

POS MALAYSIA BERHAD

**Company No. 229990-M
(Incorporated in Malaysia)**

**INTERIM FINANCIAL STATEMENTS
31 MARCH 2009**

POS MALAYSIA BERHAD

QUARTERLY REPORT

Quarterly report on consolidated results for the period ended 31 March 2009. The figures have not been audited.

SUMMARY OF KEY FINANCIAL INFORMATION

	INDIVIDUAL QUARTER PRECEDING		CUMULATIVE QUARTER PRECEDING	
	CURRENT YEAR QUARTER 31/03/2009 RM'000	CORRESPONDING YEAR QUARTER 31/03/2008 RM'000	CURRENT YEAR TO DATE 31/03/2009 RM'000	CORRESPONDING YEAR PERIOD 31/03/2008 RM'000
1 Revenue	230,926	244,369	230,926	244,369
2 Profit before tax	31,143	53,183	31,143	53,183
3 Net profit for the period	22,587	38,892	22,587	38,892
4 Profit attributable to ordinary equity holders of the parent	22,842	38,892	22,842	38,892
5 Basic earnings per share (sen)	4.25	7.25	4.25	7.25
6 Proposed / Declared dividend per share (sen)	0.00	10.00	0.00	10.00
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7 Net assets per share attributable to ordinary equity holders of the Company (RM)	1.47		1.42	

POS MALAYSIA BERHAD
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2009

	3 MONTHS ENDED		YEAR TO DATE	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	RM'000	RM'000	RM'000	RM'000
Revenue	230,926	244,369	230,926	244,369
Operating expenses	(204,106)	(195,777)	(204,106)	(195,777)
Profit from operations	26,820	48,592	26,820	48,592
Other operating income	5,572	12,209	5,572	12,209
Allowance for impairment in value	(796)	(7,416)	(796)	(7,416)
Finance cost	(453)	-	(453)	-
Share of results after tax of equity accounted associate	-	(202)	-	(202)
Profit before tax	31,143	53,183	31,143	53,183
Taxation	(8,556)	(14,291)	(8,556)	(14,291)
Net profit for the period	22,587	38,892	22,587	38,892
Attributable to:				
Equity holders of the Company	22,842	38,892	22,842	38,892
Minority shareholders	(255)	-	(255)	-
Net profit for the period	22,587	38,892	22,587	38,892
EPS - Basic (sen)	4.25	7.25	4.25	7.25

(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 2008)

Note : Included in the profit from operations for 3 months ended 31.03.2009 of RM26,820,000 (2008 : RM48,592,000) is depreciation charged of RM12,132,000 (2008 : RM9,016,000).

POS MALAYSIA BERHAD
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2009

	AS AT 31/03/2009 RM'000	AS AT 31/03/2008 RM'000
ASSETS		
Property, plant and equipment	244,828	175,038
Prepaid lease payments	270,866	280,489
Investment properties	15,071	15,071
Other investments	219,811	307,481
Investments in associates	-	841
Deferred tax assets	376	-
Total non-current assets	<u>750,952</u>	<u>778,920</u>
Other investments	6,846	53,508
Inventories	8,420	4,132
Receivables, deposits and prepayments	191,235	191,804
Current tax assets	622	129
Deposits, cash and bank balances*	372,502	272,582
Total current assets	<u>579,625</u>	<u>522,155</u>
TOTAL ASSETS	<u>1,330,577</u>	<u>1,301,075</u>
EQUITY		
Share capital	268,513	268,369
Share premium	385	-
Reserves	518,399	590,196
Total equity attributable to equity holders of the Company	<u>787,297</u>	<u>858,565</u>
Minority Interests	<u>2,319</u>	<u>-</u>
	<u>789,616</u>	<u>858,565</u>
LIABILITIES		
Hire purchase creditors	28,685	1,614
Deferred tax liabilities	10,630	6,960
Total non-current liabilities	<u>39,315</u>	<u>8,574</u>
Payables and accruals	493,826	418,995
Current tax liabilities	78	14,529
Hire purchase creditors	7,742	412
Total current liabilities	<u>501,646</u>	<u>433,936</u>
Total liabilities	<u>540,961</u>	<u>442,510</u>
TOTAL EQUITY AND LIABILITIES	<u>1,330,577</u>	<u>1,301,075</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.47	1.60

POS MALAYSIA BERHAD
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2009

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

	AS AT 31/03/2009 RM'000	AS AT 31/03/2008 RM'000
Cash and bank balances	78,748	116,525
Deposits	293,754	156,057
Total deposits, bank and cash balances	372,502	272,582
Less:		
Cash held for the purpose of distribution of fuel rebate**	(61,838)	-
Collections held on behalf of agencies***	(125,439)	(143,137)
Total cash and cash equivalents	185,225	129,445

** 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 RM61,838,000 is also reflected under Payables and Accruals in the Balance Sheet.

The payment of fuel cash rebate ceased on 14 April 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 2008)

POS MALAYSIA BERHAD
UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2009

	31/12/2008 RM'000	31/03/2008 RM'000
Net profit before tax	31,143	53,183
Adjustments for non-cash flow:-		
Non-cash items	13,697	9,394
Non-operating items	<u>(2,316)</u>	<u>(2,303)</u>
Operating profit before changes in working capital	42,524	60,274
Changes in working capital		
Net change in current assets	(16,000)	(35,124)
Net change in current liabilities	<u>9,837</u>	<u>24,675</u>
	36,361	49,825
Tax paid	<u>(7,128)</u>	<u>(10,248)</u>
Net cash flows generated from operating activities	<u>29,233</u>	<u>39,577</u>
Investing activities		
- Net acquisition of property, plant and equipment	(16,809)	(21,775)
- Proceeds from disposal of investments	-	21,832
- Investment income received	-	301
- Interest income received	<u>3,629</u>	<u>4,475</u>
	<u>(13,180)</u>	<u>(4,833)</u>
Financing activities		
- Dividend paid	-	(39,718)
- Repayment of hire purchase creditors	(1,876)	(271)
- Interest expense	<u>(453)</u>	<u>-</u>
	<u>(2,329)</u>	<u>(39,989)</u>
Net change in cash & cash equivalents	13,724	4,421
Cash & cash equivalents at beginning of period	<u>171,501</u>	<u>125,024</u>
Cash & cash equivalents at end of period*	<u>185,225</u>	<u>129,445</u>

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

	31/03/2009 RM'000	31/03/2008 RM'000
Cash and bank balances	78,748	116,525
Deposits	<u>293,754</u>	<u>156,057</u>
Total deposits, cash and bank balances	372,502	272,582
Less:		
Cash held for the purpose of distribution of fuel rebate	(61,838)	-
Collections held on behalf of agencies	<u>(125,439)</u>	<u>(143,137)</u>
Total cash and cash equivalents	<u>185,225</u>	<u>129,445</u>

(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 2008)

POS MALAYSIA BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2009

	← Attributable to equity holders of the Company →				
	<i>Non-distributable</i>		<i>Distributable</i>		Total RM'000
	Share Capital RM'000	Share Premium RM'000	Retained Profits RM'000	Minority Interests RM'000	
<u>PERIOD ENDED 31/3/2009</u>					
Balance at beginning of period	268,513	385	495,557	2,574	767,029
Net profit for the period	-	-	22,842	(255)	22,587
Balance at end of period	268,513	385	518,399	2,319	789,616
<u>PERIOD ENDED 31/3/2008</u>					
Balance at beginning of period	268,369	-	591,022	-	859,391
Net profit for the period	-	-	38,892	-	38,892
Dividend paid	-	-	(39,718)	-	(39,718)
Balance at end of period	268,369	-	590,196	-	858,565

(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 2008)

POS MALAYSIA BERHAD

NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

The financial statements for the first quarter ended 31 March 2009 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 2008. 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 2008.

Changes in Accounting Policies

The Group has also early adopt FRS 8, Operating Segments which is effective for annual periods beginning on or after 1 July 2009.

FRS 8 addresses the presentation of financial information to management. Currently, the Group presents segment information in respect of its business and geographical segments. FRS 8 requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. Therefore, on adoption of FRS 8, the Group intend to present segment information in respect of its operating segments: mail, retail and courier & logistics. The change in accounting policy is expected to be applied retrospectively in accordance with the transitional provisions in FRS 8.

The initial adoption and application of the above standard is not expected to have any material impact on the financial statements of the Group.

A2. Qualification of Preceding Annual Financial Statement

The audit report for the audited financial statements for the year ended 31 December 2008 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

There were no unusual items for the current quarter.

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

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different business processes and customer needs. The following summary describes the operations in each of the Group's reportable segments:

- Mail – Includes the provision of basic mail services for corporate and individual customers and customised solutions such as Mailroom Management, Direct Mail and hybrid mail which provides Data and Document Processing services.
- Courier and logistic – Includes logistics and courier solutions by sea, air and land to both national and international destinations.
- Retail – Includes over-the-counter services for payment of bills and certain financial products and services.

Other operations include the business of internet security products, solutions and services and rental income from investment properties held by the Group. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2009 or 2008.

There are varying levels of integration between the Mail reportable segment and the Courier and Logistics reportable segments. This integration includes shared distribution services. The accounting policies of the reportable segments are the same as described in note A1.

Information regarding the operations of each reportable segment is included below. Performance is measured based on segment results. Segment results is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

A8. Segmental reporting (continued)

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

Period ended 31 March 2009	Mail RM'000	Courier & Logistics RM'000	Retail RM'000	Others RM'000	Total RM'000	Elimination RM'000	Group RM'000
Total external revenue	147,095	42,932	38,451	2,448	230,926	-	230,926
Inter-segment revenue	723	410	10,985	214	12,332	(12,332)	-
Total revenue for reportable segments	<u>147,818</u>	<u>43,342</u>	<u>49,436</u>	<u>2,662</u>	<u>243,258</u>	<u>(12,332)</u>	<u>230,926</u>
Reportable segment results	22,728	4,864	(1,248)	(35)	26,309	58	26,367
Other unallocated income					4,776	-	4,776
Profit before taxation					<u>31,085</u>	<u>58</u>	<u>31,143</u>
Reportable segments assets	249,799	99,253	203,692	99,534	652,278	-	652,278
Other unallocated assets					678,299	-	678,299
Total assets					<u>1,330,577</u>	<u>-</u>	<u>1,330,577</u>
Reportable segment liabilities	63,184	16,974	187,840	635	268,633	-	268,633
Other unallocated liabilities					272,328	-	272,328
Total liabilities					<u>540,961</u>	<u>-</u>	<u>540,961</u>
Other information:							
Capital expenditure							
- Property, plant & equipment	6,403	2,023	13,131	-	21,557	-	21,557
Depreciation and amortization	6,146	3,015	2,626	436	12,223	(91)	12,132
Interest income (unallocated)					3,629	-	3,629
Interest expense	231	199	23	-	453	-	453
Allowance for impairment in value (unallocated)					796	-	796
Taxation					8,556	-	8,556

A8. Segmental reporting (continued)

Segmental reporting for the comparative period-to-date (restated) is as follows

Period ended 31 March 2008	Mail RM'000	Courier & Logistics RM'000	Retail RM'000	Others RM'000	Total RM'000	Elimination RM'000	Group RM'000
Total external revenue	153,312	39,329	32,171	19,557	244,369	-	244,369
Inter-segment revenue	543	582	11,791	214	13,130	(13,130)	-
Total revenue for reportable segments	<u>153,855</u>	<u>39,911</u>	<u>43,962</u>	<u>19,771</u>	<u>257,878</u>	<u>(13,130)</u>	<u>244,369</u>
Reportable segment results	32,887	7,056	(1,761)	10,324	48,506	86	48,592
Other unallocated income					4,793	-	4,793
Share of results after tax of equity accounted associate					(202)	-	(202)
Profit before taxation					<u>53,097</u>	<u>86</u>	<u>53,183</u>
Reportable segments assets	171,938	94,407	204,540	112,610	583,495	-	583,495
Other unallocated assets							717,580
Total assets							<u>1,301,075</u>
Reportable segment liabilities	31,763	10,466	144,662	2,693	189,584	-	189,584
Other unallocated liabilities							252,926
Total liabilities							<u>442,510</u>
Other information:							
Capital expenditure							
- Property, plant & equipment	6,554	3,615	13,643	480	24,292	-	24,292
Depreciation and amortization	3,864	1,413	3,313	512	9,102	(86)	9,016
Interest income (unallocated)					4,475	-	4,475
Allowance for impairment in value (unallocated)					7,416	-	7,416
Taxation					14,291	-	14,291

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 2008.

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 March 2009, the Group recorded profit before taxation of RM31.1 million, as compared to preceding year's profit before taxation of RM53.2 million. The results of the major business segments are as follows:-

	3 Months Ended 31 March 2009	3 Months Ended 31 March 2008
	RM'000	RM'000
Postal and related services	26,764	48,693
Others, including property investment and investment holding	56	(101)
Profit from operations	26,820	48,592
Other operating income	5,572	12,209
Allowance for impairment in value	(796)	(7,416)
Finance cost	(453)	-
Share of net results of equity accounted associate	-	(202)
Profit before taxation	31,143	53,183

Profit from operations decreased by 44.8% or RM21.7 million driven by 5.5% decline in operating revenue posted in current quarter and increase in operating expenses by 4.3% or RM8.3 million. The higher revenue last year was mainly due to the completion of the digital certificates for the Lembaga Hasil Dalam Negeri PKI project. This project generated revenue of RM17.1 million. However, the decline is partially mitigated by the growth in logistics and retail business by more than 100% and 20.3% respectively. The Group's logistics arm is expanding as a result of a more consistent service performance. Commissions from fuel rebate continue to contribute to the growth in retail business.

As a result of the above, profit before taxation declined by 41.4% or RM22.0 million. Other operating income was also lower as the Group recorded a gain on disposal of marketable securities in the comparative period. This was however compensated by the lower allowance for impairment in value on investment in marketable securities recorded in the current quarter under review.

B2. Comparison between the current quarter and the immediate preceding quarter

The Group posted profit from operations of RM26.8 million as compared to loss of RM5.4 million in the immediate preceding quarter. The improvement was due to higher revenue and lower operating costs incurred during the current quarter under review by 3.6% and 10.6% respectively.

Profit before taxation also improved by 128.7% or RM140.0 million, attributed to lower allowance for impairment recorded in current quarter of RM0.1 million as opposed to RM107.2 million posted during the immediate preceding quarter.

B3. 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 March 2009 RM'000	3 Months Ended 31 March 2008 RM'000
<u>Net operating profit after tax (“NOPLAT”)</u>		
Earnings before interest and tax (“EBIT”)	26,820	48,592
Adjusted tax	(6,705)	(12,634)
NOPLAT	20,115	35,958
<u>Economic charge computation</u>		
Average invested capital	215,178	144,173
Weighted average cost of capital (“WACC”)	7.01%	7.82%
ECONOMIC CHARGE	(15,084)	(10,437)
ECONOMIC PROFIT	5,031	25,521

Economic profit for the current quarter of RM5.0 million is RM20.5 million or 80.3% lower than the preceding year corresponding quarter of RM25.5 million.

Net operating profit less adjusted tax (“NOPLAT”)

The Group recorded a lower NOPLAT of RM20.1 million for the first quarter 2009, representing a decrease of RM15.8 million or 44.1% over RM36.0 million posted in the first quarter 2008 consistent with the decline in revenue by 5.5% or RM13.4 million as explained in Note B1 to the announcement.

Economic charge

Current quarter recorded lower weighted average cost of capital driven by lower beta of 0.64 against 0.78 in comparable period. As a result, despite increase in average invested capital in the current quarter by RM70.5 million or 48.9%, economic charge only increased by RM4.6 million or 44.2%. The Group capital expenditure for the period was mainly for the information system upgrade, renovations of Post Offices and replacement of motor vehicles for operational purpose.

B4. Future prospects

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

B5. Variance of actual profit from profit forecast

Not applicable.

B6. Tax expense

Major component of tax expense:

	3 Months Ended 31 March 2009 RM'000
Current tax expense	
- Company and subsidiaries	8,556
- Associates	-
	<hr/> 8,556 <hr/>

B7. Sale of unquoted investments and/or properties

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

B8. Purchase and disposal of quoted securities

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

	Quoted shares RM'000	Marketable Securities Quoted shares RM'000
Total Purchases	-	-
Total Disposals	-	-
Total Gain on Disposal	-	-

Summary of quoted securities as at 31 March 2009 were as follows:-

Total investments at cost	249,562	24,543
Total investments at carrying value/book value (after provision for diminution in value)	21,859	6,846
Total investment at market value at end of reporting period	22,871	6,846

B9. Status of Corporate Proposal

There was no corporate proposal announced in the current quarter ended 31 March 2009.

B10. Group borrowings

Hire purchase creditors are payable as follows:

	Minimum lease payment	Interest	Principal
	RM'000	RM'000	RM'000
Less than one year	9,392	1,650	7,742
Between one and five years	31,129	2,444	28,685
	<u>40,521</u>	<u>4,094</u>	<u>36,427</u>

B11. Off balance sheet financial instruments

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

B12. 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 2008.

B13. 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 March 2008	3 Months Ended 31 March 2008
Profit for the period attributable to equity holders of the Company (RM'000)	22,842	38,892
Weighted average number of ordinary shares outstanding ('000)	537,026	536,738
Basic earnings per share (sen)	4.25	7.25

B14. Authorisation for Issue

The Board of Directors authorised the release of this Financial Report on 21 May 2009.

BY ORDER OF THE BOARD

SABRINA ALBAKRI BT. ABU BAKAR
COMPANY SECRETARY
21 May 2009