



# **POS MALAYSIA BERHAD**

(229990-M)

(Incorporated in Malaysia)

Interim Financial Report for the Financial Year  
Ended 31 March 2016

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

The Board of Directors is pleased to announce the unaudited financial results of the Group for the financial year ended 31 March 2016.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

|  | Note | Current Quarter<br>3 Months Ended |                      | Cumulative<br>12 Months Ended |                      |
|--|------|-----------------------------------|----------------------|-------------------------------|----------------------|
|  |      | 31.03.2016<br>RM'000              | 31.03.2015<br>RM'000 | 31.03.2016<br>RM'000          | 31.03.2015<br>RM'000 |
| Revenue  |      | 433,638                           | 395,535              | 1,717,439                     | 1,494,045            |
| Operating expenses   |      | (423,853)                         | (374,866)            | (1,649,167)                   | (1,330,750)          |
| Profit from operations   |      | 9,785                             | 20,669               | 68,272                        | 163,295              |
| Other income   |      | 16,660                            | 7,969                | 31,070                        | 22,597               |
| Finance cost   |      | (911)                             | (528)                | (4,188)                       | (2,102)              |
| <b>PROFIT BEFORE ZAKAT AND TAXATION</b>  |      | <b>25,534</b>                     | 28,110               | <b>95,154</b>                 | 183,790              |
| Zakat  |      | (1,406)                           | (298)                | (2,653)                       | (2,479)              |
| <b>PROFIT BEFORE TAXATION</b>  |      | <b>24,128</b>                     | 27,812               | <b>92,501</b>                 | 181,311              |
| Taxation   | 18   | (9,776)                           | (7,909)              | (29,408)                      | (54,261)             |
| <b>NET PROFIT FOR THE QUARTER /FINANCIAL YEAR</b>                              |      | <b>14,352</b>                     | 19,903               | <b>63,093</b>                 | 127,050              |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE QUARTER/ FINANCIAL YEAR (NET OF TAX)</b> |      | <b>14,352</b>                     | 19,903               | <b>63,093</b>                 | 127,050              |
| Basic earnings per share (sen):  | 22   | 2.67                              | 3.71                 | 11.75                         | 23.66                |

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2015 and the explanatory notes attached to the interim financial report

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

|  | Note |  | Unaudited<br>As at<br>31.03.2016<br>RM'000 |  | Audited<br>As at<br>31.03.2015<br>RM'000 |
|--|------|--|--|--|--|
| <b>ASSETS</b>  |      |  |  |  |  |
| <b>NON-CURRENT ASSETS</b>  |      |  |  |  |  |
| Property, plant and equipment  |      |  | 665,193                                    |  | 656,126                                  |
| Investment properties  |      |  | 31,100                                     |  | 31,100                                   |
| Goodwill   |      |  | 4,630                                      |  | 4,630                                    |
| Investment securities: held-to-maturity                                      |      |  | -  |  | 84,398                                   |
|  |      |  | <b>700,923</b>                             |  | <b>776,254</b>                           |
| <b>CURRENT ASSETS</b>  |      |  |  |  |  |
| Inventories  |      |  | 10,924                                     |  | 10,837                                   |
| Trade and other receivables  |      |  | 422,365                                    |  | 365,122                                  |
| Investment securities: financial assets at fair value through profit or loss |      |  | 407  |  | 504                                      |
| Investment securities: held-to-maturity                                      |      |  | 84,265                                     |  | 5,026                                    |
| Current tax assets   |      |  | 11,150                                     |  | 4,415                                    |
| Cash and cash equivalents  |      |  | 638,712                                    |  | 518,422                                  |
|  |      |  | <b>1,167,823</b>                           |  | <b>904,326</b>                           |
| <b>TOTAL ASSETS</b>  |      |  | <b>1,868,746</b>                           |  | <b>1,680,580</b>                         |
| <b>EQUITY AND LIABILITIES</b>  |      |  |  |  |  |
| <b>EQUITY</b>  |      |  |  |  |  |
| Share Capital*   |      |  | 268,513                                    |  | 268,513                                  |
| Share premium  |      |  | 385  |  | 385                                      |
| Reserves   |      |  | 846,698                                    |  | 853,955                                  |
| <b>TOTAL EQUITY</b>  |      |  | <b>1,115,596</b>                           |  | <b>1,122,853</b>                         |
| <b>NON-CURRENT LIABILITIES</b>   |      |  |  |  |  |
| Deferred tax liabilities   |      |  | 36,169                                     |  | 45,774                                   |
|  |      |  | <b>36,169</b>                              |  | <b>45,774</b>                            |
| <b>CURRENT LIABILITIES</b>   |      |  |  |  |  |
| Trade and other payables   |      |  | 617,713                                    |  | 462,141                                  |
| Current tax liabilities  |      |  | 470  |  | 1,014                                    |
| Revolving credit   |      |  | 98,798                                     |  | 48,798                                   |
|  |      |  | <b>716,981</b>                             |  | <b>511,953</b>                           |
| <b>TOTAL LIABILITIES</b>   |      |  | <b>753,150</b>                             |  | <b>557,727</b>                           |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |      |  | <b>1,868,746</b>                           |  | <b>1,680,580</b>                         |
| <b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)</b>       |      |  | <b>2.08</b>                                |  | <b>2.09</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 year ended 31 March 2015 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<br>RM'000 | Total<br>RM'000  |
|--|---------------------------------------|-------------------------|-------------------------|--------------------------------|-----------------------------|------------------|
|  | Number of shares<br>RM'000            | Nominal value<br>RM'000 | Share Premium<br>RM'000 | Revaluation Reserves<br>RM'000 |                             |                  |
| Balance at beginning of the financial year 1.4.2015                  | 537,026                               | 268,513                 | 385                     | 1,144                          | 852,811                     | <b>1,122,853</b> |
| Total comprehensive income for the financial year                    | -                                     | -                       | -                       | -                              | 63,093                      | 63,093           |
| Final dividend paid in respect of financial year ended 31 March 2015 | -                                     | -                       | -                       | -                              | (70,350)                    | (70,350)         |
| <b>Balance as at 31.03.2016</b>                                      | <b>537,026</b>                        | <b>268,513</b>          | <b>385</b>              | <b>1,144</b>                   | <b>845,554</b>              | <b>1,115,596</b> |

|  |                |                |            |              |                |                  |
|--|----------------|----------------|------------|--------------|----------------|------------------|
| Balance at beginning of the financial year 1.4.2014                  | 537,026        | 268,513        | 385        | 1,144        | 763,891        | <b>1,033,933</b> |
| Total comprehensive income for the financial year                    | -              | -              | -          | -            | 127,050        | 127,050          |
| Final dividend paid in respect of financial year ended 31 March 2014 | -              | -              | -          | -            | (38,130)       | (38,130)         |
| <b>Balance as at 31.03.2015</b>                                      | <b>537,026</b> | <b>268,513</b> | <b>385</b> | <b>1,144</b> | <b>852,811</b> | <b>1,122,853</b> |

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2015 and the explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

|   | 12 Months Ended<br>31.03.2016<br>RM'000 | 12 Months Ended<br>31.03.2015<br>RM'000 |
|---|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |   |   |
| Net profit for the financial year   | 63,093                                  | 127,050                                 |
| Adjustments:  |   |   |
| - Depreciation of property, plant and equipment                                     | 102,762                                 | 88,818                                  |
| - Finance cost  | 4,188                                   | 2,102                                   |
| - Taxation  | 29,408                                  | 54,261                                  |
| - Others  | (9,388)                                 | (8,938)                                 |
| Operating profit before working capital changes                                     | 190,063                                 | 263,248                                 |
| Changes in working capital:   |   |   |
| Net decrease in current assets  | (70,881)                                | (60,214)                                |
| Net increase/ (decrease) in current liabilities                                     | 171,664                                 | (25,293)                                |
| Net cash generated from operations  | 290,846                                 | 177,741                                 |
| Tax paid  | (46,292)                                | (68,763)                                |
| Zakat Paid  | -                                       | (571)                                   |
| Net cash generated from operating activities  | <b>244,554</b>                          | <b>108,407</b>                          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |   |   |
| Proceeds from disposal of property, plant and equipment                             | 557                                     | 519                                     |
| Proceeds from disposal of investments and redemption of held-to-maturity securities | 5,026                                   | 25,814                                  |
| Purchase of property, plant and equipment   | (112,017)                               | (104,472)                               |
| Interest received   | 17,365                                  | 16,427                                  |
| Net cash used in investing activities   | <b>(89,069)</b>                         | <b>(61,712)</b>                         |

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

|  | 12 Months Ended<br>31.03.2016<br>RM'000 | 12 Months Ended<br>31.03.2015<br>RM'000 |
|--|---|---|
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |   |   |
| Drawdown on revolving credit   | 50,000                                  | -                                       |
| Interest expense   | (4,188)                                 | (2,102)                                 |
| Dividend paid to shareholders  | (70,350)                                | (38,130)                                |
| Net cash used in financing activities  | <b>(24,538)</b>                         | <b>(40,232)</b>                         |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                                       | <b>130,947</b>                          | <b>6,463</b>                            |
| CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL YEAR                        | 445,726                                 | 439,263                                 |
| <b>CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL YEAR</b>                       | <b>576,673</b>                          | <b>445,726</b>                          |
| Cash and cash equivalents as at the end of the financial year comprise the followings: |   |   |
| Bank balances and cash   | 204,897                                 | 181,415                                 |
| Deposits   | 433,815                                 | 337,007                                 |
|  | 638,712                                 | 518,422                                 |
| Less: collections held on behalf of agencies**   | (62,039)                                | (72,696)                                |
|  | <b>576,673</b>                          | <b>445,726</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 2015 and the explanatory notes attached to the interim financial report.

\*\* 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 interim financial statements are unaudited and have been prepared in accordance with MFRS 134, *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2015 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 for the financial year ended 31 March 2015.

### **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 year ended 31 March 2016.

### **5. CHANGES IN ESTIMATES**

There was no material change in the estimate of amount reported in prior financial years that has a material effect to this interim financial report.

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

There were no cancellation, repurchase and repayment of debt and equity securities during the financial year ended 31 March 2016.

## **7. DIVIDENDS PAID**

The shareholders have approved a first and final single tier dividend of 13.1 sen per ordinary share at the last Annual General Meeting held on 8 September 2015 in respect of the financial year ended 31 March 2015. The net dividend of RM70,350,418 was paid on 7 October 2015.

## **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. 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 the courier, parcel and logistic 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, 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 shown below. Performance is measured based on segment results. Segment results is used to measure performance as management believes that such information is 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 year ended 31 March 2016 is as follows:

| <b>Year ended 31 March 2016</b>   |                |                |                 |               |                    |                  |
|-----------------------------------|----------------|----------------|-----------------|---------------|--------------------|------------------|
|                                   | <b>Mail</b>    | <b>Courier</b> | <b>Retail</b>   | <b>Others</b> | <b>Elimination</b> | <b>Total</b>     |
| <b>Revenue</b>                    |                |                |                 |               |                    |                  |
| External                          | 905,392        | 556,099        | 201,656         | 54,292        | -                  | 1,717,439        |
| Internal                          | 34,488         | 20,983         | 49,197          | -             | (104,668)          | -                |
| Total revenue                     | <b>939,880</b> | <b>577,082</b> | <b>250,853</b>  | <b>54,292</b> | <b>(104,668)</b>   | <b>1,717,439</b> |
| Segment profits                   | <b>58,118</b>  | <b>55,476</b>  | <b>(68,518)</b> | <b>23,196</b> | -                  | <b>68,272</b>    |
| Other Income                      |                |                |                 |               |                    | 13,705           |
| Interest Income                   |                |                |                 |               |                    | 17,365           |
| Finance Cost                      |                |                |                 |               |                    | (4,188)          |
| Profit before zakat and taxation  |                |                |                 |               |                    | <b>95,154</b>    |
| Zakat                             |                |                |                 |               |                    | (2,653)          |
| Profit before taxation            |                |                |                 |               |                    | <b>92,501</b>    |
| Taxation                          |                |                |                 |               |                    | (29,408)         |
| Net profit for the financial year |                |                |                 |               |                    | <b>63,093</b>    |
| <b>Attributable to:</b>           |                |                |                 |               |                    |                  |
| Owners of the company             |                |                |                 |               |                    | <b>63,093</b>    |

**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 material events subsequent to the end of the reporting period that have not been reflected in the financial statements except for as disclosed in Note 19.

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

There are no changes in the composition during the financial year ended 31 March 2016.

**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:

|   | 3 Months Ended       |                      | 12 Months Ended      |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | 31.03.2016<br>RM'000 | 31.03.2015<br>RM'000 | 31.03.2016<br>RM'000 | 31.03.2015<br>RM'000 |
| Depreciation of property, plant and equipment                                 | 28,183               | 27,372               | 102,762              | 88,818               |
| Doubtful debts (net of write backs)   | (1,637)              | (2,782)              | 5,260                | 2,764                |
| Net foreign exchange differences  | (6,872)              | (1,300)              | (7,413)              | (821)                |
| Fair value loss of securities designated as fair value through profit or loss | 848                  | 3                    | 97                   | (79)                 |
| Property, plant and equipment write off                                       | 188                  | -                    | 188                  | -                    |
| Finance cost  | 911                  | 528                  | 4,188                | 2,102                |
| Gain on disposal of:  |                      |                      |                      |                      |
| -property, plant and equipment  | (557)                | (325)                | (557)                | (325)                |
| Fair value adjustment on investment properties                                | -                    | (760)                | -                    | (760)                |
| Interest income on:   |                      |                      |                      |                      |
| -short term deposits  | (4,174)              | (6,375)              | (13,931)             | (12,246)             |
| -investment securities: held-to-maturity investment                           | (708)                | (5,617)              | (3,434)              | (4,181)              |
| Recognition of expired postal orders  | (4,062)              | (27,402)             | (4,062)              | (27,402)             |

## 14. REVIEW OF GROUP PERFORMANCE

### 14.1 Group performance for the financial year ended 31 March 2016

For the financial year 31 March 2016, the group recorded higher revenue of RM1,717.4 million compared with RM1,494.0 million in the previous corresponding year ended 31 March 2015, an increase of 14.9%.

(a) Group revenue by segment are as follows:

|       | Group revenue | 12 months ended      |                      | Variance<br>RM'000 |
|-------|---------------|----------------------|----------------------|--------------------|
|       |               | 31.03.2016<br>RM'000 | 31.03.2015<br>RM'000 |                    |
| (i)   | Mail          | 905,392              | 741,674              | 163,718            |
| (ii)  | Courier       | 556,099              | 480,201              | 75,898             |
| (iii) | Retail        | 201,656              | 219,873              | (18,217)           |
| (iv)  | Others        | 54,292               | 52,297               | 1,995              |
|       | <b>Total</b>  | <b>1,717,439</b>     | <b>1,494,045</b>     | <b>223,394</b>     |

#### (i) **Mail Segment**

Mail segment registered higher revenue of RM905.4 million as compared to RM741.7 million. This is due to higher revenue in transshipment business instead of a net drop in traditional mail volume.

#### (ii) **Courier Segment**

Courier segment registered higher revenue of RM556.1 million compared to RM480.2 million. The upward performance was driven by increased in demand from e-commerce.

#### (iii) **Retail Segment**

Retail segment revenue was lower by RM18.2 million. This is due to recognition of expired postal order amounting to RM25.5 million in the previous corresponding period and lower transaction volume from bill payments and unit trust at post office counters. However, Pos Ar-Rahnu revenue generated higher revenue by RM12.2 million compared to corresponding period of previous period.

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

14.1 Group performance for the financial year ended 31 March 2016

**(iv) Other Segment**

Other segment which consists of digital certificates and printing and insertion registered higher revenue by RM1.9 million due to higher business volume attributed to sales of digital certificates and printing and insertion.

**(b) Group Profit Before Tax**

For the financial year ended 31 March 2016, profit before tax decreased to RM92.5 million as compared to RM181.3 million in the corresponding period previous year due to lower profits from mail and retail segment driven by higher transportation cost for transshipment business and higher recognition of expired postal order in the previous corresponding period.

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

(a) Group revenue by segment are as follows:

|       | Group revenue | 3 Months Ended       |                      | Variance<br>RM'000 |
|-------|---------------|----------------------|----------------------|--------------------|
|       |               | 31.03.2016<br>RM'000 | 31.03.2015<br>RM'000 |                    |
| (i)   | Mail          | 212,730              | 199,649              | 13,081             |
| (ii)  | Courier       | 148,106              | 136,807              | 11,299             |
| (iii) | Retail        | 53,979               | 52,726               | 1,253              |
| (iv)  | Others        | 18,823               | 6,351                | 12,472             |
|       | <b>Total</b>  | <b>433,638</b>       | <b>395,533</b>       | <b>38,105</b>      |

**(i) Mail Segment**

Mail segment registered higher revenue of RM212.7 million as compared to RM199.6 million. This is due to higher revenue in transshipment business instead of a net drop in traditional mail volume.

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

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

**(ii) Courier Segment**

Courier segment registered higher revenue of RM148.1 million compared to RM136.8 million. The upward performance was driven by increased in demand from e-commerce.

**(iii) Retail Segment**

Retail segment registered higher revenue of RM54.0 million as compared to RM52.7 million due to recognition of expired postal order.

**(iv) Other Segment**

Other segment which consists of digital certificates and printing and insertion registered higher revenue by RM12.5 million due to higher business volume from to sales of digital certificates and printing and insertion.

**(b) Group Profit Before Tax**

For the financial quarter ended 31 March 2016, profit before tax decreased to RM24.2 million as compared to RM27.8 million in the corresponding quarter previous year due to higher transportation cost for transshipment business and higher recognition of expired postal order in the preceding year corresponding quarter.

#### **15. COMPARISON WITH PRECEDING QUARTER'S RESULTS**

The group recorded a lower profit before tax of RM24.1 million in the current quarter ended 31 March 2016 compared with RM29.6 million in the preceding quarter ended 31 December 2015 due to dropped in volume from transshipment business during the current period and increased in transportation costs.

**16. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2017**

For 2015, the Malaysian economy grew by 5.0% supported mainly by private sector demand. However, economic growth is expected to moderate to between 4.0% and 4.5% for 2016 arising from the anticipated moderation in domestic demand due to deceleration of private and public consumption, as well as private investment. Notwithstanding the foregoing, inflation is expected to increase (2016E: 2.5% - 3.5%; 2015: 2.1%) due to the impact of the ongoing subsidy rationalisation, recent hikes in intra-city highway toll rates and rail fares, and higher costs of imported finished goods.

Pos Malaysia's short to medium term prospects are mainly driven by the expected growth in its courier, express and parcel business segments due to the continued expansion of the e-commerce industry. Increased on-line and mobile purchases have resulted in higher demand for e-commerce logistics, including courier services. Pos Malaysia plans to enhance its presence in other areas of the e-commerce value chain in light of the future growth potential in e-commerce. Nevertheless, the expected softer global economic condition is a key risk factor that may adversely impact Pos Malaysia's prospects going forward.

**17. PROFIT FORECAST OR PROFIT GUARANTEE**

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

**18. TAXATION**

Taxation comprises the following:

|                   | 3 Months Ended       |                      | 12 months Ended      |                      |
|-------------------|----------------------|----------------------|----------------------|----------------------|
|                   | 31.03.2016<br>RM'000 | 31.03.2015<br>RM'000 | 31.03.2016<br>RM'000 | 31.03.2015<br>RM'000 |
| Current taxation  | 13,709               | 16,203               | 39,013               | 51,124               |
| Deferred taxation | (3,933)              | (8,294)              | (9,605)              | 3,137                |
| <b>Total</b>      | <b>9,776</b>         | <b>7,909</b>         | <b>29,408</b>        | <b>54,261</b>        |

The Group's effective tax rate for the current financial year ended 31 March 2016 is higher than statutory tax rate mainly due to certain expenses which were not deductible for tax purposes.

## 19. STATUS OF CORPORATE PROPOSALS

On 14 March 2016, Pos Malaysia, has entered into:

- (i) a conditional shares sale agreement with HICOM Holdings Bhd, 100% wholly-owned subsidiary of DRB-HICOM Berhad for the proposed acquisition of the entire issued and paid-up share capital of KLAS (KL Airport Services Sdn Bhd), comprising 88,328,527 ordinary shares of RM1.00 each in KLAS (“KLAS Shares”), 35,300,000 redeemable convertible preference shares of RM1.00 each in KLAS (“KLAS RCPS”) and such number of New KLAS Shares (as defined in Section 2.1.2 of this Announcement) to be issued on a later date, for a total purchase consideration of RM749.35 million (“KLAS SSA”); and
- (ii) a conditional sale and purchase agreement with HICOM Indungan and HICOM Engineering Sdn Bhd (“HICOM Engineering”), an indirect wholly-owned subsidiary of DRB-HICOM, for the proposed acquisition of part of a parcel of freehold industrial land held under GRN 311546 Lot 62010, Pekan HICOM, District of Petaling, State of Selangor Darul Ehsan located along Jalan Jijan 28/35, Section 28, 40400 Shah Alam (“Section 28 Land”) measuring 9.912 acres for a purchase consideration of RM69.00 million (“Land SPA”).

HICOM Engineering is the registered owner of the Section 28 Land while HICOM Indungan is the beneficial owner of the Section 28 Land.

This proposed acquisition is subject to the shareholders’ approval.

## 20. GROUP BORROWINGS

Total Group borrowings are as follows:

|                        | <b>Unaudited<br/>As at<br/>31.03.2016<br/>RM’000</b> | <b>Audited<br/>As at<br/>31.03.2015<br/>RM’000</b> |
|------------------------|--|--|
| Revolving credit       | 98,798   | 48,798   |
| <b>Total (current)</b> | <b>98,798</b>  | <b>48,798</b>                                      |

**21. MATERIAL LITIGATION**

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

**22. PROPOSED DIVIDEND**

The first and single tier final dividend recommended by the Directors in respect of the financial year ended 31 March 2016 will be proposed on the announcement of audited accounts on 23 June 2016.

**23. EARNINGS PER SHARE**

The basic earnings per share have 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 |             | 12 Months Ended |              |
|---|----------------|-------------|-----------------|--------------|
|   | 31.03.2016     | 31.03.2015  | 31.03.2016      | 31.03.2015   |
| Net profit attributable to owners of the Company (RM'000) | 14,352         | 19,903      | 63,093          | 127,050      |
| Number of ordinary shares in issue ('000)                 | 537,026        | 537,026     | 537,026         | 537,026      |
| Basic earnings per share (sen)                            | <b>2.67</b>    | <b>3.71</b> | <b>11.75</b>    | <b>23.66</b> |

**24. FINANCIAL INSTRUMENT DISCLOSURE**

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

|  | Fair value of financial instruments carried at fair value |         |         |        | Total fair value | Carrying amount |
|--|---|---------|---------|--------|------------------|-----------------|
|  | Level 1   | Level 2 | Level 3 | Total  |                  |                 |
|  | RM'000  | RM'000  | RM'000  | RM'000 | RM'000           | RM'000          |
| <b>2016</b>  |   |         |         |        |                  |                 |
| <b>Financial assets</b>                                  |   |         |         |        |                  |                 |
| Investment securities: Fair value through profit or loss | 407   | -       | -       | 407    | 407              | 407             |
| Investment securities: Held-to-maturity                  | -   | 84,265  | -       | 84,265 | 84,265           | 84,265          |
| <b>Financial liabilities</b>                             |   |         |         |        |                  |                 |
| Revolving credit   | -   | 98,798  | -       | 98,798 | 98,798           | 98,798          |



**24. FINANCIAL INSTRUMENT DISCLOSURE (CONTINUED)**

| 2015  | Fair value of financial instruments carried at fair value |         |         |        | Total fair value | Carrying amount |
|---|---|---------|---------|--------|------------------|-----------------|
|   | Level 1   | Level 2 | Level 3 | Total  |                  |                 |
|   | RM'000  | RM'000  | RM'000  | RM'000 | RM'000           | RM'000          |
| <b>Financial assets</b>                                     |   |         |         |        |                  |                 |
| Investment Securities:<br>Fair value through profit or loss | 63,337  | -       | -       | 63,337 | 63,337           | 63,337          |
| Investment securities:<br>Held-to-maturity                  | -   | 89,494  | -       | 89,494 | 89,494           | 89,494          |
| <b>Financial liabilities</b>                                |   |         |         |        |                  |                 |
| Revolving credit  | -   | 48,798  | -       | 48,798 | 48,798           | 48,798          |

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

The retained profits of the Group as at 31 March 2016 are analysed as follows:

|   | As at<br>31.03.2016<br>RM'000 | As at<br>31.03.2015<br>RM'000 |
|---|-------------------------------|-------------------------------|
| Total retained profits of the Company and subsidiaries:     |                               |                               |
| - Realised  | 782,623                       | 804,909                       |
| - Unrealised  | 91,135                        | 72,753                        |
|   | 873,758                       | 877,662                       |
| Total share of retained profits from associates (Realised): | (7,650)                       | (7,650)                       |
| Add: Consolidation adjustments                              | (20,554)                      | (17,201)                      |
| Total Group retained profits                                | 845,554                       | 852,811                       |

**25. RELATED PARTY TRANSACTIONS**

Transactions related to Pos Malaysia Berhad and companies owned by Pos Malaysia Berhad subsidiaries are IT shared services, purchase goods and services.

|  | As at<br>31.03.2016<br>RM'000 | As at<br>31.03.2015<br>RM'000 |
|--|-------------------------------|-------------------------------|
| <b>Related companies of significant investors that has an influence over the Group</b> |                               |                               |
| Sales of services  | 51,507                        | 22,877                        |
| Commission on services   | -                             | 6,393                         |
| Rental income  | 10                            | 12                            |
| Purchase of services   | (9,046)                       | (59,272)                      |
| Rental expense   | (8,030)                       | (377)                         |
| Purchase of capital expenditures   | (1,547)                       | (19,828)                      |

**26. 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' CAROL CHAN CHOY LIN  
COMPANY SECRETARY

Kuala Lumpur  
23 May 2016