



GD EXPRESS CARRIER BHD (Registration No. 200301028159 (630579-A))
(Incorporated in Malaysia under the Companies Act, 1965)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2020

	Current Quarter		Current Period	
	Three Months		Nine Months	
	2020	2019	2020	2019
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	88,244	77,969	258,676	235,287
Operating expenses	(87,918)	(75,738)	(252,418)	(222,105)
Other operating income	2,106	2,676	7,368	16,724
Profit from operations	2,432	4,907	13,626	29,906
Finance costs	(3,253)	(523)	(4,195)	(1,558)
Share of post-tax profit of associated companies	955	(126)	4,997	(115)
Profit before tax	134	4,258	14,428	28,233
Income tax expense	(115)	1,167	(3,780)	(5,650)
Net profit for the period	19	5,425	10,648	22,583
Other comprehensive income:				
Foreign currency translation differences for foreign operations	(144)	(10)	(189)	34
Fair value adjustments	-	7,168	-	52,150
	(144)	7,158	(189)	52,184
Total comprehensive income for the period	(125)	12,583	10,459	74,767
Profit attributable to :				
Owners of the parent	210	5,425	10,839	22,583
Non-controlling interest	(191)	-	(191)	-
	19	5,425	10,648	22,583
Total comprehensive income attributable to :				
Owners of the parent	316	12,583	10,650	74,767
Non-controlling interest	(191)	-	(191)	-
	(125)	12,583	10,459	74,767
Earnings per share :				
Basic EPS (sen)	0.004	0.10	0.19	0.40

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Unaudited 31.03.2020 (RM'000)	Audited 30.06.2019 (RM'000)
ASSETS		
Non-current Assets		
Property, plant and equipment	114,496	108,638
Prepaid lease payments	22,201	22,612
Right-of-use assets	75,865	-
Investment properties	18,025	18,025
Investment in associated company	34,456	29,044
Loan to an associate	2,000	2,000
Investment in redeemable convertible preference shares	500	500
Intangible asset	210	-
Goodwill	3,400	-
	271,153	180,819
Current Assets		
Inventories	1,355	1,466
Trade receivables	61,599	51,539
Other receivables and prepaid expenses	29,516	22,777
Tax recoverable	23,526	19,332
Short-term funds	63,167	12,200
Deposits with licensed banks	158,839	237,443
Cash and bank balances	31,794	30,059
	369,796	374,816
Total Assets	640,949	555,635
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	337,896	337,888
Treasury shares	(905)	-
Reserves	137,825	141,276
	474,816	479,164
Non-controlling interest	13,154	-
Total Equity	487,970	479,164
Non-Current Liabilities		
Hire-purchase payables – non-current portion	13,136	20,466
Lease liabilities	59,623	-
Provision for retirement benefits	611	321
Deferred tax liabilities	7,024	6,273
Total Non-current Liabilities	80,394	27,060



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	Unaudited 31.03.2020 (RM'000)	Audited 30.06.2019 (RM'000)
Current liabilities		
Trade payables	7,901	2,881
Other payables and accrued expenses	22,753	26,189
Hire-purchase payables - current portion	23,675	19,722
Lease liabilities – current portion	17,973	-
Provision for taxation	283	619
Total Current Liabilities	<u>72,585</u>	<u>49,411</u>
Total Liabilities	<u>152,979</u>	<u>76,471</u>
Total Equity And Liabilities	<u>640,949</u>	<u>555,635</u>
Net Assets per share attributable to owners of Company (RM)	<u>0.09</u>	<u>0.08</u>

The above Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2020

	Issued Share capital (RM'000)	Treasury Shares (RM'000)	Non- distributable reserves- Translation reserve (RM'000)	Non- distributable reserves- Fair Value reserve (RM'000)	Distributable reserve – Retained earnings (RM'000)	Attributable to the owners of the parent (RM'000)	Non- controlling interest (RM'000)	Total (RM'000)
As of 1 July 2018, as previously reported	327,809	-	290	-	121,582	449,681	-	449,681
Effect of change in accounting policy due to adoption of MFRS 9, net of tax	-	-	-	-	(1,395)	(1,395)	-	(1,395)
Effect of change on accounting policy due to adoption of MFRS 15, net of tax	-	-	-	-	(519)	(519)	-	(519)
As of 1 July 2018, as restated	327,809	-	290	-	119,668	447,767	-	447,767
Profit for the period	-	-	-	-	22,583	22,583	-	22,583
Other comprehensive income	-	-	34	52,150	-	52,184	-	52,184
Total comprehensive income for the period	-	-	34	52,150	22,583	74,767	-	74,767
Dividends	10,079	-	-	-	(11,205)	(1,126)	-	(1,126)
	10,079	-	34	52,150	11,378	73,641	-	73,641
As of 31 March 2019	337,888	-	324	52,150	131,046	521,408	-	521,408



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2020 (Cont'd)

	Issued Share capital (RM'000)	Treasury Shares (RM'000)	Non- distributable reserves- Translation reserve (RM'000)	Non- distributable reserves- Fair Value reserve (RM'000)	Distributable reserve – Retained earnings (RM'000)	Attributable to the owners of the parent (RM'000)	Non- controlling interest (RM'000)	Total (RM'000)
As of 1 July 2019	337,888	-	346	-	140,930	479,164		479,164
Profit for the period	-	-	-	-	10,839	10,839	(191)	10,648
Other comprehensive income	-	-	(189)	-	-	(189)	-	(189)
Total comprehensive income for the period	-	-	(189)	-	10,839	10,650	(191)	10,459
Arising from warrants exercise	8					8		8
Own shares acquired during the year	-	(905)	-	-	-	(905)	-	(905)
Acquisition of a subsidiary companies						-	13,345	13,345
Dividends	-	-	-	-	(14,101)	(14,101)	-	(14,101)
	8	(905)	(189)	-	(3,262)	(4,348)	13,154	8,806
As of 31 March 2020	337,896	(905)	157	-	137,668	474,816	13,154	487,970

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2020

	2020 (RM'000)	Current period Nine Months Ended 31 March 2019 (RM'000)
Cash flows from operating activities		
Profit for the year	10,648	22,583
Adjustments for non-cash items	26,370	5,303
Operating profit before changes in working capital	37,018	27,886
(Increase)/Decrease in working capital		
Inventories	400	(261)
Receivables, deposits and prepayment	6,613	(3,091)
Payables and accruals	(7,077)	5,829
Cash generated from operations	36,954	30,363
Income tax paid	(7,754)	(12,457)
Net cash from operating activities	29,200	17,906
Cash flows from investing activities		
Net cash outflow on acquisition of subsidiary companies	(11,967)	-
Additions to property, plant and equipment	(8,474)	(21,915)
Investment in associated companies	(415)	-
Investment in redeemable convertible preference shares		(500)
Proceeds from disposal of property, plant and equipment	148	361
Interest received	6,203	7,971
Subscription of shares in associate company	-	(26,607)
Proceeds from redemption of convertible bonds	-	17,284
Loan to an associate	-	(2,000)
(Increased)/Decreased in short term funds	(50,967)	4,940
Decreased in fixed deposit pledged with licensed bank	106,031	24,422
Net cash generated from investing activities	40,559	3,956
Cash flows from financing activities		
Net payment of hire purchase payables	(16,246)	(13,182)
Finance cost paid	(1,485)	(1,558)
Dividends paid	(14,102)	(1,126)
Shares buy-back	(905)	-
Payment of lease liabilities	(13,435)	-
Proceed from allotment of shares	9	-
Net cash used in financing activities	(46,164)	(15,866)
Net change in cash and cash equivalents	23,595	5,996
Effect of exchange difference	(624)	34
Cash and cash equivalents at beginning of period	30,060	32,708
Cash and cash equivalents at end of period	53,031	38,738



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2020 (Cont'd)

*During the current financial period under review, the Group acquired property, plant and equipment and prepaid lease payments by the following means:-

	31 March 2020 (RM'000)	Current Period Nine Months Ended 31 March 2019 (RM'000)
Purchase of :		
Property, plant and equipment	19,062	33,530
Financed by:		
Cash payments and other payables	8,474	21,915
Hire-purchase	10,588	11,615
	<u>19,062</u>	<u>33,530</u>

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.



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**PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134
("MFRS 134")**

1. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. This Condensed consolidated interim financial statements also complies with International Accounting Standard 34: Interim Financial Reporting issued by the International Accounting Standards Board (IASB). The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its audited consolidated financial statements for the financial year ended 30 June 2019.

Adoption of New and Revised Malaysian Financial Reporting Standards ("MFRSs")

In the current financial period, the Group have applied the following Amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for accounting periods that begin on or after 1 July 2019 as follows:

MFRS 16	Leases
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101	Definition of Material
IC Interpretation 23	Uncertainty over Income Tax Payments
Amendments to MFRSs	Annual Improvements to MFRSs 2015 - 2017 Cycle

The adoption of these Standards, Amendments to MFRSs and IC Interpretation did not have any material impact on the financial statements of the Group in the period of initial application except as disclosed below:-.

MFRS 16 Leases

MFRS 16 specifies how an MFRS reporter will recognise, measure, present and disclose leases. The standard provides single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with MFRS 16's approach to lessor accounting substantially unchanged from its predecessor, MFRS 17.

At lease commencement, a lessee will recognise a right-of-use and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term,



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discounted at the rate implicit in the lease if can be readily determined. If that rate cannot be readily determined, the lessees shall use their incremental borrowing rate.

The directors anticipate that the application of the above mentioned Standard in the future may have an impact on the amounts reported and disclosures made in the Group's financial statements. The effects arising from the initial application of MFRS 16 Leases is summarised and disclosed in Note 12.

Standards and Amendments in Issue but Not Yet Effective

At the date of authorisation for issue of these financial statements, the new and revised Standards and Amendments, which were in issue but not yet effective and not early adopted by the Group are as listed below.

MFRS 17	Insurance Contracts ¹
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current ²
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2021.

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after a date to be determined

The directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards and Amendments will have no material impact on the financial statements of the Group in the period of initial application.

3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's business operations cover primarily the express delivery and logistics services. The revenue of the Group will normally be affected by the numerous public and festive holidays during the quarter and financial period under review.

4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence during the current quarter and nine months ended 31 March 2020 under review,

5. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

There were no changes in estimates that have had any material effect on the current quarter and nine months ended 31 March 2020 under review.



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6. DEBTS AND EQUITY SECURITIES

There were no issuances or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current quarter and nine months ended 31 March 2020 under review, except for the followings:-

- i) Repurchased 4,196,300 of its issued ordinary shares by the company from the open market at prices ranging from RM0.150 to RM0.280 per share. The total consideration paid for the repurchases was RM904,860.64 and was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia. The details of shares repurchased were as follows:-

Date of Announcement	No. of share buy-back (Units)	Price per share (RM)	Total consideration (RM)
20.01.2020	300,000	0.280	84,114.24
21.01.2020	500,000	0.280	140,487.20
21.02.2020	1,000,000	0.240	240,835.20
28.02.2020	500,000	0.205 – 0.210	105,014.19
02.03.2020	600,000	0.195 – 0.200	120,116.56
10.03.2020	334,900	0.175 – 0.185	61,863.43
13.03.2020	961,400	0.150 – 0.160	152,429.82
	<u>4,196,300</u>		<u>904,860.64</u>

- ii) As announced on 10 February 2020, issuance of 21,000 ordinary shares pursuant to the exercise of 21,000 warrants-B at an exercise price of RM0.3825 per ordinary share and was listed on 11 February 2020. The issued and paid up share capital increased from RM337,887,802 comprising of 5,641,388,335 ordinary shares to RM337,895,834 comprising of 5,641,409,335 ordinary shares.
- iii) As announced on 17 February 2020, issuance of 1,500 ordinary shares pursuant to the exercise of 1,500 warrants-B at an exercise price of RM0.3825 per ordinary share and was listed on 18 February 2020. The issued and paid up share capital increased from RM337,887,802 comprising of 5,641,388,335 ordinary shares to RM337,896,408 comprising of 5,641,410,835 ordinary shares.

7. DIVIDEND PAID

The following dividends were paid during the current and previous financial year:-

	2020	Year Ended 30 June 2019
First and final dividend for the financial year	30 June 2019	30 June 2018
Approved and declared on	5 December 2019	6 December 2018
Date paid	21 February 2020	22 February 2019
Number of ordinary shares on which dividends were paid	5,641,388,335	5,602,624,193
Amount per share (Single-tier)	0.25 sen	0.20 sen
Dividend Reinvestment Plan (Total shares issued)*	-	38,764,142
Net dividend paid in cash (RM'000)	<u>14,103</u>	<u>1,126</u>



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8. NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Profit / (loss) for the period is arrived at after (charging)/crediting:

	Current Quarter Three Months Ended 31 March		Current Period Nine Months Ended 31 March	
	2020 (RM'000)	2019 (RM'000)	2020 (RM'000)	2019 (RM'000)
Interest income	1,625	2,586	6,202	7,971
Other income	481	90	1,166	8,753
Interest expense				
- Hire purchase and others	(543)	(523)	(1,485)	(1,558)
- Lease liabilities	(2,710)	-	(2,710)	-
Depreciation and amortization:-				
- Property, plant and equipment	(5,974)	(5,052)	(17,012)	(14,146)
- Right-of-use assets	(12,235)	-	(12,235)	-
Impairment loss on trade receivables	68	-	68	-
Bad debts written off	-	-	-	-
Realised foreign exchange gain or loss	106	-	106	-
Provision for retirement benefits	357	-	357	-
Provision for and write off of inventories	N/A	N/A	N/A	N/A
Property, plant and equipment written off	N/A	N/A	N/A	N/A
Impairment of property, plant and equipment	N/A	N/A	N/A	N/A
Exceptional items	N/A	N/A	N/A	N/A

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9. OPERATING SEGMENTS

The Group has three (3) reportable business segments and operates predominantly in Malaysia and Singapore as described below, which are the Group's strategic business units. The strategic business units offer different services, and are managed separately because they require different resources management and marketing strategies.

The following is an analysis of the Group's revenue and results by the reportable business segments for the period ended 31 March 2020.

Operating Segments

	Segment Revenue Nine Months Ended 31 March		Segment Profit / (Loss) Nine Months Ended 31 March	
	2020 (RM'000)	2019 (RM'000)	2020 (RM'000)	2019 (RM'000)
Express delivery	241,686	222,261	16,140	26,700
Logistics	16,570	12,606	(541)	4,873
Property investment	420	420	(1,905)	(1,667)
Total	<u>258,676</u>	<u>235,287</u>	<u>13,694</u>	<u>29,906</u>
Finance costs			(4,195)	(1,558)
Reversal of Impairment loss/(impairment loss) on trade receivables			(68)	-
Share of profit / (loss) of associated companies			4,997	(115)
Profit before tax			<u>14,428</u>	<u>28,233</u>

Revenue shown above represents revenue generated from external customers. All inter-company transactions have been eliminated on consolidation level.

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The following is an analysis of the carrying amount of segment assets and liabilities by the business segments in which the assets and liabilities are located:

	Carrying Amount of Segment Assets And Liabilities As At 31 March	
	2020 (RM'000)	2019 (RM'000)
Segment Assets		
Express delivery	532,165	528,125
Logistics	34,430	7,046
Property investment	50,828	50,597
	617,423	585,768
Unallocated corporate assets		
- Tax recoverable	23,526	10,446
	640,949	596,214
Segment Liabilities		
Express delivery	119,660	65,966
Logistics	25,242	595
Property investment	770	948
	145,672	67,509
Unallocated liabilities		
- Tax liabilities	283	161
- Deferred tax liabilities	7,024	5,222
	152,979	72,892
	2020 (RM'000)	2019 (RM'000)
Other Segment Information		
Additions to Non-current assets		
- Express delivery	17,324	23,356
- Logistics	829	4,229
- Property investment	909	5,945
Depreciation and amortisation		
- Express delivery	14,916	12,608
- Logistics	875	703
- Property investment	1,221	835

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities are allocated directly to reportable segments.



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Geographical Segments

The following is an analysis of the group's revenue and profit or loss for the nine months ended 31 March 2020 and carrying amount of segment non-current assets as at 31 March 2020 by the geographical market.

Geographical Segments

	Revenue by Geographical Market For the Nine Months Ended 31 March		Carrying Amount of Segment Non-Current Assets As At 31 March	
	2020 (RM'000)	2019 (RM'000)	2020 (RM'000)	2019 (RM'000)
Malaysia	243,867	234,302	266,974	229,712
Singapore	1,413	985	434	29
Vietnam	13,396	-	3,745	-
Total	<u>258,676</u>	<u>235,287</u>	<u>271,153</u>	<u>229,741</u>



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10. MATERIAL EVENTS SUBSEQUENT TO END OF THE PERIOD

Between the end of the financial period 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 current quarter and nine months ended 31 March 2020 under review except for the followings:-

The outbreaks of Coronavirus disease 2019 “COVID-19” pandemic has interrupted the movement of people and goods throughout the world, and many levels of government are instituting restrictions on individuals and businesses, including Malaysia, where majority of the Group’s business operations are located. In relation to this, the Government of Malaysia issued a Federal Government Gazette on 18 March 2020 imposing a Movement Control Order (“MCO”) effective from 18 March 2020 to 31 March 2020 arising from the COVID-19 pandemic. The MCO was extended for 2 weeks consecutively on 25 March 2020, 10 April 2020 and 23 April 2020 until 14 April 2020, 28 April 2020 and 12 May 2020 respectively, and subsequently followed by another announcement on 10 May 2020 on the further extension of the MCO for another 4 weeks until 9 June 2020. Since these developments occurred subsequent to the end of the reporting period ended 31 March 2020, the COVID-19 pandemic is treated as a non-adjusting event in accordance with MFRS 110 Events after the Reporting Period and therefore, judgements and assumptions used in the preparation of the financial statements of the Group for the current quarter and financial period ended 31 March 2020 do not reflect the impacts arising from this non-adjusting event. Notwithstanding that, the Group anticipates that there may be the impacts of COVID-19 would be recognised in the financial statements for the financial year ending 30 June 2020. The impacts of COVID-19 would potentially impact the judgements and assumptions used in the preparation of the financial statements for the financial year ending 30 June 2020, if any and necessary, such as expected credit losses of financial assets, fair value measurements of investment properties and financial instruments, and impairment assessments of assets (property, plant and equipment, goodwill, and investments in subsidiaries and associates).

As at the date of the authorisation of this financial statements, the COVID-19 pandemic and the MCO since 18 March 2020 have significant financial impact to the Group, particularly on the demand of B2B shipments under express delivery segment of the Group, even though the business operations of the Group is categorised as an essential activity and resumed operations during the MCO. Nevertheless, the Group is focusing on its efforts in the best possible way to mitigate its impact while protecting the business potential and branding from the medium to long term perspective. In view of the lack of visibility on the end date of the COVID-19 pandemic and the MCO, the Group is not able to estimate the full potential financial impact as at the date of the authorisation of this financial statements. The Group will provide further updates on the financial impact, if any, and mitigating actions relating to the COVID-19 pandemic in its forthcoming quarterly financial reports and will recognise the financial impact in the financial statements for the financial year ending 30 June 2020.



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11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the quarter and nine months ended 31 March 2020 under review which including business combination, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations, except for the followings:-

- i. The Company entered into Share Sale and Purchase Agreement and Shareholders Agreement in relation on 16 August 2019 to purchase 231,500 ordinary shares representing 40% of the issued and paid up share capital of GDComma Resources Joint Stock Company (“GDComma”), a company incorporated and existing under the Vietnam laws, for a total purchase consideration of RM0.415 million (equivalent to VND2,315,000,000), subject to the terms and conditions as stipulated in the Agreements. Upon completion the fulfillment all the terms and conditions, subsequently, GD3C becomes an associate company of the Group.
- ii. As announced on 15 October 2019, the Company entered into Share Sale and Purchase Agreement and Shareholders Agreement in relation to Noi Bai Express and Trading Joint Stock Company (“Netco”). As announced on 20 December 2019, the Proposed Acquisition has been completed on the said date in accordance with the terms of the Share Sale and Purchase Agreement. Upon completion of the assessment of establishment of “control” in Netco for Group consolidation according to the recommendations and requirements of MFRS 10, and subsequently Netco becomes a 50% owned subsidiary company of the Group.

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

13. CAPITAL COMMITMENTS

All capital commitments undertaken have been included in the financial statements for the current quarter and nine months ended 31 March 2020 under review.

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14. RELATED PARTY TRANSACTIONS

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

	Transaction Value		Balance Outstanding	
	Three Months Ended		As At 31 March	
	2020	2019	2020	2019
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
<u>Revenue</u>				
Provision of express delivery services				
- Singapore Post Limited	4	3	3	-
- Quantum Solutions International(Malaysia) Sdn Bhd	670	526	891	528
- Quantum Solutions Singapore Pte Ltd		12	-	2
- Yamato Transport (M) Sdn Bhd	57	347	26	358
<u>Interest income</u>				
-Web Bytes Sdn Bhd	-	-	-	-
<u>Expenses</u>				
Provision of advisory services				
-Yamato Asia Pte Ltd	(30)	(30)	(11)	(12)
Provision and development of software solution				
-Web Bytes Sdn Bhd	(2)	-	(17)	(30)

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD**

1. REVIEW OF PERFORMANCE

Performance for the Third Quarter and Period Ended 31 March 2020 versus the Third Quarter and Period Ended March 2019

Group Performance

	Current Quarter Three Months Ended 31 March		Current Period Nine Months Ended 31 December	
	2020	2019	2020	2019
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	88,244	77,969	258,676	235,287
Profit / (loss) before taxation	134	4,258	14,428	28,233

Group revenue for the current quarter ended and nine months ended 31 March 2020 increased 13.2% and 9.9% the group profit before tax declined 96.9% and 48.9% as compared to the preceding year corresponding quarter and nine months ended 31 March 2019.

Higher group revenue reported in the current quarter and nine months ended 31 March 2020 was partly contributed by the newly acquired Vietnam subsidiary company. Decline in performance for the current quarter under review mainly due to most of the B2B non-essential customers' business operation being affected by the MCO and the disruption of the supply chain at the ports and the airports as well as the impact of MFRS 16 Leases assessment and adjustments.

Segmental Performance

	Courier Services Current Quarter Ended 31 March		Logistics Services Current Quarter Ended 31 March		Property Investment Current Quarter Ended 31 March	
	2020	2019	2020	2019	2020	2019
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	82,561	72,783	5,603	5,107	80	140
Profit/(loss) Before Taxation	2,135	3,435	(1,324)	1,393	(677)	(570)

Courier Services

Despite the revenue reported in courier services segment for the current quarter ended 31 March 2020 increased 13.5%, the profit before taxation declined 37.9% as compared to the corresponding quarter ended 31 March 2019.



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Declined in performance mainly due to the outbreaks of Coronavirus disease 2019 “COVID-19” pandemic, in which most of the B2B non-essential customers’ business operation being affected by the MCO and impacted the demand of express services towards end of March 2020.

Logistics Services

The revenue reported in the logistics services segment increased 9.7%, and the profit before taxation reported declined 195.0% as compared to the corresponding quarter ended 31 March 2019.

Declined in performance in logistics services segment in the current quarter ended 31 March 2020 under review was mainly due to expenses incurred for warehouse expansion and maintenance and the disruption of the supply chain at the ports and the airports as well as impact on MFRS 16 Leases assessment and adjustments.

Property Investment

Loss before taxation for the current quarter ended 31 March 2020 under review mainly due to expenses incurred for property maintenance and most of the facilities are for internal usage.

2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER’S RESULTS

Group Performance

	31.03.2020	3 Months Ended
	(RM’000)	31.12.2019
		(RM’000)
Revenue	88,244	87,392
Profit Before Taxation	134	7,640

Group revenue for the current quarter under review slight increased 1.0% as compared to the immediate preceding quarter, mainly contributed by newly acquired Vietnam subsidiary company.

Decline in Group performance for the current quarter under review as compared to the preceding quarter, mainly due to most of the B2B non-essential customers’ business operation being affected by the MCO and the disruption of the supply chain at the ports and the airports as well as the impact of MFRS 16 Leases assessment and adjustments.

Segmental Performance

	Courier Services		Logistics Services		Property Investment	
	Current Quarter Ended		Current Quarter Ended		Current Quarter Ended	
	31.03.2020	31.12.2019	31.03.2020	31.12.2019	31.03.2020	31.12.2019
	(RM’000)	(RM’000)	(RM’000)	(RM’000)	(RM’000)	(RM’000)
Revenue	82,561	81,680	5,603	5,512	80	200
Profit/(loss) Before Taxation	2,135	8,040	(1,324)	259	(677)	(659)



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Courier Services

The total revenue generated from courier services segment in the current quarter under review increased 1.1% as compared to the immediate preceding quarter ended 31 December 2019 which mainly contributed by the newly acquired Vietnam subsidiary company.

The profit before tax reported for this quarter declined 73.4% as compared to the immediate preceding quarter, due to most of the B2B non-essential customers' business operation being affected by the MCO and the disruption of the supply chain at the ports and the airports as well as the impact of MFRS 16 Leases assessment.

Logistics Services

The revenue generated from logistics services segment for the current quarter under review increased 1.7% and the loss before taxation increased 611.2% as compared to the immediate preceding quarter ended 31 December 2019 due to expenses incurred for warehouse expansion and maintenance and the disruption of the supply chain at the ports and the airports as well as impact on MFRS 16 Leases assessment and adjustments

Property Investment

The loss before tax for the current quarter ended 31 March 2020 increased 2.7% as compared to 31 December 2019. Declined in performance mainly due to expenses incurred for building maintenance.

3. COMMENTARY ON PROSPECTS

The Group's performance for the quarter under review was greatly influenced by the outbreak of COVID-19 pandemic which sees the disruption of supply chain since January 2020. The Movement Control Order ("MCO") imposed by the Government since 18 March 2020 has impacted economic activities but has also triggered a wider adoption of digital technologies among businesses and consumers.

Regionally, the Group's 44.5% owned associates PT SAP Express in Indonesia has delivered a commendable set of results for the quarter under review as the delivery volume especially for hygiene products have increased. However, the Group's 50% owned Netco in Vietnam had a slow start for the year due to long Lunar New Year break and the Vietnamese Government took an earlier precautionary measures since January 2020 to contain the spread of COVID-19. Nonetheless, Vietnam domestic economic activities have reopened since end-April 2020 and volume has been recovering.

The Group expects to see positive volume growth coming from digital platforms, in all segments including B2B, B2C and C2C. Going forward, the Group need to adjust to the evolving business environment.



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4. VARIANCE FROM PROFIT FORECAST

No profit forecast was issued during the financial quarter and nine months ended 31 March 2020 under review.

5. INCOME TAX EXPENSE

Income tax expense in respect of the current quarter and nine months ended 31 March 2020 comprises the following:

	Current Quarter Three Months Ended 31 March		Current Period Nine Months Ended 31 March	
	2020 (RM'000)	2019 (RM'000)	2020 (RM'000)	2019 (RM'000)
Income Tax:-				
Current quarter/period	(312)	370	3,029	7,279
Overprovision in prior quarter/period	-	(1,908)	-	(1,908)
	(312)	(1,538)	3,029	5,371
Deferred Tax:-				
Current quarter/period	427	371	751	279
Overprovision in prior quarter/period	-	-	-	-
	427	371	751	279
	115	(1,167)	3,780	5,650

6. UTILISATION OF PROCEEDS

The Group has not raised any proceeds from any of its corporate exercise during the current quarter and nine months ended 31 March 2020 under review.

7. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced during the current quarter and nine months ended 31 March 2020 but not completed as at the reporting date.



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8. GROUP BORROWINGS AND DEBT SECURITIES

The Group borrowings consist of the following:

	2020 (RM'000)	As at 31 March 2019 (RM'000)
Short term borrowings (secured): Denominated in Ringgit Malaysia		
Hire purchase payables	23,675	19,893
Long term borrowings (secured): Denominated in Ringgit Malaysia		
Hire purchase payables	13,136	19,759
Total borrowings	36,811	39,652

There was no unsecured debt during the current quarter and nine months ended 31 March 2020.

9. MATERIAL LITIGATION

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.

10. DIVIDEND

The proposed final single tier dividend of 0.25 sen per share in respect of the financial year ended 30 June 2019 amounting to approximately RM14.1 million was approved by the shareholders at the Sixteenth (16th) Annual general Meeting (AGM) of the Company held on 5 December 2019. The dividend to be paid on 21 February 2020 as stated in PART A, Note 7.

Save as disclosed above, there were no other dividends declared during the current quarter and nine months ended 31 March 2020 under review.



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11. EARNINGS PER SHARE

The basic earnings per ordinary shares of the Group has been calculated by dividing profit attributable to owners of the Company by the number of ordinary shares in issue during the current quarter and financial period ended 31 March 2020.

	Current Quarter Three Months Ended 31 March		Current Period Nine Months Ended 31 March	
	2020 (RM'000)	2019 (RM'000)	2020 (RM'000)	2019 (RM'000)
Net profit attributable to ordinary shareholders	210	5,425	10,839	22,583
Weighted average number of ordinary shares in issue (units)	5,641,410,621	5,602,624,193	5,641,392,320	5,602,624,193
Basic Earnings per share (sen)	0.004	0.10	0.19	0.40

No diluted earnings per share is calculated as the Warrants 2015/2020 ("Warrants-B") had expired on 11 February 2020

12. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

Adoption of MFRS 16 Leases

On 1st July 2019, the Group has adopted the requirements of MFRS 16. The changes in accounting policy has been applied prospectively from 1 July 2019. In accordance with the transition requirements, comparative are not restated. The accounting policy is disclosed on Note 2, Part A.

The following table summarise the impacts from the adoption of MFRS 16 on the Group financial statements for the period ended 31 March 2020.

	MFRS 16 adoption RM'000
Effects on:	
Non-current assets	
Right-of-use assets	75,865
Non-current and current liabilities	
Lease payable	77,596
Effects on:	
Retained earnings	
Amortisation of Right-of-use assets	12,235
Interest expenses of Lease liabilities	2,710
Rental payment	(13,435)
	1,510



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13. AUDIT REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the Group's annual financial statements for the year ended 30 June 2019 was not subject to any audit qualification.

14. AUTHORISATION FOR ISSUE

The Unaudited Condensed Interim Financial Statements were authorized for issue by the Board in accordance with a resolution of the Directors on 27 May 2020.

By Order of the Board

Tai Yit Chan (MAICSA 7009143)
Tan Ai Ning (MAICSA 7015852)
Company Secretaries

Selangor Darul Ehsan
Date: 27 May 2020