

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

	Note	Current quarter 3 months ended		Cumulative quarter 3 months ended	
		31.03.2020	31.03.2019	31.03.2020	31.03.2019
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue		5,825	15,652	5,825	15,652
Cost of sales		<u>(6,250)</u>	<u>(11,631)</u>	<u>(6,250)</u>	<u>(11,631)</u>
Gross (loss)/profit		(425)	4,021	(425)	4,021
Other operating income		105	83	105	83
Administrative expenses		(2,822)	(3,377)	(2,822)	(3,377)
Other operating expenses		<u>(334)</u>	<u>(385)</u>	<u>(334)</u>	<u>(385)</u>
Operating (loss)/profit		(3,476)	342	(3,476)	342
Finance costs		<u>(265)</u>	<u>(38)</u>	<u>(265)</u>	<u>(38)</u>
(Loss)/profit before tax	7	(3,741)	304	(3,741)	304
Income tax benefit/(expense)	8	<u>161</u>	<u>(278)</u>	<u>161</u>	<u>(278)</u>
(Loss)/profit for the period, net of tax		<u>(3,580)</u>	<u>26</u>	<u>(3,580)</u>	<u>26</u>
(Loss)/profit for the period attributable to:					
Owners of the parent		<u>(3,580)</u>	<u>26</u>	<u>(3,580)</u>	<u>26</u>
(Loss)/earnings per share attributable to owners of the parent (sen per share)					
- Basic	9	<u>(2.64)</u>	<u>0.02</u>	<u>(2.64)</u>	<u>0.02</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 2019 and the accompanying explanatory notes attached to these interim financial statements.

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020 (CONTINUED)

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	Unaudited	Unaudited	Unaudited	Unaudited
Note	RM'000	RM'000	RM'000	RM'000
(Loss)/profit for the period, net of tax	(3,580)	26	(3,580)	26
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Net (loss)/gain on fair value changes of fair value through other comprehensive income ("FVTOCI") financial assets				
	(894)	58	(894)	58
Other comprehensive (loss)/income for the period, net of tax	(894)	58	(894)	58
Total comprehensive (loss)/income for the period, net of tax	(4,474)	84	(4,474)	84
Total comprehensive (loss)/income for the period, net of tax attributable to:				
Owners of the parent	(4,474)	84	(4,474)	84

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 2019 and the accompanying explanatory notes attached to these interim financial statements.

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	31.03.2020 Unaudited RM'000	31.12.2019 Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	10	14,635	14,984
Right-of-use assets		26,518	26,712
Investment properties		18,420	18,540
Intangible assets		3,220	2,405
Goodwill	11	-	-
Investment in associates		3,514	3,514
Deferred tax assets		1,182	1,878
Investment securities	12	1,317	2,211
		<u>68,806</u>	<u>70,244</u>
Current assets			
Inventories		8,081	6,298
Trade and other receivables		12,987	13,323
Tax recoverable		2,885	1,590
Cash and bank balances	13	17,220	22,242
		<u>41,173</u>	<u>43,453</u>
Total assets		<u>109,979</u>	<u>113,697</u>
Equity and liabilities			
Equity			
Share capital	14	68,447	68,447
Retained earnings		11,356	14,936
Other reserves		(21,348)	(20,487)
Total equity		<u>58,455</u>	<u>62,896</u>
Non-current liabilities			
Retirement benefit obligations		7,624	7,332
Borrowings	15	9,465	9,686
Lease liabilities		20	27
		<u>17,109</u>	<u>17,045</u>
Current liabilities			
Retirement benefit obligations		262	580
Borrowings	15	3,782	2,823
Lease liabilities		25	25
Trade and other payables		30,346	30,328
		<u>34,415</u>	<u>33,756</u>
Total liabilities		<u>51,524</u>	<u>50,801</u>
Total equity and liabilities		<u>109,979</u>	<u>113,697</u>
Net assets per share attributable to owners of the parent ("RM")		0.43	0.46

These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

	Attributable to owners of the parent							
	Non-distributable				Distributable			
	Equity, total	Share capital	Total retained earnings	Other reserves, total	Fair value reserve	Equity contribution from owners	Reserve arising from merger	Employee share option reserve
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening balance at 1 January 2020	62,896	68,447	14,936	(20,487)	714	1,262	(22,718)	255
Loss for the period	(3,580)	-	(3,580)	-	-	-	-	-
Other comprehensive income								
- Net loss on fair value changes of FVTOCI financial assets	(894)	-	-	(894)	(894)	-	-	-
Total comprehensive loss	(4,474)	-	(3,580)	(894)	(894)	-	-	-
<u>Transaction with owners</u>								
- Grant of equity-settled share options to employees	33	-	-	33	-	-	-	33
Closing balance at 31 March 2020	58,455	68,447	11,356	(21,348)	(180)	1,262	(22,718)	288
Opening balance at 1 January 2019	72,747	68,192	26,111	(21,556)	(134)	1,262	(22,718)	34
Profit for the period	26	-	26	-	-	-	-	-
Other comprehensive loss								
- Net gain on fair value changes of FVTOCI financial assets	58	-	-	58	58	-	-	-
Total comprehensive income	84	-	26	58	58	-	-	-
<u>Transaction with owners</u>								
- Grant of equity-settled share options to employees	59	-	-	59	-	-	-	59
Closing balance at 31 March 2019	72,890	68,192	26,137	(21,439)	(76)	1,262	(22,718)	93

These condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

	Note	3 months ended	
		31.03.2020 Unaudited RM'000	31.03.2019 Unaudited RM'000
Operating activities			
(Loss)/profit before tax		(3,741)	304
<u>Adjustments for:</u>			
Interest income	7	(11)	(26)
Interest expenses	7	265	38
Gain on disposal of property, plant and equipment	7	(22)	(1)
Depreciation of property, plant and equipment	7	564	544
Depreciation of investment properties	7	120	126
Depreciation on right-of-use assets	7	194	194
Property, plant and equipment written off	7	1	-
Grant equity-settled share options to employees	7	33	59
Provision for retirement benefits	7	172	203
Reversal for short-term accumulating compensated absences	7	-	(92)
Total adjustments		1,316	1,045
Operating cash flows before changes in working capital		(2,425)	1,349
<u>Changes in working capital</u>			
Increase in inventory		(1,906)	(1,792)
Decrease/(increase) in trade and other receivables		366	(2,034)
Increase/(decrease) in trade and other payables		47	(1,110)
Total changes in working capital		(1,493)	(4,936)
Interest paid		(265)	(38)
Income taxes paid/(refund)		(442)	461
Retirement benefits paid		(198)	(762)
Total changes in working capital		(905)	(339)
Net cash flows used in operating activities		(4,823)	(3,926)
Investing activities			
Purchase of property, plant and equipment	10	(45)	(508)
Proceeds from disposal of property, plant and equipment		22	1
Additional of intangible assets		(815)	-
Interest received		11	26
Net cash flows used in investing activities		(827)	(481)
Financing activities			
Contractual lease payment		(7)	(7)
Drawdown from borrowings		(176)	177
Repayment of borrowings		(232)	(278)
Net cash flows used in financing activities		(415)	(108)
Net decrease in cash and cash equivalents		(6,065)	(4,515)
Cash and cash equivalents at 1 January		19,646	17,772
Cash and cash equivalents at 31 December		13,581	13,257

These condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

**GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020**

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 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 2019 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 2019, 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 2020, the Group adopted the following new and amended MFRSs and IC Interpretation mandatory for annual periods beginning on or after 1 January 2020:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 2: Share-based Payment	1 January 2020
Amendments to MFRS 3: Business Combinations	1 January 2020
Amendments to MFRS 6: Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendments to MFRS 14: Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101: Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134: Interim Financial Reporting	1 January 2020
Amendments to MFRS 137: Provision, Contingent Liabilities and Contingent Asset	1 January 2020
Amendments to MFRS 138: Intangible Assets	1 January 2020
Amendments to IC Interpretation 12: Service Concession Agreements	1 January 2020
Amendments to IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendment to IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
Amendments to IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2020
Amendments to IC Interpretation 132: Intangible Assets-Website Costs	1 January 2020

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

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

4. Changes in estimates

There were no significant changes in estimates that have had a material effect in the current interim results.

5. Seasonality of operations

During the quarter under review, the Group's principal business operations were adversely affected by the seasonal and cyclical factors such as rainy season.

6. Segment information

The Group is organised into business units based on their products and services, and has three operating segments as follows:

- (i) Harvesting, sawmilling, kiln drying of timber and sales of logs and right to log.
- (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, sawmilling and kiln drying RM'000	Manufacturing RM'000	Others RM'000	Consolidated RM'000
Results for 3 months ended 31 March 2020				
Operating revenue	1,800	3,982	43	5,825
Other operating income	49	56	-	105
Expenses	(4,253)	(4,674)	(744)	(9,671)
Loss before taxation	(2,404)	(636)	(701)	(3,741)
Results for 3 months ended 31 March 2019				
Operating revenue	9,670	5,976	6	15,652
Other operating income	7	64	12	83
Expenses	(8,153)	(6,468)	(810)	(15,431)
Profit/(loss) before taxation	1,524	(428)	(792)	304

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

7. (Loss)/profit before tax

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

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Interest income	(11)	(26)	(11)	(26)
Interest expenses	265	38	265	38
Depreciation of property, plant and equipment	564	544	564	544
Depreciation of investment properties	120	126	120	126
Depreciation of right-of-use assets	194	194	194	194
Gain on disposal of property, plant and equipment	(22)	(1)	(22)	(1)
Property, plant and equipment written off	1	-	1	-
Grant equity-settled share options to employees	33	59	33	59
Reversal of short-term accumulating compensated absences	-	(92)	-	(92)
Provision for retirement benefits	172	203	172	203

8. Income tax (benefit)/expense

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Current income tax	34	241	34	241
Deferred income tax	(330)	10	(330)	10
Over provision of deferred tax in respect of previous years	135	27	135	27
	(161)	278	(161)	278
Effective tax rate	4.3%	91.4%	4.3%	91.4%

Income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. For the current financial period under review, the Group's effective tax rate was lower than statutory tax rate due to reversal temporary differences.

**GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020**

9. (Loss)/earnings per share

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

		Current quarter		Cumulative quarter	
		3 months ended	3 months ended	3 months ended	3 months ended
		31.03.2020	31.03.2019	31.03.2020	31.03.2019
(Loss)/earnings net of tax attributable to owners of the parent used in the computation of earnings per share	(RM'000)	(3,580)	26	(3,580)	26
Weighted average number of ordinary shares in issue	(' 000)	135,645	135,135	135,645	135,135
Basic (loss)/earnings per share	(sen)	(2.64)	0.02	(2.64)	0.02

10. Property, plant and equipment

During the three-month period ended 31 March 2020, the Group has acquired property, plant and equipment at a cost of RM45,000 (31 March 2019: RM508,000). As at 31 March 2020, the total depreciation charged for the property, plant and equipment was RM564,000 (31 March 2019: RM544,000). Property, plant and equipment with the carrying amount of RM1,000 were written off by the Group during three-month period ended 31 March 2020 (31 March 2019; RMNil). This has been included in other operating expenses in the statement of profit and loss and other comprehensive income.

The Group has also disposed of assets with a carrying amount of RMNil during the three-month period ended 31 March 2020 (31 March 2019:RMNil), resulting in a gain on disposal of RM22,000 (31 March 2019: RM1,000), recognised and included in other income in the statement of profit or loss and other comprehensive income.

11. Goodwill

	Goodwill RM'000
Cost:	
At 1 January 2019/31 December 2019/31 March 2020	<u>613</u>
Accumulated impairment:	
At 1 January 2019/31 December 2019/31 March 2020	<u>(613)</u>
Net carrying amount:	
At 1 January 2019/31 December 2019/31 March 2020	<u>-</u>

12. 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 THREE-MONTH PERIOD ENDED 31 MARCH 2020**

12. Fair value hierarchy (continued)

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

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
31 March 2020				
Fair value through other comprehensive income financial assets				
Equity shares	1,317	1,317	-	-
31 December 2019				
Fair value through other comprehensive income financial assets				
Equity shares	2,211	2,211	-	-

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.

13. Cash and bank balances

Cash and bank balances comprised the following amounts:

	31.03.2020 RM'000	31.12.2019 RM'000
Cash at banks and in hand	6,988	10,603
Deposits in licensed banks	10,232	11,639
	<u>17,220</u>	<u>22,242</u>
Less:		
Bank overdraft	(2,399)	(1,356)
Deposits in licensed banks	(1,240)	(1,240)
Total cash and cash equivalents	<u>13,581</u>	<u>19,646</u>

14. Share capital

There were no issuances, cancellation, repurchases, resale and repayments of debts and equity securities for the financial period ended 31 March 2020.

15. Borrowings

	31.03.2020 RM'000	31.12.2019 RM'000
Current		
Secured	3,782	2,823
Non-current		
Secured	9,465	9,686
Total borrowings	<u>13,247</u>	<u>12,509</u>

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

16. Dividend

There was no dividend declared by the Company during the financial period ended 31 March 2020 (31 March 2019: RMNil).

17. Commitments

	31.03.2020	31.12.2019
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Plant and machinery	-	637
Motor vehicles	197	200
Approved but not contracted for:		
Plant and machinery	630	630
Motor vehicles	573	770
	<u>1,400</u>	<u>2,237</u>

18. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the three-month periods ended 31 March 2020 and 31 December 2019 as well as the balances with the related parties as at 31 March 2020 and 31 December 2019:

		Expenses	Amounts	Amounts
	Secretarial	paid by	owed by	owed to
	fee	related	related	related
	RM'000	parties	parties	parties
		RM'000	RM'000	RM'000
Entities with significant influence over the Group:				
Holding company				
Terengganu Incorporated Sdn. Bhd. ("TISB")	31.03.2020	-	-	12,127
	31.12.2019	3	28	(24) 12,127
A corporate shareholder				
Lembaga Tabung Amanah Warisan	31.03.2020	-	-	640
Negeri Terengganu ("LTAWNT")	31.12.2019	-	-	640

19. Events after the reporting period

(a) On 4 June 2020, the Company had made an announcement on the following:

- (i) Proposed settlement of amount owing to Terengganu Inc, a major shareholder of the Company, via the issuance of 12,000,000 RPS ("Proposed Settlement"); and
- (ii) Proposed amendments to the constitution of the Company to facilitate the issuance of the RPS pursuant to the Proposed Settlement ("Proposed Amendments").

The Company shall issue 12,000,000 units of RPS to TISB at RM1 per RPS as full settlement of the amount due to TISB of RM 12 million. The Agreement is conditional upon the Company obtaining the approval of its shareholders at an extraordinary general meeting to be convened.

**GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING
REQUIREMENT: CHAPTER 9, APPENDIX 9B, PART A
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020**

20. Performance review

(a) Current Quarter vs Corresponding Quarter of Previous Period (1Q2020 vs 1Q2019)

The Group registered a revenue of RM5.83 million in the current quarter ended 31 March 2020 ("1Q2020") as compared to RM15.65 million reported in the previous year's corresponding quarter ("1Q2019"). Consequently, the Group recorded a loss before tax of RM3.74 million as compared to a profit before taxation of RM0.34 million in 1Q2019.

The Group businesses, being non-essentials businesses, were temporarily closed during the Movement Control Order ("MCO") period commenced on 18 March 2020. As such, The Group's 1Q2020 result was partly impacted by the closure of operations during MCO.

Other challenges faced by the Group during the quarter under review were insufficient feedstock for Group's sawmilling to fully operate the factory and non-recoverability of construction sectors that affected the Group's glass demand.

Harvesting, sawmilling and kiln drying segment

The segment's operating revenue of RM1.80 million in 1Q2020 was substantially lower than RM9.67 million reported in 1Q2019. Accordingly, the segment posted a loss before tax of RM2.40 million as compared to a profit before tax of RM1.52 million recorded in the preceding year's corresponding quarter.

As usual, the internal logs extraction was adversely affected by the rainy season in the early period of the quarter under review. Consequently, the total logs harvested reduced by 51% in 1Q2020 to 3,448 hoppus tonne from 7,082 hoppus tonne in 1Q2019.

The limited logs supply to the mills has resulted to the lower production of sawn timber which eventually caused to the decrease in sawn timber sales. In addition, the close of operations during the MCO has caused to the situation more worse. As a result, the sales of sawn timber reduced 73% in 1Q2020 against 1Q2019.

Manufacturing segment

During the quarter under review, the manufacturing segment which is the manufacturing activities of glass, veneer and woodchip reported a loss before tax of RM0.64 million, increased by 49% as compared to a pre-tax loss of RM0.43 million in 1Q2019. The increase in loss was in line with the reduction in the segment's revenue by 33% during the quarter under review.

The glass operation is still affected by the non-recoverability of construction sectors since early 2018, led to the postponements of the glass order. This market doldrums coupled with the imposition of the MCO has resulted to the glass sales declined by 49% in 1Q2020 against 1Q2019.

Meanwhile, the veneer operation of the Group is still facing the lower running capacity, mainly due to incomplete line of production. The improvise line of production which was initially planned to complete in 2Q2020 now defers to 3Q2020 due to MCO imposition.

Other segment

Other segment which refers to the investment holding and rental activity of the Group, has recorded an increase in revenue, mainly due to new lease of building to the external party. Combining with the reduction in segment's other operating expenses by 8%, there was a slight decrease in segment pre-tax loss.

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING
REQUIREMENT: CHAPTER 9, APPENDIX 9B, PART A
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

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

	Current quarter 31.03.2020 RM'000	Immediate preceding quarter 31.12.2019 RM'000
Revenue	5,825	13,415
Loss before taxation	(3,741)	(5,862)

Despite the reduction in the Group's revenue by 57% in 1Q2020, the Group's loss before tax has reduced to RM3.74 million in 1Q2020 from RM5.86 million loss before tax reported in the immediate preceding quarter ("4Q2019"). The reduction in loss was primarily contributed by the major reduction in other segment's operating expenses.

The harvesting, sawmilling and kiln drying segment has recorded a significant reduction in revenue by 78%, caused to increase in pre-tax loss by 12% in the current quarter. This adverse performance was mainly due to the proceeds from sales of logs amounted to RM3.05 million materialized in the immediate preceding quarter

In contrast, the manufacturing segment showed a favourable result whereby the loss before tax reduced from RM2.45 million to RM0.64 million in 1Q2020, despite the decline in the segment's revenue by 25%. This situation was primarily contributed by the substantial savings in the segment's operating expenses during 1Q2020.

Other segment reported better position in 1Q2020 whereby the segment's pre-tax loss decreased to RM0.70 million from RM1.28 million reported in 4Q2019. The improved performance in 1Q2020 was primarily contributed by the non-recurrence of the segment's one-off expenses incurred in 4Q2019.

22. Commentary on prospect

The outlook of the global and Malaysian economy caused by the unprecedented outbreak of Covid-19 is expected to be unfavourable and disruptive to many sectors of businesses and its implication will be highly dependent on the duration and severity of the pandemic.

Similarly, this Covid-19 pandemic and the imposition MCO has adversely impacted the Group's financial performance after the operations were suspended since 18 March 2020 until early May 2020. This may result in the Group is unable recover this adverse position during the second quarter period of 2020.

As the operations resumed in early May 2020, the ability of the Group's business to improve in a shorter time is still uncertain especially on the glass demand. While the challenges ahead are highly uncertain, the Group has taken necessary actions to perform quick assessments on the financial impact to the Group's performance in 2020, maximise the utilisation of the government assistance from Economic Stimulus Package and most importantly has implemented the mitigation measures through various stages of cost cutting program.

Going forward, the Group will stay vigilant and take appropriate, timely measures to minimise the financial impact whilst remaining committed to its medium to longer-term strategies and action plans.

23. Changes in material litigation

There was no material litigation against the Group.

**GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING
REQUIREMENT: CHAPTER 9, APPENDIX 9B, PART A
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020**

24. Dividend payable

There was no dividend paid by the Company during the financial period ended 31 March 2020 (31 March 2019: RMNil).

25. Risks and policies of derivatives

The Group did not enter into any derivative during the financial period ended 31 March 2020 or the previous financial year ended 31 December 2019.

26. Disclosure of losses/gains arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit or loss as at 31 March 2020 and 31 December 2019.

27. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2019 was not qualified.

28. 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 24 June 2020.

By order of the Board

Dato' Ahmad Nadzarudin bin Abdul Razak
Chief Executive Officer