

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		30.09.2022 Unaudited RM'000	30.09.2021 Unaudited RM'000	30.09.2022 Unaudited RM'000	30.09.2021 Unaudited RM'000
Revenue		10,706	12,018	33,276	30,828
Cost of sales		<u>(8,770)</u>	<u>(9,642)</u>	<u>(26,372)</u>	<u>(27,472)</u>
<b>Gross profit</b>		1,936	2,376	6,904	3,356
Other operating income		547	1,588	1,375	2,075
Administrative expenses		(3,418)	(3,123)	(10,384)	(10,220)
Other operating expenses		<u>(319)</u>	<u>(256)</u>	<u>(972)</u>	<u>(861)</u>
<b>Operating (loss)/profit</b>		(1,254)	585	(3,077)	(5,650)
Finance costs		<u>(202)</u>	<u>(172)</u>	<u>(562)</u>	<u>(510)</u>
<b>(Loss)/profit before tax</b>	10	(1,456)	413	(3,639)	(6,160)
Income tax benefit/(expenses)	11	<u>916</u>	<u>(131)</u>	<u>886</u>	<u>30</u>
<b>(Loss)/profit for the period, net of tax</b>		<u>(540)</u>	<u>282</u>	<u>(2,753)</u>	<u>(6,130)</u>
<b>(Loss)/profit for the period attributable to:</b>					
Owners of the parent		<u>(540)</u>	<u>282</u>	<u>(2,753)</u>	<u>(6,130)</u>
<b>(Loss)/earnings per share attributable to owners of the parent (sen per share)</b>					
- Basic	12	<u>(0.39)</u>	<u>0.21</u>	<u>(1.99)</u>	<u>(4.46)</u>
- Diluted	12	<u>(0.38)</u>	<u>0.20</u>	<u>(1.92)</u>	<u>(4.30)</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 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)**

	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		30.09.2022	30.09.2021	30.09.2022	30.09.2021
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
(Loss)/profit for the period, net of tax		(540)	282	(2,753)	(6,130)
<b>Other comprehensive income</b>					
<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		(192)	16	(186)	(353)
Net gain on remeasurement of defined benefit obligations		-	-	33	-
Other comprehensive (loss)/income for the period, net of tax		(192)	16	(153)	(353)
Total comprehensive (loss)/income for the period, net of tax		(732)	298	(2,906)	(6,483)
<b>Total comprehensive (loss)/income for the period, net of tax attributable to:</b>					
Owners of the parent		(732)	298	(2,906)	(6,483)

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 SEPTEMBER 2022**

	Note	30.09.2022 Unaudited RM'000	31.12.2021 Audited RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	14,347	13,096
Right-of-use assets		24,347	25,011
Investment properties		19,158	19,473
Biological assets		776	237
Intangible assets		834	637
Goodwill	15	-	-
Investment in associates		3,710	3,710
Deferred tax assets		1,765	1,469
Investment securities	16	1,125	717
		<u>66,062</u>	<u>64,350</u>
<b>Current assets</b>			
Inventories		6,910	6,549
Trade and other receivables		25,598	16,335
Tax recoverable		4,086	1,041
Cash and bank balances	17	9,757	17,632
		<u>46,351</u>	<u>41,557</u>
Non-current assets held for sale		10	10
		<u>46,361</u>	<u>41,567</u>
<b>Total assets</b>		<u>112,423</u>	<u>105,917</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	18	81,664	81,664
Retained earnings		4,782	8,874
Other reserves		(20,447)	(20,438)
<b>Total equity</b>		<u>65,999</u>	<u>70,100</u>
<b>Non-current liabilities</b>			
Retirement benefit obligations		6,580	7,076
Deferred tax liabilities		260	-
Borrowings	19	8,665	9,191
Lease liabilities		14	40
		<u>15,519</u>	<u>16,307</u>
<b>Current liabilities</b>			
Retirement benefit obligations		988	267
Borrowings	19	4,438	3,312
Lease liabilities		8	15
Trade and other payables		25,471	15,916
		<u>30,905</u>	<u>19,510</u>
<b>Total liabilities</b>		<u>46,424</u>	<u>35,817</u>
<b>Total equity and liabilities</b>		<u>112,423</u>	<u>105,917</u>
Net assets per share attributable to owners of the parent ("RM")		0.48	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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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
<b>Opening balance at 1 January 2022</b>	70,100	81,664	8,874	(20,438)	213	1,262	(22,718)	805
Loss for the period	(2,753)	-	(2,753)	-	-	-	-	-
Other comprehensive income								
- Net loss on fair value changes of FVTOCI financial assets	(186)	-	-	(186)	(186)	-	-	-
- Net gain on remeasurement of defined benefit obligations	33	-	33	-	-	-	-	-
Total comprehensive loss	(2,906)	-	(2,720)	(186)	(186)	-	-	-
<u>Transaction with owners</u>								
- Share-based payment under the LTIP: Grant of ESOS	177	-	-	177	-	-	-	177
- Dividend	(1,372)	-	(1,372)	-	-	-	-	-
<b>Closing balance at 30 September 2022</b>	<b>65,999</b>	<b>81,664</b>	<b>4,782</b>	<b>(20,447)</b>	<b>27</b>	<b>1,262</b>	<b>(22,718)</b>	<b>982</b>
<b>Opening balance at 1 January 2021</b>	68,392	80,447	8,243	(20,298)	477	1,262	(22,718)	681
Loss for the period	(6,130)	-	(6,130)	-	-	-	-	-
Other comprehensive income								
- Net loss on fair value changes of FVTOCI financial assets	(353)	-	-	(353)	(353)	-	-	-
Total comprehensive loss	(6,483)	-	(6,130)	(353)	(353)	-	-	-
Transfer of fair value reserve to retained earnings upon disposal of FVTOCI financial assets	-	-	(140)	140	140	-	-	-
<u>Transaction with owners</u>								
- Share-based payment under the LTIP: Grant of ESOS	638	-	-	638	-	-	-	638
- Issuance of ordinary shares: Exercise of ESGS	641	641	-	-	-	-	-	-
- Issuance of ordinary shares: Exercise of Esos	190	190	-	-	-	-	-	-
- Transfer to share capital upon ESOS exercise	-	179	-	(179)	-	-	-	(179)
- ESOS lapse	-	-	101	(101)	-	-	-	(101)
<b>Closing balance at 30 September 2021</b>	<b>63,378</b>	<b>81,457</b>	<b>2,074</b>	<b>(20,153)</b>	<b>264</b>	<b>1,262</b>	<b>(22,718)</b>	<b>1,039</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 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

	Note	9 months ended	
		30.09.2022 Unaudited RM'000	30.09.2021 Unaudited RM'000
<b>Operating activities</b>			
Loss before tax		(3,639)	(6,160)
<u>Adjustments for:</u>			
Interest income	10	(25)	(75)
Dividend income	10	(116)	(16)
Interest expenses	10	562	510
Gain on disposal of property, plant and equipment	10	(43)	-
Gain on disposal of non-current assets held-for-sale	10	-	(32)
Depreciation of:			
- Property, plant and equipment	10	1,406	1,614
- Investment properties	10	315	307
- Right-of-use assets	10	664	660
Property, plant and equipment written off	10	-	1
Reversal of allowance for impairment of trade and other receivables	10	(483)	(172)
Amortisation of intangible assets	10	929	825
Gain on disposal of investment in associates	10	-	(57)
Share-based payment under the LTIP:			
- Grant of ESOS	10	177	638
- Exercise of ESGS	10	-	641
Provision for retirement benefits	10	525	723
Total adjustments		<u>3,911</u>	<u>5,567</u>
<b>Operating cash flows before changes in working capital</b>		<b>272</b>	<b>(593)</b>
<u>Changes in working capital</u>			
Increase in inventory		(361)	(25)
(Increase)/decrease in trade and other receivables		(8,780)	272
Increase/(decrease) in trade and other payables		9,558	(1,792)
Total changes in working capital		<u>417</u>	<u>(1,545)</u>
Interest paid		(561)	(509)
Income taxes (paid)/refund		(2,164)	1,446
Retirement benefits paid		(300)	(955)
Total changes in working capital		<u>(3,025)</u>	<u>(18)</u>
<b>Net cash flows used in operating activities</b>		<b><u>(2,336)</u></b>	<b><u>(2,156)</u></b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	14	(2,310)	(724)
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 in associates		-	57
Proceeds from disposal of investment securities		-	891
Withdrawal of deposit with licensed bank		300	-
Additional investment in investment securities		(595)	-
Cost incurred on biological assets		(539)	-
Dividend paid		(1,372)	-
Dividend received		116	16
Addition of intangible assets		(1,126)	(1,751)
Interest received		11	75
<b>Net cash flows used in investing activities</b>		<b><u>(5,462)</u></b>	<b><u>(3,162)</u></b>

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

	Note	9 months ended	
		30.09.2022 Unaudited RM'000	30.09.2021 Unaudited RM'000
<b>Financing activities</b>			
Proceeds from issuance of ESOS exercised		-	190
Contractual lease payment		(22)	(22)
Drawdown of borrowings		1,983	916
Repayment of borrowings		(3,053)	(1,597)
<b>Net cash flows used in financing activities</b>		<b>(1,092)</b>	<b>(513)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(8,890)</b>	<b>(5,831)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>14,550</b>	<b>11,993</b>
<b>Cash and cash equivalents at 30 September</b>		<b>5,660</b>	<b>6,162</b>

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
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

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

**4. Standards and interpretations issued but not yet effective**

The standards and interpretations that are issued but not yet effective up to the date of authorisation of this condensed financial statement are disclosed below.

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
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

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

**4. Standards and interpretations issued but not yet effective (continued)**

The standards and interpretations that are issued but not yet effective up to the date of authorisation of this condensed financial statement are disclosed below. (continued)

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
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 standards and interpretations is not expected to have any material financial impact to the current period or prior period financial statements of the Group.

**5. Changes in estimates**

There were no significant changes in estimates that have had a material effect in the current interim results.

**6. Seasonality of operations**

During the quarter under review, the Group's principal business operations were not affected by the seasonal and cyclical factors.

**7. 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.

**8. 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.

**9. 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.



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

**9. Segment information (continued)**

	Harvesting, forest plantation, sawmilling, sales of logs and logging compartments RM'000	Manufacturing RM'000	Others RM'000	Consolidated RM'000
<b>Results for 3 months ended</b>				
<b>30 September 2022</b>				
Operating revenue	4,752	5,922	32	10,706
Other operating income	361	109	77	547
Expenses	(5,544)	(6,118)	(1,047)	(12,709)
<b>Loss before tax</b>	<b>(431)</b>	<b>(87)</b>	<b>(938)</b>	<b>(1,456)</b>
<b>Results for 3 months ended</b>				
<b>30 September 2021</b>				
Operating revenue	8,385	3,599	34	12,018
Other operating income	1,075	406	107	1,588
Expenses	(7,584)	(4,382)	(1,227)	(13,193)
<b>Profit/(loss) before tax</b>	<b>1,876</b>	<b>(377)</b>	<b>(1,086)</b>	<b>413</b>
<b>Results for 9 months ended</b>				
<b>30 September 2022</b>				
Operating revenue	15,534	17,642	100	33,276
Other operating income	929	201	245	1,375
Expenses	(16,916)	(18,307)	(3,067)	(38,290)
<b>Loss before tax</b>	<b>(453)</b>	<b>(464)</b>	<b>(2,722)</b>	<b>(3,639)</b>
<b>Results for 9 months ended</b>				
<b>30 September 2021</b>				
Operating revenue	17,799	12,944	85	30,828
Other operating income	1,427	450	198	2,075
Expenses	(21,423)	(14,388)	(3,252)	(39,063)
<b>Loss before tax</b>	<b>(2,197)</b>	<b>(994)</b>	<b>(2,969)</b>	<b>(6,160)</b>

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

**10. (Loss)/profit before tax**

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

	<b>Current quarter</b>		<b>Cumulative quarter</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Interest income	(13)	(54)	(25)	(75)
Dividend income	(107)	(7)	(116)	(16)
Interest expenses	202	172	562	510
Gain on disposal of property, plant and equipment	-	-	(43)	-
Gain on disposal of non-current assets held-for-sale	-	-	-	(32)
Depreciation of:				
- Property, plant and equipment	514	596	1,406	1,614
- Investment properties	85	88	315	307
- Right-of-use assets	221	223	664	660
Property, plant and equipment written off	-	-	-	1
Reversal of allowance for impairment of trade and other receivables	(154)	(172)	(483)	(172)
Amortisation of intangible assets	82	244	929	825
Gain on disposal of investment in associates	-	-	-	(57)
Share-based payment under the LTIP:				
- Grant of ESOS	-	71	177	638
- Exercise of ESGS	-	391	-	641
Provision for retirement benefits	175	370	525	723

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

	<b>Current quarter</b>		<b>Cumulative quarter</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Current income tax	24	167	72	220
Overprovision of income tax in respect of previous years	(955)	(86)	(955)	(86)
Deferred income tax	4	50	312	(64)
Under/(over) provision of deferred tax in respect of previous years	11	-	(315)	(100)
	(916)	131	(886)	(30)
Effective tax rate	62.9%	31.7%	24.3%	0.5%

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 financial period under review, the Group's effective tax rate was slightly higher than statutory tax rate due to reversal temporary differences and reversal of provision of income tax in respect of previous year.

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

**12. (Loss)/earnings per share**

**(a) Basic**

Basic (loss)/earnings per share amounts are calculated by dividing (loss)/profit 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 (loss)/earnings per share amounts are calculated by dividing (loss)/profit 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	3 months ended	9 months ended	9 months ended
		30.09.2022	30.09.2021	30.09.2022	30.09.2021
(Loss)/profit net of tax attributable to owners of the parent used in the computation of earnings per share	(RM'000)	(540)	282	(2,753)	(6,130)
Weighted average number of ordinary shares in issue	(' 000)	138,079	137,305	138,079	137,305
Effect of dilution					
- Employee Share Option Scheme ("ESOS")	(' 000)	5,357	5,357	5,357	5,357
Weighted average number of ordinary shares for diluted loss per share	(' 000)	143,436	142,662	143,436	142,662
(Loss)/earnings per share					
Basic	(sen)	(0.39)	0.21	(1.99)	(4.46)
Diluted	(sen)	(0.38)	0.20	(1.92)	(4.30)

**13. 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.

**14. Property, plant and equipment**

During the nine-month period ended 30 September 2022, the Group has acquired property, plant and equipment at a cost of RM2,310,000 (30 September 2021: RM724,000). As at 30 September 2022, the total depreciation charged for the property, plant and equipment was RM1,406,000 (30 September 2021: RM1,614,000). There were no property, plant and equipment written off during nine-month period ended 30 September 2022 (30 September 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 nine-month period ended 30 September 2022 (30 September 2021:RMNil), resulting in a gain of disposal of RM43,000 (30 September 2021:RMNil) recognised and included in other income in the statement of profit and loss and other comprehensive income.

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**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

**15. Goodwill**

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

**16. 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 2022</b>				
<b>Fair value through other comprehensive income financial assets</b>				
Quoted Investment securities:				
Equity instrument	543	543	-	-
Unit trust	582	582	-	-
Total investment securities	<u>1,125</u>	<u>1,125</u>	-	-
<b>31 December 2021</b>				
<b>Fair value through other comprehensive income financial assets</b>				
Quoted Investment securities:				
Equity shares	<u>717</u>	<u>717</u>	-	-

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.

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**17. Cash and bank balances**

Cash and bank balances comprised the following amounts:

	<b>30.09.2022</b>	<b>31.12.2021</b>
	RM'000	RM'000
Cash at banks and in hand	8,525	16,113
Deposits in licensed banks	1,232	1,519
	<u>9,757</u>	<u>17,632</u>
Less:		
Bank overdraft	(2,865)	(1,563)
Deposits in licensed banks	(1,232)	(1,519)
<b>Total cash and cash equivalents</b>	<u><u>5,660</u></u>	<u><u>14,550</u></u>

**18. Share capital**

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

**19. Borrowings**

	<b>30.09.2022</b>	<b>31.12.2021</b>
	RM'000	RM'000
<b>Current</b>		
Secured	4,438	3,312
<b>Non-current</b>		
Secured	8,665	9,191
Total borrowings	<u><u>13,103</u></u>	<u><u>12,503</u></u>

**20. Dividend proposed or declared**

A single tier first and final dividend of 140,475,470 ordinary share and 12,000,000 redeemable preference share of 0.90 sen per ordinary share in respect of the financial year ended 31 December 2021 has been approved by the Shareholders at the 35nd Annual General Meeting and paid on 15 July 2022 to depositors registered in the records of Depositors on 1 July 2022 at 4.30 p.m.

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**21. Commitments**

	<b>30.09.2022</b>	<b>31.12.2021</b>
	RM'000	RM'000
<b>Capital expenditure</b>		
Approved and contracted for:		
Plant and machinery	246	955
Motor vehicles	125	-
Office equipment	191	-
Building and renovation	-	-
Approved but not contracted for:		
Plant and machinery	14	260
Motor vehicles	1,065	1,190
Office equipment	42	233
Building and renovation	80	80
	<b>1,763</b>	<b>2,718</b>

**22. 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 2022 and 31 December 2021 as well as the balances with the related parties as at 30 September 2022 and 31 December 2021:

		<b>Management</b>	<b>Amounts</b>
		<b>fee</b>	<b>owed to</b>
		RM'000	<b>related</b>
			<b>parties</b>
			RM'000
Entities with significant influence over the Group:			
Holding company			
Terengganu Incorporated Sdn. Bhd. ("TISB")	30.09.2022	4	4
	31.12.2021	-	-
A corporate shareholder			
Lembaga Tabung Amanah Warisan	30.09.2022	-	440
Negeri Terengganu ("LTAWNT")	31.12.2021	-	640

**23. 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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**24. Performance review**

**(a) Current Quarter vs Corresponding Quarter of Previous Period (3Q2022 vs 3Q2021)**

The Group recorded a weakening performance in the current quarter ended 30 September 2022 ("3Q2022") as compared to the previous year's corresponding quarter ("3Q2021"), with a revenue declined by 11% from RM12.02 million to RM10.71 million in 3Q2022. As a result, the Group posted a loss after tax of RM0.54 million as compared with profit after tax of RM0.28 million reported in 3Q2021.

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

During the quarter under review, the segment posted a loss before tax of RM0.43 million with revenue recorded at RM4.75 million. As compared to the segment's performance in 3Q2021, there were significant reductions from a profit before tax of RM1.88 million, in line with revenue reduction by 43%. The main contribution to the reduced revenue and profitability for the segment was due to no contribution from tender of logging compartment in 3Q2022 as compared to RM2.68 million in 3Q2021.

**Manufacturing segment**

In contrast, the manufacturing segment which is the manufacturing activities of glass, veneer and woodchip reported a better performance in 3Q2022 with a loss before tax decreased to RM0.09 million as compared to RM0.38 million loss in 3Q2021.

The reduction in the segment's loss position was in line with the improved revenue primarily in glass product whereby it secured higher selling price in the quarter under review.

**Other segment**

Similarly, other segment which refers to the investment holding and rental of properties activity of the Group recorded better performance in 3Q2022, whereby its loss before tax reduced 14% as a result in savings of the segment's expenses.

**(b) Current Period-to-date vs Previous Period-to-date (9M2022 vs 9M2021)**

For the period ended 30 September 2022 ("9M2022"), the Group recorded a much-improved results compared to the previous year's corresponding period ("9M2021"), with 8% higher revenue of RM33.28 million (9M2021: RM30.83 million). Consequentially, the Group's loss after tax reduced to RM2.75 million in 9M2022 as compared to the loss after tax of RM6.13 million reported in 9M2021.

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

The segment's revenue declined by 13% to RM15.53 million from RM17.80 million reported in 9M2021. The logging activity was heavily disrupted by unexpected rainfall pattern during the previous quarter has resulted in lower logs supply to the mill. For record, a total of 7,243 hoppus tonne logs were extracted during the 9M2022 as compared with 10,913 hoppus tonne logs extracted during the same period previous year. Consequently, sawn timber production and sales volume reduced significantly in the current period

Despite the reduction in revenue, the segment's loss before tax reduced to RM0.43 million as compared to RM2.20 million in 9M2021. This was contributed by the higher value of logging compartment tendered in 9M2022 amounted to RM4.24 million as compared to the previous year (9M2021: RM2.68 million).

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**24. Performance review (continued)**

**(b) Current Period-to-date vs Previous Period-to-date (9M2022 vs 9M2021) (continued)**

**Manufacturing segment**

The manufacturing segment of the Group showed the improvements in performance during the current period where it reported the increase in revenue by 36% and reduction in loss before tax by 53% as compared against 9M2021.

Generally, the glass operation showed an improved result in 9M2022 with the profit improved 135% from the loss before tax in 9M2021 at the back of the increase in revenue by 43%. However, the lower logs extracted and supplied in the current period has affected the veneer operation of the segment.

**Other segment**

Other segment of the Group has recorded a slight increase in revenue from its rental. Coupled with the savings in expenses, the segment loss before tax decreased in the current period as compared to the previous year's corresponding period.

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

	<b>Current quarter 30.09.2022 RM'000</b>	<b>Immediate preceding quarter 30.06.2022 RM'000</b>
Revenue	10,706	14,141
(Loss)/profit before taxation	(1,456)	883

The Group's revenue for the quarter under review was RM10.71 million, declined by 24% from RM14.14 million reported in the Second Quarter 2022 ("2Q2022"). Accordingly, the Group's profit before tax in 2Q2022 turned into loss before tax of RM1.46 million in the quarter under review.

The major contribution to this adverse position was due to the harvesting, forest plantation, sawmilling, sales of logs and logging compartments segment reported a loss before tax of RM0.43 million as compared to a profit before tax of RM2.23 million in 2Q2022, which was related to the tender of logging compartment amounted to RM4.33 million recorded in 2Q2022.

In contrast, the manufacturing segment's loss before tax reduced to RM0.09 million in the current quarter as compared to RM0.28 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 a decrease in loss before tax of RM0.93 million from RM1.07 million reported in the immediate preceding quarter, mainly due to the savings in segment's administrative expenses.



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**26. Commentary on prospect**

In order to resolve the issues with the Group's harvesting operation, the Board has taken drastic measure by establishing the Executive Committee ("EXCO") with effect from 5 September 2022. The EXCO was established as a medium between the Board, Board Committees and the Management with the primary function and duty of overseeing and ensuring all the Board decisions and instructions to the Management are implemented smoothly and efficiently.

In the meantime, 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.

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 for the full year 2022 onwards.

**27. Changes in contingent liabilities or contingent assets**

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

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**28. Changes in material litigation**

There was no material litigation against the Group.

**29. Dividend payable**

Please refer to Note 20 for details.

**30. Risks and policies of derivatives**

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

**31. 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 2022 and 31 December 2021.

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

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

**33. 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 2022.

By order of the Board

**Dr. Mohd Zaki bin Hamzah**  
Chief Executive Officer