

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

	Note	Current quarter 3 months ended		Cumulative quarter 3 months ended	
		31.03.2023 Unaudited RM'000	31.03.2022 Unaudited RM'000	31.03.2023 Unaudited RM'000	31.03.2022 Unaudited RM'000
Revenue		8,436	8,428	8,436	8,428
Cost of sales		<u>(7,531)</u>	<u>(8,164)</u>	<u>(7,531)</u>	<u>(8,164)</u>
<b>Gross profit</b>		905	264	905	264
Other operating income		217	461	217	461
Administrative expenses		(3,828)	(3,298)	(3,828)	(3,298)
Other operating expenses		<u>(321)</u>	<u>(306)</u>	<u>(321)</u>	<u>(306)</u>
<b>Operating loss</b>		(3,027)	(2,879)	(3,027)	(2,879)
Finance costs		<u>(156)</u>	<u>(189)</u>	<u>(156)</u>	<u>(189)</u>
<b>Loss before tax</b>	10	(3,183)	(3,068)	(3,183)	(3,068)
Income tax (expense)/benefit	11	<u>(138)</u>	<u>435</u>	<u>(138)</u>	<u>435</u>
<b>Loss for the period, net of tax</b>		<u>(3,321)</u>	<u>(2,633)</u>	<u>(3,321)</u>	<u>(2,633)</u>
<b>Loss for the period attributable to:</b>					
Owners of the parent		<u>(3,321)</u>	<u>(2,633)</u>	<u>(3,321)</u>	<u>(2,633)</u>
<b>Loss per share attributable to owners of the parent (sen per share)</b>					
- Basic	12	<u>(2.41)</u>	<u>(1.91)</u>	<u>(2.41)</u>	<u>(1.91)</u>
- Diluted	12	<u>(2.32)</u>	<u>(1.84)</u>	<u>(2.32)</u>	<u>(1.84)</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 2022 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 THREE-MONTH PERIOD ENDED 31 MARCH 2023 (CONTINUED)**

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31.03.2023 Unaudited RM'000	31.03.2022 Unaudited RM'000	31.03.2023 Unaudited RM'000	31.03.2022 Unaudited RM'000
	Note			
Loss for the period, net of tax	<u>(3,321)</u>	<u>(2,633)</u>	<u>(3,321)</u>	<u>(2,633)</u>
<b>Other comprehensive income</b>				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Net (loss)/gain on fair value changes of fair value through other comprehensive income ("FVTOCI") financial assets				
	(85)	157	(85)	157
Other comprehensive (loss)/income for the period, net of tax	<u>(85)</u>	<u>157</u>	<u>(85)</u>	<u>157</u>
Total comprehensive loss for the period, net of tax	<u>(3,406)</u>	<u>(2,476)</u>	<u>(3,406)</u>	<u>(2,476)</u>
<b>Total comprehensive loss for the period, net of tax attributable to:</b>				
Owners of the parent	<u>(3,406)</u>	<u>(2,476)</u>	<u>(3,406)</u>	<u>(2,476)</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 2022 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 MARCH 2023**

	Note	31.03.2023 Unaudited RM'000	31.12.2022 Audited RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	14,335	14,309
Right-of-use assets		23,975	24,149
Investment properties		18,950	19,053
Biological assets		1,182	1,099
Intangible assets		823	973
Goodwill	15	-	-
Investment in associates		3,925	3,925
Deferred tax assets		15	149
Investment securities	16	1,115	1,200
		<u>64,320</u>	<u>64,857</u>
<b>Current assets</b>			
Inventories		7,184	4,717
Trade and other receivables		15,031	16,053
Tax recoverable		2,993	2,325
Cash and bank balances	17	15,355	23,391
		<u>40,563</u>	<u>46,486</u>
<b>Total assets</b>		<u>104,883</u>	<u>111,343</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	18	81,664	81,664
Retained earnings		13,625	16,946
Other reserves		(20,548)	(20,683)
<b>Total equity</b>		<u>74,741</u>	<u>77,927</u>
<b>Non-current liabilities</b>			
Retirement benefit obligations		6,773	6,844
Borrowings	19	7,307	7,953
Lease liabilities		60	13
		<u>14,140</u>	<u>14,810</u>
<b>Current liabilities</b>			
Retirement benefit obligations		571	1,075
Borrowings	19	2,590	1,995
Lease liabilities		27	39
Trade and other payables		12,814	15,497
		<u>16,002</u>	<u>18,606</u>
<b>Total liabilities</b>		<u>30,142</u>	<u>33,416</u>
<b>Total equity and liabilities</b>		<u>104,883</u>	<u>111,343</u>
Net assets per share attributable to owners of the parent ("RM")		0.54	0.56

These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 THREE-MONTH PERIOD ENDED 31 MARCH 2023

	Attributable to owners of the parent							
	Non-distributable				Distributable			
	Equity, total RM'000	Share capital RM'000	Total retained earnings RM'000	Other reserves, total RM'000	Fair value reserve RM'000	Equity contribution from owners RM'000	Reserve arising from merger RM'000	Employee share option reserve RM'000
<b>Opening balance at 1 January 2023</b>	77,927	81,664	16,946	(20,683)	102	1,262	(22,718)	671
Loss for the period	(3,321)	-	(3,321)	-	-	-	-	-
Other comprehensive income								
- Net loss on fair value changes of FVTOCI financial assets	(85)	-	-	(85)	(85)	-	-	-
Total comprehensive loss	(3,406)	-	(3,321)	(85)	(85)	-	-	-
<u>Transaction with owners</u>								
- Share-based payment under the LTIP: Grant of ESOS	220	-	-	220	-	-	-	220
<b>Closing balance at 31 March 2023</b>	<b>74,741</b>	<b>81,664</b>	<b>13,625</b>	<b>(20,548)</b>	<b>17</b>	<b>1,262</b>	<b>(22,718)</b>	<b>891</b>
<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	(2,633)	-	(2,633)	-	-	-	-	-
Other comprehensive income								
- Net gain on fair value changes of FVTOCI financial assets	157	-	-	157	157	-	-	-
Total comprehensive loss	(2,476)	-	(2,633)	157	157	-	-	-
<u>Transaction with owners</u>								
- Share-based payment under the LTIP: Grant of ESOS	177	-	-	177	-	-	-	177
<b>Closing balance at 31 March 2022</b>	<b>67,801</b>	<b>81,664</b>	<b>6,241</b>	<b>(20,104)</b>	<b>370</b>	<b>1,262</b>	<b>(22,718)</b>	<b>982</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 2022 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 THREE-MONTH PERIOD ENDED 31 MARCH 2023**

	Note	3 months ended	
		31.03.2023 Unaudited RM'000	31.03.2022 Unaudited RM'000
<b>Operating activities</b>			
Loss before tax		(3,183)	(3,068)
<u>Adjustments for:</u>			
Interest income	7	(16)	(5)
Dividend income	7	(5)	-
Interest expenses	7	156	189
Gain on disposal of property, plant and equipment	7	(11)	(38)
Depreciation of:			
- Property, plant and equipment	7	460	456
- Investment properties	7	103	104
- Right-of-use assets	7	216	218
Reversal of allowance for impairment of trade and other receivables	7	(10)	(166)
Amortisation of intangible assets	7	536	310
Share-based payment under the LTIP:			
- Grant of ESOS	7	220	177
Provision for retirement benefits	7	177	174
Total adjustments		<u>1,826</u>	<u>1,419</u>
<b>Operating cash flows before changes in working capital</b>		<b>(1,357)</b>	<b>(1,649)</b>
<u>Changes in working capital</u>			
(Increase)/decrease in inventory		(2,467)	534
Decrease/(increase) in trade and other receivables		1,032	(336)
Increase in trade and other payables		(2,682)	(2,242)
Total changes in working capital		<u>(4,117)</u>	<u>(2,044)</u>
Interest paid		(156)	(189)
Income taxes paid		(673)	(1,497)
Retirement benefits paid		(752)	(12)
Total changes in working capital		<u>(1,581)</u>	<u>(1,698)</u>
<b>Net cash flows used in operating activities</b>		<b><u>(7,055)</u></b>	<b><u>(5,391)</u></b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	14	(411)	(254)
Proceeds from disposal of property, plant and equipment		19	39
Purchase of investment securities		-	(500)
Cost incurred on biological assets		(83)	(68)
Dividend received		5	-
Addition of intangible assets		(386)	-
Interest received		16	5
<b>Net cash flows used in investing activities</b>		<b><u>(840)</u></b>	<b><u>(778)</u></b>
<b>Financing activities</b>			
Contractual lease payment		(7)	(7)
Drawdown of borrowings		254	601
Repayment of borrowings		(388)	(531)
<b>Net cash flows (used in)/from financing activities</b>		<b><u>(141)</u></b>	<b><u>63</u></b>
<b>Net decrease in cash and cash equivalents</b>		<b>(8,036)</b>	<b>(6,106)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>22,146</b>	<b>14,550</b>
<b>Cash and cash equivalents at 31 March</b>		<b><u>14,110</u></b>	<b><u>8,444</u></b>

These condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 THREE-MONTH PERIOD ENDED 31 MARCH 2023**

**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 the requirement of the Companies Act 2016 in Malaysia 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 2022 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 2022, 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 2023, the Group adopted the following new and amended MFRSs and IC Interpretation mandatory for annual periods beginning on or after 1 January 2023:

<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 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

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

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

As at the date of authorisation of this financial statement, the following standards and interpretation are issued but not yet effective to the Group.

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 116 <i>Leases: Lease Liability in Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to 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 any material financial impact to the financial statements.

**GOLDEN PHAROS BERHAD ( Company No. 1986011003051 )**  
**EXPLANATORY NOTES PURSUANT TO MFRS 134**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

**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 adversely affected by the seasonal and cyclical factors such as rainy season.

**7. Unusual items due to their nature, size or 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.

	<b>Harvesting, forest plantation, sawmilling, sales of logs and logging compartment</b>	<b>Manufacturing</b>	<b>Others</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Results for 3 months ended</b>				
<b>31 March 2023</b>				
Operating revenue	3,539	4,868	29	8,436
Other operating income	197	11	9	217
Expenses	(5,471)	(5,437)	(928)	(11,836)
<b>Loss before taxation</b>	<b>(1,735)</b>	<b>(558)</b>	<b>(890)</b>	<b>(3,183)</b>
<b>Results for 3 months ended</b>				
<b>31 March 2022</b>				
Operating revenue	2,459	5,934	35	8,428
Other operating income	296	82	83	461
Expenses	(5,009)	(6,116)	(832)	(11,957)
<b>Loss before taxation</b>	<b>(2,254)</b>	<b>(100)</b>	<b>(714)</b>	<b>(3,068)</b>

**GOLDEN PHAROS BERHAD ( Company No. 1986011003051 )**  
**EXPLANATORY NOTES PURSUANT TO MFRS 134**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

**10. Loss before tax**

Included in the loss before taxation are the following items:

	<b>Current quarter 3 months ended</b>		<b>Cumulative quarter 3 months ended</b>	
	31.03.2023 RM'000	31.03.2022 RM'000	31.03.2023 RM'000	31.03.2022 RM'000
Interest income	(16)	(5)	(16)	(5)
Dividend income	(5)	-	-	-
Interest expenses	156	189	156	189
Gain on disposal of property, plant and equipment	(11)	(38)	(11)	(38)
Depreciation of:				
- Property, plant and equipment	460	456	460	456
- Investment properties	103	104	103	104
- Right-of-use assets	216	218	216	218
Reversal of allowance for impairment of trade and other receivables	(10)	(166)	(10)	(166)
Amortisation of intangible assets	536	310	536	310
Share-based payment under the LTIP:				
- Grant of ESOS	220	177	220	177
Provision for retirement benefits	177	174	177	174

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

	<b>Current quarter 3 months ended</b>		<b>Cumulative quarter 3 months ended</b>	
	31.03.2023 RM'000	31.03.2022 RM'000	31.03.2023 RM'000	31.03.2022 RM'000
Current income tax	5	6	5	6
Deferred income tax	(293)	(166)	(293)	(166)
Under/(over) provision of deferred tax in respect of previous years	426	(275)	426	(275)
	138	(435)	138	(435)
Effective tax rate	-4.3%	14.2%	-4.3%	14.2%

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.



**GOLDEN PHAROS BERHAD ( Company No. 1986011003051 )**  
**EXPLANATORY NOTES PURSUANT TO MFRS 134**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

**12. Loss per share**

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

		<b>Current quarter</b>		<b>Cumulative quarter</b>	
		<b>3 months ended</b>		<b>3 months ended</b>	
		31.03.2023	31.03.2022	31.03.2023	31.03.2022
Loss net of tax attributable to owners of the parent used in the computation of earnings per share	(RM'000)	(3,321)	(2,633)	(3,321)	(2,633)
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
Loss per share					
Basic	(sen)	(2.41)	(1.91)	(2.41)	(1.91)
Diluted	(sen)	(2.32)	(1.84)	(2.32)	(1.84)

**13. Valuation of property, plant and equipment and investment properties**

There were 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 three-month period ended 31 March 2023, the Group has acquired property, plant and equipment at a cost of RM411,000 (31 March 2022: RM254,000). As at 31 March 2023, the total depreciation charged for the property, plant and equipment was RM460,000 (31 March 2022: RM456,000). There were no property, plant and equipment written off during three-month period ended 31 March 2023 and 31 March 2022.

The Group has also disposed assets with carrying amount of RM8,000 during three-month period ended 31 March 2023 (31 March 2022: RM1,000), resulting in a gain of disposal of RM11,000 (31 March 2022: RM38,000) 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 THREE-MONTH PERIOD ENDED 31 MARCH 2023**

**15. Goodwill**

	<b>Goodwill</b> RM'000
<b>Cost:</b>	
At 1 January 2022/31 December 2022/31 March 2023	<u>613</u>
<b>Accumulated impairment:</b>	
At 1 January 2022/31 December 2022/31 March 2023	<u>(613)</u>
<b>Net carrying amount:</b>	
At 1 January 2022/31 December 2022/31 March 2023	<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>31 March 2023</b>				
<b>Fair value through other comprehensive income financial assets</b>				
Quoted investment securities:				
Equity instrument	<u>1,115</u>	<u>1,115</u>	<u>-</u>	<u>-</u>
<b>31 December 2022</b>				
<b>Fair value through other comprehensive income financial assets</b>				
Quoted investment securities:				
Equity instrument	<u>1,200</u>	<u>1,200</u>	<u>-</u>	<u>-</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 THREE-MONTH PERIOD ENDED 31 MARCH 2023**

**17. Cash and bank balances**

Cash and bank balances comprised the following amounts:

	<b>31.03.2023</b>	<b>31.12.2022</b>
	RM'000	RM'000
Cash at banks and in hand	6,109	22,146
Deposits in licensed banks	9,246	1,245
	<u>15,355</u>	<u>23,391</u>
Less:		
Deposits in licensed banks	(1,245)	(1,245)
<b>Total cash and cash equivalents</b>	<u><u>14,110</u></u>	<u><u>22,146</u></u>

**18. Share capital**

There were no issuances, cancellation, repurchases, resale and repayments of debts and equity securities for the financial period ended 31 March 2023.

**19. Borrowings**

	<b>31.03.2023</b>	<b>31.12.2022</b>
	RM'000	RM'000
<b>Current</b>		
Secured	2,590	1,995
<b>Non-current</b>		
Secured	7,307	7,953
Total borrowings	<u><u>9,897</u></u>	<u><u>9,948</u></u>

**20. Dividend proposed or declared**

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of financial year ended 31 December 2022 on 140,475,470 ordinary shares and 12,000,000 redeemable preference shares, amounting to dividend payable of RM1,905,943 (1.25 sen per share) will be proposed for shareholders' approval. This report does not reflect this dividend. Such dividend, if approved by the shareholders, will be accounted for equity as an appropriate of retained earnings in the quarter ending 30 June 2023.

**GOLDEN PHAROS BERHAD ( Company No. 1986011003051 )**  
**EXPLANATORY NOTES PURSUANT TO MFRS 134**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

**21. Commitments**

	<b>31.03.2023</b>	<b>31.12.2022</b>
	RM'000	RM'000
<b>Capital expenditure</b>		
Approved and contracted for:		
Plant and machinery	320	-
Motor vehicles	115	-
Office equipment	56	-
Building and renovation	-	-
Approved but not contracted for:		
Plant and machinery	5,950	6,270
Motor vehicles	1,615	1,730
Office equipment	184	240
Building and renovation	1,485	1,485
	<u>9,725</u>	<u>9,725</u>

**22. Related party transactions**

The following table provides information on the transactions which have been entered into with related parties during the three-month periods ended 31 March 2023 and 31 December 2022 as well as the balances with the related parties as at 31 March 2023 and 31 December 2022:

		<b>Management fee</b>	<b>Amounts owed to related parties</b>
		RM'000	RM'000
Entities with significant influence over the Group:			
Holding company			
Terengganu Incorporated Sdn. Bhd. ("TISB")	31.03.2023	1	1
	31.12.2022	3	-

**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 (1Q2023 vs 1Q2022)**

The Group's revenue of RM8.44 million in the current quarter ended 31 March 2023 ("1Q2023") improved slightly against RM8.43 million reported in the previous year's corresponding quarter ("1Q2022"). Correspondingly, the Group posted an improved gross profit of RM0.91 million during the quarter under review as compared with RM0.26 million reported in 1Q2022.

However, the Group's loss before taxation increased by 4% to RM3.18 million as compared with RM3.07 million reported in 1Q2022. This was mainly due to the decrease in other operating income because of lower reversal of allowance for impairment of receivables in 1Q2023 as compared with 1Q2022.

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

During the quarter under review, the harvesting, sawmilling, sales of logs and logging compartment's segment reported a loss before tax of RM1.74 million, 23% improvement from loss before tax of RM2.25 million reported in the previous year's corresponding quarter. This was in line with the notable increase in the segment's revenue by 44% to RM3.54 million in the current quarter as compared with RM2.46 million reported in 1Q2022.

The improved results in the segment's revenue and profit were contributed by increased volume of high value species of logs extracted and processed into sawn timber during the current quarter.

**Manufacturing segment**

In contrast, the manufacturing segment, which consists of glass, veneer and woodchip operations, reported an adverse performance, with the loss before tax in 1Q2023 increased to RM0.56 million from RM0.10 million reported in 1Q2022.

This unfavourable performance was due to the veneer processing mill operated below capacity as a result of lower logs supply.

**Other segment**

Other segment which refers to the investment holding and rental activity of the Group, recorded a slight decrease in revenue due to the discontinuation of tenancy for 1 unit of the Group's premise. There was an increase in loss, primarily contributed by the increase in the segments' administrative expenses.

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

	<b>Current quarter 31.03.2022 RM'000</b>	<b>Immediate preceding quarter 31.12.2022 RM'000</b>
Revenue	8,436	36,534
(Loss)/profit before tax	(3,183)	18,660

The Group's revenue for the quarter under review of RM8.43 million, decreased by 77% from RM36.35 million revenue reported in the immediate preceding quarter ("4Q2022"). Consequently, the Group recorded a loss before tax of RM3.20 million in the quarter under review.

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

During the quarter under review, the harvesting, forest plantation, sawmilling, sales of logs and logging compartment's segment posted a loss before tax of RM1.74 million with a revenue of RM3.54 million. There were significant reductions in profit and revenue, by 108% and 88% respectively, as compared with the preceding quarter's profit before tax of RM20.73 million and revenue of RM30.17 million. The major contribution to the reduced revenue and profitability was the absence of revenue from the tender of logging compartment for 1Q23 compared with RM25.12 million recorded in the preceding quarter.

The manufacturing segment also reported an adverse performance with a loss before tax in the current quarter increased to RM0.56 million as compared with RM0.12 million in the preceding quarter. The reduction in profitability was contributed by the decrease in segment's revenue as a result of lower logs supply for veneer operation.

Other segment recorded marginal revenue from its rental. With the reduction in the segment's operating expenses by 46%, there was a decrease in the segment's loss before tax.

**26. Commentary on prospect**

To address the challenges faced by the Group's harvesting operation, the Board has taken proactive approach by establishing an Executive Committee ("EXCO") with effect from 5 September 2022. The EXCO was established as an intermediary between the Board, Board Committees and the Management with the primary mandate of ensuring all the Board decisions and instructions to the Management are implemented smoothly and efficiently.

Since its inception, the EXCO has made significant strides towards enhancing the Group's operation and performance, with the logs harvested in 1Q2023 improved by 161% as compared against 1Q2022 (1,658 hoppus ton) despite the bad weather.

In order to sustain this positive momentum, the EXCO's functions will be expanded in the upcoming quarters to include the Group's manufacturing operations. This move underscores the Board's commitment to improving our corporate governance and operational efficiency by strengthening our decision-making processes and ensuring effective implementation to achieve sustainable growth and deliver long-term value to the stakeholders.

The Group's growth strategy entails a keen focus on several key drivers. First, the Group is increasing its upstream logging and harvesting activities, with the ultimate aim of securing a steady supply of logs to the timber-based subsidiaries. The Group has engaged and offered new and more attractive terms to logging contractors in order to secure their services in FY2023. The Group is also enhancing the capacity of its midstream sawmilling, downstream timber and also its glass operations, a move that is aimed at improving the results and performance further.

The Board will continue to implement the existing measures as follows:

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**26. Commentary on prospect (continued)**

- **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.
- 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 the 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 its logging yield and efficiency.

The unfavourable result in 1Q2023, due to the effect of adverse weather condition, was similar to 1Q2022. Notwithstanding this, the Board is cautiously optimistic with the action plans taken that the Group will continue to achieve positive momentum and prospect for the year 2023 onwards, as shown by the positive results registered in Financial Year 2022.

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

There was no contingent liabilities or contingent assets during the financial period ended 31 March 2023 and the previous financial year ended 31 December 2022.

**28. Changes in material litigation**

There was no material litigation against the Group.

**29. Dividend payable**

Please refer to Note 20 for details.

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**30. Risks and policies of derivatives**

The Group did not enter into any derivative during the financial period ended 31 March 2023 or the previous financial year ended 31 December 2022.

**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 March 2023 and 31 December 2022.

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

The auditors' report on the financial statements for the year ended 31 December 2022 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 31 May 2023.

By order of the Board

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