



POS MALAYSIA BERHAD

(Registration No. 199101019653 (229990-M))

(Incorporated in Malaysia)

Interim Financial Report for the Financial Period
Ended 30 June 2024

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

The Board of Directors hereby announce the unaudited consolidated financial results of Pos Malaysia Group (“the Group”) for the financial quarter/period ended 30 June 2024.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Financial Quarter 3 Months Ended		Financial Period 6 Months Ended	
		30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Revenue		443,429	465,197	935,396	947,469
Cost of sales and operating expenses		(487,907)	(483,159)	(987,589)	(981,877)
Other income		6,341	12,150	16,806	18,609
Other expenses		(902)	(3,977)	(6,556)	(7,106)
Loss from operations		(39,039)	(9,789)	(41,943)	(22,905)
Finance costs		(11,872)	(10,906)	(23,954)	(21,834)
Share of result of an associated company (net of tax)		142	240	112	321
LOSS BEFORE ZAKAT AND TAXATION		(50,769)	(20,455)	(65,785)	(44,418)
Zakat		(390)	(358)	(756)	(704)
LOSS BEFORE TAXATION		(51,159)	(20,813)	(66,541)	(45,122)
Taxation	18	(4,439)	(6,195)	(9,002)	(9,550)
LOSS FOR THE FINANCIAL QUARTER/PERIOD		(55,598)	(27,008)	(75,543)	(54,672)
OTHER COMPREHENSIVE INCOME					
<u>Item that will be subsequently reclassified to profit or loss</u>					
Currency translation differences for foreign operations		356	2,491	2,725	2,273
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL QUARTER/PERIOD (NET OF TAX)		356	2,491	2,725	2,273
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL QUARTER/PERIOD (NET OF TAX)		(55,242)	(24,517)	(72,818)	(52,399)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Note	Financial Quarter 3 Months Ended		Financial Period 6 Months Ended	
		30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
(Loss)/profit for the financial quarter/period attributable to:					
Owners of the Company		(55,922)	(27,008)	(75,611)	(54,672)
Non-controlling interest		324	-	68	-
		(55,598)	(27,008)	(75,543)	(54,672)
Total comprehensive (loss)/income for the financial quarter/period attributable to:					
Owners of the Company		(55,566)	(24,517)	(72,886)	(52,399)
Non-controlling interest		324	-	68	-
		(55,242)	(24,517)	(72,818)	(52,399)
Basic and diluted loss per share (sen)	23	(7.14)	(3.45)	(9.66)	(6.98)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2023 and the explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited as at 30.06.2024 RM'000	Audited as at 31.12.2023 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		500,069	673,357
Investment properties		40,450	40,450
Right-of-use assets		286,392	289,682
Intangible assets		121,042	122,370
Deferred tax assets		414	385
Investments in associates		40,979	40,867
Other investments		6,723	6,723
Derivative financial asset		1,626	1,626
		997,695	1,175,460
CURRENT ASSETS			
Trade and other receivables		799,289	772,263
Other investments		12,593	8,475
Inventories		7,593	6,850
Current tax assets		3,182	2,449
Deposits placed with licensed banks		29,823	38,408
Cash and bank balances		109,920	170,181
Assets classified as held for sale		169,578	-
		1,131,978	998,626
TOTAL ASSETS		2,129,673	2,174,086
EQUITY AND LIABILITIES			
Share capital		1,071,392	1,071,392
Reserves		(649,071)	(576,185)
Equity attributable to Owners of the Company		422,321	495,207
Non-controlling interest		4,365	4,297
TOTAL EQUITY		426,686	499,504
NON-CURRENT LIABILITIES			
Loans and borrowings	20	153,000	113,583
Lease liabilities		74,812	70,561
Post-employment benefit obligations		566	548
Deferred tax liabilities		24,668	26,576
		253,046	211,268
CURRENT LIABILITIES			
Loans and borrowings	20	290,695	391,420
Lease liabilities		39,531	43,158
Current tax liabilities		9,894	6,360
Trade and other payables		1,063,895	1,022,376
Liabilities classified as held for sale		45,926	-
		1,449,941	1,463,314
TOTAL LIABILITIES		1,702,987	1,674,582
TOTAL EQUITY AND LIABILITIES		2,129,673	2,174,086
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY* (RM)		0.54	0.63

* Based on 782,776,836 ordinary shares in issue.

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2023 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					Non-controlling Interest	Total Equity
	Number of Shares	Amount	Revaluation Reserve	Post-employment Benefits Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total		
	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 January 2024	782,777	1,071,392	1,144	(443)	5,225	(582,111)	495,207	4,297	499,504
(Loss)/Profit for the financial period	-	-	-	-	-	(75,611)	(75,611)	68	(75,543)
Other comprehensive income for the financial period	-	-	-	-	2,725	-	2,725	-	2,725
Total comprehensive income/(loss) for the financial period	-	-	-	-	2,725	(75,611)	(72,886)	68	(72,818)
At 30 June 2024	782,777	1,071,392	1,144	(443)	7,950	(657,722)	422,321	4,365	426,686

	Issued and fully paid ordinary shares		Non-distributable					Total Equity
	Number of Shares	Amount	Revaluation Reserve	Post-employment Benefits Reserve	Foreign Currency Translation Reserve	Accumulated Losses		
	'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 January 2023	782,777	1,071,392	1,144	(1,225)	4,497	(429,549)	646,259	
Loss for the financial period	-	-	-	-	-	(54,672)	(54,672)	
Other comprehensive income for the financial period	-	-	-	-	2,273	-	2,273	
Total comprehensive income/(loss) for the financial period	-	-	-	-	2,273	(54,672)	(52,399)	
Transfer of a subsidiary company's reserve	-	-	-	(9)	-	9	-	
At 30 June 2023	782,777	1,071,392	1,144	(1,234)	6,770	(484,212)	593,860	

The 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 2023 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 Months Ended 30.06.2024 RM'000	6 Months Ended 30.06.2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax for the financial period	(66,541)	(45,122)
Adjustments:		
- Depreciation of property, plant and equipment	46,465	52,570
- Depreciation of right-of-use assets	30,217	31,265
- Amortisation of intangible assets	1,326	1,326
- Amortisation of government grant	(459)	(462)
- Net fair value gain of other investments:		
Financial assets at fair value through profit or loss	(118)	(475)
- Finance costs	20,304	18,641
- Interest expense on lease liabilities	3,650	3,193
- (Gain)/Loss from derecognition of right-of-use assets	(119)	338
- Finance income	(783)	(1,303)
- Net unrealised foreign exchange differences	(2,044)	(42)
- Net gain on impairment of receivables	(3,405)	(4,842)
- Gain on disposal of property, plant and equipment	(186)	(1,180)
- Property, plant and equipment written off	336	55
- Net inventories written down	10	1
- Zakat	756	704
- Share of result of an equity-accounted associate, net of tax	(112)	(321)
- Others	18	38
Operating profit before changes in working capital	29,315	54,384
Changes in working capital:		
Change in trade and other receivables and prepayment	(39,104)	6,878
Change in trade and other payables	59,776	75,577
Cash generated from operations	49,987	136,839
Tax paid	(7,433)	(5,434)
Tax refund	36	-
Finance costs paid	(3,650)	(3,193)
Zakat paid	(852)	(628)
Defined benefits paid	-	(38)
Net cash from operating activities	38,088	127,546

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	6 Months Ended 30.06.2024 RM'000	6 Months Ended 30.06.2023 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	783	1,303
Acquisition of property, plant and equipment	(20,487)	(9,052)
Proceeds from disposal of property, plant and equipment	2,433	1,762
Net (placement)/proceeds from redemption of other investments	(4,000)	10,000
Increase in deposit pledged	(17)	(10)
Net cash (used in)/from investing activities	(21,288)	4,003
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown on borrowings	195,842	49,553
Finance costs paid	(20,304)	(18,641)
Repayment of borrowings	(218,957)	(145,922)
Repayment of hire purchase liabilities	(554)	(525)
Repayment of lease liabilities	(26,314)	(26,805)
Movement in restricted cash	16,793	(29,390)
Net cash used in financing activities	(53,494)	(171,730)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(36,694)	(40,181)
Effects of foreign currency translation	804	(3,269)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	159,788	168,973
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	123,898	125,523
Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:		
Cash and bank balances	109,920	121,995
Deposits placed with licensed banks	29,823	47,077
Cash attributable to assets classified as held for sale	7,138	816
Bank overdrafts	(869)	(900)
	146,012	168,988
Less: Collections on behalf of agency payables and money order payables**	(15,741)	(7,075)
Less: Deposits pledged	(565)	(548)
Less: Restricted cash	(5,808)	(35,842)
	123,898	125,523

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2023 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	113,719	1,059	208,628	276,500	17,911	617,817
Net changes from financing cash flows:						
Acquisition of new leases	22,805	-	-	-	-	22,805
Remeasurement of lease liabilities	5,776	-	-	-	-	5,776
Termination of leases	(1,643)	-	-	-	-	(1,643)
Drawdown	-	-	153,000	-	42,842	195,842
Repayment	(26,314)	(554)	(181,663)	(5,096)	(32,198)	(245,825)
Reclassified to liabilities held for sale	-	-	(27,927)	-	(10,638)	(38,565)
Effects of foreign currency translation	-	-	962	-	-	962
Total net changes from financing cash flows	624	(554)	(55,628)	(5,096)	6	(60,648)
At end of the financial period	114,343	505	153,000	271,404	17,917	557,169

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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 Malaysian Financial Reporting Standards (“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 annual audited financial statements of the Group for the financial year ended 31 December 2023 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 June 2024 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 its 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 the reporting date.

2. MATERIAL 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 2023 except for the adoption of the following new amendments which are applicable to the Group with effect from 1 January 2024:

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

The initial application of the above amendments is 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 June 2024.

5. CHANGES IN ESTIMATES

There was no material change in the estimate of amount reported in prior financial period that has a material effect on 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 June 2024.

7. DIVIDENDS PAID

There was no dividend paid for the current financial period ended 30 June 2024.

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 attend to different 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.
Aviation	Includes cargo and ground handling, in-flight catering, freight and forwarding and air cargo transport.
Logistics	Includes haulage services, freight and forwarding, shipping agency and chartering services, warehousing and distribution services.

8. SEGMENTAL INFORMATION (CONTINUED)

Others 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 dinars 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 are shown below. Performance is measured based on segment results. Segment results are used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within those 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 June 2024 are as follows:

Financial period ended 30 June 2024	Postal RM'000	Aviation RM'000	Logistics RM'000	Others RM'000	Elimination RM'000	Group RM'000
Total external revenue	533,330	179,754	132,047	90,265	-	935,396
Intersegment revenue	4,509	155	627	9,738	(15,029)	-
Total revenue for reportable segments	537,839	179,909	132,674	100,003	(15,029)	935,396
Reportable segment results	(86,743)	8,190	(8,705)	21,931	-	(65,327)
Share of result of an associated company (net of tax)	-	-	-	112	-	112
Amortisation of intangible assets	-	(1,326)	-	-	-	(1,326)
Reportable segment results before taxation	(86,743)	6,864	(8,705)	22,043	-	(66,541)
Taxation	(496)	(2,222)	(41)	(6,243)	-	(9,002)
Reportable segment results after taxation	(87,239)	4,642	(8,746)	15,800	-	(75,543)
Attributable to:						
Owners of the Company						(75,611)
Non-controlling interest						68
						(75,543)

9. PROPERTY, PLANT AND EQUIPMENT

There is no revaluation of property, plant and equipment from the previous annual audited 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 30 June 2024.

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 annual audited financial statements.

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13. LOSS BEFORE TAXATION

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

	Financial Quarter 3 Months Ended		Financial Period 6 Months Ended	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Amortisation of intangible assets	663	663	1,326	1,326
Amortisation of government grant	(229)	(225)	(459)	(462)
Depreciation of property, plant and equipment	21,573	25,200	46,465	52,570
Depreciation of right-of-use assets	14,130	15,864	30,217	31,265
Net fair value gain of investment securities: Financial assets at fair value through profit or loss	(54)	(206)	(118)	(475)
Net gain on impairment of receivables	(2,216)	(6,023)	(3,405)	(4,842)
Finance costs	10,224	9,376	20,304	18,641
Interest expense on lease liabilities	1,648	1,530	3,650	3,193
Property, plant and equipment written off	35	30	336	55
Gain on disposal of property, plant and equipment	(419)	(1,180)	(186)	(1,180)
(Gain)/Loss on derecognition of right-of-use assets	(119)	238	(119)	338
Net inventories written (back)/down	(31)	8	10	1
Finance income of financial assets calculated using the effective interest method that are at amortised cost	(329)	(635)	(783)	(1,303)
Net realised foreign exchange loss	705	1,225	3,465	2,371
Net unrealised foreign exchange loss/(gain)	560	2,079	(2,044)	(42)
Defined benefits obligation	9	22	18	38

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14. REVIEW OF GROUP PERFORMANCE

14.1 Group performance for the quarter ended 30 June 2024

The Group recorded a revenue of RM443.4 million and loss before tax of RM51.2 million for the current quarter ended 30 June 2024.

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

	Revenue 3 Months Ended		(Loss)/Profit Before Tax 3 Months Ended	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Postal	241,357	268,989	(62,609)	(39,410)
Aviation	88,033	73,063	3,317	3,367
Logistics	67,209	79,906	(2,996)	1,961
Others	46,830	43,239	11,129	13,269
Total	443,429	465,197	(51,159)	(20,813)

(i) Postal

The decrease of revenue in postal segment by 10% was recorded by the drop in bulk mail volume handled and lower international volume during the quarter.

Loss before tax was higher mainly from the lower revenue recorded compared to in Q2 FY2023.

(ii) Aviation

Aviation segment contributed higher revenue of RM88.0 million compared to RM73.1 million in Q2 FY2023. This is mainly attributable to the in-flight catering business with higher number of meals uplifted.

Despite of higher revenue, profit before tax was lower due to higher operating cost related to cargo handling business and e-commerce warehousing.

(iii) Logistics

Logistics segment registered lower revenue at RM67.2 million compared to RM79.9 million in Q2 FY2023. The decrease is mainly from automotive and freight management business due to the lower volume handled.

Loss before tax was mainly due to lower revenue from major customer while the operating costs remains fixed.

14. REVIEW OF GROUP PERFORMANCE (CONTINUED)

14.1 Group performance for the quarter ended 30 June 2024 (continued)

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

(iv) Others

Other segment continues to grow healthily with an increase in revenue primarily contributed from increase in sales of digital certificates.

Lower profit before tax mainly due to higher operating costs related to retail business due to increase of outlets during the period.

14.2 Group performance for the financial period ended 30 June 2024

The Group recorded a revenue of RM935.4 million and loss before tax of RM66.5 million for the financial period ended 30 June 2024.

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

	Revenue 6 Months Ended		(Loss)/Profit Before Tax 6 Months Ended	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Postal	533,330	548,603	(86,743)	(75,217)
Aviation	179,754	141,409	6,864	2,878
Logistics	132,047	169,417	(8,705)	2,248
Others	90,265	88,040	22,043	24,969
Total	935,396	947,469	(66,541)	(45,122)

(i) Postal

Decrease of revenue in postal segment by 3% primarily recorded by the drop in international business following the decrease in overall mail and international volume. In addition, major e-commerce players leveraged on their insourced delivery capabilities while local players pursue penetration strategies to capture higher market share in courier business.

The loss before tax increased consequent to the drop in revenue from volume handled during the period.

14. REVIEW OF GROUP PERFORMANCE (CONTINUED)

14.2 Group performance for the financial period ended 30 June 2024 (continued)

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

(ii) Aviation

Aviation segment contributed higher revenue to RM179.8 million mainly from higher in-flight catering and ground handling businesses. This is due to increased number of meals uplifted for commercial and umrah related flights. In addition, increased number of flights handled contributed positively to the ground handling revenue.

Profit before tax increased to RM6.9 million from higher revenue during the period.

(iii) Logistics

Logistics segment registered lower revenue at RM132.0 million compared to RM169.4 million in comparative period in 2023. The decrease is mainly arising from the drop in revenue from automotive and freight management businesses due to lower volume handled and mandatory dry docking of a vessel.

Loss before tax was mainly due to lower revenue generated during the period while the operating costs remains fixed.

(iv) Others

Others segment recorded higher revenue generated from sales of digital certificates due to increase of certificates issuance to new users.

Profit before tax decreased to RM22.0 million due to lower revenue of printing and insertion business factored by drop in mail volume from major customers.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded higher loss before tax of RM51.2 million in the current quarter ended 30 June 2024 compared to RM15.4 million in the preceding quarter ended 31 March 2024 due to lower revenue registered by RM48.5 million.

16. FUTURE PROSPECTS

The Group will continue to focus on executing its business transformation, and specifically accelerating implementation of the new value creators as well as addressing loss-making business units and/or products.

For the core Pos Malaysia business, this means leveraging its market-leading service levels and the opportunities that e-commerce parcel continues to present. For the retail segment this means doubling down on its newer value creators like Pos Shop, Pos Fulfil, Redly Express and creating an omnichannel customer experience.

For Logistics segment, the focus remains on expanding into new industry segments and expanding market share in the attractive automotive sector.

For Aviation segment where we continue to experience continuous year on year growth, driven by increased flights, rising demand for in-flight catering and cargo handling services, the focus will be on both domestic expansion and leveraging the recent joint venture with SIA Engineering Company Limited.

The Group continues to focus on improving its financial performance and remains cautiously optimistic of delivering an improved full year 2024 result.

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:

	Financial Quarter 3 Months Ended		Financial Period 6 Months Ended	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Current taxation	4,816	6,252	10,106	9,794
Deferred taxation	(377)	(57)	(1,104)	(244)
Total	4,439	6,195	9,002	9,550

For the financial period ended 30 June 2024, despite the Group recording losses, the current taxation charge arose from certain profit-making subsidiaries.

19. STATUS OF CORPORATE PROPOSALS

Save as disclosed below, there are no other corporate proposals as at the date of this report.

On 21 May 2024, Pos Logistics Berhad (“PLB”), an indirect wholly owned subsidiary of Pos Malaysia Berhad, entered into a Share Sale and Purchase Agreement (“SPA”), in relation to the disposal of 100% equity interest in PNSL Berhad (“PNSL”) to SWA Shipping Sdn. Bhd. (“SWA”), for an indicative total consideration of RM123.2 million (“Proposed Disposal of PNSL”).

On 19 August 2024, all the Conditions Precedent have been fulfilled and the SPA has become unconditional on even date (“Unconditional Date”). PLB and SWA had mutually agreed to amend the completion date from within 21 days from the Unconditional Date to within 111 days from the Unconditional Date for the parties to complete the proposed disposal.

20. GROUP LOANS AND BORROWINGS

Total Group loans and borrowings are as follows:

	Unaudited As At 30.06.2024 RM'000
Long-Term Borrowings	
<u>Secured:</u>	
Islamic term loans	153,000
Total	153,000
Short-Term Borrowings	
<u>Secured:</u>	
Bank overdrafts	869
Revolving credits	271,404
Hire purchase liabilities	505
Invoice financing	17,917
Total	290,695
Grand Total	443,695

The above borrowings are denominated in Ringgit Malaysia (“RM”). Included in liabilities classified as held for sale are the following RM equivalent of foreign currency borrowings.

Secured	Foreign Currency	Foreign '000	RM '000
Long-term Islamic term loans	USD	1,698	8,009
Short-term Islamic term loans	USD	4,222	19,918
Invoice financing	USD	856	4,039
Total		6,776	31,966

21. MATERIAL LITIGATIONS

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

22. DIVIDEND

No interim dividend has been declared for the financial period ended 30 June 2024.

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 quarter/period.

	Financial Quarter 3 Months Ended		Financial Period 6 Months Ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Net loss attributable to Owners of the Company (RM'000)	(55,922)	(27,008)	(75,611)	(54,672)
Number of ordinary shares in issue ('000)	782,777	782,777	782,777	782,777
Basic and diluted loss per share (sen)	(7.14)	(3.45)	(9.66)	(6.98)

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.

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 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
Financial assets										
Other investments	12,593	-	6,723	19,316	-	-	-	-	19,316	19,316
Derivative asset	-	-	1,626	1,626	-	-	-	-	1,626	1,626
Financial liabilities										
Islamic term loans*	-	-	-	-	-	-	175,243	175,243	175,243	180,927
Hire purchase liabilities	-	-	-	-	-	-	508	508	508	505

*including borrowings reclassified as liabilities held for sale with carrying amount of RM27,927,000

The carrying amounts of cash and bank balances, 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 30.06.2024 RM'000	As At 30.06.2023 RM'000
Property, plant and equipment		
Contracted but not provided for	14,230	4,471

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26. RELATED PARTIES TRANSACTIONS

	Financial Period 6 Months Ended	
	30.06.2024 RM'000	30.06.2023 RM'000
Immediate holding company:		
Sales of services	46	47
Related companies:		
Sales of services	55,939	82,111
Rental income	3	7
Purchase of services	(8,327)	(4,711)
Payment of lease liabilities	(4,859)	(7,730)
Associates:		
Sales of services	2,707	2,707
Transportation cost	(43,945)	(44,010)
Companies subject to common significant influence:		
Sales of services	25,735	20,332
Purchase of services	(8,415)	(6,086)
Rental expense	(64)	(168)

27. AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the Group's preceding annual audited financial statements was not subject to any qualification.

BY ORDER OF THE BOARD

SABARINA LAILA BINTI MOHD HASHIM
(LS 0004324) SSM PC No. 201908001661
COMPANY SECRETARY

Kuala Lumpur
21 August 2024