



## **POS MALAYSIA BERHAD**

(Registration No. 199101019653 (229990-M))  
(Incorporated in Malaysia)

Interim Financial Report for the Financial Period  
Ended 30 September 2021

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

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 2021.

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

	Note	Current Quarter 3 Months Ended		Financial Period 9 Months Ended	
		30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Revenue		536,261	623,027	1,665,429	1,787,635
Cost of sales and operating expenses		(564,701)	(617,325)	(1,789,213)	(1,786,454)
Other income		9,587	4,948	27,606	23,373
Other expenses		(9,604)	(10,490)	(78,337)	(61,617)
(Loss)/profit from operations		(28,457)	160	(174,515)	(37,063)
Finance costs		(11,890)	(10,222)	(34,656)	(33,513)
Share of result of associated company (net of tax)		184	-	4,131	-
<b>LOSS BEFORE ZAKAT AND TAXATION</b>		<b>(40,163)</b>	<b>(10,062)</b>	<b>(205,040)</b>	<b>(70,576)</b>
Zakat		(316)	(343)	(956)	(1,192)
<b>LOSS BEFORE TAXATION</b>		<b>(40,479)</b>	<b>(10,405)</b>	<b>(205,996)</b>	<b>(71,768)</b>
Taxation	18	(3,418)	2,978	(6,527)	(3,902)
<b>LOSS FOR THE QUARTER/ FINANCIAL PERIOD</b>		<b>(43,897)</b>	<b>(7,427)</b>	<b>(212,523)</b>	<b>(75,670)</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>					
<u>Item that will be subsequently reclassified to profit or loss</u>					
Currency translation differences for foreign operations		4,618	(1,357)	4,636	135
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE QUARTER/FINANCIAL PERIOD (NET OF TAX)</b>		<b>4,618</b>	<b>(1,357)</b>	<b>4,636</b>	<b>135</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE QUARTER/FINANCIAL PERIOD (NET OF TAX)</b>		<b>(39,279)</b>	<b>(8,784)</b>	<b>(207,887)</b>	<b>(75,535)</b>

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

	Note	Current Quarter 3 Months Ended		Financial Period 9 Months Ended	
		30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Loss for the quarter/financial period attributable to Owners of the Company		(43,897)	(7,427)	(212,523)	(75,670)
Total comprehensive loss for the quarter/financial period attributable to Owners of the Company		(39,279)	(8,784)	(207,887)	(75,535)
Basic and diluted loss per share (sen):	23	(5.61)	(0.95)	(27.15)	(9.67)

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 December 2020 and the explanatory notes attached to the interim financial report.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	Unaudited as at 30.09.2021 RM'000	Audited as at 31.12.2020 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		896,128	1,011,944
Investment properties		39,050	39,050
Investment in associates		42,131	38,000
Right-of-use assets		483,689	503,920
Intangible assets		140,507	144,353
Deferred tax assets		1,782	1,885
Derivative asset		1,626	1,626
Other investments		6,827	10,271
		<b>1,611,740</b>	<b>1,751,049</b>
<b>CURRENT ASSETS</b>			
Assets classified as held for sale		10,619	12,559
Inventories		7,790	6,660
Trade and other receivables		939,548	988,918
Other investments		28,843	72,817
Current tax assets		23,567	21,033
Deposits placed with licensed banks		118,881	97,737
Cash and bank balances		173,592	218,752
		<b>1,302,840</b>	<b>1,418,476</b>
<b>TOTAL ASSETS</b>		<b>2,914,580</b>	<b>3,169,525</b>
<b>EQUITY AND LIABILITIES</b>			
Share Capital		1,071,392	1,071,392
Reserves		(135,873)	72,014
<b>TOTAL EQUITY</b>		<b>935,519</b>	<b>1,143,406</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Loans and borrowings	20	248,154	228,307
Lease liabilities		243,653	241,325
Post-employment benefit obligations		1,157	1,318
Deferred tax liabilities		42,921	41,986
		<b>535,885</b>	<b>512,936</b>
<b>CURRENT LIABILITIES</b>			
Liabilities classified as held for sale		3,880	6,732
Trade and other payables		956,447	998,963
Loans and borrowings	20	426,835	445,501
Lease liabilities		53,524	58,611
Current tax liabilities		2,490	3,376
		<b>1,443,176</b>	<b>1,513,183</b>
<b>TOTAL LIABILITIES</b>		<b>1,979,061</b>	<b>2,026,119</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,914,580</b>	<b>3,169,525</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY* (RM)</b>		<b>1.20</b>	<b>1.46</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 December 2020 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/ (Accumulated Losses) 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		
<b>At 1 January 2021</b>	<b>782,777</b>	<b>1,071,392</b>	<b>1,144</b>	<b>(1,225)</b>	<b>(1,758)</b>	<b>73,853</b>	<b>1,143,406</b>
Loss for the financial period	-	-	-	-	-	(212,523)	(212,523)
Other comprehensive income for the financial period	-	-	-	-	4,636	-	4,636
Total comprehensive income/(loss) for the financial period	-	-	-	-	4,636	(212,523)	(207,887)
<b>At 30 September 2021</b>	<b>782,777</b>	<b>1,071,392</b>	<b>1,144</b>	<b>(1,225)</b>	<b>2,878</b>	<b>(138,670)</b>	<b>935,519</b>

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

	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		
<b>At 1 January 2020</b>	<b>782,777</b>	<b>1,071,392</b>	<b>1,144</b>	<b>(639)</b>	<b>(1,855)</b>	<b>381,871</b>	<b>1,451,913</b>
Loss for the financial period	-	-	-	-	-	(75,670)	(75,670)
Other comprehensive income for the financial period	-	-	-	-	135	-	135
Total comprehensive income/(loss) for the financial period	-	-	-	-	135	(75,670)	(75,535)
<b>At 30 September 2020</b>	<b>782,777</b>	<b>1,071,392</b>	<b>1,144</b>	<b>(639)</b>	<b>(1,720)</b>	<b>306,201</b>	<b>1,376,378</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 December 2020 and the explanatory notes attached to the interim financial report.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	9 Months Ended 30.09.2021 RM'000	9 Months Ended 30.09.2020 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax for the financial period	(205,996)	(71,768)
Adjustments:		
- Depreciation of property, plant and equipment	104,552	121,753
- Depreciation of right-of-use assets	69,096	62,269
- Amortisation of intangible assets	3,845	3,845
- Amortisation of government grant	(2,081)	(1,621)
- Net fair value gain of other investments:		
Financial assets at fair value through profit or loss	(1,175)	(1,134)
- Finance costs	19,713	21,227
- Interest on lease liabilities	14,943	12,286
- Derecognition of right-of-use assets	(972)	(2)
- Finance income	(1,589)	(1,626)
- Unrealised foreign exchange differences	6,321	8,001
- Net loss on impairment of receivables	11,570	27,203
- Gain on disposal of property, plant and equipment	(185)	(7)
- Impairment loss of property, plant and equipment	46,709	-
- Property, plant and equipment written off	422	3,285
- Inventories written down	164	396
- Zakat	956	1,192
- Share of result of associated company	(4,131)	-
- Others	66	(721)
Operating profit before changes in working capital	62,228	184,578
Changes in working capital:		
Change in current assets	12,373	(2,739)
Change in current liabilities	(46,742)	49,226
Net cash from operations	27,859	231,065
Tax paid	(13,827)	(8,701)
Tax refund	3,920	3,323
Interest paid	(14,943)	(12,286)
Zakat paid	(420)	(1,014)
Defined benefits paid	(201)	-
Net cash from operating activities	<b>2,388</b>	<b>212,387</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	1,589	1,626
Acquisition of property, plant and equipment	(32,172)	(62,636)
Proceeds from disposal of property, plant and equipment	213	1,115
Net proceeds from redemption of other investments	44,406	88,285
(Increase)/decrease in deposit pledged	(9)	1,175
Settlement of advance from a former subsidiary	28,000	-
Receipt of capital contribution payment from an associate	4,160	-
Net cash from investing activities	<b>46,187</b>	<b>29,565</b>

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

	9 Months Ended 30.09.2021 RM'000	9 Months Ended 30.09.2020 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown on borrowings	138,206	17,361
Finance costs paid	(19,713)	(21,227)
Repayment of borrowings	(138,675)	(61,691)
Repayment of hire purchase liabilities	(1,361)	(4,632)
Repayment of lease liabilities	(50,798)	(48,384)
Restricted cash	24,111	(476)
Net cash used in financing activities	<b>(48,230)</b>	<b>(119,049)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>345</b>	<b>122,903</b>
Effects of foreign currency translation	239	(817)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	262,664	174,855
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>263,248</b>	<b>296,941</b>
Cash and cash equivalents included in the statement of cash flow comprise the following statements of financial positions amounts:		
Cash and bank balances	173,592	267,672
Deposits placed with licensed banks	118,881	63,012
Cash attributable to assets classified as held for sale	721	-
Bank overdrafts	(1,457)	(1,206)
	<b>291,737</b>	<b>329,478</b>
Less: Collections held on behalf of agency payables and money order payables**	(21,717)	(24,505)
Less: Deposits pledged	(529)	(518)
Less: Restricted cash	(6,243)	(7,514)
	<b>263,248</b>	<b>296,941</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 December 2020 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:

	<b>Lease liabilities</b>	<b>Hire purchase</b>	<b>Islamic term loans</b>	<b>Revolving credits</b>	<b>Invoice financing</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At beginning of the financial period</b>	<b>299,936</b>	<b>4,729</b>	<b>327,943</b>	<b>332,300</b>	<b>7,213</b>	<b>972,121</b>
Net changes from financing cash flows:						
Acquisition of new leases/ hire purchase	48,192	-	-	-	-	48,192
Remeasurement of lease liabilities	9,517	-	-	-	-	9,517
Termination of leases	(9,851)	-	-	-	-	(9,851)
Drawdown	-	-	100,000	-	38,206	138,206
Repayment	(50,798)	(1,361)	(74,496)	(33,750)	(30,429)	(190,834)
Reclassified to liabilities held for sale	181	-	-	-	-	181
Effects of foreign currency translation	-	-	3,177	-	-	3,177
<b>Total net changes from financing cash flows</b>	<b>(2,759)</b>	<b>(1,361)</b>	<b>28,681</b>	<b>(33,750)</b>	<b>7,777</b>	<b>(1,412)</b>
<b>At end of the financial period</b>	<b>297,177</b>	<b>3,368</b>	<b>356,624</b>	<b>298,550</b>	<b>14,990</b>	<b>970,709</b>

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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 December 2020 and the accompanying notes attached to the unaudited condensed consolidated financial statements.

The interim financial statements have been prepared on a going concern basis despite the Group's losses incurred during the financial period ended 30 September 2021 and as of that date, its net current liabilities position.

The Group has prepared and considered prospective financial information based on assumptions and events that may occur for the next 12 months from reporting date and the possible actions to be taken by the Group. Prospective financial information includes the Group's cash flow forecasts for its operations. In preparing the cash flow forecasts, the Group has considered the availability of cash and fund investments, adequacy of unutilised banking facilities and the ability to roll over the revolving credit facilities of the Group.

Accordingly, the Group believes that the preparation of the interim financial statements on a going concern basis is appropriate, based on the measures as disclosed above, to enable the Group to continue their operations and to meet their liabilities as they fall due for the next 12 months from reporting date.

### **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 period ended 31 December 2020 except for the adoption of the following new accounting standards, amendments and interpretations which are applicable to the Group effective 1 January 2021:

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

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.

### **3. SEASONALITY OR CYCLICALITY OF OPERATIONS**

The Group's operations are not subject to any significant seasonal factors except that mail volume fluctuates during the festive season and at the beginning of calendar year.

**4. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENCE**

There was no material item of an unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows during the financial period ended 30 September 2021.

**5. CHANGES IN ESTIMATES**

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

**6. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES**

There was no issuance and repayment of debt and equity securities, shares held as treasury shares and resale of treasury shares for the financial period ended 30 September 2021.

**7. DIVIDENDS PAID**

There was no dividend paid for the current financial period ended 30 September 2021.

**8. SEGMENTAL INFORMATION**

The Group has three 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 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	Includes the provision of basic mail services for corporate and individual customers, courier, parcel and logistic solutions by sea, air and land to both national and international destinations, direct entry and transshipment 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.
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 and freight and forwarding services.

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 gold coins 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.

## 8. SEGMENTAL INFORMATION (CONTINUED)

Information regarding the operations of each reportable segment is shown below. Performance is measured based on segment results. Segment results is used to measure performance as Management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on a negotiated basis.

The information of each of the Group's business segments for the financial period ended 30 September 2021 is as follows:

Financial period ended 30 September 2021	Postal RM'000	Aviation RM'000	Logistics RM'000	Others RM'000	Elimination RM'000	POS Group RM'000
Total external revenue	1,173,011	152,123	259,420	80,875	-	1,665,429
Intersegment revenue	2,030	3,184	7,292	53,480	(65,986)	-
<b>Total revenue for reportable segments</b>	<b>1,175,041</b>	<b>155,307</b>	<b>266,712</b>	<b>134,355</b>	<b>(65,986)</b>	<b>1,665,429</b>
<b>Reportable segment results before share of result of associated company, amortisation of intangible assets and impairment of property, plant and equipment</b>	<b>(168,875)</b>	<b>(16,064)</b>	<b>2,262</b>	<b>23,104</b>	<b>-</b>	<b>(159,573)</b>
Share of results of associated company	4,131	-	-	-	-	4,131
Amortisation of intangible assets	-	(1,989)	(1,856)	-	-	(3,845)
Impairment of property, plant and equipment	(46,708)	-	(1)	-	-	(46,709)
<b>Reportable segment results after share of result of associated company, amortisation of intangible assets and impairment of property, plant and equipment</b>	<b>(211,452)</b>	<b>(18,053)</b>	<b>405</b>	<b>23,104</b>	<b>-</b>	<b>(205,996)</b>
Taxation						(6,527)
<b>Reportable segment results after tax</b>						<b>(212,523)</b>
Attributable to:						
Owners of the Company						<b>(212,523)</b>

## 9. PROPERTY, PLANT AND EQUIPMENT

There is no revaluation of property, plant and equipment from the previous audited annual financial statements as the Group does not adopt a revaluation policy on its property, plant and equipment.

The Company performed impairment testing on its property, plant and equipment due to impairment indicators that arose. As a result, impairment loss amounting to RM46.7 million has been made as of 30 September 2021.

## 10. SUBSEQUENT EVENT

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

## **11. CHANGES IN THE COMPOSITION OF THE GROUP**

- 11.1 On 24 August 2020, the Company announced the proposed winding-up of the following dormant/inactive subsidiaries via members' voluntary winding up ("MVWU") and creditors' voluntary winding up ("CVWU"):

Companies under MVWU

1. Diperdana Utara Sdn. Bhd.
2. Cougar Logistics (Malaysia) Sdn. Bhd.
3. Parcel Tankers Malaysia Sdn. Bhd.

Companies under CVWU

1. North Terminal Sdn. Bhd.
2. Aman Freight Services Sdn. Bhd.
3. Pengangkutan Aspacs Sdn. Bhd.

Upon the completion of the winding up exercise, the above companies will cease to be subsidiaries of the Group. This exercise is not expected to have any material impact on the earnings and net assets of the Group.

- 11.2 On 30 June 2020, Elpos Print Sdn Bhd ("Elpos"), an inactive associate of Pos Malaysia Berhad with 40% shareholding, was under winding up. Upon completion of the winding up exercise, Elpos will cease to be an associate of the Group.
- 11.3 On 4 August 2021, CEN Sdn Bhd ("CEN"), an inactive associate of Pos Malaysia Berhad with 42.5% shareholding, was under MVWU. Upon completion of the winding up exercise, CEN will cease to be an associate 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.

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**13. LOSS BEFORE TAXATION**

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

	3 Months Ended		9 Months Ended	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Amortisation of intangible assets	1,282	1,282	3,845	3,845
Amortisation of government grant	(935)	(577)	(2,081)	(1,621)
Depreciation of property, plant and equipment	28,940	39,890	104,552	121,753
Depreciation of right-of-use assets	23,884	21,253	69,096	62,269
Fair value gain of investment securities: Financial assets at fair value through profit or loss	(101)	(254)	(1,175)	(1,134)
Net (write backs)/loss on impairment of receivables	(752)	6,675	11,570	27,203
Finance costs	7,000	5,606	19,713	21,227
Interest on lease liabilities	4,890	4,616	14,943	12,286
Property, plant and equipment written off	362	3,276	422	3,285
Gain on disposal of property, plant and equipment	(1)	(3,131)	(185)	(7)
Impairment loss of property, plant and equipment	-	-	46,709	-
Derecognition of net right-of-use assets	(352)	9	(972)	(2)
Net (write backs)/write down of inventories	(51)	24	164	396
Finance income of financial assets calculated using the effective interest method that are at amortised cost	(794)	(373)	(1,589)	(1,626)
Net foreign exchange differences	4,301	(3,327)	7,626	6,752

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#### 14. REVIEW OF GROUP PERFORMANCE

Group performance for the financial period ended 30 September 2021.

The Group recorded a revenue of RM1,665.4 million and loss before tax of RM206.0 million for the financial period ended 30 September 2021.

(a) Group revenue and (loss)/profit before tax by segment are as follows:

	Revenue		(Loss)/profit before tax	
	9 months ended		9 months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Postal	1,173,011	1,341,230	(211,452)	(44,501)
Logistics	259,420	231,209	405	(27,159)
Aviation	152,123	125,392	(18,053)	(32,333)
Others	80,875	89,804	23,104	32,225
Total	1,665,429	1,787,635	(205,996)	(71,768)

(i) **Postal**

Decrease of revenue in postal segment by 13% is primarily contributed by the drop in postal services following the decrease in mail and parcel volume handled especially from contract customers.

Apart from the lower revenue generated, higher loss registered for Postal segment was contributed by impairment of property, plant and equipment during the period.

(ii) **Logistics**

Logistics segment registered higher revenue by 12% at RM259.4 million during the current period. The increase is mainly from freight management business (especially from freight forwarding) and automotive business (largely from the increased number of vehicles shipped and commencement of a new warehouse).

Logistics segment managed to turnaround in this current period which saw all businesses from automotive, marine and freight management recording improved profitability compared to the corresponding period last year.

(iii) **Aviation**

Aviation segment contributed higher revenue by 21% at RM152.1 million mainly from increased contribution from higher cargo tonnage handled and increased number of flights.

Lower loss before tax registered for Aviation segment partly due to the higher revenue registered while overall cost was reduced as a result of better cost management.

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

Group performance for the financial period ended 30 September 2021 (continued)

**(iv) Others**

Other segment which consists mainly of printing and insertion, digital certificates and Ar-Rahnu, registered RM80.9 million revenue during the current period, lower by 10% compared to the corresponding period last year. Despite Ar-Rahnu contributing a higher revenue, this was offset with lower revenue from both printing and insertion and digital certificates businesses.

Profit before tax was mainly contributed by Ar-Rahnu and digital certificates businesses albeit with a lower quantum compared to the corresponding period last year.

**(b) Group Loss Before Tax**

For the financial period ended 30 September 2021, the Group registered a higher loss before tax of RM206.0 million compared to RM71.8 million during the corresponding period last year. This is mainly due to lower revenue by RM122.2 million and impairment of property, plant and equipment of RM46.7 million.

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

The Group recorded a lower loss before tax of RM40.5 million in the current quarter ended 30 September 2021 compared to RM119.4 million in the preceding quarter ended 30 June 2021 mainly due to impairment of property, plant and equipment by RM46.7 million included during the preceding quarter and lower cost of sales and operating expenses by RM28.9 million in the current quarter mainly from lower transportation cost.

#### **16. FUTURE PROSPECTS**

As the Covid-19 situation improves with both physical stores and malls reopening, there is some short-term uncertainty with the e-commerce parcel sector, excluding the seasonal spikes during the 10.10, 11.11 and Christmas shopping peaks. That said, the management is increasingly confident that the turnaround plan is starting to show improvements, and that the Group should see improved results to year-end. As a result and despite the aforementioned, the Group remains cautious on its financial performance for the remaining financial year ending 31 December 2021.

As we head into 2022 Pos Malaysia will continue executing its turnaround initiatives, improving both its service and its efficiency, in order to create the platform to capitalize on the ongoing e-commerce growth opportunities.



**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		9 Months Ended	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Current taxation	1,757	1,698	5,593	9,556
Deferred taxation	1,661	(4,676)	934	(5,654)
<b>Total</b>	<b>3,418</b>	<b>(2,978)</b>	<b>6,527</b>	<b>3,902</b>

For the financial period ended 30 September 2021, despite the Group recording losses, the current taxation charge arose from certain profit-making subsidiaries.

**19. STATUS OF CORPORATE PROPOSALS**

On 13 February 2020, Pos Aviation Sdn. Bhd. ("PASB"), a wholly owned subsidiary of Pos Malaysia, entered into a Share Purchase Agreement ("SPA") and a Shareholders' Agreement ("SHA") with SIA Engineering Company Limited ("SIAEC"), in relation to the proposed divestment of 49% equity interest in Pos Aviation Engineering Services Sdn Bhd ("PAESSB"). PAESSB is a wholly owned subsidiary of PASB.

Pursuant to the SPA, PASB shall transfer 7,840,000 ordinary shares representing 49% equity interest in PAESSB to SIAEC, for an indicative cash consideration of RM10.09 million. The final consideration will be determined based on the latest available management financial statements prior to the completion date.

The completion of the divestment is subject to the fulfilment of the Conditions Precedent ("CP") in the SPA which was recently agreed to be extended for six (6) months from 13 November 2021.

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**20. GROUP BORROWINGS**

Total Group borrowings are as follows:

	<b>Unaudited as at 30.09.2021 RM'000</b>
<b>Long Term Borrowings</b>	
<u>Secured:</u>	
Islamic term loans	245,774
Hire purchase liabilities	3,368
- portion repayable within 12 months	(988)
<b>Total Long Term Borrowings</b>	<b>248,154</b>
<b>Short Term Borrowings</b>	
<u>Secured:</u>	
Revolving credit	54,250
Islamic term loans	110,850
Hire purchase liabilities	
- portion repayable within 12 months	988
Invoice financing	14,990
	181,078
<u>Unsecured:</u>	
Bank overdraft	1,457
Revolving credit	244,300
	245,757
<b>Total Short Term Borrowings</b>	<b>426,835</b>
<b>Total Group Borrowings</b>	<b>674,989</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 currency</b>	<b>Foreign '000</b>	<b>RM '000</b>
Long term Islamic term loans	USD	12,907	54,024
Short term Islamic term loans	USD	3,787	15,849
Invoice financing	USD	1,459	6,106
<b>Total</b>		<b>18,153</b>	<b>75,979</b>

## **21. MATERIAL LITIGATIONS**

Save as disclosed below, there is no material litigation as at the date of this report.

21.1 On 28 September 2020, Gading Sari Aviation Services Limited, a Labuan based company (“Gading Sari”) and World Cargo Airline Sdn Bhd (formerly known as Pos Asia Cargo Express Sdn Bhd) (“World Cargo Airline”) (collectively referred to as “the Defendants”) were served with a Writ of Summons and Statement of Claim, filed at the Kuala Lumpur High Court by the Bank of Utah (“the Plaintiff”). The Bank of Utah is a corporation organised under the laws of State of Utah.

Gading Sari is a wholly owned subsidiary of World Cargo Airline, and World Cargo Airline is an associate of Pos Aviation Sdn Bhd (“PASB”), which in turn is an associate of the Group.

The Plaintiff is claiming for, inter alia, the sum of USD8,782,964.00 (equivalent to RM36,422,951.70) being the losses, damages, expenses, costs and/or liabilities sustained by the Plaintiff, as of 23 July 2020, from the Defendants as a result of alleged multiple breaches and/or defaults under relevant contracts, which include amongst others, a Lease Agreement dated 13 February 2013, executed between the Plaintiff and Gading Sari, for the lease of an aircraft by the Plaintiff to Gading Sari (“Lease Agreement”) and a Sublease Agreement dated 15 March 2013, executed between Gading Sari and World Cargo Airline, for the sublease of the same aircraft by Gading Sari to World Cargo Airline (“Sublease Agreement”). Contractually, the Plaintiff is the Lessor, while Gading Sari and World Cargo Airline are the Lessee and Sub-Lessee respectively.

The Defendants and its legal advisors have reviewed the aforesaid claims; and will take all the necessary steps to defend against the claims and ensure the rights of the Defendants are protected. The Defendants have filed their Statement of Defence and Counterclaim on 25 November 2020.

The Kuala Lumpur High Court has set the matter for hearing of the Plaintiff’s application for Summary Judgment on 8 December 2021 and also fixed the trial dates from 25 to 28 October 2022 and from 1 to 4 November 2022.

21.2 The Group is defending an action brought by a shipping agency due to termination of contract without notice. If defence against the action is unsuccessful, the claim on business loss and legal costs could amount to approximately RM14,970,000.

In the Directors’ opinion, disclosure of any further information about the above matters would be prejudicial to the interests of the Group.

## **22. DIVIDEND**

No interim dividend has been declared for the financial period ended 30 September 2021.

### 23. LOSS PER SHARE

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

	3 Months Ended		9 Months Ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Net loss attributable to Owners of the Company (RM'000)	(43,897)	(7,427)	(212,523)	(75,670)
Number of ordinary shares in issue ('000)	782,777	782,777	782,777	782,777
Basic and diluted loss per share (sen)	<b>(5.61)</b>	<b>(0.95)</b>	<b>(27.15)</b>	<b>(9.67)</b>

### 24. FINANCIAL INSTRUMENTS AT FAIR VALUE MEASUREMENTS

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

The Group measured the financial instruments based on:

Level 1 :	Derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date
Level 2 :	Estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly
Level 3 :	Estimated using unobservable inputs for the financial assets and liabilities

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>Financial assets</b>										
Other investments	28,843	-	6,827	35,670	-	-	-	-	35,670	35,670
Derivative asset	-	-	1,626	1,626	-	-	-	-	1,626	1,626
<b>Financial liabilities</b>										
Islamic term loans	-	-	-	-	-	-	382,018	382,018	382,018	356,624
Hire purchase liabilities	-	-	-	-	-	-	3,685	3,685	3,685	3,368

**24. FINANCIAL INSTRUMENTS AT FAIR VALUE MEASUREMENTS (CONTINUED)**

The carrying amounts of cash and cash equivalents, other investments, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

**25. COMMITMENTS**

	<b>As at 30.09.2021 RM'000</b>	<b>As at 30.09.2020 RM'000</b>
<b>Property, plant and equipment</b>		
Contracted but not provided for	26,488	30,826

**26. RELATED PARTIES TRANSACTIONS**

	<b>9 Months Ended</b>	
	<b>30.09.2021 RM'000</b>	<b>30.09.2020 RM'000</b>
<b>Related companies:</b>		
Sales of services	95,875	87,810
Rental income	7	-
Purchase of services	(7,071)	(3,432)
Payment of lease liabilities	(14,541)	(18,515)
<b>Associates #:</b>		
Sales of services	13,368	13,786
Transportation cost	(166,826)	(138,699)
<b>Companies subject to common significant influence:</b>		
Sales of services	36,987	23,364
Purchase of services	(15,496)	(3,613)
Rental expense	(480)	(104)

# Comparatives have been represented to conform with the current period's presentation with World Cargo Airline Sdn. Bhd. now being an associate of the Group effective 31 December 2020.

**POS MALAYSIA BERHAD**  
(Registration No. 199101019653 (229990-M))  
(Incorporated in Malaysia)

**27. 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  
16 November 2021