POS MALAYSIA BERHAD

Company No. 229990-M
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
31 DECEMBER 2010

POS MALAYSIA BERHAD

QUARTERLY REPORT

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

SUMMARY OF KEY FINANCIAL INFORMATION

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31.12.2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2009 RM'000	CURRENT YEAR TO DATE 31.12.2010 RM'000	PRECEDING YEAR TO DATE 31.12.2009 RM'000
1	Revenue	**277,333**	224,581	**1,014,975**	902,561
2	Profit before tax	**10,038**	28,403	**99,066**	109,265
3	Net profit for the period	**6,084**	16,479	**67,108**	76,712
4	Profit attributable to ordinary equity holders of the parent	**6,084**	14,930	**67,108**	75,416
5	Basic earnings per share (sen)	**1.13**	2.78	**12.50**	14.04

		AS AT END OF CURRENT FINANCIAL YEAR END	AS AT PRECEDING FINANCIAL YEAR END
6	Net assets per share attributable to ordinary equity holders of the Company (RM)	**1.54**	1.49

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

	3 MONTHS ENDED		YEAR TO DATE	
	31.12.2010	31.12.2009	**31.12.2010**	31.12.2009
	RM'000	RM'000	**RM'000**	RM'000
Revenue	**277,333**	224,581	**1,014,975**	902,561
Operating expenses	**(251,353)**	(202,349)	**(909,307)**	(820,209)
Profit from operations (Note 1)	**25,980**	22,232	**105,668**	82,352
Other operating income	**10,455**	3,651	**26,671**	23,826
Write back of impairment in value	-	2,944	**15,537**	4,892
Fair value adjustment for financial asset designated as Fair Value through Profit and Loss (FVTPL)	**483**	-	**1,489**	-
Impairment losses for financial asset designated as Available- for-sale (AFS)	**(4,048)**	-	**(25,098)**	-
Impairment losses for property, plant and equipment (Note 2)	**(22,273)**	-	**(22,273)**	-
Finance cost	**(559)**	(424)	**(2,928)**	(1,805)
Profit before tax	**10,038**	28,403	**99,066**	109,265
Tax expenses	**(3,954)**	(11,924)	**(31,958)**	(32,553)
Profit for the period/year	**6,084**	16,479	**67,108**	76,712
Other comprehensive income for the period / year, net of tax	-	-	-	-
Total comprehensive income for the period/year	**6,084**	16,479	**67,108**	76,712
Profit attributable to:				
Owners of the Company	**6,084**	14,930	**67,108**	75,416
Minority interests	-	1,549	-	1,296
Profit for the period/year	**6,084**	16,479	**67,108**	76,712
Total comprehensive income attributable to:				
Owners of the Company	**6,084**	14,930	**67,108**	75,416
Minority interests	-	1,549	-	1,296
Total comprehensive income for the period/year	**6,084**	16,479	**67,108**	76,712
Basic earnings per share (sen)	**1.13**	2.78	**12.50**	14.04

Note 1: Included in the profit from operations for 12 months ended 31.12.2010 of RM105,668,000 (2009: RM82,352,000) is depreciation and amortization charged of RM45,400,000 and RM11,726,000 respectively (2009: RM37,588,000 and RM11,367,000 respectively).

Note 2: The impairment losses on property, plant and equipment relates to the impairment provided for capital expenditure incurred for the postal counter system.

(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 DECEMBER 2010

	AS AT 31.12.2010	AS AT 31.12.2009 (restated)
	RM'000	RM'000
ASSETS		
Property, plant and equipment	551,960	535,829
Goodwill	4,630	4,630
Prepaid lease payments	-	-
Investment properties	15,071	15,071
Other investments	95,468	208,492
Deferred tax assets	417	85
Total non-current assets	667,546	764,107
Other investments	102,806	4,967
Inventories	8,761	8,693
Receivables, deposits and prepayments	196,570	177,508
Current tax assets	1,503	1,453
Deposits, cash and bank balances*	398,033	317,861
Total current assets	707,673	510,482
TOTAL ASSETS	1,375,219	1,274,589
EQUITY		
Share capital	268,513	268,513
Share premium	385	385
Reserves	559,695	530,695
Total equity attributable to equity holders of the Company	828,593	799,593
Minority Interests	-	-
	828,593	799,593
LIABILITIES		
Deferred tax liabilities	12,282	14,503
Hire purchase creditors	30,762	23,829
Total non-current liabilities	43,044	38,332
Payables and accruals	471,849	422,213
Current tax liabilities	18,497	6,055
Hire purchase creditors	13,236	8,396
Total current liabilities	503,582	436,664
Total liabilities	546,626	474,996
TOTAL EQUITY AND LIABILITIES	1,375,219	1,274,589
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.54	1.49

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

	AS AT 31.12.2010 RM'000	AS AT 31.12.2009 RM'000
Cash and bank balances	**119,781**	119,219
Deposits	**278,252**	198,642
Total deposits, bank and cash balances	**398,033**	317,861
Less:		
Cash held for the purpose of distribution of fuel rebate**	**(4,338)**	(4,257)
Collections held on behalf of agencies***	**(126,129)**	(131,827)
Total cash and cash equivalents	**267,566**	181,777

** 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 YEAR ENDED 31 DECEMBER 2010

	31.12.2010	31.12.2009
	RM'000	RM'000
Net profit before tax	**99,066**	109,265
Adjustments for non-cash flow:-		
Non-cash items	**53,049**	47,035
Non-operating items	**12,718**	(21,198)
Operating profit before changes in working capital	**164,833**	135,102
Changes in working capital :		
Net change in current assets	**482**	3,853
Net change in current liabilities	**55,254**	(10,583)
Cash generated from operating activities	**220,569**	128,372
Tax paid	**(27,399)**	(21,816)
Tax refund	**5,281**	
Net cash flows (used in)/generated from operating activities	**198,451**	106,556
Investing activities		
Net acquisition of property, plant and equipment	**(64,898)**	(77,366)
Proceeds from disposal of investments	**3,694**	19,016
Investment income received	**132**	149
Interest income received	**13,447**	12,860
Net cash flows used in investing activities	**(47,625)**	(45,341)
Financing activities		
Dividend paid	**(50,346)**	(40,277)
Repayment of hire purchase creditors	**(11,763)**	(8,857)
Interest expense	**(2,928)**	(1,805)
Net cash flows used in financing activities	**(65,037)**	(50,939)
Net change in cash & cash equivalents	**85,789**	10,276
Cash & cash equivalents at beginning of year	**181,777**	171,501
Cash & cash equivalents at end of year*	**267,566**	181,777

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

	31.12.2010	31.12.2009
	RM'000	RM'000
Cash and bank balances	**119,781**	119,219
Deposits	**278,252**	198,642
Total deposits, cash and bank balances	**398,033**	317,861
Less:		
Cash held for the purpose of distribution of fuel rebate	**(4,338)**	(4,257)
Collections held on behalf of agencies	**(126,129)**	(131,827)
Total cash and cash equivalents	**267,566**	181,777

(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 YEAR ENDED 31 DECEMBER 2010

	Attributable to equity holders of the Company				
	<------Non distributable -------->		*Distributable*		
	Share Capital RM'000	**Share Premium RM'000**	**Retained Profits RM'000**	**Minority Interests RM'000**	**Total RM'000**
YEAR ENDED 31/12/2010					
At 1 January 2010, previously stated	**268,513**	**385**	**530,695**	**-**	**799,593**
Effect of adopting FRS 139	**-**	**-**	**12,238**	**-**	**12,238**
At 1 January 2010, restated	**268,513**	**385**	**542,933**	**-**	**811,831**
Total comprehensive income for the year	**-**	**-**	**67,108**	**-**	**67,108**
Dividend paid	**-**	**-**	**(50,346)**		**(50,346)**
At 31 December 2010	**268,513**	**385**	**559,695**	**-**	**828,593**
YEAR ENDED 31/12/2009					
At 1 January 2009	268,513	385	495,556	2,574	767,028
Total comprehensive income for the year	-	-	75,416	1,296	76,712
Dividend paid	-	-	(40,277)	-	(40,277)
Acquisition of minority interests	-	-	-	(3,870)	(3,870)
At 31 December 2009	268,513	385	530,695	-	799,593

(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 fourth quarter ended 31 December 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	273,694	262,135	535,829
Prepaid Lease Payment	262,135	(262,135)	-

(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	(1,323)	185,310
Equity			
Retained earnings	530,695	12,238	542,933

*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 recognised in fair values reserves	13,561

**Relates to remeasurement of Prasarana Bonds

Impact on current quarter's result

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

RM'000	As at 30 September 2010	Effect of FRS 139	Reclassification / (Disposal)	As at 31 December 2010
Assets				
Non-current investments :				
Fair value of equity securities classified as AFS*	14,370	(4,048)	-	10,322
Remeasurement of private debt securities**				-
and reclassification to current assets	185,155	(59)	(99,950)	85,146
Current investments :				
Fair value of marketable securities classified as FVTPL***				
and disposal of marketable securities	5,973	483	(3,600)	2,856
Reclassification of private debt securities from non-current	-	-	99,950	99,950
Income statement				
Impairment losses arising from financial				
assets designated as Available For Sale	-	(4,048)	-	(4,048)
Fair value of marketable securities classified as FVTPL***	-	483	-	483
Remeasurement of private debt securities**	-	(59)	-	(59)

*The fair value of equity securities is as follows:

	RM '000
Financial assets designated as Available-for-sale:	
- investment in Transmile Group Berhad ("TGB")	
Fair value as at 30 September 2010 @ RM0.355	14,370
Fair value as at 31 December 2010 @ RM0.255	10,322
Impairment losses for equity securities recognised in income statements	(4,048)

**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/year.

A6. Debt and equity securities

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

A7. Dividends

The Group paid final dividend of 12.5 sen per ordinary share less income tax at 25% totaling RM50,346,000 in respect of the financial year ended 31 December 2009 on 10 June 2010.

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 and Direct Mail
- Courier – Includes 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 hybrid mail which provides Data and Document Processing services, logistics solutions by sea, air and land to both national and international destinations, 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 2010.

There are varying levels of integration between the Mail reportable segment and the Courier 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:

Year Ended 31 December 2010	**Mail**	**Courier**	**Retail**	**Others**	**Elimination**	**Group**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue						
Total external revenue	624,333	207,648	148,124	34,870	-	1,014,975
Intersegment revenue	2,023	1,000	49,307	-	(52,330)	-
Total revenue for reportable segments	**626,356**	**208,648**	**197,431**	**34,870**	**(52,330)**	**1,014,975**
Reportable segment results	117,170	15,097	(24,303)	(2,296)	-	105,668
Other unallocated expenses						(6,602)
Profit before taxation						99,066
Reportable segments assets	282,193	112,054	173,962	132,867	-	701,076
Other unallocated assets						674,143
Total assets						1,375,219
Reportable segment liabilities	23,262	23,723	131,036	35,319	-	213,340
Other unallocated liabilities						333,286
Total liabilities						546,626
Other information						
Capital expenditure						
- Property, plant & equipment	72,518	8,489	11,730	4,170	-	96,907
- Prepaid lease payments	-	-	-	-	-	-
Depreciation and amortization	26,752	12,208	15,695	2,471	-	57,126
Interest income	-	-	-	-	-	13,234
Interest expense	1,948	813	163	4	-	2,928
Write back of impairment in value	-	-	-	-	-	15,537
Fair value adjustment on financial asset designated as FVTPL	-	-	-	-	-	1,489
Impairment losses for financial asset designated as AFS	-	-	-	-	-	25,098
Impairment losses for property, plant and equipment	-	-	-	-	-	22,273
Taxation	-	-	-	-	-	31,958

A8. Segmental reporting (contd.)

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

Year Ended 31 December 2009	**Mail**	**Courier**	**Retail**	**Others**	**Elimination**	**Group**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue						
Total external revenue	533,543	195,764	138,969	34,285	-	902,561
Intersegment revenue	2,389	394	46,130	2,925	(51,838)	-
Total revenue for reportable segments	**535,932**	**196,158**	**185,099**	**37,210**	**(51,838)**	**902,561**
Reportable segment results	84,043	14,675	(18,363)	1,997	-	82,352
Other unallocated income						26,913
Profit before taxation						109,265
Reportable segments assets	243,020	94,382	187,552	123,507	-	648,461
Other unallocated assets						626,128
Total assets						1,274,589
Reportable segment liabilities	48,910	9,161	136,466	9,209	-	203,746
Other unallocated liabilities						271,250
Total liabilities						474,996
Other information						
Capital expenditure						
- Property, plant & equipment	43,551	5,791	28,581	666	-	78,589
- Prepaid lease payments	-	-	-	-	-	-
Depreciation and amortization	24,153	11,874	10,460	2,832	(364)	48,955
Interest income	-	-	-	-	-	12,860
Interest expense	976	742	81	6	-	1,805
Write back of impairment in value	-	-	-	-	-	4,892
Taxation	-	-	-	-	-	32,553

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.

   (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..

   (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.

   On 21 February 2011, all the above mentioned litigation actions against the Defendants have been withdrawn by the Plaintiff without liberty to file afresh with total costs of RM0.1 million to be paid by the Plaintiff to the Defendants and Notices of Discontinuances have been recorded before the presiding Judge at the Kuala Lumpur High Court.

2. Following to the above, there were no other contingent liabilities or contingent assets at the end of the reporting period.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA

B1. Review of performance

The Group registered a substantial growth of 28.3% in profit from operations of RM105.7 million (2009: RM82.4 million) for the year ended 31 December 2010, as a result of domestic tariff increase in the middle of the year coupled with the benefits realized from transformation initiatives. This is supported by a record revenue of RM1.0 billion; a jump of 12.5% in Group's revenue from RM902.6 million in the preceding year. The results of the major business segments are as follows:-

	YEAR TO DATE	
	31.12.2010	31.12.2009
	RM'000	RM'000
Mail	117,170	84,043
Courier	15,097	14,675
Retail	(24,303)	(18,363)
Others	(2,296)	1,997
Profit from operations	**105,668**	**82,352**
Other operating income	26,671	23,826
Write back of impairment in value	15,537	4,892
Fair value adjustment for financial asset designated as FVTPL	1,489	-
Impairment losses for financial asset designated as AFS	(25,098)	-
Impairment losses for property, plant and equipment	(22,273)	-
Finance cost	(2,928)	(1,805)
Profit before taxation	**99,066**	**109,265**

The results for the full year ended 2010 had to take into account two major impairment provisions; one relating to provision of the investment in Transmile Group Berhad (TGB) of RM25.1 million and the other is the one-off impairment provision relating to capital expenditure incurred for the postal counter system (classified under property, plant and equipment) of RM22.3 million. As a result of these impairment provisions, the profit before taxation registered RM99.1 million as compared to RM109.3 million in the previous financial year ended.

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

	3 MONTHS ENDED	
	31.12.2010	31.12.2009
	RM'000	RM'000
Mail	42,178	19,909
Courier	(1,361)	5,069
Retail	(10,465)	(4,747)
Others	(4,372)	2,001
Profit from operations	**25,980**	**22,232**
Other operating income	10,455	3,651
Write back of impairment in value	-	2,944
Fair value adjustment for financial asset designated as FVTPL	483	-
Impairment losses for financial asset designated as AFS	(4,048)	-
Impairment losses for property, plant and equipment	(22,273)	-
Finance cost	(559)	(424)
Profit before taxation	**10,038**	**28,403**

The Group registered a substantial growth of 16.9% in profit from operations of RM26.0 million (2009: RM22.2 million) for the quarter ended 31 December 2010, attributed to an increase in revenue by 23.5% from the preceding year corresponding quarter.

As a result of provision of the investment in Transmile Group Berhad (TGB) and one-off impairment provision relating to capital expenditure incurred for the postal counter system, the profit before taxation for current quarter was RM10.0 million as compared to RM28.4 million in the preceding year corresponding quarter.

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

	3 MONTHS ENDED	
	31.12.2010	**30.09.2010**
	RM'000	**RM'000**
Mail	42,178	43,119
Courier	(1,361)	518
Retail	(10,465)	(7,663)
Others	(4,372)	2,089
Profit from operations	**25,980**	**38,063**
Other operating income	10,455	4,472
Write back of impairment in value	-	4,027
Fair value adjustment for financial asset designated as FVTPL	483	495
Impairment losses for financial asset designated as AFS	(4,048)	(810)
Impairment losses for property, plant and equipment	(22,273)	-
Finance cost	(559)	(1,312)
Profit before taxation	**10,038**	**44,935**

The Group posted a profit from operation of RM26.0 million, compared to the RM38.1 million profit in the immediate preceding quarter. The decrease in profit by RM12.1 million or 31.7% was due to increase in operating expenses by RM12.0 million.

As a result of provision of the investment in Transmile Group Berhad (TGB) and one-off impairment provision relating to capital expenditure incurred for the postal counter system, the profit before taxation for current quarter was RM10.0 million as compared to RM44.9 million in the previous quarter.

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		YEAR TO DATE	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
	RM'000	RM'000	**RM'000**	RM'000
Net operating profit after tax ("NOPLAT")				
Earnings before interest and tax ("EBIT")	**25,980**	22,232	**105,668**	82,352
Adjusted tax	**(6,495)**	(5,558)	**(26,417)**	(20,588)
NOPLAT	**19,485**	16,674	**79,251**	61,764
Economic charge computation				
Average invested capital	**294,168**	254,706	**301,545**	268,474
Weighted average cost of capital ("WACC")	**7.78%**	7.45%	**7.78%**	7.45%
ECONOMIC CHARGE	**(22,897)**	(18,985)	**(23,471)**	(20,015)
ECONOMIC (LOSS) / PROFIT	**(3,412)**	(2,311)	**55,780**	41,749

The Group's current quarter posted an Economic Loss of RM3.4 million against preceding year corresponding quarter's economic loss of RM2.3 million, as a result of higher economic charge. However, for year to-date, the group recorded higher economic profit of RM55.8 million compared to previous year of RM41.8 million, an increase by RM14.0 million.

Net operating profit less adjusted tax ("NOPLAT")

Higher NOPLAT of RM19.5 million recorded during the current quarter against RM16.7 million in the corresponding quarter last year was due to higher operating revenue as explained in Note B2 to the announcement. Accordingly, there was a corresponding increase in current year's NOPLAT as compared against the preceding year result.

Economic charge

Higher economic charge by RM3.9 million than corresponding quarter last year was in line with the increase in average invested capital and higher 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.

B5. Future prospects

The Group has implemented a new tariff structure for its regulated mail products with effect from 1 July 2010. Thus, in line with the full year impact of the new tariff and the ongoing transformation initiatives, the Board of Directors is optimistic that the Group's performance will be favorable 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	**YEAR TO DATE**
	31.12.2010	31.12.2010
	RM'000	RM'000
Current Tax expense		
- Company and Subsidiaries	3,954	31,958
- Associates	-	-
	3,954	31,958

B8. Sale of unquoted investments and/or properties

There was no sale of investment in subsidiaries during the current quarter. During the current quarter, the group disposed off its property for RM6,096,000 giving rise to gain on disposal of RM4,815,000.

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 there from:-

	Quoted shares	**Marketable Securities**
	RM'000	**RM'000**
Total Purchases	-	-
Total Disposals	-	3,600
Total Gain on Disposal	-	93
Summary of quoted securities as at 31 December 2010 were as follows:-		
Total investments at cost	249,562	16,028
Total investments at carrying value/book value	10,322	2,856
Total investment at market value at end of reporting period	10,322	2,856

B10. Status of Corporate Proposal

There was no corporate proposal announced in the current quarter ended 31 December 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	15,042	1,806	13,236
Between one and five years	32,563	1,801	30,762
	47,605	3,607	43,998

B12. Off balance sheet financial instruments

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

B13. Material litigation

As disclosed under note A12, the material litigations since the latest audited annual financial statements of the Group for the year ended 31 December 2009, have been withdrawn without liberty to file afresh with total costs of RM0.1 million to be paid by the Plaintiff to the Defendants and Notices of Discontinuances have been recorded before the presiding Judge at the Kuala Lumpur High Court on 21 February 2011.

There were no other material litigations at the end of the reporting period.

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/year.

	3 MONTHS ENDED		YEAR TO DATE	
	31.12.2010	31.12.2009	**31.12.2010**	31.12.2009
	RM'000	RM'000	**RM'000**	RM'000
Profit for the period attributable to equity holders of the Company (RM'000)	**6,084**	14,930	**67,108**	75,416
Weighted average number of ordinary shares outstanding ('000)	**537,026**	537,026	**537,026**	537,026
Basic earnings per share (sen)	**1.13**	2.78	**12.50**	14.04

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. Determination of unrealized and realized profits or losses

Part C of the Directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") requires a disclosure of the unappropriated profits of the Group as at 31 December 2010 into realized and unrealized profits or losses. No comparatives figures are required upon first compliance with the disclosure.

	As at 31.12.2010 (RM'000)	As at 31.12.2009 (RM'000)
Total retained profits/(accumulated losses) of the Company:		
- Realised	492,547	
- Unrealised	(9,762)	
	482,785	Note: Comparative figures are not required in the first financial year of complying with the Realised and Unrealised Profit/Losses Disclosures.
Total share of retained profits/(accumulated losses) from subsidiairies:		
- Realised	8,168	
- Unrealised	(468)	
	7,700	
Total share of accumulated losses from associated companies:		
- Realised	(7,650)	
- Unrealised	-	
	(7,650)	
Less: Consolidation adjustments	76,860	
Total group retained profits as per consolidated accounts	559,695	

B16. Authorisation for Issue

The Board of Directors authorised the release of this Financial Report on 28 February 2011.

BY ORDER OF THE BOARD

DATO' SABRINA ALBAKRI BT. ABU BAKAR
COMPANY SECRETARY
28 February 2011.