



## **POS MALAYSIA BERHAD**

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

Interim Financial Report for the Financial Period  
Ended 31 March 2023

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023**

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 2023.

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

	Note	Quarter/Financial Period 3 Months Ended	
		31.03.2023 RM'000	31.03.2022 RM'000
Revenue		482,272	484,346
Cost of sales and operating expenses		(498,718)	(508,075)
Other income		6,459	5,932
Other expenses		(3,129)	(2,588)
Loss from operations		(13,116)	(20,385)
Finance costs		(10,928)	(9,279)
Share of result of associated company (net of tax)		81	42
<b>LOSS BEFORE ZAKAT AND TAXATION</b>		<b>(23,963)</b>	<b>(29,622)</b>
Zakat		(346)	(242)
<b>LOSS BEFORE TAXATION</b>		<b>(24,309)</b>	<b>(29,864)</b>
Taxation	18	(3,355)	(508)
<b>LOSS FOR THE QUARTER/FINANCIAL PERIOD</b>		<b>(27,664)</b>	<b>(30,372)</b>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>			
<u>Item that will be subsequently reclassified to profit or loss</u>			
Currency translation differences for foreign operations		(218)	1
<b>OTHER COMPREHENSIVE (LOSS) /INCOME FOR THE QUARTER/FINANCIAL PERIOD (NET OF TAX)</b>		<b>(218)</b>	<b>1</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE QUARTER/ FINANCIAL PERIOD (NET OF TAX)</b>		<b>(27,882)</b>	<b>(30,371)</b>

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

	Note	Quarter/Financial Period 3 Months Ended	
		31.03.2023 RM'000	31.03.2022 RM'000
<b>Loss for the quarter/financial period attributable to Owners of the Company</b>		<b>(27,664)</b>	<b>(30,372)</b>
<b>Total comprehensive loss for the quarter/financial period attributable to Owners of the Company</b>		<b>(27,882)</b>	<b>(30,371)</b>
Basic and diluted loss per share (sen):	23	<b>(3.53)</b>	<b>(3.88)</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 2022 and the explanatory notes attached to the interim financial report.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	Unaudited as at 31.03.2023 RM'000	Audited as at 31.12.2022 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		715,034	737,026
Investment properties		40,450	40,450
Investments in associates		40,861	40,780
Right-of-use assets		311,276	321,944
Intangible assets		124,359	125,022
Deferred tax assets		2,885	2,779
Derivative financial asset		1,626	1,626
Other investments		6,723	6,723
		<b>1,243,214</b>	<b>1,276,350</b>
<b>CURRENT ASSETS</b>			
Assets classified as held for sale		10,786	11,110
Inventories		5,413	5,039
Trade and other receivables		858,253	845,178
Other investments		36,058	36,789
Current tax assets		7,490	8,088
Deposits placed with licensed banks		56,993	29,516
Cash and bank balances		122,821	163,443
		<b>1,097,814</b>	<b>1,099,163</b>
<b>TOTAL ASSETS</b>		<b>2,341,028</b>	<b>2,375,513</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		1,071,392	1,071,392
Reserves		(453,015)	(425,133)
<b>TOTAL EQUITY</b>		<b>618,377</b>	<b>646,259</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Loans and borrowings	20	184,433	208,075
Lease liabilities		82,989	86,898
Post-employment benefit obligations		1,234	1,218
Deferred tax liabilities		28,031	28,103
		<b>296,687</b>	<b>324,294</b>
<b>CURRENT LIABILITIES</b>			
Liabilities classified as held for sale		4,597	3,467
Trade and other payables		922,104	875,133
Loans and borrowings	20	454,338	477,179
Lease liabilities		42,719	47,301
Current tax liabilities		2,206	1,880
		<b>1,425,964</b>	<b>1,404,960</b>
<b>TOTAL LIABILITIES</b>		<b>1,722,651</b>	<b>1,729,254</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,341,028</b>	<b>2,375,513</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY* (RM)</b>		<b>0.79</b>	<b>0.83</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 2022 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	Accumulated Losses RM'000	
<b>At 1 January 2023</b>	<b>782,777</b>	<b>1,071,392</b>	<b>1,144</b>	<b>(1,225)</b>	<b>4,497</b>	<b>(429,549)</b>	<b>646,259</b>
Loss for the financial period	-	-	-	-	-	(27,664)	(27,664)
Other comprehensive loss for the financial period	-	-	-	-	(218)	-	(218)
Total comprehensive loss for the financial period	-	-	-	-	(218)	(27,664)	(27,882)
<b>At 31 March 2023</b>	<b>782,777</b>	<b>1,071,392</b>	<b>1,144</b>	<b>(1,225)</b>	<b>4,279</b>	<b>(457,213)</b>	<b>618,377</b>

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

	Issued and fully paid ordinary shares		Non-distributable			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 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>

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 2022 and the explanatory notes attached to the interim financial report.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>3 Months Ended 31.03.2023 RM'000</b>	<b>3 Months Ended 31.03.2022 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax for the financial period	(24,309)	(29,864)
Adjustments:		
- Depreciation of property, plant and equipment	27,370	30,653
- Depreciation of right-of-use assets	15,401	19,730
- Amortisation of intangible assets	663	663
- Amortisation of government grant	(237)	(438)
- Net fair value gain of other investments:		
Financial assets at fair value through profit or loss	(269)	(90)
- Finance costs	9,265	7,101
- Interest on lease liabilities	1,663	2,178
- Derecognition of right-of-use assets	100	40
- Finance income	(668)	(486)
- Unrealised foreign exchange differences	(2,121)	(343)
- Net loss on impairment of receivables	1,181	171
- Gain on disposal of property, plant and equipment	-	(4)
- Property, plant and equipment written off	25	250
- Inventories written back	(7)	(1,847)
- Zakat	346	242
- Share of profit of an equity accounted associate, net of tax	(81)	(42)
- Others	17	23
Operating profit before changes in working capital	28,339	27,937
Changes in working capital:		
Change in current assets	(14,651)	11,662
Change in current liabilities	57,803	(98,295)
Cash generated from/(used in) operations	71,491	(58,696)
Tax paid	(2,842)	(2,268)
Tax refund	-	26
Interest paid	(1,663)	(2,178)
Zakat paid	(628)	(276)
Defined benefits paid	-	(75)
<b>Net cash from/(used in) operating activities</b>	<b>66,358</b>	<b>(63,467)</b>

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

	<b>3 Months Ended 31.03.2023 RM'000</b>	<b>3 Months Ended 31.03.2022 RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	668	486
Acquisition of property, plant and equipment	(4,696)	(11,112)
Proceeds from disposal of property, plant and equipment	-	7
Net proceeds from redemption of other investments	1,000	9,977
Net decrease in deposit pledged	(10)	(1)
Net cash used in investing activities	<b>(3,038)</b>	<b>(643)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown on borrowings	25,051	78,059
Finance costs paid	(9,265)	(7,101)
Repayment of borrowings	(71,491)	(18,696)
Repayment of hire purchase liabilities	(261)	(245)
Repayment of lease liabilities	(13,267)	(21,627)
Movement in restricted cash	(43,075)	(1,282)
Net cash (used in)/from financing activities	<b>(112,308)</b>	<b>29,108</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(48,988)</b>	<b>(35,002)</b>
Effects of foreign currency translation	(650)	(19)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	168,973	238,207
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>119,335</b>	<b>203,186</b>
Cash and cash equivalents included in the statement of cash flow comprise the following statements of financial positions amounts:		
Cash and bank balances	122,821	127,685
Deposits placed with licensed banks	56,993	98,198
Cash attributable to assets classified as held for sale	977	1,979
Bank overdrafts	(929)	(608)
	179,862	227,254
Less: Collections on behalf of agency payables and money order payables**	(10,452)	(14,352)
Less: Deposits pledged	(548)	(530)
Less: Restricted cash	(49,527)	(9,186)
	<b>119,335</b>	<b>203,186</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 2022 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>134,199</b>	<b>2,124</b>	<b>372,275</b>	<b>286,800</b>	<b>23,093</b>	<b>818,491</b>
Net changes from financing cash flows:						
Acquisition of new leases	1,001	-	-	-	-	<b>1,001</b>
Remeasurement of lease liabilities	5,346	-	-	-	-	<b>5,346</b>
Termination of leases	(1,514)	-	-	-	-	<b>(1,514)</b>
Drawdown	-	-	-	-	25,051	<b>25,051</b>
Repayment	(13,267)	(261)	(45,888)	(2,250)	(23,353)	<b>(85,019)</b>
Reclassified to liabilities held for sale	(57)	-	-	-	-	<b>(57)</b>
Effects of foreign currency translation	-	-	251	-	-	<b>251</b>
<b>Total net changes from financing cash flows</b>	<b>(8,491)</b>	<b>(261)</b>	<b>(45,637)</b>	<b>(2,250)</b>	<b>1,698</b>	<b>(54,941)</b>
<b>At end of the financial period</b>	<b>125,708</b>	<b>1,863</b>	<b>326,638</b>	<b>284,550</b>	<b>24,791</b>	<b>763,550</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 2022 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 2023 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, the ability to roll over the revolving credit facilities of the Group and financial support from key stakeholders.

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 its operations and to meet its 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 2022 except for the adoption of the following new accounting standards, amendments and interpretations which are applicable to the Group effective 1 January 2023:

- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 2023.

**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 2023.

**7. DIVIDENDS PAID**

There was no dividend paid for the current financial period ended 31 March 2023.

**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 segments result. Segments result 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 2023 is as follows:

Financial period ended 31 March 2023	Postal RM'000	Aviation RM'000	Logistics RM'000	Others RM'000	Elimination RM'000	POS Group RM'000
Total external revenue	279,614	68,346	89,511	44,801	-	482,272
Intersegment revenue	625	135	90	14,920	(15,770)	-
<b>Total revenue for reportable segments</b>	<b>280,239</b>	<b>68,481</b>	<b>89,601</b>	<b>59,721</b>	<b>(15,770)</b>	<b>482,272</b>
<b>Reportable segment results</b>	<b>(35,807)</b>	<b>174</b>	<b>287</b>	<b>11,619</b>		<b>(23,727)</b>
Share of results of associated company	-	-	-	81	-	81
Amortisation of intangible assets	-	(663)	-	-	-	(663)
<b>Reportable segment results before taxation</b>	<b>(35,807)</b>	<b>(489)</b>	<b>287</b>	<b>11,700</b>	<b>-</b>	<b>(24,309)</b>
Taxation						(3,355)
<b>Reportable segment results after taxation</b>						<b>(27,664)</b>
Attributable to:						
Owners of the Company						<b>(27,664)</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.

## 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**

There is no change in the composition of the Group during the financial period ended 31 March 2023.

**12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There were no contingent liabilities or contingent assets at the end of the reporting period other than what was reported in the last audited financial statements.

**13. LOSS BEFORE TAXATION**

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

	3 Months Ended	
	31.03.2023 RM'000	31.03.2022 RM'000
Amortisation of intangible assets	663	663
Amortisation of government grant	(237)	(438)
Depreciation of property, plant and equipment	27,370	30,653
Depreciation of right-of-use assets	15,401	19,730
Fair value gain of investment securities: Financial assets at fair value through profit or loss	(269)	(90)
Net loss on impairment of receivables	1,181	171
Finance costs	9,265	7,101
Interest on lease liabilities	1,663	2,178
Property, plant and equipment written off	25	250
Gain on disposal of property, plant and equipment	-	(4)
Derecognition of right-of-use assets	100	40
Inventories written back	(7)	(1,847)
Finance income of financial assets calculated using the effective interest method that are at amortised cost	(668)	(486)
Net foreign exchange differences	975	1,030

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#### 14. REVIEW OF GROUP PERFORMANCE

Group performance for the financial period ended 31 March 2023

The Group recorded a revenue of RM482.3 million and loss before tax of RM24.3 million for the financial period ended 31 March 2023.

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

	Revenue 3 months ended		(Loss)/Profit before tax 3 months ended	
	31.03.2023 RM'000	31.03.2022 RM'000	31.03.2023 RM'000	31.03.2022 RM'000
Postal	279,614	320,735	(35,807)	(35,558)
Logistics	89,511	75,834	287	(5,157)
Aviation	68,346	56,761	(489)	3,690
Others	44,801	31,016	11,700	7,161
Total	482,272	484,346	(24,309)	(29,864)

(i) **Postal**

Decrease of revenue in postal segment by 13% primarily contributed by the drop in courier business following the decrease in overall parcel volume consequent to increased insourcing by e-commerce market players, shifting of demand from online shopping to bricks-and-mortar purchases and heightened competition from other courier players.

Despite the lower revenue, the loss before tax remain stable due to effective cost management effort to optimise operating cost evidenced in lower transportation and delivery cost recorded during the financial period.

(ii) **Logistics**

Logistics segment registered higher revenue by 18% at RM89.5 million during the period. The increase was mainly from automotive logistics with new contracts secured during the financial period. Marine business also contributed positively to the revenue with the coal export resumption after the coal export ban imposed by Indonesian government in January 2022.

Logistics segment turned to profit before tax largely due to the higher revenue.

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

Group performance for the financial period ended 31 March 2023 (continued)

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

**(iii) Aviation**

Aviation segment contributed higher revenue by 20% of RM68.3 million largely contributed by in-flight catering business with higher number of meals prepared. However, it registered a loss before tax of RM0.5 million mainly due to higher cost incurred especially on repair and maintenance and staff cost.

**(iv) Others**

Other segment which consists mainly of printing and insertion, digital certificates and Ar-Rahnu, registered RM44.8 million revenue during the period, an increase of 44% 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 2023, the Group registered a reduction in loss before tax of RM5.6 million to RM24.3 million. Although there was a slight reduction in revenue, there were lower cost of sales and operating expenses by RM9.4 million mainly contributed by the continuous effective cost management exercised across the board.

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

The Group recorded a lower loss before tax of RM24.3 million in the current quarter ended 31 March 2023 compared to RM103.9 million in the preceding quarter ended 31 December 2022 mainly due to higher revenue of RM15.1 million and inclusion of impairment loss of property, plant and equipment of RM40.0 million in the preceding quarter.

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## **16. FUTURE PROSPECTS**

### First quarter

The Group's revenue of RM482.3 million in the quarter, a decrease of 0.4% and loss before taxation of RM24.3 million, an improvement of 18.6% both versus the same period last year.

### Postal

In the quarter the Postal sector saw a continued, but smaller decline in mail volumes, however a more pronounced decline versus 2022 in parcel.

The challenges related to the macro-economic uncertainty, intense competition, insourcing and "masking" by the larger e-commerce platforms continues to create significant pressure for the industry and Pos Malaysia.

### Aviation

As commercial airlines and the industry continues to open and recover to pre-Covid levels, Pos Aviation is benefiting from both new customer acquisition and the associated incremental volumes, and specifically with in-flight catering and ground handling.

### Logistics

Pos Logistics has benefitted from the robust Malaysian automotive sector, and going forward will focus increasingly on aligning the business model and pricing with the dynamic nature of the segment.

### Others

Pos Malaysia 'other' segments have and will continue to perform positively, with increasing customer activity in the digital certificate business and incremental consumer activity in the Ar-Rahnu segment.

### Measures taken to stabilize the result

Our turnaround workstreams and transformation roadmap is progressing according to plan, and compared to the first quarter of last year, Pos Malaysia continues to improve. In part the improvement can be attributed to solid and ongoing cost control measures and improving productivity, but also a reflection of market share gains and ongoing yield improvement programs across all segments.

### Attractive and relevant offering

While we will continue to focus on adapting and transforming the business to this challenging and changing environment, the Group remains forward looking. We will continue to focus on digitalisation, the customer journey, and sustainability for a greener and cleaner future, delivering a business model that is employee, customer, and planet centric.

Despite the challenges, we remain cautiously optimistic that the Group will deliver improved results in 2023.

## **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>31.03.2023</b> <b>RM'000</b>	<b>31.03.2022</b> <b>RM'000</b>
Current taxation	3,542	2,500
Deferred taxation	(187)	(1,992)
<b>Total</b>	<b>3,355</b>	<b>508</b>

For the financial period ended 31 March 2023, 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. This is expected to be completed by end of Quarter 2 FY2023.

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## 20. GROUP BORROWINGS

Total Group borrowings are as follows:

	<b>Unaudited as at 31.03.2023 RM'000</b>
<b>Long Term Borrowings</b>	
<u>Secured:</u>	
Islamic term loans	183,649
Hire purchase liabilities	1,863
- portion repayable within 12 months	(1,079)
<b>Total Long Term Borrowings</b>	<b>184,433</b>
<b>Short Term Borrowings</b>	
<u>Secured:</u>	
Bank overdraft	929
Revolving credit	283,250
Islamic term loans	142,989
Hire purchase liabilities	
- portion repayable within 12 months	1,079
Invoice financing	24,791
	453,038
<u>Unsecured:</u>	
Revolving credit	1,300
<b>Total Short Term Borrowings</b>	<b>454,338</b>
<b>Total Group Borrowings</b>	<b>638,771</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	6,944	30,649
Short term Islamic term loans	USD	4,019	17,739
Invoice financing	USD	1,008	4,449
<b>Total</b>		<b>11,971</b>	<b>52,837</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 2023.

## 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	
	31.03.2023	31.03.2022
Net loss attributable to Owners of the Company (RM'000)	(27,664)	(30,372)
Number of ordinary shares in issue ('000)	782,777	782,777
Basic and diluted loss per share (sen)	<b>(3.53)</b>	<b>(3.88)</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 statement 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	36,058	-	6,723	42,781	-	-	-	-	42,781	42,781
Derivative asset	-	-	1,626	1,626	-	-	-	-	1,626	1,626
<b>Financial liabilities</b>										
Islamic term loans	-	-	-	-	-	-	326,255	326,255	326,255	326,638
Hire purchase liabilities	-	-	-	-	-	-	1,901	1,901	1,901	1,863

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 31.03.2023</b> <b>RM'000</b>	<b>As at 31.03.2022</b> <b>RM'000</b>
<b>Property, plant and equipment</b>		
Contracted but not provided for	2,060	5,358

**26. RELATED PARTIES TRANSACTIONS**

	<b>3 Months Ended</b>	
	<b>31.03.2023</b> <b>RM'000</b>	<b>31.03.2022</b> <b>RM'000</b>
<b>Related companies:</b>		
Sales of services	45,702	34,750
Rental income	-	3
Purchase of services	(1,773)	(2,508)
Payment of lease liabilities	(3,873)	(5,655)
<b>Associates:</b>		
Sales of services	1,121	941
Transportation cost	(22,210)	(26,607)
<b>Companies subject to common significant influence:</b>		
Sales of services	11,141	11,117
Purchase of services	(4,371)	(1,404)
Rental expense	(168)	(166)

**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) SSM PC No. 201908001661  
NGIAN YOKE FUNG (MAICSA 7049093) SSM PC No. 201908002393  
COMPANY SECRETARIES

Kuala Lumpur  
18 May 2023