

GDEX

GD EXPRESS



GD EXPRESS CARRIER BERHAD
ANNUAL REPORT 2006 (Co. No. 630579-A)

SYNCHRONISING FOR SUSTAINABLE GROWTH



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DELIVERY SERVICE YOU TRUST

We plan our growth in order to achieve progress on all fronts.

Like the conductor who directs and orchestrates the different melodies to create a symphony of breathtaking music, GD Express Carrier Berhad (GDEX) likewise synchronises its workflows and processes to bring about maximum efficiency and a seamless integration of its express carrier operations.

As one of the leading express carriers in the country, GDEX takes great care to match its growth with the demand of the marketplace. It puts in place the necessary systems and networks, human resources, infrastructure and communication links to meet customer's needs and expectations, even to the most remote location, in the shortest possible time.

By orchestrating its operations carefully, GDEX is able to satisfy the market demand and at the same time, provide growth at a pace that is sustainable for the benefit of the Group and its shareholders.

Dear Shareholders

I am pleased to present my second annual report to our fellow stake-holders for the financial year ended 30 June 2006. Despite the challenges posted by the escalating oil prices, our Group continued to grow on the back of strong customer demand for our express delivery services.

Our Performance in 2006

The Malaysian economy, was in many ways affected by the surge in fuel prices during the period reviewed. The transportation sector, in particular, bore the effects of the sharply higher fuel price that caused an upward spiral in its costs of operation. Over and above the direct impact on this fuel cost, the spill-over effect on the costs in other areas is even more significant.

Against this background, I am happy to report that the Group continued to progress healthily, driven by a steady increase in the demand for our range of express delivery services. For the year reviewed, the Group achieved a 21 per cent increase in turnover to RM45.9 million, from RM37.9 million previously.

This growing demand for our express delivery services necessitates the Group to embark on a higher level of investment to ensure our operations keep pace with the rapid growth.

During the period reviewed, the Group invested significantly to build up its capacity in terms of human resource, infrastructure, network, systems and processes. In particular, we have expanded our hub and operation space by leasing an additional 80,000 sq ft of operation and warehousing area adjacent to



our present premise. In line with this, the Group has also added on 22 trucks to the present fleet size of 196 trucks and invested RM2.6 million in information and communication systems and operation and office equipment. In terms of network, the Group has added on 13 stations and increased our network size from 72 to 85. On human resource, we have increased our staff strength from 874 to 989 and have put in 12,900 man-hours of in-house and external training. The Group has also expanded its range of services, alongside numerous new processes to cater for the growing business.

Inevitably, these investments affected our present bottom line. The Group's pre-tax profit for the year ended 30 June 2006 amounted to RM1.7 million against RM5.3 million previously. After-tax profit was RM1.2 million, compared with RM3.5 million in the previous year. However, this building drive has added greater capacity and prepared ourselves to take on bigger business volume as well as more sophisticated and valued added businesses.

Strategic Approach

The express carrier industry has evolved into a major growth

sector and a significant component of the economy in developed nations like the United States of America, the European Union and Japan. In developing Asia, it is now at its beginning phase of rapid growth. Express carrier plays a critical role in providing companies the competitive edge to fulfill transactions with speed, precision and flexibility alongside the digital platform where businesses are conducted. A key success element for companies in the ever competitive arena is finding trusted express carriers as their fulfillment partners.

Hence, globally as well as domestically, companies are outsourcing their logistics functions to express carriers in order to achieve maximum edge in delivery while concentrating on their core business activity.

To capitalise on this trend, the Group has to beef up its internal operations – human resource, infrastructure, network, systems and processes – to meet the expected increase in demand for express delivery services. Details of the operation expansion are covered in the CEO Review of Operations. We have to build now, and build it fast and strong, as we strongly believe this business is built to last.

Dividend Policy & Private Placement

As mentioned in my maiden statement last year, the Group is currently in a high growth phase of a dynamic industry. This dynamism continues unabated and our Board is of the view that we should conserve financial resources to further capitalise on this high growth phase. We have concluded a dividend policy that will put greater weight to retain earnings needed for our growth. Meanwhile, I am pleased to advise that the private placement of up to 10% of the issued and paid-up capital of the Company to selected individuals and institutions has been approved by the authorities. Negotiations are being held with selected individuals and institutions to take up this block of shares. This private placement is expected to raise up to RM20 million to finance our expansion plans which include regional expansion and the purchase of the existing transshipment hub and operational headquarters.

Code of Corporate Governance

The Group continues to pursue a policy of good corporate governance and has employed a dedicated team to work towards full compliance of the Malaysian Code of Corporate Governance. To-date, the following has been put in place:

- Internal audit function
- Risk management framework
- Audit committee headed by independent directors

The Future

The Group is committed to its policy of constant improvement – by upgrading its internal resources – to create a fully integrated and seamless operating environment for our customers.

By doing so, we ensure our customers that we can be relied upon as a trusted service provider for delivery and logistics functions.

Acknowledgement

I would like to thank the management and staff for their continued dedication and untiring efforts to expand the Group. We are where we are today, because of the support and dedication of the entire team.

My sincere thanks and appreciation also to our customers, vendors, business associates and the various statutory and government bodies who have supported the Group.

I would also like to thank our shareholders for their patience and confidence in us.

Finally, I would like to thank my fellow board members who have continued to fulfill their obligations and trust extended to them as stewards of our Group.

Thank you for all your valued contributions. I look forward with confidence to another challenging year ahead.

Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid
CHAIRMAN

"...to meet the expected increase in demand for express delivery services... We have to build now, and build it fast and strong, as we strongly believe this business is built to last."

ODYSSEY OF THE GDEX BOX

The GDEX Box is synonymous with fast, reliable and trusted delivery of shipments. The following photo-essay entitled "Odyssey of the GDEX Box" shows how the Group synchronises its human resource, infrastructure, network, systems and processes to ensure the customer's shipments are delivered quickly and safely to its destination.





16 June 2016
Kepada Ibuanda Tersayang,



The journey of the GDEX Box begins with something simple – a busy executive sending a birthday gift via GD Express to his mother in a remote kampung. The gift is packed in a GDEX box and the delivery process begins.... A phone call to GDEX Customer Service Centre instructing to pick up the GDEX Box at sender's office.





Message is recorded, processed and relayed to one of the GDEX courier teams, which will then pick up the GDEX Box, before sending it to the HQ all-weather hub for documentation and processing. Documentation includes scanning the particulars of the shipment, its recipient and sender into its IT network system, while processing involves the packing, sorting and redirection of the shipment to its ultimate destination.





The Hub operates on a “Hub & Spoke” concept. All shipments are sorted and sent to their respective destination sectors, loaded onto the respective line haul trucks, and hauled down to the delivery stations overnight. At the delivery station, the GDEX Box is again checked and matched against its manifest before it continues its final journey.





Come haze, rain or shine, and no matter how remote the recipient's address is, the GDEX courier team will ensure that the GDEX Box arrives at its destination, even if the mode of transport is restricted to motorcycle, ferry or sampan.





The odyssey of the GDEX Box ends when the recipient personally receives the shipment, signs the Proof of Delivery receipt, signifying that the parcel has reached its destination safely.



The financial year ended 30 June 2006 marked another challenging year for GD Express Carrier Berhad (GDEX). Despite soaring fuel prices which resulted in a ripple effect of increasing the overall cost of operation, our Group continued to witness steady growth.

Demand for our range of express carrier services remained strong. For demand to be sustained, the Group must continue to invest in human resource, infrastructure, network, systems and processes.

These continuous investments to build up our resources, capability and capacity have a short term impact on our bottom line. For the financial year ended 30 June 2006, turnover improved 21% to RM45.9 million from RM37.9 million previously while pre-tax profit eased to RM1.7 million from RM5.3 million. After-tax profit was RM1.2 million compared to RM3.5 million in the previous financial year.

Major Developments

The Group remained committed to its long-term objective to provide the best service to its customers. As such, our major developments for the period under reviewed were geared towards providing a seamless one-stop solution centre where all its operation components would be integrated and interlinked.

The Group has also entered into a long term lease for an adjoining industrial premise to expand its hub to more than 100,000 sq ft. Modification, renovation and installation are in progress for a conveyor system integrating with manifesting and scanning that will improve processing speed and accuracy for its sorting and transshipment.

Our Core Business

The Group remained focussed on its core business of express carrier services, which comprises two main sectors – the conventional Express Delivery Services and Customised Logistics Solutions (CLS). Though highly competitive, the Express Delivery Services continued to see steady growth. With consistent improvements in its service quality and reliability, the Group continued to gain

market share in this sector.

Meanwhile, the Group continued to develop new services for CLS, including Secured Delivery Services, Mailroom Management and Customised Delivery Projects. This sector accounted for one-quarter of the Group's turnover in the financial year.

CLS catered to customers who wished to outsource fully or partially their logistics functions. It was also the answer to many companies that required new modus operandi arising from the growing sophistication of the business environment, in particular distribution of products or materials. With extra capacity and enhanced capability coming on stream in 2007, we will be able to undertake bigger projects in the coming years.



Sales and Marketing

During the period reviewed, GDEX has established a working partnership with AXA – one of the largest insurance firms in the world and launched its Enhanced Liability Coverage Facility. This facility provides customers the option to cover against items lost or damaged in transit. The Group has also launched Same Day Delivery Service as one of its customised solutions catering to specific needs of the market.

To provide a one-stop service centre for delivery status enquiries and customised reports according to the specific requirements of the customers, GDEX has also set up a Customer Care Centre.

Operations, Infrastructure and Network Development

The Group has further strengthened its operation processes, infrastructure and network resources during the period reviewed. Service quality has improved as more co-ordination, instructions and reportings were made over the intranet – a virtual data network linking its stations resulting in better integration and communications within the Group.



Network

Since the Group revamped its network a year ago, particularly in Sarawak and Sabah, the number of stations throughout the country has increased from 72 to 85. Among these, the number of owned branches has increased from 37 to 41. We have also achieved better synchronisation between our branches and affiliates and agents of the network, with the formalising of the network agreements and operation standards.

Vehicles

Speed of delivery has always been our forte. Our vehicle fleet has since increased from 174 to 196, to serve both Peninsula and East Malaysia. We have started equipping our vehicles with Global Positioning Systems (GPS) progressively for better monitoring and management of our fleet.

Transshipment Hub

To meet the growth in business volume, the Group has leased an adjoining industrial premise providing more space for transshipment. With the expanded hub, the Group will install a conveyor system together with consignment scanning facility in the new financial year to speed up the sorting and transshipment process.

Information Technology and Systems

The Group continued to upgrade and improve on its operation management system and management information system. In particular, it has developed an intranet platform on which internal transactions between HQ and stations, among stations and among HQ departments would take place. These investments in information technology has enabled the Group to create a virtual private network synchronising its operations throughout the entire country, thereby enabling seamless connectivity and better integration of its services.

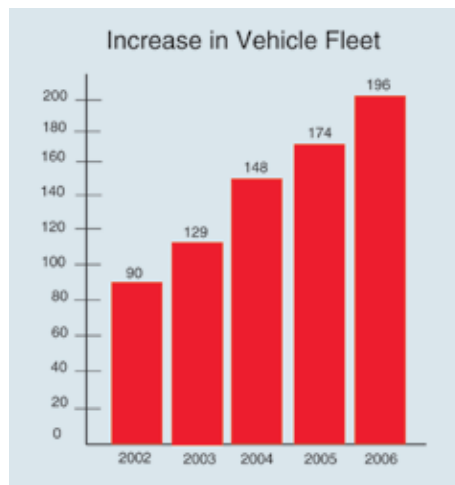
Operation Processes

To enhance its service further, the Group has set up a Service Quality Unit where customers from any part of the country can call in through its toll-free line to check on the status of their shipments or lodge in their complaints. In addition, the Group has reviewed and configured new operation processes in the handling of various customised projects.

Human Resource Development

The Group has always taken human resource development as top priority in its long term drive towards excellence. In the year reviewed, the Group has implemented more performance based incentive schemes for its front-line operation personnel and HQ support staff. These schemes tie individual rewards to productivity and service quality.

The Group has also started numerous new courses for operation, service and sales personnel. All in, 370 GDEX staff have received more than 10,500 man-hours of in-house training while 150 staff have undergone more than 2,400 man-hours of external training. Being in the people business, GDEX will continue to invest in building up its human resource proficiency.



Quality and Culture

The Group has completed its 18-month Total Quality Management programme (equivalence of Malcolm Baldrige programme) which focusses on providing more effective customer service and improving the level of management quality of its executives. This is part of the Group's continuous process to pursue the culture of achieving world class excellence in service quality.

Social Commitment

The Group has been actively participating in community projects in the year under review. One of the projects undertaken was the GDEX Blood Donation Drive prior to the Hari Raya Puasa period which attracted more than 200 successful donors. The Group was also working closely with a number of universities on industrial attachment training programmes and had conducted a total of 5 terms for 36 students. The Group has so far focussed its social effort on healthcare and education and will explore new areas of involvement.

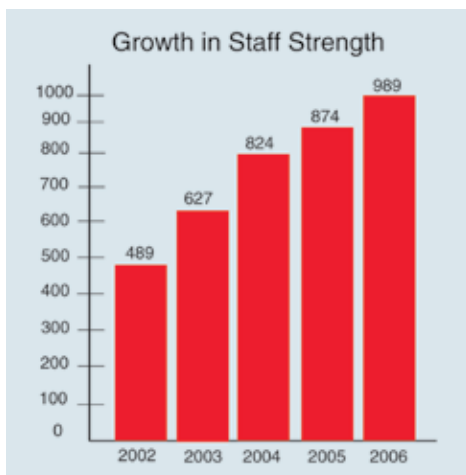
The Challenges and Opportunities Ahead

The Management is always conscious of threats such as runaway fuel prices, security issues, environmental hazards, epidemics or sudden shocks in world financial markets, and will regularly review and revise its counter measures towards these unforeseen forces. Notwithstanding, the Management has to contend with the ever present challenges such as rising business cost, dwindling number but sized-up customers, competition from new entrants, international integrators as well as cross boundary players in related industries.



The biggest and most important challenge however, comes from convincing all employees to "walk and breathe" the GDEX culture.

Where there are challenges, there are always opportunities. We see good opportunities in companies looking to outsource their logistical needs. Our continuous efforts should stand us in good stead when the outsourcing trend among companies begins to kick in.



Acknowledgement

Despite the highly competitive environment, the management and staff had remained highly motivated and hardworking. I would like to thank all my colleagues for the effort, hard work and commitment. I am confident that the Group will continue to achieve its targets and bring us a step closer to be the leading express carrier in the region.

Teong Teck Lean
EXECUTIVE DEPUTY CHAIRMAN
& CHIEF EXECUTIVE OFFICER



Front row - left to right

Teong Teck Lean

Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid

Leong Chee Tong

Back row - left to right

Kong Hwai Ming

Lau Wing Tat

Nolee Ashilin binti Mohammed Radzi

Liew Heng Heng



Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid

Independent, Non-Executive Chairman, Malaysian aged 57

He was appointed as Chairman on 8 February 2005. He is a qualified Master Mariner with a Masters in Foreign-Going Certificate of Competency from the United Kingdom in 1974 and holds a Diploma in Applied International Management from the Swedish Institute of Management in 1984. He also attended the Advanced Management Program (AMP) at Harvard University in 1993. Amongst his previous experience was the creation and development of Perbadanan Nasional Shipping Line Berhad for which he served as its first Executive Director/CEO for seven (7) years. He is a Fellow of the Nautical Institute (UK), a Fellow of the Chartered Institute of Logistics & Transport and a Fellow of the Institute of Kelautan Malaysia. He is also a Founder Director of the Maritime Institute of Malaysia (MIMA).

He also sits on the board of directors in other public listed companies. He is the Chairman of WCT Engineering Berhad, and a director of Malaysian Bulk Carriers Berhad and Alam Maritim Resources Berhad. In May 1996, he was appointed by the Minister of Finance as Chairman of Global Maritime Ventures Berhad, a marine venture capital company set up by the Ministry of Finance under Bank Industri & Teknologi Malaysia. He relinquished from this position in August 2003.



Teong Teck Lean

Executive Deputy Chairman and Chief Executive Officer, Malaysian aged 46

He was appointed to the board on 8th February 2005. He holds a degree in Electrical and Electronics Engineering from the University of Manitoba, Canada. Mr Teong started his career as an engineer with Texas Instrument in 1984. He later joined Lembaga Letrik Negara where he served as a Consumer Engineer for four (4) years. He then joined the stock broking industry and became a dealer with OSK Securities Berhad in 1990. During this stint in the broking industry, he developed extensive contacts within the corporate world in Malaysia and developed the skills of running a company. In year 2000, he acquired a controlling stake in GD Express Sdn Bhd. He is instrumental in turning around the Group and putting in place most of the corporate policies and practices that had been the key factors in contributing towards the success of the Group.



Leong Chee Tong

Executive Director and Deputy Chief Executive Officer, Singaporean aged 41

He was appointed to the board on 8 February 2005. He has a degree in Accountancy from the National University of Singapore. Mr Leong started his career with Ernst & Young in Singapore in 1989. He then joined Tai Wee, a leading frozen food trading house in Singapore in 1991, before moving on to NTUC Healthcare Cooperative ("NTUC") as its Finance Manager in 1995. During his five (5) years at the organisation, where he was eventually promoted to Group Financial Controller, the organisation grew to become one of the leading and most comprehensive healthcare set-ups in Singapore with businesses covering retail pharmacy, medical and dental practices, managed care programme and distribution of healthcare products. Mr Leong joined GD Express Sdn Bhd in 2000 and had played a key role in GD Express turnaround and success. He has designed and structured most of the key work flows and operations processes and IT system that are at the heart of the Group's business operations.

All Directors do not have family relationship with any director and/or major shareholder of GD Express Carrier Berhad nor any personal interest in any business arrangement involving GD Express Carrier Berhad and have no conviction for any offences other than traffic offences, if any, within the past 10 years. The above three directors have attended five board meetings in the financial year.



Lau Wing Tat

Non-Independent Non-Executive Director, Singaporean aged 52

He was appointed to the board on 8 February 2005. He has a Degree in Mechanical Engineering from the University of Singapore and is a CFA charter holder. He is currently the Managing Director and a Co-Chief Investment Officer of DBS Asset Management Limited, a wholly owned subsidiary of DBS Bank in Singapore. Mr Lau started his career as a Project Engineer with Esso Singapore Private Limited in 1979 before becoming an Assistant Consultant with PA Consultant in 1982. He then joined the Government of Singapore Investment Corporation (GIC) where he served for 20 years as an investment management specialist. He started off by handling private equity investment such as Venture Capital and Leveraged Buyout Investments before specialising in managing investment portfolios investing in listed equities. He subsequently took on the management roles in heading various investment teams in the Equities Department of GIC from 1984 to 2003. During his stint in GIC, he had developed vast experience and knowledge about the general economy, industries and different business models adopted by established companies throughout the world. He was appointed a member of the GIC Senior Management team overseeing the entire equities investing operations of GIC during his final four years in GIC. In addition, he was appointed as a non-executive director on the board of Thistle Hotel PLC and to the board of Distacom Communications Limited (Hong Kong) by GIC. He joined GD Express Sdn Bhd in May 2003.



Kong Hwai Ming

Independent Non-Executive Director, Singaporean aged 46

He was appointed to the board on 8 February 2005. He has a Diploma in Mechanical Engineering and Advance Diploma in Industrial Management from Singapore Polytechnic. Mr Kong started his career as a technician with Esso Refinery in 1981. He joined Petrochemical Corporation of Singapore as Operations Executive from 1989 to 1991. He then started his own trading company CKG Chemicals Pte Ltd specialising in petroleum chemical products in 1991. He is currently the Executive Director of the company which has a turnover of USD200 million per annum. He has more than 20 years experience in trading of petroleum and petrochemical products worldwide.



Liew Heng Heng

Independent Non-Executive Director, Malaysian aged 49

She was appointed to the board on 8 February 2005. She graduated from Systematic Institute Kuala Lumpur and holds a CIMA Certificate. She started her career as Accounts Assistant with New StraitsTimes Berhad in 1981. She then moved on to work with several other companies holding positions of Accounts Supervisor, Audit Assistant and Assistant Accountant. She completed her CIMA Certification in 1993 and joined Niramias Sdn Bhd as Accountant. From 1997 to 2002, she joined Southim (M) Sdn Bhd as Accountant before moving to Bison Stores Sdn Bhd as Finance and Administration Manager where she is currently based.

All Directors do not have family relationship with any director and/or major shareholder of GD Express Carrier Berhad nor any personal interest in any business arrangement involving GD Express Carrier Berhad and have no conviction for any offences other than traffic offences, if any, within the past 10 years. The above three directors have attended four out of five board meetings in the financial year.



Nolee Ashilin binti Mohammed Radzi

Independent Non-Executive Director, Malaysian aged 31

She was appointed to the board on 30 December 2004. She has a BS (Hons) Degree in Accounting and Finance from the Manchester Metropolitan University, United Kingdom, and a Masters in Business Administration from Edith Cowan University, Australia. She started her career as Accounts Officer with Le Proton LIMA Exhibitions Sdn Bhd, Kuala Lumpur in 1997 and later joined Le Proton Exhibitions Sdn Bhd, Ipoh as Finance Executive in 2000. She moved on to work for Pricewaterhouse Coopers as Associate Auditor in 2002. In 2003, she became an Associate Consultant for Atarek Kamil and Co. and in 2004, she joined the Ministry of Youth and Sports as Research Officer in the Minister's Office. She is an Associate Member of Certified Practising Accountant ("CPA") Australia.

All Directors do not have family relationship with any director and/or major shareholder of GD Express Carrier Berhad nor any personal interest in any business arrangement involving GD Express Carrier Berhad and have no conviction for any offences other than traffic offences, if any, within the past 10 years. The above director has attended four out of five board meetings in the financial year.



From left to right:
Yong Phie Loong, Kwok Nguk Mooi, Tiang Chen Chen, Cheng Kee Leong, Zaihanizah binti Borhan, Tung Sook Wah,
Wong Eng Su, Sundelasagran a/l Suppiah, Chan Lai Wah.

Yong Phie Loong

Head of Courier Division, aged 52

He started his career in 1973 as Internal Audit Assistant in Central Securities (Holdings) Bhd (later renamed to Ganda Holdings Bhd), a public listed company. He was later promoted to Group Financial Controller in 1982. In 1986, he was seconded to its associate company Nationwide Express as Chief General Manager. Upon the sale of Nationwide Express to FedEx, USA in 1991, he assumed the post of Regional Manager, Financial Planning and Analysis in FedEx. Subsequently he joined Unico Trading Sdn Bhd as General Manager from 1992 to 1993. He left to become a corporate consultant to a number of companies and institutions. In 1997, he co-founded the courier business of GD Express Sdn Bhd. He is an accountant by training, having completed his ACCA professional examinations in 1974 and is currently a member of the Malaysian Institute of Accountants.

Kwok Nguk Mooi

Head of Quality Assurance, aged 32

She holds an International Higher Diploma in Computer Studies from Informatics College. She started her career as EDP Officer with Swiss-Garden Resort Damai Laut in 1997. She joined GD Express Sdn Bhd in 2001 as Senior Finance Executive. Over a five-year period, she held the positions of Assistant Manager and later as Manager in the Billing Department before assuming her present position. She is responsible for the full compliance of the Company's policies & procedures.

Tiang Chen Chen

Head of Network Development Unit, aged 36

She started her career as Account Assistant with See Hoy Chan Sdn Bhd in 1993 and moved on to Ching and Associates as Senior Audit Executive in 1995. She later joined OSK Securities Bhd as Institutional Trader in 1998 before joining GD Express Sdn Bhd in 2000 as a management trainee. Over a four-year period, she held various positions in the company before being promoted to Head of Network Development where she is responsible for the implementation of plans for network expansion and development and also supervising compliance with network policies and standards.

Cheng Kee Leong

Head of Transport Division, aged 51

He obtained a Diploma in Automobile Engineering from Sagawa Automobile Institute, Japan in 1985. He has attended various management and professional courses both locally and overseas. He started his career as Technical Adviser in United Sagawa Sdn Bhd for two years from 1986 to 1987. He then moved on to various management positions in courier service industries, including Senior Manager, Transport and Operations for Nationwide Express and MBJ Co-loaders. He joined GD Express Sdn Bhd in February 2002 and his responsibilities cover the set-up, planning and implementation of proper control measures in vehicle operations.

Zaihanizah binti Borhan

Head of Domestic, Public Relations and Communications, aged 30

She graduated with a Bachelor of Business Administration (Marketing) from University Putra Malaysia. Upon her graduation, she joined GT Realty Sdn Bhd, a real estate agency as Administrative Executive. Thereafter, she joined GD Express Sdn Bhd in 2000 as Human Resource Executive and subsequently as Head of Human Resource before assuming her present position. She is responsible for promoting and maintaining good industrial and public relations as well as ensuring effective communication between management and staff.

Tung Sook Wah

Head of Finance, aged 40

She is a Fellow member of the Chartered Association of Certified Accountants UK, and is also a member of Malaysian Institute of Accountants, Malaysia. She started her career as External Auditor with Peat Marwick in 1992 and moved on to commercial sector two years later. In 1997, she joined JPK Malaysia as Manager and was appointed to the board of JPK Holdings Berhad in 2004. She joined GD Express Sdn Bhd in May 2006 where she is responsible for the overall accounting and financial management of the Group.

Wong Eng Su

Head of Sales and Credit, aged 35

He graduated with a Bachelor of Business (Human Resource Management/Economics) from the University of Charles Stuart, Australia. Upon graduation, he joined A'Famosa Resort Hotel as Sales Coordinator and Executive. He joined GD Express Sdn Bhd in 2000 as Sales Executive and subsequently as Internal Control Audit and Coordination Executive before assuming his present position. He is responsible for the full compliance of sales and credit policies and standards for the entire network.

Sundelasgran a/l Suppiah

Head of Transshipment Hub Division, aged 46

He has a Diploma in Business Management from Tafe College. He started his career as Quality Controller with JG Containers in 1977. In 1984, he joined Furukawa Electric Cable also as Quality Controller. He then moved to Nationwide Express in 1986 as Operations Executive. He joined GD Express Sdn Bhd in 2002 where he is responsible for the full transshipment activities of documents and parcels.

Chan Lai Wah

Head of Corporate Affairs, aged 48

She holds a Diploma in Private Secretaryship from the Bedford Secretarial College. She started her career as an Administrative Officer with the Town Planning Unit of the District Council of Johore in 1979 and moved on to work with several other companies as Sales Secretary/Administrative Secretary. In 1990, she joined Nationwide Express as Confidential Secretary to the Chief General Manager. From 1991 to 1995, she joined Federal Express Malaysia as Executive Assistant to the Managing Director and later as Regional Executive Assistant to the Vice President of Federal Express Corporation in Singapore. She joined GD Express Sdn Bhd in 1997 as Executive Assistant to the Managing Director before assuming her present position. She oversees the corporate secretarial work relating to regulatory and statutory matters, and board of directors. She also handles public relations and administrative duties of the Group.

CORPORATE INFORMATION

COMPANY SECRETARIES	Nuruluyun binti Abdul Jabar (MIA 9113) Woo Ying Pun (MAICSA 7001280)
REGISTERED OFFICE	10th Floor, Wisma Havela Thakardas 1, Jalan Tiong Nam Off Jalan Raja Laut 50350 Kuala Lumpur Tel : 03 - 9195 1688 Fax : 03 - 9195 1799
CORPORATE HEAD OFFICE	19, Jalan Tandang 46050 Petaling Jaya Selangor Darul Ehsan Tel : 03 - 7787 6668 Fax : 03 - 7787 6686 Website : www.gdexpress.com
SHARE REGISTRAR	Symphony Share Registrars Sdn Bhd (378993-D)
AUDITORS	Deloitte KassimChan (AF0080)
ADVOCATES & SOLICITORS	Lee & May
PRINCIPAL BANKER	Malayan Banking Berhad (3813-K)
SPONSOR	OSK Securities Berhad (14152 - V) 19th Floor , Plaza OSK Jalan Ampang, 50450 Kuala Lumpur Tel: 03 - 2333 8333 Fax: 03 - 2175 3217
STOCK EXCHANGE LISTING	MESDAQ Market of Bursa Malaysia Securities Berhad
INVESTORS' INFORMATION	Stock Name : GDEX Stock Code : 0078

The addresses for the partners above are located at the inner back cover of this annual report.

The Importance of Corporate Governance

The Board of Directors (“the Board”) of GD Express Carrier Berhad (“GDEX” or “the Company”) is committed to the principles and the best practices of corporate governance as set out in the Malaysian Code on Corporate Governance (“the Code”), in order to meet the premium standard of corporate governance as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and financial performance of the Group.

The Company continues to apply the key principles of the Malaysian Code on Corporate Governance with an objective to maintain the promulgated standards of transparency, accountability and integrity.

The Board is pleased to outline the key principles and best practices of corporate governance adopted by the Board.

1. Board of Directors

1.1 Role and Responsibilities

The Board is the ultimate executive level of GDEX Group (“the Group”). It resolves key business matters and corporate policies, except for those reserved for shareholders as provided in the Articles of Association in accordance with the Companies Act, 1965 and other relevant regulations.

The Board is primarily responsible for setting strategic business directions, overseeing the Group’s business conduct and affairs, developing shareholders and investors relations, risk management, reviewing the system of internal control and managing succession planning.

The Board takes full responsibility for the performance of GDEX Group. The Board has a schedule of matters reserved specifically for its decision and these includes approval of annual budget and operating plan, capital expenditure, major acquisition and divestment, investments and fundamental corporate policies; in particular on corporate governance, financial matters and major compliance matters. The Board reviews past business results and initiates necessary corrective actions. The Board also approves all appointments of directors to the Board and key executive appointments, monitors and reviews executive succession planning.

The Board has delegated specific responsibilities to

2 sub-committees, namely the Audit Committee and the Combined Nomination and Remuneration Committee, which were established with specific terms of reference. These Committees have the authority to examine pertinent matters within their terms of reference and is responsible for reporting to the Board on issues together with their recommendations. The ultimate responsibility for final decision on all matters, however, lies with the entire Board.

1.2 Board Composition and Independence

The composition of the Board is as follows:

- One Independent Non- Executive Chairman
- One Executive Deputy Chairman and Chief Executive Officer
- One Executive Director and Deputy Chief Executive Officer
- One Non-Independent Non-Executive Director
- Three Independent Non-Executive Directors

The Board has seven members, comprising four (4) Independent Non-Executive Directors, two (2) Executive Directors and one (1) Non-Independent Non-Executive Director.

The Board composition complies with Rule 15.2 of Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Listing Requirements for MESDAQ Market which requires that at least two directors or 1/3 of the board of directors, whichever is the higher, are Independent Directors. All the Independent Directors are independent of management and are free from any relationship that could materially interfere with their judgement and decision.

1.3 Board Balance and Effectiveness

An effective and experienced Board comprising members with a wide range of skills, knowledge and experience necessary to govern GDEX Group. This includes international and regional operational experience, understanding of economics of the sector in which GDEX operates and knowledge of world capital markets.

A brief profile of each of the Directors is presented on pages 15 to 17 of the Annual Report.

The key functions of the Chairman, apart from conducting meetings of the Board and shareholders, include facilitating

the setting of business directions and strategies of GDEX Group, ensuring all Directors are properly briefed during Board discussions and shareholders are adequately informed of subject matters where their approvals are required.

The Executive Deputy Chairman and Chief Executive Officer in particular is responsible for implementing the policies and decisions of the Board, overseeing the operations as well as co-ordinating the development and implementation of business and corporate strategies. The Executive Directors contribute significantly in corporate policies and strategies, performance monitoring, allocation of resources as well as improving corporate governance and internal controls, using their intimate knowledge and understanding of the business and industry.

Balance in the Board is achieved and maintained where the composition of the members of the Board are professionals and entrepreneurs, with the mix of industrial knowledge and broad business and commercial experience. Such

balance enables the Board to provide effective leadership in all aspects, as well as maintaining the premium standards of governance and integrity in making decisions relating to strategy, performance, internal control, investors' relation and human resource management.

1.4 Board Meetings

During the financial year ended 30 June 2006, the Board of Directors met five (5) times, which are as follows:-

- 19 August 2005
- 12 October 2005
- 21 November 2005
- 21 February 2006
- 24 May 2006

The attendance of the Directors at Board meetings are shown in the table below :-

Directors	Position	Attendance	%
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	Independent Non-Executive Chairman	5/5	100
Teong Teck Lean	Executive Deputy Chairman and Chief Executive Officer	5/5	100
Leong Chee Tong	Executive Director and Deputy Chief Executive Officer	5/5	100
Lau Wing Tat	Non-Independent Non-Executive Director	4/5	80
Kong Hwai Ming	Independent Non-Executive Director	4/5	80
Nolee Ashilin binti Mohammed Radzi	Independent Non-Executive Director	4/5	80
Liew Heng Heng	Independent Non-Executive Director	4/5	80

All meetings were held at the Conference Room of the Company, 17, Jalan Tandang, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The Board is scheduled to meet at least four times a year, at quarterly intervals, with additional meetings convened as necessary. The Chairman, with the assistance of Management and the Company Secretary, is responsible for setting the agenda for Board meetings.

1.5 Appointments to the Board

The Board through the Combined Nomination and Remuneration Committee believes that the current composition of the Board brings the required mix of skills and core competencies required for the Board to discharge its duties effectively. However, the Board, shall, with the assistance of the Combined Nomination and Remuneration Committee, look into the required mix of skills of the Board from time to time in order to identify candidate with the qualifications and experience who will further complement the current Board and assist in managing or steering GDEX Group effectively. The Board continuously reviews its size and composition, with particular consideration on its impact on the effective functioning of the Board.

The Board appoints its members through a formal and transparent selection process. This process has been reviewed, approved and adopted by the Board. The decision on appointment is the responsibility of the full Board after considering the recommendation of the Nomination and Remuneration Committee.

The Company Secretary is responsible for ensuring that all appointments are properly made, and that all legal and regulatory obligations are met.

1.6 Re-election of Directors

In accordance with the Company's Articles of Association, at least one-third (1/3) of the Directors or if the number is not three (3) or a multiple of three (3), then the nearest one-third (1/3) shall retire from office at each Annual General Meeting. All Directors shall retire from office once at least every three (3) years but shall be eligible for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next Annual General Meeting following their appointments. This provides an opportunity for shareholders to review and approve their tenure in office.

To assist shareholders in their decision, sufficient information such as personal profile, attendance at meetings and their shareholdings in the Company for each Directors standing for election are furnished in the Annual Report.

1.7 Board Committees

The Board has established the following Committees,

which operate within defined terms of reference to assist the Board in the execution of specific responsibilities:

1.7.1 Audit Committee

The Audit Committee reviews issues of accounting policy, financial reporting of the GDEX Group, monitors the work and effectiveness of the internal audit function and ensures an objective and professional relationship is maintained with the external auditors. The Committee has full access to auditors, both internal and external, who, in turn, have access at all times to the Chairman of the Committee.

The composition, duties and the details of meetings of the Audit Committee are set out in the Audit Committee Report on pages 30 to 32 of the Annual Report.

1.7.2 Combined Nomination and Remuneration Committee

The Committee shall be appointed by the Board from amongst the Directors of the Company and shall comprise exclusively of Non-Executive Directors, majority of whom are independent.

The Committee shall consist of at least three members.

The Combined Nomination and Remuneration Committee were formed on 10 May 2005 to carry out the following functions:

- To regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary.
- To review and recommend new nominees for appointment to the Board of Directors when deemed necessary.
- To assess the performance of Directors on an ongoing basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.
- To recommend to the Board, directors to fill the vacancies on Board Committees.
- To review annually the Board's mix of skills and experience and other qualities including core competencies which Non-Executive Directors should bring to the Board.

- To recommend to the Board for continuation (or not) in service of Executive Director(s) and Directors who are due for retirement rotation.
- To orientate and educate new Directors on the nature of business, the corporate strategy, current issues within the Group, the expectations of the Group concerning input from the Directors and the general responsibilities of Directors.
- To recommend to the Board the framework of Executive Directors' remuneration package.
- To review Executive Directors' scope of service contracts.
- To consider the appointment of the advisers or consultants as it deems necessary to fulfill its functions.
- To act in line with the directions of the Board.

Members of the Combined Nomination and Remuneration Committee, comprising exclusively of Non-Executive Directors whom a majority of them are independent, are as follows:

	Name	Designation
Chairman:	Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	Independent Non-Executive Chairman
Vice Chairman:	Kong Hwai Ming	Independent Non-Executive Director
Members:	Liew Heng Heng Lau Wing Tat Nolee Ashilin binti Mohammed Radzi	Independent Non-Executive Director Non-Independent Non- Executive Director Independent Non-Executive Director

1.8 Supply of Information

The Chairman ensures that all Directors have unrestricted access to timely and accurate information in the furtherance of their duties. Board papers are distributed in advance to enable Directors to have sufficient time to review the Board papers and to obtain further explanation or clarification to facilitate the decision-making process and the meaningful

discharge of their duties. All proceedings of Board meetings are minuted and signed by the Chairman of the meeting.

Every Director has unhindered access to the advice and services of the Secretary who is responsible for ensuring Board meeting procedures are followed and that applicable rules and regulations are complied with, and if so required, may seek independent advice, at the Company's expense, in furtherance of his duties.

1.9 Directors' Training

All the Directors of the Company have attended the Mandatory Accreditation Programme conducted by BURSATRA Sdn Bhd (formerly known as Bursa Malaysia Training Sdn Bhd) within the stipulated timeframe required in the Listing Requirements.

The Board acknowledges the amendments to the Listing Requirements of Bursa Securities which are relevant for the fiscal year 2005 onwards. The Board will assume the onus of determining and overseeing the training needs of their Directors. The members of the Board have attended various training programmes and seminars organized internally or by the relevant regulatory authorities and

professional bodies during the financial year under review on areas relevant to the Group's operations, business plan and these include amongst others, Strategic Complaints Management, Highlights of the New Financial Reporting Standards in Malaysia. The Board encourages its Directors to attend talks, workshops, seminars and conferences to update and enhance their skills, and to assist them in discharging their responsibilities towards corporate governance, operational and regulatory issues.

2. Directors' Remuneration

The remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to assist in managing the Group effectively.

The aggregate remuneration of the Directors from the Company and its subsidiaries for the financial year ended 30 June 2006 categorised into appropriate components are as follows:

Remuneration	Executive Directors RM	Non-Executive Directors RM
Salaries and other emoluments	475,859	42,500
Fees	–	106,200
	475,859	148,700

The number of Directors whose remuneration falls in each successive bands of RM50,000 are as follows:

Range of Remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
Below RM50,000	–	5
RM200,001 – RM250,000	2	–

3. Investor Relations and Shareholders Communication

3.1 Investor Relations

The Board acknowledges the need for shareholders to be informed on all key issues and major development affecting the Group. In addition to various announcements made during the year, the timely release of financial results on a quarterly basis provides shareholders with an overview of GDEX Group's performance and operations.

The Board will use the Annual General Meeting as the primary channel of communication with its shareholders. Shareholders who are unable to attend are allowed

to appoint proxies to attend and vote on their behalf. Members of the Board as well as auditors of the Company will be present to answer questions raised at the meeting.

Shareholders can access the Company's website via www.gdexpress.com for further information of the Group's operations.

3.2 Policy

The Company has a Corporate Disclosure Policy to enable the Board to communicate effectively with its shareholders, major investors, other stakeholders and the public generally with the intention of giving them a clear picture of GDEX Group's performance and position.

The Board has appointed Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid as the Senior Independent Non-Executive Director, to whom all queries and concerns may be conveyed, or when it is inappropriate for the concerns to be dealt with by the Executive Directors.

The investors and shareholders are provided with the necessary and relevant information pertaining to the major developments of the Group on a timely basis through Annual Report, press releases and various disclosures and announcements made to the Bursa Securities including the quarterly results and annual results.

Corporate Disclosure Policy and Procedures (CDPP)

On 19 August 2005, the Board of Directors of GDEX adopted the CDPP to provide accurate, clear and complete, disclosure of all material information in a timely manner, in order to keep shareholders and the investing public informed about the Company's operations.

Objectives of CDPP

- To raise awareness and provide guidance to management and employees on disclosure requirements and practices;
- To provide guidance and structure in disseminating corporate information to, and in dealing with, investors, analysts, media and the investing public;
- To ensure compliance with legal and regulatory requirements on disclosure of material information.

Scope and Application of the CDPP

- To provide guidance in the determination and dissemination of material information, the circumstances under which the confidentiality of information will be maintained and restrictions on employee trading;
- Applicable to directors, officers, managers and other interested parties including substantial shareholders, advisers, accountants, bankers and stockbrokers of the Company.

Accountability

- The Board is accountable to fulfill all disclosure requirements and may delegate this task to the Corporate Disclosure Unit.

Corporate Disclosure Committee (CDC)

- Functions and responsibilities:
 - (i) maintains awareness and understanding of the disclosure rules and guidelines;
 - (ii) determines the materiality of information within the context of the company's overall business affairs, and if so, ensures the procedure outline in the CDPP are fully adhered;
 - (iii) develops, implements, monitors compliance and regularly reviews the CDPP.
- Membership:

The members shall consist of senior management such as the Chief Executive Officer, Head of Corporate Compliance and Disclosure Unit and Head of Corporate Planning and Development.

Corporate Disclosure Manager (CDM)

- The CDM shall be appointed by the Board and the person so appointed shall hold office until such time the Board appoints another.
- Functions and responsibilities of the CDM shall include:
 - (i) oversees and co-ordinates the disclosure of information to the stock exchange, analysts, brokers, shareholders, media and the public;
 - (ii) ensures compliance with the continuous disclosure requirements;
 - (iii) educates directors and staff on the CDPP.

Designated Spokespersons

- The Designated Spokespersons shall include the Chairman and Chief Executive Officer or any other suitable person appointed by the Board;
- The spokespersons may designate others to speak on behalf of the Company on specific business issues to facilitate communication with the investment

community or the media;

- Employees are not to respond to inquiries from the investment community or the media unless specifically asked to do so by an authorized spokesperson. All such queries shall be referred to the CDM.

3.3 Annual General Meeting

Notice of the Annual General Meeting and related papers are dispatched to shareholders at least twenty one (21) days before the meeting as prescribed under the Listing Requirements of Bursa Securities and the Company's Articles of Association.

4. Accountability and Audit

4.1 Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of GDEX Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of results to shareholders as well as the Chairman's statement in the Annual Report.

The Audit Committee assists the Board in overseeing GDEX Group's financial reporting processes and the accuracy, adequacy and completeness of its financial reporting.

4.2 Internal Control

The Directors acknowledge their responsibilities for the internal control system in GDEX Group, covering not only financial controls but also controls relating to operational, compliance and risk management. The GDEX Group's Internal Control Statement is set out on pages 33 to 34 of the Annual Report.

4.3 Relationship with Auditors

The Company's external auditors continued to report to shareholders of the Company on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. In doing so, the Company has established a formal and transparent arrangement with the auditors to meet their professional requirements.

The role of the Audit Committee in relation to the external auditors is set out in the Audit Committee Report on pages 30 to 32 of the Annual Report.

5. Compliance Statement

The Group has the intention to comply with all best

practices set out in the Malaysian Code on Corporate Governance. The only area of non-compliance with the Code is the recommended disclosure of details of the remuneration of each Director. At this point, the Board of Directors of the Company is of the view that disclosure of the remuneration bands of the Directors of the Company is sufficient to meet the objectives of the Code.

6. Directors' Responsibility Statement in Respect of the Preparation of the Annual Audited Financial Statements

The Directors are required under Guidance Notes 2, Part V, para 2.14, of the Listing Requirements to issue a statement explaining their responsibility for preparing the annual audited financial statements.

The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of GDEX Group and of the Company as at the financial year end and of the results and cash flows of GDEX Group and of the Company for the financial year then ended.

The Directors consider that, in preparing the financial statements of GDEX for the financial year ended 30 June 2006 on pages 37 to 72 of the printed version of this Annual Report, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors also consider that all applicable approved accounting standards in Malaysia have been followed and confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company keeps proper accounting records, which disclose the financial position of the Company and comply with the provisions of the Companies Act, 1965.

The Directors are also responsible for taking such steps that are necessary to safeguard the assets of GDEX Group and to prevent and detect fraud and other irregularities.

The auditors' responsibilities are stated in their report to the shareholders.

7. Additional Compliance Information

7.1 Material Contracts

For the financial year ended 30 June 2006, there were

no material contracts entered into by the Company and its subsidiary companies with Directors and / or substantial shareholders, either will subsisting at the end of the financial year, or which were entered into since the end of the previous financial year.

7.2 Recurrent Related Party Transaction of Revenue or Trading Nature

Details of the recurrent related party transactions made during the financial year ended 30 June 2006 pursuant to the Shareholders' Mandate obtained by the Group at the Annual General Meeting held on 28 December 2005 are as follows :-

Nature of Transaction	Subsidiary involved	Related Company	Interested Directors/ Shareholders/ Persons Connected to Directors or Substantial Shareholders	Actual Value for the year ended 30 June 2006 (RM)
Provision of software update and maintenance necessary for the operations of the Group	GDTech	GDX	Teong Teck Lean Leong Chee Tong GDH GD(BVI)	112,500
Provision of software training	GDSB	GDX	Teong Teck Lean Leong Chee Tong GDH GD(BVI)	225,000

Notes :-

- (1) GDH, GD Express Holdings (M) Sdn Bhd is deemed to be a substantial shareholder by virtue of its 36.57% interest in the Company.
- (2) GD (BVI), GD Holdings International Limited, is deemed to be a substantial shareholder by virtue of its 20.90% interest in the Company.
- (3) GDTech, GD Technosystem Sdn Bhd, a wholly-owned subsidiary of the Company.
- (4) GDSB, GD Express Sdn Bhd, a wholly-owned subsidiary of the Company.
- (5) GDX, GDX Private Limited, a company incorporated in Singapore, where Mr Teong Teck Lean and Mr Leong Chee Tong are the common directors and substantial shareholder.

The above Recurrent Related Party Transactions were conducted on terms not more favourable to the related parties than those generally available to the public at arm's length and are not to the detriment of minority interest of the Company.

7.3 Share Buy-Back

The Company does not have a scheme to buy-back its own shares.

7.4 Options, Warrants or Convertible Securities

The Company does not have any options, warrants or convertible securities in issue or exercised during the financial year ended 30 June 2006.

7.5 Depository Receipt Programme

The Company did not sponsor any depository receipt programme for the financial year ended 30 June 2006.

7.6 Imposition of Sanctions and/or Penalties

The Company is not aware of any sanctions and/or penalties imposed on the Company and/or its subsidiary companies, Directors or Management by the relevant regulatory bodies.

7.7 Non-Audit Fees

For the financial year ended 30 June 2006, the Group did not pay any non-audit fees to the external auditors.

7.8 Profit Estimate, Forecast or Projections

There were no variance of more than ten percent (10%) between the results for the financial year and the unaudited results previously announced. The Company did not make any release on the profit estimate, forecast or projections for the financial year ended 30 June 2006.

7.9 Profit Guarantee

During the financial year ended 30 June 2006, there were no profit guarantees given by the Company.

7.10 Revaluation Policy on Landed Properties

The Group did not adopt any revaluation policy on landed properties.

7.11 Utilisation of Proceeds

As at 30 June 2006, the status of utilisation of the proceeds raised from the public issue pursuant to the listing of the Company on Mesdaq Market of Bursa Malaysia Securities Berhad amounting to RM10.5 million is as follows :

Purpose/Explanation	Proposed Utilisation	Revision Approved by Securities Commission	Actual Utilisation	Balance Amount	
Upgrading of GDEX's network and infrastructure	RM'000	RM'000	RM'000	RM'000	%
	4,800	4,800	2,592	2,208	46
Working Capital	3,700	4,672	4,672	0	0
Estimated Listing Expenses	2,000	1,028	1,028	0	0
Total	10,500	10,500	8,292	2,208	21

Notes:- The Group expects to utilise the IPO proceeds fully by May 2007 in view of the progress key development plan this year.

The Board of Directors of GD Express Carrier Berhad ("GDEX" or "the Company") is pleased to present the report of the Audit Committee for the financial year ended 30 June 2006.

Members

The Audit Committee comprises four (4) members, a majority of whom are Independent Non-Executive Directors.

Name	Designation
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	Independent Non-Executive Director (Chairman)
Kong Hwai Ming	Independent Non-Executive Director (Member)
Liew Heng Heng	Independent Non-Executive Director (Member)
Leong Chee Tong	Deputy Chief Executive Officer (Member)

Terms of Reference

The following terms of reference of Audit Committee were adopted:

1. Composition of Audit Committee

The Audit Committee ("the Committee") shall be appointed by the Board of Directors ("the Board") from amongst the Directors and shall consist of not less than three members, a majority of whom shall be Independent Directors of the Company.

In this respect, the Board adopts the definition of "Independent Director" as defined under the Bursa Securities Listing Requirements.

Retirement and resignation

If a member of the Audit Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall, within three (3) months of the event appoint such number of new members as may be required to fill the vacancy.

Chairman

The Committee shall elect a Chairman from among their number who shall be an Independent Director. The Chairman of the Committee shall be approved by the Board of Directors.

2. Membership

At least one member of the Audit Committee :-

- Must be a member of the Malaysian Institute of Accountants; or
- If not a member of the Malaysian Institute of Accountants, the member must have at least 3 years' working experience and must have passed

the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or must be a member of one of the associations of the accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or

- Must have fulfilled such other requirements as prescribed by Bursa Securities.

An Alternate Director must not be appointed as member of the Audit Committee.

3. Terms of Membership

Members of the Committee shall be appointed for an initial term of three (3) years after which they will be eligible for re-appointment.

The appointment and performance of the members shall be subject to review by the Board at least once every three (3) years to determine whether such members have carried out their duties in accordance with these terms of reference.

4. Authority

The Committee is authorised by the Board to investigate and report any specific matters of the Company and its subsidiaries within its terms of reference or otherwise directed by the Board. It shall, in accordance with a procedure to be determined by the Board of Directors and at the expense of the Company,

- authorise to investigate any matter within its terms of reference. All employees shall be directed to cooperate as requested by members of the Audit Committee;
- Have full and unlimited/unrestricted access to all information and documents/ resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group;
- obtain, at the expense of the Company, other independent professional advice or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary;
- Be able to convene meetings with the external auditors, excluding the attendance of the executive members of the Audit Committee, whenever deemed necessary.

- v. Be able to make relevant reports when necessary to the relevant authorities if a breach of the Listing Requirements occurred.

5. Meetings and Minutes

The Committee shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide in order to fulfill its duties.

In the absence of the Chairman, the other Independent Director shall be the Chairman for that meeting.

In addition to the Committee members, the meetings will normally be attended by the representatives of the departments in the Company and of the external auditors as and when required. Representatives of the external auditors are to be in attendance at meeting where matters relating to the audit of the statutory accounts and/or external auditors are to be discussed. At least once a year, the Audit Committee shall meet with the external auditors without any executive Board member present.

The Committee may invite any person to be in attendance to assist it in its deliberations.

A quorum shall consist of a majority of members present who are Independent Directors and shall not be less than two.

The decision of the Committee shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote, provided that where two (2) members form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question in issue, the Chairman shall not have a casting vote.

The Audit Committee shall be reporting to the full Board from time to time its recommendation for consideration and implementation and the actual decision shall be the responsibility of the Board of Director after considering the recommendation of the Audit Committee.

The Company Secretary shall act as Secretary of the Committee and shall be responsible for drawing up the agenda with the concurrence of the chairman and circulating it, supported by explanatory documentation to Committee members prior to each meeting.

The Secretary shall also be responsible for recording the

proceedings of the Committee. Minutes of each meeting shall be kept and distributed to each member of the Audit Committee and also to the other members of the Board of Directors, where the Audit Committee deems necessary.

6. Duties and Responsibilities

The duties and responsibilities of the Audit Committee should include the following:-

- To consider the appointment of the External Auditor, the audit fee and any questions of resignation or dismissal;
- To discuss with the External Auditor before the audit commences, the nature and scope of the audit, and ensure coordination where more than one audit firm is involved;
- To review the quarterly and year-end financial statements of the Company, focusing particularly on:-
 - Any changes in accounting policies and practices;
 - Significant adjustments arising from the audit;
 - The going concern assumption;
 - Compliance with accounting standards and other legal requirements;
- To discuss problems and reservations arising from the interim and final audits, and any matter the Auditor may wish to discuss:-
- To review the External Auditor's management letter and management's response.
- To consider any related party transactions that may arise within the Company or Group.
- To consider the major findings of internal investigations and management's response.
- To review the adequacy of the scope, functions and resources of the internal audit function, and the necessary authority to carry out its work;
- To review the internal audit programme and results of the internal audit programme and the results of the internal audit process and where necessary ensure that appropriate actions taken on the recommendations of the internal audit function;
- To review any appraisal or assessment on the performance of members of the internal audit functions;
- To approve any appointment or termination of senior staff members of the internal audit function;
- To inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- To consider other topics as defined by the Board.
- To verify the allocation of Employees' Share Option Scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the company.

Summary of Activities of the Audit Committee

During the financial year ended 30 June 2006, the Audit Committee met five (5) times on the following dates :-

- 19 August 2005
- 12 October 2005
- 21 November 2005
- 21 February 2006
- 24 May 2006

The attendance records of the Audit Committee Members are shown in the table below :-

Members	Attendance	%
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	5/5	100
Kong Hwai Ming	4/5	80
Liew Heng Heng	4/5	80
Leong Chee Tong	5/5	100

The activities of the Audit Committee include the following :-

- reviewed the quarterly and yearly financial statements of the Company;
- considered any related party transactions that may arise within the Company or Group;
- considered the major findings of internal investigations and management's response;
- reviewed the internal audit programme and results of the internal audit programme and the results of the internal audit process and where necessary ensure that appropriate actions taken in accordance with the recommendations of the internal audit function.

During the financial year ended 30 June 2006, no ESOS were granted to the eligible employees. As such, the Audit Committee is not required to verify the basis of allocation in respect of ESOS.

Internal Audit Function

The Committee has established an internal audit function and has engaged the services of an external professional services firm to assist in improving the Group's risk management capabilities and creating an effective system of internal control. During the financial year, the internal audit function undertook review on the following

areas within the company's operations :-

- Cash Management
- Credit Management
- Delivery Management
- Logistics Operation

The Board is pleased to disclose that there were no significant weaknesses identified that would have resulted in any material losses, contingencies or uncertainties to the GDEX Group, which would require a separate disclosure in the financial statement.

STATEMENT ON INTERNAL CONTROL

The Board of Directors (“the Board”) of GD Express Carrier Berhad (“GDEX” or “the Company”) is pleased to provide the following Statement on Internal Control, which outlines the nature and features of the internal control systems with the Company and its Group of companies (“the Group”), prepared in accordance with the “Statement of Internal Control – Guidance for Directors of Public Listed Companies”.

Responsibility

The Board has overall responsibility for the Group’s systems of internal control and for reviewing its adequacy and integrity whilst the role of management is to implement the Board’s policies on risk and control. The principal aim of the system of internal control is to manage rather than eliminate the risk of failure to achieve business objectives, with the view to safeguard shareholders’ investments and the company’s assets. Although no system of internal control can provide absolute assurance that the business risk will be fully mitigated, the internal control systems have been designed to address the Group’s specific needs and the risk to which it is exposed.

The Board confirms that there is a continuous process to identify and manage the significant risks of the Group for the year under review. The process is regularly reviewed by the Board and is generally in accordance with the guidance as contained in the publication – Statement on Internal Control Guidance for Directors of Public Listed Companies.

Key Features of the Group’s Internal Control System

The key features of the Group’s internal control system can be summarised as follows:

1. Control Environment

- Organisation Structure and Authority

The Group maintains an effective organisation structure with clear definition of objectives, responsibilities, authority and segregation of duties. The authority levels are appropriately delegated with clear and proper documentation and approval from the Board.

- Corporate Philosophy

The Group’s culture is guided by a set of philosophy, which includes core values, management principles, corporate and leadership qualities. All employees are also

guided by a code of conduct, which is embedded in the Employee Handbook.

- Policies and Procedures

The Group maintains a set of documented systems, policies, procedures and practices, which are continually updated, communicated and accessible to all employees.

- Human Resource

The Group maintains an effective staff recruitment, retention and rotation process to ensure that the people with integrity and the right skill and experience are employed for the function and operations of the Group.

2. Internal Audit and Risk Management

The review of the adequacy and integrity of the Group’s internal control system is the delegated responsibility of the Audit Committee. The Audit Committee has outsourced its internal audit function to Audex Governance Sdn Bhd, a globally affiliated professional service provider firm that specialises in providing internal audit services. The outsourced internal audit function focuses its review on areas which are related to the significant risks of GDEX Group. The areas of review are set out in a three years internal audit plan which has been approved by the Audit Committee. The Audit Committee is responsible for ensuring that it is appropriately staffed and its scope of work is adequate in the light of the key risks facing the Group and the other monitoring functions in place. It also reviews and approves the annual internal audit plan. Significant internal control matters which are brought to the attention of the Audit Committee will be highlighted to the Board.

The major roles of the internal audit function is to provide the following:

- Assess the design and effectiveness of controls governing key operational process and business risks;
- Provide the Board with an assessment, independent of management, as to the adequacy of the Group’s operational and financial controls, systems, policies, procedures and practices;
- Assist the Board in meeting its corporate governance and regulatory responsibilities; and
- Provide consulting services to management in order to enhance the control environment and improve business performance.

Since the appointment of the outsourced internal audit function, periodic internal audit visits have been carried out to monitor compliance with the Group's procedures and to review on the adequacy and effectiveness of the Group's system of internal control. Areas of improvement in internal controls have been identified and the implementation of action plans based on proposed recommendations have subsequently commenced. During the financial year under review, internal audit visits which were scheduled in the three years internal audit plan have been completed accordingly.

To supplement the internal audit function, the Audit Committee engages the services of risk consultants to assist in improving GDEX's risk management capabilities by facilitating an Integrated Risk Management Solutions to identify, prioritise and manage the risk in an enterprise-wide manner.

Conclusion

The Board is satisfied that, during the year under review, the system of internal control instituted is sound and effective. Notwithstanding this, the Board is vigilant and continues to review the effectiveness and adequacy of the systems of internal control, in view of the dynamic and changing business environment, so as to safeguard the Group's assets and shareholders' interest.

Statement made in accordance with the resolution of the Board of Directors dated 20 October 2006



FINANCIAL HIGHLIGHTS

	Group year ended 30 June 2006 RM'000	Proforma Group year ended 30 June 2005 ^{1*} RM'000
Revenue	45,866	37,932
Profit from operations	1,959	5,486
Profit before tax	1,724	5,280
Profit after tax	1,206	3,531
Return on revenue	3%	9%
Profit attributable to ordinary equity holders	1,206	3,531
Net assets	32,690	31,686
Paid-up capital	25,719	20,575
Shareholders' equity	32,690	31,686

Share information

(Ordinary shares of RM0.10 each)

Number of shares in issue ^{2*} ('000)	257,186	205,749
Earnings per share (sen)	0.47	1.72
Net assets per share (RM)	0.13	0.15
Share price at end of financial year (RM)	0.825	0.980

Notes : 1* Assuming that GDEX Group had been in existence throughout the period under review.

2* In May 2006, there was a bonus issue of 51,437,208 new ordinary share by capitalising RM5,143,721 from the share premium account.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors of **GD EXPRESS CARRIER BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2006.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiary companies are as disclosed in Note 11 to the Financial Statements.

There have been no significant changes in the nature of the activities of the Company and its subsidiary companies during the financial year.

CORPORATE EVENTS

- (a) On 21 November 2005, the Company incorporated a wholly-owned subsidiary in Singapore, namely GD Express (Singapore) Pte. Ltd. ("GDS") with an authorised share capital of SGD1,000,000, comprising 1,000,000 ordinary shares of SGD1.00 each and paid-up share capital of SGD2.00, comprising 2 ordinary shares of SGD1.00 each.

GDS has not commenced operations as of the end of the financial year.

- (b) On 15 December 2005, GD Express Sdn. Bhd., a wholly-owned subsidiary company acquired the entire equity interest in GD Materials Distribution Sdn. Bhd. ("GDM"), a company incorporated in Malaysia, for a cash consideration of RM2.

GDM has not commenced operations as of the end of the financial year.

- (c) In prior financial year, the Company announced a proposed private placement of up to 25,718,604 new ordinary shares of RM0.10 each in the Company (as the proposed bonus issue of up to 51,437,208 new ordinary shares of RM0.10 each has been implemented on 8 May 2006), representing 10% of the issued and paid-up share capital of the Company at an issue price to be determined and announced later.

In the current financial year, the proposed bonus issue has been implemented. The proposed private placement, which has not been implemented, is subject to the approvals of the relevant authorities.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group	The Company
	2006 RM	2006 RM
Profit/(Loss) before tax	1,724,073	(55,081)
Income tax expense	(518,202)	(78,786)
Net profit/(loss) for the year	1,205,871	(133,867)

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previously financial year. The directors also do not recommend the payment of any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the Financial Statements.

ISSUE OF SHARES AND DEBENTURES

As approved by the shareholders at the Extraordinary General Meeting held on 25 January 2006, the issued and paid-up ordinary share capital of the Company was increased from RM20,574,883 to RM25,718,604 by way of bonus issue of 51,437,208 new ordinary shares of RM0.10 each on the basis of one new ordinary share for every four existing ordinary shares of RM0.10 each held, by capitalising RM5,143,721 from the share premium account.

These new ordinary shares issued rank pari passu in all respects with the then existing ordinary shares of the Company.

The Company has not issued any debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

OTHER FINANCIAL INFORMATION

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off for bad debts or the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Dato' Ahmad Sufian @ Qurnain bin Abdul Rashid
 Teong Teck Lean
 Leong Chee Tong
 Lau Wing Tat
 Liew Heng Heng
 Kong Hwai Ming
 Nolee Ashilin binti Mohammed Radzi

In accordance with Article 104 of the Company's Articles of Association, Dato' Ahmad Sufian @ Qurnain bin Abdul Rashid and Nolee Ashilin binti Mohammed Radzi retire by rotation and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM0.10 each			Balance as of 30.6.2006
	Balance as of 1.7.2005	Bonus Issue/ Bought	Sold	
Shares in the Company				
Registered in the name of directors				
Dato' Ahmad Sufian @ Qurnain bin Abdul Rashid	4,040,000	810,000	(800,000)	4,050,000
Teong Teck Lean	30,000	7,500	-	37,500
Leong Chee Tong	9,030,995	2,257,748	-	11,288,743
Lau Wing Tat	16,030,000	5,507,500	-	21,537,500
Liew Heng Heng	100,000	25,000	-	125,000
Kong Hwai Ming	6,264,000	2,499,750	-	8,763,750
Nolee Ashilin binti Mohammed Radzi	50,000	-	(50,000)	-
Indirect interest				
Registered in the name of GD Express Holdings (M) Sdn. Bhd.				
Teong Teck Lean	75,246,315	18,811,581	-	94,057,896
Registered in the name of GD Holdings International Ltd.				
Teong Teck Lean	43,000,000	10,750,000	-	53,750,000
Registered in the name of Essem Capital Sdn. Bhd.				
Dato' Ahmad Sufian @ Qurnain bin Abdul Rashid	2,000,000	500,000	-	2,500,000

By virtue of the above directors' interest in the shares of the Company, they are deemed to have beneficial interest in the shares of all the subsidiary companies to the extent the directors have their interests.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in the Financial Statements or the fixed salary of full-time employees of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions as disclosed in Note 13 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

TEONG TECK LEAN

LEONG CHEE TONG

Kuala Lumpur,
20th October 2006

REPORT OF THE AUDITORS

to the members of GD Express Carrier Berhad (Incorporated in Malaysia)

We have audited the accompanying balance sheets as of 30 June 2006, the related statements of income, cash flows and changes in equity for the year then ended. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the abovementioned financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as of 30 June 2006 and of the results and the cash flows of the Group and of the Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of the subsidiary companies, of which we have not acted as auditors, as mentioned in Note 11 to the Financial Statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for these purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Sub-section (3) of Section 174 of the Act.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

LAI CAN YIEW
2179/09/07 (J)
Partner
20 October 2006

INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	Note	The Group		The Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Revenue		45,866,173	16,210,931	–	–
Staff costs	5	(20,834,722)	(6,763,780)	–	–
Other operating expenses	5	(20,276,019)	(7,163,832)	(311,045)	(54,548)
Depreciation of property, plant and equipment	9	(3,223,089)	(1,210,250)	–	–
Other operating income	5	426,742	2,440,147	255,964	20,328
Profit/(Loss) from operations		1,959,085	3,513,216	(55,081)	(34,220)
Finance costs	6	(235,012)	(83,941)	–	–
Profit/(Loss) before tax		1,724,073	3,429,275	(55,081)	(34,220)
Income tax expense	7	(518,202)	(1,186,000)	(78,786)	–
Net profit/(loss) for the year		1,205,871	2,243,275	(133,867)	(34,220)
Earnings per ordinary share					
Basic (sen)	8	0.47	3.15		

The accompanying Notes form an integral part of the Financial Statements.

BALANCE SHEETS

AS OF 30 JUNE 2006

	Note	The Group		The Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Property, plant and equipment	9	15,610,427	13,307,026	-	-
Goodwill on consolidation	10	137,141	149,881	-	-
Investment in subsidiary companies	11	-	-	17,074,885	17,074,881
Other receivable - non-current portion	12	929,000	1,673,000	-	-
Current Assets					
Inventories - at cost		269,371	295,093	-	-
Trade receivables	12	10,855,912	10,395,877	-	-
Other receivables and prepaid expenses	12	3,928,591	2,091,733	291,000	30,000
Amount owing by subsidiary company	11	-	-	622,859	-
Deposits with licensed banks		9,213,694	10,941,647	8,217,908	9,955,000
Cash and bank balances		644,484	933,537	93,957	91,135
		24,912,052	24,657,887	9,225,724	10,076,135
Current Liabilities					
Trade payables	13	2,731,905	3,014,793	-	-
Other payables and accrued expenses	13	1,332,722	1,927,003	125,204	84,612
Amount owing to subsidiary company	11	-	-	-	628,400
Finance lease payables - current portion	14	-	8,016	-	-
Hire-purchase payables - current portion	15	1,620,324	725,543	-	-
Borrowings (secured) - current portion	16	245,996	238,803	-	-
Tax liabilities		-	67,000	73,000	-
		5,930,947	5,981,158	198,204	713,012
Net Current Assets		18,981,105	18,676,729	9,027,520	9,363,123

	Note	The Group		The Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Non-Current and Deferred Liabilities					
Hire-purchase payables - non-current portion	15	1,546,188	662,810	–	–
Borrowings (secured) - non-current portion	16	1,060,647	1,165,127	–	–
Deferred tax liabilities	17	361,000	293,000	–	–
		(2,967,835)	(2,120,937)	–	–
Net Assets		32,689,838	31,685,699	26,102,405	26,438,004
Represented by:					
Issued capital	18	25,718,604	20,574,883	25,718,604	20,574,883
Reserves	19	6,971,234	11,110,816	383,801	5,863,121
Shareholders' Equity		32,689,838	31,685,699	26,102,405	26,438,004

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2006

The Group	Note	Issued capital RM	Share premium RM	Reserve on consolidation RM	Unappropriated profit/ (Accumulated loss) RM	Total shareholders' equity/ (Capital deficiency) RM
Balance as of 1 July 2004		2	–	–	(75,070)	(75,068)
Issue of shares	18	20,574,881	7,000,000	–	–	27,574,881
Share issue expenses		–	(1,027,589)	–	–	(1,027,589)
Acquisition of subsidiary companies		–	–	2,970,200	–	2,970,200
Net profit for the year		–	–	–	2,243,275	2,243,275
Balance as of 30 June 2005		20,574,883	5,972,411	2,970,200	2,168,205	31,685,699
Bonus issue	18	5,143,721	(5,143,721)	–	–	–
Share issue expenses		–	(201,732)	–	–	(201,732)
Net profit for the year		–	–	–	1,205,871	1,205,871
Balance as of 30 June 2006		25,718,604	626,958	2,970,200	3,374,076	32,689,838
The Company						
Balance as of 1 July 2004		2	–	–	(75,070)	(75,068)
Issue of shares	18	20,574,881	7,000,000	–	–	27,574,881
Share issue expenses		–	(1,027,589)	–	–	(1,027,589)
Net loss for the year		–	–	–	(34,220)	(34,220)
Balance as of 30 June 2005		20,574,883	5,972,411	–	(109,290)	26,438,004
Bonus issue	18	5,143,721	(5,143,721)	–	–	–
Share issue expenses		–	(201,732)	–	–	(201,732)
Net loss for the year		–	–	–	(133,867)	(133,867)
Balance as of 30 June 2006		25,718,604	626,958	–	(243,157)	26,102,405

The accompanying Notes form an integral part of the Financial Statements.

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit/(Loss) before tax	1,724,073	3,429,275	(55,081)	(34,220)
Adjustments for:				
Depreciation of property, plant and equipment	3,223,089	1,210,250	–	–
Allowance for doubtful debts	590,000	240,000	–	–
Finance costs	235,012	83,941	–	–
Amortisation of goodwill	15,793	6,517	–	–
Loss/(Gain) on disposal of property, plant and equipment	1,828	(701,521)	–	–
Write off of trade receivables	412	161,206	–	–
Property, plant and equipment written off	190	–	–	–
Unrealised loss on foreign exchange	–	1,099	–	–
Interest income	(294,768)	(31,587)	(255,964)	(20,328)
Income arising from delivery and installation of customised front-end management system software	–	(1,500,000)	–	–
Operating Profit/(Loss) Before Working Capital Changes	5,495,629	2,899,180	(311,045)	(54,548)
(Increase)/Decrease in:				
Inventories	25,722	33,358	–	–
Trade receivables	(1,050,447)	(476,243)	–	–
Other receivables and prepaid expenses	(489,858)	807,232	14,000	(30,000)
Amount owing by subsidiary company	–	–	(622,859)	–

(Forward)

CASH FLOW STATEMENTS (CONT'D)

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Increase/(Decrease) in:				
Trade payables	(282,888)	110,018	–	–
Other payables and accrued expenses	(597,334)	(795,877)	40,592	9,542
Amount owing to subsidiary company	–	–	(628,400)	628,400
Cash Generated From / (Used In) Operations	3,100,824	2,577,668	(1,507,712)	553,394
Income tax paid	(845,202)	(1,100,000)	(5,786)	–
Net Cash From / (Used In) Operating Activities	2,255,622	1,477,668	(1,513,498)	553,394
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES				
Additions to property, plant and equipment (Note)	(2,629,666)	(1,086,683)	–	–
Deposit paid for the acquisition of leasehold land	(275,000)	–	(275,000)	–
Acquisition of subsidiary companies*	–	2,217,871	(4)	–
Proceeds from disposal of property, plant and equipment	16,949	–	–	–
Interest received	294,768	31,587	255,964	20,328
Net Cash From / (Used In) Investing Activities	(2,592,949)	1,162,775	(19,040)	20,328

	Note	The Group		The Company	
		2006 RM	2005 RM	2006 RM	2005 RM
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES					
Proceeds from issue of shares		–	10,500,000	–	10,500,000
Share issue expenses incurred		(201,732)	(1,027,589)	(201,732)	(1,027,589)
Repayment of Islamic debt facility		(100,728)	(245,310)	–	–
Payments of:					
Hire-purchase payables		(1,137,632)	(238,416)	–	–
Finance lease payables		(8,016)	(15,005)	–	–
Finance costs paid		(235,012)	(83,941)	–	–
Net Cash From / (Used In) Financing Activities		(1,683,120)	8,889,739	(201,732)	9,472,411
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(2,020,447)	11,530,182	(1,734,270)	10,046,133
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		11,530,184	2	10,046,135	2
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	9,509,737	11,530,184	8,311,865	10,046,135

Note: During the financial year, the Group acquired property, plant and equipment at an aggregate cost of RM5,545,457 (RM5,936,059 in 2005), of which RM2,915,791 and RM Nil (RM549,376 and RM4,300,000 in 2005) was acquired under hire-purchase arrangements and through the issue of shares, respectively. Cash payments by the Group for the acquisition of property, plant and equipment amounted to RM2,629,666 (RM1,086,683 in 2005).

(Forward)

*Analysis of assets and liabilities of subsidiary companies acquired are as follows:

	The Group	
	2006 RM	2005 RM
Property, plant and equipment	–	8,610,983
Inventories	–	328,451
Trade receivables	–	10,320,840
Other receivables and prepaid expenses	–	2,340,678
Cash and bank balances	2	1,172,291
Deposits with licensed banks	–	1,045,580
Deposits with licensed banks (pledged)	–	345,000
Trade payables	–	(2,903,676)
Other payables and accrued expenses	(3,053)	(2,647,810)
Hire-purchase payables	–	(1,077,393)
Finance lease payables	–	(23,021)
Bank borrowings (secured)	–	(1,649,240)
Tax liabilities	–	(188,000)
Deferred tax liabilities	–	(86,000)
Net assets / (liabilities) acquired	(3,051)	15,588,683
Reserve on consolidation	–	(2,970,200)
Goodwill on consolidation	3,053	156,398
Total purchase consideration	2	12,774,881
Less: Purchase consideration satisfied through		
the issue of ordinary shares	–	(12,774,881)
Cash and bank balances	(2)	(1,172,291)
Deposits with licensed banks	–	(1,045,580)
Cash flows on acquisition, net of cash and cash equivalents acquired	–	(2,217,871)

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the MESDAQ Market of Bursa Malaysia Securities Berhad.

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiary companies are as disclosed in Note 11.

There have been no significant changes in the nature of the activities of the Company and its subsidiary companies during the financial year.

The total number of employees of the Group and of the Company at the end of the financial year was 989 and Nil (874 and Nil in 2005) respectively.

The Company's registered office is located at Level 17, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur, Malaysia.

The Company's principal place of business is located at No 19, Jalan Tandang, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 20 October 2006.

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention.

Revenue

Revenue of the subsidiary companies consists of income from the provision of express delivery services and is recognised when the services are rendered.

Basis of Consolidation

Subsidiary companies are the enterprises controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

Subsidiary companies are consolidated using the acquisition method of accounting. On acquisition, the assets and liabilities of the relevant subsidiary companies are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

All significant inter-company transactions and balances are eliminated on consolidation.

Goodwill/Reserve on Consolidation

Goodwill on consolidation represents the excess of cost of investment over the fair values of the net assets of the subsidiary companies at the effective date of acquisition. Goodwill on consolidation is amortised evenly over a period of ten years.

Reserve on consolidation represents the excess of the fair values of the net assets of the subsidiary companies at the effective date of acquisition over the cost of the investment. Reserve on consolidation is not amortised.

Foreign Currency Conversion

Transactions in foreign currencies are converted into Ringgit Malaysia at exchange rates prevailing at the transaction dates or, where settlement has not yet been made at the end of the financial year, at approximate rates prevailing at that date. All foreign exchange gains or losses are taken up in the income statements.

The principal closing rate used in translation of foreign currency amounts is as follows:

	2006	2005
Foreign currency	RM	RM
One (1) Singapore Dollar	2.31	2.20

Employee Benefits

Wages, salaries, paid annual leaves, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

The Group makes statutory contributions to approved provident fund and contributions are charged to the income statements. Once the contributions have been paid, there are no further payment obligations. The approved provident fund is a defined contribution plan.

Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statements, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

Impairment of Assets

The carrying amounts of property, plant and equipment, investment in subsidiary companies and goodwill on consolidation are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in the income statements.

An impairment loss in respect of goodwill is not reversed unless the loss is caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of the event. In respect of other assets, an impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

An impairment loss in respect of other assets is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. All reversals are recognised in the income statements.

Investment in Subsidiary Companies

Investment in unquoted shares of subsidiary companies, which is eliminated on consolidation, is stated in the Company's financial statements at cost less any impairment losses.

Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements.

Property, plant and equipment are depreciated using the straight-line method at the following annual rates to write off the cost of these assets over their estimated useful lives:

Long leasehold land	Over the lease period of 57 years
Office equipment, furniture and fittings	12.5%
Computer hardware and software	20%
Tools and equipment	12.5%
Motor vehicles	20%
Renovation	20% - 33.3%

Property, Plant and Equipment Acquired Under Hire-Purchase

Property, plant and equipment acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to the income statements to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Leased Assets

Assets under leases which in substance transfer the risks and benefits of ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at the fair value of the leased assets which approximates the present value of the minimum lease payments, at the beginning of the respective lease terms.

Finance costs which represent the difference between the total leasing commitments and the fair value of the assets acquired are charged to the income statements over the term of the relevant lease period so as to give a constant periodic rate of charge on the remaining balance of the obligation for each accounting period. All other leases which do not meet such criteria are classified as operating leases and the related rentals are charged to the income statements as incurred.

Inventories

Inventories, which consist of consumables, are stated at the lower of cost (determined on the 'first-in, first-out' basis) and net realisable value. Cost comprises the original cost of purchase plus incidental costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

Receivables

Trade and other receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Provisions

Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Cash Flow Statements

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

4. SEGMENT REPORTING

No segment reporting is presented as the Group is principally engaged in the provision of express delivery services and operates in Malaysia.

5. OTHER OPERATING INCOME/(EXPENSES) AND STAFF COSTS

Included in other operating income/(expenses) are the following credits/(charges):

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Interest income	294,768	31,587	255,964	20,328
Rental income	48,000	–	–	–
Exceptional items:				
Income arising from delivery and installation of customised front-end management system software	–	1,500,000	–	–
Gain on disposal of property, plant and equipment	–	701,521	–	–
Rental of premises	(1,876,742)	(620,091)	–	–
Allowance for doubtful debts	(590,000)	(240,000)	–	–
Directors' remuneration:				
Salaries and other emoluments	(518,359)	(199,000)	(9,500)	(3,600)
Fees	(106,200)	(55,000)	(103,200)	(40,000)
Auditors' remuneration	(47,000)	(47,000)	(20,000)	(20,000)
Amortisation of goodwill	(15,793)	(6,517)	–	–
Realised loss on foreign exchange	(7,622)	–	–	–
Loss on disposal of property, plant and equipment	(1,828)	–	–	–
Write off of trade receivables	(412)	(161,206)	–	–
Property, plant, and equipment written off	(190)	–	–	–
Unrealised loss on foreign exchange	–	(1,099)	–	–

Staff costs include salaries, bonuses, contributions to Employees Provident Fund ("EPF") and all other staff related expenses. Contributions to EPF by the Group during the current financial year amounted to RM1,522,055 (RM532,139 in 2005).

6. FINANCE COSTS

	The Group	
	2006 RM	2005 RM
Interest expense on:		
Hire - purchase	132,327	49,405
Islamic debt facility	86,631	28,036
Finance lease	12,357	6,500
Bank overdraft	3,697	–
	235,012	83,941

7. INCOME TAX EXPENSE

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Estimated current tax payable	607,000	979,000	73,000	–
(Over)/Under provision in prior years	(156,798)	–	5,786	–
	450,202	979,000	78,786	–
Deferred tax (Note 17)	68,000	207,000	–	–
	518,202	1,186,000	78,786	–

A reconciliation of income tax expense applicable to profit/(loss) before tax at the applicable statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Profit/(Loss) before tax	1,724,073	3,429,275	(55,081)	(34,220)
Tax at tax rate of 28% (28% in 2005)	482,740	960,197	(15,423)	(9,582)
Tax effect of expenses that are not deductible in determining taxable profit	192,260	225,803	88,423	9,582
(Over)/Under provision in prior years	(156,798)	–	5,786	–
Income tax expense	518,202	1,186,000	78,786	–

8. EARNINGS PER ORDINARY SHARE

Basic	The Group	
	2006 RM	2005 RM
Net profit attributable to ordinary shareholders	1,205,871	2,243,275
	2006 Shares	2005 Shares
Number of shares in issue as of 1 July	205,748,830	20
Effects of:		
Bonus issue	51,437,208	—*
Special issue	—	71,211,167
Weighted average number of ordinary shares	257,186,038	71,211,187
Basic earnings per ordinary share (sen)	0.47	3.15

* Bonus element of shares issued during the financial year ended 30 June 2005 has not been adjusted as the bonus issue during the current financial year was through the capitalisation of the share premium arising from the public issue of shares which was only completed in May 2005.

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

The Group	COST			
	At beginning of year RM	Additions RM	Write offs/ Disposals RM	At end of year RM
Long leasehold land	2,611,083	—	—	2,611,083
Office equipment, furniture and fittings	1,748,061	738,185	(269)	2,485,977
Computer hardware and software	6,345,231	964,034	(6,999)	7,302,266
Tools and equipment	190,906	16,809	—	207,715
Motor vehicles	6,039,225	2,967,056	(33,253)	8,973,028
Renovation	1,489,661	859,373	—	2,349,034
	18,424,167	5,545,457	(40,521)	23,929,103

	ACCUMULATED DEPRECIATION			NET BOOK VALUE			Depreciation charge for 2005
	At beginning of year RM	Charge for the year RM	Write offs/ Disposals RM	At end of year RM	At end of year RM	At beginning of year RM	RM
Long leasehold land	52,823	48,882	–	101,705	2,509,378	2,558,260	20,367
Office equipment, furniture and fittings	655,740	204,968	(79)	860,629	1,625,348	1,092,321	75,787
Computer hardware and software	1,275,348	1,327,418	(4,316)	2,598,450	4,703,816	5,069,883	515,813
Tools and equipment	76,717	23,282	–	99,999	107,716	114,189	9,813
Motor vehicles	2,296,275	1,353,541	(17,159)	3,632,657	5,340,371	3,742,950	479,617
Renovation	760,238	264,998	–	1,025,236	1,323,798	729,423	108,853
	5,117,141	3,223,089	(21,554)	8,318,676	15,610,427	13,307,026	1,210,250

Included in property, plant and equipment of the Group are property, plant and equipment acquired under hire-purchase and finance lease arrangements with net book values of approximately RM4,942,000 (RM2,787,000 in 2005).

As of 30 June 2006, long leasehold land of a subsidiary company with net book value amounting to RM2,509,378 (RM2,558,260 in 2005) is pledged to a licensed bank for credit facilities granted to the subsidiary company as disclosed in Note 16. As of 30 June 2006, the title to the said long leasehold land has not been issued to the said subsidiary company.

Included in the cost of property, plant and equipment of the Group is an amount of approximately RM1,562,000 (RM802,000 in 2005) representing fully depreciated property, plant and equipment which are still in use by the Group.

10. GOODWILL ON CONSOLIDATION

	The Group	
	2006 RM	2005 RM
At beginning of year	149,881	–
Arising from acquisition of subsidiary companies	3,053	156,398
Amortisation of goodwill	(15,793)	(6,517)
At end of year	137,141	149,881

11. INVESTMENT IN SUBSIDIARY COMPANIES

Investment in subsidiary companies consists of:

	The Company	
	2006 RM	2005 RM
Unquoted shares - at cost	17,074,885	17,074,881

Amount owing by/ to subsidiary company, which arose mainly from unsecured advances and payments on behalf, is interest-free and has no fixed repayment terms.

Details of subsidiary companies are as follows:

Subsidiary Companies	Country of Incorporation	Effective Equity Interest		Principal Activities
		2006 %	2005 %	
Direct				
GD Express Sdn. Bhd.	Malaysia	100	100	Provision of express delivery services
GD Technosystem Sdn. Bhd.	Malaysia	100	100	Licensing of software to related company
GD Express (Singapore) Pte. Ltd. *	Singapore	100	-	Dormant
Indirect				
GD Venture (M) Sdn. Bhd.	Malaysia	100	100	Provision of transportation services to related company
GD Materials Distribution Sdn. Bhd. *	Malaysia	100	-	Dormant

* Audited by auditors other than the auditors of the Company

Post-acquisition results of subsidiary companies acquired are as follows:

	The Group	
	2006 RM	2005 RM
Revenue	-	16,210,931
Staff costs	-	(6,763,780)
Other operating expenses	(2,590)	(7,109,286)
Depreciation of property, plant and equipment	-	(1,210,250)
Other operating income	-	2,419,821
Profit / (loss) from operations	(2,590)	3,547,436
Finance costs	-	(83,941)
Profit / (loss) before tax	(2,590)	3,463,495
Income tax expense	-	(1,186,000)
Increase/ (Decrease) in Group's profit attributable to shareholders	(2,590)	2,277,495

11. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The effects of the acquisitions on the financial position of the Group are as follows:

	The Group	
	2006 RM	2005 RM
Property, plant and equipment	-	13,307,026
Goodwill on consolidation	-	149,881
Inventories	-	295,093
Trade receivables	-	10,395,877
Other receivables and prepaid expenses	-	3,734,733
Deposits with licensed banks	-	986,647
Cash and bank balances	101,970	842,402
Trade payables	-	(3,014,793)
Other payables and accrued expenses	(420)	(1,842,391)
Hire-purchase payables	-	(1,388,354)
Finance lease payables	-	(8,016)
Bank borrowings (secured)	-	(1,403,930)
Tax liabilities	-	(67,000)
Deferred tax liabilities	-	(293,000)
Group's share of net assets	101,550	21,694,175

12. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

Trade receivables consist of:	The Group	
	2006 RM	2005 RM
Trade receivables	13,131,437	12,123,396
Less: Allowance for doubtful debts	(2,275,525)	(1,727,519)
	10,855,912	10,395,877

Trade receivables of the Group represent amounts receivable for the provision of express delivery services. The credit period granted to customers ranges from 30 to 90 days (30 days in 2005).

Other receivables and prepaid expenses consist of:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Other receivables	3,067,850	2,377,940	15,000	30,000
Deposits	668,047	862,268	276,000	–
Tax recoverable	328,000	–	–	–
Prepaid expenses	793,694	524,525	–	–
Less: Amount receivable within next 12 months	(3,928,591)	(2,091,733)	(291,000)	(30,000)
Amount receivable after next 12 months	929,000	1,673,000	–	–

Included in other receivables of the Group is an amount of RM2,041,484 (RM2,241,000 in 2005) arising mainly from disposal of property, plant and equipment and the delivery and installation of customised front-end management system software. Out of the total amount, RM929,000 (RM1,673,000 in 2005) is receivable by the Group after the next twelve months in accordance with the arrangement with the buyer. The said amount is interest-free.

Included in deposits of the Group and the Company is deposit paid amounting to RM275,000 (RMNil in 2005) and RM275,000 (RMNil in 2005), respectively for the acquisition of leasehold land as mentioned in Note 24.

13. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade payables comprise mainly amounts outstanding for services rendered by suppliers. The average credit period granted to the Group is 30 days (30 days in 2005).

The currency exposure profile of trade payables is as follows:

	The Group	
	2006 RM	2005 RM
<hr/>		
Analysis of trade payables by currency:		
Ringgit Malaysia	2,691,039	2,998,395
Singapore Dollar	40,866	16,398
	<hr/>	<hr/>
	2,731,905	3,014,793
	<hr/>	

Other payables and accrued expenses consist of:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
<hr/>				
Other payables	674,298	322,902	22,004	39,012
Accrued expenses	658,424	1,604,101	103,200	45,600
	<hr/>		<hr/>	
	1,332,722	1,927,003	125,204	84,612
	<hr/>			

Included in other payables of the Group is an amount of RM337,500 (RM58,373 in 2005) owing to GDX Private Limited, a company incorporated in the Republic of Singapore. Certain directors of the Company namely Mr. Teong Teck Lean and Mr. Leong Chee Tong are also directors of the said company and have substantial financial interest. The said amount, which arose from the provision of software training and maintenance services to the Group amounted to RM333,000 (RM216,000 in 2005) during the year, is interest-free and has no fixed repayment terms.

The directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms negotiated between the parties.

14. FINANCE LEASE PAYABLES

	The Group			
	Minimum lease payments		Present value of minimum lease payment	
	2006 RM	2005 RM	2006 RM	2005 RM
Amounts payable under finance lease:				
Within one year	–	9,101	–	8,016
In the second to fifth years inclusive	–	–	–	–
	–	9,101	–	8,016
Less: Future finance charges	–	(1,085)	–	–
Present value of lease payables	–	8,016	–	8,016
Less: Amount due within 12 months (shown under current liabilities)			–	(8,016)
Non-current portion			–	–

15. HIRE-PURCHASE PAYABLES

	The Group	
	2006 RM	2005 RM
Total outstanding	3,522,069	1,565,111
Less: Interest-in-suspense	(355,557)	(176,758)
Principal outstanding	3,166,512	1,388,353
Less: Amount due within 12 months (shown under current liabilities)	(1,620,324)	(725,543)
Non-current portion	1,546,188	662,810

The non-current portion is payable as follows:

	The Group	
	2006 RM	2005 RM
Within 1 - 2 years	1,284,325	503,209
Within 2 - 5 years	261,863	159,601
	1,546,188	662,810

The interest rates implicit in these hire-purchase obligations range from 6.24% to 8.63% (4.10% to 7.90% in 2005) per annum.

16. BORROWINGS - SECURED

	The Group	
	2006 RM	2005 RM
Term loan - Islamic debt facility	1,303,202	1,403,930
Bank overdraft (Note 21)	3,441	–
Total outstanding	1,306,643	1,403,930
Less: Amount due within 12 months (shown under current liabilities)	(245,996)	(238,803)
Non-current portion	1,060,647	1,165,127
The non-current portion of the Islamic debt facility is repayable as follows:		
Within 1 - 2 years	260,478	265,694
Within 2 - 5 years	800,169	899,433
	1,060,647	1,165,127

The Al Bai Bithaman Ajil Islamic debt facility is obtained from a local licensed bank and bears a profit rate at 6.00% (4.23% in 2005) per annum.

As of 30 June 2006, the Group has bank overdraft and other credit facilities totalling RM545,000 (RM545,000 in 2005) obtained from a local licensed bank. The bank overdraft and other credit facilities bear interest at rates ranging from 8% to 8.25% (7.25% to 7.50% in 2005) per annum.

Of the total bank overdraft and other credit facilities, RM345,000 (RM345,000 in 2005) is secured by the fixed deposits of the Group amounting to RM345,000 (RM345,000 in 2005). The remaining balance of the bank overdraft and other credit facilities together with the Islamic debt facility are secured by the following:

- (a) Long leasehold land of a subsidiary company as disclosed in Note 9; and
- (b) Joint and several guarantee by certain directors of the Company.

17. DEFERRED TAX LIABILITIES

The movement for the year in the deferred tax liabilities is as follows:

	The Group	
	2006 RM	2005 RM
At beginning of year	293,000	-
Arising from acquisition of subsidiary companies	-	86,000
Transfer from Income Statement (Note 7)	68,000	207,000
At end of year	361,000	293,000

The deferred tax liabilities represent the tax effects of the following:

	The Group	
	2006 RM	2005 RM
Temporary differences arising from:		
Property, plant and equipment	998,000	707,000
Trade receivables	(637,000)	(414,000)
At end of year	361,000	293,000

18. SHARE CAPITAL

Share capital is represented by:

	The Group	and	The Company
	2006 RM		2005 RM
Authorised:			
Ordinary shares of RM0.10 each	50,000,000		50,000,000
Issued and fully paid:			
Ordinary shares of RM0.10 each			
At beginning of year:			
205,748,830 ordinary shares of RM0.10 as of 1 July 2005;			
2 ordinary shares of RM1.00 each as of 1 July 2004	20,574,883		2
Issued during the year:			
51,437,208 ordinary shares of RM0.10 each in 2006;			
205,748,810 ordinary shares of RM0.10 each in 2005	5,143,721		20,574,881
At end of year:			
257,186,038 ordinary shares of RM0.10 each as of 30 June 2006;	25,718,604		20,574,883
205,748,830 ordinary shares of RM0.10 each as of 30 June 2005			

2006

As approved by the shareholders at the Extraordinary General Meeting held on 25 January 2006, the issued and paid-up ordinary share capital of the Company was increased from RM20,574,883 to RM25,718,604 by way of bonus issue of 51,437,208 new ordinary shares of RM0.10 each on the basis of one new ordinary share for every four existing ordinary shares of RM0.10 each held, by capitalising RM5,143,721 from the share premium account.

These new ordinary shares issued rank pari passu in all respects with the then existing ordinary shares of the Company.

2005

As approved by the shareholders at an Extraordinary General Meeting held on 8 February 2005, the issued and paid-up share capital of the Company was increased from RM2.00, comprising 2 ordinary shares of RM1.00 each, to RM20,574,883, comprising 205,748,830 ordinary shares of RM0.10 each, by way of:

- (a) An issue of 12,774,781 new ordinary shares of RM1.00 each in the Company at an issue price of RM1.00 per share to finance the acquisition of 17,300,000 ordinary shares of RM1.00 each, representing 100% equity interest in GD Express Sdn Bhd, for a total purchase consideration of RM12,774,781;
- (b) An issue of 100 new ordinary shares of RM1.00 each in the Company at an issue price of RM1.00 per share to finance the acquisition of 100 ordinary shares of RM1.00 each, representing 100% equity interest in GD Technosystem Sdn Bhd, for a total purchase consideration of RM100;
- (c) An issue of 4,300,000 new ordinary shares of RM1.00 in the Company at an issue price of RM1.00 per share to finance the acquisition of IT Software System;
- (d) A share split for the entire issued and paid-up share capital of the Company, comprising 17,074,883 ordinary shares of RM1.00 each into 170,748,830 ordinary shares of RM0.10 each; and
- (e) A public issue of 35,000,000 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.30 per share in conjunction with the listing of the entire issued and paid-up capital of the Company on the MESDAQ Market of Bursa Malaysia Securities Berhad.

The resulting share premium of RM7,000,000 arising from the issue of shares as mentioned in (e) above has been credited to the share premium account.

The new ordinary shares issued rank pari passu in all respects with the then existing ordinary shares of the Company.

19. RESERVES

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Non-distributable:				
Share premium	626,958	5,972,411	626,958	5,972,411
Reserve on consolidation	2,970,200	2,970,200	–	–
	3,597,158	8,942,611	626,958	5,972,411
Distributable:				
Unappropriated profit/ (Accumulated loss)	3,374,076	2,168,205	(243,157)	(109,290)
Total	6,971,234	11,110,816	383,801	5,863,121

Share premium

Share premium arose from the public issue of 35,000,000 new ordinary shares at a premium of RM0.20 per ordinary share, net of share issue expenses of RM1,229,321 (RM1,027,589 in 2005) and capitalisation for bonus issue of RM5,143,721 (RMNil in 2005).

20. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The Group has taken measures to minimise its exposure to risks and/or costs associated with the financing, investing and operating activities.

(i) Foreign currency risk

The Group is exposed to currency risk as a result of foreign currency transactions arising from normal trading activities.

(ii) Interest / Profit rate risk

The Group is exposed to interest/profit rate risk through the impact of rate changes on deposits with licensed banks and interest bearing borrowings. Interest rates of finance lease payables and hire-purchase payables are fixed at the inception of the finance lease and hire-purchase arrangements. The interest/profit rates of the finance lease payables, hire-purchase payables, Islamic debt facility and deposits with licensed banks are disclosed in Notes 14,15, 16 and 21, respectively.

(iii) Credit risk

The Group is exposed to credit risk mainly from trade and other receivables. The Group extends credit to its customers based upon careful evaluation of the customers' financial condition and credit history. The Group also ensures a large number of customers so as to limit high credit concentration in a customer or customers from a particular market.

The Group's exposure to credit risk in relation to its trade and other receivables, should all its debtors fail to perform their obligations as of June 30, 2006, is the carrying amount of these receivables as disclosed in the balance sheets.

(iv) Liquidity risk

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

Management believes that the Group's exposure on credit risk relating to deposits with licensed banks and bank balances are limited as they are placed with credit worthy financial institutions.

(v) Cash flow risk

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

Financial Assets

The principal financial assets of the Group are cash and bank balances, deposits with licensed banks, and trade and other receivables.

The financial assets of the Company also include amount owing by subsidiary company.

The accounting policies applicable to the major financial assets are as disclosed in Note 3.

Financial Liabilities and Equity Instruments

Debts and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement.

Significant financial liabilities of the Group include trade and other payables, hire-purchase payables and borrowings, which are stated at their nominal values.

The financial liabilities of the Company also include amount owing to subsidiary company, which are stated at their nominal values.

Islamic debt facility is recorded at the proceeds received. Finance charges are accounted for on an accrual basis.

Equity instruments are recorded at the proceeds received net of direct issue costs.

Fair Values

The carrying amounts and the estimated fair values of the financial instruments of the Group as of 30 June 2006 are as follows:

	The Group			
	2006		2005	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Financial Asset				
Other receivable - non-current portion (Note 12)	929,000	911,660	1,673,000	1,615,865
Financial Liabilities				
Hire-purchase payables (Note 15)	3,166,512	3,522,069	1,388,353	1,424,976
Islamic debt facility (Note 16)	1,303,202	1,571,251	1,403,930	1,518,937

Cash and cash equivalents, trade and other receivables, trade and other payables and inter-company indebtedness

The carrying amounts approximate fair values because of the short maturity period of these instruments.

Hire-purchase payables, other receivable – non-current portion and Islamic debt facility

The fair value of hire-purchase payables, other receivable – non-current portion and Islamic debt facility are estimated using discounted cash flow analysis based on current borrowing/financing rates for similar type of borrowing/financing arrangements.

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Deposits with licensed banks	9,213,694	10,941,647	8,217,908	9,955,000
Cash and bank balances	644,484	933,537	93,957	91,135
Bank overdraft (Note 16)	(3,441)	-	-	-
	9,854,737	11,875,184	8,311,865	10,046,135
Less: Non cash and cash equivalents: Deposits pledged with a licensed bank (Note 16)	(345,000)	(345,000)	-	-
	9,509,737	11,530,184	8,311,865	10,046,135

Deposits with licensed banks earned interest at rates ranging from 3.00% to 3.70% (3.00% to 4.00% in 2005) per annum.

22. CORPORATE EVENTS

- (a) On 21 November 2005, the Company incorporated a wholly-owned subsidiary in Singapore, namely GD Express (Singapore) Pte. Ltd. ("GDS") with an authorised share capital of SGD1,000,000, comprising 1,000,000 ordinary shares of SGD1.00 each and paid-up share capital of SGD2.00, comprising 2 ordinary shares of SGD1.00 each.

GDS has not commenced operations as of the end of the financial year.

- (b) On 15 December 2005, GD Express Sdn. Bhd., a wholly-owned subsidiary company acquired the entire equity interest in GD Materials Distribution Sdn.Bhd. ("GDM"), a company incorporated in Malaysia for a cash consideration of RM2.

GDM has not commenced operations as of the end of the financial year.

- (c) In prior financial year, the Company announced a proposed private placement of up to 25,718,604 new ordinary shares of RM0.10 each in the Company (as the proposed bonus issue of up to 51,437,208 new ordinary shares of RM0.10 each has been implemented on 8 May 2006), representing 10% of the issued and paid-up share capital of the Company at an issue price to be determined and announced later.

In the current financial year, the proposed bonus issue has been implemented. The proposed private placement, which has not been implemented, is subject to the approvals of the relevant authorities.

23. CONTINGENT LIABILITY - UNSECURED

As of 30 June 2006, the Group and the Company have the following contingent liabilities:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Corporate guarantee given to a bank for hire purchase facility granted to a subsidiary company	–	–	2,000,000	–
Corporate guarantee given to a supplier for credit facility granted to a subsidiary company	–	–	500,000	–
Legal claims in respect of litigations filed by former business partners	1,045,000	966,000	–	–
	1,045,000	966,000	2,500,000	–

The Directors of the Company, after consultation with the lawyers, are of the view that the potential liabilities in respect of the abovementioned legal claims are not probable of realisation and, accordingly, the amounts have not been provided for in the financial statements.

24. SUBSEQUENT EVENT

On 29 August 2006, the Company entered into a Sale and Purchase Agreement with Lembaga Tabung Haji to acquire a piece of leasehold land measuring approximately 5,752 square metres in the district of Petaling Jaya, Selangor together with a building erected thereon for a total cash consideration of RM5,500,000.

25. RECLASSIFICATION OF COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation. Accordingly, the following accounts in the previous year have been restated.

	As previously reported RM	Reclassifications RM	As restated RM
Other receivable - non-current portion	–	1,673,000	1,673,000
Other receivables and prepaid expenses	3,764,733	(1,673,000)	2,091,733

STATEMENT BY DIRECTORS

The directors of **GD EXPRESS CARRIER BERHAD** state that, in their opinion, the accompanying balance sheets and statements of income, cash flows and changes in equity are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable MASB approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of 30 June 2006 and of the results of their businesses and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with
a resolution of the Directors,

TEONG TECK LEAN

LEONG CHEE TONG

Kuala Lumpur,
20 October 2006

DECLARATION BY OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **LEONG CHEE TONG**, the director primarily responsible for the financial management of **GD EXPRESS CARRIER BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and statements of income, cash flows and changes in equity, are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed **LEONG CHEE TONG** at)
KUALA LUMPUR this 20th day of October 2006)

Before me,

DATO NG MANN CHEONG
COMMISSIONER FOR OATHS

ANALYSIS OF SHAREHOLDINGS

AS AT 11 OCTOBER 2006

Authorised Share Capital	: RM 50,000,000.00
Issued and Paid-Up Share Capital	: RM 25,718,603.80 comprising 257,186,038 Ordinary Shares of RM 0.10 each.
Class of Shares	: Ordinary Shares of RM 0.10 each
Voting Rights	: One (1) Vote per Shareholder on a show of hands. One (1) Vote per Ordinary Share on a poll.

DISTRIBUTION OF SHAREHOLDINGS

HOLDING	NO OF HOLDERS	%	NO OF SHARES	%
Less than 100	11	3.17	537	0.00
100 - 1,000	19	5.48	9,612	0.00
1,001 - 10,000	172	49.57	688,975	0.27
10,001 - 100,000	78	22.48	2,371,450	0.92
100,001 to less than 5% of issued shares	62	17.87	50,870,068	19.78
5% and above of issued shares	5	1.44	203,245,396	79.03
TOTAL	347	100.00	257,186,038	100.00

DIRECTORS' SHAREHOLDING

NAME OF DIRECTORS	DIRECT INTEREST		INDIRECT INTEREST	
	NO OF SHARES	%	NO OF SHARES	%
DATO' CAPT. AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID	4,050,000	1.58	2,500,000 ⁽ⁱ⁾	0.98
TEONG TECK LEAN	37,500	0.02	147,807,896 ⁽ⁱⁱ⁾	57.47
LEONG CHEE TONG	11,288,743	4.39	—	—
LAU WING TAT	21,537,500	8.37	—	—
KONG HWAI MING	9,016,950	3.51	—	—
NOLEE ASHILIN BT MOHAMMED RADZI	—	—	—	—
LIEW HENG HENG	125,000	0.05	—	—

- i. Deemed interest by virtue of his substantial shareholdings in Essem Capital Sdn. Bhd.
 ii. Deemed interest by virtue of his substantial shareholdings in GD Express Holdings (M) Sdn Bhd (94,057,896 ordinary shares) and GD Holdings International Limited (53,750,000 ordinary shares).

SUBSTANTIAL SHAREHOLDERS (5% and above)

NAME OF SHAREHOLDERS	DIRECT INTEREST		INDIRECT INTEREST	
	NO OF SHARES	%	NO OF SHARES	%
TEONG TECK LEAN	37,500	0.02	147,807,896 ⁽ⁱ⁾	57.47
GD EXPRESS HOLDINGS (M) SDN BHD	94,057,896	36.57	—	—
GD HOLDINGS INTERNATIONAL LIMITED	53,750,000	20.90	—	—
LAU WING TAT	21,537,500	8.37	—	—

- i. Deemed interest by virtue of his substantial shareholdings in GD Express Holdings (M) Sdn Bhd (94,057,896 ordinary shares) and GD Holdings International Limited (53,750,000 ordinary shares).

TOP THIRTY (30) SHAREHOLDERS

NO	NAMES	SHARES	%
1	GD EXPRESS HOLDINGS (M) SDN BHD	65,112,346	25.32
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD (Exempt An For Merrill Lynch Pierce Fenner & Smith Incorporated)	33,900,000	13.18
3	BUMIPUTRA-COMMERCE NOMINEES (TEMPATAN) SDN BHD (Teong Teck Lean For GD Express Holdings (M) Sdn Bhd)	28,945,550	11.25
4	LAU WING TAT	21,537,500	8.37
5	GD HOLDINGS INTERNATIONAL LIMITED	19,850,000	7.72
6	OSK NOMINEES (TEMPATAN) SDN BHD (Kwok Nguk Mooi)	8,828,500	3.43
7	LEONG CHEE TONG	8,211,327	3.19
8	KONG HWAI MING	6,250,000	2.43
9	DING MEI SIANG	5,800,000	2.26
10	AGNES CHAN WAI CHING	4,452,825	1.73
11	AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID	4,050,000	1.57
12	OSK NOMINEES (ASING) SDN BHD (Cheng Kwee Kiang)	3,750,000	1.46
13	LOI SIEW HOONG	3,650,000	1.42
14	BUMIPUTRA-COMMERCE NOMINEES (ASING) SDN BHD (Pledged Securities Account For Leong Chee Tong)	3,077,416	1.20
15	HDM NOMINEES (ASING) SDN BHD (Philip Securities Pte Ltd For Kong Hwai Ming)	2,766,950	1.08
16	MARDIANA BT MOHAMED ZAIN	2,625,000	1.02
17	ESSEM CAPITAL SDN BHD	2,500,000	0.97
18	YAP KIAN PENG	1,873,750	0.73

19	HDM NOMINEES (ASING) SDN BHD (Philip Securities Pte Ltd For Lau Chen Hong)	1,792,500	0.70
20	CHIA PHAY CHENG	1,778,750	0.69
21	HDM NOMINEES (ASING) SDN BHD (DBS Vickers Secs (S) Pte Ltd Tan Piak Hwee Anthony)	1,674,625	0.65
22	HDM NOMINEES (ASING) SDN BHD (UOB Kay Hian Pte Ltd For Leow Gek Yan)	1,562,500	0.61
23	HDM NOMINEES (ASING) SDN BHD (UOB Kay Hian Pte Ltd For Soong Siew Li)	1,324,375	0.51
24	MA YUK PING WINNIE	1,231,250	0.48
25	CHAN MOON FOOK	1,087,500	0.42
26	CITIGROUP NOMINEES (ASING) SDN BHD (Exempt An For Merrill Lynch Pierce Fenner & Smith Incorporated)	1,055,375	0.41
27	CHAN KOH KHI	1,000,875	0.39
28	CITIGROUP NOMINEES (ASING) SDN BHD (CBHK PBGHK For Cheng Kwee Kiang)	964,100	0.37
29	HSBC NOMINEES (ASING) SDN BHD (Exempt An For Coutts Bank Von Ernst Ltd)	875,000	0.34
30	CHIN CHEE SUE	750,000	0.29

GROUP PROPERTY PARTICULARS

Listed below are the particulars of the property referred to in Note 9 to the Financial Statements.

No	Location of Property	Description / Existing Use	Approximate Land Area (sq. ft.)	Tenure	Approximate Age of Building (years)	Net Book Value as at 30.6.2006	Date of Acquisition
1)	21, Jalan Tandang 46050 Petaling Jaya Selangor DE	Land with temporary structures / Workshop	29,757	99 Years Lease Expiring 6 Nov 2057	41 years	2,509,378	17 Nov 2003

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Third Annual General Meeting of the Company will be held at Bukit Kiara Resort Berhad, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 11 December 2006 at 2.30 p.m for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2006 and the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors' fees in respect of the financial year ended 30 June 2006. **• Resolution 1**
3. To re-elect the following Directors who retire pursuant to Article 104 of the Company's Articles of Association:-
 - i) Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid **• Resolution 2**
 - ii) Cik Nolee Ashilin binti Mohammed Radzi **• Resolution 3**
4. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **• Resolution 4**
5. As Special Business:-

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:-

 - A) Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965 **• Resolution 5**

"THAT subject always to the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued capital of the Company at the time of issue and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares to be issued on the Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

B) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

• Resolution 6

"**THAT** the Company and its subsidiaries be and are hereby authorised to enter into recurrent related party transactions of a revenue or trading nature as specified in Section 2.3 of the Circular to Shareholders dated 20 November 2006, provided that such arrangements and/or transactions which are necessary for the Group's day-to-day operations are undertaken in the ordinary course of business, at arm's length basis, on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not detrimental to the minority shareholders of the Company

AND THAT such authority shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the said AGM, the authority is renewed; or
- (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed Shareholders' Mandate."

BY ORDER OF THE BOARD
GD EXPRESS CARRIER BERHAD

Nuruluyun binti Abdul Jabar (MIA 9113)
Woo Ying Pun (MAICSA 7001280)
Company Secretaries
20 November 2006

Notes:

1. A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or in the case of a corporation a duly authorised representative to attend and to vote in his stead.
2. When a member appoints two or more proxies, the appointments shall be invalid unless the proportion of the holding to be represented by each proxy is specified.
3. A proxy may but need not be a member of the Company and a Member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply.
4. If the appointer is a corporation, the Form of Proxy must be executed under the common seal or the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10th Floor, Wisma Havela Thakardas, 1, Jalan Tiong Nam, Off Jalan Raja Laut, 50350 Kuala Lumpur not less than 48 hours before the time set for the holding of the meeting or adjourned meeting.

Explanatory Notes On Special Business

- (a) Resolution Pursuant to the Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 5 above, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting, authority to allot and issue shares in the Company up to an aggregate amount not exceeding in total 10% of the issued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority unless revoked or varied at a General Meeting will expire at the next Annual General Meeting.

- (b) Resolution Pursuant to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 6 above, if passed, will enable the Company and its subsidiaries ("the Group") to continue entering into the specified Recurrent Related Party Transactions as set out in Section 2.3 of the Circular to Shareholders dated 20 November 2006 with the specified classes of the Related Parties mentioned therein which are necessary for the Group's day-to-day operations.

Statement Accompanying Notice of Annual General Meeting

1. Directors standing for re-election at the Third Annual General Meeting

The Directors who retire pursuant to Article 104 of the Company's Articles of Association and seeking re-election are as follows:

- | | | |
|------|---|----------------|
| (i) | Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid | (Resolution 2) |
| (ii) | Nolee Ashilin binti Mohammed Radzi | (Resolution 3) |

2. Details of Directors standing for re-election

Details of the abovementioned Directors seeking for re-election are set out in the Directors' profile on page 15 to 17 of the Annual Report.

3. Attendance of Directors at Board Meetings

Five Board meetings were held in the financial year ended 30 June 2006. Details of the attendance of Directors at the Board meetings are disclosed in the Statement on Corporate Governance on page 23 of this Annual Report.

4. Date, Time and Place of Third Annual General Meeting

The Third Annual General Meeting of the Company will be held at Bukit Kiara Resort Berhad, Jalan Bukit Kiara, off Jalan Damansara, 60000 Kuala Lumpur on Monday, 11 December 2006 at 2.30 p.m.

GD Express Carrier Berhad

(Company No: 630579-A)

(Incorporated in Malaysia)

Number of Shares Held

PROXY FORM 

*I/We _____ (Full Name in Block Letters) NRIC/
 Passport No. _____ of _____
 (Address) being a member(s) of GD Express Carrier Berhad. hereby appoint *Mr/Ms _____
 NRIC/Passport No. _____ of _____
 _____ (the next name and address should be completed where it is desired
 to appoint two/more proxies)
 *Mr/Ms _____ NRIC/PassportNo. _____ of _____

_____ or failing *him/*them, the Chairman of the Meeting as *my/our *proxy/proxies to attend and vote for *me/us
 on *my/our behalf at the Third Annual General Meeting of the Company to be held at Bukit Kiara Resort Berhad, Jalan Bukit Kiara,
 Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 11 December 2006 at 2.30 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the meeting as indicated hereunder.
 If no specific direction as to voting is given or in the event of any item arising not summarized below, *my/our *proxy/proxies may
 vote or abstain from voting at his/her discretion.

No.	Resolutions	For#	Against#
1.	To approve the payment of Directors' fees in respect of the financial year ended 30 June 2006.		
2.	To re-elect Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid.		
3.	To re-elect Cik Nolee Ashilin binti Mohammed Radzi.		
4.	To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company for the ensuing year.		
5.	To approve the authority to allot shares pursuant to Section 132D of the Companies Act, 1965.		
6.	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

Please indicate your vote "For" or "Against" with an "X" within the box provided.

* Delete if not applicable

Signed this _____ day of _____ 2006

 Signature/Common Seal of Shareholder(s)

Notes:

1. A member of the company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or in the case of a corporation a duly authorised representative to attend and to vote in his stead.
2. When a member appoints two or more proxies, the appointments shall be invalid unless the proportion of the holding to be represented by each proxy is specified.
3. A proxy may but need not be a member of the Company and a Member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply.
4. If the appointer is a corporation, the Form of Proxy must be executed under the common seal or the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10th Floor, Wisma Havela Thakardas, 1 Jalan Tiong Nam, Off Jalan Raja Laut, 50350 Kuala Lumpur not less than 48 hours before the time set for the holding of the meeting or adjourned meeting.

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The Company Secretary
GD EXPRESS CARRIER BERHAD (630579-A)
10th Floor, Wisma Havela Thakardas
No. 1, Jalan Tiong Nam
Off Jalan Raja Laut
50350 Kuala Lumpur
MALAYSIA

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Our Stations

HEADQUARTERS

Headquarters (PJ) 03-7787 6668	Kampar 05-465 9448	Malim Jaya 06-334 0131	Shah Alam 03-5122 9166	Lahad Datu 089-885 770	Lundu 082-735 637
Sales Office 03-2141 5313	Kajang 03-8737 0988	Melaka 06-281 8033	Sitiawan 05-691 0372	Sandakan 089-222 475	Lawas 085-285 369
PENINSULA MALAYSIA	Kerteh 09-826 6514	Melawati 03-6187 3059	Sungai Besi 03-9221 0193	Tawau 089-774 173	Limbang 085-212 521
Alor Gajah 06-556 3088	Kemaman 09-858 3091	Mentakab 09-277 2100	Subang Jaya 03-5631 0688	Papar/Sipitang/ Beaufort/ K.Penyu 019-851 1775	Marudi 085-756 693
Alor Setar 04-734 9636	Klang 03-3341 1708	Mersing 07-799 6868	Sungai Buloh 03-7846 1226	Ranau 019-802 2788	Miri 085-434 148
Batu Pahat 07-434 6033	Kluang 07-774 3362	Muar 06-953 9337	Tangkak 06-978 5018	SARAWAK	Mukah 084-872 679
Bentong 09-223 5099	Kota Bharu 09-743 1800 09-743 2800	Parit Buntar 05-717 4494	Tampin 06-441 8548	Bau 082-763 639	Sarikei 084-654 108
Butterworth 04-398 3930	Kota Tinggi 07-882 5578	Pekan 09-422 7373	Taiping 05-805 2401	Betong 083-472 789	Saratok 083-436 003
Cameron Highland 05-481 5861	Kuantan 09-567 2033	Penang 04-227 9358	Tanjung Malim 05-459 9210	Bintulu 086-318 871	Serian 082-874 589
Dungun 09-848 1243	Kuala Terengganu 09-620 3006	Port Klang 03-3323 6063	Teluk intan 05-623 4635	Bintagor 084-693 497	Sri Aman 083-327 288
Gemas 07-948 1266	Kuala Krai 09-966 3546	Puchong 03-5882 2460 03-5882 2461	SABAH	Dalat 084-864 250	Sibu 084-218 063
Gua Musang 09-912 2046	Kuala Lipis 09-312 2697	Sabak Bernam 013-209 2280	Keningau 087-336 631	Daro 084-832 221	Song 084-777 261
Ipoh 05-241 6678	Kuala Selangor 03-3289 4727	Segamat 07-932 8033	Kudat 088-611 490	Kanowit 084-752 306	Tebedu 082-797 155
Jerteh 09-697 8734	Langkawi 04-966 0160	Senai 07-663 8578	Kota Belud 088-977 126	Kapit 084-796 707	LABUAN
Johor Bahru 07-333 5578	Machang 013-957 9757	Seremban 06-767 0121	Kota Marudu 088-661 619	Kuching 082-232 306	Labuan 087-425 880
Johor Bahru 07-221 5578	Maran 019-926 9683	Sg. Petani 04-421 5580	Kota Kinabalu 088-259 953		

Our Partners' Addresses

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