

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 2024

	Note	Current quarter		Cumulative quarter	
		3 months ended		9 months ended	
		30.09.2024	30.09.2023	30.09.2024	30.09.2023
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
Revenue		10,658	13,358	28,178	36,813
Cost of sales		<u>(11,337)</u>	<u>(10,047)</u>	<u>(29,762)</u>	<u>(27,825)</u>
Gross (loss)/profit		(679)	3,311	(1,584)	8,988
Other operating income		647	308	1,221	1,348
Administrative expenses		(4,195)	(3,776)	(12,295)	(11,422)
Other operating expenses		<u>(295)</u>	<u>(374)</u>	<u>(1,011)</u>	<u>(1,039)</u>
Operating loss		(4,522)	(531)	(13,669)	(2,125)
Finance costs		<u>(126)</u>	<u>(179)</u>	<u>(405)</u>	<u>(505)</u>
Loss before tax	10	(4,648)	(710)	(14,074)	(2,630)
Income tax benefit/(expense)	11	<u>708</u>	<u>(159)</u>	<u>1,389</u>	<u>(653)</u>
Loss for the year, net of tax		<u>(3,940)</u>	<u>(869)</u>	<u>(12,685)</u>	<u>(3,283)</u>
Loss for the period attributable to:					
Owners of the parent		<u>(3,940)</u>	<u>(869)</u>	<u>(12,685)</u>	<u>(3,283)</u>
Loss per share attributable to owners of the parent (sen per share)					
- Basic	12	<u>(2.85)</u>	<u>(0.63)</u>	<u>(9.18)</u>	<u>(2.37)</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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024 (CONTINUED)

	Current quarter		Cumulative quarter	
	3 months ended		9 months ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	Unaudited	Unaudited	Unaudited	Unaudited
Note	RM'000	RM'000	RM'000	RM'000
Loss for the year, net of tax	(3,940)	(869)	(12,685)	(3,283)
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				
	(47)	17	101	(33)
Other comprehensive (loss)/income for the period, net of tax	(47)	17	101	(33)
Total comprehensive loss for the period, net of tax	(3,987)	(852)	(12,584)	(3,316)
Total comprehensive loss for the period, net of tax attributable to:				
Owners of the parent	(3,987)	(852)	(12,584)	(3,316)

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 SEPTEMBER 2024

		30.09.2024	31.12.2023
	Note	Unaudited RM'000	Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	14	15,771	15,690
Right-of-use assets		22,692	23,307
Investment properties		18,290	18,666
Biological assets		2,506	2,107
Intangible assets		2,309	661
Goodwill	15	-	-
Investment in associates		3,883	3,883
Deferred tax assets		1,353	97
Investment securities	16	1,294	1,192
		<u>68,098</u>	<u>65,603</u>
Current assets			
Inventories		9,026	9,124
Trade and other receivables		15,960	17,407
Tax recoverable		4,447	980
Cash and bank balances	17	17,018	40,836
		<u>46,451</u>	<u>68,347</u>
Total assets		<u>114,549</u>	<u>133,950</u>
Equity and liabilities			
Equity			
Share capital	18	79,744	79,744
Retained earnings		17,030	29,715
Other reserves		(19,261)	(19,362)
Total equity		<u>77,513</u>	<u>90,097</u>
Non-current liabilities			
Retirement benefit obligations		7,411	7,695
Borrowings	19	6,260	6,805
Lease liabilities		58	41
		<u>13,729</u>	<u>14,541</u>
Current liabilities			
Retirement benefit obligations		479	549
Borrowings	19	2,709	2,238
Lease liabilities		27	27
Trade and other payables		20,092	26,498
		<u>23,307</u>	<u>29,312</u>
Total liabilities		<u>37,036</u>	<u>43,853</u>
Total equity and liabilities		<u>114,549</u>	<u>133,950</u>
Net assets per share attributable to owners of the parent ("RM")		0.56	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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

	Attributable to owners of the parent								
	Non-distributable		Distributable	Other reserves, total	Non-distributable				
	Equity, total	Share capital			Equity contribution from owners	Capital redemption reserve	Fair value adjustment reserve	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 2024	90,097	79,744	29,715	(19,362)	1,262	2,000	94	(22,718)	-
Loss for the year	(12,685)	-	(12,685)	-	-	-	-	-	-
Other comprehensive income									
- Net gain on fair value changes of FVTOCI financial assets	101	-	-	101	-	-	101	-	-
Total comprehensive (loss)/income	(12,584)	-	(12,685)	101	-	-	101	-	-
Closing balance at 30 September 2024	77,513	79,744	17,030	(19,261)	1,262	2,000	195	(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	(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)	-	-
<u>Transaction with owners</u>									
- Dividend	(1,906)	-	(1,906)	-	-	-	-	-	-
- Issuance of ordinary shares through exercised 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)	1,262	-	69	(22,718)	-

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024**

	Note	9 months ended	
		30.09.2024 Unaudited RM'000	30.09.2023 Unaudited RM'000
Operating activities			
Loss before tax		(14,074)	(2,630)
<u>Adjustments for:</u>			
Interest income	10	(148)	(381)
Dividend income	10	(83)	(208)
Interest expenses	10	405	653
Gain on disposal of property, plant and equipment	10	(145)	(110)
Gain on derecognition of Right-of-use assets	10	(9)	-
Depreciation of:			
- Property, plant and equipment	10	1,569	1,443
- Investment properties	10	376	313
- Right-of-use assets	10	660	646
Property, plant and equipment written off	10	1	8
Reversal of allowance for impairment of trade and other receivables	10	(47)	(50)
Amortisation of intangible assets	10	797	2,160
Share-based payment under the LTIP:			
- Grant of ESOS	10	-	184
Provision for retirement benefits	10	564	533
Total adjustments		<u>3,940</u>	<u>5,191</u>
Operating cash flows before changes in working capital		(10,134)	2,561
<u>Changes in working capital</u>			
Decrease/(increase) in inventory		98	(6,418)
Decrease/(increase) in trade and other receivables		1,494	(2,988)
Increase/(decrease) in trade and other payables		470	(2,026)
Total changes in working capital		<u>2,062</u>	<u>(11,432)</u>
Interest paid		(397)	(650)
Income taxes paid		(3,334)	(919)
Retirement benefits paid		(918)	(889)
Total changes in working capital		<u>(4,649)</u>	<u>(2,458)</u>
Net cash flows used in operating activities		<u>(12,721)</u>	<u>(11,329)</u>
Investing activities			
Purchase of property, plant and equipment	14	(1,803)	(1,844)
Purchase of investment properties		-	(36)
Proceeds from disposal of property, plant and equipment		297	118
Cost incurred on biological assets		(399)	(420)
Withdrawal of deposit with licensed bank		(60)	-
Dividend received		83	208
Addition of intangible assets		(2,445)	(1,520)
Interest received		136	381
Net cash flows used in investing activities		<u>(4,191)</u>	<u>(3,113)</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 2024 (CONTINUED)

	9 months ended	
	30.09.2024	30.09.2023
	Unaudited	Unaudited
Note	RM'000	RM'000
Financing activities		
Dividend paid	(6,876)	(1,906)
Proceeds from issuance of ESOS exercised	-	54
Contractual lease payment	(21)	(22)
Repayment of borrowings,net	(979)	(1,193)
Net cash flows used in financing activities	(7,876)	(3,067)
Net decrease in cash and cash equivalents	(24,788)	(17,509)
Cash and cash equivalents at 1 January	27,534	22,146
Cash and cash equivalents at 30 September	2,746	4,637

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 September 2024				
Operating revenue	5,616	4,943	99	10,658
Other operating income	495	81	71	647
Expenses	(8,963)	(5,707)	(1,283)	(15,953)
Loss before tax	(2,852)	(683)	(1,113)	(4,648)
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)

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 9 months ended 30 September 2024				
Operating revenue	13,911	14,017	250	28,178
Other operating income	1,040	88	93	1,221
Expenses	(22,385)	(17,521)	(3,567)	(43,473)
Loss before tax	(7,434)	(3,416)	(3,224)	(14,074)
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)

10. Loss before tax

Included in the loss before taxation are the following items:

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30.09.2024 RM'000	30.09.2023 RM'000	30.09.2024 RM'000	30.09.2023 RM'000
Interest income	(36)	(275)	(148)	(381)
Dividend income	(78)	-	(83)	(208)
Interest expenses	126	327	405	653
Gain on disposal of property, plant and equipment	(74)	1	(145)	(110)
Gain on derecognition of Right-of-use assets	-	-	(9)	-
Depreciation of:				
- Property, plant and equipment	548	535	1,569	1,443
- Investment properties	116	94	376	313
- Right-of-use assets	221	281	660	646
Property, plant and equipment written off	1	8	1	8
Reversal of allowance for impairment of trade and other receivables	(12)	47	(47)	(50)
Amortisation of intangible assets	470	920	797	2,160
Share-based payment under the LTIP:				
- Grant of ESOS	-	26	-	184
Provision for retirement benefits	193	178	564	533

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

11. Income tax (benefit)/expense

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30.09.2024 RM'000	30.09.2023 RM'000	30.09.2024 RM'000	30.09.2023 RM'000
Current income tax	-	543	-	550
Over provision of income tax in respect of previous years	(133)	(274)	(133)	(274)
Deferred income tax	(618)	246	(1,308)	306
Under/(over) provision of deferred tax in respect of previous years	43	(356)	52	71
	<u>(708)</u>	<u>159</u>	<u>(1,389)</u>	<u>653</u>
Effective tax rate	15.2%	-22.4%	9.9%	-24.8%

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 deductible 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 3 months ended		Cumulative quarter 9 months ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
(Loss)/profit net of tax attributable to owners of the parent used in the computation of earnings per share	(RM'000) <u>(3,940)</u>	<u>(869)</u>	<u>(12,685)</u>	<u>(3,283)</u>
Weighted average number of ordinary shares in issue	(' 000) <u>138,238</u>	<u>138,238</u>	<u>138,238</u>	<u>138,238</u>
(Loss)/earnings per share Basic	(sen) <u>(2.85)</u>	<u>(0.63)</u>	<u>(9.18)</u>	<u>(2.37)</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 2024

14. Property, plant and equipment

During the nine-month period ended 30 September 2024, the Group has acquired property, plant and equipment at a cost of RM1,803,000 (30 September 2023: RM1,844,000). As at 30 September 2024, the total depreciation charged for the property, plant and equipment was RM1,569,000 (30 September 2023: RM1,443,000). Property, plant and equipment with a carrying amount of RM1,000 were written off by the Group during nine-month period ended 30 September 2024 (30 September 2023: RM8,000).

The Group has also disposed assets with carrying amount of RM152,000 during the financial year ended 30 September 2024 (30 September 2023: RM8,000), resulting in a gain of disposal of RM145,000 (30 September 2023: RM110,000) 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 September 2024	613
Accumulated impairment:	
At 1 January 2023/31 December 2023/30 September 2024	(613)
Net carrying amount:	
At 1 January 2023/31 December 2023/30 September 2024	-

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
30 September 2024				
Fair value through other comprehensive income financial assets				
Quoted investment securities:				
Equity instrument	1,294	1,294	-	-

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

16. Fair value hierarchy (Continued)

As at the reporting date, the Group held the following financial assets that are measured at fair value: (continued)

	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	-	-

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:

	30.09.2024	31.12.2023
	RM'000	RM'000
Cash at banks and in hand	3,650	27,534
Deposits in licensed banks	13,368	13,302
	<u>17,018</u>	<u>40,836</u>
Less:		
Bank overdraft	(904)	-
Deposits in licensed banks	(13,368)	(13,302)
Total cash and cash equivalents	<u>2,746</u>	<u>27,534</u>

18. Share capital

There were no issuances, cancellation, repurchases, resale and repayments of debts and equity securities for the financial period ended 30 September 2024.

19. Borrowings

	30.09.2024	31.12.2023
	RM'000	RM'000
Current		
Secured	2,709	2,238
Non-current		
Secured	6,260	6,805
Total borrowings	<u>8,969</u>	<u>9,043</u>

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EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

20. Dividend proposed or declared

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

21. Commitments

	30.09.2024	31.12.2023
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Plant and machinery	1,042	-
Motor vehicles	443	-
Office equipment	161	-
Building and renovation	1,097	-
Approved but not contracted for:		
Plant and machinery	6,123	7,165
Motor vehicles	1,410	1,853
Office equipment	343	504
Building and renovation	1,437	2,534
	12,056	12,056

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 September 2024 and 31 December 2023 as well as the balances with the related parties as at 30 September 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")	30.09.2024	232	2
	31.12.2023	-	9

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 2024**

24. Performance review

(a) Current Quarter vs Corresponding Quarter of Previous Period (3Q2024 vs 3Q2023)

The Group recorded a unfavourable performance in the current quarter ended 30 September 2024 ("3Q2024") as compared to the previous year's corresponding quarter ("3Q2023"), with a revenue declined by 20% from RM13.36 million to RM10.66 million in 3Q2024. As a result, the Group posted higher loss after tax of RM3.94 million as compared to loss after tax of RM0.87 million reported in 3Q2023.

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

During the quarter under review, the segment posted a loss before tax of RM2.85 million from a profit before tax of RM0.62 million in the previous corresponding quarter. The result was in line with the reduction in segment's revenue by 33% to RM5.62 million in 3Q2024 compared with RM8.36 million reported in 3Q2023.

Our sawmilling operations has affected from the limited logs supply in the quarter due to delay in logging license process due to pre-harvesting requirement imposed by Forestry Department. Production of sawn timber reduced by 38% from 3Q2023, led to the decline in segment's revenue in the current quarter.

Manufacturing segment

Similarly, the manufacturing segment, which consists of glass, veneer and woodchip operations, reported an adverse performance, with the loss before tax of RM0.68 million in 3Q2024 compared RM0.27 million loss before tax reported in 3Q2023.

The reduction in the segment's profit position primarily in veneer operation as its suffered from shortage of logs supply and boiler breakdown. The glass operation however, reported an improvement in profit in the current quarter at the back of better selling price secured.

Other segment

Other segment which refers to the investment holding and rental activity of the Group, recorded an increased in loss before tax from RM1.06 million in 3Q2023 to RM1.11 million, primarily contributed by the increase in segment's expenses in the current period.

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24. Performance review (continued)

(b) Current Period-to-date vs Previous Period-to-date (9M2024 vs 9M2023)

The Group registered a revenue of RM28.18 million in the current quarter ended 30 September 2024 ("9M2024"), reduced from RM36.81 million reported in the previous year's corresponding quarter ("9M2023"). Accordingly, the Group's loss before tax increased by 435% to RM14.07 million from RM2.63 million recorded in 9M2023.

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

The segment posted a loss before tax of RM7.43 million with revenue recorded at RM13.91 million. As compared to the segment's performance in 9M2023, there were significant reductions from a profit before tax of RM1.71 million, in line with revenue reduction by 38%. The main contribution to the reduced revenue and profitability for the segment was due to no contribution from tender of logging compartment in 9M2024 as compared to RM6.34 million in 9M2023.

Manufacturing segment

During the period under review, the segment's loss before tax increased to RM3.42 million from RM1.33 million reported in the same period previous year. The unfavourable performance mainly was due to veneer operation which has been affected by lower logs supply and boiler breakdown while fixed cost remain.

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 14%.

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

	Current quarter 30.09.2024 RM'000	Immediate preceding quarter 30.06.2024 RM'000
Revenue	10,658	9,605
(Loss)/profit before taxation	(4,648)	(5,434)

The Group's revenue of RM10.66 million in the current quarter ("3Q2024") improved slightly against RM9.61 million reported in the immediate preceding quarter ("2Q2024"). It is in line with the decreased Group's loss before tax by 14% to RM4.65 million compared to RM5.43 million in 2Q2024.

During the quarter under review, the harvesting, forest plantation, sawmilling, sales of logs and logging compartment posted a loss before tax of RM2.85 million compared to a loss before tax of RM1.76 million reported in the immediate preceding quarter. The unfavourable performance was mainly due to the increase in forestry cost for the current quarter.

Meanwhile, the manufacturing segment's recorded loss before tax of RM0.68 million in the current quarter as compared to loss before tax of RM2.68 million in the immediate preceding quarter. Generally, the glass operation showed improved result in 3Q2024 whereby the loss before tax decreased by 52% with revenue increased by 18%. However, as veneer processing mill operated below capacity has affected the segment's profitability.

Meanwhile, other segment reported loss before tax of RM1.11 million for the current quarter compared to RM0.99 million in immediate preceding quarter. 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 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. We are also exploring several new projects to drive revenue and profitability, such as carbon trading, pyrolysis biochar plant, and photovoltaic solar system.

27. Changes in contingent liabilities and contingent assets

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

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 26 November 2024.

By order of the Board

Mohd Roslan bin Mamat
Chief Executive Officer