



POS MALAYSIA BERHAD

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

Interim Financial Report for the Financial Period
Ended 30 June 2020

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

The Board of Directors hereby announce the unaudited financial results of Pos Malaysia Group (“the Group”) for the current quarter/financial period ended 30 June 2020.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Current Quarter 3 Months Ended 30.06.2020 RM'000	Financial Period 6 Months Ended 30.06.2020 RM'000
Revenue		606,083	1,164,608
Cost of sales and operating expenses		(595,384)	(1,169,129)
Other income		10,471	15,648
Other expenses		(23,206)	(48,350)
Loss from operations		(2,036)	(37,223)
Finance costs		(11,766)	(23,291)
LOSS BEFORE ZAKAT AND TAXATION		(13,802)	(60,514)
Zakat		(343)	(849)
LOSS BEFORE TAXATION		(14,145)	(61,363)
Taxation	18	(4,876)	(6,880)
LOSS FOR THE QUARTER / FINANCIAL PERIOD		(19,021)	(68,243)
OTHER COMPREHENSIVE (LOSS) / INCOME			
<u>Item that will be subsequently reclassified to profit or loss</u>			
Currency translation differences of foreign subsidiary companies		(1,505)	1,492
OTHER COMPREHENSIVE (LOSS) / INCOME FOR THE QUARTER / FINANCIAL PERIOD (NET OF TAX)		(1,505)	1,492
TOTAL COMPREHENSIVE LOSS FOR THE QUARTER / FINANCIAL PERIOD (NET OF TAX)		(20,526)	(66,751)

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

	Note	Current Quarter 3 Months Ended 30.06.2020 RM'000	Financial Period 6 Months Ended 30.06.2020 RM'000
Loss for the quarter / financial period attributable to Owners of the Company		(19,021)	(68,243)
Total comprehensive loss for the quarter / financial period attributable to Owners of the Company		(20,526)	(66,751)
Basic and diluted loss per share (sen):	23	(2.43)	(8.72)

There is no comparative for the quarter / financial period ended 30 June 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 / financial period ended 30 June 2020, being the second 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 30.06.2020 RM'000	Audited as at 31.12.2019 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		1,076,858	1,127,558
Investment properties		39,050	39,050
Right-of-use assets		459,568	491,690
Intangible assets		274,246	276,809
Deferred tax assets		6,184	6,108
Other investments		501	501
		1,856,407	1,941,716
CURRENT ASSETS			
Inventories		9,027	7,049
Trade and other receivables		1,038,969	1,045,837
Other investments		30,671	117,843
Current tax assets		17,653	19,138
Deposits placed with licensed banks		102,985	46,982
Cash and bank balances		232,402	166,619
		1,431,707	1,403,468
TOTAL ASSETS		3,288,114	3,345,184
EQUITY AND LIABILITIES			
Share Capital		1,071,392	1,071,392
Reserves		313,770	380,521
TOTAL EQUITY		1,385,162	1,451,913
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	20	286,801	293,779
Lease liabilities		186,312	204,402
Post-employment benefit obligations		638	638
Deferred tax liabilities		45,532	46,482
		519,283	545,301
CURRENT LIABILITIES			
Trade and other payables	20	1,018,949	959,363
Loans and borrowings		298,148	318,748
Lease liabilities		54,825	60,456
Current tax liabilities		11,747	9,403
		1,383,669	1,347,970
TOTAL LIABILITIES		1,902,952	1,893,271
TOTAL EQUITY AND LIABILITIES		3,288,114	3,345,184
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY* (RM)		1.77	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	-	-	-	-	-	(68,243)	(68,243)
Other comprehensive income for the financial period	-	-	-	-	1,492	-	1,492
Total comprehensive loss for the financial period	-	-	-	-	1,492	(68,243)	(66,751)
At 30 June 2020	782,777	1,071,392	1,144	(639)	(363)	313,628	1,385,162

There is no comparative for the quarter / financial period ended 30 June 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 / financial period ended 30 June 2020, being the second 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

	6 Months Ended 30.06.2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before tax for the financial period	(61,363)
Adjustments:	
- Depreciation of property, plant and equipment	81,863
- Depreciation of right-of-use assets	41,016
- Amortisation of intangible assets	2,563
- Amortisation of government grant	(1,044)
- Net fair value gain of other investments:	
Financial assets at fair value through profit or loss	(880)
- Finance costs	15,621
- Interest on lease liabilities	7,670
- Finance income	(1,253)
- Unrealised foreign exchange differences	7,399
- Net loss on impairment of receivables	20,528
- Impairment loss of property, plant and equipment	3,135
- Inventories written down	372
- Zakat	849
- Others	(14)
Operating profit before changes in working capital	116,462
Changes in working capital:	
Change in current assets	(10,227)
Change in current liabilities	47,499
Net cash generated from operations	153,734
Tax paid	(5,363)
Tax refund	1,324
Interest paid	(7,670)
Zakat paid	(1,014)
Net cash generated from operating activities	141,011
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	1,253
Acquisition of property, plant and equipment	(32,641)
Proceeds from disposal of property, plant and equipment	4,569
Decrease in deposit pledged	1,175
Proceeds from redemption of fund investments	88,052
Net cash generated in investing activities	62,408

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	6 Months Ended 30.06.2020 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES	
Drawdown on borrowings	14,777
Finance costs paid	(15,621)
Repayment of borrowings	(45,665)
Repayment of hire purchase liabilities	(3,246)
Repayment of lease liabilities	(32,601)
Net cash used in financing activities	(82,356)
NET INCREASE IN CASH AND CASH EQUIVALENTS	121,063
Effects of foreign currency translation	1,984
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	174,855
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	297,902
Cash and cash equivalents included in the statement of cash flow comprise the following statements of financial positions amounts:	
Cash and bank balances	232,402
Deposits placed with licensed banks	102,985
Bank overdrafts	(1,453)
	333,934
Less: Collections held on behalf of agency payables and money order payables**	(28,476)
Less: Deposits pledged	(518)
Less: Restricted cash	(7,038)
	297,902

There is no comparative for the quarter / financial period ended 30 June 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 / financial period ended 30 June 2020, being the second 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	-	-	-	-	1,797
Lease modification	10,247	-	-	-	-	10,247
Termination of leases	(3,164)	-	-	-	-	(3,164)
Drawdown	-	-	-	-	14,777	14,777
Repayment	(32,601)	(3,246)	(11,237)	(21,500)	(12,928)	(81,512)
Effects of foreign currency translation	-	-	6,326	-	-	6,326
Total net changes from financing cash flows	(23,721)	(3,246)	(4,911)	(21,500)	1,849	(51,529)
At end of the financial period	241,137	7,270	346,102	215,300	14,824	824,633

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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 amendments 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 amendments 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

Save as disclosed below, there was no material item of an unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows during the financial period ended 30 June 2020.

5. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENCE (CONTINUED)

On 11 March 2020, the World Health Organisation declared the Coronavirus (“COVID-19”) outbreak to be a global pandemic. On 16 March 2020, the Government imposed the Movement Control Order (“MCO”) starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in the country. The COVID-19 outbreak also resulted in travel restrictions, quarantines, social distancing and closures of non-essential services which have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. This has also brought economic uncertainties in Malaysia within which the Group operates.

The effect of the above pandemic containment measures has been reflected in the performance of the Group for the second quarter and financial period ended 30 June 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 30 June 2020.

8. DIVIDENDS PAID

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

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 period.

Information regarding the operations of each reportable segment is shown below. Performance is measured based on segment results. Segment results are 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 period ended 30 June 2020 is as follows:

Financial period ended 30 June 2020	Postal RM'000	Aviation RM'000	Logistics RM'000	Others RM'000	Elimination RM'000	POS Group RM'000
Total external revenue	867,398	94,141	142,204	60,865	-	1,164,608
Intersegment revenue	92,139	9,524	6,373	49,955	(157,991)	-
Total revenue for reportable segments	959,537	103,665	148,577	110,820	(157,991)	1,164,608
Reportable segment results before amortisation of intangible assets and zakat	(45,693)	(18,595)	(20,889)	27,226	-	(57,951)
Amortisation of intangible assets	-	(1,326)	(1,237)	-	-	(2,563)
Zakat	-	(130)	-	(719)	-	(849)
Reportable segment results after amortisation of intangible assets and zakat	(45,693)	(20,051)	(22,126)	26,507	-	(61,363)
Taxation						(6,880)
Reportable segment results after tax						(68,243)
Attributable to:						
Owners of the company						(68,243)

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 30.06.2020 RM'000	6 Months Ended 30.06.2020 RM'000
Amortisation of intangible assets	1,262	2,563
Amortisation of government grant	(563)	(1,044)
Depreciation of property, plant and equipment	40,397	81,863
Depreciation of right-of-use assets	20,042	41,016
Fair value gain of investment securities: Financial assets at fair value through profit or loss	(287)	(880)
Net loss on impairment of receivables	17,585	20,528
Finance costs	8,073	15,621
Interest on lease liabilities	3,693	7,670
Impairment loss of property, plant and equipment	3,135	3,135
Inventories written down (net of write backs)	390	372
Finance income of financial assets calculated using the effective interest method that are at amortised cost	(623)	(1,253)
Net foreign exchange differences	(9,433)	10,079

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14. REVIEW OF GROUP PERFORMANCE

Group performance for the financial period ended 30 June 2020

As stated in Note 2, due to the change in the financial year, the performance of the current financial period of 6 months ended 30 June 2020 is not comparable against any comparative period previously reported.

The Group recorded a revenue of RM1,164.6 million and loss before tax of RM61.4 million for the financial period ended 30 June 2020.

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

	Revenue 6 months ended 30.06.2020 RM'000	(Loss) / profit before taxation 6 months ended 30.06.2020 RM'000
Postal	867,398	(45,693)
Logistics	142,204	(20,051)
Aviation	94,141	(22,126)
Others	60,865	26,507
Total	1,164,608	(61,363)

(i) Postal

Postal segment revenue is largely contributed by courier business (45%) followed by mail business (32%). The high parcel volume pursuant to the stronger demand from e-commerce and online marketplace contributes positively to courier business. Further, the postage rates revision effective 1 February 2020 also has a positive impact to the postal segment revenue.

Loss in postal segment is mainly from retail business but mitigated with higher revenue from courier business and the postage rate revision.

(ii) Logistics

Logistics segment revenue of RM142.2 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 due to impairment loss of certain receivables.

14. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Group performance for the financial period ended 30 June 2020 (continued)

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

(iii) Aviation

Aviation segment contributed RM94.1 million revenue to the Group. This is mainly from cargo and ground handling business.

Loss in aviation segment was mainly due to loss of revenue from ground handling and in-flight catering pursuant to flight cancellations in the wake of COVID-19 pandemic where international borders are mostly closed.

(iv) Others

Other segment consist mainly of printing and insertion, digital certificates and Ar Rahn with 85% of revenue contributed by digital certificates and ArRahn businesses. Profit before tax were mainly contributed by ArRahn and digital certificates businesses.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Current Quarter 3 Months Ended 30.06.2020 RM'000	Preceding Quarter 3 Months Ended 31.03.2020 RM'000	Variance RM'000
Revenue	606,083	558,525	47,558
Loss from operation	(2,036)	(35,187)	33,151
Loss before taxation	(14,145)	(47,218)	33,073
Net loss for the quarter	(19,021)	(49,222)	30,201

The group recorded a lower loss before taxation of RM14.1 million in the current quarter ended 30 June compared to RM47.2 million in the preceding quarter ended 31 March 2020 partly due to higher revenue registered by RM47.6 million from RM558.5 million in the preceding quarter to RM606.1 million, mainly coming from postal segment especially Courier business. This was offset with higher cost of sales and operating expenses by RM21.6 million compared to the preceding quarter ended 31 March 2020 mainly due to higher transportation cost in line with the higher parcel volume.

16. FUTURE PROSPECTS

Pos Malaysia recorded its first monthly Profit After Tax (“PAT”) in June 2020, since January 2019. Net loss for the period decreased substantially by 61% quarter-on-quarter (“QoQ”) at RM19.0 million.

Revenue in the second quarter ended 30 June 2020 grew by 9% QoQ and 6% year-on-year (“YoY”) to RM606.1 million on the back of strong demand for courier services.

The Group’s Courier business recorded a 45% revenue growth QoQ with the increase in demand from e-commerce and online marketplace, with volume growing significantly by 57%. Similarly, our online shipping portal SendParcel saw the number of registered users increase to 70,000 users and parcel shipment via the platform grew by 145% to 2.1 million parcels compared to the previous quarter. Our transformation initiatives deployed over the past 18 months, such as automation and crowdsourcing, allowed us to handle on average 487,000 parcels per day, peaking at 800,000 during the period.

Mail business saw a slight decline in revenue by 3% QoQ as limitations imposed on businesses and bulk mailers during the period resulted in a drop in mail volume, which has since returned to Q1 2020 levels in June. Compared to the same period last year, revenue grew by 25% as a result of the new postal tariffs.

International business grew by 47% QoQ as a result of pricing review for transshipment and acquisition of new clients. Whereas our Retail business saw significant improvement in the month of May and June after a brief decline in April, as footfall resumed into our post offices with the easing of movement restrictions.

Pos Logistics has shown steady growth in revenue from May 2020 as the economy reopened and manufacturing activities resumed. Conversely, Pos Aviation has successfully implemented a substantive cost reduction exercise as it adapts to the challenges faced by the global aviation industry.

Our other subsidiaries Pos Digicert, Datapos and Pos ArRahnu performed above expectations and saw revenue grow by 11% QoQ.

Moving forward, Pos Malaysia will continue with its transformation plan towards achieving sustained profitability.

We are seeing higher than usual courier volume even after the easing of movement restrictions and we expect this trend to continue throughout the rest of the year. As such, our continued investments in automation and crowdsourcing of delivery riders will be critical to grow our processing capacity and speed, in order to meet customers’ expectation.

Our mail business, on the back of increased postal rates, and slower than expected decline in mail volume, is projected to contribute incremental revenue of RM100-150 million for the year.

While we are cognisant of the lingering effects of the uncertainties from the COVID-19 pandemic, we expect the 2nd half of 2020 to fare much better for Pos Malaysia Group, supported by our transformation initiatives and favourable market outlook for our courier segment.

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 30.06.2020 RM'000	6 Months Ended 30.06.2020 RM'000
Current taxation	4,388	7,858
Deferred taxation	488	(978)
Total	4,876	6,880

For the financial period ended 30 June 2020, despite the Group recording losses, the taxation charge arose from certain profit making subsidiary companies.

19. STATUS OF CORPORATE PROPOSALS

- i) 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.

The completion of the divestment is subject to the fulfilment of the Conditions Precedent ("CP") in the SPA. The parties, on 15 May 2020, had mutually agreed to extend the period for fulfilment of the CPs until 13 February 2021.

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19. STATUS OF CORPORATE PROPOSALS (CONTINUED)

ii) On 19 August 2020, PASB entered into the following agreements:

(a) PASB and World Cargo Airline Sdn. Bhd. (formerly known as Pos Asia Cargo Express Sdn. Bhd.) (“WCA”), a wholly-owned subsidiary company of PASB, entered into a Share Sale and Share Subscription Agreement (“SSA”) with Asia Cargo Network Sdn. Bhd. (“ACN”) in relation to the proposed subscription and disposal of shares for a total cash consideration as below:

- WCA shall issue and allot 15,612,240 ordinary shares representing 51% of the total enlarged issued ordinary share capital in WCA to ACN for a cash consideration of RM40 million; and
- PASB shall dispose 106,786 preference shares representing 51% of the total preference shares in WCA to ACN, for a cash consideration of RM1.

The proposed subscription and disposal of shares will result in the change of shareholders’ shareholdings in WCA, where PASB and ACN will own 49% and 51% equity interest in WCA respectively; and

(b) PASB entered into a Shareholders Agreement with ACN.

The completion of the divestment is subject to the fulfilment of the Conditions Precedent in the SSA.

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20. GROUP BORROWINGS

Total Group borrowings are as follows:

	Unaudited as at 30.06.2020 RM'000
Long Term Borrowings	
<u>Secured:</u>	
Islamic term loans	77,181
Hire purchase liabilities	7,270
- portion repayable within 12 months	(3,650)
	80,801
<u>Unsecured:</u>	
Islamic term loans	206,000
Total Long Term Borrowings	286,801
Short Term Borrowings	
<u>Secured:</u>	
Revolving credit	164,000
Islamic term loans	18,921
Hire purchase liabilities	
- portion repayable within 12 months	3,650
Invoice financing	14,824
	201,395
<u>Unsecured:</u>	
Bank overdraft	1,453
Revolving credit	51,300
Islamic term loans	44,000
	96,753
Total Short Term Borrowings	298,148
Total Group Borrowings	584,949

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	17,610	75,431
Short term Islamic term loans	USD	3,600	15,422
Invoice financing	USD	1,321	5,657
Total		22,531	96,510

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 30 June 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 30.06.2020	6 Months Ended 30.06.2020
Net loss attributable to Owners of the Company (RM'000)	(19,021)	(68,243)
Number of ordinary shares in issue ('000)	782,777	782,777
Basic and diluted loss per share (sen)	(2.43)	(8.72)

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.

The Group measured the financial instruments based on:

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

24. FINANCIAL INSTRUMENTS AT FAIR VALUE MEASUREMENTS (CONTINUED)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1	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	30,589	-	583	31,172	-	-	-	-	31,172	31,172
Financial liabilities										
Islamic term loans	-	-	-	-	-	-	339,377	339,377	339,377	346,102
Hire purchase liabilities	-	-	-	-	-	-	7,131	7,131	7,131	7,270

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 30.06.2020 RM'000
Property, plant and equipment	
Contracted but not provided for	6,796

26. RELATED PARTIES TRANSACTIONS

	6 Months Ended 30.06.2020 RM'000
Related companies:	
Sales of services	50,068
Purchase of services	(2,582)
Payment of lease liabilities	(12,538)
Companies subject to common significant influence:	
Sales of services	15,085
Purchase of services	(819)
Rental expense	(71)

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

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
25 August 2020