

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31.12.2023 Unaudited RM'000	31.12.2022 Unaudited RM'000	31.12.2023 Unaudited RM'000	31.12.2022 Unaudited RM'000
Revenue		52,858	36,534	89,671	69,810
Cost of sales		<u>(11,892)</u>	<u>(10,252)</u>	<u>(39,717)</u>	<u>(36,624)</u>
Gross profit		40,966	26,282	49,954	33,186
Other operating income		(28)	262	1,320	1,637
Administrative expenses		(8,590)	(7,802)	(20,012)	(18,186)
Other operating expenses		(473)	(432)	(1,512)	(1,404)
Share of result of associate		<u>155</u>	<u>458</u>	<u>155</u>	<u>458</u>
Operating profit		32,030	18,768	29,905	15,691
Finance costs		<u>(150)</u>	<u>(108)</u>	<u>(655)</u>	<u>(670)</u>
Profit before tax	10	31,880	18,660	29,250	15,021
Income tax expense	11	<u>(4,190)</u>	<u>(4,052)</u>	<u>(4,843)</u>	<u>(3,166)</u>
Profit for the year, net of tax		<u>27,690</u>	<u>14,608</u>	<u>24,407</u>	<u>11,855</u>
Profit for the period attributable to:					
Owners of the parent		<u>27,690</u>	<u>14,608</u>	<u>24,407</u>	<u>11,855</u>
Profit per share attributable to owners of the parent (sen per share)					
- Basic	12	<u>20.03</u>	<u>10.58</u>	<u>17.66</u>	<u>8.59</u>
- Diluted	12	<u>20.03</u>	<u>10.18</u>	<u>17.66</u>	<u>8.27</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 YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Note	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Profit for the year, net of tax	27,690	14,608	24,407	11,855
Other comprehensive income				
Other comprehensive income not 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	25	75	(8)	(111)
Net loss on remeasurement of defined benefit obligations	(515)	(380)	(515)	(347)
Share of other comprehensive income of an associate	-	(148)	-	(148)
Other comprehensive loss for the period, net of tax	(490)	(453)	(523)	(606)
Total comprehensive income for the period, net of tax	27,200	14,155	23,884	11,249
Total comprehensive income for the period, net of tax attributable to:				
Owners of the parent	27,200	14,155	23,884	11,249

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 DECEMBER 2023

	Note	31.12.2023 Unaudited RM'000	31.12.2022 Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	14	15,347	14,309
Right-of-use assets		23,309	24,149
Investment properties		18,664	19,053
Biological assets		2,017	1,099
Intangible assets		661	973
Goodwill	15	-	-
Investment in associates		3,876	3,925
Deferred tax assets		1,002	149
Investment securities	16	1,192	1,200
		<u>66,068</u>	<u>64,857</u>
Current assets			
Inventories		9,408	4,717
Trade and other receivables		18,287	16,053
Tax recoverable		456	2,325
Cash and bank balances	17	40,431	23,391
		<u>68,582</u>	<u>46,486</u>
Total assets		<u>134,650</u>	<u>111,343</u>
Equity and liabilities			
Equity			
Share capital	18	79,744	81,664
Retained earnings		32,825	16,946
Other reserves		(21,362)	(20,683)
Total equity		<u>91,207</u>	<u>77,927</u>
Non-current liabilities			
Retirement benefit obligations		7,626	6,844
Deferred tax liabilities		1,058	-
Borrowings	19	7,225	7,953
Lease liabilities		41	13
Trade and other payables		1,626	-
		<u>17,576</u>	<u>14,810</u>
Current liabilities			
Retirement benefit obligations		618	1,075
Borrowings	19	1,764	1,995
Lease liabilities		27	39
Trade and other payables		23,458	15,497
		<u>25,867</u>	<u>18,606</u>
Total liabilities		<u>43,443</u>	<u>33,416</u>
Total equity and liabilities		<u>134,650</u>	<u>111,343</u>
Net assets per share attributable to owners of the parent ("RM")		0.66	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 YEAR ENDED 31 DECEMBER 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	
Opening balance at 1 January 2023	77,927	81,664	16,946	(20,683)	102	1,262	(22,718)	671
Profit for the year	24,407	-	24,407	-	-	-	-	-
Other comprehensive income								
- Net loss on fair value changes of FVTOCI financial assets	(8)	-	-	(8)	(8)	-	-	-
- Net loss on remeasurement of defined benefit obligations	(515)	-	(515)	-	-	-	-	-
Total comprehensive income	23,884	-	23,892	(8)	(8)	-	-	-
<u>Transaction with owners</u>								
- Dividend	(8,842)	-	(8,842)	-	-	-	-	-
- Redemption of redeemable preference shares	(2,000)	(2,000)	-	-	-	-	-	-
- 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 31 December 2023	91,207	79,744	32,825	(21,362)	94	1,262	(22,718)	-
Opening balance at 1 January 2022	70,100	81,664	8,874	(20,438)	213	1,262	(22,718)	805
Profit for the year	11,855	-	11,855	-	-	-	-	-
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)	-	-	-	-	-
- Share of other comprehensive income of an associate	(148)	-	(148)	-	-	-	-	-
Total comprehensive income	11,249	-	11,360	(111)	(111)	-	-	-
<u>Transaction with owners</u>								
- Dividend	(3,354)	-	(3,354)	-	-	-	-	-
- Share-based payment under the LTIP: Grant of ESOS	(68)	-	-	(68)	-	-	-	(68)
- ESOS lapsed	-	-	66	(66)	-	-	-	(66)
Closing balance at 31 December 2022	77,927	81,664	16,946	(20,683)	102	1,262	(22,718)	671

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 YEAR ENDED 31 DECEMBER 2023

	Note	12 months ended	
		31.12.2023 Unaudited RM'000	31.12.2022 Unaudited RM'000
Operating activities			
Profit before tax		29,250	15,021
<u>Adjustments for:</u>			
Interest income	10	(416)	(54)
Dividend income	10	(6)	(20)
Interest expenses	10	655	670
Gain on disposal of property, plant and equipment	10	(131)	(358)
Gain on disposal of assets-held-for-sale	10	-	(11)
Depreciation of:			
- Property, plant and equipment	10	1,944	1,912
- Investment properties	10	425	420
- Right-of-use assets	10	882	885
Inventories written down	10	-	96
Property, plant and equipment written off	10	8	733
Reversal of allowance for impairment of trade and other receivables	10	(41)	(281)
Bad debts recovered	10	(33)	(241)
Other receivables written off		-	51
Amortisation of intangible assets	10	4,724	1,468
Share-based payment under the LTIP:			
- Grant of ESOS	10	184	(68)
Share of results of an associate	10	(155)	(458)
Provision for retirement benefits	10	781	693
Total adjustments		8,821	5,437
Operating cash flows before changes in working capital		38,071	20,458
<u>Changes in working capital</u>			
(Increase)/decrease in inventory		(4,691)	1,736
(Increase)/decrease in trade and other receivables		(2,160)	865
Increase/(decrease) in trade and other payables		4,633	(2,434)
Total changes in working capital		(2,218)	167
Interest paid		(97)	(103)
Income taxes paid		(2,769)	(3,052)
Retirement benefits paid		(972)	(528)
Total changes in working capital		(3,838)	(3,683)
Net cash flows from operating activities		32,015	16,942
Investing activities			
Purchase of property, plant and equipment	14	(2,316)	(3,499)
Purchase of investment properties		(36)	-
Proceeds from disposal of property, plant and equipment		166	370
Proceeds from disposal of assets-held-for-sale		-	21
Withdrawal of deposit with licensed bank		-	274
Additional investment in investment securities		-	(592)
Cost incurred on biological assets		(918)	(862)
Dividend received		209	20
Addition of intangible assets		(4,412)	(1,804)
Interest received		416	54
Net cash flows used in investing activities		(6,891)	(6,018)

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	12 months ended	
	31.12.2023	31.12.2022
	Unaudited	Unaudited
Note	RM'000	RM'000
Financing activities		
Dividend paid	(3,888)	(1,372)
Proceeds from issuance of ESOS exercised	54	-
Redemption of redeemable preference shares	(2,000)	-
Contractual lease payment	(29)	(29)
Repayment of borrowings,net	(2,221)	(1,927)
Net cash flows used in financing activities	(8,084)	(3,328)
Net increase in cash and cash equivalents	17,040	7,596
Cash and cash equivalents at 1 January	22,146	14,550
Cash and cash equivalents at 31 December	39,186	22,146

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 YEAR ENDED 31 DECEMBER 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 YEAR ENDED 31 DECEMBER 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 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				
31 December 2023				
Operating revenue	47,263	5,565	30	52,858
Other operating income	59	(96)	9	(28)
Expenses	(11,490)	(7,065)	(2,550)	(21,105)
Share of result of an associate	155	-	-	155
Profit/(loss) before tax	35,987	(1,596)	(2,511)	31,880
Results for 3 months ended				
31 December 2022				
Operating revenue	30,168	6,341	25	36,534
Other operating income	274	226	(238)	262
Expenses	(10,167)	(6,684)	(1,743)	(18,594)
Share of result of an associate	458	-	-	458
Profit/(loss) before tax	20,733	(117)	(1,956)	18,660

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE YEAR ENDED 31 DECEMBER 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 12 months ended 31 December 2023				
Operating revenue	69,773	19,780	118	89,671
Other operating income	1,174	108	38	1,320
Expenses	(33,402)	(22,811)	(5,683)	(61,896)
Share of result of an associate	155	-	-	155
Profit/(loss) before tax	37,700	(2,923)	(5,527)	29,250
Results for 12 months ended 31 December 2022				
Operating revenue	45,702	23,983	125	69,810
Other operating income	1,203	427	7	1,637
Expenses	(27,083)	(24,991)	(4,810)	(56,884)
Share of result of an associate	458	-	-	458
Profit/(loss) before tax	20,280	(581)	(4,678)	15,021

10. Profit before tax

Included in the profit before taxation are the following items:

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Interest income	(35)	(29)	(416)	(54)
Dividend income	202	96	(6)	(20)
Interest expenses	2	108	655	670
Gain on disposal of property, plant and equipment	(21)	(315)	(131)	(358)
Gain on disposal of assets-held-for-sale	-	(11)	-	(11)
Depreciation of:				
- Property, plant and equipment	501	506	1,944	1,912
- Investment properties	112	105	425	420
- Right-of-use assets	236	221	882	885
Inventories written down	-	96	-	96
Property, plant and equipment written off	-	733	8	733
Provision/(reversal) of allowance for impairment of trade and other receivables	9	202	(41)	(281)
Bad debts recovered	(33)	(241)	(33)	(241)
Other receivables written off	-	51	-	51

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE YEAR ENDED 31 DECEMBER 2023

10. Profit before tax (continued)

Included in the profit before taxation are the following items: (continued)

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	2,564	539	4,724	1,468
Share-based payment under the LTIP:				
- Grant of ESOS	-	(245)	184	(68)
Share of result of an associate	(155)	(458)	(155)	(458)
Provision for retirement benefits	248	168	781	693

11. Income tax expense

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Current income tax	4,302	2,644	4,852	2,716
Under/(over) provision of income tax in respect of previous years	61	19	(213)	(936)
Deferred income tax	(476)	32	(170)	344
Underprovision of deferred tax in respect of previous years	303	1,357	374	1,042
	4,190	4,052	4,843	3,166
Effective tax rate	13.1%	21.7%	16.6%	21.1%

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 under provision of deferred tax in the previous year.

12. Profit per share

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

		Current quarter		Cumulative quarter	
		3 months ended		12 months ended	
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
Profit net of tax attributable to owners of the parent used in the computation of earnings per share	(RM'000)	27,690	14,608	24,407	11,855
Weighted average number of ordinary shares in issue	(' 000)	138,238	138,079	138,238	138,079

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE YEAR ENDED 31 DECEMBER 2023

12. Profit per share (continued)

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

		Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
Effect of dilution					
- Employee Share Option Scheme ("ESOS")	(' 000)	-	5,357	-	5,357
Weighted average number of ordinary shares for diluted loss per share	(' 000)	138,238	143,436	138,238	143,436
Profit per share					
Basic	(sen)	20.03	10.58	17.66	8.59
Diluted	(sen)	20.03	10.18	17.66	8.27

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 financial year ended 31 December 2023, the Group has acquired property, plant and equipment at a cost of RM2,316,000 (31 December 2022: RM3,499,000). As at 31 December 2023, the total depreciation charged for the property, plant and equipment was RM1,944,000 (31 December 2022: RM1,912,000). Property, plant and equipment with a carrying amount of RM8,000 were written off by the Group during financial year ended 31 December 2023 (31 December 2022: RM733,000)

The Group has also disposed assets with carrying amount of RM35,000 during the financial year ended 31 December 2023 (31 December 2022: RM12,000), resulting in a gain of disposal of RM131,000 (31 December 2022: RM358,000) 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 2022/31 December 2023	<u>613</u>
Accumulated impairment:	
At 1 January 2022/31 December 2022/31 December 2023	<u>(613)</u>
Net carrying amount:	
At 1 January 2022/31 December 2022/31 December 2023	<u>-</u>

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE YEAR ENDED 31 DECEMBER 2023

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	Level 1	Level 2	Level 3
	RM'000	RM'000	RM'000	RM'000
31 December 2023				
Fair value through other comprehensive income financial assets				
Quoted investment securities:				
Equity instrument	1,192	1,192	-	-
<hr/>				
31 December 2022				
Fair value through other comprehensive income financial assets				
Quoted investment securities:				
Equity instrument	1,200	1,200	-	-
<hr/>				

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:

	31.12.2023	31.12.2022
	RM'000	RM'000
Cash at banks and in hand	39,169	22,146
Deposits in licensed banks	1,262	1,245
	<hr/>	<hr/>
	40,431	23,391
Less:		
Deposits in licensed banks	(1,245)	(1,245)
Total cash and cash equivalents	<hr/> 39,186	<hr/> 22,146

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE YEAR ENDED 31 DECEMBER 2023

18. Share capital

- (a) During the financial year ended 31 December, 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.
- (b) During the financial year ended 31 December 2023, the Company redeemed 2,000,000 out of the total of 12,000,000 redeemable preference shares ("RPS") for a total redemption sum of RM2,000,000 pursuant to the terms of the RPS ("Redemption"). Subsequent to the Redemption, the number of the remaining RPS of the Company shall be reduced to 10,000,000 (RM10,000,000).

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
Redemption of redeemable preference shares	(2,000)
At 31 December 2023	<u>79,744</u>

19. Borrowings

	31.12.2023	31.12.2022
	RM'000	RM'000
Current		
Secured	1,764	1,995
Non-current		
Secured	7,225	7,953
Total borrowings	<u>8,989</u>	<u>9,948</u>

20. Dividend proposed or declared

- (a) 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.
- (b) A single tier first-interim dividend of 140,475,470 ordinary share and 10,000,000 redeemable preference share of 2.85 sen per ordinary share in respect of the financial year ended 31 December 2023 has been approved by the Board of Directors of the Company on 12 December 2023 and paid on 15 January 2024 to depositors registered in the records of Depositors on 28 December 2023 at 5.00 p.m.
- (c) A single tier second-interim dividend of 140,475,470 ordinary share and 10,000,000 redeemable preference share of 1.75 sen per ordinary share in respect of the financial year ended 31 December 2023 has been approved by the Board of Directors of the Company on 27 December 2023 and paid on 9 February 2024 to depositors registered in the records of Depositors on 10 January 2024 at 5.00 p.m.

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE YEAR ENDED 31 DECEMBER 2023

21. Commitments

	31.12.2023	31.12.2022
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Plant and machinery	2,269	-
Motor vehicles	1,048	-
Office equipment	162	-
Building and renovation	36	-
Approved but not contracted for:		
Plant and machinery	4,001	6,270
Motor vehicles	682	1,730
Office equipment	78	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 financial year ended 31 December 2023 and 31 December 2022 as well as the balances with the related parties as at 31 December 2023 and 31 December 2022:

		Management fee	Amounts owed to related parties
		RM'000	RM'000
Entities with significant influence over the Group:			
Holding company			
Terengganu Incorporated Sdn. Bhd. ("TISB")	31.12.2023	9	-
	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 FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. Performance review

(a) Current Quarter vs Corresponding Quarter of Previous Period (4Q2023 vs 4Q2022)

The Group reported a significant improvement in financial results for the current quarter ended 31 December 2023 ("4Q2023") as compared with the previous year's corresponding quarter ("4Q2022"). The profit before tax ("PBT") of the Group improved substantially to RM31.88 million from RM18.66 million reported in 4Q2022 on the back of the increase in revenue by 45% from RM36.53 million in 4Q2022 to RM52.86 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 compartment

During the quarter, the segment's revenue increased by 57% or RM17.1 million to RM47.26 million as compared with RM30.17 million reported in 4Q2022. Consequentially, the segment's profit before tax increased by 74% to RM35.99 million as compared with RM20.73 million reported in 4Q2022.

This significant improvement was attributed by the higher proceeds from tender of its logging compartments amounting to RM42.68 million as compared against RM25.12 million proceeds in 4Q2022.

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 RM1.60 million in the quarter under review as compared to a loss before tax of RM0.12 million reported in 4Q2022.

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 glass sales dropped by 12% in the current quarter.

Other segment

Other segment which refers to the investment holding and rental activity of the Group, recorded an increase in loss before tax from RM1.966 million in 4Q2022 to RM2.51 million, primarily contributed by the increase in segment's administrative expenses during the quarter under review.

(b) Current Period-to-date vs Previous Period-to-date (FY2022 vs FY2023)

Similar to the current quarter's performance, the Group's performance for the financial year ended 31 December 2023 ("FY2023") recorded a much-improved results compared with the previous year's corresponding period ("FY2022"). The Group's revenue improved by 28% to RM89.67 million from RM69.81 million reported in FY2022. As a result, the Group registered a tremendous profit before tax of RM29.25 million in FY2023 from RM15.02 million in FY2022.

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING
REQUIREMENT: CHAPTER 9, APPENDIX 9B, PART A
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. Performance review (continued)

(b) Current Period-to-date vs Previous Period-to-date (FY2022 vs FY2023) (continued)

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

In FY2023, the segment reported a profit before tax of RM37.7 million, an increase of 86% from FY2022's profit before tax of RM20.28 million. This significant increase was in line with the growth in revenue by 53% to RM69.77 million, as a result of higher sales proceeds from tender of the segment's logging compartments during the year as compared to FY2022. The segment has secured a contract valuing RM47.91 million from the tender of seven logging compartments in FY2023. In addition, sales of logs to external parties also contributed to the increase in revenue and profitability.

Logs production was reported at 16,624 hoppus tonne, improved substantially from 7,918 hoppus tonne reported in the previous year's corresponding period.

Manufacturing segment

During the period under review, the manufacturing segment reported lower operating revenue of RM19.78 million in FY2023 against RM23.98 million reported in FY2022. As a result, the segment posted higher loss before tax of RM2.92 million as compared to RM0.58 million loss before tax reported in FY2022.

The segment's performance was affected by the drop in glass sales by 14% from RM21.09 million in FY2022 to RM18.16 million reported in FY2023.

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. 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.

	Current quarter 31.12.2023 RM'000	Immediate preceding quarter 30.09.2023 RM'000
Revenue	52,858	13,358
Profit/(loss) before taxation	31,880	(710)

The Group's result improved significantly in the current quarter with a profit before tax recorded at RM31.88 million as compared to a loss before tax of RM0.71 million reported in the immediate preceding quarter. Similarly, the revenue improved drastically by 295% in the current quarter.

The major contribution for the improved result was from the harvesting, forest plantation, sawmilling, sales of logs and logging compartment segment with the jump in revenue by 465%. The segment reported a profit before tax of RM35.99 million as compared to a profit before tax of RM0.62 million reported in the immediate preceding quarter.

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING
REQUIREMENT: CHAPTER 9, APPENDIX 9B, PART A
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

The factor contributed to this tremendous performance was due to the higher price secured from the open tender of the segment's logging compartment. During the quarter, the segment's has secured the contract of RM42.68 million which is higher than the target base price.

In contrast, the manufacturing segment's loss before tax increased to RM1.60 million in the current quarter as compared to RM0.27million in the immediate preceding quarter. As reported, glass operation faced stiff competition in retaining the glass supply, resulted in the price pressure while veneer operation was affected by the lower logs received.

While other segment reported an increase in loss before tax by 138% from RM1.06 million reported in the immediate preceding quarter. The adverse performance in the quarter under review was due to the increase in segment's administrative expenses. □

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 FY2023 improved by 110% to 16,624 hoppus ton as compared against 7,918 hoppus ton reported for the FY2022 despite the bad weather.

In order to sustain this positive momentum, the EXCO's functions has been expanded to include the Group's manufacturing operations. This move underscores the Board's commitment in improving corporate governance and operational efficiency by strengthening 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.

Going forward, the Board will continue its commitment in ensuring the Group achieves positive results after the mitigation plans were successfully delivered in 2023. These plans have yielded positive results for the full year 2023. Despite the loss position recorded during the first nine-month period ended 30 September 2023, the Group finally recorded highest profit achievement in 2023 since listed.

**GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING
REQUIREMENT: CHAPTER 9, APPENDIX 9B, PART A
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 31 December 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 December 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 February 2024.

By order of the Board

Dr. Mohd Zaki bin Hamzah
Chief Executive Officer