



## **POS MALAYSIA BERHAD**

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

Interim Financial Report for the Financial Period  
Ended 31 March 2022

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

The Board of Directors hereby announce the unaudited financial results of Pos Malaysia Group (“the Group”) for the current quarter/financial period ended 31 March 2022.

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

	Note	Quarter/Financial Period 3 Months Ended	
		31.03.2022 RM'000	31.03.2021 RM'000
Revenue		484,346	595,277
Cost of sales and operating expenses		(508,075)	(630,875)
Other income		5,932	11,233
Other expenses		(2,588)	(12,257)
Loss from operations		(20,385)	(36,622)
Finance costs		(9,279)	(12,133)
Share of result of associated company (net of tax)		42	2,968
<b>LOSS BEFORE ZAKAT AND TAXATION</b>		<b>(29,622)</b>	<b>(45,787)</b>
Zakat		(242)	(290)
<b>LOSS BEFORE TAXATION</b>		<b>(29,864)</b>	<b>(46,077)</b>
Taxation	18	(508)	(705)
<b>LOSS FOR THE QUARTER/FINANCIAL PERIOD</b>		<b>(30,372)</b>	<b>(46,782)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<u>Item that will be subsequently reclassified to profit or loss</u>			
Currency translation differences for foreign operations		1	1,095
<b>OTHER COMPREHENSIVE INCOME FOR THE QUARTER/ FINANCIAL PERIOD (NET OF TAX)</b>		<b>1</b>	<b>1,095</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE QUARTER/ FINANCIAL PERIOD (NET OF TAX)</b>		<b>(30,371)</b>	<b>(45,687)</b>

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

	Note	Quarter/Financial Period 3 Months Ended	
		31.03.2022 RM'000	31.03.2021 RM'000
<b>Loss for the quarter/financial period attributable to Owners of the Company</b>		<b>(30,372)</b>	<b>(46,782)</b>
<b>Total comprehensive loss for the quarter/financial period attributable to Owners of the Company</b>		<b>(30,371)</b>	<b>(45,687)</b>
Basic and diluted loss per share (sen):	23	<b>(3.88)</b>	<b>(5.98)</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 December 2021 and the explanatory notes attached to the interim financial report.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	Unaudited as at 31.03.2022 RM'000	Audited as at 31.12.2021 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		844,047	864,419
Investment properties		40,810	40,810
Investments in associates		41,378	41,336
Right-of-use assets		350,255	361,598
Intangible assets		127,011	127,674
Deferred tax assets		1,781	1,781
Derivative financial asset		1,626	1,626
Other investments		6,723	6,726
		<b>1,413,631</b>	<b>1,445,970</b>
<b>CURRENT ASSETS</b>			
Assets classified as held for sale		11,963	11,578
Inventories		5,663	3,030
Trade and other receivables		916,197	902,068
Other investments		29,002	38,889
Current tax assets		21,577	21,324
Deposits placed with licensed banks		98,198	109,622
Cash and bank balances		127,685	156,301
		<b>1,210,285</b>	<b>1,242,812</b>
<b>TOTAL ASSETS</b>		<b>2,623,916</b>	<b>2,688,782</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		1,071,392	1,071,392
Reserves		(290,154)	(259,783)
<b>TOTAL EQUITY</b>		<b>781,238</b>	<b>811,609</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Loans and borrowings	20	326,159	303,221
Lease liabilities		96,428	102,297
Post-employment benefit obligations		1,138	1,194
Deferred tax liabilities		37,267	39,247
		<b>460,992</b>	<b>445,959</b>
<b>CURRENT LIABILITIES</b>			
Liabilities classified as held for sale		3,809	3,708
Trade and other payables		918,058	986,059
Loans and borrowings	20	397,843	361,567
Lease liabilities		59,765	78,258
Current tax liabilities		2,211	1,622
		<b>1,381,686</b>	<b>1,431,214</b>
<b>TOTAL LIABILITIES</b>		<b>1,842,678</b>	<b>1,877,173</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,623,916</b>	<b>2,688,782</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY* (RM)</b>		<b>1.00</b>	<b>1.04</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 2021 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				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/ (Accumulated Losses) RM'000	
<b>At 1 January 2022</b>	<b>782,777</b>	<b>1,071,392</b>	<b>1,144</b>	<b>(1,225)</b>	<b>2,177</b>	<b>(261,879)</b>	<b>811,609</b>
Loss for the financial period	-	-	-	-	-	(30,372)	(30,372)
Other comprehensive income for the financial period	-	-	-	-	1	-	1
Total comprehensive income/(loss) for the financial period	-	-	-	-	1	(30,372)	(30,371)
<b>At 31 March 2022</b>	<b>782,777</b>	<b>1,071,392</b>	<b>1,144</b>	<b>(1,225)</b>	<b>2,178</b>	<b>(292,251)</b>	<b>781,238</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 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	-	-	-	-	-	(46,782)	(46,782)
Other comprehensive income for the financial period	-	-	-	-	1,095	-	1,095
Total comprehensive income/(loss) for the financial period	-	-	-	-	1,095	(46,782)	(45,687)
<b>At 31 March 2021</b>	<b>782,777</b>	<b>1,071,392</b>	<b>1,144</b>	<b>(1,225)</b>	<b>(663)</b>	<b>27,071</b>	<b>1,097,719</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 2021 and the explanatory notes attached to the interim financial report.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>3 Months Ended 31.03.2022 RM'000</b>	<b>3 Months Ended 31.03.2021 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax for the financial period	(29,864)	(46,077)
Adjustments:		
- Depreciation of property, plant and equipment	30,653	39,716
- Depreciation of right-of-use assets	19,730	22,493
- Amortisation of intangible assets	663	1,282
- Amortisation of government grant	(438)	(575)
- Net fair value gain of other investments:		
Financial assets at fair value through profit or loss	(90)	(964)
- Finance costs	7,101	6,647
- Interest on lease liabilities	2,178	5,486
- Derecognition of right-of-use assets	40	(32)
- Finance income	(486)	(552)
- Unrealised foreign exchange differences	(343)	(376)
- Net loss on impairment of receivables	171	5,797
- Gain on disposal of property, plant and equipment	(4)	(139)
- Property, plant and equipment written off	250	60
- Inventories (written back)/written down	(1,847)	62
- Zakat	242	290
- Share of profit of an equity accounted associate, net of tax	(42)	(2,968)
- Others	23	10
Operating profit before changes in working capital	27,937	30,160
Changes in working capital:		
Change in current assets	11,662	7,814
Change in current liabilities	(98,295)	(5,066)
Cash (used in)/generated from operations	(58,696)	32,908
Tax paid	(2,268)	(7,190)
Tax refund	26	-
Interest paid	(2,178)	(5,486)
Zakat paid	(276)	(420)
Defined benefits paid	(75)	(39)
<b>Net cash (used in)/from operating activities</b>	<b>(63,467)</b>	<b>19,773</b>

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

	3 Months Ended 31.03.2022 RM'000	3 Months Ended 31.03.2021 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	486	552
Acquisition of property, plant and equipment	(11,112)	(10,429)
Proceeds from disposal of property, plant and equipment	7	166
Net proceeds from redemption of other investments	9,977	35,296
Increase in deposit pledged	(1)	-
Settlement of advance from an associate	-	28,000
Receipt of capital contribution payment from an associate	-	4,160
Net cash (used in)/from investing activities	<b>(643)</b>	<b>57,745</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown on borrowings	78,059	6,456
Finance costs paid	(7,101)	(6,647)
Repayment of borrowings	(18,696)	(36,920)
Repayment of hire purchase liabilities	(245)	(761)
Repayment of lease liabilities	(21,627)	(16,996)
Movement in restricted cash	(1,282)	-
Net cash from/(used in) financing activities	<b>29,108</b>	<b>(54,868)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(35,002)</b>	<b>22,650</b>
Effects of foreign currency translation	(19)	(332)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	238,207	262,664
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>203,186</b>	<b>284,982</b>
Cash and cash equivalents included in the statement of cash flow comprise the following statements of financial positions amounts:		
Cash and bank balances	127,685	164,162
Deposits placed with licensed banks	98,198	167,987
Cash attributable to assets classified as held for sale	1,979	2,717
Bank overdrafts	(608)	(1,256)
	227,254	333,610
Less: Collections on behalf of agency payables and money order payables**	(14,352)	(17,755)
Less: Deposits pledged	(530)	(520)
Less: Restricted cash	(9,186)	(30,353)
	<b>203,186</b>	<b>284,982</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 2021 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 RM'000</b>	<b>Hire purchase RM'000</b>	<b>Islamic term loans RM'000</b>	<b>Revolving credits RM'000</b>	<b>Invoice financing RM'000</b>	<b>Total RM'000</b>
<b>At beginning of the financial period</b>	<b>180,555</b>	<b>3,127</b>	<b>352,497</b>	<b>291,300</b>	<b>16,884</b>	<b>844,363</b>
Net changes from financing cash flows:						
Acquisition of new leases/ hire purchase	580	-	-	-	-	<b>580</b>
Remeasurement of lease liabilities	6,669	-	-	-	-	<b>6,669</b>
Termination of leases	(9,984)	-	-	-	-	<b>(9,984)</b>
Drawdown	-	-	62,000	-	16,059	<b>78,059</b>
Repayment	(21,627)	(245)	(3,946)	-	(14,750)	<b>(40,568)</b>
Effects of foreign currency translation	-	-	468	-	-	<b>468</b>
<b>Total net changes from financing cash flows</b>	<b>(24,362)</b>	<b>(245)</b>	<b>58,522</b>	<b>-</b>	<b>1,309</b>	<b>35,224</b>
<b>At end of the financial period</b>	<b>156,193</b>	<b>2,882</b>	<b>411,019</b>	<b>291,300</b>	<b>18,193</b>	<b>879,587</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 2021 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 31 March 2022 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 year ended 31 December 2021 except for the adoption of the following new accounting standards, amendments and interpretations which are applicable to the Group effective 1 January 2022:

- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*

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 31 March 2022.

**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 31 March 2022.

**7. DIVIDENDS PAID**

There was no dividend paid for the current financial period ended 31 March 2022.

**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.

## 8. SEGMENTAL INFORMATION (CONTINUED)

Other segment includes the hybrid mail which provides data and document processing services, business of internet security products, solutions and services, Ar-Rahnu business including storage and safekeeping fees, buying and selling of investment precious metals, namely gold bars and 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.

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 31 March 2022 is as follows:

Financial period ended 31 March 2022	Postal RM'000	Aviation RM'000	Logistics RM'000	Others RM'000	Elimination RM'000	POS Group RM'000
Total external revenue	320,735	56,761	75,834	31,016	-	484,346
Intersegment revenue	639	846	1,700	13,507	(16,692)	-
<b>Total revenue for reportable segments</b>	<b>321,374</b>	<b>57,607</b>	<b>77,534</b>	<b>44,523</b>	<b>(16,692)</b>	<b>484,346</b>
<b>Reportable segment results</b>	<b>(35,558)</b>	<b>4,353</b>	<b>(5,157)</b>	<b>7,119</b>	<b>-</b>	<b>(29,243)</b>
Share of results of associated company	-	-	-	42	-	42
Amortisation of intangible assets	-	(663)	-	-	-	(663)
<b>Reportable segment results before taxation</b>	<b>(35,558)</b>	<b>3,690</b>	<b>(5,157)</b>	<b>7,161</b>	<b>-</b>	<b>(29,864)</b>
Taxation						(508)
<b>Reportable segment results after taxation</b>						<b>(30,372)</b>
Attributable to:						
Owners of the company						(30,372)

## 9. PROPERTY, PLANT AND EQUIPMENT

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

## 10. SUBSEQUENT EVENT

There has not arisen in the interval between the end of this reporting 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	
	31.03.2022 RM'000	31.03.2021 RM'000
Amortisation of intangible assets	663	1,282
Amortisation of government grant	(438)	(575)
Depreciation of property, plant and equipment	30,653	39,716
Depreciation of right-of-use assets	19,730	22,493
Fair value gain of investment securities: Financial assets at fair value through profit or loss	(90)	(964)
Net loss on impairment of receivables	171	5,797
Finance costs	7,101	6,647
Interest on lease liabilities	2,178	5,486
Property, plant and equipment written off	250	60
Gain on disposal of property, plant and equipment	(4)	(139)
Derecognition of right-of-use assets	40	(32)
Inventories (written back)/written down	(1,847)	62
Finance income of financial assets calculated using the effective interest method that are at amortised cost	(486)	(552)
Net foreign exchange differences	1,030	102

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#### 14. REVIEW OF GROUP PERFORMANCE

Group performance for the financial period ended 31 March 2022

The Group recorded a revenue of RM484.3 million and loss before tax of RM29.9 million for the financial period ended 31 March 2022.

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

	Revenue 3 months ended		(Loss)/Profit before tax 3 months ended	
	31.03.2022 RM'000	31.03.2021 RM'000	31.03.2022 RM'000	31.03.2021 RM'000
Postal	320,735	425,276	(35,558)	(46,824)
Logistics	75,834	101,202	(5,157)	1,689
Aviation	56,761	43,188	3,690	(8,578)
Others	31,016	25,611	7,161	7,636
Total	484,346	595,277	(29,864)	(46,077)

(i) **Postal**

Decrease of revenue in postal segment by 25% primarily contributed by the drop in courier business following the decrease in overall parcel volume as consumers' purchasing trend shifted from online shopping to bricks-and-mortar shopping following the relaxation of the movement control order. In addition, major e-commerce players leveraged on their insourced delivery capabilities while international players pursue penetration strategies to capture higher market share in courier business.

Despite the lower revenue, the loss before tax was reduced consequent to effective cost management effort to optimise operating cost evidenced in lower transportation and delivery cost recorded during the financial period. The recent Mutual Separation Scheme (MSS) exercise has also contributed to the lower staff cost. Efforts to increase products yield resulted in higher average revenue per item (ARPI) during the period.

(ii) **Logistics**

Logistics segment registered lower revenue by 25% at RM75.8 million during the period. The decrease is mainly from freight management business (especially from freight forwarding) where included in the revenue last year was an exceptionally high demurrage and detention charges of RM19.1 million. The coal export ban imposed by Indonesian government in January 2022 also adversely impacted the revenue from Marine business.

Logistics segment loss before tax was mainly related to the coal ban where lower number of voyages were performed during the period while certain fixed costs continued to be incurred.

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

Group performance for the financial period ended 31 March 2022 (continued)

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

**(iii) Aviation**

Aviation segment contributed higher revenue of RM56.8 million and turnaround to profit before tax of RM3.7 million mainly due to increased contribution from higher cargo tonnage handled and increased number of flights resulting in increased ground handling revenue during the period. In addition, the re-activation of umrah charter flights has contributed to the surge in meals prepared for in-flight catering business.

**(iv) Others**

Other segment which consists mainly of printing and insertion, digital certificates and Ar-Rahnu, registered RM31.0 million revenue during the period, an increase of 21% compared to last year mainly contributed by Ar-Rahnu.

Profit before tax was mainly from Ar-Rahnu and digital certificates businesses.

(b) Group Loss Before Tax

For the financial period ended 31 March 2022, despite the Group registering a lower revenue, loss before tax was reduced to RM29.9 million compared to RM46.1 million in the comparative period in 2021. This is mainly due to continuous effective cost management exercised across the board.

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

The Group recorded a lower loss before tax of RM29.9 million in the current quarter ended 31 March 2022 compared to RM125.4 million in the preceding quarter ended 31 December 2021 mainly due to inclusion of Mutual Separation Scheme of RM75.1 million and impairment of intangible assets of RM11.6 million in the preceding quarter.

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**16. FUTURE PROSPECTS**

With the relaxation of COVID-19 restrictions and as the country continues to open up both domestically and internationally, there are upside opportunities moving forward. However, the challenges related to marketplaces continuing to insource, inflationary pressures on costs and demand, and the lack of fair competition in the last-mile delivery of parcels, will continue to create yield pressures.

Management is intensifying action plans to deliver on the transformation of the operating model. With a strategic focus on executing the cultural transformation programme, maintaining a market-leading next-day service level, driving cost efficiencies, increasing parcel yields and ensuring the optimum customer experience at every touchpoint.

While the headwinds from rising inflation, salary adjustments, increasing transport and energy costs bring some go-forward uncertainties, the financial performance in FY2022 will be better than FY2021. Nevertheless, Pos Malaysia will continue to drive the transformation, strengthen the core and deliver on the purpose of being passionate about building trust to connect lives and businesses for a better tomorrow.

**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:

	<b>3 Months Ended</b>	
	<b>31.03.2022 RM'000</b>	<b>31.03.2021 RM'000</b>
Current taxation	2,500	2,724
Deferred taxation	(1,992)	(2,019)
<b>Total</b>	<b>508</b>	<b>705</b>

For the financial period ended 31 March 2022, despite the Group recording losses, the current taxation charge arose from certain profit-making subsidiaries.

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## 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 extended until 13 November 2022.

## 20. GROUP BORROWINGS

Total Group borrowings are as follows:

	<b>Unaudited as at 31.03.2022 RM’000</b>
<b>Long Term Borrowings</b>	
<u>Secured:</u>	
Islamic term loans	324,296
Hire purchase liabilities	2,882
- portion repayable within 12 months	(1,019)
<b>Total Long Term Borrowings</b>	<b>326,159</b>
<b>Short Term Borrowings</b>	
<u>Secured:</u>	
Revolving credit	290,000
Islamic term loans	86,723
Hire purchase liabilities	
- portion repayable within 12 months	1,019
Invoice financing	18,193
	<b>395,935</b>
<u>Unsecured:</u>	
Bank overdraft	608
Revolving credit	1,300
	<b>1,908</b>
<b>Total Short Term Borrowings</b>	<b>397,843</b>
<b>Total Group Borrowings</b>	<b>724,002</b>

**20. GROUP BORROWINGS (CONTINUED)**

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

<b>Secured</b>	<b>Foreign currency</b>	<b>Foreign ‘000</b>	<b>RM ‘000</b>
Long term Islamic term loans	USD	10,959	46,046
Short term Islamic term loans	USD	3,861	16,223
Invoice financing	USD	735	3,089
<b>Total</b>		<b>15,555</b>	<b>65,358</b>

**21. MATERIAL LITIGATIONS**

Save as disclosed in the last audited financial statements, there is no other material litigation as at the date of this report.

**22. DIVIDEND**

No interim dividend has been declared for the financial period ended 31 March 2022.

**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.

	<b>3 Months Ended</b>	
	<b>31.03.2022</b>	<b>31.03.2021</b>
Net loss attributable to Owners of the Company (RM’000)	(30,372)	(46,782)
Number of ordinary shares in issue (‘000)	782,777	782,777
Basic and diluted loss per share (sen)	<b>(3.88)</b>	<b>(5.98)</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	29,002	-	6,723	35,725	-	-	-	-	35,725	35,725
Derivative asset	-	-	1,626	1,626	-	-	-	-	1,626	1,626
<b>Financial liabilities</b>										
Islamic term loans	-	-	-	-	-	-	413,894	413,894	413,894	411,019
Hire purchase liabilities	-	-	-	-	-	-	2,956	2,956	2,956	2,882

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

	As at 31.03.2022 RM'000	As at 31.03.2021 RM'000
<b>Property, plant and equipment</b>		
Contracted but not provided for	5,358	6,540

**26. RELATED PARTIES TRANSACTIONS**

	<b>3 Months Ended</b>	
	<b>31.03.2022</b>	<b>31.03.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Related companies:</b>		
Sales of services	34,750	38,613
Rental income	3	3
Purchase of services	(2,508)	(1,101)
Payment of lease liabilities	(5,655)	(6,036)
<b>Associates:</b>		
Sales of services	941	7,776
Transportation cost	(26,607)	(71,459)
<b>Companies subject to common significant influence:</b>		
Sales of services	11,117	6,385
Purchase of services	(1,404)	(5,503)
Rental expense	(166)	(164)

**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)  
COMPANY SECRETARY

Kuala Lumpur  
25 May 2022