Rising to the Challenge

The theme ‘Delivering More, Connecting People’ reflects our ongoing commitment as the nation’s designated postal operator to deliver accessible and affordable services at all times as well as being the link that connects people from all walks of life across the country, and beyond.

As a well-loved brand with an unrivalled post office and delivery network that meets the needs of all Malaysians, we reach every single household in Malaysia, both urban and rural. We are present in everyone’s lives as part of the very fabric of society. Our services are used by young and old, individuals and businesses.

We offer services for the ‘traditional’ and the ‘connected’ generations, both offline and online. As the nation’s premier postal service provider, we deliver on our core promise of providing reliable service and sound performance whilst investing in new services that are vital to serving the needs of Malaysians in the digital world.

23rd Annual General Meeting of Pos Malaysia Berhad

Tuesday, 8 September 2015 at 9.00 a.m.

Mahkota Ballroom 2
BR Floor, Hotel Istana Kuala Lumpur
73, Jalan Raja Chulan
50200 Kuala Lumpur

Cover Rationale

The theme ‘Delivering More, Connecting People’ reflects our ongoing commitment as the nation’s designated postal operator to deliver accessible and affordable services at all times as well as being the link that connects people from all walks of life across the country, and beyond.

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We offer services for the ‘traditional’ and the ‘connected’ generations, both offline and online. As the nation’s premier postal service provider, we deliver on our core promise of providing reliable service and sound performance whilst investing in new services that are vital to serving the needs of Malaysians in the digital world.
### Facts at a GLANCE

#### 1. POS MEL
Pos Mel leverages on the strength of extensive physical delivery network to provide customers with conventional mail services and also customised solutions that are tailored to meet their increasingly discerning needs.

- **8.0 million**
  - Deliver to more than 8 million addresses

- **4.0 million**
  - Deliver up to 4 million postal articles on daily basis

- **8,000 postmen**
  - More than 8,000 postmen including Community Postmen and Community Postal Agents in Sabah and Sarawak

- **25 mail, 329 delivery**
  - A network of 25 mail processing centres and 329 delivery branches throughout the country

- **96,725**
  - Number of post office boxes (PO Boxes)

#### 2. POS LAJU
Pos Laju has the most extensive delivery network and number of touchpoints in Malaysia. It also had the largest courier fleet in the country. These vast network and assets provide convenience when it comes to last mile delivery, hence makes Pos Laju the national’s preferred courier service provider, connecting people and business in and beyond Malaysia.

- **264 counters**
  - 264 dedicated counters throughout Malaysia

- **6 outlets**
  - At LRT Stations

- **6,500 routes**
  - More than 6,500 delivery routes throughout Malaysia

- **68 centers**
  - 68 Pos Laju Centers (PPL) outlet throughout Malaysia

- **2,336 vehicles**

---
3. POS NIAGA
Pos Niaga has footprints and reach in the country unsurpassed by any other. With more than 1,000 touch points all over Malaysia, Pos Niaga continues to provide a wide range of retail products and services to our customer.

113 postal agents & 2,214 stamp vendors

702 post offices, 239 pos mini, 28 Pos-On-Wheels (PoW)

1,000 touch points throughout Malaysia

108 million processed over 108 million transactions annually

24 PAM Pos Automated Machine with 31 Post Offices with extended services beyond 7pm

4. POS MALAYSIA INTERNATIONAL
Pos Malaysia International (PMI) connecting Malaysia to the world by providing international postal services that include mail, small packets and parcels through its international hub and gateway in KLIA.

150 thousands FlexiPack International items delivered worldwide

1,500 tonnes e-commerce items handled and delivered worldwide

8 million kg international mails and parcels volume handled at Pos Malaysia International Hub

255 countries & territories Express Mail Services (EMS) delivery destinations worldwide
In January 2015, Pos Malaysia Berhad underwent a rebranding exercise, reflecting the efforts from our five-year transformation plan launched in 2012. The transformation has breathed new life into Pos Malaysia, marking our evolution into a modern, forward-thinking organisation that takes a customer-centric and innovative approach to its business.

The rebranding is more than just a new look. It unveiled a new identity for Pos Malaysia, one that is anchored by our new vision, Connecting Malaysia and Beyond – For Today and Tomorrow. The vision sets out our long-term goals as we strive to achieve sustainable growth.

Further reinforcing our transformation, we have also unveiled a new logo, refreshed our website to make it more customer-friendly and introduced new uniforms for the employees of our core businesses.
“Our new logo embodies our spirit as a modern, forward-thinking organisation, with our transformation translated through the lighting effect with the ‘O’ in POS. Our logo also illustrates how the company is always on the move.”

Our new logo embodies our spirit as a modern, forward-thinking organisation, with our transformation translated through the lighting effect with the ‘O’ in POS. Our logo also illustrates how the company is always on the move.

This is reinforced further by the ‘fast forward’ arrow within the ‘O’, which also highlights the brand’s progressive and innovative qualities and denotes Pos Malaysia’s digital engagement in the 21st century.

By and large, the visual of our new logo signifies Pos Malaysia’s activities in surging ahead towards new ground, offering all Malaysians dynamic services.

Building on over 200 years of experience in delivering Malaysia’s post, Pos Malaysia’s new brand will ensure we remain the country’s premier postal provider by continuing to adapt and respond to our customers’ changing needs.
VISION

Connecting Malaysia and beyond - for today and tomorrow

Connecting Malaysia -

We connect all the people and businesses of Malaysia, at work and at home, both off-line and on-line.

We are a part of the very fabric of Malaysian society, the glue that binds it together yet opens up new opportunities for the future.

And Beyond -

Malaysia is, and always will be, our home and our principle place of business.

However we also connect Malaysia, and all Malaysians, with the world outside – as much as within.

Our horizons are global, as are our opportunities, as we reach for an ever more exciting future.

For today and tomorrow -

We began life as a postal delivery service – connecting people and enterprises.

Postal services will always remain the keystone of our business but we continue to evolve alongside our customers and technology – innovating to stay relevant for the future, delivering convenient new products and services.

MISSION

Build and deliver the network of choice
VALUES

Empathy
We need to understand our customers and do more than just hear them. Our business then delivers what they need, and why they need it.

Decorum
We treat all others the way we would want to be treated ourselves with decency, dignity and respect.

Integrity
We act in everything we do in an open and honest manner, beyond reproach and with utmost sincerity.

Accountability
We hold ourselves, and expect to be held, accountable individually, and as a team, at all levels of the organisation, for our actions and decisions.

Innovation
We constantly search for new and better ways to satisfy our customers, willing to question and unafraid to try.
CONNECTING EVERYONE, EVERYWHERE

We process and deliver to addresses across the street, across all fourteen states and across the country daily as part of our universal service obligation, to provide basic mail services to the general public.
Mail in some rural areas in Sabah is still delivered by horseback due to the geographically remote and challenging terrain. Under the Postal Transformation Programme for Sabah and Sarawak initiated by Pos Malaysia and Malaysian Communications and Multimedia Commission, mail is now able to be delivered to 160,000 households in the rural areas of Sabah and Sarawak by 450 Posmen Komuniti and 600 Wakil Posmen Komuniti.
Pos Laju continues to strive for optimum productivity and efficiency to meet the evolving demands of our e-commerce and traditional commerce customers.
The Integrated Parcel Centre (IPC) is a state-of-the-art automated parcel sorting system facility we recently commissioned in Shah Alam. Automation allows up to 11,500 small packets and 7,200 large packets to be sorted per hour, compared to 95 packets done manually.
PROVIDING FRIENDLY SERVICE WITH UNCOMPROMISING PROFESSIONAL STANDARDS

With over 1,000 touchpoints throughout Malaysia, we provide customers with unrivalled access to the widest range of over-the-counter services. Apart from sending mail, parcels and courier items, customers are able to pay bills, road tax and renew their driving licences at post offices.
More than 3,500 dedicated frontliners serve your needs at post offices nationwide, including financial service officers specially trained to provide insurance and financial services' solutions.
CONNECTING PEOPLE BEYOND BOUNDARIES

Through our international hub and gateway in KLIA, we connect Malaysia to the global postal network providing the largest last-mile delivery coverage, supported by the postal operators of the Universal Postal Union.
Pos Malaysia International Hub, our international gateway, handles more than 8 million kg of international mail and parcel annually, equivalent to a quarter of the country’s total inbound and outbound volume.
Group
FINANCIAL HIGHLIGHTS

<table>
<thead>
<tr>
<th>Profitability</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
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<th>2010</th>
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<tr>
<td>Profit Before Tax (RM mil')</td>
<td>181.3</td>
<td>223.4</td>
<td>191.9</td>
<td>200.2*</td>
<td>99.1</td>
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<tr>
<td>Operating margin (%)</td>
<td>10.9</td>
<td>14.2</td>
<td>12.7</td>
<td>12.3</td>
<td>8.2</td>
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<td>EBITDA margin (%)</td>
<td>16.9</td>
<td>19.8</td>
<td>19.4</td>
<td>18.2</td>
<td>13.8</td>
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<tr>
<td>Return on Assets (%)</td>
<td>7.6</td>
<td>9.6</td>
<td>10.3</td>
<td>10.2^</td>
<td>6.3</td>
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<tr>
<td>Return on Equity (%)</td>
<td>14.5</td>
<td>15.4</td>
<td>16.0</td>
<td>12.4^</td>
<td>8.1</td>
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<table>
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<tr>
<th>Balance Sheet</th>
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</thead>
<tbody>
<tr>
<td>Total Assets (RM mil')</td>
<td>1,680.6</td>
<td>1,654.2</td>
<td>1,615.3</td>
<td>1,498.1</td>
<td>1,375.2</td>
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<tr>
<td>Total equity attributable to equity shareholders</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>of the company</td>
<td>1,122.9</td>
<td>1,033.9</td>
<td>947.7</td>
<td>898.1</td>
<td>828.6</td>
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<tr>
<td>Current Ratio (Times)</td>
<td>1.8</td>
<td>1.5</td>
<td>1.4</td>
<td>1.2</td>
<td>1.4</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Staff Information</th>
<th></th>
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<tbody>
<tr>
<td>No of staff (No)</td>
<td>18,377</td>
<td>17,507</td>
<td>16,245</td>
<td>15,877</td>
<td>15,618</td>
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<td>Staff cost to revenue (%)</td>
<td>52.5</td>
<td>50.5</td>
<td>53.7</td>
<td>52.7</td>
<td>55.1</td>
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<tr>
<td>Revenue per employee (RM’000)</td>
<td>81.3</td>
<td>81.5</td>
<td>78.1</td>
<td>74.7^</td>
<td>65.0</td>
</tr>
</tbody>
</table>

* Annualised figures
* 15-month performance
Revenue Contribution

Mail Business

Revenue

32.1%

Courier Business

Revenue

49.6%

Pos Malaysia Berhad
Annual Report 2015

018

Business HIGHLIGHTS

Revenue

/$',m 741.7m

Revenue Contribution

14.7%

Retail Business

Revenue

480.2m

Revenue

219.9m

POS

MALAYSIA
Share Price PERFORMANCE

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<tbody>
<tr>
<td>Total monthly volume ('000)</td>
<td>65,694</td>
<td>103,269</td>
<td>157,781</td>
<td>147,137</td>
<td>139,256</td>
<td>79,760</td>
<td>112,323</td>
<td>62,440</td>
<td>64,495</td>
<td>36,269</td>
<td>75,367</td>
<td>263,116</td>
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<tr>
<td>Monthly High (RM)</td>
<td>4.79</td>
<td>4.96</td>
<td>5.35</td>
<td>5.46</td>
<td>5.27</td>
<td>4.98</td>
<td>5.05</td>
<td>5.09</td>
<td>4.93</td>
<td>4.70</td>
<td>4.95</td>
<td>5.29</td>
</tr>
<tr>
<td>Monthly Low (RM)</td>
<td>4.50</td>
<td>4.34</td>
<td>4.93</td>
<td>5.12</td>
<td>4.85</td>
<td>4.67</td>
<td>4.60</td>
<td>4.88</td>
<td>4.10</td>
<td>4.39</td>
<td>4.53</td>
<td>4.89</td>
</tr>
<tr>
<td>Month End Closing</td>
<td>4.50</td>
<td>4.96</td>
<td>5.35</td>
<td>5.25</td>
<td>4.85</td>
<td>4.72</td>
<td>5.05</td>
<td>4.90</td>
<td>4.64</td>
<td>4.70</td>
<td>4.82</td>
<td>5.29</td>
</tr>
</tbody>
</table>
Dear Shareholders,

I am pleased to present Pos Malaysia Berhad’s (“Pos Malaysia”) Annual Report for the financial year ended 31 March 2015 (“FY2015”).

CONTINUED ECONOMIC GROWTH

Malaysia’s economic fundamentals remained intact throughout the year, with private sector spending and domestic demand driving GDP growth to 6%, the largest expansion recorded since 2010. This was achieved despite uneven growth in the rest of the global economy, as signs of a recovery in the US were offset by subdued economic activity in the Eurozone and Japan, as well as the slower pace of economic growth in China.

The strong growth in Malaysia reflected prudent measures undertaken by the Government and Bank Negara Malaysia to protect the integrity of the economy. Confronted with a challenging year due to a reversal in commodity prices and a decline in the value of the Ringgit against major trading currencies, the Government and Bank Negara Malaysia continued to strengthen the country’s economic fundamentals and the fiscal position to maintain stable growth.

In addition, stable market conditions and continued wage growth, contributed by the Government’s efforts to transform Malaysia into a high-income economy, supported stronger private consumption growth in 2014. This augured well for Pos Malaysia’s products and services, allowing our revenue to grow during the year.

revenue grew by 4.7% to rm1.49 billion for FY2015
Pos Malaysia continued to strengthen its core operations and diversify income streams in FY2015, in line with our five-year transformation plan launched in 2012. The transformation has enabled the Company to mitigate the effects of declining mail volumes resulting from the rapid growth of electronic communications and capitalise on new growth areas arising from global trends.

While the shifting postal industry landscape suggests that we will not be able to stem the ebbing tide in the traditional mail segment, we remain optimistic on new opportunities to help our customers connect with one another. At the same time, we have taken measures to broaden our offerings that make it more convenient for the public to conduct a wide range of transactions.

As a result, the Group generated higher revenue of RM1.49 billion in FY2015 against RM1.43 billion in the previous corresponding period. This was driven by the strong growth in the Courier, Express and Parcel ("CEP") business segment, catalysed by rapidly increasing e-commerce activities, and higher contributions from the sale of insurance products through our post office network.
With our expectations anchored on further growth in the CEP business, during the year, we expanded the division’s workforce to ensure we continue to meet capacity demands. This accounted for a large part of an 8.7% increase in Pos Malaysia’s operating expenses in FY2015 and coupled with margin compression in our traditional mail business, resulted in a lower Profit After Tax ("PAT") of RM127 million in FY2015 compared with RM158 million in FY2014.

HIGHER PROPOSED DIVIDEND PAYOUT RATIO

The Board of Directors of Pos Malaysia recommends a first and final single tier dividend of 13.1 sen per ordinary share in respect of the financial year ended 31 March 2015, subject to shareholders’ approval at the forthcoming Annual General Meeting, in line with the Group’s policy of providing our investors with sustainable returns.

The first and final single tier dividend of 13.1 sen per ordinary share amounts to a total dividend payout of RM71 million, representing approximately 55% of Pos Malaysia’s consolidated PAT for FY2015, compared to a payout ratio of 45% for FY2014.

NEW CORPORATE IDENTITY

During the year, we launched our new corporate identity which highlights Pos Malaysia’s position as a modern, customer-centric and innovative organisation, reflecting the efforts of our transformation thus far.

This has seen us re-engineer our long-term proposition to enhance our relevance and competitive edge to our customers by offering not only traditional mail solutions, but also products and services that cater to the public’s changing needs as they move more of their activities online. The new image also projects a cohesive and integrated identity across our different business segments as we strive for service excellence.

These efforts have been encapsulated in our new vision launched in conjunction with our new corporate identity: Connecting Malaysia and Beyond – For Today and Tomorrow, underlining our focus on connecting our country with the rest of the world and strengthening Pos Malaysia’s long-term sustainability.
In addition, it is crucial that employees maintain a high level of decorum and discipline in carrying out their duties in connecting people. Friendly and excellent customer service along with uncompromising professional standards all serve to entrench our relevance in the lives of our customers.

In tandem with our new look, we have started to refurbish our post offices and bring a number of products and services under one roof. Our customers will also benefit from the expansion of our online presence and a more diverse array of solutions to match their increasingly discerning needs.

AWARDS AND ACCOLADES

Our efforts during the year continued to earn the Group recognition both at home and on the global stage. Chief among these was the award for Brand of the Year 2015 in the Postal Services category at the World Branding Forum (“WBF”) in March 2015, making Pos Malaysia the world’s first postal company to receive such a recognition from the WBF.

Directly reflecting customer confidence and trust in its services and offerings, Pos Laju continues to be recognised and honoured with numerous prestigious awards. During the year, Pos Laju was presented with The Reader’s Digest Trusted Brands Gold Award in the Airfreight/Courier Service for the 10th consecutive year; the Frost & Sullivan Malaysia Excellence Award for Domestic Express Service Provider of the Year for the seventh straight year; and Superbrands.

CORPORATE RESPONSIBILITY

With our history dating back over 200 years, Pos Malaysia is fully aware of its duty as a responsible corporate citizen in carrying out its business activities. We recognise that our services are vital to society hence strive to operate in accordance with the strictest standards of corporate governance. This is translated into a robust regime of transparency, integrity and accountability in our dealings with all our stakeholders.

While the Group has evolved greatly over the years, mail delivery remains at the heart of our identity. In this regard, we take much pride in the responsibility we owe to each and every customer – a responsibility that we will continue to shoulder, rain or shine. We know that as postmen, our job transcends the humble role of delivering letters. We enable the public to stay connected in
“We also remain cognisant that good conduct is the bedrock of a sustainable business and are committed to exercising uncompromising ethics throughout our operations.”

a way that modern mediums cannot fully replace, forging and binding relationships both personal and commercial. With this in mind, we remain committed to continuously provide new and improved product and services which serve all levels of society and deliver value for all our stakeholders.

We also continue to leverage on our nationwide network of post offices, especially those located in rural areas, to provide not only a wide range of essential services but also as a platform to bridge the accessibility gap between the rural and urban population. In this respect, we continue to work with Bank Negara Malaysia and selected financial institutions to enhance the level of financial inclusion in the rural areas by offering basic banking services and affordable insurance products at our post offices. In addition, we are also working with our regulator, the Malaysian Communications and Multimedia Commission, to use these post offices to bring reliable broadband access into selected rural communities. It is envisaged that these facilities would enable rural communities to gradually enhance their quality of life to the level currently enjoyed by urban communities.

OUTLOOK REMAINS STABLE

Notwithstanding headwinds faced by our core business, we are optimistic on Pos Malaysia’s growth prospects going forward, driven by our continuing transformation efforts. Our positive outlook is also underpinned by expectations of steady growth in the Malaysian economy, which the Government has forecast to expand between 4.5-5.5% in 2015. While this is lower than its initial projection of between 5.0-6.0%, and although the

Proposed dividend of 13.1 sen per ordinary share
On behalf of the Board and Pos Malaysia Group, I would like to express our appreciation to our regulators, namely the Ministry of Communications and Multimedia, as well as the Malaysian Communications and Multimedia Commission, Bank Negara Malaysia and all other governmental bodies and agencies for their guidance, advice and support.

In particular, I would like to extend my sincere gratitude to YB Datuk Seri Ahmad Shabery Cheek, the former Minister of Communications and Multimedia and YB Datuk Jailani Johari, Deputy Minister, for their guidance and continuous support. I would also like to welcome YB Senator Datuk Seri Panglima Dr Mohd Salleh bin Tun Said Keruak, the new Minister of Communications and Multimedia, and look forward to working with him as we continue to serve the general public. Most of all, we would like to extend our heartfelt thanks to the rakyat for their unfailing support for Pos Malaysia, its products and services.

Finally, I would like to extend our thanks to our valued shareholders, customers and supporters for their unwavering patronage and belief in Pos Malaysia. I am confident that the Group will continue to deliver value over the long-term and look forward to sharing the fruits of our labour with you for years to come.

Brigadier General (K) Tan Sri Dato’ Sri Haji Mohd Khamil bin Jamil
Chairman
Dear Shareholders,

The continual decline in mail volume is driving postal organisations all over the world to reinvent themselves in order to stay relevant. The erosion of a previously steady revenue stream has meant that the company has had to find new solutions to match changing lifestyles. Our success will depend on how well we execute our strategies in meeting the demands of a digitally enabled society with needs and wants that are constantly evolving.

Azlan Shahrim
Covering Group Chief Executive Officer
This era of global Internet connectivity presents substantial challenges for global postal organisations but at the same time, also provides untapped opportunities. Innovations in the field of information and communications technology have enabled the development of technological solutions for the collection and distribution of postal items with a higher degree of efficiency and expediency.

The proliferation of online and mobile platforms has also driven tremendous growth in e-commerce and in turn, the growth of entire logistics value chains that facilitate the transmission of goods from merchants to end-users. Our courier, express and parcel ("CEP") business benefits from this growth and we aim to grow this business segment further by maximising the efficiency of our CEP infrastructure, capturing additional market share and generating new revenue streams via the introduction of new products and services.

FINANCIAL PERFORMANCE

Our revenue increased by 4.7% year-on-year to RM1.49 billion for FY2015, mainly driven by rapid expansion in the CEP business segment resulting from the robust growth of e-commerce activities, offset by lower revenues from the mail business. High broadband penetration, and growing familiarity and increasing acceptance of online and mobile transactions have been strong catalysts for e-commerce growth. To meet the current and future growth envisaged in the CEP business and to maintain mandated delivery standards, we had expanded our workforce, which was a key driver to the 8.7% increase in operating expenses, which grew to RM1.33 billion. The profit margin compression, brought about by operating costs that grew faster than revenue, resulted in a 19.4% lower profit after tax ("PAT") of RM127 million in FY2015.

To contain the rise in operating expenses, we will leverage on the expanded handling capacity to capitalise on new growth opportunities while adopting a more disciplined approach towards managing workforce size going forward. At the same time, we will continue to improve the efficiency of our existing postal infrastructure and utilise technological platforms to broaden our market offerings to meet the changing needs of the digital age.
While cost management is a key focus area, cost-cutting alone will be insufficient to secure a successful future for the company. Building a sustainable business will require identifying and developing new markets and services, to generate new revenue streams that will ensure the Group’s long-term commercial viability.

“We also successfully conducted 888 training programmes for our employees. At the same time, more than 200 of our managers underwent a maiden talent assessment exercise to identify their strengths and areas for further development.”

MAIL BUSINESS

Pos Mel, our mail business division, offers products and services that include basic mail services and customised solutions such as mailroom management and direct mail. The mail business hubs at the national automated mail sorting facility in Shah Alam, and branches out to 24 other Mail Processing Centres, 329 delivery branches and an international gateway at the Kuala Lumpur International Airport. Completing this delivery chain are more than 5,000 postmen who deliver to about eight million addresses throughout the country daily in urban, sub-urban and rural areas.

Revenue from Pos Mel declined 4.7% year-on-year to RM742 million due to lower mail volumes from the ordinary mail and prepaid mail segments. As a result, Pos Mel’s share of total Group revenue narrowed to 49.6% for FY2015 as compared to 54.5% for FY2014 and reportable segment results, or operating profits, decreased 33% to RM78 million for FY2015. Although our mail business’ contribution has moderated in the face of declining volumes, it still contributed close to half of the Group’s revenues for FY2015.
In an effort to mitigate declining mail volumes, Pos Mel leveraged on the strength of its physical delivery network to provide customers with services and customised solutions that meet their increasingly discerning needs. The growth in e-commerce has also presented Pos Mel with opportunities to provide non-premium mail products to cater to the small packets segment for customers whose delivery requirements are less time-sensitive. To cater to this market, we recently launched FlexiPack, a standard-sized packaging for items weighing below 2 kg with tracking features. FlexiPack has been well-received by the public as it offers cost savings for customers and the convenience of prepaid small packet sizes suitable for e-commerce.

We also intensified efforts to develop our direct mail business, to enable our customers’ advertisements to reach their targeted audience. These physical advertisements, though slower to get one’s attention at first exposure compared to online advertisements, leave a longer lasting impact for easy recall when making a purchase decision. There is certainly potential for direct mail to be a complementary medium to digital advertising that can provide a powerful way for marketers to optimise their media mix.

In line with our efforts to expand our postal network, we planted our 3,110th posting box at Laban Rata, Mount Kinabalu in February 2015. The new posting box is 3,289 metres above sea level and is the highest altitude posting box in the country, earning Pos Malaysia an entry in the Malaysia Book of Records. The initiative is supported by our regulator, the Malaysian Communications and Multimedia Commission (MCMC), for promoting both postal services and tourism. Tourists who climb Mount Kinabalu would be able to post specially postmarked postcards to commemorate their achievement.

The Postal Transformation Programme for Sabah and Sarawak, initiated by MCMC and Pos Malaysia in 2011, completed its second phase in 2014. This programme continues today, where a total of 450 Community Postmen and 600 Community Postal Agents in Sabah and Sarawak handle mail for their respective communities fostering integration of postal links between Peninsula Malaysia and East Malaysia.

In addition to the extension of our physical postal infrastructure, the expansion of the “Address For All” initiative has given complete addresses to many households in the rural areas of Selangor, Pahang, Negeri Sembilan, Terengganu and Sarawak. Each premise with its complete address (containing structured premise number, specific village name, postcode and town) is registered in our “Address Information System” database and its coordinates obtained using the “Global Positioning System” and digitally mapped. This initiative will allow households to access basic essential services such as banking and healthcare, which require legal addresses for registration and record-keeping purposes.
As a leading player in the hybrid mail industry, Datapos Sdn Bhd ("Datapos"), a subsidiary of Pos Malaysia, recorded an increase in mail volume to 94 million in FY2015 from 90 million in FY2014 despite in the overall mail volume decline. This is partially attributed to the robust volume growth in FY2015 arising from the e-Presentment services provided to the Employees Provident Fund. Through the e-Presentment services, Datapos sends emails with attachments of statements, notices and other types of correspondence on behalf of its clients to their account holders and/or customers. Any undelivered e-mails are converted into physical mail and sent to the prescribed street addresses.

Our international deliveries also registered growth due to demand for our international small packet products, offsetting revenue declines in our international letter segment. The small packet portfolio, which includes our FlexiPack International product, is expected to continue recording steady growth in line with trends in e-commerce.

**COURIER, EXPRESS AND PARCEL BUSINESS**

Our CEP business has emerged as an important engine of growth in tandem with the increase in e-commerce transactions, which rely on CEP solutions for the delivery of goods and merchandise sold online. As a result, our courier business registered a higher revenue of RM480 million for FY2015, a growth of about 22.3%.

We continued to leverage on our extensive courier network infrastructure to meet the delivery demands of our customers. In addition to our network of 68 standalone Pos Laju centres and with counters at our 702 post offices, we have also established our presence at 154 authorised agents throughout the country. For greater customer convenience, we will also introduce parcel lockers which will allow customers to self-collect and drop items at automated lockers at strategic locations. Furthermore, as part of our continuous efforts to extend our reach and services to our valued customers, Pos Laju has also provided ad-hoc kiosks to serve the large influx of customers during peak hours.
In addition to the expansion of our physical courier infrastructure, we have also extended the business hours at major Pos Laju branches to cater to the higher volume as well as to provide additional convenience for our customers. Furthermore, we have commenced operating on the first Saturday of each month as well as on public holidays to further differentiate ourselves from the competition.

We also have taken additional measures to increase public awareness of our pick-up services as well as our Go2U trucks as we believe that the increased customer convenience will enable Pos Laju to extend its leadership position in the domestic courier services market. Our pick up service allows for our customers, via a phone call, to have Pos Laju pick up customers’ packages at their convenience for a nominal per-trip fee whereas our Go2U trucks enable customers to send packages from our Go2U trucks that frequent high foot fall areas. Based on customer feedback, public awareness of these services can be further enhanced, and as such we are confident that a higher awareness of these services will enable Pos Laju to expand its market share going forward.

Pos Laju endeavours to strengthen its domestic market positioning in the courier industry and continue serving as the preferred courier service provider. This will be achieved by investing in more fuel efficient vehicles, mobile scanners and technology to improve efficiency. We will also focus on resource optimisation to improve efficiency and to promote synergy within the various business divisions in Pos Malaysia. Our Integrated Parcel Centre (“IPC”), a fully automated parcel sorting system facility in Shah Alam, is expected to improve the productivity and process efficiency.

“For greater customer convenience, we will also introduce parcel lockers which will allow customers to self-collect and drop items at automated lockers at strategic locations.”
As part of our efforts to provide mobile-based digital solutions that suit the evolving requirements and needs of our customers, Pos Laju is working to launch the E-Pos Laju mobile application in view of the increased penetration of smart mobile devices in Malaysia. This mobile application will allow customers to digitally order, send and track courier items through their smart mobile devices and thus allow for real-time tracking of their courier items on the go.

In November 2014, Pos Malaysia launched EZiPoz, providing reverse logistics services to complement e-commerce transactions. Aimed at capturing a larger market share of the international parcel business generated from e-commerce activities, EZiPoz provides online shoppers in Malaysia with a street address in the United States of America (USA), allowing our customers to buy products from retailers in the USA that do not ship outside the country. This new service also provides shipping and warehousing solutions for customers who purchase merchandise online in the USA.

RETAIL BUSINESS

As part of the Group’s efforts to diversify its range of businesses and provide convenience to our customers in performing daily transactions, Pos Malaysia’s retail arm, Pos Niaga, has more than 1,000 touch points throughout Malaysia for such transactions. The business currently provides the widest range of over-the-counter transactional services in Malaysia including driving licence and road tax renewals, purchase of motor vehicle and personal insurance, shared banking services, dealing of national unit trust products, bill payments and international funds remittances, in addition to the typical postal and parcel services.

Pos Niaga’s network as at 31 March 2015

- Post Offices: 702
- Pos Mini: 239
- Postal Agents: 113
- Stamp Vendors: 2,261
- Pos-on-Wheels (PoW): 28
- Drive-Through Counters: 12
- Post Offices at shopping complex: 74
- Post Offices with extended services beyond 7pm: 31
- Post Offices which open on weekends: 26
- Pos Automated Machine (POS24): 24
- Post Offices With Ar-Rahnu Services: 75
During the year, Pos Niaga processed over 108 million transactions, increasingly those involving postal financial transactions, especially financial services and the sale of insurance products. As a result of the higher contribution from financial services and insurance, and also due to the recognition of expired postal orders amounting to RM27 million, Pos Niaga’s revenue increased by 19.6% to RM220 million in FY2015, accounting for 14.7% of total Group revenue (prior to intersegment eliminations). This allowed Pos Niaga to narrow its operating loss to RM29 million in FY2015 from an operating loss of RM39 million for FY2014. Excluding this recognition of expired postal orders, Pos Niaga registered a revenue growth of 4.6%, mainly driven by the financial services and insurance business.

As part of our initiatives to provide a wider range of Pos Malaysia branded financial services via our nationwide network of post outlets, we launched additional PosAssurance coverage through our PosHayat insurance product, offering dengue-specific coverage plans in October 2014. We are hopeful that the Pos Malaysia branded insurance products will bolster revenues going forward.

Pos Niaga continued to introduce higher margin over-the-counter transactions to increase its contribution to Group revenue. In May 2014, Pos Niaga started offering the renewal of the Road Transport Department’s new high-security driver’s license with secure hologram. Other services added during the year include Bank Muamalat being made an additional payment channel for Pos Online, our online portal for bill payments. Pos Niaga also made available pre-paid reload services for telecommunications provider, Altel, during the year.

Additionally, in November 2014, we partnered with Amanah Raya Berhad to introduce its Estate Administration Referral Programme at all post offices in Peninsular Malaysia. This initiative allows customers to utilise our outlets as a platform to obtain and submit their application forms, helping the public to take the first step towards estate administration in a convenient way.

Another highlight for Pos Niaga during the year was the issuance of a special miniature stamp sheet commemorating the Giant Panda International Conservation Cooperation Project that coincided with the arrival of two giant pandas from China aimed at promoting panda conservation and bilateral relations between the two countries.

We had also jointly organised the Kuala Lumpur World Youth Stamp Exhibition from 1-6 December 2014, together with the Ministry of Communications and Multimedia Malaysia, MCMC and the Philatelic Society of Malaysia with the patronage from the Federation Internationale de Philatelie and Federation of Inter-Asian Philately. Over two million stamps and philatelic items were exhibited and offered for sale during the event, with a display of rare stamps from around the world. A stamp collection competition was also held, attracting some 300 participants from 34 countries who submitted their stamps to compete on various themes.
Going forward, it is vital for Pos Malaysia to focus on diversifying its products and services in line with changing customer demands and meeting customer expectations in terms of service quality and customer convenience.

CREATING A HIGH-PERFORMANCE ORGANISATION

We also focused on nurturing our people’s commitment to connect Malaysia and beyond, as stated in our new vision. We established a new corporate identity to culturally transform the 200-year old organisation with 18,000 employees to a more dynamic, technology-savvy and customer-centric business entity.

Accordingly, we undertook several initiatives to inculcate a greater sense of belonging and pride in our organisation. These included the introduction of quarterly induction programmes to welcome new hires, providing a structured on-boarding programme to acclimatise new employees to our organisation and culture. We will also inculcate a culture of excellence from the start of our employees’ tenure with us, helping new hires to fit in faster and minimise operational gaps.

As part of our measures to nurture high performance across the various strata within our workforce, we have also introduced key performance indicators to more than 17,000 non-executives. To support this, focus groups and roadshows were held around the country to ensure clear understanding of the new performance measurement practise and techniques. This is vital in ensuring each employee understands how their individual contributions are linked to the Company’s performance, thus creating a dedicated and united workforce working side-by-side in achieving excellence.

During the year, we also refurbished our Institut Latihan Pos in Bangi to modernise our training infrastructure. We also successfully conducted 888 training programmes for our employees. At the same time, more than 200 of our managers underwent a maiden talent assessment exercise to identify their strengths and areas for further development. We also held postmen conventions, which saw the participation of 2,845 postmen from around the country to share knowledge, generate new improvement ideas and network with peers.

“Going forward, it is vital for Pos Malaysia to focus on diversifying its products and services in line with changing customer demands and meeting customer expectations in terms of service quality and customer convenience.”
CONNECTING MALAYSIA AND BEYOND – FOR TODAY AND TOMORROW

Going forward, it is vital for Pos Malaysia to focus on diversifying its products and services in line with changing customer demands and meeting customer expectations in service quality and customer convenience. At the same time, we leverage on technology to maximise the returns on the Group’s assets and operations. We also will continue to be disciplined in managing our operating expenses, especially in managing the size and efficiency of our workforce. This is important for us to remain relevant in the face of challenging developments in the postal landscape.

I would like to acknowledge the hard work and dedication of our postmen who journey near and far to deliver our mail and the perseverance of our customer-facing staff who facilitate the 100 million plus over-the-counter transactions across our nationwide network of over 1,000 touchpoints. It is only with the collaborative efforts and support of all stakeholders that Pos Malaysia will be able to continue with its mission to connect Malaysia and beyond, today and tomorrow.

I would also like to take this opportunity to thank our Board of Directors and our regulators for their guidance in our operations, our shareholders for their valued support and the rest of the Pos Malaysia community for propelling the organisation towards achieving its vision.

Azlan Shahrim
Covering Group Chief Executive Officer
Pos Malaysia was named Brand of the Year 2015 in the Postal Services category by the World Branding Forum (WBF) at an award ceremony held at the Hilton Opera Paris Hotel, Paris on March 24th. With the win, Pos Malaysia became the first postal company in the world to receive such recognition from WBF.

POS MALAYSIA BECAME THE FIRST POSTAL COMPANY IN THE WORLD TO RECEIVE SUCH RECOGNITION FROM WBF.
WORLD BLOGGERS AND SOCIAL MEDIA AWARD

Pos Malaysia was named as the Winner of Social Media Excellence Award under the Logistics & Services category at the 2015 World Bloggers and Social Media Awards.

POS LAJU FROST & SULLIVAN EXCELLENCE AWARD

Pos Laju has once again clinched the 2015 Frost & Sullivan Malaysia Excellence Awards for Domestic Express Service Provider of the Year. This is Pos Laju’s 7th year winning the prestigious award which recognises Pos Laju’s outstanding performance as the leading domestic courier company in Malaysia.

POS LAJU READER’S DIGEST AWARD

Pos Laju has won the ultimate seal of consumer approval when it was declared, yet again, as the winner for Reader’s Digest Trusted Brand Gold Award 2015 in the Airfreight/Courier Service category in Malaysia, for the 10th consecutive year.

DIGICERT WEBTRUST CERT

Digicert has been awarded with the Certificate of Achievement from Malaysian Communication and Multimedia Commission (MCMC) for successfully attained the Webtrust Certification for Certification Authority.
Minggu Saham Amanah Malaysia (MSAM) 2014
Pos Malaysia participated in the annual Minggu Saham Amanah Malaysia (MSAM), organised by Permodalan Nasional Berhad from 20 to 28 April 2014 in Kota Bharu, Kelantan. The exhibition involved all business clusters of Pos Malaysia namely the Pos Malaysia International, Pos Mel (mailing services), Pos Niaga (retail & counter services) and Pos Laju (courier services).

Pos Malaysia Issues Special Commemorative Cover in Conjunction With President Barack Obama’s Visit To Malaysia
Pos Malaysia issued a special commemorative cover in conjunction with President Barack Obama’s visit to Malaysia. He is the second President of the United States of America to visit Malaysia since President Lyndon Johnson’s visit in 1966. The stamp was sold to the public on 28 April 2015.

The 40th Anniversary of Diplomatic Ties Between Malaysia and China
The 40th anniversary of warm diplomatic ties between Malaysia and China was celebrated by Pos Malaysia through the release of a special commemorative cover with stamps and folder on 2 June 2015. In commemorating the milestone, both the governments of Malaysia and China have designated 2014 as “Year of Friendly Exchanges”.

Pos Malaysia & PT Pos Indonesia Launch Strategic Collaboration
Pos Malaysia Berhad and PT Pos Indonesia launched a strategic collaboration for the International Express Money Order Service (IEMO) to expand collaboration in the area of money transfer between Malaysia and Indonesia. The collaboration aims to enhance joint efforts to promote the express money transfer service as a trusted, efficient and convenient network for the Malaysian and Indonesian communities in the respective countries.
1 JULY 2014

1Malaysia Letter Writing Competition
1Malaysia Letter Writing Competition once again was organised from 1 July 2014-31 August 2014, marking its fifth consecutive year. It was jointly organised by Pos Malaysia Berhad and the Malaysian Communications and Multimedia Commission (MCMC) in collaboration with the Ministry of Communication and Multimedia Malaysia and the Ministry of Education Malaysia. The competition aims at encouraging critical and creative thinking amongst Malaysians.

12 AUGUST 2014

National Tax Conference 2014
Pos Malaysia once again supported and participated at the National Tax Conference as one of the Gold sponsors. The conference was held at Kuala Lumpur Convention Centre from 12 to 13 August 2014.

30 AUGUST 2015

Pos Malaysia’s 57th Merdeka Day Stamp Collection
Pos Malaysia issued a special stamp and philatelic products collection to commemorate the 57th Merdeka Day. Stamps are invaluable reflection of a country’s history and it inspired patriotism especially to the younger generation.

4 SEPTEMBER 2014

22nd Pos Malaysia Annual General Meeting
The 22nd Annual General Meeting for Pos Malaysia Berhad was held at the Hotel Istana Kuala Lumpur.

31 AUGUST 2014

57th Merdeka Celebration
As part of its patriotic spirit, Pos Malaysia continued to participate in the 57th Merdeka Celebration in 2014 at the Dataran Merdeka, Kuala Lumpur as well as at the Ambang Merdeka event at Putrajaya.
**11 NOVEMBER 2014**

**Pos Malaysia and Gibraltar BSN Launched Dengue Awareness Programme & Pos Hayat**

Pos Malaysia and Gibraltar BSN Life Berhad launched a Dengue Awareness Programme at the Prince Court Medical Centre. The programme aims to create public awareness to the dangers of dengue fever. In conjunction with the event, Gibraltar BSN and Pos Malaysia also jointly introduced Pos Hayat, an insurance protection cover with dengue-specific coverage against hospital treatments, permanent disabilities and fatalities caused by dengue fever.

**13 NOVEMBER 2014**

**Launching of EziPoz**

Pos Malaysia launched its latest service, EziPoz, a platform that enables customers to shop directly from over 350,000 online merchants in the United States.

**19 NOVEMBER 2014**

**Launching of FlexiPack**

Pos Malaysia launched FlexiPack, a new service which offer prepaid boxes and packets for domestic and international mails to help small and medium enterprises (SMEs) and online businesses better manage distribution costs.
27 NOVEMBER 2014
Pos Malaysia Elected To Chair ASEANPOST
Pos Malaysia has been announced as the new chair of the ASEANPOST. The announcement was made at the 21st ASEAN Postal Business Meeting in Chiang Mai, Thailand for a 2-year term from 2015 to 2016. Pos Malaysia will also chair the ASEANPOST++ Business Meeting for the next term.

7 JANUARY 2015
Post Flood Relief
Pos Malaysia went to several states in Malaysia, such as Kelantan, Pahang and Perak, which was badly affected by the recent flood to help the victims by lending hands to clean their houses, as well as provide moral and financial support.

1 DECEMBER 2014
Malaysia 2014 World Youth Stamp Exhibition (KLwyse ’14)
Pos Malaysia hosted the biggest youth philatelic event in the world that was held from 1 to 6 December 2014. Dubbed as the world’s largest philatelic event, the exhibition, organised in conjunction with the Visit Malaysia Year 2014 was held at the Kuala Lumpur Convention Centre (KLCC). The event which was the first for Malaysia, welcomed thousands of stamp enthusiasts and visitors from all corners of the world in celebrating the very best of philately exhibits and activities.

15 JANUARY 2015
Launching of The New Corporate Identity of Pos Malaysia
Pos Malaysia launched its new corporate identity which projects a more progressive and modern look that embody the spirit of a modern forward-thinking organisation. The new identity was unveiled by the Communications and Multimedia Minister, YB Dato’ Sri Ahmad Shabery Cheek.
20 JANUARY 2015

1st Workshop on Quality of Service and Supply Chain Improvement Project for the Asian Countries & 6th UPU Regional Workshop on the Development of Electronic Postal Payment Service in the Asian Countries

Pos Malaysia hosted the 1st Workshop on Quality of Service and Supply Chain Improvement Project for the Asian Countries & 6th UPU Regional Workshop on the Development of Electronic Postal Payment Service in the Asian Countries.

23 JANUARY 2015

Pos Malaysia Releases Commemorative Stamps in Honour of Asean Chairmanship

Pos Malaysia issued special stamps and philatelic collections in honour of Malaysia’s chairmanship and the establishment of ASEAN. These special stamps and philatelic collections are to commemorate both the historic events.

12 FEBRUARY 2015

First Post Box on Highest Altitude Launched at Mount Kinabalu

Pos Malaysia launched its 3,110th post box and sets a new entry in the Malaysia Book of Records by becoming the first post box on highest altitude at 3,289 meters above sea level. The post box is located at the Pendant Hut which is reachable by climbing four to six hours from Kinabalu Park, Malaysia’s first World Heritage Site, known as the main entrance to the majestic Mount Kinabalu (4,095 meters).
24 FEBRUARY 2015

Launching of the International Cooperative Project on Giant Panda Conservation Stamps Collection

Pos Malaysia launched a special issue of the International Cooperative Project on Giant Panda Conservation Stamps Collection at Zoo Negara. The stamps were to commemorate the presence of Xing Xing and Liang Liang in Malaysia. The collection was aimed at promoting greater awareness on conservation works and on the importance of wildlife and biodiversity sustainability.

5 MARCH 2015

Launching Ceremony on a Strategic Collaboration Between AmanahRaya and Pos Malaysia

Amanah Raya Berhad and Pos Malaysia Berhad entered into a strategic collaboration in the business of Estate Administration Referral. Through this venture, prospective clients of AmanahRaya can visit any Pos Malaysia branch to file their Estate Administration Applications with AmanahRaya.

23 MARCH 2015

Pos Malaysia Celebrates the Coronation of HM the Sultan Johor With Special Stamp Collection

Pos Malaysia Berhad issued a special commemorative stamp and philatelic collection in conjunction with the coronation of His Majesty Sultan Ibrahim ibni Almarhum Sultan Iskandar of Johor on Monday, 23 March 2015.

26 MARCH 2015

Pos Malaysia Named Brand of The Year at the World Branding Awards 2015

Pos Malaysia was named Brand of the Year 2015 in the Postal Services category by the World Branding Forum (WBF) at an award ceremony held at the Hilton Opera Paris Hotel, Paris on Tuesday, 24 March 2015. With the award, Pos Malaysia became the first postal company in the world to receive such recognition from WBF. Winners were judged through four streams: brand valuation, consumer market research, public online voting, as well as voting by the WBF Advisory Council comprising luminaries from the world of branding.