

11 RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST**11.1 RELATED-PARTY TRANSACTIONS WITH DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

There have been no related party transactions or arrangements between the GDEX Group and its shareholders and/or Directors of the GDEX Group within the two (2) years preceding the date of this Prospectus save for the following transactions:-

- i. GDH and GDSB entered into an agreement dated 23 June 2003 for the sale and purchase of all the shares in GDV on as it is basis, for a purchase consideration of RM100. GDSB is a wholly owned subsidiary of GDH.
- ii. GDX and GDH entered into the Enterprise Licence Agreement dated 8 July 2003 whereby GDH was granted the exclusive license ("Enterprise Licence") to the IT Software System under the description, numbers and modules set out in the Agreement in Malaysia. This Agreement is to be construed in accordance with and governed by the laws of the Republic of Singapore and it is not required to be stamped pursuant to the Singaporean law. Teong Teck Lean and Leong Chee Tong were directors and substantial shareholders of GDX and GDH at the time the agreement was entered into.
- iii. GDX, GDH and GD (BVI) entered into the Novation Agreement dated 29 October 2003. Pursuant to the Agreement, GDH transferred to GD (BVI) all its rights, title and interests under the Enterprise License and GD (BVI) assumed all obligations and liabilities of, and all claims against, GDH under the Enterprise Licence. This Agreement is to be construed in accordance with and governed by the laws of the Republic of Singapore and it is not required to be stamped pursuant to the Singaporean law. Teong Teck Lean and Leong Chee Tong were directors and substantial shareholders of GDX and GDH at the time the agreement was entered into. Teong Teck Lean, Leong Chee Tong and Lau Wing Tat were directors of GD (BVI) when the agreement was entered into.
- iv. GDX and GDSB entered into the IT Software System Training Agreement dated 21 November 2003. GDX will provide the relevant training to the employees of GDSB at a monthly training charge of RM12,000 per month for an initial period of 2 years from the commencement date. The Agreement is valid for an initial period of 2 years and the parties may renew this Agreement from year to year for another 2 years subject to increase or decrease of the training charges as set out in the Agreement. Teong Teck Lean and Leong Chee Tong were substantial shareholders and directors of GDX and directors of GDSB when the agreement was entered into.
- v. GDX and GDTech entered into the IT Software System Update and Maintenance Agreement dated 21 November 2003. In consideration of the monthly payment of RM6,000 per month for an initial period of 2 years from the commencement date, GDX agreed that it will provide any modifications, enhancements, bug fixes, patch releases, updates, upgrades and/or improvements to the IT Software System and any maintenance services in relation to the IT Software System for the benefit of GDTech. The parties may renew this Agreement from year to year for another 2 years subject to increase or decrease of the maintenance charges as set out in the Agreement. Teong Teck Lean and Leong Chee Tong were substantial shareholders and directors of GDX and directors of GDTech when the agreement was entered into.
- vi. GDSB and GDH entered into a Licence Agreement for Use of Content dated 8 February 2005. Pursuant to the Deed, GDSB will deliver the information essential to the updating, enhancing the IT Software System to GDH or its nominee so that GDH or its nominee can forward the information for GDX to update and/enhance the IT Software System.

11. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (CONTINUED)

- vii. GDSB and GDTech entered into a Licence Agreement for Software dated 10 March 2005. Pursuant to the Agreement, GDTech will lease the IT Software System to GDSB for the consideration of RM864,000 per year until this license is terminated pursuant to the terms of the Agreement. GDTech and GDSB are both subsidiaries of GDEX.

Save as disclosed above, there is no other transaction, existing or potential, entered or to be entered by GDEX or its subsidiaries, which involve the interest, direct or indirect, of the Directors, substantial shareholders of GDEX and/or persons connected to them or key management and technical personnel of the Group.

There was no transaction that was unusual in its nature or condition, involving goods, services, or tangible or intangible assets, to which GDEX or any of its subsidiaries or substantial shareholders was a party in respect of the FYE 30 June 2004 and the four (4)-month period ended 31 October 2004.

There is no amount of outstanding loan including guarantees of any kind that has been made by GDEX or any of its subsidiaries, to or for the benefit of any Director, substantial shareholder of GDEX and/or persons connected with such Director or substantial shareholder as defined under Section 122A of the Act, as at the Latest Practicable Date.

11.2 INTEREST IN A SIMILAR TRADE

Save as disclosed below, none of the Directors and substantial shareholders of GDEX has any interest, direct or indirect, in any business carrying on a similar trade as that of GDEX or its subsidiaries.

- (i) Teong Teck Lean and Leong Chee Tong are passive shareholders and Directors of the following companies:
- i. GD Private Limited, a private company incorporated in Singapore, which is involved in the provision of IT services; and
 - ii. GD Solutions Sdn Bhd, a private company incorporated in Malaysia, which is involved in the provision of IT services.

11.3 INTERESTS IN MATERIAL ASSETS ACQUIRED, DISPOSED OF OR LEASED

Save as disclosed below, none of the Directors and substantial shareholders of GDEX has any interest, direct or indirect, in any promotion of, or in, any material asset, within the two (2) years preceding the date of this Prospectus, acquired by, disposed of, or leased to GDEX or any of its subsidiaries, or is proposed to be acquired by, disposed of or leased to GDEX or any of its subsidiaries:-

- i. GDEX had on 21 November 2003 entered into a conditional sale and purchase agreement with GDH to acquire the followings:
 - (a) 17,300,000 ordinary shares of RM1.00 each, representing the entire issued and paid up capital in GDSB at a purchase consideration of RM12,774,781 or RM0.74 per share. The purchase consideration was fully satisfied by the issuance of 12,774,781 new GDEX shares at par of RM1.00 each to GDH ("Acquisition of GDSB"); and
 - (b) 100 ordinary shares of RM1.00 each, representing the entire issued and paid up capital in GDTech at a purchase consideration of RM100 or RM1 per share. The purchase consideration was fully satisfied by the issuance of 100 new GDEX Shares at par of RM1.00 each to GDH ("Acquisition of GDTech")

11. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (CONTINUED)

The directors and substantial shareholders of GDH, namely Teong Teck Lean, Leong Chee Tong, Dato' Ahmad Sufian @ Qurnain bin Abdul Rashid and Lau Wing Tat are also the Directors and/or substantial shareholders of GDEX.

- ii. GDEX had on 21 November 2003 entered into a conditional sale and purchase agreement with GD (BVI) to acquire the customised IT Software System (constructed in modular forms, which connect the entire operational and business functions through network and server) at a purchase consideration of RM4,300,000. The purchase consideration was fully satisfied by the issuance of 4,300,000 new GDEX shares at par value of RM1.00 each to GD (BVI) (Acquisition of IT Software System)

The substantial shareholder of GDEX, namely GDH is also the substantial shareholder of GD (BVI).

The Acquisitions were completed on 8 February 2005.

11.4 DECLARATION ON CONFLICT OF INTEREST OF ADVISERS

OSK hereby confirms that there are no existing or potential conflicts of interest in its capacity as Adviser, Sponsor, Underwriter and Placement Agent for the Listing.

Messrs. Howarth has given its confirmation that there are no existing or potential conflicts of interest in its capacity as Expert for the Listing.

Messrs. Cheang & Ariff has given its confirmation that there are no existing or potential conflicts of interest in its capacity as the Solicitor for the Listing.

Messrs. Deloitte KassimChan has given its confirmation that there are no existing or potential conflicts of interest in its capacity as the Reporting Accountants for the Listing.

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12 FINANCIAL INFORMATION**12.1 HISTORICAL FINANCIAL INFORMATION****12.1.1 Proforma Consolidated income statement of the GDEX Group**

The table below sets out a summary of the audited proforma consolidated income statements of the Group for the past five (5) financial years ended 30 June 2004 and the four (4)-month period ended 31 October 2004, reproduced from the Accountants' Report enclosed in Section 13 of this Prospectus and based on the assumption that the structure of the Group had been in existence throughout the period under review:-

	<-----Financial Year Ended 30 June----->					4 month Financial Period Ended 31 October 2004
	2000	2001	2002	2003	2004	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover:	8,606	10,639	13,284	20,826	29,473	12,182
(Loss)/Profit before depreciation, interest expense and tax	(735)	209	(1,086)	2,104	4,064	1,432
Less:						
Depreciation	(421)	(599)	(717)	(915)	(1,219)	(575)
Interest expense	(168)	(123)	(105)	(151)	(157)	(71)
(Loss)/Profit before tax	(1,324)	(513)	(1,908)	1,038	2,688	786
Income tax credit/(expense)	129	219	554	(390)	(1,085)	(236)
(Loss)/Profit after taxation	(1,195)	(294)	(1,354)	648	1,603	550
Number of ordinary shares of RM0.10 each assumed in issue* '000	170,749	170,749	170,749	170,749	170,749	170,749
Net (loss)/ earnings per ordinary share of RM0.10 each (Sen)	(0.70)	(0.17)	(0.79)	0.38	0.94	0.32
Ordinary dividends paid	-	-	-	-	-	-

Notes:

i. There were no exceptional nor extraordinary items in the financial years / periods under review, except for the allowance of doubtful debt of RM1.56 million made by GDSB for FY 2002;

* The number of ordinary shares assumed in issue throughout the financial years/period under review represents the number of ordinary shares in issue after the acquisition of GDSB, GD Tech and IT Software System by GDEX, and after the share split.

12. FINANCIAL INFORMATION (CONTINUED)**12.1.2 Auditor's Qualification**

In 2002, a "subject to" type of qualified audit opinion was issued on the financial statements of GDSB concerning the appropriateness of presenting the financial statements on the basis of accounting principles applicable to a going-concern entity as GDSB has a capital deficiency of RM1,266,354.

For the four (4)-month period ended 31 October 2004, an 'except for' type of qualified audit opinion was issued on the financial statements of GDEX, GDSB, GDV and GDTech as the companies did not present comparative statements of income, cash flows and changes in equity for the corresponding interim period. The presentation of such comparative statements is required under the Malaysian Accounting Standards Board Standard 26, Interim Financial Reporting

Except as mentioned above, the financial statements of GDEX, GDSB, GDV and GDTech for the respective years/period under review were not subject to any audit qualification.

12.1.3 Key Financial Operating Ratios

The table below sets out key financial ratios which are provided for illustrative purposes based on the audited financial statements of GDEX Group, prepared on the assumption that the structure of the Group has been in existence throughout the period under review:

	←-----Year Ended 30 June-----→					Four (4)- month period ended 31 October 2004
	2000	2001	2002	2003	2004	
Pre-tax profit/ (loss) margin (%)	(15)	(5)	(14)	5	9	6
Effective tax rate (%)	-	-	-	38	40	30
Total bank borrowings (RM)	1,113,624	958,932	956,576	1,516,208	3,041,615	3,076,133
Interest expense (RM)	167,781	123,086	105,419	150,826	156,585	71,108
Interest cover (times)	-	-	-	7.88	18.17	12.07

12.1.4 Analysis and Commentary on Financial Information

The following analysis and commentary on financial information should be read in conjunction with the financial data presented in Section 12.1.1 and 12.1.3 of this Prospectus.

GDSB is principally involved in the provision of express delivery services. GDV is principally involved in the provision of transportation services. GDTech has not commenced any business operations as of the date of Accountants' Report. We have summarised the performance of GDSB, GDV and GDTech as follows:

(a) Segmental Data

The breakdown for the proforma Group's turnover by activity for the past five (5) years ended 30 June 2004 and the four (4)-month period ended 31 October 2004 are set out below. This analysis should be read in conjunction with the Accountants' Report as set out in Section 13 of this Prospectus.

12. FINANCIAL INFORMATION (CONTINUED)**Proforma Group Turnover by Activity**

	←-----Year Ended 30 June-----→					Four (4)- month period ended 31 October 2004 RM'000
	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000	
Express Delivery Customised Logistics Solutions	8,606	10,362	12,598	17,882	23,385	9,139
	-	277	686	2,944	6,088	3,043
Total	8,606	10,639	13,284	20,826	29,473	12,182

Proforma Group Turnover by Subsidiaries

	←-----Year Ended 30 June-----→					Four (4)-month period ended 31 October 2004 RM'000
	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000	
GDSB	8,606	10,639	13,284	20,826	29,473	12,182
GDTech	-	-	-	-	-	-
GDV	-	8	196	588	934	398
	8,606	10,647	13,480	21,414	30,407	12,580
Consolidated adjustments	-	(8)	(196)	(588)	(934)	(398)
Proforma Consolidated Revenue	8,606	10,639	13,284	20,826	29,473	12,182

(b) Revenue

After the change in the management in year 2000, an effective and aggressive business strategy was formulated and implemented. This coupled with the establishment of an effective distribution network, has resulted in the substantial increase in the revenue from the year 2000 to 2004 and the four (4) months ended 31 October 2004.

New customers secured over this period include Federal Express Services (M) Sdn. Bhd., Digi Telecommunications Sdn. Bhd., Hong Leong Bank Berhad, Malaysian Assurance Alliance Berhad, OSK and OCBC Bank (Malaysia) Berhad.

(c) Profitability

The improvement in the pre-tax loss in 2001 is due mainly to the increase in revenue. However, the losses deteriorated in the year 2002 due mainly to the significant amount of allowance for doubtful debts amounting to RM1,563,329 being made.

With the continual improvement in revenue, the Group recorded a profit for the year 2003, 2004 and the four (4) months ended 31 October 2004.

(d) Effective Tax Rate

No provision for estimated current tax payable has been made for 2000, 2001 and 2002 as GDSB, GDV and GDTech incurred tax losses.

12. FINANCIAL INFORMATION (CONTINUED)

No provision for estimated current tax payable has been made by GDSB for financial year 2003, 2004 and period ended 31 October 2004 due mainly to the utilisation of unabsorbed capital allowances to offset in full the chargeable income that would otherwise be taxable. No provision for estimated current tax payable has been made by GDV and GDTech for the financial years 2003, 2004 and period 31 October 2004 due to tax losses incurred.

No provision for estimated current tax payable has been made by GDEX for the two financial periods ended 31 October 2004 due to tax losses incurred.

Income tax expense/credit during the financial period/years under review arose mainly from the recognition of deferred tax assets by GDSB in accordance with MASB Standard No 25, Income Taxes. Income tax expense/credit for the financial period/years under review incorporates the retrospective effect of the MASB Standard No 25, Income Taxes, pursuant to which the deferred tax assets for period/years under review, which were not recognised in the audited financial statements, have now been recognised by way of retrospective adjustments.

The effective tax rate of the Proforma Group for the financial years ended 2003, 2004 and period ended 31 October 2004 are higher than the statutory tax rate due mainly to certain expenses that are not deductible in determining taxable profit and no group relief is available for the losses incurred by GDEX, GDV and GDTech.

The income tax expense/ credit has been adjusted to reallocate the underprovision to the year in which it relates.

12.1.5 Directors Declaration on Financial Performance

Save as disclosed in the Prospectus, the financial conditions and operations of GDEX and its subsidiaries were not affected by any of the followings:-

- i. Known trends, demands, commitments, events or uncertainties that have had or that the Group reasonably expects to have a material favourable or unfavourable impact on the financial performance, position and operations of the GDEX Group;
- ii. Material capital expenditure commitments;
- iii. Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the Group; and
- iv. Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

12.2 WORKING CAPITAL, BORROWINGS, MATERIAL LITIGATION, MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**12.2.1 Working Capital**

The Directors of the Company are of the opinion that after taking into consideration the cash flow position including the proceeds of the Public Issue and banking facilities available, the GDEX Group will have adequate working capital for a period of twelve (12) months from the date of this Prospectus.

12. FINANCIAL INFORMATION (CONTINUED)**12.2.2 Borrowings**

As at 31 October 2004, total borrowings of the GDEX Group amounted to approximately RM 3.076 million and comprise the following:-

Outstanding borrowings	Payable within 12 months RM	Payable after 12 months RM	Total RM
<u>Interest bearing</u>			
Hire-purchase creditors	693,999	650,625	1,344,624
Leasing	42,054	4,022	46,076
Term loans	220,789	1,464,644	1,685,433
<u>Non-interest bearing</u>			
	-	-	-
Total	956,842	2,119,291	3,076,133

The GDEX Group has no foreign currency borrowings.

The GDEX Group has not defaulted on payments of either interest and/or principal sums in respect of any borrowings throughout the past one (1) financial year and the subsequent financial period thereof up to the Last Practicable Date.

12.2.3 Material Litigation

Save as disclosed in Section 16.6, as at the Latest Practicable Date, the Group is not engaged whether as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of the Group and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the Group.

12.2.4 Material Commitments

As at 31 October 2004, being the date up to which the audited financial statements were made, the Directors of GDEX are not aware of any material capital commitments contracted or known to be contracted by the GDEX Group which, upon becoming enforceable, may have a material impact on the financial position of the GDEX Group.

12.2.5 Contingent Liabilities

Save as disclosed below, as at 31 October 2004, being the date up to which the audited financial statements were made, the GDEX Group does not have any material contingent liabilities that upon materialization would have a substantial impact on the financial performance, position and operations of the GDEX Group:-

- (i) The Group is involved in a litigation filed by a former business partner for alleged failure by the Group to erect a signboard. The business partner is also claiming for loss of business due to the Group's alleged encroachment in the area of service exclusively given by the Group to the business partner and the refund of the franchise fee paid to the Group. The total amount claimed by the business partner is RM966,000.

The Directors, after consultation with the lawyers of the Group, are of the view that the potential liability is not probable of realisation and, accordingly, the amount has not been provided for in the financial statements.

Further information on the above is disclosed in Section 16.6 of this Prospectus.

12. FINANCIAL INFORMATION (CONTINUED)

12.3 FUTURE FINANCIAL INFORMATION

12.3.1 Consolidated profit forecast and the reporting accountant's letter thereon

[Prepared for inclusion in this Prospectus]

Deloitte.

5 April 2005

The Board of Directors
GD Express Carrier Berhad
No 19, Jalan Tandang
46050 Petaling Jaya
Selangor Darul Ehsan

Deloitte KassimChan (AF 0080)
Chartered Accountants
Level 19, Uptown 1
1 Jalan SS 21/58
Damansara Uptown
47400 Petaling Jaya
Malaysia

P. O. Box 10093
50704 Kuala Lumpur
Malaysia

Tel : +603 77236500, 77261833
Fax : +603 77263986, 77268986
myaaa@deloitte.com
www.deloitte.com.my

Dear Sirs,

**GD EXPRESS CARRIER BERHAD AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING 30 JUNE 2005**

We have reviewed the accounting policies and calculations for the consolidated profit forecast of GD Express Carrier Berhad ("GDEX") and its subsidiary companies acquired on 8 February 2005 ("GDEX Group"), for which the Directors are solely responsible, for the year ending 30 June 2005, as set out in the Prospectus to be dated 15 April 2005 in accordance with the Malaysian Approved Standards on Auditing, AI 810 applicable to the review of forecasts. The forecast has been prepared in connection with the listing of and quotation for the entire issued and paid-up share capital of GDEX, comprising 205,748,830 ordinary shares of RM0.10 each in GDEX on the MESDAQ Market of Bursa Malaysia Securities Berhad which include the public issue of 35,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.30 per share payable in full on application comprising:

- (a) 2,000,000 new ordinary shares of RM0.10 each available for application by the Malaysian public;
- (b) 5,000,000 new ordinary shares of RM0.10 each available for application by eligible employees and executive directors of the GDEX Group; and
- (c) 28,000,000 new ordinary shares of RM0.10 each by way of private placement to identified institutions/investors.

Our review has been undertaken to enable us to form an opinion as to whether the forecast, in all material respects, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted by GDEX and the subsidiary companies as disclosed in their latest audited financial statements. The Directors of GDEX are solely responsible for the preparation and presentation of the forecast and the assumptions on which the forecast is based.

Audit. Tax. Consulting. Financial Advisory.

Member of
Deloitte Touche Tohmatsu

12. FINANCIAL INFORMATION (CONTINUED)

Deloitte KassimChan

5 April 2005
GD Express Carrier Berhad
Page No 2

Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

Subject to the matters stated in the preceding paragraphs:

- (i) Nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the profit forecast; and
- (ii) In our opinion, the profit forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted by GDEX and the subsidiary companies as disclosed in their latest audited financial statements.

We understand that this report will be used solely for inclusion in the Prospectus in connection with the abovementioned corporate exercise. As such, this report should not be used for any other purposes without our prior written consent.

Yours very truly,



Enclosure

12. FINANCIAL INFORMATION (CONTINUED)

No. 19, Jalan Tandang, 46050 Petaling Jaya, Selangor Darul Ehsan

Pick-up Hotline: 6(03) - 7787 6688 General Line: 6(03) - 7787 6668 Fax Line: 6(03) - 7787 6686

**GD EXPRESS CARRIER BERHAD ("GDEX") AND ITS SUBSIDIARY COMPANIES
("GDEX GROUP")
CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 30 JUNE
2005**

Barring unforeseen circumstances and on the bases and assumptions set out below, the Board of Directors of GDEX forecasts that the consolidated profits of GDEX Group for the financial year ending 30 June 2005 will be as follows:

	RM
Revenue for the year	43,617,000
Less: Pre-acquisition revenue of subsidiary companies	(24,053,000)
Net revenue (see note below)	<u>19,564,000</u>
Profit before tax	5,572,000
Income tax expense	(1,954,000)
Profit after tax	3,618,000
Less: Pre-acquisition profit	(1,660,000)
Profit after tax and pre-acquisition profit (see note below)	<u>1,958,000</u>
Weighted average number of ordinary shares of RM0.10 each in issue	<u>72,457,762</u>
Net profit per share	<u>0.03</u>
Net price-earning multiple based on the issue price of RM0.30 per share (times)	<u>10</u>

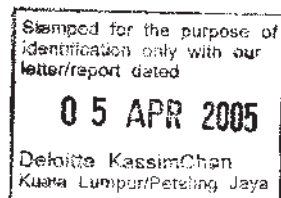
Note:

The consolidated forecast net revenue and profit after tax of the GDEX Group for the year ending 30 June 2005 incorporate the post-acquisition revenue and results of the new subsidiary companies acquired on 8 February 2005 for the period 8 February 2005 to 30 June 2005.

Principal Bases and Assumptions

The principal bases and assumptions upon which the consolidated profit forecast has been prepared are as follows:

- Public issue of 35,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.30 per share payable in full on application comprising:

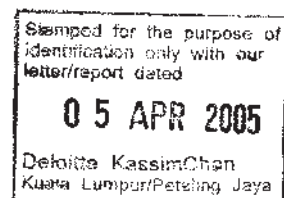
**GD EXPRESS CARRIER BERHAD**

12. FINANCIAL INFORMATION (CONTINUED)

- (a) 2,000,000 new ordinary shares of RM0.10 each available for application by the Malaysian public;
- (b) 5,000,000 new ordinary shares of RM0.10 each available for application by eligible employees and executive directors of the GDEX Group; and
- (c) 28,000,000 new ordinary shares of RM0.10 each by way of private placement to identified institutions/investors.

is expected to be completed on 4 May 2005.

- 2. There will be no significant changes in the prevailing economic and political conditions in Malaysia and elsewhere that may directly or indirectly affect the activities or performance of the GDEX Group and the business of the GDEX Group's major customers and suppliers.
- 3. There will be no material changes in present legislation and government regulations, including taxation and guidelines of regulatory authorities which will affect the GDEX Group's activities or the markets in which the GDEX Group operates.
- 4. Inflation rates will remain at current levels and there will not be any material fluctuation in prevailing exchange rates of foreign currencies against Ringgit Malaysia ("RM"). The pegging of RM to the United States dollars ("USD") will remain at RM3.80 : USD1.00 throughout the forecast year.
- 5. Existing financing facilities will remain available and the level of interest rates will not change materially from those presently prevailing.
- 6. There will be no major industrial disputes or any abnormal factors or changes, both domestic and overseas, which will adversely affect the GDEX Group's operations.
- 7. There will be no significant changes in the principal activities, management structure and accounting policies presently being adopted by the GDEX Group.
- 8. The GDEX Group will continue to attract and retain key personnel to sustain its operations and growth.
- 9. The capital expenditure programs will be implemented, incurred and paid as planned with no material changes in the expected cost of assets to be acquired. There will not be any major additions to property, plant and equipment other than those planned.
- 10. There will be no significant impairment in the carrying amount of assets held by the GDEX Group.
- 11. There will be no material deviation from revenue and net profit margin forecasted.
- 12. There will be no material deviation from the cost of services forecasted.
- 13. All sales are assumed to be collectible and no allowance for doubtful debts is necessary.
- 14. There will be no material claims from its customers for damages or loss of documents or goods on delivery and no provision for loss arising from such claims is necessary.



12. FINANCIAL INFORMATION (CONTINUED)

Signed on behalf of the Board of Directors,



TEONG TECK LEAN
Director



LEONG CHEE TONG
Director

5 April 2005

12. FINANCIAL INFORMATION (CONTINUED)

12.3.2 Directors analysis and commentary on the consolidated profit forecast

The Directors had reviewed the profit forecast and the underlying bases and assumptions. Short and medium term business plans, recent industry developments and risk factors were also taken in to consideration in the process. The Directors are of the opinion that with GDEX's competitive strengths and the growth of the customised logistics solutions business, the profit forecast provided is achievable.

GDEX's proforma revenue is expected to achieve RM43 million for the financial year ending 30 June 2005. This represents an increase of 46% from RM29.5 million achieved in the financial year ended 30 June 2004. GDEX has recently secured and expected to secure several new contracts, which are expected to contribute positively and significantly to the future financial results.

In line with the revenue growth, GDEX's proforma profit before tax is expected to achieve RM5.6 million for the financial year ending 30 June 2005. This represents an increase of 107% from RM2.7 million achieved in the financial year ended 30 June 2004. The profit after tax is expected to achieve RM3.6 million for the financial year ending 30 June 2005. This represents an increase of 125% from RM1.6 million achieved in the financial year ended 30 June 2004

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12. FINANCIAL INFORMATION (CONTINUED)

12.4 PROFORMA CONSOLIDATED BALANCE SHEETS AND THE REPORTING ACCOUNTANTS' LETTER THEREON

[Prepared for inclusion in this Prospectus]

Deloitte.

5 April 2005

The Board of Directors
GD Express Carrier Berhad
No 19, Jalan Tandang
46050 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs,

**GD EXPRESS CARRIER BERHAD AND ITS SUBSIDIARY COMPANIES
PROFORMA CONSOLIDATED BALANCE SHEETS AS OF 31 OCTOBER 2004**

We have reviewed the presentation of the proforma consolidated balance sheets of GD Express Carrier Berhad ("GDEX") and its subsidiary companies acquired on 8 February 2005 ("GDEX Group") as of 31 October 2004, together with the notes and assumptions thereto, for which the Directors of GDEX are solely responsible, as set out in the Prospectus to be dated 15 April 2005 in conjunction with the listing of and quotation for the entire issued and paid-up share capital of GDEX, comprising 205,748,830 ordinary shares of RM0.10 each in GDEX, on the MESDAQ Market of Bursa Malaysia Securities Berhad which include the public issue of 35,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.30 per share payable in full on application comprising:

- (a) 2,000,000 new ordinary shares of RM0.10 each available for application by the Malaysian public;
- (b) 5,000,000 new ordinary shares of RM0.10 each available for application by eligible employees and executive directors of the GDEX Group; and
- (c) 28,000,000 new ordinary shares of RM0.10 each by way of private placement to identified institutions/investors.

In our opinion:

- (i) the Proforma Consolidated Balance Sheets have been properly compiled on the bases of preparation stated;
- (ii) such bases are consistent with the accounting policies of GDEX and the subsidiary companies as disclosed in their latest audited financial statements; and
- (iii) the adjustments to the Proforma Consolidated Balance Sheets as explained in Notes are appropriate for the purposes of the Proforma Consolidated Balance Sheets.

Audit. Tax. Consulting. Financial Advisory.

Member of
Deloitte Touche Tohmatsu

Deloitte KassimChan (AF 0080)
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12. FINANCIAL INFORMATION (CONTINUED)

Deloitte KassimChan

5 April 2005
GD Express Carrier Berhad
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We understand that this report will be used for inclusion in the Prospectus in connection with the abovementioned corporate exercise. As such, this report should not be used for any other purposes without our prior written consent.

Yours very truly,



Enclosure

12. FINANCIAL INFORMATION (CONTINUED)

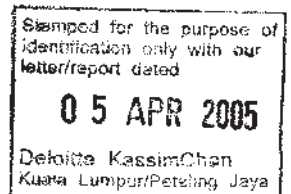
No. 19, Jalan Tandang, 46050 Peraling Jaya, Selangor Darul Ehsan

Pick-up Hotline: 6(03) - 7787 6688 General Line: 6(03) - 7787 6668 Fax Line: 6(03) - 7787 6686

NOTES AND ASSUMPTIONS TO THE PROFORMA CONSOLIDATED BALANCE SHEETS OF GD EXPRESS CARRIER BERHAD ("GDEX") AND ITS SUBSIDIARY COMPANIES ("GDEX GROUP")

The proforma consolidated balance sheets have been presented on the following bases:

1. The proforma consolidated balance sheets of GDEX and its subsidiary companies GD Express Sdn Bhd ("GDSB"), GD Venture (M) Sdn Bhd ("GDV") and GD Technosystem Sdn Bhd ("GDTech"), have been prepared based on the accounting policies consistent with those adopted in the preparation of the statutory financial statements of GDEX, GDSB, GDV and GDTech. The proforma consolidated balance sheets are prepared for illustrative purposes to reflect the effects on the financial position of the GDEX Group as of 31 October 2004 had the following proposals been completed on the same date:
 - (i) Acquisitions, which entail the following transactions:
 - (a) Acquisition of 17,300,000 ordinary shares of RM1.00 each in GDSB, representing the entire equity interest in GDSB, for a purchase consideration of RM12,774,781 fully satisfied by the issuance of 12,774,781 new ordinary shares of RM1.00 each at par in GDEX;
 - (b) Acquisition of 100 ordinary shares of RM1.00 each in GDTech, representing the entire equity interest in GDTech, for a purchase consideration of RM100 fully satisfied by the issuance of 100 new ordinary shares of RM1.00 each at par in GDEX; and
 - (ii) Acquisition of IT Software System by GDEX for a purchase consideration of RM4,300,000 fully satisfied by the issuance of 4,300,000 new ordinary shares of RM1.00 each at par in GDEX. Subsequently, the said IT Software System is injected to GDTech by GDEX for a consideration of RM4,300,000 fully satisfied by the issuance of 4,300,000 new ordinary shares of RM1.00 each at par in GDTech;
 - (iii) Share split for the entire issued and paid-up share capital of GDEX, comprising 17,074,883 ordinary shares of RM1.00 each into 170,748,830 ordinary shares of RM0.10 each;
 - (iv) Public issue of 35,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.30 per share payable in full on application comprising:
 - (a) 2,000,000 new ordinary shares of RM0.10 each available for application by the Malaysian public;
 - (b) 5,000,000 new ordinary shares of RM0.10 each available for application by eligible employees and executive directors of the GDEX Group; and
 - (c) 28,000,000 new ordinary shares of RM0.10 each by way of private placement to identified institutions/investors.

GD EXPRESS CARRIER BERHAD

12. FINANCIAL INFORMATION (CONTINUED)

2. The proforma consolidated balance sheets have been prepared based on:

- (i) Audited financial statements of GDEX, GDSB and GDV as of 31 October 2004;
- (ii) Audited financial statements of GDTech as of 31 October 2004 after making adjustment to reflect the following transaction:

Acquisition of IT Software System from GDEX for a purchase consideration of RM4,300,000 fully satisfied by the issuance of 4,300,000 new ordinary shares of RM1.00 each at par by GDTech to GDEX; and

- (iii) Assumptions that the acquisitions of GDSB, GDTech and IT Software System, share split and public issue had taken place on 31 October 2004 as follows:

Proforma 1

Proforma 1 incorporates the following:

- (a) Acquisition of 17,300,000 ordinary shares of RM1.00 each in GDSB, representing the entire equity interest in GDSB, for a purchase consideration of RM12,774,781 fully satisfied by the issuance of 12,774,781 new ordinary shares of RM1.00 each at par in GDEX;
- (b) Acquisition of 100 ordinary shares of RM1.00 each in GDTech, representing the entire equity interest in GDTech, for a purchase consideration of RM100 fully satisfied by the issuance of 100 new ordinary shares of RM1.00 each at par in GDEX; and
- (c) Acquisition of IT Software System by GDEX for a purchase consideration of RM4,300,000 fully satisfied by the issuance of 4,300,000 new ordinary shares of RM1.00 each at par in GDEX. Subsequently, the said IT Software System is injected to GDTech by GDEX for a consideration of RM4,300,000 fully satisfied by the issuance of 4,300,000 new ordinary shares of RM1.00 each at par in GDTech.

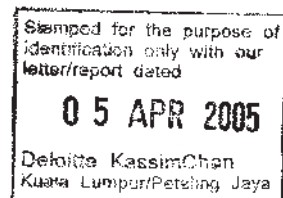
The acquisitions of the GDSB and GDTech have been accounted for using the acquisition method of accounting based on the audited financial statements of the respective subsidiary companies as of 31 October 2004 and after making the adjustment as mentioned in 2(ii) above.

Proforma 2

Proforma 2 incorporates Proforma 1 and the share split for the entire issued and paid-up share capital of GDEX, comprising 17,074,883 ordinary shares of RM1.00 each into 170,748,830 ordinary shares of RM0.10 each.

Proforma 3

Proforma 3 incorporates Proforma 2 and the public issue of 35,000,000 new ordinary shares of RM0.10 each in GDEX at an issue price of RM0.30 per ordinary share giving rise to a share premium of RM7,000,000.



12. FINANCIAL INFORMATION (CONTINUED)**Proforma 4**

Proforma 4 incorporates Proforma 3 and the utilisation of the proceeds from the public issue amounting to RM10,500,000.

The estimated share issue and listing expenses of RM2,000,000 has been set off against the share premium account.

3. The gross proceeds from the public issue amounting to RM10,500,000 will be utilised as follows:

	RM
Upgrading of GDEX's network and infrastructure	4,800,000
Working capital requirements	3,700,000
Estimated listing expenses	<u>2,000,000</u>
	<u>10,500,000</u>

4. The movements in issued and paid-up share capital, accumulated loss, share premium and reserve on consolidation of the GDEX Group are as follows:

	Share Capital RM	Accumulated Loss RM	Share Premium RM	Reserve On Consolidation RM
Per audited financial statements as of 31 October 2004	2	(77,754)	-	-
Acquisition of GDSB, GDTEch and IT Software System	<u>17,074,881</u>	<u>-</u>	<u>-</u>	<u>2,234,568</u>
Proforma 1	17,074,883	(77,754)	-	2,234,568
Share split	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Proforma 2	17,074,883	(77,754)	-	2,234,568
Public issue	<u>3,500,000</u>	<u>-</u>	<u>7,000,000</u>	<u>-</u>
Proforma 3	20,574,883	(77,754)	7,000,000	2,234,568
Estimated share issue and listing expenses	<u>-</u>	<u>-</u>	<u>(2,000,000)</u>	<u>-</u>
Proforma 4	<u>20,574,883</u>	<u>(77,754)</u>	<u>5,000,000</u>	<u>2,234,568</u>

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12. FINANCIAL INFORMATION (CONTINUED)

5. Reserve on consolidation represents the excess of the fair value of the identifiable net assets of the subsidiary companies as of 31 October 2004 over the cost of investment in the subsidiary companies. The reserve on consolidation is calculated as follows:

	RM	RM
<u>Acquisition of GDSB by GDEX</u>		
Cost of investment		12,774,781
Ordinary share capital	17,300,000	
Share premium	1,300,000	
Pre-acquisition loss	<u>(3,590,651)</u>	<u>15,009,349</u>
Total reserve on consolidation per proforma 1		<u>(2,234,568)</u>

6. Goodwill represents the excess of the cost of investment in the subsidiary companies over the fair value of the identifiable net assets of the subsidiary companies as of 31 October 2004. The goodwill is calculated as follows:

	RM	RM
Goodwill arising from the acquisition of GDV by GDSB brought forward from prior year		<u>146,833</u>
<u>Acquisition of GDTech by GDEX</u>		
Cost of investment		100
Ordinary share capital	100	
Pre-acquisition loss	<u>(9,565)</u>	<u>9,465</u>
Goodwill		<u>9,565</u>
Total goodwill per proforma 1		<u>156,398</u>

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12. FINANCIAL INFORMATION (CONTINUED)

Signed on behalf of the Board of Directors,



TEONG TECK LEAN
Director



LEONG CHEE TONG
Director

5 April 2005

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12. FINANCIAL INFORMATION (CONTINUED)

PROFORMA CONSOLIDATED BALANCE SHEETS OF THE GDEX GROUP AS OF 31 OCTOBER 2004, TOGETHER WITH THE NOTES AND ASSUMPTIONS THEREON, ARE AS FOLLOWS:

Per audited financial statements as of 31 October 2004	Proforma 1		Proforma 2		Proforma 3		Proforma 4	
	Adjustments	Proforma after acquisition of GDSB, GDTech and IT Software System	Adjustments	Proforma after Proforma 1 and share split	Adjustments	Proforma after Proforma 2 and public issue	Adjustments	Proforma after Proforma 3 and utilisation of proceeds
RM	RM	RM	RM	RM	RM	RM	RM	RM
Property, plant and equipment	-	12,687,457	-	12,687,457	-	12,687,457	4,800,000	17,487,457
Goodwill	-	156,398	-	156,398	-	156,398	-	156,398
Deferred tax assets	-	139,000	-	139,000	-	139,000	-	139,000
Current Assets								
Inventories	-	349,757	-	349,757	-	349,757	-	349,757
Trade receivables	-	10,175,309	-	10,175,309	-	10,175,309	-	10,175,309
Other receivables and prepaid expenses	1,840	1,607,714	-	1,609,554	-	1,609,554	-	1,609,554
Deposits with licensed banks	-	1,588,670	-	1,588,670	-	1,588,670	-	1,588,670
Cash and bank balances	2	914,935	-	914,937	10,500,000	11,414,937	(6,800,000)	4,614,937
	1,842	14,638,227		14,638,227		25,138,227		18,338,227

(Forward)

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12. FINANCIAL INFORMATION (CONTINUED)

	Per audited financial statements as of 31 October 2004	Adjustments RM	Proforma 1 Proforma after acquisition of GDSB, GDTech and IT Software System RM	Adjustments RM	Proforma 2 Proforma after Proforma 1 and share split RM	Adjustments RM	Proforma 3 Proforma after Proforma 2 and public issue RM	Adjustments RM	Proforma 4 Proforma after Proforma 3 and utilisation of proceeds RM
Current Liabilities									
Trade payables	-	3,053,759	3,053,759	-	3,053,759	-	3,053,759	-	3,053,759
Other payables and accrued expenses	79,594	2,093,899	2,173,493	-	2,173,493	-	2,173,493	-	2,173,493
Finance lease payables - current portion	-	42,054	42,054	-	42,054	-	42,054	-	42,054
Hire-purchase payables - current portion	-	693,999	693,999	-	693,999	-	693,999	-	693,999
Borrowings (secured) - current portion	-	220,789	220,789	-	220,789	-	220,789	-	220,789
	79,594		6,184,094		6,184,094		6,184,094		6,184,094
Net Current Assets/(Liabilities)	(77,752)		8,454,133		8,454,133		18,954,133		12,154,133
(Forward)									

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12. FINANCIAL INFORMATION (CONTINUED)

	Per audited financial statements as of 31 October 2004	Adjustments RM	Proforma 1 Proforma after acquisition of GDSB, GDTech and IT Software System RM	Adjustments RM	Proforma 2 Proforma after Proforma 1 and share split RM	Adjustments RM	Proforma 3 Proforma after Proforma 2 and public issue RM	Adjustments RM	Proforma 4 Proforma after Proforma 3 and utilisation of proceeds RM
Long-term And Deferred Liabilities									
Finance lease payables – non-current portion	-	(4,022)	(4,022)	-	(4,022)	-	(4,022)	-	(4,022)
Hire-purchase payables – non-current portion	-	(650,625)	(650,625)	-	(650,625)	-	(650,625)	-	(650,625)
Borrowings (secured) – non-current portion	-	(1,464,644)	(1,464,644)	-	(1,464,644)	-	(1,464,644)	-	(1,464,644)
Deferred tax liabilities	-	(86,000)	(86,000)	-	(86,000)	-	(86,000)	-	(86,000)
	-	(2,205,291)	(2,205,291)	-	(2,205,291)	-	(2,205,291)	-	(2,205,291)
Net Assets/(Liabilities)	<u>(77,752)</u>		<u>19,231,697</u>		<u>19,231,697</u>		<u>29,731,697</u>		<u>27,731,697</u>
Represented by:									
Issued capital	2	17,074,881	17,074,883	-	17,074,883	3,500,000	20,574,883	-	20,574,883
Accumulated loss	(77,754)	-	(77,754)	-	(77,754)	-	(77,754)	-	(77,754)
Share premium	-	-	-	-	-	7,000,000	7,000,000	(2,000,000)	5,000,000
Reserve on consolidation	-	2,234,568	2,234,568	-	2,234,568	-	2,234,568	-	2,234,568
Shareholders' Equity/(Capital Deficiency)	<u>(77,752)</u>		<u>19,231,697</u>		<u>19,231,697</u>		<u>29,731,697</u>		<u>27,731,697</u>

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12. FINANCIAL INFORMATION (CONTINUED)

	Per audited financial statements as of 31 October 2004	Adjustments RM	Proforma 1 after acquisition of GDSB, GDTech and IT Software System RM	Adjustments RM	Proforma 2 after Proforma 1 and share split RM	Adjustments RM	Proforma 3 after Proforma 2 and public issue RM	Adjustments RM	Proforma 4 after Proforma 3 and utilisation of proceeds RM
Net tangible assets/(liabilities) per ordinary share of:									
RM1.00 each	<u>(38,876)</u>		<u>1.12</u>		<u>N/A</u>		<u>N/A</u>		<u>N/A</u>
RM0.10 each	<u>N/A</u>		<u>N/A</u>		<u>0.11</u>		<u>0.14</u>		<u>0.13</u>

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