



## **POS MALAYSIA BERHAD**

(229990-M)

(Incorporated in Malaysia)

Interim Financial Report for the Financial Period  
Ended 30 September 2012

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012**

The Board of Directors is pleased to announce the unaudited financial results of the Group for the financial period ended 30 September 2012.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	Current quarter 3 Months Ended		Year to date 6 Months Ended	
		30.09.2012 RM'000	30.09.2011 RM'000	30.09.2012 RM'000	30.09.2011* RM'000
Revenue		300,445	292,623	611,761	579,477
Operating expenses		(262,521)	(254,102)	(531,508)	(505,450)
Profit from operations		37,924	38,521	80,253	74,027
Other expenses		(547)	(278)	(1,886)	(338)
Other income		6,352	5,119	17,766	7,243
Finance cost		-	(473)	-	(1,078)
<b>PROFIT BEFORE TAXATION</b>		<b>43,729</b>	42,889	<b>96,133</b>	79,854
Taxation	17	(13,299)	(15,787)	(28,920)	(31,178)
<b>NET PROFIT FOR THE FINANCIAL PERIOD</b>		<b>30,430</b>	27,102	<b>67,213</b>	48,676
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>		<b>30,430</b>	27,102	<b>67,213</b>	48,676
Net profit for the financial period attributable to:					
Owners of the Company		30,451	27,102	67,234	48,676
Non-controlling interest		(21)	-	(21)	-
		<b>30,430</b>	27,102	<b>67,213</b>	48,676
Total comprehensive income for the financial period attributable to:					
Owners of the Company		30,451	27,102	67,234	48,676
Non-controlling interest		(21)	-	(21)	-
		<b>30,430</b>	27,102	<b>67,213</b>	48,676
Basic earnings per share (sen):	22	<b>5.67</b>	5.05	<b>12.52</b>	9.06

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial period ended 31 March 2012 and the explanatory notes attached to the interim financial report.

\* The Group has changed its financial year end from 31 December to 31 March. Comparatives for cumulative quarters consist of 6 months beginning 1 April 2011 to 30 September 2011.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As at 30.09.2012 RM'000	As at 31.03.2012 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		609,324	622,309
Investment properties		28,590	27,958
Goodwill		4,630	4,630
Deferred tax assets		-	-
Investment securities: available-for-sale		-	-
Investment securities: held-to-maturity		115,462	120,744
		<b>758,006</b>	<b>775,641</b>
<b>CURRENT ASSETS</b>			
Assets held for sale		-	1,755
Inventories		11,020	10,132
Trade and other receivables		163,563	163,204
Investment securities: financial assets at fair value through profit or loss		969	3,268
Investment securities: held-to-maturity		-	-
Cash and cash equivalents		529,258	544,076
		<b>704,810</b>	<b>722,435</b>
<b>TOTAL ASSETS</b>		<b>1,462,816</b>	<b>1,498,076</b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**

	Note	As at 30.09.2012 RM'000	As at 31.03.2012 RM'000
<b>EQUITY AND LIABILITIES</b>			
Share Capital*		268,513	268,513
Reserves		626,329	629,580
<b>Equity attributable to owners of the Company</b>		894,842	898,093
<b>Non-controlling interest</b>		979	-
<b>TOTAL EQUITY</b>		<b>895,821</b>	898,093
<b>NON-CURRENT LIABILITIES</b>			
Hire purchase liabilities		-	15
Deferred tax liabilities		14,737	17,804
		<b>14,737</b>	17,819
<b>CURRENT LIABILITIES</b>			
Trade and other payables		527,033	564,621
Current tax liabilities		25,213	17,538
Hire purchase liabilities	19	12	5
		<b>552,258</b>	582,164
<b>TOTAL LIABILITIES</b>		<b>566,995</b>	599,983
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,462,816</b>	1,498,076
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)</b>		<b>1.67</b>	1.67

\* Based on 537,026,085 ordinary shares in issue.

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial period ended 31 March 2012 and the explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Issued and fully paid ordinary shares		Non-distributable		Retained Earnings RM'000	Equity attributable to owners of the Company RM'000	Non-controlling Interest RM'000	Total RM'000
	Number of shares '000	Nominal value RM'000	Share Premium RM'000	Revaluation Reserves RM'000				
Balance at beginning of the financial year 1.4.2012	537,026	268,513	385	1,144	628,051	898,093	-	898,093
Total comprehensive income for the financial period	-	-	-	-	67,234	67,234	(21)	67,213
Final dividend paid in respect of financial period ended 31 March 2012	-	-	-	-	(70,485)	(70,485)	-	(70,485)
Subscription of shares in a subsidiary company by non-controlling interest	-	-	-	-	-	-	1,000	1,000
<b>Balance as at 30.09.2012</b>	<b>537,026</b>	<b>268,513</b>	<b>385</b>	<b>1,144</b>	<b>624,800</b>	<b>894,842</b>	<b>979</b>	<b>895,821</b>

	Issued and fully paid ordinary shares		Non-distributable	Retained Earnings RM'000	Total Equity attributable to owners of the Company RM'000	Total RM'000
	Number of shares '000	Nominal value RM'000	Share Premium RM'000			
Balance at beginning of the financial year 1.4.2011	537,026	268,513	385	597,955	866,853	866,853
Final dividend paid in respect of financial year ended 31 December 2010	-	-	-	(70,485)	(70,485)	(70,485)
Total comprehensive income for the financial period	-	-	-	48,676	48,676	48,676
<b>Balance as at 30.09.2011</b>	<b>537,026</b>	<b>268,513</b>	<b>385</b>	<b>576,146</b>	<b>845,044</b>	<b>845,044</b>

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial period ended 31 March 2012 and the explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>6 Months Ended 30.09.2012 RM'000</b>	<b>6 Months Ended 30.09.2011 RM'000</b>
Net profit for the financial period	67,213	48,676
Adjustments:		
- Depreciation of property, plant and equipment	44,948	29,113
- Finance cost	-	1,078
- Taxation	28,920	31,178
- Others	(14,393)	(3,735)
Operating profit before working capital changes	126,688	106,310
Changes in working capital:		
Net increase in current assets	-	(217)
Net decrease in current liabilities	(74,498)	(27,588)
Net cash generated operations	52,190	78,505
Tax paid	(24,442)	(29,107)
Net cash inflow from operating activities	<b>27,748</b>	<b>49,398</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	8,952	1,170
Proceeds from disposal of investments and redemption of held-to-maturity securities	7,078	-
Purchase of property, plant and equipment	(32,970)	(85,618)
Acquisition of other investments	-	(5,022)
Subscription of shares by non-controlling interest in a subsidiary company	1,000	-
Investment received	39	45
Interest received	8,804	7,880
Net cash outflow from investing activities	<b>(7,097)</b>	<b>(81,545)</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)**

	<b>6 Months Ended 30.09.2012 RM'000</b>	<b>6 Months Ended 30.09.2011* RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest expense	-	(1,078)
Proceeds from bank borrowings	-	45,000
Repayment of bank borrowing/ hire purchase	(8)	(40,721)
Dividend paid to shareholders	(70,485)	(70,485)
Net cash outflow from financing activities	<b>(70,493)</b>	<b>(67,284)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(49,842)</b>	<b>(99,431)</b>
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL PERIOD	409,937	330,648
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL PERIOD</b>	<b>360,095</b>	<b>231,217</b>
Cash and cash equivalents as at end of the financial period comprise the followings:		
Bank balances and cash	157,172	123,608
Deposits	372,086	245,300
	529,258	368,908
Less: collections held on behalf of agencies**	(169,163)	(137,691)
	<b>360,095</b>	<b>231,217</b>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2012 and the explanatory notes attached to the interim financial report.

\* The Group has changed its financial year end from 31 December to 31 March. Comparatives for cumulative quarters consist of 6 months beginning 1 April 2011 to 30 September 2011.

\*\* The amount of cash held on behalf of agencies is included under Trade and Other Payables in the Statement of Financial Position.

## **EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT**

### **1. BASIS OF PREPARATION**

The Group has adopted the Malaysian Financial Reporting Standards (MFRS) framework and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* for the first time in these condensed interim financial statements. The condensed financial statements are unaudited and have been prepared in accordance with MFRS 134, *Interim Financial Reporting* and Part A Appendix 9B of Bursa Malaysia Securities Berhad's Main Market Listing Requirements. The interim financial statements should also be read in conjunction with the audited financial statements of the Group for the 15-month period ended 31 March 2012 and the accompanying notes attached to the unaudited condensed consolidated financial statements.

Paragraph 20 of MFRS 134 requires the comparative statements to be presented from the comparable interim period (current and period-to-date) of immediate preceding financial year. Save for statement of financial position and, the comparatives disclosed in these condensed financial statements are for the 6-month period from 1 April 2011 to 30 September 2011, not from the beginning of the preceding financial period of 1 January 2011, as the Group changed its financial year end from 31 December 2011 to 31 March 2012.

#### **First-time adoption of MFRS**

The interim financial statements for the financial period ended 30 September 2012 represent the Group's first time application of MFRS. The transition from FRS to MFRS has not had any material impact to the financial performance and financial position of the Group.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the 15-month period ended 31 March 2012.

The adoption of the MFRS framework did not result in any substantial change to the Group's accounting policies, nor any significant impact on the financial statements as the accounting policies adopted by the Group under the previous FRS framework are consistent with the MFRS framework.

### **3. SEASONALITY OR CYCLICALITY 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.

### **4. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENCE**

There was no item of an unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows during the financial period ended 30 September 2012.



**5. CHANGES IN ESTIMATES**

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

**6. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES**

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

**7. DIVIDENDS PAID**

The Group paid the final dividend of 17.5 sen per ordinary shares less tax at 25% totaling RM70,485,000 (13.1 sen net per ordinary shares) in respect of the financial year ended 31 March 2012 on 10 September 2012.

**8. SEGMENTAL INFORMATION**

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. For each of the strategic business units, the Group's Chief Executive Officer (the chief operating decision maker) and the Board of Directors review internal management reports at least on a quarterly basis. 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 customized solutions such as Mailroom Management and Direct Mail.
- Courier – Includes the 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 the current reporting period.

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 2.

**8. SEGMENTAL INFORMATION (CONTINUED)**

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 a negotiated basis.

The information of each of the Group's business segments for the financial period ended 30 September 2012 is as follows:

	<b>Mail RM'000</b>	<b>Courier RM'000</b>	<b>Retail RM'000</b>	<b>Other RM'000</b>	<b>Elimination RM'000</b>	<b>Group RM'000</b>
<b>Revenue</b>						
Total revenue	351,257	147,284	87,748	25,472	-	611,761
Inter-segment revenue	4,735	(2,564)	24,529	-	(26,700)	-
External revenue	355,992	144,720	112,277	25,472	(26,700)	611,761
<b>Results</b>						
Segment profit	58,772	33,527	(21,644)	9,598	-	80,253
Unallocated expenses						7,385
Interest income						8,495
Profit before taxation						96,133
Taxation						(28,920)
Net profit for the financial period						67,213
Attributable to:						
Owners of the Company						67,234
Non-controlling interest						(21)

**9. PROPERTY, PLANT AND EQUIPMENT**

There is no revaluation of property, plant and equipment from the previous audited annual financial statements as the Group does not adopt a revaluation policy on its property, plant and equipment.

**10. SUBSEQUENT EVENT**

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

**11. CHANGES IN THE COMPOSITION OF THE GROUP**

On 25 June 2012, the Company and Bank Muamalat Malaysia Berhad entered into collaboration through the execution of a Shareholders' Agreement to jointly participate via a joint venture company known as Pos Ar-Rahnu Sdn. Bhd., to undertake the Islamic pawn broking business (Ar-Rahnu). The Company and Bank Muamalat Malaysia Berhad have an equity interest of 80% and 20% respectively in the above company.

**12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

**13. PROFIT BEFORE TAXATION**

Profit before taxation is arrived at after charging/(crediting) the following:

	<b>3 Months Ended</b>		<b>6 Months Ended</b>	
	<b>30.09.2012</b>	<b>30.09.2011</b>	<b>30.09.2012</b>	<b>30.09.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Depreciation of property, plant and equipment	21,096	14,655	44,697*	29,113
Finance cost	-	473	-	1,078
Impairment loss of available-for-sale investment	-	-	-	2,834
Fair value gain of securities designated as fair value through profit or loss	34	168	345	347
Property, plant and equipment written off	-	-	756	-
Doubtful debts (net of write backs)	726	1,057	1,651	2,130
Dividend income	(22)	(38)	(39)	(44)
Gain on disposal of:				
- investment securities: fair value through profit or loss	(128)	-	(134)	-
- assets held-for-sale	(826)	-	(7,027)	-
- property, plant and equipment	10	(306)	(31)	(669)
Fair value adjustment on investment properties	95	-	(537)	-
Interest income on:				
-short term deposits	(3,266)	(1,835)	(6,206)	(3,901)
-investment securities: held-to-maturity investment	(1,128)	(2,004)	(2,289)	(3,924)
Net foreign exchange differences	(106)	(319)	(326)	(838)

\* Depreciation has been netted off against other income as the assets were purchased in relation to government grant received by the Group and Company

**14. REVIEW OF GROUP PERFORMANCE**

**14.1 Group Performance**

The Group registered a growth of 8.4% in profit from operations of RM80.3 million (30.09.2011: RM74.0 million) for the period ended 30 September 2012 supported with higher revenue of RM32.3 million; an increase of 5.6% from RM579.5 million despite higher expenses by RM26.1 million in the preceding period.

The results of the major business segments are as follows:-

	PERIOD TO DATE	
	30.09.2012	30.09.2011
	RM'000	RM'000
Mail	58,772	60,898
Courier	33,527	19,984
Retail	(21,644)	(11,289)
Others	9,598	4,434
Profit from operations	<b>80,253</b>	<b>74,027</b>
Other income	17,574	10,423
Other expense	(1,886)	(338)
Fair value adjustment for financial asset designated as FVTPL	(345)	(347)
Change in fair value adjustment of investment property	537	-
Impairment losses for financial asset designated as AFS	-	(2,833)
Finance cost	-	(1,078)
Profit before taxation	<b>96,133</b>	<b>79,854</b>

**Mail Segment**

Mail segment shown lower operating profits by RM2.1 million or 3.5% due to higher depreciation and amortization and staff costs coupled with dropped in revenue for prepaid, franking, registered mail and ordinary mail by 3.4%, 4.7%, 11.8% and 5.7% respectively despite increase in international mail by 12.6% and corporate mail by 13.3%.

**Courier Segment**

Courier segment shown higher operating profits by RM13.5 million or 67.8% due to increase in on-demand customers revenue by 28.9% and contract customers by 12.7% mainly as a result of higher online transactions for business and extended service counter hours at certain PosLaju centers in Klang Valley.

**14. REVIEW OF GROUP PERFORMANCE (CONTINUED)**

14.1 Group Performance (continued)

**Retail Segment**

Retail segment shown higher operating loss by RM10.4 million principally due to higher operating expenses incurred, impacted by salary increment and higher depreciation and amortization despite higher commissions received by 11.6% and philately by 84.3%.

**Other Segments**

Other segments consist of sales of digital certificates, printing and insertion business, logistic revenue and rental income. Other segments operating profit increased by RM5.2 million or 116.4% due to increase in sales of digital certificates by 41.6% and printing and insertion services revenue by 36.7%.

**Group Operating Profit**

Profit from operation increased by 8.4% as compared to last year due to higher revenue despite increase in expenses. Operating expenses increased by 5.2% due to increase in staff costs by 5.8% as a result of salary adjustment and annual increment and higher depreciation and amortization charges by 53.5% on renovation for Pos Malaysia Headquarters cushioned by lower transportation costs by 10.9% as a result of reversal of prior years' overprovision of international air transportation charges by RM5.0 million.

**Group Profit Before Tax**

For the financial period ended 30 September 2012, the Group achieved a higher pre-tax profit of RM96.1 million, higher than last year by RM16.3 million or 20.4% due to higher profit from operation by RM6.2 million or 8.4% coupled with other income by RM7.2 million or 68.6%. Last year, the Group recorded an impairment loss on for investment in Transmile Group Berhad ("TGB") of RM2.8 million but no further impairment recorded for current financial period.

**14. REVIEW OF GROUP PERFORMANCE (CONTINUED)**

14.2 Comparison between the current quarter and the preceding year corresponding quarter.

	<b>3 MONTHS ENDED</b>	
	<b>30.09.2012</b>	30.09.2011
	<b>RM'000</b>	RM'000
Mail	28,769	30,442
Courier	17,393	9,079
Retail	(11,395)	(3,946)
Others	3,157	2,946
Profit from operations	<b>37,924</b>	<b>38,521</b>
Other income	6,481	5,287
Other expense	(547)	(278)
Fair value adjustment for financial asset designated as FVTPL	(34)	(168)
Change in fair value adjustment of investment property	(95)	-
Finance cost	-	(473)
Profit before taxation	<b>43,729</b>	<b>42,889</b>

**Mail Segment**

Mail segment shown lower operating profits by RM1.7 million or 5.5% due to lower mail revenue RM12.1 million or 6.6% mainly revenue deriving from prepaid by 8.0%, franking by 6.7% and registered mail by 8.9%. The lower revenue was cushioned by lower operating expenditures incurred mainly on transportation costs by 37.8%.

**Courier Segment**

Courier segment shown higher operating profits by RM8.3 million or 91.6% as a result of higher revenue generated from on demand and contract customers by 24.4% and 6.1% respectively, in line with the increase in volume mainly due to higher online transactions for business and extended service counter hours at certain PosLaju centres in Klang Valley.

**Retail Segment**

Retail segment shown higher operating loss by RM7.4 million or 188.8% principally due to lower commissions earned from agencies by RM5.6 million or 15.7% in addition to higher operating expenses incurred, impacted by salary increment and higher depreciation and amortization.

**14. REVIEW OF GROUP PERFORMANCE (CONTINUED)**

- 14.2 Comparison between the current quarter and the preceding year corresponding quarter (continued)

**Other Segments**

Other segments consist of sales of digital certificates, printing and insertion business, logistic revenue and rental income. Other segments operating profit increased by RM0.2 million or 7.2% due to lower operating expenses mainly from staff costs, maintenance and supplies and other OPEX.

**Group Operating Profit**

The Group posted a profit from operations of RM37.9 million, compared to the RM38.5 million profit in the preceding year corresponding quarter. The slight decrease in profit by RM0.6 million or 1.5% was due to the increase in operating expenses by RM8.4 million despite higher revenue by RM7.8 million.

**Group Profit Before Tax**

For the financial period ended 30 September 2012, the Group achieved a higher pre-tax profit of RM43.7 million, higher slightly than preceding year corresponding quarter by RM0.8 million or 2.0% due to higher other income by RM1.2 million or 22.6% despite lower profit from operation by RM0.6 million or 1.5%.

- 14.3 Comparison between the current quarter and the immediate preceding quarter

	<b>3 MONTHS ENDED</b>	
	<b>30.09.2012</b>	<b>30.06.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Mail	28,769	30,003
Courier	17,393	16,134
Retail	(11,395)	(10,249)
Others	3,157	6,441
Profit from operations	<b>37,924</b>	<b>42,329</b>
Other income	6,481	11,093
Other expense	(547)	(1,339)
Fair value adjustment for financial asset designated as FVTPL	(34)	(311)
Change in fair value adjustment of investment property	(95)	632
Profit before taxation	<b>43,729</b>	<b>52,404</b>

**14. REVIEW OF GROUP PERFORMANCE (CONTINUED)**

- 14.3 Comparison between the current quarter and the immediate preceding quarter (continued)

**Mail Segment**

Mail segment shown lower operating profits by RM1.2 million or 4.1% due to lower mail revenue RM9.8 million or 5.4% mainly revenue deriving from prepaid by 6.6%, franking by 3.5% and registered mail by 12.7%. The lower revenue was cushioned by lower operating expenditures incurred mainly on staff costs by 5.7%.

**Courier Segment**

Courier segment shown higher operating profits by RM1.3 million or 7.8% as a result of higher revenue generated from on demand customers by 7.9% despite lower contract customers by 1.8%.

**Retail Segment**

Retail segment shown higher operating loss by RM1.1 million or 11.2% principally due to higher operating expenses incurred, impacted by salary increment and higher depreciation and amortization despite higher commissions earned from agencies by RM1.8 million or 4.5% and philately by RM1.0 million or 36.0%.

**Other Segments**

Other segments consist of sales of digital certificates, printing and insertion business, logistic revenue and rental income. Other segments operating profit decreased by RM3.3 or 51.0% due to higher operating expenses mainly from rental, communication and utilities (RCU) coupled with other OPEX.

**Group Operating Profit**

The Group posted a profit from operations of RM37.9 million, compared to the RM42.3 million profit in the immediate preceding quarter. The decrease in profit by RM4.4 million or 10.4% was due to the decrease in revenue by RM10.9 million cushioned by lower operating expenses by RM6.5 million.

**Group Profit Before Tax**

For the financial period ended 30 September 2012, the Group achieved a lower pre-tax profit of RM43.7 million, lower than immediate preceding quarter by RM8.7 million or 16.6% due to lower profit from operation by RM4.4 million or 10.4% coupled with lower other income by RM4.6 million or 41.6%.



**15. PROSPECTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2012**

For the second quarter of 2012 (2Q 2012), the Malaysian economy grew by 5.4% (year on year) amidst the slowing global economic climate. This was after a moderate pace of 4.9% in the 1st quarter (1Q 2012). The Malaysian economy is expected to grow and sustain this expansion in the second half of 2012 coupled with the momentum of the Economic Transformation Program and other projects to be implemented by the government.

Domestic demand and consumer spending is expected to grow at a slower pace in 2H 2012 but remains strong compared to 1H 2012. This will continue to support the financial services sector which expanded at 6.3% in 2Q 2012. The stronger than expected economic growth in 2Q 2012 indicates the domestic economy may likely sustain at this pace for the remaining half of 2012.

Pos Malaysia is encouraged by the improvement in contributions from the courier segment and may see better contributions in the 2H 2012. To manage increasing cost, the Group will continue to explore further enhancement in productivity and implement cost optimisation for its relevant business units for future growth. Hence, the outlook of the Group's financial year ending 31 March 2013 remains positive.

**16. PROFIT FORECAST OR PROFIT GUARANTEE**

The Group has not issued any profit forecast or profit guarantee for the current financial period in a public document.

**17. TAXATION**

Taxation comprises the following:

	3 Months Ended		Period to Date	
	30.09.2012 RM'000	30.09.2011 RM'000	30.09.2012 RM'000	30.09.2011 RM'000
Current taxation	15,319	12,566	31,987	27,957
Deferred taxation	(2,020)	3,221	(3,067)	3,221
<b>Total</b>	<b>13,299</b>	<b>15,787</b>	<b>28,920</b>	<b>31,178</b>

The Group's effective tax rate for the 3-months ended 30 September and financial period ended 30 September 2012 is 30.4% and 30.1% principally due to certain expenses which were not deductible for tax purposes.

**18. STATUS OF CORPORATE PROPOSALS**

There is no corporate proposal made by the Group in the current period.

**19. GROUP BORROWINGS**

Total Group borrowings (hire purchase) are as follows:

	<b>As at 30.09.2012 RM'000</b>
Hire Purchase – due within 12 months	12
<b>Total</b>	<b>12</b>

**20. MATERIAL LITIGATION**

There is no material litigation pending as at the date of this report.

**21. DIVIDEND**

The Board of Directors is pleased to declare an interim gross dividend of 8.0 sen per ordinary share less taxation of 25% amounting to RM32,200,000 (6.0 sen net per ordinary share) for the current financial year ending 31 March 2013 which is proposed to be paid on 31 December 2012.

NOTICE IS HEREBY GIVEN that the interim dividend of 8.0 sen per share less taxation of 25% will be paid on 31 December 2012, to depositors registered in the Records of Depositors at the close of business on 11 December 2012.

A Depositor shall qualify for entitlement only in respect of:

- (a) Shares deposited into the Depositor's Securities Account before 12.30 p.m on 7 December 2012 in respect of the shares exempted from mandatory deposit;
- (b) Shares transferred into the Depositor's Securities Account before 4.00 p.m on 11 December 2012 in respect of transfers; and
- (c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

The total gross dividend declared for the financial period ended 30 September 2012 is 8.0 sen per share.

**22. EARNINGS PER SHARE**

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

	3 Months Ended		Period to Date	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
Net profit attributable to owners of the Company (RM'000)	30,430	27,102	67,213	48,676
Number of ordinary shares in issue ('000)	537,026	537,026	537,026	537,026
Basic earnings per share (sen)	<b>5.67</b>	5.05	<b>12.52</b>	9.06

**23. DISCLOSURE OF REALISED AND UNREALISED PROFITS / LOSSES**

The retained profits of the Group as at 30 September 2012 are analysed as follows:

	As at 30.09.2012 RM'000	As at 30.09.2011 RM'000
Total retained profits of the Company and subsidiaries:		
- Realised	652,843	522,967
- Unrealised	(15,119)	(15,835)
	<b>637,724</b>	507,132
Total share of retained profits from associated companies (Realised):	(7,650)	(7,650)
Add: Consolidation adjustments	(5,274)	76,664
Total Group retained profits as per consolidated financial statements	<b>624,800</b>	576,146

**24. AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS**

The audit report of the Group's preceding audited annual financial statements was not subject to any qualification.

BY ORDER OF THE BOARD

DATO' SABRINA ALBAKRI BT. ABU BAKAR  
COMPANY SECRETARY

Kuala Lumpur  
26 November 2012