



POS MALAYSIA BERHAD

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

Interim Financial Report for the Financial Period
Ended 31 March 2020

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

The Board of Directors hereby announce the unaudited financial results of Pos Malaysia Group (“the Group”) for the current quarter/financial period ended 31 March 2020.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Current Quarter / Financial Period 3 Months Ended 31.03.2020 RM'000
Revenue		558,525
Cost of sales and operating expenses		(573,745)
Other income		5,177
Other expenses		(22,201)
Net loss on impairment of financial instruments and contract assets		(2,943)
Loss from operations		(35,187)
Finance costs		(11,525)
LOSS BEFORE ZAKAT AND TAXATION		(46,712)
Zakat		(506)
LOSS BEFORE TAXATION		(47,218)
Taxation	18	(2,004)
LOSS FOR THE QUARTER / FINANCIAL PERIOD		(49,222)
OTHER COMPREHENSIVE INCOME		
<u>Item that will be subsequently reclassified to profit or loss</u>		
Currency translation differences of foreign subsidiary companies		2,997
OTHER COMPREHENSIVE INCOME FOR THE QUARTER / FINANCIAL PERIOD (NET OF TAX)		2,997
TOTAL COMPREHENSIVE LOSS FOR THE QUARTER / FINANCIAL PERIOD (NET OF TAX)		(46,225)

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

	Note	Current Quarter / Financial Period 3 Months Ended 31.03.2020 RM'000
Loss for the quarter / financial period attributable to Owners of the Company		(49,222)
Total comprehensive loss for the quarter / financial period attributable to Owners of the Company		(46,225)
Basic and diluted loss per share (sen):	23	(6.29)

There is no comparative for the quarter ended 31 March 2020. Due to the change in the financial year end from 31 March to 31 December as stated in Note 2, the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the current quarter ended 31 March 2020, being the first quarter of the financial year ending 31 December 2020, is not comparable with any comparative period previously reported.

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 period ended 31 December 2019 and the explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As at 31.03.2020 RM'000	Audited As at 31.12.2019 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		1,107,675	1,127,558
Investment properties		39,050	39,050
Right-of-use assets		482,389	491,690
Intangible assets		275,508	276,809
Deferred tax assets		6,951	6,108
Other investments		501	501
		1,912,074	1,941,716
CURRENT ASSETS			
Inventories		9,263	7,049
Trade and other receivables		1,032,393	1,045,837
Other investments		73,114	117,843
Current tax assets		18,988	19,138
Short term deposits		85,236	46,982
Cash and bank balances		141,110	166,619
		1,360,104	1,403,468
TOTAL ASSETS		3,272,178	3,345,184
EQUITY AND LIABILITIES			
Share Capital		1,071,392	1,071,392
Reserves		334,296	380,521
TOTAL EQUITY		1,405,688	1,451,913
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	20	270,132	293,779
Lease liabilities		196,119	204,402
Post-employment benefit obligations		637	638
Deferred tax liabilities		45,807	46,482
		512,695	545,301
CURRENT LIABILITIES			
Trade and other payables	20	943,296	959,363
Loans and borrowings		335,480	318,748
Lease liabilities		63,845	60,456
Current tax liabilities		11,174	9,403
		1,353,795	1,347,970
TOTAL LIABILITIES		1,866,490	1,893,271
TOTAL EQUITY AND LIABILITIES		3,272,178	3,345,184
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY* (RM)		1.80	1.85

* 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 period ended 31 December 2019 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 Equity RM'000
	Number of shares '000	Amount RM'000	Revaluation Reserves RM'000	Post-employment Benefit Reserves RM'000	Currency Translation Reserves RM'000		
At 1 January 2020	782,777	1,071,392	1,144	(639)	(1,855)	381,871	1,451,913
Loss for the financial period	-	-	-	-	-	(49,222)	(49,222)
Other comprehensive income for the financial period	-	-	-	-	2,997	-	2,997
Total comprehensive loss for the financial period	-	-	-	-	2,997	(49,222)	(46,225)
At 31 March 2020	782,777	1,071,392	1,144	(639)	1,142	332,649	1,405,688

There is no comparative for the quarter ended 31 March 2020. Due to the change in the financial year end from 31 March to 31 December as stated in Note 2, the Unaudited Condensed Consolidated Statement of Changes in Equity for the current quarter ended 31 March 2020, being the first quarter of the financial year ending 31 December 2020, is not comparable with any comparative period previously reported.

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial period ended 31 December 2019 and the explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 Months Ended 31.03.2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before tax for the financial period	(47,218)
Adjustments:	
- Depreciation of property, plant and equipment	41,466
- Depreciation of right-of-use assets	20,974
- Amortisation of intangible assets	1,301
- Amortisation of government grant	(481)
- Net fair value gain of other investments:	
Financial assets at fair value through profit or loss	(593)
- Finance costs	7,548
- Interest on lease liabilities	3,977
- Finance income	(630)
- Unrealised foreign exchange differences	16,949
- Net loss on impairment of financial instruments:	
Financial assets at amortised cost	2,943
- Zakat	506
- Others	(51)
Operating profit before changes in working capital	46,691
Changes in working capital:	
Change in current assets	19,995
Change in current liabilities	(24,174)
Net cash generated from operations	42,512
Tax paid	(1,994)
Tax refund	470
Interest paid	(3,977)
Zakat paid	(1,014)
Net cash generated from operating activities	35,997
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	630
Acquisition of property, plant and equipment	(15,767)
Proceeds from disposal of fund investments	45,323
Decrease in deposit pledged	1,188
Net cash generated in investing activities	31,374

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	3 Months Ended 31.03.2020 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES	
Drawdown on borrowings	10,824
Finance costs paid	(7,548)
Repayment of borrowings	(20,816)
Repayment of hire purchase liabilities	(1,648)
Repayment of lease liabilities	(16,533)
Net cash used in financing activities	(35,721)
NET DECREASE IN CASH AND CASH EQUIVALENTS	31,650
Effects of foreign currency translation	949
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	174,855
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	207,454
Cash and cash equivalents included in the statement of cash flow comprise the following statements of financial positions amounts:	
Cash and bank balances	141,110
Deposits placed with licensed banks	85,236
Bank overdrafts	(1,347)
	224,999
Less: Collections held on behalf of agency payables and money order payables**	(10,002)
Less: Deposit pledged	(505)
Less: Restricted cash	(7,038)
	207,454

There is no comparative for the quarter ended 31 March 2020. Due to the change in the financial year end from 31 March to 31 December as stated in Note 2, the Unaudited Condensed Consolidated Statement of Cash Flows for the current quarter ended 31 March 2020, being the first quarter of the financial year ending 31 December 2020, is not comparable with any comparative period previously reported.

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial period ended 31 December 2019 and the explanatory notes attached to the interim financial report.

** The amount of cash held on behalf of agency payables and money order payables are included under Trade and Other Payables in the Consolidated Statement of Financial Position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(a) Reconciliation of liabilities arising from financing activities:

	Lease liabilities	Hire purchase	Islamic term loans	Revolving credits	Invoice financing	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At beginning of the financial period	264,858	10,516	351,013	236,800	12,975	876,162
Net changes from financing cash flows:						
Acquisition of new leases / hire purchase	1,797	10	-	-	-	1,807
Lease modification	10,247	-	-	-	-	10,247
Termination of leases	(405)	-	-	-	-	(405)
Drawdown	-	-	-	-	10,824	10,824
Repayment	(16,533)	(1,648)	(4,605)	(10,500)	(5,711)	(38,997)
Effects of foreign currency translation	-	-	4,591	-	-	4,591
Total net changes from financing cash flows	(4,894)	(1,638)	(14)	(10,500)	5,113	(11,933)
At end of the financial period	259,964	8,878	350,999	226,300	18,088	864,229

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134, *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements of the Group for the financial period ended 31 December 2019 and the accompanying notes attached to the unaudited condensed consolidated financial statements.

2. CHANGE OF YEAR END

As announced on 1 August 2019, the Company changed its financial year end from 31 March to 31 December. As such, no comparative figures are presented as it is not comparable with any comparative period previously reported.

3. 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 period ended 31 December 2019 except for the adoption of the following new accounting standards, amendments and interpretations which are applicable to the Group effective 1 January 2020:

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

The initial application of the above accounting standards, amendments and interpretations are not expected to have any material impact to the current period and prior period financial statements of the Group.

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 period ended 31 March 2020.

6. CHANGES IN ESTIMATES

There was no material change in the estimate of amount reported in prior financial period 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 period ended 31 March 2020.

8. DIVIDENDS PAID

There was no dividend paid for the current financial period ended 31 March 2020.

9. SEGMENTAL INFORMATION

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

Postal	Includes the provision of basic mail services for corporate and individual customers, courier, parcel and logistic solutions by sea, air and land to both national and international destinations, direct entry and transshipment and customised solutions such as Mailroom Management and Direct Mail and over-the-counter services for payment of bills and certain financial products and services.
Logistics	Includes haulage services, freight and forwarding, shipping agency and chartering services, warehousing and distribution services.
Aviation	Includes cargo and ground handling, in-flight catering and freight and forwarding services.

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

Information regarding the operations of each reportable segment 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.

9. SEGMENTAL INFORMATION (CONTINUED)

The information of each of the Group's business segments for the financial period ended 31 March 2020 is as follows:

For the period ended 31 March 2020	Postal RM'000	Aviation RM'000	Logistics RM'000	Others RM'000	Elimination RM'000	POS Group RM'000
Total external revenue	390,896	62,757	75,480	29,392	-	558,525
Intersegment revenue	31,213	4,416	4,570	27,497	(67,696)	-
Total revenue for reportable segments	422,109	67,173	80,050	56,889	(67,696)	558,525
Reportable segment results before amortisation of intangible assets	(49,862)	(662)	(4,264)	8,871	-	(45,917)
Amortisation of intangible assets	-	(683)	(618)	-	-	(1,301)
Reportable segment results after amortisation of intangible assets and zakat	(49,862)	(1,345)	(4,882)	8,871	-	(47,218)
Taxation						(2,004)
Reportable segment results after tax						(49,222)
Attributable to:						
Owners of the company						(49,222)

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 period and the date of this announcement, any item, transaction or event of a material and unusual nature that would likely affect substantially the results of the operations of the Group.

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

13. LOSS BEFORE TAXATION

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

	3 Months Ended 31.03.2020 RM'000
Amortisation of intangible assets	1,301
Amortisation of government grant	(481)
Depreciation of property, plant and equipment	41,466
Depreciation of right-of-use assets	20,974
Fair value gain of investment securities: Financial assets at fair value through profit or loss	(593)
Net loss on impairment of financial instruments: Financial assets at amortised cost	2,943
Finance costs	7,548
Interest on lease liabilities	3,977
Recognition of net right-of-use assets	(32)
Inventories written back	(18)
Finance income of financial assets calculated using the effective interest method that are at amortised cost	(630)
Net foreign exchange differences	19,512

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14. REVIEW OF GROUP PERFORMANCE

Group performance for the financial period ended 31 March 2020

As stated in Note 2, due to the change in the financial year, the performance of the current financial period of 3 months ended 31 March 2020 is not comparable against any comparative period previously reported.

The Group recorded a revenue of RM558.5 million and loss before tax of RM47.2 million for the financial period ended 31 March 2020.

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

	Revenue 3 months ended 31.03.2020 RM'000	(Loss) / profit before tax 3 months ended 31.03.2020 RM'000
Postal	390,896	(49,862)
Logistics	75,480	(4,882)
Aviation	62,757	(1,345)
Others	29,392	8,871
Total	558,525	(47,218)

(i) **Postal**

Postal segment revenue is largely contributed by mail and retail products of RM190.3 million followed by courier of RM178.8 million. The postage rates revision effective 1 February 2020 contributes positively to the postal segment revenue.

Loss in postal segment is largely contributed by international and mail businesses.

(ii) **Logistics**

Logistics segment revenue of RM75.5 million is mainly from freight management business (especially from freight forwarding and haulage) and automotive business (largely from the local automotive production volume).

Loss in logistics segment is mainly contributed from loss in haulage business.

(iii) **Aviation**

Aviation segment contributed RM62.8 million revenue to the Group. This is mainly from cargo and ground handling business.

Loss after tax was mainly due to loss in the aircraft maintenance and engineering services business.

14. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Group performance for the financial period ended 31 March 2020 (continued)

(iv) Others

Other segment consist mainly of printing and insertion, digital certificates and Ar Rahn with RM7.3 million, RM7.1 million and RM14.8 million revenue contribution respectively. Profit before tax were mainly contributed by ArRahn and digital certificates business.

(b) Group Loss Before Tax

For the financial period ended 31 March 2020, we registered a loss before tax of RM47.2 million. Total cost of sales and operating expenses of RM573.7 million mainly from staff related and transportation costs, exceeds the revenue generated of RM558.5 million. Other expenses registered during the period was RM22.2 million.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The group recorded a lower loss before tax of RM47.2 million in the current quarter ended 31 March 2020 compared to RM191.0 million in the preceding quarter ended 31 December 2019 mainly due to inclusion of impairment loss of goodwill in Logistics and Aviation segments of RM93.9 million. The cost of sales and operating expenses were higher by RM76.4 million in the preceding quarter ended 31 December 2019.

16. FUTURE PROSPECTS

Pos Malaysia reduced its losses to RM49.2 million from RM141.2 million for the same period last year. Revenue was 6.1% lower at RM558.5 million.

Postal segment's mail business saw an increase in revenue of 1.0% year-on-year due to the new postal tariff that took effect on the 1st of February 2020. Mail business' monthly revenue increased by RM11.0 million in February 2020 but saw flat growth in March 2020 as the rapid spread of COVID-19 resulted in a sharp decline in commercial mail volume.

COVID-19 also impacted Postal segment's retail and international business, with fewer retail transactions recorded in post offices and significantly lower cross-border transshipment tonnage handled in March 2020 as customers remained cautious in trading outside their homes. Cancellations of commercial and cargo flights and suspension of business activities by international partners were big factors behind the decline in international business.

Courier business saw an increase in parcel volume by 6.7% year-on-year, contributed by stronger demand from ecommerce and online marketplaces, a more aggressive digital and traditional sales & marketing drive, as well as improved mid-mile & last-mile efficiency. On average, Pos Malaysia delivered 343 thousand parcels daily within Malaysia. However, revenue declined by 9.8% year-on-year due to aggressive pricing strategy and cautious customers spending. The end of March 2020 saw a surge in demand for courier services as Malaysians began to turn to online shopping for purchases of essential and non-essential items.

16. FUTURE PROSPECTS (CONTINUED)

Meanwhile, Pos Malaysia's ongoing transformation continues to make progress, with Postal segment achieving improved gross profit as the company begins to realize the benefits of its operations improvements, cost efficiency and business focus initiatives.

Pos Malaysia continues to invest in improving the value chain of its courier business. Ecommerce has and will continue to drive the Courier Business. Delivery is fast becoming a key element in the eCommerce customers' journey, and the Company believes that the automation of the parcel sorting centres is key in providing the customers faster delivery speed which provides them competitive advantage over using other competitors' service. Pos Malaysia has expanded the deployment of the parcel processing automation to 25 Pusat Pos Laju in Q1 FY20 and aim to have 40 by year end.

The much-anticipated new Track & Trace system began rolling out this quarter with deployment in 16 locations. The new system will provide customers improved parcel tracking capabilities and better visibility of the entire parcel delivery process. Track & Trace was initially targeted to be completed by end of Q1 FY20, but due to the restrictions during the COVID-19 outbreak, the new completion date has been pushed to Q3 FY20.

The Company's initiative to scale-up its last mile delivery through crowdsourcing is gaining traction with more than 70% increase in crowdsourced riders compared to the quarter ended 31 December 2019. This initiative runs parallel to the company's Entrepreneurship Program, launched in February 2020 which is aimed at converting full-time delivery personnel to become Pos Malaysia's delivery partner. The Company also has Parcel Lockers in 255 location nationwide with over 12 thousand individual lockers as of Q1 FY20, providing customers a convenient alternative to receiving parcels.

Pos Malaysia is also seeing good traction for its online shipping platform SendParcel. Registered users have increased by 60% whilst average daily parcel shipment has increased by 176% over the previous quarter. The platform was upgraded to enable international shipments in Q1 FY20 and will continue to be enhanced with new features throughout the year.

Aviation segment saw substantial business impact due to flight cancellations caused by the COVID-19 outbreak, which resulted in a drop in the number of flights handled and reduced in-flight meal demand. Logistics segment was also impacted by COVID-19 due to reduced demand for Automotive & General Logistics services.

Datapos, Pos DigiCert, and Pos ArRahnu were not impacted by COVID-19 and are performing above targets.

For Q2 FY20 onwards, the revision of postal tariffs will soften the financial impact of mail volume decline and increase our revenue in FY2020. We forecast incremental annual revenue of RM100-150 million for the mail segment compared to the previous year.

The Company expects the government to maintain strict social distancing measures to curb a second wave of COVID-19. The reopening of businesses, primarily bulkmail operators and higher footfall into the Company's outlets, are expected to provide some improvements to the Mail & Retail business respectively.

16. FUTURE PROSPECTS (CONTINUED)

The Company saw a surge in demand for courier services at the end of March continuing into April. Average daily parcel volume for April 2020 was recorded at around 590 thousand, a 69% increase compared to March 2020 and a 66% increase compared to February 2020. The Company expects this trend to continue as social distancing measures continue to restrict movement and more consumers adapt to online shopping as the new norm.

The Company foresee cross-border and transshipment to resume at a gradual pace once more countries lift COVID-19 related restrictions. April 2020 saw signs of recovery with transshipment revenue increasing by 84% compared to March 2020 due to resumption of business in China with the easing of their lockdown.

Logistics segment is expected to gradually improve with the easing of restrictions and the reopening of the economy by the government. Aviation segment's recovery is expected to take longer and will depend upon the easing of travel restrictions, and border control and imposition of new rules regarding air travel.

17. PROFIT FORECAST OR PROFIT GUARANTEE

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

18. TAXATION

Taxation comprises the following:

	3 Months Ended 31.03.2020 RM'000
Current taxation	3,470
Deferred taxation	(1,466)
Total	2,004

For the financial period ended 31 March 2020, despite the Group recording losses, the taxation benefits arose from certain profit making companies and recognition of deferred tax asset from unutilised capital allowances and unabsorbed tax losses for certain subsidiaries.

19. STATUS OF CORPORATE PROPOSALS

On 13 February 2020, Pos Aviation Sdn. Bhd. ("PASB"), a wholly owned subsidiary of Pos Malaysia, entered into a Share Purchase Agreement ("SPA") and a Shareholders' Agreement ("SHA") with SIA Engineering Company Limited ("SIAEC"), in relation to the proposed divestment of 49% equity interest in Pos Aviation Engineering Services Sdn Bhd ("PAESSB"). PAESSB is a wholly owned subsidiary of PASB.

Pursuant to the SPA, PASB shall transfer 7,840,000 ordinary shares representing 49% equity interest in PAESSB to SIAEC, for an indicative cash consideration of RM10.087 million. The final consideration will be determined based on the latest available management financial statements prior to the completion date.

19. STATUS OF CORPORATE PROPOSALS (CONTINUED)

In light of the recent COVID-19 pandemic affecting the majority of the industries including aviation, SIAEC, has on 15 May 2020, written a letter confirming the cut-off date to be extended to 12 months from the date of the SPA, being 13 February 2021 which has been mutually accepted by all parties.

20. GROUP BORROWINGS

Total Group borrowings are as follows:

	Unaudited as at 31.03.2020 RM'000
Long Term Borrowings	
<u>Secured:</u>	
Islamic term loans	82,164
Hire purchase liabilities	8,878
- portion repayable within 12 months	(4,910)
	86,132
<u>Unsecured:</u>	
Islamic term loans	184,000
Total Long Term Borrowings	270,132
Short Term Borrowings	
<u>Secured:</u>	
Revolving credit	165,000
Islamic term loans	18,835
Hire purchase liabilities	
- portion repayable within 12 months	4,910
Invoice financing	18,088
	206,833
<u>Unsecured:</u>	
Bank overdraft	1,347
Revolving credit	61,300
Islamic term loans	66,000
	128,647
Total Short Term Borrowings	335,480
Total Group Borrowings	605,612

20. GROUP BORROWINGS (CONTINUED)

Apart from the following Ringgit Malaysia (“RM”) equivalent of foreign currency borrowing, the rest of the borrowings are denominated in RM.

Secured	Foreign currency	Foreign '000	RM '000
Long term Islamic term loans	USD	18,515	79,539
Short term Islamic term loans	USD	3,570	15,336
Invoice financing	USD	2,103	9,036
Total		24,188	103,911

21. MATERIAL LITIGATIONS

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

22. DIVIDEND

No interim dividend has been declared for the financial period ended 31 March 2020.

23. LOSS PER SHARE

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

	3 Months Ended 31.03.2020
Net loss attributable to Owners of the Company (RM'000)	(49,222)
Number of ordinary shares in issue ('000)	782,777
Basic and diluted loss per share (sen)	(6.29)

24. FINANCIAL INSTRUMENTS AT FAIR VALUE MEASUREMENTS

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

24. FINANCIAL INSTRUMENTS AT FAIR VALUE MEASUREMENTS (CONTINUED)

The Group measured the financial instruments based on:

Level 1 :	Derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date
Level 2 :	Estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly
Level 3 :	Estimated using unobservable inputs for the financial assets and liabilities

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Financial assets										
Other investments	73,032		583	73,615					73,615	73,615
Financial liabilities										
Islamic term loans							380,958	380,958	380,958	350,999
Hire purchase liabilities							9,661	9,661	9,661	8,878

The carrying amounts of cash and cash equivalents, other investments, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

25. COMMITMENTS

	Unaudited as at 31.03.2020 RM'000
Property, plant and equipment	
Contracted but not provided for	9,189

26. RELATED PARTIES TRANSACTIONS

	3 Months Ended 31.03.2020 RM'000
Related companies:	
Sales of services	28,520
Rental income	3
Purchase of services	(1,982)
Payment of lease liabilities	(6,417)

26. RELATED PARTIES TRANSACTIONS (CONTINUED)

	3 Months Ended 31.03.2020 RM'000
Companies subject to common significant influence:	
Sales of services	23,668
Purchase of services	(723)
Rental expense	(37)

27. AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

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

BY ORDER OF THE BOARD

SABARINA LAILA BINTI MOHD HASHIM (LS 0004324)
KAMILIA NOR BINTI MOHAMAD KAMAL (LS 0008663)
COMPANY SECRETARIES

Kuala Lumpur
15 June 2020