POS MALAYSIA BERHAD

Company No. 229990-M
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
31 MARCH 2010

POS MALAYSIA BERHAD

QUARTERLY REPORT

Quarterly report on consolidated results for the period ended 31 March 2010. The figures have not been audited.

SUMMARY OF KEY FINANCIAL INFORMATION

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31/03/2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2009 RM'000	CURRENT YEAR TO DATE 31/03/2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2009 RM'000
1	Revenue	**231,079**	230,926	**231,079**	230,926
2	Profit before tax	**9,418**	31,143	**9,418**	31,143
3	Net profit for the period	**1,625**	22,587	**1,625**	22,587
4	Profit attributable to ordinary equity holders of the parent	**1,625**	22,842	**1,625**	22,842
5	Basic earnings per share (sen)	**0.30**	4.25	**0.30**	4.25

		AS AT END OF CURRENT QUARTER	AS AT CORRESPONDING FINANCIAL PERIOD END
6	Net assets per share attributable to ordinary equity holders of the Company (RM)	**1.51**	1.47

POS MALAYSIA BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2010

	3 MONTHS ENDED		**YEAR TO DATE**	
	31 March 2010	31 March 2009	**31 March 2010**	31 March 2009
	RM'000	RM'000	**RM'000**	RM'000
Revenue	**231,079**	230,926	**231,079**	230,926
Operating expenses	**(208,009)**	(204,106)	**(208,009)**	(204,106)
Profit from operations	**23,070**	26,820	**23,070**	26,820
Other operating income	**5,288**	5,572	**5,288**	5,572
Write back of/ (Allowance for) impairment in value	**291**	(796)	**291**	(796)
Fair value adjustment for financial asset designated as Fair Value through Profit and Loss (FVTPL)	**695**	-	**695**	-
Impairment losses for financial asset designated as Available- for-sale (AFS)	**(19,430)**	-	**(19,430)**	-
Finance cost	**(496)**	(453)	**(496)**	(453)
Share of results after tax of equity accounted associate	**-**	-	**-**	-
Profit before tax	**9,418**	31,143	**9,418**	31,143
Tax expenses	**(7,793)**	(8,556)	**(7,793)**	(8,556)
Profit for the period	**1,625**	22,587	**1,625**	22,587
Other comprehensive income for the period, net of tax	**-**	-	**-**	-
Total comprehensive income for the period	**1,625**	**22,587**	**1,625**	**22,587**
Profit attributable to:				
Owners of the Company	**1,625**	22,842	**1,625**	22,842
Minority interests	**-**	(255)	**-**	(255)
Profit for the period	**1,625**	22,587	**1,625**	22,587
Total comprehensive income attributable to:				
Owners of the Company	**1,625**	22,842	**1,625**	22,842
Minority interests	**-**	(255)	**-**	(255)
Total comprehensive income for the period	**1,625**	22,587	**1,625**	22,587
Basic earnings per share (sen)	**0.30**	4.25	**0.30**	4.25

Note : Included in the profit from operations for 3 months ended 31.03.2010 of RM23,070,000 (2009: RM26,820,000) is depreciation and amortization charged of RM10,712,000 and RM2,841,000 respectively (2009: RM9,292,000 and RM2,840,000 respectively).

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with Pos Malaysia Berhad's Audited Financial Statements for the year ended 31 December 2009)

POS MALAYSIA BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2010

	AS AT 31 March 2010 RM'000	AS AT 31 March 2009 (restated) RM'000
ASSETS		
Property, plant and equipment	**540,207**	**515,694**
Goodwill	**4,630**	**-**
Prepaid lease payments	**-**	**-**
Investment properties	**15,071**	**15,071**
Other investments	**201,263**	**219,811**
Deferred tax assets	**44**	**376**
Total non-current assets	**761,215**	**750,952**
Other investments	**5,662**	**6,846**
Inventories	**11,378**	**8,420**
Receivables, deposits and prepayments	**190,507**	**191,235**
Current tax assets	**824**	**622**
Deposits, cash and bank balances*	**344,951**	**372,502**
Total current assets	**553,322**	**579,625**
TOTAL ASSETS	**1,314,537**	**1,330,577**
EQUITY		
Share capital	**268,513**	**268,513**
Share premium	**385**	**385**
Reserves	**544,557**	**518,399**
Total equity attributable to equity holders of the Company	**813,455**	**787,297**
Minority Interests	**-**	**2,319**
	813,455	**789,616**
LIABILITIES		
Deferred tax liabilities	**14,376**	**10,630**
Hire purchase creditors	**27,884**	**28,685**
Total non-current liabilities	**42,260**	**39,315**
Payables and accruals	**440,469**	**493,826**
Current tax liabilities	**8,354**	**78**
Hire purchase creditors	**9,999**	**7,742**
Total current liabilities	**458,822**	**501,646**
Total liabilities	**501,082**	**540,961**
TOTAL EQUITY AND LIABILITIES	**1,314,537**	**1,330,577**
Net assets per share attributable to ordinary equity holders of the Company (RM)	**1.51**	**1.47**

POS MALAYSIA BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTD.)
AS AT 31 MARCH 2010

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

	AS AT 31 March 2010 RM'000	AS AT 31 March 2009 RM'000
Cash and bank balances	**116,409**	78,748
Deposits	**228,542**	293,754
Total deposits, bank and cash balances	**344,951**	372,502
Less:		
Cash held for the purpose of distribution of fuel rebate**	**(4,243)**	(61,838)
Collections held on behalf of agencies***	**(136,231)**	(125,438)
Total cash and cash equivalents	**204,477**	185,226

** 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 amount is also reflected under Payables and Accruals in the Balance Sheet.

The payment of fuel cash rebate ceased after 14 April 2009.

*** Similar to the above, this amount is also included under Payables and Accruals in the Statement of Financial Position.

(The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with Pos Malaysia Berhad's Audited Financial Statements for the year ended 31 December 2009)

POS MALAYSIA BERHAD
UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2010

	31 March 2010	31 March 2009
	RM'000	RM'000
Net profit before tax	**9,418**	31,143
Adjustments for non-cash flow:-		
Non-cash items	**14,003**	13,697
Non-operating items	**15,260**	(2,316)
Operating profit before changes in working capital	**38,681**	42,524
Changes in working capital :		
Net change in current assets	**(16,137)**	(16,000)
Net change in current liabilities	**13,867**	9,837
Cash generated from operating activities	**36,411**	36,361
Tax paid	**(4,949)**	(7,128)
Net cash flows generated from operating activities	**31,462**	29,233
Investing activities		
Net acquisition of property, plant and equipment	**(9,763)**	(16,809)
Proceeds from disposal of investments	**776**	-
Investment income received	**52**	-
Interest income received	**3,188**	3,629
Net cash flows (used in)/generated from investing activities	**(5,747)**	(13,180)
Financing activities		
Repayment of hire purchase creditors	**(2,519)**	(1,875)
Interest expense	**(496)**	(453)
Net cash flows used in financing activities	**(3,015)**	(2,328)
Net change in cash & cash equivalents	**22,700**	13,725
Cash & cash equivalents at beginning of year	**181,777**	171,501
Cash & cash equivalents at end of year*	**204,477**	185,226

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

	31 March 2010	31 March 2009
	RM'000	RM'000
Cash and bank balances	**116,409**	78,748
Deposits	**228,542**	293,754
Total deposits, cash and bank balances	**344,951**	372,502
Less:		
Cash held for the purpose of distribution of fuel rebate	**(4,243)**	(61,838)
Collections held on behalf of agencies	**(136,231)**	(125,438)
Total cash and cash equivalents	**204,477**	185,226

(The Unaudited Condensed Consolidated Cash Flow Statements should be read in conjunction with Pos Malaysia Berhad's Audited Financial Statements for the year ended 31 December 2009)

POS MALAYSIA BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2010

	Attributable to equity holders of the Company				
	<--- Non distributable --->		***Distributable***		
	Share Capital RM'000	**Share Premium RM'000**	**Retained Earnings RM'000**	**Minority Interests RM'000**	**Total RM'000**
PERIOD ENDED 31/03/2010					
At 1 January 2010, previously stated	**268,513**	**385**	**530,695**	**-**	**799,593**
Effect of adopting FRS 139	**-**	**-**	**12,237**	**-**	**12,237**
At 1 January 2010, restated	**268,513**	**385**	**542,932**	**-**	**811,830**
Total comprehensive income for the period	**-**	**-**	**1,625**	**-**	**1,625**
At 31 March 2010	**268,513**	**385**	**544,557**	**-**	**813,455**
PERIOD ENDED 31/03/2009					
At 1 January 2010	268,513	385	495,557	2,574	767,029
Total comprehensive income for the period	-	-	22,842	(255)	22,587
At 31 March 2010	268,513	385	518,399	2,319	789,616

Effect of adopting FRS 139 comprises:

		RM '000
Investment in Transmile Group Berhad ("TGB")		
Carrying amount as at 31 December 2009 @ RM0.54		21,859
Restated as at 1 January 2010 @ RM0.88		35,420
Fair value of equity securities adjusted to opening retained earnings	Note A1(c)(iii)	13,561
Remeasurement of private debt securities		(1,324)
Total adjustment to opening balances as at 1 January 2010		12,237

(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 2009)

POS MALAYSIA BERHAD

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A1. Basis of preparation

The financial statements for the first quarter ended 31 March 2010 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 2009. 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 2009.

Changes in Accounting Policies

On 1 January 2010, The Group and Company adopted the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) which are effective for annual periods beginning on or after 1 January 2010:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010

- FRS 4, *Insurance Contracts*
- FRS 7, *Financial Instruments: Disclosures*
- FRS 101, *Presentation of Financial Statements* (revised)
- FRS 123, *Borrowing Costs* (revised)
- FRS 139, *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
- Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments *to* FRS 7, *Financial Instruments: Disclosures*
- Amendments to FRS 101, *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 132, *Financial Instruments: Presentation - Puttable Financial Instruments and Obligations Arising on Liquidation Separation of Compound Instruments*
- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement - Reclassification of Financial Assets*
- *Collective Assessment of Impairment for Banking Institutions*
- Improvements to FRSs (2009)
- IC Interpretation 9, *Reassessment of Embedded Derivatives*
- IC Interpretation 10, *Interim Financial Reporting and Impairment*
- IC Interpretation 11, FRS 2 – *Group and Treasury Share Transactions*
- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, FRS 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*

- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 15, *Agreements for the Construction of Real Estate*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distribution of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*

The Group plans to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning 1 January 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 January 2010, except for FRS 4, 123 and IC interpretation 9, 11, 13 and 14 which are not applicable to the Group; and

- from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011, except for Amendments to FRS 5, IC Interpretations 12, 15, 16 and 17 and Amendments to IC interpretation 9 which are not applicable to the Group.

  The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impacts to the current and prior period's financial statements upon their first adoption.

  The impacts and disclosures as required by FRS 108.30(b), *Accounting Policies, changes in Accounting Estimates and Errors*, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs.

Other than for the application of FRS101, FRS 117 and FRS 139, the application of the above FRSs, Amendments to FRSs and Interpretation did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

(a) FRS 101 : Presentation of Financial Statements

The Group applied revised FRS 101 which became effective as of 1 January 2010. As a result, the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income.

Comparative information has been represented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact to earnings per ordinary share.

(b) FRS 117 : Leases

The Group has adopted the amendments to FRS 117. The Group has assessed and determined that all leasehold land and buildings of the Group and Company which are in substance finance leases and has reclassified the leasehold land and buildings to property, plant and equipment and the change has been made retrospectively in accordance with the transitional provisions.

The reclassification does not affect the basic and diluted earnings per ordinary share for the current and prior periods.

The following comparative figures have been restated following the adoption of the amendments to FRS 117:

RM'000	As at 31 December 2009, as previously stated	Effect of amendments to FRS 117	As at 31 December 2009, as restated
Assets, net carrying amount			
Property, Plant and Equipment	244,828	270,866	515,694
Prepaid Lease Payments	270,866	(270,866)	-

(c) FRS 139 : Financial Instruments – Recognition and Measurement

The adoption of FRS 139 has resulted to changes in accounting policies relating to recognition and measurement of financial instruments and the new accounting policies are set out below:

(i) Initial recognition and measurement

A financial instrument is recognized in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial instrument is recorded initially at fair value plus, in the case of a financial instrument not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognized separately from the host contract and accounted for as a derivative, is and only if, it is not closely related to the economic characteristics and risks of the host contract is not categorized at fair value through profit and loss. The host contract, in the event the embedded derivative is recognized separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group categorizes financial instruments as follows:

- **Financial assets**

Financial assets are classified as financial assets at fair value through profit or loss, loan and receivables, held to maturity investments, available for sale or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

a) Fair value through profit and loss ("FVTPL")

FVTPL category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are designated in this category upon initial recognition.

Prior to adoption of FRS 139, current investments in quoted shares and marketable securities were carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investments. With the adoption of FRS 139, current investments are now categorized and measured at FVTPL.

Other financial assets classified as FVTPL is subsequently measured at their fair values with the gain or loss recognized in profit or loss.

The effect of adoption of FRS 139 is disclosed below.

b) Loan and receivables

Loan and receivables category comprises debts instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Prior to the adoption of FRS 139, financial assets categorized as loans and receivables were stated at gross receivables less provision for doubtful debts when a receivable is considered irrecoverable by management.

Upon adoption of FRS 139, financial assets classified as loans and receivables are subsequently measured at amortized cost using the effective interest rate (EIR) method.

With the adoption of FRS 139, an impairment loss is recognized for trade and other receivables and is measured as the difference between the net assets' carrying amount and the present value of estimated future cash flows discounted at the assets' original effective interest rate.

These changes in accounting policies have been made in accordance with the transitional provisions of FRS 139. In accordance with the transitional provisions of FRS 139 for first time adoption, adjustments arising from remeasuring the financial instruments at the beginning of the financial period were recognized as adjustments of the opening balance of retained earnings or another appropriate reserve. Comparatives are not adjusted.

Consequently, the adoption of FRS 139 does not affect the basic and diluted earnings per ordinary share for the current and prior periods.

c) Held to maturity

Held-to-maturity investments category comprises debts instruments that are quoted in an active market and the Group has the positive intention and ability to hold to maturity.

Financial assets categorized as held to maturity investments are subsequently measured at amortized cost using the effective interest method.

Prior to adoption of FRS 139, non-current investments in private debt securities were accounted for at cost adjusted for amortization of premium or accretion of discount less allowance for diminution in value. With the adoption of FRS 139, non-current investments in private debt securities are now categorised as held to maturity and initially measured at fair value and are subsequently measured at amortized cost using the effective interest method.

The effect of adoption of FRS 139 is disclosed below.

d) Available for sale

Available for sale category comprises investments in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorized as available for sale are subsequently measured at their fair values with the gain or loss recognized in other comprehensive income, except for impairment losses, foreign exchange gains or loss arising from monetary items or from hedging which are recognized in income statements. On derecognition, the cumulative gain or loss recognized in other comprehensive income is reclassified from equity into profit or loss. Interest for a debt instrument using the effective interest method is recognized in the profit and loss.

Prior to adoption of FRS 139, non-current investments in equity securities other than investments in subsidiaries and associates, were stated at cost less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, quoted investments in non-current equity securities, other than investments in subsidiaries and associates are now categorized as available for sale.

All financial assets, except for those measured at fair value through profit or loss, are subject to for impairment.

The effect of adoption of FRS 139 is disclosed below.

- **Financial liabilities**

All financial liabilities are subsequently measured at amortised cost other than those categorized as fair value through profit and loss.

Fair value through profit and loss comprises of financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated to this category upon initial recognition.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit and loss.

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit and loss.

Impact on opening balances

The application of the above new policies has the following effects:

RM'000	As at 1 January 2010, as previously stated	Effect of FRS 139	As at 1 January 2010, as restated
Assets			
Non-current investments :			
Fair value of equity securities classified as AFS*	21,859	13,561	35,420
Remeasurement of private debt securities**	186,633	(1,324)	185,309
Equity			
Retained earnings:	530,695		542,932
Fair value of equity securities classified as AFS*		13,561	
Remeasurement of private debt securities**		(1,324)	

*The fair value of equity securities is as follows:

	RM '000
Financial assets designated as Available-for-sale:	
- investment in Transmile Group Berhad ("TGB")	
Carrying amount as at 31 December 2009 @ RM0.54	21,859
Restated as at 1 January 2010 @ RM0.88	35,420
Fair value of equity securities adjusted to opening retained earnings	13,561

**Relates to remeasurement of Prasarana Bonds

Impact on current quarter's result

The significant impact on the profit or loss for the first quarter for the financial year ending 31 December 2010 upon adoption of FRS 139 is as follows:

RM'000	As at 1 January 2010, as restated	Effect of FRS 139	As at 31 March 2010
Assets			
Non-current investments :			
Fair value of equity securities classified as AFS*	35,420	(19,430)	15,990
Remeasurement of private debt securities**	185,309	(36)	185,273
Current investments :			
Fair value of marketable securities classified as FVTPL***	4,967	695	5,662
Income statement			
Impairment losses arising from financial assets designated as Available For Sale	-	(19,430)	(19,430)
Fair value of marketable securities classified as FVTPL***	-	695	695
Remeasurement of private debt securities**	-	(36)	(36)

*The fair value of equity securities is as follows:

	RM '000
Financial assets designated as Available-for-sale:	
- investment in Transmile Group Berhad ("TGB")	
Restated as at 1 January 2010 @ RM0.88	35,420
Fair value as at 31 March 2010 @ RM0.395	15,990
Impairment losses for equity securities recognised in income statements	(19,430)

**Relates to remeasurement of Prasarana Bonds
***Relates to fair values of quoted shares and marketable securities

A2. Qualification of Preceding Annual Financial Statements

The audit report for the audited financial statements for the year ended 31 December 2009 was reported without any audit qualification.

A3. Seasonality or Cyclicality 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. During the Annual General Meeting held on 12 May 2010, the shareholders have approved the final dividends recommended by the Directors in respect of the year ended 31 December 2009 of 12.5 sen per ordinary share less tax at 25% totaling RM50,346,000. The final dividends will be recognised during the period when it is paid.

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 – Includes courier and logistics 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 2008 or 2009.

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 (contd.)

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

Period Ended 31 March 2010	**Mail**	**Courier**	**Retail**	**Others**	**Elimination**	**Group**
Revenue						
Total external revenue	146,719	42,815	38,685	2,860	-	231,079
Intersegment revenue	7,370	95	(183)	15	(7,297)	-
Total revenue for reportable segments	**154,089**	**42,910**	**38,502**	**2,875**	**(7,297)**	**231,079**
Reportable segment results	20,608	3,684	(1,522)	(977)	1,277	23,070
Other unallocated income						(13,652)
Profit before taxation						9,418
Reportable segments assets	276,191	100,579	191,680	98,703		667,153
Other unallocated assets						647,384
Total assets						1,314,537
Reportable segment liabilities	61,660	14,300	140,877	372	-	217,209
Other unallocated liabilities						283,873
Total liabilities						501,082
Other information						
Capital expenditure						
- Property, plant & equipment	12,759	3,249	1,899	33	-	17,940
Depreciation and amortization	6,385	2,988	3,829	442	(91)	13,553
Interest income						(3,152)
Interest expense	306	173	17	-	-	496
Write back of impairment in value	-	-	-	-	-	(291)
Fair value adjustment on financial asset designated as FVTPL						(695)
Impairment losses for financial asset designated as AFS						19,430
Taxation	-	-	-	-	-	7,793

A8. Segmental reporting (contd.)

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

Period Ended 31 March 2009	**Mail**	**Courier**	**Retail**	**Others**	**Elimination**	**Group**
Revenue						
Total external revenue	147,095	42,932	38,451	2,448	-	230,926
Intersegment revenue	5,671	197	(149)	214	(5,933)	-
Total revenue for reportable segments	**152,766**	**43,129**	**38,302**	**2,662**	**(5,933)**	**230,926**
Reportable segment results	22,959	5,063	(1,225)	(35)	58	26,820
Other unallocated income						4,323
Profit before taxation						31,143
Reportable segments assets	251,103	98,732	202,909	99,535	-	652,279
Other unallocated assets						678,298
Total assets						1,330,577
Reportable segment liabilities	63,200	16,984	187,815	635	-	268,633
Other unallocated liabilities						272,328
Total liabilities						540,961
Other information						
Capital expenditure						
- Property, plant & equipment	6,410	2,020	13,127	-	-	21,557
Depreciation and amortization	6,174	3,003	2,610	436	(91)	12,132
Interest income	-	-	-	-	-	(3,629)
Interest expense	230	200	23	-	-	453
Allowance for impairment in value	-	-	-	-	-	796
Taxation	-	-	-	-	-	8,556

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 materials 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

1. Updates on the contingent liabilities as at the date of this announcement are as follows:-

(a) On 18 January 2002, Pos Malaysia & Services Holdings Berhad ("PSH") and PSH Allied Berhad ("PSHAB") ("the Defendants") were served with a Writ of Summons and Statement of Claim by MBB ("the Plaintiff") (Kuala Lumpur High Court Civil Suit D3-22-2240-2001). Subsequently, an Amended Writ of Summons and Amended Statement of Claim were served on the Defendants by the Plaintiff on 19 March 2002.

On 30 July 2002, the Defendants' application to strike out Plaintiff's Writ of Summons was allowed with costs by the Senior Assistant Registrar. A Notice of Appeal to Judge In Chambers dated 6 August 2002 filed by the Plaintiff has been dismissed with costs on 25 April 2003. A Notice of Appeal to the Court of Appeal dated 20 May 2003 had been filed by the Plaintiff.

At the hearing on 22 July 2009 at the Court of Appeal, the court had allowed the appeal with costs at the Court of Appeal and the High Court. The matter will therefore proceed to trial.

The matter has been fixed for case management before the Judge on 7 July 2010.

(b) On 2 April 2003, PSH and PSH Allied Berhad ("Defendants") were served with a Writ of Summons and Statement of Claim (Kuala Lumpur High Court Civil Suit No. D3-22-330-2003) by MBB ("the Plaintiff").

On 16 June 2004, the Defendants' application to strike out the Plaintiff's Writ of Summons was allowed with costs by the Senior Assistant Registrar. A Notice of Appeal to Judge In Chambers has been filed by the Plaintiff on 24 June 2004 to appeal against the decision of the Senior Assistant Registrar.

The same was dismissed by the learned Judge on 26 April 2005. The Plaintiff had appealed to the Court of Appeal vide Notice of Appeal dated 25 May 2005 in CA Civil Appeal No. W-03-86-2005.

At the hearing on 22 July 2009 at the Court of Appeal, the court had allowed the appeal with costs at the Court of Appeal and the High Court. The matter will therefore proceed to trial.

The matter has been fixed for case management before the Judge on 7 July 2010.

(c) On 2 April 2003, PSH and PSH Allied Berhad ("Defendants") were served with a Writ of Summons and Statement of Claim (Kuala Lumpur High Court Civil Suit No. D3-22-331-2003) by MBB ("the Plaintiff").

On 16 June 2004, the Defendants' application to strike out Plaintiff's Writ of Summons was allowed with costs by the Senior Assistant Registrar. A Notice of Appeal to Judge In Chambers has been filed by the Plaintiff on 24 June 2004 to appeal against the decision of the Senior Assistant Registrar.

The same was dismissed by the learned Judge on 26 April 2005. The Plaintiff had appealed to the Court of Appeal vide Notice of Appeal dated 25 May 2005 in CA Civil Appeal No. W-03-87-2005.

At the hearing on 22 July 2009 at the Court of Appeal, the court had allowed the appeal with costs at the Court of Appeal and the High Court. The matter will therefore proceed to trial.

The matter has been fixed for case management before the Judge on 7 July 2010.

2. 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 period ended 31 March 2010, the Group recorded profit before taxation of RM9.4 million, as compared to preceding year's profit before taxation of RM31.1 million. The results of the major business segments are as follows:-

	3 Months Ended 31 March 2010 RM'000	3 Months Ended 31 March 2009 RM'000
Mail	20,058	22,926
Courier	3,684	5,063
Retail	(1,522)	(1,225)
Others	850	56
Profit from operations	**23,070**	**26,820**
Other operating income	5,288	5,572
Write back of/ (Allowance for) impairment in value	291	(796)
Fair value adjustment for financial asset designated as FVTPL	695	-
Impairment losses for financial asset designated as AFS	(19,430)	-
Finance cost	(496)	(453)
Profit before taxation	**9,418**	**31,143**

Profit from operation was RM3.8 million or 14.0% lower than corresponding period last year mainly due to higher operating expenses by RM3.9 million or 1.9%. This was slightly cushioned by the increase in revenue by RM0.2 million or 0.1%. The increase in operating expenses was particularly due to higher cost incurred for maintenance and supplies, transportation cost and promotional expenses.

The Group recorded a lower profit before taxation by RM21.8 million due to impairment losses provided for non-current investments of RM19.4 million. In prior year, an impairment loss of RM0.8 million was provided for marketable securities.

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

The Group posted a profit from operations of RM23.1 million as compared to the RM22.2 million profits in the immediate preceding quarter. The increase of RM0.8 million or 3.8% was due to an improvement in revenue of RM6.5 million, mitigated with the increase in operating expenses of RM5.7 million.

However, profit before taxation decreased by RM19.0 million or 66.8% from profit of RM28.4 million in immediate preceding quarter as a result of an additional impairment loss of RM19.4 million provided for non current investment under FRS 139.

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	3 Months Ended
	31-Mar-10	31-Mar-09
	RM'000	RM'000
Net operating profit after tax ("NOPLAT")		
Earnings before interest and tax ("EBIT")	**23,070**	26,820
Adjusted tax	**(5,768)**	(6,705)
NOPLAT	**17,303**	20,115
Economic charge computation		
Average invested capital	**330,146**	215,178
Weighted average cost of capital ("WACC")	**7.63%**	7.03%
ECONOMIC CHARGE	**(25,195)**	(15,129)
ECONOMIC (LOSS) / PROFIT	**(7,892)**	4,986

The Group registered economic loss of RM7.9 million as compared to the preceding year corresponding quarter's profit of RM5.0 million due to lower NOPLAT and higher Economic Charge.

Net operating profit less adjusted tax ("NOPLAT")

Since the Group recorded lower operating profit of RM23.1 million during the current quarter, a lower NOPLAT of RM17.3 million is recorded against RM20.1 million in the corresponding quarter last year, mainly attributed to higher operating expenditure of RM3.9 million or 1.9% as explained in Note B1 to the announcement.

Economic charge

Economic charge was approximately RM10.0 million higher than corresponding period last year in line with the increase in average invested capital and WACC. The Group capital expenditure for the year was mainly for the building improvement of post offices, new mail processing centre, information system upgrade and replacement of motor vehicles for operational purpose. Higher WACC was driven by higher cost of equity.

B5. Future prospects

With the continuing economic recovery and the impending tariff increase as announced by the Minister of Information, Communication and Culture, the Board of Directors is optimistic regarding the Group's performance for the remaining period financial year.

B6. Variance of actual profit from profit forecast

Not applicable.

B7. Tax expense

Major component of tax expense:

	3 Months Ended 31 March 2010 RM'000	3 Months Ended 31 March 2009 RM'000
Current tax expense		
- Company and subsidiaries	7,793	8,556
- Associates	-	-
	7,793	8,556

B8. Sale of unquoted investments and/or properties

There was no sale of investment 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 period-to-date and profit/loss arising there from:-

	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 2010 were as follows:-		
Total investments at cost	249,562	19,647
Total investments at carrying value/book value (after provision for diminution in value)	15,990	5,663
Total investment at market value at end of reporting period	15,990	5,663

B10. Status of Corporate Proposal

There was no corporate proposal announced in the current quarter ended 31 March 2010.

B11. Group borrowings

Hire purchase creditors are payables as follows:

	Minimum lease payment RM'000	Interest RM'000	Principal RM'000
Less than one year	11,626	1,627	9,999
Between one and five years	29,748	1,864	27,884
	41,374	3,491	37,883

B12. Off balance sheet financial instruments

There were no off balance sheet financial instruments 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 2009 except as disclosed under note A12.

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 March 2010	31 March 2009
	RM'000	RM'000
Profit for the period attributable to equity holders of the Company (RM'000)	**1,625**	22,842
Weighted average number of ordinary shares outstanding ('000)	**537,026**	537,026
Basic earnings per share (sen)	**0.30**	4.25

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 31 May 2010.

BY ORDER OF THE BOARD

SABRINA ALBAKRI BT. ABU BAKAR
COMPANY SECRETARY
31 May 2010.