



POS MALAYSIA BERHAD

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

Interim Financial Report for the Financial Period
Ended 31 March 2021

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

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 2021.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Quarter/Financial Period 3 Months Ended	
		31.03.2021 RM'000	31.03.2020 RM'000
Revenue		595,277	558,525
Cost of sales and operating expenses		(630,875)	(573,745)
Other income		11,233	6,997
Other expenses		(12,257)	(26,964)
Loss from operations		(36,622)	(35,187)
Finance costs		(12,133)	(11,525)
Share of result of associated company (net of tax)		2,968	-
LOSS BEFORE ZAKAT AND TAXATION		(45,787)	(46,712)
Zakat		(290)	(506)
LOSS BEFORE TAXATION		(46,077)	(47,218)
Taxation	18	(705)	(2,004)
LOSS FOR THE QUARTER/FINANCIAL PERIOD		(46,782)	(49,222)
OTHER COMPREHENSIVE INCOME			
<u>Item that will be subsequently reclassified to profit or loss</u>			
Currency translation differences for foreign operations		1,095	2,997
OTHER COMPREHENSIVE INCOME FOR THE QUARTER/ FINANCIAL PERIOD (NET OF TAX)		1,095	2,997
TOTAL COMPREHENSIVE LOSS FOR THE QUARTER/ FINANCIAL PERIOD (NET OF TAX)		(45,687)	(46,225)

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

	Note	Quarter/Financial Period 3 Months Ended	
		31.03.2021 RM'000	31.03.2020 RM'000
Loss for the quarter/financial period attributable to Owners of the Company		(46,782)	(49,222)
Total comprehensive loss for the quarter/financial period attributable to Owners of the Company		(45,687)	(46,225)
Basic and diluted loss per share (sen):	23	(5.98)	(6.29)

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 December 2020 and the explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited as at 31.03.2021 RM'000	Audited as at 31.12.2020 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		986,691	1,011,944
Investment properties		39,050	39,050
Investment in associates		40,968	38,000
Right-of-use assets		517,199	503,920
Intangible assets		143,071	144,353
Deferred tax assets		2,094	1,885
Derivative asset		1,626	1,626
Other investments		6,854	10,271
		1,737,553	1,751,049
CURRENT ASSETS			
Assets classified as held for sale		12,402	12,559
Inventories		7,106	6,660
Trade and other receivables		949,643	988,918
Other investments		37,743	72,817
Current tax assets		25,093	21,033
Deposits placed with licensed banks		167,987	97,737
Cash and bank balances		164,162	218,752
		1,364,136	1,418,476
TOTAL ASSETS		3,101,689	3,169,525
EQUITY AND LIABILITIES			
Share Capital		1,071,392	1,071,392
Reserves		26,327	72,014
TOTAL EQUITY		1,097,719	1,143,406
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	20	222,377	228,307
Lease liabilities		259,902	241,325
Post-employment benefit obligations		1,279	1,318
Deferred tax liabilities		40,259	41,986
		523,817	512,936
CURRENT LIABILITIES			
Liabilities classified as held for sale		5,965	6,732
Trade and other payables		989,898	998,963
Loans and borrowings	20	422,461	445,501
Lease liabilities		58,837	58,611
Current tax liabilities		2,992	3,376
		1,480,153	1,513,183
TOTAL LIABILITIES		2,003,970	2,026,119
TOTAL EQUITY AND LIABILITIES		3,101,689	3,169,525
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY* (RM)		1.40	1.46

* 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 December 2020 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 2021	782,777	1,071,392	1,144	(1,225)	(1,758)	73,853	1,143,406
Loss for the financial period	-	-	-	-	-	(46,782)	(46,782)
Other comprehensive income for the financial period	-	-	-	-	1,095	-	1,095
Total comprehensive income/(loss) for the financial period	-	-	-	-	1,095	(46,782)	(45,687)
At 31 March 2021	782,777	1,071,392	1,144	(1,225)	(663)	27,071	1,097,719

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	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 income/(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

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 December 2020 and the explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 Months Ended 31.03.2021 RM'000	3 Months Ended 31.03.2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax for the financial period	(46,077)	(47,218)
Adjustments:		
- Depreciation of property, plant and equipment	39,716	41,466
- Depreciation of right-of-use assets	22,493	20,974
- Amortisation of intangible assets	1,282	1,301
- Amortisation of government grant	(575)	(481)
- Net fair value gain of other investments:		
Financial assets at fair value through profit or loss	(964)	(593)
- Finance costs	6,647	7,548
- Interest on lease liabilities	5,486	3,977
- Finance income	(552)	(630)
- Unrealised foreign exchange differences	(376)	16,949
- Net loss on impairment of receivables	5,797	2,943
- Zakat	290	506
- Others	(39)	(51)
Operating profit before changes in working capital	33,128	46,691
Changes in working capital:		
Change in current assets	4,846	19,995
Change in current liabilities	(5,066)	(24,174)
Net cash from operations	32,908	42,512
Tax paid	(7,190)	(1,994)
Tax refund	-	470
Interest paid	(5,486)	(3,977)
Zakat paid	(420)	(1,014)
Defined benefits paid	(39)	-
Net cash from operating activities	19,773	35,997
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	552	630
Acquisition of property, plant and equipment	(10,429)	(15,767)
Proceeds from disposal of property, plant and equipment	166	-
Net proceeds from redemption of other investments	35,296	45,323
Decrease in deposit pledged	-	1,188
Proceeds from dilution of shareholding in a former subsidiary	28,000	-
Receipt of capital contribution payment from an associate	4,160	-
Net cash from investing activities	57,745	31,374

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	3 Months Ended 31.03.2021 RM'000	3 Months Ended 31.03.2020 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown on borrowings	6,456	10,824
Finance costs paid	(6,647)	(7,548)
Repayment of borrowings	(36,920)	(20,816)
Repayment of hire purchase liabilities	(761)	(1,648)
Repayment of lease liabilities	(16,996)	(16,533)
Net cash used in financing activities	(54,868)	(35,721)
NET INCREASE IN CASH AND CASH EQUIVALENTS	22,650	31,650
Effects of foreign currency translation	(332)	949
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	262,664	174,855
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	284,982	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	164,162	141,110
Deposits placed with licensed banks	167,987	85,236
Cash attributable to assets classified as held for sale	2,717	-
Bank overdrafts	(1,256)	(1,347)
	333,610	224,999
Less: Collections held on behalf of agency payables and money order payables**	(17,755)	(10,002)
Less: Deposits pledged	(520)	(505)
Less: Restricted cash	(30,353)	(7,038)
	284,982	207,454

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2020 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	299,936	4,729	327,943	332,300	7,213	972,121
Net changes from financing cash flows:						
Acquisition of new leases/ hire purchase	23,968	-	-	-	-	23,968
Lease modification	11,831	-	-	-	-	11,831
Drawdown	-	-	-	-	6,456	6,456
Repayment	(16,996)	(761)	(25,670)	(11,250)	-	(54,677)
Effects of foreign currency translation	-	-	2,622	-	-	2,622
Total net changes from financing cash flows	18,803	(761)	(23,048)	(11,250)	6,456	(9,800)
At end of the financial period	318,739	3,968	304,895	321,050	13,669	962,321

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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 year ended 31 December 2020 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 period ended 31 December 2020 except for the adoption of the following new accounting standards, amendments and interpretations which are applicable to the Group effective 1 January 2021:

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

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.

3. 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.

4. 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 2021.

5. 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.

6. 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 2021.

7. DIVIDENDS PAID

There was no dividend paid for the current financial period ended 31 March 2021.

8. 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.

8. SEGMENTAL INFORMATION (CONTINUED)

The information of each of the Group's business segments for the financial period ended 31 March 2021 is as follows:

Financial period ended 31 March 2021	Postal	Aviation	Logistics	Others	Elimination	POS Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total external revenue	425,276	43,188	101,202	25,611	-	595,277
Intersegment revenue	3,332	1,518	2,093	22,050	(28,993)	-
Total revenue for reportable segments	428,608	44,706	103,295	47,661	(28,993)	595,277
Reportable segment results before share of result of associated company and amortisation of intangible assets	(49,792)	(7,915)	2,308	7,636	-	(47,763)
Share of results of associated company	2,968	-	-	-	-	2,968
Amortisation of intangible assets	-	(663)	(619)	-	-	(1,282)
Reportable segment results after share of result of associated company and amortisation of intangible assets	(46,824)	(8,578)	1,689	7,636	-	(46,077)
Taxation						(705)
Reportable segment results after tax						(46,782)
Attributable to:						
Owners of the Company						(46,782)

9. 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.

10. 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.

11. CHANGES IN THE COMPOSITION OF THE GROUP

11.1 On 24 August 2020, the Company announced the proposed winding-up of the following dormant/inactive subsidiaries via members' voluntary winding up ("MVWU") and creditors' voluntary winding up ("CVWU"):

Companies under MVWU

1. Diperdana Utara Sdn. Bhd.
2. Cougar Logistics (Malaysia) Sdn. Bhd.
3. Parcel Tankers Malaysia Sdn. Bhd.

Companies under CVWU

1. North Terminal Sdn. Bhd.
2. Aman Freight Services Sdn. Bhd.
3. Pengangkutan Aspacs Sdn. Bhd.

Upon the completion of the winding up exercise, the above companies will cease to be subsidiaries of the Group. This exercise is not expected to have any material impact on the earnings and net assets of the Group.

11. CHANGES IN THE COMPOSITION OF THE GROUP (CONTINUED)

11.2 On 30 June 2020, Elpos Print Sdn Bhd (“Elpos”), an inactive associate of Pos Malaysia Berhad with 40% shareholding, was under winding up. Upon completion of the winding up exercise, Elpos will cease to be an associate 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	
	31.03.2021 RM'000	31.03.2020 RM'000
Amortisation of intangible assets	1,282	1,301
Amortisation of government grant	(575)	(481)
Depreciation of property, plant and equipment	39,716	41,466
Depreciation of right-of-use assets	22,493	20,974
Fair value gain of investment securities: Financial assets at fair value through profit or loss	(964)	(593)
Net loss on impairment of receivables	5,797	2,943
Finance costs	6,647	7,548
Interest on lease liabilities	5,486	3,977
Property, plant and equipment written off	60	-
Gain on disposal of property, plant and equipment	(139)	-
Impairment loss of property, plant and equipment	10	-
Derecognition of net right-of-use assets	(32)	(32)
Inventories written down (net of write backs)	62	(18)
Finance income of financial assets calculated using the effective interest method that are at amortised cost	(552)	(630)
Net foreign exchange differences	102	19,512

14. REVIEW OF GROUP PERFORMANCE

Group performance for the financial period ended 31 March 2021.

The Group recorded a revenue of RM595.3 million and loss before tax of RM46.1 million for the financial period ended 31 March 2021.

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

	Revenue		(Loss)/profit before tax	
	3 months ended		3 months ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Postal	425,276	390,896	(46,824)	(49,862)
Logistics	101,202	75,480	1,689	(4,882)
Aviation	43,188	62,757	(8,578)	(1,345)
Others	25,611	29,392	7,636	8,871
Total	595,277	558,525	(46,077)	(47,218)

(i) **Postal**

Increase of revenue in postal segment by 8.8% is primarily contributed by courier business following an increase in parcel volume by 18% largely from contract customers.

Slightly lower loss registered for Postal segment was partly contributed by reduced manpower cost during the quarter.

(ii) **Logistics**

Logistics segment registered higher revenue by 34.1% at RM101.2 million during the current quarter. The increase is mainly from freight management business (especially from freight forwarding) and automotive business (largely from the local automotive production volume and commencement of a new warehouse).

Logistics segment managed to register profit before tax in this current quarter which saw all businesses from automotive, marine and freight management recording improved profitability compared to the corresponding quarter last year.

(iii) **Aviation**

Aviation segment contributed lower revenue by 31.2% at RM43.2 million due to lower revenue from in-flight catering, cargo and ground handling businesses.

Loss before tax deteriorated for Aviation segment from nearly all its businesses with the full impact of COVID-19 in this current quarter.

14. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Group performance for the financial period ended 31 March 2021 (continued)

(iv) Others

Other segment which consists mainly of printing and insertion, digital certificates and Ar-Rahnu registered RM25.6 million revenue during the current quarter, lower compared to the corresponding quarter last year. Despite Ar-Rahnu contributing a higher revenue, this was offset with lower revenue from both printing and insertion and digital certificates businesses.

Profit before tax were mainly contributed by Ar-Rahnu and digital certificates businesses albeit with a lower quantum compared to the corresponding quarter last year.

(b) Group Loss Before Tax

For the financial period ended 31 March 2021, the Group registered a lower loss before tax of RM46.1 million compared to RM47.2 million during the corresponding period last year. This is mainly due to higher revenue and positive share of result from an associate company.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded a lower loss before tax of RM46.1 million in the current quarter ended 31 March 2021 compared to RM231.7 million in the preceding quarter ended 31 December 2020 mainly due to inclusion of impairment loss of goodwill in Logistics and Aviation segments of RM123.3 million, provision for mutual separation scheme of RM41.6 million and impairment of property, plant and equipment of RM16.2 million.

16. FUTURE PROSPECTS

The challenges faced by Pos Malaysia due to the increase in COVID-19 cases and nationwide movement restrictions had affected its performance in the first quarter of this year.

The courier business, was hit by temporary closures of two of its main parcel processing centres towards the end of 2020, managed to successfully recapture lost grounds in Q1 FY21, as evident by a 9% QoQ increase in parcels delivered. This momentum is expected to continue which should bring a positive impact towards courier volume in the coming months.

As part of its initiative to improve cost structure, the Company has embarked on a rationalisation of the mail business infrastructure, by closing its Segamat Mail Processing Centre (MPC), with its function being consolidated at the National Mail Centre in Shah Alam. Several more MPCs are expected to be rationalised throughout the year, where it would result in cost savings.

The Company will also continue its efforts to improve efficiency and manage costs in all aspects of its businesses via continuous operational reviews and new initiatives.

16. FUTURE PROSPECTS (CONTINUED)

Pos Malaysia will remain vigilant in the wake of the increasing COVID-19 cases in Malaysia and will ensure steps are taken to avoid and minimise the spread of infection amongst workforce as well as at customer-facing centres.

The growing daily COVID-19 cases with new stronger variants is continuing to pose challenges towards the recovery effort of nation's economy. As such the Company remain cautious on the challenging operational performance for the current financial year 31 December 2021, whilst continue to take appropriate steps to ensure that the near-term prospects remain stable.

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	
	31.03.2021 RM'000	31.03.2020 RM'000
Current taxation	2,724	3,470
Deferred taxation	(2,019)	(1,466)
Total	705	2,004

For the financial period ended 31 March 2021, despite the Group recording losses, the current taxation charge arose from certain profit-making 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 RM10.09 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 which was recently extended until 13 May 2021. Due to uncertainties in the current market, both parties have agreed to extend the completion date of which will be determined later, upon evaluation of the current and future market condition.

20. GROUP BORROWINGS

Total Group borrowings are as follows:

	Unaudited as at 31.03.2021 RM'000
Long Term Borrowings	
<u>Secured:</u>	
Islamic term loans	61,497
Hire purchase liabilities	3,968
- portion repayable within 12 months	(1,088)
	64,377
<u>Unsecured:</u>	
Islamic term loans	158,000
Total Long Term Borrowings	222,377
Short Term Borrowings	
<u>Secured:</u>	
Revolving credit	58,750
Islamic term loans	15,398
Hire purchase liabilities	
- portion repayable within 12 months	1,088
	75,236
<u>Unsecured:</u>	
Bank overdraft	1,256
Revolving credit	262,300
Islamic term loans	70,000
Invoice financing	13,669
	347,225
Total Short Term Borrowings	422,461
Total Group Borrowings	644,838

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	14,817	61,497
Short term Islamic term loans	USD	3,710	15,398
Invoice financing	USD	1,187	4,925
Total		19,714	81,820

21. MATERIAL LITIGATIONS

Save as disclosed below, there is no material litigation as at the date of this report.

21.1 On 28 September 2020, Gading Sari Aviation Services Limited, a Labuan based company (“Gading Sari”) and World Cargo Airline Sdn Bhd (formerly known as Pos Asia Cargo Express Sdn Bhd) (“World Cargo Airline”) (collectively referred to as “the Defendants”) were served with a Writ of Summons and Statement of Claim, filed at the Kuala Lumpur High Court by the Bank of Utah (“the Plaintiff”). The Bank of Utah is a corporation organised under the laws of State of Utah.

Gading Sari is a wholly owned subsidiary of World Cargo Airline, and World Cargo Airline is an associate of Pos Aviation Sdn Bhd (“PASB”), which in turn is an associate of the Group.

The Plaintiff is claiming for, inter alia, the sum of USD8,782,964.00 (equivalent to RM36,422,951.70) being the losses, damages, expenses, costs and/or liabilities sustained by the Plaintiff, as of 23 July 2020, from the Defendants as a result of alleged multiple breaches and/or defaults under relevant contracts, which include amongst others, a Lease Agreement dated 13 February 2013, executed between the Plaintiff and Gading Sari, for the lease of an aircraft by the Plaintiff to Gading Sari (“Lease Agreement”) and a Sublease Agreement dated 15 March 2013, executed between Gading Sari and World Cargo Airline, for the sublease of the same aircraft by Gading Sari to World Cargo Airline (“Sublease Agreement”). Contractually, the Plaintiff is the Lessor, while Gading Sari and World Cargo Airline are the Lessee and Sub-Lessee respectively.

The Defendants and its legal advisors have reviewed the aforesaid claims; and will take all the necessary steps to defend against the claims and ensure the rights of the Defendants are protected. The Defendants have filed their Statement of Defence and Counterclaim on 25 November 2020.

The matter is set for case management on 1 June 2021 for parties to update the status of filing of the relevant documents in relation to their respective interlocutory applications. The trial dates have been fixed on 26 July 2022 until 29 July 2022.

21.2 The Group is defending an action brought by a shipping agency due to termination of contract without notice. If defence against the action is unsuccessful, the claim on business loss and legal costs could amount to approximately RM14,970,000.

In the Directors’ opinion, disclosure of any further information about the above matters would be prejudicial to the interests of the Group.

22. DIVIDEND

No interim dividend has been declared for the financial period ended 31 March 2021.

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	
	31.03.2021	31.03.2020
Net loss attributable to Owners of the Company (RM'000)	(46,782)	(49,222)
Number of ordinary shares in issue ('000)	782,777	782,777
Basic and diluted loss per share (sen)	(5.98)	(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.

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	37,743	-	6,854	44,597	-	-	-	-	44,597	44,597
Derivative asset	-	-	1,626	1,626	-	-	-	-	1,626	1,626
Financial liabilities										
Islamic term loans	-	-	-	-	-	-	343,697	343,697	343,697	304,895
Hire purchase liabilities	-	-	-	-	-	-	4,391	4,391	4,391	3,968

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

	As at 31.03.2021 RM'000	As at 31.03.2020 RM'000
Property, plant and equipment		
Contracted but not provided for	6,540	9,189

26. RELATED PARTIES TRANSACTIONS

	3 Months Ended	
	31.03.2021 RM'000	31.03.2020 RM'000
Related companies:		
Sales of services	38,613	28,520
Rental income	3	3
Purchase of services	(1,101)	(1,982)
Payment of lease liabilities	(6,036)	(6,417)
Associates #:		
Sales of services	7,776	3,163
Transportation cost	(71,459)	(29,085)
Companies subject to common significant influence:		
Sales of services	6,385	23,668
Purchase of services	(5,503)	(723)
Rental expense	(164)	(37)

Comparatives have been represented to conform with the current period's presentation with World Cargo Airline Sdn. Bhd. now being an associate of the Group effective 31 December 2020.

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 May 2021