



POS MALAYSIA BERHAD

(Registration No. 199101019653 (229990-M))

(Incorporated in Malaysia)

Interim Financial Report for the Financial Period
Ended 30 September 2023

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

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 2023.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Current Quarter 3 Months Ended		Financial Period 9 Months Ended	
		30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Revenue		461,711	492,001	1,409,180	1,493,605
Cost of sales and operating expenses		(493,731)	(531,247)	(1,475,608)	(1,543,267)
Other income		14,212	16,757	32,821	35,288
Other expenses		1,093	(4,138)	(6,013)	(23,500)
Loss from operations		(16,715)	(26,627)	(39,620)	(37,874)
Finance costs		(11,458)	(9,342)	(33,292)	(26,820)
Share of result of associated company (net of tax)		(732)	(76)	(411)	(497)
LOSS BEFORE ZAKAT AND TAXATION		(28,905)	(36,045)	(73,323)	(65,191)
Zakat		(217)	(191)	(921)	(737)
LOSS BEFORE TAXATION		(29,122)	(36,236)	(74,244)	(65,928)
Taxation	18	(4,501)	2,605	(14,051)	(3,325)
LOSS FOR THE QUARTER/ FINANCIAL PERIOD		(33,623)	(33,631)	(88,295)	(69,253)
OTHER COMPREHENSIVE INCOME					
<u>Item that will be subsequently reclassified to profit or loss</u>					
Currency translation differences for foreign operations		1,141	3,480	3,414	6,698
OTHER COMPREHENSIVE INCOME FOR THE QUARTER/FINANCIAL PERIOD (NET OF TAX)		1,141	3,480	3,414	6,698
TOTAL COMPREHENSIVE LOSS FOR THE QUARTER/FINANCIAL PERIOD (NET OF TAX)		(32,482)	(30,151)	(84,881)	(62,555)

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

	Note	Current Quarter 3 Months Ended		Financial Period 9 Months Ended	
		30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Loss for the quarter/financial period attributable to:					
Owners of the Company		(33,339)	(33,631)	(88,011)	(69,253)
Non-controlling interest		(284)	-	(284)	-
		(33,623)	(33,631)	(88,295)	(69,253)
Total comprehensive loss for the quarter/financial period attributable to:					
Owners of the Company		(32,198)	(30,151)	(84,597)	(62,555)
Non-controlling interest		(284)	-	(284)	-
		(32,482)	(30,151)	(84,881)	(62,555)
Basic and diluted loss per share (sen):	23	(4.26)	(4.30)	(11.24)	(8.85)

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 30.09.2023 RM'000	Audited as at 31.12.2022 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		687,510	737,026
Investment properties		40,450	40,450
Investments in associates		40,369	40,780
Right-of-use assets		297,632	321,944
Intangible assets		123,033	125,022
Deferred tax assets		3,028	2,779
Derivative financial asset		1,626	1,626
Other investments		6,723	6,723
		1,200,371	1,276,350
CURRENT ASSETS			
Assets classified as held for sale		-	11,110
Inventories		6,462	5,039
Trade and other receivables		852,649	845,178
Other investments		6,429	36,789
Current tax assets		5,400	8,088
Deposits placed with licensed banks		46,535	29,516
Cash and bank balances		126,397	163,443
		1,043,872	1,099,163
TOTAL ASSETS		2,244,243	2,375,513
EQUITY AND LIABILITIES			
Share capital		1,071,392	1,071,392
Reserves		(504,448)	(425,133)
Equity attributable to Owners of the Company		566,944	646,259
Non-controlling interest		4,804	-
TOTAL EQUITY		571,748	646,259
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	20	138,114	208,075
Lease liabilities		72,526	86,898
Post-employment benefit obligations		1,235	1,218
Deferred tax liabilities		29,354	28,103
		241,229	324,294
CURRENT LIABILITIES			
Liabilities classified as held for sale		-	3,467
Trade and other payables		975,658	875,133
Loans and borrowings	20	409,430	477,179
Lease liabilities		42,739	47,301
Current tax liabilities		3,439	1,880
		1,431,266	1,404,960
TOTAL LIABILITIES		1,672,495	1,729,254
TOTAL EQUITY AND LIABILITIES		2,244,243	2,375,513
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY* (RM)		0.72	0.83

* 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	Non-controlling Interest	Total Equity
	Number of shares '000	Amount RM'000	Revaluation Reserves RM'000	Post-employment Benefit Reserves RM'000	Currency Translation Reserves RM'000	Accumulated Losses RM'000	RM'000			
At 1 January 2023	782,777	1,071,392	1,144	(1,225)	4,497	(429,549)	646,259	-	646,259	
Loss for the financial period	-	-	-	-	-	(88,011)	(88,011)	(284)	(88,295)	
Other comprehensive income for the financial period	-	-	-	-	3,414	-	3,414	-	3,414	
Total comprehensive income/(loss) for the financial period	-	-	-	-	3,414	(88,011)	(84,597)	(284)	(84,881)	
Transfer of a subsidiary company's reserve	-	-	-	(9)	-	9	-	-	-	
Effects of changes in shareholdings in a subsidiary company	-	-	-	-	-	5,282	5,282	(1,282)	4,000	
Share subscription in a subsidiary company by non-controlling interest shareholder	-	-	-	-	-	-	-	6,370	6,370	
At 30 September 2023	782,777	1,071,392	1,144	(1,234)	7,911	(512,269)	566,944	4,804	571,748	

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	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	
At 1 January 2022	782,777	1,071,392	1,144	(1,225)	2,177	(261,879)	811,609
Loss for the financial period	-	-	-	-	-	(69,253)	(69,253)
Other comprehensive income for the financial period	-	-	-	-	6,698	-	6,698
Total comprehensive income/(loss) for the financial period	-	-	-	-	6,698	(69,253)	(62,555)
At 30 September 2022	782,777	1,071,392	1,144	(1,225)	8,875	(331,132)	749,054

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

	9 Months Ended 30.09.2023 RM'000	9 Months Ended 30.09.2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax for the financial period	(74,244)	(65,928)
Adjustments:		
- Depreciation of property, plant and equipment	80,102	90,537
- Depreciation of right-of-use assets	47,134	58,882
- Amortisation of intangible assets	1,989	1,989
- Amortisation of government grant	(1,035)	(1,204)
- Net fair value gain of other investments:		
Financial assets at fair value through profit or loss	(640)	(350)
- Finance costs	28,588	20,963
- Interest on lease liabilities	4,704	5,857
- Derecognition of right-of-use assets	(434)	67
- Gain on remeasurement of lease liabilities	(946)	-
- Finance income	(2,248)	(1,278)
- Unrealised foreign exchange differences	742	6,846
- Net reversal on impairment of receivables	(8,714)	(13,190)
- (Gain)/Loss on disposal of property, plant and equipment	(1,788)	12
- Impairment loss on property, plant and equipment	-	87
- Property, plant and equipment written off	96	248
- Inventories written down/(written back)	18	(1,662)
- Zakat	921	737
- Share of result of an equity accounted associate, net of tax	411	497
- Others	54	70
Operating profit before changes in working capital	74,710	103,180
Changes in working capital:		
Change in current assets	(683)	(2,265)
Change in current liabilities	99,060	(133,268)
Cash from/(used in) operations	173,087	(32,353)
Tax paid	(9,183)	(7,973)
Tax refund	254	11,440
Interest paid	(4,704)	(5,857)
Zakat paid	(628)	(276)
Defined benefits paid	(38)	(182)
Net cash from/(used in) operating activities	158,788	(35,201)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	9 Months Ended 30.09.2023 RM'000	9 Months Ended 30.09.2022 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,248	1,279
Acquisition of property, plant and equipment	(15,305)	(24,544)
Proceeds from disposal of property, plant and equipment	2,955	62
Net proceeds from redemption of other investments	31,000	8,017
Increase in deposit pledged	(10)	(9)
Proceeds from disposal of partial interest in a subsidiary company	4,000	-
Net cash from/(used in) investing activities	24,888	(15,195)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown on borrowings	69,653	121,079
Finance costs paid	(28,588)	(20,963)
Repayment of borrowings	(209,637)	(75,240)
Repayment of hire purchase liabilities	(793)	(747)
Repayment of lease liabilities	(39,973)	(56,147)
Movement in restricted cash	(28,906)	1,562
Share subscription in a subsidiary company by non-controlling interest shareholder	6,370	-
Net cash used in financing activities	(231,874)	(30,456)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(48,198)	(80,852)
Effects of foreign currency translation	(2,647)	8
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	168,973	238,207
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	118,128	157,363
Cash and cash equivalents included in the statement of cash flow comprise the following statements of financial positions amounts:		
Cash and bank balances	126,397	140,327
Deposits placed with licensed banks	46,535	33,548
Cash attributable to assets classified as held for sale	-	1,989
Bank overdrafts	(830)	(915)
	172,102	174,949
Less: Collections on behalf of agency payables and money order payables**	(18,068)	(10,715)
Less: Deposits pledged	(548)	(538)
Less: Restricted cash	(35,358)	(6,333)
	118,128	157,363

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:

	Lease liabilities RM'000	Hire purchase RM'000	Islamic term loans RM'000	Revolving credits RM'000	Invoice financing RM'000	Total RM'000
At beginning of the financial period	134,199	2,124	372,275	286,800	23,093	818,491
Net changes from financing cash flows:						
Acquisition of new lease	4,872	-	-	-	-	4,872
Remeasurement of lease liabilities	20,613	-	-	-	-	20,613
Termination of leases	(4,595)	-	-	-	-	(4,595)
Drawdown	-	-	-	-	69,653	69,653
Repayment	(39,973)	(793)	(129,822)	(8,050)	(71,765)	(250,403)
Reclassified to liabilities held for sale	149	-	-	-	-	149
Effects of foreign currency translation	-	-	3,199	-	-	3,199
Total net changes from financing cash flows	(18,934)	(793)	(126,623)	(8,050)	(2,112)	(156,512)
At end of the financial period	115,265	1,331	245,652	278,750	20,981	661,979

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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 30 September 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 and International Tax Reform – Pillar Two Model Rules*

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 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 30 September 2023.

7. DIVIDENDS PAID

There was no dividend paid for the current financial period ended 30 September 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 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 2023 is as follows:

Financial period ended 30 September 2023	Postal RM'000	Aviation RM'000	Logistics RM'000	Others RM'000	Elimination RM'000	POS Group RM'000
Total external revenue	822,955	216,458	244,428	125,339	-	1,409,180
Intersegment revenue	1,912	309	392	35,484	(38,097)	-
Total revenue for reportable segments	824,867	216,767	244,820	160,823	(38,097)	1,409,180
Reportable segment results	(103,538)	4,237	(3,469)	30,926		(71,844)
Share of results of associated company	-	-	-	(411)	-	(411)
Amortisation of intangible assets	-	(1,989)	-	-	-	(1,989)
Reportable segment results before taxation	(103,538)	2,248	(3,469)	30,515	-	(74,244)
Taxation						(14,051)
Reportable segment results after taxation						(88,295)
Attributable to:						
Owners of the Company						(88,011)
Non-controlling interest (NCI)						(284)
						(88,295)

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

On 10 August 2023, Pos Aviation Sdn. Bhd. (“PASB”), a wholly owned subsidiary of Pos Malaysia Berhad, completed the proposed divestment of its 49% equity interest in Pos Aviation Engineering Services Sdn Bhd (“PAESSB”) to SIA Engineering Company Limited, for a cash consideration of RM4.0 million.

As a result, PASB’s equity interest in PAESSB has reduced from 100% to 51%.

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		9 Months Ended	
	30.09.2023 RM’000	30.09.2022 RM’000	30.09.2023 RM’000	30.09.2022 RM’000
Amortisation of intangible assets	663	663	1,989	1,989
Amortisation of government grant	(573)	(421)	(1,035)	(1,204)
Depreciation of property, plant and equipment	27,532	29,815	80,102	90,537
Depreciation of right-of-use assets	15,869	19,081	47,134	58,882
Fair value gain of investment securities: Financial assets at fair value through profit or loss	(165)	(182)	(640)	(350)
Net reversal on impairment of receivables	(3,872)	(14,831)	(8,714)	(13,190)
Finance costs	9,947	7,588	28,588	20,963
Interest on lease liabilities	1,511	1,754	4,704	5,857
Impairment loss of property, plant and equipment	-	40	-	87
Property, plant and equipment written off	41	5	96	248
(Gain)/Loss on disposal of property, plant and equipment	(608)	-	(1,788)	12
Derecognition of right-of-use assets	(772)	45	(434)	67
Gain on remeasurement of lease liabilities	(946)	-	(946)	-
Inventories written down/(written back)	17	194	18	(1,662)
Finance income of financial assets calculated using the effective interest method that are at amortised cost	(945)	(364)	(2,248)	(1,278)
Net foreign exchange differences	2,529	4,803	4,858	10,656

14. REVIEW OF GROUP PERFORMANCE

Group performance for the financial period ended 30 September 2023

The Group recorded a revenue of RM1,409.2 million and loss before tax of RM74.2 million for the financial period ended 30 September 2023.

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

	Revenue 9 months ended		(Loss)/Profit before tax 9 months ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Postal	822,955	962,351	(103,538)	(81,614)
Logistics	244,428	248,908	(3,469)	(12,209)
Aviation	216,458	189,727	2,248	6,310
Others	125,339	92,619	30,515	21,585
Total	1,409,180	1,493,605	(74,244)	(65,928)

(i) **Postal**

The decrease of revenue in postal segment by 14% was primarily contributed by the drop in courier business following the decrease in overall parcel volume especially from contract customers. In addition, major e-commerce players increasingly shifting to their insourced delivery capabilities while international players continue to pursue penetration strategies to capture higher market share in courier business.

The loss before tax increased largely due to the lower revenue registered. Despite continuous cost management effort being implemented which saw a lower staff cost, transportation and delivery cost during the financial period, certain fixed cost continued to be incurred.

(ii) **Logistics**

Logistics segment registered slightly lower revenue by 2% at RM244.4 million during the period. The decrease is mainly from freight management business (especially from freight forwarding and haulage) due to lower volume from customers. This is offset with the higher revenue from automotive logistics and marine business.

Lower loss before tax for logistics segment was mainly related to the lower impairment on receivables during the period.

14. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Group performance for the financial period ended 30 September 2023 (continued)

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

(iii) **Aviation**

Aviation segment contributed higher revenue of RM216.5 million with profit before tax of RM2.2 million mainly due to opening of borders with increased number of flights resulting in higher ground handling revenue during the period. In addition, the re-activation of umrah charter flights and provision of meals uplifted on behalf of the competitors under their business continuity plan have 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 RM125.3 million revenue during the period, an increase of 35% compared to last year mainly contributed by Ar-Rahnu.

Profit before tax was mainly from Ar-Rahnu business.

(b) Group Loss Before Tax

For the financial period ended 30 September 2023, the Group registered a higher loss before tax of RM74.2 million compared to RM65.9 million in the comparative period in 2022. Although revenue contribution during the period was lower by RM84.4 million, cost of sales and operating expenses did not reduce in tandem with the drop in revenue due to the fixed cost that was continued to be incurred. Finance cost has also increased by RM6.5 million during the financial period.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded a loss before tax of RM29.1 million in the current quarter ended 30 September 2023 compared to RM20.8 million loss in the preceding quarter ended 30 June 2023 mainly due to higher cost of sales and operating expenses of RM10.6 million.

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16. FUTURE PROSPECTS

Third quarter

For the third quarter 2023, Pos Malaysia Group recorded a revenue of RM461.7 million, a decrease of 6.2% over the same period in 2022, and a loss before taxation of RM29.1 million, an improvement of 19.6% over the same period in 2022.

The year 2023 has been marked by challenging conditions. The weakening economic outlook has had a negative impact on consumer behaviour, accompanied by continuing industry challenges, including in-sourcing of logistics and rising operating costs. Despite the ongoing challenges, Pos Malaysia showed an improvement quarter on quarter and the focus remains on improving our financial results by transforming the core business, accelerating the margin-led new initiatives, strict cost management, and pursuing strategic growth initiatives across our subsidiaries.

Postal

The postal segment continues to be a challenging sector, with incremental pressure from cost increases associated with the required infrastructure to deliver the Universal Service Obligation (USO), declining mail volumes and a competitive parcel market.

Aviation

Pos Aviation is expected to continue to improve on the back of continued improvement in air travel demand, positive demand for ground handling services and in-flight catering.

Logistics

Pos Logistics is transforming, repositioning its offering to focus on the automotive sector, third party logistics and warehousing.

Others

Other Pos Malaysia business segments continue to show positive performance, and anticipate this upward trend to continue, especially for the Islamic pawnbroking business.

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	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Current taxation	3,440	(172)	13,234	6,513
Deferred taxation	1,061	(2,433)	817	(3,188)
Total	4,501	(2,605)	14,051	3,325

For the financial period ended 30 September 2023, despite the Group recording losses, the current taxation charge arose from certain profit-making subsidiaries.

19. STATUS OF CORPORATE PROPOSALS

There are no corporate proposals other than what has been reported previously.

20. GROUP BORROWINGS

Total Group borrowings are as follows:

	Unaudited as at 30.09.2023 RM'000
Long Term Borrowings	
<u>Secured:</u>	
Islamic term loans	137,892
Hire purchase liabilities	1,331
- portion repayable within 12 months	(1,109)
Total Long Term Borrowings	138,114
Short Term Borrowings	
<u>Secured:</u>	
Bank overdraft	830
Revolving credit	278,750
Islamic term loans	107,760
Hire purchase liabilities	
- portion repayable within 12 months	1,109
Invoice financing	20,981
Total Short Term Borrowings	409,430
Total Group Borrowings	547,544

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

Secured	Foreign currency	Foreign '000	RM '000
Long term Islamic term loans	USD	4,874	22,892
Short term Islamic term loans	USD	4,101	19,260
Invoice financing	USD	446	2,095
Total		9,421	44,247

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 30 September 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		9 Months Ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Net loss attributable to Owners of the Company (RM'000)	(33,339)	(33,631)	(88,011)	(69,253)
Number of ordinary shares in issue ('000)	782,777	782,777	782,777	782,777
Basic and diluted loss per share (sen)	(4.26)	(4.30)	(11.24)	(8.85)

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

24. FINANCIAL INSTRUMENTS AT FAIR VALUE MEASUREMENTS (CONTINUED)

	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		
Financial assets										
Other investments	6,429	-	6,723	13,152	-	-	-	-	13,152	13,152
Derivative asset	-	-	1,626	1,626	-	-	-	-	1,626	1,626
Financial liabilities										
Islamic term loans	-	-	-	-	-	-	257,685	257,685	257,685	245,652
Hire purchase liabilities	-	-	-	-	-	-	1,350	1,350	1,350	1,331

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 30.09.2023 RM'000	As at 30.09.2022 RM'000
Property, plant and equipment		
Contracted but not provided for	8,652	3,364

26. RELATED PARTIES TRANSACTIONS

	9 Months Ended	
	30.09.2023 RM'000	30.09.2022 RM'000
Related companies:		
Sales of services	125,248	119,420
Rental income	10	10
Purchase of services	(6,709)	(7,635)
Payment of lease liabilities	(11,355)	(16,382)
Associates:		
Sales of services	4,031	3,073
Transportation cost	(66,417)	(77,889)
Companies subject to common significant influence:		
Sales of services	31,128	29,074
Purchase of services	(9,755)	(11,907)
Rental expense	(255)	(500)

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

Kuala Lumpur
22 November 2023