

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 2023

	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		30.09.2023 Unaudited RM'000	30.09.2022 Unaudited RM'000	30.09.2023 Unaudited RM'000	30.09.2022 Unaudited RM'000
Revenue		13,358	10,706	36,813	33,276
Cost of sales		<u>(10,047)</u>	<u>(8,770)</u>	<u>(27,825)</u>	<u>(26,372)</u>
Gross profit		3,311	1,936	8,988	6,904
Other operating income		308	547	1,348	1,375
Administrative expenses		(3,776)	(3,418)	(11,422)	(10,384)
Other operating expenses		<u>(374)</u>	<u>(319)</u>	<u>(1,039)</u>	<u>(972)</u>
Operating loss		(531)	(1,254)	(2,125)	(3,077)
Finance costs		<u>(179)</u>	<u>(202)</u>	<u>(505)</u>	<u>(562)</u>
Loss before tax	10	(710)	(1,456)	(2,630)	(3,639)
Income tax (expense)/benefit	11	<u>(159)</u>	<u>916</u>	<u>(653)</u>	<u>886</u>
Loss for the period, net of tax		<u>(869)</u>	<u>(540)</u>	<u>(3,283)</u>	<u>(2,753)</u>
Loss for the period attributable to:					
Owners of the parent		<u>(869)</u>	<u>(540)</u>	<u>(3,283)</u>	<u>(2,753)</u>
Loss per share attributable to owners of the parent (sen per share)					
- Basic	12	<u>(0.63)</u>	<u>(0.39)</u>	<u>(2.37)</u>	<u>(1.99)</u>
- Diluted	12	<u>(0.63)</u>	<u>(0.38)</u>	<u>(2.37)</u>	<u>(1.92)</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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023 (CONTINUED)

	Current quarter		Cumulative quarter	
	3 months ended		9 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Note	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Loss for the period, net of tax	(869)	(540)	(3,283)	(2,753)
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Net gain/(loss) on fair value changes of fair value through other comprehensive income ("FVTOCI") financial assets	17	(192)	(33)	(186)
Net gain on remeasurement of defined benefit obligations	-	-	-	33
Other comprehensive income/(loss) for the period, net of tax	17	(192)	(33)	(153)
Total comprehensive loss for the period, net of tax	(852)	(732)	(3,316)	(2,906)
Total comprehensive loss for the period, net of tax attributable to:				
Owners of the parent	(852)	(732)	(3,316)	(2,906)

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 30 SEPTEMBER 2023

		30.09.2023	31.12.2022
	Note	Unaudited RM'000	Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	14	14,908	14,309
Right-of-use assets		23,544	24,149
Investment properties		18,776	19,053
Biological assets		1,519	1,099
Intangible assets		333	973
Goodwill	15	-	-
Investment in associates		3,925	3,925
Deferred tax assets		644	149
Investment securities	16	1,167	1,200
		<u>64,816</u>	<u>64,857</u>
Current assets			
Inventories		11,135	4,717
Trade and other receivables		19,091	16,053
Tax recoverable		2,969	2,325
Cash and bank balances	17	7,631	23,391
		<u>40,826</u>	<u>46,486</u>
Total assets		<u>105,642</u>	<u>111,343</u>
Equity and liabilities			
Equity			
Share capital	18	81,744	81,664
Retained earnings		12,586	16,946
Other reserves		(21,387)	(20,683)
Total equity		<u>72,943</u>	<u>77,927</u>
Non-current liabilities			
Retirement benefit obligations		6,992	6,844
Deferred tax liabilities		873	-
Borrowings	19	6,557	7,953
Lease liabilities		45	13
		<u>14,467</u>	<u>14,810</u>
Current liabilities			
Retirement benefit obligations		571	1,075
Borrowings	19	4,161	1,995
Lease liabilities		29	39
Trade and other payables		13,471	15,497
		<u>18,232</u>	<u>18,606</u>
Total liabilities		<u>32,699</u>	<u>33,416</u>
Total equity and liabilities		<u>105,642</u>	<u>111,343</u>
Net assets per share attributable to owners of the parent ("RM")		0.53	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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

	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	RM'000
Opening balance at 1 January 2023	77,927	81,664	16,946	(20,683)	102	1,262	(22,718)	671
Loss for the period	(3,283)	-	(3,283)	-	-	-	-	-
Other comprehensive income								
- Net loss on fair value changes of FVTOCI financial assets	(33)	-	-	(33)	(33)	-	-	-
Total comprehensive loss	(3,316)	-	(3,283)	(33)	(33)	-	-	-
Transaction with owners								
- Dividend	(1,906)	-	(1,906)	-	-	-	-	-
- Issuance of ordinary shares through exercise of ESOS	54	54	-	-	-	-	-	-
- Share-based payment under the LTIP: Grant of ESOS	184	-	-	184	-	-	-	184
- Transfer to share capital upon ESOS exercised	-	26	-	(26)	-	-	-	(26)
- ESOS lapsed	-	-	829	(829)	-	-	-	(829)
Closing balance at 30 September 2023	72,943	81,744	12,586	(21,387)	69	1,262	(22,718)	-
Opening balance at 1 January 2022	70,100	81,664	8,874	(20,438)	213	1,262	(22,718)	805
Loss for the period	(2,753)	-	(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)	-	-	-
Transaction with owners								
- Share-based payment under the LTIP: Grant of ESOS	177	-	-	177	-	-	-	177
- Dividend	(1,372)	-	(1,372)	-	-	-	-	-
Closing balance at 30 September 2022	65,999	81,664	6,154	(20,447)	27	1,262	(22,718)	982

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

	Note	9 months ended	
		30.09.2023 Unaudited RM'000	30.09.2022 Unaudited RM'000
Operating activities			
Loss before tax		(2,630)	(3,639)
<u>Adjustments for:</u>			
Interest income	10	(381)	(25)
Dividend income	10	(208)	(116)
Interest expenses	10	653	562
Gain on disposal of property, plant and equipment	10	(110)	(43)
Depreciation of:			
- Property, plant and equipment	10	1,443	1,406
- Investment properties	10	313	315
- Right-of-use assets	10	646	664
Property, plant and equipment written off	10	8	-
Reversal of allowance for impairment of trade and other receivables	10	(50)	(483)
Amortisation of intangible assets	10	2,160	929
Share-based payment under the LTIP:			
- Grant of ESOS	10	184	177
Provision for retirement benefits	10	533	525
Total adjustments		<u>5,191</u>	<u>3,911</u>
Operating cash flows before changes in working capital		2,561	272
<u>Changes in working capital</u>			
Increase in inventory		(6,418)	(361)
Increase in trade and other receivables		(2,988)	(8,780)
(Decrease)/increase in trade and other payables		(2,026)	9,558
Total changes in working capital		<u>(11,432)</u>	<u>417</u>
Interest paid		(650)	(561)
Income taxes paid		(919)	(2,164)
Retirement benefits paid		(889)	(300)
Total changes in working capital		<u>(2,458)</u>	<u>(3,025)</u>
Net cash flows used in operating activities		<u>(11,329)</u>	<u>(2,336)</u>
Investing activities			
Purchase of property, plant and equipment	14	(1,844)	(2,310)
Purchase of investment properties		(36)	-
Proceeds from disposal of property, plant and equipment		118	53
Withdrawal of deposit with licensed bank		-	300
Additional investment in investment securities		-	(595)
Cost incurred on biological assets		(420)	(539)
Dividend paid		(1,906)	(1,372)
Dividend received		208	116
Addition of intangible assets		(1,520)	(1,126)
Interest received		381	11
Net cash flows used in investing activities		<u>(5,019)</u>	<u>(5,462)</u>

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 2023 (CONTINUED)

	9 months ended	
	30.09.2023	30.09.2022
	Unaudited	Unaudited
Note	RM'000	RM'000
Financing activities		
Proceeds from issuance of ESOS exercised	54	-
Contractual lease payment	(22)	(22)
Drawdown of borrowings	1,151	1,983
Repayment of borrowings	(2,344)	(3,053)
Net cash flows used in financing activities	(1,161)	(1,092)
Net decrease in cash and cash equivalents	(17,509)	(8,890)
Cash and cash equivalents at 1 January	22,146	14,550
Cash and cash equivalents at 30 September	4,637	5,660

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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:

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
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.

Description	Effective for annual periods beginning on or after
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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 not 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.

	Harvesting, forest plantation, sawmilling, sales of logs and logging compartment	Manufacturing	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000
Results for 3 months ended				
30 September 2023				
Operating revenue	8,359	4,969	30	13,358
Other operating income	247	52	9	308
Expenses	(7,989)	(5,292)	(1,095)	(14,376)
Profit/(loss) before tax	617	(271)	(1,056)	(710)
Results for 3 months ended				
30 September 2022				
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)
Loss before tax	(431)	(87)	(938)	(1,456)

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

9. Segment information & "(continued) "

	Harvesting, forest plantation, sawmilling, sales of logs and logging compartment RM'000	Manufacturing RM'000	Others RM'000	Consolidated RM'000
Results for 9 months ended 30 September 2023				
Operating revenue	22,510	14,214	89	36,813
Other operating income	1,115	204	29	1,348
Expenses	(21,911)	(15,746)	(3,134)	(40,791)
Profit/(loss) before tax	1,714	(1,328)	(3,016)	(2,630)
Results for 9 months ended 30 September 2022				
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)
Loss before tax	(453)	(464)	(2,722)	(3,639)

10. Loss before tax

Included in the loss before taxation are the following items:

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Interest income	(275)	(13)	(381)	(25)
Dividend income	-	(107)	(208)	(116)
Interest expenses	159	202	653	562
Loss/(gain) on disposal of property, plant and equipment	1	-	(110)	(43)
Depreciation of:				
- Property, plant and equipment	535	514	1,443	1,406
- Investment properties	94	85	313	315
- Right-of-use assets	281	221	646	664
Property, plant and equipment written off	8	-	8	-
Provision/(reversal) of allowance for impairment of trade and other receivables	47	(154)	(50)	(483)
Amortisation of intangible assets	920	82	2,160	929
Share-based payment under the LTIP:				
- Grant of ESOS	26	-	184	177
Provision for retirement benefits	178	175	533	525

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

11. Income tax expense/(benefit)

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Current income tax	542	24	550	72
Over provision of income tax in respect of previous years	(274)	(955)	(274)	(955)
Deferred income tax	246	4	306	312
(Over)/under provision of deferred tax in respect of previous years	(355)	11	71	(315)
	<u>159</u>	<u>(916)</u>	<u>653</u>	<u>(886)</u>
Effective tax rate	-22.4%	62.9%	-24.8%	24.3%

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.

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.

		Current quarter 3 months ended		Cumulative quarter 9 months ended	
		30.09.2023	30.09.2022	30.09.2023	30.09.2022
Loss net of tax attributable to owners of the parent used in the computation of earnings per share	(RM'000)	<u>(869)</u>	<u>(540)</u>	<u>(3,283)</u>	<u>(2,753)</u>
Weighted average number of ordinary shares in issue	(' 000)	<u>138,238</u>	<u>138,079</u>	<u>138,238</u>	<u>138,079</u>
Effect of dilution					
- Employee Share Option Scheme ("ESOS")	(' 000)	<u>-</u>	<u>5,357</u>	<u>-</u>	<u>5,357</u>
Weighted average number of ordinary shares for diluted loss per share	(' 000)	<u>138,238</u>	<u>143,436</u>	<u>138,238</u>	<u>143,436</u>
Loss per share					
Basic	(sen)	<u>(0.63)</u>	<u>(0.39)</u>	<u>(2.37)</u>	<u>(1.99)</u>
Diluted	(sen)	<u>(0.63)</u>	<u>(0.38)</u>	<u>(2.37)</u>	<u>(1.92)</u>

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.

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

14. Property, plant and equipment

During the nine-month period ended 30 September 2023, the Group has acquired property, plant and equipment at a cost of RM1,844,000 (30 September 2022: RM2,310,000). As at 30 September 2023, the total depreciation charged for the property, plant and equipment was RM1,443,000 (30 September 2022: RM1,406,000). Property, plant and equipment with a carrying amount of RM8,000 were written off by the Group during nine-month period ended 30 September 2023 (30 September 2022: RMNil)

The Group has also disposed assets with carrying amount of RM8,000 during nine-month period ended 30 September 2023 (30 September 2022:RM10,000), resulting in a gain of disposal of RM110,000 (30 September 2022:RM43,000) recognised and included in other income in the statement of profit and loss and other comprehensive income.

15. Goodwill

	Goodwill RM'000
Cost:	
At 1 January 2022/31 December 2022/30 September 2023	<u>613</u>
Accumulated impairment:	
At 1 January 2022/31 December 2022/30 September 2023	<u>(613)</u>
Net carrying amount:	
At 1 January 2022/31 December 2022/30 September 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:

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
30 September 2023				
Fair value through other comprehensive income financial assets				
Quoted investment securities:				
Equity instrument	<u>1,167</u>	<u>1,167</u>	<u>-</u>	<u>-</u>
31 December 2022				
Fair value through other comprehensive income financial assets				
Quoted investment securities:				
Equity instrument	<u>1,200</u>	<u>1,200</u>	<u>-</u>	<u>-</u>

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

16. Fair value hierarchy (continued)

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.

17. Cash and bank balances

Cash and bank balances comprised the following amounts:

	30.09.2023	31.12.2022
	RM'000	RM'000
Cash at banks and in hand	5,369	22,146
Deposits in licensed banks	2,262	1,245
	<u>7,631</u>	<u>23,391</u>
Less:		
Overdrafts	(1,749)	-
Deposits in licensed banks	(1,245)	(1,245)
Total cash and cash equivalents	<u><u>4,637</u></u>	<u><u>22,146</u></u>

18. Share capital

During the financial period ended 30 September, the Company increased its issued and paid-up share capital by way of an issuance of 300,000 ordinary shares from exercise of options under the Employees Share Option Scheme ("ESOS") at the exercise price of RM0.18 per option which amounted to RM54,000.

Issued and fully paid:	RM '000
At 1 January 2023	81,664
Issuance of shares arising from exercise of ESOS	54
Transfer from employee share option reserves upon ESOS exercised	26
At 30 September 2023	<u><u>81,744</u></u>

19. Borrowings

	30.09.2023	31.12.2022
	RM'000	RM'000
Current		
Secured	4,161	1,995
Non-current		
Secured	6,557	7,953
Total borrowings	<u><u>10,718</u></u>	<u><u>9,948</u></u>

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

20. Dividend proposed or declared

A single tier final dividend of 140,475,470 ordinary share and 12,000,000 redeemable preference share of 1.25 sen per ordinary share in respect of the financial year ended 31 December 2022 has been approved by the Shareholders at the 36th Annual General Meeting and paid on 14 July 2023 to depositors registered in the records of Depositors on 3 July 2023 at 4.30 p.m.

21. Commitments

	30.09.2023	31.12.2022
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Plant and machinery	785	-
Motor vehicles	420	-
Office equipment	126	-
Building and renovation	36	-
Approved but not contracted for:		
Plant and machinery	5,485	6,270
Motor vehicles	1,309	1,730
Office equipment	114	240
Building and renovation	1,449	1,485
	9,725	9,725

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 30 September 2023 and 31 December 2022 as well as the balances with the related parties as at 30 September 2023 and 31 December 2022:

		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")	30.09.2023	1	39
	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.

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING
REQUIREMENT: CHAPTER 9, APPENDIX 9B, PART A
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

24. Performance review

(a) Current Quarter vs Corresponding Quarter of Previous Period (3Q2023 vs 3Q2022)

The Group registered a much-improved result in the current quarter ended 30 September 2023 ("3Q2023") compared to the previous year's corresponding quarter ("3Q2022"), with revenue increased by 25% to RM13.36 million from RM10.71 million reported previously. Consequently, the Group achieved a higher gross profit of RM3.31 million, 71% increase from RM1.94 million reported in 3Q2022. Gross profit margin improved notably from 18% to 25%.

The Group's loss before tax for the quarter stood at RM0.71million, reduced 51% from RM1.46 million loss before tax in 3Q2022.

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

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

In 3Q2023, the harvesting, forest plantation, sawmilling, sales of logs and logging compartment segment reported a profit before tax of RM0.62 million, a turnaround result from the loss before tax of RM0.43 million reported in 3Q2022. The significant increase in revenue in 3Q2023 was in line with higher logs production during the quarter. Logs production was reported at 6,473 hoppus tonne as compared to 3,239 hoppus tonne reported in the previous year's corresponding quarter.

Manufacturing segment

Meanwhile, the manufacturing segment which is the manufacturing activities of glass, veneer and woodchip of the Group, reported an adverse performance with a loss before tax of RM0.27 million in the quarter under review as compared to a loss before tax of RM0.09 million reported in 3Q2022.

This unfavourable performance was in line with the decline in the segment's revenue, mainly due to the stiff competition in retaining the glass supply, resulted in the price pressure despite the increase in production volume.

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 decrease in the segments' other operating income.

(b) Current Period-to-date vs Previous Period-to-date (9M2023 vs 9M2022)

During the nine-month period ended 30 September 2023 ("9M2023"), the Group recorded a revenue of RM36.81 million, an increase of 11% from RM33.28 million recorded in the previous year's corresponding period ("9M2022"). As a result, the Group's loss before tax reduced to RM2.63 million in 9M2023 as compared to loss before tax of RM3.64 million reported in 9M2022.

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING
REQUIREMENT: CHAPTER 9, APPENDIX 9B, PART A
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

24. Performance review (continued)

(b) Current Period-to-date vs Previous Period-to-date (9M2023 vs 9M2022) (continued)

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

The harvesting, forest plantation, sawmilling, sales of logs and logging compartment recorded a substantial increase in profit before tax to RM1.71 million, a turnaround result from loss before tax of RM0.45 million reported in 9M2022. The major factor contributed to this encouraging performance was due to higher price secured from forward sales of standing trees in its logging concession. In addition, sales of logs to external parties also contributed to the increase in revenue and profitability.

Manufacturing segment

During the period under review, the manufacturing segment reported lower operating revenue of RM14.21 million in 9M2023 against RM17.64 million reported in 9M2022. As a result, the segment posted higher loss before tax of RM1.33 million as compared to RM0.46 million loss before tax reported in 9M2022.

The segment's performance was affected by the drop in glass sales by 14% from RM15.58 million in 9M2022 to RM13.34 million reported in the previous year corresponding period.

Other segment

Other segment which refers to the investment holding and rental of properties activity of the Group, has recorded a slight decrease in revenue from its rental, due to the discontinuation of tenancy for 1 unit of the Group's premise. Furthermore, the segment recorded a reduction in other operating income due to lower reversal of allowance for impairment of the segment's receivables during the period.

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

	Current quarter 30.09.2023 RM'000	Immediate preceding quarter 30.06.2023 RM'000
Revenue	13,358	15,019
(Loss)/profit before taxation	(710)	1,263

The Group's revenue for the quarter under review was RM13.36 million, decreased by 11% from RM15.02 million reported in the Second Quarter ended 30 June 2023 ("2Q2023"). Accordingly, the Group's profit before tax turned into a loss before tax of RM0.71 million in the quarter under review.

During the current quarter, the harvesting, forest plantation, sawmilling, sales of logs and logging compartment's segment posted a profit before tax of RM0.62 million with a revenue of RM8.36 million. There were significant reductions in profit and revenue, by 78% and 21% respectively, as compared with the preceding quarter's profit before tax of RM2.83 million and revenue of RM10.61 million. The major contribution to the lowered revenue and profitability achievement was the absence of revenue from the tender of logging compartment for 3Q2023 compared with RM5.24 million recorded in the preceding quarter.

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING
REQUIREMENT: CHAPTER 9, APPENDIX 9B, PART A
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

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

In contrast, the manufacturing segment's loss before tax decreased to RM0.27 million in current quarter as compared to RM0.50 million reported in the immediate preceding quarter. The segment's revenue increased by 14% from RM4.38 million to RM4.97 million in 3Q2023.

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

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 for the 9M2023 improved by 107% to 14,962 hoppus ton as compared against 7,243 hoppus ton reported for the 9M2022 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 strengthening of the harvesting activity through enhancing tree marking process, prioritising 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.

For the full year in FY2023, the Board is optimistic that the Group will continue to achieve positive results from the prospect and mitigation plans taken in the fourth quarter 2023. This is based on the positive results yielded in the full year FY2022 despite the similar loss position recorded during the first nine-month period ended 30 September 2022.

**GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING
REQUIREMENT: CHAPTER 9, APPENDIX 9B, PART A
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

27. Changes in contingent liabilities and contingent assets

There was no contingent liabilities or contingent assets during the financial period ended 30 September 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.

30. Risks and policies of derivatives

The Group did not enter into any derivative during the financial period ended 30 September 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 30 September 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 28 November 2023.

By order of the Board

Dr. Mohd Zaki bin Hamzah
Chief Executive Officer