

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 2007 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2008 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 2007 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 2007 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 2007 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 2007 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning on or after 1 July 2007:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of the new/revised FRS does not have any significant impact on the financial statements of the Group.

3 Auditors Report on Preceding Annual Financial Statements

The audited financial statements of the Group for the preceding year ended 30 September 2007 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.

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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.

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)
<u>Share Capital - Issued and Fully Paid of RM1.00 each</u>		
Balance as at 31 December 2007	<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 2006	2,255,800	1,559,637
Shares bought-back during the period	<u>906,700</u>	<u>751,698</u>
Balance as at 30 September 2007	3,162,500	2,311,335
Shares bought-back from 1 October 2007 to 31 December 2007	<u>659,500</u>	<u>652,546</u>
Balance as at 31 December 2007	3,822,000	2,963,881
Shares bought-back from 1 January 2008 to 25 February 2008	668,700	661,457
Balance as at 25 February 2008	<u>4,490,700</u>	<u>3,625,337</u>

8 Dividend Paid

	Current Year-to-date	Preceding Year Correspond-ing Period
	31-Dec-07	31-Dec-06
	RM '000	RM '000
Interim Dividend	<u>1,179</u>	<u>-</u>

An Interim Dividend of 2 Sen per share, tax exempt, amounting to RM1,179,024 in respect of financial year ended September 30, 2007 was approved by the Board of Directors on 29 August 2007 for payment on 23 November 2007. The amount is based on the number of outstanding shares in issue excluding the Treasury Shares as at the dividend entitlement date.

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9 Segmental Information

Revenue	Profit Before Taxation	Revenue	Profit Before Taxation
Current Year-to-date		Preceding Year-to-date	
31-Dec-07		31-Dec-06	
RM '000	RM '000	RM '000	RM '000

By Activity -

Investment holdings, provision of management consultancy services	315	87	295	(1)
Manufacturing of corrugated fibreboard carton	42,487	4,035	33,210	2,804
Property development	227	(9)	4,422	909
Trading and insurance agency and others	152	(13)	140	(13)
	43,181	4,100	38,067	3,699
Group transaction	(5,325)	16	(4,589)	(26)
	37,856	4,116	33,478	3,673

By Geographical Location -

Malaysia	17,334	1,524	17,751	2,027
Vietnam	20,523	2,592	15,727	1,646
	37,856	4,116	33,478	3,673

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 2007.

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.

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 2007.

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14 Tax Income/(Expense)

	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-to-date	Preceding Year Corresponding Period
	31-Dec-07	31-Dec-06	31-Dec-07	31-Dec-06
	RM '000	RM '000	RM '000	RM '000
Income Tax -				
Provision for Current Year				
Malaysian income tax	(62)	(52)	(62)	(52)
Overseas income tax	(340)	(203)	(340)	(203)
Deferred tax	-	-	-	-
Over/(under) provided of tax	-	-	-	-
Real Property Gains Tax	-	-	-	-
Tax Expense	<u>(402)</u>	<u>(255)</u>	<u>(402)</u>	<u>(255)</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.

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 except as follows -

- (i) Sale of a leasehold land and building previously rented to a 3rd parties, resulted in a profit on disposal of RM76,500
- (ii) Sale of a freehold land and building previously occupied as warehouse, resulted in a loss on disposal of RM4,750

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

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18 Bank Borrowings

	Current Year-to-date	Last Audited
	31-Dec-07	30-Sep-07
	RM '000	RM '000
Secured borrowings	21,978	20,590
Unsecured borrowings	24,380	27,464
Total borrowings	<u>46,359</u>	<u>48,054</u>
Short-term borrowings	44,339	45,343
Long-term borrowings	2,020	2,711
Total borrowings	<u>46,359</u>	<u>48,054</u>
Borrowing denominated in RM	23,941	29,045
Borrowing denominated in USD - RM Equivalent	8,951	14,706
Borrowing denominated in VND - RM Equivalent	13,466	4,303
Total borrowings	<u>46,359</u>	<u>48,054</u>

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 2008, 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-07	30-Sep-07	
	RM '000	RM '000	RM '000
Revenue	37,856	35,573	2,283
Profit/(Loss) before taxation	4,116	2,358	1,758
Profit/(Loss) before taxation - %	11%	7%	

The better performance in the current quarter was due to the substantial growth in the packaging division, despite reduced revenue and contribution from the property division as the ongoing project completed whilst new project has yet to kick off. Revenue grew in both the Malaysia and Vietnam operation with profit contribution in the Vietnam operations scaled higher, in particular, the Hanoi plant which have returned very impressive results in this quarter.

% of Profit before tax (PBT) over sales for this quarter was lifted following the better margin enjoyed in the packaging division especially in the Vietnam operation where price adjustment in the market worked favourably to the Company. Moreover, production yield across the packaging division have improved on increased production volume as economy of scale positioned in.

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-07	31-Dec-06	
	RM '000	RM '000	RM '000
Revenue	37,856	33,478	4,378
Profit before taxation	4,116	3,673	443
Profit before taxation - %	11%	11%	

Higher revenue and profit for the current financial quarter were mainly attributed to the significant growth in the packaging division, notably in Hanoi plant where its sales have almost doubled up to generate profit to the Group, as opposed to marginal losses in the preceding year corresponding quarter. On the other hand, profitability in the Ho Chi Minh City plant has improved tremendously on expansion of business volume, underpinned by better margin and improved production yield. The favourable results in Packaging division has helped to cushion the substantial drop in revenue and profitability in the property division as the latter wrapped up and completed its Penhill Perdana project.

23 Current Year Prospects

Corrugated Carton Manufacturing

In Malaysia, the on-going consolidation of market players in the industry posed good opportunities not only for us to expand our market share but also to increase our bottom line. We will work to strengthen our productivity and efficiency including the upgrade of production facility and capacity to maintain and enhance our competitive edge. We will also seize any opportunity to further expand into other regions of Malaysia as well as stepping up product proliferation i.e. widening our product range in order to tap on new market segments.

In Vietnam, the favourable economic environment will continue to drive our growth. Our priority remains for niche market that provide better returns but we will also strive to expand our business volume to increase profitability. Upgrading of our production facilities will be stepped up to cater for the higher capacity requirement and to ensure quality deliveries to the customers.

Property Development

With the completion of the Penhill Perdana project, we are now focusing our efforts to secure and plan for commencement of our other impending projects. At the same time, we are also exploring opportunities to broaden our property land bank both in Penang vicinity and other places to gear ourselves to move forward in this business segment.

Overall performance -

The uncertainties arising from the US sub prime loan losses continue to haunt the international financial market, aggravated by the increasing inflationary risks from the climbing oil and commodity prices, with various signs that the US is moving closer to a recession. These, to a certain extent will adversely affect the business world and the fear of a global economic slowdown may crystallised if they worsen.

Nevertheless, the economic prospect in Malaysia and Vietnam remains upbeat, on the back of sustained strong domestic demand, supported by strong private consumption spending and investment activities in Malaysia, and the continue inflow of foreign investment and domestic expansion in Vietnam.

Operating under this favourable backdrop, we expect our packaging division to continue to dominate the Group's revenue and profitability, with the Vietnam operation spearheading the growth. Property development division on the other hand though will continue to contribute in the current financial year, the quantum would not be significant. Barring unforeseen circumstances, we expect performance both in revenue and profitability for the Group to move up further in Financial Year 2008.

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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-07	31-Dec-06	31-Dec-07	31-Dec-06
Net profit attributable to ord. s'holders (RM'000)	3,714	3,418	3,714	3,418
Weighted average no. of ordinary shares in issue	59,249	59,878	59,249	59,878
Basic earnings per ordinary share (Sen)	6.27	5.71	6.27	5.71

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 2000/2010.

27 Dividend Payable

The Board of Directors proposed a final dividend of 4.5 sen per share, tax exempt, amounting to RM2,659,262 (excluding 3,162,500 shares bought-back and held as Treasury Shares as of 30 September 2007) in respect of financial year ended 30 September 2007. 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.

28 Provision of Financial Assistance (Disclosure Pursuant to Paragraph 3.1 of Practice Note No. 11/2001)

	Current Year Quarter
	As At 31-Dec-07 RM '000
(i) Aggregate amount of financial assistance provided during the reporting quarter	
- Corporate Guarantee given by the Holding Company to financial institutions for credit facilities granted to certain of its' subsidiary companies	<u>80,536</u>
- Loan/Advances given by the Holding Company to certain of its' subsidiary companies	<u>21,407</u>
- Loan/Advances given by one of the licensed moneylending company within the Group to 3rd parties	<u>5,538</u>

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(ii) Financial impact of the financial assistance provided

The provision of the financial assistance does not have any effect on the issued and paid-up share capital and substantial shareholders' shareholding of GFB and would not have any material effect on the net assets, net tangible assets, gearing and earnings of GFB Group.