued)

Manufacturing segment

Similarly, the manufacturing segment of the Group reported a reduction in loss before tax of RM2.23 million as compared to RM2.92 million in FY2019 despite the decline in revenue of 21% in FY2020, mainly due to effective cost saving measure undertaken by the segment.

Other segment

Other segment which refers to the investment holding and rental activity of the Group, has recorded a slight increase in revenue, mainly due to additional lease of building to the external party. In addition, the savings in the segment's operating expenses has also contributed to the improved performance of the segment during the year.

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

	Current quarter 31.12.2020 RM'000	Immediate preceding quarter 30.09.2020 RM'000
Revenue	15,702	18,787
(Loss)/profit before tax	(3,572)	3,580

The Group's revenue for the quarter under review was RM15.70 million, decreased by 16% from RM18.79 million revenue reported in the quarter ended 30 September 2020 (3Q2020). Accordingly, the Group's profit before tax turned into loss before tax of RM3.57 million in the quarter under review.

The harvesting, sawmilling and kiln-drying segment reported loss before tax of RM1.05 million as compared to profit before tax of RM3.75 million in the 3Q2020. The segment's revenue was at RM10.48 million, 24% lower than the immediate preceding quarter of RM13.78 million. Higher revenue and profit before tax recorded in 3Q2020 was due to logs sales proceed via tender from the Group's concession amounted to RM3.68 million.

The manufacturing segment also reported an adverse performance with a loss before tax reported at RM1.53 million in the quarter under review as compared to profit before tax of RM0.74 million in the immediate preceding quarter. The reduction in profitability was a result from the increase in segment's expenses primarily in manufacturing and administrative expenses.

Similarly, other segment reported an increase in loss before tax by 10% from RM0.91 million reported in the immediate preceding quarter. The adverse performance in the quarter under review was contributed by the increase in certain administrative expenses.

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21. Commentary on prospect

The Covid-19 pandemic and further imposition of MCO has adversely impacted the Group's operations especially on logging activity, such as potential delay in new licenses issuance. Further, next quarter will always be the challenge for the Group to register positive result due to logging operation will be severely affected by the rainy season.

22. Changes in material litigation

There was no material litigation against the Group.

23. Dividend payable

Please refer to Note 16 for details.

24. Risks and policies of derivatives

The Group did not enter into any derivative during the financial year ended 31 December 2020 or the previous financial year ended 31 December 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 December 2020 and 31 December 2019.

26. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2019 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 18 March 2021.

By order of the Board

Dato' Ahmad Nadzarudin bin Abdul Razak
Chief Executive Officer