POS MALAYSIA BERHAD

Company No. 229990-M
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
31 DECEMBER 2011

POS MALAYSIA BERHAD

QUARTERLY REPORT

Quarterly report on consolidated results for the period ended 31 December 2011. The figures have not been audited.

SUMMARY OF KEY FINANCIAL INFORMATION

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31.12.2011 RM'000	**PRECEDING YEAR CORRESPONDING QUARTER 31.12.2010 RM'000**	**CURRENT PERIOD TO DATE 31.12.2011 RM'000**	**PRECEDING YEAR TO DATE 31.12.2010 RM'000**
1	Revenue	**289,629**	277,333	**1,173,615**	1,014,975
2	Profit before tax	**27,308**	10,038	**155,861**	99,066
3	Net profit for the period / year	**25,068**	6,084	**112,004**	67,108
4	Profit attributable to ordinary equity holders of the parent	**25,068**	6,084	**112,004**	67,108
5	Basic earnings per share (sen)	**4.67**	1.13	**20.86**	12.50

		AS AT END OF CURRENT FINANCIAL PERIOD END	**AS AT PRECEDING FINANCIAL YEAR END**
6	Net assets per share attributable to ordinary equity holders of the Company (RM)	**1.62**	1.54

POS MALAYSIA BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2011

	3 MONTHS ENDED		PERIOD / YEAR TO DATE	
	31.12.2011	31.12.2010	**31.12.2011**	31.12.2010
	RM'000	RM'000	**RM'000**	RM'000
Revenue	**289,629**	277,333	**1,173,615**	1,014,975
Operating expenses	**(268,151)**	(251,353)	**(1,027,587)**	(909,307)
Profit from operations (Note)	**21,478**	25,980	**146,028**	105,668
Other operating income	**5,544**	10,455	**22,096**	26,671
Write back of impairment in value	-	-	-	15,537
Fair value adjustment for financial asset designated as Fair Value through Profit and Loss (FVTPL)	**736**	483	**97**	1,489
Impairment losses for financial asset designated as Available- for-sale (AFS)	-	(4,048)	**(10,322)**	(25,098)
Impairment losses for property, plant and equipment	-	(22,273)	-	(22,273)
Finance cost	**(450)**	(559)	**(2,038)**	(2,928)
Profit before tax	**27,308**	10,038	**155,861**	99,066
Tax expenses	**(2,240)**	(3,954)	**(43,857)**	(31,958)
Profit for the period / year	**25,068**	6,084	**112,004**	67,108
Other comprehensive income for the period / year, net of tax	-	-	-	-
Comprehensive income for the period / year	**25,068**	6,084	**112,004**	67,108
Profit attributable to:				
Owners of the Company	**25,068**	**6,084**	**112,004**	67,108
Non-controlling interest	-	-	-	-
Profit for the period / year	**25,068**	6,084	**112,004**	67,108
Comprehensive income attributable to:				
Owners of the Company	**25,068**	6,084	**112,004**	67,108
Non-controlling interest	-	-	-	-
Comprehensive income for the period / year	**25,068**	6,084	**112,004**	67,108
Basic earnings per share (sen)	**4.67**	1.13	**20.86**	12.50

Note: Included in the profit from operations for 12 months ended 31.12.2011 of RM146,028,000 (2010: RM105,668,000) is depreciation and amortization charged of RM52,832,000 and RM11,711,000 respectively (2010: RM45,400,000 and RM11,726,000 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 2010)

POS MALAYSIA BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	AS AT 31.12.2011	AS AT 31.12.2010
	RM'000	RM'000
ASSETS		
Property, plant and equipment	616,692	551,960
Goodwill	4,630	4,630
Investment properties	15,071	15,071
Other investments	121,861	96,468
Deferred tax assets	-	417
Total non-current assets	758,254	668,546
Other investments	3,584	104,306
Inventories	10,906	8,761
Receivables, deposits and prepayments	204,456	196,570
Current tax assets	135	1,503
Cash and cash equivalents*	451,282	395,533
	670,363	706,673
Asset classified as held for sale	1,755	-
Total current assets	672,118	706,673
TOTAL ASSETS	1,430,372	1,375,219
EQUITY		
Share capital	268,513	268,513
Share premium	385	385
Reserves	601,214	559,695
Total equity attributable to owners of the Company	870,112	828,593
LIABILITIES		
Deferred tax liabilities	13,548	12,282
Hire purchase creditors	14	30,762
Total non-current liabilities	13,562	43,044
Payables and accruals	532,870	471,849
Current tax liabilities	13,819	18,497
Hire purchase creditors	9	13,236
Revolving credit	-	-
Total current liabilities	546,698	503,582
Total liabilities	560,260	546,626
TOTAL EQUITY AND LIABILITIES	1,430,372	1,375,219
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.62	1.54

POS MALAYSIA BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTD)
AS AT 31 DECEMBER 2011

*CASH AND CASH EQUIVALENTS

	AS AT 31.12.2011 RM'000	AS AT 31.12.2010 RM'000
Cash and bank balances	**107,782**	119,781
Deposits	**343,500**	275,752
Total deposits, bank and cash balances	**451,282**	395,533
Less:		
Cash held for the purpose of distribution of fuel rebate**	**-**	(4,338)
Collections held on behalf of agencies***	**(143,531)**	(126,129)
Total cash and cash equivalents	**307,751**	265,066

** 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 Statement of Financial Position.

The payment of fuel cash rebate ceased after 14 April 2009. As at 31 December 2011, the Group has made full settlement.

*** 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 2010)

POS MALAYSIA BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2011

	31.12.2011 RM'000	31.12.2010 RM'000
Profit before tax	**155,861**	99,066
Adjustments for non-cash flow:-		
Non-cash items	**66,997**	53,049
Non-operating items	**(4,150)**	12,718
Operating profit before changes in working capital	**218,708**	164,833
Changes in working capital :		
Net change in current assets	**(12,486)**	482
Net change in current liabilities	**47,956**	55,254
Cash generated from operating	**254,178**	220,569
Tax paid	**(45,484)**	(27,399)
Tax refund	**-**	5,281
Net cash generated from operating activities	**208,694**	198,451
Cash flows investing activities		
Net acquisition of property, plant and equipment	**(129,361)**	(64,898)
Proceeds from disposal of investments	**100,853**	3,694
Investment income received	**66**	132
Interest income received	**14,821**	13,447
Acquisition of other investment	**(35,890)**	(200)
Net cash used in investing activities	**(49,511)**	(47,825)
Cash flows financing activities		
Dividend paid	**(70,485)**	(50,346)
Repayment of hire purchase creditors	**(43,975)**	(11,763)
Drawdawn on revolving credit	**-**	-
Interest expense	**(2,038)**	(2,928)
Net cash from financing activities	**(116,498)**	(65,037)
Net increase in cash & cash equivalents	**42,685**	85,589
Cash & cash equivalents at beginning of period / year	**265,066**	179,477
Cash & cash equivalents at end of period* / year*	**307,751**	265,066

* Cash and cash equivalents included in the unaudited condensed consolidated cash flow statements comprise the following statement of financial position amounts:

	31.12.2011 RM'000	31.12.2010 RM'000
Cash and bank balances	**107,782**	119,781
Deposits	**343,500**	275,752
Total deposits, cash and bank balances	**451,282**	395,533
Less:		
Cash held for the purpose of distribution of fuel rebate	**-**	(4,338)
Collections held on behalf of agencies	**(143,531)**	(126,129)
Total cash and cash equivalents	**307,751**	265,066

(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 2010)

POS MALAYSIA BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2011

	Attributable to equity holders of the Company				
	<------Non distributable	*-------->*	***Distributable***		
	Share Capital RM'000	**Share Premium RM'000**	**Retained Profits RM'000**	**Non-Controlling Interests RM'000**	**Total RM'000**
PERIOD ENDED 31/12/2011					
At 1 January 2011	**268,513**	**385**	**559,695**	**-**	**828,593**
Total comprehensive income for the period	**-**	**-**	**112,004**	**-**	**112,004**
Dividends to owners of the company	**-**	**-**	**(70,485)**	**-**	**(70,485)**
At 31 December 2011	**268,513**	**385**	**601,214**	**-**	**870,112**
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 period	**-**	**-**	**67,108**	**-**	**67,108**
Dividends to owners of the company	**-**	**-**	**(50,346)**	**-**	**(50,346)**
At 31 December 2010	**268,513**	**385**	**559,695**	**-**	**828,593**

(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 2010)

POS MALAYSIA BERHAD

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A1. Basis of preparation

These condensed consolidated interim financial statements for the fourth quarter ended 31 December 2011 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 2010. 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.

Changes in Financial Year End

On 23 November 2011, the Group announced the change of year end for the Company and its subsidiaries from 31 December to 31 March. Therefore, the financial statements of the Group will be covering a 15-month period ending 31 March 2012 and the Group will presents a fifth quarter results ending 31 March 2012 in the next quarter.

Changes in Accounting Policies

On 1 January 2011, The Group 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 March 2010, 1 July 2010 and 1 January 2011:

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 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distributions 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*
  – *Additional Exemptions for First-time Adopters*
- Amendment to FRS 1, *First-time Adoption of Financial Reporting Standard [Improvements to FRSs (2010)]*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- Amendments to FRS 3 *Business Combinations [Improvements to FRSs(2010)]*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- Amendments to FRS 7, *Financial Instruments: Disclosures [Improvements to FRSs(2010)]*
- Amendments to FRS 101, *Improvements to FRSs (2010)*
- Amendments to FRS 121, *The Effects of changes in Foreign Exchange Rates [Improvements* to FRSs(2010)]
- Amendments to FRS 128, *Investment in Associates [Improvements to FRSs(2010)]*
- Amendments to FRS 131, *Interests in Joint Ventures [Improvements to FRSs(2010)]*
- Amendments to FRS 132, *Financial Instruments: Presentation [Improvements to FRSs(2010)]*

- Amendments to FRS 134, *Interim Financial Reporting [Improvements to FRSs(2010)]*
- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement [Improvements to FRSs(2010)]*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers*
- Amendments to IC Interpretation 13, *Customer Loyalty Programmes [Improvements to FRSs(2010)]*
- Improvements to FRSs (2010)

The adoption of the new / revised FRSs, IC Interpretations and amendments to FRSs did not result in substantial changes in the Group's accounting policies.

The Group has not applied the following new / revised accounting standards (including its consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB), but are not yet effective.

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

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures Transactions*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Transfer of Financial Assets*
- Amendments to FRS 112, *Income Taxes – Deferred Tax: Recovery of Underlying Assets*
- IC Interpretation 15, *Agreements for the Construction of Real Estate*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012

- Amendments to FRS 101, *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- FRS 9, *Financial Instruments* (2009)
- FRS 9, *Financial Instruments* (2010)
- FRS 10, *Consolidated Financial Statements*
- FRS 11, *Joint Arrangements*
- FRS 12, *Disclosure of Interests in Other Entities*
- FRS 13, *Fair Value Measurement*
- FRS 119, *Employee Benefits* (2011)
- FRS 127, *Separate Financial Statements* (2011)
- FRS 128, *Investments in Associates and Joint Ventures* (2011)
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*

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

- from the annual period beginning 1 January 2012 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 January 2011, except for those FRSs / IC Interpretations 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.

Initial application of the other 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.

A2. Qualification of Preceding Annual Financial Statements

The audit report for the audited financial statements for the year ended 31 December 2010 was reported without any audit qualification.

A3. Seasonality of Operations

The Group's operations are not subject to any significant seasonal factors except that mail volume fluctuates during the festive season and at the beginning of calendar year.

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 the first and final and special dividends of 10.0 sen and 7.5 sen respectively per ordinary shares, less tax at 25% totaling RM40,277,000 (7.5 sen net per ordinary shares) and RM30,208,000 (5.6 sen per ordinary shares) in respect of the financial year ended 31 December 2010 on 3 June 2011.

A8. Operating Segments

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 2010 or 2011.

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:

Period Ended 31 December 2011	Mail	Courier	Retail	Others	Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
Total external revenue	731,736	243,819	157,093	40,967	-	1,173,615
Intersegment revenue	2,342	1,513	51,448	-	(55,303)	-
Total revenue for reportable segments	**734,078**	**245,332**	**208,541**	**40,967**	**(55,303)**	**1,173,615**
Reportable segment results	150,006	30,068	(37,925)	3,879	-	146,028
Other unallocated expenses						9,833
Profit before taxation						155,861
Reportable segments assets	351,350	128,770	146,863	146,059	-	773,042
Other unallocated assets						657,330
Total assets						1,430,372
Reportable segment liabilities	34,048	1,010	143,160	8,890	-	187,108
Other unallocated liabilities						373,152
Total liabilities						560,260
Other information						
Capital expenditure						
- Property, plant & equipment	104,363	6,751	16,521	3,914	-	131,549
Depreciation and amortization	36,746	12,816	13,496	1,485	-	64,543
Interest income	-	-	-	-	-	14,695
Interest expense	1,381	465	190	2	-	2,038
Fair value adjustment on financial asset designated as FVTPL	-	-	-	-	-	97
Impairment losses for financial asset designated as AFS	-	-	-	-	-	10,322
Taxation	-	-	-	-	-	43,857

A8. Segmental reporting (contd.)

Segmental reporting for the previous 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	597,767	234,214	148,124	34,870	-	1,014,975
Intersegment revenue	2,023	1,000	49,307	-	(52,330)	-
Total revenue for reportable segments	**599,790**	**235,214**	**197,431**	**34,870**	**(52,330)**	**1,014,975**
Reportable segment results	112,731	19,279	(24,303)	(2,039)	-	105,668
Other unallocated expenses						(6,602)
Profit before taxation						99,066
Reportable segments assets	287,111	122,525	144,469	146,973	-	701,078
Other unallocated assets						674,141
Total assets						1,375,219
Reportable segment liabilities	58,718	9,516	135,537	9,567	-	213,338
Other unallocated liabilities						333,288
Total liabilities						546,626
Other information						
Capital expenditure						
- Property, plant & equipment	74,781	9,342	9,184	3,619	-	96,926
Depreciation and amortization	28,469	13,152	13,033	2,472	-	57,126
Interest income	-	-	-	-	-	13,234
Interest expense	1,950	811	163	4	-	2,928
Reversal of impairment loss on financial assets	-	-	-	-	-	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

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 event

There were no material event 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 contingent liabilities or contingent assets at the end of the reporting period.

A13. Significant events

On 19 May 2011, Transmile Group Berhad ("TGB") announced that Bursa Malaysia Securities Berhad ("**Bursa Securities**") has rejected their appeal against the de-listing of TGB from the Official List of Bursa Securities pursuant to paragraph 8.04 of the Main Market Listing Requirements of Bursa Securities. The securities of TGB was removed from the Official List of Bursa Securities on **24 May 2011.** Upon the de-listing, TGB continues to exist as an unlisted entity and its securities are no longer quoted and traded on Bursa Securities.

At the previous reporting period, the Group's investment in TGB was designated as available for sale in accordance with FRS 139 Financial Instruments: Measurement and Recognition and was carried at a fair value of RM2.8 million or RM0.07 per share. Subsequent to the above announcement by TGB, the Group made full write down of the fair value of the Group's investment in TGB of RM2.8 million in the previous quarter. There is no further write down of TGB in future.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA

B1. Review of Group performance

The Group registered a strong growth of 38.2% in profit from operations of RM146.0 million (2010: RM105.7 million) for the period ended 31 December 2011, as a result of full year impact of domestic tariff increase commencing 1 July 2010 coupled with the benefits realized from transformation initiatives. This is supported by revenue of RM1,173.6 million; a substantial increase of 15.6% from RM1,015.0 million in the preceding year. The results of the major business segments are as follows:-

	YEAR TO DATE	
	31.12.2011	31.12.2010
	RM'000	RM'000
Mail	150,006	112,731
Courier	30,068	19,279
Retail	(37,925)	(24,303)
Others	3,879	(2,039)
Profit from operations	**146,028**	**105,668**
Other operating income	22,096	26,671
Write back of impairment in value	-	15,537
Fair value adjustment for financial asset designated as FVTPL	97	1,489
Impairment losses for financial asset designated as AFS	(10,322)	(25,098)
Impairment losses for property, plant and equipment	-	(22,273)
Finance cost	(2,038)	(2,928)
Profit before taxation	**155,861**	**99,066**

Mail segment shown higher operating profits by RM37.3 million or 33.1% due to increase in mail revenue particularly prepaid by 29.5%, franking (6.9%), registered mail (9.0%) and ordinary mail (3.1%) revenue due to full year impact of domestic tariff increase commencing 1 July 2010.

Courier segment shown higher operating profits by RM10.8 million or 56.0% due to increase in on demand customers revenue by 23.0% and contract customers by 5.1% mitigated with lower parcel and express mail revenue by 5.6%.

Retail segment shown higher operating loss by RM13.6 million or 56.0% despite higher revenue generated from commissions earned of RM11.2 million or 5.7% as the profit performance was impacted by salary increase of staff effective 1 July 2010 as the Company decided to increase the salary of staff Company-wide as our salary was lower than market.

The salary increase was implemented immediately following the domestic tariff increase then. Since most of the benefits arising from the domestic tariff increase accrues to the Mail segment, therefore, the performance of Courier and Retail segments were naturally impacted by higher staff cost as there were no corresponding revenue benefits accruing to these segments arising from the domestic tariff adjustment. Operating expenses increased by 13.0% as a result of increase in staff costs by 12.1%, transportation costs by 13.7% due to increase in jet fuel price and higher depreciation and amortization charges by 13.0% due to higher depreciation on National Mail Centre ("NMC") building and plant and machineries.

Other segment consists of sales of digital certificates, printing and insertion business, logistic revenue and rental income. Other segment increased from operating loss of RM0.2 million against profit of RM3.9 million due to loss incurred for sales of digital certificates and printing and insertion business in previous year.

The Group recorded a higher profit before taxation by RM56.8 million or 57.3% mainly due to higher operating profit as mentioned above and lower impairment loss for financial asset designated as Available For Sale (i.e investment in Transmile Group Berhad) of RM10.3 million as compared to RM25.1 million in the preceding year. In prior year, there was one-off impairment provision relating to capital expenditure incurred for the postal counter system (classified under property, plant and equipment) of RM22.3 million, cushioned by write back of impairment in value of RM15.5 million.

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

	3 MONTHS ENDED	
	31.12.2011	31.12.2010
	RM'000	RM'000
Mail	27,267	39,694
Courier	7,600	1,133
Retail	(17,938)	(10,465)
Others	4,549	(4,382)
Profit from operations	**21,478**	**25,980**
Other operating income	5,544	10,455
Write back of impairment in value	-	-
Fair value adjustment for financial asset designated as FVTPL	736	483
Impairment losses for financial asset designated as AFS	-	(4,048)
Impairment losses for property, plant and equipment	-	(22,273)
Finance cost	(450)	(559)
Profit before taxation	**27,308**	**10,038**

Against the corresponding quarter previous year, the Group registered a decrease of 17.3% in profit from operations of RM21.5 million (2010: RM26.0 million) for the quarter ended 31 December 2011, attributed to higher operating expenses by 6.7% despite increase in revenue by 4.4%. Higher operating expenses due to higher depreciation and amortization charges by 37.9% due to higher depreciation on National Mail Centre ("NMC") building and plant and machineries, higher transportation costs by 14.3% as a result of higher jet fuel price and revision of flying hours rate by 3.0% and increase in staff costs by 2.0% due to salary revision in January 2011.

The Group profit before taxation was higher by RM17.3 million compared to the corresponding quarter previous year 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 whereas none was recorded during current year.

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

	3 MONTHS ENDED	
	31.12.2011	**30.09.2011**
	RM'000	**RM'000**
Mail	27,267	30,442
Courier	7,600	9,079
Retail	(17,938)	(3,946)
Others	4,549	2,668
Profit from operations	**21,478**	**38,243**
Other operating income	5,544	5,287
Write back of impairment in value	-	-
Fair value adjustment for financial asset designated as FVTPL	736	(168)
Impairment losses for financial asset designated as AFS	-	-
Impairment losses for property, plant and equipment	-	-
Finance cost	(450)	(473)
Profit before taxation	**27,308**	**42,889**

The Group posted a profit from operations of RM21.5 million, compared to the RM38.2 million profit in the immediate preceding quarter. The decrease in profit by RM16.8 million or 43.8% was due to the decrease in revenue by RM3.0 million coupled with the increase in operating expenses by RM13.8 million. The Group registered a lower profit before taxation by RM15.6 million due to lower operating profit as mentioned above but it has been moderated by slight increase in fair value adjustment on marketable securities by RM0.9 million. Lower revenue mainly from mail segment by RM10.1 million and retail segment by RM0.2 million mitigated with higher revenue from courier segment by RM4.5 million.

B4. Future prospects

With the new tariff structure for its regulated mail products and the ongoing transformation initiatives, the Board of Directors is optimistic that the Group's performance will be favorable during the financial year.

B5. Variance of actual profit from profit forecast

Not applicable.

B6. Tax expense

Major component of tax expense:

	3 MONTHS ENDED 31.12.2011 RM'000	**PERIOD / YEAR TO DATE** 31.12.2011 RM'000
Current Tax expense		
- Company and Subsidiaries	3,690	42,175
- Associates	-	-
	3,690	42,175
Deferred Tax Expense		
- Company and Subsidiaries	(1,450)	1,682
- Associates	-	
	2,240	43,857

The Group's effective tax rate for the 3-months period is 8% due to overprovision of deferred tax in prior years and year-to-date is 28% which is higher than the statutory tax rate of 25% principally due to certain expenses which was not deductible for tax purposes.

B7. Sale of unquoted investments and/or properties

There was no sale of investment in subsidiaries 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 there from:-

	Quoted shares RM'000	**Marketable Securities RM'000**
Total Purchases	-	-
Total Disposals	-	869
Total Gain on Disposal	-	16
Summary of quoted securities as at 31 December 2011 were as follows:-		
Total investments at cost	250,562	16,840
Total investments at carrying value/book value	-	3,584
Total investment at market value at end of reporting period	-	3,584

B9. Status of Corporate Proposal

There was no corporate proposal announced in the current quarter ended 31 December 2011.

B10. Group borrowings

Hire purchase creditors payables are as follows:

	Minimum lease payment RM'000	Interest RM'000	Principal RM'000
Less than one year	15	1	14
Between one and five years	9	0	9
	24	1	23

The Group raised unsecured Revolving Credit facility of RM45,000,000 of which full repayment was made at the end of the reporting period.

B11. Off balance sheet financial instruments

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

B12.Material litigation

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

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**		**PERIOD / YEAR TO DATE**	
	31.12.2011	31.12.2010	**31.12.2011**	31.12.2010
	RM'000	RM'000	**RM'000**	RM'000
Profit for the period attributable to equity holders of the Company (RM'000)	**25,068**	6,084	**112,004**	67,108
Weighted average number of ordinary shares outstanding ('000)	**537,026**	537,026	**537,026**	537,026
Basic earnings per share (sen)	**4.67**	1.13	**20.86**	12.50

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.

B14. 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 2011 into realized and unrealized profits or losses.

	As at 31.12.2011 (RM'000)	As at 31.12.2010 (RM'000)
Total retained profits/(accumulated losses) of the Company:		
- Realised	532,503	492,547
- Unrealised	(13,357)	(9,763)
	519,146	482,784
Total share of retained profits/(accumulated losses) from subsidiairies:		
- Realised	11,829	8,169
- Unrealised	(409)	(468)
	11,420	7,701
Total share of accumulated losses from associated companies:		
- Realised	(7,650)	(7,650)
- Unrealised	-	-
	(7,650)	(7,650)
Add: Consolidation adjustments	78,298	76,860
Total group retained profits	601,214	559,695

B15. Authorisation for Issue

The Board of Directors authorised the release of this Financial Report on 20 February 2012.

BY ORDER OF THE BOARD

DATO' SABRINA ALBAKRI BT. ABU BAKAR
COMPANY SECRETARY
20 February 2012.