

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

	Note	Current quarter 3 months ended		Cumulative quarter 6 months ended	
		30.06.2021	30.06.2020	30.06.2021	30.06.2020
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue		6,485	6,885	18,809	12,711
Cost of sales		<u>(7,713)</u>	<u>(7,396)</u>	<u>(17,830)</u>	<u>(13,647)</u>
<b>Gross (loss)/profit</b>		(1,228)	(511)	979	(936)
Other operating income		304	1,008	488	1,113
Administrative expenses		(3,826)	(3,072)	(7,097)	(5,892)
Other operating expenses		<u>(295)</u>	<u>(269)</u>	<u>(606)</u>	<u>(603)</u>
<b>Operating loss</b>		(5,045)	(2,844)	(6,236)	(6,318)
Finance costs		<u>(169)</u>	<u>(76)</u>	<u>(338)</u>	<u>(341)</u>
<b>Loss before tax</b>	7	(5,214)	(2,920)	(6,574)	(6,659)
Income tax benefit/(expenses)	8	<u>134</u>	<u>(146)</u>	<u>161</u>	<u>15</u>
<b>Loss for the period, net of tax</b>		<u>(5,080)</u>	<u>(3,066)</u>	<u>(6,413)</u>	<u>(6,644)</u>
<b>Loss for the period attributable to:</b>					
Owners of the parent		<u>(5,080)</u>	<u>(3,066)</u>	<u>(6,413)</u>	<u>(6,644)</u>
<b>Loss per share attributable to owners of the parent (sen per share)</b>					
- Basic	9	<u>(3.73)</u>	<u>(2.26)</u>	<u>(4.71)</u>	<u>(4.90)</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 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 SIX-MONTH PERIOD ENDED 30 JUNE 2021 (CONTINUED)**

	<b>Current quarter</b>		<b>Cumulative quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2021</b>	<b>30.06.2020</b>	<b>30.06.2021</b>	<b>30.06.2020</b>
	Unaudited	Unaudited	Unaudited	Unaudited
Note	RM'000	RM'000	RM'000	RM'000
Loss for the period, net of tax	(5,080)	(3,066)	(6,413)	(6,644)
<b>Other comprehensive income</b>				
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	(152)	168	(369)	(727)
Other comprehensive (loss)/gain for the period, net of tax	(152)	168	(369)	(727)
Total comprehensive loss for the period, net of tax	(5,232)	(2,898)	(6,782)	(7,371)
<b>Total comprehensive loss for the period, net of tax attributable to:</b>				
Owners of the parent	(5,232)	(2,898)	(6,782)	(7,371)

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 30 JUNE 2021**

	Note	30.06.2021 Unaudited RM'000	31.12.2020 Audited RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	13,766	13,696
Right-of-use assets		25,402	25,839
Investment properties		19,668	18,119
Intangible assets		1,187	1,155
Goodwill	11	-	-
Investment in associates		3,571	3,571
Deferred tax assets		1,013	798
Investment securities	12	749	2,010
		<u>65,356</u>	<u>65,188</u>
<b>Current assets</b>			
Inventories		8,709	6,762
Trade and other receivables		11,993	13,289
Tax recoverable		3,313	3,149
Cash and bank balances	13	9,258	13,137
		<u>33,273</u>	<u>36,337</u>
Non-current assets held for sale		10	20
		<u>33,283</u>	<u>36,357</u>
<b>Total assets</b>		<u>98,639</u>	<u>101,545</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	14	80,697	80,447
Retained earnings		1,691	8,243
Other reserves		(19,961)	(20,298)
<b>Total equity</b>		<u>62,427</u>	<u>68,392</u>
<b>Non-current liabilities</b>			
Retirement benefit obligations		7,418	7,014
Borrowings	15	9,865	10,241
Lease liabilities		12	1
		<u>17,295</u>	<u>17,256</u>
<b>Current liabilities</b>			
Retirement benefit obligations		262	702
Borrowings	15	3,302	1,832
Lease liabilities		29	24
Trade and other payables		15,324	13,339
		<u>18,917</u>	<u>15,897</u>
<b>Total liabilities</b>		<u>36,212</u>	<u>33,153</u>
<b>Total equity and liabilities</b>		<u>98,639</u>	<u>101,545</u>
Net assets per share attributable to owners of the parent ("RM")		0.46	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 SIX-MONTH PERIOD ENDED 30 JUNE 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
<b>Opening balance at 1 January 2021</b>	68,392	80,447	8,243	(20,298)	477	1,262	(22,718)	681
Loss for the period	(6,413)	-	(6,413)	-	-	-	-	-
Other comprehensive income								
- Net loss on fair value changes of FVTOCI financial assets	(369)	-	-	(369)	(369)	-	-	-
Total comprehensive loss	(6,782)	-	(6,413)	(369)	(369)	-	-	-
Transfer to retained earnings from fair value reserve upon disposal of FVTOCI financial assets	-	-	(139)	139	139	-	-	-
<u>Transaction with owners</u>								
- Share-based payment under the LTIP: Grant of ESOS	567	-	-	567	-	-	-	567
- Issuance of ordinary shares: Exercise of ESGS	250	250	-	-	-	-	-	-
<b>Closing balance at 30 June 2021</b>	<b>62,427</b>	<b>80,697</b>	<b>1,691</b>	<b>(19,961)</b>	<b>247</b>	<b>1,262</b>	<b>(22,718)</b>	<b>1,248</b>
<b>Opening balance at 1 January 2020</b>	62,896	68,447	14,936	(20,487)	714	1,262	(22,718)	255
Loss for the period	(6,644)	-	(6,644)	-	-	-	-	-
Other comprehensive income								
- Net loss on fair value changes of FVTOCI financial assets	(727)	-	-	(727)	(727)	-	-	-
Total comprehensive loss	(7,371)	-	(6,644)	(727)	(727)	-	-	-
<u>Transaction with owners</u>								
- Share-based payment under the LTIP: Grant of ESOS	93	-	-	93	-	-	-	93
<b>Closing balance at 30 June 2020</b>	<b>55,618</b>	<b>68,447</b>	<b>8,292</b>	<b>(21,121)</b>	<b>(13)</b>	<b>1,262</b>	<b>(22,718)</b>	<b>348</b>

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 SIX-MONTH PERIOD ENDED 30 JUNE 2021**

	Note	6 months ended	
		30.06.2021 Unaudited RM'000	30.06.2020 Unaudited RM'000
<b>Operating activities</b>			
Loss before tax		(6,574)	(6,659)
<u>Adjustments for:</u>			
Interest income	7	(21)	(94)
Dividend income	7	(9)	-
Interest expenses	7	338	341
Gain on disposal of property, plant and equipment	7	-	(22)
Gain on disposal of non-current assets held-for-sale	7	(32)	-
Depreciation of:			
- Property, plant and equipment	7	1,018	1,234
- Investment properties	7	219	252
- Right-of-use assets	7	437	388
Property, plant and equipment written off	7	1	1
Amortisation of intangible assets	7	581	1,170
Reversal of provision for diminution of investment	7	(57)	-
Share-based payment under the LTIP:			
- Grant of ESOS	7	567	93
- Exercise of ESGS	7	250	-
Provision for retirement benefits	7	353	370
Reversal for short-term accumulating compensated absences	7	-	(94)
Total adjustments		<u>3,645</u>	<u>3,639</u>
<b>Operating cash flows before changes in working capital</b>		<b>(2,929)</b>	<b>(3,020)</b>
<u>Changes in working capital</u>			
Increase in inventory		(1,947)	(1,545)
Decrease/(increase) in trade and other receivables		1,296	(2,034)
Increase in trade and other payables		1,985	780
Total changes in working capital		<u>1,334</u>	<u>(2,799)</u>
Interest paid		(336)	(340)
Income taxes paid		(218)	(460)
Retirement benefits paid		(387)	(548)
Total changes in working capital		<u>(941)</u>	<u>(1,348)</u>
<b>Net cash flows used in operating activities</b>		<b><u>(2,536)</u></b>	<b><u>(7,167)</u></b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	10	(606)	(69)
Purchase of investment properties		(1,768)	-
Proceeds from disposal of property, plant and equipment		-	22
Proceeds from disposal of non-current assets held-for-sale		42	-
Proceeds from disposal of investment in associates		57	-
Dividend received		9	-
Addition of intangible assets		(613)	(1,406)
Interest received		21	94
<b>Net cash flows used in investing activities</b>		<b><u>(1,967)</u></b>	<b><u>(1,359)</u></b>
<b>Financing activities</b>			
Contractual lease payment		(14)	(14)
Drawdown of borrowings		574	260
Repayment of borrowings		(972)	(471)
<b>Net cash flows used in financing activities</b>		<b><u>(412)</u></b>	<b><u>(225)</u></b>
<b>Net decrease in cash and cash equivalents</b>		<b>(4,915)</b>	<b>(8,751)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>11,993</b>	<b>19,646</b>
<b>Cash and cash equivalents at 30 June</b>		<b><u>7,078</u></b>	<b><u>10,895</u></b>

These condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 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 SIX-MONTH PERIOD ENDED 30 JUNE 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:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
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 SIX-MONTH PERIOD ENDED 30 JUNE 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 under review, the Group's principal business operations were adversely affected by the seasonal and cyclical factors such as rainy season.

**6. Segment information**

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

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

	<b>Harvesting, sawmilling and kiln drying RM'000</b>	<b>Manufacturing RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b>Results for 3 months ended 30 June 2021</b>				
Operating revenue	2,628	3,857	-	6,485
Other operating income	218	5	81	304
Expenses	(6,126)	(4,848)	(1,029)	(12,003)
<b>Loss before taxation</b>	<b>(3,280)</b>	<b>(986)</b>	<b>(948)</b>	<b>(5,214)</b>
<b>Results for 3 months ended 30 June 2020</b>				
Operating revenue	4,444	2,434	7	6,885
Other operating income	784	175	49	1,008
Expenses	(6,502)	(3,355)	(956)	(10,813)
<b>Loss before taxation</b>	<b>(1,274)</b>	<b>(746)</b>	<b>(900)</b>	<b>(2,920)</b>
	<b>Harvesting, sawmilling and kiln drying RM'000</b>	<b>Manufacturing RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b>Results for 6 months ended 30 June 2021</b>				
Operating revenue	9,413	9,346	50	18,809
Other operating income	352	44	92	488
Expenses	(13,838)	(10,006)	(2,027)	(25,871)
<b>Loss before taxation</b>	<b>(4,073)</b>	<b>(616)</b>	<b>(1,885)</b>	<b>(6,574)</b>

**GOLDEN PHAROS BERHAD ( Company No. 1986011003051 )**  
**EXPLANATORY NOTES PURSUANT TO MFRS 134**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

**6. Segment information (continued)**

	Harvesting, sawmilling and kiln drying RM'000	Manufacturing RM'000	Others RM'000	Consolidated RM'000
<b>Results for 6 months ended 30 June 2020</b>				
Operating revenue	6,244	6,417	50	12,711
Other operating income	833	231	49	1,113
Expenses	(10,794)	(8,029)	(1,660)	(20,483)
<b>Loss before taxation</b>	<b>(3,717)</b>	<b>(1,381)</b>	<b>(1,561)</b>	<b>(6,659)</b>

**7. Loss before tax**

Included in the loss before taxation are the following items:

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Interest income	(8)	(83)	(21)	(94)
Dividend income	(9)	-	(9)	-
Interest expenses	169	76	338	341
Gain on disposal of property, plant and equipment	-	-	-	(22)
Gain on disposal of non-current assets held-for-sale	-	-	(32)	-
Depreciation of:				
- Property, plant and equipment	489	670	1,018	1,234
- Investment properties	105	132	219	252
- Right-of-use assets	219	194	437	388
Property, plant and equipment written off	-	-	1	1
Amortisation of intangible assets	185	1,170	581	1,170
Reversal of provision for diminution of investment	(57)	-	(57)	-
Share-based payment under the LTIP:				
- Grant of ESOS	499	60	567	93
- Exercise of ESGS	-	-	250	-
Provision for retirement benefits	163	198	353	370
Reversal for short-term accumulating compensated absences	-	(94)	-	(94)

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

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Current income tax	(163)	95	53	130
Deferred income tax	20	212	(114)	(118)
Under/(over) provision of deferred tax in respect of previous years	9	(161)	(100)	(27)
	<b>(134)</b>	<b>146</b>	<b>(161)</b>	<b>(15)</b>
Effective tax rate	2.6%	-5.0%	2.4%	0.2%



**GOLDEN PHAROS BERHAD ( Company No. 1986011003051 )**  
**EXPLANATORY NOTES PURSUANT TO MFRS 134**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

**8. Income tax (benefit)/expense (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. Loss per share**

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

		<b>Current quarter 3 months ended</b>		<b>Cumulative quarter 6 months ended</b>	
		30.06.2021	30.06.2020	30.06.2021	30.06.2020
Loss net of tax attributable to owners of the parent used in the computation of earnings per share	(RM'000)	(5,080)	(3,066)	(6,413)	(6,644)
Weighted average number of ordinary shares in issue	(' 000)	136,177	135,645	136,177	135,645
Basic loss per share	(sen)	(3.73)	(2.26)	(4.71)	(4.90)

**10. Property, plant and equipment**

During the six-month period ended 30 June 2021, the Group has acquired property, plant and equipment at a cost of RM606,000 (30 June 2020: RM69,000). As at 30 June 2021, the total depreciation charged for the property, plant and equipment was RM1,018,000 (30 June 2020: RM1,234,000). Property, plant and equipment with the carrying amount of RM1,000 were written off by the Group during six-month period ended 30 June 2021 (30 June 2020: RM1,000). This has been included in other operating expenses in the statement of profit and loss and other comprehensive income.

There were no disposal of property, plant and equipment during the six-month period ended 30 June 2021 (30 June 2020: gain on disposal of RM22,000).

**11. Goodwill**

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

**GOLDEN PHAROS BERHAD ( Company No. 1986011003051 )**  
**EXPLANATORY NOTES PURSUANT TO MFRS 134**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

**12. Fair value hierarchy**

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	RM'000	RM'000	RM'000	RM'000
<b>30 June 2021</b>				
<b>Fair value through other comprehensive income financial assets</b>				
Equity shares	749	749	-	-
<b>31 December 2020</b>				
<b>Fair value through other comprehensive income financial assets</b>				
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.

**13. Cash and bank balances**

Cash and bank balances comprised the following amounts:

	<b>30.06.2021</b>	<b>31.12.2020</b>
	RM'000	RM'000
Cash at banks and in hand	3,054	6,633
Deposits in licensed banks	6,204	6,504
	<u>9,258</u>	<u>13,137</u>
Less:		
Bank overdraft	(1,391)	(355)
Deposits in licensed banks	(789)	(789)
<b>Total cash and cash equivalents</b>	<u>7,078</u>	<u>11,993</u>

**14. Share capital**

During the financial period ended 30 June 2021, the Company issued 1,063,720 ordinary shares at no cost pursuant to the Company's Executive Share Grant Scheme ("ESGS") at exercise price of RM0.235 per ordinary share.

	<b>Group and</b>
	RM '000
<b>Issued and fully paid:</b>	
Ordinary shares	
At 1 January 2021	68,447
Issuance of shares arising from exercise of ESGS	250
At 30 June 2021	<u>68,697</u>

**GOLDEN PHAROS BERHAD ( Company No. 1986011003051 )**  
**EXPLANATORY NOTES PURSUANT TO MFRS 134**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

**15. Borrowings**

	<b>30.06.2021</b>	<b>31.12.2020</b>
	RM'000	RM'000
<b>Current</b>		
Secured	3,302	1,832
<b>Non-current</b>		
Secured	9,865	10,241
Total borrowings	<u>13,167</u>	<u>12,073</u>

**16. Dividend**

There was no dividend declared by the Company during the financial period ended 30 June 2021 (30 June 2020: RMNil).

**17. Commitments**

	<b>30.06.2021</b>	<b>31.12.2020</b>
	RM'000	RM'000
<b>Capital expenditure</b>		
Approved and contracted for:		
Plant and machinery	366	-
Motor vehicles	116	-
Office equipment	25	-
Building and renovation	64	-
Approved but not contracted for:		
Plant and machinery	2,537	2,903
Motor vehicles	1,034	1,150
Office equipment	197	222
Building and renovation	6,128	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 six-month periods ended 30 June 2021 and 31 December 2020 as well as the balances with the related parties as at 30 June 2021 and 31 December 2020:

		<b>Amounts owed to related parties RM'000</b>
A corporate shareholder		
Lembaga Tabung Amanah Warisan	30.06.2021	640
Negeri Terengganu ("LTAWNT")	31.12.2020	<u>640</u>

**19. Events after the reporting period**

On 8 July 2021, the Company granted 1,085,900 shares under Executive Share Grant Scheme ("ESGS") to eligible employees of the Company and/or its eligible subsidiary companies. The exercise price on the grant date was RM0.360 per shares.

**GOLDEN PHAROS BERHAD ( Company No. 1986011003051 )**  
**EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING**  
**REQUIREMENT: CHAPTER 9, APPENDIX 9B, PART A**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

**20. Performance review**

**(a) Current Quarter vs Corresponding Quarter of Previous Period (2Q2021 vs 2Q2020)**

The Group registered a revenue of RM6.49 million in the current quarter ended 30 June 2021 ("2Q2021"), slightly lower than RM6.89 million reported in the previous year's corresponding quarter ("2Q2020"). Accordingly, the Group's loss before tax increased by 79% to RM5.21 million from RM2.92 million recorded in 2Q2020.

As non-allowable sectors to operate by the Ministry of International Trade and Industry (MITI) during the Movement Control Order ("MCO") 3.0 or Total Lockdown period commenced on 1 June 2021, the Group's operations were totally closed. As such, the Group's 2Q2020 result was mainly affected by the closure of operations and no revenue generated during the lockdown.

**Harvesting, sawmilling and kiln drying segment**

The segment's operating revenue of RM2.63 million in 2Q2021 was lower than RM4.44 million reported in 2Q2020. As a result, the segment posted a higher loss before tax of RM3.28 million as compared against RM1.27 million loss before tax reported in 2Q2020.

Internal logs extraction reduced by 47% in 2Q2021 to 2,500 hoppus tonne from 4,749 hoppus tonne in 2Q2020. In April and May, logging operations has disrupted by the unexpected rainy days which restricted our ability to harvest logs as usual. While in June, no logs production was recorded due to Total Lockdown.

Consequently, our sawmilling operations has affected from the limited logs supply in the quarter. Production of sawn timber reduced by 44% from 2Q2020, led to the decline in segment's revenue in the current quarter. The situation was worsened by the non-operation period for the whole month in June due to Total Lockdown.

**Manufacturing segment**

Similarly, Group's manufacturing segment which is the manufacturing of glass, veneer and woodchip has also affected from the non-operation during MCO 3.0. The segment reported a loss before tax of RM0.99 million in the back of revenue recorded at RM3.86 million in 2Q2021.

Despite the increase in revenue by 58% in 2Q2021, the loss increased by 32% against RM0.75 million reported in 2Q2020. Reduction in other operating income and the increase in operating expenses led to this reverse position.

**Other segment**

Other segment which refers to the investment holding and rental activity of the Group, has recorded a slight increase in loss before tax. No revenue recorded in 2Q2021 compounded with the increase in expenses has contributed to this higher loss incurred.

During the quarter, the segment recorded the additional income from reversal of provision for diminution of investment which was previously written off amounted to RM0.06 million.

**(b) Current Period-to-date vs Previous Period-to-date (1H2021 vs 1H2020)**

For the period ended 30 June 2021 ("1H2021"), the Group's revenue improved by 48%, resulted to the loss before tax slightly reduced to RM6.57 million from RM6.66 million reported in the previous year's corresponding period ("1H2020"). Operationally, the Group's performance has improved remarkably as the Group recorded gross profit of RM0.98 million in 1H2021 as compared with gross loss position of RM0.93 million in 1H2020.

**GOLDEN PHAROS BERHAD ( Company No. 1986011003051 )  
EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING  
REQUIREMENT: CHAPTER 9, APPENDIX 9B, PART A  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

**20. Performance review (continued)**

**(b) Current Period-to-date vs Previous Period-to-date (1H2021 vs 1H2020) (continued)**

**Harvesting, sawmilling and kiln drying segment**

The segment's performance in 1H2021 was generally better than 1H2020 whereby the revenue increased by 51% as a result of higher sawn timber sales and production volume. Sawn timber output has improved 46% in the 1H2021, despite the logs extraction slightly declined to 8,023 hoppus tonne in 1H2021 (1H2020: 8,197 hoppus tonne).

However, the good momentum was disrupted by the cessation of operations for both logging and factory operations in June due to Total Lockdown. As a result, the segment reported a higher loss position in 1H2021. Compounded with the reduced other income reported in the current period, the segment's loss before tax has increased to RM4.07 million from the loss before tax of RM3.72 million in 1H2020.

**Manufacturing segment**

The manufacturing segment of the Group showed the improvements in performance during the current period whereby it reported the increase in revenue by 46% and reduction in loss before tax by 55% as compared against 1H2020.

This favourable performance was contributed by significant improvement in glass sales, i.e. increased by 66% in 1H2021 against 1H2020 before its operation was totally closed in June due to Total Lockdown.

**Other segment**

Other segment recorded an increase in loss before tax to RM1.89 million in the current period as compared against RM1.56 million reported in 1H2020. This result was mainly due to the increase in segment's expenses by 22%, mainly contributed from the impact of share-based payment under the LTIP.

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

	<b>Current quarter 30.06.2021 RM'000</b>	<b>Immediate preceding quarter 31.03.2021 RM'000</b>
Revenue	<u>6,485</u>	<u>12,324</u>
Loss before taxation	<u>(5,214)</u>	<u>(1,361)</u>

The Group's revenue for the quarter under review was RM6.49 million, declined by 47% from RM12.32 million revenue reported in the First Quarter 2021 ("1Q2021"). As a result, the Group reported a loss before tax of RM5.21 million in 2Q2021, representing the increase in loss by 283%. This adverse performance was mainly resulted from the total lockdown imposed by the Government to tackle the Covid-19 pandemic in June 2021.

This situation translated into revenue reduction across all segments within the Group. Harvesting, sawmilling, and kiln-drying segment reported a revenue reduction by 61%, manufacturing segment by 30% and 100% for other segment.

**GOLDEN PHAROS BERHAD ( Company No. 1986011003051 )**  
**EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING**  
**REQUIREMENT: CHAPTER 9, APPENDIX 9B, PART A**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

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

As a result, all segments reported higher losses before tax in the current quarter with the highest impact was from harvesting, sawmilling, and kiln-drying segment whereby its loss before tax increased to RM3.28 million from RM0.79 million reported in 1Q2021. Meanwhile, manufacturing segment reported the adverse position from a profit before tax of RM0.36 million in 1Q2021 to a loss before tax of RM0.99 million in the quarter under review. Other segment reported a slight increase in loss before tax from RM0.94 million in 1Q2021, in line with the reversal of rental revenue as well as higher expenses incurred during the current quarter

**22. Commentary on prospect**

The Covid-19 pandemic and the imposition of Total lockdown has adversely impacted the Group's financial performance after the operations were suspended effective 1 June 2021.

Our 2 sawmill operations and 1 veneer operations in Terengganu have obtained the permission to operate on 5 July 2021 in conjunction to the onset of the MCO under new Pelan Pemulihan Negara ("PPN") Phase 2, subject to 80% workers capacity. In total, our sawmill and veneer operations were closed for 7 weeks.

Our timber harvesting subsidiary has obtained approval to operate under the restrictive SOP of "Pembalakan Berskala Kecil" issued by the KETSA ministry. Timber harvesting operations restarted on a reduced scale in the final week of July 2021. In total, our timber harvesting subsidiary was closed for 9 weeks.

Our forest plantation subsidiary still has not been allowed to operate at all under the current PPN Phase 2. In total, our forest plantation subsidiary has been closed for 10 weeks and remains closed for the foreseeable future until Terengganu enters PPN phase 3.

Our glass processing subsidiary in Selangor has on 6 August 2021 obtained approval from MITI to start operating again albeit at only 80% capacity in PPN Phase 1. In total our glass processing subsidiary has been closed for 10 weeks.

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 urgently in addition to the existing measures already included in our business recovery plan:

• **Improve Logging Yield**

The Board has approved new measures to improve logging yield, namely:

- (a) Introduction of new KPI on logging yield which is substantially higher than our historical yields; and
- (b) Implementation of new logging policy effective 2Q2021 that is expected to produce more logs from the Group's concession area.

• **Implementation of cost saving measures**

The management has implemented the cost savings measures effective since May 2021, as follows;

- (a) Operating cost saving.
- (b) Remuneration cost saving.

**GOLDEN PHAROS BERHAD ( Company No. 1986011003051 )  
EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING  
REQUIREMENT: CHAPTER 9, APPENDIX 9B, PART A  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

**22. Commentary on prospect (continued)**

In early 2021, the Group has established the implementation of a new **five-year Strategic Plan (FY2021-FY2025)**, which prioritises the Group's post pandemic recovery plans to enhance the Group's performance for the years to come.

If all of the above measures can be successfully implemented by the Company, and barring any unforeseen external circumstances, the Board feels that the existing losses will be reduced.

**23. Changes in material litigation**

There was no material litigation against the Group.

**24. Dividend payable**

There was no dividend paid by the Company during the financial period ended 30 June 2021 (30 June 2020: RMNil).

**25. Risks and policies of derivatives**

The Group did not enter into any derivative during the financial period ended 30 June 2021 or the previous financial year ended 31 December 2020.

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

The Group did not have any financial liabilities measured at fair value through profit or loss as at 30 June 2021 and 31 December 2020.

**27. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the year ended 31 December 2020 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 29 August 2021.

By order of the Board

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