

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31.12.2022 Unaudited RM'000	31.12.2021 Unaudited RM'000	31.12.2022 Unaudited RM'000	31.12.2021 Unaudited RM'000
Revenue		36,534	25,915	69,810	56,743
Cost of sales		<u>(10,256)</u>	<u>(11,366)</u>	<u>(36,629)</u>	<u>(38,838)</u>
Gross profit		26,278	14,549	33,181	17,905
Other operating income		281	365	1,655	2,440
Administrative expenses		(7,859)	(6,069)	(18,243)	(16,289)
Other operating expenses		(431)	(263)	(1,403)	(1,124)
Share of result of associate		<u>586</u>	<u>229</u>	<u>586</u>	<u>229</u>
Operating profit		18,855	8,811	15,776	3,161
Finance costs		<u>(119)</u>	<u>23</u>	<u>(681)</u>	<u>(487)</u>
Profit before tax	10	18,736	8,834	15,095	2,674
Income tax expenses	11	<u>(4,021)</u>	<u>(2,045)</u>	<u>(3,135)</u>	<u>(2,015)</u>
Profit for the period, net of tax		<u>14,715</u>	<u>6,789</u>	<u>11,960</u>	<u>659</u>
Profit for the period attributable to:					
Owners of the parent		<u>14,715</u>	<u>6,789</u>	<u>11,960</u>	<u>659</u>
Earnings per share attributable to owners of the parent (sen per share)					
- Basic	12	<u>10.66</u>	<u>4.92</u>	<u>8.66</u>	<u>0.48</u>
- Diluted	12	<u>10.26</u>	<u>4.73</u>	<u>8.34</u>	<u>0.46</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 YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Note	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Profit for the period, net of tax	14,715	6,789	11,960	659
Other comprehensive income				
<u>Items that will not be reclassified to profit or loss:</u>				
Net gain/(loss) on fair value changes of fair value through other comprehensive income ("FVTOCI") financial assets	75	(49)	(111)	(402)
Net (loss)/gain on remeasurement of defined benefit obligations	(380)	50	(347)	50
Other comprehensive (loss)/income for the period, net of tax	(305)	1	(458)	(352)
Total comprehensive income for the period, net of tax	14,410	6,790	11,502	307
Total comprehensive income for the period, net of tax attributable to:				
Owners of the parent	14,410	6,790	11,502	307

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 31 DECEMBER 2022

	Note	31.12.2022 Unaudited RM'000	31.12.2021 Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	14	14,309	13,096
Right-of-use assets		24,138	25,011
Investment properties		19,053	19,473
Biological assets		1,099	237
Intangible assets		973	637
Goodwill	15	-	-
Investment in associates		4,200	3,710
Deferred tax assets		784	1,469
Investment securities	16	1,200	717
		<u>65,756</u>	<u>64,350</u>
Current assets			
Inventories		4,713	6,549
Trade and other receivables		16,091	16,335
Tax recoverable		2,586	1,041
Cash and bank balances	17	22,462	17,632
		<u>45,852</u>	<u>41,557</u>
Non-current assets held for sale		-	10
		<u>45,852</u>	<u>41,567</u>
Total assets		<u>111,608</u>	<u>105,917</u>
Equity and liabilities			
Equity			
Share capital	18	81,664	81,664
Retained earnings		17,200	8,874
Other reserves		(20,682)	(20,438)
Total equity		<u>78,182</u>	<u>70,100</u>
Non-current liabilities			
Retirement benefit obligations		6,844	7,076
Deferred tax liabilities		635	-
Borrowings	19	7,955	9,191
Lease liabilities		13	40
		<u>15,447</u>	<u>16,307</u>
Current liabilities			
Retirement benefit obligations		1,075	267
Borrowings	19	1,993	3,312
Lease liabilities		27	15
Trade and other payables		14,651	15,912
Tax payables		233	4
		<u>17,979</u>	<u>19,510</u>
Total liabilities		<u>33,426</u>	<u>35,817</u>
Total equity and liabilities		<u>111,608</u>	<u>105,917</u>
Net assets per share attributable to owners of the parent ("RM")		0.57	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 YEAR ENDED 31 DECEMBER 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
Profit for the period	11,960	-	11,960	-	-	-	-	-
Other comprehensive income								
- Net loss on fair value changes of FVTOCI financial assets	(111)	-	-	(111)	(111)	-	-	-
- Net loss on remeasurement of defined benefit obligations	(347)	-	(347)	-	-	-	-	-
Total comprehensive income/(loss)	11,502	-	11,613	(111)	(111)	-	-	-
<u>Transaction with owners</u>								
- Share-based payment under the LTIP: Grant of ESOS	(66)	-	-	(66)	-	-	-	(66)
- ESOS lapse	-	-	67	(67)	-	-	-	(67)
- Dividend	(3,354)	-	(3,354)	-	-	-	-	-
Closing balance at 31 December 2022	78,182	81,664	17,200	(20,682)	102	1,262	(22,718)	672
Opening balance at 1 January 2021	68,392	80,447	8,243	(20,298)	477	1,262	(22,718)	681
Profit for the period	659	-	659	-	-	-	-	-
Other comprehensive income								
- Net loss on fair value changes of FVTOCI financial assets	(402)	-	-	(402)	(402)	-	-	-
- Net gain on remeasurement of defined benefit obligations	50	-	50	-	-	-	-	-
Total comprehensive income/(loss)	307	-	709	(402)	(402)	-	-	-
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	373	-	-	373	-	-	-	373
- Issuance of ordinary shares: Exercise of ESGS	641	641	-	-	-	-	-	-
- Issuance of ordinary shares: Exercise of Esos	387	387	-	-	-	-	-	-
- Transfer to share capital upon ESOS exercise	-	189	-	(189)	-	-	-	(189)
- ESOS lapse	-	-	60	(60)	-	-	-	(60)
Closing balance at 31 December 2021	70,100	81,664	8,874	(20,438)	213	1,262	(22,718)	805

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 YEAR ENDED 31 DECEMBER 2022

	Note	12 months ended	
		31.12.2022 Unaudited RM'000	31.12.2021 Unaudited RM'000
Operating activities			
Profit before tax		15,095	2,674
<u>Adjustments for:</u>			
Interest income	10	(54)	(222)
Dividend income	10	(20)	(16)
Interest expenses	10	681	487
(Gain)/loss on disposal of property, plant and equipment	10	(358)	44
Gain on disposal of assets-held-for-sale	10	(10)	(30)
Gain on disposal of investment	10	-	(57)
Depreciation of:			
- Property, plant and equipment	10	1,912	2,113
- Investment properties	10	420	415
- Right-of-use assets	10	886	873
Impairment on property, plant and equipment	10	733	-
Inventories written off	10	96	14
Property, plant and equipment written off	10	-	7
Reversal of allowance for impairment of trade and other receivables	10	(303)	(7)
Bad debts recovered	10	(241)	(170)
Other receivables written off	10	-	126
Impairment on intangible assets	10	-	201
Amortisation of intangible assets	10	1,468	983
Share-based payment under the LTIP:			
- Grant of ESOS	10	(66)	385
Provision for retirement benefits	10	693	772
Share of results of an associate	10	(586)	(229)
Total adjustments		<u>5,251</u>	<u>5,689</u>
Operating cash flows before changes in working capital		20,346	8,363
<u>Changes in working capital</u>			
Decrease in inventory		1,740	199
Decrease/(increase) in trade and other receivables		786	(3,147)
(Decrease)/increase in trade and other payables		(3,257)	2,577
Total changes in working capital		<u>(731)</u>	<u>(371)</u>
Interest paid		(678)	(62)
Income taxes paid		(3,050)	(578)
Retirement benefits paid		(528)	(1,095)
Net cash flows from operating activities		<u>15,359</u>	<u>6,257</u>
Investing activities			
Purchase of property, plant and equipment	14	(3,869)	(1,661)
Purchase of investment properties		-	(1,769)
Proceeds from disposal of property, plant and equipment		368	97
Proceeds from disposal of non-current assets held-for-sale		20	40
Proceeds from disposal of investment securities		-	1,088
Withdrawal of deposit with licensed bank		287	4,985
Additional investment in investment securities		(594)	-
Cost incurred on biological assets		(862)	(237)
Dividend paid		(1,372)	-
Dividend received		116	106
Addition of intangible assets		(1,804)	(666)
Interest received		40	222
Net cash flows (used in)/from investing activities		<u>(7,670)</u>	<u>2,205</u>

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

	12 months ended	
	31.12.2022	31.12.2021
Note	Unaudited RM'000	Unaudited RM'000
Financing activities		
Proceeds from issuance of ESOS exercised	-	387
Proceeds from issuance of ESGS exercised	-	641
Contractual lease payment	(29)	(22)
Repayment of borrowings, net	(993)	(1,196)
Net cash flows used in financing activities	(1,022)	(190)
Net increase in cash and cash equivalents	6,667	8,272
Cash and cash equivalents at 1 January	14,550	6,278
Cash and cash equivalents at 31 December	21,217	14,550

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 YEAR ENDED 31 DECEMBER 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

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.

Description	Effective for annual periods beginning on or after
MFRS 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17: <i>Insurance Contracts</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

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

Description	Effective for annual periods beginning on or after
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 101: <i>Presentation of Financial Statements - Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101: <i>Presentation of Financial Statements - Disclosure of Accounting policies</i>	1 January 2024
Amendments to MFRS 116: <i>Leases : Lease Liabilities in Sales and Leaseback</i>	1 January 2024
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 quarter.

6. 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.

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 YEAR ENDED 31 DECEMBER 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
Results for 3 months ended				
31 December 2022				
Operating revenue	30,169	6,341	24	36,534
Other operating income	125	167	(11)	281
Expenses	(10,120)	(6,578)	(1,967)	(18,665)
Share of profit of associate	586	-	-	586
Profit/(loss) before tax	20,760	(70)	(1,954)	18,736
Results for 3 months ended				
31 December 2021				
Operating revenue	18,525	7,356	34	25,915
Other operating income	144	197	24	365
Expenses	(9,124)	(7,175)	(1,376)	(17,675)
Share of profit of associate	229	-	-	229
Profit/(loss) before tax	9,774	378	(1,318)	8,834
Results for 12 months ended				
31 December 2022				
Operating revenue	45,702	23,983	125	69,810
Other operating income	1,053	369	233	1,655
Expenses	(27,036)	(24,885)	(5,035)	(56,956)
Share of profit of associate	586	-	-	586
Profit/(loss) before tax	20,305	(533)	(4,677)	15,095
Results for 12 months ended				
31 December 2021				
Operating revenue	36,324	20,300	119	56,743
Other operating income	1,571	647	222	2,440
Expenses	(30,547)	(21,563)	(4,628)	(56,738)
Share of profit of associate	229	-	-	229
Profit/(loss) before tax	7,577	(616)	(4,287)	2,674

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE YEAR ENDED 31 DECEMBER 2022

10. Profit before tax

Included in the profit before tax are the following items:

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Interest income	(29)	(147)	(54)	(222)
Dividend income	96	-	(20)	(16)
Interest expenses	119	(23)	681	487
(Gain)/loss on disposal of property, plant and equipment	(315)	44	(358)	44
(Gain)/loss on disposal of non-current assets held-for-sale	(10)	2	(10)	(30)
Gain on disposal of investment	-	-	-	(57)
Depreciation of:				
- Property, plant and equipment	506	499	1,912	2,113
- Investment properties	105	108	420	415
- Right-of-use assets	222	213	886	873
Impairment of property, plant and equipment	733	-	733	-
Inventories written off	96	14	96	14
Property, plant and equipment written off	-	6	-	7
Allowance/(reversal) for impairment of trade and other receivables	180	165	(303)	(7)
Bad debts recovered	(241)	(170)	(241)	(170)
Other receivables written off	-	126	-	126
Impairment on intangible assets		201	-	201
Amortisation of intangible assets	539	158	1,468	983
Share-based payment under the LTIP:				
- Grant of ESOS	(243)	(253)	(66)	385
Provision for retirement benefits	168	49	693	772
Share of results of an associate	(586)	(229)	(586)	(229)

11. Income tax expense

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Current income tax	2,619	2,091	2,691	2,311
Under/(over) provision of income tax in respect of previous years	16	461	(940)	375
Deferred income tax	(522)	(289)	(209)	(353)
Under/(over) provision of deferred tax in respect of previous years	1,908	(218)	1,593	(318)
	<u>4,021</u>	<u>2,045</u>	<u>3,135</u>	<u>2,015</u>
Effective tax rate	21.5%	23.1%	20.8%	75.4%

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 slightly lower than statutory tax rate due to underprovision of deferred tax in previous years.

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE YEAR ENDED 31 DECEMBER 2022

12. Earnings per share

(a) Basic

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

(b) Diluted

Diluted earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares 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 3 months ended		Cumulative quarter 12 months ended	
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
Profit net of tax attributable to owners of the parent used in the computation of earnings per share	(RM'000)	14,715	6,789	11,960	659
Weighted average number of ordinary shares in issue	(' 000)	138,079	138,079	138,079	138,079
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	143,436	143,436	143,436
Earnings per share					
Basic	(sen)	10.66	4.92	8.66	0.48
Diluted	(sen)	10.26	4.73	8.34	0.46

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 financial year ended 31 December 2022, the Group has acquired property, plant and equipment at a cost of RM3,869,000 (31 December 2021: RM1,661,000). As at 31 December 2022, the total depreciation charged for the property, plant and equipment was RM1,912,000 (31 December 2021: RM2,113,000). There were no property, plant and equipment written off in the financial year ended 31 December 2022 (31 December 2021: RM7,000). 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 the financial year ended 31 December 2022 (31 December 2021: RM141,000), resulting in a gain of disposal of RM358,000 (31 December 2021: Loss RM44,000) recognised and included in other income in the statement of profit and loss and other comprehensive income.

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE YEAR ENDED 31 DECEMBER 2022

15. Goodwill

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

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
31 December 2022				
Fair value through other comprehensive income financial assets				
Quoted Investment securities:				
Equity instrument	608	608	-	-
Unit trust	592	592	-	-
Total investment securities	<u>1,200</u>	<u>1,200</u>	-	-
31 December 2021				
Fair value through other comprehensive income financial assets				
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.

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE YEAR ENDED 31 DECEMBER 2022

17. Cash and bank balances

Cash and bank balances comprised the following amounts:

	31.12.2022	31.12.2021
	RM'000	RM'000
Cash at banks and in hand	21,217	16,113
Deposits in licensed banks	1,245	1,519
	<u>22,462</u>	<u>17,632</u>
Less:		
Bank overdraft	-	(1,563)
Deposits in licensed banks	(1,245)	(1,519)
Total cash and cash equivalents	<u><u>21,217</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 year ended 31 December 2022.

19. Borrowings

	31.12.2022	31.12.2021
	RM'000	RM'000
Current		
Secured	1,993	3,312
Non-current		
Secured	7,955	9,191
Total borrowings	<u><u>9,948</u></u>	<u><u>12,503</u></u>

20. Dividend proposed or declared

A single tier and first interim dividend of 140,475,470 ordinary share and 12,000,000 redeemable preference share of 1.30 sen per share in respect of the financial year ended 31 December 2022 has been declared by the Company on 30 December 2022 and paid on 09 February 2023 to depositors registered in the records of Depositors on 25 January 2023 at 5.00 p.m.

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21. Commitments

	31.12.2022	31.12.2021
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Plant and machinery	246	955
Motor vehicles	170	-
Office equipment	206	-
Building and renovation	30	-
Approved but not contracted for:		
Plant and machinery	14	260
Motor vehicles	1,020	1,190
Office equipment	27	233
Building and renovation	50	80
	1,763	2,718

22. Related party transactions

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

		Management	Amounts
		fee	owed to
		RM'000	related
			parties
			RM'000
Entities with significant influence over the Group:			
Holding company			
Terengganu Incorporated Sdn. Bhd. ("TISB")	31.12.2022	3	-
	31.12.2021	-	-
A corporate shareholder			
Lembaga Tabung Amanah Warisan	31.12.2022	-	-
Negeri Terengganu ("LTAWNT")	31.12.2021	-	640

23. Material subsequent events

There was no material subsequent events to the financial year ended 31 December 2022.

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24. Performance review

(a) Current Quarter vs Corresponding Quarter of Previous Period (4Q2022 vs 4Q2021)

The Group reported a significant improvement in results for the current quarter ended 31 December 2022 ("4Q2022") as compared with the previous year's corresponding quarter ("4Q2021"). The profit before tax of the Group improved substantially to RM18.74 million from RM8.83 million reported in 4Q2021 on the back of the increase in revenue by 41% from RM25.92 million in 4Q2021 to RM36.53 million reported in the current quarter.

This remarkable performance for the Group was contributed by the revenue and profitability increase of the Group's harvesting, forest plantation, sawmilling, sales of logs and logging compartments segment during the quarter under review.

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

During the quarter, the segment's revenue increased by 63% or RM11.64 million to RM30.17 million in 4Q2022 as compared with RM18.53 million reported in 4Q2021. Consequentially, the segment's profit before tax increased by almost a similar quantum. The segment's profit before tax stood at RM20.76 million as compared with RM9.77 million reported in 4Q2021.

This significant improvement was attributed by the higher proceeds from tender of its logging compartments amounting to RM25.12 million as compared against RM13.82 million proceed in 4Q2021.

Manufacturing segment

Meanwhile, the manufacturing segment which consists of the manufacturing activities of glass, veneer and woodchip reported an adverse performance in 4Q2022 with a marginal loss before tax of RM0.07 million as compared with the profit before tax of RM0.38 million reported in 4Q2021.

The reduction in the segment's profit position was in line with the decline in the segment's revenue, mainly from veneer as its operations suffered from the shortage of logs supply. The glass however, reported an improvement in profit in the current quarter on the back of better selling price secured.

Other segment

Other segment which refers to the investment holding and rental of properties activity of the Group recorded an increase in loss before tax from RM1.32 million in 4Q2021 to RM1.95 million in 4Q2022. There was no significant change to the segment's revenue, however the increase in the segment's administrative expenses has resulted in the increase in the loss incurred during the quarter under review.

(b) Current Period-to-date vs Previous Period-to-date (FY2022 vs FY2021)

Similar to the current quarter's performance, the Group's performance for the financial year ended 31 December 2022 ("FY2022") recorded a much-improved results compared with the previous year's corresponding period ("FY2021"). The Group's revenue improved by 23% to RM69.81 million from RM56.74 million reported in FY2021. As a result, the Group registered an improved profit before tax of RM15.10 million in FY2022 from RM2.67 million in FY2021.

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24. Performance review (continued)

(b) Current Period-to-date vs Previous Period-to-date (FY2022 vs FY2021) (continued)

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

In FY2022, the segment reported a profit before tax of RM20.31 million, an increase of 168% from FY2021's profit before tax of RM7.58 million. This significant increase was in line with the growth in revenue by 26% to RM45.70 million, as a result of higher sales proceeds from tender of the segment's logging compartments during the year as compared to FY2021. The segment has secured a contract valuing RM29.46 million from the tender of five logging compartments in FY2022.

Manufacturing segment

The manufacturing segment of the Group showed a better performance in FY2022 as its revenue increased by 18% from RM20.30 million to RM23.98 million.

The glass operation of the segment has improved notably in FY2022 as its revenue increased by 27%. As a result, the glass operation has reported marginal profit in FY2022 in line with the recovery of the construction sectors post-pandemic after several years of adverse performance.

Other segment

Other segment of the Group recorded an increase in loss before tax to RM4.68 million in the current year as compared with RM4.29 million reported in FY2021. This situation was mainly due to the increase in the segments' expenses by 9%.

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

	Current quarter 31.12.2022 RM'000	Immediate preceding quarter 30.09.2022 RM'000
Revenue	36,534	10,706
Profit/(loss) before taxation	18,736	(1,456)

The Group's result improved significantly in the current quarter as it reported a profit before tax of RM18.74 million as compared to a loss before tax of RM1.46 million in the immediate preceding quarter ("3Q2022"). The revenue improved by 241% in the current quarter.

The major contributions for the better result were higher profit before tax reported from the segment of harvesting, forest plantation, sawmilling, sales of logs and logging compartment. The segment reported a profit before tax of RM20.76 million as compared to loss before tax of RM0.43 million in the 3Q2022 while its revenue jumped 535% to RM30.17 million in 4Q2022 from RM4.75 million in 3Q2022. This improved result was contributed by the higher logs sales proceed via tender from the Group's concession area amounted to RM25.12 million.

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

There were no major changes in manufacturing segment's performance as the increase in revenue by 7% has resulted in slight decrease of the segment's loss before tax in the current quarter as compared to in 3Q2022. The increase in revenue was contributed by the glass operation.

While other segment reported an increase in loss before tax by 108% from RM0.94 million in 3Q2022, mainly due to the increase in segment's administrative expenses, mainly the impact from year end impairments and provisions.

26. Commentary on prospect

In September 2022, the Board established an Executive Committee ("EXCO") whose primary functions and duties are to oversee and ensure that Board decisions are carried out efficiently. This exercise has resulted in positive impact to the Group's operations and performance in 4Q2022. To ensure the continuity of the positive momentum, the EXCO functions will be expanded in future quarters for the Group's manufacturing operations with the aim of achieving the expected results as planned.

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 to translate into higher logging yield.

- **Implementation of new logging policy**

The Board has approved a new logging policy effective 2Q2021 in order to further improve the logging yield. The implementation of this new policy is expected to result in higher production of 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

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27. Changes in contingent liabilities or contingent assets

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

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 year ended 31 December 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 31 December 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 28 February 2023.

By order of the Board

Dr. Mohd Zaki bin Hamzah
Chief Executive Officer