



POS MALAYSIA BERHAD

(229990-M)

(Incorporated in Malaysia)

Interim Financial Report for the Financial Year
Ended 31 March 2018

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

The Board of Directors is pleased to announce the unaudited financial results of Pos Malaysia Group (“the Group”) for the current quarter/financial year ended 31 March 2018.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Current Quarter 3 Months Ended		Cumulative 12 Months Ended	
		31.03.2018 RM'000	31.03.2017 (Restated) RM'000	31.03.2018 RM'000	31.03.2017 (Restated) RM'000
Revenue		653,077	635,551	2,472,578	2,082,263
Cost of sales and operating expenses		(637,021)	(621,954)	(2,379,286)	(1,978,510)
Other income		32,244	27,639	76,094	53,606
Other expenses		(12,516)	(15,023)	(32,428)	(17,280)
Profit from operations		35,784	26,213	136,958	140,079
Finance costs		(6,097)	(2,599)	(17,188)	(8,999)
PROFIT BEFORE ZAKAT AND TAXATION		29,687	23,614	119,770	131,080
Zakat		(933)	(1,087)	(2,442)	(2,566)
PROFIT BEFORE TAXATION		28,754	22,527	117,328	128,514
Taxation	19	563	(12,706)	(24,014)	(46,724)
NET PROFIT FOR THE QUARTER / FINANCIAL YEAR		29,317	9,821	93,314	81,790
OTHER COMPREHENSIVE INCOME/(LOSS)					
<u>Item that will not be subsequently reclassified to profit or loss</u>					
Re-measurement of defined benefit plan liability		-	(639)	-	(639)
<u>Item that will be subsequently reclassified to profit or loss</u>					
Foreign currency translation differences of foreign operations		1,187	(1,972)	1,315	(2,034)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE QUARTER/FINANCIAL YEAR (NET OF TAX)		1,187	(2,611)	1,315	(2,673)
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER/ FINANCIAL YEAR (NET OF TAX)		30,504	7,210	94,629	79,117

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

	Note	Current Quarter 3 Months Ended		Cumulative 12 Months Ended	
		31.03.2018 RM'000	31.03.2017 (Restated) RM'000	31.03.2018 RM'000	31.03.2017 (Restated) RM'000
Net profit for the quarter/financial year attributable to:					
Owners of the Company		29,031	9,893	93,253	81,882
Non-controlling interest		286	(72)	61	(92)
		29,317	9,821	93,314	81,790
Total comprehensive income for the quarter/financial year attributable to:					
Owners of the Company		30,218	7,282	94,568	79,209
Non-controlling interest		286	(72)	61	(92)
		30,504	7,210	94,629	79,117
Basic and diluted earnings per share (sen):	24	3.71	1.26	11.91	12.19

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2017 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As at 31.03.2018 RM'000	Audited As at 31.03.2017 (Restated) RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		1,360,358	1,088,459
Prepaid lease properties		40,656	41,818
Investment properties		39,050	34,890
Intangible assets		425,448	435,938
Deferred tax assets		9,336	10,210
Other receivables		-	15,100
Other assets		1,579	1,550
		1,876,427	1,627,965
CURRENT ASSETS			
Inventories		14,758	15,109
Trade and other receivables		942,904	851,090
Other investments		8,292	8,331
Current tax assets		22,886	5,738
Short term deposits		273,273	480,479
Cash and bank balances		229,980	295,638
		1,492,093	1,656,385
TOTAL ASSETS		3,368,520	3,284,350
EQUITY			
Share Capital		1,071,392	1,071,392
Reserves		873,886	863,075
Equity attributable to Owners of the Company		1,945,278	1,934,467
Non-controlling interest		2,108	2,047
TOTAL EQUITY		1,947,386	1,936,514
NON-CURRENT LIABILITIES			
Long term borrowings	21	118,462	16,208
Post-employment benefit obligations		2,963	2,910
Deferred tax liabilities		89,117	84,097
Other payables		-	10,363
		210,542	113,578
CURRENT LIABILITIES			
Trade and other payables		936,302	1,001,799
Bank borrowings	21	272,546	223,835
Current tax liabilities		1,744	8,624
		1,210,592	1,234,258
TOTAL LIABILITIES		1,421,134	1,347,836
TOTAL EQUITY AND LIABILITIES		3,368,520	3,284,350
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY* (RM)		2.49	2.47

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

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2017 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued and fully paid ordinary shares		Non-distributable			Retained Earnings RM'000	Total RM'000	Non - controlling Interest RM'000	Total Equity RM'000
	Number of shares '000	Monetary value RM'000	Revaluation Reserves RM'000	Post- employment Benefit Reserves RM'000	Currency Translation Reserves RM'000				
Balance at beginning of the financial year 1.4.2017 (restated)	782,777	1,071,392	1,144	(639)	(2,034)	864,604	1,934,467	2,047	1,936,514
Net profit for the financial year	-	-	-	-	-	93,253	93,253	61	93,314
Other comprehensive loss for the financial year	-	-	-	-	1,315	-	1,315	-	1,315
Profit and total comprehensive income for the financial year	-	-	-	-	1,315	93,253	94,568	61	94,629
<u>Transaction with Owners</u>									
Final dividend in respect of financial year ended 31 March 2017	-	-	-	-	-	(83,757)	(83,757)	-	(83,757)
Balance as at 31.03.2018	782,777	1,071,392	1,144	(639)	(719)	874,100	1,945,278	2,108	1,947,386

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Issued and fully paid ordinary shares		Non-distributable				Retained Earnings RM'000	Total RM'000	Non - controlling Interest RM'000	Total Equity RM'000
	Number of shares '000	Nominal value RM'000	Share Premium RM'000	Revaluation Reserves RM'000	Post-employment Benefit Reserves RM'000	Currency Translation Reserves RM'000				
Balance at beginning of the financial year 1.4.2016.	537,026	268,513	385	1,144	-	-	845,554	1,115,596	-	1,115,596
Net profit for the financial year (restated)	-	-	-	-	-	-	81,882	81,882	(92)	81,790
Other comprehensive loss for the financial year	-	-	-	-	(639)	(2,034)	-	(2,673)	-	(2,673)
Profit and total comprehensive income for the financial year	-	-	-	-	(639)	(2,034)	81,882	79,209	(92)	79,117
<u>Transaction with Owners</u>										
Issue of ordinary shares for acquisition of a subsidiary company (net of issuance cost)	245,751	122,875	679,619	-	-	-	-	802,494	-	802,494
Final dividend in respect of financial year ended 31 March 2016	-	-	-	-	-	-	(62,832)	(62,832)	-	(62,832)
Acquisition of a subsidiary company	-	-	-	-	-	-	-	-	2,139	2,139
Transfer in accordance with Section 618(2) of the Companies Act 2016	-	680,004	(680,004)	-	-	-	-	-	-	-
Balance as at 31.03.2017 (restated)	782,777	1,071,392	-	1,144	(639)	(2,034)	864,604	1,934,467	2,047	1,936,514

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2017 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 Months Ended 31.03.2018 RM'000	12 Months Ended 31.03.2017 (Restated) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial year	93,314	81,790
Adjustments:		
- Depreciation of property, plant and equipment	159,200	127,148
- Amortisation of prepaid lease properties	1,162	581
- Amortisation of intangible assets	10,490	2,865
- Change in fair value of investment properties	(4,160)	(3,790)
- Finance costs	17,188	8,999
- Taxation	24,014	46,724
- Interest income	(11,896)	(15,001)
- Unrealised foreign exchange differences	(24,160)	(9,441)
- Net write backs of allowance for doubtful debts	(5,085)	(298)
- Gain on disposal of property, plant and equipment	(2,864)	(7,770)
- Impairment loss of property, plant and equipment	1,900	-
- Zakat	2,442	2,566
- Others	354	(2,908)
Operating profit before working capital changes	261,899	231,465
Changes in working capital:		
Change in current assets	(72,178)	(191,496)
Change in current liabilities	(64,220)	200,696
Net cash generated from operations	125,501	240,665
Tax paid, net of refund	(42,147)	(28,855)
Zakat paid	(2,965)	(3,323)
Post-employment benefit obligations paid	(64)	(46)
Net cash generated from operating activities	80,325	208,441
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash inflow from acquisition of a subsidiary company	-	18,791
Proceeds from disposal of investments and redemption of held-to maturity securities	-	84,471
Proceeds from disposal of property, plant and equipment	5,071	10,753
Purchase of property, plant and equipment	(436,163)	(120,706)
Interest income received	11,896	15,001
Acquisition of other investments	-	(8,000)
Increased in deposit pledged	(27)	(1,109)
Net cash used in investing activities	(419,223)	(799)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	12 Months Ended 31.03.2018 RM'000	12 Months Ended 31.03.2017 (Restated) RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown on borrowings	176,224	34,000
Finance costs paid	(17,188)	(9,207)
Repayment of borrowings/hire purchase	(27,006)	(3,836)
Dividend paid to shareholders	(83,757)	(62,832)
Net cash generated from / (used in) financing activities	48,273	(41,875)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(290,625)	165,767
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL YEAR	742,440	576,673
CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL YEAR	451,815	742,440
Cash and cash equivalents as at end of the financial year comprise the followings:		
Cash and bank balances	229,980	295,638
Short term deposits	273,273	480,479
Bank overdraft	(1,747)	-
	501,506	776,117
Less: Collections held on behalf of agencies**	(48,555)	(32,568)
Less: Deposit pledged	(1,136)	(1,109)
	451,815	742,440

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2017 and the explanatory notes attached to the interim financial report.

** The amount of cash held on behalf of agencies is included under Trade and Other Payables in the Statement of Financial Position.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134, *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2017 and the accompanying notes attached to the unaudited condensed consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the annual audited financial statements for the financial year ended 31 March 2017 except for the adoption of the following new /amended standards which are applicable to the Group with effect 1 April 2017:

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiatives*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

The adoption and application of the above standards are not expected to have any material impact to the financial statements of the Group.

3. COMPLETION OF PURCHASE PRICE ALLOCATION

During the current financial year, the Group has completed the purchase price allocation (“PPA”) exercise to determine the fair values of the net assets of Pos Aviation Sdn. Bhd. (“Pos Aviation”) (formerly known as KL Airport Services Sdn. Bhd.) a wholly-owned subsidiary company, within the stipulated time period, i.e twelve (12) months from the acquisition date of 13 September 2016, in accordance with MFRS 3, *Business Combinations*. Based on the fair values of the net assets of Pos Aviation, the goodwill amount has reduced from RM413.5 million to RM314.0 million. The adjusted fair value of Pos Aviation has been reflected in the Group’s Consolidated Statement of Financial Position as at previous financial year ended 31 March 2017. Below are the effects of the final PPA adjustments in accordance with MFRS 3:

3. COMPLETION OF PURCHASE PRICE ALLOCATION (CONTINUED)

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
As at 31 March 2017			
Consolidated Statement of Financial Position			
<u>Non-current assets</u>			
Property, plant and equipment	1,088,728	(269)	1,088,459
Intangible assets	418,183	17,755	435,938
Other assets	468	1,082	1,550
<u>Current assets</u>			
Trade and other receivables	849,797	1,293	851,090
<u>Non-current liabilities</u>			
Deferred tax liabilities	61,224	22,873	84,097
<u>Current liabilities</u>			
Current tax liabilities	9,459	(835)	8,624
Consolidated Statement of Changes in Equity			
Retained earnings	866,781	(2,177)	864,604
Financial year ended 31 March 2017			
Consolidated Statement of Comprehensive Income			
Cost of sales and operating expenses	(1,975,645)	(2,865)	(1,978,510)
Taxation	(47,412)	688	(46,724)
Net profit for the financial year	83,967	(2,177)	81,790

4. SEASONALITY OR CYCLICALITY OF OPERATIONS

The Group's operations are not subject to any significant seasonal factors except that mail volume fluctuates during the festive season and at the beginning of calendar year.

5. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENCE

There was no material item of an unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows during the financial year ended 31 March 2018.

6. CHANGES IN ESTIMATES

There was no material change in the estimate of amount reported in prior financial year that has a material effect to this interim financial report.

7. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There was no issuance and repayment of debt and equity securities, shares held as treasury shares and resale of treasury shares for the financial year ended 31 March 2018.

8. DIVIDENDS PAID

The shareholders have approved a first and final single tier dividend of 10.7 sen per ordinary share at the last Annual General Meeting held on 22 August 2017 in respect of the financial year ended 31 March 2017. The net dividend of RM83,757,125 was paid on 7 October 2017.

9. SEGMENTAL INFORMATION

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different business processes and customer needs. For each of the strategic business units, the Group's Chief Executive Officer (the chief operating decision maker) and the Board of Directors review internal Management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Postal Services	Includes the provision of basic mail services for corporate and individual customers and customised solutions such as Mailroom Management and Direct Mail and over-the-counter services for payment of bills and certain financial products and services.
Courier	Includes the courier, parcel and logistic solutions by sea, air and land to both national and international destinations.
International	Includes the direct entry and transshipment.
Logistics	Provision of total logistics services and inventory services including freight and forwarding, provision of container haulage services, shipping agency and chartering services, warehousing and distribution services and insurance agency.
Aviation	Includes cargo and ground handling, in-flight catering, warehousing space and supply chain management including custom forwarding agent services.

9. SEGMENTAL INFORMATION (CONTINUED)

Other segment includes the hybrid mail which provides data and document processing services, business of internet security products, solutions and services, Ar Rahnū business including storage and safekeeping fees, buying and selling of investment precious metals, namely gold bars and dinars and rental income from investment properties held by the Group. None of these segments meets any of the quantitative thresholds for determining reportable segments in the current reporting year.

There are varying levels of integration between the Postal Services 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.

Information regarding the operations of each reportable segment is shown below. Performance is measured based on segment results. Segment results is used to measure performance as Management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on a negotiated basis.

The information of each of the Group's business segments for the financial year ended 31 March 2018 is as follows:

Year ended 31 March 2018	Postal Services	Courier	International	Logistics	Aviation	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External Revenue	734,341	774,489	160,378	424,665	275,207	103,498	-	2,472,578
Internal Revenue	67,121	145,475	-	30,698	6,627	2,057	(251,978)	-
Total Revenue	801,462	919,964	160,378	455,363	281,834	105,555	(251,978)	2,472,578
Segment Profit	(160,579)	148,218	15,687	1,071	36,863	30,094	-	71,354
PPA Adjustment: Amortisation of Intangible Assets								(10,490)
Other Income								64,198
Interest Income								11,896
Finance Cost								(17,188)
Profit Before Zakat and Taxation								119,770
Zakat								(2,442)
Profit Before Taxation								117,328
Taxation								(24,014)
Net Profit for the Financial Period								93,314
Attributable to:								
Owners of the Company								93,253
Non-controlling Interest								61
								93,314

10. PROPERTY, PLANT AND EQUIPMENT

There is no revaluation of property, plant and equipment from the previous audited annual financial statements as the Group does not adopt a revaluation policy on its property, plant and equipment.

11. SUBSEQUENT EVENT

There has not arisen in the interval between the end of this reporting year and the date of this announcement, any item, transaction or event of a material and unusual nature that would likely affect substantially the results of the operations of the Group.

12. CHANGES IN THE COMPOSITION OF THE GROUP

On 5 October 2017, the Company announced the proposed winding-up of its direct and indirect subsidiary companies via members' voluntary winding up ("MVL") and creditors' voluntary winding up ("CVL") and the companies involved in the exercise are as follows:

Companies under MVL

1. Pos Takaful Agency Sdn. Bhd.
2. PSH Allied Berhad
3. Maya Perkasa (M) Sdn. Bhd.
4. Kaypi Logistics Depot Sdn. Bhd.
5. Asia Pacific Freight System Sdn. Bhd.
6. Diperdana Selatan Sdn. Bhd.

Company under CVL

1. Diperdana Terminal Services Sdn. Bhd.

Upon the completion of the liquidation exercise, the above companies will cease to be subsidiary companies of the Group. There was a minimal financial impact arising from the deconsolidation of subsidiary companies as above to the Group's assets and liabilities.

13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets at the end of the reporting year other than what was reported in the last audited financial statements.

14. PROFIT BEFORE TAXATION

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

	3 Months Ended		12 Months Ended	
	31.03.2018 RM'000	31.03.2017 RM'000	31.03.2018 RM'000	31.03.2017 RM'000
Amortisation of prepaid lease properties	291	291	1,162	581
Amortisation of intangible assets	2,622	1,433	10,490	2,865
Depreciation of property, plant and equipment	44,560	38,325	159,200	127,148
Net write backs of allowance for doubtful debts	(989)	499	(5,085)	(298)

14. PROFIT BEFORE TAXATION (CONTINUED)

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

	3 Months Ended		12 Months Ended	
	31.03.2018 RM'000	31.03.2017 RM'000	31.03.2018 RM'000	31.03.2017 RM'000
Fair value loss/(gain) of investment securities: financial assets at fair value through profit or loss	11	(20)	11	38
Fair value adjustment on investment properties	(4,160)	(3,790)	(4,160)	(3,790)
Finance costs	6,097	2,599	17,188	8,999
Write off of property, plant and equipment	58	766	158	778
Gain on disposal of investment securities	-	(13)	-	(13)
Gain on disposal of property, plant and equipment	(932)	(188)	(2,864)	(7,770)
Impairment loss of property, plant and equipment	1,900	-	1,900	-
Inventories written down (net of write backs)	1,071	111	899	111
Interest income on:				
- short term deposits	(2,935)	(3,489)	(11,896)	(12,836)
- investment securities: held-to-maturity	-	(33)	-	(2,165)
Net foreign exchange differences	(5,325)	9,495	(14,913)	9,226

15. REVIEW OF GROUP PERFORMANCE

15.1 Group performance for the financial year ended 31 March 2018

The Group generated higher revenue of RM2,472.6 million for the financial year ended 31 March 2018 as compared to RM2,082.3 million in the previous corresponding year ended 31 March 2017. This represents an increase of RM390.3 million or equivalent to 18.7% growth.

15. REVIEW OF GROUP PERFORMANCE (CONTINUED)

15.1 Group performance for the financial year ended 31 March 2018 (continued)

(a) Group revenue by segment are as follows:

	12 months ended		Variance RM'000
	31.03.2018 RM'000	31.03.2017 RM'000	
Group revenue			
Postal Services	734,341	779,528	(45,187)
Courier	774,489	688,372	86,117
International	160,378	192,761	(32,383)
Logistics	424,665	188,655*	236,010
Aviation	275,207	135,140*	140,067
Others	103,498	97,807	5,691
Total	2,472,578	2,082,263	390,315

* The revenues are only for 6 months (October 2016 – March 2017)

(i) Postal Services

Postal Services registered lower revenue by 6% of RM734.3 million as compared to RM779.5 million. This is due to lower revenue in mail business resulting from a decline in traditional mail volumes coupled with lower transactions in retail segment from bill payments, insurance commission as well as reduction in commission rate of unit trust.

(ii) Courier

Courier recorded higher revenue of RM774.5 million compared to RM688.4 million registered in the previous corresponding year ended 31 March 2017. This is mainly driven by increased demand for e-Commerce last mile delivery services as well as increase in online business customers.

(iii) International

International revenue was lower by RM32.4 million due to the decrease in volume seen in transshipment because of intensified competition compared to previous corresponding year ended 31 March 2017.

15. REVIEW OF GROUP PERFORMANCE (CONTINUED)

15.1 Group performance for the financial year ended 31 March 2018 (continued)

(a) Group revenue by segment are as follows (continued):

(iv) Logistics

Logistics contributed RM424.7 million from RM188.7 million in previous corresponding year ended 31 March 2017 mainly coming from carriage of bulk coal and and project logistics. This business was acquired at the end of Quarter 2 of prior year. Hence, the comparative number only includes 6 months of last year's result.

(v) Aviation

Aviation accounted for RM275.2 million of the total revenue for the year mainly coming from cargo and ground handling. This business was acquired at the end of Quarter 2 of prior year. Hence, the comparative number only includes 6 months of last year's result.

(vi) Others

Other segments which consist of printing and insertion, digital certificates and Ar Rahnū, generated an increase in revenue of RM5.7 million mainly contributed by higher revenue from Ar Rahnū.

(b) Group Profit Before Tax

For the financial year ended 31 March 2018, profit before tax has dropped to RM117.3 million from RM128.5 million in the corresponding year ended 31 March 2017. The decrease is due to higher growth in cost of sales mainly from increased staff cost, rental and communication cost to support the operations. There were also increased depreciation from the increased capital expenditures and higher finance cost.

15. REVIEW OF GROUP PERFORMANCE (CONTINUED)

15.2 Comparison between the current financial quarter and the preceding year corresponding financial quarter

(a) Group revenue by segment are as follows:

	3 months ended		Variance RM'000
	31.03.2018 RM'000	31.03.2017 RM'000	
Group revenue			
Postal Services	195,021	208,778	(13,757)
Courier	213,371	176,155	37,216
International	36,297	62,361	(26,064)
Logistics	108,285	93,972	14,313
Aviation	71,692	62,078	9,614
Others	28,411	32,207	(3,796)
Total	653,077	635,551	17,526

(i) Postal Services

Postal Services registered lower revenue of RM195.0 million as compared to RM208.8 million in the previous corresponding quarter ended 31 March 2017. This is due to lower revenue in mail business resulting from decline in traditional mail volume coupled with lower transactions in retail segment from bill payments, insurance commission as well as reduction in commission rate of unit trust.

(ii) Courier

Courier recorded higher revenue of RM213.4 million compared to RM176.2 million registered in the previous corresponding quarter ended 31 March 2017. This is mainly driven by increased demand in e-Commerce as well as online business customers.

(iii) International

International revenue dropped by RM26.1 million due to the lower volume in transshipment for the quarter compared to previous corresponding quarter ended 31 March 2017.

(iv) Logistics

Logistics increased by RM14.3 million for the quarter mainly contributed by project logistics in Pengerang.

15. REVIEW OF GROUP PERFORMANCE (CONTINUED)

15.2 Comparison between the current financial quarter and the preceding year corresponding financial quarter (continued)

(a) Group revenue by segment are as follows (continued):

(v) **Aviation**

Aviation increased by RM9.6 million mainly attributed to cargo operations.

(vi) **Others**

Other segments which consist of printing and insertion, digital certificates and Ar Rahnū, registered a decrease in revenue by RM3.8 million mainly due to lower revenue from printing and insertion business.

(b) Group Profit Before Tax

For the financial quarter ended 31 March 2018, profit before tax has improved to RM28.7 million from RM22.5 million in the corresponding financial quarter ended 31 March 2017. This is due to higher revenue registered coupled with improved cost management.

16. COMPARISON WITH PRECEDING FINANCIAL QUARTER'S RESULTS

The group recorded a higher profit before tax of RM28.7 million in the current financial quarter ended 31 March 2018 compared to RM21.9 million in the preceding financial quarter ended 31 December 2017 mainly due to higher revenue registered.

17. FUTURE PROSPECTS

The Pos Malaysia's future performance is mainly driven by the continued growth in e-Commerce. Technology and e-Commerce remains a key platform to spur the growth of Small and Medium Enterprises (SMEs) within the country. As the key player in the e-Fulfilment space and with the widest last mile delivery network, the Group is a key beneficiary of e-Commerce growth in Malaysia. This will also benefit our end-to-end logistics businesses as heightened economic activity should increase the need for our services.

Accordingly, we are generally optimistic Pos Malaysia's prospects remain positive.

18. PROFIT FORECAST OR PROFIT GUARANTEE

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

19. TAXATION

Taxation comprises the following:

	3 Months Ended		12 Months Ended	
	31.03.2018 RM'000	31.03.2017 (Restated) RM'000	31.03.2018 RM'000	31.03.2017 (Restated) RM'000
Current taxation	9,422	18,615	18,119	52,454
Deferred taxation	(9,985)	(5,909)	5,895	(5,730)
Total	(563)	12,706	24,014	46,724

The Group's effective tax rate for the financial year ended 31 March 2018 is lower compared to the statutory tax rate mainly due to a tax incentive granted to a subsidiary.

20. STATUS OF CORPORATE PROPOSALS

There is no corporate proposal made by the Group for the financial year ended 31 March 2018.

21. GROUP BORROWINGS

Total Group borrowings are as follows:

	Unaudited as at 31.03.2018 RM'000
Long Term Borrowings	
<u>Secured:</u>	
Long term loan under Islamic financing	108,139
Hire purchase and finance lease liabilities	16,214
- portion repayable within 12 months	(5,891)
Total Long Term Borrowings	118,462
Short Term Borrowings	
<u>Secured:</u>	
Revolving credit	137,398
Short term loan under Islamic financing	16,247
Hire purchase and finance lease liabilities	
- portion repayable within 12 months	5,891
Invoice financing	14,963
	174,499
<u>Unsecured:</u>	
Bank overdraft	1,747
Revolving credit	71,300
Short term loan under Islamic financing	25,000
	98,047
Total Short Term Borrowings	272,546
Total Group Borrowings	391,008

22. MATERIAL LITIGATIONS

There is no material litigation pending as at the date of this report.

23. DIVIDEND

The Board of Directors will consider the payment of dividend when the full year account is adopted in June 2018.

24. EARNINGS PER SHARE

The basic and diluted earnings per share have been calculated based on the Group's net profit attributable to Owners of the Company and weighted average number of ordinary shares outstanding during the financial year.

	3 Months Ended		12 Months Ended	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Net profit attributable to Owners of the Company (RM'000)	29,031	9,893	93,253	81,882
Number of ordinary shares in issue ('000)	782,777	782,777	782,777	782,777
Weighted average number of ordinary shares outstanding ('000)	782,777	782,777	782,777	671,684
Basic and diluted earnings per share (sen)	3.71	1.26	11.91	12.19

25. AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

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

BY ORDER OF THE BOARD

SABARINA LAILA BINTI MOHD HASHIM
COMPANY SECRETARY

Kuala Lumpur
28 May 2018