



GD Express Carrier Berhad

(Company No. 630579-A)

(Incorporated in Malaysia under the Companies Act, 1965)

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the Second Quarter ended 31 December 2010

| | Individual Quarter 3 Months Ended | | Cumulative Quarter 6 Months Ended | |
|---|--|---|---|---|
| | Current Financial Year Second Quarter Ended 31.12.2010 (RM'000) | Preceding Financial Year To Date Ended 31.12.2009 (RM'000) | Current Financial Year To Date Ended 31.12.2010 (RM'000) | Preceding Financial Year To Date Ended 31.12.2009 (RM'000) |
| 1. Revenue | 23,332 | 20,219 | 44,656 | 39,958 |
| 2. Operating expenses | (21,084) | (18,392) | (40,690) | (36,685) |
| 3. Other operating income | 108 | 50 | 228 | 271 |
| 4. Profit from operations | 2,356 | 1,877 | 4,194 | 3,544 |
| 5. Finance costs | (254) | (120) | (356) | (247) |
| 6. Profit before tax | 2,102 | 1,757 | 3,838 | 3,297 |
| 7. Taxation | (486) | (499) | (981) | (946) |
| 8. Profit after tax | 1,616 | 1,258 | 2,857 | 2,351 |
| 9. Net profit for the period | 1,616 | 1,258 | 2,857 | 2,351 |
| 10. Foreign currency translation differences for foreign operation | (17) | - | (31) | - |
| 11. Total comprehensive income for the period | 1,599 | 1,258 | 2,826 | 2,351 |
| 12. Profit attributable to shareholders of the company | 1,616 | 1,258 | 2,857 | 2,351 |
| 13. Earnings per share : | | | | |
| (a) Basic EPS (based on 257,186,038 stock units) (sen) | 0.63 | 0.49 | 1.11 | 0.91 |
| (b) Fully diluted EPS (sen) | N/A | N/A | N/A | N/A |

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.



Unaudited Condensed Consolidated Statement of Financial Position
As at 31 December 2010

| | Unaudited As At End Of Current Quarter 31.12.2010 (RM'000) | Audited As At Preceding Financial Year Ended 30.06.2010 (RM'000) |
|---|---|---|
| Assets | | |
| Non-current assets | | |
| Property, plant and equipment | 43,116 | 21,414 |
| Intangible assets –Goodwill | 137 | 137 |
| Deferred tax assets | 31 | 31 |
| | 43,284 | 21,582 |
| Current assets | | |
| Inventories | 262 | 372 |
| Trade and other receivables | 24,802 | 23,629 |
| Deposits with licensed banks | 5,255 | 7,869 |
| Cash and bank balances | 2,705 | 3,953 |
| | 33,024 | 35,823 |
| Current liabilities | | |
| Trade and other payables | 8,332 | 7,225 |
| Hire-purchase payables - current portion | 1,693 | 2,069 |
| Term loans (secured) - current portion | 2,024 | 303 |
| Provision for taxation | 1,312 | 1,027 |
| | 13,361 | 10,624 |
| Net current assets | 19,663 | 25,199 |
| | 62,947 | 46,781 |
| Financed by: | | |
| Capital and reserves | | |
| Share capital | 25,719 | 25,719 |
| Share premium | 618 | 618 |
| Revaluation reserve | 409 | 409 |
| Translation reserve | (12) | 2 |
| Retained earnings | 15,908 | 15,639 |
| Shareholders' funds | 42,642 | 42,387 |
| Non-Current Liabilities | | |
| Provision for retirement benefits | 73 | 73 |
| Hire-purchase payables | 1,648 | 1,359 |
| Term loans (secured) | 18,244 | 2,622 |
| Deferred tax liabilities | 340 | 340 |
| Total Non-current liabilities | 20,305 | 4,394 |
| | 62,947 | 46,781 |
| Net Assets per share attributable to owners of the company (RM) | 0.17 | 0.16 |

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.



Unaudited Condensed Consolidated Statement of Cash Flows

For the Six Months period ended 31 December 2010

| | 6 months ended 31.12.2010 (RM'000) | 6 months ended 31.12.2009 (RM'000) |
|--|--|--|
| Cash flows from operating activities | | |
| Profit for the period | 2,857 | 2,351 |
| Adjustments for non-cash items | 3,158 | 4,106 |
| Operating profit before changes in working capital (Increase)/Decrease in working capital | 6,015 | 6,457 |
| Inventories | 110 | 62 |
| Receivables, deposits and prepayment | (1,173) | (1,859) |
| Payables and accruals | 1,107 | 1,317 |
| Cash generated from operations | 6,059 | 5,977 |
| Income tax paid | (1,296) | (772) |
| Net cash from operating activities | 4,763 | 5,205 |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (24,860) | (600) |
| Deposit for acquisition of property | 2,164 | (2,080) |
| Proceeds from disposal of property, plant and equipment | 57 | 183 |
| Interest received | 111 | 119 |
| Net cash used in investing activities | (22,528) | (2,378) |
| Cash flows from financing activities | | |
| Term loan facilities drawdown | 17,680 | - |
| Dividends paid to shareholders of the Company | (2,571) | - |
| Repayment of term loans and Islamic bank facilities | (337) | (167) |
| Payment of hire purchase payables | (519) | (1,756) |
| Finance costs paid | (356) | (247) |
| Net cash used in financing activities | 13,897 | (2,170) |
| Net change in cash and cash equivalents | (3,868) | 657 |
| Effect of exchange difference | 6 | (11) |
| Cash and cash equivalents at beginning of year | 11,161 | 10,677 |
| Cash and cash equivalents at end of period | 7,299 | 11,323 |

The Unaudited Condensed Consolidated Statement Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.



Unaudited Condensed Consolidated Statement of Changes in Equity
For the Second Quarter ended 31 December 2010

| | < ----- Attributable to Equity Holders of the Parent ----- > | | | | | |
|--------------------------------|--|------------------------------|------------------------------------|------------------------------------|----------------------------------|-----------------------------|
| | Non - Distributable | | | Distributable | | |
| | Issued share capital (RM'000) | Share premium (RM'000) | Revaluation reserve (RM'000) | Translation reserve (RM'000) | Retained earnings (RM'000) | Total Equity (RM'000) |
| Balance as at 1 July 2010 | 25,719 | 618 | 409 | 2 | 15,639 | 42,387 |
| Foreign currency translation | - | - | - | (14) | (17) | (31) |
| Net profit for the period | - | - | - | - | 2,857 | 2,857 |
| Dividends | - | - | - | - | (2,571) | (2,571) |
| Balance as at 31 December 2010 | <u>25,719</u> | <u>618</u> | <u>409</u> | <u>(12)</u> | <u>15,908</u> | <u>42,642</u> |

FOR THE YEAR ENDED 30 JUNE 2010 (AUDITED)

| | | | | | | |
|---|---------------|------------|------------|----------|---------------|---------------|
| Balance as at 1 July 2009 | 25,719 | 618 | 418 | (56) | 12,247 | 38,946 |
| Foreign currency translation | - | - | - | 58 | - | 58 |
| Deferred tax liabilities arising from revaluation of building | - | - | 3 | - | - | 3 |
| Transfer to retained earnings | - | - | (12) | - | 12 | - |
| Net profit for the year | - | - | - | - | 5,952 | 5,952 |
| Dividends | - | - | - | - | (2,572) | (2,572) |
| Balance as at 30 June 2010 | <u>25,719</u> | <u>618</u> | <u>409</u> | <u>2</u> | <u>15,639</u> | <u>42,387</u> |

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements



Notes:

1. Basis of Preparation

The interim financial report has been prepared in accordance with the requirements of Financial Reporting Standards ("FRS") 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Group's annual audited financial statements for the year ended 30 June 2010.

2. Significant Accounting Policies

Except as described below, the accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2010.

On 1 July 2010, the Group adopted the following FRS:-

Amendments to FRS 117, Leases (*effective for annual periods beginning on or after 1 January 2010*)

The amendments to FRS 117 clarify the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease.

The Group has reassessed and determined that all leasehold land are in substance finance lease and will be reclassified to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions and has no effect on reported profit equity. This change in accounting policy will result in reclassification of the carrying amount of lease of land amounting to RM13,601,000 as at 30 June 2010 from prepaid lease payments to property, plant and equipment. The following comparative figures have been restated following the adoption of the amendments to FRS117 :

| Group | As reported 30 June 2010 RM'000 | Adoption of FRS117 RM'000 | As restated RM'000 |
|-------------------------------|---------------------------------------|------------------------------|-----------------------|
| Property, plant and equipment | 14,403 | 7,010 | 21,413 |
| Prepaid lease payment | 7,010 | (7,010) | - |



3. Audit Report on Preceding Annual Financial Statements

The Group annual financial statements for the year ended 30 June 2010 were not qualified.

4. Seasonal or Cyclical Factors

The business operations of the Group are generally affected by lower deliveries during the month with numerous public and festive holidays.

5. Exceptional Items

There were no exceptional items for the current financial quarter under review except for the effects arising from the adoption of FRS 117 as disclosed in Note 2.

6. Changes in Estimates

There were no changes in estimates that have had any material effect on current financial quarter under review.

7. Changes in Share Capital

There were no issuance and repayment of debt or any movement in the share capital for the current financial quarter under review.

8. Dividend Paid

| | 6 Months Ended 31 December | |
|-----------------------------------|-------------------------------|----------------|
| | 2010 RM'000 | 2009 RM'000 |
| Final Dividend Paid | | |
| 2010 - 1 sen per share tax exempt | 2,572 | - |
| 2009 - 1 sen per share tax exempt | - | 2,572 |

9. Segmental Reporting

The Group operates predominantly in Malaysia and Singapore and is principally involved in the provision of express delivery and customised logistics solutions services. The segmental revenue, results and total assets for the financial period ended 31 December 2010 are tabulated below:



Geographical segments

| | Malaysia (RM'000) | Singapore (RM'000) | Elimination (RM'000) | Total (RM'000) |
|---|----------------------|-----------------------|-------------------------|-------------------|
| <u>Revenue</u> | | | | |
| External sales | 24,829 | 544 | (2,041) | 23,332 |
| Inter-segment sales | (1,776) | (265) | 2,041 | - |
| External sales | 23,053 | 279 | - | 23,332 |
| <u>Results</u> | | | | |
| Profit/(Loss) from operations | 2,352 | 4 | - | 2,356 |
| Finance costs | (248) | (6) | - | (254) |
| Profit/(Loss) before tax | 2,104 | (2) | - | 2,102 |
| <u>Total assets</u> | | | | |
| Segment assets/ Consolidated total assets | 77,227 | 1,652 | - | 78,879 |

10. Property, Plant and Equipment Valuation

There were no changes in the valuation of property, plant and equipment for the current financial quarter under review.

11. Events Subsequent to the End of the Period

Between the end of the second quarter and the date of this announcement, there has not been any item, transaction or event of a material and unusual nature which, in the opinion of the Directors is likely to affect substantially the results of the operations of the Group for the quarter ended 31 December 2010.

12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial quarter under review including business combination, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations except for the following:-

On 28 September 2010, the Company announced that the Company acquired 2 ordinary shares of S\$1.00 each representing the entire equity interest in the capital of GDEX Regional Alliance Pte Ltd for a total cash consideration of S\$2.00.

13. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets as at the date of this report.

14. Capital Commitments

All capital commitments undertaken have been included in the financial statements for the quarter under review.



15. Significant Related Party Transactions

- a) GDEX's relationship with the interested related parties:
- (i) Mr Teong Teck Lean is a common director and substantial shareholder in GDEX and GD Private Limited; and
 - (ii) Mr Leong Chee Tong is a common director in GDEX and GD Private Limited.
- b) The related party transactions between the GDEX Group and the interested related parties are as follows:

| | Current Quarter Ended 31 December 2010 (RM'000) | Cumulative Current Quarter Ended 31 December 2010 (RM'000) |
|--|--|---|
| <u>GD Private Limited</u> | | |
| GD Technosystem Sdn Bhd - Software update and maintenance | 74 | 148 |
| GD Express - Software training | 146 | 292 |

16. Review of Performance

Performance for the quarter ended 31 December 2010 versus the same quarter in 2009

Group revenue for the second quarter ended 31 December 2010 increased by RM3.11 million or 15.4% compared to the corresponding quarter in the previous financial year.

Group profit before tax for the same quarter was higher at RM0.35 million or 19.8% compared to RM1.76 million in the corresponding quarter of the financial year 2010.

Performance for the 6 months ended 31 December 2010 versus the same period in 2009

For the 6 months ended 31 December 2010, Group revenue increased by 11.8% to RM44.66 million from RM39.96million in the corresponding period of the previous financial year.

Profit before tax for the Group was higher by RM0.54 million or 16.5% compared to the corresponding period in the previous financial year.

This favourable performance is largely due to the higher demand for logistics services in the market, triggered by the continued improvement of Malaysian economy.



17. Comparison of Results with Preceding Quarter

Group revenue for the quarter under review was higher by RM2.01 million or 9.4% compared to 21.3 million recorded for the preceding quarter.

Profit before tax for the Group for the same quarter was higher by RM0.37 million or 21.3% compared to the preceding quarter.

This favourable performance is due to the higher demand for logistics services in the market, triggered by the continued improvement of Malaysian economy.

18. Prospects

The Group expects the domestic economy to remain healthy. Whilst competition is expected to remain intense, the Group will continue to focus in strengthening its service quality, increasing handling capacity and streamlining process flow to drive operational efficiencies to ensure the long term sustainability of the Group.

Barring unforeseen circumstances, the Board is of the opinion that the Group's prospects will remain positive in the ensuing year.

19. Variance from Profit Forecast

No profit forecast was issued during the financial quarter under review.

20. Taxation

Taxation in respect of the current financial period comprises the following:

| | Current Year Quarter 31/12/2010 RM'000 | Current Year To date 31/12/2010 RM'000 |
|-------------------|---|---|
| Taxation | 486 | 981 |
| Deferred taxation | - | - |

The Group's effective tax rate for the current financial quarter under review is in line with the statutory tax rate.



21. Sale of Unquoted Investments and/or Properties

There were no sales of unquoted investments or properties for the current financial quarter under review.

22. Quoted Securities

There were no purchases or disposal of quoted securities for the current financial quarter under review.

23. Status of Corporate Proposals

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

- (a) On 8 January 2009, the Company entered into a Memorandum of Understanding (“MOU”) with Entrepise Des Postes Lao (“EPL”) to conduct a feasibility study on express delivery services in Laos as well as the existing operation mode, system and procedure adopted by EPL to enter into a strategic partner relationship, to develop international and domestic express delivery services under shared brands for the Laos market. Upon completion of the feasibility study, the Group has decided to defer the plan to expand to Laos for the time being until there are changes in the operating environment there.
- (b) On 22 December 2009, OSK Investment Bank Berhad (“OSK”) had, on behalf of the Board of Directors of GDEX (“Board”), announced that GD Facilities, a wholly-owned subsidiary of the Company, had on the same day entered into a sale and purchase agreement with Abric Properties Sdn Bhd (“Abric Properties”) for the proposed acquisition of a parcel of land held under Pajakan Negeri No. Hakmilik 10316, Lot 80, Section 20, Town of Petaling Jaya, District of Petaling, State of Selangor Darul Ehsan together with a building consisting of office, factory and warehouse erected thereon, for a cash consideration of RM20,800,000 (“Proposed Acquisition”) (“Principal SPA”).

This transaction has been duly completed on 30 September 2010.

- (c) On 10 November 2010, Hong Leong Investment Bank Berhad (“HLIB”) had, on behalf of the Board announced that the Company proposed to undertake the following :-
 - (i) Proposed issue of 51,437,207 free warrants in GDEX (“Free Warrants”) on the basis of 1 Free Warrant for every 5 ordinary shares of RM0.10 each in GDEX (“GDEX Shares”) held by the shareholders of the Company (“Proposed Free Warrants Issue”), and
 - (ii) Proposed special Bumiputera issue of up to 36,740,863 new GDEX Shares (“Special Issue Shares”), representing 12.5% of the enlarged issued and paid-up share capital of the Company, to Bumiputera investors to be identified and / or approved by the Ministry of International Trade and Industry (“MITI”) (“Proposed Special Bumiputera Issue”).

The Proposed Free Warrants Issue has been listed and completed on 8 February 2011.

With regard to the Proposed Special Bumiputera Issue, approvals have been obtained from the shareholders and Bursa Malaysia Securities Berhad. On 10 February 2011, HLIB on behalf of the Company has submitted the applications to Ministry of International Trade and Industry and Securities Commission (Equity Compliance) and pending for approval currently.



24. Group Borrowings and Debt Securities

The Group borrowings consist of the following:

| | (S\$'000) | (RM'000) |
|---|-----------|----------|
| Short term borrowings (secured): | | |
| Denominated in Ringgit Malaysia | | |
| Hire purchase payables | | 1,552 |
| Term loans | | 752 |
| Denominated in Singapore Dollar | | |
| Hire purchase payables | 59 | 141 |
| Long- term borrowings (secured): | | |
| Denominated in Ringgit Malaysia | | |
| Hire purchase payables | | 1,384 |
| Term loans | | 19,516 |
| Denominated in Singapore Dollar | | |
| Hire purchase payables | 110 | 264 |
| Total borrowings | 169 | 23,609 |

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

25. Financial Instruments

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

26. Material Litigation

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

T&T ("Plaintiff") vs GD Express ("Defendant")

On 14 September 2005, T&T, a former business agent of GD Express commenced legal proceedings against GD Express for disputes on the amount owing for services rendered in the course of courier business. Based on GD Express' record, T&T has double claimed for certain transactions and was also reluctant to compensate for shipment lost in their possession. The total amount claimed by T&T was RM181,000. However, GD Express had made a payment to the Kuching Session Court for RM98,000 which has been paid out to the Plaintiff. On 31 December 2009, Kuching Sessions Court has passed a judgment against GD Express to pay an additional judgment sum of RM61,949 to the Plaintiff and to refund franchise fees with interest of 8% interest per annum on the abovementioned judgment sum and franchisee fees calculated from the judgment date until full and final settlement of the said sum and fees. In addition, GD Express has to bear the Plaintiff's costs in relation to this trial which will be assessed at a later date.

On 27 April 2010, Kuching High Court had allowed the appeal made by GD Express and ordered that Kuching Session Court judgment which was passed on 31 December 2009 for the additional sum and



franchise fees amounting to RM61,949.26 and RM40,000 respectively, be set aside with costs to be in favour of GD Express, being the Defendant. Subsequently, T&T has filed an appeal to the Court of Appeal in Putrajaya on 27 May 2010 and the Court of Appeal had granted leave to appeal to T&T and T&T had filed in the Notice of Appeal on 22 October 2010 and the Record of Appeal after that. This case is pending for the Court of Appeal to give a hearing date for the Appeal currently.

The Directors of GDEX, in consultation with GDEX's solicitors, are of the view that GDEX has a good defense against the abovementioned legal claim.

27. Dividend

On 29 December 2010, the Company had declared and paid a final single tier dividend of 10% or 1 sen per share amounting to RM2,571,860 (2009: RM2,571,860) for the financial year ended 30 June 2010.

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

28. Earnings Per Share

i. Basic

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

| | Current Quarter 31.12.2010 (RM'000) | Current Year To Date 31.12.2010 (RM'000) |
|---|--|---|
| Net profit attributable to ordinary shareholders | 2,102 | 3,838 |
| Weighted average number of ordinary share of RM0.10 each in issue (units) | 257,186,038 | 257,186,038 |
| Basic earnings per share (sen) | <u>0.63</u> | <u>1.11</u> |

ii. Diluted

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

By Order of the Board

Wong Wei Fong (MAICSA 7006751)

Lim Lee Kuan (MAICSA 7017753)

Secretaries

Date : 16 February 2011