



# **POS MALAYSIA BERHAD**

(229990-M)

(Incorporated in Malaysia)

Interim Financial Report for the Financial Period  
Ended 30 September 2018

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

The Board of Directors hereby announce the unaudited financial results of Pos Malaysia Group (“the Group”) for the current quarter/financial period ended 30 September 2018.

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

	Note	Current Quarter 3 Months Ended		Cumulative 6 Months Ended	
		30.09.2018 RM'000	30.09.2017 RM'000	30.09.2018 RM'000	30.09.2017 RM'000
Revenue		588,733	587,158	1,179,196	1,198,785
Cost of sales and operating expenses		(611,709)	(572,757)	(1,184,069)	(1,141,792)
Other income		15,053	21,954	25,300	32,686
Other expenses		(5,141)	(7,967)	(15,042)	(14,576)
(Loss) / Profit from operations		(13,064)	28,388	5,385	75,103
Finance costs		(5,142)	(4,308)	(9,768)	(7,416)
<b>(LOSS) / PROFIT BEFORE ZAKAT AND TAXATION</b>		<b>(18,206)</b>	<b>24,080</b>	<b>(4,383)</b>	<b>67,687</b>
Zakat		(823)	(730)	(1,646)	(996)
<b>(LOSS) / PROFIT BEFORE TAXATION</b>		<b>(19,029)</b>	<b>23,350</b>	<b>(6,029)</b>	<b>66,691</b>
Taxation	18	2,431	(4,588)	(5,592)	(12,046)
<b>NET (LOSS)/ PROFIT FOR THE QUARTER / FINANCIAL PERIOD</b>		<b>(16,598)</b>	<b>18,762</b>	<b>(11,621)</b>	<b>54,645</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>					
<u>Item that will be subsequently reclassified to profit or loss</u>					
Currency translation differences of foreign subsidiary companies		1,769	7	1,710	(8)
<b>OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE QUARTER/ FINANCIAL PERIOD (NET OF TAX)</b>		<b>1,769</b>	<b>7</b>	<b>1,710</b>	<b>(8)</b>
<b>TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE QUARTER/ FINANCIAL PERIOD (NET OF TAX)</b>		<b>(14,829)</b>	<b>18,769</b>	<b>(9,911)</b>	<b>54,637</b>

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

	Note	Current Quarter 3 Months Ended		Cumulative 6 Months Ended	
		30.09.2018 RM'000	30.09.2017 RM'000	30.09.2018 RM'000	30.09.2017 RM'000
<b>Net (loss)/ profit for the quarter/financial period attributable to:</b>					
Owners of the Company		(16,575)	18,827	(11,596)	54,747
Non-controlling interest		(23)	(65)	(25)	(102)
		<b>(16,598)</b>	<b>18,762</b>	<b>(11,621)</b>	<b>54,645</b>
<b>Total comprehensive (loss)/ income for the quarter/financial period attributable to:</b>					
Owners of the Company		(14,806)	18,834	(9,886)	54,739
Non-controlling interest		(23)	(65)	(25)	(102)
		<b>(14,829)</b>	<b>18,769</b>	<b>(9,911)</b>	<b>54,637</b>
Basic and diluted (loss)/ earnings per share (sen):	23	<b>(2.12)</b>	<b>2.41</b>	<b>(1.48)</b>	<b>6.99</b>

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 2018 and the explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	Unaudited As at 30.09.2018  RM'000	Audited As at 31.03.2018 (Restated) RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,360,295	1,360,358
Prepaid lease properties		40,075	40,656
Investment properties		39,050	39,050
Intangible assets		420,344	425,448
Deferred tax assets		14,157	16,034
Other assets		1,579	1,579
		<b>1,875,500</b>	<b>1,883,125</b>
<b>CURRENT ASSETS</b>			
Inventories		20,263	14,758
Trade and other receivables		958,572	940,392
Investment securities: financial assets at fair value through profit and loss		118,054	199,962
Investment securities: amortised cost		8,000	8,000
Current tax assets		34,079	22,886
Short term deposits		104,036	73,602
Cash and bank balances		237,333	229,981
		<b>1,480,337</b>	<b>1,489,581</b>
<b>TOTAL ASSETS</b>		<b>3,355,837</b>	<b>3,372,706</b>
<b>EQUITY AND LIABILITIES</b>			
Share Capital		1,071,392	1,071,392
Reserves		799,149	871,977
<b>Equity attributable to Owners of the Company</b>		<b>1,870,541</b>	<b>1,943,369</b>
Non-controlling interest		-	2,108
<b>TOTAL EQUITY</b>		<b>1,870,541</b>	<b>1,945,477</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	20	108,259	118,462
Post-employment benefit obligations		802	2,963
Deferred tax liabilities		94,716	95,212
		<b>203,777</b>	<b>216,637</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		980,986	936,302
Bank borrowings	20	298,499	272,546
Current tax liabilities		2,034	1,744
		<b>1,281,519</b>	<b>1,210,592</b>
<b>TOTAL LIABILITIES</b>		<b>1,485,296</b>	<b>1,427,229</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,355,837</b>	<b>3,372,706</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY* (RM)</b>		<b>2.39</b>	<b>2.48</b>

\* 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 2018 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 '000	Monetary value RM'000	Revaluation Reserves RM'000	Post-employment Benefit Reserves RM'000	Currency Translation Differences RM'000				
Balance at beginning of the financial year 1.4.2018 (restated)	782,777	1,071,392	1,144	(639)	(719)	872,191	1,943,369	2,108	1,945,477
Net loss for the financial period	-	-	-	-	-	(11,596)	(11,596)	(25)	(11,621)
Other comprehensive income for the financial period*	-	-	-	-	1,710	-	1,710	-	1,710
Total comprehensive income/ (loss) for the financial period	-	-	-	-	1,710	(11,596)	(9,886)	(25)	(9,911)
<u>Transaction with Owners</u>									
Effects of changes in shareholdings in a subsidiary company	-	-	-	-	-	(320)	(320)	(2,083)	(2,403)
First and final dividend in respect of financial year ended 31 March 2018	-	-	-	-	-	(62,622)	(62,622)	-	(62,622)
<b>Balance as at 30.09.2018</b>	<b>782,777</b>	<b>1,071,392</b>	<b>1,144</b>	<b>(639)</b>	<b>991</b>	<b>797,653</b>	<b>1,870,541</b>	<b>-</b>	<b>1,870,5416</b>

\* During the financial period, a subsidiary, PNSL Berhad, changed the functional currency of its financial statements to USD pursuant to the transfer of its shipping agency operations to Pos Logistics Berhad, to reflect the currency that primarily influences the economic environment in which it now operates.

**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	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>									
First and final dividend in respect of financial year ended 31 March 2017	-	-	-	-	-	(83,757)	(83,757)	-	(83,757)
<b>Balance as at 30.09.2017</b>	<b>782,777</b>	<b>1,071,392</b>	<b>1,144</b>	<b>(639)</b>	<b>(2,042)</b>	<b>835,594</b>	<b>1,905,449</b>	<b>1,945</b>	<b>1,907,394</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 2018 and the explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>6 Months Ended 30.09.2018 RM'000</b>	<b>6 Months Ended 30.09.2017 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss)/ profit for the financial period	(11,621)	54,645
Adjustments:		
- Depreciation of property, plant and equipment	79,913	74,544
- Amortisation of prepaid lease properties	581	581
- Amortisation of intangible assets	5,104	5,245
- Amortisation of government grant	(7,888)	(357)
- Fair value gain of investment securities:		
Financial assets at fair value through profit or loss	(2,869)	(4,075)
- Finance costs	9,768	7,416
- Taxation	5,592	12,046
- Finance income	(1,692)	(2,230)
- Unrealised foreign exchange differences	4,063	(10,345)
- Net (write backs) /allowance for doubtful debts	(2,434)	(2,822)
- Gain on disposal of property, plant and equipment	(220)	(1,228)
- Zakat	1,646	996
- Others	354	332
Operating profit before working capital changes	80,297	134,748
Changes in working capital:		
Change in current assets	(11,741)	(12,122)
Change in current liabilities	(34,352)	(160,601)
Net cash generated from / (used in) operations	34,204	(37,975)
Finance income received	1,692	2,230
Tax paid, net of refund	(15,116)	(12,014)
Grant received	11,010	4,541
Retirement benefit paid	(2,183)	(44)
Net cash generated from / (used in) operating activities	<b>29,607</b>	<b>(43,262)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	655	1,587
Purchase of property, plant and equipment	(80,390)	(133,887)
Withdrawals of investment securities	84,777	18,704
Net cash generated from / (used in) investing activities	<b>5,042</b>	<b>(113,596)</b>

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

	<b>6 Months Ended 30.09.2018 RM'000</b>	<b>6 Months Ended 30.09.2017 RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from bank borrowings	62,008	20,000
Finance costs paid	(9,768)	(7,416)
Bank overdraft	-	2,218
Withdrawals of deposits pledged with licensed bank	(528)	(28)
Repayment of bank borrowings	(46,290)	(18,221)
Restricted cash	(264)	-
<b>Net cash generated from/ (used in) financing activities</b>	<b>5,158</b>	<b>(3,447)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>39,807</b>	<b>(160,305)</b>
Effects of foreign currency translation	44	-
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>252,145</b>	<b>488,042</b>
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL PERIOD</b>	<b>291,996</b>	<b>327,737</b>
Cash and cash equivalents as at end of the financial period comprise the followings:		
Bank balances and cash	237,333	278,577
Deposits	104,036	107,681
Bank overdrafts	(1,779)	(2,218)
	339,590	384,040
Less: Collections held on behalf of agencies**	(45,665)	(55,166)
Less: Deposit pledged	(1,665)	(1,137)
Less: Restricted cash	(264)	-
	<b>291,996</b>	<b>327,737</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 2018 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.



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

(a) Reconciliation of liabilities arising from financing activities:

	<b>Hire purchase</b>	<b>Islamic term loans</b>	<b>Revolving credits</b>	<b>Invoice financing</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At beginning of the financial period</b>	<b>16,214</b>	<b>149,386</b>	<b>208,698</b>	<b>14,963</b>	<b>389,261</b>
Net changes from financing cash flows:					
Drawdown	-	7,893	50,000	4,115	62,008
Repayment	(3,002)	(8,325)	(20,000)	(14,963)	(46,290)
<b>Total net changes from financing cash flows</b>	<b>(3,002)</b>	<b>(432)</b>	<b>30,000</b>	<b>(10,848)</b>	<b>15,718</b>
<b>At end of the financial period</b>	<b>13,212</b>	<b>148,954</b>	<b>238,698</b>	<b>4,115</b>	<b>404,979</b>

-The rest of this page is intentionally left blank-

## **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 2018 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 year ended 31 March 2018 except for the adoption of the following new /amended standards which are applicable to the Group with effect 1 April 2018:

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 128, *Investment in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

The adoption and application of the above standards are not expected to have any material impact to the financial statements of the Group except as mentioned below:

#### **(a) MFRS 9, *Financial Instruments***

The Group adopted MFRS 9, *Financial Instruments* on 1 April 2018. MFRS 9 replaces the guidance in MFRS 139 *Financial Instruments, Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

The new standard contains three principles classifications categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). The standard eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) MFRS 9, *Financial Instruments* (continued)

The Group has estimated the financial impact upon initial application of the new impairment model. As allowed by the transitional provision of MFRS 9, the Group elected not to restate the comparatives. Adjustments arising from the initial application of the new impairment model has been recognised in the opening retained earnings as at 1 April 2018 as disclosed below:

	<b>As stated RM'000</b>	<b>As previously stated RM'000</b>
<b>Statement of financial position</b>		
Retained earnings	872,191	874,100
Trade and other receivables	940,392	942,904
Deferred tax asset	16,034	15,431

### (b) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*. MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations. The standard specifies that the revenue is to be recognised when control over the goods or services is transferred to the customer, moving from the transfer of risk and rewards.

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contract with customer. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct goods or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Effective 1 April 2018, the Group recognises revenue in accordance to MFRS 15, *Revenue from Contracts with Customers*. The initial application of this accounting standard is not expected to have any material financial impact to the current period and prior period financial statements of the Group.

## 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 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 2018.

**5. 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 except as disclosed in Note 2 (a).

**6. 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 2018.

**7. DIVIDENDS PAID**

There was no dividend paid for the current financial period ended 30 September 2018.

**8. 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	Includes haulage services, freight and forwarding, shipping agency and chartering services, warehousing and distribution services.
Aviation	Includes cargo and ground handling, in-flight catering, freight and forwarding and air cargo transport.

## 8. 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 Rahn 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 2018 is as follows:

Period ended 30 September 2018	Postal Services RM'000	Courier RM'000	International RM'000	Logistics RM'000	Aviation RM'000	Others RM'000	Elimination RM'000	POS Group RM'000
External revenue	333,380	419,509	68,353	157,560	149,029	51,365	-	1,179,196
Internal revenue	9,180	94,554	-	12,355	6,410	48	(122,547)	-
<b>Total revenue</b>	<b>342,560</b>	<b>514,063</b>	<b>68,353</b>	<b>169,915</b>	<b>155,439</b>	<b>51,413</b>	<b>(122,547)</b>	<b>1,179,196</b>
<b>Segment (loss)/profit</b>	<b>(110,603)</b>	<b>71,743</b>	<b>(8,420)</b>	<b>3,689</b>	<b>16,550</b>	<b>12,230</b>	<b>-</b>	<b>(14,811)</b>
Amortisation of intangible assets								(5,104)
Other income								23,608
Finance income								1,692
Finance cost								(9,768)
<b>Loss before zakat and taxation</b>								<b>(4,383)</b>
Zakat								(1,646)
<b>Loss before taxation</b>								<b>(6,029)</b>
Taxation								(5,592)
<b>Net loss for the financial period</b>								<b>(11,621)</b>
<b>Attributable to:</b>								
Owners of the company								(11,621)
Non-controlling interests (NCI)								-
								<b>(11,621)</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.

## POS MALAYSIA BERHAD

(229990-M)

(Incorporated in Malaysia)

### 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

11.1 During last financial year, the Group announced the proposed winding-up of its direct and indirect subsidiary companies via members' voluntary winding up ("MVL") and creditors' voluntary winding up ("CVL") and the companies involved in the exercise are as follows:

#### Companies under MVL

1. Pos Takaful Agency Sdn. Bhd.
2. PSH Allied Berhad
3. Maya Perkasa (M) Sdn. Bhd.
4. Kaypi Logistics Depot Sdn. Bhd.
5. Asia Pacific Freight System Sdn. Bhd.
6. Diperdana Selatan Sdn. Bhd.

#### Company under CVL

1. Diperdana Terminal Services Sdn. Bhd.

Upon the completion of the liquidation exercise, the above companies will cease to be subsidiary companies of the Group. There was a minimal financial impact arising from the deconsolidation of subsidiary companies as above to the Group's assets and liabilities.

11.2 On 18 September 2018, PNSL Berhad (a wholly owned subsidiary of the Group), acquired 49% equity interest in Parcel Tankers Malaysia Sdn. Bhd. ("PTM") previously held by Yuma Shipping Pte. Ltd. ("YUMA") for a total consideration of RM2,403,000, increasing its ownership from 51% to 100%.

### 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 statement.

**13. LOSS BEFORE TAXATION**

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

	3 Months Ended		6 Months Ended	
	30.09.2018 RM'000	30.09.2017 RM'000	30.09.2018 RM'000	30.09.2017 RM'000
Amortisation of prepaid lease properties	291	291	581	581
Amortisation of intangible assets	2,552	2,623	5,104	5,245
Amortisation of government grant	(7,492)	(141)	(7,888)	(357)
Depreciation of property, plant and equipment	35,788	37,918	79,913	74,544
Net (write backs) / allowance for doubtful debts	(1,229)	(5,691)	(2,434)	(2,822)
Fair value gain of investment securities: Financial assets at fair value through profit or loss	(1,205)	(1,900)	(2,869)	(4,075)
Finance costs	5,142	4,308	9,768	7,416
Write off of property, plant and equipment	91	79	105	100
Gain on disposal of property, plant and equipment	(40)	(514)	(220)	(1,228)
Inventories written down / (written back)	44	-	44	(172)
Finance income on short term deposit	(925)	(1,376)	(1,692)	(2,230)
Net foreign exchange differences	1,575	(5,152)	3,883	(6,359)

## 14. REVIEW OF GROUP PERFORMANCE

### 14.1 Group performance for the financial period ended 30 September 2018

The Group recorded lower revenue of RM1,179.2 million for the financial period ended 30 September 2018 as compared to RM1,198.8 million in the previous corresponding period ended 30 September 2017. This represents a decrease of RM19.6 million or equivalent to 1.6%.

(a) Group revenue by segment are as follows:

	6 months ended		Variance RM'000
	30.09.2018 RM'000	30.09.2017 RM'000	
<b>Group revenue</b>			
Postal Services	333,380	369,186	(35,806)
Courier	419,509	363,678	55,831
International	68,353	79,332	(10,979)
Logistics	157,560	203,515	(45,955)
Aviation	149,029	131,088	17,941
Others	51,365	51,986	(621)
<b>Total</b>	<b>1,179,196</b>	<b>1,198,785</b>	<b>(19,589)</b>

#### (i) Postal Services

Postal Services registered lower revenue of RM333.4 million as compared to RM369.2 million. This is due to continuous decline in traditional mail volume largely due to electronic substitution.

#### (ii) Courier

Courier recorded higher revenue of RM419.5 million compared to RM363.7 million registered in the previous corresponding period ended 30 September 2017. 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 RM11.0 million largely due to lower volume in transshipment pursuant to a loss in one major customer's account.



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

14.1 Group performance for the financial period ended 30 September 2018 (continued)

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

**(iv) Logistics**

Logistics registered lower revenue by RM45.9 million mainly from the drop in project logistics namely Refinery and Petrochemical Integrated Development Project (“RAPID”) in Pengerang as it is in the last stage of completion.

**(v) Aviation**

Aviation increased by RM17.9 million compared to previous corresponding period ended 30 September 2017 mainly contributed by higher tonnage of cargo handled.

**(vi) Others**

Other segments which consist of printing and insertion, digital certificates and Ar Rahnu, generated a marginal increase in revenue of RM0.6 million mainly due to higher printing and insertion and Ar Rahnu business.

(b) Group Profit Before Tax

For the financial period ended 30 September 2018, the Group registered a loss before tax of RM6.0 million from a profit of RM66.7 million in the corresponding period ended 30 September 2017. The drop is due to lower revenue registered from postal services, international and logistics segments coupled with the increase in costs namely cost of sales and operating expenses as well as finance costs.

14.2 Group performance for the financial quarter ended 30 September 2018

The Group recorded a slightly higher revenue of RM588.7 million for the financial quarter ended 30 September 2018 as compared to RM587.1 million in the previous corresponding quarter ended 30 September 2017. This represents an increase of RM1.6 million or equivalent to 0.3%.

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

14.2 Group performance for the financial quarter ended 30 September 2018 (continued)

(a) Group revenue by segment are as follows:

	3 months ended		Variance RM'000
	30.09.2018 RM'000	30.09.2017 RM'000	
<b>Group revenue</b>			
Postal Services	161,423	176,443	(15,020)
Courier	215,004	182,086	32,918
International	33,729	34,797	(1,068)
Logistics	82,604	103,718	(21,114)
Aviation	74,751	67,234	7,517
Others	21,222	22,880	(1,658)
<b>Total</b>	<b>588,733</b>	<b>587,158</b>	<b>1,575</b>

**(i) Postal Services**

Postal Services registered lower revenue of RM161.4 million as compared to RM176.4 million. This is due to continuous decline in traditional mail volume largely due to electronic substitution.

**(ii) Courier**

Courier recorded higher revenue of RM215.0 million compared to RM182.1 million registered in the previous corresponding quarter ended 30 September 2017. 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 RM1.1 million largely due to lower volume in transshipment pursuant to a loss in one major customer's account.

**(vi) Logistics**

Logistics registered lower revenue by RM21.1 million mainly from the drop in project logistics namely Refinery and Petrochemical Integrated Development Project ("RAPID") in Pengerang as it is in the last stage of completion.

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

14.2 Group performance for the financial quarter ended 30 September 2018 (continued)

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

**(v) Aviation**

Aviation increased by RM7.5 million compared to previous corresponding quarter ended 30 September 2017 mainly contributed by higher tonnage of cargo handled.

**(vi) Others**

Other segments which consist of printing and insertion, digital certificates and Ar Rahnū, generated a decrease in revenue of RM1.6 million mainly due to lower revenue from printing and insertion business.

(b) Group Profit Before Tax

For the financial quarter ended 30 September 2018, the Group registered a loss before tax of RM19.0 million from a profit of RM23.3 million in the corresponding quarter ended 30 September 2017. The drop is due to lower revenue contribution from postal services, international and logistics segments coupled with the increase in costs namely cost of sales and operating expenses as well as finance costs.

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

The group recorded a loss before tax of RM19.0 million in the current quarter ended 30 September 2018 compared to a profit of RM13.0 million in the preceding quarter ended 30 June 2018 mainly due to higher cost of sales and operating expenses amounting to RM39.3 million.

## **16. FUTURE PROSPECTS**

The robust growth in e-Commerce continues to be the key revenue generator for our Courier business segment. This is driven by our extensive last-mile network and infrastructure in the country.

Conversely, our Postal Services business segment is facing unprecedented challenges due to the accelerating decline in mail volumes and also lower retail transactions at our post offices. This is a result of the increasing use of electronic substitute for mail and the availability of online and mobile bill payment and remittance services. To partly address the mail volume decline, we are focusing on increasing the sales of our postal offerings for e-Commerce customers to cater to the needs of their customers who do not require express delivery while retaining track and trace capabilities.

Industry overcapacity and fiscal consolidation are likely to cloud the prospects of our Logistics business segment. To partly address this, we plan to consolidate our logistic assets in line with industry conditions while at the same time, secure new customers in new market segments such as the transportation of bulk commodities.

Our Aviation business segment's prospects remain moderately upbeat in light of the expected passenger traffic growth of about 6% to 7% for 2018 and also higher air cargo volume growth. However, the passenger and ground handling businesses are competitive and therefore enhancing efficiency is key to sustainability.

Overall, we are optimistic that our Courier and Aviation businesses will continue to drive the Group's revenue growth. However, we are also mindful that there are substantial challenges in our Postal Services, International and Logistics businesses that could dilute the results of the Group if these challenges persist.

## **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	
	30.09.2018 RM'000	30.09.2017 RM'000	30.09.2018 RM'000	30.09.2017 RM'000
Current taxation	599	(657)	4,212	3,276
Deferred taxation	(3,030)	5,245	1,380	8,770
<b>Total</b>	<b>(2,431)</b>	<b>4,588</b>	<b>5,592</b>	<b>12,046</b>

For the financial period ended 30 September 2018, despite the Group recording losses, the taxation charge arose from certain profit making subsidiary companies.

## 19. STATUS OF CORPORATE PROPOSALS

There is no corporate proposal made by the Group for the financial period ended 30 September 2018.

## 20. GROUP BORROWINGS

Total Group borrowings are as follows:

	Unaudited as at 30.09.2018 RM'000
<b>Long Term Borrowings</b>	
<u>Secured:</u>	
Long term loan under Islamic financing	105,532
Hire purchase and finance lease liabilities	13,212
- portion repayable within 12 months	(10,485)
<b>Total Long Term Borrowings</b>	<b>108,259</b>
<b>Short Term Borrowings</b>	
<u>Secured:</u>	
Revolving credit	137,398
Short term loan under Islamic financing	18,422
Hire purchase and finance lease liabilities	
- portion repayable within 12 months	10,485
Invoice financing	4,115
	170,420
<u>Unsecured:</u>	
Bank overdraft	1,779
Revolving credit	101,300
Short term loan under Islamic financing	25,000
	128,079
<b>Total Short Term Borrowings</b>	<b>298,499</b>
<b>Total Group Borrowings</b>	<b>406,758</b>

**20. GROUP BORROWINGS (CONTINUED)**

Apart from the following Ringgit Malaysia (“RM”) equivalent of foreign currency borrowing, the rest of the borrowings are denominated in RM.

<b>Secured</b>	<b>Foreign currency</b>	<b>Foreign '000</b>	<b>RM '000</b>
Long term loan under Islamic financing	USD	23,563	97,657
Short term loan under Islamic financing	USD	3,600	14,922
<b>Total</b>		<b>27,163</b>	<b>112,579</b>

**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 2018.

**23. (LOSS) / EARNINGS PER SHARE**

The basic and diluted (loss) / 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.

	<b>3 Months Ended</b>		<b>6 Months Ended</b>	
	<b>30.09.2018</b>	<b>30.09.2017</b>	<b>30.09.2018</b>	<b>30.09.2017</b>
Net (loss)/ profit attributable to Owners of the Company (RM'000)	(16,600)	18,827	(11,621)	54,747
Number of ordinary shares in issue ('000)	782,777	782,777	782,777	782,777
Basic and diluted (loss)/ earnings per share (sen)	<b>(2.12)</b>	<b>2.41</b>	<b>(1.48)</b>	<b>6.99</b>

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

**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

SABARINA LAILA BINTI MOHD HASHIM  
COMPANY SECRETARY

Kuala Lumpur  
21 November 2018