

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

	Note	Current quarter		Cumulative quarter	
		3 months ended		6 months ended	
		30.06.2024	30.06.2023	30.06.2024	30.06.2023
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
Revenue		9,605	15,019	17,521	23,455
Cost of sales		<u>(10,690)</u>	<u>(10,247)</u>	<u>(18,424)</u>	<u>(17,778)</u>
Gross (loss)/profit		(1,085)	4,772	(903)	5,677
Other operating income		351	822	573	1,039
Administrative expenses		(4,184)	(3,817)	(8,101)	(7,646)
Other operating expenses		<u>(349)</u>	<u>(344)</u>	<u>(716)</u>	<u>(665)</u>
Operating (loss)/profit		(5,267)	1,433	(9,147)	(1,595)
Finance costs		<u>(167)</u>	<u>(170)</u>	<u>(279)</u>	<u>(326)</u>
(Loss)/profit before tax	10	(5,434)	1,263	(9,426)	(1,921)
Income tax benefit/(expense)	11	<u>431</u>	<u>(356)</u>	<u>681</u>	<u>(494)</u>
(Loss)/profit for the year, net of tax		<u>(5,003)</u>	<u>907</u>	<u>(8,745)</u>	<u>(2,415)</u>
(Loss)/profit for the period attributable to:					
Owners of the parent		<u>(5,003)</u>	<u>907</u>	<u>(8,745)</u>	<u>(2,415)</u>
(Loss)/earnings per share attributable to owners of the parent (sen per share)					
- Basic	12	<u>(3.62)</u>	<u>0.66</u>	<u>(6.33)</u>	<u>(1.75)</u>
- Diluted	12	<u>(3.62)</u>	<u>0.63</u>	<u>(6.33)</u>	<u>(1.68)</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 2023 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 SIX-MONTH PERIOD ENDED 30 JUNE 2024 (CONTINUED)

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	Unaudited	Unaudited	Unaudited	Unaudited
Note	RM'000	RM'000	RM'000	RM'000
(Loss)/profit for the year, net of tax	(5,003)	907	(8,745)	(2,415)
Other comprehensive income				
Other comprehensive income not 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				
	(170)	35	148	(50)
Other comprehensive (loss)/income for the period, net of tax	(170)	35	148	(50)
Total comprehensive (loss)/income for the period, net of tax	(5,173)	942	(8,597)	(2,465)
Total comprehensive (loss)/income for the period, net of tax attributable to:				
Owners of the parent	(5,173)	942	(8,597)	(2,465)

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 2023 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 JUNE 2024

		30.06.2024	31.12.2023
	Note	Unaudited RM'000	Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	14	15,247	15,690
Right-of-use assets		22,913	23,307
Investment properties		18,406	18,666
Biological assets		2,306	2,107
Intangible assets		2,786	661
Goodwill	15	-	-
Investment in associates		3,883	3,883
Deferred tax assets		777	97
Investment securities	16	1,341	1,192
		<u>67,659</u>	<u>65,603</u>
Current assets			
Inventories		8,091	9,124
Trade and other receivables		15,293	17,407
Tax recoverable		2,625	980
Cash and bank balances	17	22,292	40,836
		<u>48,301</u>	<u>68,347</u>
Total assets		<u>115,960</u>	<u>133,950</u>
Equity and liabilities			
Equity			
Share capital	18	79,744	79,744
Retained earnings		20,970	29,715
Other reserves		(19,214)	(19,362)
Total equity		<u>81,500</u>	<u>90,097</u>
Non-current liabilities			
Retirement benefit obligations		7,690	7,695
Borrowings	19	7,109	6,805
Lease liabilities		64	41
		<u>14,863</u>	<u>14,541</u>
Current liabilities			
Retirement benefit obligations		479	549
Borrowings	19	1,769	2,238
Lease liabilities		27	27
Trade and other payables		17,322	26,498
		<u>19,597</u>	<u>29,312</u>
Total liabilities		<u>34,460</u>	<u>43,853</u>
Total equity and liabilities		<u>115,960</u>	<u>133,950</u>
Net assets per share attributable to owners of the parent ("RM")		0.59	0.65

These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 SIX-MONTH PERIOD ENDED 30 JUNE 2024

	Attributable to owners of the parent								
	Equity, total	Non- distributable	Distributable	Total retained earnings	Other reserves, total	Non-distributable			
		Share capital				Equity contribution from owners	Capital redemption reserve	Fair value adjustment reserve	Reserve arising from merger
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening balance at 1 January 2024	90,097	79,744	29,715	(19,362)	1,262	2,000	94	(22,718)	-
Loss for the year	(8,745)	-	(8,745)	-	-	-	-	-	-
Other comprehensive income									
- Net gain on fair value changes of FVTOCI financial assets	148	-	-	148	-	-	148	-	-
Total comprehensive (loss)/income	(8,597)	-	(8,745)	148	-	-	148	-	-
Closing balance at 30 June 2024	81,500	79,744	20,970	(19,214)	1,262	2,000	242	(22,718)	-
Opening balance at 1 January 2023	77,927	81,664	16,946	(20,683)	1,262	-	102	(22,718)	671
Loss for the year	(2,415)	-	(2,415)	-	-	-	-	-	-
Other comprehensive income									
- Net loss on fair value changes of FVTOCI financial assets	(50)	-	-	(50)	-	-	(50)	-	-
Total comprehensive loss	(2,465)	-	(2,415)	(50)	-	-	(50)	-	-
Transaction with owners									
- Share-based payment under the LTIP: Grant of ESOS	158	-	-	158	-	-	-	-	158
Closing balance at 30 June 2023	75,620	81,664	14,531	(20,575)	1,262	-	52	(22,718)	829

These condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 SIX-MONTH PERIOD ENDED 30 JUNE 2024

	Note	6 months ended	
		30.06.2024	30.06.2023
		Unaudited RM'000	Unaudited RM'000
Operating activities			
Loss before tax		(9,426)	(1,921)
<u>Adjustments for:</u>			
Interest income	10	(112)	(106)
Dividend income	10	(5)	(208)
Interest expenses	10	279	326
Gain on disposal of property, plant and equipment	10	(71)	(111)
Gain on derecognition of Right-of-use assets	10	(9)	-
Depreciation of:			
- Property, plant and equipment	10	1,021	908
- Investment properties	10	260	219
- Right-of-use assets	10	439	365
Reversal of allowance for impairment of trade and other receivables	10	(35)	(97)
Amortisation of intangible assets	10	327	1,240
Share-based payment under the LTIP:			
- Grant of ESOS	10	-	158
Provision for retirement benefits	10	371	355
Total adjustments		<u>2,465</u>	<u>3,049</u>
Operating cash flows before changes in working capital		(6,961)	1,128
<u>Changes in working capital</u>			
Decrease/(increase) in inventory		1,033	(3,887)
Decrease/(increase) in trade and other receivables		2,148	(4,941)
Increase in trade and other payables		(2,300)	(2,798)
Total changes in working capital		<u>881</u>	<u>(11,626)</u>
Interest paid		(277)	(324)
Income taxes paid		(1,645)	(686)
Retirement benefits paid		(446)	(770)
Total changes in working capital		<u>(2,368)</u>	<u>(1,780)</u>
Net cash flows used in operating activities		<u>(8,448)</u>	<u>(12,278)</u>
Investing activities			
Purchase of property, plant and equipment	14	(690)	(471)
Proceeds from disposal of property, plant and equipment		183	119
Cost incurred on biological assets		(199)	(238)
Withdrawal of deposit with licensed bank		(1,030)	-
Dividend received		5	208
Addition of intangible assets		(2,452)	(1,365)
Interest received		106	106
Net cash flows used in investing activities		<u>(4,077)</u>	<u>(1,641)</u>

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024 (CONTINUED)

	Note	6 months ended	
		30.06.2024 Unaudited RM'000	30.06.2023 Unaudited RM'000
Financing activities			
Dividend paid		(6,876)	-
Contractual lease payment		(14)	(14)
Repayment of borrowings,net		(758)	(709)
Net cash flows used in financing activities		(7,648)	(723)
Net decrease in cash and cash equivalents		(20,173)	(14,642)
Cash and cash equivalents at 1 January		27,534	22,146
Cash and cash equivalents at 30 June		7,361	7,504

These condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 SIX-MONTH PERIOD ENDED 30 JUNE 2024

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 2023 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 2023, 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 2024, the Group adopted the following new and amended MFRSs and IC Interpretation mandatory for annual periods beginning on or after 1 January 2024:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16 Lease: Lease liability in a sale and leaseback	1 January 2024
Amendments to MFRS 101 Classification of Liabilities as Current or Non Current	1 January 2024
Amendments to MFRS 107 and MFRS 7 Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 101 Non-current Liabilities with Covenants	1 January 2024

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 121 Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	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 SIX-MONTH PERIOD ENDED 30 JUNE 2024

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 RM'000	Manufacturing RM'000	Others RM'000	Consolidated RM'000
Results for 3 months ended 30 June 2024				
Operating revenue	5,490	4,016	99	9,605
Other operating income	257	6	88	351
Expenses	(7,511)	(6,704)	(1,175)	(15,390)
Loss before tax	(1,764)	(2,682)	(988)	(5,434)
Results for 3 months ended 30 June 2023				
Operating revenue	10,613	4,376	30	15,019
Other operating income	671	141	10	822
Expenses	(8,452)	(5,017)	(1,109)	(14,578)
Profit/(Loss) before tax	2,832	(500)	(1,069)	1,263

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

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 6 months ended 30 June 2024				
Operating revenue	8,295	9,074	152	17,521
Other operating income	475	6	92	573
Expenses	(12,876)	(12,359)	(2,285)	(27,520)
Loss before tax	(4,106)	(3,279)	(2,041)	(9,426)
Results for 6 months ended 30 June 2023				
Operating revenue	14,152	9,245	58	23,455
Other operating income	868	152	19	1,039
Expenses	(13,922)	(10,454)	(2,039)	(26,415)
Profit/(Loss) before tax	1,098	(1,057)	(1,962)	(1,921)

10. (Loss)/profit before tax

Included in the loss before taxation are the following items:

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Interest income	(32)	(90)	(112)	(106)
Dividend income	-	(203)	(5)	(208)
Interest expenses	168	170	279	326
Gain on disposal of property, plant and equipment	(72)	(100)	(71)	(111)
Gain on derecognition of Right-of-use assets	-	-	(9)	-
Depreciation of:				
- Property, plant and equipment	530	448	1,021	908
- Investment properties	118	116	260	219
- Right-of-use assets	220	149	439	365
Reversal of allowance for impairment of trade and other receivables	(17)	(87)	(35)	(97)
Amortisation of intangible assets	145	704	327	1,240
Share-based payment under the LTIP:				
- Grant of ESOS	-	(62)	-	158
Provision for retirement benefits	185	178	371	355

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

11. Income tax (benefit)/expense

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Current income tax	(249)	2	-	7
Deferred income tax	(188)	353	(690)	60
Underprovision of deferred tax in respect of previous years	6	1	9	427
	<u>(431)</u>	<u>356</u>	<u>(681)</u>	<u>494</u>
Effective tax rate	7.9%	28.2%	7.2%	-25.7%

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)/earnings per share

Basic (loss)/earnings per share amounts are calculated by dividing (loss)/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		6 months ended	
		30.06.2024	30.06.2023	30.06.2024	30.06.2023
(Loss)/profit net of tax attributable to owners of the parent used in the computation of earnings per share	(RM'000)	<u>(5,003)</u>	<u>907</u>	<u>(8,745)</u>	<u>(2,415)</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)/earnings per share					
Basic	(sen)	<u>(3.62)</u>	<u>0.66</u>	<u>(6.33)</u>	<u>(1.75)</u>
Diluted	(sen)	<u>(3.62)</u>	<u>0.63</u>	<u>(6.33)</u>	<u>(1.68)</u>

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
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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 six-month period ended 30 June 2024, the Group has acquired property, plant and equipment at a cost of RM690,000 (30 June 2023: RM471,000). As at 30 June 2024, the total depreciation charged for the property, plant and equipment was RM1,021,000 (30 June 2023: RM908,000). There were no property, plant and equipment written off by the Group during six-month period ended 30 June 2024 and 30 June 2023.

The Group has also disposed assets with carrying amount of RM254,000 during the financial year ended 30 June 2024 (30 June 2023: RM8,000), resulting in a gain of disposal of RM71,000 (30 June 2023: RM111,000) 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 2023/31 December 2023/30 June 2024	<u>613</u>
Accumulated impairment:	
At 1 January 2023/31 December 2023/30 June 2024	<u>(613)</u>
Net carrying amount:	
At 1 January 2023/31 December 2023/30 June 2024	<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

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

16. Fair value hierarchy (Continued)

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
30 June 2024				
Fair value through other comprehensive income financial assets				
Quoted investment securities:				
Equity instrument	1,341	1,341	-	-
<hr/>				
31 December 2023				
Fair value through other comprehensive income financial assets				
Quoted investment securities:				
Equity instrument	1,192	1,192	-	-
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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:

	30.06.2024	31.12.2023
	RM'000	RM'000
	<hr/>	
Cash at banks and in hand	4,954	27,534
Deposits in licensed banks	17,338	13,302
	<hr/>	
	22,292	40,836
Less:		
Bank overdraft	(593)	-
Deposits in licensed banks	(14,338)	(13,302)
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Total cash and cash equivalents	7,361	27,534
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18. Share capital

There were no issuances, cancellation, repurchases, resale and repayments of debts and equity securities for the financial period ended 30 June 2023.

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

19. Borrowings

	30.06.2024	31.12.2023
	RM'000	RM'000
Current		
Secured	1,769	2,238
Non-current		
Secured	7,109	6,805
Total borrowings	<u>8,878</u>	<u>9,043</u>

20. Dividend proposed or declared

There was no dividend declared by the Company during the financial period ended 30 June 2024 (30 June 2023: RM1,906,000).

21. Commitments

	30.06.2024	31.12.2023
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Plant and machinery	450	-
Motor vehicles	44	-
Office equipment	115	-
Building and renovation	1,074	-
Approved but not contracted for:		
Plant and machinery	6,715	7,165
Motor vehicles	1,808	1,853
Office equipment	388	504
Building and renovation	1,460	2,534
	<u>12,056</u>	<u>12,056</u>

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 30 June 2024 and 31 December 2023 as well as the balances with the related parties as at 30 June 2024 and 31 December 2023:

		Amount due to	Management
		related parties	fee
		RM'000	RM'000
Entities with significant influence over the Group:			
Holding company			
Terengganu Incorporated Sdn. Bhd. ("TISB")	30.06.2024	122	-
	31.12.2023	-	9

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FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

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.

24. Performance review

(a) Current Quarter vs Corresponding Quarter of Previous Period (2Q2024 vs 2Q2023)

The Group recorded a unfavourable performance in the current quarter ended 30 June 2024 ("2Q2024") as compared to the previous year's corresponding quarter ("2Q2023"), with a revenue declined by 36% from RM15.02 million to RM9.61 million in 2Q2024. As a result, the Group posted a loss after tax of RM5.00 million as compared with profit after tax of RM0.91 million reported in 2Q2023.

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

During the quarter under review, the segment posted a loss before tax of RM1.76 million with revenue recorded at RM5.49 million. As compared to the segment's performance in 2Q2023, there were significant reductions from a profit before tax of RM4.60 million, in line with revenue reduction by 48%. The main contribution to the reduced revenue and profitability for the segment was due to no contribution from tender of logging compartment in 2Q2024 as compared to RM5.24 million in 2Q2023.

Manufacturing segment

Similarly, the manufacturing segment, which consists of glass, veneer and woodchip operations, reported an adverse performance, with the loss before tax in 2Q2024 increased to RM2.68 million from RM0.50 million reported in 2Q2023.

This unfavourable performance was in line with the decline in the segment's revenue, mainly due to the veneer processing mill operating below capacity. Meanwhile, revenue contribution from glass also showing a declining trend due to slowdown in construction industry especially in medium and high-end housing sector.

Other segment

Other segment which refers to the investment holding and rental activity of the Group, recorded a decreased in loss before tax from RM1.07 million in 2Q2023 to RM0.99 million, primarily contributed by the increase in segment's revenue due to new tenancy of 1 unit of the Group's land.

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24. Performance review (continued)

(b) Current Period-to-date vs Previous Period-to-date (6M2024 vs 6M2023)

The Group registered a revenue of RM17.52 million in the current quarter ended 30 June 2024 ("2Q2024"), reduced significantly from RM23.46 million reported in the previous year's corresponding quarter ("2Q2023"). Accordingly, the Group's loss before tax increased by 391% to RM9.43 million from RM1.92 million recorded in 2Q2023.

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

The segment's revenue declined by 41% to RM8.30 million from RM14.15 million reported in 6M2023. The logging activity encountered challenges in securing logging licenses which led to lower logs supply to the mill. For record, a total of 3,988 hoppus tonne logs were extracted during the 6M2024 as compared with 8,489 hoppus tonne logs extracted during the same period previous year. Consequently, sawn timber production and sales volume reduced significantly in the current period.

Manufacturing segment

During the period under review, the segment's loss before tax increased to RM3.28 million from RM1.06 million reported in the same period previous year. The unfavourable performance was due to veneer operation which has been affected by lower logs supply and boiler breakdown while fixed cost remain and glass operation faced slowdown in construction industry.

Other segment

Other segment which include the Group's investment holding and rental activities, has recorded an increase in revenue from its rental. However, there was increased in loss before tax contributed by the increase in segment's operating expenses by 12%.

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

	Current quarter 30.06.2024 RM'000	Immediate preceding quarter 31.03.2024 RM'000
Revenue	9,605	7,916
(Loss)/profit before taxation	(5,434)	(3,991)

The Group's revenue of RM9.61 million in the current quarter ("2Q2024") improved slightly against RM7.92 million reported in the immediate preceding quarter (1Q2024). However, the Group's loss before tax increased by 36% to RM5.43 million compared to RM3.99 million in 1Q2024. The decline in the Group's performance was contributed by the adverse performance of manufacturing segment of the Group.

During the quarter under review, the harvesting, forest plantation, sawmilling, sales of logs and logging compartment posted a loss before tax of RM 1.76 million compared to a loss before tax of RM2.04 million reported in the immediate preceding quarter. The result was in line with the improved in segment's revenue by 99% to RM5.49 million in 2Q2024 from RM2.77 million in 1Q2024. The favourable performance was driven by the better average selling price secured for sawn timber as well as revenue from reactivation of moulding production line in the current quarter.

In contrast, the manufacturing segment's loss before tax increased to RM2.68 million in the current quarter as compared to RM0.90 million in the immediate preceding quarter. As reported, veneer operation was affected by the lower logs received, running below capacity while fixed cost remain.

Meanwhile, other segment reported loss before tax of RM0.99 million for the current quarter compared to RM1.06 million in immediate preceding quarter of despite an increase in revenue from rental. This is due to an increase in certain administrative expenses.

26. Commentary on prospect

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 FY2024. 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.

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26. Commentary on prospect (Continued)

Currently, we are in the process of upgrading our technology with new software and digital tools like E-Balak and Geospatial Remote Sensing to streamline our inventory management and fieldwork processes.

To manage licensing, our team maintains regular contact with the Terengganu Forestry Department (“JPNT”), by providing regular updates and participating in key meetings with them.

Additionally, our Board of Directors (“BOD”) and Executive Committees (“EXCO”) are actively overseeing licensing progress through regular meetings to ensure everything stays on track.

We are also exploring several new projects to drive revenue and profitability, such as carbon trading, pyrolysis biochar plant, and photovoltaic solar system. With these initiatives in place, the Board is cautiously optimistic that the Group will continue to achieve favourable momentum and prospects for the year 2024 onwards.

27. Changes in contingent liabilities and contingent assets

There was no contingent liabilities or contingent assets during the financial period ended 30 June 2024 and the previous financial year ended 31 December 2023.

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 June 2024 or the previous financial year ended 31 December 2023.

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 June 2024 and 31 December 2023.

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32. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2023 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 20 August 2024.

By order of the Board

Mohd Roslan bin Mamat
Acting Chief Executive Officer