

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Note	Current quarter 3 months ended		Cumulative quarter 6 months ended	
		30.06.2022 Unaudited RM'000	30.06.2021 Unaudited RM'000	30.06.2022 Unaudited RM'000	30.06.2021 Unaudited RM'000
Revenue		14,141	6,485	22,570	18,809
Cost of sales		(9,437)	(7,713)	(17,602)	(17,830)
Gross profit/(loss)		4,704	(1,228)	4,968	979
Other operating income		366	304	827	488
Administrative expenses		(3,668)	(3,826)	(6,966)	(7,097)
Other operating expenses		(348)	(295)	(654)	(606)
Operating profit/(loss)		1,054	(5,045)	(1,825)	(6,236)
Finance costs		(171)	(169)	(360)	(338)
Profit/(loss) before tax	9	883	(5,214)	(2,185)	(6,574)
Income tax (expense)/benefit	10	(466)	134	(30)	161
Profit/(loss) for the period, net of tax		417	(5,080)	(2,215)	(6,413)
Profit/(loss) for the period attributable to:					
Owners of the parent		417	(5,080)	(2,215)	(6,413)
Earnings/(loss) per share attributable to owners of the parent (sen per share)					
- Basic	11	0.30	(3.73)	(1.60)	(4.71)
- Diluted	11	0.29	(3.60)	(1.54)	(4.54)

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 2021 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 SIX-MONTH PERIOD ENDED 30 JUNE 2022 (CONTINUED)

	Note	Current quarter 3 months ended		Cumulative quarter 6 months ended	
		30.06.2022 Unaudited RM'000	30.06.2021 Unaudited RM'000	30.06.2022 Unaudited RM'000	30.06.2021 Unaudited RM'000
Profit/(loss) for the period, net of tax		417	(5,080)	(2,215)	(6,413)
Other comprehensive income					
<u>Items that will not be reclassified to profit or loss:</u>					
Net (loss)/gain on fair value changes of fair value through other comprehensive income ("FVTOCI") financial assets		(151)	(152)	6	(369)
Net gain on remeasurement of defined benefit obligations		33	-	33	-
Other comprehensive (loss)/income for the period, net of tax		(118)	(152)	39	(369)
Total comprehensive income/(loss) for the period, net of tax		299	(5,232)	(2,176)	(6,782)
Total comprehensive income/(loss) for the period, net of tax attributable to:					
Owners of the parent		299	(5,232)	(2,176)	(6,782)

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 2021 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 30 JUNE 2022

	Note	30.06.2022 Unaudited RM'000	31.12.2021 Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	13	13,699	13,096
Right-of-use assets		24,568	25,011
Investment properties		19,243	19,473
Biological assets		482	237
Intangible assets		584	637
Goodwill	14	-	-
Investment in associates		3,710	3,710
Deferred tax assets		1,816	1,469
Investment securities	15	1,317	717
		<u>65,419</u>	<u>64,350</u>
Current assets			
Inventories		6,398	6,549
Trade and other receivables		16,131	16,335
Tax recoverable		3,143	1,041
Cash and bank balances	16	10,673	17,632
		<u>36,345</u>	<u>41,557</u>
Non-current assets held for sale		10	10
		<u>36,355</u>	<u>41,567</u>
Total assets		<u>101,774</u>	<u>105,917</u>
Equity and liabilities			
Equity			
Share capital	17	81,664	81,664
Retained earnings		6,692	8,874
Other reserves		(20,255)	(20,438)
Total equity		<u>68,101</u>	<u>70,100</u>
Non-current liabilities			
Retirement benefit obligations		6,549	7,076
Deferred tax liabilities		297	-
Borrowings	18	8,737	9,191
Lease liabilities		21	40
		<u>15,604</u>	<u>16,307</u>
Current liabilities			
Retirement benefit obligations		988	267
Borrowings	18	3,402	3,312
Lease liabilities		8	15
Trade and other payables		13,671	15,916
		<u>18,069</u>	<u>19,510</u>
Total liabilities		<u>33,673</u>	<u>35,817</u>
Total equity and liabilities		<u>101,774</u>	<u>105,917</u>
Net assets per share attributable to owners of the parent ("RM")		0.49	0.51

These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Attributable to owners of the parent							
	Non-distributable				Distributable			
	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
Opening balance at 1 January 2022	70,100	81,664	8,874	(20,438)	213	1,262	(22,718)	805
Loss for the period	(2,215)	-	(2,215)	-	-	-	-	-
Other comprehensive income								
- Net gain on fair value changes of FVTOCI financial assets	6	-	-	6	6	-	-	-
- Net gain on remeasurement of defined benefit obligations	33	-	33	-	-	-	-	-
Total comprehensive loss	(2,176)	-	(2,182)	6	6	-	-	-
<u>Transaction with owners</u>								
- Share-based payment under the LTIP: Grant of ESOS	177	-	-	177	-	-	-	177
Closing balance at 30 June 2022	68,101	81,664	6,692	(20,255)	219	1,262	(22,718)	982
Opening balance at 1 January 2021	68,392	80,447	8,243	(20,298)	477	1,262	(22,718)	681
Loss for the period	(6,413)	-	(6,413)	-	-	-	-	-
Other comprehensive income								
- Net loss on fair value changes of FVTOCI financial assets	(369)	-	-	(369)	(369)	-	-	-
Total comprehensive loss	(6,782)	-	(6,413)	(369)	(369)	-	-	-
Transfer of fair value reserve to retained earnings upon disposal of FVTOCI financial assets	-	-	(138)	138	138	-	-	-
<u>Transaction with owners</u>								
- Share-based payment under the LTIP: Grant of ESOS	567	-	-	567	-	-	-	567
- Issuance of ordinary shares: Exercise of ESGS	250	250	-	-	-	-	-	-
Closing balance at 30 June 2021	62,427	80,697	1,692	(19,962)	246	1,262	(22,718)	1,248

These condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Note	6 months ended	
		30.06.2022 Unaudited RM'000	30.06.2021 Unaudited RM'000
Operating activities			
Loss before tax		(2,185)	(6,574)
<u>Adjustments for:</u>			
Interest income	9	(12)	(21)
Dividend income	9	(9)	(9)
Interest expenses	9	360	338
Gain on disposal of property, plant and equipment	9	(43)	-
Gain on disposal of non-current assets held-for-sale	9	-	(32)
Depreciation of:			
- Property, plant and equipment	9	892	1,018
- Investment properties	9	230	219
- Right-of-use assets	9	443	437
Property, plant and equipment written off	9	-	1
Reversal of allowance for impairment of trade and other receivables	9	(329)	-
Amortisation of intangible assets	9	847	581
Gain on disposal of investment	9	-	(57)
Share-based payment under the LTIP:			
- Grant of ESOS	9	177	567
- Exercise of ESGS	9	-	250
Provision for retirement benefits	9	350	353
Total adjustments		<u>2,906</u>	<u>3,645</u>
Operating cash flows before changes in working capital		721	(2,929)
<u>Changes in working capital</u>			
Decrease/(increase) in inventory		151	(1,947)
Decrease in trade and other receivables		533	1,296
(Decrease)/increase in trade and other payables		(2,244)	1,985
Total changes in working capital		<u>(1,560)</u>	<u>1,334</u>
Interest paid		(360)	(336)
Income taxes paid		(2,150)	(218)
Retirement benefits paid		(156)	(387)
Total changes in working capital		<u>(2,666)</u>	<u>(941)</u>
Net cash flows used in operating activities		<u>(3,505)</u>	<u>(2,536)</u>
Investing activities			
Purchase of property, plant and equipment	13	(1,147)	(606)
Purchase of investment properties		-	(1,768)
Proceeds from disposal of property, plant and equipment		53	-
Proceeds from disposal of non-current assets held-for-sale		-	42
Proceeds from disposal of investment securities		-	948
Additional investment in investment securities		(594)	-
Cost incurred on biological assets		(245)	-
Dividend received		9	9
Addition of intangible assets		(794)	(613)
Interest received		12	21
Net cash flows used in investing activities		<u>(2,706)</u>	<u>(1,967)</u>

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	6 months ended	
	30.06.2022	30.06.2021
Note	Unaudited RM'000	Unaudited RM'000
Financing activities		
Contractual lease payment	(14)	(14)
Drawdown of borrowings	1,628	574
Repayment of borrowings	(2,247)	(972)
Net cash flows used in financing activities	(633)	(412)
Net decrease in cash and cash equivalents	(6,844)	(4,915)
Cash and cash equivalents at 1 January	14,550	11,993
Cash and cash equivalents at 30 June	7,706	7,078

These condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

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 2021 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 2021, 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 2022, the Group adopted the following new and amended MFRSs and IC Interpretation mandatory for annual periods beginning on or after 1 January 2022:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: <i>Business Combinations - Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116: <i>Property, Plant and Equipment - Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137: <i>Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2018–2020"	1 January 2022
MFRS 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101: <i>Presentation of Financial Statements - Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101: <i>Presentation of Financial Statements - Disclosure of Accounting policies</i>	1 January 2023
Amendments to MFRS 108: <i>Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112: <i>Income Taxes - Deferred Tax Related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

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 such as rainy season.

6. Unusual items due to their nature, size and incidence

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size and incidence in the current quarter.

7. Changes in the composition of the Group

There was no material changes in the composition of the Group during the current quarter and financial period under review.

8. Segment information

The Group is organised into business units based on their products and services, and has three operating segments as follows:

- (i) Harvesting, forest plantation, sawmilling, sales of logs and logging compartments;
- (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, forest plantation, sawmilling, sales of logs and logging compartments	Manufacturing	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000
Results for 3 months ended				
30 June 2022				
Operating revenue	8,321	5,786	34	14,141
Other operating income	273	10	83	366
Expenses	(6,363)	(6,073)	(1,188)	(13,624)
Profit/(loss) before tax	2,231	(277)	(1,071)	883
Results for 3 months ended				
30 June 2021				
Operating revenue	2,628	3,857	-	6,485
Other operating income	218	5	81	304
Expenses	(6,126)	(4,848)	(1,029)	(12,003)
Loss before tax	(3,280)	(986)	(948)	(5,214)

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

8. Segment information (continued)

	Harvesting, forest plantation, sawmilling, sales of logs and logging compartments	Manufacturing	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000
Results for 6 months ended				
30 June 2022				
Operating revenue	10,781	11,720	69	22,570
Other operating income	568	92	167	827
Expenses	(11,372)	(12,189)	(2,021)	(25,582)
Loss before tax	(23)	(377)	(1,785)	(2,185)
Results for 6 months ended				
30 June 2021				
Operating revenue	9,413	9,346	50	18,809
Other operating income	352	44	92	488
Expenses	(13,838)	(10,006)	(2,027)	(25,871)
Loss before tax	(4,073)	(616)	(1,885)	(6,574)

9. Profit/(loss) before tax

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

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Interest income	(7)	(8)	(12)	(21)
Dividend income	(9)	(9)	(9)	(9)
Interest expenses	171	169	360	338
Gain on disposal of property, plant and equipment	(5)	-	(43)	-
Gain on disposal of non-current assets held-for-sale	-	-	-	(32)
Depreciation of:				
- Property, plant and equipment	436	489	892	1,018
- Investment properties	126	105	230	219
- Right-of-use assets	225	219	443	437
Property, plant and equipment written off	-	-	-	1
Reversal of allowance for impairment of trade and other receivables	(163)	-	(329)	-
Amortisation of intangible assets	537	185	847	581
Gain on disposal of investment	-	(57)	-	(57)
Share-based payment under the LTIP:				
- Grant of ESOS	-	499	177	567
- Exercise of ESGS	-	-	-	250
Provision for retirement benefits	176	163	350	353

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
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10. Income tax expense/(benefit)

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Current income tax	41	(163)	47	53
Deferred income tax	475	20	309	(114)
Over provision of deferred tax in respect of previous years	(50)	9	(326)	(100)
	<u>466</u>	<u>(134)</u>	<u>30</u>	<u>(161)</u>
Effective tax rate	52.8%	2.6%	-1.4%	2.4%

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.

11. Earnings/(loss) per share

(a) Basic

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 in issue during the period.

(b) Diluted

Diluted 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 in issue during the period plus the weighted average number of ordinary share that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

		Current quarter		Cumulative quarter	
		3 months ended		6 months ended	
		30.06.2022	30.06.2021	30.06.2022	30.06.2021
Profit/(loss) net of tax attributable to owners of the parent used in the computation of earnings per share	(RM'000)	<u>417</u>	<u>(5,080)</u>	<u>(2,215)</u>	<u>(6,413)</u>
Weighted average number of ordinary shares in issue	(' 000)	138,079	136,145	138,079	136,145
Effect of dilution					
- Employee Share Option Scheme ("ESOS")	(' 000)	<u>5,357</u>	<u>5,123</u>	<u>5,357</u>	<u>5,123</u>
Weighted average number of ordinary shares for diluted loss per share	(' 000)	<u>143,436</u>	<u>141,268</u>	<u>143,436</u>	<u>141,268</u>
Earnings/(loss) per share					
Basic	(sen)	<u>0.30</u>	<u>(3.73)</u>	<u>(1.60)</u>	<u>(4.71)</u>
Diluted	(sen)	<u>0.29</u>	<u>(3.60)</u>	<u>(1.54)</u>	<u>(4.54)</u>

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
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12. Valuation of property, plant and equipment and investment properties

There was no valuation of property, plant and equipment and investment properties in the current quarter and financial period under review as the Group has not adopted a revaluation model on its property, plant and equipment and investment properties.

13. Property, plant and equipment

During the six-month period ended 30 June 2022, the Group has acquired property, plant and equipment at a cost of RM1,147,000 (30 June 2021: RM606,000). As at 30 June 2022, the total depreciation charged for the property, plant and equipment was RM892,000 (30 June 2021: RM1018,000). There were no property, plant and equipment written off during six-month period ended 30 June 2022 (30 June 2021: RM1,000). This has been included in other operating expenses in the statement of profit and loss and other comprehensive income.

The Group has also disposed assets with carrying amount of RM10,000 during six-month period ended 30 June 2022 (30 June 2021:RMNil), resulting in a gain of disposal of RM43,000 (30 June 2021:RMNil) recognised and included in other income in the statement of profit and loss and other comprehensive income.

14. Goodwill

	Goodwill RM'000
Cost:	
At 1 January 2021/31 December 2021/30 June 2022	<u>613</u>
Accumulated impairment:	
At 1 January 2021/31 December 2021/30 June 2022	<u>(613)</u>
Net carrying amount:	
At 1 January 2021/31 December 2021/30 June 2022	<u>-</u>

15. 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
30 June 2022				
Fair value through other comprehensive income financial assets				
Quoted Investment securities:				
Equity instrument	730	730	-	-
Unit trust	587	587	-	-
Total investment securities	<u>1,317</u>	<u>1,317</u>	<u>-</u>	<u>-</u>

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

15. Fair value hierarchy (continued)

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

31 December 2021

**Fair value through other comprehensive
income financial assets**

Quoted Investment securities:

Equity shares	717	717	-	-
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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.

16. Cash and bank balances

Cash and bank balances comprised the following amounts:

	30.06.2022	31.12.2021
	RM'000	RM'000
Cash at banks and in hand	9,154	16,113
Deposits in licensed banks	1,519	1,519
	<u>10,673</u>	<u>17,632</u>
Less:		
Bank overdraft	(1,448)	(1,563)
Deposits in licensed banks	(1,519)	(1,519)
Total cash and cash equivalents	<u>7,706</u>	<u>14,550</u>

17. Share capital

There were no issuances, cancellation, repurchases, resale and repayments of debts and equity securities for the financial period ended 30 June 2022.

18. Borrowings

	30.06.2022	31.12.2021
	RM'000	RM'000
Current		
Secured	3,402	3,312
Non-current		
Secured	8,737	9,191
Total borrowings	<u>12,139</u>	<u>12,503</u>

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19. Dividend proposed or declared

A single tier first and final dividend on 140,475,470 ordinary share and 12,000,000 redeemable preference share of 0.90 sen in respect of the financial year ended 31 December 2021 has been approved by the Shareholders at the 35th Annual General Meeting and shall be paid on 15 July 2022 to depositors registered in the records of Depositors on 1 July 2022 at 4.30 p.m. This report does not reflect this dividend. Such dividend will be accounted for in equity as appropriation of retained earnings in the quarter ending 30 September 2022.

20. Commitments

	30.06.2022	31.12.2021
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Plant and machinery	-	955
Motor vehicles	125	-
Office equipment	128	-
Building and renovation	-	-
Approved but not contracted for:		
Plant and machinery	260	260
Motor vehicles	1,065	1,190
Office equipment	105	233
Building and renovation	80	80
	<u>1,763</u>	<u>2,718</u>

21. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the six-month periods ended 30 June 2022 and 31 December 2021 as well as the balances with the related parties as at 30 June 2022 and 31 December 2021:

		Amounts owed to related parties RM'000
A corporate shareholder		
Lembaga Tabung Amanah Warisan	30.06.2022	440
Negeri Terengganu ("LTAWNT")	31.12.2021	<u>640</u>

22. Material subsequent events

There was no material subsequent events to the end of the current quarter up to date of the interim financial report.

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23. Performance review

(a) Current Quarter vs Corresponding Quarter of Previous Period (2Q2022 vs 2Q2021)

The Group registered a much improved results in the current quarter ended 30 June 2022 ("2Q2022") as compared to the previous year's corresponding quarter ("2Q2021"), with revenue increased by 118% to RM14.14 million from RM6.49 million reported previously. Consequently, the Group posted a profit before tax of RM0.88 million in 2Q2022 as compared to a loss before tax of RM5.21 million in 2Q2021.

The improved performance of the Group was contributed by the encouraging performance of the Group's harvesting, forest plantation, sawmilling, sales of logs and logging compartment segment during the quarter under review.

Harvesting, forest plantation, sawmilling, sales of logs and logging compartments

In 2Q2022, the harvesting, forest plantation, sawmilling, sales of logs and logging compartment segment reported a profit before tax of RM2.23 million, a turnaround performance from the loss before tax of RM3.28 million reported in 2Q2021. The improved result was in line with the significant increase in segment's revenue by 217% to RM8.32 million in 2Q2022 as compared with RM2.63 million reported in 2Q2021.

The significant improvement in revenue for 2Q2022 was a result of sales proceeds from the tender of logging compartments amounting to RM4.34 million. No such revenue in the previous year's corresponding quarter.

Manufacturing segment

Similarly, manufacturing segment which is the manufacturing activities of glass, veneer and woodchip showed a better performance in the current quarter whereby loss before tax in 2Q2022 reduced to RM0.28 million from RM0.99 million in 2Q2021.

The segment's revenue increased by 50% in 2Q2022, whereby the revenue in 2Q2021 was severely affected from the non-operation during the Movement Control Order ("MCO") 3.0 imposed by the Government. During the period of MCO 3.0 which commenced in 1 June 2021, there was no revenue recorded on that particular month.

Other segment

Other segment which refers to the investment holding and rental of properties activity of the Group, has recorded an increase in revenue from its rental. Meanwhile, the segment's loss before tax increased from RM0.95 million in 2Q2021 to RM1.07 million in 2Q2022 due to increase in segment's administrative expenses during the quarter under review.

(b) Current Period-to-date vs Previous Period-to-date (6M2022 vs 6M2021)

For the six-month period ended 30 June 2022 ("6M2022"), the Group recorded a revenue of RM22.57 million, an increase of 20% from RM18.81 million in the previous year's corresponding period ("6M2021"). As a result, the Group's loss before tax reduced to RM2.19 million in 6M2022 as compared to the loss before tax of RM6.57 million reported in 6M2021.

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23. Performance review (continued)

(b) Current Period-to-date vs Previous Period-to-date (6M2022 vs 6M2021) (continued)

Harvesting, forest plantation, sawmilling, sales of logs and logging compartments

The harvesting, forest plantation, sawmilling, sales of logs and logging compartment posted a marginal loss before tax of RM0.02 million in the back of RM10.78 million revenue in the current period. Against 6M2021, the current period performance has improved significantly whereby the segment reported higher loss before tax of RM4.07 million at the lower revenue of RM9.41 million. This position was contributed from the better performance of the segment in 2Q2022.

Manufacturing segment

During the period under review, the manufacturing segment reported an increase in revenue by 25% as compared to the revenue reported in the previous year's corresponding period. In line with the increase in revenue, the segment's loss before tax reduced to RM0.38 million from RM0.62 million in 6M2021.

Generally, Group's glass operation showed an improved result in 6M2022 whereby the profit improved 124% from the loss before tax in 2021 at the back of revenue increased by 25%. However, the lower logs extracted and supplied in 6M2022 as compared to 6M2021 has affected the veneer operation. For record, veneer production dropped by 49% from 1,035 cubic metre in 6M2021 to 532 cubic metre in 6M2022.

Other segment

Other segment which refers to the investment holding and rental of properties activity of the Group, has recorded a slight increase in revenue from its rental, while its loss before tax slightly decreased as a result of the increase in other operating income. The increase was due to the reversal of allowance for impairment of the segment's receivables.

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

	Current quarter 30.06.2022 RM'000	Immediate preceding quarter 31.03.2022 RM'000
Revenue	14,141	8,428
Profit/(loss) before taxation	883	(3,068)

The Group's result improved significantly in the current quarter as it reported a profit before tax of RM0.88 million as compared to a loss before tax of RM3.07 million in the immediate preceding quarter. The revenue also improved by 68% in the current quarter.

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

The major contribution for the better result was the higher profit before tax reported from harvesting, forest plantation, sawmilling, sales of logs and logging compartment's segment. The segment reported a profit before tax of RM2.23 million as compared to a loss before tax of RM2.25 million in the 1Q2022 while its revenue jumped 238% to RM8.32 million in 2Q2022 from RM2.46 million in 1Q2022. This improved result was due to logs sales proceed via tender from the Group's concession area amounted to RM4.34 million.

In contrast, the manufacturing segment's loss before tax increased to RM0.28 million in the current quarter as compared to RM0.10 million in the immediate preceding quarter. As reported, veneer operation was affected by the lower logs received, outweighed the improve performance in glass operation.

Other segment reported an increase in loss before tax of RM1.07 million from RM0.71 million reported in the immediate preceding quarter. The adverse performance in the quarter under review was due to the increase in certain administrative expenses.

22. Commentary on prospect

As the country is transitioning into endemicity of Covid-19 and in response to the bad weather impact in the first half period of 2022, the Group will continue to intensify its effort to improve efficiency, productivity and profitability for the remaining period of current financial year. The Board will continue to implement the existing measures as follows:

- **Realignment of business and operational focus**

The Board has established new directions on the Group's current businesses and activities going forward. These new directions involved the realignment of the Group existing businesses to be more operational focus via:

- a) Strengthening of the upstream activity for higher value of timber productions and faster return from forest plantation.
- b) Reinforcing of the midstream activity for higher recovery of sawn timber and veneer production.
- c) Improving the downstream activity through the expansion of veneer production line into plywood production line and reactivation of moulding production lines.

- **Establishment of a new Key Performance Indicator ("KPI") on Logging Yield**

The Board has established a new KPI on logging yield for 2022 which is substantially higher than our historical and present yields. Successful pursuit of this new KPI will help translate into higher logging yield.

- **Implementation of new logging policy**

The Board has approved the new logging policy effective 2Q2021 in order to further improve the logging yield. The implementation of this new policy is expected to produce more logs from the Group's concession area.

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22. Commentary on prospect (continued)

The strengthening of our harvesting activity through enhancing tree marking process, prioritizing high value compartments species, improvement of felling technique and initiative in data collection of timber inventory will become the Group's continuous efforts and actions to enhance our logging yield and efficiency.

If all the measures could be successfully implemented, and barring any unforeseen external shocks, the Board is cautiously optimistic that the Group will be able to record positive results and improved prospect in the year 2022 onwards.

26. Changes in contingent liabilities or contingent assets

There was no contingent liabilities or contingent assets during the financial period ended 30 June 2022 or the previous financial year ended 31 December 2021.

23. Changes in material litigation

There was no material litigation against the Group.

24. Dividend payable

Please refer to Note 19 for details.

25. Risks and policies of derivatives

The Group did not enter into any derivative during the financial period ended 30 June 2022 or the previous financial year ended 31 December 2021.

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 June 2022 and 31 December 2021.

27. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2021 was not qualified.

28. 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 30 August 2022.

By order of the Board

Dr. Mohd Zaki bin Hamzah
Chief Executive Officer