

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 2020

	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		30.09.2020	30.09.2019	30.09.2020	30.09.2019
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue		18,787	13,753	31,498	44,809
Cost of sales		<u>(12,072)</u>	<u>(12,742)</u>	<u>(25,719)</u>	<u>(35,715)</u>
Gross profit		6,715	1,011	5,779	9,094
Other operating income		569	244	1,681	543
Administrative expenses		(3,375)	(3,819)	(9,268)	(10,796)
Other operating expenses		(294)	(340)	(897)	(1,132)
Share of result of associate		<u>-</u>	<u>252</u>	<u>-</u>	<u>291</u>
Operating profit/(loss)		3,615	(2,652)	(2,705)	(2,000)
Finance costs		<u>(35)</u>	<u>(83)</u>	<u>(376)</u>	<u>(173)</u>
Profit/(loss) before tax	7	3,580	(2,735)	(3,081)	(2,173)
Income tax expenses	8	<u>(733)</u>	<u>(723)</u>	<u>(719)</u>	<u>(1,185)</u>
Profit/(loss) for the period, net of tax		<u>2,847</u>	<u>(3,458)</u>	<u>(3,800)</u>	<u>(3,358)</u>
Profit/(loss) for the period attributable to:					
Owners of the parent		<u>2,847</u>	<u>(3,458)</u>	<u>(3,800)</u>	<u>(3,358)</u>
Earnings/(loss) per share attributable to owners of the parent (sen per share)					
- Basic	9	<u>2.10</u>	<u>(2.55)</u>	<u>(2.80)</u>	<u>(2.48)</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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

	Current quarter		Cumulative quarter	
	3 months ended		9 months ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
Note	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Profit/(loss) for the period, net of tax	2,847	(3,458)	(3,800)	(3,358)
Other comprehensive income				
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				
	33	(82)	(693)	70
Other comprehensive income/(loss) for the period, net of tax	33	(82)	(693)	70
Total comprehensive income/(loss) for the period, net of tax	2,880	(3,540)	(4,493)	(3,288)
Total comprehensive income/(loss) for the period, net of tax attributable to:				
Owners of the parent	2,880	(3,540)	(4,493)	(3,288)

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 SEPTEMBER 2020

	Note	30.09.2020 Unaudited RM'000	31.12.2019 Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	10	14,030	14,984
Right-of-use assets		26,129	26,712
Investment properties		18,164	18,540
Intangible assets		867	2,405
Goodwill	11	-	-
Investment in associates		3,514	3,514
Deferred tax assets		1,690	1,878
Investment securities	12	1,518	2,211
		<u>65,912</u>	<u>70,244</u>
Current assets			
Inventories		10,290	6,298
Trade and other receivables		16,492	13,323
Tax recoverable		1,709	1,590
Cash and bank balances	13	13,082	22,242
		<u>41,573</u>	<u>43,453</u>
Total assets		<u>107,485</u>	<u>113,697</u>
Equity and liabilities			
Equity			
Share capital	14		
- ordinary shares		68,447	68,447
- redeemable preference shares		12,000	-
Retained earnings		11,136	14,936
Other reserves		(20,994)	(20,487)
Total equity		<u>70,589</u>	<u>62,896</u>
Non-current liabilities			
Retirement benefit obligations		7,573	7,332
Borrowings	15	9,665	9,686
Lease liabilities		7	27
		<u>17,245</u>	<u>17,045</u>
Current liabilities			
Retirement benefit obligations		262	580
Borrowings	15	3,094	2,823
Lease liabilities		25	25
Trade and other payables		16,270	30,328
		<u>19,651</u>	<u>33,756</u>
Total liabilities		<u>36,896</u>	<u>50,801</u>
Total equity and liabilities		<u>107,485</u>	<u>113,697</u>
Net assets per share attributable to owners of the parent ("RM")		0.52	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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

	Attributable to owners of the parent								
	Non-distributable			Distributable	Non-distributable				
	Equity, total RM'000	Ordinary Share capital RM'000	Redeemable preference shares RM'000	Total retained earnings RM'000	Other reserves, total RM'000	Fair value reserve RM'000	Equity contribution from owners RM'000	Reserve arising from merger RM'000	Employee share option reserve 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	(3,800)	-	-	(3,800)	-	-	-	-	-
Other comprehensive loss									
- Net loss on fair value changes of FVTOCI financial assets	(693)	-	-	-	(693)	(693)	-	-	-
Total comprehensive loss	(4,493)	-	-	(3,800)	(693)	(693)	-	-	-
<u>Transaction with owners</u>									
- Grant of equity-settled share options to employees	186	-	-	-	186	-	-	-	186
- Issuance of redeemable preference shares	12,000	-	12,000	-	-	-	-	-	-
Closing balance at 30 September 2020	70,589	68,447	12,000	11,136	(20,994)	21	1,262	(22,718)	441
Opening balance at 1 January 2019	72,515	68,192	-	25,879	(21,556)	(134)	1,262	(22,718)	34
Loss for the period	(3,358)	-	-	(3,358)	-	-	-	-	-
Other comprehensive income									
- Net gain on fair value changes of FVTOCI financial assets	70	-	-	-	70	70	-	-	-
Total comprehensive income	(3,288)	-	-	(3,358)	70	70	-	-	-
<u>Transaction with owners</u>									
- Grant of equity-settled share options to employees	358	255	-	-	103	-	-	-	103
- Dividend	(1,737)	-	-	(1,737)	-	-	-	-	-
Closing balance at 30 September 2019	67,848	68,447	-	22,521	(21,383)	(64)	1,262	(22,718)	137

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

	Note	9 months ended	
		30.09.2020 Unaudited RM'000	30.09.2019 Unaudited RM'000
Operating activities			
(Loss)/profit before tax		(3,081)	(2,173)
<u>Adjustments for:</u>			
Interest income	7	(101)	(226)
Interest expenses	7	376	173
Gain on disposal of property, plant and equipment	7	(23)	(10)
Depreciation of property, plant and equipment	7	1,864	1,787
Depreciation of investment properties	7	375	378
Depreciation on right-of-use assets	7	583	582
Property, plant and equipment written off	7	2	1
Grant equity-settled share options to employees	7	186	358
Amortisation on intangible assets	7	3,146	1,959
Share of results of an associate	7	-	(326)
Provision for retirement benefits	7	576	557
Reversal for short-term accumulating compensated absences	7	(94)	(56)
Total adjustments		6,890	5,177
Operating cash flows before changes in working capital		3,809	3,004
<u>Changes in working capital</u>			
Increase in inventory		(4,013)	(2,804)
Increase in trade and other receivables		(3,159)	(388)
Decrease in trade and other payables		(1,886)	(3,599)
Total changes in working capital		(9,058)	(6,791)
Interest paid		(374)	(173)
Income taxes paid		(654)	(933)
Retirement benefits paid		(652)	(1,090)
Total changes in working capital		(1,680)	(2,196)
Net cash flows used in operating activities		(6,929)	(5,983)
Investing activities			
Purchase of property, plant and equipment	10	(496)	(1,030)
Additional in investment property		(60)	-
Proceeds from disposal of property, plant and equipment		23	57
Placement of deposit with licensed bank		-	(200)
Additional of intangible assets		(1,608)	(2,777)
Interest received		101	226
Dividend paid		-	(1,737)
Net cash flows used in investing activities		(2,040)	(5,461)
Financing activities			
Contractual lease payment		(21)	(21)
Drawdown from borrowings		474	9,408
Repayment of borrowings		(760)	(628)
Net cash flows (used in)/from financing activities		(307)	8,759
Net decrease in cash and cash equivalents		(9,276)	(2,685)
Cash and cash equivalents at 1 January		19,646	18,079
Cash and cash equivalents at 30 September		10,370	15,394

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 affected by the seasonal and cyclical factors.

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 30 September 2020				
Operating revenue	13,783	4,979	25	18,787
Other operating income	499	25	45	569
Expenses	(10,530)	(4,267)	(979)	(15,776)
Profit/(loss) before taxation	3,752	737	(909)	3,580

Results for 3 months ended 30 September 2019				
Operating revenue	9,366	4,380	7	13,753
Other operating income	204	35	5	244
Expenses	(10,369)	(5,131)	(1,484)	(16,984)
Share of profit of associate	252	-	-	252
Loss before taxation	(547)	(716)	(1,472)	(2,735)

	Harvesting, sawmilling and kiln drying RM'000	Manufacturing RM'000	Others RM'000	Consolidated RM'000
Results for 9 months ended 30 September 2020				
Operating revenue	20,243	11,180	75	31,498
Other operating income	1,332	256	93	1,681
Expenses	(21,393)	(12,135)	(2,732)	(36,260)
Loss before taxation	182	(699)	(2,564)	(3,081)

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

6. Segment information (continued)

	Harvesting, sawmilling and kiln drying RM'000	Manufacturing RM'000	Others RM'000	Consolidated RM'000
Results for 9 months ended 30 September 2019				
Operating revenue	29,461	15,329	19	44,809
Other operating income	392	132	19	543
Expenses	(28,889)	(15,704)	(3,223)	(47,816)
Share of profit of associate	291	-	-	291
Profit/(loss) before taxation	1,255	(243)	(3,185)	(2,173)

7. Profit/(loss) before tax

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

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Interest income	(7)	(25)	(101)	(226)
Interest expenses	35	83	376	173
Depreciation of property, plant and equipment	630	523	1,864	1,787
Depreciation of investment properties	123	126	375	378
Depreciation of right-of-use assets	195	194	583	582
Gain on disposal of property, plant and equipment	(1)	(9)	(23)	(10)
Property, plant and equipment written off	1	1	2	1
Amortisation on intangible assets	1,976	653	3,146	1,959
Grant equity-settled share options to employees	93	258	186	358
Provision/(reversal) of short-term accumulating compensated absences	-	34	(94)	(56)
Provision for retirement benefits	206	166	576	557

8. Income tax expenses

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Current income tax	400	428	530	1,036
Underprovision of income tax in respect of previous years	-	114	-	114
Deferred income tax	193	(335)	75	(508)
Underprovision of deferred tax in respect of previous years	140	516	114	543
	733	723	719	1,185
Effective tax rate	20.5%	-26.4%	-23.3%	-54.5%

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

8. Income tax expenses (continued)

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. Earnings/(loss) per share

Basic earnings/(loss) per share amounts are calculated by dividing profit/(loss) 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 3 months ended		Cumulative quarter 9 months ended	
		30.09.2020	30.09.2019	30.09.2020	30.09.2019
Earnings/(loss) net of tax attributable to owners of the parent used in the computation of earnings per share	(RM'000)	2,847	(3,458)	(3,800)	(3,358)
Weighted average number of ordinary shares in issue	(' 000)	135,645	135,645	135,645	135,645
Basic earnings/(loss) per share	(sen)	2.10	(2.55)	(2.80)	(2.48)

10. Property, plant and equipment

During the nine-month period ended 30 September 2020, the Group has acquired property, plant and equipment at a cost of RM496,000 (30 September 2019: RM1,030,000). As at 30 September 2020, the total depreciation charged for the property, plant and equipment was RM1,864,000 (30 September 2019: RM1,787,000). Property, plant and equipment with the carrying amount of RM2,000 were written off by the Group during nine-month period ended 30 September 2020 (30 September 2019: RM1,000). 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 nine-month period ended 30 September 2020 (30 September 2019: RM47,000), resulting in a gain on disposal of RM23,000 (30 September 2019: RM10,000), 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 2019/30 September 2020	613
Accumulated impairment:	
At 1 January 2019/31 December 2019/30 September 2020	(613)
Net carrying amount:	
At 1 January 2019/31 December 2019/30 September 2020	-

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

	Total	Level 1	Level 2	Level 3
	RM'000	RM'000	RM'000	RM'000
30 September 2020				
Fair value through other comprehensive income financial assets				
Equity shares	1,518	1,518	-	-
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:

	30.09.2020	31.12.2019
	RM'000	RM'000
Cash at banks and in hand	4,950	10,603
Deposits in licensed banks	8,132	11,639
	<u>13,082</u>	<u>22,242</u>
Less:		
Bank overdraft	(1,472)	(1,356)
Deposits in licensed banks	(1,240)	(1,240)
Total cash and cash equivalents	<u>10,370</u>	<u>19,646</u>

14. Share capital

On 13 August 2020, the Company had issued 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 in accordance with the terms and conditions of the Settlement Agreement.

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

15. Borrowings

	30.09.2020	31.12.2019
	RM'000	RM'000
Current		
Secured	3,094	2,823
Non-current		
Secured	9,665	9,686
Total borrowings	<u>12,759</u>	<u>12,509</u>

16. Dividend

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

17. Commitments

	30.09.2020	31.12.2019
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Plant and machinery	354	637
Motor vehicles	417	200
Approved but not contracted for:		
Plant and machinery	276	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 nine-month periods ended 30 September 2020 and 31 December 2019 as well as the balances with the related parties as at 30 September 2020 and 31 December 2019:

		Secretarial	Expenses	Amounts	Amounts
		RM'000	paid by	owed by	owed to
			related	related	related
			RM'000	RM'000	RM'000
Entities with significant influence over the Group:					
Holding company					
Terengganu Incorporated Sdn. Bhd. ("TISB")	30.09.2020	-	-	-	-
	31.12.2019	3	28	(24)	12,127
A corporate shareholder					
Lembaga Tabung Amanah Warisan	30.09.2020	-	-	-	640
Negeri Terengganu ("LTAWNT")	31.12.2019	-	-	-	640

19. Events after the reporting period

There were no material events after reporting period during the current quarter.

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 2020

20. Performance review

(a) Current Quarter vs Corresponding Quarter of Previous Period (3Q2020 vs 3Q2019)

The Group registered a revenue of RM18.79 million for the current quarter ended 30 September 2020 (3Q2020), improved by 37% from RM13.75 million reported in the previous year's corresponding quarter (3Q2019). Accordingly, the Group posted a profit before tax (PBT) of RM3.58 million in 3Q2020 as compared to a loss before tax of RM2.70 million in 3Q2019.

The improved result was primarily contributed by the favourable performance of the Group's harvesting, sawmilling and kiln-drying segment.

Harvesting, sawmilling and kiln drying segment

During the quarter under review, the harvesting, sawmilling and kiln-drying segment reported a PBT of RM3.75 million as compared to a loss before tax of RM0.54 million in the previous year's corresponding quarter. The significant improvement in profit was mainly attributed by logs sales proceed amounting to RM3.68 million from the concession of the Group's timber management subsidiary.

Manufacturing segment

Similarly, the manufacturing segment which is the manufacturing activities of glass, veneer and woodchip showed an improvement in the performance during the 3Q2020 as segment recorded a healthy PBT of RM0.74 million. This position has significantly improved from loss before tax of RM0.72 million recorded in 3Q2019. The segment's revenue has increased 13% in the current quarter, as a result of encouraging glass supply to local projects. Higher veneer selling price due to selling of better product profile in the current quarter has also contributed to the increase in segment's revenue.

Other segment

Other segment of the Group has recorded a loss before tax of RM0.91 million in the quarter under review as compared to a loss before tax of RM1.47 million in the previous year's corresponding quarter, mainly due to significant savings in segment's administrative expenses.

(b) Current Period-to-date vs Previous Period-to-date (FY2020 vs FY2019)

During the nine-month period ended 30 September 2020 (9M2020), the Group businesses were directly affected by the Covid-19 pandemic and business temporary closure during the Movement Control Order ("MCO") period commenced from 18 March 2020 until 3 May 2020.

As a result, the Group registered a loss before tax of RM3.08 million compared to a loss before tax of RM2.17 million reported in the same period last year (9M2019). The Group's revenue declined considerably from RM44.81 million to RM31.50 million in the current period.

Harvesting, sawmilling and kiln drying segment

In 9M2020, the segment posted a PBT of RM0.18 million, a reduction by 86% against 9M2019, while the revenue dropped to RM20.24 million in the current period from RM29.46 million reported in the previous year's corresponding period. The adverse performance in segment's revenue and profits as compared against previous periods were mainly related to current Covid-19 pandemic situation. As a result, the quantity of sawn timber sold has reduced by 38% from the lower logs extraction during the period. For a record, internal logs extraction has reduced significantly from 21,355 hoppus tonne in 9M2019 to 18,913 hoppus tonne in the current period.

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20. Performance review (continued)

(b) Current Period-to-date vs Previous Period-to-date (FY2020 vs FY2019) (continued)

Manufacturing segment

The manufacturing segment of the Group reported a reduction in revenue by 27% in 9M2020 as compared to 9M2019. In line with revenue reduction, the segment's loss before tax increased to RM0.70 million from RM0.24 million loss reported in 9M2019.

The non operation during the MCO period compounded with the slower construction sector have severely affected the glass operation of the group.

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 additional lease of building to the external party. In addition, the savings in the segment's operating expenses has also contributed to the improved performance of the segment.

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

	Current quarter 30.09.2020 RM'000	Immediate preceding quarter 30.06.2020 RM'000
Revenue	18,787	6,885
Profit/(loss) before taxation	3,580	(2,920)

The Group's result improved significantly in the current quarter with a profit before tax of RM3.58 million as compared to a loss before tax of RM2.92 million in the immediate preceding quarter. The revenue also improved by 173% in the current quarter.

The major contribution for the better result was from the harvesting, sawmilling and kiln drying segment with the improvement in revenue by 196%. The segment reported a profit before tax of RM3.75 million in the current quarter as compared to a loss before taxation of RM1.17 million in the immediate preceding quarter. The improvement was due to better performance in logs extraction and sawmilling operations.

Similarly, the manufacturing segment's profit before tax improved by 192% to RM0.74 million in the current quarter as compared to loss before tax of RM0.80 million in the immediate preceding quarter. The result was in line with the increase in revenue from RM2.22 million to RM4.98 million in the quarter under review, which is due to better performance of glass and veneer operations.

Other segment reported better position in the current quarter where the segment's loss before tax has slightly reduced from RM0.95 million reported in the immediate preceding quarter. The better performance in the quarter under review was contributed by the continuous savings in segment's administrative expenses.

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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. Further, fourth quarter will always be the challenge for the Group to register positive result due to logging operation will be severely affected by the rainy season.

However with the continuous effort of cost cutting program undertaken by the Group, the Group is expected to show better result in 2020 as compared to previous year, despite the unprecedented issues faced in 2020.

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 September 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 September 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 8 November 2020.

By order of the Board

Dato' Ahmad Nadzarudin bin Abdul Razak
Chief Executive Officer