



POS MALAYSIA BERHAD

(229990-M)

(Incorporated in Malaysia)

Interim Financial Report for the Financial Period
Ended 30 June 2019

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

The Board of Directors hereby announce the unaudited financial results of Pos Malaysia Group (“the Group”) for the current quarter/financial period ended 30 June 2019.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Current Quarter 3 Months Ended		Cumulative 3 Months Ended	
		30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
Revenue		572,953	590,463	572,953	590,463
Cost of sales and operating expenses		(579,548)	(572,360)	(579,548)	(572,360)
Other income		16,816	10,247	16,816	10,247
Other expenses		(13,900)	(9,901)	(13,900)	(9,901)
(Loss) / Profit from operations		(3,679)	18,449	(3,679)	18,449
Finance costs		(11,066)	(4,626)	(11,066)	(4,626)
(LOSS) / PROFIT BEFORE ZAKAT AND TAXATION		(14,745)	13,823	(14,745)	13,823
Zakat		(731)	(823)	(731)	(823)
(LOSS) / PROFIT BEFORE TAXATION		(15,476)	13,000	(15,476)	13,000
Taxation	18	376	(8,023)	376	(8,023)
(LOSS) / PROFIT FOR THE QUARTER / FINANCIAL PERIOD		(15,100)	4,977	(15,100)	4,977
OTHER COMPREHENSIVE LOSS					
<u>Item that will be subsequently reclassified to profit or loss</u>					
Currency translation differences of foreign subsidiary companies		(936)	(59)	(936)	(59)
OTHER COMPREHENSIVE LOSS FOR THE QUARTER / FINANCIAL PERIOD (NET OF TAX)		(936)	(59)	(936)	(59)
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE QUARTER / FINANCIAL PERIOD (NET OF TAX)		(16,036)	4,918	(16,036)	4,918

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

	Note	Current Quarter 3 Months Ended		Cumulative 3 Months Ended	
		30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
(Loss) / profit for the quarter / financial period attributable to:					
Owners of the Company		(15,100)	4,979	(15,100)	4,979
Non-controlling interest		-	(2)	-	(2)
		(15,100)	4,977	(15,100)	4,977
Total comprehensive (loss) / income for the quarter/financial period attributable to:					
Owners of the Company		(16,036)	4,920	(16,036)	4,920
Non-controlling interest		-	(2)	-	(2)
		(16,036)	4,918	(16,036)	4,918
Basic and diluted (loss) / earnings per share (sen):	23	(1.93)	0.64	(1.93)	0.64

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 2019 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As at 30.06.2019 RM'000	Audited As at 31.03.2019 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		1,684,257	1,386,546
Prepaid lease properties		-	39,494
Investment properties		39,050	39,050
Intangible assets		373,685	375,622
Deferred tax assets		6,839	6,717
Other investments		1,579	1,579
		2,105,410	1,849,008
CURRENT ASSETS			
Inventories		13,215	11,418
Trade and other receivables		1,016,408	964,747
Other investments		206,126	164,076
Current tax assets		16,279	35,681
Short term deposits		51,041	63,333
Cash and bank balances		196,648	193,675
		1,499,717	1,432,930
TOTAL ASSETS		3,605,127	3,281,938
EQUITY AND LIABILITIES			
Share Capital		1,071,392	1,071,392
Reserves		613,266	644,045
TOTAL EQUITY		1,684,658	1,715,437
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	20	295,504	200,313
Lease liabilities		230,251	-
Post-employment benefit obligations		727	726
Deferred tax liabilities		77,486	86,776
		603,968	287,815
CURRENT LIABILITIES			
Trade and other payables		968,648	982,710
Loans and borrowings	20	279,430	294,717
Lease liabilities		65,340	-
Current tax liabilities		3,083	1,259
		1,316,501	1,278,686
TOTAL LIABILITIES		1,920,469	1,566,501
TOTAL EQUITY AND LIABILITIES		3,605,127	3,281,938
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY* (RM)		2.15	2.19

* 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 2019 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 Equity RM'000
	Number of shares '000	Amount RM'000	Revaluation Reserves RM'000	Post- employment Benefit Reserves RM'000	Currency Translation Reserves RM'000		
At 1 April 2019, as previously reported	782,777	1,071,392	1,144	(639)	36	643,504	1,715,437
Adjustment on initial application of MFRS 16, net of tax	-	-	-	-	-	(14,743)	(14,743)
At 1 April 2019, restated	782,777	1,071,392	1,144	(639)	36	628,761	1,700,694
Loss for the financial period	-	-	-	-	-	(15,100)	(15,100)
Other comprehensive loss for the financial period	-	-	-	-	(936)	-	(936)
Total comprehensive loss for the financial period	-	-	-	-	(936)	(15,100)	(16,036)
At 30 June 2019	782,777	1,071,392	1,144	(639)	(900)	613,661	1,684,658

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Issued and fully paid ordinary shares		Non-distributable					Total RM'000	Non - controlling Interest RM'000	Total Equity RM'000
	Number of shares '000	Amount RM'000	Revaluation Reserves RM'000	Post- employment Benefit Reserves RM'000	Currency Translation Reserves RM'000	Retained Earnings RM'000				
At 1 April 2018	782,777	1,071,392	1,144	(639)	(719)	872,191	1,943,369	2,108	1,945,477	
Profit for the financial period	-	-	-	-	-	4,979	4,979	(2)	4,977	
Other comprehensive loss for the financial period	-	-	-	-	(59)	-	(59)	-	(59)	
Total comprehensive income for the financial period	-	-	-	-	(59)	4,979	4,920	(2)	4,918	
At 30 June 2018	782,777	1,071,392	1,144	(639)	(778)	877,170	1,948,289	2,106	1,950,395	

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 2019 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 Months Ended 30.06.2019 RM'000	3 Months Ended 30.06.2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before tax for the financial period	(15,476)	13,000
Adjustments:		
- Depreciation of property, plant and equipment	64,486	44,125
- Amortisation of prepaid leased properties	-	290
- Amortisation of intangible assets	1,937	2,552
- Amortisation of government grant	(2,924)	(396)
- Net fair value gain of investment securities:		
Financial assets at fair value through profit or loss	(423)	(1,678)
- Finance costs	6,600	4,626
- Interest on lease liabilities	4,466	-
- Finance income	(1,673)	(766)
- Unrealised foreign exchange differences	4,476	2,790
- Net impairment loss / (reversal of impairment loss) of trade receivables	22	(1,205)
- Gain on disposal of property, plant and equipment	(375)	(180)
- Zakat	731	823
- Others	55	(143)
Operating profit before changes in working capital	61,902	63,838
Changes in working capital:		
Change in current assets	(53,448)	10,240
Change in current liabilities	(39,188)	(49,877)
Net cash (used in) / generated from operations	(30,734)	24,201
Tax paid	(4,995)	(7,891)
Tax refund	21,236	-
Grant received	7,750	-
Defined benefits paid	-	(73)
Net cash (used in) / generated from operating activities	(6,743)	16,237
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,673	766
Proceeds from disposal of property, plant and equipment	880	341
Acquisition of property, plant and equipment	(25,367)	(33,288)
Net movement of investment securities	(41,628)	15,887
Net cash used in investing activities	(64,442)	(16,294)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	3 Months Ended 30.06.2019 RM'000	3 Months Ended 30.06.2018 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown on borrowings	102,207	32,004
Finance costs paid	(6,600)	(4,626)
Repayment of borrowings	(24,529)	(41,701)
Repayment of lease liabilities	(18,046)	-
Interest paid on lease liabilities	(4,466)	-
Increase in deposit pledged	(49)	(529)
Increase in restricted cash	(8)	(264)
Net cash generated from / (used in) from financing activities	48,509	(15,116)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(22,676)	(15,173)
Effects of foreign currency translation	(1,219)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	210,404	252,145
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	186,509	236,972
Cash and cash equivalents included in the statement of cash flow comprise the following statements of financial positions amounts:		
Cash and bank balances	196,648	227,406
Deposits placed with licensed banks	51,041	69,522
Bank overdrafts	(1,989)	(2,797)
	245,700	294,131
Less: Collections held on behalf of agency payables and money order payables**	(50,496)	(55,230)
Less: Deposit pledged	(1,657)	(1,665)
Less: Restricted cash	(7,038)	(264)
	186,509	236,972

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 2019 and the explanatory notes attached to the interim financial report.

** The amount of cash held on behalf of agency payables and money order payables are included under Trade and Other Payables in the Consolidated Statement of Financial Position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(a) Reconciliation of liabilities arising from financing activities:

	Hire purchase	Islamic term loans	Revolving credits	Invoice financing	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At beginning of the financial period	10,179	238,659	238,698	5,007	492,543
Net changes from financing cash flows:					
Drawdown	-	100,000	-	2,207	102,207
Repayment	(1,538)	(5,470)	(15,500)	(2,021)	(24,529)
Currency translation differences	-	2,724	-	-	2,724
Total net changes from financing cash flows	(1,538)	97,254	(15,500)	186	80,402
At end of the financial period	8,641	335,913	223,198	5,193	572,945

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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 2019 and the accompanying notes attached to the unaudited condensed consolidated financial statements.

2. CHANGE OF YEAR END

As announced on 1 August 2019, the Company changed its financial year end from 31 March to 31 December. As a result, the annual audited financial statements of the Group will be covering a 9-month period ending 31 December 2019.

3. 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 2019 except for the adoption of the following new accounting standards, amendments and interpretations which are applicable to the Group effective 1 April 2019:

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

The initial application of the above accounting standards, amendments and interpretations are not expected to have any material impact to the current period and prior period financial statements of the Group except as mentioned below:

MFRS 16, *Leases*

The Group adopted MFRS 16, *Leases* on 1 April 2019. MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MFRS 16, Leases (continued)

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items.

Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

Right-of-use assets and prepaid lease properties are included under property, plant and equipment in the statement of financial position. The lease liabilities are separately disclosed in the statement of financial position.

As allowed by the transitional provision of MFRS 16, the Group has elected the modified retrospective approach with no restatement of comparative and cumulative adjustments resulting from the initial application of MFRS 16 are recognised in retained earnings and reserves as at 1 April 2019, as disclosed below:

	Impact of adoption of MFRS 16 to opening balance at 1 April 2019 RM'000
Statement of financial position	
Increase in right-of-use assets	294,149
Increase in deferred tax assets	48
Decrease in deferred tax liabilities	4,025
Decrease in retained earnings	14,743
Increase in lease liabilities	312,965

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 June 2019.

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 except as disclosed in Note 3.

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 June 2019.

8. DIVIDENDS PAID

There was no dividend paid for the current financial period ended 30 June 2019.

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	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.

Other segment includes the hybrid mail which provides data and document processing services, business of internet security products, solutions and services, Ar Rahnun 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 3.

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.

9. SEGMENTAL INFORMATION (CONTINUED)

The information of each of the Group's business segments for the financial period ended 30 June 2019 is as follows:

Period ended 30 June 2019	Postal Services RM'000	Courier RM'000	International RM'000	Aviation RM'000	Logistics RM'000	Others RM'000	Elimination RM'000	POS Group RM'000
External Revenue	147,501	224,523	32,882	63,049	75,434	29,564		572,953
Internal Revenue	5,278	34,173	9,267	4,589	4,944	10,033	(68,284)	-
Total Revenue	152,779	258,696	42,149	67,638	80,378	39,597	(68,284)	572,953
Segment (loss) / profit	(54,456)	27,470	(12,357)	6,854	(113)	14,044	-	(18,558)
Amortisation of intangible assets								(1,937)
Other income								15,143
Finance income								1,673
Finance cost								(11,066)
Loss before zakat and taxation								(14,745)
Zakat								(731)
Loss before taxation								(15,476)
Taxation								376
Net loss for the financial period								(15,100)
Attributable to:								
Owners of the company								(15,100)
Non-controlling interests (NCI)								-
								(15,100)

10. 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.

11. 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.

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. (LOSS) / PROFIT BEFORE TAXATION

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

	3 Months Ended	
	30.06.2019 RM'000	30.06.2018 RM'000
Amortisation of prepaid lease properties	-	290
Amortisation of intangible assets	1,937	2,552
Amortisation of government grant	(2,924)	(396)
Depreciation of property, plant and equipment	64,486	44,125
Net impairment loss / (reversal of impairment loss) of trade receivables	22	(1,205)
Fair value gain of investment securities: Financial assets at fair value through profit or loss	(423)	(1,678)
Finance costs	6,600	4,626
Interest on lease liabilities	4,466	-
Write off of property, plant and equipment	11	14
Gain on disposal of property, plant and equipment	(375)	(180)
Inventories written back	(33)	-
Interest income on short term deposit	(1,673)	(766)
Net foreign exchange differences	6,223	2,308

14. REVIEW OF GROUP PERFORMANCE

Group performance for the financial period ended 30 June 2019

The Group recorded lower revenue of RM573.0 million for the financial period ended 30 June 2019 as compared to RM590.5 million in the previous corresponding period ended 30 June 2018. This represents a decrease of RM17.5 million or equivalent to 3.0%.

(a) Group revenue by segment are as follows:

	3 months ended		Variance RM'000
	30.06.2019 RM'000	30.06.2018 RM'000	
Group revenue			
Postal Services	147,501	171,957	(24,456)
Courier	224,523	204,505	20,018
International	32,882	34,624	(1,742)
Logistics	75,434	74,956	478
Aviation	63,049	74,278	(11,229)
Others	29,564	30,143	(579)
Total	572,953	590,463	(17,510)

(i) **Postal Services**

Postal Services registered lower revenue of RM147.5 million as compared to RM171.9 million in the previous corresponding period ended 30 June 2018. This is due to continuous decline in traditional mail volume largely due to electronic substitution.

(ii) **Courier**

Courier recorded higher revenue of RM224.5 million compared to RM204.5 million registered in the previous corresponding period ended 30 June 2018. This is mainly driven by the continuous growth in e-Commerce sector as well as increased demand from online business customers.

(iii) **International**

International revenue dropped slightly by RM1.7 million in the previous corresponding period ended 30 June 2018 due to lower volume in transshipment business.

14. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Group performance for the financial period ended 30 June 2019 (continued)

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

(iv) **Logistics**

Logistics registered slightly higher revenue by RM0.5 million in comparison to the previous corresponding period ended 30 June 2018 mainly from haulage business coming from a new project secured.

(v) **Aviation**

Aviation dropped by RM11.2 million compared to previous corresponding period ended 30 June 2018 mainly contributed by lower tonnage of cargo handled.

(vi) **Others**

Other segments which consist of printing and insertion, digital certificates and Ar Rahnu, recorded a slight decrease in revenue by RM0.6 million mainly due to lower revenue from printing and insertion business.

(b) Group (Loss) / Profit Before Tax

For the financial period ended 30 June 2019, we registered a loss before tax of RM15.5 million from a profit before tax of RM13.0 million in the corresponding quarter ended 30 June 2018. This is due to lower revenue registered of RM17.5 million mainly from postal services and aviation, coupled with the increase in costs namely cost of sales and operating expenses of RM7.2 million.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The group recorded a lower loss before tax of RM15.5 million in the current quarter ended 30 June 2019 compared to RM133.7 million in the preceding quarter ended 31 March 2019 mainly due to higher cost of sales and operating expenses from one off charges of impairment in the goodwill of Logistics segment of RM39.6 million and provision for onerous contract for the re-delivery charges of leased aircraft of RM44.0 million incurred in the preceding quarter.

16. FUTURE PROSPECTS

Pos Malaysia Group's business outlook going forward remains challenging. Contraction in mail volume continues as forecasted as business enterprises are switching to electronic and digital channels, foregoing mail-based communications while Universal Service Obligations ("USO") costs remained high.

For our postal services, the high cost of maintaining the nationwide postal network associated with USO coupled with the year-on-year drop in mail volume is affecting the sustainability of the traditional mail business. The retail business meanwhile is experiencing continuous drop in revenue mainly due to alternative on-line channels.

The courier business continues to operate in a competitive environment and although revenue is growing, it is pressured by price and cost challenges. The group continues its efforts to manage cost whilst increasing operating efficiency. The Integrated Parcel Centres (IPC) in Shah Alam and newly completed facility in KLIA has increase the processing capacity from 300,000 to 530,000 parcels per day. The track and trace system is also being upgraded and we are looking to implement an entrepreneur program with our employees to improve cost efficiency.

The Group is concentrating on last mile delivery where improvements are being made to existing delivery capacity. Investment in automation and digital technology are also being made to enable higher operational efficiencies and also 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 SME industry. The Group is expecting higher revenue and better cost efficiencies from these activities.

The growth of e-Commerce is the key driver to the International business. The Group is in discussions with various customers to increase the volume that it handles and although margins are challenging, there is still ample growth in this segment.

The outlook for the Logistics business remains challenging but Pos Logistics has successfully secured contracts and continues to seek new contracts for medium to long term returns. The prospect looks positive in the medium term.

Aviation business recorded lower revenue resulted from lower tonnage of cargo handling services. The Group expects that future increase in air freight volume and higher airline passenger traffic to improve performance in the short to medium term.

Overall, although the Group is cautiously optimistic about some of its businesses, the Group's key revenue generators, namely Postal Services and Courier business, remain challenging due to the issues 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 period in a public document.

18. TAXATION

Taxation comprises the following:

	3 Months Ended	
	30.06.2019 RM'000	30.06.2018 RM'000
Current taxation	4,947	3,613
Deferred taxation	(5,323)	4,410
Total	(376)	8,023

For the financial period ended 30 June 2019, despite the Group recording losses, the taxation benefits arose from certain profit making companies and recognition of deferred tax asset from unutilised capital allowances.

19. STATUS OF CORPORATE PROPOSALS

There is no corporate proposal made by the Group for the financial period ended 30 June 2019.

20. GROUP BORROWINGS

Total Group borrowings are as follows:

	Unaudited as at 30.06.2019 RM'000
Long Term Borrowings	
<u>Secured:</u>	
Long term loan under Islamic financing	93,055
Hire purchase and finance lease liabilities	8,641
- portion repayable within 12 months	(6,192)
Total Long Term Borrowings	95,504
<u>Unsecured:</u>	
Long term loan under Islamic financing	200,000
Total Long Term Borrowings	295,504

20. GROUP BORROWINGS (CONTINUED)

Total Group borrowings are as follows:

	Unaudited as at 30.06.2019 RM'000
Short Term Borrowings	
<u>Secured:</u>	
Revolving credit	137,398
Short term loan under Islamic financing	17,858
Hire purchase and finance lease liabilities	
- portion repayable within 12 months	6,192
Invoice financing	5,193
	166,641
<u>Unsecured:</u>	
Bank overdraft	1,989
Revolving credit	85,800
Short term loan under Islamic financing	25,000
	112,789
Total Short Term Borrowings	279,430
Total Group Borrowings	574,934

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	21,191	87,805
Short term loan under Islamic financing	USD	3,465	14,358
Total		24,656	102,163

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 June 2019.

23. (LOSS) / EARNINGS PER SHARE

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

	3 Months Ended	
	30.06.2019	30.06.2018
Net (loss) / profit attributable to Owners of the Company (RM'000)	(15,100)	4,979
Number of ordinary shares in issue ('000)	782,777	782,777
Basic and diluted (loss) / earnings per share (sen)	(1.93)	0.64

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 (LS 0004324)
KAMILIA NOR BINTI MOHAMAD KAMAL (LS 0008663)
COMPANY SECRETARIES

Kuala Lumpur
20 August 2019