

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

	Note	Current quarter 3 months ended		Cumulative quarter 3 months ended	
		31.03.2022 Unaudited RM'000	31.03.2021 Unaudited RM'000	31.03.2022 Unaudited RM'000	31.03.2021 Unaudited RM'000
Revenue		8,428	12,324	8,428	12,324
Cost of sales		<u>(8,164)</u>	<u>(10,117)</u>	<u>(8,164)</u>	<u>(10,117)</u>
Gross profit		264	2,207	264	2,207
Other operating income		461	183	461	183
Administrative expenses		(3,298)	(3,271)	(3,298)	(3,271)
Other operating expenses		<u>(306)</u>	<u>(311)</u>	<u>(306)</u>	<u>(311)</u>
Operating loss		(2,879)	(1,192)	(2,879)	(1,192)
Finance costs		<u>(189)</u>	<u>(169)</u>	<u>(189)</u>	<u>(169)</u>
Loss before tax	9	(3,068)	(1,361)	(3,068)	(1,361)
Income tax benefit	10	<u>435</u>	<u>27</u>	<u>435</u>	<u>27</u>
Loss for the period, net of tax		<u>(2,633)</u>	<u>(1,334)</u>	<u>(2,633)</u>	<u>(1,334)</u>
Loss for the period attributable to:					
Owners of the parent		<u>(2,633)</u>	<u>(1,334)</u>	<u>(2,633)</u>	<u>(1,334)</u>
Loss per share attributable to owners of the parent (sen per share)					
- Basic	11	<u>(1.91)</u>	<u>(0.98)</u>	<u>(1.91)</u>	<u>(0.98)</u>
- Diluted	11	<u>(1.84)</u>	<u>(0.94)</u>	<u>(1.84)</u>	<u>(0.94)</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 2021 and the accompanying explanatory notes attached to these interim financial statements.

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022 (CONTINUED)

	Note	Current quarter 3 months ended		Cumulative quarter 3 months ended	
		31.03.2022 Unaudited RM'000	31.03.2021 Unaudited RM'000	31.03.2022 Unaudited RM'000	31.03.2021 Unaudited RM'000
Loss for the period, net of tax		(2,633)	(1,334)	(2,633)	(1,334)
Other comprehensive income					
Other comprehensive income will not be reclassified to profit or loss:					
Net gain/(loss) on fair value changes of fair value through other comprehensive income ("FVTOCI") financial assets					
		157	(217)	157	(217)
Other comprehensive income/(loss) for the period, net of tax		157	(217)	157	(217)
Total comprehensive loss for the period, net of tax		(2,476)	(1,551)	(2,476)	(1,551)
Total comprehensive loss for the period, net of tax attributable to:					
Owners of the parent		(2,476)	(1,551)	(2,476)	(1,551)

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 2021 and the accompanying explanatory notes attached to these interim financial statements.

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Note	31.03.2022 Unaudited RM'000	31.12.2021 Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment	13	12,993	13,096
Right-of-use assets		24,779	25,011
Investment properties		19,369	19,473
Biological assets		305	237
Intangible assets		327	637
Goodwill	14	-	-
Investment in associates		3,710	3,710
Deferred tax assets		1,911	1,469
Investment securities	15	1,373	717
		<u>64,767</u>	<u>64,350</u>
Current assets			
Inventories		6,015	6,549
Trade and other receivables		16,837	16,335
Tax recoverable		2,531	1,041
Cash and bank balances	16	9,963	17,632
		<u>35,346</u>	<u>41,557</u>
Non-current assets held for sale		10	10
		<u>35,356</u>	<u>41,567</u>
Total assets		<u>100,123</u>	<u>105,917</u>
Equity and liabilities			
Equity			
Share capital	17	81,664	81,664
Retained earnings		6,241	8,874
Other reserves		(20,104)	(20,438)
Total equity		<u>67,801</u>	<u>70,100</u>
Non-current liabilities			
Retirement benefit obligations		6,517	7,076
Borrowings	18	8,906	9,191
Lease liabilities		28	40
		<u>15,451</u>	<u>16,307</u>
Current liabilities			
Retirement benefit obligations		988	267
Borrowings	18	2,202	3,312
Lease liabilities		8	15
Trade and other payables		13,673	15,916
		<u>16,871</u>	<u>19,510</u>
Total liabilities		<u>32,322</u>	<u>35,817</u>
Total equity and liabilities		<u>100,123</u>	<u>105,917</u>
Net assets per share attributable to owners of the parent ("RM")		0.49	0.51

These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to these interim financial statements.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

	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
Opening balance at 1 January 2022	70,100	81,664	8,874	(20,438)	213	1,262	(22,718)	805
Loss for the period	(2,633)	-	(2,633)	-	-	-	-	-
Other comprehensive income								
- Net gain on fair value changes of FVTOCI financial assets	157	-	-	157	157	-	-	-
Total comprehensive loss	(2,476)	-	(2,633)	157	157	-	-	-
<u>Transaction with owners</u>								
- Share-based payment under the LTIP: Grant of ESOS	177	-	-	177	-	-	-	177
Closing balance at 31 March 2022	67,801	81,664	6,241	(20,104)	370	1,262	(22,718)	982
Opening balance at 1 January 2021	68,392	80,447	8,243	(20,298)	477	1,262	(22,718)	681
Loss for the period	(1,334)	-	(1,334)	-	-	-	-	-
Other comprehensive income								
- Net loss on fair value changes of FVTOCI financial assets	(217)	-	-	(217)	(217)	-	-	-
Total comprehensive loss	(1,551)	-	(1,334)	(217)	(217)	-	-	-
Transfer of fair value reserve to retained earnings upon disposal of FVTOCI financial assets	-	-	(138)	138	138	-	-	-
<u>Transaction with owners</u>								
- Share-based payment under the LTIP: Grant of ESOS	68	-	-	68	-	-	-	68
- Issuance of ordinary shares: Exercise of ESGS	250	250	-	-	-	-	-	-
Closing balance at 31 March 2021	67,159	80,697	6,771	(20,309)	398	1,262	(22,718)	749

These condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to these interim financial statements.

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

	Note	3 months ended	
		31.03.2022 Unaudited RM'000	31.03.2021 Unaudited RM'000
Operating activities			
Loss before tax		(3,068)	(1,361)
<u>Adjustments for:</u>			
Interest income	7	(5)	(13)
Interest expenses	7	189	169
Gain on disposal of property, plant and equipment	7	(38)	-
Gain on disposal of non-current assets held-for-sale	7	-	(32)
Depreciation of:			
- Property, plant and equipment	7	456	529
- Investment properties	7	104	114
- Right-of-use assets	7	218	218
Property, plant and equipment written off	7	-	1
Reversal of allowance for impairment of trade and other receivables	7	(166)	-
Amortisation of intangible assets	7	310	396
Share-based payment under the LTIP:			
- Grant of ESOS	7	177	68
- Exercise of ESGS	7	-	250
Provision for retirement benefits	7	174	190
Total adjustments		<u>1,419</u>	<u>1,890</u>
Operating cash flows before changes in working capital		(1,649)	529
<u>Changes in working capital</u>			
Decrease/(increase) in inventory		534	(498)
Increase in trade and other receivables		(336)	(709)
(Decrease)/increase in trade and other payables		<u>(2,242)</u>	<u>434</u>
Total changes in working capital		<u>(2,044)</u>	<u>(773)</u>
Interest paid		(189)	(169)
Income taxes paid		(1,497)	(115)
Retirement benefits paid		(12)	(147)
Total changes in working capital		<u>(1,698)</u>	<u>(431)</u>
Net cash flows used in operating activities		<u>(5,391)</u>	<u>(675)</u>
Investing activities			
Purchase of property, plant and equipment	13	(254)	(101)
Purchase of investment properties		-	(1,768)
Proceeds from disposal of property, plant and equipment		39	-
Proceeds from disposal of non-current assets held-for-sale		-	42
Purchase of investment securities		(500)	-
Proceed from disposal of investment securities		-	891
Cost incurred on biological assets		(68)	-
Addition of intangible assets		-	(900)
Interest received		5	13
Net cash flows used in investing activities		<u>(778)</u>	<u>(1,823)</u>
Financing activities			
Contractual lease payment		(7)	(7)
Drawdown of borrowings		601	344
Repayment of borrowings		(531)	(569)
Net cash flows from/(used in) financing activities		<u>63</u>	<u>(232)</u>
Net decrease in cash and cash equivalents		(6,106)	(2,730)
Cash and cash equivalents at 1 January		14,550	6,278
Cash and cash equivalents at 31 March		<u>8,444</u>	<u>3,548</u>

These condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to these interim financial statements.

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

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 2021 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 2021, 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 2022, the Group adopted the following new and amended MFRSs and IC Interpretation mandatory for annual periods beginning on or after 1 January 2022:

Description	Effective for annual periods beginning on or after
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
Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2018–2020"	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 112: <i>Income Taxes - Deferred Tax Related to Assets and Liabilities arising from a Single Transaction</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 THREE-MONTH PERIOD ENDED 31 MARCH 2022

4. Changes in estimates

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

5. Seasonality of operations

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

6. Unusual items due to their nature, size of incidence

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size and incidence in the current quarter.

7. Changes in the composition of the Group

There was no material changes in the composition of the Group during the current quarter and financial period under review.

8. Segment information

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

- (i) Harvesting, forest plantation, sawmilling, sales of logs and logging compartments;
- (ii) Manufacturing: manufacturing and trading of glass, veneer and woodchips;
- (iii) Others: including investment holding, rental of properties, none of which are of a sufficient size to be reported separately.

	Harvesting, forest plantation, sawmilling, sales of logs and logging compartments	Manufacturing	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000
Results for 3 months ended				
31 March 2022				
Operating revenue	2,459	5,934	35	8,428
Other operating income	296	82	83	461
Expenses	(5,009)	(6,116)	(832)	(11,957)
Loss before tax	(2,254)	(100)	(714)	(3,068)
Results for 3 months ended				
31 March 2021				
Operating revenue	6,785	5,487	52	12,324
Other operating income	134	39	10	183
Expenses	(7,711)	(5,158)	(999)	(13,868)
(Loss)/profit before tax	(792)	368	(937)	(1,361)

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

9. Loss before tax

Included in the loss before tax are the following items:

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31.03.2022 RM'000	31.03.2021 RM'000	31.03.2022 RM'000	31.03.2021 RM'000
Interest income	(5)	(13)	(5)	(13)
Interest expenses	189	169	189	169
Gain on disposal of property, plant and equipment	(38)	-	(38)	-
Gain on disposal of non-current assets held-for-sale	-	(32)	-	(32)
Depreciation of:				
- Property, plant and equipment	456	529	456	529
- Investment properties	104	114	104	114
- Right-of-use assets	218	218	218	218
Property, plant and equipment written off	-	1	-	1
Reversal of allowance for impairment of trade and other receivables	(166)	-	(166)	-
Amortisation of intangible assets	310	396	310	396
Share-based payment under the LTIP:				
- Grant of ESOS	177	68	177	68
- Exercise of ESGS	-	250	-	250
Provision for retirement benefits	174	190	174	190

10. Income tax benefit

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31.03.2022 RM'000	31.03.2021 RM'000	31.03.2022 RM'000	31.03.2021 RM'000
Current income tax	6	216	6	216
Deferred income tax	(166)	(134)	(166)	(134)
Over provision of deferred tax in respect of previous years	(275)	(109)	(275)	(109)
	(435)	(27)	(435)	(27)
Effective tax rate	14.2%	2.0%	14.2%	2.0%

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 lower than statutory tax rate due to reversal temporary differences.

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

11. Loss per share

(a) Basic

Basic loss per share amounts are calculated by dividing loss for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period.

(a) Diluted

Diluted loss per share amounts are calculated by dividing loss for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period plus the weighted average number of ordinary share that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

		Current quarter		Cumulative quarter	
		3 months ended		3 months ended	
		31.03.2022	31.03.2021	31.03.2022	31.03.2021
Loss net of tax attributable to owners of the parent used in the computation of earnings per share	(RM'000)	(2,633)	(1,334)	(2,633)	(1,334)
Weighted average number of ordinary shares in issue	(' 000)	138,079	136,145	138,079	136,145
Effect of dilution					
- Employee Share Option Scheme ("ESOS")	(' 000)	5,357	5,123	5,357	5,123
Weighted average number of ordinary shares for diluted loss per share	(' 000)	143,436	141,268	143,436	141,268
Loss per share:					
Basic	(sen)	(1.91)	(0.98)	(1.91)	(0.98)
Diluted	(sen)	(1.84)	(0.94)	(1.84)	(0.94)

12. Valuation of property, plant and equipment and investment properties

There was no valuation of property, plant and equipment and investment properties in the current quarter and financial period under review as the Group has not adopted a revaluation model on its property, plant and equipment and investment properties.

13. Property, plant and equipment

During the three-month period ended 31 March 2022, the Group has acquired property, plant and equipment at a cost of RM254,000 (31 March 2021: RM101,000). As at 31 March 2022, the total depreciation charged for the property, plant and equipment was RM456,000 (31 March 2021: RM529,000). There were no property, plant and equipment written off during three-month period ended 31 March 2022 (31 March 2021: 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 assets with carrying amount of RM1,000 during three-month period ended 31 March 2022 (31 March 2021:RMNil), resulting in a gain of disposal of RM38,000 (31 March 2021:RMNil) 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 THREE-MONTH PERIOD ENDED 31 MARCH 2022

14. Goodwill

	Goodwill RM'000
Cost:	
At 1 January 2021/31 December 2021/31 March 2022	<u>613</u>
Accumulated impairment:	
At 1 January 2021/31 December 2021/31 March 2022	<u>(613)</u>
Net carrying amount:	
At 1 January 2021/31 December 2021/31 March 2022	<u>-</u>

15. 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 March 2022				
Fair value through other comprehensive income financial assets				
Quoted Investment securities:				
Equity instrument	873	873	-	-
Unit trust	500	500	-	-
Total investment securities	<u>1,373</u>	<u>1,373</u>	-	-
31 December 2021				
Fair value through other comprehensive income financial assets				
Quoted Investment securities:				
Equity instrument	<u>717</u>	<u>717</u>	-	-

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
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

16. Cash and bank balances

Cash and bank balances comprised the following amounts:

	31.03.2022	31.12.2021
	RM'000	RM'000
Cash at banks and in hand	8,444	16,113
Deposits in licensed banks	1,519	1,519
	<u>9,963</u>	<u>17,632</u>
Less:		
Bank overdraft	-	(1,563)
Deposits in licensed banks	(1,519)	(1,519)
Total cash and cash equivalents	<u><u>8,444</u></u>	<u><u>14,550</u></u>

17. Share capital

There were no issuances, cancellation, repurchases, resale and repayments of debts and equity securities for the financial period ended 31 March 2022.

18. Borrowings

	31.03.2022	31.12.2021
	RM'000	RM'000
Current		
Secured	2,202	3,312
Non-current		
Secured	8,906	9,191
Total borrowings	<u><u>11,108</u></u>	<u><u>12,503</u></u>

19. Dividend proposed or declared

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2021, on 140,475,470 ordinary share and 12,000,000 Redeemable preference share, amounting to a dividend payable of RM1,372,279 (0.90 sen per share) will be proposed for shareholders' approval. This report does not reflect this dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the quarter ending 30 September 2022.

GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

20. Commitments

	31.03.2022	31.12.2021
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Plant and machinery	-	955
Motor vehicles	102	-
Office equipment	36	-
Building and renovation	-	-
Approved but not contracted for:		
Plant and machinery	260	260
Motor vehicles	1,088	1,190
Office equipment	197	233
Building and renovation	80	80
	1,763	2,718

21. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the three-month periods ended 31 March 2022 and 31 December 2021 as well as the balances with the related parties as at 31 March 2022 and 31 December 2021:

		Amounts owed to related parties RM'000
A corporate shareholder		
Lembaga Tabung Amanah Warisan	31.03.2022	540
Negeri Terengganu ("LTAWNT")	31.12.2021	640

22. Material subsequent events

There was no material subsequent events to the end of the current quarter up to date of the interim financial report.

**GOLDEN PHAROS BERHAD (Company No. 1986011003051)
EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING
REQUIREMENT: CHAPTER 9, APPENDIX 9B, PART A
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

23. Performance review

(a) Current Quarter vs Corresponding Quarter of Previous Period (1Q2022 vs 1Q2021)

The Group registered a revenue of RM8.43 million in the current quarter ended 31 March 2022 ("1Q2022") as compared to RM12.32 million reported in the previous year's corresponding quarter ("1Q2021"). Consequently, the Group recorded a loss before tax of RM3.07 million as compared to a loss before tax of RM1.36 million in 1Q2021.

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

The segment's operating revenue of RM2.46 million in 1Q2022 was substantially lower than RM6.79 million reported in 1Q2021. Accordingly, the segment posted a loss before tax of RM2.25 million as compared to RM0.79 million recorded in the preceding year's corresponding quarter.

During the quarter, the internal logs extraction was adversely affected by the uncharacteristic rainy season in the group's logging area. This situation has resulted in lower logs supply to the mills which led to decrease in sales of sawn timber by 65%.

Manufacturing segment

During the quarter under review, the manufacturing segment which is the manufacturing of glass, veneer and woodchip reported a loss before taxation of RM0.10 million, decreased by 127% from profit before tax of RM0.37 million in 1Q2021, despite the increase in revenue by 8%.

This unfavourable performance was in line with lower logs supply to veneer processing mill that could result in operating below capacity.

Other segment

Other segment which refers to the investment holding and rental activity of the Group, has recorded a slight decrease in revenue due to the effect from discontinuation of tenancy for 1 unit of Group's premise. However, the saving in segment's operating expenses by 17% has resulted to the decrease in segment's loss in 1Q2022.

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

	Current quarter 31.03.2022 RM'000	Immediate preceding quarter 31.12.2021 RM'000
Revenue	8,428	25,915
(Loss)/profit before taxation	(3,068)	8,834

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

The Group's revenue for the quarter under review was RM8.43 million, decreased by 67% from RM25.92 million reported in the quarter ended 31 December 2021 (4Q2021). Accordingly, the Group's profit before tax turned into loss before tax of RM3.07 million in the quarter under review.

The harvesting, forest plantation, sawmilling, sales of logs and logging compartment's segment reported a loss before tax of RM2.25 million as compared to a profit before tax of RM10.34 million in 4Q2021. The segment's revenue declined by 86% to RM2.46 million from RM18.54 million reported in the immediate preceding quarter. Higher revenue and profit before tax recorded in 4Q2021 was due to logs sales proceed via tender from the Group's concession area amounted to RM13.82 million.

In contrast, the manufacturing segment showed a favourable result whereby the loss before tax reduced from RM0.14 million to RM0.10 million in 1Q2022, despite the decline in the segment's revenue by 19%. This situation was primarily contributed by the saving in the segment's operating expenses during 1Q2022.

Other segment recorded marginal revenue from its rental. With the reduction in segment's operating expenses by 42%, there was a decrease in segment's loss before tax.

25. Commentary on prospect

The country and the world are transitioning into endemic phase of Covid-19 after two years of facing pandemic-related risks, which include work stoppages either enforced by the authorities or resulting from infection to our workers. In response to the bad weather impact in Q1 2022, the Group will continue to intensify its effort to improve its operational efficiency, productivity and profitability for the remaining quarters in 2022.

The Board will continue to implement the existing measures as follows;

● **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 timber productions and faster return from forest plantation.
- b) Reinforcing of the midstream activity for higher recovery and production of sawn timber and veneer.
- 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 can be translated into higher logging yield.

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25. Commentary on prospect (continued)

The Board will continue to implement the existing measures as follows; (continued)

• **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 positive results and improved prospect in the year 2022.

26. Changes in contingent liabilities or contingent assets

There was no contingent liabilities or contingent assets during the financial period ended 31 March 2022 or the previous financial year ended 31 December 2021.

27. Changes in material litigation

There was no material litigation against the Group.

28. Dividend payable

Please refer to Note 19 for details.

29. Risks and policies of derivatives

The Group did not enter into any derivative during the financial period ended 31 March 2022 or the previous financial year ended 31 December 2021.

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

The Group did not have any financial liabilities measured at fair value through profit or loss as at 31 March 2022 and 31 December 2021.

31. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2021 was not qualified.

32. 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 31 May 2022.

By order of the Board

Dr. Mohd Zaki bin Hamzah
Chief Executive Officer