



## **POS MALAYSIA BERHAD**

(229990-M)

(Incorporated in Malaysia)

Interim Financial Report for the Financial Period  
Ended 30 June 2013

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**

The Board of Directors is pleased to announce the unaudited financial results of the Group for the financial period ended 30 June 2013.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	Current quarter 3 Months Ended		Year to date 3 Months Ended	
		30.06.2013 RM'000	30.06.2012 RM'000	30.06.2013 RM'000	30.06.2012 RM'000
Revenue		355,817	311,316	355,817	311,316
Operating expenses		(298,103)	(268,987)	(298,103)	(268,987)
Profit from operations		57,714	42,329	57,714	42,329
Other income		7,286	11,414	7,286	11,414
Zakat		(473)	(1,339)	(473)	(1,339)
Finance cost		(187)	-	(187)	-
<b>PROFIT BEFORE TAXATION</b>		<b>64,340</b>	52,404	<b>64,340</b>	52,404
Taxation	17	(21,194)	(15,621)	(21,194)	(15,621)
<b>NET PROFIT FOR THE FINANCIAL PERIOD</b>		<b>43,146</b>	36,783	<b>43,146</b>	36,783
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>		<b>43,146</b>	36,783	<b>43,146</b>	36,783
Net profit for the financial period attributable to:					
Owners of the Company		43,687	36,783	43,687	36,783
Non-controlling interest		(541)	-	(541)	-
		<b>43,146</b>	36,783	<b>43,146</b>	36,783
Total comprehensive income for the financial period attributable to:					
Owners of the Company		43,687	36,783	43,687	36,783
Non-controlling interest		(541)	-	(541)	-
		<b>43,146</b>	36,783	<b>43,146</b>	36,783
Basic earnings per share (sen):	21	<b>8.13</b>	6.85	<b>8.13</b>	6.85

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 2013 and the explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As at 30.06.2013 RM'000	As at 30.06.2012 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		611,547	612,135
Investment properties		29,550	28,590
Goodwill		4,630	4,630
Investment securities: held-to-maturity		95,003	115,589
		<b>740,730</b>	760,944
<b>CURRENT ASSETS</b>			
Assets held for sale		-	74
Inventories		10,675	10,206
Trade and other receivables		231,485	191,743
Investment securities: financial assets at fair value through profit or loss and held-to-maturity		21,325	1,171
Cash and cash equivalents		680,950	619,135
		<b>944,435</b>	822,329
<b>TOTAL ASSETS</b>		<b>1,685,165</b>	1,583,273

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

	Note	As at 30.06.2013 RM'000	As at 30.06.2012 RM'000
<b>EQUITY AND LIABILITIES</b>			
Share Capital*		268,513	268,513
Reserves		722,287	666,363
<b>Equity attributable to owners of the Company</b>		<b>990,800</b>	<b>934,876</b>
<b>Non-controlling interest</b>		<b>38</b>	<b>1,000</b>
<b>TOTAL EQUITY</b>		<b>990,838</b>	<b>935,876</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings		-	15
Deferred tax liabilities		40,984	16,757
		<b>40,984</b>	<b>16,772</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		607,455	608,139
Current tax liabilities		22,839	22,485
Borrowings		23,049	1
		<b>653,343</b>	<b>630,625</b>
<b>TOTAL LIABILITIES</b>		<b>694,327</b>	<b>647,397</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,685,165</b>	<b>1,583,273</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)</b>		<b>1.84</b>	<b>1.74</b>

\* 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 2013 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 1.4.2013	537,026	268,513	385	1,144	677,071	947,113	579	947,692
Total comprehensive income for the financial period	-	-	-	-	43,687	43,687	(541)	43,146
<b>Balance as at 30.06.2013</b>	<b>537,026</b>	<b>268,513</b>	<b>385</b>	<b>1,144</b>	<b>720,758</b>	<b>990,800</b>	<b>38</b>	<b>990,838</b>

	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	-	-	-	-	36,783	36,783	-	36,783
Subscription of shares in a subsidiary company by non-controlling interest	-	-	-	-	-	-	1,000	1,000
<b>Balance as at 30.06.2012</b>	<b>537,026</b>	<b>268,513</b>	<b>385</b>	<b>1,144</b>	<b>664,834</b>	<b>934,876</b>	<b>1,000</b>	<b>935,876</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 2013 and the explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>3 Months Ended 30.06.2013 RM'000</b>	<b>3 Months Ended 30.06.2012 RM'000</b>
Net profit for the financial period	43,146	36,783
Adjustments:		
- Depreciation of property, plant and equipment	20,566	23,726
- Finance cost	187	-
- Taxation	21,194	15,621
- Others	(4,725)	(8,640)
Operating profit before working capital changes	80,368	67,490
Changes in working capital:		
Net increase in current assets	(47,271)	(28,524)
Net increase in current liabilities	3,833	13,504
Net cash generated operations	36,930	52,470
Tax paid, net of refund	(2,060)	(11,810)
Net cash inflow from operating activities	<b>34,870</b>	<b>40,660</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	-	8,049
Proceeds from disposal of investments and redemption of held-to-maturity securities	-	6,788
Purchase of property, plant and equipment	(28,351)	(14,388)
Interest received	5,248	4,279
Net cash outflow from investing activities	<b>(23,103)</b>	<b>4,728</b>

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

	<b>3 Months Ended 30.06.2013 RM'000</b>	<b>3 Months Ended 30.06.2012* RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest expense	(187)	-
Proceeds from bank borrowing	5,350	-
Subscription of shares by non-controlling interest in a subsidiary company	-	1,000
Repayment of bank borrowing/ hire purchase	(5)	(4)
Net cash inflow from financing activities	<b>5,158</b>	<b>996</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>16,925</b>	<b>46,384</b>
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL PERIOD	479,163	409,937
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL PERIOD</b>	<b>496,088</b>	<b>456,321</b>
Cash and cash equivalents as at end of the financial period comprise the followings:		
Bank balances and cash	182,011	113,804
Deposits	498,939	505,331
	680,950	619,135
Less: collections on behalf of agency creditors and money order and postal order creditors**	(184,862)	(162,814)
	<b>496,088</b>	<b>456,321</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 2013 and the explanatory notes attached to the interim financial report.

\*\* The amount of cash held on behalf of agency creditors and money order and postal order creditors 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 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 year ended 31 March 2013 and the accompanying notes attached to the unaudited condensed consolidated financial statements.

### **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 year ended 31 March 2013.

### **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 June 2013.

### **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**

There was no dividend paid for the current financial period ended 30 June 2013.



## 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 June 2013 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	201,588	88,100	44,206	21,923	-	355,817
Inter-segment revenue	17,766	4,915	12,656	-	(35,337)	-
External revenue	219,354	93,015	56,862	21,923	(35,337)	355,817
<b>Results</b>						
Segment profit	44,090	16,762	(14,263)	11,125	-	57,714
Unallocated income						1,487
Interest income						5,139
Profit before taxation						64,340
Taxation						(21,194)
Net profit for the financial period						43,146
Attributable to:						
Owners of the Company						43,687
Non-controlling interest						(541)

**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**

There were no other changes in the composition of the Group for the current quarter.

**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>30.06.2013</b>	<b>30.06.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Depreciation of property, plant and equipment	20,614	23,600
Finance cost	187	-
Fair value gain of securities designated as fair value through profit or loss	(45)	311
Doubtful debts (net of write backs)	1,342	925
Gain on disposal of:		
- investment securities: fair value through profit or loss	-	(7)
- assets held-for-sale	-	(6,201)
- property, plant and equipment	(14)	714
Fair value adjustment on investment properties	-	(632)
Interest income on:		
-short term deposits	(3,884)	(2,957)
-investment securities: held-to-maturity investment	(1,255)	(1,162)
Net foreign exchange differences	(641)	(220)

\* 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 36.3% in profit from operations of RM57.7 million (30.06.2012: RM42.3 million) for the period ended 30 June 2013 supported by higher revenue of RM44.5 million; an increase of 14.3% from RM311.3 million despite higher expenses by RM29.1 million compared to the preceding period.

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

	<b>3 MONTHS ENDED</b>	
	<b>30.06.2013</b>	<b>30.06.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Mail	44,090	39,189
Courier	16,762	10,415
Retail	(14,263)	(13,715)
Others	11,125	6,440
Profit from operations	<b>57,714</b>	<b>42,329</b>
Other income	7,241	11,093
Zakat	(473)	(1,339)
Fair value adjustment for financial asset designated as FVTPL	45	(311)
Change in fair value adjustment of investment property	-	632
Finance cost	(187)	-
Profit before taxation	<b>64,340</b>	<b>52,404</b>

**Mail Segment**

Mail segment shown higher operating profits by RM4.9 million or 12.5% due to lower support costs and transfer costs coupled with increase in revenue for prepaid, registered mail, admail, direct mail and corporate mail. However, franking and ordinary mail dropped by 6.0% and 2.1% respectively.

**Courier Segment**

Courier segment shown higher operating profits by RM6.3 million or 60.9% due to increase in on-demand customers revenue by 24.6%, contract customers by 12.9% and prepaid box / envelope by >100.0% 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 slightly higher operating loss by RM0.5 million principally due to higher operating expenses incurred, impacted by salary increment despite higher commissions received from agencies and storage fees from Ar-Rahnu by 4.1%.

**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 RM4.7 million or 72.7% as a result of higher revenue generated from LHDN E-filling project as well as higher contributions from printing and insertions business.

**Group Operating Profit**

Profit from operation increased by 36.3% as compared to last year due to higher revenue despite increase in expenses. Operating expenses increased by 10.8% due to increase in staff costs as a result of annual salary increment, higher transportation for air transport due to jet fuel price, higher raw materials and consumables and higher rental, communication and utilities as a result of higher rental on office and warehouse as well as office equipment cushioned by lower depreciation and amortization charges on computer equipment.

**Group Profit Before Tax**

For the financial period ended 30 June 2013, the Group achieved a higher pre-tax profit of RM64.3 million, higher than last year by RM11.9 million or 22.8% due to higher profit from operation by RM15.4 million or 36.3% coupled with lower zakat expense by RM0.9 million or 64.7%.

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

14.2 Comparison between the current quarter and the immediate preceding quarter

	<b>3 MONTHS ENDED</b>	
	<b>30.06.2013</b>	<b>31.03.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Mail	44,090	39,915
Courier	16,762	14,609
Retail	(14,263)	(8,804)
Others	11,125	(2,227)
Profit from operations	<u>57,714</u>	<u>43,393</u>
Other income	7,241	6,185
Zakat	(473)	(784)
Fair value adjustment for financial asset designated as FVTPL	45	261
Change in fair value adjustment of investment property	-	1,055
Finance cost	(187)	(20)
Profit before taxation	<u>64,340</u>	<u>50,090</u>

**Mail Segment**

Mail segment shown higher operating profits by RM4.2 million or 10.5% due to higher mail revenue combined with lower operating expenses incurred in the current quarter.

**Courier Segment**

Courier segment shown higher operating profits by RM2.2 million or 15.5% due to increase in on-demand customers revenue by 6.1%, contract customers by 9.7%, express mail by 11.6% and prepaid box / envelope by 40.7% mainly as a result of higher online transactions for business and extended service counter hours at certain PosLaju centers in Klang Valley.

**Retail Segment**

Retail segment shown higher operating loss by RM5.5 million or 62.0% principally due to higher operating expenses incurred combined with lower commissions earned from agencies despite slightly higher revenue from philately item and storage fees from Ar-Rahnu.

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

- 14.2 Comparison between the current quarter and the immediate preceding 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 RM13.3 million or >100.0% as a result of higher revenue generated from LHDN E-filling project as well as higher contributions from printing and insertions new customer, Friends Advertising due to one-off election initiatives.

**Group Operating Profit**

The Group posted a profit from operations of RM57.7 million, compared to the RM43.4 million profit in the immediate preceding quarter. The increase in profit by RM14.3 million or 33.0% was due to the increase in revenue by RM11.3 million combined with the decrease in operating expenses by RM3.0 million.

**Group Profit Before Tax**

For the financial period ended 30 June 2013, the Group achieved a higher pre-tax profit of RM64.3 million, higher than immediate preceding quarter by RM14.2 million or 28.4% due to higher profit from operation by RM14.3 million or 33.0% combined with lower zakat expense by RM0.3 million or 39.7% despite lower other income by RM0.2 million or 2.9%.

**15. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2014**

The outlook for the global economy is expected to further stabilise as financial conditions and risks in the advanced economies improve. The Malaysian economy is similarly anticipated to stay steady on the back of sustained domestic strength. The economy has been projected to grow by 5% to 6% in 2013 based on official forecast of Bank Negara Malaysia. Prospects for continued domestic resilience should augur positively for Pos Malaysia, especially in the areas of courier, parcel, and financial services, including its expansion into new services such as logistics and supply chain.

Looking ahead, Pos Malaysia is staying on course in implementing and delivering its 5-year Strategic Plan initiated in 2012 to create an efficient and effective foundation that provides Pos Malaysia with both the strength and stability to support revenue diversification, in line with best practices of other successful postal organisations.

**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	
	30.06.2013 RM'000	30.06.2012 RM'000
Current taxation	16,874	16,668
Deferred taxation	4,320	(1,047)
<b>Total</b>	<b>21,194</b>	<b>15,621</b>

The Group's effective tax rate for the 3-months ended 30 June 2013 / financial period ended 30 June 2013 is 32.9% differed with statutory tax rate of 25% principally due to certain expenses which was 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 are as follows:

	As at 30.06.2013 RM'000
<u>Due within 12 months</u>	
Hire Purchase	1
Revolving credit	23,048
<b>Total</b>	<b>23,049</b>

**20. MATERIAL LITIGATION**

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



**21. 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	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
Net profit attributable to owners of the Company (RM'000)	43,687	36,783	43,687	36,783
Number of ordinary shares in issue ('000)	537,026	537,026	537,026	537,026
Basic earnings per share (sen)	<b>8.13</b>	6.85	<b>8.13</b>	6.85

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

The retained profits of the Group as at 30 June 2013 are analysed as follows:

	As at 30.06.2013 RM'000	As at 30.06.2012 RM'000
Total retained profits of the Company and subsidiaries:		
- Realised	672,652	602,658
- Unrealised	68,300	(17,027)
	<b>740,952</b>	585,631
Total share of retained profits from associated companies (Realised):	(7,650)	(7,650)
Add: Consolidation adjustments	(12,544)	86,853
Total Group retained profits as per consolidated financial statements	<b>720,758</b>	664,834

**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  
16 August 2013