

POS MALAYSIA BERHAD
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

	3 MONTHS ENDED		12 MONTHS ENDED	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
	RM'000	RM'000	RM'000	RM'000
Revenue	222,881	210,813	921,666	859,329
Operating expenses	(228,319)	(200,143)	(835,437)	(758,295)
(Loss) / profit from operations	(5,438)	10,670	86,229	101,034
Other operating income	4,917	5,404	31,453	56,525
Allowance for impairment in value	(107,194)	(141,228)	(116,325)	(140,854)
Finance cost	(397)	-	(833)	-
Share of results after tax of equity accounted associate	(438)	(228)	(1,043)	(1,179)
(Loss) / profit before tax	(108,550)	(125,382)	(519)	15,526
Taxation	(6,135)	(12,143)	(32,783)	(49,186)
Net loss for the period	(114,685)	(137,525)	(33,302)	(33,660)
Attributable to:				
Equity holders of the Company	(113,196)	(137,525)	(35,876)	(33,660)
Minority shareholders	(1,489)	-	2,574	-
Net loss for the period	(114,685)	(137,525)	(33,302)	(33,660)
EPS - Basic (sen)	(21.08)	(25.62)	(6.68)	(6.39)

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with Pos Malaysia Berhad's Audited Financial Statements for the year ended 31 December 2007)

Note : Included in the profit from operations for 12 months ended 31.12.2008 of RM86,229,000 (2007 : RM101,034,000) is depreciation charged of RM40,467,000 (2007 : RM43,989,000).

POS MALAYSIA BERHAD
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	AS AT 31/12/2008 RM'000	AS AT 31/12/2007 RM'000
ASSETS		
Property, plant and equipment	232,901	156,876
Prepaid lease payments	273,707	283,450
Investment properties	15,071	15,071
Other investments	219,951	307,544
Investments in associates	-	1,043
Deferred tax assets	376	700
Total non-current assets	742,006	764,684
Other investments	7,643	77,856
Inventories	6,215	3,185
Receivables, deposits and prepayments	179,004	157,947
Current tax assets	2,715	935
Deposits, cash and bank balances*	600,258	242,537
Total current assets	795,835	482,460
TOTAL ASSETS	1,537,841	1,247,144
EQUITY		
Share capital	268,513	268,369
Share premium	385	-
Reserves	495,557	591,022
Total equity attributable to equity holders of the Company	764,455	859,391
Minority Interests	2,574	-
	767,029	859,391
LIABILITIES		
Hire purchase creditors	27,066	-
Deferred tax liabilities	10,655	7,660
Total non-current liabilities	37,721	7,660
Payables and accruals	725,469	368,696
Current tax liabilities	718	11,397
Hire purchase creditors	6,904	-
Total current liabilities	733,091	380,093
Total liabilities	770,812	387,753
TOTAL EQUITY AND LIABILITIES	1,537,841	1,247,144
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.42	1.60

POS MALAYSIA BERHAD
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

*Deposits, cash and bank balances included in the unaudited condensed consolidated cash flow statements comprise the following amounts:

	AS AT 31/12/2008 RM'000	AS AT 31/12/2007 RM'000
Cash and bank balances	91,504	145,937
Deposits	508,754	96,600
Total deposits, bank and cash balances	600,258	242,537
Less:		
Cash held for the purpose of distribution of fuel rebate**	(309,799)	-
Collections held on behalf of agencies***	(118,958)	(117,513)
Total cash and cash equivalents	171,501	125,024

** The amount of cash held for the purpose of distribution of fuel rebate represents fund received from the Government for the purpose of the payment of the fuel cash rebate as announced on 28 May 2008. The corresponding balance outstanding of RM309,799,000 is also reflected under Payables and Accruals in the Balance Sheet.

The Government recently announced that the payment of fuel cash rebate will cease after March 2009.

*** Similar to the above, this amount is also included under Payables and Accruals in the Balance Sheet.

(The Unaudited Condensed Consolidated Balance Sheet should be read in conjunction with Pos Malaysia Berhad's Audited Financial Statements for the year ended 31 December 2007)

POS MALAYSIA BERHAD
UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

	31/12/2008	31/12/2007
	RM'000	RM'000
Net (loss) / profit before tax	(519)	15,526
Adjustments for non-cash flow:-		
Non-cash items	44,017	46,247
Non-operating items	92,914	94,455
	<hr/>	<hr/>
Operating profit before changes in working capital	136,412	156,228
Changes in working capital		
Net change in current assets	(46,088)	13,634
Net change in current liabilities	45,529	(10)
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	135,853	169,852
Tax paid	(41,923)	(53,691)
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Net cash flows generated from operating activities	93,930	116,161
Investing activities		
- Effect of capital restructuring, net of cash acquired	-	(482,591)
- Net acquisition of property, plant and equipment	(68,492)	(133,708)
- Proceeds from disposal of investments	64,340	45,296
- Investment income received	1,011	1,461
- Interest income received	18,919	36,093
	<hr/>	<hr/>
	15,778	(533,449)
Financing activities		
- Proceeds from issue of share capital	529	-
- Dividend paid	(59,589)	-
- Repayment of hire purchase creditors	(3,338)	-
- Interest expense	(833)	-
	<hr/>	<hr/>
	(63,231)	-
Net change in cash & cash equivalents	46,477	(417,288)
Cash & cash equivalents at beginning of period	125,024	542,312
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Cash & cash equivalents at end of period*	171,501	125,024

* Cash and cash equivalents included in the unaudited condensed consolidated cash flow statements comprise the following balance sheet amounts:

	31/12/2008	31/12/2007
	RM'000	RM'000
Cash and bank balances	91,504	145,937
Deposits	508,754	96,600
	<hr/>	<hr/>
Total deposits, cash and bank balances	600,258	242,537
Less:		
Cash held for the purpose of distribution of fuel rebate	(309,799)	-
Collections held on behalf of agencies	(118,958)	(117,513)
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Total cash and cash equivalents	171,501	125,024
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(The Unaudited Condensed Consolidated Cashflow Statements should be read in conjunction with Pos Malaysia Berhad's Audited Financial Statements for the year ended 31 December 2007)

POS MALAYSIA BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008

	← Attributable to equity holders of the Company →				Total RM'000
	Share Capital RM'000	Share Premium RM'000	Retained Profits RM'000	Minority Interests RM'000	
<u>YEAR ENDED 31/12/2008</u>					
Balance at beginning of year	268,369	-	591,022	-	859,391
Issue of shares	144	385	-	-	529
Dividend	-	-	(59,589)	-	(59,589)
Net loss for the year	-	-	(35,876)	2,574	(33,302)
Balance at end of year	268,513	385	495,557	2,574	767,029
<u>YEAR ENDED 31/12/2007</u>					
Balance at beginning of year	98,232	-	839,776	-	938,008
Reserves arising from capital restructuring exercise	-	-	(44,957)	-	(44,957)
Bonus issue	170,137	-	(170,137)	-	-
Net loss for the year	-	-	(33,660)	-	(33,660)
Balance at end of year	268,369	-	591,022	-	859,391

(The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with Pos Malaysia Berhad's Audited Financial Statements for the year ended 31 December 2007)

POS MALAYSIA BERHAD

NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

The financial statements for the fourth quarter ended 31 December 2008 are unaudited and have been prepared in accordance with FRS 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The interim financial statements should also be read in conjunction with the audited financial statements for the financial year ended 31 December 2007. 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 31 December 2007.

A2. Qualification of Preceding Annual Financial Statement

The audit report for the audited financial statements for the year ended 31 December 2007 was reported without any audit qualification.

A3. Seasonality or Cyclicity of Operations

The Group's operations are not subject to any significant seasonal or cyclical factors except that mail volume fluctuates during the festive season.

A4. Unusual items

Allowance for impairment in value is as follows:

	3 Months Ended 31 Dec 2008 RM'000	3 Months Ended 31 Dec 2007 RM'000	12 Months Ended 31 Dec 2008 RM'000	12 Months Ended 31 Dec 2007 RM'000
Impairment for diminution in value of Transmile Group Berhad	87,032	140,671	87,032	140,671
Impairment for diminution in value of marketable securities	1,711	557	10,842	183
Impairment of non-trade debt	18,451	-	18,451	-
Allowance for impairment in value	107,194	141,228	116,325	140,854

Non-trade debt refer to the provision made for the impairment of the loan amount extended by Pos Malaysia & Services Holding Berhad ("PSH"), a wholly-owned subsidiary of Pos Malaysia Berhad, to a trustee in respect of the Employee Share Scheme ("ESS") pursuant to the PSH restructuring and capital distribution exercise concluded in September 2007. Upon expiry of the ESS on 31 December 2008, it warrants the trustee to dispose the shares and proceeds be used to settle the loan. Considering that the market price of the shares as at 31 December 2008 was lower than the average exercise price, there is a potential risk on the recoverability of the full loan amount. The shares have not been disposed to date.

A5. Changes in estimates

There were no changes in estimates of amount, which would materially affect the current reporting period.

A6. Debt and equity securities

There was no cancellation, repurchase and repayment of debt and equity securities during the current quarter.

A7. Dividends

There was no dividend paid during the current quarter.

A8. Segmental reporting

Segmental reporting for the current period-to-date is as follows:

Year ended 31 December 2008	Postal and its related services RM'000	Others RM'000	Total RM'000
Revenue	920,774	892	921,666
Results			
Segment results	93,265	(110,827)	(17,562)
Interest income			18,919
Finance cost			(833)
Share of net results of equity accounted associate			(1,043)
Loss before tax			(519)
Income taxes			(32,783)
Net loss for the financial period			(33,302)
Other information			
Segment assets	1,163,382	374,459	1,537,841
Associates			-
Total assets			1,537,841
Segment liabilities			
Total liabilities	770,113	699	770,812
Capital expenditure	106,764	-	106,764
Depreciation and amortization	39,830	637	40,467

The activities are conducted principally in Malaysia and accordingly, no information on the Group's operations by geographical segments has been provided.

A9. Valuation of property, plant and equipment

There has not been any valuation of property, plant and equipment for the Group, except for the valuation of seven (7) pieces of land and a seven (7)-storey office building in Ipoh in 2004.

A10. Subsequent events

There were no material events subsequent to the end of the reporting period that have not been reflected in the financial statements.

A11. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter.

A12. Contingent liabilities or contingent assets

There were no changes in the contingent liabilities as at the date of this announcement since the financial year ended 31 December 2007.

There were no contingent assets at the end of the reporting period.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA

B1. Review of performance

For the financial year ended 31 December 2008, the Group recorded loss before taxation of RM0.5 million, as compared to preceding year's profit before taxation of RM15.5 million. The results of the major business segments are as follows:-

	12 Months Ended 31 December 2008	12 Months Ended 31 December 2007
	RM'000	RM'000
Postal and related services	86,139	105,711
Others, including property investment and investment holding	90	(4,677)
Profit from operations	86,229	101,034
Other operating income	31,453	56,525
Allowance for impairment in value	(116,325)	(140,854)
Finance cost	(833)	-
Share of net results of equity accounted associate	(1,043)	(1,179)
(Loss) / profit before taxation	(519)	15,526

The Group registered a 7.3% year-on-year revenue growth of RM62.3 million, mainly attributed to strong performance from retail and courier business which posted higher revenue by RM24.6 million or 22.1% and RM17.3 million or 11.9% respectively. The main contributor for the higher revenue for retail was the commission earned for the fuel rebate distribution whilst for courier, it was due to the higher volume registered during the year. The e-filing PKI Roaming project secured from Lembaga Hasil Dalam Negeri (LHDN) also contributed to the current year revenue growth. However, mail revenue was marginally lower by RM2.0 million or 0.4%, consistent with the drop in mail volume.

Despite the improved revenue, the Group achieved lower operating profit by RM14.8 or 14.7% due to a 10.2% or RM77.1 million increase in operating costs. The increase was driven by higher staff related costs and transportation costs which grew by RM48.3 million or 10.4% and RM15.8 million or 14.4% respectively.

The loss before taxation was due to allowance for impairment in value of RM116.3 million, as highlighted in Note A4. Lower excess surplus cash available for placements after the completion of capital distribution to shareholders of RM805.1 million pursuant to the capital restructuring in third quarter 2007 also resulted in reduction in interest income by RM17.2 million or 47.6%. Excluding the allowance for impairment in value in both years, the Group would have registered profit before taxation of RM115.8 million, a decrease of RM40.6 million from prior year's RM156.4 million.

B2. Material changes in quarterly results as compared to the results of the preceding year corresponding quarter

For the current quarter, the Group registered a loss before taxation of RM108.6 million, lower than preceding year corresponding quarter's loss before taxation of RM125.4 million. The results of the major segments of the Group are as follows:-

	3 Months Ended 31 December 2008 RM'000	3 Months Ended 31 December 2007 RM'000
Postal and its related services	(5,726)	10,790
Others, including property investment and investment holding	288	(120)
(Loss) / Profit from operations	(5,438)	10,670
Other operating income	4,917	5,404
Allowance for impairment in value	(107,194)	(141,228)
Finance cost	(397)	-
Share of net results of equity accounted associate	(438)	(228)
Loss before taxation	(108,550)	(125,382)

The Group registered loss from operations of RM5.4 million against the RM10.7 million profit from operations posted in corresponding quarter last year. The increase in operating expenses, particularly in staff and transportation costs by RM12.4 million or 10.0% and RM9.3 million or 36.1% respectively, which outweighed the revenue growth at 5.7% contributed to the loss from operation. Increase in revenue was due to strong performance from retail, courier and logistics business unit which increased by RM6.8 million or 25.5%, RM6.0 million (16.4%) and RM3.5 million (560.4%) respectively.

In spite of the loss, the Group achieved a lower loss before taxation for the current quarter of RM108.6 million from RM125.4 million in corresponding quarter last year. The lower loss before taxation was due to the reduction in allowance for impairment in value from RM141.2 million to RM107.1 million as highlighted in Note A4. However, excluding the allowance, the Group would achieve a loss before taxation of RM1.4 million for the current quarter, as compared to profit before taxation of RM15.8 million for corresponding quarter last year.

B3. Comparison between the current quarter and the immediate preceding quarter

The Group posted a loss from operations of RM5.4 million as compared to the RM26.0 million profit in the immediate preceding quarter. The loss was due to higher operating costs incurred during the current quarter.

Due to the allowance for impairment in value recognized in current quarter of RM107.2 million, the Group registered loss before taxation for the current quarter of RM108.6 million as compared to the immediate preceding quarter profit before taxation of RM33.2 million.

B4. Economic profit (“EP”) statement

The EP statement is as prescribed under the Government-Linked Company (“GLC”) Transformation initiatives and is disclosed on a voluntary basis. EP is a yardstick to measure shareholders value as it provides more accurate picture of the underlying economic performance of PMB Group vis-à-vis its financial accounting reports.

	3 Months Ended 31 Dec 2008 RM'000	3 Months Ended 31 Dec 2007 RM'000	12 Months Ended 31 Dec 2008 RM'000	12 Months Ended 31 Dec 2007 RM'000
<u>Net operating profit after tax</u> <u>(“NOPLAT”)</u>				
(Loss) / Earnings before interest and tax (“EBIT”)	(5,438)	10,670	86,229	101,034
Adjusted tax	1,414	(2,881)	(22,420)	(27,279)
NOPLAT	(4,024)	7,789	63,809	73,755
<u>Economic charge computation</u>				
Average invested capital	213,923	144,173	227,397	156,875
Weighted average cost of capital (“WACC”)	6.64%	8.62%	6.64%	8.62%
ECONOMIC CHARGE	(14,204)	(12,426)	(15,099)	(13,521)
ECONOMIC (LOSS) / PROFIT	(18,228)	(4,637)	48,710	60,234

The Group registered a negative EP of RM18.2 million as compared to the preceding year corresponding quarter’s negative EP of RM4.6 million as a result of negative NOPLAT. Similarly, EP for the current fiscal year has also decreased by RM11.5 million or 19.1%.

Net operating profit less adjusted tax (“NOPLAT”)

Due to the operating loss of RM5.4 million registered by PMB Group during the current quarter, the Group recorded a negative NOPLAT of RM4.0 million against the positive NOPLAT in the corresponding quarter last year, mainly attributed to the increase in operating expenses as explained in Note B2 to the announcement. The Group’s NOPLAT has also decreased by RM9.9 million or 13.5% year-on-year due to higher operating costs as explained in Note B1.

Economic charge

Despite increase in average invested capital in the current quarter and financial year by RM69.8 million or 48.3% and RM70.5 million or 45.0% respectively, economic charge only increased by RM1.8 million or 14.3% and RM1.6 million or 11.7% respectively due to lower WACC for the period under review. The Group capital expenditure for the year was mainly for the information system upgrade and also replacement of motor vehicles for operational purpose.

B5. Future prospects

Despite the challenging economic environment, the Board of Directors is cautiously optimistic regarding the Group's operations for the next financial year.

B6. Variance of actual profit from profit forecast

Not applicable.

B7. Tax expense

Major component of tax expense:

	3 Months Ended 31 December 2008 RM'000	12 Months Ended 31 December 2008 RM'000
Current tax expense		
- Company and subsidiaries	6,135	32,783
- Associates	-	-
	6,135	32,783

B8. Sale of unquoted investments and/or properties

There was no sale of investments in subsidiaries and/or properties during the current quarter.

B9. Purchase and disposal of quoted securities

Summary of total purchases and sales of quoted securities for the financial year-to-date and profit/loss arising therefrom:-

	Quoted shares RM'000	Marketable Securities Quoted shares RM'000
Total Purchases	-	-
Total Disposals	-	19,298
Total Gain on Disposal	-	5,043

Summary of quoted securities as at 31 December 2008 were as follows:-

Total investments at cost	249,562	28,557
Total investments at carrying value/book value (after provision for diminution in value)	21,859	7,643
Total investment at market value at end of reporting period	21,859	7,643

B10. Status of Corporate Proposal

There was no corporate proposal announced in the current quarter ended 31 December 2008.

B11. Group borrowings

Hire purchase creditors are payables as follows:

	Minimum lease payment	Interest	Principal
	RM'000	RM'000	RM'000
Less than one year	8,402	1,498	6,904
Between one and five years	29,416	2,350	27,066
	37,818	3,848	33,970

B12. Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk at the date of this quarterly report.

B13. Material litigation

There is no change in the status of material litigation since the latest audited annual financial statements of the Group for the year ended 31 December 2007.

B14. Earnings per share (EPS)

The basic earnings per share has been calculated based on the Group's net profit attributable to shareholders and on the weighted average number of ordinary shares in issue during the financial period.

	3 Months Ended 31 Dec 2008	3 Months Ended 31 Dec 2007	12 Months Ended 31 Dec 2008	12 Months Ended 31 Dec 2007
Loss for the period attributable to equity holders of the Company (RM'000)	(113,196)	(137,525)	(35,876)	(33,660)
Weighted average number of ordinary shares outstanding ('000)	537,026	536,738	536,883	527,012
Basic earnings per share (sen)	(21.08)	(25.62)	(6.68)	(6.39)

The number of ordinary shares has been adjusted retrospectively to incorporate the share split and bonus shares which was part of the former holding company, Pos Malaysia & Services Holdings Berhad's capital restructuring exercise as required by FRS 133, Earnings Per Share.

B15. Authorisation for Issue

The Board of Directors authorised the release of this Financial Report on 25 February 2009.

BY ORDER OF THE BOARD

SABRINA ALBAKRI BT. ABU BAKAR
COMPANY SECRETARY
25 February 2009