

Golden Frontier Berhad Group of Companies  
Condensed Consolidated Income Statements  
For 12 Months Ended 30 September 2010

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-to-date	Preceding Year Corresponding Period
	30-Sep-10	30-Sep-09	30-Sep-10	30-Sep-09
	RM '000	RM '000	RM '000	RM '000
Revenue	42,587	38,407	168,874	146,212
Operating profit	221	4,032	8,458	14,546
Interest expense	(615)	(452)	(2,129)	(2,237)
Interest income	14	29	49	465
Profit before taxation	(380)	3,609	6,378	12,774
Tax expense	614	(488)	90	(1,135)
Profit after taxation	234	3,121	6,468	11,639
Unusual Items	-	-	-	-
Net profit for the period	234	3,121	6,468	11,639
Basic earnings per ordinary share (sen)	0.43	5.61	11.73	20.78
Diluted earnings per ordinary share (sen)	N/A	N/A	N/A	N/A

Note - The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 30 September 2009 and the accompanying explanatory notes attached to the interim financial statements.

Golden Frontier Berhad Group of Companies  
Condensed Consolidated Balance Sheet  
As At 30 September 2010

	Current Year-to-date 30-Sep-10 RM '000	Last Audited 30-Sep-09 RM '000
Property, plant and equipment	61,912	62,644
Prepaid Land Lease Payment	9,619	12,951
Investment Properties	6,100	8,100
Goodwill on Consolidation	9,373	9,813
Property Development Costs	3,628	3,616
Deferred Tax Assets	-	-
Property Development Costs	-	-
Inventories	23,629	19,956
Trade and other receivables	37,378	33,729
Prepayments	848	1,247
Current Tax Assets	351	228
Cash and bank balances	4,162	2,942
<b>Total Current Assets</b>	<b>66,368</b>	<b>58,102</b>
Trade and other payables	15,301	7,296
Current liabilities	42	2,394
Bank borrowings	29,677	27,740
Current tax liabilities	216	323
<b>Total Current Liabilities</b>	<b>45,236</b>	<b>37,753</b>
<b>Net Current Assets</b>	<b>21,132</b>	<b>20,349</b>
Bank borrowings	3,330	2,492
Deferred tax	6,872	7,747
<b>Net Assets</b>	<b>101,560</b>	<b>107,234</b>
Represented by:		
Issued capital	56,609	56,431
Reserves	44,951	50,803
<b>Shareholders' Equity</b>	<b>101,560</b>	<b>107,234</b>

Note - The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 30 September 2009 and the accompanying explanatory notes attached to the interim financial statements.

Golden Frontier Berhad Group of Companies  
Condensed Consolidated Statement of Changes in Equity  
As At 30 September 2010

	Share Capital	Non-Distributable	Distributable	Total
	RM '000	RM '000	RM '000	RM '000
Balance as of 1 October 2008	56,431	22,717	23,309	102,457
Currency Translation Differences	-	(2,493)	-	(2,493)
Transfer from / (to) Revaluation Reserve	-	(166)	166	-
Deferred Tax Income	-	-	-	-
Shares buy-back	-	(718)	-	(718)
Dividend Paid	-	-	(3,651)	(3,651)
Cancellation of Treasury Shares	-	-	-	-
Net profit during the period	-	-	11,639	11,639
Balance as of 30 September 2009	<u>56,431</u>	<u>19,340</u>	<u>31,463</u>	<u>107,234</u>
Balance as at 1 October 2009	56,431	19,340	31,463	107,234
Issue of Shares	178	78	-	256
Currency Translation Differences	-	(7,390)	-	(7,390)
Transfer from / (to) Revaluation Reserve	-	(927)	927	-
Shares buy-back	-	(1,125)	-	(1,125)
Dividend Paid	-	-	(3,883)	(3,883)
Cancellation of Treasury Shares	-	-	-	-
Net profit during the period	-	-	6,468	6,468
Balance as of 30 September 2010	<u>56,609</u>	<u>9,975</u>	<u>34,975</u>	<u>101,560</u>

Note - The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 September 2009 and the accompanying explanatory notes attached to the interim financial statements.

Golden Frontier Berhad Group of Companies  
Condensed Consolidated Cash Flow Statement  
As At 30 September 2010

	Current Year-to-date	Preceding Year Corresponding Period
	30-Sep-10	30-Sep-09
	RM '000	RM '000
Cash Flows From/(Used In) Operating Activities		
<b>Profit before taxation</b>	6,378	12,774
Adjustment for -		
Non-cash items	6,844	6,668
Non-operating items	1,794	1,861
Operating Profit Before Working Capital Changes	<b>15,016</b>	<b>21,303</b>
Changes in working capital		
Net changes in current assets	(7,433)	10,800
Net changes in current liabilities	5,645	(1,143)
Cash Generated/(Used In) From Operations	<b>13,228</b>	<b>30,960</b>
Tax Paid	(1,014)	(1,092)
Tax Refunded	-	29
<b>Cash Flows From/(Used In) Operating Activities</b>	<b>12,214</b>	<b>29,897</b>
Cash Flows From/(Used In) Investing Activities		
Interest received	413	465
Proceeds from disposal of property, plant and equipment	76	122
Proceeds from disposal of investment property	1,735	-
Proceeds from disposal of leasehold land	1,832	-
Purchase of property, plant and equipment	(10,041)	(7,589)
<b>Cash Flows From/(Used In) Investing Activities</b>	<b>(5,985)</b>	<b>(7,002)</b>
Cash Flows From/(Used In) Financing Activities		
(Decrease)/Increase in short term borrowings	(82)	(17,923)
Dividend Paid	(3,883)	(3,651)
Interest paid	(2,132)	(2,296)
Purchase of own shares	(1,125)	(718)
Proceeds from issue of shares	256	-
Repayment of term loans	(577)	(2,712)
Term loan raised	3,146	2,665
<b>Cash Flows From/(Used In) Financing Activities</b>	<b>(4,397)</b>	<b>(24,635)</b>
Effects of Exchange Rate Changes	(935)	(345)
Net Increase / (Decrease) in Cash and Cash Equivalents	897	(2,085)
Cash and Cash Equivalents at Beginning of Period	2,942	5,027
<b>Cash and Cash Equivalents at End of Period</b>	<b>3,839</b>	<b>2,942</b>

Note - The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 30 September 2009 and the accompanying explanatory notes attached to the interim financial statements.

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 2009 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 2009 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 2009 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 2009 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 2009.

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 and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	01 January 2010
Amendment to FRS 1 <i>Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters</i>	01 January 2011
Amendments to FRS 1 <i>Additional Exemptions for First-time Adopters</i>	01 January 2011
Amendments to FRS 2 <i>Share-based Payment: Vesting Conditions and Cancellations</i>	01 January 2010
Amendments to FRS 2 <i>Share-based Payment</i>	01 July 2010
Amendments to FRS 2 <i>Group Cash-settled Share-based Payment Transactions</i>	01 January 2011
Amendments to FRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	01 July 2010
Amendments to FRS 7 <i>Improving Disclosures about Financial Instruments</i>	01 January 2010
Amendments to FRS 132 <i>Financial Instruments: Presentation</i>	01 January 2010 / 01 March 2010

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Standard/Interpretation	Effective for financial periods beginning on or after
Amendments to FRS 138 <i>Intangible Assets</i>	01 July 2010
Amendments to FRS 139 <i>Financial Instruments: Recognition and Measurement</i> , FRS 7 <i>Financial Instruments: Disclosures</i> and IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	01 January 2010
Amendments to FRS 139 <i>Financial Instruments: Recognition and Measurement</i>	01 January 2010
Amendments to IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	01 July 2010
Amendments to FRSs contained in the document entitled " <i>Improvements to FRSs (2009)</i> "	01 January 2010
FRS 1 <i>First-time Adoption of Financial Reporting Standards</i> (revised in 2010)	01 July 2010
FRS 3 <i>Business Combinations</i> (revised in 2010)	01 July 2010
FRS 4 <i>Insurance Contracts</i>	01 January 2010
FRS 7 <i>Financial Instruments: Disclosures</i>	01 January 2010
FRS 101 <i>Presentation of Financial Statements</i> (revised in 2009)	01 January 2010
FRS 123 <i>Borrowing Costs</i>	01 January 2010
FRS 127 <i>Consolidated and Separate Financial Statements</i> (revised in 2010)	01 July 2010
FRS 139 <i>Financial Instruments: Recognition and Measurement</i>	01 January 2010

Standard/Interpretation	Effective for financial periods beginning on or after
IC Interpretation 4 <i>Determining whether an Arrangement contains a Lease</i>	01 January 2011
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 FRS 2 - <i>Group and Treasury Share Transactions</i>	01 January 2010
IC Interpretation 12 <i>Service Concession Arrangements</i>	01 July 2010
IC Interpretation 13 <i>Customer Loyalty Programmes</i>	01 January 2010
IC Interpretation 14 FRS 119 - <i>The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	01 January 2010
IC Interpretation 15 <i>Agreements for the Construction of Real Estate</i>	01 July 2010
IC Interpretation 16 <i>Hedges of a Net Investment in a Foreign Operation</i>	01 July 2010
IC Interpretation 17 <i>Distributions of Non-cash Assets to Owners</i>	01 July 2010
IC Interpretation 18 <i>Transfers of Assets from Customers</i>	01 January 2011

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.

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**3 Auditors Report on Preceding Annual Financial Statements**

The audited financial statements of the Group for the preceding year ended 30 September 2009 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.

**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 1 October 2009	56,431,000	56,431,000
Issue of new shares (via warrant conversion) during the period	177,800	177,800
Balance as at <b>30 September 2010</b>	<u>56,608,800</u>	<u>56,608,800</u>
Issue of new shares (via warrant conversion) from 1 October 2010 to 22 November 2010	7,306	7,306
Balance as at <b>22 November 2010</b>	<u><u>56,616,106</u></u>	<u><u>56,616,106</u></u>
<i>Shares Bought-Back and Kept as Treasury Shares</i>		
Balance as at 1 October 2009	807,900	735,705
Shares bought-back during the period	894,100	1,124,798
Balance as at <b>30 September 2010</b>	<u>1,702,000</u>	<u>1,860,503</u>
Shares bought-back from 1 October 2010 to 22 November 2010	56,800	77,893
Balance as at <b>22 November 2010</b>	<u><u>1,758,800</u></u>	<u><u>1,938,396</u></u>

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**8 Dividend Paid**

	Current Year-to-date	Preceding Year Correspond- ing Period
	30-Sep-10	30-Sep-09
	RM '000	RM '000
Interim Dividend	1,390	1,409
Final Dividend	2,493	2,242
	<u>3,883</u>	<u>3,651</u>

For the Current Year -

An Interim Dividend of RM0.025 per share, tax exempt, amounting to RM1,389,791 in respect of financial year ended September 30, 2009 has been approved by the Board of Directors on 20 August 2009 for payment on 20 November 2009. The amount is based on the number of outstanding shares in issue excluding the Treasury Shares as at the dividend entitlement date.

A Final Dividend of RM0.045 per share, tax exempt, amounting to RM2,493,104 in respect of financial year ended September 30, 2009 has been approved by the shareholders in the 37th Annual General Meeting held on 25 March 2010, for payment on 14 May 2010. 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 -

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.

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.

**9 Segmental Information**

Revenue	Profit Before Taxation	Revenue	Profit Before Taxation
Current Year-to-date		Preceding Year-to-date	
30-Sep-10		30-Sep-09	
RM '000	RM '000	RM '000	RM '000

**By Activity -**

Investment holdings, provision of management consultancy services	7,756	4,608	7,190	4,340
Manufacturing of corrugated fibreboard carton	167,811	6,875	145,158	12,805
Property development	645	(278)	600	113
Trading and insurance agency and others	418	(215)	454	18
	<u>176,630</u>	<u>10,990</u>	<u>153,402</u>	<u>17,276</u>
Group transaction	(7,756)	(4,612)	(7,190)	(4,501)
	<u>168,874</u>	<u>6,378</u>	<u>146,212</u>	<u>12,774</u>

**By Geographical Location -**

Malaysia	75,550	1,209	61,147	2,813
Vietnam	<b>93,324</b>	<b>5,169</b>	85,065	9,961
	<u>168,874</u>	<u>6,378</u>	<u>146,212</u>	<u>12,774</u>



#### **10 Carrying Amount of Revalued Properties, Plants and Equipment**

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 2010 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 equipment have been brought forward, without amendment from the previous audited financial statements for the year ended 30 September 2009.

#### **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 except for the following -

- (i) Alcamax Packaging (Vietnam) Co., Ltd. has been converted into a Joint Stock Company and changed its' name to Alcamax Packaging (Vietnam) Joint Stock Company with effect from 1 October 2009.
- (ii) Incorporation of a new wholly owned subsidiary, Golden Frontier Paper Industry Sdn Bhd on 17 February 2010

#### **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 2009.

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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-10	30-Sep-09	30-Sep-10	30-Sep-09
	RM '000	RM '000	RM '000	RM '000
Income Tax -				
Provision for Current Year				
Malaysian income tax	(258)	(211)	<b>(588)</b>	<b>(454)</b>
Overseas income tax	8	(245)	<b>(186)</b>	<b>(650)</b>
Deferred tax	879	(7)	<b>879</b>	<b>(6)</b>
Over/(under) provided of tax	(15)	(25)	<b>(15)</b>	<b>(25)</b>
Real Property Gains Tax	-	-	-	-
Tax Expense	614	(488)	90	(1,135)
	-	-	-	(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 except for the disposal of an investment property and a leasehold land by one of the subsidiary companies for a total consideration of RM3,700,000 with a loss on disposal of RM179,886

**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	Last Audited
	Year-to-date	30-Sep-09
	30-Sep-10	30-Sep-09
	RM '000	RM '000
Secured borrowings	17,462	19,627
Unsecured borrowings	15,545	10,605
<b>Total borrowings</b>	<b>33,007</b>	<b>30,232</b>
Short-term borrowings	29,677	27,740
Long-term borrowings	3,330	2,492
<b>Total borrowings</b>	<b>33,007</b>	<b>30,232</b>
Borrowing denominated in RM	15,794	15,306
Borrowing denominated in VND - RM Equivalent	14,617	13,852
Borrowing denominated in USD - RM Equivalent	2,596	1,074
<b>Total borrowings</b>	<b>33,007</b>	<b>30,232</b>

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 22 November 2010, 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</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	47	23/11/2010	Fixed Dated	23/11/2010	23/11/2010	47	145
	<u>47</u>					<u>47</u>	<u>145</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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**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-10	30-Jun-09	
	RM '000	RM '000	RM '000
Revenue	42,587	42,396	191
Profit/(Loss) before taxation	(380)	168	(548)
Profit/(Loss) before taxation - %	-1%	0%	

Slightly higher Group revenue for the current quarter was attributed to combination of marginally increased sales volume and average selling prices. Average selling prices is trending higher, albeit marginally and slowly, succeeding increase in paper costs.

Loss incurred for the current quarter was mainly because of year end provisions made on doubtful debts as well as loss on disposal of investment property / leasehold land in subsidiaries. Operating profit in the packaging division continued to be thin on continue escalating paper material and consumable prices. Though average selling prices have been adjusted upward slowly, the quantum and speed of such adjustments were lagging behind that of the material cost increase, resulting in significant dip in profit margin. Further more, financial costs have also increased substantially during this quarter on higher borrowing costs charged by the banks.

**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-10	30-Sep-09	
	RM '000	RM '000	RM '000
Revenue	168,874	146,212	22,662
Profit before taxation	6,378	12,774	(6,396)
Profit before taxation - %	4%	9%	

Higher group revenue in this current financial year was mainly due to higher sales volume coupled with higher average selling prices as compared to that of last financial year. Noticeably, Group revenue in the last financial year was low because of contracting market activities during the financial crisis prevailing at that period.

Despite higher revenue achieved, Group profit for the current year was only half of that achieved in last financial year, principally due to rising production costs and overheads that significantly eroded the profit margin. The inability to pass on these costs increase to the customers in the same quantum and as rapidly as it incurred have resulted in increase in production costs that ate into profit margin of the Group. Expanding capital expenditures and upgrade of production capacities have also attracted higher borrowing costs as well as higher depreciation charge that further reduced the Group's profitability.

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**23 Current Year Prospects**

Global economic recovery continues but with different paces and prospects for different regions, with Asian countries still having the more prominent and promising growth.

Both Malaysia and Vietnam have registered better economic growth so far this year as compared to last year, as evidenced by the various economy data released so far. Nevertheless, many indicators have emerged lately pointing towards possible slower growth ahead.

Corrugated Carton Manufacturing

Performance in the current year has not been as good as we have previously expected, despite having higher business volume. Our Group's profitability have dwindled significantly in particular since beginning of year 2010 when paper prices started to move up substantially, rapidly and continuously throughout the remaining financial year, that we were unable to pass on the cost increase in the same quantum to the customers on a timely manner. Though we have seen some upward adjustment of selling prices, the increase is disproportionately lower than the rapid increase in cost, thus affecting the overall profitability of the Group.

The additional capital expenditure that the Group continued to incur under its business expansion plan since the last quarter of previous financial year have necessitated increase in borrowings. This has further reduced the Group's profit because of higher financial expenses and depreciation charges.

Despite all these challenges and unfavourable conditions, the Group's financial and operating fundamentals are still intact. Growth in our Vietnam operation is expected to continue and surpass that in Malaysia, and will contribute proportionately to the Group's revenue and profitability.

Property Development

At the current juncture, we are still sceptical on the prospect of this business segment and have yet to feel comfortable to launch new project, but 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.

Future Outlook

Selling price increase is slowly catching up on cost increase, whilst paper costs are starting to stabilise. This augers well for the Group. Moving forward, we expect the earlier difficult operating conditions to ease and the Group's growth in revenue and profitability will pick up again. On the back of these expectations, barring unforeseen circumstances, we anticipate that the Group's performance in the following financial year will be better than that in the financial year 2010

**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-10	30-Sep-09	30-Sep-10	30-Sep-09
Net profit attributable to ord. s'holders (RM'000)	234	3,121	6,468	11,639
Weighted average no. of ordinary shares in issue	<b>54,772</b>	<b>55,682</b>	<b>55,117</b>	<b>56,017</b>
Basic earnings per ordinary share (Sen)	0.43	5.61	11.73	20.78

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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 RM0.04 per share, tax exempt, in respect of financial year ended 30 September 2010. 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-10
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>81,950</u>
- Loan/Advances given by the Holding Company to certain of its' subsidiary companies	<u>24,130</u>
- Loan/Advances given by one of the licensed moneylending company within the Group to 3rd parties	<u>5,301</u>

(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.