



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 First Quarter ended 30 September 2010

	Individual Quarter		Cumulative Quarter	
	Current Financial Year First Quarter Ended 30.09.2010 (RM'000)	Preceding Financial Year Corresponding Quarter Ended 30.09.2009 (RM'000)	Current Financial Year To Date Ended 30.09.2010 (RM'000)	Preceding Financial Year To Date Ended 30.09.2009 (RM'000)
Revenue	21,324	19,739	21,324	19,739
Cost of sales	(15,071)	(14,038)	(15,071)	(14,038)
Gross Profit	6,253	5,701	6,253	5,701
Other Income	120	221	120	221
Administrative expenses	(4,535)	(4,255)	(4,535)	(4,255)
Finance cost	(102)	(127)	(102)	(127)
Profit before taxation	1,736	1,540	1,736	1,540
Taxation	(495)	(447)	(495)	(447)
Total comprehensive income for the period	1,241	1,093	1,241	1,093
Attributable to :				
Owners of the Company	1,241	1,093	1,241	1,093
Non-controlling Interests	-	-	-	-
Basic earnings per ordinary share (sen)	0.48	0.42	0.48	0.42

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 30 September 2010

	Unaudited As At End Of Current Quarter 30.09.2010 (RM'000)	Audited As At Preceding Financial Year Ended 30.06.2010 (RM'000)
ASSETS		
Non-Current Assets		
Property, plant and equipment	43,021	21,414
Goodwill	137	137
Deferred tax assets	31	31
Total Non-Current Assets	<u>43,189</u>	<u>21,582</u>
Current Assets		
Inventories	345	372
Trade receivables	19,672	19,750
Other receivables, deposit and prepaid expenses	3,927	3,879
Deposits with licensed banks	7,894	7,869
Cash and bank balances	1,215	3,953
Total Current Assets	<u>33,053</u>	<u>35,823</u>
Total Assets	<u>76,242</u>	<u>57,405</u>
Equity		
Share capital	25,719	25,719
Share premium	618	618
Revaluation reserve	409	409
Translation reserve	(12)	2
Retained earnings	16,880	15,639
Total equity attributable to equity holders of the parent	<u>43,614</u>	<u>42,387</u>
Non-Current Liabilities		
Provision for retirement benefits	76	73
Hire-purchase payables	1,664	1,359
Term loans (secured)	19,813	2,622
Deferred tax liabilities	340	340
Total Non-Current Liabilities	<u>21,893</u>	<u>4,394</u>
Current Liabilities		
Trade payables	2,952	2,660
Other payables and accrued expenses	4,357	4,565
Hire-purchase payables - current portion	1,690	2,069
Term loans (secured) - current portion	678	303
Provision for taxation	1,058	1,027
Total Current Liabilities	<u>10,735</u>	<u>10,624</u>
Total Liabilities	<u>32,628</u>	<u>15,018</u>
Total Equity and Liabilities	<u>76,242</u>	<u>57,405</u>
Net assets per share attributable to ordinary equity holders of the parent (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 Changes in Equity
For the First Quarter ended 30 September 2010

	< ----- Attributable to Equity Holders of the Parent ----- >					Total Equity (RM'000)
	Issued share capital (RM'000)	Share premium (RM'000)	Retained earnings (RM'000)	Revaluation reserve (RM'000)	Translation reserve (RM'000)	
Balance as at 1 July 2010	25,719	618	15,639	409	2	42,387
Foreign currency translation	-	-	-	-	(14)	(14)
Transfer to retained earnings	-	-	-	-	-	-
Net profit for the period	-	-	1,241	-	-	1,241
Dividends	-	-	-	-	-	-
Balance as at 30 September 2010	25,719	618	16,880	409	(12)	43,614

FOR THE YEAR ENDED 30 JUNE 2010 (AUDITED)

Balance as at 1 July 2009	25,719	618	12,247	418	(56)	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	25,719	618	15,639	409	2	42,387

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.



Unaudited Condensed Consolidated Statement of Cash Flows
For the First Quarter ended 30 September 2010

	Current Quarter Ended 30.09.2010 (RM'000)	Audited As At Preceding Financial Year Ended 30.06.2010 (RM'000)
Cash flows from operating activities		
Profit for the period/ year	1,241	5,952
Adjustments for non-cash items	1,724	8,046
Operating profit before working capital changes	<u>2,965</u>	<u>13,998</u>
Changes in working capital:		
Net change in operating assets	(866)	(3,475)
Net change in operating liabilities	<u>(311)</u>	<u>863</u>
Cash generated from operation	1,788	11,386
Income tax paid	<u>(622)</u>	<u>(1,118)</u>
Net cash from operating activities	<u>1,166</u>	<u>10,268</u>
Cash flows from / (used in) investing activities		
Additions to property, plant and equipment	(23,515)	(1,487)
Deposit for acquisition of property	2,164	(2,164)
Proceeds from disposal of property, plant and equipment	57	192
Interest received	45	193
Increase in fixed deposits pledged with licensed bank	-	(53)
Net cash used in investing activities	<u>(21,249)</u>	<u>(3,319)</u>
Cash flows from / (used in) financing activities		
Amount owing to directors	-	4
Term loan facilities drawdown	17,680	-
Dividends paid to shareholders of the Company	-	(2,571)
Repayment of term loans and Islamic bank facilities	(114)	(269)
Hire purchase facilities drawdown	621	-
Payment of hire purchase payables	(711)	(3,175)
Finance costs paid	<u>(102)</u>	<u>(463)</u>
Net cash from / (used in) financing activities	<u>17,374</u>	<u>(6,474)</u>
Net increase / (decrease) in cash and cash equivalents	(2,709)	475
Translation reserve	(4)	9
Cash and cash equivalents at beginning of year	<u>11,161</u>	<u>10,677</u>
Cash and cash equivalents at end of period/ year	<u>8,448</u>	<u>11,161</u>
Cash and bank balances	1,215	3,953
Deposits with licensed banks	<u>7,894</u>	<u>7,869</u>
	9,109	11,822
Less: Fixed deposits pledged with licensed banks	<u>(661)</u>	<u>(661)</u>
	<u>8,448</u>	<u>11,161</u>

The Unaudited Condensed Consolidated Statement of 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.



A. Notes To The Interim Financial Report **For the financial period ended 30 September 2010**

1. Accounting Policies and Basis of Preparation

The interim financial statements of GD Express Carrier Berhad (“**GDEX**” or “**Company**”) and its subsidiaries (“**GDEX Group**” or “**Group**”) are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard (FRS) 134: “Interim Financial Reporting” and Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2010. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2010.

The significant accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those of the audited financial statements for the financial year ended 30 June 2010, except for the adoption of the following new FRSs and Issues Committee Interpretations (“IC Interpretations”) and Amendments that are effective after the financial year ended 30 June 2010.

<u>FRS / Interpretation</u>	<u>Effective Date</u>	
FRS 3	Business Combinations (Revised)	1 July 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 101	Presentation of Financial Statements	1 January 2010
FRS 117	Leases	1 January 2010
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010

The adoption of new/revised FRSs does not have significant financial impact on the Group except as disclosed below :

FRS 117 : Leases

With the adoption of the Amendment to FRS 117, the Group has reassessed and determined that certain leasehold land of the Group which is in substance financial leases, and has reclassified the leasehold land to property, plant and equipment. The reclassification has no effect to the profit or loss of the current financial period ended 30 September 2010 or the comparative prior financial period. The effect of the reclassification to the comparative of the consolidated statement of financial position as of 30 June 2010 has been restated as follows:



<u>Condensed Consolidated Statement of Financial Position</u>	As previously reported (RM'000)	Effect (RM'000)	As restated (RM'000)
Prepaid lease payments	7,010	(7,010)	-
Property, plant and equipment	14,403	7,010	21,413

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

<u>FRS / Interpretation</u>	<u>Effective Date</u>
Amendments to FRS 1 First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 2 Share-based Payment	1 January 2011
Amendments to FRS 7 Financial Instruments Disclosures – Improving Disclosures about Financial Instruments	1 January 2011
IC Interpretation 4 Determining whether an arrangement contains a lease	1 January 2011
IC Interpretation 18 Transfer of Assets from Customers	1 January 2011

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

The Group is exempted from disclosing the possible impact, if any, to its financial statements upon the initial application of FRS 7 and FRS 139.

2. Auditor’s Report on Preceding Annual Financial Statements

The auditors’ report on the preceding audited financial statements of the Company and its subsidiaries for the financial year ended 30 June 2010 were not subject to any qualification.

3. Comments on Seasonal and Cyclical Factors

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

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

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



5. Material Changes in Estimates

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

6. Debt and Equity Securities

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

7. Dividends Paid

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

8.8. Segmental Information

The Group operates predominantly in Malaysia and Singapore and is principally involved in the provision of express delivery and customised logistics solutions services. The segmental revenue, results and total assets for the financial period ended 30 September 2010 are tabulated below:

Geographical segments

	Malaysia (RM'000)	Singapore (RM'000)	Elimination (RM'000)	Total (RM'000)
<u>Revenue</u>				
External sales	22,178	506	(1,360)	21,324
Inter-segment sales	(1,102)	(258)	1,360	-
External sales	<u>21,076</u>	<u>248</u>	<u>-</u>	<u>21,324</u>
<u>Results</u>				
Profit/(Loss) from operations	1,804	34	-	1,838
Finance costs	(92)	(10)	-	(102)
Profit/(Loss) before tax	<u>1,712</u>	<u>24</u>	<u>-</u>	<u>1,736</u>
<u>Total assets</u>				
Segment assets/ Consolidated total assets	<u>74,619</u>	<u>1,623</u>	<u>-</u>	<u>76,242</u>

9. Valuation of Property, Plant and Equipment

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



10. Material Events Subsequent To Period End

There were no material events occurring subsequent to the end of the financial period ended 30 September 2010 that has not been reflected in this quarterly report.

11. Changes in the Composition of the Group

The Company had on 28 September 2010 acquired two (2) ordinary shares of S\$1.00 each, representing the entire equity interest in the capital of GDEX Regional Alliance Pte. Ltd (“GRAPL”) for a cash consideration of S\$2.00. Subsequently, GRAPL is now a wholly owned subsidiary of GDEX.

12. Contingent Assets or Liabilities

On 27 April 2010, Kuching High Court had allowed the appeal made by GD Express Sdn Bhd (“**GD Express**”), a wholly-owned subsidiary of GDEX, 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 Travel & Cargo Sdn Bhd (“**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. In accordance with the Court of Appeal Rules, T&T was given eight (8) weeks period from 22 October 2010 to file and serve the Memorandum of Appeal, Record of Appeal, chronology and other relevant documentations. Further details of this litigation are set out in Section 11 of Part B of this Report.

Saved as disclosed above, there were no changes in contingent liabilities or contingent assets of the Group since the last annual balance sheet as at 30 September 2010.

13. Capital Commitments

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



14. Recurrent 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 30 September 2010 (RM'000)	Cumulative Current Quarter Ended 30 September 2010 (RM'000)
<u>GD Private Limited</u>		
GD Technosystem Sdn Bhd - Software update and maintenance	74	74
GD Express - Software training	146	146



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

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

For the first quarter ended 30 September 2010, the Group recorded revenue of approximately RM21.32 million, representing an increase of approximately 8.03% as compared to the same quarter in the preceding financial year. The higher revenue recognised by the Group was mainly due to greater demand for the Group services, in line with the continued improvement of Malaysian economy.

The Group's profit before tax ("PBT") for the period increased by approximately 12.73% to approximately RM1.74 million, as compared to the PBT of RM1.54 million for the same quarter in the preceding financial year. The increase in PBT was mainly attributable to the increase in revenue. Consistent with the inherent cost structure of service industry, the increase in PBT was proportionately higher than the increase in revenue, once the monthly revenue exceeded the break even level.

2. Material Change in the PBT for the Current Quarter as compared to the Immediate Preceding Quarter

The Group recorded a PBT of approximately RM1.74 million for the first quarter ended 30 September 2010, as compared to the immediate preceding quarter ended 30 June 2010 of RM3.22 million, representing a decrease of 46.07%. The decrease was mainly caused by customer business closure during Hari Raya festive holidays in the current quarter.

3. Prospects of the Group

The Malaysian economy is expected to post robust growth this year, led by sturdy domestic demand and strong export performance. The positive projection also takes into account the implementation of macroeconomic policy initiatives, which spurred higher consumption activity and recovery in private investment. A stable employment market, moderate inflation as well as strong business and customer confidence, coupled with firm recovery in the region provided a conducive environment for the Malaysian economy to expand at a rapid pace of 9.5% in the first half of 2010. Going forward, while growth in advanced economies is expected to be slow and uneven in the second half of 2010, developments in emerging economies remain positive and will provide impetus to the export sector. On the domestic front, the strong fundamentals and revival of private investment will support domestic demand in the second half of the year. Accordingly, the economy is expected to expand 7.0% in 2010 (2009: -1.7%)

(Source: Economic Report 2010/2011, Minister of Finance)

Barring unforeseen circumstances, the Board is of the opinion that the demand for logistics solutions will continue to grow and the Group's prospects will remain positive in the ensuing year.



4. Profit Forecast

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

5. Taxation

The taxation figures are as follows:

	Individual Quarter		Cumulative Quarter	
	Current Year First Quarter 30.09.2010 (RM'000)	Preceding Year Corresponding Quarter 30.09.2009 (RM'000)	Current Year To Date 30.09.2010 (RM'000)	Preceding Year To Date 30.09.2009 (RM'000)
Estimated tax payable	495	447	495	447
Deferred tax	-	-	-	-
	495	447	495	447

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

6. Unquoted Securities and/or Properties

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

7. Quoted Securities

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

8. Status of Corporate Proposals

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

- (a) On 8 January 2009, the Company entered into a Memorandum of Understanding (MOU) with Entrepise Des Postes Lao ("EPL") to conduct a feasibility study on express delivery services in Laos as well as the existing operation mode, system and procedure adopted by EPL to enter into a strategic partner relationship, to develop international and domestic express delivery services under shared brands for the Laos market. During the financial period under review, both parties have completed the said feasibility study and are in the midst of finalising the proposed strategic partnership. The findings and conclusions from the study will be announced in due course.



9. Group Borrowings

The Group borrowings consist of the following:

	(S\$'000)	(RM'000)
Short term borrowings (secured):		
Denominated in Ringgit Malaysia		
Hire purchase payables		1,551
Term loans		678
Denominated in Singapore Dollar (S\$)		
Hire purchase payables	59	139
Long- term borrowings (secured):		
Denominated in Ringgit Malaysia		
Hire purchase payables		1,364
Term loans		19,813
Denominated in Singapore Dollar		
Hire purchase payables	128	300
Total borrowings	187	23,845

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

10. Financial Instruments

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



11. Material Litigations

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

T&T (“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. In accordance with the Court of Appeal Rules, T&T was given 8 weeks period from 22 October 2010 to file and serve the Memorandum of Appeal, Record of Appeal, chronology and other relevant documentations.

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.

12. Dividends

The Board proposed 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, subject to the approval of the shareholders at the forthcoming Annual General Meeting on 29 November 2010. The book closure date is fixed on 17 December 2010 and the payment date will be on 29 December 2010.

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



13. Earnings Per Share

i. Basic

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

	Current Quarter 30.09.2010 (RM'000)	Current Year To Date 30.09.2010 (RM'000)
Net profit attributable to ordinary shareholders	1,241	1,241
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>0.48</u>	<u>0.48</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
24 November 2010