



GD Express Carrier Berhad

(Company No. 630579-A)

(Incorporated in Malaysia under the Companies Act, 1965)

Condensed Consolidated Income Statement

For the Second Quarter ended 31 December 2009

(The figures have not been audited)

	Individual		Cumulative	
	Current Financial Year Second Quarter 31.12.2009 (RM'000)	Preceding Financial Year Corresponding Quarter 31.12.2008 (RM'000)	Current Financial Year To Date 31.12.2009 (RM'000)	Preceding Financial Year To Date 31.12.2008 (RM'000)
Revenue	20,219	19,596	39,958	39,632
Operating expenses	(18,392)	(18,515)	(36,685)	(37,261)
Other operating income	50	90	271	195
Profit from operations	1,877	1,171	3,544	2,566
Finance costs	(120)	(197)	(247)	(337)
Profit before tax	1,757	974	3,297	2,229
Taxation	(499)	(277)	(946)	(632)
Net profit after tax	1,258	697	2,351	1,597
Earnings per share (sen)	0.49	0.27	0.91	0.62

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Balance Sheet
As at 31 December 2009
(The figures have not been audited)

	As At End Of Current Quarter 31.12.2009 (RM'000)	Audited As At Preceding Financial Year Ended 30.06.2009 (RM'000)
Non-Current Assets		
Property, plant and equipment	14,268	16,455
Investment property	2,722	2,750
Goodwill	137	137
Prepaid lease payments	4,366	4,413
Total Non-Current Assets	<u>21,493</u>	<u>23,755</u>
Current Assets		
Inventories	321	383
Trade receivables	17,408	16,135
Other receivables and prepaid expenses	4,067	2,137
Deposits with licensed banks	10,296	9,335
Cash and bank balances	1,635	1,950
Tax Recoverable	79	115
Total Current Assets	<u>33,806</u>	<u>30,055</u>
Total Assets	<u>55,299</u>	<u>53,810</u>
Equity		
Share capital	25,719	25,719
Share premium	618	618
Revaluation reserve	412	417
Translation reserve	(62)	(56)
Retained earnings	14,602	12,246
Total equity attributable to shareholders	<u>41,289</u>	<u>38,944</u>
Non-Current Liabilities		
Provision for retirement benefits	516	246
Hire-purchase payables	1,369	2,135
Term loans (secured)	2,738	2,925
Deferred tax liabilities	251	251
Total Non-Current Liabilities	<u>4,874</u>	<u>5,557</u>
Current Liabilities		
Trade payables	3,712	3,153
Other payables and accrued expenses	3,179	3,157
Hire-purchase payables - current portion	1,802	2,714
Term loans (secured) - current portion	288	268
Provision for taxation	155	17
Total Current Liabilities	<u>9,136</u>	<u>9,309</u>
Total Liabilities	<u>14,010</u>	<u>14,866</u>
Total Equity and Liabilities	<u>55,299</u>	<u>53,810</u>
Net assets per share (RM)	<u>0.16</u>	<u>0.15</u>

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Changes in Equity
For the Second Quarter ended 31 December 2009
(The figures have not been audited)

	Issued share capital (RM'000)	Share premium (RM'000)	Retained earnings (RM'000)	Revaluation reserve (RM'000)	Translation reserve (RM'000)	Total (RM'000)
Balance as at 1 July 2009	25,719	618	12,246	417	(56)	38,944
Foreign currency translation	-	-	-	-	(6)	(6)
Transfer to retained earnings	-	-	5	(5)	-	-
Net profit for the period	-	-	2,351	-	-	2,351
Dividends	-	-	-	-	-	-
Balance as at 31 December 2009	25,719	618	14,602	412	(62)	41,289
Balance as at 1 July 2008	25,719	618	11,406	569	(30)	38,282
Foreign currency translation	-	-	-	-	(26)	(26)
Deferred tax liabilities arising from revaluation of building	-	-	-	(140)	-	(140)
Transfer to retained earnings	-	-	12	(12)	-	-
Net profit for the year	-	-	2,082	-	-	2,082
Dividends	-	-	(1,254)	-	-	(1,254)
Balance as at 30 June 2009	25,719	618	12,246	417	(56)	38,944

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Cash Flow Statement
For the Second Quarter ended 31 December 2009
(The figures have not been audited)

	Current Year To date Ended 31.12.2009 (RM'000)	Audited As At Preceding Financial Year Ended 30.06.2009 (RM'000)
Cash flows from operating activities		
Profit for the period/ year	2,351	2,082
Adjustments for non-cash items	4,106	8,146
Operating profit before working capital changes	<u>6,457</u>	<u>10,228</u>
Changes in working capital:		
Net change in current assets	(1,797)	3,010
Net change in current liabilities	1,317	1,323
Cash flows from operations	<u>5,977</u>	<u>14,561</u>
Income tax paid	(772)	(1,839)
Net cash from operating activities	<u>5,205</u>	<u>12,722</u>
Cash flows from used in investing activities		
Additions to property, plant and equipment	(600)	(1,469)
Deposit for acquisition of property	(2,080)	-
Proceeds from disposal of property, plant and equipment	183	80
Interest received	119	199
Decrease in fixed deposits pledged with licensed bank	-	45
Net cash used in investing activities	<u>(2,378)</u>	<u>(1,145)</u>
Cash flows used in financing activities		
Dividends paid to shareholders of the Company	-	(1,254)
Repayment of term loans and Islamic bank facilities	(167)	(1,047)
Payment of hire purchase payables	(1,756)	(3,413)
Finance costs paid	(247)	(655)
Net cash used in financing activities	<u>(2,170)</u>	<u>(6,369)</u>
Net increase in cash and cash equivalents	657	5,208
Revaluation reserve	(5)	-
Translation reserve	(6)	(30)
Cash and cash equivalents at beginning of year	<u>10,677</u>	<u>5,499</u>
Cash and cash equivalents at end of period/ year	<u>11,323</u>	<u>10,677</u>
Cash and bank balances	1,635	1,950
Deposits with licensed banks	<u>10,296</u>	<u>9,335</u>
	11,931	11,285
Less: Fixed deposits pledged with licensed banks	<u>(608)</u>	<u>(608)</u>
	<u>11,323</u>	<u>10,677</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements.

A. Notes To The Interim Financial Report **For the financial period ended 31 December 2009**

1. Accounting Policies and Basis of Preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard (FRS) 134: "Interim Financial Reporting" and Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2009. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2009. The significant accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those of the audited financial statements for the financial year ended 30 June 2009.

As at the date of this report, the followings FRSs and Issues Committee ("IC") Interpretations were in issue but were yet to be effective (the effective dates of which are listed below) and have not been applied by the Group:

<u>FRS / Interpretation</u>		<u>Effective Date</u>
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 127	Consolidated and Separate Financial Statements	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2- Group and Treasury share Transactions	1 January 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum	1 January 2010

The new FRSs and IC Interpretations above are not expected to have any significant financial impact on the financial statements of the Group upon the initial application, except for the changes in disclosures arising from the adoption of FRS 7.

The Group is exempted from disclosing the possible impact, if any, to its financial statements upon the initial application of FRS 139.

2. Auditor's Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 30 June 2009 was not qualified.

3. Comments on Seasonal and Cyclical Factors

The Group's performance was affected by the lower deliveries during the months with numerous public and festive holidays.

4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income Or Cash Flow

There were no unusual items affecting the assets, liabilities, equity, net income or cash flow for the current quarter and financial year-to-date.

5. Material Changes in Estimates

There were no changes in estimates that yielded a material effect on the current quarter and financial year-to-date.

6. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale or repayments of debts and/or equity securities, share buy-back, share cancellation and/or resale of treasury shares for the current quarter and financial year-to-date.

7. Dividends Paid

There were no dividends paid in the current quarter and the financial year to date.

8. Segmental Information

The Group operates predominantly in Malaysia and Singapore and is principally involved in the provision of express delivery and customised logistics solutions services. The segmental revenue, results and total assets for the financial period ended 31 December 2009 are tabulated below:

Geographical segments

	Malaysia (RM'000)	Singapore (RM'000)	Elimination (RM'000)	Total (RM'000)
<u>Revenue</u>				
External sales	20,074	145	-	20,219
Inter-segment sales	1,084	163	(1,247)	-
External sales	<u>21,158</u>	<u>308</u>	<u>(1,247)</u>	<u>20,219</u>
<u>Results</u>				
Profit/(Loss) from operations	2,001	(124)	-	1,877
Finance costs	(118)	(2)	-	(120)
Profit/(Loss) before tax	<u>1,883</u>	<u>(126)</u>	<u>-</u>	<u>1,757</u>
<u>Total assets</u>				
Segment assets/ Consolidated total assets	<u>54,552</u>	<u>747</u>	<u>-</u>	<u>55,299</u>

9. Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment has been stated at cost, except for the leasehold building which has been restated at fair value with the revaluation surplus included as revaluation reserves.

10. Material Events Subsequent To Period End

There were no material events occurring subsequent to the end of the financial period ended 31 December 2009 that has not been reflected in this quarterly report.

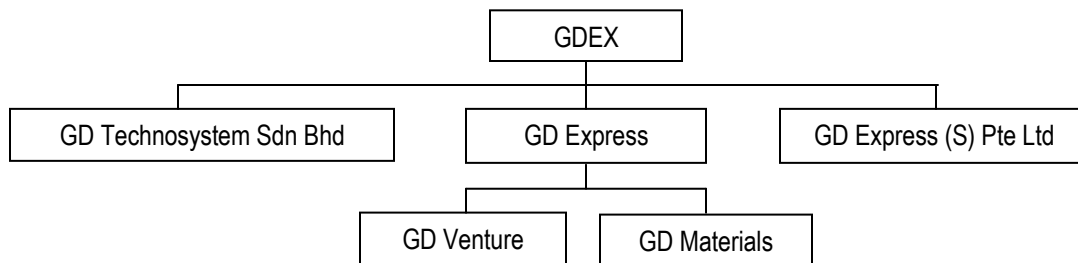
11. Changes in the Composition of the Group

On 21 December 2009, the Group undertook the following transactions:

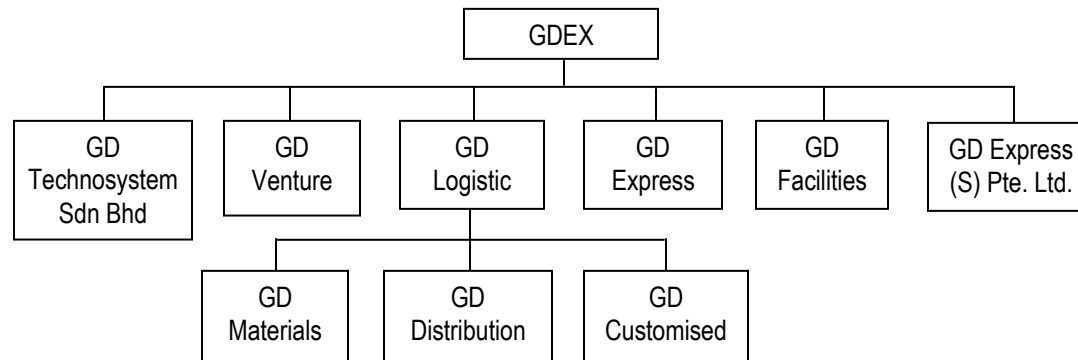
- acquisition of the entire issued and paid-up share capital of GD Logistic (M) Sdn. Bhd. (“GD Logistic”) and GD Facilities & Assets Management Sdn. Bhd. (“GD Facilities”) by GD Express Carrier Berhad (“GDEX”);
- acquisition of the entire issued and paid-up share capital of GD Distribution Services Sdn. Bhd. (“GD Distribution”) and GD Customised Solution Sdn. Bhd. (“GD Customised”) by GD Logistic; and
- the transfer of the entire issued and paid-up share capital of GD Venture (M) Sdn. Bhd. (“GD Venture”) and GD Materials Distribution Sdn. Bhd. (“GD Materials”) from GD Express Sdn. Bhd. (“GD Express”) to GDEX and GD Logistic respectively.

(collectively known as the “Corporate Exercises”)

Prior to the Corporate Exercises, the corporate group structure of GDEX is as follows:



Upon completion of the Corporate Exercises, the corporate group structure of GDEX is as follows:



12. Contingent Assets or Liabilities

On 31 December 2009, Kuching Sessions Court has passed judgment against GD Express, a wholly-owned subsidiary of GDEX, to pay an additional judgment sum of RM61,949.26 to T & T Travel & Cargo Sdn Bhd, being the plaintiff and to refund franchise fees amounting to RM40,000, with interest of 8% per annum on the abovementioned judgment sum and franchisee fees calculated from the judgment date until full and final settlement of the said sum and fees. In addition, GD Express has to bear the plaintiff's costs in relation to this trial which will be assessed at a later date. Further details of this litigation are set out in Section 11 of Part B of this Report.

Saved as disclosed above, there were no changes in contingent liabilities or contingent assets of the Group since the last annual balance sheet as at 30 June 2009.

13. Capital Commitments

There were no capital commitments not provided for in the financial statements for the quarter under review.

14. Recurrent Related Party Transactions

a) GDEX relationship with the interested related parties:

- (i) Mr Teong Teck Lean is a common director and substantial shareholder in GD Express Carrier Berhad and GDX Private Limited; and
- (ii) Mr Leong Chee Tong is a common director in GD Express Carrier Berhad and GDX Private Limited.

b) The related party transactions between the GDEX Group and the interested related parties are as follows:

	Current Quarter Ended 31 December 2009 (RM'000)	Cumulative Current Quarter Ended 31 December 2009 (RM'000)
<u>GDX Private Limited</u>		
GD Technosystem Sdn Bhd - Software update and maintenance	74	147
GD Express Sdn Bhd - Software training	146	293

B. Additional Information Required Pursuant to the Listing Requirements for the ACE Market of Bursa Malaysia Securities Berhad

1. Review of Performance for the Current Quarter and Financial Year-to-Date

For the second quarter ended 31 December 2009, the Group recorded revenue of approximately RM20.22 million, representing a marginal increase of approximately 3.18% as compared to the same quarter in the preceding financial year. The higher revenue recognised by the Group was mainly due to the cessation of the prompt payment rebates offered to its customers.

The Group's profit before tax ("PBT") for the period increased by approximately 80.39% to approximately RM1.76 million, as compared to the PBT of RM0.97 million for the same quarter in the preceding financial year. The increase in PBT was mainly attributable to the cost control exercise undertaken by the Group during the previous financial quarters which yielded positive results in the subsequent quarter and higher revenue achieved by the Group during the current quarter under review.

2. Material Change in the Profit Before Tax for the Current Quarter as compared to the Immediate Preceding Quarter

The Group recorded a PBT of approximately RM1.76 million for the second quarter ended 31 December 2009. As compared to the immediate preceding quarter ended 30 September 2009, the PBT for the second quarter increased by approximately RM0.22 million or approximately 14.29%. Such increase was mainly contributed by higher revenue achieved by the Group during the quarter under review as most of the Group's customer experienced modest recovery from the global economic crisis starting from the second quarter of the preceding financial year.

3. Prospects of the Group

Growth in the services sector is anticipated to expand by 3.6% in 2010 with a higher share of 58.5% to gross domestic product (2009: 2.1%; 57.9%) emanating from favourable performance in the communication, finance and insurance, wholesale and retail trade as well as real estate and business services sub-sectors. Recovery in trade-related activity is expected to further enhance growth in the transport and storage as well as utilities sub-sectors. Prospects for the services sector are expected to remain favourable as the Malaysian government continues to intensify its efforts in developing the sector as the key driver of growth. Several proactive measures were undertaken to strengthen the competitiveness of the sector as well as attract more investments, technology and professionals.

(Source: Economic Report 2009/2010, Bank Negara Malaysia)

Pursuant to the above, the Group perceives that the prospect of the logistics industry is promising. However, with the advancement of technology and stiffer market competition, customers are highly demanding and are more cost conscious. In view of this, the Group seeks to elevate its service quality and enhance cost effectiveness in utilising all of its resources in order to stay competitive.

Barring unforeseen circumstances, the Directors are of the opinion that the demand for logistics solutions will continue to grow and the Group's prospects will remain positive in the long term.

4. Profit Forecast

The Company does not disclose any profit forecast or guarantee for this financial year.

5. Taxation

The taxation figures are as follows:

	Individual		Cumulative	
	Current Year Second Quarter 31.12.2009 (RM'000)	Preceding Year Corresponding Quarter 31.12.2008 (RM'000)	Current Year To Date 31.12.2009 (RM'000)	Preceding Year To Date 31.12.2008 (RM'000)
Estimated tax payable	499	277	946	632
Deferred tax	-	-	-	-
	<u>499</u>	<u>277</u>	<u>946</u>	<u>632</u>

The effective tax rate is higher than the statutory corporate tax rate of 25%, due to certain expenses being non-deductible for tax and the tax loss arising from GDEX's Singapore subsidiary being unable to be offset against the taxable profit from its Malaysian operations.

6. Unquoted Securities and/or Properties

There were no purchases or disposals of any unquoted securities and/or properties for the current quarter and financial year-to-date.

7. Quoted Securities

There were no purchases or disposals of any quoted securities for the current quarter and financial year-to-date.

8. Status of Corporate Proposals

Save as disclosed below, there were no corporate proposals announced but not completed as at the date of this announcement:

- (a) On 8 January 2009, the Company entered into a Memorandum of Understanding (“MOU”) with Entrepise Des Postes Lao (“EPL”) to conduct a feasibility study on express delivery services in Laos as well as the existing operation mode, system and procedure adopted by EPL to enter into a strategic partner relationship, to develop international and domestic express delivery services under shared brands for the Laos market. During the financial period under review, both parties have completed the said feasibility study and are in the midst of finalising the proposed strategic partnership. The findings and conclusions from the study will be announced in due course; and
- (b) On 22 December 2009, OSK Investment Bank Berhad had, on behalf of the Board of Directors of GDEX, announced that GD Facilities, a wholly-owned subsidiary of the Company, had on the same day entered into a sale and purchase agreement with Abric Properties Sdn Bhd for the proposed acquisition of a parcel of land held under Pajakan Negeri No. Hakmilik 10316, Lot 80, Section 20, Town of Petaling Jaya, District of Petaling, State of Selangor Darul Ehsan together with a building consisting of office, factory and warehouse erected thereon, for a cash consideration of RM20,800,000 (“Proposed Acquisition”).

The Proposed Acquisition is pending for shareholders’ approval. The circular to the shareholders of GDEX in relation to the Proposed Acquisition will be despatched to the shareholders in due course.

9. Group Borrowings

The Group borrowings consist of the following:

	(S\$’000)	(RM’000)
Short term borrowings (secured):		
Denominated in Ringgit Malaysia		
Hire purchase payables		1,781
Term loans		288
Denominated in Singapore Dollar		
Hire purchase payables	9	21
Long- term borrowings (secured):		
Denominated in Ringgit Malaysia		
Hire purchase payables		1,352
Term loans		2,738
Denominated in Singapore Dollar		
Hire purchase payables	7	17
Total borrowings	16	6,197

There was no unsecured debt during the current quarter and financial year-to-date.

10. Financial Instruments

There were no off balance sheet financial instruments as at the date of the quarterly report.

11. Material Litigations

Save as disclosed below, the Directors of GDEX confirm that the Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, and the Directors of GDEX do not have any knowledge of proceedings pending or threatened against GDEX and/or its subsidiaries, or of any fact likely to give rise to any proceeding, which might materially and adversely affect the financial position or business of the Group as at the date of this report.

T & T Travel & Cargo Sdn Bhd (“T&T” or the “Plaintiff”) vs GD Express (the “Defendant”)

On 14 September 2005, T&T, a former business agent of GD Express commenced legal proceedings against GD Express for disputes on the amount owing for services rendered in the course of courier business. Based on GD Express’s record, T&T has double claimed for certain transactions and was also reluctant to compensate for shipment lost in their possession. The total amount claimed by T&T was RM181,000. However, GD Express had made a payment to the Kuching Session Court for RM98,000 which has been paid out to the Plaintiff. On 31 December 2009, Kuching Sessions Court has passed a judgment against GD Express to pay an additional judgment sum of RM61,949.26 to the Plaintiff and to refund franchise fees amounting to RM40,000, with interest of 8% interest per annum on the abovementioned judgment sum and franchisee fees calculated from the judgment date until full and final settlement of the said sum and fees. In addition, GD Express has to bear the Plaintiff’s costs in relation to this trial which will be assessed at a later date.

On 11 January 2010, GD Express has filed an appeal on the judgment and the hearing of this appeal is fixed on 19 February 2010. The Directors of GDEX, in consultation with GDEX’s solicitors, are of the view that GDEX has a good defence against the abovementioned legal claim.

12. Dividends

On 11 January 2010, the Company declared and paid a final single tier dividend of 5% or 0.5 sen per share and a special single tier dividend of 5% or 0.5 sen per share, totaling 10% or 1.0 sen per share amounting to RM2,571,860 (2008: RM1,269,860) for the financial year ended 30 June 2009.

Save as disclosed above, there were no other dividends declared during the current quarter under review and financial period-to-date.

13. Earnings Per Share

i. Basic

The basic earnings per share is calculated by dividing the net profit for the period/year by the number of ordinary shares in issue during the period/year.

	Current Quarter 31.12.2009 (RM'000)	Current Year To Date 31.12.2009 (RM'000)
Net profit attributable to ordinary shareholders	1,258	2,351
Weighted average number of ordinary share of RM0.10 each in issue (units)	257,186,038	257,186,038
Basic earnings per share (sen)	0.49	0.91

ii. Diluted

The Company does not have any convertible share or convertible financial instrument for the current quarter and financial year-to-date.

By Order of the Board

Wong Wei Fong (MAICSA 7006751)
Lim Lee Kuan (MAICSA 7017753)
Secretaries
10 February 2010