



POS MALAYSIA BERHAD

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

Interim Financial Report for the Financial Year
Ended 31 December 2023

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Board of Directors hereby announce the unaudited financial results of Pos Malaysia Group (“the Group”) for the current quarter/financial year ended 31 December 2023.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Current Quarter 3 Months Ended		Financial Year 12 Months Ended	
		31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Revenue		461,567	467,202	1,870,747	1,960,807
Cost of sales and operating expenses		(523,154)	(528,912)	(1,998,762)	(2,072,179)
Other income		7,070	12,623	39,891	47,911
Other expenses		(1,495)	(44,032)	(7,508)	(67,532)
Loss from operations		(56,012)	(93,119)	(95,632)	(130,993)
Finance costs		(10,853)	(10,398)	(44,145)	(37,218)
Share of result of associated company (net of tax)		498	(59)	87	(556)
LOSS BEFORE ZAKAT AND TAXATION		(66,367)	(103,576)	(139,690)	(168,767)
Zakat		(109)	(284)	(1,030)	(1,021)
LOSS BEFORE TAXATION		(66,476)	(103,860)	(140,720)	(169,788)
Taxation	18	(3,873)	5,443	(17,924)	2,118
LOSS FOR THE QUARTER/ FINANCIAL YEAR		(70,349)	(98,417)	(158,644)	(167,670)
OTHER COMPREHENSIVE INCOME					
<u>Item that will not be subsequently reclassified to profit or loss</u>					
Re-measurement of post- employment benefit obligation		791	-	791	-
<u>Item that will be subsequently reclassified to profit or loss</u>					
Currency translation differences for foreign operations		(2,686)	(4,378)	728	2,320
OTHER COMPREHENSIVE INCOME FOR THE QUARTER/FINANCIAL YEAR (NET OF TAX)		(1,895)	(4,378)	1,519	2,320
TOTAL COMPREHENSIVE LOSS FOR THE QUARTER/FINANCIAL YEAR (NET OF TAX)		(72,244)	(102,795)	(157,125)	(165,350)

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

	Note	Current Quarter 3 Months Ended		Financial Year 12 Months Ended	
		31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Loss for the quarter/financial year attributable to:					
Owners of the Company		(69,842)	(98,417)	(157,853)	(167,670)
Non-controlling interest		(507)	-	(791)	-
		<u>(70,349)</u>	<u>(98,417)</u>	<u>(158,644)</u>	<u>(167,670)</u>
Total comprehensive loss for the quarter/financial year attributable to:					
Owners of the Company		(71,737)	(102,795)	(156,334)	(165,350)
Non-controlling interest		(507)	-	(791)	-
		<u>(72,244)</u>	<u>(102,795)</u>	<u>(157,125)</u>	<u>(165,350)</u>
Basic and diluted loss per share (sen):	23	<u>(8.92)</u>	<u>(12.57)</u>	<u>(20.17)</u>	<u>(21.42)</u>

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements 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 31.12.2023 RM'000	Audited as at 31.12.2022 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		673,357	737,026
Investment properties		40,450	40,450
Investments in associates		40,867	40,780
Right-of-use assets		289,682	321,944
Intangible assets		122,370	125,022
Deferred tax assets		385	2,779
Derivative financial asset		1,626	1,626
Other investments		6,723	6,723
		1,175,460	1,276,350
CURRENT ASSETS			
Assets classified as held for sale		-	11,110
Inventories		6,850	5,039
Trade and other receivables		772,263	845,178
Other investments		8,475	36,789
Current tax assets		2,449	8,088
Deposits placed with licensed banks		38,408	29,516
Cash and bank balances		170,181	163,443
		998,626	1,099,163
		2,174,086	2,375,513
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Share capital		1,071,392	1,071,392
Reserves		(576,185)	(425,133)
Equity attributable to Owners of the Company		495,207	646,259
Non-controlling interest		4,297	-
TOTAL EQUITY		499,504	646,259
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	20	113,583	208,075
Lease liabilities		70,561	86,898
Post-employment benefit obligations		548	1,218
Deferred tax liabilities		26,576	28,103
		211,268	324,294
CURRENT LIABILITIES			
Contract liabilities		-	395
Liabilities classified as held for sale		-	3,467
Trade and other payables		1,022,376	874,738
Loans and borrowings	20	391,420	477,179
Lease liabilities		43,158	47,301
Current tax liabilities		6,360	1,880
		1,463,314	1,404,960
TOTAL LIABILITIES		1,674,582	1,729,254
TOTAL EQUITY AND LIABILITIES		2,174,086	2,375,513
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY* (RM)			
		0.63	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 Audited Financial Statements 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 RM'000	Non- controlling Interest 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	Accumulated Losses 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 year	-	-	-	-	-	(157,853)	(157,853)	(791)	(158,644)	
Other comprehensive income for the financial year	-	-	-	791	728	-	1,519	-	1,519	
Total comprehensive income/(loss) for the financial year	-	-	-	791	728	(157,853)	(156,334)	(791)	(157,125)	
Transfer of a subsidiary company's reserve	-	-	-	(9)	-	9	-	-	-	
Changes in ownership interests in a subsidiary	-	-	-	-	-	5,282	5,282	5,088	10,370	
At 31 December 2023	782,777	1,071,392	1,144	(443)	5,225	(582,111)	495,207	4,297	499,504	

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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 year	-	-	-	-	-	(167,670)	(167,670)
Other comprehensive income for the financial year	-	-	-	-	2,320	-	2,320
Total comprehensive income/(loss) for the financial year	-	-	-	-	2,320	(167,670)	(165,350)
At 31 December 2022	782,777	1,071,392	1,144	(1,225)	4,497	(429,549)	646,259

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements 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

	12 Months Ended 31.12.2023 RM'000	12 Months Ended 31.12.2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax for the financial year	(140,720)	(169,788)
Adjustments:		
- Depreciation of property, plant and equipment	107,162	123,332
- Depreciation of right-of-use assets	60,464	76,502
- Amortisation of intangible assets	2,652	2,652
- Amortisation of government grant	(1,279)	(1,510)
- Recognition of expired postal orders	(2,660)	(15,807)
- Change in fair value of investment properties	-	360
- Net fair value gain of other investments:		
Financial assets at fair value through profit or loss	(686)	(566)
- Finance costs	37,997	29,168
- Interest on lease liabilities	6,148	8,050
- Derecognition of right-of-use assets	(484)	(267)
- Loss on remeasurement of lease liabilities	-	139
- Finance income	(2,335)	(1,725)
- Unrealised foreign exchange differences	(4,500)	2,910
- Net (impairment)/reversal of receivables	(11,457)	3,664
- (Gain)/Loss on disposal of property, plant and equipment	(2,564)	88
- Impairment loss of property, plant and equipment	-	39,953
- Property, plant and equipment written off	412	416
- Inventories written down/(written back)	93	(2,013)
- Zakat	1,030	1,021
- Share of result of an equity accounted associate, net of tax	(87)	556
- Others	159	206
Operating profit before changes in working capital	49,345	97,341
Changes in working capital:		
Change in current assets	79,909	104,192
Change in current liabilities	150,012	(155,431)
Cash from operations	279,266	46,102
Tax paid	(12,550)	(11,281)
Tax refund	5,520	14,507
Interest paid	(6,148)	(8,050)
Zakat paid	(783)	(674)
Defined benefits paid	(38)	(182)
Net cash from operating activities	265,267	40,422

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	12 Months Ended 31.12.2023 RM'000	12 Months Ended 31.12.2022 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,335	1,725
Acquisition of property, plant and equipment	(29,189)	(31,130)
Proceeds from disposal of property, plant and equipment	5,685	199
Net proceeds from redemption of other investments	29,000	2,669
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	11,821	(26,546)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown on borrowings	88,555	143,778
Finance costs paid	(37,997)	(29,168)
Repayment of borrowings	(270,069)	(125,736)
Repayment of hire purchase liabilities	(1,065)	(1,003)
Repayment of lease liabilities	(52,132)	(72,131)
Movement in restricted cash	(16,149)	1,452
Share subscription in a subsidiary company by non-controlling interest shareholder	6,370	-
Net cash used in financing activities	(282,487)	(82,808)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,399)	(68,932)
Effects of foreign currency translation	(3,786)	(302)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	168,973	238,207
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	159,788	168,973
Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:		
Cash and bank balances	170,181	163,443
Deposits placed with licensed banks	38,408	29,516
Cash attributable to assets classified as held for sale	-	1,356
Bank overdrafts	(905)	(962)
	207,684	193,353
Less: Collections on behalf of agency payables and money order payables**	(24,747)	(17,390)
Less: Deposits pledged	(548)	(538)
Less: Restricted cash	(22,601)	(6,452)
	159,788	168,973

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements 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 year	134,199	2,124	372,275	286,800	23,093	818,491
Net changes from financing cash flows:						
Acquisition of new lease	15,680	-	-	-	-	15,680
Remeasurement of lease liabilities	20,507	-	-	-	-	20,507
Termination of leases	(4,684)	-	-	-	-	(4,684)
Drawdown	-	-	-	-	88,555	88,555
Repayment	(52,132)	(1,065)	(166,032)	(10,300)	(93,737)	(323,266)
Reclassified to liabilities held for sale	149	-	-	-	-	149
Effects of foreign currency translation	-	-	2,385	-	-	2,385
Total net changes from financing cash flows	(20,480)	(1,065)	(163,647)	(10,300)	(5,182)	(200,674)
At end of the financial year	113,719	1,059	208,628	276,500	17,911	617,817

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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 year ended 31 December 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 year and prior year 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 year ended 31 December 2023.

5. CHANGES IN ESTIMATES

There was no material change in the estimate of amount reported in prior financial year 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 year ended 31 December 2023.

7. DIVIDENDS PAID

There was no dividend paid for the current financial year ended 31 December 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 year.

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 year ended 31 December 2023 is as follows:

Financial year ended 31 December 2023	Postal RM'000	Aviation RM'000	Logistics RM'000	Others RM'000	Elimination RM'000	POS Group RM'000
Total external revenue	1,086,113	303,497	312,309	168,828	-	1,870,747
Intersegment revenue	2,575	365	741	39,115	(42,796)	-
Total revenue for reportable segments	1,088,688	303,862	313,050	207,943	(42,796)	1,870,747
Reportable segment results	(153,614)	10,033	(33,578)	39,004		(138,155)
Share of results of associated company	-	-	-	87	-	87
Amortisation of intangible assets	-	(2,652)	-	-	-	(2,652)
Reportable segment results before taxation	(153,614)	7,381	(33,578)	39,091	-	(140,720)
Taxation	(1,665)	(6,767)	(958)	(8,534)	-	(17,924)
Reportable segment results after taxation	(155,279)	614	(34,536)	30,557	-	(158,644)
Attributable to:						
Owners of the Company						(157,853)
Non-controlling interest (NCI)						(791)
						(158,644)

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 year 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

(a) In the previous year, the flood incidents have affected some of the Group's outlets and warehouses. Based on preliminary assessments, the damages to the property, plant and equipment and inventories held in trust in the affected warehouses are adequately covered by insurance and the Group has submitted full claim to the insurance company.

During the year, the claims have been finalised by the insurance company.

(b) In September 2023, a subsidiary of the Group encountered a maritime incident involving its vessel's collision with another party's vessel. Based on preliminary assessment, the third-party claim for collision is covered by insurance whilst the excess has been adequately provided for. This matter is currently pending for the assessment of the insurance company.

The cost of repair of the Group's vessel has also been sufficiently provided for during the financial year.

Hence, the Group is of the opinion that no provision on the claims is required in respect of the matters as it is not probable that a future outflow of economic benefits will be required.

13. LOSS BEFORE TAXATION

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

	3 Months Ended		12 Months Ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Amortisation of intangible assets	663	663	2,652	2,652
Amortisation of government grant	(244)	(306)	(1,279)	(1,510)
Depreciation of property, plant and equipment	27,060	32,795	107,162	123,332
Depreciation of right-of-use assets	13,330	17,620	60,464	76,502
Fair value gain of other investments:				
Financial assets at fair value through profit or loss	(46)	(216)	(686)	(566)
Change in fair value of investment properties	-	360	-	360
Recognition of expired postal orders	(2,660)	(15,807)	(2,660)	(15,807)
Net (impairment)/reversal on impairment of receivables	(2,743)	1,047	(11,457)	3,664
Finance costs	9,409	8,205	37,997	29,168
Interest on lease liabilities	1,444	2,193	6,148	8,050
Impairment loss of property, plant and equipment	-	39,866	-	39,953
Property, plant and equipment written off	316	166	412	416
(Gain)/Loss on disposal of property, plant and equipment	(776)	76	(2,564)	88
Derecognition of right-of-use assets	(50)	(195)	(484)	(267)
Loss on remeasurement of lease liabilities	946	-	-	139
Inventories written down/(written back)	75	(351)	93	(2,013)
Finance income of financial assets calculated using the effective interest method that are at amortised cost	(87)	(447)	(2,335)	(1,725)
Net foreign exchange differences	(3,901)	(3,484)	957	7,172

14. REVIEW OF GROUP PERFORMANCE

14.1 Group performance for the quarter ended 31 December 2023

The Group recorded a revenue of RM461.6 million and loss before tax of RM66.5 million for the current quarter ended 31 December 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	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Postal	263,158	275,861	(50,076)	(48,904)
Logistics	67,881	86,665	(30,109)	(60,313)
Aviation	87,039	65,215	5,133	(1,019)
Others	43,489	39,461	8,576	6,376
Total	461,567	467,202	(66,476)	(103,860)

(i) Postal

The decrease of revenue in postal segment by 5% was contributed by the drop in bulk mail volume handled and lower retail's agency payment services during the quarter. Nevertheless, the loss before tax was not badly affected from the lower revenue and increase in the fixed cost notably the increase in staff cost annually. This is due to the effective cost management initiatives mainly from the land transport optimisation and review of the outsourced manpower and last-mile delivery cost.

(ii) Logistics

Logistics segment registered lower revenue at RM67.9 million compared to RM86.7 million in Q4 FY2022. The decrease is mainly from automotive and freight management business due to the lower volume handled.

Loss before tax was due to lower revenue while the costs remain fixed. There was also an increase in other operating cost during the quarter. In addition, included in Q4 FY2022 was an impairment on property, plant and equipment of RM37.8 million.

(iii) Aviation

Aviation segment recorded higher revenue of RM87.0 million and turnaround from loss before tax of RM1.0 million in Q4 FY2022 to a profit before tax of RM5.1 million in the current quarter. This is mainly attributable to the in-flight catering business with higher number of meals uplifted.

(iv) Others

Other segment continues to grow healthily with an increase in both revenue and profit before tax by 10% and 35% respectively.

14. REVIEW OF GROUP PERFORMANCE (CONTINUED)

14.2 Group performance for the financial year ended 31 December 2023

The Group recorded a revenue of RM1,870.7 million and loss before tax of RM140.7 million for the financial year ended 31 December 2023.

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

	Revenue 12 months ended		(Loss)/Profit before tax 12 months ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Postal	1,086,113	1,238,212	(153,614)	(130,377)
Logistics	312,309	335,573	(33,578)	(72,522)
Aviation	303,497	254,942	7,381	5,291
Others	168,828	132,080	39,091	27,820
Total	1,870,747	1,960,807	(140,720)	(169,788)

(i) Postal

The decrease of revenue in postal segment by 12% was primarily contributed by the drop in courier business following the intense competition when other major players especially international courier companies continue to pursue penetration strategies to capture higher market share in courier business. In addition, major e-commerce players increasingly shifting to their insourced delivery capabilities and continuous masking practise.

The loss before tax increased largely due to the lower revenue registered. While certain fixed cost continued to be incurred and there was an escalation of staff cost annually, cost management effort implemented saw a lower transportation and delivery cost during the financial year.

(ii) Logistics

Logistics segment registered lower revenue by 7% at RM312.3 million during the year. The decrease is mainly from freight management business (especially from freight forwarding and haulage) due to lower volume from customers. This is partially offset with the higher revenue from marine business.

Logistics segment recorded lower loss before tax as there was an impairment on property, plant and equipment of RM37.8 million taken up during the last financial year.

14. REVIEW OF GROUP PERFORMANCE (CONTINUED)

14.2 Group performance for the financial year ended 31 December 2023 (continued)

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

(iii) Aviation

Aviation segment contributed higher revenue of RM303.5 million with profit before tax of RM7.4 million mainly due to the increased number of flights handled resulting in higher ground handling revenue during the year. In addition, provision of meals uplifted including for Umrah flights have contributed to the surge in meals prepared for in-flight catering business. This trend is expected to continue in future.

(iv) Others

Other segment consists of other non-core businesses namely printing and insertion and digital certificates, registered RM168.8 million revenue during the year, an increase of 28% compared to last year with an increase in profit before tax of 41%.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded a loss before tax of RM66.5 million in the current quarter ended 31 December 2023 compared to RM29.1 million loss in the preceding quarter ended 30 September 2023 mainly due to higher cost of sales and operating expenses of RM29.4 million.

16. FUTURE PROSPECTS

As Pos Malaysia's business is cyclical and broadly follows economic trends, we continue to face challenges such as macroeconomic uncertainties, a consumer shift back to physical shopping, intense competition in the parcel market, masking and in-house logistics by major e-commerce platforms. Digitalisation has led to reduced foot traffic in stores and mail volumes.

Despite these challenges, our focus remains on executing our transformation strategies, addressing unprofitable segments, advancing margin-led businesses, and promoting sustainability in accordance with our ESG roadmap.

The performance of our subsidiaries will continue to support our growth and profitability. Pos Aviation is expected to improve, backed by increased demand for air travel, ground handling services, and in-flight catering. Pos Logistics will continue to reposition its offerings to focus on the automotive sector, third-party logistics, and warehousing.

Despite the challenges, we remain optimistic that the Group will deliver improved results in 2024.

17. PROFIT FORECAST OR PROFIT GUARANTEE

The Group has not issued any profit forecast or profit guarantee for the current financial year in a public document.

18. TAXATION

Taxation comprises the following:

	3 Months Ended		12 Months Ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Current taxation	3,924	3,599	17,158	10,112
Deferred taxation	(51)	(9,042)	766	(12,230)
Total	3,873	(5,443)	17,924	(2,118)

For the financial year ended 31 December 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 31.12.2023 RM'000
Long Term Borrowings	
<u>Secured:</u>	
Islamic term loans	113,583
Total Long Term Borrowings	113,583
Short Term Borrowings	
<u>Secured:</u>	
Bank overdrafts	905
Revolving credits	276,500
Islamic term loans	95,045
Hire purchase liabilities	
- portion repayable within 12 months	1,059
Invoice financing	17,911
Total Short Term Borrowings	391,420
Total Group Borrowings	505,003

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.

Secured	Foreign currency	Foreign ‘000	RM ‘000
Long term Islamic term loans	USD	3,824	17,583
Short term Islamic term loans	USD	4,142	19,045
Invoice financing	USD	600	2,759
Total		8,566	39,387

21. MATERIAL LITIGATIONS

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

Based on court’s judgement in March 2023, the Group has successfully defended the claim. However, the plaintiff filed for an appeal. The hearing is fixed in July 2024.

22. DIVIDEND

No interim dividend has been declared for the financial year ended 31 December 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 year.

	3 Months Ended		12 Months Ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Net loss attributable to Owners of the Company (RM’000)	(69,842)	(98,417)	(157,853)	(167,670)
Number of ordinary shares in issue (‘000)	782,777	782,777	782,777	782,777
Basic and diluted loss per share (sen)	(8.92)	(12.57)	(20.17)	(21.42)

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		
Financial assets										
Other investments	8,475	-	6,723	15,198	-	-	-	-	15,198	15,198
Derivative asset	-	-	1,626	1,626	-	-	-	-	1,626	1,626
Financial liabilities										
Islamic term loans	-	-	-	-	-	-	203,360	203,360	203,360	208,628
Hire purchase liabilities	-	-	-	-	-	-	1,072	1,072	1,072	1,059

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 31.12.2023 RM'000	As at 31.12.2022 RM'000
Property, plant and equipment		
Contracted but not provided for	13,249	5,270

26. RELATED PARTIES TRANSACTIONS

	12 Months Ended	
	31.12.2023 RM'000	31.12.2022 RM'000
Related companies:		
Sales of services	132,297	162,096
Rental income	10	97
Purchase of services	(11,453)	(38,537)
Payment of lease liabilities	(14,056)	(20,291)
Associates:		
Sales of services	5,364	3,999
Transportation cost	(88,867)	(100,747)
Companies subject to common significant influence:		
Sales of services	42,266	41,066
Purchase of services	(14,575)	(16,271)
Rental expense	(289)	(670)

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
28 February 2024