



# **POS MALAYSIA BERHAD**

(229990-M)

(Incorporated in Malaysia)

Interim Financial Report for the Financial Period  
Ended 30 September 2019

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 September 2019.

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

|  | Note | Current Quarter |                 | Cumulative      |                 |
|--|------|-----------------|-----------------|-----------------|-----------------|
|  |      | 3 Months Ended  |                 | 6 Months Ended  |                 |
|  |      | 30.09.2019      | 30.09.2018      | 30.09.2019      | 30.09.2018      |
|  |      | RM'000          | RM'000          | RM'000          | RM'000          |
| Revenue  |      | 549,997         | 588,733         | 1,122,950       | 1,179,196       |
| Cost of sales and operating expenses   |      | (578,272)       | (611,709)       | (1,157,820)     | (1,184,069)     |
| Other income   |      | 8,035           | 15,053          | 24,851          | 25,300          |
| Other expenses   |      | (2,876)         | (5,141)         | (16,776)        | (15,042)        |
| Loss from operations   |      | (23,116)        | (13,064)        | (26,795)        | 5,385           |
| Finance costs  |      | (12,361)        | (5,142)         | (23,427)        | (9,768)         |
| <b>LOSS BEFORE ZAKAT AND TAXATION</b>  |      | <b>(35,477)</b> | <b>(18,206)</b> | <b>(50,222)</b> | <b>(4,383)</b>  |
| Zakat  |      | 64              | (823)           | (667)           | (1,646)         |
| <b>LOSS BEFORE TAXATION</b>  |      | <b>(35,413)</b> | <b>(19,029)</b> | <b>(50,889)</b> | <b>(6,029)</b>  |
| Taxation   | 18   | 6,075           | 2,431           | 6,451           | (5,592)         |
| <b>LOSS FOR THE QUARTER / FINANCIAL PERIOD</b>                                   |      | <b>(29,338)</b> | <b>(16,598)</b> | <b>(44,438)</b> | <b>(11,621)</b> |
| <b>OTHER COMPREHENSIVE INCOME</b>  |      |                 |                 |                 |                 |
| <u>Item that will be subsequently reclassified to profit or loss</u>             |      |                 |                 |                 |                 |
| Currency translation differences of foreign subsidiary companies                 |      | 2,346           | 1,769           | 1,410           | 1,710           |
| <b>OTHER COMPREHENSIVE INCOME FOR THE QUARTER/ FINANCIAL PERIOD (NET OF TAX)</b> |      | <b>2,346</b>    | <b>1,769</b>    | <b>1,410</b>    | <b>1,710</b>    |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE QUARTER/ FINANCIAL PERIOD (NET OF TAX)</b>   |      | <b>(26,992)</b> | <b>(14,829)</b> | <b>(43,028)</b> | <b>(9,911)</b>  |

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

|   | Note | Current Quarter<br>3 Months Ended |                      | Cumulative<br>6 Months Ended |                      |
|---|------|-----------------------------------|----------------------|------------------------------|----------------------|
|   |      | 30.09.2019<br>RM'000              | 30.09.2018<br>RM'000 | 30.09.2019<br>RM'000         | 30.09.2018<br>RM'000 |
| <b>Loss for the quarter / financial period attributable to:</b>                     |      |                                   |                      |                              |                      |
| Owners of the Company   |      | (29,338)                          | (16,575)             | (44,438)                     | (11,596)             |
| Non-controlling interest  |      | -                                 | (23)                 | -                            | (25)                 |
|   |      | <b>(29,338)</b>                   | <b>(16,598)</b>      | <b>(44,438)</b>              | <b>(11,621)</b>      |
| <b>Total comprehensive loss for the quarter / financial period attributable to:</b> |      |                                   |                      |                              |                      |
| Owners of the Company   |      | (26,992)                          | (14,806)             | (43,028)                     | (9,886)              |
| Non-controlling interest  |      | -                                 | (23)                 | -                            | (25)                 |
|   |      | <b>(26,992)</b>                   | <b>(14,829)</b>      | <b>(43,028)</b>              | <b>(9,911)</b>       |
| Basic and diluted loss per share (sen):   | 23   | <b>(3.75)</b>                     | <b>(2.12)</b>        | <b>(5.68)</b>                | <b>(1.48)</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 2019 and the explanatory notes attached to the interim financial report.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

|   | Note | Unaudited<br>As at<br>30.09.2019<br>RM'000 | Audited<br>As at<br>31.03.2019<br>RM'000 |
|---|------|--|--|
| <b>ASSETS</b>   |      |  |  |
| <b>NON-CURRENT ASSETS</b>   |      |  |  |
| Property, plant and equipment   |      | 1,660,761                                  | 1,386,546                                |
| Prepaid lease properties  |      | -  | 39,494                                   |
| Investment properties   |      | 39,050                                     | 39,050                                   |
| Intangible assets   |      | 371,748                                    | 375,622                                  |
| Deferred tax assets   |      | 6,820                                      | 6,717                                    |
| Other assets  |      | 1,579                                      | 1,579                                    |
|   |      | <b>2,079,958</b>                           | <b>1,849,008</b>                         |
| <b>CURRENT ASSETS</b>   |      |  |  |
| Inventories   |      | 11,815                                     | 11,418                                   |
| Trade and other receivables   |      | 1,004,922                                  | 964,747                                  |
| Other investments   |      | 147,193                                    | 164,076                                  |
| Current tax assets  |      | 16,449                                     | 35,681                                   |
| Short term deposits   |      | 43,469                                     | 63,333                                   |
| Cash and bank balances  |      | 197,000                                    | 193,675                                  |
|   |      | <b>1,420,848</b>                           | <b>1,432,930</b>                         |
| <b>TOTAL ASSETS</b>   |      | <b>3,500,806</b>                           | <b>3,281,938</b>                         |
| <b>EQUITY AND LIABILITIES</b>   |      |  |  |
| Share Capital   |      | 1,071,392                                  | 1,071,392                                |
| Reserves  |      | 554,963                                    | 644,045                                  |
| <b>TOTAL EQUITY</b>   |      | <b>1,626,355</b>                           | <b>1,715,437</b>                         |
| <b>NON-CURRENT LIABILITIES</b>  |      |  |  |
| Loans and borrowings  | 20   | 268,844                                    | 200,313                                  |
| Lease liabilities   |      | 217,272                                    | -  |
| Post-employment benefit obligations                                     |      | 659  | 726                                      |
| Deferred tax liabilities  |      | 71,615                                     | 86,776                                   |
|   |      | <b>558,390</b>                             | <b>287,815</b>                           |
| <b>CURRENT LIABILITIES</b>  |      |  |  |
| Trade and other payables  |      | 971,742                                    | 982,710                                  |
| Loans and borrowings  | 20   | 275,071                                    | 294,717                                  |
| Lease liabilities   |      | 67,042                                     | -  |
| Current tax liabilities   |      | 2,206                                      | 1,259                                    |
|   |      | <b>1,316,061</b>                           | <b>1,278,686</b>                         |
| <b>TOTAL LIABILITIES</b>  |      | <b>1,874,451</b>                           | <b>1,566,501</b>                         |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                     |      | <b>3,500,806</b>                           | <b>3,281,938</b>                         |
| <b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY* (RM)</b> |      | <b>2.08</b>                                | <b>2.19</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 2019 and the explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

|   | Issued and fully paid<br>ordinary shares |                  | Non-distributable                 |  |   | Retained<br>Earnings<br>RM'000 | Total Equity<br>RM'000 |
|---|--|------------------|-----------------------------------|--|---|--------------------------------|------------------------|
|   | Number of<br>shares<br>'000              | Amount<br>RM'000 | Revaluation<br>Reserves<br>RM'000 | Post-<br>employment<br>Benefit<br>Reserves<br>RM'000 | Currency<br>Translation<br>Reserves<br>RM'000 |                                |                        |
| <b>At 1 April 2019, as previously reported</b>                            | <b>782,777</b>                           | <b>1,071,392</b> | <b>1,144</b>                      | <b>(639)</b>   | <b>36</b>                                     | <b>643,504</b>                 | <b>1,715,437</b>       |
| Adjustment on initial application of MFRS 16, net of tax                  | -  | -                | -                                 | -  | -   | (14,743)                       | (14,743)               |
| <b>At 1 April 2019, restated</b>  | <b>782,777</b>                           | <b>1,071,392</b> | <b>1,144</b>                      | <b>(639)</b>   | <b>36</b>                                     | <b>628,761</b>                 | <b>1,700,694</b>       |
| Loss for the financial period   | -  | -                | -                                 | -  | -   | (44,438)                       | (44,438)               |
| Other comprehensive income for the financial period                       | -  | -                | -                                 | -  | 1,410   | -                              | 1,410                  |
| Total comprehensive income / (loss) for the financial period              | -  | -                | -                                 | -  | 1,410   | (44,438)                       | (43,028)               |
| <u>Transaction with Owners</u>  |  |                  |                                   |  |   |                                |                        |
| First and final dividend in respect of financial year ended 31 March 2019 | -  | -                | -                                 | -  | -   | (31,311)                       | (31,311)               |
| <b>At 30 September 2019</b>   | <b>782,777</b>                           | <b>1,071,392</b> | <b>1,144</b>                      | <b>(639)</b>   | <b>1,446</b>                                  | <b>553,012</b>                 | <b>1,626,355</b>       |

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

|   | Issued and fully paid ordinary shares |                  | Non-distributable           |   |                                      |                          |                  | Total        | Non - controlling Interest | Total Equity |
|---|---------------------------------------|------------------|-----------------------------|---|--------------------------------------|--------------------------|------------------|--------------|----------------------------|--------------|
|   | 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 | RM'000           |              |                            |              |
| <b>At 1 April 2018</b>  | <b>782,777</b>                        | <b>1,071,392</b> | <b>1,144</b>                | <b>(639)</b>                            | <b>(719)</b>                         | <b>872,191</b>           | <b>1,943,369</b> | <b>2,108</b> | <b>1,945,477</b>           |              |
| 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>At 30 September 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>1,870,541</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 2019 and the explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

|  | <b>6 Months Ended<br/>30.09.2019<br/>RM'000</b> | <b>6 Months Ended<br/>30.09.2018<br/>RM'000</b> |
|--|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                |   |   |
| Loss before tax for the financial period                                   | (50,889)  | (6,029)   |
| Adjustments:   |   |   |
| - Depreciation of property, plant and equipment                            | 127,792   | 79,913  |
| - Amortisation of prepaid lease properties                                 | -   | 581   |
| - Amortisation of intangible assets  | 3,874   | 5,104   |
| - Amortisation of government grant   | (4,098)   | (7,888)   |
| - Fair value gain of investment securities:                                |   |   |
| Financial assets at fair value through profit or loss                      | (352)   | (2,869)   |
| - Finance costs  | 13,828  | 9,768   |
| - Interest on lease liabilities  | 9,599   | -   |
| - Finance income   | (4,111)   | (1,692)   |
| - Unrealised foreign exchange differences                                  | 2,838   | 4,063   |
| - Net impairment loss / (reversal of impairment loss) of trade receivables | 2,789   | (2,434)   |
| - Gain on disposal of property, plant and equipment                        | (1,084)   | (220)   |
| - Zakat  | 667   | 1,646   |
| - Others   | 310   | 354   |
| Operating profit before working capital changes                            | 101,163   | 80,297  |
| Changes in working capital:  |   |   |
| Change in current assets   | (43,294)  | (11,741)  |
| Change in current liabilities  | (47,438)  | (34,352)  |
| Cash generated from operations   | 10,431  | 34,204  |
| Tax paid   | (9,420)   | (15,250)  |
| Tax refund   | 24,859  | 134   |
| Grant received   | 7,750   | 11,010  |
| Defined benefits paid  | (70)  | (2,183)   |
| <b>Net cash from operating activities</b>                                  | <b>33,550</b>                                   | <b>27,915</b>                                   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                |   |   |
| Interest received  | 4,111   | 1,692   |
| Proceeds from disposal of property, plant and equipment                    | 1,120   | 655   |
| Acquisition of property, plant and equipment                               | (57,118)  | (80,390)  |
| Net movement of investment securities                                      | 17,187  | 84,777  |
| <b>Net cash (used in) / from investing activities</b>                      | <b>(34,700)</b>                                 | <b>6,734</b>                                    |

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

|  | <b>6 Months Ended<br/>30.09.2019<br/>RM'000</b> | <b>6 Months Ended<br/>30.09.2018<br/>RM'000</b> |
|--|---|---|
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |   |   |
| Drawdown on borrowings   | 120,418   | 62,008  |
| Finance costs paid   | (13,828)  | (9,768)   |
| Increase in deposit pledged  | -   | (528)   |
| Repayment of borrowings  | (75,516)  | (46,290)  |
| Repayment of lease liabilities   | (44,887)  | -   |
| Increase in restricted cash  | (8)   | (264)   |
| Net cash (used in) / from financing activities   | <b>(13,821)</b>                                 | <b>5,158</b>                                    |
| <b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>  | <b>(14,971)</b>                                 | <b>39,807</b>                                   |
| Effects of foreign currency translation  | 1,634   | 44  |
| CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL PERIOD  | 210,404   | 252,145   |
| <b>CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL PERIOD</b>   | <b>197,067</b>                                  | <b>291,996</b>                                  |
| Cash and cash equivalents included in the statement of cash flow comprise the following statements of financial positions amounts: |   |   |
| Cash and bank balances   | 197,000   | 237,333   |
| Deposits placed with licensed banks  | 43,469  | 104,036   |
| Bank overdrafts  | (1,501)   | (1,779)   |
|  | 238,968   | 339,590   |
| Less: Collections held on behalf of agency payables and money order payables**   | (33,206)  | (45,665)  |
| Less: Deposit pledged  | (1,657)   | (1,665)   |
| Less: Restricted cash  | (7,038)   | (264)   |
|  | <b>197,067</b>                                  | <b>291,996</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 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 | Lease liabilities | Total          |
|--|----------------|--------------------|-------------------|-------------------|-------------------|----------------|
|  | RM'000         | RM'000             | RM'000            | RM'000            | RM'000            | RM'000         |
| <b>At beginning of the financial period</b>        | <b>10,179</b>  | <b>238,659</b>     | <b>238,698</b>    | <b>5,007</b>      | <b>-</b>          | <b>492,543</b> |
| Effects of adoption of MFRS 16                     | -              | -                  | -                 | -                 | 312,964           | 312,964        |
| <b>As restated</b>                                 | <b>10,179</b>  | <b>238,659</b>     | <b>238,698</b>    | <b>5,007</b>      | <b>312,964</b>    | <b>805,507</b> |
| Net changes from financing cash flows:             |                |                    |                   |                   |                   |                |
| Drawdown on borrowings                             | -              | 100,000            | 17,500            | 2,918             | -                 | 120,418        |
| Repayment of borrowings                            | (3,090)        | (35,971)           | (32,500)          | (3,955)           | -                 | (75,516)       |
| Repayment of lease liabilities                     | -              | -                  | -                 | -                 | (44,887)          | (44,887)       |
| Accretion of interest                              | -              | -                  | -                 | -                 | 9,599             | 9,599          |
| New finance lease                                  | -              | -                  | -                 | -                 | 6,638             | 6,638          |
| Currency translation difference                    | -              | 4,969              | -                 | -                 | -                 | 4,969          |
| <b>Total net changes from financing cash flows</b> | <b>(3,090)</b> | <b>68,998</b>      | <b>(15,000)</b>   | <b>(1,037)</b>    | <b>(28,650)</b>   | <b>21,221</b>  |
| <b>At end of the financial period</b>              | <b>7,089</b>   | <b>307,657</b>     | <b>223,698</b>    | <b>3,970</b>      | <b>284,314</b>    | <b>826,728</b> |
|  |                |                    |                   |                   |                   |                |

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**POS MALAYSIA BERHAD**

(229990-M)

(Incorporated in Malaysia)

**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:

|  | <b>Impact of adoption of<br/>MFRS 16 to opening<br/>balance at 1 April 2019<br/>RM'000</b> |
|--|--|
| <b>Statement of financial position</b> |  |
| 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 September 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 September 2019.

**8. DIVIDENDS PAID**

There was no dividend paid for the current financial period ended 30 September 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 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 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 September 2019 is as follows:

| Period ended 30 September 2019           | Postal Services<br>RM'000 | Courier<br>RM'000 | International<br>RM'000 | Aviation<br>RM'000 | Logistics<br>RM'000 | Others<br>RM'000 | Elimination<br>RM'000 | POS Group<br>RM'000 |
|--|---------------------------|-------------------|-------------------------|--------------------|---------------------|------------------|-----------------------|---------------------|
| External revenue                         | 293,970                   | 424,625           | 74,203                  | 128,927            | 153,360             | 47,865           | -                     | 1,122,950           |
| Internal revenue                         | 24,495                    | 70,008            | 192                     | 8,362              | 9,539               | 21,143           | (133,739)             | -                   |
| <b>Total revenue</b>                     | <b>318,465</b>            | <b>494,633</b>    | <b>74,395</b>           | <b>137,289</b>     | <b>162,899</b>      | <b>69,008</b>    | <b>(133,739)</b>      | <b>1,122,950</b>    |
| <b>Segment (loss) / profit</b>           | <b>(115,738)</b>          | <b>47,822</b>     | <b>(16,005)</b>         | <b>16,647</b>      | <b>(889)</b>        | <b>20,391</b>    | <b>-</b>              | <b>(47,772)</b>     |
| Amortisation of intangible assets        |                           |                   |                         |                    |                     |                  |                       | (3,874)             |
| Other income                             |                           |                   |                         |                    |                     |                  |                       | 20,740              |
| Interest income                          |                           |                   |                         |                    |                     |                  |                       | 4,111               |
| Finance cost                             |                           |                   |                         |                    |                     |                  |                       | (23,427)            |
| <b>Loss before zakat and taxation</b>    |                           |                   |                         |                    |                     |                  |                       | <b>(50,222)</b>     |
| Zakat                                    |                           |                   |                         |                    |                     |                  |                       | (667)               |
| <b>Loss before taxation</b>              |                           |                   |                         |                    |                     |                  |                       | <b>(50,889)</b>     |
| Taxation                                 |                           |                   |                         |                    |                     |                  |                       | 6,451               |
| <b>Net loss for the financial period</b> |                           |                   |                         |                    |                     |                  |                       | <b>(44,438)</b>     |
| <b>Attributable to:</b>                  |                           |                   |                         |                    |                     |                  |                       |                     |
| Owners of the company                    |                           |                   |                         |                    |                     |                  |                       | (44,438)            |
|  |                           |                   |                         |                    |                     |                  |                       | <b>(44,438)</b>     |

**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 statement.

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**13. LOSS BEFORE TAXATION**

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

|  | 3 Months Ended       |                      | 6 Months Ended       |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 30.09.2019<br>RM'000 | 30.09.2018<br>RM'000 | 30.09.2019<br>RM'000 | 30.09.2018<br>RM'000 |
| Amortisation of prepaid lease properties   | -                    | 291                  | -                    | 581                  |
| Amortisation of intangible assets  | 1,937                | 2,552                | 3,874                | 5,104                |
| Amortisation of government grant   | (1,174)              | (7,492)              | (4,098)              | (7,888)              |
| Depreciation of property, plant and equipment  | 63,306               | 35,788               | 127,792              | 79,913               |
| Net impairment loss / (reversal of impairment loss) of trade receivables                           | 2,767                | (1,229)              | 2,789                | (2,434)              |
| Fair value gain of investment securities:<br>Financial assets at fair value through profit or loss | 71                   | (1,205)              | (352)                | (2,869)              |
| Finance costs  | 7,228                | 5,142                | 13,828               | 9,768                |
| Interest on lease liabilities  | 5,133                | -                    | 9,599                | -                    |
| Write off of property, plant and equipment   | 95                   | 91                   | 106                  | 105                  |
| Gain on disposal of property, plant and equipment  | (709)                | (40)                 | (1,084)              | (220)                |
| Inventories written down (net of write back)   | 161                  | 44                   | 128                  | 44                   |
| Interest income on short term deposit  | (2,438)              | (925)                | (4,111)              | (1,692)              |
| Net foreign exchange differences   | (1,011)              | 1,575                | 5,212                | 3,883                |

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**14. REVIEW OF GROUP PERFORMANCE**

14.1 Group performance for the financial period ended 30 September 2019

The Group recorded lower revenue of RM1,123.0 million for the financial period ended 30 September 2019 as compared to RM1,179.2 million in the previous corresponding period ended 30 September 2018. This represents a decrease of RM56.2 million or equivalent to 4.8%.

(a) Group revenue by segment are as follows:

|                      | 6 months ended       |                      | Variance<br>RM'000 |
|----------------------|----------------------|----------------------|--------------------|
|                      | 30.09.2019<br>RM'000 | 30.09.2018<br>RM'000 |                    |
| <b>Group revenue</b> |                      |                      |                    |
| Postal Services      | 293,970              | 329,278              | (35,308)           |
| Courier              | 424,625              | 423,611              | 1,014              |
| International        | 74,203               | 68,353               | 5,850              |
| Logistics            | 153,360              | 157,560              | (4,200)            |
| Aviation             | 128,927              | 149,029              | (20,102)           |
| Others               | 47,865               | 51,365               | (3,500)            |
| <b>Total</b>         | <b>1,122,950</b>     | <b>1,179,196</b>     | <b>(56,246)</b>    |

**(i) Postal Services**

Postal Services registered lower revenue of RM294.0 million as compared to RM329.3 million. This is due to continuous structural decline in traditional mail volume largely due to electronic substitution.

**(ii) Courier**

Courier recorded slightly higher revenue of RM424.6 million compared to RM423.6 million registered in the previous corresponding period ended 30 September 2018. This is contributed by the increased volume from contract customers.

**(iii) International**

International revenue increased by RM5.9 million partly due to the revision in pricing since the beginning of the financial year.

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

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

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

**(iv) Logistics**

Logistics registered lower revenue by RM4.2 million mainly due to the completion of Refinery and Petrochemical Integrated Development Project ("RAPID") in Pengerang and offset by higher revenue in haulage and automotive logistics.

**(v) Aviation**

Aviation dropped by RM20.1 million compared to previous corresponding period ended 30 September 2018 mainly contributed by lower 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 RM3.5 million mainly due to lower printing and insertion business.

(b) Group Profit Before Tax

For the financial period ended 30 September 2019, the Group registered a loss before tax of RM50.9 million from RM6.0 million loss in the corresponding period ended 30 September 2018. The drop is due to lower revenue registered from postal services and aviation segments.

14.2 Group performance for the financial quarter ended 30 September 2019

The Group recorded lower revenue of RM550.0 million for the financial quarter ended 30 September 2019 as compared to RM588.7 million in the previous corresponding quarter ended 30 September 2018. This represents a decrease of RM38.7 million or equivalent to 6.6%.

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

14.2 Group performance for the financial quarter ended 30 September 2019 (continued)

(a) Group revenue by segment are as follows:

|                      | 3 months ended       |                      | Variance<br>RM'000 |
|----------------------|----------------------|----------------------|--------------------|
|                      | 30.09.2019<br>RM'000 | 30.09.2018<br>RM'000 |                    |
| <b>Group revenue</b> |                      |                      |                    |
| Postal Services      | 146,469              | 157,321              | (10,852)           |
| Courier              | 200,102              | 219,106              | (19,004)           |
| International        | 41,321               | 33,729               | 7,592              |
| Logistics            | 77,926               | 82,604               | (4,678)            |
| Aviation             | 65,878               | 74,751               | (8,873)            |
| Others               | 18,301               | 21,222               | (2,921)            |
| <b>Total</b>         | <b>549,997</b>       | <b>588,733</b>       | <b>(38,736)</b>    |

**(i) Postal Services**

Postal Services registered lower revenue of RM146.5 million as compared to RM157.3 million. This is due to continuous structural decline in traditional mail volume largely due to electronic substitution.

**(ii) Courier**

Courier recorded lower revenue of RM200.1 million compared to RM219.1 million registered in the previous corresponding quarter ended 30 September 2018. This is due to lower volume from walk in customers.

**(iii) International**

International revenue increased by RM7.6 million mainly due to the revision in pricing.

**(vi) Logistics**

Logistics registered lower revenue by RM4.7 million mainly due to the completion of Refinery and Petrochemical Integrated Development Project ("RAPID") in Pengerang.

**POS MALAYSIA BERHAD**

(229990-M)

(Incorporated in Malaysia)

**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 decreased by RM8.9 million compared to previous corresponding quarter ended 30 September 2018 mainly contributed by lower 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 RM2.9 million mainly due to lower revenue from printing and insertion business.

(b) Group Profit Before Tax

For the financial quarter ended 30 September 2019, the Group registered a loss before tax of RM35.4 million from RM19.0 million loss in the corresponding quarter ended 30 September 2018. The drop is due to lower revenue contribution from postal services, courier and aviation segments.

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

The group recorded a loss before tax of RM35.4 million in the current quarter ended 30 September 2019 compared to a loss of RM15.5 million in the preceding quarter ended 30 June 2019 mainly due to lower revenue by RM23.0 million.

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**POS MALAYSIA BERHAD**

(229990-M)

(Incorporated in Malaysia)

**16. FUTURE PROSPECTS**

Pos Malaysia Group's business outlook going forward remains challenging. Key structural issues remain within Postal Services namely the accelerating decline in mail volume mainly due to digital substitution of mail-based communications and the increasing cost to serve Universal Services Obligations nationwide as the number of addresses grow. Pos Malaysia expects a favourable outcome on tariff rebalancing from the Government in early FYE2020.

We are building capabilities to serve the growing e-Commerce market. Hence, investments in automation and digital technology are being made to enable higher operational efficiencies and also to provide value added services as a differentiator vis-à-vis competitors. New platforms such as SendParcel are expected to enhance Pos Malaysia's competitiveness in the SME market.

The growing cross-border e-Commerce volume is the key driver of Pos Malaysia's International business and the steady economic growth in major developed countries has contributed to the higher cross-border volumes. This is an area where Pos Malaysia would continue to focus as a driver of growth. Pos Malaysia is also working with the Government to lessen the impact to the Rakyat by the recent Universal Postal Union (UPU) agreement to raise tariff both on international and domestic postal remuneration rates.

The outlook for the Logistics business is largely driven by the automotive industry. We are capitalising on the new models from our existing and new customer base. We are also looking into niche segments such as those specialising in transporting chemicals and liquidated gas.

For Aviation business, discussions with the targeted airlines planning to expand their operation to Malaysia are ongoing. We are also establishing joint ventures through strategic partnerships with global industry players to enable us to leverage on their global network to enhance revenue and profitability. Included in the plans are doing out-of-phase checks for engineering services, exploring the opportunities created by the One Belt One Road (OBOR) initiatives by engaging global logistics companies, airlines and e-commerce companies to increase the volume of e-commerce business handled.

Overall, although the Group is optimistic about its businesses, one of the Group's key revenue generator namely Postal Services business remain challenging due to the recent developments in UPU, adoption of technologies and regulations. 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       |                      | 6 Months Ended       |                      |
|-------------------|----------------------|----------------------|----------------------|----------------------|
|                   | 30.09.2019<br>RM'000 | 30.09.2018<br>RM'000 | 30.09.2019<br>RM'000 | 30.09.2018<br>RM'000 |
| Current taxation  | (245)                | 599                  | 4,702                | 4,212                |
| Deferred taxation | (5,830)              | (3,030)              | (11,153)             | 1,380                |
| <b>Total</b>      | <b>(6,075)</b>       | <b>(2,431)</b>       | <b>(6,451)</b>       | <b>5,592</b>         |

For the financial period ended 30 September 2019, the tax credit position mainly arose from the unutilised capital allowances and tax losses balance.

**19. STATUS OF CORPORATE PROPOSALS**

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

**20. GROUP BORROWINGS**

Total Group borrowings are as follows:

|   | Unaudited<br>as at 30.09.2019<br>RM'000 |
|---|---|
| <b>Long Term Borrowings</b>                 |   |
| <u>Secured:</u>                             |   |
| Islamic term loans                          | 89,492                                  |
| Hire purchase and finance lease liabilities | 7,089                                   |
| - portion repayable within 12 months        | (5,737)                                 |
|   | 90,844                                  |
| <u>Unsecured:</u>                           |   |
| Islamic term loans                          | 178,000                                 |
| <b>Total Long Term Borrowings</b>           | <b>268,844</b>                          |

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**20. GROUP BORROWINGS (CONTINUED)**

|   | <b>Unaudited<br/>as at 30.09.2019<br/>RM'000</b> |
|---|--|
| <b>Short Term Borrowings</b>                |  |
| <u>Secured:</u>                             |  |
| Revolving credit                            | 152,398  |
| Islamic term loans                          | 18,165   |
| Hire purchase and finance lease liabilities |  |
| - portion repayable within 12 months        | 5,737  |
| Invoice financing                           | 3,970  |
|   | <b>180,270</b>                                   |
| <u>Unsecured:</u>                           |  |
| Bank overdraft                              | 1,501  |
| Revolving credit                            | 71,300   |
| Islamic term loans                          | 22,000   |
|   | <b>94,801</b>                                    |
| <b>Total Short Term Borrowings</b>          | <b>275,071</b>                                   |
| <b>Total Group Borrowings</b>               | <b>543,915</b>                                   |

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<br/>currency</b> | <b>Foreign<br/>'000</b> | <b>RM<br/>'000</b> |
|---|-----------------------------|-------------------------|--------------------|
| Long term loan under Islamic financing  | USD                         | 20,312                  | 85,117             |
| Short term loan under Islamic financing | USD                         | 3,500                   | 14,665             |
| <b>Total</b>                            |                             | <b>23,812</b>           | <b>99,782</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 2019.

**23. LOSS PER SHARE**

The basic and diluted loss 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 |               | 6 Months Ended |               |
|---|----------------|---------------|----------------|---------------|
|   | 30.09.2019     | 30.09.2018    | 30.09.2019     | 30.09.2018    |
| Net loss attributable to Owners of the Company (RM'000) | (29,338)       | (16,575)      | (44,438)       | (11,596)      |
| Number of ordinary shares in issue ('000)               | 782,777        | 782,777       | 782,777        | 782,777       |
| Basic and diluted loss per share (sen)                  | <b>(3.75)</b>  | <b>(2.12)</b> | <b>(5.68)</b>  | <b>(1.48)</b> |

**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  
25 November 2019