

Golden Frontier Berhad Group of Companies

Notes to the Interim Financial Report

1 Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of Financial Reporting Standards (FRS) 134, Interim Financial Reporting and Paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

This interim financial report should be read in conjunction with the audited financial statements for the year ended 30 September 2005. These explanatory notes attached to the interim financial report provided an explanatory of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since year ended 30 September 2005

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the year ended 30 September 2005.

2 Audited Financial Statements for the Year Ended 30 September 2005

The audited financial statements of the Group for the year ended 30 September 2005 was reported without any qualification.

3 Seasonal or Cyclical Factors

The business operations of the Group are not materially affected by any seasonality or cyclicity factors.

4 Unusual Items due to Nature, Size, or Incidence

There is no unusual item in this interim financial period and financial year-to-date except for the revaluation of land and buildings of the Group and of the Company stated in Note 9 below.

5 Changes in Estimates

There is no change in the estimates of amount which give a material effect to this interim financial report.

6 Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There is no issuance, cancellation, repurchase, resale and repayment of debt and equity securities in this interim financial period and financial year-to-date except the shares bought-back and kept as treasury shares as follows -

	Shares (No.)	Cost (RM)
<u>Share Capital - Issued and Fully Paid of RM1.00 each</u>		
Balance as at 30 September 2006	<u>62,257,204</u>	<u>62,257,204</u>
<u>Shares Bought-Back and Kept as Treasury Shares</u>		
Balance as at 1 October 2005	1,837,600	1,350,003
Shares bought-back during the period	<u>418,200</u>	<u>209,634</u>
Balance as at 30 September 2006	2,255,800	1,559,637
Shares bought-back from 1 October 2006 to 24 November 2006	<u>33,700</u>	<u>17,589</u>
Balance as at 24 November 2006	<u>2,289,500</u>	<u>1,577,226</u>

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7 Dividends Paid (for Ordinary Shares)

Current Year-to-date	Preceding Year Correspond- ing Period
30-Sep-06	30-Sep-05
RM '000	RM '000
1,385	-

First and Final Dividend

No dividend was proposed, declared or paid by the Company in respect of financial year ended 30 September 2004. A final dividend of 2.3 sen per share, tax exempt, amounting to RM1,384,993 in respect of the financial year ended 30 September 2005 were approved for payment on 5 May 2006 by the shareholders at the 33rd. Annual General Meeting held on 23 March 2006. The amount is based on the number of outstanding shares in issue after excluding the Treasury Shares at book closure date on 6 April 2006.

8 Segmental Information

Revenue	Profit Before Taxation
Current Year-to-date	
30-Sep-06	
RM '000	RM '000

By Activity -

Investment hdg and provn of mgt consultancy services
Manufacturing of corrugated fiberboard carton
Property development
Trading and insurance agency and others

470 (1,004)
122,547 6,372
9,043 1,436
471 15

Group transaction

132,531 6,819
(22,414) (481)
110,117 6,338

By Geographical Location -

Malaysia
Vietnam

58,808 2,959
51,309 3,379
110,117 6,338

9 Carrying Amount of Revalued Properties, Plants and Equipments

Land and buildings of the Group and of the Company were revalued by the directors during the financial year based on the valuation reports of independent firm of professional valuers on an open market value basis. The last revaluation was done during the financial year ended 30 September 2001.

The carrying amount of other properties, plants and equipments have been brought forward, without amendment from the previous audited financial statements for the year ended 30 September 2005.

10 Subsequent Events

There is no material event occurred between the end of this interim financial period and within 7 days before the date of issue of this interim financial report.

11 Changes in the Composition of the Group

There is no change in the composition of the Group for this interim financial period and financial year-to-date except that with effect from 1 January 2006, Packamex (Vietnam) Co., Ltd has become a wholly owned subsidiary of Alcamax Packaging (Vietnam) Co., Ltd.

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12 Changes in Contingent Liabilities or Contingent Assets

There is no material change in contingent liability or contingent asset since the previous audited balance sheet date as at 30 September 2005.

Information Required Pursuant to Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad

13 Tax Income/(Expense)

	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-to-date	Preceding Year Corresponding Period
	30-Sep-06	30-Sep-05	30-Sep-06	30-Sep-05
	RM '000	RM '000	RM '000	RM '000
Income Tax -				
Provision for Current Year				
Malaysian income tax	(206)	(277)	(364)	(296)
Overseas income tax	(199)	(5)	(499)	(5)
Deferred tax	(417)	(23)	(417)	(23)
Over/(under) provided of tax	15	8	15	8
Real Property Gains Tax	-	-	-	(23)
Tax Expense	<u>(807)</u>	<u>(297)</u>	<u>(1,265)</u>	<u>(339)</u>

The effective tax rate of the Group are lower than the statutory income tax rate due mainly to the utilization of brought forward unabsorbed capital allowances, tax losses and reinvestment allowances in certain profit making subsidiary companies to set off against income that would otherwise have been subjected to tax. In addition, profit taxable on foreign operations in overseas are generally at a lower rate than that in Malaysia.

14 Profit/(Loss) on Sale of Unquoted Investments and/or Properties

There is no purchase nor sale of unquoted investment and/or property for this interim financial period and financial year-to-date.

15 Purchase Consideration and Sales Proceeds of Quoted Securities and Profit/(Loss) Arising Therefrom

There is no purchase nor sale of quoted securities for this interim financial period and financial year-to-date except for the purchase of own shares as disclosed under Note 6 above.

16 Status of Corporate Proposals Announced but not Completed

There is no corporate proposal announced but not completed at the date of issue of this interim financial report.

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17 Bank Borrowings

	Current	Last Audited
	Year-to-date	30-Sep-05
	30-Sep-06	30-Sep-05
	RM '000	RM '000
Secured borrowings	19,762	18,380
Unsecured borrowings	37,226	35,777
Total borrowings	56,988	54,158
Short-term borrowings	49,059	46,596
Long-term borrowings	7,929	7,562
Total borrowings	56,988	54,158
Borrowing denominated in RM	28,357	18,063
Borrowing denominated in USD - RM Equivalent	24,589	32,691
Borrowing denominated in VND - RM Equivalent	4,042	3,404
Total borrowings	56,988	54,158

The Group's secured borrowings were solely incurred for its operation in Vietnam, which consist of Term Loan, Revolving Credit and Trade Facilities, and were secured by way of corporate guarantees by the ultimate holding company, mortgage over the land and building and debentures over the fixed and floating assets of the Vietnam operation.

18 Financial Instruments With off Balance Sheet Risk

The Group does not have any off balance sheet financial instruments as at 24 November 2006, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report except for the forward foreign exchange contracts which have been entered into by the Group to hedge its foreign currency receivable as follows -

<u>Currency</u>	<u>Contract Amount</u> USD '000	<u>Contract Date</u>	<u>Contract Type</u>	<u>Contract Period</u>		<u>Outstanding Contract Amount</u>	
				<u>From</u>	<u>To</u>	<u>USD '000</u>	<u>RM'000</u>
USD	200	11/10/2006	Multi-Options	13/10/2006	13/12/2006	19	70
USD	400	23/06/2006	Multi-Options	27/06/2006	27/12/2006	122	450
USD	400	19/07/2006	Multi-Options	21/07/2006	22/01/2007	27	100
	<u>1,000</u>					<u>168</u>	<u>620</u>

The Group does not foresee any significant credit and market risks associated with the above forward exchange contracts as they are entered into with approved financial institutions and the Directors are of the view that the possibility of non-performance by these financial institutions is unlikely on the basis of their respective creditworthiness and financial strength.

There is no cash requirement for the above forward foreign exchange contract.

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at the rates of exchange ruling at that date, except when there are related or matching forward exchange contracts in respect of trading transactions, in which case, the contracted rates of exchange are used. All exchange gains and losses arising on foreign currency transactions and translation are recognised in the income statement.

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19 Pending Litigation

There is no pending material litigation at the date of issue of this interim financial report.

20 Material Changes in the Profit Before Taxation for Quarter Reported on as Compared With the Immediate Preceding Quarter

	Current Year Quarter	Immediate Preceding Quarter	Increase / (Decrease)
	30-Sep-06	30-Jun-06	
	RM '000	RM '000	RM '000
Revenue	35,163	27,598	7,565
Profit/(Loss) before taxation	2,294	1,651	643
Profit/(Loss) before taxation - %	7%	6%	

The significantly higher revenue for this Quarter was principally due to the increased billings in the property development division (accounted for more than 60% of the increase) as well as surge in sales in the packaging division.

Several marketing and promotion drives launched by the property development division during this Quarter have received overwhelmed responses from the public and have generated better than expected sales of its property units. This coupled with the intensified construction progress of the project have helped the division in securing higher billings and turnover for this Quarter.

In the packaging division, sales in both the Malaysia and Vietnam operations continued to expand on generally improved business and economy activities in both countries, with higher volume coming from the Vietnam's operations as its domestic demand continue to grow higher.

21 Review of the Performance of the Company and its Principal Subsidiaries (Current Year-to-Date vs. Preceding Year Corresponding Period)

	Current Year-to-date	Preceding Year Corresponding Period	Increase / (Decrease)
	30-Sep-06	30-Sep-05	
	RM '000	RM '000	RM '000
Revenue	110,117	94,778	15,339
Profit before taxation	6,338	1,919	4,419
Profit before taxation - %	6%	2%	

Higher revenue for the current financial year was principally contributed by the (a) higher billings recognised in the property development divisions on its' project that has been well received by the market and is progressed towards final completion, (b) sales derived from the Hanoi operation that started only in mid 2005, and (c) the continue growth in the packaging division particularly in the Vietnam operation. The improved margin was the result of better return in the property development division as well as the expansion in selective market segments in the packaging division that offer better margin coupled with further reduction in production costs arising from enhanced team work, increased productivity and efficiency, improved management of resources and lowered production wastages.

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22 Current Year Prospects

Corrugated Carton Manufacturing

The stabilisation of interest rates and fuel prices lately have helped greatly to build up general business sentiments and provided a more conducive environment for economy growth. With the diminishing threats on increasing costs, businesses are set to move forward with better pace and confidence.

In the domestic market, our efforts to establish our presence in other regions of Malaysia have been quite successful, whilst growth in our established market has been very encouraging. Product proliferation i.e. widening our product range in order to tap on new market segments will be stepped up to compliment efforts to expand into other market's region.

In Vietnam, our newly acquired subsidiary Packamex (Vietnam) Co., Ltd continues to provide growing contribution to the Group. On the other hand, losses at our Hanoi operation which commenced businesses in mid 2005, has narrowed down significantly and is expected to move towards breakeven by end of current financial year 2007. Overall, we'll continue to be selective in expanding our businesses, with priority for niche market that provide better product margins and at the same time, build to establish our reputation to prepare to move on to profit from the enormous business opportunities ahead.

Property Development

The 122 units' medium high cost apartment project, Penhill Perdana at the foot of Penang Hill in Penang Island, is nearly completion and sales have been better than expected. Marketing activities and plans will continue and we expect this division to contribute considerable revenue to the Group in the next one to two years. At the same time, efforts are being made to explore and capture opportunities to realise the Group's intention and commitment to move forward in the property development sectors.

Overall performance -

Packaging division will continue to generate core revenue for the Group and is expected to grow further particularly in Vietnam. Property development division on the other hand is also expected to contribute substantially to the Group's revenue and bottom line in the next financial year as it moves into the completion stage. Barring unforeseen circumstances, we expect better performance both in revenue and profitability for the Group in Financial Year 2007.

23 Explanatory Notes for Variances Between Actual and Forecasted Profits

Not Applicable.

24 Basic Earnings per Ordinary Share

	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-to-date	Preceding Year Corresponding Period
	30-Sep-06	30-Sep-05	30-Sep-06	30-Sep-05
	RM '000	RM '000	RM '000	RM '000
Net profit attributable to ord. s'holders	1,487	60	5,073	1,580
Weighted av. no. of ord. shares in	60,061	60,520	60,211	60,790
Basic earnings per ordinary share	2.48	0.10	8.43	2.60

25 Diluted Earnings per Ordinary Share

No fully diluted earnings per share of the Group has been presented as the average fair value of the shares of the Company is lower than the exercise price for the conversion of Warrants to ordinary shares. The effect of this would be anti-dilutive to the earnings per ordinary share.

Should there be any computation being made, it shall be based on 93,385,806 ordinary shares, assuming full conversion of Warrants 2000/2007.

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26 Dividends

The Board of Directors proposed a final dividend of 4.5%, tax exempt, amounting to RM2,700,063 (excluding 2,255,800 shares bought-back and held as Treasury Shares as of 30 September 2006) in respect of financial year ended 30 September 2006. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in this interim financial report.