

**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 2020**

	Note	Current quarter 3 months ended		Cumulative quarter 6 months ended	
		30.06.2020	30.06.2019	30.06.2020	30.06.2019
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue		6,885	15,403	12,711	31,055
Cost of sales		<u>(7,396)</u>	<u>(11,342)</u>	<u>(13,647)</u>	<u>(22,973)</u>
<b>Gross (loss)/profit</b>		(511)	4,061	(936)	8,082
Other operating income		1,008	255	1,113	338
Administrative expenses		(3,072)	(3,599)	(5,892)	(6,977)
Other operating expenses		<u>(269)</u>	<u>(408)</u>	<u>(603)</u>	<u>(791)</u>
<b>Operating (loss)/profit</b>		(2,844)	309	(6,318)	652
Finance costs		<u>(76)</u>	<u>(51)</u>	<u>(341)</u>	<u>(90)</u>
<b>(Loss)/profit before tax</b>	7	(2,920)	258	(6,659)	562
Income tax (expenses)/benefit	8	<u>(146)</u>	<u>(184)</u>	<u>15</u>	<u>(462)</u>
<b>(Loss)/profit for the period, net of tax</b>		<u>(3,066)</u>	<u>74</u>	<u>(6,644)</u>	<u>100</u>
<b>(Loss)/profit for the period attributable to: Owners of the parent</b>		<u>(3,066)</u>	<u>74</u>	<u>(6,644)</u>	<u>100</u>
<b>(Loss)/earnings per share attributable to owners of the parent (sen per share)</b>					
- Basic	9	<u>(2.26)</u>	<u>0.05</u>	<u>(4.90)</u>	<u>0.07</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 SIX-MONTH PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Note	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
(Loss)/profit for the period, net of tax	(3,066)	74	(6,644)	100
<b>Other comprehensive income</b>				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Net gain/(loss) on fair value changes of fair value through other comprehensive income ("FVTOCI") financial assets				
	168	94	(727)	152
Other comprehensive income/(loss) for the period, net of tax	168	94	(727)	152
Total comprehensive (loss)/income for the period, net of tax	(2,898)	168	(7,371)	252
<b>Total comprehensive (loss)/income for the period, net of tax attributable to:</b>				
Owners of the parent	(2,898)	168	(7,371)	252

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 30 JUNE 2020**

	Note	30.06.2020 Unaudited RM'000	31.12.2019 Audited RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	14,199	14,984
Right-of-use assets		26,324	26,712
Investment properties		18,288	18,540
Intangible assets		2,641	2,405
Goodwill	11	-	-
Investment in associates		3,514	3,514
Deferred tax assets		2,024	1,878
Investment securities	12	1,485	2,211
		<u>68,475</u>	<u>70,244</u>
<b>Current assets</b>			
Inventories		7,843	6,298
Trade and other receivables		15,307	13,323
Tax recoverable		1,915	1,590
Cash and bank balances	13	14,545	22,242
		<u>39,610</u>	<u>43,453</u>
<b>Total assets</b>		<u>108,085</u>	<u>113,697</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	14	68,447	68,447
Retained earnings		8,292	14,936
Other reserves		(21,121)	(20,487)
<b>Total equity</b>		<u>55,618</u>	<u>62,896</u>
<b>Non-current liabilities</b>			
Retirement benefit obligations		7,472	7,332
Borrowings	15	9,787	9,686
Lease liabilities		13	27
		<u>17,272</u>	<u>17,045</u>
<b>Current liabilities</b>			
Retirement benefit obligations		262	580
Borrowings	15	3,968	2,823
Lease liabilities		25	25
Trade and other payables		30,940	30,328
		<u>35,195</u>	<u>33,756</u>
<b>Total liabilities</b>		<u>52,467</u>	<u>50,801</u>
<b>Total equity and liabilities</b>		<u>108,085</u>	<u>113,697</u>
Net assets per share attributable to owners of the parent ("RM")		0.41	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 SIX-MONTH PERIOD ENDED 30 JUNE 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
<b>Opening balance at 1 January 2020</b>	62,896	68,447	14,936	(20,487)	714	1,262	(22,718)	255
Loss for the period	(6,644)	-	(6,644)	-	-	-	-	-
Other comprehensive loss								
- Net loss on fair value changes of FVTOCI financial assets	(727)	-	-	(727)	(727)	-	-	-
Total comprehensive loss	(7,371)	-	(6,644)	(727)	(727)	-	-	-
<u>Transaction with owners</u>								
- Grant of equity-settled share options to employees	93	-	-	93	-	-	-	93
<b>Closing balance at 30 June 2020</b>	<b>55,618</b>	<b>68,447</b>	<b>8,292</b>	<b>(21,121)</b>	<b>(13)</b>	<b>1,262</b>	<b>(22,718)</b>	<b>348</b>
<b>Opening balance at 1 January 2019</b>	72,515	68,192	25,879	(21,556)	(134)	1,262	(22,718)	34
Profit for the period	100	-	100	-	-	-	-	-
Other comprehensive income								
- Net gain on fair value changes of FVTOCI financial assets	152	-	-	152	152	-	-	-
Total comprehensive income	252	-	100	152	152	-	-	-
<u>Transaction with owners</u>								
- Grant of equity-settled share options to employees	100	-	-	100	-	-	-	100
<b>Closing balance at 30 June 2019</b>	<b>72,867</b>	<b>68,192</b>	<b>25,979</b>	<b>(21,304)</b>	<b>18</b>	<b>1,262</b>	<b>(22,718)</b>	<b>134</b>

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 SIX-MONTH PERIOD ENDED 30 JUNE 2020**

	Note	6 months ended	
		30.06.2020 Unaudited RM'000	30.06.2019 Unaudited RM'000
<b>Operating activities</b>			
(Loss)/profit before tax		(6,659)	562
<u>Adjustments for:</u>			
Interest income	7	(94)	(201)
Dividend income	7	-	(35)
Interest expenses	7	341	90
Gain on disposal of property, plant and equipment	7	(22)	(1)
Depreciation of property, plant and equipment	7	1,234	1,264
Depreciation of investment properties	7	252	252
Depreciation on right-of-use assets	7	388	388
Property, plant and equipment written off	7	1	-
Grant equity-settled share options to employees	7	93	100
Amortisation on intangible assets	7	1,170	1,306
Provision for retirement benefits	7	370	391
Reversal for short-term accumulating compensated absences	7	(94)	(90)
Total adjustments		<u>3,639</u>	<u>3,464</u>
<b>Operating cash flows before changes in working capital</b>		<b>(3,020)</b>	<b>4,026</b>
<u>Changes in working capital</u>			
Increase in inventory		(1,545)	(3,533)
Increase in trade and other receivables		(2,034)	(2,149)
Increase/(decrease) in trade and other payables		780	(1,427)
Total changes in working capital		<u>(2,799)</u>	<u>(7,109)</u>
Interest paid		(340)	(90)
Income taxes (paid)/refund		(460)	38
Retirement benefits paid		(548)	(822)
Total changes in working capital		<u>(1,348)</u>	<u>(874)</u>
<b>Net cash flows used in operating activities</b>		<b><u>(7,167)</u></b>	<b><u>(3,957)</u></b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	10	(69)	(613)
Proceeds from disposal of property, plant and equipment		22	1
Dividend received		-	35
Additional of intangible assets		(1,406)	(1,851)
Interest received		94	201
<b>Net cash flows used in investing activities</b>		<b><u>(1,359)</u></b>	<b><u>(2,227)</u></b>
<b>Financing activities</b>			
Contractual lease payment		(14)	(14)
Drawdown from borrowings		260	840
Repayment of borrowings		(471)	(358)
<b>Net cash flows used in financing activities</b>		<b><u>(225)</u></b>	<b><u>468</u></b>
<b>Net decrease in cash and cash equivalents</b>		<b>(8,751)</b>	<b>(5,716)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>19,646</b>	<b>17,772</b>
<b>Cash and cash equivalents at 30 June</b>		<b><u>10,895</u></b>	<b><u>12,056</u></b>

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 SIX-MONTH PERIOD ENDED 30 JUNE 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:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
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 SIX-MONTH PERIOD ENDED 30 JUNE 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 not 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.

	<b>Harvesting, sawmilling and kiln drying RM'000</b>	<b>Manufacturing RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b>Results for 3 months ended 30 June 2020</b>				
Operating revenue	4,444	2,434	7	6,885
Other operating income	784	175	49	1,008
Expenses	(6,449)	(3,355)	(1,009)	(10,813)
<b>Loss before taxation</b>	<b>(1,221)</b>	<b>(746)</b>	<b>(953)</b>	<b>(2,920)</b>

**Results for 3 months ended  
30 June 2019**

Operating revenue	10,425	4,971	7	15,403
Other operating income	220	34	1	255
Expenses	(9,620)	(4,851)	(929)	(15,400)
<b>Profit/(loss) before taxation</b>	<b>1,025</b>	<b>154</b>	<b>(921)</b>	<b>258</b>

	<b>Harvesting, sawmilling and kiln drying RM'000</b>	<b>Manufacturing RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b>Results for 6 months ended 30 June 2019</b>				
Operating revenue	6,244	6,417	50	12,711
Other operating income	833	231	49	1,113
Expenses	(10,702)	(8,029)	(1,752)	(20,483)
<b>Loss before taxation</b>	<b>(3,625)</b>	<b>(1,381)</b>	<b>(1,653)</b>	<b>(6,659)</b>

**GOLDEN PHAROS BERHAD ( Company No. 1986011003051 )**  
**EXPLANATORY NOTES PURSUANT TO MFRS 134**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

**6. Segment information (continued)**

	Harvesting, sawmilling and kiln drying RM'000	Manufacturing RM'000	Others RM'000	Consolidated RM'000
<b>Results for 6 months ended 30 June 2019</b>				
Operating revenue	20,095	10,947	13	31,055
Other operating income	227	98	13	338
Expenses	(18,520)	(10,573)	(1,738)	(30,831)
<b>Profit/(loss) before taxation</b>	<b>1,802</b>	<b>472</b>	<b>(1,712)</b>	<b>562</b>

**7. (Loss)/profit before tax**

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

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Interest income	(83)	(175)	(94)	(201)
Dividend income	-	(35)	-	(35)
Interest expenses	76	51	341	90
Depreciation of property, plant and equipment	670	720	1,234	1,264
Depreciation of investment properties	132	126	252	252
Depreciation of right-of-use assets	194	194	388	388
Gain on disposal of property, plant and equipment	-	-	(22)	(1)
Property, plant and equipment written off	-	-	1	-
Amortisation on intangible assets	1,170	653	1,170	1,306
Grant equity-settled share options to employees	60	41	93	100
(Reversal)/provision of short-term accumulating compensated absences	(94)	2	(94)	(90)
Provision for retirement benefits	198	188	370	391

**8. Income tax expenses/(benefit)**

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Current income tax	95	367	130	608
Deferred income tax	212	(183)	(118)	(173)
(Over)/under provision of deferred tax in respect of previous years	(161)	-	(27)	27
	<b>146</b>	<b>184</b>	<b>(15)</b>	<b>462</b>
Effective tax rate	-5.0%	71.3%	0.2%	82.2%



**GOLDEN PHAROS BERHAD ( Company No. 1986011003051 )  
EXPLANATORY NOTES PURSUANT TO MFRS 134  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

**8. Income tax expenses/(benefit)**

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.

**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.

		<b>Current quarter 3 months ended</b>		<b>Cumulative quarter 6 months ended</b>	
		30.06.2020	30.06.2019	30.06.2020	30.06.2019
(Loss)/earnings net of tax attributable to owners of the parent used in the computation of earnings per share	(RM'000)	(3,066)	74	(6,644)	100
Weighted average number of ordinary shares in issue	(' 000)	135,645	135,135	135,645	135,135
Basic (loss)/earnings per share	(sen)	(2.26)	0.05	(4.90)	0.07

**10. Property, plant and equipment**

During the six-month period ended 30 June 2020, the Group has acquired property, plant and equipment at a cost of RM69,000 (30 June 2019: RM613,000). As at 30 June 2020, the total depreciation charged for the property, plant and equipment was RM1,234,000 (30 June 2019: RM1,264,000). Property, plant and equipment with the carrying amount of RM1,000 were written off by the Group during six-month period ended 30 June 2020 (30 June 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 six-month period ended 30 June 2020 (30 June 2019:RMNil), resulting in a gain on disposal of RM22,000 (30 June 2019: RM1,000), recognised and included in other income in the statement of profit or loss and other comprehensive income.

**11. Goodwill**

	<b>Goodwill</b> RM'000
<b>Cost:</b>	
At 1 January 2019/31 December 2019/30 June 2020	<u>613</u>
<b>Accumulated impairment:</b>	
At 1 January 2019/31 December 2019/30 June 2020	<u>(613)</u>
<b>Net carrying amount:</b>	
At 1 January 2019/31 December 2019/30 June 2020	<u>-</u>

**GOLDEN PHAROS BERHAD ( Company No. 1986011003051 )**  
**EXPLANATORY NOTES PURSUANT TO MFRS 134**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

**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

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

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	RM'000	RM'000	RM'000	RM'000
<b>30 June 2020</b>				
<b>Fair value through other comprehensive income financial assets</b>				
Equity shares	1,485	1,485	-	-
<b>31 December 2019</b>				
<b>Fair value through other comprehensive income financial assets</b>				
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:

	<b>30.06.2020</b>	<b>31.12.2019</b>
	RM'000	RM'000
Cash at banks and in hand	5,913	10,603
Deposits in licensed banks	8,632	11,639
	<u>14,545</u>	<u>22,242</u>
Less:		
Bank overdraft	(2,410)	(1,356)
Deposits in licensed banks	(1,240)	(1,240)
<b>Total cash and cash equivalents</b>	<u>10,895</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 30 June 2020.

**GOLDEN PHAROS BERHAD ( Company No. 1986011003051 )**  
**EXPLANATORY NOTES PURSUANT TO MFRS 134**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

**15. Borrowings**

	<b>30.06.2020</b>	<b>31.12.2019</b>
	RM'000	RM'000
<b>Current</b>		
Secured	3,968	2,823
<b>Non-current</b>		
Secured	9,787	9,686
Total borrowings	<u>13,755</u>	<u>12,509</u>

**16. Dividend**

There was no dividend declared by the Company during the financial period ended 30 June 2020 (30 June 2019: single tier first and final dividend of 1.27 sen per ordinary share amounting to RM1,737,000).

**17. Commitments**

	<b>30.06.2020</b>	<b>31.12.2019</b>
	RM'000	RM'000
<b>Capital expenditure</b>		
Approved and contracted for:		
Plant and machinery	-	637
Motor vehicles	417	200
Approved but not contracted for:		
Plant and machinery	630	630
Motor vehicles	353	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 six-month periods ended 30 June 2020 and 31 December 2019 as well as the balances with the related parties as at 30 June 2020 and 31 December 2019:

		<b>Expenses</b>	<b>Amounts</b>	<b>Amounts</b>
	<b>Secretarial</b>	<b>paid by</b>	<b>owed by</b>	<b>owed to</b>
	RM'000	related	related	related
		RM'000	RM'000	RM'000
Entities with significant influence over the Group:				
Holding company				
Terengganu Incorporated Sdn. Bhd. ("TISB")	30.06.2020	-	-	12,000
	31.12.2019	3	28	(24) 12,127
A corporate shareholder				
Lembaga Tabung Amanah Warisan	30.06.2020	-	-	640
Negeri Terengganu ("LTAWNT")	31.12.2019	-	-	640

**19. Events after the reporting period**

During Extraordinary General Meeting held on 28 July 2020, the shareholders has approved the issuance of 12,000,000 units of Redeemable Preference Shares ("RPS") in the Company to Terengganu Incorporated Sdn. Bhd. ("TISB") at RM1 per RPS as full settlement of the amount due to TISB of RM12 million and the amendments to the Constitution of the Company to facilitate the issuance of the RPS.

The proposed settlement has been completed on 13 August 2020 in accordance with the terms and conditions of the Settlement Agreement.

**GOLDEN PHAROS BERHAD ( Company No. 1986011003051 )  
EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING  
REQUIREMENT: CHAPTER 9, APPENDIX 9B, PART A  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

**20. Performance review**

**(a) Current Quarter vs Corresponding Quarter of Previous Period (2Q2020 vs 2Q2019)**

The Group registered lower revenue of RM6.89 million in the current quarter ended 30 June 2020 (2Q2020), declined by 55% from RM15.40 million reported in the previous year's corresponding quarter (2Q2019). As a result, the Group posted a loss before tax of RM2.92 million in 2Q2020 as compared to profit before tax of RM0.26 million in 2Q2019.

The Group businesses, being non-essentials businesses, were temporarily closed during the Movement Control Order ("MCO") period commenced on 18 March 2020 until 3 May 2020. As such, The Group's 2Q2020 result was impacted by the closure of operations during MCO.

**Harvesting, sawmilling and kiln drying segment**

In 2Q2020, the harvesting, sawmilling and kiln drying segment's revenue was RM4.44 million, a decrease of 57% from RM10.43 million recorded in 2Q2019. Consequently, the segment recorded a loss before tax of RM1.22 million as compared to profit before tax of RM1.03 million in the preceding year's corresponding quarter.

As a result of MCO imposition by the government, logging activities has delayed and caused the decrease in internal logs extraction from 8,027 hoppus tonne to 4,729 hoppus tonne in the quarter under review. Correspondingly, the sales of sawntimber reduced by 43% in 2Q2020 against 2Q2019.

**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 RM0.75 million as compared to a profit before tax of RM0.15 million in 2Q2019. The decrease in profitability was in line with the reduction in the segment's revenue by 51% during the quarter under review.

The glass operation is still affected by the non-recoverability of construction sectors, led to the postponements of the glass order. This market weakening coupled with the imposition of the MCO has resulted to the glass sales declined by 49% in 2Q2020 against 2Q2019.

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

**Other segment**

Other segment of the Group has recorded a loss before tax of RM0.93 million in the quarter under review as compared to a loss before tax of RM0.92 million in the previous year's corresponding quarter, mainly due to the increase in certain administrative expenses.

**(b) Current Period-to-date vs Previous Period-to-date (1H2020 vs 1H2019)**

For the first half period ended 30 June 2020 (1H2020), the Group registered a loss before tax of RM6.66 million compared to a profit before tax of RM0.56 million reported in the first half period ended 30 June 2019 (1H2019). The Group's revenue declined significantly from RM31.06 million to RM12.71 million in the current period. The adverse performance of the Group was mainly attributed by the MCO imposition.

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**20. Performance review (continued)**

**(b) Current Period-to-date vs Previous Period-to-date (1H2020 vs 1H2019) (continued)**

**Harvesting, sawmilling and kiln drying segment**

During the current period, the segment reported a loss before tax of RM3.63 million, a substantial decrease from profit before tax of RM1.80 million registered in the previous year's corresponding period. Similarly, the segment's revenue has dropped significantly to RM6.20 million in the 1H2020 from RM20.10 million reported in 1H2019. The reduction in the revenue was in line with the lower logs extracted, that in turn has effected sawn timber sales by the reduction of 58% from 7,925 tonne to 3,332 tonne in the 1H2020.

**Manufacturing segment**

The manufacturing segment of the Group reported a decline in revenue by 41% in 1H2020 as compared to 1H2019. In line with revenue reduction, the segment reported a loss before tax of RM1.38 million in 1H2020 from profit before tax of RM0.47 million in the previous year's corresponding period.

The glass operation was still effected by the non-recoverability of construction sectors, while the veneer operation of the Group is still facing the lower running capacity, mainly due to the deferment of the drying machine installation.

**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. There was a slight decrease in segment pre-tax loss due to the increase in other operating income.

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

	<b>Current quarter 30.06.2020 RM'000</b>	<b>Immediate preceding quarter 31.03.2020 RM'000</b>
Revenue	<u>6,885</u>	<u>5,825</u>
Loss before taxation	<u>(2,920)</u>	<u>(3,741)</u>

The Group's result improved in the current quarter with a loss before tax reduced to RM2.92 million from RM3.74 million in the immediate preceding quarter (1Q2020), whilst revenue increased by 18% in the current quarter.

The improve in Group's performance was mainly attributed by the harvesting, sawmilling and kiln drying segment whereby the segment's revenue increased by 15%. Despite the MCO imposition, logs extraction has improved 38% in the current quarter. Meanwhile, manufacturing and other segment of the Group recorded higher loss before tax in 2Q2020 as compared with 1Q2020.

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**22. Commentary on prospect**

The 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 third quarter period of 2020 (3Q2020).

However, the Group is expected to generate positive result in 3Q2020 with the anticipation of no further disruption and closure of business operation, especially due to Covid-19. 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.

**23. Changes in material litigation**

There was no material litigation against the Group.

**24. Dividend payable**

Please refer to Note 16 for details.

**25. Risks and policies of derivatives**

The Group did not enter into any derivative during the financial period ended 30 June 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 30 June 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 August 2020.

By order of the Board

**Dato' Ahmad Nadzarudin bin Abdul Razak**  
Chief Executive Officer