Golden Frontier Berhad Group of Companies
Notes to the Interim Financial Report

1 Basis of Preparation

This interim financial report is unaudited and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad, including compliance with Financial Reporting Standard (FRS) 134 Interim Financial Reporting, issued by the Malaysian Accounting Standards Board (MASB)

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2006 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2007 annual financial statements. Details of these changes in accounting policies are set out in Note 2

The preparation of an interim financial report in conformity with FRS 134 Interim Financial Reporting requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2006 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with FRSs.

The financial information relating to the financial year ended 30 September 2006 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements other than those that have been restated as a result of the change in accounting policies. Statutory financial statements for the year ended 30 September 2006 are available from the Company's registered office.

2 Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 September 2006 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 January 2006:

FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 117	Leases (effective for annual periods beginning on or after 1 October 2006)
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 124	Related Party Disclosures (effective for annual periods beginning on or after 1 October 2006)
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 140	Investment Property

The adoption of the new/revised FRS does not have significant financial impact on the Group except for the followings:

(a) FRS 3: Business Combinations

The adoption of these new FRSs has resulted in the Group ceasing annual goodwill amortisation. Goodwill is carried at cost less accumulated impairment losses and is now tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognised in profit or loss and subsequent reversal is not allowed. Prior to 1 October 2006, goodwill was amortised on a straight-line basis over its estimated useful life, subject to a maximum of 25 years.

Under FRS 3, any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "negative goodwill"), after reassessment, is now recognised immediately in profit or loss. Prior to 1 October 2006, negative goodwill is credited to equity as reserve on consolidation.

(b) FRS 117 : Leases

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the lease term. A lease of land and building is apportioned into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease. Prior to 1 October 2006, leasehold land was classified as property, plant and equipment and was stated at valuation less accumulated depreciation and impairment losses. The leasehold land was last revalued in 2006.

Upon the adoption of the revised FRS 117 at 1 October 2006, the unamortised revalued amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments.

The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and certain comparative figures as at 30 September 2006 have been restated in Note 2 (d).

(c) FRS 121: The Effects of Changes in Foreign Exchange Rates

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

This change in accounting policy has been accounted for retrospectively and has resulted in the following:

	As at 1-Oct-06 RM'000	As at 1-Oct-05 RM'000
Decrease in Retained Earnings	(3,182)	(2,883)
Increased in foreign exchange reserve (included within Reserve)	1,048	380
	(2,134)	(2,503)
Decrease in Property, Plant & Machinery	(2,134)	(2,503)

(d) FRS 140 : Investment Property

The adoption of this FRS has resulted in the change of accounting policy for investment properties, previously included under property, plant and equipment. Investment properties are now stated at fair value and gain or loss arising from changes in fair value of investment properties are recognised in profit or loss in the period in which they arise. Prior to 1 October 2006, investment properties were stated at valuation less accumulated depreciation. Revaluations were carried out at least once in every five year and any revaluation increase is taken to equity as a revaluation surplus.

The investment properties were last revalued in 2006. In accordance with the transitional provisions of FRS 140, this change in accounting policy is applied prospectively and the comparatives as at 30 September 2006 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the Balance Sheet as at 1 October 2006

	Previously stated (RM'000) 30-Sep-06	Adjustment FRS 117 (RM'000)	Adjustment FRS 121 (RM'000)	Restated (RM'000) 30-Sep-06	Adjustment FRS 140 (RM'000)	Restated (RM'000) 1-Oct-06
Property, plant and equipment	94,769	(15,348)	(2,135)	77,286	(8,100)	69,186
Prepaid lease payments	-	15,348		15,348	-	15,348
Investment properties	-	-	-	-	8,100	8,100

3 Auditors Report on Preceding Annual Financial Statements

The audited financial statements of the Group for the year ended 30 September 2006 was reported without any qualification.

4 Seasonal or Cyclical Factors

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

5 Unusual Items due to their Nature, Size, or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during this current quarter and financial period-to-date except as disclosed in Note 2 above.

6 Changes in Estimates

There were no changes in estimates that have had material effect in the current quarter and financial period-to-date results.

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

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities in this current quarter and financial period-to-date except for the shares bought-back that were kept as treasury shares as follows -

	Shares (No.)	Cost (RM)
Share Capital - Issued and Fully Paid of RM1.00 each		
Balance as at 30 September 2006	62,257,204	62,257,204
Shares Bought-Back and Kept as Treasury Shares		
Balance as at 1 October 2005	1,837,600	1,350,003
Shares bought-back during the period	418,200	209,634
Balance as at 30 September 2006	2,255,800	1,559,637
Shares bought-back from 1 October 2006 to 31 December 2006	246,200	150,759
Balance as at 31 December 2006	2,502,000	1,710,396
Shares bought-back from 1 January 2007 to 25 February 2007	77,000	55,311
Balance as at 25 February 2007	2,579,000	1,765,707

8 Dividends Paid (for Ordinary Shares)

No dividend was paid during the current quarter ended 31 December 2006.

9 Segmental Information

	Revenue	Profit Before Taxation	Revenue	Profit Before Taxation
	Current Year-to-date		Preceding Year-to-date	
	31-Dec-06		31-Dec-05	
	RM '000	RM '000	RM '000	RM '000
By Activity -				
Investment holdings, provision of management consultancy services	295	(1)	136	(45)
Manufacturing of corrugated fiberboard carton	33,210	2,804	28,911	2,065
Property development	4,423	909	438	81
Trading and insurance agency and others	140	(13)	154	(1)
	38,067	3,700	29,638	2,100
Group transaction	(4,589)	(26)	(4,340)	(352)
	33,478	3,673	25,298	1,748
By Geographical Location -				
Malaysia	17,752	2,027	12,638	859
Vietnam	15,727	1,646	12,660	889
	33,478	3,673	25,298	1,748

10 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 ended 30 September 2006 based on the valuation reports of independent firm of professional valuers on an open market value basis.
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 2006.

11 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 except the following -.

(a) A conditional Sale & Purchase Agreement was entered between Golden Frontier Berhad and LT Metal Tech Sdn Bhd on 18 January 2007 for the disposal of all that piece of leasehold land known as No. P.T. 161, Mukim 12, South West District, Penang held under Suratan Hakmilik Sementara No. H.S.(D) 36 together with factory and office erected on it and having its address at No. 101-B, Block C, Mukim 12, Lebuhraya Kampung Jawa, Non FTZ, 11900 Penang for a consideration price of RM1,750,000.

(b) The Company has announced to Bursa Securities on 16 January 2007 that it proposes to extend the duration and exercise period of the outstanding warrants 2000/2007 in Golden Frontier Berhad for additional three (3) years thereby extending the expiry date of the warrants 2000/2007 from 16 November 2007 to 15 November 2010. This proposal is pending approval from the relevant authorities, shareholders and warrantholders.

(c) The Company has announced to Bursa Securities on 8 February 2007 that it proposes to alter the Company's Articles of Association ("Proposed Alteration"), subject to the approval by the shareholders at the forthcoming 34th Annual General Meeting (AGM) to be held at a later date, to align the Company's Articles of Association under Chapter 7 of the Listing Requirements of Bursa Malaysia Securities Berhad and to facilitate some administrative issues.

12 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter and financial year-to-date.

13 Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liability or contingent asset since the previous audited balance sheet date as at 30 September 2006 except for the issuance of additional corporate guarantees by the Company amounting to RM9.3m to financial institutions for credit facilities granted to certain subsidiaries subsequent to this financial quarter.

14 Tax Income/(Expense)

	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-to-date	Preceding Year Corresponding Period
	31-Dec-06	31-Dec-05	31-Dec-06	31-Dec-05
	RM '000	RM '000	RM '000	RM '000
Income Tax -				
Provision for Current Year				
Malaysian income tax	(53)	-	(53)	-
Overseas income tax	(203)	-	(203)	-
Deferred tax	-	-	-	-
Over/(under) provided of tax	-	-	-	-
Real Property Gains Tax	-	-	-	-
Tax Expense	(255)	-	(255)	-

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.

15 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.

16 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 7 above.

17 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 except as disclosed in item 11 (b) above

18 Bank Borrowings

	Current Year-to-date	Last Audited
	31-Dec-06	30-Sep-06
	RM '000	RM '000
Secured borrowings	19,481	19,772
Unsecured borrowings	32,328	37,226
Total borrowings	51,808	56,998
Short-term borrowings	43,599	50,449
Long-term borrowings	8,210	6,548
Total borrowings	51,808	56,998
Borrowing denominated in RM	32,799	28,357
Borrowing denominated in USD - RM Equivalent	14,706	24,598
Borrowing denominated in VND - RM Equivalent	4,303	4,042
Total borrowings	51,808	56,998

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.

19 Financial Instruments With off Balance Sheet Risk

The Group does not have any off balance sheet financial instruments as at 25 February 2007, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

20 Pending Litigation

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

21 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)
	31-Dec-06	30-Sep-06	
	RM '000	RM '000	RM '000
Revenue	33,478	35,163	(1,685)
Profit/(Loss) before taxation	3,673	2,294	1,379
Profit/(Loss) before taxation - %	11%	7%	

The lower revenue for this Quarter as compared to the earlier quarter was mainly due to the lower sales in the property development division on its current Penhill Perdana project in line with the generally softer property market in the Northern Region towards year end.

In the packaging division, sales in both the Malaysia and Vietnam operations continued to expand on 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.

Profit before tax however has improved significantly as profit recognition in the property development division accelerated towards completion. In addition, the operating losses at the packaging operation in Hanoi has narrowed down significantly whilst other packaging operations have contributed increased revenue and profit

22 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)
	31-Dec-06	31-Dec-05	
	RM '000	RM '000	RM '000
Revenue	33,478	25,298	8,180
Profit before taxation	3,673	1,748	1,925
Profit before taxation - %	11%	7%	

Higher revenue and profit for the current financial year were contributed by the (a) higher billings recognised in the property development divisions on its' project (which was still slow in both construction and sales in the corresponding period last year), (b) higher sales derived from the Hanoi operation with substantially lower operating losses now, 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.

23 Current Year Prospects

Corrugated Carton Manufacturing

In Malaysia, efforts to further expand into other regions of Malaysia as well as stepping up product proliferation i.e. widening our product range will continue in order to tap on new market segments.

In Vietnam, our new subsidiary Packamex (Vietnam) Co., Ltd acquired in December 2005 continues to provide growing contribution to the Group. On the other hand, our Hanoi operation has recorded encouraging results during these few months, moving towards contributing profit to the Group very soon. 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 near completion now. We expect this division to contribute considerable revenue to the Group. 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 wraps up its current project this year. Barring unforeseen circumstances, we expect better performance both in revenue and profitability for the Group in Financial Year 2007.

24 Explanatory Notes for Variances Between Actual and Forecasted Profits

Not Applicable.

25 Basic Earnings per Ordinary Share

	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-to-date	Preceding Year Corresponding Period
	31-Dec-06	31-Dec-05	31-Dec-06	31-Dec-05
	RM '000	RM '000	RM '000	RM '000
Net profit attributable to ord. s'holders	3,418	1,748	3,418	1,748
Weighted average no. of ordinary shares in issue	59,878	60,319	59,878	60,319
Basic earnings per ordinary share	5.71	2.90	5.71	2.90

26 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.

27 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.