



POS MALAYSIA BERHAD

(229990-M)

(Incorporated in Malaysia)

Interim Financial Report for the Financial Period
Ended 30 September 2017

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

The Board of Directors is pleased to announce the unaudited financial results of Pos Malaysia Group (“the Group”) for the current quarter/financial period ended 30 September 2017.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Current Quarter 3 Months Ended		Cumulative 6 Months Ended	
		30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000
Revenue		587,158	395,123	1,198,785	810,992
Cost of sales and operating expenses		(572,757)	(382,740)	(1,141,792)	(759,114)
Other income		21,954	7,880	32,686	12,726
Other expenses		(7,967)	(5,409)	(14,576)	(5,960)
Profit from operations		28,388	14,854	75,103	58,644
Finance costs		(4,308)	(1,351)	(7,416)	(2,646)
PROFIT BEFORE ZAKAT AND TAXATION		24,080	13,503	67,687	55,998
Zakat		(730)	(817)	(996)	(1,319)
PROFIT BEFORE TAXATION		23,350	12,686	66,691	54,679
Taxation	18	(4,588)	(5,950)	(12,046)	(16,099)
NET PROFIT FOR THE QUARTER / FINANCIAL PERIOD		18,762	6,736	54,645	38,580
OTHER COMPREHENSIVE INCOME/(LOSS)					
<u>Item that will be subsequently reclassified to profit or loss</u>					
Currency translation differences of foreign subsidiary companies		7	-	(8)	-
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE QUARTER/FINANCIAL PERIOD (NET OF TAX)		7	-	(8)	-
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER/ FINANCIAL PERIOD (NET OF TAX)		18,769	6,736	54,637	38,580

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

	Note	Current Quarter 3 Months Ended		Cumulative 6 Months Ended	
		30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000
Net profit for the quarter/financial period attributable to:					
Owners of the Company		18,827	6,736	54,747	38,580
Non-controlling interest		(65)	-	(102)	-
		18,762	6,736	54,645	38,580
Total comprehensive income for the quarter/financial period attributable to:					
Owners of the Company		18,834	6,736	54,739	38,580
Non-controlling interest		(65)	-	(102)	-
		18,769	6,736	54,637	38,580
Basic and diluted earnings per share (sen):	23	2.41	1.15	6.99	6.87

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 2017 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As at 30.09.2017 RM'000	Audited As at 31.03.2017 (Restated) RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		1,147,195	1,088,459
Prepaid lease properties		41,237	41,818
Investment properties		34,890	34,890
Intangible assets		430,693	435,938
Deferred tax assets		10,408	10,210
Other receivables		9,148	15,100
Other assets		1,550	1,550
		1,675,121	1,627,965
CURRENT ASSETS			
Inventories		15,887	15,109
Trade and other receivables		910,432	851,090
Other investments		8,350	8,331
Current tax assets		8,891	5,738
Short term deposits		347,431	480,479
Cash and bank balances		278,577	295,638
		1,569,568	1,656,385
TOTAL ASSETS		3,244,689	3,284,350
EQUITY AND LIABILITIES			
Share Capital		1,071,392	1,071,392
Reserves		834,057	863,075
Equity attributable to Owners of the Company		1,905,449	1,934,467
Non-controlling interest		1,945	2,047
TOTAL EQUITY		1,907,394	1,936,514
NON-CURRENT LIABILITIES			
Long term borrowings	20	24,615	16,208
Post-employment benefit obligations		2,928	2,910
Deferred tax liabilities		93,035	84,097
Other payables		4,757	10,363
		125,335	113,578
CURRENT LIABILITIES			
Trade and other payables		989,495	1,001,799
Bank borrowings	20	219,426	223,835
Current tax liabilities		3,039	8,624
		1,211,960	1,234,258
TOTAL LIABILITIES		1,337,295	1,347,836
TOTAL EQUITY AND LIABILITIES		3,244,689	3,284,350
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY* (RM)		2.43	2.47

* Based on 782,776,836 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 2017 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	Total RM'000	Non - controlling Interest RM'000	Total Equity RM'000
	Number of shares	Monetary value	Revaluation Reserves	Post-employment Benefit Reserves	Currency Translation Differences				
	'000	RM'000	RM'000	RM'000	RM'000				
Balance at beginning of the financial year 1.4.2017	782,777	1,071,392	1,144	(639)	(2,034)	864,604	1,934,467	2,047	1,936,514
Net profit for the financial period	-	-	-	-	-	54,747	54,747	(102)	54,645
Other comprehensive loss for the financial period	-	-	-	-	(8)	-	(8)	-	(8)
Total comprehensive income for the financial period	-	-	-	-	(8)	54,747	54,739	(102)	54,637
<u>Transaction with Owners</u>									
Final dividend in respect of financial year ended 31 March 2017	-	-	-	-	-	(83,757)	(83,757)	-	(83,757)
Balance as at 30.09.2017	782,777	1,071,392	1,144	(639)	(2,042)	835,594	1,905,449	1,945	1,907,394

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Issued and fully paid ordinary shares		Non-distributable		Retained Earnings RM'000	Total RM'000	Non - controlling Interest RM'000	Total Equity 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 1.4.2016.	537,026	268,513	385	1,144	845,554	1,115,596	-	1,115,596
Net profit for the financial period represented total comprehensive income for the financial period	-	-	-	-	38,580	38,580	-	38,580
<u>Transaction with Owners</u>								
Issue of ordinary shares for acquisition of a subsidiary company (net of issuance cost)	245,751	122,875	679,619	-	-	802,494	-	802,494
Final dividend in respect of financial year ended 31 March 2016	-	-	-	-	(62,832)	(62,832)	-	(62,832)
Acquisition of a subsidiary company	-	-	-	-	-	-	2,139	2,139
Balance as at 30.09.2016	782,777	391,388	680,004	1,144	821,302	1,893,838	2,139	1,895,977

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 2017 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 Months Ended 30.09.2017 RM'000	6 Months Ended 30.09.2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial period	54,645	38,580
Adjustments:		
- Depreciation of property, plant and equipment	74,544	53,203
- Amortisation of prepaid lease properties	581	-
- Amortisation of intangible assets	5,245	-
- Finance costs	7,416	2,646
- Taxation	12,046	16,099
- Interest income	(6,285)	(8,423)
- Unrealised foreign exchange differences	(10,345)	5,254
- Allowance for doubtful debts (net of write backs)	(2,822)	(1,509)
- Gain on disposal of property, plant and equipment	(1,228)	(2,356)
- Others	951	139
Operating profit before working capital changes	134,748	103,633
Changes in working capital:		
Change in current assets	(12,122)	(39,374)
Change in current liabilities	(156,059)	(20,889)
Net cash (used in) / generated from operations	(33,433)	43,370
Tax paid, net of refund	(12,014)	(12,444)
Post-employment benefit obligations paid	(44)	-
Net cash (used in) / generated from operating activities	(45,491)	30,926
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash inflow from acquisition of a subsidiary company	-	19,110
Proceeds from disposal of property, plant and equipment	1,587	3,719
Purchase of property, plant and equipment	(133,887)	(40,839)
Interest income received	6,285	8,423
Net cash used in investing activities	(126,015)	(9,587)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	6 Months Ended 30.09.2017 RM'000	6 Months Ended 30.09.2016 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown on revolving credit	20,000	-
Finance costs paid	(7,416)	(2,646)
Repayment of borrowings/hire purchase	(18,221)	-
Bank overdraft	2,218	-
Movement in deposit pledged	(28)	-
Net cash used in financing activities	(3,447)	(2,646)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(174,953)	18,693
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL PERIOD	742,440	576,673
CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL PERIOD	567,487	595,366
Cash and cash equivalents as at end of the financial period comprise the followings:		
Bank balances and cash	278,577	303,780
Deposits	347,431	332,138
Bank overdraft	(2,218)	-
	623,790	635,918
Less: Collections held on behalf of agencies**	(55,166)	(37,950)
Less: Deposit pledged	(1,137)	(2,602)
	567,487	595,366

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 2017 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 period ended 31 March 2017 and the accompanying notes attached to the unaudited condensed consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the annual audited financial statements for the financial ended 31 March 2017 except for the adoption of the following new /amended standards which are applicable to the Group with effect 1 April 2017:

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiatives*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

The adoption and application of the above standards are not expected to have any material impact to the financial statements of the Group.

3. COMPLETION OF PURCHASE PRICE ALLOCATION

During the current financial period, the Group has completed the purchase price allocation (“PPA”) exercise to determine the fair values of the net assets of Pos Aviation Sdn. Bhd. (“Pos Aviation”) (formerly known as KL Airport Services Sdn. Bhd.) a wholly-owned subsidiary company, within the stipulated time period, i.e twelve (12) months from the acquisition date of 13 September 2016, in accordance with MFRS 3, *Business Combinations*. Based on the fair values of the net assets of Pos Aviation, the goodwill amount has reduced from RM413.5 million to RM314.0 million. The adjusted fair value of Pos Aviation has been reflected in the Group’s Consolidated Statement of Financial Position as at previous financial year ended 31 March 2017. Below are the effects of the final PPA adjustments in accordance with MFRS 3:

	As previously stated RM’000	Adjustments RM’000	As restated RM’000
As at 31 March 2017			
Consolidated Statement of Financial Position			
<u>Non-current assets</u>			
Property, plant and equipment	1,088,728	(269)	1,088,459
Intangible assets	418,183	17,755	435,938
Other assets	468	1,082	1,550

3. COMPLETION OF PURCHASE PRICE ALLOCATION (CONTINUED)

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
As at 31 March 2017 (continued)			
Consolidated Statement of Financial Position (continued)			
<u>Current assets</u>			
Trade and other receivables	849,797	1,293	851,090
<u>Non-current liabilities</u>			
Deferred tax liabilities	61,224	22,873	84,097
<u>Current liabilities</u>			
Current tax liabilities	9,459	(835)	8,624
Consolidated Statement of Changes in Equity			
Retained earnings	866,781	(2,177)	864,604

4. 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.

5. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENCE

There was no material 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 2017.

6. CHANGES IN ESTIMATES

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

7. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There was no issuance and repayment of debt and equity securities, shares held as treasury shares and resale of treasury shares for the financial period ended 30 September 2017.

8. DIVIDENDS PAID

The shareholders have approved a first and final single tier dividend of 10.7 sen per ordinary share at the last Annual General Meeting held on 22 August 2017 in respect of the financial year ended 31 March 2017. The net dividend of RM83,757,125 was paid on 7 October 2017.

9. SEGMENTAL INFORMATION

The Group has five 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:

Postal Services	Includes the provision of basic mail services for corporate and individual customers and customised solutions such as Mailroom Management and Direct Mail and over-the-counter services for payment of bills and certain financial products and services.
Courier	Includes the courier, parcel and logistic solutions by sea, air and land to both national and international destinations.
International	Includes the direct entry and transshipment.
Logistics	Provision of total logistics services and inventory services including freight and forwarding, provision of container haulage services, shipping agency and chartering services, warehousing and distribution services and insurance agency.
Aviation	Includes cargo and ground handling, in-flight catering, warehousing space and supply chain management including custom forwarding agent services.

9. SEGMENTAL INFORMATION (CONTINUED)

Other segment includes the hybrid mail which provides data and document processing services, business of internet security products, solutions and services, Ar Rahnū business including storage and safekeeping fees, buying and selling of investment precious metals, namely gold bars and dinars 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 Postal Services reportable segment and the Courier reportable segment. This integration includes shared distribution services. The accounting policies of the reportable segments are the same as described in Note 2.

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 period ended 30 September 2017 is as follows:

Period ended 30 Sept 2017	Postal Services	Courier	International	Logistics	Aviation	Others	Elimination	POS Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External Revenue	369,186	362,836	79,332	203,515	131,930	51,986		1,198,785
Internal Revenue	34,558	36,303	-	13,915	41,345	16	(126,137)	-
Total Revenue	403,744	399,139	79,332	217,430	173,275	52,002	(126,137)	1,198,785
Segment (Loss)/Profit	(70,181)	87,747	4,258	(198)	10,958	15,078	0	47,662
PPA Adjustment : Amortisation of Intangible Assets								(5,245)
Other Income								26,401
Interest Income								6,285
Finance Costs								(7,416)
Profit before zakat and taxation								67,687
Zakat								(996)
Profit before taxation								66,691
Taxation								(12,046)
Net profit for the financial period								54,645
Attributable to:								
Owners of the company								54,747
Non-controlling interest								(102)
								54,645

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 has not arisen in the interval between the end of this reporting period and the date of this announcement, any item, transaction or event of a material and unusual nature that would likely affect substantially the results of the operations of the Group.

11. CHANGES IN THE COMPOSITION OF THE GROUP

There are no changes in the composition during the current financial quarter under review.

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets at the end of the reporting period other than what was reported in the last audited financial statements.

13. PROFIT BEFORE TAXATION

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

	3 Months Ended		6 Months Ended	
	30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000
Amortisation of prepaid lease properties	291	-	581	-
Amortisation of intangible assets	2,623	-	5,245	-
Depreciation of property, plant and equipment	37,819	26,548	74,544	53,203
Doubtful debts (net of write backs)	(5,691)	187	(2,822)	(1,509)
Fair value gain of investment securities: financial assets at fair value through profit or loss	(38)	(20)	(19)	(1)
Finance costs	4,308	1,351	7,416	2,646
Write off of property, plant and equipment	79	12	100	12
Gain on disposal of property, plant and equipment	(514)	(1,210)	(1,228)	(2,356)
Inventories written back	-	-	(172)	-
Interest income on:				
- short term deposits	(3,276)	(2,999)	(6,285)	(6,764)
- investment securities: held-to-maturity	-	(646)	-	(1,659)
Net foreign exchange differences	(5,152)	3,227	(6,359)	5,948

14. REVIEW OF GROUP PERFORMANCE

14.1 Group performance for the financial period ended 30 September 2017

The Group generated higher revenue of RM1,198.8 million for the financial period ended 30 September 2017 as compared to RM811.0 million in the previous corresponding period ended 30 September 2016. This represents an increase of RM387.8 million or equivalent to 47.8% growth.

(a) Group revenue by segment are as follows:

Group revenue	6 months ended		Variance RM'000
	30.09.2017 RM'000	30.09.2016 RM'000	
Postal Services	369,186	383,645	(14,459)
Courier	362,836	322,142	40,694
International	79,332	59,751	19,581
Logistics	203,515	-	203,515
Aviation	131,930	-	131,930
Others	51,986	45,454	6,532
Total	1,198,785	810,992	387,793

(i) Postal Services

Postal Services registered lower revenue of RM369.2 million as compared to RM383.6 million. This is due to lower revenue in mail business resulting from a net drop in traditional mail volume coupled with lower transactions in retail segment from bill payments, insurance commission as well as reduction in commission rate of unit trust.

(ii) Courier

Courier recorded higher revenue of RM362.8 million compared to RM322.1 million registered in the previous corresponding period ended 30 September 2016. This continues the upward performance seen in previous year, and mainly driven by increased demand in e-Commerce as well as online business customers.

(iii) International

International revenue was higher by RM19.6 million due to the increase in volume seen in transshipment despite intensified competition compared to previous corresponding period ended 30 September 2016.

14. REVIEW OF GROUP PERFORMANCE (CONTINUED)

14.1 Group performance for the financial period ended 30 September 2017 (continued)

(a) Group revenue by segment are as follows (continued):

(iv) Logistics

Logistics contributed RM203.5 million for the period mainly coming from project logistics, freight forwarding and haulage. This business was acquired at the end of Quarter 2 of prior year. Therefore, no comparative is available.

(v) Aviation

Aviation accounted for RM131.9 million of the total revenue for the period mainly coming from cargo and ground handling. This business was acquired at the end of Quarter 2 of prior year. Therefore, no comparative is available.

(vi) Others

Other segments which consist of printing and insertion, digital certificates and ArRahnu, generated an increase in revenue of RM6.5 million mainly due to higher revenue from ArRahnu.

(b) Group Profit Before Tax

For the financial period ended 30 September 2017, profit before tax has improved to RM66.7 million from RM54.7 million in the corresponding period ended 30 September 2016. The increase is due to higher revenue generated in the current period from the inclusion of Logistics and Aviation segment.

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

(a) Group revenue by segment are as follows:

	3 months ended		Variance RM'000
	30.09.2017 RM'000	30.09.2016 RM'000	
Group revenue			
Postal Services	176,443	176,945	(502)
Courier	181,953	159,373	22,580
International	34,797	39,984	(5,187)
Logistics	103,718	-	103,718
Aviation	67,367	-	67,367
Others	22,880	18,821	4,059
Total	587,158	395,123	192,035

14. REVIEW OF GROUP PERFORMANCE (CONTINUED)

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

(a) Group revenue by segment are as follows (continued):

(i) Postal Services

Postal Services registered slightly lower revenue of RM176.4 million as compared to RM176.9 million. This is due to lower revenue in mail business resulting from a net drop in traditional mail volume coupled with lower transactions in retail segment from bill payments, insurance commission as well as reduction in commission rate of unit trust.

(ii) Courier

Courier recorded higher revenue of RM181.9 million compared to RM159.4 million registered in the previous corresponding quarter ended 30 September 2016. This continues the upward performance seen in previous year, and mainly driven by increased demand in e-Commerce as well as online business customers.

(iii) International

International revenue dropped by RM5.2 million due to the lower volume in transshipment for the quarter compared to previous corresponding quarter ended 30 September 2016.

(iv) Logistics

Logistics contributed RM103.7 million for the quarter mainly from project logistics, freight forwarding and haulage. This business was acquired at the end of Quarter 2 of prior year. Therefore, no comparative is available.

(v) Aviation

Aviation accounted for RM67.4 million of the total revenue for the quarter mainly coming from cargo and ground handling. This business was acquired at the end of Quarter 2 of prior year. Therefore, no comparative is available.

(vi) Others

Other segments which consist of printing and insertion, digital certificates and ArRahnu, generated an increase in revenue of RM4.0 million mainly due to higher revenue from ArRahnu.

14. REVIEW OF GROUP PERFORMANCE (CONTINUED)

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

(b) Group Profit Before Tax

For the financial quarter ended 30 September 2017, profit before tax has improved to RM23.3 million from RM12.7 million in the corresponding financial quarter ended 30 September 2016. Higher increase in revenue has enabled the Group to register an increase in profit before tax by 84%.

15. COMPARISON WITH PRECEDING FINANCIAL QUARTER'S RESULTS

The group recorded a lower profit before tax of RM23.3 million in the current financial quarter ended 30 September 2017 compared to RM43.3 million in the preceding financial quarter ended 30 June 2017 mainly due to lower revenue from postal services and international business resulted from lower volume and number of transactions.

16. FUTURE PROSPECTS

The Group's prospects remain positive as our business continues to be largely driven by the strong e-Commerce growth in Malaysia and we are optimistic that the establishment of the Digital Free Trade Zone (DFTZ) will drive cross-border e-Commerce volume, especially for Malaysian small and medium enterprises (SMEs). This is expected to be positive for the prospects of our e-Commerce related businesses, namely our courier, eFulfilment, air cargo logistics and international mail business.

On the digital front, we are looking to introduce digital services that are relevant to our customers as digitalisation and demographic changes have encouraged us to be more innovative in providing services that suit the changing lifestyle needs of the Malaysian public, especially the younger generation. Accordingly, we expect to launch our Digital Mailbox product in early 2018 that will provide a range of digital services catering to mobile lifestyles. We are confident that our Digital Mailbox will, over time, become a key digital product offering.

Notwithstanding the increasing competitive pressures and challenging operating environment, we are optimistic that the continued growth of the domestic economy, coupled with the more upbeat sentiments of the global economy, are positive for Pos Malaysia Group going forward.

17. 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.

18. TAXATION

Taxation comprises the following:

	3 Months Ended		6 Months Ended	
	30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000
Current taxation	(657)	6,646	3,276	16,386
Deferred taxation	5,245	(696)	8,770	(287)
Total	4,588	5,950	12,046	16,099

The Group's effective tax rate for the financial period ended 30 September 2017 is lower compared to the statutory tax rate due to the PPA adjustment pursuant to the acquisition of Pos Aviation Group.

19. STATUS OF CORPORATE PROPOSALS

There is no corporate proposal made by the Group for the financial period ended 30 September 2017.

20. GROUP BORROWINGS

Total Group borrowings are as follows:

	Unaudited as at 30.09.2017 RM'000
Long Term Borrowings	
<u>Secured:</u>	
Long term loan under Islamic financing	11,375
Hire purchase and finance lease liabilities	19,125
- portion repayable within 12 months	(5,885)
Total Long Term Borrowings	24,615
Short Term Borrowings	
<u>Secured:</u>	
Revolving credit	137,398
Short term loan under Islamic financing	2,625
Hire purchase and finance lease liabilities	
- portion repayable within 12 months	5,885
	145,908
<u>Unsecured:</u>	
Bank overdraft	2,218
Revolving credit	41,300
Short term loan under Islamic financing	30,000
	73,518
Total Short Term Borrowings	219,426
Total Group Borrowings	244,041

21. MATERIAL LITIGATIONS

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

22. DIVIDEND

No interim dividend has been declared for the financial period ended 30 September 2017.

23. EARNINGS PER SHARE

The basic and diluted earnings per share have been calculated based on the Group's net profit attributable to Owners of the Company and weighted average number of ordinary shares outstanding during the financial period.

	3 Months Ended		6 Months Ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
Net profit attributable to Owners of the Company (RM'000)	18,827	6,736	54,747	38,580
Number of ordinary shares in issue ('000)	782,777	782,777	782,777	782,777
Weighted average number of ordinary shares outstanding ('000)	782,777	585,108	782,777	561,198
Basic and diluted earnings per share (sen)	2.41	1.15	6.99	6.87

24. DISCLOSURE OF REALISED AND UNREALISED PROFITS / LOSSES

The retained profits of the Group as at 30 September 2017 are analysed as follows:

	As at 30.09.2017 RM'000	As at 30.09.2016 RM'000
Total retained profits of the Company and subsidiaries:		
- Realised	743,425	720,604
- Unrealised	52,017	69,266
	795,442	789,870
Total share of retained profits from associates (Realised)	(7,650)	(7,650)
Add: Consolidation adjustments	47,802	39,082
Total Group retained profits	835,594	821,302

POS MALAYSIA BERHAD
(229990-M)
(Incorporated in Malaysia)

25. 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
28 November 2017