

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31.12.2021 Unaudited RM'000	31.12.2020 Unaudited RM'000	31.12.2021 Unaudited RM'000	31.12.2020 Unaudited RM'000
Revenue		26,064	15,702	56,892	47,200
Cost of sales		(11,491)	(14,502)	(38,963)	(40,221)
Gross profit		14,573	1,200	17,929	6,979
Other operating income		335	1,102	2,411	2,783
Administrative expenses		(5,966)	(4,878)	(16,186)	(14,146)
Other operating expenses		(297)	(612)	(1,158)	(1,509)
Share of result of an associate		229	192	229	192
Operating profit/(loss)		8,874	(2,996)	3,225	(5,701)
Finance costs		(43)	(297)	(553)	(673)
Profit/(loss) before tax	7	8,831	(3,293)	2,672	(6,374)
Income tax (expenses)/benefit	8	(2,077)	400	(2,047)	(319)
Profit/(loss) for the period, net of tax		6,754	(2,893)	625	(6,693)
Profit/(loss) for the period attributable to:					
Owners of the parent		6,754	(2,893)	625	(6,693)
Earnings/(loss) per share attributable to owners of the parent (sen per share)					
- Basic	9	4.89	(2.13)	0.45	(4.93)

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 2020 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 YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Profit/(loss) for the period, net of tax		6,754	(2,893)	625	(6,693)
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					
		(49)	446	(402)	(237)
Net gain on remeasurement of defined benefit obligations					
		50	-	50	-
Other comprehensive income/(loss) for the period, net of tax					
		1	446	(352)	(237)
Total comprehensive income/(loss) for the period, net of tax					
		6,755	(2,447)	273	(6,930)
Total comprehensive income/(loss) for the period, net of tax attributable to:					
Owners of the parent					
		6,755	(2,447)	273	(6,930)

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 2020 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 DECEMBER 2021

	Note	31.12.2021 Unaudited RM'000	31.12.2020 Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	10	12,630	13,696
Right-of-use assets		24,976	25,839
Investment properties		19,967	18,119
Intangible assets		637	1,155
Goodwill	11	-	-
Investment in associates		3,710	3,571
Deferred tax assets		1,438	798
Investment securities	12	717	2,010
		<u>64,075</u>	<u>65,188</u>
Current assets			
Inventories		6,929	6,762
Trade and other receivables		16,361	13,289
Tax recoverable		1,041	3,149
Cash and bank balances	13	17,625	13,137
		<u>41,956</u>	<u>36,337</u>
Non-current assets held for sale		10	20
		<u>41,966</u>	<u>36,357</u>
		<u>106,041</u>	<u>101,545</u>
Total assets			
Equity and liabilities			
Equity			
Share capital	14	81,664	80,447
Retained earnings		8,838	8,243
Other reserves		(20,436)	(20,298)
Total equity		<u>70,066</u>	<u>68,392</u>
Non-current liabilities			
Retirement benefit obligations		7,073	7,014
Borrowings	15	9,230	10,241
Lease liabilities		2	1
		<u>16,305</u>	<u>17,256</u>
Current liabilities			
Retirement benefit obligations		270	702
Borrowings	15	3,318	1,832
Lease liabilities		26	24
Trade and other payables		16,056	13,339
		<u>19,670</u>	<u>15,897</u>
		<u>35,975</u>	<u>33,153</u>
Total liabilities		<u>35,975</u>	<u>33,153</u>
Total equity and liabilities		<u>106,041</u>	<u>101,545</u>
Net assets per share attributable to owners of the parent ("RM")		0.51	0.50

These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 YEAR ENDED 31 DECEMBER 2021

	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 2021	68,392	80,447	8,243	(20,298)	477	1,262	(22,718)	681
Profit for the period	625	-	625	-	-	-	-	-
Other comprehensive income								
- Net loss on fair value changes of FVTOCI financial assets	(402)	-	-	(402)	(402)	-	-	-
- Net gain on remeasurement of defined benefit obligations	50	-	50	-	-	-	-	-
Total comprehensive loss	273	-	675	(402)	(402)	-	-	-
Transfer to retained earnings from fair value reserve upon disposal of FVTOCI financial assets	-	-	(140)	140	140	-	-	-
<u>Transaction with owners</u>								
- Share-based payment under the LTIP: Grant of ESOS	373	-	-	373	-	-	-	373
- Issuance of ordinary shares: Exercise of ESGS	641	641	-	-	-	-	-	-
- Issuance of ordinary shares: Exercise of ESOS	387	387	-	-	-	-	-	-
- Transfer to share capital for ESOS exercise	-	189	-	(189)	-	-	-	(189)
- ESOS lapsed	-	-	60	(60)	-	-	-	(60)
Closing balance at 31 December 2021	70,066	81,664	8,838	(20,436)	215	1,262	(22,718)	805
Opening balance at 1 January 2020	62,896	68,447	14,936	(20,487)	714	1,262	(22,718)	255
Loss for the period	(6,693)	-	(6,693)	-	-	-	-	-
Other comprehensive income								
- Net loss on fair value changes of FVTOCI financial assets	(237)	-	-	(237)	(237)	-	-	-
Total comprehensive loss	(6,930)	-	(6,693)	(237)	(237)	-	-	-
<u>Transaction with owners</u>								
- Share-based payment under the LTIP: Grant of ESOS	426	-	-	426	-	-	-	426
- Issuance of redeemable preference shares	12,000	12,000	-	-	-	-	-	-
Closing balance at 31 December 2020	68,392	80,447	8,243	(20,298)	477	1,262	(22,718)	681

These condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 YEAR ENDED 31 DECEMBER 2021

	Note	12 months ended	
		31.12.2021 Unaudited RM'000	31.12.2020 Unaudited RM'000
Operating activities			
Profit/(loss) before tax		2,672	(6,374)
<u>Adjustments for:</u>			
Interest income	7	(103)	(267)
Dividend income	7	(16)	(36)
Interest expenses	7	553	673
Loss/(gain) on disposal of property, plant and equipment	7	44	(17)
Gain on disposal of non-current assets held-for-sale	7	(30)	-
Depreciation of:			
- Property, plant and equipment	7	2,086	2,554
- Investment properties	7	451	873
- Right-of-use assets	7	863	401
Impairment of property, plant and equipment	7	-	23
Property, plant and equipment written off	7	1	2
Reversal of allowance for impairment of trade and other receivables	7	(357)	(37)
Allowance for impairment on trade and other receivables	7	210	826
Other receivables written off	7	-	13
Amortisation of intangible assets	7	983	1,979
Impairment of intangible assets	7	201	225
Inventories written off	7	-	4
Share of result of an associates	7	(229)	(192)
Reversal of provision for diminution of investment	7	(57)	
Share-based payment under the LTIP:			
- Grant of ESOS	7	373	426
- Exercise of ESGS	7	641	-
Provision for retirement benefits	7	772	773
Total adjustments		<u>6,386</u>	<u>8,223</u>
Operating cash flows before changes in working capital		9,058	1,849
<u>Changes in working capital</u>			
Increase in inventory		(167)	(468)
Increase in trade and other receivables		(2,925)	(768)
Increase/(decrease) in trade and other payables		2,717	(4,987)
Total changes in working capital		<u>(375)</u>	<u>(6,223)</u>
Interest paid		(551)	(673)
Income taxes paid		(578)	(799)
Retirement benefits paid		(1,095)	(969)
Total changes in working capital		<u>(2,224)</u>	<u>(2,441)</u>
Net cash flows from/(used in) operating activities		<u>6,459</u>	<u>(6,815)</u>
Investing activities			
Purchase of property, plant and equipment	10	(681)	(472)
Purchase of investment properties		(2,299)	-
Proceeds from disposal of property, plant and equipment		97	17
Proceeds from disposal of non-current assets held-for-sale		40	-
Proceeds from disposal of investment		948	-
Withdrawal of deposits with licensed bank		100	451
Dividend received		106	135
Addition of intangible assets		(666)	(954)
Interest received		103	267
Net cash flows used in investing activities		<u>(2,252)</u>	<u>(556)</u>

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)**

	12 months ended	
	31.12.2021	31.12.2020
Note	Unaudited RM'000	Unaudited RM'000
Financing activities		
Proceeds from issuance of ESOS exercised	387	-
Contractual lease payment	(29)	(29)
Drawdown of borrowings	3,390	952
Repayment of borrowings	(4,575)	(1,205)
Net cash flows used in financing activities	(827)	(282)
Net decrease in cash and cash equivalents	3,380	(7,653)
Cash and cash equivalents at 1 January	11,993	19,646
Cash and cash equivalents at 31 December	15,373	11,993

These condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 YEAR ENDED 31 DECEMBER 2021

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 2020 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 2020, 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 2021, the Group adopted the following new and amended MFRSs and IC Interpretation mandatory for annual periods beginning on or after 1 January 2021:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9: <i>Financial Instruments</i> , MFRS 139: <i>Financial Instruments: Recognition and Measurements</i> and MFRS 7: <i>Financial Instruments: Disclosure - Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
Amendment to MFRS 16: <i>Leases - Covid-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021
Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2018–2020"	1 January 2022
Amendments to MFRS 3: <i>Business Combinations - Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116: <i>Property, Plant and Equipment - Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137: <i>Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
MFRS 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101: <i>Presentation of Financial Statements - Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101: <i>Presentation of Financial Statements - Disclosure of Accounting policies</i>	1 January 2023
Amendments to MFRS 108: <i>Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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 YEAR ENDED 31 DECEMBER 2021

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

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, forest plantation, sawmilling, sales of logs and logging compartment.
- (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 and sawmilling RM'000	Manufacturing RM'000	Others RM'000	Consolidated RM'000
Results for 3 months ended 31 December 2021				
Operating revenue	18,674	7,356	34	26,064
Other operating income	146	67	122	335
Expenses	(9,104)	(7,184)	(1,509)	(17,797)
Share of profit of associate	229	-	-	229
Profit/(loss) before tax	9,945	239	(1,353)	8,831

**Results for 3 months ended
31 December 2020**

Operating revenue	10,483	5,176	43	15,702
Other operating income	690	353	59	1,102
Expenses	(11,753)	(7,414)	(1,122)	(20,289)
Share of profit of associate	192	-	-	192
Loss before tax	(388)	(1,885)	(1,020)	(3,293)

	Harvesting, forest plantation and sawmilling RM'000	Manufacturing RM'000	Others RM'000	Consolidated RM'000
Results for 12 months ended 31 December 2021				
Operating revenue	36,473	20,300	119	56,892
Other operating income	1,573	517	321	2,411
Expenses	(30,527)	(21,572)	(4,761)	(56,860)
Share of profit of associate	229	-	-	229
Profit/(loss) before tax	7,748	(755)	(4,321)	2,672

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE YEAR ENDED 31 DECEMBER 2021

6. Segment information (continued)

	Harvesting, forest plantation and sawmilling RM'000	Manufacturing RM'000	Others RM'000	Consolidated RM'000
Results for 12 months ended 31 December 2020				
Operating revenue	30,726	16,356	118	47,200
Other operating income	2,007	636	140	2,783
Expenses	(32,814)	(20,068)	(3,667)	(56,549)
Share of profit of associate	192	-	-	192
Profit/(loss) before tax	111	(3,076)	(3,409)	(6,374)

7. Profit/(loss) before tax

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

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Interest income	(28)	(166)	(103)	(267)
Dividend income	-	(36)	(16)	(36)
Interest expenses	43	297	553	673
Loss/(gain) on disposal of property, plant and equipment	44	6	44	(17)
Loss/(gain) on disposal of non-current assets held-for-sale	2	-	(30)	-
Depreciation of:				
- Property, plant and equipment	472	690	2,086	2,554
- Investment properties	144	220	451	873
- Right-of-use assets	203	96	863	401
Impairment of property, plant and equipment	-	23	-	23
Property, plant and equipment written off	-	-	1	2
Reversal of allowance for impairment of trade and other receivables	(185)	(37)	(357)	(37)
Allowance for impairment of trade and other receivables	210	826	210	826
Other receivables written off	-	13	-	13
Amortisation of intangible assets	158	(1,167)	983	1,979
Impairment of intangible assets	201	225	201	225
Inventories written off	-	4	-	4
Share of result of an associates	(229)	(192)	(229)	(192)
Reversal of provision for diminution of investment	-	-	(57)	-
Share-based payment under the LTIP:				
- Grant of ESOS	(265)	240	373	426
- Exercise of ESGS	-	-	641	-
Provision for retirement benefits	49	197	772	773

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE YEAR ENDED 31 DECEMBER 2021

8. Income tax expenses/(benefit)

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Current income tax	2,091	(144)	2,311	386
Under/(over) provision of income tax in respect of previous years	461	(1,147)	375	(1,147)
Deferred income tax	(257)	150	(321)	225
(Over)/under provision of deferred tax in respect of previous years	(218)	741	(318)	855
	<u>2,077</u>	<u>(400)</u>	<u>2,047</u>	<u>319</u>
Effective tax rate	23.5%	12.1%	76.6%	-5.0%

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 higher than statutory tax rate due to certain expenses which were not deductible for tax purposes and due to the fact the taxation is arising out of profit making subsidiaries whereas the group profit before tax is minimal due to heavy losses incurred by certain other subsidiaries and also due to elimination of inter-company transactions.

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		Cumulative quarter	
		3 months ended		12 months ended	
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
Profit/(loss) net of tax attributable to owners of the parent used in the computation of earnings per share	(RM'000)	<u>6,754</u>	<u>(2,893)</u>	<u>625</u>	<u>(6,693)</u>
Weighted average number of ordinary shares in issue	(' 000)	<u>138,079</u>	<u>135,645</u>	<u>138,079</u>	<u>135,645</u>
Basic earnings/(loss) per share	(sen)	<u>4.89</u>	<u>(2.13)</u>	<u>0.45</u>	<u>(4.93)</u>

10. Property, plant and equipment

During the financial year ended 31 December 2021, the Group has acquired property, plant and equipment at a cost of RM681,000 (31 December 2020: RM472,000). As at 31 December 2021, the total depreciation charged for the property, plant and equipment was RM2,086,000 (31 December 2020: RM2,554,000). Property, plant and equipment with the carrying amount of RM1,000 were written off by the Group during the financial year ended 31 December 2021 (31 December 2020: RM2,000). 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 carrying amount of RM141,000 during the financial year ended 31 December 2021 (31 December 2020: RM17,000), resulting in a loss of disposal of RM44,000 (31 December 2020: gain on disposal amounting to RM17,000) recognised and included in other income in the statement of profit and loss and other comprehensive income.

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE YEAR ENDED 31 DECEMBER 2021

11. Goodwill

	Goodwill RM'000
Cost:	
At 1 January 2020/31 December 2020/30 December 2021	<u>613</u>
Accumulated impairment:	
At 1 January 2020/31 December 2020/30 December 2021	<u>(613)</u>
Net carrying amount:	
At 1 January 2020/31 December 2020/30 December 2021	<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

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 December 2021				
Fair value through other comprehensive income financial assets				
Equity shares	717	717	-	-
31 December 2020				
Fair value through other comprehensive income financial assets				
Equity shares	2,010	2,010	-	-

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.

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
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13. Cash and bank balances

Cash and bank balances comprised the following amounts:

	31.12.2021	31.12.2020
	RM'000	RM'000
Cash at banks and in hand	16,116	6,633
Deposits in licensed banks	1,509	6,504
	<u>17,625</u>	<u>13,137</u>
Less:		
Bank overdraft	(1,563)	(355)
Deposits in licensed banks	(689)	(789)
Total cash and cash equivalents	<u><u>15,373</u></u>	<u><u>11,993</u></u>

14. Share capital

During the financial period ended 31 December 2021, the Company increased its issued and paid-up share

(a) an issuance of 1,063,720 and 1,085,900 ordinary shares at no cost pursuant to the Company's Executive Share Grant Scheme ("ESGS") at exercise price of RM0.235 and RM0.360 per ordinary share respectively.

(b) an issuance of 1,533,000 ordinary shares from exercise of options under the Employees Share Option Scheme ("ESOS") at the exercise price of RM0.27 and RM0.18 per option which amounted to

	Company
	RM '000
Issued and fully paid:	
At 1 January 2021	80,447
Issuance of shares arising from exercise of ESGS	641
Issuance of shares arising from exercise of ESOS	387
Transfer from employee share option reserves upon ESOS exercised	189
At 31 December 2021	<u><u>81,664</u></u>

15. Borrowings

	31.12.2021	31.12.2020
	RM'000	RM'000
Current		
Secured	3,318	1,832
Non-current		
Secured	9,230	10,241
Total borrowings	<u><u>12,548</u></u>	<u><u>12,073</u></u>

16. Dividend

There was no dividend declared by the Company during the financial period ended 31 December 2021 (31 December 2020: RMNil).

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE YEAR ENDED 31 DECEMBER 2021

17. Commitments

	31.12.2021	31.12.2020
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Plant and machinery	878	-
Motor vehicles	132	-
Office equipment	136	-
Building and renovation	41	-
Approved but not contracted for:		
Plant and machinery	2,025	2,903
Motor vehicles	1,018	1,150
Office equipment	86	222
Building and renovation	6,152	6,192
	<u>10,467</u>	<u>10,467</u>

18. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the financial periods ended 31 December 2021 and 31 December 2020 as well as the balances with the related parties as at 31 December 2021 and 31 December 2020:

		Amounts owed to related parties RM'000
A corporate shareholder		
Lembaga Tabung Amanah Warisan	31.12.2021	640
Negeri Terengganu ("LTAWNT")	31.12.2020	<u>640</u>

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19. Performance review

(a) Current Quarter vs Corresponding Quarter of Previous Period (4Q2021 vs 4Q2020)

The Group posted a significant profit before tax ("PBT") of RM8.83 million for the current quarter ended 31 December 2021 ("4Q2021"), improved considerably from the loss before tax of RM3.29 million reported in the previous year's corresponding quarter ("4Q2020"). This PBT performance was in the back of RM26.06 million revenue achievement during the quarter, improved by 66% or RM10.36 million from RM15.70 million reported in 4Q2020.

Harvesting, forest plantation and sawmilling

During the quarter under review, the harvesting, sawmilling and kiln-drying segment reported a substantial PBT of RM9.95 million as compared to loss before tax of RM0.39 million in the previous year's corresponding quarter. The significant improvement in profit was in line with the increase in revenue by 78% as a result of sales proceeds from the tender of logging compartments amounting to RM13.82 million.

Manufacturing segment

Similarly, the manufacturing segment which is the manufacturing activities of glass, veneer and woodchip recorded the improved results during the current quarter. The segment reported a PBT of RM0.24 million as compared against loss before tax of RM1.89 million in 4Q2020. The segment's revenue increased 42% 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 has also contributed to the increase in segment's revenue during the quarter.

Other segment

Other segment which refers to the investment holding and rental activity of the Group, has recorded an increase in loss before tax due to the increase in segment's administrative expenses.

(b) Current Period-to-date vs Previous Period-to-date (FY2021 vs FY2020)

The Group's revenue stood at RM56.89 million for the period ended 31 December 2021 ("FY2021"), 21% higher than RM47.20 million reported in the previous financial year ("FY2020"). Consequently, gross profit grew 157% to RM17.93 million as compared with RM6.98 million in FY2020, attributed by the favourable performance of the harvesting, forest plantation and sawmilling segment. As a result, the Group's PBT improved to RM2.67 million in FY2021 as compared to a loss before tax of RM6.37 million in FY2020

Harvesting, forest plantation and sawmilling

In the current year, the segment recorded a substantial increase in PBT to RM7.75 million from RM0.11 million reported in FY2020. The major factor contributed to the substantial increase was due to the higher price secured from forward sales of standing trees in its logging concession. The segment has secured the contract value of RM13.82 million from the tender issued in 4Q2021.

In terms of revenue, the segment reported an increase in revenue by 19% to RM36.47 million in FY2021 as compared to RM30.73 million reported in FY2020.

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19. Performance review (continued)

(b) Current Period-to-date vs Previous Period-to-date (FY2021 vs FY2020) (continued)

Manufacturing segment

During the year under review, manufacturing segment recorded loss before tax of RM0.76 million, representing a decrease of 75% from loss before tax of RM3.08 million reported in FY2020. The decrease in loss before tax was in line with the increase in segment's revenue by 24% in the year under review.

The favourable performance was contributed from boosting glass supply, better woodchip selling price and increase in veneer productivity.

Other segment

However, other segment recorded an increase in loss before tax to RM4.32 million in the current year as compared with RM3.41 million reported in FY2020. This situation was mainly resulted from the increase in segment's expenses by 30%, mainly due to the impact of share-based payment under the Long Term Incentive Plan ("LTIP").

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

	Current quarter 31.12.2021 RM'000	Immediate preceding quarter 30.09.2021 RM'000
Revenue	26,064	12,018
Profit before tax	8,831	413

The Group's result improved significantly in the current quarter with profit before tax of RM8.83 million as compared to a profit before tax of RM0.41 million reported in the immediate preceding quarter. Similarly, the revenue improved by 117% in the current quarter.

The major contribution for the improved result was from the harvesting, forest plantation and sawmilling segment with the improvement in revenue by 123%. The segment reported a profit before tax of RM9.95 million as compared to a profit before tax of RM1.88 million in the immediate preceding quarter.

The factor contributed to this tremendous performance was due to the higher price secured from the open tender of the segment's logging compartment. During the quarter, the segment's has secured the contract of RM13.82 million which is higher than the target base price.

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20. Material change in performance of operating segments of current quarter compared with immediate preceding quarter (continued)

Similarly, the manufacturing segment's profit before tax improved by 163% to RM0.24 million in the current quarter as compared to loss before tax of RM0.38 million in the immediate preceding quarter. The result was in line with the increase in revenue from RM3.60 million to RM7.36 million in the quarter under review, which is primarily due to encouraging sales in glass.

While other segment reported an increase in loss before tax by 25% from RM1.09 million reported in the immediate preceding quarter. The adverse performance in the quarter under review was due to the increase in segment's administrative expenses.

21. Commentary on prospect

The Covid-19 pandemic and the imposition Total lockdown has adversely impacted the Group's financial performance after the operations were suspended for several weeks in June until August 2021.

In response to the Total Lockdown impact to our financial performance and position in the remaining quarters of 2021, the Board has identified new measures to be undertaken while continues to implement the existing measures.

- **Realignment of business and operational focus**

The Board has established new directions on the Group's current businesses and activities going forward. These new directions involved the realignment of the Group existing businesses to be more operational focus via:

- a) Strengthening of the upstream activity for higher value of timber productions and faster return from forest plantation.
- b) Reinforcing of the midstream activity for higher recovery of sawn timber and veneer production.
- c) Improving the downstream activity through the expansion of veneer production line into plywood production line and reactivation of moulding production lines.

- **Establishment of a new Key Performance Indicator ("KPI") on Logging Yield**

The Board has established a new KPI on logging yield for 2021 which is substantially higher than our historical and present yields. Successful pursuit of this new KPI will help translate into higher logging yield.

- **Implementation of new logging policy**

The Board has approved the new logging policy effective 2Q2021 in order to further improve the logging yield. The implementation of this new policy is expected to produce more logs from the Group's concession area.

The strengthening of our harvesting activity through enhancing tree marking process, prioritizing high value compartments species, improvement of felling technique and initiative in data collection of timber inventory will become the Group's continuous efforts and actions to enhance our logging yield and efficiency.

If all the new measures could be successfully implemented, and barring any unforeseen external shocks, the Board is cautiously optimistic that the Group will be able to record better results and having brighter prospect in the year 2022 onwards.

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22. Changes in material litigation

There was no material litigation against the Group.

23. Dividend payable

There was no dividend paid by the Company during the financial period ended 31 December 2021 (31 December 2020: RMNil).

24. Risks and policies of derivatives

The Group did not enter into any derivative during the financial period ended 31 December 2021 or the previous financial year ended 31 December 2020.

25. 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 December 2021 and 31 December 2020.

26. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2020 was not qualified.

27. 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 February 2022.

By order of the Board

Dr. Mohd Zaki bin Hamzah
Chief Executive Officer