

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 2008 annual financial statements.

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 2008 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 2008 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 2008 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 2008.

The Company has not applied the following FRSs and IC Interpretations which have been issued as at the balance sheet date but are not yet effective:-

Standard/Interpretation	Effective for financial periods beginning on or after
Amendments to FRS 1 <i>First-time Adoption of Financial Reporting Standards</i> and FRS 127 <i>Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	01 January 2010
Amendments to FRS 2 <i>Share-based Payment: Vesting Conditions and Cancellations</i>	01 January 2010
Amendments to FRS 132 <i>Financial Instruments: Presentation</i>	01 January 2010
Amendments to FRS 139 <i>Financial Instruments: Recognition and Measurement</i> , FRS 7 <i>Financial Instruments: Disclosures</i> and IC <i>Interpretation 9 Reassessment of Embedded Derivatives</i>	01 January 2010
Amendments to FRSs contained in the document entitled " <i>Improvements to FRSs (2009)</i> "	01 January 2010
FRS 4 <i>Insurance Contracts</i>	01 January 2010
FRS 7 <i>Financial Instruments: Disclosures</i>	01 January 2010
FRS 8 <i>Operating Segments</i>	01 July 2009
FRS 101 <i>Presentation of Financial Statements</i> (revised in 2009)	01 January 2010
FRS 123 <i>Borrowing Costs</i>	01 January 2010
FRS 139 <i>Financial Instruments: Recognition and Measurement</i>	01 January 2010

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Standard/Interpretation	Effective for financial periods beginning on or after
IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	01 January 2010
IC Interpretation 10 <i>Interim Financial Reporting and Impairment</i>	01 January 2010
IC Interpretation 11 <i>FRS 2 - Group and Treasury Share Transactions</i>	01 January 2010
IC Interpretation 13 <i>Customer Loyalty Programmes</i>	01 January 2010
IC Interpretation 14 <i>FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	01 January 2010

Except for FRS 7, FRS 101 (revised in 2009) and FRS 139, the management foresees that the initial application of the above FRSs and IC Interpretations will not have any significant impacts on the financial statements.

By virtue of the exemptions given by FRS 7 and FRS 139, the impacts on the financial statements upon initial application of these FRSs (and the amendments thereto) are not disclosed.

FRS 101 (revised in 2009), which supersedes FRS 101 *Presentation of Financial Statements* (revised in 2005), affects the presentation of owner changes in equity and comprehensive income. It requires an entity to present all owner changes in equity in a statement of changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or two statements (a separate income statement and a statement of comprehensive income). FRS 101 (revised in 2009) also changes the titles of the financial statements to reflect their function more closely, for example, the titles "balance sheet" and "cash flow statement" are renamed as "statement of financial position" and "statement of cash flows" respectively.

3 Auditors Report on Preceding Annual Financial Statements

The audited financial statements of the Group for the preceding year ended 30 September 2008 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.

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.

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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)
<i>Share Capital - Issued and Fully Paid of RM1.00 each</i>		
Balance as at 30 September 2009	56,431,000	56,431,000
<i>Shares Bought-Back and Kept as Treasury Shares</i>		
Balance as at 1 October 2008	18,000	17,407
Shares bought-back during the period	789,900	718,298
Balance as at 30 September 2009	807,900	735,705
Shares bought-back from 1 October 2009 to 19 November 2009	178,300	192,359
Balance as at 19 November 2009	986,200	928,064

8 Dividend Paid

	Current Year-to-date 30-Sep-09 RM '000	Preceding Year Corresponding Period 30-Sep-08 RM '000
Interim Dividend	1,409	1,179
Final Dividend	2,242	2,582
Total	3,651	3,761

A Final Dividend of RM0.04 per share, tax exempt, amounting to RM2,242,380 in respect of financial year ended September 30, 2008 has been approved by the shareholders in the 36th Annual General Meeting held on 26 March 2009 for payment on 15 May 2009. The amount is based on the number of outstanding shares in issue excluding the Treasury Shares as at the dividend entitlement date.

An Interim Dividend of RM0.025 per share, tax exempt, amounting to RM1,408,851 in respect of financial year ended September 30, 2008 has been approved by the Board of Directors on 28 August 2008 for payment on 21 November 2008. The amount is based on the number of outstanding shares in issue excluding the Treasury Shares as at the dividend entitlement date.

For the preceding year corresponding period -

- (a) An Interim Dividend of RM0.02 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.
- (b) A Final Dividend of RM0.045 per share, tax exempt, amounting to RM2,582,155 in respect of financial year ended September 30, 2007 has been approved by the shareholders in the 35th Annual General Meeting held on 27 March 2008 for payment on 9 May 2008. 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

By Activity -

Investment holdings, provision of management consultancy services
Manufacturing of corrugated fibreboard carton
Property development
Trading and insurance agency and others

Group transaction

Revenue	Profit Before Taxation	Revenue	Profit Before Taxation
Current Year-to-date		Preceding Year-to-date	
30-Sep-09		30-Sep-08	
RM '000	RM '000	RM '000	RM '000
7,190	4,340	6,728	3,936
145,158	12,814	160,900	12,540
600	113	3,077	(461)
454	18	453	(18)
153,401	17,284	171,158	15,997
(7,190)	(4,501)	(6,728)	(4,305)
146,212	12,783	164,430	11,692
61,147	2,813	78,208	2,769
85,065	9,970	86,222	8,923
146,212	12,783	164,430	11,692

By Geographical Location -

Malaysia
Vietnam

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.

Investment Properties of the Group and of the Company were revalued by the directors during the financial year ended 30 September 2009 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 2008.

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 2008.

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14 Tax Income/(Expense)

	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-to-date	Preceding Year Corresponding Period
	30-Sep-09	30-Sep-08	30-Sep-09	30-Sep-08
	RM '000	RM '000	RM '000	RM '000
Income Tax -				
Provision for Current Year				
Malaysian income tax	(211)	(264)	(453)	(451)
Overseas income tax	(245)	(120)	(651)	(874)
Deferred tax	(7)	429	(7)	429
Over/(under) provided of tax	(25)	1	(25)	(16)
Real Property Gains Tax	-	-	-	-
Tax Expense	<u>(488)</u>	<u>46</u>	<u>(1,136)</u>	<u>(911)</u>
	-	-	-	0

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, there is one overseas subsidiary generating profit in the current financial year not subject to tax as it is still under tax holiday whilst profit taxable on the remaining overseas subsidiaries are generally at a lower rate than the statutory tax rate in Malaysia.

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

There is no 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

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18 Bank Borrowings

	Current Year-to-date 30-Sep-09 RM '000	Last Audited 30-Sep-08 RM '000
Secured borrowings	24,463	17,680
Unsecured borrowings	5,099	29,912
Total borrowings	29,562	47,592
Short-term borrowings	26,897	44,881
Long-term borrowings	2,665	2,711
Total borrowings	29,562	47,592
Borrowing denominated in RM	14,636	23,086
Borrowing denominated in VND - RM Equivalent	13,852	6,422
Borrowing denominated in USD - RM Equivalent	1,075	18,084
Total borrowings	29,562	47,592

The Group's secured borrowings were made up of (a) A Term Loan facility in Malaysia which is secured by way of a first legal charge over a piece of freehold land held in the name of one of the subsidiary company, and (b) Banking Facilities for its operation in Vietnam, which consist of 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 19 November 2009, 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 payable as follows -

<u>Currency</u>	<u>Contract Amount USD'000</u>	<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	85	16/11/2009	Fixed Dated	20/11/2009	20/11/2009	85	285
	85					85	285

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.

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)
	30-Sep-09	30-Jun-08	
	RM '000	RM '000	RM '000
Revenue	38,407	36,867	1,540
Profit/(Loss) before taxation	3,609	5,070	(1,461)
Profit/(Loss) before taxation - %	9%	14%	

The Group continued to register higher revenue on volume expansion as well as increase in selling prices in both the Malaysian and Vietnam markets during the current quarter. Nevertheless, profit before tax have contracted following higher cost of production (material and overheads) in particular on increasing paper prices during the quarter, even though part of the effect has been passed on to the customer through selling price increase.

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)
	30-Sep-09	30-Sep-08	
	RM '000	RM '000	RM '000
Revenue	146,212	164,430	(18,218)
Profit before taxation	12,783	11,692	1,092
Profit before taxation - %	9%	7%	

Revenue for the current year-to-date was 11% lower than that of the preceding year corresponding period, mainly because of the contracted business volume, in line with the general market conditions during this period of worldwide financial crisis.

Nevertheless, Profit Before Tax in terms of both value and percentage (%) have increased as a result of improved margin, higher productivity and more efficient management of resources, including a better cashflow management that have successfully reduced our Group bank borrowings hence significantly reduced our financial costs during the year.

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23 Current Year Prospects

Various signs and indicators in many developed economies are pointing to economy recovery in progress, though this may be a slow and long processes. The prospect for a sustainable recovery is good as seen in many countries including Malaysia and Vietnam which have made encouraging progress since the start of the 2nd half year of 2009.

Vietnam

Vietnam's economy continued to expand further, registering a growth of 4.56% in the first 9 months of 2009 (Q1: 3.1%, Q2: 4.46%, Q3: 5.76%) showing evidence of positive movements and clear recovery of the Vietnamese economy

Malaysia

The Malaysian economy contracted 6.2% in the first quarter and 3.9% in the second quarter. The country is expected to register a 3% contraction for the whole of 2009, but turn-around for growth of 2%-3% in 2010

Corrugated Carton Manufacturing

We have seen improvement in business volume and profitability in both the Vietnam and Malaysia markets gradually throughout this current year. With the continued positive and encouraging developments in world economy, we are confident that the packaging division as a whole will continue to contribute positively and significantly to the Group in the following financial year.

Property Development

We still find that the prevailing property market condition is yet to be conducive and favourable for launch of new project, hence we will continue to monitor and seize any opportunity to broaden our property land bank both in Penang vicinity and other places in preparation for our future ventures in this business segment

Overall performance -

Financial year 2009 has been a challenging year but we have managed to perform well above expectation.

We are now ready to move on to higher level of business volume and profitability on the back of our already upgraded facilities in Malaysia and the facilities expansion in progress in Vietnam. This, coupled with the expected continuing global recovery at work, we are very optimistic of another good year ahead. Barring unforeseen circumstances, we expect the Group's performance in both revenue and profitability in financial year 2010 to be better than that in financial year 2009.

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
	30-Sep-09	30-Sep-08	30-Sep-09	30-Sep-08
Net profit attributable to ord. s'holders (RM'000)	3,121	1,056	11,647	10,781
Weighted average no. of ordinary shares in issue	55,768	56,694	56,035	57,549
Basic earnings per ordinary share (Sen)	5.60	1.86	20.79	18.73

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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 87,559,602 ordinary shares, assuming full conversion of Warrants 2000/2010.

27 Dividend Payable

The Board of Directors proposed a final dividend of RM0.045 per share, tax exempt, in respect of financial year ended 30 September 2009. 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 30-Sep-09 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	83,603
- Loan/Advances given by the Holding Company to certain of its' subsidiary companies	25,118
- Loan/Advances given by one of the licensed moneylending company within the Group to 3rd parties	5,403
(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.