POS MALAYSIA BERHAD

(229990-M)
(Incorporated in Malaysia)

Interim Financial Report for the Financial Year
Ended 31 March 2019

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

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

The Board of Directors hereby announce the unaudited financial results of Pos Malaysia Group ("the Group") for the current quarter/financial year ended 31 March 2019.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Current Quarter 3 Months Ended		Cumulative 12 Months Ended	
		31.03.2019 RM'000	**31.03.2018 RM'000**	**31.03.2019 RM'000**	**31.03.2018 RM'000**
Revenue		594,679	653,077	2,355,117	2,472,578
Cost of sales and operating expenses		(676,228)	(637,021)	(2,458,207)	(2,379,287)
Other income		11,625	32,244	44,590	76,094
Other expenses		(57,750)	(12,516)	(76,821)	(32,428)
(Loss) / Profit from operations		(127,674)	35,784	(135,321)	136,957
Finance costs		(6,821)	(6,097)	(21,580)	(17,188)
(LOSS) / PROFIT BEFORE ZAKAT AND TAXATION		(134,495)	29,687	(156,901)	119,769
Zakat		837	(933)	(1,517)	(2,442)
(LOSS) / PROFIT BEFORE TAXATION		(133,658)	28,754	(158,418)	117,327
Taxation	18	(7,471)	563	(7,352)	(24,013)
NET (LOSS) / PROFIT FOR THE QUARTER / FINANCIAL YEAR		**(141,129)**	**29,317**	**(165,770)**	**93,314**
OTHER COMPREHENSIVE (LOSS) / INCOME					
Item that will be subsequently reclassified to profit or loss					
Currency translation differences of foreign subsidiary companies		(1,168)	1,187	755	1,315
OTHER COMPREHENSIVE (LOSS) / INCOME FOR THE QUARTER / FINANCIAL YEAR (NET OF TAX)		**(1,168)**	**1,187**	**755**	**1,315**
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE QUARTER / FINANCIAL YEAR (NET OF TAX)		**(142,297)**	**30,504**	**(165,015)**	**94,629**

POS MALAYSIA BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

	Note	Current Quarter 3 Months Ended		Cumulative 12 Months Ended	
		31.03.2019 RM'000	**31.03.2018 RM'000**	**31.03.2019 RM'000**	**31.03.2018 RM'000**
Net (loss) / profit for the quarter / financial year attributable to:					
Owners of the Company		(141,129)	29,031	(165,745)	93,253
Non-controlling interest		-	286	(25)	61
		(141,129)	29,317	(165,770)	93,314
Total comprehensive (loss) / income for the quarter / financial year attributable to:					
Owners of the Company		(142,297)	30,218	(164,990)	94,568
Non-controlling interest		-	286	(25)	61
		(142,297)	30,504	(165,015)	94,629
Basic and diluted (loss) / earnings per share (sen):	23	***(18.03)***	***3.71***	***(21.17)***	***11.91***

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.

POS MALAYSIA BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As at 31.03.2019 RM'000	Audited As at 31.03.2018 (Restated) RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		1,386,546	1,360,358
Prepaid lease properties		39,494	40,656
Investment properties		39,050	39,050
Intangible assets		375,622	425,448
Deferred tax assets		6,717	15,431
Other assets		1,579	1,579
		1,849,008	**1,882,522**
CURRENT ASSETS			
Inventories		11,418	14,758
Trade and other receivables		964,747	942,904
Investment securities: financial assets at fair value through profit and loss		164,076	175,962
Investment securities: amortised cost		-	8,000
Current tax assets		35,681	22,886
Short term deposits		63,333	97,602
Cash and bank balances		193,675	229,981
		1,432,930	**1,492,093**
TOTAL ASSETS		**3,281,938**	**3,374,615**
EQUITY AND LIABILITIES			
Share Capital		1,071,392	1,071,392
Reserves		644,045	873,886
Equity attributable to Owners of the Company		1,715,437	1,945,278
Non-controlling interest		-	2,108
TOTAL EQUITY		**1,715,437**	**1,947,386**
NON-CURRENT LIABILITIES			
Long term borrowings	20	200,313	118,462
Post-employment benefit obligations		726	2,963
Deferred tax liabilities		86,776	95,212
		287,815	**216,637**
CURRENT LIABILITIES			
Trade and other payables		982,710	936,302
Bank borrowings	20	294,717	272,546
Current tax liabilities		1,259	1,744
		1,278,686	**1,210,592**
TOTAL LIABILITIES		**1,566,501**	**1,427,229**
TOTAL EQUITY AND LIABILITIES		**3,281,938**	**3,374,615**
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY* (RM)		**2.19**	**2.49**

* 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.

POS MALAYSIA BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued and fully paid ordinary shares		Non-distributable						
	Number of shares '000	Monetary value RM'000	Revaluation Reserves RM'000	Post-employment Benefit Reserves RM'000	Currency Translation Differences RM'000	Retained Earnings RM'000	Total RM'000	Non - controlling Interest RM'000	Total Equity RM'000
Balance at beginning of the financial year 1.4.2018 as previously stated	782,777	1,071,392	1,144	(639)	(719)	874,100	1,945,278	2,108	1,947,386
Adjustments from adoption of MFRS 9	-	-	-	-	-	(1,909)	(1,909)	-	(1,909)
Restated balance as at 1.4.2018	782,777	1,071,392	1,144	(639)	(719)	872,191	1,943,369	2,108	1,945,477
Net loss for the financial year	-	-	-	-	-	(165,745)	(165,745)	(25)	(165,770)
Other comprehensive income for the financial year	-	-	-	-	755	-	755	-	755
Total comprehensive income / (loss) for the financial year	-	-	-	-	755	(165,745)	(164,990)	(25)	(165,015)
<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)
Balance as at 31.03.2019	**782,777**	**1,071,392**	**1,144**	**(639)**	**36**	**643,504**	**1,715,437**	**-**	**1,715,437**

POS MALAYSIA BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Issued and fully paid ordinary shares		Non-distributable						
	Number of shares '000	**Monetary value RM'000**	**Revaluation Reserves RM'000**	**Post-employment Benefit Reserves RM'000**	**Currency Translation Differences RM'000**	**Retained Earnings RM'000**	**Total RM'000**	**Non - controlling Interest RM'000**	**Total Equity 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 year	-	-	-	-	-	93,253	93,253	61	93,314
Other comprehensive income for the financial year	-	-	-	-	1,315	-	1,315	-	1,315
Total comprehensive income for the financial year	-	-	-	-	1,315	93,253	94,568	61	94,629
<u>Transaction with Owners</u>									
First and final dividend in respect of financial year ended 31 March 2017	-	-	-	-	-	(83,757)	(83,757)	-	(83,757)
Balance as at 31.03.2018	**782,777**	**1,071,392**	**1,144**	**(639)**	**(719)**	**874,100**	**1,945,278**	**2,108**	**1,947,386**

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.

POS MALAYSIA BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 Months Ended 31.03.2019 RM'000	12 Months Ended 31.03.2018 (Restated) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) / profit for the financial year	(165,770)	93,314
Adjustments:		
- Depreciation of property, plant and equipment	175,920	159,200
- Amortisation of prepaid lease properties	1,162	1,162
- Amortisation of intangible assets	10,208	10,490
- Amortisation of government grant	(9,471)	(2,552)
- Change in fair value of investment properties	-	(4,160)
- Fair value gain of investment securities:	(3,868)	(7,699)
Financial assets at fair value through profit or loss		
- Finance costs	21,580	17,188
- Taxation	7,352	24,013
- Finance income	(4,414)	(4,187)
- Unrealised foreign exchange differences	(5,781)	(24,160)
- Allowance for doubtful debts (net of write backs)	2,536	(4,637)
- Gain on disposal of property, plant and equipment	(298)	(2,864)
- Impairment loss of property, plant and equipment	6,442	1,900
- Impairment loss on goodwill	39,618	-
- Zakat	1,517	2,442
- Others	2,492	1,174
Operating profit before working capital changes	79,225	260,624
Changes in working capital:		
Change in current assets	(24,709)	(64,916)
Change in current liabilities	58,479	(67,172)
Net cash generated from operations	112,995	128,536
Tax paid, net of refund	(19,804)	(42,147)
Zakat paid	(1,517)	(2,965)
Grant received	13,522	1,660
Retirement benefit paid	(2,274)	(64)
Net cash generated from operating activities	**102,922**	**85,020**
CASH FLOWS FROM INVESTING ACTIVITIES		
Finance income received	4,414	4,187
Proceeds from disposal of property, plant and equipment	932	5,071
Purchase of property, plant and equipment	(201,559)	(433,149)
Acquisition on investments	(471)	-
Withdrawals of investment securities	47,748	78,728
Increase in deposit pledged	-	(27)
Net cash used in investing activities	**(148,936)**	**(345,190)**

POS MALAYSIA BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	12 Months Ended 31.03.2019 RM'000	12 Months Ended 31.03.2018 (Restated) RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	174,555	225,778
Finance costs paid	(21,580)	(17,188)
Withdrawals of deposits pledged with licensed bank	(528)	-
Repayment of bank borrowings	(77,462)	(76,560)
Dividends paid to shareholders	(62,622)	(83,757)
Restricted cash	(7,002)	-
Net cash generated from financing activities	**5,361**	**48,273**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(40,653)**	**(211,897)**
Effects of foreign currency translation	(1,116)	-
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL YEAR	252,145	488,042
CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL YEAR	**210,376**	**276,145**
Cash and cash equivalents as at end of the financial year comprise the followings:		
Bank balances and cash	193,675	229,981
Deposits	63,333	97,602
Bank overdrafts	(2,487)	(1,747)
	254,521	325,836
Less: Collections held on behalf of agencies**	(35,479)	(48,555)
Less: Deposit pledged	(1,664)	(1,136)
Less: Restricted cash	(7,002)	-
	210,376	**276,145**

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:

	Hire purchase RM'000	Islamic term loans RM'000	Revolving credits RM'000	Invoice financing RM'000	Total RM'000
At beginning of the financial year	**16,214**	**149,386**	**208,698**	**14,963**	**389,261**
Net changes from financing cash flows:					
Drawdown	-	100,000	70,000	4,555	174,555
Repayment	(6,035)	(16,916)	(40,000)	(14,511)	(77,462)
Currency translation differences	-	6,189	-	-	6,189
Total net changes from financing cash flows	**(6,035)**	**89,273**	**30,000**	**(9,956)**	**103,282**
At end of the financial year	**10,179**	**238,659**	**238,698**	**5,007**	**492,543**

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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 applied the requirements of MFRS 9 retrospectively with practical expedients and transitional exemptions as allowed by the standard. Nevertheless, as permitted by MFRS 9, the Group has elected not to restate the comparatives.

The following table summarises the impacts arising from the adoption of MFRS 9 on the Group's financial statement:

	As stated RM'000	**As previously stated RM'000**
Statement of financial position		
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 does not have any material financial impact to the current year and prior year 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 year ended 31 March 2019.

5. CHANGES IN ESTIMATES

There was no material change in the estimate of amount reported in prior financial year 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 year ended 31 March 2019.

7. DIVIDENDS PAID

The shareholders have approved a first and final single tier dividend of 8.0 sen per ordinary share at the last Annual General Meeting held on 29 August 2018 in respect of the financial year ended 31 March 2018. The net dividend of RM62,622,147 was paid on 10 October 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 transhipment.
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 Rahnu 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 year.

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 year ended 31 March 2019 is as follows:

Financial year ended 31 March 2019	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	697,602	824,277	147,169	301,344	288,346	96,379	-	2,355,117
Internal revenue	41,971	160,211	403	24,121	7,727	67	(234,500)	-
Total revenue	**739,573**	**984,488**	**147,572**	**325,465**	**296,073**	**96,446**	**(234,500)**	**2,355,117**
Segment (loss) / profit	**(183,283)**	**23,358**	**(16,167)**	**2,235**	**26,030**	**17,742**	**-**	**(130,085)**
Amortisation of intangible assets								(10,208)
Impairment loss on goodwill								(39,618)
Other income								40,176
Finance income								4,414
Finance cost								(21,580)
Loss before zakat and taxation								**(156,901)**
Zakat								(1,517)
Loss before taxation								**(158,418)**
Taxation								(7,352)
Net loss for the financial period								**(165,770)**
Attributable to:								
Owners of the Company								(165,745)
Non-controlling interests (NCI)								(25)
								(165,770)

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 year 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 As announced on 31 January 2019, companies as listed below have been dissolved and ceased to be subsidiaries of the Group effective 1 February 2019 via members' voluntary winding up ("MVWU") and creditors' voluntary winding up ("CVWU"):

<u>Companies under MVWU</u>

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.

<u>Company under CVWU</u>

1. Diperdana Terminal Services Sdn. Bhd.

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%.

11.3 On 1 November 2018, PSH Investment Holding (BVI) Ltd ("PSH Investment Holding"), a dormant wholly owned subsidiary of the Group, had been struck off from the British Virgin Islands Registry of Corporate Affairs.

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets at the end of the reporting year 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		12 Months Ended	
	31.03.2019 RM'000	31.03.2018 RM'000	31.03.2019 RM'000	31.03.2018 RM'000
Amortisation of prepaid lease properties	291	291	1,162	1,162
Amortisation of intangible assets	2,552	2,622	10,208	10,490
Amortisation of government grant	(533)	(387)	(9,471)	(2,552)
Depreciation of property, plant and equipment	43,558	44,560	175,920	159,200
Allowance for doubtful debts (net of write backs)	1,374	(541)	2,536	(4,637)
Fair value gain of investment securities: Financial assets at fair value through profit or loss	(976)	(1,789)	(3,868)	(7,699)
Change in fair value of investment properties	-	(4,160)	-	(4,160)
Finance costs	6,821	6,097	21,580	17,188
Write off of property, plant and equipment	283	58	488	158
Gain on disposal of property, plant and equipment	(86)	(932)	(298)	(2,864)
Impairment loss of property, plant and equipment	6,442	1,900	6,442	1,900
Impairment loss on goodwill	39,618	-	39,618	-
Inventories written down	1,008	1,071	1,158	899
Finance income on short term deposit	(1,212)	(848)	(4,414)	(4,187)
Net foreign exchange differences	(3,994)	(5,325)	(1,318)	(14,913)

14. REVIEW OF GROUP PERFORMANCE

14.1 Group performance for the financial year ended 31 March 2019

The Group recorded lower revenue of RM2,355.1 million for the financial year ended 31 March 2019 as compared to RM2,472.6 million in the previous corresponding year ended 31 March 2018. This represents a decrease of RM117.5 million or equivalent to 4.8%.

(a) Group revenue by segment are as follows:

	12 months ended		
Group revenue	**31.03.2019 RM'000**	**31.03.2018 RM'000**	**Variance RM'000**
Postal Services	697,602	734,341	(36,739)
Courier	824,277	774,489	49,788
International	147,169	160,378	(13,209)
Logistics	301,344	424,665	(123,321)
Aviation	288,346	275,207	13,139
Others	96,379	103,498	(7,119)
Total	2,355,117	2,472,578	117,461

(i) Postal Services

Postal Services registered lower revenue of RM697.6 million as compared to RM734.3 million. This is due to accelerating decline in traditional mail volume largely due to electronic substitution.

(ii) Courier

Courier recorded higher revenue of RM824.3 million compared to RM774.5 million registered in the previous corresponding year ended 31 March 2018. This is mainly driven by increased demand in e-Commerce as well as online business customers.

(iii) International

International revenue dropped by RM13.2 million largely due to lower volume in transhipment pursuant to a loss in one major customer's account.

14. REVIEW OF GROUP PERFORMANCE (CONTINUED)

14.1 Group performance for the financial year ended 31 March 2019 (continued)

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

(iv) Logistics

Logistics registered lower revenue by RM123.3 million mainly from the drop in project logistics namely Refinery and Petrochemical Integrated Development Project ("RAPID") in Pengerang which has been completed.

(v) Aviation

Aviation increased by RM13.1 million compared to previous corresponding year ended 31 March 2018 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 decrease in revenue of RM7.1 million mainly due to lower contribution from digital certificates business.

(b) Group Profit Before Tax

For the financial year ended 31 March 2019, the Group registered a loss before tax of RM158.4 million from a profit of RM117.3 million in the previous corresponding year ended 31 March 2018. The drop is due to lower revenue registered from logistics segments, postal services and international segments, lower other income mainly from lower net foreign exchange gain and increase in cost of sales and operating expenses as well as other expenses mainly from impairment loss on goodwill.

14.2 Group performance for the financial quarter ended 31 March 2019

The Group recorded a lower revenue of RM594.7 million for the financial quarter ended 31 March 2019 as compared to RM653.1 million in the previous corresponding quarter ended 31 March 2018. This represents a decrease of RM58.4 million or equivalent to 8.9%.

14. REVIEW OF GROUP PERFORMANCE (CONTINUED)

14.2 Group performance for the financial quarter ended 31 March 2019 (continued)

(a) Group revenue by segment are as follows:

	3 months ended		
Group revenue	**31.03.2019 RM'000**	**31.03.2018 RM'000**	**Variance RM'000**
Postal Services	189,699	195,021	(5,322)
Courier	197,642	213,371	(15,729)
International	39,538	36,297	3,241
Logistics	73,042	108,285	(35,243)
Aviation	65,050	71,692	(6,642)
Others	29,708	28,411	1,297
Total	594,679	653,077	(58,398)

(i) Postal Services

Postal Services registered lower revenue of RM189.7 million as compared to RM195.0 million. This is due to decline in traditional mail volume largely due to electronic substitution.

(ii) Courier

Courier recorded lower revenue of RM197.6 million compared to RM213.4 million registered in the previous corresponding quarter ended 31 March 2018. This is mainly due to drop in volume handled as a result of price competition amongst courier players.

(iii) International

International revenue increased by RM3.2 million partly due to revision of pricing during this quarter.

(vi) Logistics

Logistics registered lower revenue by RM35.2 million mainly from the drop in project logistics namely Refinery and Petrochemical Integrated Development Project (“RAPID”) in Pengerang which has been completed.

14. REVIEW OF GROUP PERFORMANCE (CONTINUED)

14.2 Group performance for the financial quarter ended 31 March 2019 (continued)

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

(v) Aviation

Aviation dropped by RM6.6 million compared to previous corresponding quarter ended 31 March 2018 mainly due to lower tonnage from cargo handled during this quarter.

(vi) Others

Other segments which consist of printing and insertion, digital certificates and Ar Rahnu, registered an increase in revenue by RM1.3 million mainly contributed by printing and insertion business.

(b) Group Profit Before Tax

For the financial quarter ended 31 March 2019, the Group registered a loss before tax of RM133.7 million from a profit of RM28.8 million in the previous corresponding quarter ended 31 March 2018. The drop is mainly due to lower revenue contribution from courier and logistics segments, higher other expenses from impairment loss on goodwill and an increase in cost of sales and operating expenses.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The group recorded a loss before tax of RM133.7 million in the current quarter ended 31 March 2019 compared to a loss before tax of RM18.7 million in the preceding quarter ended 31 December 2018 mainly due to an increase in cost of sales and operating expenses of RM78.3 million and increase in other expenses of RM53.7 million.

16. FUTURE PROSPECTS

The Pos Malaysia Group’s business outlook going forward remains generally challenging. One major challenge is the continuing contraction in mail volume as business enterprises are increasingly communicating with their customers via electronic and digital channels, foregoing mail-based communications.

For our postal services, the high cost of maintaining the nationwide postal network associated with universal service obligations coupled with the year-on-year drop of 13% in mail volume is affecting the sustainability of the traditional mail business. The Group is engaging the regulator for a more sustainable pricing model to address the high cost associated with universal service obligations. The Group is expecting a positive outcome from this engagement.

The courier business remains a profitable and growing segment for Pos Malaysia. The challenge however is to improve our operational efficiency to better realise the growth in this segment. The Group is concentrating on the last mile where improvements are being made to existing delivery capacity. Investments in automation and digital technology are also being made to enable higher operational efficiencies and to provide value added services as a differentiator vis-à-vis competitors. The Group is looking at providing a comprehensive platform to Small and Medium Enterprises (SME) to tap into the growth of the SME industry. Higher revenue and better cost efficiencies are expected from these activities.

The growing cross-border e-Commerce volume is the key driver of International business and has contributed to higher cross-border volumes. The Group believes that even though margins are challenging, there is still ample growth in this segment.

Pos Logistics seeks to secure more medium to long term contracts for better returns. The outlook looks positive in the future.

The increase in air freight volume and higher airline passenger traffic have resulted in improved performance from the Aviation business and this trend should persist in the short to medium term.

Overall, although the Group is cautiously optimistic about some of its businesses, the Group’s core businesses namely Postal Services and Courier, continue to operate in a challenging environment as highlighted earlier. Firm steps are being taken to address these issues but the outcome of these steps will only be evident in the medium term.

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	
	31.03.2019 RM'000	**31.03.2018 RM'000**	**31.03.2019 RM'000**	**31.03.2018 RM'000**
Current taxation	6,821	9,422	6,496	18,119
Deferred taxation	650	(9,985)	856	5,894
Total	**7,471**	**(563)**	**7,352**	**24,013**

For the financial year ended 31 March 2019, 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 year ended 31 March 2019.

20. GROUP BORROWINGS

Total Group borrowings are as follows:

	Unaudited as at 31.03.2019 RM'000
Long Term Borrowings	
Secured:	
Long term loan under Islamic financing	196,162
Hire purchase and finance lease liabilities	10,179
- portion repayable within 12 months	(6,028)
	100,313
Unsecured:	
Long term loan under Islamic financing	100,000
Total Long Term Borrowings	**200,313**
Short Term Borrowings	
Secured:	
Revolving credit	137,398
Short term loan under Islamic financing	17,497
Hire purchase and finance lease liabilities	
- portion repayable within 12 months	6,028
Invoice financing	5,007
	165,930
Unsecured:	
Bank overdraft	2,487
Revolving credit	101,300
Short term loan under Islamic financing	25,000
	128,787
Total Short Term Borrowings	**294,717**
Total Group Borrowings	**495,030**

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.

Secured	Foreign currency	Foreign '000	RM '000
Long term loan under Islamic financing	USD	22,070	90,037
Short term loan under Islamic financing	USD	3,431	13,997
Total		**25,501**	**104,034**

21. MATERIAL LITIGATIONS

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

22. DIVIDEND

The Board of Directors will consider the payment of dividend when the full year account is adopted in July 2019.

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 year.

	3 Months Ended		**12 Months Ended**	
	31.03.2019	**31.03.2018**	**31.03.2019**	**31.03.2018**
Net (loss) / profit attributable to Owners of the Company (RM'000)	(141,129)	29,031	(165,745)	93,253
Number of ordinary shares in issue ('000)	782,777	782,777	782,777	782,777
Basic and diluted (loss) / earnings per share (sen)	**(18.03)**	**3.71**	**(21.17)**	**11.91**

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 May 2019