True to our commitment to continuously provide excellent service and compelling value propositions to our customers, we at Pos Malaysia are going through rapid changes. We are realigning our priorities, focusing our efforts on improving our operations and becoming more customer-oriented than ever. We believe that the strategic transformation we manage today, is not only for us to become relevant and sustainable tomorrow, but most importantly it will deliver superior shareholder value to you. As always.
## Profitability

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax</td>
<td>RM million</td>
<td>99.1</td>
<td>109.3</td>
<td>(0.5)</td>
<td>15.5</td>
</tr>
<tr>
<td>Operating margin</td>
<td>%</td>
<td>10.4</td>
<td>9.1</td>
<td>9.4</td>
<td>11.8</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>%</td>
<td>16.0</td>
<td>14.5</td>
<td>13.7</td>
<td>16.9</td>
</tr>
<tr>
<td>Return on assets</td>
<td>%</td>
<td>8.0</td>
<td>5.9</td>
<td>6.2</td>
<td>7.9</td>
</tr>
<tr>
<td>Return on equity</td>
<td>%</td>
<td>8.1</td>
<td>9.6</td>
<td>(4.4)</td>
<td>(3.9)</td>
</tr>
</tbody>
</table>

## Balance Sheet

<table>
<thead>
<tr>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>RM million</td>
<td>1,375.2</td>
<td>1,274.6</td>
<td>1,537.8</td>
<td>1,247.1</td>
</tr>
<tr>
<td>Total equity attributable to equity holders of the company</td>
<td>RM million</td>
<td>828.6</td>
<td>799.6</td>
<td>764.5</td>
<td>859.4</td>
</tr>
<tr>
<td>Current ratio</td>
<td>times</td>
<td>1.4</td>
<td>1.2</td>
<td>1.1</td>
<td>1.3</td>
</tr>
</tbody>
</table>

## Staff Information

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of staff</td>
<td></td>
<td>15,618</td>
<td>15,780</td>
<td>16,125</td>
<td>15,777</td>
</tr>
<tr>
<td>Staff costs to revenue</td>
<td>%</td>
<td>55.1</td>
<td>56.8</td>
<td>55.7</td>
<td>53.1</td>
</tr>
<tr>
<td>Revenue per employee</td>
<td>RM'000</td>
<td>65.0</td>
<td>57.2</td>
<td>57.2</td>
<td>54.5</td>
</tr>
</tbody>
</table>
Group Financial Highlights

Profit After Tax

Earnings Per Share (Basic)

NTA Per Share

Revenue Breakdown

Operating Expenses Breakdown
BUSINESS REVIEW 2010 ACCOMPLISHMENTS MOVING FORWARD
## Business Highlights

### BUSINESS REVIEW

<table>
<thead>
<tr>
<th>MAIL BUSINESS</th>
<th>2010 ACCOMPLISHMENTS</th>
<th>MOVING FORWARD</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Revenue: RM624.3 million (up 17.0%)</td>
<td>• Successfully started operations of National Mail &amp; Parcel Hub in October 2010</td>
<td>• Streamline operations and improve processes to enhance efficiency</td>
</tr>
<tr>
<td>• Volume: 1.2 billion items (down 5.9%)</td>
<td>• Implemented the countrywide beat recasting exercise</td>
<td>• Consolidation of mail processing centres to enhance service quality and optimise cost</td>
</tr>
<tr>
<td>• Revenue Contribution: 61.5%</td>
<td>• Received the GOLD Award for Quality Management Certification Program from Universal Postal Union (UPU)</td>
<td>• Seize opportunities to enhance business growth</td>
</tr>
</tbody>
</table>

### COURIER BUSINESS

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>• Revenue: RM207.6 million (up 6.1%)</td>
<td>• Streamlined parcel and courier networks into a single network to optimise costs</td>
<td>• Expand network coverage area by opening up new PosLaju Centres to provide greater accessibility to customers in the domestic market</td>
</tr>
<tr>
<td>• Volume: 17.6 million items (up 10.4%)</td>
<td>• Continuous upgrading of the Electronic Shipping Tools (EST) for corporate customers</td>
<td>• Continue to establish a common track and trace platform under Pos Integrated Track &amp; Trace System (1PITTIS) for premium products of Pos Malaysia</td>
</tr>
<tr>
<td>• Revenue Contribution: 20.5%</td>
<td>• Received the Reader’s Digest Trusted Brand Gold Award 2010 under the Air Freight and Courier category</td>
<td>• Embarking on automation of its national hub with the establishment of Integrated Parcel Centre (IPC)</td>
</tr>
</tbody>
</table>

### RETAIL BUSINESS

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Revenue: RM148.1 million (up 6.6%)</td>
<td>• Increased Shared Banking Services at selected PosNiaga outlets with RHB Bank Berhad and Malayan Banking Berhad</td>
<td>• Focus on delivering service quality and unlocking value of retail outlets under the Retail Strategy Blueprint</td>
</tr>
<tr>
<td>• Volume: 104.7 million items (up 0.7%)</td>
<td>• Improved coverage of Pos-on-Wheels (PoW) for the rural areas of Malaysia</td>
<td>• To continuously introduce new payment channels for its customers in the market</td>
</tr>
<tr>
<td>• Revenue Contribution: 14.6%</td>
<td>• Entered into a partnership with Polis DiRaja Malaysia (PDRM) as PDRM’s agent to collect summon payments at all Pos Malaysia outlets in Malaysia</td>
<td>• Pursue outsourcing opportunities</td>
</tr>
<tr>
<td>• Extended the access points for rural customers through the “Posmen Komuniti” project</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Streamlined parcel and courier networks into a single network to optimise costs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Continuous upgrading of the Electronic Shipping Tools (EST) for corporate customers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Received the Reader’s Digest Trusted Brand Gold Award 2010 under the Air Freight and Courier category</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Received the UPU EMS Cooperative Certification Silver Level Award for 2009</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Received the Frost &amp; Sullivan Malaysia Excellence Awards for Best Express Service Provider</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Expanded network coverage area by opening up new PosLaju Centres to provide greater accessibility to customers in the domestic market</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Continue to establish a common track and trace platform under Pos Integrated Track &amp; Trace System (1PITTIS) for premium products of Pos Malaysia</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Embarking on automation of its national hub with the establishment of Integrated Parcel Centre (IPC)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Expand the On Demand Pick-up (ODP) service to serve customers at their doorstep at affordable service package</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Focus on delivering service quality and unlocking value of retail outlets under the Retail Strategy Blueprint</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• To continuously introduce new payment channels for its customers in the market</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Pursue outsourcing opportunities</td>
<td></td>
</tr>
</tbody>
</table>
Share Price Performance

<table>
<thead>
<tr>
<th>2010</th>
<th>JAN</th>
<th>FEB</th>
<th>MAR</th>
<th>APR</th>
<th>MAY</th>
<th>JUNE</th>
<th>JULY</th>
<th>AUG</th>
<th>SEPT</th>
<th>OCT</th>
<th>NOV</th>
<th>DEC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Monthly Volume ('000)</td>
<td>2,446</td>
<td>3,382</td>
<td>17,078</td>
<td>127,211</td>
<td>39,915</td>
<td>19,813</td>
<td>15,446</td>
<td>20,462</td>
<td>21,009</td>
<td>7,820</td>
<td>7,021</td>
<td>27,300</td>
</tr>
<tr>
<td>Monthly High (RM)</td>
<td>2.22</td>
<td>2.15</td>
<td>2.34</td>
<td>3.36</td>
<td>2.95</td>
<td>3.10</td>
<td>3.34</td>
<td>3.31</td>
<td>3.38</td>
<td>3.33</td>
<td>3.28</td>
<td>3.41</td>
</tr>
<tr>
<td>Monthly Low (RM)</td>
<td>2.08</td>
<td>2.07</td>
<td>1.99</td>
<td>2.24</td>
<td>2.48</td>
<td>2.58</td>
<td>2.88</td>
<td>3.00</td>
<td>3.19</td>
<td>3.16</td>
<td>3.05</td>
<td>3.04</td>
</tr>
<tr>
<td>Monthly End Closing Price (RM)</td>
<td>2.10</td>
<td>2.09</td>
<td>2.24</td>
<td>2.88</td>
<td>2.67</td>
<td>3.01</td>
<td>3.11</td>
<td>3.22</td>
<td>3.30</td>
<td>3.24</td>
<td>3.11</td>
<td>3.36</td>
</tr>
</tbody>
</table>
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We believe that the crucial element for success is a strong and driven leadership, willing to push beyond boundaries, taking us to the next level. Our leadership values, anchored on perseverance, passion for winning and continuously challenging and inspiring our people are integral in driving our expansion and transformation initiatives.
Chairman’s Statement

Dear Valued Shareholders,

On behalf of the Board of Directors, it gives me great pleasure to present you the Annual Report and Audited Financial Statements of Pos Malaysia Berhad (“Pos Malaysia”) and its subsidiaries (“Pos Malaysia Group” or “the Group”) for the financial year ended 31 December 2010.

Seeding Growth

After a tumultuous 2009, the global economic recovery continued to strengthen at varying paces across regions in 2010, largely attributed to sustained fiscal stimulus and accommodative monetary policies worldwide. In the first half of 2010, emerging and developing economies posted strong growth, supported by consumption and investment activities. Meanwhile, the major advanced economies grew at a moderate pace, despite large public debts and high unemployment. For the second half of the year, global growth moderated due to the lower consumer spending in the US and fiscal austerity measures in the Euro area affected by the sovereign debt crisis.

Against the demanding landscape, the postal industry is facing a myriad of sweeping changes in the form of electronic substitution for mail products, intense competition from multiple new players, weak regulatory enforcement in developing countries allowing foreign players to bypass the domestic mail stream and competition within the advertising space impacting revenue from direct and advertising mail.

In response to the challenges, Pos Malaysia has geared up for survival via the launch of its Transformation Master Plan (TMP) in the 4th quarter of 2009. After one year of implementation, we are finally reaping the fruits of our labour in this long and arduous transformation journey. For 2010, value has been created through focusing efforts on our core businesses, optimising operations coupled with group-wide quality improvement initiatives, pursuing innovation and enhancing customer service.

The first year of the TMP saw Pos Malaysia Group recording an unbridled revenue growth of 12.5% mainly fuelled by the domestic mail tariff increase across standard and non-standard mail products which took effect on 1 July 2010. The Group’s revenue breached the RM1 billion mark for the first time in its operating history to close at RM1.02 billion notwithstanding the decline in mail volume.

In support of the Government’s vision of moving towards e-commerce and encouraging young entrepreneurship, we have launched our new online shopping portal, PostMe.com.my. This is an effort to provide our customers convenient shopping experiences with secured and reliable delivery through PosLaju, Malaysia’s leading and most trusted courier service provider.

The year also saw us extending our strategic alliances with several leading financial institutions and courier service providers as we endeavour to grant ease and convenience for our customers and strengthen our position as a reliable one-stop centre for postal, financial and retail needs.

We are not inundated by the challenges but instead diligently strive to explore innovation in the digital sphere to offer more value-added services and remain relevant as we rebrand ourselves for sustainable growth.
2010 Headline Key Performance Indicators (KPI)

The Group performed admirably during the financial year and turned in a performance that surpassed most, if not all our expectations. The Group had exceeded its Revenue, Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) and Return on Assets (ROA) Headline KPIs. The Group’s ground-breaking revenue of RM1.02 billion surpassed the RM930 million target by 9.1%. There was substantial improvement in EBITDA, as the RM163 million achieved is 48.2% above the earlier target set at RM110 million whilst ROA improved to 8.0% against the 3.3% announced Headline KPI. The aforesaid achievement is largely attributable to the tariff revision impact and the collective TMP initiatives implemented during the year.

However, Pos Malaysia’s staff costs to operating expenses ratio was slightly higher by 1.5% from the announced Headline KPI of 60% due to the salary adjustment pursuant to the tariff increase.

Share Price Movement

Pursuant to the tariff revision and accompanying the rally in the stock market, the share price of Pos Malaysia has been rising steadily during the financial year, peaking at RM3.41 per share on 13 December 2010. The share price rose by 54.1% during the financial year, giving an impressive capital appreciation to medium and long-term investors.

The market capitalisation of Pos Malaysia has been above RM1 billion and the capital gain has outperformed the FBM KLCI over the said period. These factors along with recent developments have garnered much interest amongst the investment community.

Dividend Policy

Pos Malaysia’s dividend policy is intended to provide stable and sustainable returns to shareholders while retaining an efficient capital structure and ensuring adequate funding for future growth. In line with the Company’s dividend policy to distribute dividends of at least 35% of the consolidated annual net profit after taxation and minority interest annually, subject to availability of distributable reserves, the Board of Directors would like to recommend for the payment of a first and final and special dividend of 10 sen and 7.5 sen per ordinary share respectively less tax of 25% for the financial year ended 31 December 2010, to be approved by shareholders at the 19th Annual General Meeting of Pos Malaysia. This represents a net dividend payout of 72.3% of net profit, 37.3% higher than the minimum payout ratio as set out in the Company’s dividend policy.

Continued Recognition

Notwithstanding the difficult operating environment, Pos Malaysia persists on its multi award-winning streak garnering numerous accolades. For the fifth year running, PosLaju has once again been bestowed with the Reader’s Digest Trusted Brand Gold Award for 2010 for its excellent service quality. Reinforcing that laudable achievement, PosLaju has also pocketed the Frost & Sullivan for Best Express Service Provider of 2010 award for the second consecutive year and the Brand Laureate Award for Courier and Express Service in 2010. Even the design and packaging of our highly popular PosLaju products such as the PosLaju Pack 5, PosLaju Tube and PosLaju Doc have been awarded the Malaysian Good Design Mark which speaks volumes for the package creativity, security and convenience to consumers.

These awards and many other accolades that we received over the year were testament to the quality and consistent levels of service that we provide to our customers.
Chairman’s Statement

Board Changes

The Board of Directors and Management of Pos Malaysia would like to accord our sincere appreciation to En. Haizan bin Mohd Khir Johari for his contributions as Non-Independent Non-Executive Director. En. Haizan’s term with Pos Malaysia ceased when he resigned as Non-Independent Non-Executive Director effective 1 September 2010. We wish him all the best in his current and future undertakings.

Appreciation & Acknowledgments

It has undeniably been a year of perseverance and change. In surpassing the RM1 billion revenue mark, Pos Malaysia has reinvigorated itself and emerged as the new, hip and much-talked-about national postal operator. We owe this success to our employees for their relentless hard work and commitment and we take this opportunity to recognise and express our heartfelt appreciation to them. We can be sure of tough times ahead, but it is at times such as these that innovation and excellence at every level of business are most required and tend to come to the fore.

Special thanks must also be extended to our policy maker and regulator, the Ministry of Information, Communications & Culture and the Malaysian Communications & Multimedia Commission for their steadfast support, counsel and guidance on the postal industry. To our partners, esteemed customers and other stakeholder groups, we assure you of our unrelenting commitment in delivering improved and reliable services en route to becoming a rejuvenated Pos Malaysia.

Also, I am hugely indebted to my fellow Board Members for their knowledge, wisdom and insights that have helped steer the Group through the multiple challenges that have come our way. I look forward to your continued wise counsel as we brave through our transformation waters. I trust that all our stakeholders will continue to place their trust in us and lend us their generous support as we work hand in hand to ensure a sustainable future for Pos Malaysia and our nation.

Lastly, on behalf of the Board of Directors and employees of Pos Malaysia, we would like to thank you, our loyal shareholders, for your trust and unwavering support throughout the years. We strive to consistently deliver superior long term returns to you.

Tan Sri Dato’ Seri (Dr.) Aseh bin Haji Che Mat
Chairman
Pos Malaysia had an eventful year in 2010. Taking on yesterday’s challenges to meet the opportunities of the future, we are gearing ourselves to meet the expectations of a rapidly changing landscape guided by our 3-year Transformation Master Plan (TMP). To be “future ready”, we have to appreciate that future growth and capabilities must be seeded today in order to reap the benefits tomorrow.

A Triumphant 2010; more to be done

1 July 2010 was indeed a momentous day for Pos Malaysia. The Company was granted the approval to revise its domestic mail tariffs for the first time since its corporatisation in 1992. The higher earnings gained have enabled us to plough back investments to upgrade and build new capabilities to meet the demands of our customers, improve operational efficiencies and unlock our full potential. At the moment of triumph, Pos Malaysia did not disregard its moral obligation to the loyal employees of the Company; whereby on 1 July 2010, Pos Malaysia made an upward salary adjustment for all its non-executive workforce, comprising mainly postmen and clericals, to match the remuneration package of their public service counterparts.

All in all, we have braved the perfect storm, we are taking better charge of legacy issues and most importantly, we have navigated 2010 to achieve the goals and value-creation targets set in our TMP. We are on track in transforming ourselves into a modern postal operator; one which is not only operationally efficient, but also relevant with the times and able to continuously deliver value to all stakeholders, yet at the same time, able to uphold its moral and social responsibilities.

Highest revenue recorded

Pos Malaysia ended its financial year 2010 with record-breaking revenue, the highest attained since 1992. Group revenue topped the billion ringgit mark to close at RM1.02 billion, 12.5% higher than in 2009. Riding on the economic rebound and by taking the strategic and operational measures outlined in our TMP, we made significant progress for most business lines.

Our mail business posted solid revenue growth of 17.0% underpinned by domestic mail tariff increase. This was achieved despite the setbacks of the higher tariffs that compounded the impact to our already declining mail volume of 3% to 4% per year, registering full year contraction of 5.9% in 2010. Mail business continues to dominate our portfolio with revenue contribution of RM624.3 million or 61.5% of the Group’s revenue.

Our courier business delivers yet another strong performance. Revenue grew by 6.1% to RM207.6 million in 2010 which translated into 20.5% of the Group’s revenue contribution. The solid performance of our courier outfit was driven by organic growth and strategic alliances with global partners. This was also boosted by the reclassification effect of parcel business which was injected into the courier business in efforts to optimise costs through streamlining our delivery networks.

The retail business also demonstrated commendable improvements from 2009 with revenue strengthening to RM148.1 million from RM139.0 million. Revenue from the retail business accounted for 14.6% of the Group’s revenue in 2010.

Operating expenses posted a 10.9% increase from 2009. The upsurge in operating expenses were mainly attributed to the salary adjustments for non-executives pursuant to the revision in domestic mail tariffs, efforts to strengthen image through the rebranding exercise, higher depreciation and amortisation charges relating to completion of the refurbishment of over 110 post offices and higher transportation cost due to increase in fuel prices.

Operating profit recorded a 28.3% jump to RM105.7 million from RM82.4 million in 2009 on the back of higher domestic mail tariffs that
came into effect from the second half of the year. Value-creation from transformation initiatives implemented during the financial year also contributed towards our operating profit. Consequently, Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) improved by 24.0% to RM162.8 million. Nevertheless, profit after tax declined by 12.5% to RM67.1 million as a result of impairment losses amounting to RM47.4 million provided for investments in Transmile Group Berhad and the one-off impairment losses on capital expenditure in the postal counter system.

Transformation on track

The launch of our 3-year TMP (2010 to 2012) is timely and has put us in a solid position to address the expected changes in the postal landscape whilst building a strong foundation for future growth. Our execution is anchored on one clear direction; focus on strengthening our position in domestic market in core businesses namely mail, courier and retail. Now in its maiden year of implementation, we are proud to report that progress is on track with some tangible successes.

Our efforts to delight and offer innovative solutions to our customers saw the birth of our online shopping mall, PostMe.com.my. The portal offers customers the convenience to shop from anywhere, anytime using a secure platform with guaranteed delivery. PostMe.com.my aims to aggregate the Malaysian online shoppers onto a single trusted point. The number of unique visitors to the website has been very encouraging and we anticipate that numbers will continue to grow as we improve on our selection of merchandises on sale. Unlike many other portals which bank on others to perform the fulfilment portion, Pos Malaysia has an ever ready infrastructure and network to perform its own delivery. Moreover, this venture allows us to take advantage of the increasing broadband penetration, keep up with the growing internet affinity amongst the youth segment and capitalise on the booming e-commerce business in recent years.

The much anticipated National Mail & Parcel Hub (NMPH) commenced operations in October 2010. The NMPH, which saw 4 mail processing centres converged into a single facility in Shah Alam, paves the way for a new delivery model for Pos Malaysia. The new facility, replete with improved building design, new workflows supported with advanced systems, new mail equipment and machine, is expected to improve mail service quality and increase automation levels in processing to 50%. In line with the new delivery model, a delivery beat recasting exercise was undertaken during the year. This has translated into a reduction of 207 delivery beats and the corresponding workforce was redeployed to new areas of growth.

On the retail side, we have made significant inroads to modernise and get closer to our customers by winning their hearts and simplifying lives. 2010 saw the introduction of our first ever self-service terminal, POS24 capable of handling a variety of simple counter transactions such as bill payments and stamp purchases. As a result, we are now seeing a gradual shift, albeit at a slow rate, of low-margin-high-volume transactions from the counter to POS24. To date there are 5 of such self-service terminals installed across Malaysia. In the near term, we expect this trend to materialise in reduction of customer waiting time at post offices and cost optimisation.

Pos-on-Wheels, a mobile post office offering a full range of postal services including online transactions via a satellite installed, was launched last year to improve our reach to customers in rural and remote areas. The feedback has been very positive, which confirms our belief that we can sustain service levels with innovative ideas like Pos-on-Wheels, allowing us to enhance our presence in more locations and rural areas without the need to operate the more costly outlets. Our Pos-on-Wheels currently serve 5 points in Wilayah Persekutuan and 6 points in Kota Kinabalu covering areas like Pekan Kimanis and Pekan Kawang.
Group Managing Director / CEO’s Report

The year also saw our retail business expanding its services. In the 4th quarter, we concluded the arrangements for shared banking services with two partners, RHB Bank Berhad and Malayan Banking Berhad including establishing partnerships with government agencies to collect police and traffic summons. Staying true to our commitment to focus on customer needs and strengthen our image, we have also taken steps to create vibrant retail outlets and by launching POS Shoppe, our own retail corner selling postal ancillaries.

In July 2010, we restructured the organisation with aims to achieve greater customer focus, improve operational excellence, strengthen execution capability and unleash synergies to position ourselves for business growth. Group Sales and Group Marketing were established to streamline all sales and marketing efforts, promote cross-selling and up-selling of group products and services. This step allows our customers to have a single point of contact for all their postal needs. At the same time Customer Care (“Call Centre”) has reduced the high abandoned call rates to around 4% at year end, an acceptable benchmark against global standards.

As part of our effort to build a high performing workforce, we are enhancing our Performance Management System (PMS) including introduction of consequence management (CM) framework. The CM programme will be rolled out in 2011 for 2010 performance. Briefings on PMS were also conducted at all states to ensure better understanding of the framework and communicate the importance of managing performance at all levels. The PMS naturally complements the existing Key Performance Indicators (KPI) and the Balanced Scorecard System.

Our effort to optimise workforce saw the number of employees declining to 15,618 from an all time high of 16,125 in 2008, representing a reduction of around 4.0% or 507 from 2008. This was achieved through natural attrition and optimisation of operational processes. In general, our human capital strategy is to support business growth by identifying areas that can benefit from redeployment of human capital apart from building a robust talent pool. Today, our executive bench strength increased to 4% from 3% the previous year.

Regionally, Pos Malaysia continued its chairmanship of the 17th Association of South East Asian Nations (ASEAN) Postal Business Meeting and the 4th ASEANPOST Meeting held in Da Nang, Vietnam in November 2010. The signing of the ASEAN International Express Money Order (IEMO) Multilateral Agreement amongst five postal operators paves the way forward for the exchange of remittance electronically within ASEAN and enables ASEAN postal operators to remain competitive in the ASEAN region.

Opportunities and Prospects

It is our business to connect communities and people everyday and this is by no means an easy feat. We remain committed to see through the execution of our transformation initiatives outlined for 2011 to create value. By this, we will intensify our efforts to strengthen our core businesses, increase operational excellence and focus on customer needs.

Expect pleasant surprises in 2011, as Pos Malaysia undergoes bold changes in its tangible and intangible presence. We will go the extra mile and remain steadfast in changing how Pos Malaysia connects with the public. Seeding growth today for a better tomorrow.

Dato’ Syed Faisal Albar
Group Managing Director / Chief Executive Officer
INNOVATION

The convergence of new technologies and physical communications generate new choices, smart solutions and value-creating opportunities. Taking advantage of these new possibilities, we bring you bold and innovative solutions, connecting businesses and people, simplifying and enriching lives.
ACCOLADES AND AWARDS
Mail Business

Through its strategic business unit, PosMel, Pos Malaysia fulfills its role as the designated postal operator in Malaysia offering basic mail services to every Malaysian, including providing unique value propositions to both private and business customers. Our mail business is also positioned to offer hybrid mail solutions such as document and data processing services, managed by Datapos Sdn Bhd, a wholly owned subsidiary of Pos Malaysia.

Key Highlights of PosMel

PosMel recorded total consolidated revenue of RM624.3 million in 2010, up a solid 17.0% from RM533.5 million in 2009, fuelled substantially by the domestic tariff increase implemented on 1 July 2010. This, however, saw the already declining mail volume dip further by 5.9% to 1.2 billion items handled in the year. Notwithstanding that, mail business persists to be the largest contributor to Group revenue at 61.5%.

The PosMel network to date comprises the National Mail & Parcel Hub (NMPH), 28 mail processing centres (MPC), 386 delivery branches, 4,501 street posting boxes, 175,520 Post Office (P.O.) boxes and one international gateway at Kuala Lumpur International Airport (KLIA), Pusat Mel & Kurier (PMK), as our office of exchange. In 2010 alone, 22.8 million inbound items and 15.1 million outbound items were processed through our PMK.

• National Mail & Parcel Hub
  As one of the major initiatives under our TMP, the NMPH has successfully begun operations in October 2010 pursuant to consolidation of 4 MPCs in the Central region namely Bukit Raja, Kuala Lumpur, Bandar Baru Bangi and Seremban. This new hub, complete with improved building design, systematic processes and workflows, advanced equipment and machinery, is now able to handle up to 3.8 million items a day, which represents about 80% of daily national volume. NMPH is also geared to bring much improved mail sorting efficiency, better quality of service and increased automation levels in processing by 50%. The setting up of NMPH is timely to prepare us to be more competitive in the mail delivery business within the globalised market.

• Improved Services
  In effort to optimise the delivery workforce and reduce costs of delivery, PosMel embarked on a nationwide delivery beat recasting
exercise during the year. This has brought about a total of 207 delivery beats savings in the first phase, where existing workforce on those beats have been redeployed to other strategic operational areas. The second phase of delivery beat recasting is currently underway for smaller delivery branches and is due to contribute further to the delivery beat savings.

PosMel also continues in its strive to improve services within bulk mail operations and international mail processes with the help of advanced technology. The Bulk Mail Revenue Protection (MaRS) System was developed to enhance the performance of bulk mail operations. MaRS is a web-based integrated system for mail acceptance and quality checking which is accessible by bulk mail customers in the comfort of their premises. This integrated system allows the bulk mailers to create their own posting docket and documentation via the internet before executing counter transactions at any of the 28 MPCs in the country and the NMPH. MaRS is expected to reduce customer waiting time at MPCs. As for international operations, the newly upgraded International Postal System (IPS) infrastructure has improved the quality of services for Express Mail Service (EMS) and international letters and parcels, mainly in the tracking and tracing of items. As a whole, the new IPS will provide a more accurate reporting system to serve international customers.

• **Closer to the Community**
  
  On 13 May 2010, YB Dato’ Seri Utama Dr. Rais Yatim, Minister of Information, Communications and Culture announced the launching of Posmen Komuniti, at Sibu Post Office, Sibu, Sarawak.

  The pilot project of Posmen Komuniti was undertaken at Pulau Banggi, Sabah. The main objective of Posmen Komuniti is to expand the mail delivery service to rural areas in Sabah and Sarawak which enables Pos Malaysia to have closer ties with the community.

  The Posmen Komuniti will carry out door-to-door delivery, in addition to selling stamps, PosEkspres envelopes, MelRakyat, as well as retrieving and sending mail from bus stations, ferries, jetties and boats. Meanwhile, the “Wakil” Pos Komuniti will be stationed at the local delivery centre to ensure safety of goods and postal boxes. They, however, will not perform house-to-house delivery, but are responsible to inform the population if there is a letter addressed to them.
Mail Business

As a result of Posmen Komuniti, the combined postal access rate for Sabah and Sarawak has now reached 60% of the population compared against the previous rate of 26% and 40% for Sabah and Sarawak respectively. To date, Pos Malaysia has appointed 385 Posmen Komuniti and 454 Wakil Pos Komuniti in Sabah and Sarawak.

- **International Recognition by UPU**
  In 2010, Pos Malaysia proudly received the GOLD Award for Quality Management Certification Programme from the Universal Postal Union (UPU) as recognition for its excellence in service quality management performance, its international service level and its overall operational efficiency. This is a testament of our continuous efforts in service quality improvements and operational excellence.

Key Highlights of Datapos

Datapos provides end-to-end mailing solution from data processing (formatting and sorting) to data printing, enveloping, bulk mail services and delivery. Its business is a direct complement to the range of services that Pos Malaysia offers which allows the Group to command a share in the document and data processing market.

In 2010, Datapos managed to boost its revenue in line with higher volume received from its main customers. This has resulted in an increase in its consolidated revenue to RM16.1 million from RM14.5 million in 2009, representing an increase of 11.0%. Printing volume too increased from 61 million pages to 77 million pages, up by 16 million pages or 26.2% for the year.

As part of its operational efficiency efforts, Datapos has consolidated its customer data which has increased the diversity of its customer
base including Banking and Financial Institutions, Government Agencies, Utilities, Communications and Direct Marketing clients.

**What’s in Store for 2011**

The coming year sees us further streamlining our mail operations and improving processes to enhance efficiency. We will continue with the consolidation of MPCs in other regions within Malaysia to boost service quality, optimise cost and increase the use of technologies in other areas of the mail business. In addition, we will proceed with the ongoing second phase delivery beat recasting and foster better business partnerships to seize opportunities in other high growth areas.

In 2011, Datapos too will be exploring new technologies to enhance total mailing solutions.
Mail Business
The courier business of Pos Malaysia is operated by its strategic business unit, PosLaju and PSH Express Sdn Bhd. 2010 marked a commendable year for our courier business, registering total consolidated revenue of RM207.6 million inclusive of parcel business, an increase of 6.1% from RM195.8 million in 2009. This growth was attributed to the increase in demand from both walk-in and contract customers. Courier remains the second largest revenue contributor in 2010, representing 20.5% of Group revenue.

PosLaju’s strength lies in, among others, its unrivalled network coverage of the country. Apart from 51 dedicated PosLaju centres, 22 authorised agents and 2 service centres, PosLaju also leverages on Pos Malaysia’s vast network of Post Offices and Pos Mini outlets, comprising more than 1,100 retail outlets offering PosLaju services. Today, more than 75% of populated area in Malaysia is served by PosLaju D+1 (next day service).

**Key Highlights of PosLaju**

- **Streamline Network Structure (SNS)**
  
  We embarked on the SNS project in 2009 with aims to restructure the existing delivery network and to further improve the performance of express and premium mail services. This saw the consolidation of our prior infrastructure (mail, parcel and courier networks) into the simplified standard and premium networks. Parcel business was successfully transferred into the courier network from 1 July 2010, and is expected to reduce overlaps in network and in turn yield significant cost savings, translating into better margins for the Group.

- **Electronic Shipping Tools**
  
  PosLaju continuously invests in the upgrading of the Electronic Shipping Tools (EST) for our key corporate customers with large volume and shipments. The EST replaces the manual consignment notes and therefore leads to greater convenience, time and cost savings.

- **Strategic alliance**
  
  On 3 June 2010, PosLaju and international integrator United Parcel Service (UPS) formed an alliance and jointly launched PosLaju International Premium, a day-definite, international express delivery with money-back guarantee serving over 215 countries. The new service is now offered at all 51 PosLaju centres throughout Malaysia and is expected to reduce the international transit time of documents and packages by half.

**Recognition of Service Excellence**

In 2010, PosLaju was accorded 6 industry awards in recognition of its performance in the domestic courier industry. The most longstanding of the lot was the Reader’s Digest Trusted Brand Gold Award under the Air Freight and Courier category for the fifth year in a row. The other awards bestowed upon PosLaju are:

- Frost & Sullivan Malaysia Excellence Award for Best Express Service Provider for the second consecutive year;
- The Best Brand in Courier & Express category by BrandLaureate Awards;
- The EMS Cooperative Certification Silver Level Award by UPU acknowledging the performance of Pos Malaysia in terms of delivery and transmission;
- Malaysia Good Design Mark 2009 awarded in 2010 recognising good design and quality products for the PosLaju Pack 5, PosLaju Doc and PosLaju Tube products; and
Key Highlights of PSH Express

PSH Express under the brand name of AsiaXpress is a wholly owned subsidiary of Pos Malaysia. AsiaXpress provides customised door-to-door courier services to its corporate clients with fast and reliable solutions for the movement of time-sensitive documents and parcels to more than 220 destination countries worldwide.

AsiaXpress’s increasing clientele comprises mostly government ministries and agencies, Government-Linked Companies, financial institutions, law firms, oil and gas companies, engineering firms and institutions of higher learning.

PSH Express has continued in its efforts towards improving the online shipping system “X-Ship” which has resulted in it being more user-friendly, efficient and a robust shipping tool for customers.

For 2010, AsiaXpress was awarded the prestigious Golden Bull Award under the category of Emerging SMEs. The Golden Bull Award, organised by Nanyang Siang Pau, is an annual business award that honours the best SMEs in Malaysia acknowledging the importance of creativity and innovation amongst the SMEs.

What’s in Store for 2011

PosLaju will continue to build on its core strengths to service its customers’ needs. It has plans to actively expand network coverage area to 85% in the country (as compared to 75% in 2010) by opening up new PosLaju Centres to provide greater accessibility to customers. In addition, PosLaju will also be actively expanding the On-Demand Pick-up (ODP) service to offer convenience to customers at affordable prices to generate greater customer satisfaction.

In enhancing its delivery services, PosLaju will continue to integrate the common track and trace platform under Pos Integrated Track & Trace System (1PITTIS) for premium products of Pos Malaysia. PosLaju is also embarking on the automation of its national hub with the establishment of the Integrated Parcel Center (IPC) to further improve operational efficiency. This initiative is crucial in anticipation of the expected volume increase in 2011.

The initiatives set for 2011 will enable PosLaju to improve operational excellence and uphold its largest domestic market share as well as sustain its position as the dominant courier provider in Malaysia.

AsiaXpress is also set to introduce new and innovative products to meet the demands of corporate customers. Opportunities for collaboration with other international courier providers may be explored and developed in search of new revenue streams.
Courier Business
Through its strategic business unit, PosNiaga, Pos Malaysia operates its retail outlets offering postal products and agency services including sale of philatelic items. PosNiaga, with more than 1,100 retail outlets all over Malaysia, continues to strive to improve ‘total customer experience’ while adding range of products and services for the benefit of its customers. These mixed variety of products and services provided by PosNiaga, include amongst others, renewal of road tax and driving licence, acceptance of multiple types of bill payments, international funds transfer services, purchase of motor and other non-motor insurance products and payment of traffic summons.

During the year, PosNiaga recorded an increase in consolidated revenue by 6.6%, from RM139.0 million in 2009 to RM148.1 million in 2010. PosNiaga recorded an increase in the number of transactions handled from 104.0 million in 2009 to 104.7 million in 2010 despite intense competition from other channels. At the same time, PosNiaga recorded an increase in the fees and volume handled from a few key customers and an increase in the commission earned from our agency insurance business.
Retail Business

Improving Our Network

PosNiaga has improved its reach to its customer base by improving its Retail Business Network during the year. PosNiaga has added 5 more post offices, another mobile post office (Pos-on-Wheels), 2 Post Offices at shopping complexes and 4 more POS24 for the benefit of its customers.

This strategy is to achieve continuous improvement of customer accessibility to PosNiaga’s network. PosNiaga’s network for 2010 includes the following:

<table>
<thead>
<tr>
<th>Service</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>POST OFFICES</td>
<td>702</td>
</tr>
<tr>
<td>POS MINI</td>
<td>344</td>
</tr>
<tr>
<td>POSTAL AGENTS</td>
<td>134</td>
</tr>
<tr>
<td>STAMP VENDORS</td>
<td>5,087</td>
</tr>
<tr>
<td>POS-ON-WHEELS</td>
<td>2</td>
</tr>
<tr>
<td>POST OFFICES THAT CAN HANDLE RENEWAL OF ROAD TAX/DRIVING LICENCE</td>
<td>688</td>
</tr>
<tr>
<td>POST OFFICES AT SHOPPING COMPLEXES</td>
<td>67</td>
</tr>
<tr>
<td>POST OFFICES WITH EXTENDED SERVICES BEYOND 7PM</td>
<td>23</td>
</tr>
<tr>
<td>POST OFFICES WHICH OPEN ON SUNDAYS/FRIDAYS (where Sundays/Fridays are weekend)</td>
<td>18</td>
</tr>
<tr>
<td>POS24</td>
<td>5</td>
</tr>
</tbody>
</table>
Banking Services at PosNiaga

In 2010, PosNiaga recorded a significant milestone in its service offerings with the introduction of Shared Banking Services at selected PosNiaga outlets with PosNiaga’s bank partners, RHB Bank Berhad (RHB) and Malayan Banking Berhad (Maybank).

PosNiaga’s partnership with RHB saw the introduction of RHB “Easy” kiosks offering a wide range of RHB services such as opening of RHB bank accounts and approval of Amanah Saham Bumiputera and personal loan applications. By the end of 2010, RHB had deployed thirty (30) “Easy” kiosks within PosNiaga’s outlets. The roll-out of other services such as cash deposit and withdrawals and loan repayment is expected to be implemented in stages in 2011.

Staying true to our commitment to provide access to financial services, PosNiaga entered into a strategic tie-up with Maybank in November 2010. PosNiaga, together with Maybank now offer banking services at selected Pos Malaysia outlets with the initial offering of three (3) key services such as opening of bank account, deposit and cash withdrawals. The concept by Maybank is towards providing community banking services, targeting the ‘underserved’ locations.

Contributions from the banking services have been encouraging as PosNiaga and its bank partners continue to test the offerings of banking services through our retail outlets and we expect positive contribution to our revenue in 2011.

More Services in 2010

2010 marked the successful completion of Pos-on-Wheels (PoW) and the POS24 projects which offer access to additional channels to reach a wider segment of the consumer market.

• **Pos-on-Wheels (PoW)**

PoW is a customer-driven solution to bring the post office to the customer. The wide range of services offered by PoW includes amongst others, Amanah Saham services, road tax renewal and purchase of insurance.

When PosNiaga launched this service in January 2010, it had only one PoW vehicle. Given the warm response to the PoW project, PosNiaga has added another vehicle with plans of increasing the number to 13 in 2011. The target segment of PoW is the rural areas of Malaysia where this added convenience will benefit the rural customers.

• **POS24**

These self-service terminals are a convenient way for customers to conduct bill payments and stamps purchase during and after office hours at strategic locations. PosNiaga aims to increase the number of POS24 to 30 by mid 2011 to cater for the increasing demand of customers.

• **Payment of PDRM and JPJ summons at PosNiaga Outlets**

In August 2010, PosNiaga entered into a partnership with Polis DiRaja Malaysia (PDRM) as PDRM’s agent to collect summon payments at 5 selected Pos Malaysia outlets. There were positive feedback from customers and demand for the PDRM services at PosNiaga outlets was better than expected. In December 2010, PosNiaga extended the service to all outlets in Malaysia reaffirming its commitment to provide customers easy payment access services.

Payment of Jabatan Pengangkutan Jalan (JPJ) summons was also offered at 5 pilot PosNiaga outlets. PosNiaga expects to extend the JPJ summons service to other PosNiaga outlets in 2011.
Retail Business

In the Spirit of “People First”

In line with the 1Malaysia spirit of “People First”, October 2010 marked the date where PosNiaga embarked on the payment of monthly allowance to low income households under 1Azam. This is an initiative spearheaded by the Performance Management and Delivery Unit (PEMANDU) of the Prime Minister’s Office and Ministry of Women, Family and Community Development (MWFCD).

This service was made available at all states, except Sarawak, leveraging on Pos Malaysia’s wide physical network especially at rural areas where it provides access for the recipients to collect their monthly allowances.

The 5-Year Retail Transformation Plan

The year also saw the completion of the Retail Strategy Blueprint in March 2010 with the identification of 14 key initiatives to be executed within the next 5 years. The initiatives cover many areas, such as customer improvement initiatives, revenue generation activities (focusing on high margin products and services and deepening our existing agency relationship), network footprint study, upgrading of our counter system, counter staff development, as well as the introduction of our new retail design.

The new retail design emphasises on the new look and feel to create a conducive environment for both customers and our employees. The success of our pilot outlet in Jinjang, Kuala Lumpur incorporating the new retail design will be replicated at selected sites throughout Malaysia in 2011.

In addition, the new retail design also entails the creation of a retail corner within the outlet, known as “POS Shoppe” to welcome customers to experience and purchase our postal products and services, as well as philatelic items under the “pick and pay” concept. “POS Shoppe” will be introduced in stages at 100 retail outlets in 2011.

What’s in Store for 2011

Our retail business is expected to face many challenges for 2011, with new service providers continuously introducing new payment channels in the market. In addition, the proliferation of technologies that are taking place, will transform consumer behaviours towards payment convenience at their fingertips, either through online or via mobile phone.

In order to meet the ever-changing customers’ demand and high service expectations, PosNiaga remains focused on delivering excellent service quality and value creation through the execution of the key initiatives under the 5-year Retail Transformation Plan.

With the alignment of strategy and action plans, PosNiaga is poised for further business growth and towards achieving customer service excellence for 2011.
Digicert is Malaysia’s first Licensed Certification Authority (CA). Established in 1998, Digicert plays an important role in promoting Public Key Infrastructure (PKI) Technology and services for securing online transaction and communication as part of the fulfilment of Digital Signature Act (DSA) 1997.
Digicert Sdn Bhd

Digicert’s consolidated revenue grew from RM10.5 million to RM11.5 million in 2010, underpinned by strong support of its existing clients such as Lembaga Hasil Dalam Negeri (LHDN) for the e-Filing project, Government Integrated Telecommunication Network (GITN) for electronic Government Project (eG), Bank Negara Malaysia (BNM), CIMB Bank and Biro Pengawalan Farmaseutikal Kebangsaan (BPFK) for the Quest 3 application. Its new clients and projects for 2010 include the enhancement of LHDN eFiling services, deployment of PKI in Standard Accounting for Government Agencies (SAGA) project, Universiti Pendidikan Sultan Idris (UPSI), Lembaga Perlesenan Tenaga Atom and eTanah Project. To date, Digicert has more than 4 million digital certificate subscribers.

In December 2010, Digicert has obtained from SIRIM QAS International and IQNet, a Quality Management System which fulfils the requirement of the ISO 9001:2008 standard for the activities of Provision of Certification Authority Services for e-Business. This is indeed rewarding for its management and staff who believe in providing good quality services to spur the growth of the company.

Ernst & Young (E&Y), being the registered auditor with Malaysian Communications and Multimedia Commission has reported Full Compliance for all 9 Control Areas for the Digicert’s Annual Performance and Compliance Audit for year 2010. Malaysian Communications and Multimedia Commission has also granted Digicert with another 5 years renewal for the CA and Repository Licences to allow Digicert to continue its operation as a Licensed Certification Authority effective 25 December 2010 to 24 December 2015.

What’s in Store for 2011

Mobile phone penetration in Malaysia has reached beyond 100%. The proliferation of mobile devices particularly smart phones has driven the need for PKI technology to secure mobile commerce. Digicert has embarked on wireless PKI solution to cater for the demand. Digicert will also expand its solutions to include Enterprise Managed Security Services (EMSS) to address for the increasing need to have more secure office environment for doing business in this digital era.

Digicert also offers a full package of postal application system and infrastructure. Digicert’s capabilities in this area have been proven through the successful implementation of the Integrated Production and Planning System (IPPS) project for Pos Malaysia in 2010 apart from developing other postal applications for Pos Malaysia.
POSMELE PRODUCTS AND SERVICES

• MAILING SOLUTIONS
  • Standard Mail
  • Non-Standard Mail
  • Postcard
  • MelRakyat

• PREMIUM MAILING SOLUTIONS
  • PosEkspres
  • PosEkspres International
  • PosDaftar

• BUSINESS MAILING SOLUTIONS
  • Prepaid Postage
  • Franking
  • Periodicals
  • PosDokumen
  • Corporate Mail Management
  • Business Reply Services
  • Special Handling Services

• POST OFFICE SERVICES
  • Private Letter Box
  • Locked Bag Service
  • Window Delivery Counter

• ADVERTISING SERVICES
  • AdMail
  • Direct Mail

DATAPOS SERVICES

• DATA PROCESSING
  • Database Management
  • Software Solutions

• HIGH SPEED DIGITAL LASER PRINTING
  • High Volume Digital Quality Printing
  • Personalised (Variable Data Printing)
  • Simplex Highlight Colour
  • Simplex and Duplex B&W
  • Continuous and Cut Sheet Printing

• MAIL PROCESSING
  • Enveloping, Bar Coding and Account Number Verification (ANV)
  • Poly Wrapping (Plastic)
  • Page Mailer/Seal Mailer
  • Address Labeling, AR Register, Packing and Reporting
  • Courier Mail Agent

• TRANSPORTATION
  • Pick-Up and Delivery

• VALUE ADDED SERVICES
  • Data Archiving and Imaging
  • Return Mail Management
  • e-Bill Presentment
Group Products and Services

**POSLAJU PRODUCTS AND SERVICES**

- **NEXT DAY DELIVERY**
  Next working day delivery (D+1) within PosLaju coverage area

- **SAME DAY DELIVERY**
  Local Town & Cross Town delivery for documents up to 1 kg

- **PUTRAJAYA EXPRESS**
  Same day delivery from/to Klang Valley to/from Putrajaya or Cyberjaya

- **TIME CERTAIN SERVICE DOMESTIC (TCS)**
  Guaranteed delivery by 10 am on the next working day

- **TIME CERTAIN SERVICE SINGAPORE**
  Guaranteed delivery by 10 am on the next working day

- **TIME CERTAIN SERVICE TOKYO**
  Guaranteed delivery by 1 pm next working day

- **POSPRIORITY EXPRESS (PPE)**
  A high performance, premium delivery service to international destinations

- **INTERNATIONAL DELIVERY (EMS)**
  Deliver to over 200 countries worldwide

- **OUR VALUE-ADDED SERVICES**
  - Pick-Up Service
  - Packaging Services
  - PosLaju Pack – Boxes, Envelopes and Tube
  - PosLaju Insurance
  - Bagasi Haji

- **TRACK & TRACE**

- **BORNEO ECONOMY EXPRESS (BEE)**
  Domestic delivery from Peninsular Malaysia to Sabah and Sarawak (vice versa) with D+2 delivery standard

- **POSLAJU INTERNATIONAL PREMIUM (PIP)**
  Premium delivery service from Malaysia to more than 215 international destinations in collaboration with UPS

- **DOMESTIC AND INTERNATIONAL PARCEL**

**ASIAXPRESS PRODUCTS AND SERVICES**

- **INTERNATIONAL COURIER**
  - Economy Xpress
  - Priority Xpress
  - Diplomatic Xpress
  - Inbound Xpress

- **DOMESTIC COURIER**
  - Standard Xpress
  - Same Day Xpress
  - Time Certain Xpress
POSNIAGA RETAIL SERVICES

• PAYMENT SERVICES
  • Bills Payment
    - Electricity
    - Water
    - Telephone and Internet
    - Assessment
    - Quit Rent
  • Public Service Network
    - JPJ Driving Licence Renewal
    - JPJ Road Tax Renewal
    - SPR Voters’ Registration and Change of address
    - SOCSO Payment
    - LHDN Income Tax Payment
    - LHDN Stamp Duty
    - PDRM Traffic Summon Payment
    - JPJ Traffic Summon Payment
    - 1Azam Monthly Allowance Payment
  • Student Loan Repayment
    - JPA
    - PTPTN
    - MARA
  • Zakat (Tithe) Payment
    - 14 States Pusat Zakat
  • Ticketing and Booking
    - AirAsia and Firefly
  • Telco Prepaid Card/ Reload
    - Maxis
    - Digi
    - Celcom
    - iTalk
• Purchase and Registration
  - PI Registration
  - IBoxx (Purchase of ITTV HDD)
  - AmBank NexG
    (Purchase of Debit Card)
• FINANCIAL SERVICES
  • Domestic Remittance
    - Domestic Money Order
    - Postal Order
    - Express Money Order
  • International Remittance
    - International Money Order
    - Western Union
  • Unit Trust
    - PNB Products
      (ASN, ASB, ASM, ASW, ASD, ASG, ASIM)
  • Insurance
    - Pos Auto Plus
    - Pos Hospital Cash Income
    - Pos Maid Protector
    - Pos Cuti-Cuti PA
    - Motor Insurance in Partnership With Panel Insurers :
      - Kurnia Insurance
      - MAA Assurance
      - Allianz General Insurance
      - ETIQA Insurance
      - ETIQA Takaful
      - Syarikat Takaful Malaysia
      - Malaysian Motor Insurance Pool
• Shared Banking Services
  (*At Selected Outlets)
  - RHB Bank*
    • Marketing of Financial Products
      (ASNB Loan, Personal Loan and Credit Card)
  • EASY Kiosk Products
    - ASNB Loan
    - Personal Financing
    - PA Insurance
    - Life Insurance
    - EKD9 (Easy Debit Card)
    - EASY Savings
  - Maybank*
    • Cash Deposit
    • Cash Withdrawal
    • Loan Repayment
• POS SHOPPE
  • PosEkspres Envelopes
  • Philately
    - Annual Stamp Album
    - Stamp Booklets
    - Miniature Sheets
    - Folder Set
  • PosNiaga Pack/Box
  • Postal Related Products
    - Envelopes
    - Padded Envelopes
    - Tapes
    - Wrapping Material
    - Parcel Strings
Group Products and Services

**DIGICERT**
**PRODUCTS AND SERVICES**

**PHILATELY**
- Stamps
  - Special Issue
  - Commemorative
  - Definitive
- SODA Account
  - New Account Registration
  - Account Top-Up
- Personalised Stamps
  - Corporate
  - Individual
- Other Philatelic Products
  - First Day Cover
  - Miniature Sheet
  - Presentation Pack
  - Folder Set
  - Annual Stamp Album
  - Stamp Booklet
  - Greeting Stamps

**AUTHENTICATION & DIGITAL SIGNATURE SOLUTIONS**
- DIGISIGN Server ID Enrich
- DIGISIGN ID Enhanced
  - Smartcard
- DIGISIGN ID Basic
  - Smartcard, Security Token and Softcert
- DIGISIGN Wireless PKI
- DIGISIGN File Manager
- DIGISIGN Forms Solution
- DIGISIGN PKI Toolkit
  - DC Tools
  - DC Signature
  - DC Tools Crypto
- iVEST Client
- iVEST Biz Client
- iVEST Server
- iVEST File

**DOCUMENT SECURITY SOLUTION**
- SecureCODE
- ID-Trace
- Optical Watermark, Transactional Micro-Print & Print Control

**ENTERPRISE MANAGED IT SECURITY SERVICES (EMITSS)**
- Risk Assessment
- IT Security Assurance
- Monitoring Services of Critical Assets
- IT Security Assurance Testing
- Managed Identity Management Service
- Assurance Services for Data Protection
5 March 2010
OFFICIAL VISIT OF EGYPTIAN POST MINISTER & SIGNING CEREMONY BETWEEN POS MALAYSIA AND EGYPTIAN POST
A delegation comprising of senior officials from the Egyptian Post visited Pos Malaysia as part of the Regional Postal Officials Exchange Programme aimed at strengthening the relationship and cooperation between postal operators.

8 – 10 March 2010
PINTAR ACADEMIC TRIP FOR ADOPTED SCHOOLS
As part of its Corporate Social Responsibility (CSR) initiatives, Pos Malaysia organised an academic trip for students in Standard 4 to 6 and Form 3 to 5 from Sekolah Kebangsaan Kuala Perai, Bagan Dalam and Sekolah Menengah Kebangsaan Sungai Acheh, Nibong Tebal respectively, under the PINTAR programme.

6 April 2010
POS MALAYSIA INKED DEAL TO BECOME PI WIMAX DISTRIBUTION CHANNEL
Packet One Networks (Malaysia) Sdn. Bhd. (“PI”), the world’s leading 2.3GHz 4G WiMAX broadband service provider together with Pos Malaysia Berhad signed an agreement to enable bill payments for PI WIMAX postpaid subscribers, new PI WIMAX postpaid account registration as well as purchase of top-up credits for PI WIGGY Prepaid at almost 600 Pos Malaysia outlets. Pos Malaysia outlets now offer PI WIMAX Home Lite, Plus and Pro, the Office Premium and Standard packages as well as the PI WIGGY packages.

The group visited educational and interesting places around Selangor and Kuala Lumpur, which included amongst others, the National Science Centre, Gardenia Bread Factory and Aquaria KLCC.
Corporate Events

22 April 2010
LAUNCHING OF MELRAKYAT
Pos Malaysia introduced a new product called MelRakyat at Kuala Kubu Bharu, Selangor. YB Dato’ Seri Utama Dr. Rais Yatim, Minister of Information, Communications and Culture graced the launching ceremony.

27 April 2010
SIGNING CEREMONY BETWEEN POS MALAYSIA AND ROYAL CUSTOMS
Pos Malaysia was appointed as the Customs Release Agent and Pos Malaysia customers can now enjoy the convenience of collecting their overseas parcels and mail items that are taxed by the Royal Malaysian Customs Department at over 700 Pos Malaysia outlets and 50 PosLaju Centres all over the country.

As the appointed Customs Release Agent, Pos Malaysia will facilitate the customers in managing all matters relating to obtaining release from the Customs Duty Tax for their overseas parcels/mail items. Customers can collect the items from the nearest Pos Malaysia outlet or PosLaju Centre.

13 May 2010
LAUNCHING OF BORNEO ECONOMY EXPRESS
Pos Malaysia launched Borneo Economy Express on 13 May 2010. The launching ceremony was graced by the Minister of Information, Communications and Culture at Sibu Post Office.
19 May 2010
POS MALAYSIA APPOINTED AS THE COLLECTION AGENT FOR INLAND REVENUE
The Inland Revenue Board of Malaysia (LHDN) appointed Pos Malaysia as one of the collection agents, with the largest network available countrywide. Pos Malaysia is the first Government Linked Company and the 8th agency that has been appointed by LHDN.

3 June 2010
POSLAJU AND UPS FORMS ALLIANCE
PosLaju and United Parcel Service (UPS) jointly launched PosLaju International Premium, a day-definite, international express delivery service with money-back guarantee serving over 215 countries. The new service is now available at all 51 PosLaju outlets in Malaysia and on average, shorten the international transit time of packages, and documents by half.

15 July 2010
LAUNCH OF “POSMEN KOMUNITI” FOR SABAH & SARAWAK
The Minister of Information, Communications and Culture, launched the Community Postmen Postal Representative services as part of the Postal Transformation Plan for Sabah and Sarawak at Pulau Banggi, Sabah. The Minister also presented the Universal Postal Union (UPU) Quality Management Gold Certification to Pos Malaysia.

23 July 2010
MEETING OF 100 POSTMEN WITH THE PRIME MINISTER OF MALAYSIA
To show our postmen’s appreciation to the Government for granting the approval of the domestic mail tariff increase, 100 postmen together with senior officials from Pos Malaysia met the Prime Minister at his office lobby on 23 July 2010. The Prime Minister was also presented with a birthday cake and a hand-drawn potrait of himself.
Corporate Events

16 August 2010
POS RAYA INSURANCE
Pos Malaysia launched “Pos Raya Insurance” with its strategic partner Malaysian Assurance Alliance Berhad (“MAA Assurance”). This special scheme is specifically tailored to protect individuals and their families from the high risk of accidents that may occur during the festive period.

31 August 2010
POS MALAYSIA PARTICIPATED IN MERDEKA CELEBRATIONS
Our employees participated in various Merdeka Celebrations in 2010. Among the activities were the “Menjalur gemilangkan Bandaraya Kuala Lumpur”; where Pos Malaysia participated in distributing the Jalur Gemilang flag around Kuala Lumpur as well as the Merdeka celebration at the Putra Stadium Bukit Jalil and also celebrations and parades at state level countrywide.
6 September 2010  
BUKA PUASA WITH CHAIRMAN AND POSTMEN  
A Buka Puasa session was organised to treat the postmen and staff at Pos Malaysia Kuala Lumpur. This event was held at the Commuter Walkway of Dayabumi Complex, and attended by YBhg Tan Sri Dato’ Seri (Dr.) Aseh Che Mat, YBhg Dato’ Syed Faisal Albar and other senior management.

20 and 22 September 2010  
AIDILFITRI OPEN HOUSE FOR CORPORATE CLIENT, MEDIA & STAFF  
Pos Malaysia continued to share the joy of Hari Raya Aidilfitri with its corporate clients, media representatives and staff of Pos Malaysia by organising its Aidilfitri Open House. This year the event took place at the Hilton Hotel Petaling Jaya for the session with Corporate clients and Media and at the Commuter Walkway, Dayabumi Complex for the session with staff.

9 October 2010  
NATIONAL POSTAL STRATEGY BOOK  
Just like any other postal organisations around the world, Pos Malaysia also celebrated this year’s World Postal Day. For 2010, the national level celebration was held at Kuching Sarawak. It was officiated by the Deputy Minister of Information, Communications and Culture, YB Dato’ Joseph Salang, YBhg Tan Sri Dato’ Seri (Dr.) Aseh Che Mat and Dato’ Syed Faisal Albar were also present at the event.
Corporate Events

22 October 2010
MALAYSIANS TO PLEDGE FOR ORGAN DONATION THROUGH POS MALAYSIA’S OUTLETS
Pos Malaysia became the appointed agent of the Ministry of Health to enable the public to obtain the Donor Registration Forms and related paraphernalia related to Organ Donation at 19 post offices all over the country in support of the Ministry of Health’s campaign to celebrate the Organ Donation Awareness Week from 16 to 24 October 2010.

8 November 2010
PRIZE GIVING CEREMONY FOR LETTER WRITING COMPETITION TO THE PRIME MINISTER AND LAUNCHING OF 1MALAYSIA STAMP COLLECTION & POSTCARD
The Minister of Information, communication and Culture presented the prizes to all winners of the Letter Writing Competition to the Prime Minister. The minister also launched the 1Malaysia Stamp Collection & Postcard. The event took place at the Legend Hotel Kuala Lumpur and was also attended by the YB Dato’ Joseph Salang, Deputy Minister I, as well as YB Senator Datuk Maglin Dennis D’Cruz, Deputy Minister II.

25 October 2010
POS MALAYSIA OUTLETS TO CHANNEL GOVERNMENT’S 1AZAM FUND TO THE POOR
Pos Malaysia Berhad was appointed by the Ministry of Women, Family and Community Development to become the distribution channel for the government’s monetary support to the poor and the underprivileged, via the e-Kasih system. The recipients of 1Azam registered with the system, are able to claim the allowance through the post offices counters countrywide by providing supporting documents and identification.
29 November 2010
POS MALAYSIA LAUNCH THE NEW ONLINE SHOPPING PORTAL: POSTME.COM.MY

PostMe.com.my, was launched by the Company in support of the Government’s vision of moving towards e-commerce and encouraging entrepreneurship.

“PostMe.com.my is an e-commerce platform developed based on the concept of the only online mall with the biggest offline network support”

PostMe.com.my is an e-commerce platform wholly owned by Pos Malaysia, developed based on the concept of the only online mall with the biggest offline network support. This online shopping website is supported by Poslaju’s extensive delivery network throughout the country that enables Pos Malaysia to reach urban customers in Bangsar, Kuala Lumpur as well as customers in the rural area of Belaga, Sarawak.
Corporate Events
“RM10 juta untuk Transformasi Pos Malaysia di Sabah, Sarawak”
Utusan Online - 14 May 2010

“Five Post Offices In KL and Selangor Collecting Traffic Compound Payment to Start From Today”
Nanyang Siang Pau - 1 Nov 2010

“Writing Letter To Prime Minister”
China Press - 20 Nov 2010

“Selangor, KL And Putrajaya Water Users Can Pay Water Bill With RHB Debit Card”
Nanyang Siang Pau - 14 Nov 2010

“Across the Barriers”
The Busy Weekly - 22 Nov 2010

“Mini Post office opens in Senadin”
News Straits Times - 21 Oct 2010

“Community Postmen to serve farflung areas”
New Straits Times - 16 July 2010

“Daftar derma organ di Pejabat Pos”
KOSMO - 23 Oct 2010

“Harga saham Pos Malaysia dianjur meningkat”
Utusan Online - 14 May 2010

“Jimat 8 juta setahun”
Berita Harian - 7 July 2010

“Pendapatan Pos Malaysia diunjur naik 66.4 peratus”
Berita Harian - 26 Aug 2010
“Pos Malaysia lancar insurans Pos Raya”
Utusan Malaysia · 14 Aug 2010

“60 more community post centres next year”
Borneo Post (KK) · 10 Oct 2010

“Pos Malaysia perkenal khidmat portal e-dagang”
Berita Harian · 30 Nov 2010

“Lebih 10,000 permohonan insurans Pos Raya”
KOSMO · 31 Aug 2010

“Pos Malaysia offers new services for pilgrims”
The Star · 9 Oct 2010

“Online shopping will boost Pos Malaysia’s parcel services”
Thestar.com.my · 17 May 2010

“Royal stamp of approval”
News Straits Times · 21 Oct 2010

“Pos Malaysia sustain performance despite turbulent year”
Berita Harian Online · 13 May 2010

“RM12.6 juta tingkat khidmat pos dua negeri”
Berita Harian · 16 July 2010

“Lower postage for sending Raya Cards”
The Star · 18 Aug 2010

“Kutipan cukai ikut bank cecah 4.7 bilion”
Utusan Online · 20 May 2010
Notwithstanding the early successes, there is still much to be done as we brave through our transformation journey. Within the boundaries of our transformation framework, we are open to new perspectives, ideas and opportunities to best execute our plans and propel our growth.
Board of Directors

Tan Sri Dato’ Seri (Dr.) Aseh bin Haji Che Mat
Non-Independent Non-Executive Chairman

Dato’ Syed Faisal Albar bin Syed A.R Albar
Group Managing Director/Chief Executive Officer

Dato’ Ibrahim Mahaludin bin Puteh
Independent Non-Executive Director

Datuk Low Seng Kuan
Senior Independent Non-Executive Director

Dato’ Krishnan a/l Chinapan
Independent Non-Executive Director

Puan Sri Datuk Nazariah binti Mohd Khalid
Independent Non-Executive Director

Tan Sri Dato’ Ir Muhammad Radzi bin Haji Mansor
Non-Independent Non-Executive Director

Wee Hoe Soon @ Gooi Hoe Soon
Independent Non-Executive Director

Tunku Dato’ Mahmood Fawzy bin Tunku Muhiyiddin
Non-Independent Non-Executive Director

Abdul Hamid bin Sh Mohamed
Independent Non-Executive Director

Eshah binti Meor Suleiman
Non-Independent Non-Executive Director

Board Committees

Audit Committee

Datuk Low Seng Kuan
Chairman/Senior Independent Non-Executive Director

Wee Hoe Soon @ Gooi Hoe Soon
Independent Non-Executive Director

Tunku Dato’ Mahmood Fawzy bin Tunku Muhiyiddin
Non-Independent Non-Executive Director

Abdul Hamid bin Sh Mohamed
Independent Non-Executive Director

Puan Sri Datuk Nazariah binti Mohd Khalid
Independent Non-Executive Director

Board Nomination and Remuneration Committee

Puan Sri Datuk Nazariah binti Mohd Khalid
Chairperson/Independent Non-Executive Director

Dato’ Ibrahim Mahaludin bin Puteh
Independent Non-Executive Director

Datuk Low Seng Kuan
Senior Independent Non-Executive Director

Dato’ Krishnan a/l Chinapan
Independent Non-Executive Director

Tunku Dato’ Mahmood Fawzy bin Tunku Muhiyiddin
Non-Independent Non-Executive Director

Eshah binti Meor Suleiman
Non-Independent Non-Executive Director
Corporate Information

Board Committees

Tender Board Committee

Eshah binti Meor Suleiman
Chairperson/Non-Independent Non-Executive Director

Dato` Ibrahim Mahaludin bin Puteh
Independent Non-Executive Director

Puan Sri Datuk Nazariah binti Mohd Khalid
Independent Non-Executive Director

Dato` Krishnan a/l Chinapan
Independent Non-Executive Director

Company Secretary

Dato` Sabrina Albakri binti Abu Bakar (LS 8508)

Registered Office

Level 33, Menara Dayabumi
Jalan Sultan Hishamuddin
50050 Kuala Lumpur
Tel: 603-22672267
Fax: 603-22672266

Share Registrar

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: 603-22643883
Fax: 603-22821886

Auditors

KPMG
Chartered Accountants

Bankers

Malayan Banking Berhad
CIMB Bank Berhad
HSBC Bank Malaysia Berhad

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad
### GROUP STRUCTURE

#### SUBSIDIARIES

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of Company</th>
<th>Shareholder</th>
<th>Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Prestige Future Sdn Bhd</td>
<td>PSH Capital Partners Sdn Bhd</td>
<td>100%</td>
</tr>
<tr>
<td>2</td>
<td>PSH Venture Capital Sdn Bhd</td>
<td>Pos Malaysia Berhad</td>
<td>100%</td>
</tr>
<tr>
<td>3</td>
<td>PSH Express Sdn Bhd</td>
<td>PSH Venture Capital Sdn Bhd</td>
<td>100%</td>
</tr>
<tr>
<td>4</td>
<td>PSH Capital Partners Sdn Bhd</td>
<td>Pos Malaysia Berhad</td>
<td>100%</td>
</tr>
<tr>
<td>5</td>
<td>PSH Allied Berhad</td>
<td>Pos Malaysia Berhad</td>
<td>100%</td>
</tr>
<tr>
<td>6</td>
<td>PSH Properties Sdn Bhd</td>
<td>Pos Malaysia Berhad</td>
<td>100%</td>
</tr>
<tr>
<td>7</td>
<td>Effivation Sdn Bhd</td>
<td>PSH Properties Sdn Bhd</td>
<td>100%</td>
</tr>
<tr>
<td>8</td>
<td>Real Riviera Sdn Bhd</td>
<td>PSH Properties Sdn Bhd</td>
<td>100%</td>
</tr>
<tr>
<td>9</td>
<td>Datapos (M) Sdn Bhd</td>
<td>Pos Malaysia Berhad</td>
<td>100%</td>
</tr>
<tr>
<td>10</td>
<td>Pos Takaful Agency Sdn Bhd</td>
<td>Pos Malaysia Berhad</td>
<td>100%</td>
</tr>
<tr>
<td>11</td>
<td>PMB Properties Sdn Bhd</td>
<td>Pos Malaysia Berhad</td>
<td>100%</td>
</tr>
<tr>
<td>12</td>
<td>Digicert Sdn Bhd</td>
<td>Pos Malaysia Berhad</td>
<td>100%</td>
</tr>
<tr>
<td>13</td>
<td>Pos Malaysia &amp; Services Holdings Berhad</td>
<td>Pos Malaysia Berhad</td>
<td>100%</td>
</tr>
<tr>
<td>14</td>
<td>Poslaju (M) Sdn Bhd</td>
<td>Pos Malaysia Berhad</td>
<td>100%</td>
</tr>
<tr>
<td>15</td>
<td>PSH Investment Holdings (BVI) Ltd</td>
<td>Pos Malaysia &amp; Services Holdings Berhad</td>
<td>100%</td>
</tr>
</tbody>
</table>

Note: The following wholly-owned dormant subsidiary companies had been struck off from the register of the Companies Commission of Malaysia pursuant to Section 308(4) of the Companies Act 1965 during the financial year under review:

(i) Pos Logistics-Fulserve Sdn Bhd
(ii) Virtual Pos Sdn Bhd
(iii) PSH Management Sdn Bhd
(iv) PSH Merchandise Sdn Bhd
(v) Philately Pos Malaysia Sdn Bhd

#### ASSOCIATES

<table>
<thead>
<tr>
<th>No.</th>
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<th>Shareholder</th>
<th>Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CEN Sdn Bhd</td>
<td>Pos Malaysia Berhad, Transmile Group Berhad</td>
<td>42.5%, 57.5%</td>
</tr>
<tr>
<td>2</td>
<td>PosPay Exchange Sdn Bhd</td>
<td>Pos Malaysia Berhad, Fask Capital Sdn Bhd (formerly known as Royal Mint Exchange Sdn Bhd)</td>
<td>50%, 50%</td>
</tr>
<tr>
<td>3</td>
<td>Elpos Print Sdn Bhd</td>
<td>Econlink Sdn Bhd, Pos Malaysia Berhad</td>
<td>60%, 40%</td>
</tr>
<tr>
<td>4</td>
<td>CEN Worldwide Sdn Bhd</td>
<td>CEN Sdn Bhd</td>
<td>100%</td>
</tr>
<tr>
<td>5</td>
<td>CEN Technology Sdn Bhd</td>
<td>CEN Sdn Bhd, Chay Wai Lan</td>
<td>50%, 50%</td>
</tr>
</tbody>
</table>
Tan Sri Dato’ Seri (Dr.) Aseh bin Haji Che Mat  
Non-Independent Non-Executive Chairman

Tan Sri Dato’ Seri (Dr.) Aseh bin Haji Che Mat, 59, a Malaysian, was appointed to the Board on 15 July 2008 as Non-Independent Non-Executive Chairman. Tan Sri Aseh obtained his Bachelor of Economics (Honours) degree from the University of Malaya in 1974 and obtained his Masters in Public Administration degree from the University of Southern California, USA in 1984. In year 2007, he received his PhD (Honorary) in International Relations from the Limkokwing University of Creative Technology, Cyberjaya.

Upon his graduation in 1974, Tan Sri Aseh joined the Ministry of Finance as Assistant Secretary. Prior to his retirement in October 2007 as Secretary General of the Ministry of Home Affairs, he held various positions in the civil service, ranging from Principal Assistant Secretary in the Education Services Commission, serving Sarawak and Sabah from 1977 to 1982, and other various positions in the Ministry of Home Affairs before being appointed Deputy Director-General of Immigration Malaysia and thereafter, Director-General of Immigration Malaysia.

Tan Sri Aseh is active in community services and is currently the Chairman of RELA Cooperative, Chairman of FAM Monitoring Committee, President of Rifle Association Malaysia, President of Tiara Golf & Country Club Melaka, Adviser of PAPITA (Singer Association of Malaysia) and Chairman of Limkokwing University of Creative Technology since June 2009. Tan Sri Aseh was also active in the Administrative and Diplomatic Service (ADS) and was its longest serving President from 2001 to 2008.

Tan Sri Aseh does not have any family relationship with any director and/or substantial shareholder of the Company or any conflict of interest with the Company. He has not been convicted of any offence within the past 10 years.

Tan Sri Aseh attended all nine (9) Board meetings held during the financial year under review.

Particulars of other directorships in public companies:
* MWE Holdings Berhad (Chairman)
* Stemlife Berhad (Chairman)
* Lion Diversified Holdings Berhad
Dato’ Syed Faisal Albar bin Syed A.R Albar
Group Managing Director/ Chief Executive Officer

Dato’ Syed Faisal Albar bin Syed A.R Albar, 45, a Malaysian, was appointed to the Board on 1 November 2008 as the Group Managing Director/ Chief Executive Officer of the Company.

Dato’ Syed Faisal is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and was elected as Council Member of MICPA on 16 October 2010. He is also a member of the American Institute of Certified Public Accountants (AICPA).


Dato’ Syed Faisal does not have any family relationship with any director and/or substantial shareholder of the Company or any conflict of interest with the Company. He has not been convicted of any offence within the past 10 years.

Dato’ Syed Faisal attended all nine (9) Board meetings held during the financial year under review.
Dato’ Ibrahim Mahaludin bin Puteh
Independent Non-Executive Director

Dato’ Ibrahim Mahaludin bin Puteh, 59, a Malaysian, was appointed to the Board on 22 August 2007 as a Non-Independent Non-Executive Director. On 25 February 2009, he was re-designated as Independent Non-Executive Director. Dato’ Ibrahim is a member of the Board Nomination and Remuneration Committee and Tender Board Committee.

Dato’ Ibrahim holds a Bachelor of Arts (Honours) degree from the University of Malaya and a Master of Business Administration degree from the Manchester Business School, University of Manchester, United Kingdom.

Dato’ Ibrahim is currently the Chairman of Indah Water Konsortium Sdn Bhd, a position which he held since 1 September 2009 and Chairman of Computer Forms (Malaysia) Berhad since 1 December 2008. He is the former Chairman of Syarikat Prasarana Negara Berhad. Prior to that, Dato’ Ibrahim had served in various divisions at the Ministry of Finance since 1974 including as Senior Adviser to the Executive Director for South East Asia at the World Bank Group in Washington D.C. His last post prior to his retirement from the Ministry of Finance in 2008 was the Deputy Secretary General (Policy) in the Ministry of Finance.

Dato’ Ibrahim does not have any family relationship with any director and/or substantial shareholder of the Company or any conflict of interest with the Company. He has not been convicted of any offence within the past 10 years.

Dato’ Ibrahim attended eight (8) out of nine (9) Board meetings held during the financial year under review.

Particulars of other directorships in public companies:
*Computer Forms (Malaysia) Berhad (Chairman)
Datuk Low Seng Kuan
Senior Independent Non-Executive Director

Datuk Low Seng Kuan, 64, a Malaysian, was appointed Director of the Company on 1 July 1992. He was re-designated as an Independent Non-Executive Director and simultaneously appointed Senior Independent Director with effect from 21 August 2007. Datuk Low is the Chairman of the Audit Committee and a member of the Board Nomination and Remuneration Committee.

Datuk Low is a Chartered Accountant by profession and is a member of the Malaysian Institute of Accountants and has more than 30 years of experience in the manufacturing industry. He graduated from the Footscray Institute of Technology (Victoria University) in Business Studies (Accountancy) and the Royal Melbourne Institute of Technology (RMIT) in Industrial Accountancy.

Datuk Low was the Managing Director of Malaysian Sheet Glass Sdn Bhd until 31 March 2010. He also serves on the Board of a number of private and government-linked corporations. He is the former President of the Federation of Malaysian Manufacturers (FMM) and is currently the Vice-President of FMM. Datuk Low had served as a Board member of the Malaysian Industrial Development Authority (MIDA) and Malaysian Institute of Economic Research (MIER). He is currently the President of Transparency International Malaysia.

Datuk Low does not have any family relationship with any director and/or substantial shareholder of the Company or any conflict of interest with the Company. He has not been convicted of any offence within the past 10 years.

Datuk Low attended eight (8) out of nine (9) Board meetings held during the financial year under review.

Particulars of other directorships in public companies:
* Sunway Holdings Incorporated Berhad
* Logos Institute Berhad
* Be in Health Berhad
Dato’ Krishnan a/l Chinapan  
Independent Non-Executive Director

Dato’ Krishnan a/l Chinapan, 64, a Malaysian, was appointed Director of the Company on 1 July 1992. He was re-designated as an Independent Non-Executive Director of the Company with effect from 21 August 2007. Dato’ Krishnan is a member of the Board Nomination and Remuneration Committee and the Tender Board Committee.


Dato’ Krishnan does not have any family relationship with any director and/or substantial shareholder of the Company or any conflict of interest with the Company. He has not been convicted of any offence within the past 10 years.

Dato’ Krishnan attended eight (8) out of nine (9) Board meetings held during the financial year under review.
Board of Directors

Puan Sri Datuk Nazariah binti Mohd Khalid
Independent Non-Executive Director

Puan Sri Datuk Nazariah binti Mohd Khalid, 61, a Malaysian, was appointed to the Board on 13 August 2007 as an Independent Non-Executive Director. She is the Chairperson of the Board Nomination and Remuneration Committee and a member of the Tender Board Committee. On 12 March 2010, Puan Sri Datuk Nazariah was appointed a member of the Audit Committee.

Puan Sri Datuk Nazariah graduated with a Bachelor of Arts (Honours) degree from the University of Tasmania, Australia and holds a Master of Business Administration degree from Michigan State University, USA. She joined the Malaysian Civil Service in 1972 and served in various capacities prior to her last position as the Director General of the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) in the Prime Minister’s Department.

Puan Sri Datuk Nazariah does not have any family relationship with any director and/or substantial shareholder of the Company or any conflict of interest with the Company. She has not been convicted of any offence within the past 10 years.

Puan Sri Datuk Nazariah attended eight (8) out of nine (9) Board meetings held during the financial year under review.
Tan Sri Dato’ Ir. Muhammad Radzi bin Haji Mansor
Non-Independent Non-Executive Director

Tan Sri Dato’ Ir. Muhammad Radzi bin Haji Mansor, 69, a Malaysian, was appointed to the Board on 21 October 2009 as a Non-Independent Non-Executive Director.

Tan Sri Radzi graduated with a Diploma in Electrical Engineering from Faraday House Engineering College, London in 1962 and a Master of Science (Technological Economics) from the University of Stirling, Scotland in 1975. A Chartered Professional Engineer registered with the Board of Engineers Malaysia and Engineering Council United Kingdom, he is a corporate member of the Institution of Engineers Malaysia, the Institution of Engineering and Technology United Kingdom and the Chartered Management Institute United Kingdom.

Tan Sri Radzi was Chairman and Director of Telekom Malaysia Berhad (TM) from 12 July 1999 to 30 July 2009. Prior to that, he had served in various engineering and management capacities in the former Jabatan Telekom Malaysia (JTM) over a period of 22 years, including a three-year secondment as Technical Adviser to the Ministry of Energy, Telecommunications and Post. Tan Sri Radzi retired as Director-General of Telecommunications upon JTM’s corporatisation on 1 January 1987, and was subsequently appointed Director of Operations at TM. He served as Director of Marketing and Customer Services from 1989 to 1995 and later as Director of Regulatory Management and External Affairs before retiring in July 1996. From 1997 to 1999, Tan Sri Radzi was retained as a Consultant/Adviser on multimedia flagship application projects for the Multimedia Development Corporation Sdn Bhd and currently, he is a member of its Board of Directors.

Tan Sri Radzi does not have any family relationship with any director and/or substantial shareholder of the Company or any conflict of interest with the Company. He has not been convicted of any offence within the past 10 years.

Tan Sri Radzi attended seven (7) out of nine (9) Board meetings held during the financial year under review.

Particulars of other directorships in public companies:
* Kumpulan Fima Berhad (Chairman)
Board of Directors

Wee Hoe Soon @ Gooi Hoe Soon
Independent Non-Executive Director

Mr. Wee Hoe Soon @ Gooi Hoe Soon, 50, a Malaysian, was appointed to the Board on 13 August 2007 as an Independent Non-Executive Director. He is a member of the Audit Committee.

Mr. Gooi is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He has more than 30 years of experience in the fields of accounting and corporate finance and was Finance Director of several private and public listed companies.

He had been instrumental in the successful implementation of several corporate exercises, which included mergers and acquisitions as well as corporate debt restructuring exercises undertaken by public listed companies.

In 1999, Mr. Gooi was appointed to the Board of Avenue Capital Resources Berhad as a Non-Executive Director and was subsequently appointed Group Managing Director in 2001 and Deputy Chairman in 2004; holding this last post until 2006. He was also the CEO/Executive Director (Dealing) of Avenue Securities Sdn Bhd.

Mr. Gooi does not have any family relationship with any director and/or substantial shareholder of the Company or any conflict of interest with the Company. He has not been convicted of any offence within the past 10 years.

Mr. Gooi attended eight (8) out of nine (9) Board meetings held during the financial year under review.

Particulars of other directorships in public companies:
* EON Capital Berhad (Chairman)
* EON Bank Berhad (Chairman)
* MIMB Investment Bank Berhad (Chairman)
* Hup Seng Industries Berhad
* Winsun Technologies Berhad
Tunku Dato’ Mahmood Fawzy bin Tunku Muhiyiddin
Non-Independent Non-Executive Director

Tunku Dato’ Mahmood Fawzy bin Tunku Muhiyiddin, 52, a Malaysian, was appointed to the Board on 13 August 2007 as a Non-Independent Non-Executive Director. Tunku Dato’ Mahmood Fawzy is a member of the Audit Committee and Board Nomination and Remuneration Committee.

Tunku Dato’ Mahmood Fawzy holds a Bachelor of Arts (Honours) degree in Business Studies from the Polytechnic of Central London, a Master of Business Administration degree from the Warwick University and a Diploma in Marketing from the Chartered Institute of Marketing. He is also a member of the Malaysian Institute of Management. He has worked in the United Kingdom, New Zealand, South Africa and Malaysia in a variety of senior management positions that span 22 years.

Tunku Dato’ Mahmood Fawzy does not have any family relationship with any director and/or substantial shareholder of the Company or any conflict of interest with the Company. He has not been convicted of any offence within the past 10 years.

Tunku Dato’ Mahmood Fawzy attended all nine (9) Board meetings held during the financial year under review.

Particulars of other directorships in public companies:
* Telekom Malaysia Berhad
* Kencana Petroleum Berhad
* Hong Leong Islamic Bank Berhad
Abdul Hamid bin Sh Mohamed
Independent Non-Executive Director

Encik Abdul Hamid bin Sh Mohamed, 45, a Malaysian, was appointed to the Board on 13 August 2007 as an Independent Non-Executive Director. He is a member of the Audit Committee.

Encik Abdul Hamid is currently the Executive Director of Symphony House Berhad. Immediately preceding his appointment at Symphony, he was the Chief Financial Officer of the Kuala Lumpur Stock Exchange (KLSE), now known as Bursa Malaysia Berhad. He joined KLSE in 1998 as Senior Vice President, in charge of the Strategic Planning & International Affairs Division and was promoted to Deputy President (Strategy and Development) in 2002. He was re-designated to Chief Financial Officer in 2003. During his five years with the KLSE Group, he held diversified roles and had experience in strategy, corporate finance, business transformation, finance and administration, treasury, external affairs and public relations. He led KLSE’s acquisitions of KLOFFE and COMMEX and their merger to form MDEX, and the acquisition of MESDAQ. He also led KLSE’s demutualisation exercise.

Encik Abdul Hamid started his career in the accounting firm Messrs Lim Ali & Co./Arthur Young, before moving on to merchant banking with Bumiputra Merchant Bankers Berhad. He later moved on to the Amanah Capital Malaysia Berhad Group, an investment banking and finance group, where he led the corporate planning and finance functions until 1998 when he joined the KLSE.

Encik Abdul Hamid does not have any family relationship with any director and/or substantial shareholder of the Company or any conflict of interest with the Company. He has not been convicted of any offence within the past 10 years.

Encik Abdul Hamid attended eight (8) out of nine (9) Board meetings held during the financial year under review.

Particulars of other directorships in public companies:
* Symphony House Berhad
* Hartalega Holdings Berhad
* SILK Holdings Berhad
* MMC Corporation Berhad
* Scomi Engineering Berhad
Puan Eshah binti Meor Suleiman  
Non-Independent Non-Executive Director

Puan Eshah binti Meor Suleiman, 56, a Malaysian, was appointed to the Board on 25 February 2009 as a Non-Independent Non-Executive Director. She is the Chairperson of the Tender Board Committee and member of the Board Nomination and Remuneration Committee.

Puan Eshah obtained her Bachelor of Economics (Honours) degree from the University of Malaya in 1980 and obtained her Master in Business Administration (Finance) from the Oklahoma City University, U.S.A in 1994.

She started her career in 1981 as Assistant Director (Macro Economic Section) Economic Planning Unit of the Prime Minister’s Department before serving as Assistant Secretary at the Government Procurement Division, Ministry of Finance in middle of 1991. Puan Eshah later held various positions in the Government Ministries. In September 2006, she was promoted to her current position as Under Secretary of Investment, Minister of Finance (Incorporated) and Privatisation Division of the Ministry of Finance Malaysia.

Puan Eshah does not have any family relationship with any director and/or substantial shareholder of the Company or any conflict of interest with the Company. She has not been convicted of any offence within the past 10 years.

Puan Eshah attended eight (8) out of nine (9) Board meetings held during the financial year under review.

Particulars of other directorships in public companies:
* Global Maritime Ventures Berhad
* Telekom Malaysia Berhad (Alternate Director)
Leadership Team

Dato’ Jezilee Mohamad Ramli
Group Chief, Corporate Services

Amran Mohd Tomin
Deputy General Manager, Human Resource

Raja Nor Izah Raja Jaafar
Group Head, Group Sales

Dato’ Mearia Hamzah
Chief Operating Officer, PosNiaga

Nordin Abdul Rashid
Head, Institut Latihan Pos (ILP)
Pro-active, regular, two-way communication is key in realising our transformation objectives. We consciously bring down walls, build enduring relationships and continuously engage stakeholders to ensure alignment of business strategies and expectations.
Corporate Social Responsibility Statement

CORPORATE SOCIAL RESPONSIBILITY

Pos Malaysia subscribes to the principles of a socially responsible corporate organisation and we are committed towards conducting our business in an ethical and responsible manner, identifying the socio-economical contributions of our operations as well as seeking ways for us to enrich the lives of those around us whilst simultaneously contributing to Malaysia’s advancement and its Vision 2020 goals.

Pos Malaysia’s Corporate Social Responsibility (CSR) activities are aligned towards our efforts to implement the best practices in CSR and our initiatives are based on the three core values encompassing Employee Welfare, Community and Environmental Protection.

Borderless Humanitarian Contribution

On a daily basis, we connect with Malaysians from all walks of life from the urban locality of Melawati, Selangor to the rural vicinity of Mambong, Sarawak. We view the importance of giving positive impact to the communities in which we operate as well as adding value to our operations that benefits the society and our various stakeholders.

• For the under-privileged

Pos Malaysia continued the tradition of giving and sharing to those that are disadvantaged and unfortunate. For 2010, Pos Malaysia organised various programmes and activities which include hosting Iftar (Buka Puasa) and Hari Raya Open House events for orphans and senior citizens and also providing school supplies for underprivileged children.

• Providing services in difficult times

Pos Malaysia strives to ensure that even during difficult times, we would continue providing our services to the communities. In late 2010, our staff worked tirelessly to ensure mails were still delivered at the flood-stricken areas in the northern region. We delivered mail through boats and other transportation methods as well as establishing a temporary mail collection centre at community centres at the affected areas.

Supporting 1Malaysia’s aspiration

From the point it was introduced by the Prime Minister, Pos Malaysia have supported and embraced the aspirations of 1Malaysia and various efforts were coordinated by all Business Units and departments to instill the concept amongst all Malaysians.

• Impian 1 Malaysia Programme

Notably, Pos Malaysia has tied up with RTM in coordinating “Impian 1 Malaysia” television programme. It was seen as a relevant medium to connect to Malaysians and realise their 1Malaysia aspirations.
• **1 Malaysia Stamp Collection**

Pos Malaysia also embarked on various activities to increase the awareness of 1Malaysia and this is done through the issuance of the 1Malaysia Stamp Collection in collaboration with the Limkokwing University of Creative Technology.

In addition to that, the issuance of the 1 Malaysia Setemku (Personalised Stamps) as well as other philately collections, highlights the uniqueness and values associated with 1Malaysia. Other initiatives include the printing of 1Malaysia logo on all mails processed by Pos Malaysia (Envo-Ad) which was started in 2009 and is still continued in 2010.

• **Letter Writing Competition to the Prime Minister**

In 2010, Pos Malaysia collaborated with the Malaysian Communication and Multimedia Commission (MCMC), Ministry of Information, Communications and Culture and Ministry of Education to organise the Letter Writing Competition to the Prime Minister for primary and secondary school students.

The competition received tremendous response from all over Malaysia and was a great success as it provides an avenue for the younger generation to express their thoughts, ideas and dreams of 1Malaysia to the Prime Minister. Over 100,000 letters were submitted for this inaugural competition and Pos Malaysia is indeed proud for the opportunity to reach out positively to the younger generation.

**Nurturing excellence in education**

Pos Malaysia maintained its dedication towards nurturing and inspiring young minds and continued to support its adopted schools under the Promoting Intelligence, Nurturing Talent and Advocating Responsibility (PINTAR) programme for the third consecutive year. The programme promotes CSR initiatives by Government Linked Companies (GLC) to selected schools. The core component of the programme addresses social issues in schools which constitutes:

- Motivation and Teambuilding programmes;
- Educational Support and Skills Building;
- Capacity and Capability Building; and
- Reducing Vulnerabilities

The PINTAR Foundation provides a bedrock for Malaysia’s young generation to achieve excellence and more importantly, to become the future leaders of our country. Its programmes are designed to create a generation of academically sound, successful and responsible citizens, with the support of caring and committed companies and organisations.

Pos Malaysia is honoured for the opportunity to be part of the program as it is in line with our CSR aspiration which enables us to help the students fulfill their potential and ensure that their economic background does not become an impediment to what they can achieve.

The students of the schools adopted by Pos Malaysia, are from Sekolah Menengah Kebangsaan Sg. Acheh, Nibong Tebal and Sekolah Kebangsaan Kuala Perai, Bagan Dalam, Penang. The schools were provided with various assistance where students were sponsored to attend motivational camps and rewarded students who achieved excellent academic results with educational trips to Kuala Lumpur which included KLCC, Aquaria and Petrosains.
Corporate Governance Statement

Pos Malaysia Berhad (“Pos Malaysia” or “the Company”), a Government-linked Company (“GLC”), its Board of Directors (“Board”) and Management remain committed to upholding and continuously improving good corporate governance practices throughout the Pos Malaysia Group of Companies (“Group”) for the protection of and greater creation of shareholders’ and other stakeholders’ value and for maintaining integrity, trust and confidence in the Company.

The foundation for good governance lies in having an effective Board in place. The Board realises that to be effective, the Board and its members must progress to be continuously performing rather than just conforming. The Board subscribes to the belief that improving the effectiveness of the Board to best practice standards is a continuous journey.

As a GLC in Malaysia, Pos Malaysia has, apart from abiding by the principles and best practices as set out in the Malaysian Code on Corporate Governance (“the Code”) and the Corporate Governance Guide issued by Bursa Malaysia Berhad, subscribed to most of the guidelines introduced by the Putrajaya Committee on GLC High Performance (“PCG”) in enhancing Board Effectiveness. These guidelines as codified in the Green Book reinforce the recommendations contained in the Code.

Board Effectiveness Assessment (“BEA”)

The Board Nomination and Remuneration Committee (“BNRC”) is tasked with conducting assessments of the Board effectiveness and once the action plans have been completed by Management, they will be tabled to the Board for endorsement and implementation.

The 2009 Pos Malaysia Annual Report had reported the conduct of the Board Effectiveness Assessment for year 2008 where a set of findings had been analysed and discussed. During the financial year under review, the Board had approved the action plans developed by Management and thereafter noted the improvements thereon pursuant to the implementation of the action plans. For the 2009/2010 BEA, the Board had sought the assistance of a reputable external consulting firm to review the methodology employed and the tools used in the conduct of the BEA in the last three (3) years to assess the effectiveness and overall objectivity of the BEA exercise. The consultants commented that the Pos Malaysia Board currently practised an extensive BEA Questionnaire for the Board, Board Committees and Self Assessment. The BEA conducted by Pos Malaysia was on good track and should stay a rigorous ongoing process.

Moving forward, the Board is committed to continue reviewing any gaps within the Board and formulate ways to improve its efficiency and effectiveness as an on-going process. This is in line with the recommendation under the Green Book.

The Board is now pleased to report to the shareholders in greater detail on the manner by which the Group has applied the principles of the Code and the extent of compliance with the best practice provisions of the Code.

A. Board of Directors

Principal Responsibilities of the Board

The Board, which is appointed by the shareholders, is entrusted with dealing and controlling the Group and overseeing the business of the Group, which includes optimising long-term financial returns and shareholders’ wealth creation.
As a fundamental part of discharging the Board's responsibilities in order to protect and enhance stakeholders’ value and financial performance of the Group, the Board of Directors continuously acts to improve and refine management practices and systems and ensures that the Group has strong internal controls and processes in place to implement the principles and concepts of good governance.

The duties, responsibilities, powers and functions of the Board are governed by the Articles of Association of the Company (“Company Articles”), the Companies Act 1965 and Companies (Amendment) Act 2007 (collectively the “Companies Act”), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR of Bursa Securities”) and other relevant laws, rules and regulatory guidelines that are in force. The Board is also governed by its Pos Malaysia Board Policy Manual, which assists Board members to better appreciate their roles and responsibilities. With an appropriate understanding of its role, the Board is better equipped to meet its responsibilities in ensuring that the long-term objectives of the Group are met.

Under the Pos Malaysia Board Policy Manual, the Board directs and oversees the management of the business and affairs of the Group including the following:-

(i) Ensure that the Group’s objectives are clearly established and that a strategic plan is in place to achieve those objectives;

(ii) Establish policies for strengthening the performance of the Group including ensuring that the Management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of business capital;

(iii) Adopt performance measures to monitor implementation and performance of the objectives, strategies, action plans and policies;

(iv) Oversee the conduct of the Group’s business to evaluate whether the business is being properly managed;

(v) Ensure that the Group has appropriate business and enterprise wide risk management processes, including an adequate control environment based on internal control systems, management information systems and systems for compliance with applicable laws, rules and regulations;

(vi) Appoint Board Committees to address specific issues, consider recommendations of the Board Committees and discuss problems and reservations arising from the Committees’ deliberations;

(vii) Ensure that the statutory accounts of the Group are fairly stated and conform with the relevant regulations including acceptable accounting policies;

(viii) Ensure that there is in place an appropriate succession planning mechanism for members of the Board and for Senior Management positions;

(ix) Ensure that the Group adheres to high standards of ethics and corporate behaviour including transparency in the conduct of business;

(x) Ensure that there is in place an appropriate public relations and communications programme, as well as an investor relations programme; and

(xi) Ensure there is a Schedule of Matters reserved for collective decision of the Board.
Corporate Governance Statement

The Schedule of Matters reserved for collective decision of the Board is enshrined in the Company’s Discretionary Authority Limits document, which comprises the overall internal authority limits applicable to the Company and its principal officers.

Board Balance and Composition of the Board

The Company Articles stipulate that the Board shall not comprise less than two (2) nor more than twelve (12) members. The Board currently consists of eleven (11) members, comprising a Non-Independent Non-Executive Chairman, a Group Managing Director/Chief Executive Officer ("GMD/CEO"), three (3) Non-Independent Non-Executive Directors and six (6) Independent Non-Executive Directors. With half of the Board members comprising Independent Directors, the Company has exceeded the compliance level set under the MMLR of Bursa Securities, which requires one-third of the Board to consist Independent Directors.

The Board is of the opinion that the current size and composition of the Board is well balanced and the Board is able to properly discharge its responsibilities in an effective manner. The Board members’ varied skills and breadth of experience are relevant and important for effective management of the Group’s business. Details of the Board members’ skills and experience are outlined in the Profile of Directors contained in this Annual Report.

There is a clear separation of responsibilities between the Chairman and the GMD/CEO and a balance of power is maintained in the Company so that no individual has unfettered powers of decision.

The Chairman of the Board is responsible for representing the Board to shareholders. The Chairman is responsible for ensuring integrity and effectiveness of the governance process of the Board and will consult the Board promptly over any matter that gives him cause for concern. The Chairman will act as facilitator at meetings of the Board to ensure that no Board member, whether executive or non-executive, dominates the discussion. The Chairman also ensures that appropriate discussions take place and that relevant opinions among Board members are forthcoming. The Chairman further ensures that discussions result in logical and understandable outcomes, which will lead to appropriate and considered decisions by the Board.

The GMD/CEO manages the overall business and oversees the day-to-day operations of the Group and is accountable to the Board for the overall organisation, management and staffing of the Group and for its procedures in financial and operational matters, including conduct and discipline. The authority limits of the GMD/CEO are enshrined in the Company’s Discretionary Authority Limits duly approved by the Board.

The six (6) Independent Non-Executive Directors of the Company are independent from Management and are able to exercise independent judgement and provide positive participation in all the Board’s deliberations. They also play a pivotal role in the provision of unbiased and independent views, advice and judgement as well as safeguard the interests of other parties such as minority shareholders and other stakeholders. Tunku Dato’ Mahmood Fawzy bin Tunku Muhiyiddin is the nominee Director of Khazanah Nasional Berhad, the Company’s largest shareholder while Puan Eshah binti Meor Suleiman and Tan Sri Dato’ Ir Muhammad Radzi bin Haji Mansor are the appointed Directors of the Minister of Finance (Incorporated), the Company’s Special Shareholder.

Datuk Low Seng Kuan is the Company’s Senior Independent Non-Executive Director to whom concerns may be conveyed by shareholders and/or members of the public. Datuk Low has been a Director of the Company since 1 July 1992 i.e. pursuant to the corporatisation of the Company from being a Government agency. On 21 August 2007,
pursuant to the restructuring exercise of the Pos Malaysia Group which had resulted in the transfer of the listing status to Pos Malaysia Berhad, Datuk Low was re-designated as the Company’s Independent Director and simultaneously appointed the Company’s Senior Independent Director. Datuk Low is also the Company’s Audit Committee Chairman. The Senior Independent Non-Executive Director represents the interest of minority shareholders and the general public by exercising independent judgement as well as promoting good governance practices within the Company and the Board.

Board Meetings and Supply of Information to the Board

During the financial year ended 31 December 2010, nine (9) Board meetings were held and the attendance of the Board members were as follows:

<table>
<thead>
<tr>
<th>Directors</th>
<th>No. of meetings attended</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tan Sri Dato’ Seri (Dr.) Aseh bin Haji Che Mat</td>
<td>9 out of 9</td>
<td>100%</td>
</tr>
<tr>
<td>Dato’ Syed Faisal Albar bin Syed A.R Albar</td>
<td>9 out of 9</td>
<td>100%</td>
</tr>
<tr>
<td>Dato’ Ibrahim Mahaludin bin Puteh</td>
<td>8 out of 9</td>
<td>89%</td>
</tr>
<tr>
<td>Datuk Low Seng Kuan</td>
<td>8 out of 9</td>
<td>89%</td>
</tr>
<tr>
<td>Dato’ Krishnan a/l Chinapan</td>
<td>8 out of 9</td>
<td>89%</td>
</tr>
<tr>
<td>Puan Sri Datuk Nazariah binti Mohd Khalid</td>
<td>8 out of 9</td>
<td>89%</td>
</tr>
<tr>
<td>Wee Hoe Soon @ Gooi Hoe Soon</td>
<td>8 out of 9</td>
<td>89%</td>
</tr>
<tr>
<td>Tunku Dato’ Mahmood Fawzy bin Tunku Muhiyiddin</td>
<td>9 out of 9</td>
<td>100%</td>
</tr>
<tr>
<td>Abdul Hamid bin Sh Mohamed</td>
<td>8 out of 9</td>
<td>89%</td>
</tr>
<tr>
<td>Eshah binti Meor Suleiman</td>
<td>8 out of 9</td>
<td>89%</td>
</tr>
<tr>
<td>Tan Sri Dato’ Ir. Muhammad Radzi bin Haji Mansor</td>
<td>7 out of 9</td>
<td>78%</td>
</tr>
<tr>
<td>Haizan bin Mohd Khir Johari (Resigned w.e.f. 1 September 2010)</td>
<td>7 out of 7</td>
<td>100%</td>
</tr>
</tbody>
</table>
Corporate Governance Statement

A schedule for Board Meetings and Board Committee meetings for a whole financial year is prepared in advance and tabled to the Board in the month of November every year i.e. before the commencement of a new financial year. Generally, the Board is scheduled to meet once in every six (6) weeks with additional meetings convened as and when deemed necessary.

For each Board and Board Committee meeting, the meeting agenda together with the relevant papers and supporting documents relating to the agenda items are circulated to Board members and/or Board Committee members seven (7) days before each meeting. The Board papers are issued in advance to enable the Directors to be better prepared for the meeting as well as to allow the Directors more time to obtain further information, if necessary, in order to be properly and adequately informed before the meetings.

All Board deliberations including views of the respective Board members and Board decisions are clearly and accurately recorded in the minutes, including the rationale for each decision, along with clear actions to be taken by responsible parties. Relevant Board decisions are communicated to Management verbally within one (1) working day of the Board meeting and relevant extracts of the minutes are distributed to Management within three (3) working days after the Board meeting.

Board papers are prepared based on a standard format to ensure consistency in the presentation of facts and to ensure all necessary information are adequately provided to the Board. Each Board paper for approval contains comprehensive information on the objective of the paper, background information, financial effects of the proposal made, issues for consideration including issues on risk management, other options for consideration, disclosure of interest of a Director or a major shareholder (if applicable), recommendations from Management and action sought from the Board. During meetings, Management and/or advisors (as and when necessary) make presentations on the papers tabled to the Board to further facilitate the Board in its decision-making.

The quality of information received by the Board has a direct impact on the quality of decisions made by the Board. In order to facilitate the process of the Board providing feedback to Management on the quality of Board papers prepared, the Board has adopted a process for rating of papers and presentations prepared by Management at each Board meeting. Each Board member is to provide constructive feedback on the quality of information and analysis contained in the Board papers and presentations through a Board Paper Evaluation Form which is to be filled out by each Board member at the end of each Board meeting. This process helps Management in continuously improving the quality of Board papers and presentations.

The Directors also have access to all information within the Group to the extent that the information required is pertinent to the discharge of their duties as Directors and is for the benefit of the Group. In order to ensure the Board is consistently and promptly updated on the Group’s performance, the Board receives a Corporate Performance Report from Management on a periodical basis. Each report contains information on the Group’s year-to-date performance and updates on action plans under the Company’s Strategic and Business Plans. The Board is also apprised on the Mid-Term Performance of the Group against the Business Plan for the said financial year at the beginning of the second half of the financial year. In order to facilitate the Board in discharging its stewardship responsibilities under the Code, the Board also receives reports on the following, on a quarterly basis for deliberation at the quarterly Board meeting(s):-
(1) Updates on Transformation Masterplan (inclusive of Strategic Planning);
(2) Updates on Risk Management;
(3) Updates on Human Resource matters;
(4) Updates on Performance of Corporate Balanced Scorecard.

In addition, all Directors have access to the advice and services of the Company Secretary and may seek independent professional advice should the need arise. In an effort to further enhance the services of the Company Secretary to the Board, the Board members provide their respective feedback on the Company Secretary’s current service level through an Internal Customer Satisfaction Survey designed specifically for the Company Secretary.

Appointment of Board Members

As Pos Malaysia is a GLC, the Minister of Finance (Incorporated), which is a body corporate established under the Minister of Finance (Incorporated) Act 1957 (Amended 1989) (“Special Shareholder”), holds one (1) Special Rights Redeemable Preference Share (“Special Share”) in the Company. Under the Company Articles, the Special Shareholder has the right from time to time to appoint up to six (6) persons as Directors of the Company (“Appointed Director”) including appointment of the Chairman of the Board and the GMD/CEO.

Notwithstanding the right of the Special Shareholder to appoint Appointed Directors, there is a formal and transparent procedure in place for the appointment of Board members. The BNRC is responsible for the deliberation and proposal of suitable candidates, taking into account the required mix of skills, calibre, experience and other qualities for appointment of any proposed director including the Appointed Directors on the Board. The Committee is also responsible for reviewing the composition and effectiveness of the Board and the contributions of each individual Director including the Appointed Directors, on an annual basis.

The BNRC is also tasked with reviewing the performance evaluation of the GMD/CEO and Chief Level Officers of the Company. The BNRC also ensures that the level and composition of remuneration are structured so as to link rewards with corporate and individual performance.

Re-election of Directors

The Company Articles require all Directors of the Company to retire by rotation at least once in every three (3) years and the Directors are then eligible for re-election at the Company’s Annual General Meeting (“AGM”).

In accordance with the Company Articles, all Directors, including the Appointed Directors will retire from office at least once in every three (3) years and at least one-third of the number of Directors is subject to retirement by rotation at each AGM and they are then eligible to offer themselves for re-election.

Details of the Directors seeking re-election at the forthcoming AGM such as their age, qualification, working experience, other directorships of public companies and position in the Company are disclosed in the Profile of Directors contained in this Annual Report.

Directors’ Training

The Board recognises the importance of training as a continuous education process for the Directors in order to ensure that the Directors stay abreast of the latest developments and changes in laws and regulations, business environment and new challenges and to equip the Directors with the necessary knowledge and skills to enable them to fulfill their responsibilities and effectively discharge their duties.
Corporate Governance Statement

As an integral part of the process of recruiting new Board members, each new Director will undergo an orientation programme to better understand the business of the Group. All the Directors have also attended the Mandatory Accreditation Programme.

Training programmes and/or forums attended by the Directors during the financial year under review included National Procurement Guidelines Forum, 14th International Anti-Corruption Conference in Bangkok, Corporate Governance Symposium, Getting Up To Speed With Governance, Bursa Malaysia Evening Talks on Corporate Governance “Corporate Responsibility Practices in the Context of the Market Place”, MINDA Breakfast Talk on “Moral Foundation For Good Governance”, MINDA Tea Talk on “Borderless & Globalisation: No Pain No Gain”, The Regulatory Framework and Directors Duties 2010, and World Postal Business Forum at Denmark. In addition, some of the Directors visited postal organisations and/or facilities in Australia, India, Nepal, Japan, Korea, Turkey, Egypt and the United Kingdom to gain more knowledge about the operations and business processes of these postal organisations. As part of the Directors’ development programme, a presentation on Organisational Transformation of Belgian Post was made to the Board by the Managing Director of Belgian Post International.

Board Committees

In accordance with the Company Articles, the Board delegates certain responsibilities to the Board Committees with clear terms of reference and scope of responsibilities. In the financial year under review, there were three (3) Board Committees namely, the Audit Committee, the BNRC and the Tender Board Committee.

(1) Audit Committee

The Audit Committee comprises five (5) Non-Executive Directors, of which, four (4) members including the Chairman of the Committee are Independent Directors. The members are as follows:-

(a) Datuk Low Seng Kuan
   (Chairman/Senior Independent Non-Executive Director)

(b) Mr. Wee Hoe Soon @ Gooi Hoe Soon
   (Independent Non-Executive Director)

(c) Tunku Dato’ Mahmood Fawzy bin Tunku Muhiyiddin
   (Non-Independent Non-Executive Director)

(d) Encik Abdul Hamid bin Sh Mohamed
   (Independent Non-Executive Director)

(e) Puan Sri Datuk Nazariah binti Mohd Khalid
   (Independent Non-Executive Director)

All the Audit Committee members are financially literate and/or have strong management experience. Datuk Low Seng Kuan, Chairman of the Committee is a Chartered Accountant with the Malaysian Institute of Accountants (MIA) and he was the Managing Director of Malaysian Sheet Glass Sdn Bhd. Mr. Wee Hoe Soon @ Gooi Hoe Soon is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA) and has vast experience in the fields of accounting and corporate finance. Encik Abdul Hamid is a Fellow of the Association of Chartered Certified Accountants (ACCA) and is currently Executive Director of Symphony House Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad, while Tunku Dato’ Mahmood Fawzy has vast experience in investments and management. Puan Sri Datuk Nazariah had vast experience in the Malaysian Civil Service and had served in various capacities prior to her last post as the Director General of the
The principal functions and duties of the Audit Committee are as follows:-

• Review the quarterly results and annual financial statements of the Company and Group prior to the approval of the Board.

• Assess the quality and effectiveness of the systems of internal control and the efficiency of the Group’s operations, particularly those relating to areas of significant risk.

• Assess the internal process for determining and managing key risks other than those that are dealt with by other specific Board Committees.

• Review the evaluation by the internal and external auditors of the Group’s system of internal control and thereafter report the evaluation to the Board.

Further details on the Audit Committee including its activities during the year under review are contained in the Audit Committee Report of this Annual Report.

(2) Board Nomination and Remuneration Committee

The BNRC comprises six (6) Non-Executive Directors, of which, four (4) members including the Chairperson of the Committee are Independent Directors. The members are as follows:-

(a) Puan Sri Datuk Nazariah binti Mohd Khalid
   (Chairperson/ Independent Non-Executive Director)

(b) Datuk Low Seng Kuan
   (Senior Independent Non-Executive Director)

(c) Dato’ Ibrahim Mahaludin bin Puteh
   (Independent Non-Executive Director)

(d) Tunku Dato’ Mahmood Fawzy bin Tunku Muhiyiddin
   (Non-Independent Non-Executive Director)

(e) Dato’ C. Krishnan a/l Chinapan
   (Independent Non-Executive Director)

(f) Puan Eshah binti Meor Suleiman
   (Non-Independent Non-Executive Director)

The principal functions and duties of the BNRC are as follows:-

• Propose to the Board suitable candidates for appointment as Directors including membership and chairmanship of Board Committees.

• Review on an annual basis the Board structure, size and composition.

• Propose succession planning for the Executive Director(s) and Chief Level Officers of the Company.

• Assess on an annual basis the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director.

• Recommend to the Board the remuneration framework for the Executive Directors and to further recommend remuneration package and terms of employment of the Executive Directors and Chief Level Officers of the Company.

• Recommend to the Board performance contracts and Key Performance Indicators (“KPI”) for the Executive Director(s) and Chief Level Officers.
Corporate Governance Statement

(3) Tender Board Committee

The Tender Board Committee comprises four (4) Non Executive Directors, of which three (3) members are Independent Directors. The members are as follows:

(a) Puan Eshah binti Meor Suleiman  
   (Chairperson/Non-Independent Non-Executive Director)

(b) Dato' Ibrahim Mahaludin bin Puteh  
   (Independent Non-Executive Director)

(c) Puan Sri Datuk Nazariah binti Mohd Khalid  
   (Independent Non-Executive Director)

(d) Dato’ C. Krishnan a/l Chinapan  
   (Independent Non-Executive Director)

The principal functions and duties of the Tender Board Committee are as follows:

- Examine and where appropriate, approve awards of contracts for supply of goods, works or services within the limits authorised in the DAL.

- Review selection for the appointment of successful tenderers for both close and open tender applications.

- Review and approve the Company’s procurement policies and procedures including general evaluation criteria, anti-corruption policy and codes of conduct.

- Oversee and monitor the overall implementation of the Red Book issued by the Putrajaya Committee on GLC High Performance, the Company’s Procurement Policy Guidelines and review the efficiency and effectiveness of the Company’s procurement processes.

B. Directors’ Remuneration

The Board through the BNRC ensures that the level of remuneration of the Executive Director(s) is sufficient to attract and retain the Executive Director(s) to manage the Group successfully. The level and make up of the remuneration are structured so as to link rewards with corporate and individual performance. The BNRC determines the performance contracts and targets and structures the rewards for the Executive Director(s)’ performance against these targets. The performance of the Executive Director(s) and key senior management positions are measured via key performance indicators that are structured early in the year to measure the performance of key personnel.

Meanwhile, the Board as a whole determines the fees payable to Non-Executive Directors and any increase in Directors’ fees shall be subject to shareholders’ approval at the Company AGM. At the forthcoming AGM of the Company for the financial year under review, a recommendation for an increase in the annual fees for the Audit Committee Chairman with effect from 1 January 2010 will be tabled for the shareholders’ approval. The proposed increase is in line with the additional and higher responsibilities carried by the Audit Committee Chairman. The Non-Executive Directors are paid meeting allowances for every Board Meeting that they attend and the Company also reimburses reasonable expenses incurred by the Directors in the course of their performance of duties as Directors.
Details of the remuneration of the Directors of Pos Malaysia for the financial year under review are as follows:

<table>
<thead>
<tr>
<th>Category (Director)</th>
<th>Fees RM'000</th>
<th>Salaries &amp; bonus RM'000</th>
<th>Allowance RM'000</th>
<th>Total RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>-</td>
<td>763</td>
<td>125</td>
<td>888</td>
</tr>
<tr>
<td>Non-Executive</td>
<td>471</td>
<td>-</td>
<td>319</td>
<td>790</td>
</tr>
<tr>
<td>Total</td>
<td>471</td>
<td>763</td>
<td>444</td>
<td>1,678</td>
</tr>
</tbody>
</table>

The remuneration band of the Directors of Pos Malaysia for the financial year under review are as shown below:

<table>
<thead>
<tr>
<th>Range of Remuneration</th>
<th>Number of Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Executive</td>
</tr>
<tr>
<td>Below RM50,000</td>
<td>-</td>
</tr>
<tr>
<td>RM50,001 – RM100,000</td>
<td>-</td>
</tr>
<tr>
<td>RM100,001 – RM150,000</td>
<td>-</td>
</tr>
<tr>
<td>RM150,001 – RM200,000</td>
<td>-</td>
</tr>
<tr>
<td>RM850,001 – RM900,000</td>
<td>1</td>
</tr>
</tbody>
</table>

Note: The remuneration of the Executive Director is inclusive of the Company’s contribution to EPF, salary, bonus and allowances.

C. Relationship and Communications with Investors and Shareholders

Investor Relations and Shareholder Communication

The Board acknowledges the importance of communication with investors and other stakeholders. The Group has been communicating with stakeholders and investors via prompt announcements through quarterly financial reports, distribution of annual reports, quarterly announcements, relevant circulars and press releases. In addition, the Company conducts briefings and dialogues with financial analysts via Investors’ Briefings on a quarterly basis to keep investors informed of the Group’s activities and developments.

The Group’s website, www.pos.com.my also provides an avenue for keeping the general public updated on the activities of the Group. The website is a source of information on the Group’s financial results, services and products, annual reports, press releases, events, newsletters, media highlights and other relevant information.
Corporate Governance Statement

General Meetings
The Company’s general meetings serve as the principal forum for communicating with the shareholders of the Company. At general meetings, shareholders have direct access to the Directors and are given ample opportunity and time to raise questions or seek further information from the Directors regarding the Group’s activities, financial performance and prospects as well as raise any issues of concern regarding the Group. Besides the Directors, the Senior Management and the external auditors of the Company are present at the meetings to assist in providing the necessary responses to queries from the shareholders. Prior to the tabling of proposed resolutions at an AGM, the shareholders are presented with a summary of the Group’s performance on the financial year under review by the GMD/CEO.

D. Accountability and Audit

Financial Reporting
The Company’s financial statements are drawn up in accordance with the provisions of the Companies Act 1965, and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board. In presenting the annual financial statements and quarterly announcements of results to shareholders, the Board aims to present a balanced and understandable assessment of the Group’s position and prospects. In this regard, the Board also ensures that the Group uses acceptable accounting policies for its financial statements, consistently applied and supported by reasonable and prudent judgement and estimates.

The Audit Committee assists the Board by first reviewing the financial statements to ensure completeness, accuracy and validity prior to adoption of the statements by the Board and subsequent release to Bursa Malaysia Securities Berhad.

The Board also approves the Company’s Annual Budget and Business Plans and carries out periodic review on the progress made by the business units.

The Directors’ Responsibility Statement in respect of the Audited Financial Statement as required under Paragraph 15.26(a) of the MMLR of Bursa Securities is contained in this Annual Report.

Internal Control
The Board has an overall responsibility for maintaining a sound system of internal control to provide reasonable assurance of the effectiveness of the Group’s business operations and risk management. The Group’s Statement of Internal Control is detailed out in this Annual Report.

Compliance
Pos Malaysia is licensed under the Postal Services Act 1991 to carry out postal services in Malaysia. Apart from being subject to the provisions of the Postal Services Act 1991 and all related rules and regulations on the postal services, the Company is also subject to the terms and conditions of the postal services license issued to it under the Postal Services Act, as well as all relevant Universal Postal Union Conventions and Regulations.

The Company Secretary assists the Board in ensuring compliance by the Company and the Board of Directors with the Companies Act, the MMLR of Bursa Securities and other securities laws, rules and regulations. The Board is apprised of the latest amendments to these laws, rules and regulations from time to time and their application to the Company and/or the Board. As and when necessary, the Company also seeks clarification through professional opinions on the extent of application of the said laws, rules and regulations especially when they concern the duties and responsibilities of the directors.
The Company’s Internal Audit Department assists the Board and Management in ensuring compliance by the Company with other relevant laws, rules and regulations applicable to the operations of the Company and the Company’s internal policies and procedures. The Internal Audit Department conducts regular audit checks on the Strategic Business Units and other support departments on a periodical basis and tables its audit reports to the Audit Committee for deliberation.

The International and Regulatory Affairs Department of the Company serves as a contact point for the Company to engage with the Malaysian Communications and Multimedia Commission, which is the regulator of postal services in Malaysia and other relevant authorities and/or government bodies to establish and develop the postal regulatory framework for Malaysia.

Relationship with Auditors

The Company, through the Audit Committee, has an appropriate and transparent relationship with the external auditors. In the course of audit of the Group’s operations, the external auditors highlight to the Audit Committee and the Board, matters that require the Board’s attention. The external auditors also report to the Audit Committee on their findings pertaining to their annual audit.

Further, the external auditors meet the Audit Committee members without the presence of Management or other employees pursuant to Paragraph 15.17 of the MMLR of Bursa Securities. During the financial year under review, the external auditors had one (1) meeting with the Audit Committee members without the presence of Management. Thereafter, the Audit Committee shares and discusses with Management all concerns raised by the external auditors (if any). Thereafter, the necessary action plans will be formulated and implemented by Management.

Pursuant to the requirement under Paragraph 15.25 of the MMLR of Bursa Securities, the Board is pleased to report that the Company has applied the principles set out in Part 1 of the Code and that the Board continues to adopt and comply with the best practices in corporate governance set out in Part 2 of the Code.

Initiatives

During the financial year under review, the Board has been updated on a quarterly basis in respect of the progress of the initiatives under the Pos Malaysia Transformation Master Plan where the Board noted good progress in respect of the same. As a result of the achievement of some of the initiatives, the Company has managed to increase its value creation which inter alia resulted in a more efficient operations structure.

The Board also recognises that a more strategic approach to human capital management is essential for change initiatives that are intended to transform the Company’s culture. In view that human capital is key to corporate sustainability, during the financial year under review, the Board had approved the Group Human Resources’ Three (3)-Year Strategic Initiatives which contain initiatives on talent management and succession planning framework. In order to support the talent management initiatives, the Company will establish core and leadership competency framework.

(This Statement is made in accordance with a resolution of the Board of Directors dated 28 February 2011).
Statement Of Internal Control

Introduction

THE BOARD OF DIRECTORS ("the Board") as guided by the Bursa Malaysia Securities Berhad’s Statement of Internal Control – Guidance for Directors of Public Listed Companies is pleased to provide the following Director’s Statement of Internal Control which outlines the nature and scope of internal control of the Group during the period under review.

Responsibility

The Board is responsible for ensuring that a sound system of internal control to safeguard shareholder’s interest and Company’s assets is maintained. The Board affirms its overall responsibility for the Group’s system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity.

As there are limitations that are inherent in any system of internal control, this system is designed to manage rather than eliminate risks that may hinder the achievement of the Group's business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control includes strategic, financial, operational, compliance controls and risk management procedures.

Risk Management Framework

Policy

The Board subscribes to the fact that an effective risk management practice is a critical component of a sound system of internal control. In view of this, there is a formal process to identify, evaluate and manage significant risks faced by the Group that may impede the achievement of the Group’s objectives during the period under review.

The Board has a stewardship responsibility to understand these risks, communicating the requirements of this policy and to guide the organisation in dealing with these risks.

The policy of the Board is:

- To manage risks proactively;
- To manage risks pragmatically, to acceptable levels given the particular circumstance of each situation;
- To require all papers that are put to the Board by Management relating to strategy, key project approvals, significant action or investment must include a risk assessment summary;
- To manage risk routinely and in an integrated and transparent way in accordance with good governance practices; and
- To require that an effective and formalised Enterprise Risk Management Policy and Procedure Manual ("ERM") framework is established and maintained by the Group.

Reporting Structure

The Risk Management Committee ("RMC") of the Group is chaired by the Group Managing Director / Chief Executive Officer ("CEO") and during the period under review, the members are as follows:

Chairman:
Dato’ Syed Faisal Albar bin Syed A.R. Albar
Group Managing Director/CEO

Members:
- Dato’ Jezilee bin Mohamad Ramli
  Group Chief, Corporate Services
- Dato’ Mohd Derus bin Harun
  Group Head, Transport Management
  (Retired w.e.f. 31.01.11)
The RMC’s principal roles and responsibilities, which are stipulated in the ERM, are as follows:

- Formulate policy, business rules, processes and structures to meet the risk management implementation needs;
- Implement the processes and source for suitable personnel for the department;
- Monitor policy implementation and the continuous development of the risk management in the organisation;
- Approve risk parameters and controls;
- Initiate and conduct business within agreed risk constraints and business rules;
- Ensure that periodical risk reports are submitted accurately and in a timely manner to the Audit Committee and Board; and
- Articulate and challenge the key risks, controls and elements of best practice and also offers support and advice.

The Risk Management Department (“RMD”) acts as a support for the RMC in monitoring, analysing and reporting of the risks identified enterprise-wide and as the facilitator in the risk assessment process. RMD continuously evaluates the risk policy and procedures, and initiates improvements by maintaining awareness of trends and developments in risk management that may have significant impact to the organisation.

Risk owners and co-owners have been identified to ensure that the risk registers and risk profiles are updated accordingly. The risk registers and risk profiles of each Strategic Business Unit (“SBU”), department and the main subsidiary company are updated quarterly and the consolidated reports are tabled to the RMC and the Audit Committee.

The Group Internal Audit (“IA”) is involved in validating the results of the ERM processes. The IA function examines the risk management systems for its effectiveness.

The Board and the Management continuously review and enhance the ERM framework to ensure that ERM practices are aligned with the latest ERM development and best practices.
Statement Of Internal Control

Other Key Elements of Internal Control

The other key elements of the Group’s internal control systems are described below:

• The roles and responsibilities of the Board of Directors, Risk Management Committee, Business and Support Units and State offices in respect of Risk Management are defined in the Risk Management Policy.

• The lines of responsibility and frequency of reporting of risks are also defined in the Risk Management Policy.

• Operating policies and procedures, which incorporate regulatory and internal requirements, are prescribed in Operating Procedures and Circulars. The documents are updated as and when necessary to meet the continually changing operational needs.

• The Board meets at least quarterly to review the Group’s operational and financial performance against approved budgets, approved quarterly report to Bursa Malaysia Securities Berhad (“Bursa Securities”) and deliberate on issues that require the Board’s approval. In addition, the Board is also updated on the changes in the business environment that may adversely affect business performance and relevant actions taken.

• The Audit Committee, together with the IA Department provides an assessment on the adequacy, efficiency and effectiveness of the Group’s internal control system. The IA Department recommends improvements where necessary.

The monitoring, review and reporting arrangements in place give reasonable assurance that the structure of controls and its operations are appropriate to the Group’s operations and that risks are at an acceptable level throughout the Group. However, the arrangements do not eliminate the possibility of human error or deliberate circumvention of control procedures by employees.

The Board believes that the development of the system of internal control is an ongoing process and has taken steps throughout the year to improve its internal control system and will continue to do so.

Weakness in Internal Control that Result in Material Losses

To the best of the Board’s knowledge, there were no material losses incurred during the period under review as a result of weaknesses in internal control. Management continues to take measures to improve and strengthen the internal control environment.

(This Statement is made in accordance with the resolution of the Board of Directors dated 25 March 2011)
Pursuant to Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors is required to include a statement in the Company’s Annual Report explaining its responsibility for preparing the annual audited financial statements.

In preparing the financial statements of the Company and the Group for the financial year ended 31 December 2010, the Directors are satisfied that the Company and the Group have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors are also satisfied that all applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board and the provisions of the Companies Act, 1965 have been complied.

The Directors are responsible for ensuring that the Company and companies within the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and of the Group. In addition, the Directors are responsible to take such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

(This Statement is made in accordance with a resolution of the Board of Directors dated 25 March 2011).
Additional Compliance Information

1. Utilisation of Proceeds
   During the financial year ended 31 December 2010, there were no proceeds raised by the Company from any corporate proposals.

2. Share buy-back
   During the financial year ended 31 December 2010, the Company has not exercised any share buy-back permitted by Section 67A of the Companies Act, 1965.

3. Options, Warrants or Convertible Securities
   During the financial year ended 31 December 2010, the Company did not issue or exercise any ESOS, warrants or convertible securities.

4. American Depositary Receipt (ADR) / Global Depositary Receipt (GDR)
   During the financial year ended 31 December 2010, the Company did not sponsor any ADR and GDR.

5. Sanctions and/or Penalties
   During the financial year ended 31 December 2010, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

6. Variation in Results
   There is no variance in the Company’s audited financial results for the financial year ended 31 December 2010 from the unaudited results as previously announced. The Company has not released or announced any estimated profit, financial forecast and projection in the financial year ended 31 December 2010.

7. Profit Guarantee
   During the financial year ended 31 December 2010, the Company did not give any profit guarantee.

8. Material Contracts
   There were no material contracts entered into by the Company or its subsidiaries involving the directors and substantial shareholders, either still subsisting at the end of the financial year ended 31 December 2010 or entered into since the end of the previous financial year.

9. Revaluation Policy
   During the financial year ended 31 December 2010, the Company did not have any revaluation policy on landed properties.

10. Non-Audit Fees
    The amount of non-audit fees paid and payable to external auditors by the Group for the financial year ended 31 December 2010 is RM90,000 which included professional fees on training of FRS139 and FRS7 and review of Statement of Internal Control.
Audit Committee Report

The Board of Directors of Pos Malaysia is pleased to present the report on the Audit Committee of the Board for the financial year ended 31 December 2010.

Members and Meetings

The Audit Committee of Pos Malaysia had convened nine (9) meetings during the financial year under review. The details of the Pos Malaysia Audit Committee members and the attendance of their meetings are as follows:

Members

(a) Datuk Low Seng Kuan
   Senior Independent Non-Executive Director (Chairman)

(b) Mr. Wee Hoe Soon @ Gooi Hoe Soon
   Independent Non-Executive Director (Member)

(c) Tunku Dato’ Mahmood Fawzy bin Tunku Muhiyiddin
   Non-Independent Non-Executive Director (Member)

(d) Abdul Hamid bin Sh Mohamed
   Independent Non-Executive Director (Member)

(e) Puan Sri Datuk Nazariah binti Mohd Khalid*
   Independent Non-Executive Director (Member)

* Puan Sri Datuk Nazariah binti Mohd Khalid was appointed to the Audit Committee on 12 March 2010

Attendance of Meetings

<table>
<thead>
<tr>
<th>Members</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Datuk Low Seng Kuan</td>
<td>9/9</td>
</tr>
<tr>
<td>Mr. Wee Hoe Soon @ Gooi Hoe Soon</td>
<td>5/9</td>
</tr>
<tr>
<td>YMTunku Dato’ Mahmood Fawzy bin Tunku Muhiyiddin</td>
<td>9/9</td>
</tr>
<tr>
<td>Abdul Hamid bin Sh Mohamed</td>
<td>7/9</td>
</tr>
<tr>
<td>Puan Sri Datuk Nazariah binti Mohd Khalid*</td>
<td>5/7</td>
</tr>
</tbody>
</table>

Terms of Reference

The Terms of Reference of the Audit Committee are in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR of Bursa Securities”) and the Malaysian Code on Corporate Governance. The Terms of Reference of the Audit Committee are as follows:

Composition of Committee

The Audit Committee shall be appointed by the Board of Directors upon recommendation of the Board Nomination and Remuneration Committee which meets the following requirements:

- The Audit Committee shall consist of not less than three (3) members;
- All the members of the Audit Committee must be non-executive directors, with a majority of them being independent directors as defined under the MMLR of Bursa Securities;
At least one (1) member of the Audit Committee must meet the criteria set by the MMLR of Bursa Securities as follows:-

- Must be a member of the Malaysian Institute of Accountants; or
- If he/she is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years working experience; and
- He/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or he/she must be a member of one (1) of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- Fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

- The members of the Audit Committee shall elect a Chairman from among themselves who shall be an Independent Director;
- No Alternate Director should be appointed as a member of the Audit Committee;
- In the event of any vacancy in the Audit Committee resulting in the non-compliance of the MMLR of Bursa Securities pertaining to composition of the Audit Committee, the Board of Directors shall within three (3) months of that event fill the vacancy;
- The Audit Committee members shall collectively:-

  (a) Have knowledge of the industries in which the Group operates; and
  (b) Have the ability to understand key business and financial risks as well as related controls and control processes;
- All members of the Audit Committee shall also be financially literate i.e. have the ability to read and understand fundamental financial statements, including a Company’s balance sheet, income statement, statement of cash flow and key performance indicators.

Audit Committee Meetings

The Audit Committee Meetings shall be held not less than four (4) times a year. In addition to the members of the Audit Committee, the meeting shall be attended by the Group Managing Director/Chief Executive Officer, Chief Financial Officer and Chief Internal Auditor. Other members of the Board, senior management and external auditors’ representatives may attend the meetings upon invitation of the Audit Committee. The auditors, both internal and external, may request a meeting if they deem necessary.

The quorum for a meeting of the Audit Committee shall comprise a majority of Independent Directors from among its members. In the absence of the Chairman, the members present shall elect a chairman for the meeting from among the members present. Minutes of each meeting shall be kept and distributed to each member of the Audit Committee and of the Board. The Audit Committee shall report on each meeting to the Board. The Secretary to the Audit Committee shall be the Company Secretary or any other person as the Committee may decide.

Rights and Authority

The duties of the Audit Committee shall be in accordance with the same procedures adopted by the Board:-

- Have authority to investigate any activity within its Terms of Reference;
- Have the resources which are required to perform its duties;
- Have full and unrestricted access to any employee and information pertaining to the Group. All documents of the Group shall be made accessible to the Audit Committee and all employees are directed to co-operate with the request made by the Audit Committee;
Audit Committee Report

- Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity for the Group; and
- Be able to engage independent professional advisers or other advisers and to secure attendance of other third parties with relevant experience and expertise if it considers necessary.

Notwithstanding anything to the contrary, the Audit Committee does not have executive powers and shall report to the Board of Directors on matters considered and its recommendation thereon, relating to the Group and the Company.

Review of the Audit Committee

The performance of the Audit Committee and each of the members shall be reviewed by the Board of Directors at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their Terms of Reference as set out in the Corporate Governance Statement.

Responsibilities and Duties

The responsibilities and duties of the Audit Committee are as follows:

a. Risk Management
   - To review the adequacy and effectiveness of Enterprise Risk Management ("ERM"), reporting structures, risk profiles and governance processes.

b. Internal Audit
   - To approve the appointment, replacement and dismissal of the Chief Internal Auditor and his deputy;
   - To review the adequacy of the scope, functions, competency and resources of Internal Audit Department ("IAD") and that it has the necessary authority to carry out its work;
   - To review and approve the Annual Risk Based Audit Plan, Key Performance Indicators and subsequently appraise the performance of the IAD;
   - To monitor the effectiveness in the implementation of the Whistleblowing Policy and procedure and other related governance processes;
   - To review the internal audit reports on significant/major audit findings and Management’s responses to ensure that appropriate and adequate remedial actions are taken by the Management; and
   - To review the systems of internal controls with the auditors.

c. External Audit
   - To review the external auditors’ audit plan, scope of their audits and their Management letters and ensure appropriate and adequate remedial actions are taken by Management on significant lapses in controls and procedures that are identified;
   - To assess the performance of the external auditors and make recommendations to the Board of Directors on their appointment and removal;
   - To recommend the nomination of external auditors, their audit fees and resignation or dismissal of external auditors and thereafter report the same to the Board;
   - To review the quarterly and annual financial statements of the Group and the Company focusing on the matters set out below, and thereafter submit the same to the Board:-
Financial Reporting

a. Reviewed quarterly and annual financial reports of the Group and the company prior to submission to the Board of Directors for approval. The review was to ensure that the financial reporting and disclosure are in compliance with:
   • Provisions of the Companies Act 1965;
   • MMLR of Bursa Securities;
   • Applicable approved accounting standards in Malaysia; and
   • Other legal and regulatory requirements.

In the review of the annual audited financial statements, the Audit Committee discussed with Management and the external auditors, the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements.

Internal Audit

a. Reviewed the risk-based annual audit plan to ensure adequacy of the scope and coverage of major risk areas of the Group;

b. Reviewed the Key Performance Indicators of the IAD and appraised the department’s performance and competency level;

c. Reviewed the effectiveness of the audit process, resource requirements for the year;

d. Reviewed the internal audit reports which were tabled during the year, the audit recommendations made and management’s responses to these recommendations and where appropriate, the committee has directed Management and to rectify and improve internal controls and Standard Operating Procedures based on the internal auditor’s recommendations and suggestions for improvement;

Summary of Activities

During the year, the Audit Committee carried out the following activities:

- Any changes in or implementation of major accounting policies and practices;
- Major judgmental areas, significant and unusual events;
- Significant adjustments arising from the audit;
- Going concern assumption; and
- Compliance with Accounting Standards and regulatory requirements.

- To discuss problems and reservations arising from the interim and final audits and any matter the external auditors may wish to discuss.

- To review related party transactions entered into by the Group and the Company and to ensure that such transactions are undertaken on the Group’s normal commercial terms and that the internal control procedures with regards to such transactions are sufficient.

- Any other functions as may be agreed to by the Committee and the Board.

- Where the Audit Committee is of the view that a matter reported to the Board of Directors has not been satisfactorily resolved resulting in a breach of the MMLR of Bursa Securities, the Committee has the responsibility to properly report such matter to Bursa Malaysia Securities Berhad.
Audit Committee Report

e. Monitored the corrective actions on the outstanding audit issues to ensure that all the key risks and control lapses had been addressed; and

f. Monitored internal audit activities and the staffing requirements, skills and the core competency of the Internal Auditors.

External Auditors

a. Reviewed the external auditors on:-
   • their audit plan, audit strategy and scope of work for the year; and
   • the results of the annual audit, their audit reports and management letter together with management’s response to the findings of the external auditors;

b. Evaluated the performance and the effectiveness of the external auditors and made recommendations to the Board of Directors on their appointment and remuneration.

Related Party Transactions

Review related party transactions entered into by the Group and the company and the disclosure of such transactions as per the regulatory requirements.

Internal Audit Function

The Audit Committee is assisted by the IAD to effectively discharge its duties and responsibilities. The IAD reports directly to the Audit Committee. In 2010, there were nine (9) Audit Committee meetings held to deliberate on major audit findings. In general, the IAD provides an independent assurance on the adequacy and effectiveness of internal controls, corporate risk management and overall governance processes.

Annually, the IAD prepares a risk based audit plan and presents to the Audit Committee for approval. In view of scarce resources, the risk based audit plan gives priority and focuses on the Company’s top risks identified by the Management.

The audit scope includes performing audit reviews at Strategic Business Units (“SBUs”), States Management Offices, Support Services Departments and subsidiaries.

The audits cover the reviews on:-

1. the adequacy of internal controls;
2. the effectiveness and efficiency of operations;
3. the accuracy of financial and operational information;
4. the compliance with internal policy & procedure, regulatory and statutory requirements;
5. the adequacy and effectiveness of IT systems in supporting operations;
6. the effectiveness of risk management processes and the implementation of controls by management to mitigate company’s major risks;
7. the effectiveness of on-going key project implementation and deliverables; and
8. the compliance to the Malaysian Code on Corporate Governance and the MMLR of Bursa Securities.

The IAD shows a high level of professional expertise, with qualified and experienced auditors who consistently show their competency through the high quality and usefulness of the audit product over time.
The IAD also conducted ad-hoc assignments and investigation audits requested by the Audit Committee and Management. Further, the IAD conducts regular follow-up(s) on the closing of audit issues with input from the Management.

In ensuring effective communication of audit issues to all operational areas and prompt closing of audit issues, meetings were held with the Management on a regular basis. Management is responsible for ensuring that corrective actions on reported weaknesses and suggested improvements as recommended are taken within the required time frame.

The IAD also provides consultancy services to the Management in evaluating the risk exposures of new business products and projects prior to implementation and ensures that controls are in place to mitigate risks identified. The IAD continues to assist Management in supporting the Whistleblowing policy and the Integrity Pact established in 2008 to ensure transparency and integrity throughout the tendering process.

The IAD independently reviews the risk management governance processes to ensure their adequacy and effectiveness and reports to the Audit Committee on a periodical basis.

The total budget for the Internal Audit function at Pos Malaysia in the year ended 31 December 2010 was RM2 million.

Datuk Low Seng Kuan
Chairman
Audit Committee
INVESTMENT

We’re not just in the postal business, we’re in a people business. Which is why at Pos Malaysia, we believe that investing in our people is investing in our future. Quality people who are customer-focused, with genuine passion and drive for strong performance are our greatest assets. When they grow, we grow. They are our strength, they are our success, and above all, they are who we are.
Directors’ Report for the Year Ended 31 December 2010

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2010.

**Principal activities**
The principal activities of the Company during the financial year are to provide postal and its related services which include receiving and dispatching of postal articles, postal financial services, dealing in philatelic products and sale of postage stamps. The principal activities of the subsidiaries and associates are stated in Notes 7 and 8 respectively to the financial statements. There has been no significant change in the nature of these activities during the financial year.

**Results**

<table>
<thead>
<tr>
<th></th>
<th>Group RM’000</th>
<th>Company RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the year attributable to Owners of the Company</td>
<td>67,108</td>
<td>54,719</td>
</tr>
</tbody>
</table>

**Reserves and provisions**
There were no material transfers to or from reserves and provisions during the year under review except as disclosed in the financial statements.

**Dividends**
Since the end of the previous financial year, the Company paid a final ordinary dividend of 12.5 sen per ordinary share less tax at 25% totalling RM50,346,000 in respect of the year ended 31 December 2009 on 11 June 2010.

The first & final and special dividend recommended by the Directors in respect of the year ended 31 December 2010 is 10.0 sen and 7.5 sen respectively per ordinary share less tax at 25% totalling RM40,277,000 (7.5 sen net per ordinary share) and RM30,208,000 (5.6 sen net per ordinary share) and is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

**Directors of the Company**
Directors who served since the date of the last report are:
- Tan Sri Dato’ Seri (Dr.) Aseh bin Haji Che Mat
- Dato’ Syed Faisal Albar bin Syed A.R Albar
- Tan Sri Dato’ Ir Muhammad Radzi bin Haji Mansor
- Datuk Low Seng Kuan
- Dato’ Krishnan a/l Chinapan
- Puan Sri Datuk Nazariah binti Mohd Khalid
- Dato’ Ibrahim Mahaludin bin Puteh
- Tunku Dato’ Mahmood Fawzy bin Tunku Muhiyiddin
- Wee Hoe Soon @ Gooi Hoe Soon
- Abdul Hamid bin Sh. Mohamed
- Eshah binti Meor Suleiman
- Haizan bin Mohd Khir Johari (resigned on 01.09.2010)


**Directors’ interests**

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end as recorded in the Register of Directors’ Shareholdings are as follows:

<table>
<thead>
<tr>
<th>Number of ordinary shares of RM0.50 each</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1.1.2010</td>
</tr>
<tr>
<td>Tan Sri Dato’ Seri (Dr.) Aseh bin Haji Che Mat : Interest in the Company</td>
</tr>
<tr>
<td>-</td>
</tr>
</tbody>
</table>

By virtue of his interests in the shares of the Company, Tan Sri Dato’ Seri (Dr.) Aseh bin Haji Che Mat are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Pos Malaysia Berhad has an interest.

None of the other Directors holding office at 31 December 2010 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

**Directors’ benefits**

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**Issue of shares and debentures**

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

**Options granted over unissued shares**

No options were granted to any person to take up unissued shares of the Company during the financial year.

**Other statutory information**

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.
Other statutory information (continued)

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

In the opinion of the Directors, except for impairment losses as disclosed in Note 19 of the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 December 2010 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.
**Auditors**

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

---

Tan Sri Dato’ Seri (Dr.) Aseh bin Haji Che Mat

Dato’ Syed Faisal Albar bin Syed A.R Albar

Kuala Lumpur,
Date: 25 March 2011
## Statements of Financial Position as at 31 December 2010

<table>
<thead>
<tr>
<th>Note</th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td></td>
<td>RM'000</td>
<td>RM'000</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
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<td>551,960</td>
</tr>
<tr>
<td>Intangible asset</td>
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<td>4,630</td>
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<tr>
<td>Investment properties</td>
<td>6</td>
<td>15,071</td>
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<tr>
<td>Investments in subsidiaries</td>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td>Investments in associates</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td>Other investments</td>
<td>9</td>
<td>96,468</td>
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<tr>
<td>Deferred tax assets</td>
<td>15</td>
<td>417</td>
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<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>668,546</td>
<td>764,107</td>
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<td>Other investments</td>
<td>9</td>
<td>104,306</td>
</tr>
<tr>
<td>Inventories</td>
<td>10</td>
<td>8,761</td>
</tr>
<tr>
<td>Receivables, deposits and prepayments</td>
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<td>196,570</td>
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<tr>
<td>Current tax assets</td>
<td></td>
<td>1,503</td>
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<td>Cash and cash equivalents</td>
<td>12</td>
<td>395,533</td>
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<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>1,375,219</td>
</tr>
<tr>
<td>Note</td>
<td>Group 2010</td>
<td>Group 2009</td>
</tr>
<tr>
<td>------</td>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td></td>
<td>RM'000</td>
<td>RM'000</td>
</tr>
<tr>
<td></td>
<td>restated</td>
<td>restated</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>13</td>
<td>268,513</td>
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<tr>
<td>Share premium</td>
<td>13</td>
<td>385</td>
</tr>
<tr>
<td>Reserves</td>
<td>14</td>
<td>559,695</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td></td>
<td>828,593</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>15</td>
<td>12,282</td>
</tr>
<tr>
<td>Hire purchase creditors</td>
<td>16</td>
<td>30,762</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td></td>
<td>43,044</td>
</tr>
<tr>
<td>Payables and accruals</td>
<td>17</td>
<td>471,849</td>
</tr>
<tr>
<td>Current tax liabilities</td>
<td></td>
<td>18,497</td>
</tr>
<tr>
<td>Hire purchase creditors</td>
<td>16</td>
<td>13,236</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td>503,582</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>546,626</td>
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<tr>
<td><strong>Total equity and liabilities</strong></td>
<td></td>
<td>1,375,219</td>
</tr>
</tbody>
</table>

The accompanying ‘Notes to the financial statement’ are an integral part of these financial statements.
## Statements of Comprehensive Income
for the Year Ended 31 December 2010

<table>
<thead>
<tr>
<th>Note</th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>1,014,975</td>
<td>902,561</td>
</tr>
<tr>
<td>Raw materials and consumables used</td>
<td>(16,026)</td>
<td>(13,582)</td>
</tr>
<tr>
<td>Staff costs</td>
<td>(559,395)</td>
<td>(512,271)</td>
</tr>
<tr>
<td>Rental, communication and utilities</td>
<td>(55,545)</td>
<td>(53,012)</td>
</tr>
<tr>
<td>Transportation</td>
<td>(119,099)</td>
<td>(108,590)</td>
</tr>
<tr>
<td>Maintenance and supplies</td>
<td>(49,421)</td>
<td>(46,862)</td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>(57,126)</td>
<td>(48,955)</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(52,695)</td>
<td>(36,936)</td>
</tr>
<tr>
<td><strong>Results from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>105,668</td>
<td>82,353</td>
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</table>

### Other operating income

<table>
<thead>
<tr>
<th>Description</th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>- interest income</td>
<td>13,234</td>
<td>12,860</td>
</tr>
<tr>
<td>- others</td>
<td>13,437</td>
<td>10,964</td>
</tr>
<tr>
<td>Reversal of impairment loss on financial assets</td>
<td>15,537</td>
<td>4,892</td>
</tr>
<tr>
<td>Impairment loss on financial asset designated as available-for-sale</td>
<td>(25,098)</td>
<td>-</td>
</tr>
<tr>
<td>Impairment loss on property, plant and equipment</td>
<td>(22,273)</td>
<td>-</td>
</tr>
<tr>
<td>Fair value through profit or loss: held for trading</td>
<td>1,489</td>
<td>-</td>
</tr>
<tr>
<td>Finance cost</td>
<td>(2,928)</td>
<td>(1,805)</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>99,066</td>
<td>109,264</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(31,958)</td>
<td>(32,553)</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the year, net of tax</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>67,108</td>
<td>76,711</td>
</tr>
<tr>
<td>Note</td>
<td>Group 2010 RM'000</td>
<td>Group 2009 RM'000</td>
</tr>
<tr>
<td>--------------------------</td>
<td>-------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>Owner's of the company</td>
<td>67,108</td>
<td>75,415</td>
</tr>
<tr>
<td>Minority interest</td>
<td>-</td>
<td>1,296</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the year</strong></td>
<td><strong>67,108</strong></td>
<td><strong>76,711</strong></td>
</tr>
<tr>
<td>Basic earnings per ordinary share (sen)</td>
<td>22</td>
<td>12.5</td>
</tr>
</tbody>
</table>
## Consolidated Statement of Changes in Equity

for the Year Ended 31 December 2010

<table>
<thead>
<tr>
<th></th>
<th>Attributable to equity holders of the Company</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Non distributable</td>
<td>Distributable</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Share capital*</td>
<td>Share premium</td>
<td>Retained profits</td>
<td>Minority interest</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January 2009</td>
<td>268,513</td>
<td>385</td>
<td>495,557</td>
<td>2,574</td>
<td>767,029</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>268,513</td>
<td>385</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends to owners of the Company</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td>- (40,277)</td>
<td>(40,277)</td>
</tr>
<tr>
<td>Acquisition of minority interest</td>
<td>23</td>
<td></td>
<td></td>
<td></td>
<td>(3,870)</td>
<td>(3,870)</td>
</tr>
<tr>
<td>At 31 December 2009</td>
<td>268,513</td>
<td>385</td>
<td>530,695</td>
<td></td>
<td></td>
<td>799,593</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January 2010 as previously stated</td>
<td>268,513</td>
<td>385</td>
<td>530,695</td>
<td></td>
<td></td>
<td>799,593</td>
</tr>
<tr>
<td>- effect of adopting FRS 139</td>
<td>30</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td>12,238</td>
</tr>
<tr>
<td>At 1 January 2010 (restated)</td>
<td>268,513</td>
<td>385</td>
<td>542,933</td>
<td></td>
<td></td>
<td>811,831</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>268,513</td>
<td>385</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends to owners of the Company</td>
<td>23</td>
<td></td>
<td></td>
<td></td>
<td>(50,346)</td>
<td>(50,346)</td>
</tr>
<tr>
<td>At 31 December 2010</td>
<td>268,513</td>
<td>385</td>
<td>559,695</td>
<td></td>
<td></td>
<td>828,593</td>
</tr>
</tbody>
</table>

* Share capital includes the Special Rights Redeemable Preference Share of RM1.00.

Refer to Note 13(a) the financial statements for details of the terms and rights attached to Special Rights Redeemable Preference Share.
### Statement of Changes in Equity for the Year Ended 31 December 2010

#### Attributable to equity holders of the Company

<table>
<thead>
<tr>
<th>Note</th>
<th>Share capital*</th>
<th>Share premium</th>
<th>Retained profits</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
</tr>
<tr>
<td><strong>Company</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>At 1 January 2009</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>-</td>
<td>-</td>
<td>69,072</td>
<td>69,072</td>
</tr>
<tr>
<td>Dividends to owners of the Company</td>
<td>23</td>
<td>-</td>
<td>-</td>
<td>(40,277)</td>
</tr>
<tr>
<td><strong>At 31 December 2009</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>268,513</td>
<td>385</td>
<td>467,001</td>
<td>735,899</td>
</tr>
<tr>
<td><strong>At 1 January 2010 as previously stated</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- effect of adopting FRS 139</td>
<td>30</td>
<td>-</td>
<td>-</td>
<td>11,410</td>
</tr>
<tr>
<td><strong>At 1 January 2010 (restated)</strong></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Total comprehensive income for the year</td>
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<td>-</td>
<td>54,719</td>
<td>54,719</td>
</tr>
<tr>
<td>Dividends to owners of the Company</td>
<td>23</td>
<td>-</td>
<td>-</td>
<td>(50,346)</td>
</tr>
<tr>
<td><strong>At 31 December 2010</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>268,513</td>
<td>385</td>
<td>482,784</td>
<td>751,682</td>
</tr>
</tbody>
</table>

* Share capital includes the Special Rights Redeemable Preference Share of RM1.00.

Refer to Note 13(a) the financial statements for details of the terms and rights attached to Special Rights Redeemable Preference Share.

The accompanying ‘Notes to the financial statement’ are an integral part of these financial statements.
## Statements of Cash Flow for the Year Ended 31 December 2010

<table>
<thead>
<tr>
<th>Cash flows from operating activities</th>
<th>Note</th>
<th>Group 2010 RM'000</th>
<th>Group 2009 RM'000</th>
<th>Company 2010 RM'000</th>
<th>Company 2009 RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax</td>
<td></td>
<td>99,066</td>
<td>109,264</td>
<td>85,529</td>
<td>101,405</td>
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<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortisation of premium</td>
<td></td>
<td>-</td>
<td>561</td>
<td>-</td>
<td>561</td>
</tr>
<tr>
<td>Gain on disposal of shares, unquoted in Malaysia</td>
<td></td>
<td>-</td>
<td>(2,602)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gain on disposal of shares, quoted in Malaysia</td>
<td></td>
<td>(93)</td>
<td>(620)</td>
<td>(93)</td>
<td>(620)</td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>4</td>
<td>57,126</td>
<td>48,955</td>
<td>54,606</td>
<td>46,439</td>
</tr>
<tr>
<td>Gain on disposal of property, plant and equipment</td>
<td></td>
<td>(7,096)</td>
<td>(2,404)</td>
<td>(7,096)</td>
<td>(2,404)</td>
</tr>
<tr>
<td>Impairment loss on financial asset designated as available-for-sale</td>
<td></td>
<td>25,098</td>
<td>-</td>
<td>25,098</td>
<td>-</td>
</tr>
<tr>
<td>Impairment loss on property, plant and equipment</td>
<td></td>
<td>22,273</td>
<td>-</td>
<td>22,273</td>
<td>-</td>
</tr>
<tr>
<td>Fair value through profit or loss: held for trading</td>
<td></td>
<td>(1,489)</td>
<td>-</td>
<td>(1,489)</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid lease payments written off</td>
<td></td>
<td>-</td>
<td>206</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reversal of impairment loss on financial asset</td>
<td></td>
<td>-</td>
<td>(2,220)</td>
<td>-</td>
<td>(2,220)</td>
</tr>
<tr>
<td>Net reversal of allowance for doubtful debts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- trade receivables</td>
<td>11</td>
<td>(3,730)</td>
<td>(1,920)</td>
<td>(4,077)</td>
<td>(1,884)</td>
</tr>
<tr>
<td>- other receivables</td>
<td>11</td>
<td>(15,537)</td>
<td>(2,914)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest income</td>
<td></td>
<td>(13,234)</td>
<td>(12,860)</td>
<td>(12,382)</td>
<td>(12,624)</td>
</tr>
<tr>
<td>Dividend income</td>
<td></td>
<td>(132)</td>
<td>(149)</td>
<td>(132)</td>
<td>(149)</td>
</tr>
<tr>
<td>Interest expense</td>
<td></td>
<td>2,928</td>
<td>1,805</td>
<td>2,926</td>
<td>1,802</td>
</tr>
<tr>
<td><strong>Operating profit before changes in working capital</strong></td>
<td></td>
<td>165,180</td>
<td>135,102</td>
<td>165,163</td>
<td>130,306</td>
</tr>
<tr>
<td>Change in inventories</td>
<td></td>
<td>(69)</td>
<td>(2,477)</td>
<td>(721)</td>
<td>(1,077)</td>
</tr>
<tr>
<td>Change in receivables, deposits and prepayments</td>
<td></td>
<td>204</td>
<td>6,331</td>
<td>(9,942)</td>
<td>11,584</td>
</tr>
<tr>
<td>Change in payables and accruals</td>
<td></td>
<td>55,254</td>
<td>(10,584)</td>
<td>84,896</td>
<td>(19,162)</td>
</tr>
<tr>
<td><strong>Cash generated from operations</strong></td>
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<td>220,569</td>
<td>128,372</td>
<td>239,396</td>
<td>121,651</td>
</tr>
<tr>
<td>Note</td>
<td>Group 2010 RM’000</td>
<td>Group 2009 restated RM’000</td>
<td>Company 2010 RM’000</td>
<td>Company 2009 restated RM’000</td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>-------------------</td>
<td>-----------------------------</td>
<td>---------------------</td>
<td>-----------------------------</td>
<td></td>
</tr>
<tr>
<td><strong>Cash generated from operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(27,399)</td>
<td>(21,816)</td>
<td>(25,221)</td>
<td>(21,696)</td>
<td></td>
</tr>
<tr>
<td>Income tax refund</td>
<td>5,281</td>
<td>-</td>
<td>5,281</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Net cash from operating activities</strong></td>
<td>198,451</td>
<td>106,556</td>
<td>219,456</td>
<td>99,955</td>
<td></td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from disposal of unquoted shares</td>
<td>-</td>
<td>13,500</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Proceeds from disposal of fair value through profit or loss : held for trading</td>
<td>3,694</td>
<td>5,516</td>
<td>3,694</td>
<td>5,516</td>
<td></td>
</tr>
<tr>
<td>Proceeds from disposal of property, plant and equipment</td>
<td>8,492</td>
<td>2,611</td>
<td>8,492</td>
<td>2,611</td>
<td></td>
</tr>
<tr>
<td>Purchase of property, plant and equipment (i)</td>
<td>(76,332)</td>
<td>(71,477)</td>
<td>(78,087)</td>
<td>(71,861)</td>
<td></td>
</tr>
<tr>
<td>Acquisition of other investment</td>
<td>(200)</td>
<td>(2,300)</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Interest received</td>
<td>13,447</td>
<td>12,860</td>
<td>12,960</td>
<td>12,624</td>
<td></td>
</tr>
<tr>
<td>Net dividend received</td>
<td>132</td>
<td>149</td>
<td>132</td>
<td>149</td>
<td></td>
</tr>
<tr>
<td>Increase in investment in a subsidiary</td>
<td>-</td>
<td>(8,500)</td>
<td>(21,060)</td>
<td>(8,500)</td>
<td></td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(50,767)</td>
<td>(47,641)</td>
<td>(73,869)</td>
<td>(59,461)</td>
<td></td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repayment of hire purchase</td>
<td>(8,821)</td>
<td>(8,857)</td>
<td>(8,809)</td>
<td>(8,844)</td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>(2,928)</td>
<td>(1,805)</td>
<td>(2,926)</td>
<td>(1,802)</td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(50,346)</td>
<td>(40,277)</td>
<td>(50,346)</td>
<td>(40,277)</td>
<td></td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td>(62,095)</td>
<td>(50,939)</td>
<td>(62,081)</td>
<td>(50,923)</td>
<td></td>
</tr>
<tr>
<td>Net increase/(decrease) in cash and cash equivalents</td>
<td>85,589</td>
<td>7,976</td>
<td>83,506</td>
<td>(10,429)</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents at 1 January</td>
<td>179,477</td>
<td>171,501</td>
<td>140,470</td>
<td>150,899</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents at 31 December</td>
<td>265,066</td>
<td>179,477</td>
<td>223,976</td>
<td>140,470</td>
<td></td>
</tr>
</tbody>
</table>
Statements of Cash Flow
for the Year Ended 31 December 2010 (continued)

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flow comprise the following statements of financial position amounts:

<table>
<thead>
<tr>
<th>Note</th>
<th>2010</th>
<th>2009</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>119,781</td>
<td>119,219</td>
<td>84,136</td>
<td>87,916</td>
</tr>
<tr>
<td>Deposits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>275,752</td>
<td>196,342</td>
<td>270,307</td>
<td>188,638</td>
</tr>
<tr>
<td></td>
<td>395,533</td>
<td>315,561</td>
<td>354,443</td>
<td>276,554</td>
</tr>
</tbody>
</table>

Less:

<table>
<thead>
<tr>
<th>Note</th>
<th>2010</th>
<th>2009</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
</tr>
<tr>
<td>Cash held for the purpose of distribution of fuel rebate for the government</td>
<td>(4,338)</td>
<td>(4,257)</td>
<td>(4,338)</td>
<td>(4,257)</td>
</tr>
<tr>
<td>Collection on behalf of agency creditors</td>
<td>(126,129)</td>
<td>(131,827)</td>
<td>(126,129)</td>
<td>(131,827)</td>
</tr>
<tr>
<td></td>
<td>265,066</td>
<td>179,477</td>
<td>223,976</td>
<td>140,470</td>
</tr>
</tbody>
</table>

(i) Purchase of property, plant and equipment

During the year, the Group and Company acquired property, plant and equipment with an aggregate cost of RM96,926,000 (2009: RM78,589,000) and RM98,681,000 (2009: RM78,973,000) of which RM20,594,000 (2009: RM7,112,000) and RM20,594,000 (2009: RM7,112,000) respectively, were acquired by means of hire purchase.

The accompanying ‘Notes to the financial statement’ are an integral part of these financial statements.
Notes to the Financial Statements

Pos Malaysia Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as follows:

Registered office/Principal place of business
Level 33, Menara Dayabumi
Jalan Sultan Hishamuddin
50050 Kuala Lumpur

The consolidated financial statements of the Company as at and for the year ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as the Group) and the Group’s interest in associates. The financial statements of the Company as at and for the year ended 31 December 2010 do not include other entities.

The principal activities of the Company during the financial year are to provide postal and its related services which include receiving and dispatching of postal articles, postal financial services, dealing in philatelic products and sale of postage stamps. The principal activities of the subsidiaries and associates are stated in Notes 7 and 8 respectively to the financial statements.

The financial statements were authorised for issue by the Board of Directors on 25 March 2011.

I. BASIS OF PREPARATION

(a) Statement of compliance
The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRS’s), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following new/revised accounting standards (including its consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010
• Amendments to FRS 132, Financial Instruments: Presentation – Classification of Rights Issues

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010
• FRS 1, First-time Adoption of Financial Reporting Standards (revised)
• FRS 3, Business Combinations (revised)
• FRS 127, Consolidated and Separate Financial Statements (revised)
• Amendments to FRS 2, Share-based Payment
• Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
• Amendments to FRS 138, Intangible Assets
• IC Interpretation 12, Service Concession Agreements
• IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
• IC Interpretation 17, Distributions of Non-cash Assets to Owners
• Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives
1. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

**FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011**
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
  - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
  - Additional Exemptions for First-time Adopters
- Amendments to FRS 2, Group Cash-settled Share Based Payment Transactions
- Amendments to FRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
- IC Interpretation 4, Determining whether an Arrangement contains a Lease
- IC Interpretation 18, Transfers of Assets from Customers
- Improvements to FRSs (2010)

**FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011**
- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement

**FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012**
- FRS 124, Related Party Disclosures (revised)
- IC Interpretation 15, Agreements for the Construction of Real Estate

The Group and Company plan to apply the abovementioned standards, amendments and interpretations from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011, except for those FRSs/IC Interpretations which are not applicable to the the Group and Company.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The initial applications of the other standards, amendments and interpretations are not expected to have any material impact on the financial statements of the Group and Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the notes to the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company’s functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and
the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

<table>
<thead>
<tr>
<th>Note 5</th>
<th>measurement of the recoverable amounts of cash-generating units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note 6</td>
<td>valuation of investment properties</td>
</tr>
<tr>
<td>Note 15</td>
<td>recognition of unutilised tax losses and capital allowances</td>
</tr>
</tbody>
</table>

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, other than those disclosed in the following notes:

- Note 2(c) – Financial instruments
- Note 2(e) – Leased assets

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale. The cost of investment includes transaction costs.

(ii) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses unless it is classified as held for sale or included in a disposal group that is classified as held for sale. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted associates, after adjustments, if any, to...
2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(ii) Associates (continued)

align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group’s share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest including any long-term investments is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in associates are stated in the Company’s statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale. The cost of investment includes transaction costs.

(iii) Changes in Group composition

The Group treats all other changes in group composition as equity transactions between the Group and its minority interests holders. Any difference between the Group’s share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Minority interest

Minority interest at the end of reporting period, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Minority interest in the results of the Group are presented on the face of the consolidated comprehensive income as an allocation of the comprehensive income for the year between minority interest and the owners of the Company.

Where losses applicable to the minority exceed the minority’s interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group’s interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group’s interest is allocated with all such profits until the minority’s share of losses previously absorbed by the Group has been recovered.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.
(b) Foreign currency

Foreign currency transactions
Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency and the amortised cost in foreign currency translated at the exchange rate at the end of reporting period.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those transactions that are measured at fair value and are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

(c) Financial instruments

Arising from the adoption of FRS 139, Financial Instruments: Recognition and Measurement, with effect from 1 January 2010, financial instruments are categorised and measured using accounting policies as mentioned below. Before 1 January 2010, different accounting policies were applied. Significant changes to the accounting policies are discussed in note 30.

(i) Initial recognition and measurement
A financial instrument is recognised in the financial statements when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recorded initially at fair value plus, in the case of a financial instrument not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categorises and subsequent measurement
The Group and the Company categorises financial instruments as follows:

Financial assets

(a) Fair value through profit and loss (“FVTPL”)
FVTPL category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated in this category upon initial recognition.

Other financial assets classified as fair value through profit or loss is subsequently measured at their fair values with the gain or loss recognised in profit or loss.
2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categorises and subsequent measurement (continued)

Financial Assets (continued)

(b) Held to maturity investments

Held-to-maturity investments category comprises debts instruments that are quoted in an active market and the Group has the positive intention and ability to hold to maturity.

Financial assets categorised as held to maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) Loans and receivables

Loans and receivables category comprises debts instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(d) Available for sale

Available for sale category comprises investments in equity and debt securities instruments that are not held for trading. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available for sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedge items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in the profit and loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see note 2(l)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit and loss.

Fair value through profit and loss category comprises of financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated to this category upon initial recognition.

Other financial liabilities categorised as fair value though profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.
(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit and loss.

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit and loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Freehold land and capital work-in-progress are stated at cost. All other property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour and, for qualifying assets, borrowing costs are capitalised in accordance with the Group’s accounting policy. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement costs when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within “other income” or “other operating expenses” respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part
2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

(ii) Subsequent costs (continued)
is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land and capital work-in-progress are not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>50 years</td>
</tr>
<tr>
<td>Building improvements and office</td>
<td>2 - 10 years</td>
</tr>
<tr>
<td>renovations</td>
<td></td>
</tr>
<tr>
<td>Plant and machinery</td>
<td>10 - 20 years</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>5 years</td>
</tr>
<tr>
<td>Furniture and fittings, office and</td>
<td>3 - 10 years</td>
</tr>
<tr>
<td>computer equipment</td>
<td></td>
</tr>
</tbody>
</table>

Depreciation methods, useful lives and residual values are reassessed at end of reporting period.

(e) Leased assets

Operating lease
Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised in the statement of financial position of the Group or the Company.

In the previous years, a leasehold land that normally had an indefinite economic life and title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring a leasehold land that was accounted for as an operating lease represents prepaid lease payments, except for leasehold land classified as investment property.

The Group has adopted the amendment made to FRS 117, Leases in 2010 in relation to the classification of lease of land. Leasehold land and building which in substance is a finance lease has been
recalled from prepaid lease payments to property, plant and equipment and measured as such retrospectively.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

(f) Hire purchase liabilities

Motor vehicles acquired under hire purchase arrangement are capitalised at their purchase cost and depreciated on the same basis as owned assets. The corresponding obligations relating to the remaining capital payments are treated as a liability. The interest element of the hire purchase agreements is amortised over the period of the agreements on the sum of digits method.

(g) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties. Investment properties are stated at fair value and gains and losses are recognised in the profit and loss in the year which they arise.

Valuations reflect, where appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market’s general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

(h) Intangible asset

Goodwill arises on business combination is measured at cost less any accumulated impairment losses. Goodwill represents the excess of the cost of the acquisition over the Group’s interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group’s interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that goodwill may be impaired.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories comprise mainly uniforms for postmen, insertion and mailing materials, digital certificates and Pos 2020 merchandise. The cost of inventories is determined on a weighted average basis.
2. SIGNIFICANT ACCOUNTING POLICIES
(continued)

(i) Inventories (continued)

Expenditure on the production of postage stamps is expensed off in the financial year in which it is incurred and therefore no value for stamps on hand at end of reporting period is shown in the financial statements. However, for internal control purposes, inventories of postage stamps are accounted for at face value within a dedicated accounting sub-system.

(j) Receivables

Prior to 1 January 2010, receivables were initially recognised at their costs and subsequently stated at cost less allowance for doubtful debts and receivables are not held for the purpose of trading.

Following to the adoption of FRS 139, trade and other receivables are categorised and measured as loans and receivables in accordance with note 2(c).

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value.

For the purpose of the cash flow statements, cash and cash equivalents are presented net of cash held for the purpose of distribution of fuel rebate for the government and collections on behalf of agency creditors.

(l) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and associate) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the asset’s original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset’s acquisition cost (net of any principal repayment and amortisation) and the asset’s current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset’s carrying amount
and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax asset, assets arising from employee benefits, investment property that is measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.
2. SIGNIFICANT ACCOUNTING POLICIES
(continued)

(m) Equity instruments

All equity instruments are stated at cost on initial recognition and are not re-assessed subsequently.

(i) Issue expenses

Incremental costs directly attributable to issue of equity instruments are recognised as a deduction from equity.

(ii) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company’s option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity. Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in the income statements.

(n) Revenue and other income

(i) Postal and its related services

Postage, prepaid mail and courier revenue

Postage and courier revenue on demand are recognised in profit or loss at point of sale.

Prepaid mail and courier revenue on contract is recognised upon performance of services.

Commission revenue on remittances and agency services

Commission revenue on remittances and agency services are recognised in profit or loss upon the performance of services.

International mail revenue

Revenue from incoming international mail is recognised in profit or loss upon performance of services.

(ii) Printing and insertion services

Revenue is recognised upon provision of services, net of sales taxes and discounts.

(iii) Sale of digital certificates

Revenue from the sales of digital certificates is recognised progressively over the life of the digital certificates that can be used which ranges from twelve (12) to thirty six (36) months.

(iv) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

(v) Other operating income

Interest income

Interest income is recognised as it accrues, using the effective interest method in profit or loss.

Dividend income

Dividend income is recognised when the right to receive payment is established.
Government grant

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

Grants that compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

(o) Employee benefits

Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group’s contributions to Employees’ Provident Fund are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(p) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is
2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Income tax (continued)

recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

(q) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director/Chief Executive Officer of the Group, to make decision about resources to be allocated to the segments and assess its performance and for which discrete financial information is available.

3. VESTING OF BUSINESS

On 1 January 1992, all property, rights and liabilities, other than land and buildings and certain assets, to which Jabatan Perkhidmatan Pos Malaysia ("JPPM") was entitled or subject to immediately before that vesting date, became the property, rights and liabilities of the Company by virtue of Section 3 of the Postal Services (Successor Company) Act 1991. The value of assets and the amount of liabilities of JPPM transferred to and vested in the Company were those stated in the financial statements of JPPM as at 31 December 1991. In accordance with Section 7(4) of the said Act, for the purposes of any statutory financial statements of the Group and Company, the amount to be included in respect of any item shall be determined as if anything done by JPPM whether by way of acquiring, revaluing or disposing of any assets or incurring, revaluing or discharging any liability, or by carrying any amount to any provision of reserve, or otherwise, had been done by the Company.
THIS SECTION IS INTENTIONALLY LEFT BLANK
4. PROPERTY, PLANT AND EQUIPMENT

<table>
<thead>
<tr>
<th>Group</th>
<th>Leasehold land and buildings</th>
<th>Government leasehold land and buildings</th>
<th>Freehold land</th>
<th>Buildings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January 2009, restated</td>
<td>185,673</td>
<td>210,799</td>
<td>2,276</td>
<td>35,114</td>
</tr>
<tr>
<td>Additions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disposals</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Written off</td>
<td>(206)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 December 2009/ 1 January 2010, restated</td>
<td>185,467</td>
<td>210,799</td>
<td>2,276</td>
<td>35,114</td>
</tr>
<tr>
<td>Additions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disposals</td>
<td>(1,751)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 December 2010</td>
<td>183,716</td>
<td>210,799</td>
<td>2,276</td>
<td>35,114</td>
</tr>
<tr>
<td>Building improvements and renovations</td>
<td>Plant and machinery</td>
<td>Motor vehicles</td>
<td>Furniture and fittings, office and computer equipment</td>
<td>Capital work-in-progress</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>---------------------</td>
<td>---------------</td>
<td>------------------------------------------------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
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</tr>
<tr>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
</tr>
<tr>
<td>52,896</td>
<td>18,773</td>
<td>138,498</td>
<td>126,690</td>
<td>54,229</td>
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<tr>
<td>1,965</td>
<td>31</td>
<td>5,642</td>
<td>4,073</td>
<td>66,878</td>
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</table>
|-(12,820)|-(1,093)|-|-(13,913)|-
|33,583|-(5)|3,678|15,291|(52,552)|-
|-(211)|-
|88,444|18,804|134,993|144,961|68,555|889,413|

<table>
<thead>
<tr>
<th>Building improvements and renovations</th>
<th>Plant and machinery</th>
<th>Motor vehicles</th>
<th>Furniture and fittings, office and computer equipment</th>
<th>Capital work-in-progress</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
</tr>
<tr>
<td>1,908</td>
<td>608</td>
<td>10</td>
<td>3,894</td>
<td>90,506</td>
<td>96,926</td>
</tr>
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</table>
|-(9,188)|-(111)|-|-(11,050)|-
|3,403|2,290|28,447|18,875|(53,015)|-
|93,755|21,702|154,262|167,619|106,046|975,289|
4. PROPERTY, PLANT AND EQUIPMENT (continued)

<table>
<thead>
<tr>
<th>Group</th>
<th>Leasehold land and buildings</th>
<th>Government leasehold land and buildings</th>
<th>Freehold land</th>
<th>Buildings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
</tr>
<tr>
<td>At 1 January 2009, restated</td>
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<td>91,316</td>
<td>-</td>
<td>7,236</td>
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<tr>
<td>Depreciation for the year</td>
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<td>9,344</td>
<td>-</td>
<td>693</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Written off</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December 2009/1 January 2010, restated</td>
<td>33,471</td>
<td>100,660</td>
<td>-</td>
<td>7,929</td>
</tr>
<tr>
<td>Depreciation for the year</td>
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<td>9,344</td>
<td>-</td>
<td>693</td>
</tr>
<tr>
<td>Impairment loss for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>(469)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

At 31 December 2010:

| Accumulated depreciation | 35,020 | 110,004 | - | 8,622 |
| Accumulated impairment loss | - | - | - | - |

Carrying amounts

<p>| At 1 January 2009, restated | 154,224 | 119,483 | 2,276 | 27,878 |
| At 31 December 2009/1 January 2010, restated | 151,996 | 110,139 | 2,276 | 27,185 |
| At 31 December 2010 | 148,696 | 100,795 | 2,276 | 26,492 |</p>
<table>
<thead>
<tr>
<th>Building improvements and renovations</th>
<th>Plant and machinery</th>
<th>Motor vehicles</th>
<th>Furniture and fittings, office and computer equipment</th>
<th>Capital work-in-progress</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
</tr>
<tr>
<td>26,292</td>
<td>13,209</td>
<td>81,731</td>
<td>67,107</td>
<td>-</td>
<td>318,340</td>
</tr>
<tr>
<td>4,416</td>
<td>689</td>
<td>16,648</td>
<td>15,143</td>
<td>-</td>
<td>48,955</td>
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<tr>
<td>-</td>
<td>-</td>
<td>(12,736)</td>
<td>(970)</td>
<td>-</td>
<td>(13,706)</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>(5)</td>
<td>-</td>
<td>-</td>
<td>(5)</td>
</tr>
<tr>
<td><strong>30,708</strong></td>
<td><strong>13,898</strong></td>
<td><strong>85,638</strong></td>
<td><strong>81,280</strong></td>
<td><strong>-</strong></td>
<td><strong>353,584</strong></td>
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</table>

| | | | | | | |
| 7,575 | 733 | 20,077 | 16,686 | - | 57,126 |
| - | - | - | - | 22,273 | 22,273 |
| - | - | (9,091) | (94) | - | (9,654) |

| | | | | | | |
| 38,283 | 14,631 | 96,624 | 97,872 | - | 401,056 |
| - | - | - | - | 22,273 | 22,273 |
| **38,283** | **14,631** | **96,624** | **97,872** | **22,273** | **423,329** |

| | | | | | | |
| 26,604 | 5,564 | 56,767 | 59,583 | 54,229 | 506,608 |
| 57,736 | 4,906 | 49,355 | 63,681 | 68,555 | 535,829 |
| 55,472 | 7,071 | 57,638 | 69,747 | 83,773 | 551,960 |
### Notes to the Financial Statements

#### 4. PROPERTY, PLANT AND EQUIPMENT (continued)

<table>
<thead>
<tr>
<th>Company</th>
<th>Leasehold land and buildings</th>
<th>Government leasehold land and buildings</th>
<th>Freehold land</th>
<th>Buildings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
</tr>
<tr>
<td>At 1 January 2009, restated</td>
<td>101,385</td>
<td>210,799</td>
<td>2,276</td>
<td>25,718</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December 2009/1 January 2010, restated</td>
<td>101,385</td>
<td>210,799</td>
<td>2,276</td>
<td>25,718</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>(1,751)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December 2010</td>
<td>99,634</td>
<td>210,799</td>
<td>2,276</td>
<td>25,718</td>
</tr>
<tr>
<td>Building improvements and renovations</td>
<td>Plant and machinery</td>
<td>Motor vehicles</td>
<td>Furniture and fittings, office and computer equipment</td>
<td>Capital work-in-progress</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>---------------------</td>
<td>---------------</td>
<td>-------------------------------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
</tr>
<tr>
<td>47,132</td>
<td>6,251</td>
<td>137,713</td>
<td>108,109</td>
<td>53,028</td>
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<tr>
<td>1,541</td>
<td>25</td>
<td>5,642</td>
<td>3,773</td>
<td>67,992</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>(12,820)</td>
<td>(1,093)</td>
<td>-</td>
</tr>
<tr>
<td>33,583</td>
<td>-</td>
<td>3,678</td>
<td>15,132</td>
<td>(52,393)</td>
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<td>125,921</td>
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<td>2,380</td>
<td>94,415</td>
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<tr>
<td>-</td>
<td>-</td>
<td>(9,188)</td>
<td>(105)</td>
<td>-</td>
</tr>
<tr>
<td>3,403</td>
<td>-</td>
<td>28,447</td>
<td>18,875</td>
<td>(50,725)</td>
</tr>
<tr>
<td>87,535</td>
<td>6,276</td>
<td>153,482</td>
<td>147,071</td>
<td>112,317</td>
</tr>
</tbody>
</table>
### Notes to the Financial Statements

#### 4. PROPERTY, PLANT AND EQUIPMENT (continued)

<table>
<thead>
<tr>
<th>Company</th>
<th>Leasehold land and buildings</th>
<th>Government leasehold land and buildings</th>
<th>Freehold land</th>
<th>Buildings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
</tr>
<tr>
<td><strong>Depreciation and Impairment loss</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January 2009, restated</td>
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<td>91,953</td>
<td>-</td>
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<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December 2009/1 January 2010, restated</td>
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<td>101,660</td>
<td>-</td>
<td>5,740</td>
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<td>Depreciation for the year</td>
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<td>9,708</td>
<td>-</td>
<td>504</td>
</tr>
<tr>
<td>Impairment loss for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>(469)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

#### At 31 December 2010:

| Accumulated depreciation | 28,922 | 111,368 | - | 6,244 |
| Accumulated impairment loss | - | - | - | - |

<table>
<thead>
<tr>
<th><strong>Carrying amounts</strong></th>
<th>Leasehold land and buildings</th>
<th>Government leasehold land and buildings</th>
<th>Freehold land</th>
<th>Buildings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At 1 January 2009, restated</strong></td>
<td>74,561</td>
<td>118,846</td>
<td>2,276</td>
<td>20,482</td>
</tr>
<tr>
<td><strong>At 31 December 2009/1 January 2010, restated</strong></td>
<td>73,275</td>
<td>109,139</td>
<td>2,276</td>
<td>19,978</td>
</tr>
<tr>
<td><strong>At 31 December 2010</strong></td>
<td>70,712</td>
<td>99,431</td>
<td>2,276</td>
<td>19,474</td>
</tr>
</tbody>
</table>
The title deeds for certain freehold land with carrying value amounting to RM837,000 (2009: RM842,000) have yet to be issued in the name of the Company as at 31 December 2010 by the relevant authorities.
4. PROPERTY, PLANT AND EQUIPMENT (continued)

4.1 Hire purchase creditor

The carrying amount of motor vehicles purchased under hire purchase arrangements for the Group and Company amounting to RM29,601,000 (2009: RM34,583,000) and RM29,561,000 (2009: RM34,529,000) respectively.

4.2 Leasehold land and buildings

The carrying amounts of land at 1 January 2009 and 31 December 2009 have been adjusted following to the adoption of the amendments to FRS 117, Leases, where leasehold land and building in substance is a finance lease, has been reclassified from prepaid lease payments to property, plant and equipment.

The cost and carrying value of certain leasehold land and government leasehold land is not segregated from the cost and carrying value of the buildings as the required information are not available from the sales and purchase agreements.

The title deeds for certain landed properties with net carrying value amounting to RM2,333,000 (2009 - RM9,379,000) have yet to be issued in the name of the Company as at 31 December 2010 by the relevant authorities.

4.3 Government leasehold land and buildings

Government leasehold land and buildings of RM210,799,000 (2009: RM210,799,000) are for a lease period of sixty (60) years commencing from 1 January 1992, the vesting date as stated in Note 3 to the financial statements.

The cost capitalised is in respect of the lease for the first thirty (30) years period as stipulated in the agreement signed between the Company and the Government. The cost in respect of the remaining thirty (30) years lease period has not been agreed. However, this cost will be agreed upon finalisation of the agreement with the authorities, no later than 31 December 2020, and thereafter will be recognised accordingly.

The Company is also in the process of finalising lease agreements with the authorities for additional Government leasehold land and buildings currently used by the Company, which are at present carried at nil values in the statement of financial position in the absence of Government valuation for these properties. These Government leasehold land and buildings will be recognised in the statement of financial position upon the valuations being finalised by the authorities.
5. INTANGIBLE ASSET

**Group**

<table>
<thead>
<tr>
<th>Cost</th>
<th>Goodwill (RM’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January 2009/31 December 2010</td>
<td>4,630</td>
</tr>
</tbody>
</table>

**Amortisation and impairment losses**

| At 1 January 2009/31 December 2010 | - |

**Carrying amount**

| At 31 December 2009/31 December 2010 | 4,630 |

*Impairment testing for goodwill*

For the purpose of impairment testing, goodwill is allocated to the subsidiary acquired which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The Goodwill impairment test was based on value in use and was determined by the Management.

Value in use was determined by discounting future cash flows generated from the continuing use of the subsidiary and was based on the following key assumptions:

- Cash flows were projected based on actual Earnings before Interest, Tax, Depreciation and Amortisation (“EBITDA”) and a 5 year business plan.
- EBITDA for 2011 – 2015 was projected based on actual EBITDA for 2010. The anticipated annual growth rate was 5% per annum for the years 2011 – 2015.
- A pre-tax discount rate of 7.5% was applied in determining the recoverable amount of the subsidiary. This discount rate was estimated based on the Group’s weighted average cost of capital.

The values assigned to the key assumptions represent management’s assessment of future trends in the Group and subsidiary’s principal activities and are based on internal sources.
## 6. INVESTMENT PROPERTIES

<table>
<thead>
<tr>
<th>Group</th>
<th>2010 RM'000</th>
<th>2009 RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January/31 December</td>
<td>15,071</td>
<td>15,071</td>
</tr>
</tbody>
</table>

Included in the above are:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freehold land</td>
<td>3,311</td>
<td>3,311</td>
</tr>
<tr>
<td>Leasehold land</td>
<td>11,760</td>
<td>11,760</td>
</tr>
</tbody>
</table>

The carrying amount of investment properties at the balance sheet date approximated their fair values.

## 7. INVESTMENTS IN SUBSIDIARIES

<table>
<thead>
<tr>
<th>Company</th>
<th>2010 RM'000</th>
<th>2009 RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unquoted shares, at cost</td>
<td>65,050</td>
<td>43,990</td>
</tr>
<tr>
<td>Less : Accumulated impairment losses</td>
<td>(2,706)</td>
<td>(2,706)</td>
</tr>
</tbody>
</table>

| Total | 62,344 | 41,284 |
7. INVESTMENTS IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows:

<table>
<thead>
<tr>
<th>Name of subsidiary</th>
<th>Country of incorporation</th>
<th>Principal activities</th>
<th>Effective ownership interest 2010 (%)</th>
<th>Effective ownership interest 2009 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Datapos (M) Sdn. Bhd.</td>
<td>Malaysia</td>
<td>Printing and insertion of documents for mailing</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Digicert Sdn. Bhd.</td>
<td>Malaysia</td>
<td>Sale of digital certificates</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Effivation Sdn. Bhd.</td>
<td>Malaysia</td>
<td>Property investment</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Pos Takaful Agency Sdn. Bhd.</td>
<td>Malaysia</td>
<td>Dormant</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Poslaju (M) Sdn. Bhd.</td>
<td>Malaysia</td>
<td>Dormant</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Pos Logistic-Fulserve Sdn. Bhd.**</td>
<td>Malaysia</td>
<td>Dormant</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Virtual Pos Sdn. Bhd.**</td>
<td>Malaysia</td>
<td>Dormant</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Philately Pos Malaysia Sdn. Bhd. **</td>
<td>Malaysia</td>
<td>Dormant</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Pos Malaysia &amp; Services Holdings Berhad</td>
<td>Malaysia</td>
<td>Investment holding</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>PSH Capital Partners Sdn. Bhd.</td>
<td>Malaysia</td>
<td>Investment holding</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>PSH Venture Capital Sdn. Bhd.</td>
<td>Malaysia</td>
<td>Investment holding</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>PSH Management Sdn. Bhd. **</td>
<td>Malaysia</td>
<td>Dormant</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>PSH Properties Sdn. Bhd.</td>
<td>Malaysia</td>
<td>Property investment</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>PSH Merchandise Sdn. Bhd. **</td>
<td>Malaysia</td>
<td>Dormant</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>PSH Allied Berhad</td>
<td>Malaysia</td>
<td>Dormant</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>PMB Properties Sdn. Bhd.</td>
<td>Malaysia</td>
<td>Property investment</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

**Held by PSH Capital Partners Sdn. Bhd.**

| Prestige Future Sdn. Bhd. | Malaysia | Dormant | 100 | 100 |

**Held by PSH Properties Sdn. Bhd.**

| Real Riviera Sdn. Bhd. | Malaysia | Property investment | 100 | 100 |
### 7. INVESTMENTS IN SUBSIDIARIES (continued)

<table>
<thead>
<tr>
<th>Name of subsidiary</th>
<th>Country of incorporation</th>
<th>Principal activities</th>
<th>Effective ownership interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held by PSH Venture Capital Sdn. Bhd.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSH Express Sdn. Bhd.</td>
<td>Malaysia</td>
<td>Air courier services &amp; fulfilment business</td>
<td>100</td>
</tr>
<tr>
<td>Held by Pos Malaysia &amp; Services Holdings Berhad</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSH Investment Holding (BVI) Ltd. *</td>
<td>British Virgin Island</td>
<td>Dormant</td>
<td>100</td>
</tr>
</tbody>
</table>

* The investment in PSH Investment Holding (BVI) Ltd. has been consolidated based on the management financial statements for the financial year ended 31 December 2010 as a statutory audit is not required in the British Virgin Islands.

** In May 2010, the Company completed the striking-off process of these companies from Companies Commission of Malaysia.
8. INVESTMENTS IN ASSOCIATES

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td></td>
<td>RM'000</td>
<td>RM'000</td>
</tr>
<tr>
<td>Unquoted shares, at cost</td>
<td>7,650</td>
<td>7,650</td>
</tr>
<tr>
<td>Less: Impairment losses</td>
<td>(7,650)</td>
<td>(7,650)</td>
</tr>
<tr>
<td></td>
<td>(7,650)</td>
<td>(7,650)</td>
</tr>
</tbody>
</table>

The Group discontinued equity accounting of loss in associates as the loss already exceeded the carrying amount of the investment. As at 31 December 2010, the share of losses in those associates for the financial year and share of loss cumulatively not accounted for was of RM508,000 (2009: profit of RM1,870,000) and RM38,458,000 (2009: RM37,950,000) respectively. The Group has no obligation in respect of these losses.

Summary financial information for associates, not adjusted for the percentage ownership held by the Group:

<table>
<thead>
<tr>
<th>Country of incorporation</th>
<th>Effective ownership interest</th>
<th>Revenue (100%)</th>
<th>Profit /(Loss) (100%)</th>
<th>Total assets (100%)</th>
<th>Total liabilities (100%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td></td>
<td>2010</td>
<td>2009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elpos Print Sdn. Bhd.</td>
<td>Malaysia</td>
<td>40.0</td>
<td>12,501</td>
<td>341</td>
<td>8,161</td>
</tr>
<tr>
<td>CEN Sdn. Bhd.</td>
<td>Malaysia</td>
<td>42.5</td>
<td>5,799</td>
<td>(305)</td>
<td>12,169</td>
</tr>
<tr>
<td>Pospay Exchange Sdn. Bhd.</td>
<td>Malaysia</td>
<td>50.0</td>
<td>7</td>
<td>(1,030)</td>
<td>717</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>18,307</td>
<td>(994)</td>
<td>21,047</td>
<td>81,724</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country of incorporation</th>
<th>Effective ownership interest</th>
<th>Revenue (100%)</th>
<th>Profit /(Loss) (100%)</th>
<th>Total assets (100%)</th>
<th>Total liabilities (100%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td></td>
<td>2009</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elpos Print Sdn. Bhd.</td>
<td>Malaysia</td>
<td>40.0</td>
<td>10,095</td>
<td>37</td>
<td>7,896</td>
</tr>
<tr>
<td>CEN Sdn. Bhd.</td>
<td>Malaysia</td>
<td>42.5</td>
<td>21,727</td>
<td>4,371</td>
<td>13,794</td>
</tr>
<tr>
<td>Pospay Exchange Sdn. Bhd.</td>
<td>Malaysia</td>
<td>50.0</td>
<td>-</td>
<td>(7)</td>
<td>2,780</td>
</tr>
<tr>
<td></td>
<td></td>
<td>31,822</td>
<td>4,401</td>
<td>24,470</td>
<td>82,857</td>
</tr>
</tbody>
</table>
9. OTHER INVESTMENTS

<table>
<thead>
<tr>
<th>Group</th>
<th>Shares</th>
<th>Debentures</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Unquoted in Malaysia</td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available-for-sale financial assets</td>
<td>10,322</td>
<td>-</td>
</tr>
<tr>
<td>Held to maturity investments</td>
<td>86,146</td>
<td>-</td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss: other investments</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Less: Impairment loss</td>
<td>(2,000)</td>
<td>(2,000)</td>
</tr>
<tr>
<td></td>
<td>96,468</td>
<td>-</td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss: held for trading</td>
<td>4,356</td>
<td>-</td>
</tr>
<tr>
<td>Held to maturity investments</td>
<td>99,950</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>104,306</td>
<td>-</td>
</tr>
<tr>
<td>Representing items:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At amortised cost</td>
<td>186,096</td>
<td>-</td>
</tr>
<tr>
<td>At fair value / market value</td>
<td>14,678</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>200,774</td>
<td>-</td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>441,630</td>
<td>2,000</td>
</tr>
<tr>
<td>Less: Impairment loss</td>
<td>(229,703)</td>
<td>(2,000)</td>
</tr>
<tr>
<td>Less: Amortisation of premium</td>
<td>(3,435)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>208,492</td>
<td>-</td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>21,947</td>
<td>-</td>
</tr>
<tr>
<td>Less: Written down to market value</td>
<td>(14,680)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>7,267</td>
<td>-</td>
</tr>
<tr>
<td>Market value</td>
<td>215,759</td>
<td>-</td>
</tr>
</tbody>
</table>
## 9. OTHER INVESTMENTS (continued)

### 2010

| Company | | | **Shares** | | | **Debentures** |
| --- | --- | --- | --- | --- | --- |
| | | | Total RM'000 | Unquoted in Malaysia RM'000 | | Quoted in Malaysia RM'000 | Unquoted in Malaysia RM'000 |
| **Non-current** | | | | | | |
| Available-for-sale financial assets | | | 10,322 | - | 10,322 | | - |
| Held to maturity investments | | | 85,757 | - | - | 85,757 | |
| | | | 96,079 | - | 10,322 | 85,757 | |
| **Current** | | | | | | |
| Financial assets at fair value through profit or loss: held for trading | | | 2,856 | - | 2,856 | - | - |
| Held to maturity investments | | | 100,308 | - | - | 100,308 | |
| | | | 103,164 | - | 2,856 | 100,308 | |
| | | | 199,243 | - | 13,178 | 186,065 | |
| **Representing items:** | | | | | | |
| At amortised cost | | | 186,065 | - | - | 186,065 | |
| At fair value / market value | | | 13,178 | - | 13,178 | - | - |
| | | | 199,243 | - | 13,178 | 186,065 | |
| **2009** | | | | | | |
| **Non-current** | | | | | | |
| At cost | | | 547,411 | - | 357,343 | 190,068 | |
| Less: Impairment loss | | | (335,484) | - | (335,484) | - | - |
| Less: Amortisation of premium | | | (1,273) | - | - | (1,273) | |
| | | | 210,654 | - | 21,859 | 188,795 | |
| **Current** | | | | | | |
| At cost | | | 19,647 | - | 19,647 | - | - |
| Less: Written down to market value | | | (14,680) | - | (14,680) | - | - |
| | | | 4,967 | - | 4,967 | - | - |
| | | | 215,621 | - | 26,826 | 188,795 | |
| Market value | | | 4,967 | - | 4,967 | - | - |
9. OTHER INVESTMENTS (continued)

The comparative figures as at 31 December 2009 have not been presented based on the new categorisation of financial assets resulting from the adoption of FRS 139 by virtue of the exemption given in FRS 7.44AA.

At the beginning of the year, the Group and Company adopted FRS 139 Financial Instruments: Recognition and Measurement. Upon adoption of the standard, the Group and Company have made fair value adjustments of investments amounting to RM12,238,000 and RM11,410,000 respectively. The fair value adjustments was adjusted to the retained profits as at 1 January 2010.

During the year, the Group and Company disposed off quoted shares for a cash consideration of RM3,600,000 (2009: RM5,516,000).

10. INVENTORIES

<table>
<thead>
<tr>
<th>At cost:</th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010 RM’000</td>
<td>2009 RM’000</td>
</tr>
<tr>
<td>Postal uniforms and consumables</td>
<td>5,059</td>
<td>4,418</td>
</tr>
<tr>
<td>Pos 2020 merchandise</td>
<td>556</td>
<td>557</td>
</tr>
<tr>
<td>Insertion and mailing materials</td>
<td>1,928</td>
<td>1,638</td>
</tr>
<tr>
<td>Digital certificates, CD ROM and</td>
<td>1,218</td>
<td>2,079</td>
</tr>
<tr>
<td>smart cards</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>8,761</td>
<td>8,692</td>
</tr>
</tbody>
</table>

During the financial year, inventories recognised as expenses in the income statement of the Group and of the Company amounted to RM26,558,000 (2009: RM28,516,000) and RM18,983,000 (2009: RM20,005,000) respectively.
## 11. RECEIVABLES, DEPOSITS AND PREPAYMENTS

<table>
<thead>
<tr>
<th></th>
<th>Group 2010 RM’000</th>
<th>Group 2009 RM’000</th>
<th>Company 2010 RM’000</th>
<th>Company 2009 RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trade</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade receivables</td>
<td>157,914</td>
<td>125,226</td>
<td>116,027</td>
<td>98,672</td>
</tr>
<tr>
<td>Less: Impairment loss</td>
<td>(8,863)</td>
<td>(12,593)</td>
<td>(7,947)</td>
<td>(12,024)</td>
</tr>
<tr>
<td></td>
<td>149,051</td>
<td>112,633</td>
<td>108,080</td>
<td>86,648</td>
</tr>
<tr>
<td><strong>Non-trade</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other receivables</td>
<td>13,156</td>
<td>55,469</td>
<td>5,115</td>
<td>6,380</td>
</tr>
<tr>
<td>Less: Impairment loss</td>
<td>-</td>
<td>(15,537)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>13,156</td>
<td>39,932</td>
<td>5,115</td>
<td>6,380</td>
</tr>
<tr>
<td>Amount due from subsidiaries</td>
<td>-</td>
<td>-</td>
<td>106,573</td>
<td>121,034</td>
</tr>
<tr>
<td>Amount due from associates</td>
<td>b</td>
<td>80</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>Deposits and prepayment</td>
<td>18,658</td>
<td>10,386</td>
<td>16,967</td>
<td>9,369</td>
</tr>
<tr>
<td>Investment income receivables</td>
<td>4,248</td>
<td>2,945</td>
<td>3,019</td>
<td>2,130</td>
</tr>
<tr>
<td>Staff advances</td>
<td>11,377</td>
<td>11,531</td>
<td>11,262</td>
<td>11,436</td>
</tr>
<tr>
<td></td>
<td>47,519</td>
<td>64,874</td>
<td>143,016</td>
<td>150,429</td>
</tr>
<tr>
<td></td>
<td>196,570</td>
<td>177,507</td>
<td>251,096</td>
<td>237,077</td>
</tr>
</tbody>
</table>

### a. Trade receivables

Credit terms of trade receivables other than international mail receivables range from thirty (30) days to sixty (60) days. The credit terms for international mail receivables range from six (6) months to eighteen (18) months in accordance with the Universal Postal Union guidelines.

Concentration of credit risk with respect to trade receivables are limited due to the Group’s large number of customers whereby sufficient allowance has been made for debts that are doubtful in collection. In addition, the Group has adopted a credit evaluation policy for all trade receivables. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group’s trade receivables.

### b. Amount due from subsidiaries and associates

The amounts due from subsidiaries and associates are unsecured, interest free and repayable on demand.
12. CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th>Deposits are placed with:</th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>Licensed banks</td>
<td>RM’000</td>
<td>RM’000</td>
</tr>
<tr>
<td></td>
<td>1,345</td>
<td>115,604</td>
</tr>
<tr>
<td>Other financial institutions</td>
<td>274,407</td>
<td>80,738</td>
</tr>
<tr>
<td></td>
<td>275,752</td>
<td>196,342</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>119,781</td>
<td>119,219</td>
</tr>
<tr>
<td></td>
<td>395,533</td>
<td>315,561</td>
</tr>
</tbody>
</table>

Included in deposits with licensed banks are cash held for the purpose of distribution of fuel rebate for the government amounting to RM4,338,000 (2009: RM4,257,000) and collection on behalf of agencies amounting to RM126,129,000 (2009: RM131,827,000).

Deposits, cash and bank balances are denominated in Ringgit Malaysia. The weighted average interest rates of deposits, cash and bank balances that were effective as at balance sheet date were as follows:

| Group and Company |
|-------------------|-----------------|
|                   | 2010 %          | 2009 %          |
| Deposits with licensed banks             | 3.00            | 1.95            |
| Deposit with other financial institutions | 2.89            | 1.70            |

Deposits of the Group and of the Company have maturity period ranging from 1 to 365 days (2009: 1 to 365 days).
## 13. SHARE CAPITAL AND RESERVES

<table>
<thead>
<tr>
<th>Authorised:</th>
<th>Group and Company</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Number of shares</td>
<td>Amount</td>
<td>Number of shares</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>2010</td>
<td>2009</td>
<td>2009</td>
<td></td>
</tr>
<tr>
<td>Ordinary shares of RM0.50</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td></td>
</tr>
<tr>
<td>Special Rights Redeemable Preference shares of RM1 each</td>
<td>1,000,000</td>
<td>2,000,000</td>
<td>1,000,000</td>
<td>2,000,000</td>
<td></td>
</tr>
<tr>
<td>Issued and fully paid:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary shares of RM0.50 each</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 31 December</td>
<td>268,513</td>
<td>537,026</td>
<td>268,513</td>
<td>537,026</td>
<td></td>
</tr>
<tr>
<td>Ordinary shares of RM0.50 each</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 31 December</td>
<td>268,513</td>
<td>537,026</td>
<td>268,513</td>
<td>537,026</td>
<td></td>
</tr>
<tr>
<td>Special Rights Redeemable Preference shares of RM1 each</td>
<td>268,513</td>
<td>537,026</td>
<td>268,513</td>
<td>537,026</td>
<td></td>
</tr>
</tbody>
</table>

* Share capital includes the Special Rights Redeemable Preference Share of RM1.00.

(a) The Special Rights Redeemable Preference Share confers the following rights:

(i) The Special Rights Redeemable Preference Share issued to the Government of Malaysia would enable the Government of Malaysia through Minister of Finance (Incorporated), or its successors or any Minister, representative or any person acting on behalf, to ensure that certain major decisions affecting the operation of the Company are consistent with the Government’s policy. The Special Rights Redeemable Preference shareholder is entitled to receive notices of meetings but does not carry any right to vote at such meetings of the Company. He also has the right to require the Company to redeem the Special Rights Redeemable Preference Share at par at any time.

(ii) Certain matters, in particular, the alteration of the Articles of Association of the Company relating to the rights of the Special Rights Redeemable Preference shareholder; the dissolution of the Company, any substantial acquisitions and disposal of assets, amalgamation, merger and takeover, appointment of foreign directors, creation or issue of any shares which when aggregated with all other existing issued shares, carry ten percent of total voting rights, require prior consent of the Special Rights Redeemable Preference shareholder.
13. SHARE CAPITAL AND RESERVES (continued)

(a) The Special Rights Redeemable Preference Share confers the following rights: (continued)

(iii) In a distribution of capital or a winding-up of the Company, the Special Rights Redeemable Preference shareholder is entitled to the repayment of the capital paid-up on the Special Rights Redeemable Preference Share in priority to any repayment of capital to any other member. The Special Rights Redeemable Preference Share does not confer any right to participate in the capital or profits of the Company.

(b) Share premium reserves

This reserve comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

The movements in each category of the reserves are disclosed in the statements of changes in equity.

14. RESERVES

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank and distribute RM461,491,000 (2009: RM511,837,000) of its distributable reserves as at 31 December 2010 if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the remaining Section 108 tax credit as at 31 December 2010 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.
### 15. Deferred Tax Assets and Liabilities

<table>
<thead>
<tr>
<th>Note</th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td></td>
<td>RM’000</td>
<td>RM’000</td>
</tr>
</tbody>
</table>

**Balance at 1 January**

|      | (14,418) | (10,279) | (13,657) | (10,203) |

**Recognised in the income statement**

|      | 21 | 6,173 | 247 | 6,072 | 563 |

**Under provision in prior years**

|      | 21 | (3,620) | (4,386) | (3,787) | (4,017) |

**Balance at 31 December**

|      | (11,865) | (14,418) | (11,372) | (13,657) |

Presented after appropriate offsetting as follows:

|      | 417 | 85 | - | - |

|      | (12,282) | (14,503) | (11,372) | (13,657) |

|      | (11,865) | (14,418) | (11,372) | (13,657) |

Deferred tax assets and liabilities are attributable to the following:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>556</td>
<td>1,657</td>
<td>(30,904)</td>
<td>(22,796)</td>
<td>(30,348)</td>
<td>(21,139)</td>
</tr>
<tr>
<td>Provisions</td>
<td>17,610</td>
<td>6,721</td>
<td>-</td>
<td>-</td>
<td>17,610</td>
<td>6,721</td>
</tr>
<tr>
<td>Unabsorbed business loss</td>
<td>873</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>873</td>
<td>-</td>
</tr>
<tr>
<td>Net tax assets/ (liabilities)</td>
<td>19,039</td>
<td>8,378</td>
<td>(30,904)</td>
<td>(22,796)</td>
<td>(11,865)</td>
<td>(14,418)</td>
</tr>
</tbody>
</table>

| **Company**        |      |      |      |      |      |      |
| Property, plant and equipment | 556 | 1,629 | (29,176) | (21,237) | (28,620) | (19,608) |
| Provisions         | 17,248 | 5,951 | - | - | 17,248 | 5,951 |
| Net tax assets/ (liabilities) | 17,804 | 7,580 | (29,176) | (21,237) | (11,372) | (13,657) |
15. DEFERRED TAX ASSETS AND LIABILITIES (continued)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

*Deferred tax (liabilities) / assets of the Group:*

<table>
<thead>
<tr>
<th></th>
<th>Property, plant and equipment RM’000</th>
<th>Provisions and unabsorbed business losses RM’000</th>
<th>Total RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January 2009</td>
<td>(17,553)</td>
<td>7,274</td>
<td>(10,279)</td>
</tr>
<tr>
<td>Recognised in the income statement</td>
<td>483</td>
<td>(236)</td>
<td>247</td>
</tr>
<tr>
<td>Under provision in prior years</td>
<td>(4,069)</td>
<td>(317)</td>
<td>(4,386)</td>
</tr>
<tr>
<td>At 31 December 2009/1 January 2010</td>
<td>(21,139)</td>
<td>6,721</td>
<td>(14,418)</td>
</tr>
<tr>
<td>Recognised in the income statement</td>
<td></td>
<td>47</td>
<td>6,173</td>
</tr>
<tr>
<td>(Under)/over provision in prior years</td>
<td>(9,256)</td>
<td>5,636</td>
<td>(3,620)</td>
</tr>
<tr>
<td>At 31 December 2010</td>
<td>(30,348)</td>
<td>18,483</td>
<td>(11,865)</td>
</tr>
</tbody>
</table>

*Deferred tax (liabilities) / assets of the Company:*

<table>
<thead>
<tr>
<th></th>
<th>Property, plant and equipment RM’000</th>
<th>Provisions and unabsorbed business losses RM’000</th>
<th>Total RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January 2009</td>
<td>(16,299)</td>
<td>6,096</td>
<td>(10,203)</td>
</tr>
<tr>
<td>Recognised in the income statement</td>
<td>508</td>
<td>55</td>
<td>563</td>
</tr>
<tr>
<td>Under provision in prior years</td>
<td>(3,817)</td>
<td>(200)</td>
<td>(4,017)</td>
</tr>
<tr>
<td>At 31 December 2009/1 January 2010</td>
<td>(19,608)</td>
<td>5,951</td>
<td>(13,657)</td>
</tr>
<tr>
<td>Recognised in the income statement</td>
<td></td>
<td>651</td>
<td>6,072</td>
</tr>
<tr>
<td>(Under)/over provision in prior years</td>
<td>(9,663)</td>
<td>5,876</td>
<td>(3,787)</td>
</tr>
<tr>
<td>At 31 December 2010</td>
<td>(28,620)</td>
<td>17,248</td>
<td>(11,372)</td>
</tr>
</tbody>
</table>
I5. DEFERRED TAX ASSETS AND LIABILITIES (continued)

No deferred tax has been recognised for the following items:

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
</tr>
<tr>
<td></td>
<td>RM'000</td>
</tr>
<tr>
<td>Unutilised tax losses</td>
<td>50,353</td>
</tr>
<tr>
<td>Unabsorbed capital allowances</td>
<td>1,892</td>
</tr>
<tr>
<td></td>
<td>52,245</td>
</tr>
</tbody>
</table>

The deductible temporary differences do not expire under the current tax legislation. Deferred tax assets were not recognised in respect of these items because it was not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

The unutilised tax losses and unabsorbed capital allowances amounting to approximately RM50,353,000 (2009: RM51,047,000) and RM1,892,000 (2009: RM1,870,000) will not be available to the Group if there is substantial change in shareholders (more than 50%).

I6. HIRE PURCHASE CREDITORS

Hire purchase creditors are payable as follows:

<table>
<thead>
<tr>
<th></th>
<th>Minimum lease payment 2010</th>
<th>Interest 2010</th>
<th>Principal 2010</th>
<th>Minimum lease payment 2009</th>
<th>Interest 2009</th>
<th>Principal 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than one year</td>
<td>15,042</td>
<td>1,806</td>
<td>13,236</td>
<td>9,812</td>
<td>1,416</td>
<td>8,396</td>
</tr>
<tr>
<td>Between one and five years</td>
<td>32,563</td>
<td>1,801</td>
<td>30,762</td>
<td>25,447</td>
<td>1,618</td>
<td>23,829</td>
</tr>
<tr>
<td></td>
<td>47,605</td>
<td>3,607</td>
<td>43,998</td>
<td>35,259</td>
<td>3,034</td>
<td>32,225</td>
</tr>
<tr>
<td><strong>Company</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than one year</td>
<td>15,026</td>
<td>1,804</td>
<td>13,222</td>
<td>9,798</td>
<td>1,415</td>
<td>8,383</td>
</tr>
<tr>
<td>Between one and five years</td>
<td>32,539</td>
<td>1,801</td>
<td>30,738</td>
<td>25,408</td>
<td>1,616</td>
<td>23,792</td>
</tr>
<tr>
<td></td>
<td>47,565</td>
<td>3,605</td>
<td>43,960</td>
<td>35,206</td>
<td>3,031</td>
<td>32,175</td>
</tr>
</tbody>
</table>

The carrying amount of motor vehicles purchased under hire purchase arrangements for the Group and Company amounting to RM29,601,000 (2009: RM34,583,000) and RM29,561,000 (2009: RM34,529,000) respectively.
## 17. PAYABLES AND ACCRUALS

<table>
<thead>
<tr>
<th>Note</th>
<th>Group 2010 RM’000</th>
<th>Group 2009 RM’000</th>
<th>Company 2010 RM’000</th>
<th>Company 2009 RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Trade</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables</td>
<td>a</td>
<td>38,876</td>
<td>35,437</td>
<td>35,954</td>
</tr>
<tr>
<td><strong>Non-trade</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount due to subsidiaries</td>
<td>b</td>
<td>-</td>
<td>-</td>
<td>52,329</td>
</tr>
<tr>
<td>Amount due to associates</td>
<td>b</td>
<td>1,069</td>
<td>835</td>
<td>1,069</td>
</tr>
<tr>
<td>Other payables and accruals:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unpresented postal and money orders</td>
<td></td>
<td>85,492</td>
<td>86,905</td>
<td>85,492</td>
</tr>
<tr>
<td>Agency payables</td>
<td>c</td>
<td>130,467</td>
<td>136,084</td>
<td>130,467</td>
</tr>
<tr>
<td>Money order payables</td>
<td></td>
<td>12,328</td>
<td>17,142</td>
<td>12,328</td>
</tr>
<tr>
<td>Service payables</td>
<td></td>
<td>27,084</td>
<td>26,714</td>
<td>24,208</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>1,676</td>
<td>2,471</td>
<td>-</td>
</tr>
<tr>
<td>Other accruals</td>
<td>d</td>
<td>160,318</td>
<td>103,483</td>
<td>151,455</td>
</tr>
<tr>
<td>Deposits received</td>
<td></td>
<td>14,539</td>
<td>13,141</td>
<td>13,075</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>432,973</td>
<td>386,775</td>
<td>470,423</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>471,849</td>
<td>422,212</td>
<td>506,377</td>
</tr>
</tbody>
</table>

**a. Trade payables**

Credit terms of international mail payables of the Group and of the Company range from six (6) months to eighteen (18) months (2009: 6 months to 18 months) in accordance with the Universal Postal Union guidelines.

**b. Amount due to subsidiaries and associates**

The amount due to subsidiaries and associates are unsecured, interest free and repayable on demand.

**c. Agency payables**

Included in agency payables is cash held for the purpose of distribution of fuel rebate for the government amounting to RM4,338,000 (2009: RM4,257,000).
17. PAYABLES AND ACCRUALS (continued)

d. Other accruals

Included in other accruals are government grant received during the year and deferred income in relation to prepaid mail amounting to RM1,269,000 and RM24,090,000 respectively.

The Group and Company has been awarded a RM2,000,000 government grant which was received during the year. The grant received was both related to income and assets and was conditional upon the execution of post transformation plan on the expenditures spent and the acquisition of certain motor vehicles.

The grant related to income is recognised as other income in profit or loss to match with the expenditures spent, on a systematic basis. The grant related to assets is amortised over the useful life of the assets. During the year, the grant amounting to RM731,000 has been recognised as other income in profit or loss.

18. REVENUE

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM'000</td>
<td>RM'000</td>
<td>restated</td>
<td>RM'000</td>
</tr>
<tr>
<td>Mail</td>
<td>624,333</td>
<td>533,543</td>
<td>622,402</td>
<td>531,238</td>
</tr>
<tr>
<td>Courier</td>
<td>207,648</td>
<td>195,764</td>
<td>205,009</td>
<td>193,554</td>
</tr>
<tr>
<td>Retail</td>
<td>148,124</td>
<td>138,968</td>
<td>148,124</td>
<td>138,968</td>
</tr>
<tr>
<td>Others</td>
<td>34,870</td>
<td>34,286</td>
<td>6,491</td>
<td>8,460</td>
</tr>
<tr>
<td></td>
<td>1,014,975</td>
<td>902,561</td>
<td>982,026</td>
<td>872,220</td>
</tr>
</tbody>
</table>
## 19. PROFIT BEFORE TAX

**Profit before tax is arrived at after charging:**

<table>
<thead>
<tr>
<th>Staff cost (excluding key management personnel)</th>
<th>Group 2010</th>
<th>Group 2009</th>
<th>Company 2010</th>
<th>Company 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>- salaries, bonuses and allowances</td>
<td>445,571</td>
<td>405,643</td>
<td>436,391</td>
<td>397,868</td>
</tr>
<tr>
<td>- defined contribution plan</td>
<td>69,410</td>
<td>63,247</td>
<td>68,052</td>
<td>62,136</td>
</tr>
<tr>
<td>- others</td>
<td>37,436</td>
<td>36,704</td>
<td>35,754</td>
<td>35,694</td>
</tr>
<tr>
<td>Auditors’ remuneration</td>
<td>333</td>
<td>315</td>
<td>230</td>
<td>210</td>
</tr>
<tr>
<td>Rental</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- office and computer equipment</td>
<td>5,586</td>
<td>4,776</td>
<td>4,607</td>
<td>4,184</td>
</tr>
<tr>
<td>- land and buildings</td>
<td>15,978</td>
<td>15,322</td>
<td>15,759</td>
<td>15,341</td>
</tr>
<tr>
<td>- machinery</td>
<td>170</td>
<td>274</td>
<td>170</td>
<td>133</td>
</tr>
<tr>
<td>- motor vehicles</td>
<td>264</td>
<td>108</td>
<td>218</td>
<td>62</td>
</tr>
<tr>
<td>Prepaid lease written off</td>
<td>465</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Inventories written off</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impairment loss:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- property, plant and equipment</td>
<td>22,273</td>
<td>-</td>
<td>22,273</td>
<td>-</td>
</tr>
<tr>
<td>- trade receivables</td>
<td>347</td>
<td>3,079</td>
<td>-</td>
<td>3,079</td>
</tr>
<tr>
<td>Impairment loss on financial asset designated as available-for-sale</td>
<td>25,098</td>
<td>-</td>
<td>25,098</td>
<td>-</td>
</tr>
<tr>
<td>Operating licence fee</td>
<td>4,919</td>
<td>4,368</td>
<td>4,919</td>
<td>4,368</td>
</tr>
<tr>
<td>Amortisation of premium</td>
<td>-</td>
<td>561</td>
<td>-</td>
<td>561</td>
</tr>
</tbody>
</table>
19. PROFIT BEFORE TAX (continued)

<table>
<thead>
<tr>
<th>and after crediting:</th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>Gain on disposal of property, plant and equipment</td>
<td>7,096</td>
<td>2,404</td>
</tr>
<tr>
<td>Dividend income (gross)</td>
<td>132</td>
<td>149</td>
</tr>
<tr>
<td>Reversal of impairment loss on financial assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- trade receivables</td>
<td>4,077</td>
<td>4,999</td>
</tr>
<tr>
<td>- other receivables</td>
<td>15,537</td>
<td>2,914</td>
</tr>
<tr>
<td>Shares quoted in Malaysia</td>
<td>-</td>
<td>2,220</td>
</tr>
<tr>
<td>Realised foreign exchange gain</td>
<td>819</td>
<td>1,264</td>
</tr>
<tr>
<td>Unrealised foreign exchange gain</td>
<td>120</td>
<td>514</td>
</tr>
<tr>
<td>Fair value through profit or loss: held for trading</td>
<td>1,489</td>
<td>-</td>
</tr>
<tr>
<td>Rental income</td>
<td>1,799</td>
<td>1,935</td>
</tr>
<tr>
<td>Gain on disposal of shares, quoted in Malaysia</td>
<td>93</td>
<td>620</td>
</tr>
<tr>
<td>Gain on disposal of shares, unquoted in Malaysia</td>
<td>-</td>
<td>2,602</td>
</tr>
</tbody>
</table>
### 20. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Group 2010 RM'000</th>
<th>Group 2009 RM'000</th>
<th>Company 2010 RM'000</th>
<th>Company 2009 RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Fees</td>
<td>489</td>
<td>422</td>
<td>471</td>
<td>409</td>
</tr>
<tr>
<td>- Other emoluments</td>
<td>1,209</td>
<td>1,797</td>
<td>1,207</td>
<td>1,797</td>
</tr>
<tr>
<td></td>
<td>1,698</td>
<td>2,219</td>
<td>1,678</td>
<td>2,206</td>
</tr>
<tr>
<td>Other key management personnel</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Salaries, bonuses and allowances</td>
<td>4,609</td>
<td>3,853</td>
<td>4,013</td>
<td>3,493</td>
</tr>
<tr>
<td>- Defined contribution plan</td>
<td>671</td>
<td>605</td>
<td>573</td>
<td>529</td>
</tr>
<tr>
<td></td>
<td>5,280</td>
<td>4,458</td>
<td>4,586</td>
<td>4,022</td>
</tr>
<tr>
<td></td>
<td>6,978</td>
<td>6,677</td>
<td>6,264</td>
<td>6,228</td>
</tr>
</tbody>
</table>

Other key management personnel comprises persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

### 21. TAX EXPENSE

<table>
<thead>
<tr>
<th></th>
<th>Group 2010 RM'000</th>
<th>Group 2009 RM'000</th>
<th>Company 2010 RM'000</th>
<th>Company 2009 RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income tax expense:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malaysian income tax</td>
<td>44,553</td>
<td>30,786</td>
<td>43,137</td>
<td>30,479</td>
</tr>
<tr>
<td>Over provision in prior years</td>
<td>(10,042)</td>
<td>(2,372)</td>
<td>(10,042)</td>
<td>(1,600)</td>
</tr>
<tr>
<td></td>
<td>34,511</td>
<td>28,414</td>
<td>33,095</td>
<td>28,879</td>
</tr>
<tr>
<td>Deferred tax expense:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relating to reversal of temporary differences</td>
<td>15 (6,173)</td>
<td>(247)</td>
<td>(6,072)</td>
<td>(563)</td>
</tr>
<tr>
<td>Under provision in prior years</td>
<td>15 3,620</td>
<td>4,386</td>
<td>3,787</td>
<td>4,017</td>
</tr>
<tr>
<td></td>
<td>(2,553)</td>
<td>4,139</td>
<td>(2,285)</td>
<td>3,454</td>
</tr>
<tr>
<td>Total tax expense</td>
<td>31,958</td>
<td>32,553</td>
<td>30,810</td>
<td>32,333</td>
</tr>
</tbody>
</table>
21. TAX EXPENSE (continued)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010 RM’000</td>
<td>2009 RM’000</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>99,066</td>
<td>109,264</td>
</tr>
<tr>
<td>Tax calculated using Malaysian tax rate of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- 25% (2009 : 25%)</td>
<td>24,767</td>
<td>27,316</td>
</tr>
<tr>
<td>Tax exempt income</td>
<td>(377)</td>
<td>(527)</td>
</tr>
<tr>
<td>Expenses not deductible for tax purposes</td>
<td>14,158</td>
<td>3,813</td>
</tr>
<tr>
<td>Utilisation of previously unrecognised deferred tax assets</td>
<td>(168)</td>
<td>(63)</td>
</tr>
<tr>
<td></td>
<td>38,380</td>
<td>30,539</td>
</tr>
<tr>
<td>Under/(over) provision in prior years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- income tax</td>
<td>(10,042)</td>
<td>(2,372)</td>
</tr>
<tr>
<td>- deferred tax</td>
<td>3,620</td>
<td>4,386</td>
</tr>
<tr>
<td>Tax expense</td>
<td>31,958</td>
<td>32,553</td>
</tr>
</tbody>
</table>

Included in the amount of expenses not deductible for tax purposes in the current year were impairment losses for Group and Company amounting to RM47,371,000.

22. EARNINGS PER SHARE

Basic earnings per share

The earnings per ordinary share for the financial year has been calculated based on the profit attributable to ordinary shareholders of RM67,108,000 (2009: RM76,711,000) and a weighted average number of ordinary shares in issue during the financial year of 537,026,085 (2009: 537,026,085).
## 23. DIVIDENDS

Dividends recognised in the current year by the Company are:

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
<th>Sen per share (net of tax)</th>
<th>Total amount RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>Final dividend in respect of financial year ended 31 December 2009</td>
<td>9.4</td>
<td>50,346</td>
</tr>
<tr>
<td>2009</td>
<td>Final dividend in respect of financial year ended 31 December 2008</td>
<td>7.5</td>
<td>40,277</td>
</tr>
</tbody>
</table>

The Company did not declare and pay any interim dividends in respect of the financial year ended 31 December 2010. However, subsequent to the reporting period the following dividends were proposed by the Directors. These dividends will be recognised in subsequent financial period upon approval by the owners of the Company.

<table>
<thead>
<tr>
<th>Description</th>
<th>Sen per share (net of tax)</th>
<th>Total amount RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>First &amp; final dividend</td>
<td>7.5</td>
<td>40,277</td>
</tr>
<tr>
<td>Special dividend</td>
<td>5.6</td>
<td>30,208</td>
</tr>
</tbody>
</table>

**Total:** 70,485
24. CAPITAL COMMITMENTS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved and contracted for</td>
<td>55,879</td>
<td>188,392</td>
<td>55,807</td>
<td>187,880</td>
</tr>
<tr>
<td>Approved but not contracted for</td>
<td>281,339</td>
<td>198,857</td>
<td>273,378</td>
<td>193,255</td>
</tr>
<tr>
<td></td>
<td>337,218</td>
<td>387,249</td>
<td>329,185</td>
<td>381,135</td>
</tr>
</tbody>
</table>

25. COMMITMENTS AND CONTINGENCIES - Group and Company

(a) (i) Pursuant to the agreement entered into with Malayan Banking Berhad ("MBB") on the sale of PhileoAllied Bank (Malaysia) Berhad and Phileo Allied Securities Sdn. Bhd. dated 30 August 2000 ("the Share Sale Agreement"), Pos Malaysia & Services Holdings Berhad ("PSH") and its subsidiary, PSH Allied Berhad ("PSHAB") have given certain warranties, undertakings and obligations to MBB, which shall continue for a period of twenty four (24) months from the Completion Date of the agreement of 31 January 2001. Save as disclosed in Note 25 (a)(iii) to (v) below, as at the date of the financial statements, there are no other legal suits filed by MBB arising from the above warranties, undertakings and obligations.

(ii) For the material litigation matters identified in the Share Sale Agreement, PSH and PSHAB have agreed to indemnify MBB to the extent of the amount stated in the final judgement (including taxed costs and costs of solicitors in defending the claims) if the claim for indemnify is received by PSH and PSHAB within 4 years from the Completion Date of 31 January 2001.

(iii) On 18 January 2002, PSH and PSHAB ("the Defendants") were served with a Writ of Summons and Statement of Claim by MBB ("the Plaintiff") (Kuala Lumpur High Court Civil Suit D3-22-2240-2001). Subsequently, an Amended Writ of Summons and Amended Statement of Claim were served on the Defendants by the Plaintiff on 19 March 2002. The Plaintiff claims against the Defendants for:

   (1) a declaration that the Defendants are in breach of their warranties and undertakings under the Share Sale Agreement in failing to make specific disclosure of the condition of the loan and security documents in relation to the credit facility granted by Phileo Allied Credit & Leasing Sdn. Bhd. to Salient Growth Sdn. Bhd.;

   (2) a declaration that the Defendants are liable, jointly and severally, to indemnify the Plaintiff and keep indemnified the Plaintiff from and against all claims, demands, damages, losses (including loss of profit), costs, obligations, penalties, liabilities, fines and expenses sustained by the Plaintiff in respect of the Defendants’ breach referred to in (1) above;
25. COMMITMENTS AND CONTINGENCIES - Group and Company (continued)

(3) that the Plaintiff be indemnified as referred to in (2) above and be at liberty to apply for an assessment of the amount to be paid thereunder;

(4) damages to be assessed;

(5) that the cost of the action be borne by the Defendants; and

(6) such further or other reliefs as the Court deems fit and proper.

On 30 July 2002, the Defendants’ application to strike out Plaintiff’s Writ of Summons was allowed with costs by the Senior Assistant Registrar. A Notice of Appeal to Judge In Chambers dated 6 August 2002 filed by the Plaintiff has been dismissed with costs on 25 April 2003. A Notice of Appeal to the Court of Appeal dated 20 May 2003 has been filed by the Plaintiff.

At the hearing on 23 July 2009 at the Court of Appeal, the court had allowed MBB’s appeal with costs at the Court of Appeal.

(iv) On 2 April 2003, PSH and PSHAB (“Defendants”) were further served with another Writ of Summons and Statement of Claim (Kuala Lumpur High Court Civil Suit No. D3-22-330-2003) by MBB (“the Plaintiff”). The Plaintiff claims against the Defendants for the following:

(1) a declaration that the Defendants are in breach of the warranties and undertakings under the Share Sale Agreement in failing to make specific disclosure of the condition of two margin accounts maintained by Zuhrah Sentosa Sdn. Bhd. and Ujung Prinsip Sdn. Bhd. respectively with Mayban Securities Sdn. Bhd.

(2) a declaration that Defendants are liable, jointly and severally to indemnify the Plaintiff and keep indemnified the Plaintiff from and against all claims, demands, damages, losses (including loss of profit), costs, obligations, penalties, liabilities, fines and expenses sustained by the Plaintiff in respect of the Defendants’ or either of the Defendants’ breach referred to in (1) above;

(3) that the Plaintiff be indemnified as referred to in (2) above and be at liberty to apply for an assessment of the amount to be paid thereunder;

(4) special damages in the sum of RM41,790,851.83 as at 31 January 2000 with interest thereon at the rate of 12.25% per annum from 1 February 2000 until the date of full payment;

(5) general damages;

(6) interest on the sums payable as damages;

(7) costs to be borne by the Defendants; and

(8) such further or other reliefs as the Court deems fit and proper.

On 16 June 2004, the Defendants’ application to strike out the Plaintiff’s Writ of Summons was allowed with costs by the Senior Assistant Registrar. A Notice of Appeal to Judge In Chambers has been filed by the Plaintiff on 24 June 2004 to appeal against the decision of the Senior Assistant Registrar.

The same was dismissed by the learned Judge on 26 April 2005. The Plaintiff has appealed to Court of Appeal vide Notice of Appeal dated 25 May 2005 in CA Civil Appeal No. W-03-86-2005.

At the hearing on 23 July 2009 at the Court of Appeal, the court had allowed MBB’s appeal with costs at the Court of Appeal.
On 2 April 2003, PSH and PSH Allied Berhad ("Defendants") were also served with a Writ of Summons and Statement of Claim (Kuala Lumpur High Court Civil Suit No. D3-22-331-2003) by MBB ("the Plaintiff"). The Plaintiff claims against the Defendants for the following:

(1) a declaration that the Defendants are in breach of the warranties and undertakings under the Share Sale Agreement in failing to make specific disclosure of the action instituted by Zainuddin bin Abu Bakar against Mayban Allied Berhad vide Kuala Lumpur High Court Suit No.D2-22-1853-2000;

(2) a declaration that the Defendants are liable, jointly and severally, to indemnify the Plaintiff and keep indemnified the Plaintiff from and against all claims, demands, damages, losses (including loss of profit), costs, obligations, penalties, liabilities, fines and expenses sustained by the Plaintiff in respect of the Defendants’ or either of the Defendants’ breach referred to in (1) above;

(3) that the Plaintiff be indemnified as referred to in (2) above and be at liberty to apply for an assessment of the amount to be paid thereunder;

(4) special damages in the sum of RM6,021,462 with interest thereon at the rate of 8% per annum from 3 October 2000 until the date of full payment;

(5) general damages;

(6) interest on the sums payable as damages;

(7) costs to be borne by the Defendants; and

(8) such further or other reliefs as the Court deems fit and proper.

On 16 June 2004, the Defendants’ application to strike out Plaintiff’s Writ of Summons was allowed with costs by the Senior Assistant Registrar. A Notice of Appeal to Judge In Chambers has been filed by the Plaintiff on 24 June 2004 to appeal against the decision of the Senior Assistant Registrar.

The same was dismissed by the learned Judge on 26 April 2005. The Plaintiff has appealed to Court of Appeal vide Notice of Appeal dated 25 May 2005 in CA Civil Appeal No. W-03-87-2005.

At the hearing on 23 July 2009 at the Court of Appeal, the court had allowed MBB’s appeal with costs at the Court of Appeal.

On 21 February 2011, all the above mentioned litigation actions against the Defendants have been withdrawn by the Plaintiff without liberty to file afresh with total costs of RM100,000 to be paid by the Plaintiff to the Defendants and Notices of Discontinuances have been recorded before the presiding Judge at the Kuala Lumpur High Court.

(b) The Company has given financial support to certain subsidiaries to meet all their liabilities due within the next 12 months.
26. SEGMENTAL REPORTING

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. The following summary describes the operations in each of the Group’s reportable segments:

**Mail** – Includes the provision of basic mail services for corporate and individual customers and customised solutions such as Mailroom Management and Direct Mail.

**Courier** – Includes courier solutions by sea, air and land to both national and international destinations.

**Retail** – Includes over-the-counter services for payment of bills and certain financial products and services.

Other operations include the hybrid mail which provides data and document processing services, logistics solutions by sea, air and land to both national and international destinations, business of internet security products, solutions and services 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 2009 or 2010.

There are varying levels of integration between the Mail reportable segment and the Courier reportable segment. This integration includes shared distribution services. The accounting policies of the reportable segments are the same as described in note 2(r).

Information regarding the operations of each reportable segment is included below. Performance is measured based on segment results. Segment results is 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 these industries. Inter-segment pricing is determined on an arm’s length basis.
26. SEGMENTAL REPORTING (continued)

<table>
<thead>
<tr>
<th>Year Ended 31 December 2010</th>
<th>Mail RM'000</th>
<th>Courier RM'000</th>
<th>Retail RM'000</th>
<th>Others RM'000</th>
<th>Elimination RM'000</th>
<th>Group RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total external revenue</td>
<td>624,333</td>
<td>207,648</td>
<td>148,124</td>
<td>34,870</td>
<td>-</td>
<td>1,014,975</td>
</tr>
<tr>
<td>Intersegment revenue</td>
<td>2,023</td>
<td>1,000</td>
<td>49,307</td>
<td>-</td>
<td>(52,330)</td>
<td>-</td>
</tr>
<tr>
<td>Total revenue for reportable segments</td>
<td>626,356</td>
<td>208,648</td>
<td>197,431</td>
<td>34,870</td>
<td>(52,330)</td>
<td>1,014,975</td>
</tr>
<tr>
<td><strong>Reportable segment results</strong></td>
<td>117,170</td>
<td>15,097</td>
<td>(24,303)</td>
<td>(2,296)</td>
<td>-</td>
<td>105,668</td>
</tr>
<tr>
<td>Other unallocated results</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(6,602)</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>99,066</td>
</tr>
<tr>
<td><strong>Reportable segments assets</strong></td>
<td>282,193</td>
<td>112,054</td>
<td>173,962</td>
<td>132,867</td>
<td>-</td>
<td>701,076</td>
</tr>
<tr>
<td>Other unallocated assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>674,143</td>
</tr>
<tr>
<td>Total assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,375,219</td>
</tr>
<tr>
<td><strong>Reportable segment liabilities</strong></td>
<td>23,262</td>
<td>23,723</td>
<td>131,036</td>
<td>35,319</td>
<td>-</td>
<td>213,340</td>
</tr>
<tr>
<td>Other unallocated liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>333,286</td>
</tr>
<tr>
<td>Total liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>546,626</td>
</tr>
<tr>
<td><strong>Other information</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Property, plant and equipment</td>
<td>72,518</td>
<td>8,489</td>
<td>11,730</td>
<td>4,189</td>
<td>-</td>
<td>96,926</td>
</tr>
<tr>
<td>Depreciation</td>
<td>26,752</td>
<td>12,208</td>
<td>15,695</td>
<td>2,471</td>
<td>-</td>
<td>57,126</td>
</tr>
<tr>
<td>Interest income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest expense</td>
<td>1,948</td>
<td>813</td>
<td>163</td>
<td>4</td>
<td>-</td>
<td>2,928</td>
</tr>
<tr>
<td>Reversal of impairment loss on financial assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15,537</td>
</tr>
<tr>
<td>Impairment loss on financial asset designated as available-for-sale</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>25,098</td>
</tr>
<tr>
<td>Impairment loss on property, plant and equipment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>22,273</td>
</tr>
<tr>
<td>Fair value through profit or loss: held for trading</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,489</td>
</tr>
<tr>
<td>Taxation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>31,958</td>
</tr>
</tbody>
</table>
### 26. SEGMENTAL REPORTING (continued)

#### Year Ended 31 December 2009

<table>
<thead>
<tr>
<th></th>
<th>Mail</th>
<th>Courier</th>
<th>Retail</th>
<th>Others</th>
<th>Elimination</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
</tr>
<tr>
<td></td>
<td>restated</td>
<td>restated</td>
<td>restated</td>
<td>restated</td>
<td>restated</td>
<td>restated</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total external revenue</td>
<td>533,543</td>
<td>195,764</td>
<td>138,968</td>
<td>34,286</td>
<td>-</td>
<td>902,561</td>
</tr>
<tr>
<td>Intersegment revenue</td>
<td>2,389</td>
<td>394</td>
<td>46,130</td>
<td>2,925</td>
<td>(51,838)</td>
<td>-</td>
</tr>
<tr>
<td>Total revenue for reportable segments</td>
<td>535,932</td>
<td>196,158</td>
<td>185,098</td>
<td>37,211</td>
<td>(51,838)</td>
<td>902,561</td>
</tr>
<tr>
<td><strong>Reportable segment results</strong></td>
<td>84,044</td>
<td>14,675</td>
<td>(18,363)</td>
<td>1,997</td>
<td>-</td>
<td>82,353</td>
</tr>
<tr>
<td>Other unallocated results</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>26,911</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>109,264</td>
</tr>
<tr>
<td><strong>Reportable segments assets</strong></td>
<td>243,020</td>
<td>94,382</td>
<td>187,552</td>
<td>123,507</td>
<td>-</td>
<td>648,461</td>
</tr>
<tr>
<td>Other unallocated assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>626,126</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,274,587</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Reportable segment liabilities</strong></td>
<td>48,910</td>
<td>9,161</td>
<td>136,467</td>
<td>9,208</td>
<td>-</td>
<td>203,746</td>
</tr>
<tr>
<td>Other unallocated liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>271,248</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>474,994</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other information</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Property, plant and equipment</td>
<td>43,551</td>
<td>5,791</td>
<td>28,581</td>
<td>666</td>
<td>-</td>
<td>78,589</td>
</tr>
<tr>
<td>Depreciation</td>
<td>24,153</td>
<td>11,874</td>
<td>10,460</td>
<td>2,832</td>
<td>(364)</td>
<td>48,955</td>
</tr>
<tr>
<td>Interest income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
<td>(12,860)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>976</td>
<td>742</td>
<td>81</td>
<td>6</td>
<td>-</td>
<td>1,805</td>
</tr>
<tr>
<td>Allowance for impairment in value written back</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,892</td>
</tr>
<tr>
<td>Taxation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
<td>32,553</td>
</tr>
</tbody>
</table>
27. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

Transactions with government departments and agencies or with entities providing public utilities are entered at arms length by virtue of their normal dealings as a public utility or a government department and agency.

<table>
<thead>
<tr>
<th>Group</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM'000</td>
<td>RM'000</td>
</tr>
<tr>
<td>Purchase of paper based supplies from an associate company:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Elpos Print Sdn. Bhd.</td>
<td>10,278</td>
<td>7,160</td>
</tr>
</tbody>
</table>

Information regarding outstanding balances arising from related party transactions are disclosed in Note 11 and Note 17 to the financial statements.

There are no allowances for impairment loss being provided in respect of these balances outstanding at year end at 31 December 2010 and 2009 as the balances are amount payable to related parties.
28. FINANCIAL INSTRUMENTS

Certain comparative figures have not been presented for 31 December 2009 by virtue of the exemption given in paragraph 44AA of FRS 7.

28.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables (L&R);
(b) Fair value through profit or loss (FVTPL): Held for trading (HFT)
(c) Available-for-sale financial assets (AFS);
(d) Held-to-maturity investments (HTM); and
(e) Other liabilities (OL).

<table>
<thead>
<tr>
<th>2010</th>
<th>Financial assets</th>
<th>Carrying amount</th>
<th>L&amp;R/OL</th>
<th>FVTPL-HFT</th>
<th>AFS</th>
<th>HTM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
</tr>
<tr>
<td>Group</td>
<td>Other investments</td>
<td>200,774</td>
<td>-</td>
<td>4,356</td>
<td>10,322</td>
<td>186,096</td>
</tr>
<tr>
<td></td>
<td>Trade and other receivables</td>
<td>196,570</td>
<td>196,570</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Cash and cash equivalents</td>
<td>395,533</td>
<td>395,533</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>792,877</td>
<td>592,103</td>
<td>4,356</td>
<td>10,322</td>
<td>186,096</td>
</tr>
<tr>
<td>Company</td>
<td>Other investments</td>
<td>199,243</td>
<td>-</td>
<td>2,856</td>
<td>10,322</td>
<td>186,065</td>
</tr>
<tr>
<td></td>
<td>Trade and other receivables</td>
<td>251,096</td>
<td>251,096</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Cash and cash equivalents</td>
<td>354,443</td>
<td>354,443</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>804,782</td>
<td>605,539</td>
<td>2,856</td>
<td>10,322</td>
<td>186,065</td>
</tr>
</tbody>
</table>

Financial liabilities

| Group | Loans and borrowings | (43,998) | (43,998) | - | - | - |
|       | Trade and other payables | (471,849) | (471,849) | - | - | - |
|       |                  | (515,847) | (515,847) | - | - | - |
| Company | Loans and borrowings | (43,960) | (43,960) | - | - | - |
|        | Trade and other payables | (506,377) | (506,377) | - | - | - |
|        |                  | (550,337) | (550,337) | - | - | - |
28. FINANCIAL INSTRUMENTS (continued)

28.2 Financial risk management

The Group's and the Company's overall financial risk management objective is to ensure the continuous growth in profitability and enhance shareholders’ value in a competitive and changing environment. At the same time, the Group and the Company is focused in performing its Universal Service Obligation as a provider of postal service throughout the country and to international destinations in an efficient and effective manner.

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

28.3 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and investment securities. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group and the Company seeks to control credit risk by setting counter party limits and ensuring that services are made to customers with an appropriate credit history. The trade receivables are all collectable and adequate allowance for bad and doubtful debts are provided for.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

Concentration of credit risk with respect to receivables is limited due to the Group’s large number of customers.
28. FINANCIAL INSTRUMENTS (continued)

28.3 Credit risk (continued)

Receivables (continued)

*Impairment losses*

The ageing of trade receivables as at the end of the reporting period was:

<table>
<thead>
<tr>
<th>Group</th>
<th>Gross RM'000</th>
<th>Individual impairment RM'000</th>
<th>Net RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2010</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not past due</td>
<td>96,853</td>
<td>-</td>
<td>96,853</td>
</tr>
<tr>
<td>Past due 0-30 days</td>
<td>15,545</td>
<td>-</td>
<td>15,545</td>
</tr>
<tr>
<td>Past due 31-120 days</td>
<td>6,234</td>
<td>-</td>
<td>6,234</td>
</tr>
<tr>
<td>Past due more than 120 days</td>
<td>39,282 (8,863)</td>
<td>30,419</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>157,914</td>
<td>(8,863)</td>
<td>149,051</td>
</tr>
<tr>
<td><strong>2009</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not past due</td>
<td>72,639</td>
<td>-</td>
<td>72,639</td>
</tr>
<tr>
<td>Past due 0-30 days</td>
<td>12,807</td>
<td>-</td>
<td>12,807</td>
</tr>
<tr>
<td>Past due 31-120 days</td>
<td>4,666</td>
<td>-</td>
<td>4,666</td>
</tr>
<tr>
<td>Past due more than 120 days</td>
<td>35,114 (12,593)</td>
<td>22,521</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>125,226</td>
<td>(12,593)</td>
<td>112,633</td>
</tr>
</tbody>
</table>

The movements in the allowance for impairment losses of trade receivables during the financial year were:

<table>
<thead>
<tr>
<th>Group</th>
<th>2010</th>
<th>RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January</td>
<td></td>
<td>12,593</td>
</tr>
<tr>
<td>Impairment loss recognised</td>
<td></td>
<td>347</td>
</tr>
<tr>
<td>Impairment loss reversed</td>
<td></td>
<td>(4,077)</td>
</tr>
<tr>
<td>At 31 December</td>
<td></td>
<td>8,863</td>
</tr>
</tbody>
</table>
28. FINANCIAL INSTRUMENTS (continued)

28.3 Credit risk (continued)

**Investments and other financial assets**

*Risk management objectives, policies and processes for managing the risk*

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the Group has only invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations. The investments and other financial assets are unsecured.

**Inter company balances**

*Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances are only provided to subsidiaries which are wholly owned by the Company.

The amounts due from subsidiaries are repayable on demand.
28. FINANCIAL INSTRUMENTS (continued)

28.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group’s exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

*Maturity analysis*

The table below summarises the maturity profile of the Group’s and the Company’s financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

<table>
<thead>
<tr>
<th>Group</th>
<th>Carrying amount RM’000</th>
<th>Contractual interest rate/ coupon</th>
<th>Contractual cash flows RM’000</th>
<th>Under 1 year RM’000</th>
<th>1-5 years RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2010</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hire purchase creditors</td>
<td>43,998</td>
<td>2.3% - 3.6%</td>
<td>47,605</td>
<td>15,042</td>
<td>32,563</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>471,849</td>
<td>-</td>
<td>471,849</td>
<td>471,849</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>515,847</td>
<td></td>
<td>519,454</td>
<td>486,891</td>
<td>32,563</td>
</tr>
<tr>
<td><strong>Company</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2010</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hire purchase creditors</td>
<td>43,960</td>
<td>2.3% - 3.6%</td>
<td>47,565</td>
<td>15,026</td>
<td>32,539</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>454,048</td>
<td>-</td>
<td>454,048</td>
<td>454,048</td>
<td>-</td>
</tr>
<tr>
<td>Amount due to subsidiaries</td>
<td>52,329</td>
<td>-</td>
<td>52,329</td>
<td>52,329</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>550,337</td>
<td></td>
<td>553,942</td>
<td>521,403</td>
<td>32,539</td>
</tr>
</tbody>
</table>
28. FINANCIAL INSTRUMENTS (continued)

28.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group’s financial position or cash flows.

28.5.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities, as a result of providing foreign mail exchange service and remittance service. However, the material portion of the exposure is in US Dollar.

Risk management objectives, policies and processes for managing the risk

The Group and the Company ensures that the net exposure is kept to an acceptable level by monitoring the fluctuation of the foreign currency.

Exposure to foreign currency risk

The Group’s exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was mainly denominated in USD as such:

<table>
<thead>
<tr>
<th>Group 2010</th>
<th>Denominated in USD RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other receivables</td>
<td>9,924</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>(16,296)</td>
</tr>
<tr>
<td>Exposure in the statement of financial position</td>
<td>(6,372)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group 2009</th>
<th>Denominated in USD RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other receivables</td>
<td>12,365</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>(12,650)</td>
</tr>
<tr>
<td>Exposure in the statement of financial position</td>
<td>(285)</td>
</tr>
</tbody>
</table>
28. FINANCIAL INSTRUMENTS (continued)

28.5  Market risk (continued)

28.5.1 Currency risk (continued)

Currency risk sensitivity analysis

The exposure to currency risk of the Group entities is not material and hence, sensitivity analysis is not presented.

28.5.2 Interest rate risk

The Group’s investments in fixed rate debt securities, deposits placed with licensed banks, fixed rate borrowings, investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group adopts a policy of investing and borrowing mainly in fixed rate instruments to avoid the risk of fluctuation in interest rates.

Exposure to interest rate risk

The interest rate profile of the Group’s and the Company’s significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

<table>
<thead>
<tr>
<th>Fixed rate instruments</th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010 RM’000</td>
<td>2009 RM’000</td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debentures</td>
<td>186,096</td>
<td>186,633</td>
</tr>
<tr>
<td>Deposits placed with licensed banks</td>
<td>275,752</td>
<td>196,342</td>
</tr>
<tr>
<td></td>
<td>417,850</td>
<td>350,750</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hire purchase creditors</td>
<td>(43,998)</td>
<td>(32,225)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>417,850</td>
<td>350,750</td>
</tr>
</tbody>
</table>
28. FINANCIAL INSTRUMENTS (continued)

28.5 Market risk (continued)

28.5.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

28.5.3 Other price risk

Equity price risk arises from the Group’s investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Directors.

28.6 Fair value of financial instruments

It was not practicable to estimate the fair value of the Group’s investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

The fair values of other financial assets and liabilities together with the carrying amounts shown in the statement of financial position are as disclosed in their respective notes.

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.
29. CAPITAL MANAGEMENT

The Group’s objectives when managing capital is to maintain a strong capital base and safeguard the Group’s ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio.

<table>
<thead>
<tr>
<th></th>
<th>Group 2010</th>
<th>Group 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total borrowings</td>
<td>43,998</td>
<td>32,225</td>
</tr>
<tr>
<td>Less: Cash and cash</td>
<td>(395,533)</td>
<td>(315,561)</td>
</tr>
<tr>
<td>equivalents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Cash</td>
<td>(351,535)</td>
<td>(283,336)</td>
</tr>
<tr>
<td>Total equity</td>
<td>828,593</td>
<td>799,593</td>
</tr>
</tbody>
</table>

There were no changes in the Group’s approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders’ equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders’ equity is not less than RM40 million. The Company has complied with this requirement.

30. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

<table>
<thead>
<tr>
<th></th>
<th>Retained earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Group 2010</td>
</tr>
<tr>
<td></td>
<td>RM’000</td>
</tr>
<tr>
<td>At 1 January, as</td>
<td>530,695</td>
</tr>
<tr>
<td>previously stated</td>
<td></td>
</tr>
<tr>
<td>Adjustments arising</td>
<td></td>
</tr>
<tr>
<td>from adoption of</td>
<td></td>
</tr>
<tr>
<td>FRS 139:</td>
<td></td>
</tr>
<tr>
<td>- Fair valuation of</td>
<td></td>
</tr>
<tr>
<td>equity securities</td>
<td>13,561</td>
</tr>
<tr>
<td>classified as</td>
<td>(1,323)</td>
</tr>
<tr>
<td>available-for-sale</td>
<td></td>
</tr>
<tr>
<td>- Remeasurement of</td>
<td></td>
</tr>
<tr>
<td>private debt</td>
<td>12,238</td>
</tr>
<tr>
<td>securities</td>
<td></td>
</tr>
<tr>
<td>At 1 January, as</td>
<td>542,933</td>
</tr>
<tr>
<td>restated</td>
<td></td>
</tr>
</tbody>
</table>
30. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (continued)

30.1 FRS 139, Financial Instruments: Recognition and Measurement

The adoption of FRS 139 has resulted in several changes to accounting policies relating to recognition and measurement of financial instruments. Significant changes in accounting policies are as follows:

**Investments in equity securities**

Prior to the adoption of FRS 139, investments in non-current equity securities, other than investments in subsidiaries and associates were measured at cost less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, quoted investments in non-current equity securities, other than investments in subsidiaries and associates are now categorised and measured as available-for-sale as detailed in note 2(c).

Prior to the adoption of FRS 139, current investments were carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investments. With the adoption of FRS 139, current investments are now categorised and measured as fair value through profit or loss as detailed in note 2(c).

**Investments in debt securities**

Prior to the adoption of FRS 139, investments in non-current debt securities were measured at amortised cost using the effective interest method less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, investments in non-current debt securities are now categorised and measured at amortised cost as detailed in note 2(c).

These changes in accounting policies have been made in accordance with the transitional provisions of FRS 139. In first-time adoption, adjustments arising from remeasuring the financial instruments at the beginning of the financial year were recognised as adjustments of the opening balance of retained earnings or another appropriate reserve. Comparatives are not adjusted.

Consequently, the adoption of FRS 139 does not affect the basic earnings per ordinary share for prior periods. It is not practicable to estimate the impact arising from the adoption of FRS 139 to the current year’s basic earnings per share.

30.2 FRS 101, Presentation of Financial Statements (revised)

The Group applies FRS 101 (revised) which became effective as of 1 January 2010. As a result, the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on earnings per share.

30.3 FRS 117, Leases

The Group has adopted the amendment to FRS 117. The Group has reassessed and determined that all leasehold land and buildings of the Group which are in substance is finance leases and has reclassified the leasehold land and buildings to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The reclassification does not affect the basic earnings per ordinary share for the current and prior periods.
31. COMPARATIVE FIGURES

31.1 FRS 101, Presentation of Financial Statements (revised)

Arising from the adoption of FRS 101 (revised), income statements for the year ended 31 December 2009 have been re-presented as statement of comprehensive income. All non-owner changes in equity that were presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are not presented in the statement of changes in equity.

Following the adoption of the amendment to FRS 117 and the reclassification of certain statements of comprehensive income captions, certain comparatives have been re-presented as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As restated RM’000</td>
<td>As previously stated RM’000</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>535,829</td>
<td>273,694</td>
</tr>
<tr>
<td>Prepaid lease payments</td>
<td>-</td>
<td>262,135</td>
</tr>
<tr>
<td><strong>Statements of cash flows</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>48,955</td>
<td>37,589</td>
</tr>
<tr>
<td>Amortisation of prepaid lease payments</td>
<td>-</td>
<td>11,366</td>
</tr>
<tr>
<td><strong>As restated RM’000</strong></td>
<td>439,413</td>
<td>256,999</td>
</tr>
<tr>
<td><strong>As previously stated RM’000</strong></td>
<td>-</td>
<td>182,414</td>
</tr>
</tbody>
</table>
### 31. COMPARATIVE FIGURES (continued)

#### Notes to financial statements

**Note 18 – Revenue**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As restated RM'000</td>
<td>As previously stated RM'000</td>
</tr>
<tr>
<td>Mail</td>
<td>533,543</td>
<td>576,850</td>
</tr>
<tr>
<td>Courier</td>
<td>195,764</td>
<td>175,389</td>
</tr>
<tr>
<td>Others</td>
<td>34,286</td>
<td>-</td>
</tr>
<tr>
<td>Sales of digital certificates</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rental income</td>
<td>-</td>
<td>821</td>
</tr>
</tbody>
</table>

**Note 26 – Segmental reporting**

**Total external revenue**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As restated RM'000</td>
<td>As previously stated RM'000</td>
</tr>
<tr>
<td>Mail</td>
<td>533,543</td>
<td>-</td>
</tr>
<tr>
<td>Courier</td>
<td>195,764</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>34,286</td>
<td>-</td>
</tr>
</tbody>
</table>

**Intersegment revenue**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As restated RM'000</td>
<td>As previously stated RM'000</td>
</tr>
<tr>
<td>Mail</td>
<td>2,389</td>
<td>-</td>
</tr>
<tr>
<td>Courier</td>
<td>394</td>
<td>-</td>
</tr>
<tr>
<td>Retail</td>
<td>46,130</td>
<td>(765)</td>
</tr>
<tr>
<td>Others</td>
<td>2,925</td>
<td>9,394</td>
</tr>
<tr>
<td>Elimination</td>
<td>(51,838)</td>
<td>(29,391)</td>
</tr>
</tbody>
</table>

**Reportable segment results**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As restated RM'000</td>
<td>As previously stated RM'000</td>
</tr>
<tr>
<td>Mail</td>
<td>84,044</td>
<td>-</td>
</tr>
<tr>
<td>Courier</td>
<td>14,675</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>1,997</td>
<td>-</td>
</tr>
<tr>
<td>Elimination</td>
<td>-</td>
<td>(405)</td>
</tr>
</tbody>
</table>
32. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS

On 25 March 2010, Bursa Malaysia Securities Berhad (Bursa Malaysia) issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the unappropriated profits of the Group and of the Company as at 31 December 2010, into realised and unrealised profits, pursuant to the directive, is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total unappropriated profits of the Company, subsidiaries and its associates:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Realised</td>
<td>493,065</td>
<td>492,546</td>
</tr>
<tr>
<td>Unrealised</td>
<td>(10,230)</td>
<td>(9,762)</td>
</tr>
<tr>
<td>Add: Consolidation adjustments</td>
<td>76,860</td>
<td>-</td>
</tr>
<tr>
<td>Total unappropriated profits</td>
<td>559,695</td>
<td>482,784</td>
</tr>
</tbody>
</table>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by Malaysian Institute of Accountants on 20 December 2010.
In the opinion of the Directors, the financial statements set out on pages 126 to 200 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the year then ended.

In the opinion of Directors, the information set out in Note 32 to the financial statements had been complied in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

............................................................
Tan Sri Dato’ (Dr.) Aseh bin Haji Che Mat

............................................................
Dato’ Syed Faisal Albar bin Syed A.R Albar

Kuala Lumpur,
Date: 25 March 2011
Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Mohd Lutfi bin Mat Lazim, the officer primarily responsible for the financial management of Pos Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 126 to 200 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 25 March 2011.

..............................................................

Mohd Lutfi bin Mat Lazim

Before me:
Independent Auditors’ Report
to the Members of Pos Malaysia Berhad

Report on the Financial Statements

We have audited the financial statements of Pos Malaysia Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 126 to 200.

Directors’ Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity’s preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
b) The subsidiary in respect of which we have not acted as auditors are identified in Note 7 of which was consolidated using its management financial statements.

c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company’s financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 32 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Hasman Yusri Yusoff
Approval Number: 2583/08/12(J)
Chartered Accountant

Petaling Jaya,
Date: 25 March 2011
## Top 10 Properties

<table>
<thead>
<tr>
<th>No</th>
<th>Type</th>
<th>Location</th>
<th>Subject Property</th>
<th>Registered / Beneficial Owner</th>
<th>Exisiting Use / Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Alienated Land</td>
<td>Shah Alam</td>
<td>HS(D) 98478, PT No 1 Sek 21, Bandar Shah Alam, District of Petaling Jaya, State of Selangor</td>
<td>PMB Properties Sdn Bhd</td>
<td>MPC Section 21 Shah Alam/Double Storey Office Building, 2 units of 1 1/2 Storey Factory Building</td>
</tr>
<tr>
<td>2.</td>
<td>Alienated Land</td>
<td>Pejabat Pos Besar Kuala Lumpur</td>
<td>HS(D) 49280, PT 46 Sek 70, Bandar Kuala Lumpur; District of Kuala Lumpur; State of Wilayah Persekutuan, Kuala Lumpur</td>
<td>Pesuruhjaya Tanah Persekutuan</td>
<td>General Post Office / Eight Storey Building</td>
</tr>
<tr>
<td>3.</td>
<td>Building</td>
<td>Mail and Courier Complex</td>
<td>Mukim of Sepang, District of Sepang, State of Selangor</td>
<td>Malaysia Airports (Sepang) Sdn Bhd</td>
<td>Mail and Courier Complex</td>
</tr>
<tr>
<td>4.</td>
<td>Alienated Land</td>
<td>Ipoh</td>
<td>Pajakan Negeri 155068 for Lot 2436N, Town of Ipoh, Daerah Kinta, State of Perak</td>
<td>Effivation Sdn Bhd</td>
<td>Vacant Land</td>
</tr>
<tr>
<td></td>
<td>Alienated Land</td>
<td>Ipoh</td>
<td>Pajakan Negeri 155069 for Lot 2437N, Town of Ipoh, Daerah Kinta, State of Perak</td>
<td>Effivation Sdn Bhd</td>
<td>Vacant Land</td>
</tr>
<tr>
<td></td>
<td>Alienated Land</td>
<td>Ipoh</td>
<td>Pajakan Negeri 4738 for Lot 31448, Town of Ipoh, Daerah Kinta, State of Perak</td>
<td>Effivation Sdn Bhd</td>
<td>Vacant Land</td>
</tr>
<tr>
<td></td>
<td>Alienated Land</td>
<td>Ipoh</td>
<td>Pajakan Negeri 153337 for Lot 35120, Town of Ipoh, Daerah Kinta, State of Perak</td>
<td>Effivation Sdn Bhd</td>
<td>Vacant Land</td>
</tr>
<tr>
<td></td>
<td>Alienated Land</td>
<td>Ipoh</td>
<td>Pajakan Negeri 153721 for Lot 2351N, Town of Ipoh, Daerah Kinta, State of Perak</td>
<td>Effivation Sdn Bhd</td>
<td>Vacant Land</td>
</tr>
<tr>
<td></td>
<td>Alienated Land</td>
<td>Ipoh</td>
<td>GRN 55283 for lot 31449 Town of Ipoh, Daerah Kinta, State of Perak</td>
<td>Effivation Sdn Bhd</td>
<td>Vacant Land</td>
</tr>
<tr>
<td></td>
<td>Alienated Land</td>
<td>Ipoh</td>
<td>Pajakan Negeri 155073 for Lot 2740N, Town of Ipoh, Daerah Kinta, State of Perak</td>
<td>Effivation Sdn Bhd</td>
<td>Vacant Land</td>
</tr>
<tr>
<td>5.</td>
<td>Registered Land</td>
<td>Bukit Raja</td>
<td>HS(D) 56783, PT 27615, Mukim of Kapar; District of Klang, State of Selangor:</td>
<td>Pos Malaysia Berhad</td>
<td>Mail Centre and Office / Warehouse with attached three storey office</td>
</tr>
<tr>
<td>Tenure / Age of Building</td>
<td>Land Area (sq mt)</td>
<td>Gross Floor Area (sq mt)</td>
<td>Cost of Purchase / Lease Amount (RM)</td>
<td>Net BookValue (RM) as of 31 December 2010</td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>-------------------</td>
<td>--------------------------</td>
<td>-------------------------------------</td>
<td>------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Leasehold 99 years (expiring 19/7/2094)</td>
<td>90,072</td>
<td>46,451</td>
<td>69,000,000</td>
<td>70,858,040</td>
<td></td>
</tr>
<tr>
<td>Leasehold 99 years (expiring 27/01/2079)</td>
<td>8,496</td>
<td>44,519</td>
<td>60,000,000</td>
<td>28,622,448</td>
<td></td>
</tr>
<tr>
<td>Concession</td>
<td>36,950</td>
<td>18,729</td>
<td>34,277,932</td>
<td>21,173,849</td>
<td></td>
</tr>
<tr>
<td>Leasehold 999 Years (expiring on 30/12/2893)</td>
<td>1,310</td>
<td>Not applicable</td>
<td>3,262,660</td>
<td>15,071,000</td>
<td></td>
</tr>
<tr>
<td>Leasehold 999 Years (expiring on 30/12/2893)</td>
<td>1,424</td>
<td>Not applicable</td>
<td>2,804,939</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasehold 999 Years (expiring on 30/12/2893)</td>
<td>2,722</td>
<td>Not applicable</td>
<td>4,741,831</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasehold 999 Years (expiring on 24/03/2895)</td>
<td>2,228</td>
<td>Not applicable</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasehold 999 Years (expiring on 30/12/2883)</td>
<td>1,500</td>
<td>Not applicable</td>
<td>3,550,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freehold</td>
<td>3,010</td>
<td>Not applicable</td>
<td>2,980,593</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasehold 999 Years (expiring on 30/12/2893)</td>
<td>1,507</td>
<td>Not applicable</td>
<td>3,739,742</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freehold</td>
<td>8,809</td>
<td>5,617</td>
<td>10,300,000</td>
<td>13,573,372</td>
<td></td>
</tr>
</tbody>
</table>
# Top 10 Properties (continued)

<table>
<thead>
<tr>
<th>No.</th>
<th>Type</th>
<th>Location</th>
<th>Subject Property</th>
<th>Registered / Beneficial Owner</th>
<th>Existing Use / Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.</td>
<td>Registered Land</td>
<td>Larkin</td>
<td>HS(D) 109201, PT TLO 682, Bandar Johor Bahru, District of Johor Bahru, State of Johor</td>
<td>Pos Malaysia Berhad</td>
<td>Mail Centre, Johor Bahru/ a Single Storey detached Warehouse with a double storey office annex and a Single storey detached office block and detached warehouse</td>
</tr>
<tr>
<td>7.</td>
<td>Building</td>
<td>Persiarian Greenhill</td>
<td>Refer notes*</td>
<td>Real Riviera Sdn Bhd</td>
<td>Office Building / Seven Storey Sdn Bhd</td>
</tr>
<tr>
<td>8.</td>
<td>Alienated Land</td>
<td>Kota Kinabalu</td>
<td>Town Lease 017542746 Lot 017542746 Location of Kota Kinabalu, Town District of Kota Kinabalu, State of Sabah</td>
<td>Pesuruhjaya Tanah Persekutuan</td>
<td>Post Office / Eleven Storey Building</td>
</tr>
<tr>
<td>9.</td>
<td>Registered Land</td>
<td>Bangi</td>
<td>HS(D) 52880, PT 41029, Bandar Baru Bangi, District of Hulu Langat, State of Selangor</td>
<td>Pos Malaysia Berhad</td>
<td>Mail Centre / Warehouse with attached office (Two Units)</td>
</tr>
<tr>
<td></td>
<td>Registered Land</td>
<td>Bangi</td>
<td>HS(D) 52881, PT 41030, Bandar Baru Bangi, District of Hulu Langat, State of Selangor</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:-

*HS(D) Ka 21276 PT 18020, Town of Ipoh, State of Perak, Leasehold 99 years (expiring 20/12/2078) / Approximately 12 years
*HS(D) Ka 7533/79 PT 18021, Town of Ipoh, State of Perak, Leasehold 99 years (expiring 20/12/2078) / Approximately 12 years
*HS(D) Ka 7534 PT 18022, Town of Ipoh, State of Perak, Leasehold 99 years (expiring 20/12/2078) / Approximately 12 years
*PN 101760 Lot 8619 N, Town of Ipoh, State of Perak, Leasehold 999 years (expiring 21/09/2894) / Approximately 12 years
*PN 101761 Lot 8620 N, Town of Ipoh, State of Perak, Leasehold 999 years (expiring 21/09/2894) / Approximately 12 years
*PN 101762 Lot 8621 N, Town of Ipoh, State of Perak, Leasehold 999 years (expiring 21/09/2894) / Approximately 12 years
<table>
<thead>
<tr>
<th>Tenure / Age of Building</th>
<th>Land Area ( sq mt )</th>
<th>Gross Floor Area ( sq mt )</th>
<th>Cost of Purchase / Lease Amount (RM)</th>
<th>Net Book Value (RM) as of 31 December 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold 60 years (expiring 15/12/2021)</td>
<td>20,234</td>
<td>6,601</td>
<td>10,300,000</td>
<td>13,227,346</td>
</tr>
<tr>
<td>Refer notes*</td>
<td>635</td>
<td>3,176</td>
<td>9,566,461</td>
<td>7,258,123</td>
</tr>
<tr>
<td>Leasehold 99 years (expiring 31/12/2074)</td>
<td>6,729</td>
<td>13,479</td>
<td>12,146,000</td>
<td>5,794,137</td>
</tr>
<tr>
<td>Leasehold 99 years (expiring 19/08/2098)</td>
<td>6,267</td>
<td>2,044</td>
<td>2,800,000</td>
<td>5,836,625</td>
</tr>
<tr>
<td>Leasehold 99 years (expiring 19/08/2098)</td>
<td>4,206</td>
<td>2,044</td>
<td>2,400,000</td>
<td></td>
</tr>
<tr>
<td>Freehold / Approximately 15 years</td>
<td>-</td>
<td>1,441</td>
<td>7,694,005</td>
<td>7,016,036</td>
</tr>
</tbody>
</table>
Analysis of Shareholdings as at 3 March 2011

Authorised Capital: RM1,000,000,001.00 divided into 2,000,000,000 ordinary shares of RM0.50 each and 1 Special Rights Redeemable Preference Share of RM1.00

Issued and full paid-up capital: RM268,513,043.50 comprising 537,026,085 ordinary shares of RM0.50 each and one (1) Special Rights Redeemable Preference Share of RM1.00

Voting Rights: One vote for every ordinary share. The Special Rights Redeemable Preference Share does not carry any voting right except in circumstances set out in the Company’s Articles of Association.

Number of Shareholders: 24,203

Substantial Shareholders

<table>
<thead>
<tr>
<th>Shareholders</th>
<th>Direct No. of shares</th>
<th>%</th>
<th>Indirect No. of shares</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Khazanah Nasional Berhad</td>
<td>172,997,399</td>
<td>32.21</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2. Aberdeen Asset Management PLC and its subsidiaries</td>
<td>35,442,300 *</td>
<td>6.60</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3. Employees Provident Fund Board</td>
<td>31,754,600</td>
<td>5.91</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4. Permodalan Nasional Berhad</td>
<td>28,696,000</td>
<td>5.34</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5. Amanah Raya Trustees Berhad</td>
<td>27,837,700</td>
<td>5.18</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6. Aberdeen Asset Management Asia Limited</td>
<td>27,461,900 *</td>
<td>5.11</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>7. Minister of Finance (Inc.)</td>
<td>-</td>
<td>-</td>
<td>172,997,399 (a)</td>
<td>32.21</td>
</tr>
<tr>
<td>8. Yayasan Pelaburan Bumiputra</td>
<td>-</td>
<td>-</td>
<td>28,696,000 (b)</td>
<td>5.34</td>
</tr>
<tr>
<td>9. Credit Suisse Group AG</td>
<td>-</td>
<td>-</td>
<td>39,942,300 (c)</td>
<td>7.44</td>
</tr>
<tr>
<td>10. Mitsubishi UFJ Financial Group, Inc</td>
<td>-</td>
<td>-</td>
<td>35,442,300 (d)</td>
<td>6.60</td>
</tr>
</tbody>
</table>

Notes:

* Includes holdings of mandates delegated from other subsidiaries of Aberdeen Asset Management PLC.
(a) Deemed interested through Khazanah Nasional Berhad.
(b) Deemed interested through Permodalan Nasional Berhad by virtue of Section 6A of the Companies Act, 1965.
(c) Deemed interested in the shares held by Aberdeen Asset Management PLC and its subsidiaries (35,442,300 shares) and Credit Suisse Securities (Europe) Limited (4,500,000 shares) by virtue of Section 6A(4)(c) of the Companies Act, 1965.
(d) Deemed interested in the shares by virtue of Mitsubishi UFJ Financial Group, Inc’s wholly-owned subsidiary, Mitsubishi UFJ Trust & Banking Corp, holding more than 15% in Aberdeen Asset Management PLC.
### Distribution of Shareholdings

<table>
<thead>
<tr>
<th>Holdings</th>
<th>No. of Shares</th>
<th>% of Issued Share Capital</th>
<th>No. of Shareholders/Depositors</th>
<th>% of Shareholders/Depositors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 100</td>
<td>245,707</td>
<td>0.05</td>
<td>5,478</td>
<td>22.63</td>
</tr>
<tr>
<td>100 to 1,000</td>
<td>5,446,918</td>
<td>1.01</td>
<td>8,443</td>
<td>34.88</td>
</tr>
<tr>
<td>1,001 to 10,000</td>
<td>32,300,991</td>
<td>6.01</td>
<td>8,531</td>
<td>35.25</td>
</tr>
<tr>
<td>10,001 to 100,000</td>
<td>43,313,788</td>
<td>8.07</td>
<td>1,507</td>
<td>6.23</td>
</tr>
<tr>
<td>100,001 to 26,851,303</td>
<td>226,187,582</td>
<td>42.12</td>
<td>241</td>
<td>1.00</td>
</tr>
<tr>
<td>26,851,304 and above</td>
<td>229,531,099</td>
<td>42.74</td>
<td>3</td>
<td>0.01</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>537,026,085</strong></td>
<td><strong>100.00</strong></td>
<td><strong>24,203</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

### 30 Largest Registered Shareholders

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>No. of Shares</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Khazanah Nasional Berhad</td>
<td>172,997,399</td>
<td>32.21</td>
</tr>
<tr>
<td>2</td>
<td>Permodalan Nasional Berhad</td>
<td>28,696,000</td>
<td>5.34</td>
</tr>
<tr>
<td>3</td>
<td>AmanahRaya Trustees Berhad Skim Amanah Saham Bumiputera</td>
<td>27,837,700</td>
<td>5.18</td>
</tr>
<tr>
<td>4</td>
<td>Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board</td>
<td>25,367,800</td>
<td>4.72</td>
</tr>
<tr>
<td>5</td>
<td>HSBC Nominees (Asing) Sdn Bhd BNP Paribas Securities Services Lux for Aberdeen Global</td>
<td>15,431,500</td>
<td>2.87</td>
</tr>
<tr>
<td>6</td>
<td>Valuecap Sdn Bhd</td>
<td>8,353,400</td>
<td>1.56</td>
</tr>
<tr>
<td>7</td>
<td>AmanahRaya Trustees Berhad Public Islamic Select Treasures Fund</td>
<td>6,808,300</td>
<td>1.27</td>
</tr>
<tr>
<td>8</td>
<td>Citigroup Nominees (Tempatan) Sdn Bhd ING Insurance Berhad (INV-IL PAR)</td>
<td>6,745,700</td>
<td>1.26</td>
</tr>
<tr>
<td>9</td>
<td>HSBC Nominees (Asing) Sdn Bhd RBS Coutts Sg for Glenmorgan Company Inc.</td>
<td>6,500,000</td>
<td>1.21</td>
</tr>
<tr>
<td>10</td>
<td>AMSEC Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad (Hedging)</td>
<td>5,993,900</td>
<td>1.12</td>
</tr>
</tbody>
</table>
### 30 Largest Registered Shareholders (continued)

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>No. of Shares</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>HSBC Nominees (Asing) Sdn Bhd BNP Paribas Securities Services Paris for Aberdeen Asian Smaller Companies Investment Trust PLC</td>
<td>5,500,000</td>
<td>1.02</td>
</tr>
<tr>
<td>12</td>
<td>Pertubuhan Keselamatan Sosial</td>
<td>5,432,400</td>
<td>1.01</td>
</tr>
<tr>
<td>13</td>
<td>HSBC Nominees (Asing) Sdn Bhd Exempt An for Credit Suisse Securities (Europe) Limited (CLTAC N-TREATY)</td>
<td>4,500,000</td>
<td>0.84</td>
</tr>
<tr>
<td>14</td>
<td>AMSEC Nominees (Tempatan) Sdn Bhd AmTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)</td>
<td>4,441,700</td>
<td>0.83</td>
</tr>
<tr>
<td>15</td>
<td>AmanahRaya Trustees Berhad Public Islamic Optimal Growth Fund</td>
<td>4,408,200</td>
<td>0.82</td>
</tr>
<tr>
<td>16</td>
<td>HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (CIMB-P 6939-404)</td>
<td>4,305,900</td>
<td>0.80</td>
</tr>
<tr>
<td>17</td>
<td>HSBC Nominees (Asing) Sdn Bhd Exempt An For BNP Paribas Securities Services (Jersey GBP)</td>
<td>4,000,000</td>
<td>0.75</td>
</tr>
<tr>
<td>18</td>
<td>AmanahRaya Trustees Berhad Public Islamic Dividend Fund</td>
<td>3,801,500</td>
<td>0.71</td>
</tr>
<tr>
<td>19</td>
<td>HSBC Nominees (Asing) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association (Bermuda)</td>
<td>3,000,000</td>
<td>0.56</td>
</tr>
<tr>
<td>20</td>
<td>HSBC Nominees (Asing) Sdn Bhd Exempt An For HSBC Private Bank (Suisse) S.A. (Hong Kong AC CL)</td>
<td>2,735,400</td>
<td>0.51</td>
</tr>
<tr>
<td>21</td>
<td>Mayban Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd for Kumpulan Wang Persaraan (Diperbadankan) (FD 1 - 280305)</td>
<td>2,700,000</td>
<td>0.50</td>
</tr>
<tr>
<td>22</td>
<td>AmanahRaya Trustees Berhad Public Islamic Equity Fund</td>
<td>2,585,000</td>
<td>0.48</td>
</tr>
<tr>
<td>23</td>
<td>Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Aberdeen)</td>
<td>2,584,200</td>
<td>0.48</td>
</tr>
<tr>
<td>24</td>
<td>Universal Trustee (Malaysia) Berhad CIMB Islamic Small Cap Fund</td>
<td>2,541,600</td>
<td>0.47</td>
</tr>
</tbody>
</table>
### 30 Largest Registered Shareholders (continued)

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>No. of Shares</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>25</td>
<td>SBB Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan)</td>
<td>2,498,600</td>
<td>0.47</td>
</tr>
<tr>
<td>26</td>
<td>AmanahRaya Trustees Berhad Public Islamic Opportunities Fund</td>
<td>2,449,500</td>
<td>0.46</td>
</tr>
<tr>
<td>27</td>
<td>Cartaban Nominees (Asing) Sdn Bhd BBH (LUX) SCA for Fidelity Funds ASEAN</td>
<td>2,415,600</td>
<td>0.45</td>
</tr>
<tr>
<td>28</td>
<td>Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Alliance INV)</td>
<td>2,302,600</td>
<td>0.43</td>
</tr>
<tr>
<td>29</td>
<td>Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund</td>
<td>2,274,517</td>
<td>0.42</td>
</tr>
<tr>
<td>30</td>
<td>HSBC Nominees (Asing) Sdn Bhd BNY Brussels for VFM Emerging Markets Trust</td>
<td>2,268,700</td>
<td>0.42</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>371,477,116</td>
<td>69.17</td>
</tr>
</tbody>
</table>

### Directors' Shareholdings as per the Register of Directors' Shareholdings as at 3 March 2011

<table>
<thead>
<tr>
<th>Name of Directors</th>
<th>Direct Interest</th>
<th>%</th>
<th>Indirect Interest</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tan Sri Dato' Seri (Dr.) Aseh bin Haji Che Mat</td>
<td>20,000</td>
<td>0.004</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dato’ Syed Faisal Albar bin Syed A.R Albar</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dato’ Ibrahim Mahaludin bin Puteh</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Datuk Low Seng Kuan</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dato’ Krishnan a/I Chinapan</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Puan Sri Datuk Nazariah binti Mohd Khalid</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tan Sri Dato’ Ir Muhammad Radzi bin Haji Mansor</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Wee Hoe Soon @ Gooi Hoe Soon</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tunku Dato’ Mahmood Fawzy bin Tunku Muhiyiddin</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Abdul Hamid bin Sh Mohamed</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Eshah binti Meor Suleiman</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
NOTICE IS HEREBY GIVEN THAT the 19th Annual General Meeting of Pos Malaysia Berhad will be held at Manhattan Ballroom 2, Level 14, Berjaya Times Square Hotel, No. 1 Jalan Imbi, 55100 Kuala Lumpur on Thursday, 5 May 2011 at 10.00 a.m. for the following purposes:

As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2010 and the Reports of the Directors and Auditors thereon. Please refer to Note A.

2. To declare a first & final and special dividend of 10 sen and 7.5 sen respectively per ordinary share less 25% tax in respect of the financial year ended 31 December 2010. (Ordinary Resolution 1)

3. To re-elect the following Directors who retire by rotation pursuant to Article 115 of the Company’s Articles of Association, and who being eligible, offered themselves for re-election:
   - Dato’ Krishnan a/l Chinapan (Ordinary Resolution 2)
   - Abdul Hamid bin Sh Mohamed (Ordinary Resolution 3)
   - Dato’ Ibrahim Mahaludin bin Puteh (Ordinary Resolution 4)
   - Tan Sri Dato’ Seri (Dr.) Aseh bin Haji Che Mat (Ordinary Resolution 5)

4. To re-appoint Messrs KPMG as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (Ordinary Resolution 6)

As Special Business:

To consider and, if thought fit, pass the following resolution, with or without modification, as ordinary resolution:

5. Directors’ Fees
   “That the payment of the Directors’ Fees of RM471,397 for the financial year ended 31 December 2010 (which includes an increase in annual fees amounting to RM8,000 for the Audit Committee Chairman with effect from 1 January 2010), be hereby approved.” (Ordinary Resolution 7)

6. To transact any other business of which due notice has been given in accordance with the Companies Act, 1965 and the Company’s Articles of Association.

Notice of Book Closure and Notice of Dividend Entitlement and Payment:

NOTICE IS ALSO HEREBY GIVEN THAT the first & final and special dividend of 10 sen and 7.5 sen respectively per ordinary share less 25% tax in respect of the financial year ended 31 December 2010, if approved by the shareholders at the 19th Annual General Meeting, will be paid on 3 June 2011 to shareholders whose names appear in the Register of Members or Record of Depositors at the close of business on 12 May 2011.

A Depositor shall qualify for entitlement to the dividend only in respect of:

(a) shares deposited into the Depositor’s securities account before 12.30 p.m. on 10 May 2011 in respect of securities exempted from mandatory deposit;
(b) shares transferred into the Depositor’s securities account before 4.00 p.m. on 12 May 2011 in respect of ordinary transfers; and

(c) shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board,

Dato’ Sabrina Albakri binti Abu Bakar (LS8508)
Company Secretary
Kuala Lumpur,
13 April 2011

Note A:

This agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act 1965 does not require a formal approval of the shareholders and hence is not put forward for voting.

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/her stead. A member may appoint a maximum of two (2) proxies to attend the Meeting provided that such member holds not less than the minimum board lot as specified under the Rules and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

2. Where a member appoints two (2) proxies to attend the Meeting, the member shall specify the proportion of his/her shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act 1965 shall not apply to the Company. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly appointed under a power of attorney or if such appointor is a corporation, either under the corporation’s seal or under the hand of an officer or attorney duly appointed under a power of attorney.

4. The instrument appointing a proxy or representative shall be deposited at the Company’s Share Registrar’s office at Tricor Investor Services Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.

5. Additional Notes on Special Business - Resolution on Directors’ Fees

The proposed Ordinary Resolution No. 7 is in accordance with the Company’s Articles of Association and if passed, will authorise the payment of Directors’ Fees to Directors of the Company for their services during the financial year ended 31 December 2010.

The increase in annual fees amounting to RM8,000 for the Audit Committee Chairman with effect from 1 January 2010 is in line with the additional and higher responsibilities carried by the Audit Committee Chairman.
Proxy Form 19th Annual General Meeting

POS MALAYSIA BERHAD (229990-M)

No of shares Held: ___________________________ CDS Account Number:

I/We ______________________________________ NRIC/Passport/Company No.: __________________________

Address: ______________________________________

being a member of Pos Malaysia Berhad (229990-M), hereby appoint the following:

(1) Proxy A: ______________________________________ NRIC/Passport No.: __________________________
   Address: ______________________________________
   or failing him/her ______________________________________ NRIC/Passport No.: __________________________
   Address: ______________________________________

(2) Proxy B: ______________________________________ NRIC/Passport No.: __________________________
   Address: ______________________________________
   or failing him/her ______________________________________ NRIC/Passport No.: __________________________
   Address: ______________________________________

or, the CHAIRMAN OF THE MEETING (if no proxy named above), as my/our proxy to vote for me/us and on my/our behalf, at the 19th Annual General Meeting of the Company, to be held at Manhattan Ballroom 2, Level 14, Berjaya Times Square Hotel, No. 1 Jalan Imbi, 55100 Kuala Lumpur on Thursday, 5 May 2011 at 10.00 a.m. and at any adjournment thereof. My/our proxy is to vote as indicated below and the proportion of my/our holding to be represented by my/our proxies are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Proxy A</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Proxy B</td>
<td>%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>100 %</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No.</th>
<th>Ordinary Resolution</th>
<th>For</th>
<th>Against</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Declaration of Dividend</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Re-election of Dato’ Krishnan a/l Chinapan as Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Re-election of Abdul Hamid bin Sh Mohamed as Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Re-election of Dato’ Ibrahim Mahaludin bin Puteh as Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Re-election of Tan Sri Dato’ Seri (Dr) Aseh bin Haji Che Mat as Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Re-appointment of Messrs KPMG as the Company’s Auditors for the ensuing year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Approval of Directors’ Fees</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Please indicate with an (“X”) in the appropriate spaces as to how you wish your votes to be cast on the Ordinary Resolutions specified in the Notice of the 19th Annual General Meeting. If you do not do so, the Proxy may vote or abstain from voting at his/her discretion.

* Applicable to shares held through an Authorised Nominee Account

Signed this __________ day of __________________________ 2011

__________________________
Signature(s)/Common Seal of Shareholder(s)
Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of his/her stead. A member may appoint a maximum of two (2) proxies to attend the Meeting provided that such member holds not less than the minimum board lot as specified under the Rules and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

2. Where a member appoints two (2) proxies to attend the Meeting, the member shall specify the proportion of his/her shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act 1965 shall not apply to the Company. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly appointed under a power of attorney or if such appointor is a corporation, either under the corporation’s seal or under the hand of an officer or attorney duly appointed under a power of attorney.

4. The instrument appointing a proxy or representative shall be deposited at the Company’s Share Registrar’s office at Tricor Investor Services Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.

Complete this form where applicable, place in envelope and post to:

The Share Registrar
TRICOR INVESTOR SERVICES SDN BHD (118401-V)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur