

Corporate Information

BOARD OF DIRECTORS

Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil
Non-Independent Non-Executive Chairman

Dato' Ibrahim Mahaludin bin Puteh
Senior Independent Non-Executive Director

Dato' Sri Che Khalib bin Mohamad Noh
Independent Non-Executive Director

Datuk Mohamed Razeek bin Md Hussain Maricar
Non-Independent Non-Executive Director

Datuk Puteh Rukiah binti Abd. Majid
Independent Non-Executive Director

Eshah binti Meor Suleiman
Non-Independent Non-Executive Director

Abdul Hamid bin Sh Mohamed
Independent Non-Executive Director

BOARD COMMITTEES

Audit Committee

Abdul Hamid bin Sh Mohamed
Chairman/Independent Non-Executive Director

Dato' Ibrahim Mahaludin bin Puteh
Senior Independent Non-Executive Director

Datuk Mohamed Razeek bin Md Hussain Maricar
Non-Independent Non-Executive Director

Datuk Puteh Rukiah binti Abd. Majid
Independent Non-Executive Director

Board Nomination and Remuneration Committee

Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil
Chairman/Non-Independent Non-Executive Chairman

Dato' Ibrahim Mahaludin bin Puteh
Senior Independent Non-Executive Director

Datuk Puteh Rukiah binti Abd. Majid
Independent Non-Executive Director

Eshah binti Meor Suleiman
Non-Independent Non-Executive Director

Abdul Hamid bin Sh Mohamed
Independent Non-Executive Director

Tender Board Committee

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

Dato' Ibrahim Mahaludin bin Puteh
Senior Independent Non-Executive Director

Datuk Mohamed Razeek bin Md Hussain Maricar
Non-Independent Non-Executive Director

Abdul Hamid bin Sh Mohamed
Independent Non-Executive Director

Information and Communication Technology Committee

Dato' Sri Che Khalib bin Mohamad Noh
Chairman/Independent Non-Executive Director

Dato' Ibrahim Mahaludin bin Puteh
Senior Independent Non-Executive Director

Datuk Puteh Rukiah binti Abd. Majid
Independent Non-Executive Director

COMPANY SECRETARY

**Dato' Sabrina Albakri binti Abu Bakar
(LS 8508)**

REGISTERED OFFICE

Level 8, Ibu Pejabat Pos
Kompleks Dayabumi
50670 Kuala Lumpur
Tel: 603-2267 2267
Fax: 603-2267 2266

INVESTOR RELATIONS

Contact person: Nik Ahmad Fauzan Nik Mohamed
Group Head, Corporate Services
Tel: 603-2267 2267
Email: nik.fauzan@pos.com.my

WEBSITE

www.pos.com.my

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House, Block D13
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 603-7841 8000
Fax: 603-7841 8151/8152

AUDITORS

KPMG (AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel: 603-7721 3388
Fax: 603-7721 3399

BANKERS

HSBC Amanah Malaysia Berhad
Malayan Banking Berhad
CIMB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name: POS
Stock Code: 4634

Group Structure

SUBSIDIARIES

No.	Name of Company	Shareholder(s)	Percentage of Shareholding
1.	Prestige Future Sdn. Bhd.	PSH Capital Partners Sdn. Bhd.	100%
2.	PSH Venture Capital Sdn. Bhd.	Pos Malaysia Berhad	100%
3.	PSH Express Sdn. Bhd.	PSH Venture Capital Sdn. Bhd.	100%
4.	PSH Capital Partners Sdn. Bhd.	Pos Malaysia Berhad	100%
5.	PSH Allied Berhad	Pos Malaysia Berhad	100%
6.	PSH Properties Sdn. Bhd.	Pos Malaysia Berhad	100%
7.	Effivation Sdn. Bhd.	Pos Malaysia Berhad PSH Properties Sdn. Bhd.	99.99% 0.01%
8.	Real Riviera Sdn. Bhd.	PSH Properties Sdn. Bhd.	100%
9.	Datapos (M) Sdn. Bhd.	Pos Malaysia Berhad	100%
10.	Pos Takaful Agency Sdn. Bhd.	Pos Malaysia Berhad	100%
11.	PMB Properties Sdn. Bhd.	Pos Malaysia Berhad	100%
12.	Digicert Sdn. Bhd.	Pos Malaysia Berhad	100%
13.	Pos Malaysia & Services Holdings Berhad	Pos Malaysia Berhad	100%
14.	Poslaju (M) Sdn. Bhd.	Pos Malaysia Berhad	100%

No.	Name of Company	Shareholder(s)	Percentage of Shareholding
15.	PSH Investment Holdings (BVI) Ltd	Pos Malaysia & Services Holdings Berhad	100%
16.	Pos Ar-Rahnu Sdn. Bhd. (formerly known as Bright Emerald Sdn. Bhd.)	Pos Malaysia Berhad Bank Muamalat Malaysia Berhad	80% 20%

ASSOCIATES

No.	Name of Company	Shareholder(s)	Percentage of Shareholding
1.	CEN Sdn. Bhd.	Pos Malaysia Berhad	42.5%
2.	PosPay Exchange Sdn. Bhd.	Pos Malaysia Berhad	50%
3.	Elpos Print Sdn. Bhd.	Pos Malaysia Berhad	40%
4.	CEN Worldwide Sdn. Bhd.	CEN Sdn. Bhd.	100%
5.	CEN Technology Sdn. Bhd.	CEN Sdn. Bhd.	50%



Urusan Segera
JPJ Di Sini

Board of Directors

1. Datuk Mohamed Razeek bin Md Hussain Maricar
Non-Independent Non-Executive Director

2. Datuk Puteh Rukiah binti Abd. Majid
Independent Non-Executive Director

3. Abdul Hamid bin Sh Mohamed
Independent Non-Executive Director

4. Dato' Sri Che Khalib bin Mohamad Noh
Independent Non-Executive Director



5. Tan Sri Dato' Sri Haji
Mohd Khamil bin Jamil
*Non-Independent Non-Executive
Chairman*

6. Dato' Ibrahim Mahaludin bin
Puteh
*Senior Independent Non-Executive
Director*

7. Eshah binti Meor Suleiman
*Non-Independent Non-Executive
Director*



Board of Directors Profile

Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil

Non-Independent Non-Executive Chairman



Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil, 57, a Malaysian, was appointed to the Board on 4 July 2011 as a Non-Independent Non-Executive Director and re-designated as Non-Independent Non-Executive Chairman on 15 July 2011. He is also the Chairman of the Board Nomination and Remuneration Committee.

Tan Sri Dato' Sri Haji Mohd Khamil holds a Bachelor of Laws (Honours) from the University of London and is a Barrister-at-Law at Gray's Inn, England. He was called to the English Bar in 1983.

Tan Sri Dato' Sri Haji Mohd Khamil began his executive career at Bank Bumiputra Malaysia Berhad in August 1980, where he served until December 1989. He was called to the Malaysian Bar in September 1990, and was a practising partner of several legal firms before venturing into business in 2001.

Tan Sri Dato' Sri Haji Mohd Khamil is currently the Group Managing Director of DRB-HICOM Berhad, Executive Chairman of Proton Holdings Berhad and Chairman of Lotus Group International Limited and Group Lotus Plc. He is a Director of Etika Strategi Sdn Bhd, the holding company of DRB-HICOM Berhad in which he has a 10% shareholding. He also holds directorships in several subsidiaries and associate companies of DRB-HICOM Berhad in addition to other private limited companies.

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

Tan Sri Dato' Sri Haji Mohd Khamil attended six (6) out of seven (7) Board meetings held during the financial year under review.

Particulars of directorships in other public companies:

- DRB-HICOM Berhad (Group Managing Director)
- Proton Holdings Berhad (Executive Chairman)
- Edaran Otomobil Nasional Berhad
- HICOM Berhad
- HICOM Holdings Berhad
- Horsedale Development Berhad



Dato' Ibrahim Mahaludin bin Puteh
Senior Independent Non-Executive Director

Dato' Ibrahim Mahaludin bin Puteh, 61, a Malaysian, was appointed to the Board on 22 August 2007 as a Non-Independent Non-Executive Director. On 25 February 2009, he was re-designated as an Independent Non-Executive Director and thereafter, on 19 June 2013, he was further re-designated as Senior Independent Non-Executive Director. Dato' Ibrahim is a member of the Board Nomination and Remuneration Committee, the Audit Committee, the Tender Board Committee and the Information and Communication Technology Committee.

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

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

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

Dato' Ibrahim attended six (6) out of seven (7) Board meetings held during the financial year under review.

Particulars of directorships in other public companies in Malaysia:

- Computer Forms (Malaysia) Berhad (Chairman)

Board of Directors Profile (cont'd.)

Datuk Mohamed Razeek bin Md Hussain Maricar

Non-Independent Non-Executive Director



Datuk Mohamed Razeek, 55, a Malaysian, was appointed to the Board on 24 April 2013 as a Non-Independent Non-Executive Director. He is a member of the Audit Committee and the Tender Board Committee.

Datuk Mohamed Razeek holds a Bachelor of Science (Civil Engineering) from the University of The South Bank, United Kingdom and is a member of the Institute of Engineers, Malaysia.

Datuk Mohamed Razeek began his career in an engineering consulting firm in London in the late 1970s. Upon returning to Kuala Lumpur in the 1980s, he joined a local engineering consulting firm and was involved in the construction of the UBN Towers, a development by Perembangkuok Brothers. In 1985, he joined Sime UEP Berhad before moving on to Land & General Group of Companies in 1991. Various achievements led to his appointment as an Executive Director of Land & General Berhad in 1999.

He joined Eastern & Oriental Property Development Berhad as a Project Director in September 2003 prior to joining Damac Properties in Dubai as its Senior Vice President in August 2008. Datuk Mohamed Razeek subsequently joined Malaysian Resources Corporation Berhad as its Chief Operating Officer in June 2009 and was promoted to the post of Chief Executive Officer on 1 December 2009. He is currently DRB-HICOM Berhad's Chief Operating Officer, Services & Properties, since his appointment on 1 September 2012.

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

Datuk Mohamed Razeek was appointed to the Board after the financial year under review. Hence, he did not attend any Board meeting during the financial year under review.

Datuk Razeek does not hold directorships in any other public company.



Abdul Hamid bin Sh Mohamed
Independent Non-Executive Director

Encik Abdul Hamid bin Sh Mohamed, 48, a Malaysian, was appointed to the Board on 1 March 2013 as an Independent Non-Executive Director. He is the Chairman of the Audit Committee and a member of the Board Nomination and Remuneration Committee and the Tender Board Committee.

Encik Abdul Hamid is a Fellow of the Association of Chartered Certified Accountants.

He started his career in the accounting firm Messrs Lim Ali & Co./Arthur Young before moving on to merchant banking with Bumiputra Merchant Bankers Berhad. He then joined the Amanah Capital Malaysia Berhad Group, an investment banking and finance group, where he eventually led the corporate planning and finance functions. In 1998, he left for the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad) as Senior Vice President in charge of the Strategic Planning & International Affairs Division and was promoted to Deputy President (Strategy and Development) in 2002. He was then re-designated as Chief Financial Officer in 2003. Encik Abdul Hamid is currently an Executive Director of Symphony House Berhad.

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

Encik Abdul Hamid attended the first and only Board meeting held subsequent to his appointment during the financial period under review.

Particulars of directorships in other public companies:

- Symphony House Bhd
- SILK Holdings Berhad
- MMC Corporation Berhad
- Scomi Engineering Bhd
- Kuwait Finance House (Labuan) Berhad

Board of Directors Profile (cont'd.)

Datuk Puteh Rukiah binti Abd. Majid

Independent Non-Executive Director



Datuk Puteh Rukiah binti Abd. Majid, 60, a Malaysian, was appointed to the Board on 7 June 2013 as an Independent Non-Executive Director. She is a member of the Audit Committee, Board Nomination and Remuneration Committee and Information and Communication Technology Committee.

Datuk Puteh Rukiah holds a Bachelor of Economics (Honours) from the University of Malaya and a Master of Economics from the Western Michigan University, United States of America.

She has held senior positions in various Government departments since 1976, including being appointed the Deputy Under Secretary of the Investment, Privatisation and Public Enterprise Division of the Ministry of Finance in 2000, and subsequently, the Under Secretary of Investment and Privatisation and Minister of Finance Incorporated Division of the Ministry of Finance. From 2006 until March 2011, she was the Deputy Secretary General (Systems and Controls) at the Ministry of Finance.

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

Datuk Puteh Rukiah was appointed to the Board after the financial year under review. Hence, she did not attend any Board meeting during the financial year under review.

Particulars of directorships in other public companies in Malaysia:

- Gas Malaysia Berhad
- Zelan Berhad
- Pelaburan Hartanah Berhad



Dato' Sri Che Khalib bin Mohamad Noh
Independent Non-Executive Director

Dato' Sri Che Khalib bin Mohamad Noh, 48, a Malaysian, was appointed to the Board on 17 August 2012 as a Non-Independent Non-Executive Director. On 1 July 2013, Dato' Sri Che Khalib was re-designated as an Independent Non-Executive Director. He is the Chairman of the Information and Communication Technology Committee.

Dato' Sri Che Khalib is a fellow of the Association of Chartered Certified Accountants (United Kingdom) and a Chartered Accountant (Malaysia).

Dato' Sri Che Khalib began his career as an audit assistant with Messrs Ernst & Young in 1989 and later joined Bumiputra Merchant Bankers Berhad. Between 1992 and 1999, he served in several companies within the Renong Group including Projek Lebuhraya Utara Selatan (PLUS), HBN Management Services Sdn. Bhd., Renong Overseas Corporation Sdn. Bhd. and Marak Unggul Sdn. Bhd., the consortium responsible for the management of Keretapi Tanah Melayu Berhad. In June 1999, he joined Ranhill Utilities Berhad as its Chief Executive Officer. He then assumed the position of Managing Director and Chief Executive Officer of KUB Malaysia Berhad prior to his appointment as the President/Chief Executive Officer of Tenaga Nasional Berhad on 1 July 2004 where he served for 8 years. He later joined DRB-HICOM Berhad as Chief Operating Officer, Finance, Strategy and Planning in July 2012.

Effective 1 July 2013, Dato' Sri Che Khalib was appointed Managing Director of MMC Corporation Berhad.

Dato' Sri Che Khalib was previously a member of the Board and the Executive Committee of Khazanah Nasional Berhad from 2000 until 2004. He also served as a Board member within the United Engineers Malaysia Berhad Group of Companies and Bank Industri & Teknologi Malaysia Berhad.

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

Dato' Sri Che Khalib attended all five (5) Board meetings held subsequent to his appointment during the financial year under review.

Particulars of directorships in other public companies:

- MMC Corporation Berhad (Managing Director)
- Bank Muamalat Malaysia Berhad

Board of Directors Profile (cont'd.)

Eshah binti Meor Suleiman

Non-Independent Non-Executive Director

Puan Eshah binti Meor Suleiman, 58, a Malaysian, was appointed to the Board on 25 February 2009 as a Non-Independent Non-Executive Director. She is the Chairperson of the Tender Board Committee and a member of the Board Nomination and Remuneration Committee.

Puan Eshah holds a Bachelor of Economics (Honours) from the University of Malaya and a Master of Business Administration (Finance) from the Oklahoma City University, United States of America.

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



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

Puan Eshah attended six (6) out of seven (7) Board meetings held during the financial year under review.

Particulars of directorships in other public companies:

- Global Maritime Ventures Berhad
- Telekom Malaysia Berhad (Alternate Director)
- Malaysia Airports Holdings Berhad
- Malaysian Airline System Berhad (Alternate Director)



Group CEO's Profile

Dato' Iskandar Mizal bin Mahmood
Group Chief Executive Officer

Dato' Iskandar Mizal bin Mahmood, 46, a Malaysian, was appointed Group Chief Executive Officer of the Company on 15 July 2013.

He holds a Bachelor of Science in Business Administration (Accounting) from Boston University, Massachusetts, United States of America.

Dato' Iskandar was the founding Chief Executive Officer (CEO) and a Board member of Malaysian Biotechnology Corporation Sdn Bhd (BiotechCorp), which is the Malaysian Government's professional agency spearheading the development of the country's biotechnology industry. He was also the Chairman of the Board of Malaysian Bio-XCell Sdn Bhd, a 60% subsidiary of BiotechCorp that is undertaking the development of a comprehensive biotechnology ecosystem located in Iskandar Malaysia, Johor. Under Dato' Iskandar's leadership, BiotechCorp has grown to be one of the leading biotechnology industry developmental organisations within the region. Prior to his appointment to BiotechCorp, Dato' Iskandar was the CEO and a Board member of Malaysian Technology Development Corporation Sdn Bhd (MTDC), Malaysia's integrated venture capital company. Prior to that, he was with Malaysia Airports Holdings Berhad holding several senior management positions and portfolios. Dato' Iskandar had also served with several investment banking institutions including CIMB Group and Bumiputra Merchant Bankers.

Dato' Iskandar was the Managing Director and CEO of Manipal Education Malaysia Sdn Bhd (MEM) for approximately 2 years before his appointment as Group Chief Executive Officer of the Company. Under his stewardship, MEM obtained a full university license to operate Manipal International University.

Dato' Iskandar does not have any family relationship with any director and/or substantial shareholder of the Company or any conflict of interest in any business arrangement involving the Company. He has not been convicted of any offence within the past 10 years.

Particulars of directorships in other public companies in Malaysia:

- Globetronics Technology Berhad

Leadership Team



1. Dato' Sabrina Albakri Abu Bakar
Group Head, Legal, Secretarial & Regulatory Counsel
2. Fikri Ahmad
Group Head, Human Resource
3. Ahmad Faisal Murad
Group Chief Financial Officer



1. Dato' Iskandar Mizal Mahmood
Group Chief Executive Officer
2. Mohd Shukrie Mohd Salleh
Group Chief Operating Officer
3. Nik Ahmad Fauzan Nik Mohamed
Group Head, Corporate Services



1. Mohd Amin Nallah
Group Head, Risk Management
2. Mariyani Awang
Group Head, Corporate Compliance
3. Balqais Yusoff
Group Head, Corporate Planning
4. Zaidi Hussain
Group Head, Program Management Office
5. Firhart Arshad
Covering Group Head, Strategic Procurement

1. Chum Choy Han
Chief Operating Officer, International Business Solutions (IBS)
2. Nor Azizan Tarja
Chief Operating Officer, Supply Chain Solutions (SCS)
3. Bahaman Kamaruzzaman
*Chief Operating Officer, Digital Solutions (DS)
Chief Executive Officer, Datapos Sdn Bhd*
4. Dato' Mearia Hamzah
Chief Operating Officer, One-Stop Solutions (OSS)
5. Hasnul Haniff
Chief Operating Officer, Communications and Distribution Solutions (CDS)



Leadership Team (cont'd.)



1. Amir Suhaimi Hassan
Chief Operating Officer, Digicert Sdn Bhd
2. Raja Nor Izah Raja Jaafar
Group Head, Sales and Marketing
3. Mohd Azri Hashim
Covering Group Head, Transport Management
4. Hisham Zuhdi
Covering Group Head, Facilities Management
5. Mohd Yusri Dollah
Group Head, Transformation Management Office, (TMO)



1. Radin Asrul Adza Radin Soenarno
Chief Information Officer, Information & Communication Technology (ICT)
2. Wan Mahadzer Isllah Bin Wan Puteh
Group Head, Revenue Assurance
3. Dato Rohaiza Hashim
Group Head, Corporate Communications & Customer Care
4. Harleim Mohd Nor
Covering Group Head Internal Audit



Corporate Responsibility Statement



At the most basic level, Pos Malaysia is committed to enhance the life of Malaysians by offering high quality products and services that are convenient, reliable and fulfill their various needs. These efforts are supported by a series of initiatives to uplift the marginalised and empower the disenfranchised, ultimately contributing towards national development.

As a responsible organisation, we maintain the highest level of integrity in our dealings with all our stakeholders, from our employees to our regulators, business partners, customers and the society at large. Together with initiatives aimed at minimising the environmental impact of our business, we work towards achieving the triple bottom line objectives comprising social, environmental and financial profits.

Our Corporate Responsibility efforts will be described in the following pages, categorised in the areas of Community, Workplace, Marketplace and the Environment.

COMMUNITY

Pos Malaysia supports the Government in various nation-building initiatives, most significantly in ensuring that all Malaysians have access to efficient and affordable postal services. Furthermore, to empower the nation, we invest in the provision of quality education to youths.

National Development

Our most critical role is to provide services to Malaysians across the length and breadth of the country. We therefore embarked on the Government-funded Postal Transformation Programme for Sabah and Sarawak (PTPSS) in 2010 and completed the first phase in November 2012 with the appointment of 600 Community Postmen and 1,000 Postal Community Representatives as well as the deployment of 10 Pos-on-Wheels in the two states.

Subsequent to this, KPKK gave the approval for us to carry out Phase II of the PTPSS, which commenced in November 2012.

In March 2013, we were appointed by Yayasan Kebajikan Negara Malaysia to serve as the payment agent to merchants involved in the Karisma@Hati Rakyat (K@HR) programme under which low-income families were given vouchers to purchase groceries. We have also offered *Yayasan Waqaf Anak Yatim atau Miskin Malaysia* (YAWATIM) the use of our outlets for the public to channel waqaf funds towards the provision of education to orphans and the underprivileged children.

Supporting the Government's initiatives to uplift the marginalised, we collaborated with KPKK to upgrade several *Orang Asli* villages in Jelebu, Negeri Sembilan. We also took part in the *My Beautiful Malaysia* programme by contributing towards beach cleaning efforts at Pantai Nenasi in Pekan, Pahang.

Education

Pos Malaysia contributes to more equitable education in the country through our school adoption programme where we upgraded the facilities in the schools, as well as support towards improving the students' academic achievements and character-building. We began this initiative, by adopting two schools in Penang – Sekolah Menengah Kebangsaan Sungai Acheh, Nibong Tebal and Sekolah Kebangsaan Kuala Perai, Butterworth – for a period of three years. By the time this programme ended in 2011, the two schools had recorded improvements in their national examination results.

We were therefore encouraged to continue with the programme, and adopted another two schools, namely Sekolah Kebangsaan Tanjung Agas in Pekan, Pahang and Sekolah Kebangsaan Pekan Pagoh in Muar, Johor. To inspire the students to excel, we organised motivational camps and talks, as well as academic trips to Kuala Lumpur. We also encouraged the use of Information Technology in learning by contributing a desktop to each school.



Corporate Responsibility Statement (cont'd.)

Supporting Orphans

Pos Malaysia has embarked on an Orphanage Adoption Programme through which we aim to enhance the facilities of the homes, improve the educational achievement of the orphans as well as contribute towards their personal development. Two orphanages have been selected based on their needs, namely Rumah Limpahan Kasih in Puchong and Rumah Sentuhan Budi in Kuala Lumpur. Through our programme, we arranged motivational camps for the children, and organised various activities at their homes such as *berbuka puasa* and *gotong royong* sessions. We also took the children shopping for school uniforms.



Projek Kami Prihatin

We positively encourage our employees to contribute to the needy and have set up the Projek Kami Prihatin to serve as a channel for them to do so. Through this programme, staff can contribute basic essentials such as dried foods, diapers, clothes, school paraphernalia as well as cash to the underprivileged throughout the year.



WORKPLACE

We aim to create a stimulating work environment that motivates our employees to realise their true potentials as well as fostering a sense of unity and belonging to Pos Malaysia.

Training & Professional Development

In order to build our human capital and attain a high level of performance to sustain future growth, we provide continuous and strategic training to our people. New recruits partake in induction programme through which they understand the culture and ethos of Pos Malaysia as well as our business strategies and objectives. Subsequently, they are provided with customised training at our own training centre, Institut Latihan Pos (ILP), to equip them with the essential skills and knowledge to carry out their current functions while preparing them for career advancement.



Since 2012, we have also been implementing the HICOM Management System (HMS), which serves to improve our relationship management while streamlining our business operations and allowing for cross-fertilisation of our human capital. Senior managers from Pos Malaysia are posted to other companies within the DRB-HICOM Group of Companies, and vice versa, for greater experience and invaluable exposure, thus enhancing their professionalism and personal growth.

Staff Engagement

We believe it is important for our more than 16,000 workforce to understand and embrace Pos Malaysia's vision and values so as to unite in a single, powerful entity, driven to achieve our shared goals. Having embarked on our transformation journey, it is critical that our people fully understand the destination and are empowered to provide the necessary support to ensure constant improvements are made throughout the value chain.

Towards this end, a series of quarterly briefings, led by the Group Chief Executive Officer were organised, offering a two-way platform to share the Company's performance and aspirations. At the same time, walkabout and town hall sessions were conducted to meet and brief our staff countrywide on our business transformation plan.

At the operations level, we encourage our staff to be creative and offer ideas on how work processes can be improved, such as using recycled and made in Malaysia products for cost efficiency and enhance the working environment. Many ideas were put to test and given recognition during the annual Quality Convention.

To further strengthen unity, we organise staff related events such as company *berbuka puasa* (breaking of fast) session, *tarawikh* prayers, *sahur*, *Qiyamullail*, *Sinar Zohor* and *Hari Raya Open House*.

Corporate Responsibility Statement (cont'd.)

We realise that working together in community programmes strengthens the bonds between staff while providing meaningful service to society. We therefore fully support staff volunteerism through the Skuad Bencana Alam Pos Malaysia (SkuBA), which provides a channel for our staff to lend a helping hand to victims of natural disasters. Staff selected for the programme were sent for disaster rescue training conducted by the Malaysian Civil Defense Department (JPAM) to enhance teamwork as well as to be equipped with the necessary skills and knowledge that will enable them to help the victims in times of crisis.



Family Support

Our programmes and initiatives are not limited to staff, but also extended to their families. Through the Pos Malaysia Education and Assistance Scheme (PAES), 68 children of Pos Malaysia staff were offered the opportunity to further their studies at the Lim Kok Wing University. Another five children were selected to further their studies at the International College of Automotive (ICAM) in Pekan, Pahang.

MARKETPLACE

Pos Malaysia is committed to maintaining our reputation as a professional organisation that upholds the highest level of integrity and corporate governance. We respect and value our customers, regulators, business partners and shareholders, and invest in building strong relationships with each stakeholder group.

One of Pos Malaysia's core values, *Customer Centricity*, places emphasis on the delivery of a consistently high standard of products and services. By paying attention to the specific needs of our individual and corporate clients, we help them increase their market share and profit margins. For instance, PosLaju prepaid envelopes and boxes have helped many online business enterprises generate greater sales volume and increase their revenues via more efficient product delivery to their customers.

Other core values of *Decorum, Excellence, Innovation, Integrity, Accountability* and *Timeliness* serve as a solid foundation to ensure that we remain as a trusted and reliable partner to all our stakeholders. In strengthening our stakeholder relationships, we engage our investors, regulators, business partners, and the media during strategic dialogues, investors' briefings and our Annual General Meetings, while also providing key financial and operational information on our website and in our Annual Reports.

We also host our corporate clients and the media at social events such as our Hari Raya Open House; while engaging on a personal level with our customers at Permodalan Nasional Berhad's annual Minggu Saham Amanah Malaysia as well as our own annual Stamp Week and World Postal Day celebrations.

We are committed to solving any grievance that may arise between a staff and the Company, or a third party and the Company, as equitably and quickly as possible. Our staff are informed as to how and where to channel their grievances, while line managers, Heads of Departments and representatives from Human Resources/Industrial Relations are trained to handle grievances brought to their attention by the staff. A secured whistleblowing channel is available for staff to report complaints to the management, which keeps the identity of the staff confidential. Their consent is sought should there be a need to disclose their identity for investigation purposes.

ENVIRONMENT

We are conscious of the urgent need to protect and enhance the environment for its own sake, as well as to minimise our carbon footprint in light of climate change issues. While taking various measures to reduce our environmental impact in the workplace, we are also educating the younger generation on the importance of caring for the environment to safeguard national and global sustainability.

Reducing our Carbon Footprint

Wherever possible, we minimise use of fuel-based energy in order to reduce our carbon emissions. We advocate energy-saving practices in our premises such as switching off lights as well as electronic and electrical devices when these are not in use.

Other environment-friendly initiatives include reducing the use of non-recyclable materials in our products and saving on paper in internal communication.

Educating Youth

We believe that creating awareness of environmental issues in the young will go a long way towards nurturing a sustainable nation as these youth will take over in shaping the country as policy and decision makers in the not too distant future.

In FY 2013, we took 80 children of Pos Malaysia staff to the Padang Kemunting Turtle Conservation Centre in Pengkalan Balak, Melaka, where they were exposed to the turtle conservation initiatives by the Department of Fisheries, Malaysia.

We recognise that being responsible means being receptive to changes in the environment and adapting ourselves to meet these challenges as time goes by. Our Corporate Responsibility initiatives are therefore always a work in progress, and we aim to constantly improve on them to remain a responsible, responsive and respectful organisation.



Corporate Governance Statement

The Board of Directors (“**Board**”) and Management of Pos Malaysia Berhad (“**Pos Malaysia**” or “**the Company**”), remain committed to upholding and continuously improving good corporate governance practices throughout the Pos Malaysia Group of Companies (“**Group**”) for the protection and creation of greater shareholder and other stakeholder value and for maintaining integrity, trust and confidence in the Company.

The foundation for good governance lies in having an effective Board in place. The Board realises that to be effective, it and its members must continuously perform and not just conform. The Board subscribes to the belief that the quest for standards of best practice represents a continuous journey.

Pos Malaysia has considered the Recommendations made under each Principle set out in the Malaysian Code on Corporate Governance 2012 (“**MCCG 2012**”) and the Corporate Governance Guide issued by Bursa Malaysia Berhad.

The Board is now pleased to report to the shareholders in greater detail on the manner in which the Group has applied the Principles and Recommendations of the MCCG 2012 and/or propose to apply them.

A. BOARD OF DIRECTORS

Principal Responsibilities of the Board

The roles and responsibilities of the Board are clearly set out in the Pos Malaysia Board Policy Manual. The duties, responsibilities, powers and functions of the Board are governed by the Articles of Association of the Company (“**Company Articles**”), the Companies Act 1965 and Companies (Amendment) Act 2007 (collectively the “**Companies Act**”), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**MMLR of Bursa Securities**”) and other relevant laws, rules and regulatory guidelines that are in force. The Pos Malaysia Board Policy Manual assists the Directors to better appreciate their roles and responsibilities, thus ensuring the long-term objectives of the Group are met.

The functions and power delegated by the Board to the Management to manage the daily business and operations of the Group are spelt out in the Limits of Authority (“**LOA**”) adopted throughout the Group. The schedule of matters reserved for the collective decision of the Board is also enshrined in the LOA.

The Board is responsible for setting the Group’s strategic goals and direction and overseeing the performance and management of the business and affairs of the Group.

The principal responsibilities of the Board are set out in the Board Policy Manual and the Board carries them out accordingly as follows:

(i) Ensure that the Group's objectives are clearly established and that strategic plans are in place to achieve those objectives.

The Board is responsible for setting the Group's strategic goals and direction and overseeing the performance and management of the business and affairs of the Group.

In 2012, the Board established and endorsed a 5-year Strategic Plan to define the path and direction of Pos Malaysia for the next five (5) years. The 5-year Strategic Plan states the Company's end-game model to become a one-stop provider of communications, logistics, financial services and supply chain solutions. Premised on five (5) Strategic Trusts themed "SCORE", the Board has established broad based strategies to facilitate business growth and achieve operational efficiency, supported by strong capabilities and customer driven strategies which are envisaged to transcend into a dynamic high-performing and modern Pos Malaysia. The 5-year Strategic Plan follows from an earlier Transformation Masterplan which focused primarily on enhancing internal capabilities and processes.

(ii) Establish policies to strengthen the Group's performance, and ensure that Management proactively seeks to build the business through innovation, initiative, technology, new products and the development of business capital.

As a fundamental part of discharging the Board's responsibility to strengthen the Group's performance, the Board continuously acts to improve and refine Management practices. For this purpose, the Board ensures that the Company has adequate policies in place to ensure consistency in Management practice. The Board and Management also periodically assess the adequacy of existing policies within the Group and adopt new ones and/or improve the existing policies in order to strengthen the Group's performance.

(iii) Adopt performance measures to monitor implementation and performance of the Group's objectives, strategies, action plans and policies.

An Annual Management Plan ("AMP") comprising the Group's Business Plan and Annual Budget is formulated and approved by the Board on an annual basis to monitor the Group's annual performance towards achieving the 5-year Strategic Plan. The AMP is reviewed by the Board through a Mid-Term Performance Review conducted at the end of the first half of the financial year to review the Company's half-year performance and determine if there is a need for any revision to the AMP.

The Board also approves a set of Key Performance Indicators ("Corporate KPI") for the achievement of the other financial targets and initiatives as set out in the AMP. The Corporate KPIs in turn becomes the KPIs of the Company's Group Chief Executive Officer ("GCEO"). The KPIs of the GCEO are then cascaded to the Senior Management team members and the rest of the employees accordingly. The Board also monitors the performance of the Company against the AMP through a Management Status Report which is tabled to the Board once every quarter. After the closing of the financial year, the performance of the Company against the Corporate KPIs is assessed and an appropriate performance rating is accorded.

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

In assisting the Board to evaluate whether the business of the Company is being properly managed, the Audit Committee is tasked to assess the Group's current processes, determine their adequacy and recommend improvements, if necessary. The Company's Internal Audit Department ("IAD") assists and supports the Audit Committee in undertaking this responsibility.

Corporate Governance Statement (cont'd.)

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

Pos Malaysia has a dedicated Risk Management Department which is entrusted with the task of monitoring the Group's risks. A Risk Management Report which highlights the Company's Risk Register and Top Key Risks is tabled to the Audit Committee and the Board for deliberation on a quarterly basis.

The IAD also audits the internal control system of the Group and presents its Audit Reports to the Audit Committee on a quarterly basis highlighting any breach of internal controls and other areas of weakness.

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

The Board has established four (4) Board Committees, namely the Audit Committee, Board Nomination and Remuneration Committee ("BNRC"), Tender Board Committee and Information and Communication Technology Committee, to carry out the respective responsibilities assigned to them. The composition and Terms of Reference of these Board Committees are as stated in the later part of this Statement.

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

The Audit Committee is delegated with the responsibility to ensure that the Group's statutory accounts are fairly stated and conform with the relevant regulations and acceptable accounting policies. In carrying out such responsibility, the Audit Committee places focus particularly on major accounting policy changes, significant and unusual events, significant adjustments resulting from audit, going concern assumptions and compliance with accounting standards and other legal requirements.

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

In determining the succession planning for Board members, the Board is guided by the recommendation made under the MCGC 2012 and the MMLR of Bursa Securities which stipulates that each Director should have the character, experience, integrity, competence and time to effectively discharge his/her role as a Director, taking into account the future needs and way forward for the Company. When carrying out the annual assessment, the BNRC sets out the criteria required for the Board in terms of the type of experience and competency required for Board members to realise the Vision and Mission of the Company. The BNRC would then determine if there are any gaps within the Board, and if need be, propose the appointment of new Directors with the required skills sets.

The succession planning for Senior Management positions is determined by a structured process led by the Human Resources Department, which is then endorsed by the GCEO. However, the succession planning for the Group Chief Operating Officer, the Chief Operating Officers who are Heads of Business Clusters, the Group Chief Financial Officer and the Group Head of Corporate Services (collectively "Chief Level Officers") is deliberated by the BNRC who then makes the necessary recommendations to the Board for consideration and approval.

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

The Corporate Values, Whistle Blowing Policy & Procedures and Integrity Pact under the Procurement Policy are currently in place to help inculcate good corporate and ethical behaviour in the conduct of the Group and its employees. In order to ensure a secured channel of communication for whistleblowing, the Board has appointed the Head of Internal Audit and Company Secretary/Head of Legal as the Group's authorised representatives to receive whistleblowing reports.

The Board has also agreed to adopt the Code of Ethics for Directors issued by the Companies Commission of Malaysia.

(x) Ensure that an appropriate public relations and communications programme, and an investor relations programme are in place.

The Group adopted the Communications Policy and Investor Relations Policy in line with the best practices laid down in the Corporate Disclosure Guide issued by Bursa Malaysia Securities Berhad (“**Bursa Securities**”) which governs the communications activities externally and internally. The Communications Policy is extended to cover Media Policy (Press, Broadcast and Online), Corporate Advertising Policy, Internal Communications Policy, Email Communications Policy, Corporate Social Responsibility Policy and Donation and Sponsorship Policy.

(xi) Ensure that there is a schedule of matters reserved for collective decision of the Board.

The schedule of matters reserved for the collective decision of the Board is set out in the Board Policy Manual and the LOA.

Board Balance and Composition

The Company Articles stipulate that the Board shall not comprise less than two (2) nor more than twelve (12) members. The Board currently consists of seven (7) members, comprising a Non-Independent Non-Executive Chairman, two (2) Non-Independent Non-Executive Directors and four (4) Independent Non-Executive Directors. The Company has complied with the minimum compliance level set under the MMLR of Bursa Securities, which requires one-third of the Board to consist of Independent Directors. The Company has also complied with the recommendation under the MCCG 2012, which stipulates that the Board should comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director.

In support of the Government of Malaysia’s policy to have 30% women participation in decision making positions by 2016, and in meeting the recommendation of the MCCG 2012 on gender diversity, the Board has appointed Datuk Puteh Rukiah binti Abd. Majid as an Independent Non-Executive Director on 7 June 2013. The other lady Director who has been on the Board since 2009 is Puan Eshah binti Meor Suleiman, a Non-Independent Non-Executive Director who represents the interests of the Special Shareholder, namely the Minister of Finance (Incorporated).

The Board, through the BNRC, will also take into account the Directors’ varied skills and breadth of experience to ensure they remain relevant and important for an effective management of the Group’s business. Details of the Directors’ skills and experience are outlined in the Board of Directors’ profiles contained in this Annual Report.

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

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

The overall business and day-to-day operations of the Group are managed by the GCEO who is not a Board member. The GCEO is accountable to the Board for the overall organisation, management and staffing of the Group and for its procedures in financial and operational matters, including conduct and discipline. The authority limits of the GCEO are enshrined in the Company’s LOA duly approved by the Board.

Dato’ Haji Khalid bin Abdol Rahman (“**Dato’ Khalid**”) was the GCEO of Pos Malaysia for the period from 1 January 2012 to 1 February 2013. Following the cessation of Dato’ Khalid as GCEO, Dato’ Iskandar Mizal bin Mahmood (“**Dato’ Iskandar**”) has been appointed the Company’s new GCEO with effect from 15 July 2013. The profile of Dato’ Iskandar is contained in this Annual Report. During the absence of a GCEO, from 1 February 2013 to 14 July 2013, Encik Mohd Shukrie bin Mohd Salleh, Group Chief Operating Officer of Pos Malaysia was appointed Covering GCEO.

Corporate Governance Statement (cont'd.)

The four (4) Independent Non-Executive Directors of the Company, namely Dato' Ibrahim Mahaludin bin Puteh, Dato' Sri Che Khalib bin Mohamad Noh, Datuk Puteh Rukiah binti Abd. Majid and Encik Abdul Hamid bin Sh. Mohamed, are independent from Management and are able to exercise independent judgement and participate positively in all the Board's deliberations. They also play a pivotal role in the provision of unbiased and independent views, advice and judgement as well as safeguard the interests of other parties such as minority shareholders and other stakeholders.

An assessment on independence was carried out by the Independent Directors by way of a self-assessment, using the criteria of Independence prescribed under the MMLR of Bursa Securities. The BNRC then reviewed the same and agreed that the Independent Directors are able to exercise independent and objective judgment in carrying out their duty as Independent Directors. This pronouncement was subsequently endorsed by the Board. All the Independent Non-Executive Directors have not breached the nine-year tenure for Independent Directors, as recommended under the MCCG 2012.

Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil and Datuk Mohamed Razeek bin Md Hussain Maricar are the nominee Directors of DRB-HICOM Berhad, the Company's largest shareholder on the Board. Dato' Sri Che Khalib bin Mohamad Noh ("Dato' Sri Che Khalib"), who was earlier a nominee Director of DRB-HICOM Berhad, was re-designated as Independent Director on 1 July 2013 pursuant to his resignation as Chief Operating Officer of DRB-HICOM Berhad following his appointment as Managing Director of MMC Corporation Berhad. Dato' Sri Che Khalib's re-designation was approved by the Board as Dato' Sri Che Khalib fulfills the independent criteria under the MMLR of Bursa Securities and the Board was of the opinion that Dato' Sri Che Khalib was able to exercise independent and objective judgement.

Datuk Low Seng Kuan, who was the Senior Independent Director of Pos Malaysia, resigned from the Board on 16 May 2013 following his appointment as a Cabinet Minister of Malaysia. Upon Datuk Low Seng Kuan's resignation, Dato' Ibrahim Mahaludin bin Puteh was re-designated as Senior Independent Non-Executive Director of the Company, to whom concerns may be conveyed by shareholders and/or members of the public. The Senior Independent Non-Executive Director represents the interests of minority shareholders and the general public by exercising independent judgement as well as promoting good governance practices within the Company and the Board.

Board Meetings and Supply of Information to the Board

During the financial year ended 31 March 2013 ("Period Under Review"), seven (7) Board meetings were held and the attendance of the Directors at the meetings was as follows:

Director	No of meetings attended during the Period Under Review	Percentage
Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil	6 out of 7	86%
Dato' Ibrahim Mahaludin bin Puteh	6 out of 7	86%
Eshah binti Meor Suleiman	6 out of 7	86%
Dato' Sri Che Khalib bin Mohamad Noh (Appointed w.e.f. 17 August 2012)	5 out of 5	100%
Abdul Hamid bin Sh Mohamed (Appointed w.e.f 1 March 2013)	1 out of 1	100%
<u>Directors appointed after the Period Under Review</u>		
Datuk Mohamed Razeek bin Md Hussain Maricar (Appointed w.e.f 24 April 2013)	N/A	N/A
Datuk Puteh Rukiah binti Abd. Majid (Appointed w.e.f 7 June 2013)	N/A	N/A

Director	No of meetings attended during the Period Under Review	Percentage
<u>Directors during the Period Under Review who have resigned</u>		
Dato' Krishnan a/l Chinapan (Resigned w.e.f 24 October 2012)	2 out of 2	100%
Dato' Lukman bin Ibrahim (Resigned w.e.f 28 February 2013)	4 out of 5	80%
Datuk Low Seng Kuan (Resigned w.e.f 16 May 2013)	6 out of 7	86%
Dato' Wee Hoe Soon @ Gooi Hoe Soon (Resigned w.e.f 7 June 2013)	6 out of 7	86%

A schedule for Board Meetings and Board Committee meetings set for a whole financial year is prepared in advance and tabled to the Board for approval before the commencement of a new financial year. Generally, the Board is scheduled to meet at least once in every quarter with additional meetings convened as and when necessary.

The agenda for each Board and Board Committee meeting together with the relevant papers and supporting documents relating to items on the agenda items are distributed to Board members and/or Board Committee members at least five (5) business days beforehand. This enables the Directors to prepare themselves for the meeting and to obtain further information, if necessary, in order to be properly and adequately informed before the meetings.

All Board deliberations including views of the Board members, Board decisions, rationale for each decision, as well as clear actions to be taken by Management are clearly and accurately recorded in the minutes. Relevant Board and Board Committee decisions are also communicated to Management immediately after each meeting.

Board papers are prepared based on a standard format to ensure consistency in the presentation of facts and to ensure adequate and relevant information are provided to the Board. Each Board paper for approval states the objective of the proposal, provides background information, the financial effects of the proposal, issues for consideration including risks, other options for consideration, disclosure of interested Director or major shareholder (if applicable), Management's recommendations and action sought from the Board. The GCEO and relevant Management members make presentations on the papers to the Board at the meetings to further facilitate the Board in its decision-making.

The quality of information received by the Board has a direct impact on the quality of decisions made by the Board. In order to maintain high standards, at the end of every meeting, the Board provides feedback to Management by rating the quality of information provided in the papers and the quality by presentations prepared by Management by filling out a Board Paper Evaluation Form. The feedback received from the Board members helps Management in improving the quality of its Board papers and presentations.

The Directors also have access to all information within the Group to the extent that the information required is pertinent to the discharge of their duties as Directors and is for the benefit of the Group. In addition, all Directors have access to the advice and services of the Company Secretary. Any Director may also request to seek independent professional advice should the need arise and this can be done through the Board or the Management. The Company Secretary supports the Directors by advising the Directors of their duties under the law, rules and regulations. The Company Secretary also supports the Directors on procedural and regulatory matters that affect the Directors. In an effort to ensure a high quality of services is maintained by the Company Secretary, the Board members provide feedback on the Company Secretary's quality of services through an annual Internal Customer Satisfaction Survey, which forms part of the Company Secretary's Key Performance Indicator.

Corporate Governance Statement (cont'd.)

Appointment of Board Members and GCEO

One of the functions of the BNRC is to propose to the Board for its consideration suitable candidates for appointment as Directors and GCEO of Pos Malaysia. When considering new appointment(s), the BNRC takes into account the candidates' skills, knowledge, expertise, experience, professionalism and integrity. In the case of a candidate for the position of an Independent Director, the BNRC would consider the candidate's ability to discharge such responsibilities/functions as expected of Independent Directors.

When considering the time commitment of each Director in discharging his/her responsibilities, the BNRC considers the number of directorships (public listed and private companies) the Director holds. This consideration is made when deliberating the Director's appointment and when conducting an annual assessment on the Director's performance. The Directors are also required to notify the Chairman of the Board before accepting any other new Board appointment and his/her time commitment expected under the said new appointment.

As Pos Malaysia is licensed by Bank Negara Malaysia ("BNM") under the Money Services Business Act 2011 ("MSBA") for its remittance business, all new appointment(s) of Director(s) and GCEO are subject to the approval of BNM. As such, all Directors and the GCEO must also fulfill the "fit and proper" test as prescribed by BNM.

Re-election of Directors

The Company Articles require all Directors to retire from office at least once in every three (3) years at the Company's Annual General Meeting ("AGM") and at least one-third of the Directors are subject to retirement by rotation at each AGM where they are then eligible for re-election by the shareholders.

The profile of the Directors who are retiring and seeking re-election at the forthcoming AGM are disclosed in the Board of Directors' profile contained in this Annual Report.

Board Effectiveness Assessment

The BNRC is tasked under its Terms of Reference with carrying out the necessary evaluation of the effectiveness of the Board and Board Committees on an annual basis. This includes ensuring that the Board has the appropriate mix of skills and experience and discharges its duties effectively.

For the Period Under Review, as an effort to continuously monitor the Board's effectiveness, the BNRC had carried out an assessment on the Board as a whole, the Board Committees and on each Director. The BNRC had also carried out an assessment on the independence of each Independent Director in accordance with the criteria of independence as stipulated under the MMLR of Bursa Securities in order to ensure that the Independent Directors are capable of exercising their duties and judgement independently. The results of the assessment as well as comments and suggestions made thereon were deliberated by the BNRC and the necessary action plans for improvement were thereafter proposed for consideration and approval by the Board.

Directors' Training

The Board recognises the importance of continuous training for the Directors to ensure they stay abreast of the latest developments and changes in laws and regulations, business environment and challenges. The training also equips the Directors with the necessary knowledge and skills to enable them to fulfill their responsibilities and to discharge their duties effectively.

All new Board members undergo an orientation programme to better understand the business of the Group and all the Directors have also attended the Mandatory Accreditation Programme. In addition, in-house training is organised for the Directors. Each Director further stipulates the training he/she requires each year.

Training programmes and/or forums attended by the Directors during the Period Under Review were: The Malaysian Code on Corporate Governance 2012, Competition Act 2010, Insurance Insights, Chief Financial Officer Summit 2012, Updates on the Bursa

Malaysia Main Market Listing Requirements and Corporate Disclosure Guide, Corporate Governance Blueprint and Malaysian Code on Corporate Governance 2012, Limited Liability Partnership & Its Tax Facet, 3rd APAC Pricing Strategy Forum, Distinguished Role Players of a Conference on Building Integrity in the Public and Private Sectors, ACCG Conference, Bursa Malaysia Sustainability Training for Directors & Practitioners, 5th Annual Corporate Governance Summit, Khazanah Megatrends Forum 2012, Refresher on Malaysian Financial Reporting Standards, MICPA Bursa Malaysia Business Forum 2012, Look East Policy 30th Anniversary Symposium, DBS Vickers Pulse of Asia Conference, Marshall Goldsmith Full Day Workshop and Bursa Malaysia Sustainability Training For Directors and Practitioners.

Board Committees

In accordance with the Company Articles, the Board delegates certain responsibilities to the Board Committees with clear Terms of Reference and scope of responsibilities. There are currently four (4) Board Committees in place, namely the Audit Committee, the BNRC, the Tender Board Committee and the Information and Communication Technology Committee.

(I) Audit Committee

The Audit Committee comprises four (4) Non-Executive Directors, three (3) of whom are Independent Directors. The members are as follows:

1. Encik Abdul Hamid bin Sh. Mohamed
(appointed Chairman w.e.f 21 May 2013)
(Chairman/Independent Non-Executive Director)
2. Dato' Ibrahim Mahaludin bin Puteh
(Senior Independent Non-Executive Director)

3. Datuk Mohamed Razeek bin Md Hussain Maricar
(appointed w.e.f 10 May 2013)
(Non-Independent Non-Executive Director)
4. Datuk Puteh Rukiah binti Abd. Majid
(appointed w.e.f 19 June 2013)
(Independent Non-Executive Director)

- * Datuk Low Seng Kuan (ceased as Chairman following his resignation on 16 May 2013)
- * Dato' Wee Hoe Soon @ Gooi Hoe Soon (ceased as member following his resignation on 7 June 2013)
- * Dato' Lukman bin Ibrahim (ceased as member following his resignation on 28 February 2013)

A majority of the Audit Committee members are financially literate and/or have strong management experience. Encik Abdul Hamid bin Sh. Mohamed, who is currently the Executive Director of Symphony House Berhad, is the new Chairman of the Audit Committee. He is a Chartered Certified Accountant with the Association of Chartered Certified Accountants and the former Chief Financial Officer of the Kuala Lumpur Stock Exchange (now Bursa Securities). Dato' Ibrahim Mahaludin bin Puteh, on the other hand, has vast experience having served in various divisions at the Ministry of Finance including as Senior Adviser to the Executive Director for South East Asia at the World Bank Group in Washington D.C, United States of America. Datuk Mohamed Razeek bin Md Hussain Maricar, an engineer by qualification, has vast experience in management and in the property industry. As for Datuk Puteh Rukiah binti Abd. Majid, she has vast experience having served in several senior positions at the Ministry of Finance with her last senior position prior to her retirement in 2011 being the Deputy Secretary General (Systems and Controls).

Corporate Governance Statement (cont'd.)

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

- Review the quarterly results and annual financial statements of the Company and Group prior to the Board's approval.
- Assess the quality and effectiveness of the systems of internal control and the efficiency of the Group's operations, particularly those relating to areas of significant risk.
- Assess the internal process for determining and managing key risks other than those that are dealt with by other specific Board Committees.
- Review the internal and external auditors' evaluation of the Group's system of internal control and thereafter report the evaluation to the Board.
- Assess the effectiveness of the Internal Audit functions and the performance of the Chief Internal Auditor as well as set KPIs for the Chief Internal Auditor.

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

(II) Board Nomination and Remuneration Committee

The BNRC comprises five (5) Non-Executive Directors, three (3) of whom are Independent Directors. The members are as follows:

1. Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil
(Chairman/Non-Independent Non-Executive Chairman)
2. Dato' Ibrahim Mahaludin bin Puteh
(Senior Independent Non-Executive Director)

3. Datuk Puteh Rukiah binti Abd. Majid
(appointed w.e.f 19 June 2013)
(Independent Non-Executive Director)
4. Puan Eshah binti Meor Suleiman
(Non-Independent Non-Executive Director)
5. Encik Abdul Hamid bin Sh Mohamed
(Appointed w.e.f 1 March 2013)
(Independent Non-Executive Director)

* Datuk Low Seng Kuan (ceased as member following his resignation on 16 May 2013)

* Dato' Krishnan a/l Chinapan (ceased as member following his resignation on 24 October 2012)

The MCGC 2012 recommends that the Senior Independent Director of a company should be the Chairman of the Nominating Committee. The Board had considered and deliberated on the recommendation and decided to retain the BNRC chairmanship as status quo until such time the two functions of the BNRC, namely nomination and remuneration, are separated. Moreover, the Terms of Reference of the BNRC are already in line with the other best practices of the MCGC and duly adhered to by the BNRC.

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

- Propose to the Board suitable candidates for appointment as Directors in the Group including membership and chairmanship of Board Committees.
- Review on an annual basis the Board structure, size and composition.

- Propose succession planning for the GCEO, Executive Directors (if any) and Chief Level Officers of the Company.
- Assess on an annual basis the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director.
- Recommend to the Board the remuneration framework and the remuneration package and terms of employment for the GCEO and Chief Level Officers of the Company.
- Recommend to the Board for approval a set of KPIs for the GCEO and Chief Level Officers of the Company and assess their respective performance against the KPIs.

(III) Tender Board Committee

The Tender Board Committee comprises four (4) Non-Executive Directors, two (2) of whom are Independent Directors. The members are as follows:

1. Puan Eshah binti Meor Suleiman
(Chairperson/Non-Independent Non-Executive Director)
2. Dato' Ibrahim Mahaludin bin Puteh
(Senior Independent Non-Executive Director)
3. Datuk Mohamed Razeek bin Md Hussain Maricar
(Appointed w.e.f 20 May 2013)
(Non-Independent Non-Executive Director)
4. Encik Abdul Hamid bin Sh Mohamed
(Appointed w.e.f 23 April 2013)
(Independent Non-Executive Director)

- * *Dato' Lukman bin Ibrahim (ceased as member following his resignation on 28 February 2013)*
- * *Dato' Krishnan a/l Chinapan (ceased as member following his resignation on 24 October 2012)*

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

- Examine and where appropriate, approve awards of contracts for the supply of goods, work or services within the limits authorised in the LOA.
- Review the selection for the appointment of successful tenderers for both close and open tender applications.
- Review and approve the Company's procurement policies and procedures including general evaluation criteria, anti-corruption policy and codes of conduct.
- Oversee and monitor the overall implementation of the Company's Procurement Policy Guidelines and review the efficiency and effectiveness of the Company's procurement processes.

(IV) Information and Communication Technology Committee

The Information and Communication Technology ("ICT") Committee comprises three (3) Non-Executive Directors, all of whom are Independent Directors. The members are as follows:

1. Dato' Sri Che Khalib bin Mohamad Noh
(appointed w.e.f 12 November 2012 and re-designated as Chairman w.e.f 23 April 2013)
(Chairman/Independent Non-Executive Director)
2. Dato' Ibrahim Mahaludin bin Puteh
(Senior Independent Non-Executive Director)

Corporate Governance Statement (cont'd.)

3. Datuk Puteh Rukiah binti Abd. Majid
(appointed w.e.f 19 June 2013)
(Independent Non-Executive Director)

* *Dato' Lukman bin Ibrahim (ceased as Chairman following his resignation on 28 February 2013)*
* *Datuk Low Seng Kuan (ceased as member following his resignation on 16 May 2013)*

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

- To award ICT-related contracts/purchases within the limits of authority granted to it as set out in the Company's LOA.
- Review, deliberate and thereafter recommend to the Board of Directors for approval proposals made by Management on the Group's flagship ICT-related projects.
- Review and assess the business case of the Group's flagship ICT projects and their costing to ensure that decisions are properly made on investments and projects.
- Deliberate on Management's strategic and operational ICT plans to ensure alignment with the Group's Corporate Strategy and direction.
- Review on an annual basis key emerging ICT trends and alert the Board on the same including significant potential changes to the trends.
- Deliberate on significant ICT issues affecting the delivery of the Group's flagship projects and thereafter make the necessary recommendations to the Board on action plans to address and mitigate the same.

The Terms of Reference of the Board Committees are also accessible at the Company's corporate website.

B. DIRECTORS' AND GCEO'S REMUNERATION

The Board through the BNRC ensures that the remuneration of the GCEO is fair to attract and retain the GCEO to manage the Group successfully. The level and make-up of the remuneration are structured so as to link rewards with corporate and individual performance. The BNRC determines the performance contracts and structures the rewards for the GCEO based on his performance against the Corporate KPIs set and approved by the Board early in the financial year.

Meanwhile, the Board as a whole determines the fees payable to the Non-Executive Directors and any increase in Directors' fees shall be subject to shareholders' approval at the Company's AGM. The Non-Executive Directors are paid meeting allowances for every Board and Board Committee meeting that they attend and the Company also reimburses reasonable expenses incurred by the Directors in the course of their performance of duties as Directors.

Details of the remuneration of the Directors of Pos Malaysia for the Period Under Review are as follows:

Category (Director)	Fees (RM)	Salaries & Bonus	Allowance (RM)	Total (RM)
Executive	—	—	—	—
Non-Executive *	733,465.75	—	117,000.00	850,465.75
TOTAL	733,465.75	—	117,000.00	850,465.75

The remuneration bands of the Directors of Pos Malaysia for the Period Under Review are as shown below:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	–	1
RM50,001 – RM100,000	–	5*
RM100,001 – RM150,000	–	3*

* Includes the remuneration payable to the Non-Executive Directors who have resigned, namely Dato' Krishnan a/l Chinapan, Dato' Lukman bin Ibrahim, Datuk Low Seng Kuan and Dato' Wee Hoe Soon @ Gooi Hoe Soon. The disclosure on remuneration band does not include the remuneration for Directors who were appointed after the Period Under Review, namely Datuk Mohamed Razeek bin Md Hussain Maricar and Datuk Puteh Rukiah binti Abd. Majid.

The Board remuneration review is carried out on a periodical basis, as and when necessary, to reflect the complexity of the Company's activities and added responsibility of the Board members. Remuneration of other companies would be used as benchmarks in the review. The last Board remuneration review was carried out in 2012 to align with the remuneration policy of DRB-HICOM Berhad following the divestment of Khazanah Nasional Berhad's equity stake in the Company to DRB-HICOM Berhad on 1 July 2011.

C. RELATIONSHIP AND COMMUNICATION WITH INVESTORS AND SHAREHOLDERS

Investor Relations and Shareholder Communication

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

The Company's corporate website, www.pos.com.my, also provides an avenue for keeping the general public updated on the activities of the Group. The website is a source of information on the Group's financial results, services and products, annual reports, press releases, events, newsletters, media highlights and other relevant information. There is a dedicated channel on Investor Relations as stated in the Annual Report and the corporate website where any inquiry from investors or stakeholders may be channelled. Any query on Investor Relations matters may be conveyed to:

Nik Ahmad Fauzan bin Nik Mohamed
 Group Head, Corporate Services
 Tel : +603-2267 2267
 Email : nik.fauzan@pos.com.my

General Meetings

The Company's general meetings serve as the principal forum for communicating with the shareholders of the Company. At these meetings, shareholders have direct access to the Directors and are given ample opportunity and time to raise questions or seek further information from the Directors regarding the Group's activities, financial performance and prospects as well as raise any issue of concern regarding the Group. Besides the Directors, the Senior Management and the Company's external auditors are present at the meetings to assist in responding to queries from the shareholders.

Corporate Governance Statement (cont'd.)

Prior to the tabling of proposed resolutions at an AGM, the shareholders are presented with a summary of the Group's performance on the financial year under review. Voting on resolutions at general meetings is by way of show of hands unless a poll is demanded. Nevertheless, pursuant to the new amendments to the MMLR of Bursa Securities, voting on resolutions relating to related party transactions shall be by way of poll. It also has been a Company practice at general meetings for the presiding Chairman to inform the shareholders of their right to demand for a poll at the commencement of the meeting.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

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

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

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

Internal Control

The Board has the overall responsibility for establishing and maintaining a sound risk management framework and system of internal control to provide reasonable assurance of the effectiveness of the Group's business operations and risk management to safeguard shareholders' investments and the Group's assets.

A dedicated Risk Management Department and Risk Management Committee at the Management level have been entrusted to look into risk management matters of the Group. The Group's Statement on Internal Control and Risk Management which is in line with the new guideline on *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers* issued by Bursa Securities is reported separately in this Annual Report.

Compliance

Pos Malaysia is licensed under the Postal Services Act 1991 ("Postal Act") to carry out postal services in Malaysia. By being the national postal operator, apart from being subject to the provisions of the Postal Act (which was subsequently replaced by the new Postal Services Act 2012), Pos Malaysia is also subject to compliance with other rules and regulations of the Postal Act as well as rules and regulations made under the Universal Postal Union Conventions at the international level.

For being licensed under the MSBA, Pos Malaysia is subject to the provisions of the MSBA and other rules, regulations, guidelines and circulars of BNM in relation thereof. Besides the MSBA, Pos Malaysia is also subject to the Anti-Money Laundering and Anti Terrorism Financing Act 2001 ("AMLTFA").

The Company Secretary assists the Board in ensuring compliance by the Company and the Board of Directors with the Companies Act, the MMLR of Bursa Securities and other securities laws, rules and regulations. The Board is apprised of the latest amendments to these laws, rules and regulations from time to time and their application to the Company and/or the Board. As and when necessary, the Company also seeks clarification through professional opinions on the extent of application of the said laws, rules and regulations especially when they concern the duties and responsibilities of the Directors.

The Company's IAD assists the Board and in particular the Audit Committee in monitoring Management's compliance with relevant laws, rules and regulations applicable to the operations of the Company and the Company's internal policies and procedures. The IAD conducts regular audit checks on the Company's operations and/or as and when the need arises and tables its audit reports to the Audit Committee for deliberation.

The Regulatory Management function of the Company serves as the contact point for the Company to engage with the Malaysian Communications and Multimedia Commission ("MCMC"), the postal services regulator in Malaysia. The Regulatory Management function also monitors compliance by the Company with the Postal Act and its rules and regulations.

Compliance by the Company with the MSBA and AMLTFA and its rules, regulations and guidelines is monitored by the Group Corporate Compliance Department and appointed compliance officers of the Company. The Group Corporate Compliance Department also serves as the contact point for the Company to engage with BNM as the regulator on MSBA and AMLTFA matters.

Relationship with Auditors

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

The external auditors also meet the Audit Committee members without the presence of Management pursuant to the MMLR of Bursa Securities. The Audit Committee then shares and discusses with Management and the Board all comments raised by the external auditors including action plans to be implemented by Management following the comments. For the Period Under Review, this requirement has been complied with.

The Board is of the view that the declaration of independence, integrity and objectivity made by the external auditors in their status audit report for each financial year end would suffice to serve as a written assurance from the external auditors on their independence and integrity throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. Nevertheless, the Board has agreed to further assess the suitability of the external auditors through the Audit Committee by the use of a set of questionnaires prescribed by the relevant standards for audit firms and as prescribed under the MMLR of Bursa Securities.

Corporate Governance Statement (cont'd.)

Corporate Sustainability

In the Company's efforts to promote corporate sustainability from the environmental, social and governance aspects of the business to enhance investor perception and public trust, the Company has a Corporate Responsibility Programme which defines the model and approach of Pos Malaysia's Corporate Responsibility programme and activities. The programme also ensures the Company's Business Clusters, subsidiaries and support units embrace the principles of responsible and ethical business practices to build the Company's long-term sustainability by creating and enhancing shareholder value as well as managing their expectations in a responsible manner and giving careful consideration to the impact of our business on the community and the environment.

The Company also has in place a Customer Service Charter (Domestic Delivery Standards) which sets out the performance standards for postal services as regulated by MCMC. Other appropriate strategies will also be enhanced and established from time to time as and when necessary to meet the Company's business requirements.

The policies adopted by the Group can be assessed at the Company's corporate website.

(This Statement is made in accordance with a resolution of the Board of Directors dated 17 July 2013).



Statement on Risk Management and Internal Control (SRMIC)

RESPONSIBILITY

The Board is responsible for ensuring that a sound system of internal control to safeguard shareholder's interest and Company's assets is maintained. The Board affirms its overall responsibility for the Group's system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. As there are limitations that are inherent in any system of internal control, this system is designed to manage rather than eliminate risks that may hinder the achievement of the Group's business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control includes strategic, financial, operational, compliance controls and risk management procedures.

The Board receives and reviews reports on the system of internal control in the Group at least quarterly and is of the view that the system of internal control that has been instituted throughout the Group is adequate to safeguard the shareholders' investment and the Group's assets.

The oversight role on the internal controls will be carried out by the Audit Committee (AC) on behalf of the Board. The AC will identify the risk areas and communicate the critical risk areas and issues to the Board. The AC is supported by an independent group internal audit ("Group IA") which reports directly to the AC. The Group IA has obtained the certification from The Institute of Internal Auditors Malaysia that indicates the Group IA successfully completed the Quality Assessment in February 2013.

The Board is assisted by the Management in the implementation of the approved policies and procedures on risks and controls, in which the Management identifies and assesses the risk faced as well as implements and monitors appropriate control measures to mitigate and control these risks.

RISK MANAGEMENT FRAMEWORK

Policy

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

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

The policy of the Board is:

- To manage risks proactively;
- To manage risks pragmatically, to acceptable levels given the particular circumstance of each situation;
- To manage risk routinely and in an integrated and transparent way in accordance with good governance practices; and
- To require that an effective and formalised Enterprise Risk Management Policy and Procedure Manual ("ERM") framework is established and maintained by the Group.

Reporting Structure

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

Chairman:

Dato' Khalid bin Abdol Rahman
Group CEO (*resigned wef 31.01.2013*)

En. Mohd Shukrie bin Mohd Salleh
Covering Group Chief Executive Officer (*Appointed wef 01.02.2013*)

Members:

• En. Nik Ahmad Fauzan bin Nik Mohamed
Group Head, Corporate Services

• En. Radin Asrul bin Adza
Chief Information Officer

• Dato' Mearia binti Hamzah
Chief Operating Officer, One Stop Solution (OSS)

• Dato' Sabrina Albakri binti Abu Bakar
Group Head, Legal, Secretarial & Regulatory Counsel

• En. Bahaman bin Kamaruzzaman
Chief Operating Officer, Digital Solution (DS)

• En. Fikri bin Ahmad
Group Head, Human Resource

• Tn. Hj. Azizan bin Tarjo
Chief Operating Officer, Supply Chain Solution (SCS)

• En. Mohd Azri bin Hashim
Covering Group Head, Transport Management

• En. Ahmad Faisal bin Murad
Group Chief Financial Officer

• En. Mohd Amin Nallah bin Yahya
Group Head, Risk Management

The RMC's principal roles and responsibilities, which are stipulated in the ERM, are as follows:

- Formulate policy, business rules, processes and structures to meet the risk management implementation needs;
- Implement the processes and source for suitable personnel for the department;
- Monitor policy implementation and the continuous development of the risk management in the organisation;

- Approve risk parameters and controls;
- Initiate and conduct business within agreed risk constraints and business rules;
- Ensure quarterly risk reports are submitted accurately and in a timely manner to the Audit Committee and Board; and
- Articulate and challenge the key risks, controls and elements of best practice and also offers support and advice.

Statement on Risk Management and Internal Control (SRMIC) (cont'd.)

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

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

The Group IA is involved in reviewing the results of the ERM processes. The IA function examines the risk management systems for its effectiveness.

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

SYSTEM OF INTERNAL CONTROL

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

- The roles and responsibilities of the Board of Directors, Risk Management Committee, Business and Support Units and State offices in respect of Risk Management are defined in the Risk Management Policy.
- The lines of responsibility and frequency of reporting of risks are also defined in the Risk Management Policy.
- The Group also has in place a whistle blowing policy to provide an avenue for employees to report any breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines in a safe and confidential manner. Whistle blowing Committee comprises Group Head Legal and Group Head Internal Audit.

- Defined operating policies and procedures, which incorporate regulatory and internal requirements, are prescribed in Operating Procedures and Circulars. The documents are updated as and when necessary to meet the continually changing operational needs.
- Defined level of authorities and lines of responsibilities from business units and departments up to the Board level to ensure accountabilities for risk management and control activities.
- Training and development programmes are established to ensure that staff are kept up to date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives
- The Board meets at least quarterly to review the Group's operational and financial performance against approved budgets, approved quarterly report to Bursa Malaysia Securities Berhad ("Bursa Securities") and deliberate on issues that require the Board's approval. In addition, the Board is also updated on the changes in the business environment following the 5 years Strategic Initiative plan that may adversely affect business performance and relevant actions taken.
- The Audit Committee, together with the IA Department provides assessments based on the approved audit plan on the adequacy, efficiency and effectiveness of the Group's internal control system. The IA Department recommends improvements where necessary.

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

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

MONITORING AND REVIEW OF THE ADEQUACY AND INTEGRITY OF THE SYSTEM OF INTERNAL CONTROL

The process adopted to monitor and review the adequacy and integrity of the system of internal control include:

- The financial statements and the Group's performance are reviewed quarterly by the Audit Committee, who subsequently recommends the above to the Board for their consideration and approval.
- Examination of business processes and the state of internal control by the Internal Audit & Investigation Department (IAD). IAD adopts a risk and strategy based approach in formulating the annual audit plan. IAD aligns its activities to the key risks identified across the Group. This plan is reviewed and approved by the Audit Committee. The reports on the audit review are submitted to the Management Audit Committee and Audit Committee as and when prepared.

The monitoring, review and reporting arrangements in place to provide reasonable assurance that the structure of controls and its operations are appropriate to the Group's operations and that risk are at an acceptable level throughout the Group's business.

WEAKNESSES IN INTERNAL CONTROL THAT RESULT IN MATERIAL LOSSES

To the best of the Board's knowledge, there were no material losses incurred during the period under review as a result of weaknesses in internal control. Management continues to take measures to improve and strengthen the internal control environment. The Board has also received an assurance from the Group Chief Executive Officer and Chief Financial Officer of the Company that the risk management and internal control system of the Group is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

(This Statement on Risk Management and Internal Control was approved by the Board of Directors on 19 June 2013).

Directors' Responsibility Statement

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Pursuant to Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors is required to include a statement in the Company's Annual Report explaining its responsibility for preparing the annual audited financial statements.

In preparing the financial statements of the Company and the Group for the financial year ended 31 March 2013, the Directors are satisfied that the Company and the Group have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. The Directors are also satisfied that all applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board and the provisions of the Companies Act, 1965 have been complied.

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

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(This Statement is made in accordance with a resolution of the Board of Directors dated 19 June 2013.)

Additional Compliance Information

1. Utilisation of Proceeds

During the financial year ended 31 March 2013, there were no proceeds raised by the Company from any corporate proposal.

2. Share buy-back

During the financial year ended 31 March 2013, the Company had not exercised any share buy-back permitted by Section 67A of the Companies Act, 1965.

3. Options, Warrants or Convertible Securities

During the financial year ended 31 March 2013, the Company did not issue or exercise any ESOS, warrants or convertible securities.

4. American Depository Receipt (ADR)/Global Depository Receipt (GDR)

During the financial year ended 31 March 2013, the Company did not sponsor any ADR and/or GDR.

5. Sanctions and/or Penalties

During the financial year ended 31 March 2013, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

6. Variation in Results

There is no variance in the Company's audited financial results for the financial year ended 31 March 2013 from the unaudited results as previously announced. The Company has not released or announced any estimated profit, financial forecast and projection in the financial year ended 31 March 2013.

7. Profit Guarantee

During the financial year ended 31 March 2013, the Company did not give any profit guarantee.

8. Material Contracts

There was no material contract entered into by the Company or its subsidiaries involving the directors and substantial shareholders, either still subsisting at the end of the financial year ended 31 March 2013 or entered into since the end of the previous financial year.

9. Non-Audit Fees

The amount of non-audit fees paid and payable to external auditors by the Group for the financial year ended 31 March 2013 is RM281,000.

10. Recurrent Related Party Transaction of a Revenue or Trading Nature

Breakdown of the aggregate value of transactions conducted during the financial year ended 31 March 2013 pursuant to the shareholders' mandate on recurrent related party transactions obtained on 9 August 2012:

Additional Compliance Information (cont'd.)

No.	Pos Malaysia and/or its subsidiaries	Transacting related party	Nature of transactions	Related parties and their relationship with Pos Malaysia Group	Aggregate value transacted from 1 April 2012 to 31 March 2013 (RM'000)
1.	Pos Malaysia Group	Senai Airport Terminal Services Sdn Bhd ("SATS")	Payment to SATS for cargo terminal charge in Senai Airport and airside towing services by Pos Malaysia Group	1) Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor ("TSSM")# – an indirect major shareholder of MMC Corporation Berhad, the holding company of SATS.	5.9
2.	Datapos (M) Sdn Bhd	PUSPAKOM Sdn Bhd ("PUSPAKOM")	Printing of notification by Datapos (M) Sdn Bhd	1) DRB-HICOM Berhad ("DRB-HICOM")* – the holding company of PUSPAKOM 2) TSSM#	9.0
3.	Pos Malaysia Group	ISUZU Malaysia Sdn Bhd ("ISUZU")	Provision of logistics services by Pos Malaysia Group	1) DRB-HICOM* – ISUZU is an associated company of DRB-HICOM 2) TSSM#	NIL
4.	Datapos (M) Sdn Bhd	Bank Muamalat Malaysia Berhad ("BMMB")	Printing of statement of accounts by Datapos (M) Sdn Bhd	1) DRB-HICOM* – BMMB is a 70% owned subsidiary of DRB-HICOM 2) TSSM#	NIL
5.	Pos Malaysia Group	HICOM-Teck See Manufacturing Malaysia Sdn Bhd ("HICOM-Teck See")	Provision of logistics services by Pos Malaysia Group	1) DRB-HICOM* – HICOM-Teck See is a 51% owned subsidiary of HICOM Holdings Berhad, a wholly-owned subsidiary of DRB-HICOM 2) TSSM#	NIL
6.	Pos Malaysia Group	Motosikal Dan Enjin Nasional Sdn Bhd ("MODENAS")	Provision of logistics services by Pos Malaysia Group	1) DRB-HICOM* – MODENAS is a 70% owned subsidiary of DRB-HICOM 2) TSSM#	NIL
7.	Pos Malaysia Group	Honda Malaysia Sdn Bhd ("Honda")	Purchase of vehicles and payment for maintenance of vehicles by Pos Malaysia Group	1) DRB-HICOM* – Honda is an associated company controlled by DRB-HICOM 2) TSSM#	NIL

No.	Pos Malaysia and/or its subsidiaries	Transacting related party	Nature of transactions	Related parties and their relationship with Pos Malaysia Group	Aggregate value transacted from 1 April 2012 to 31 March 2013 (RM'000)
8.	Pos Malaysia Group	Proton Parts Centre Sdn Bhd ("Proton Parts")	Provision of logistics services by Pos Malaysia Group	1) DRB-HICOM* – Proton Parts is a wholly-owned subsidiary of Proton Holdings Berhad, a subsidiary of DRB-HICOM 2) TSSM [#]	NIL
9.	Datapos (M) Sdn Bhd	Uni.Asia General Insurance Berhad ("Uni.Asia General")	Printing of insurance policy and notification by Datapos (M) Sdn Bhd	1) DRB-HICOM* – Uni.Asia General is an indirect associated company controlled by DRB-HICOM 2) TSSM [#]	NIL
10.	Pos Malaysia Group	Euromobil Sdn Bhd ("Euromobil")	Purchase of vehicles and payment for maintenance of vehicles by Pos Malaysia Group	1) DRB-HICOM* – Euromobil is a wholly-owned subsidiary of DRB-HICOM 2) TSSM [#]	NIL
11.	Datapos (M) Sdn Bhd	Uni.Asia Life Assurance Berhad ("Uni.Asia Life")	Printing of insurance policy and notification by Datapos (M) Sdn Bhd	1) DRB-HICOM* – Uni.Asia Life is an indirect associated company controlled by DRB-HICOM 2) TSSM [#]	NIL
12.	Pos Malaysia Group	JP Logistics Sdn Bhd ("JP Logistics")	Sub-contract of land haul from Pusat Mel Nasional/Pusat Mel & Kurier to northern and southern region of Peninsular Malaysia by Pos Malaysia Group	1) TSSM [#] – an indirect major shareholder of MMC Corporation Berhad, the holding company of JP Logistics	NIL
13.	Pos Malaysia Group	Proton Edar Sdn Bhd ("Proton Edar")	<ul style="list-style-type: none"> • Purchase of vehicles by Pos Malaysia Group • Payment for parts and maintenance of vehicles by Pos Malaysia Group 	1) DRB-HICOM* – Proton Edar is a wholly-owned subsidiary of Proton Holdings Berhad, a subsidiary of DRB-HICOM 2) TSSM [#]	273.8

Additional Compliance Information (cont'd.)

No.	Pos Malaysia and/or its subsidiaries	Transacting related party	Nature of transactions	Related parties and their relationship with Pos Malaysia Group	Aggregate value transacted from 1 April 2012 to 31 March 2013 (RM'000)
14.	Pos Malaysia Group	Edaran Otomobil Nasional Berhad ("EON")	Purchase of vehicles and payment for maintenance of vehicles by Pos Malaysia Group	1) DRB-HICOM* – EON is a 100% owned subsidiary of HICOM Holdings Berhad, a wholly-owned subsidiary of DRB-HICOM 2) TSSM [#]	NIL
15.	Pos Malaysia Group	Mitsubishi Motors Malaysia Sdn Bhd ("Mitsubishi")	Purchase of vehicles by Pos Malaysia Group	1) DRB-HICOM* – Mitsubishi is an associated company controlled by DRB-HICOM 2) TSSM [#]	NIL
16.	Pos Malaysia Group	Edaran Modenas Sdn Bhd ("Edaran Modenas")	Purchase of motorcycles and payment for parts and maintenance of motorcycles by Pos Malaysia Group	1) DRB-HICOM* – Edaran Modenas is a 100% owned subsidiary of MODENAS, a subsidiary of DRB-HICOM 2) TSSM [#]	2,246
17.	Pos Malaysia Group	Perusahaan Otomobil Nasional Sdn Bhd ("PROTON")/ Proton Tanjung Malim Sdn Bhd ("Proton TM")	Provision of logistics services by Pos Malaysia Group	1) DRB-HICOM* – PROTON and Proton TM are wholly-owned subsidiary of Proton Holdings Berhad, a subsidiary of DRB-HICOM 2) TSSM [#]	701.5
18.	Pos Malaysia Group	ISUZU HICOM Malaysia Sdn Bhd ("ISUZU HICOM")	Purchase of vehicles and payment for maintenance of vehicles by Pos Malaysia Group	1) DRB-HICOM* – ISUZU HICOM is an associated company controlled by DRB-HICOM 2) TSSM [#]	NIL
19.	Pos Malaysia Group	Automotive Corporation (Malaysia) Sdn Bhd ("ACM")	Purchase of vehicles and payment for maintenance of vehicles by Pos Malaysia Group	1) DRB-HICOM* – ACM is a wholly-owned subsidiary of DRB-HICOM 2) TSSM [#]	7.7
20.	Pos Malaysia Group	DRB-HICOM Leasing Sdn Bhd (formerly known as EON Inovasi Sdn Bhd) ("DRB-HICOM Leasing")	Leasing of vehicles by Pos Malaysia Group	1) DRB-HICOM* – DRB-HICOM Leasing is a 100% owned subsidiary of EON Berhad, a wholly-owned subsidiary of DRB-HICOM 2) TSSM [#]	48.3

No.	Pos Malaysia and/or its subsidiaries	Transacting related party	Nature of transactions	Related parties and their relationship with Pos Malaysia Group	Aggregate value transacted from 1 April 2012 to 31 March 2013 (RM'000)
21.	Pos Malaysia Group	KL Airport Services Sdn Bhd ("KLAS")	<ul style="list-style-type: none"> • Payment to KLAS for air cargo handling services • Rental of air cargo terminal in East Malaysia airports for sorting purpose for air cargo by Pos Malaysia Group • Sale of air cargo space by Pos Malaysia Group • Payment of Cargo terminal charges in KLIA via KLAS cargo terminal and airside cargo towing services by Pos Malaysia Group • Purchase of air cargo space by Pos Malaysia Group • Payment for maintenance and refurbishment of vehicle by Pos Malaysia Group • Rental of warehouse space at former Bukit Raja Mail Processing Centre to KLAS by Pos Malaysia Group 	1) DRB-HICOM* <ul style="list-style-type: none"> – KLAS is a 100% owned subsidiary of HICOM Holdings Berhad, a wholly-owned subsidiary of DRB-HICOM 2) TSSM#	1,050 – 22.4 8.4 – 21.0 588.9

Notes:

* DRB-HICOM Berhad ("DRB-HICOM") is a major shareholder of Pos Malaysia

Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor ("TSSM") is an indirect major shareholder of Pos Malaysia Berhad and DRB-HICOM.

Audit Committee Report

The Board of Directors of Pos Malaysia is pleased to present the report on the Audit Committee of the Board for the financial year ended 31 March 2013.

Members and Meetings

The composition of the Pos Malaysia's Audit Committee during the financial year under review up to the date of issuance of this report are as follows:

Members

- a) Abdul Hamid bin Sh. Mohamed
Independent Non-Executive Director (Chairman)
(Appointed Chairman on 21 May 2013)
- b) Dato' Ibrahim Mahaludin bin Puteh
Senior Independent Non-Executive Director (Member)
- c) Datuk Mohamed Razeek bin Md Hussain Maricar
Non-Independent Non-Executive Director (Member)
(Appointed on 10 May 2013)
- d) Datuk Puteh Rukiah binti Abd. Majid
Independent Non-Executive Director (Member)
(Appointed on 19 June 2013)

- * Datuk Low Seng Kuan
Senior Independent Non-Executive Director (Chairman)
(Resigned on 16 May 2013)
- * Dato' Lukman bin Ibrahim
Non-Independent Non-Executive Director (Member)
(Resigned on 28 February 2013)
- * Dato' Wee Hoe Soon @ Gooi Hoe Soon
Independent Non-Executive Director (Member)
(Resigned on 7 June 2013)

The Audit Committee of Pos Malaysia had convened six (6) meetings during the financial year under review. The attendance of meetings of the members are as follows:



Attendance of Meetings

Members	Total
Datuk Low Seng Kuan	4/6
Dato' Wee Hoe Soon @ Gooi Hoe Soon	6/6
Dato' Lukman bin Ibrahim	5/5
Dato' Ibrahim Mahaludin bin Puteh	5/6

Terms of Reference

The Terms of Reference of the Audit Committee are in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR of Bursa Securities”) and the Malaysian Code on Corporate Governance (Revised 2007)(“the Code”). The Terms of Reference of the Audit Committee are as follows:

Composition of Committee

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

- The Audit Committee shall consist of not less than three (3) members;
- All the members of the Audit Committee must be non-executive directors, with a majority of them being independent directors as defined under the MMLR of Bursa Securities;
- At least one (1) member of the Audit Committee must meet the criteria set by the MMLR of Bursa Securities as follows:
 - Must be a member of the Malaysian Institute of Accountants; or
 - If he/she is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years working experience; and
 - He/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or he/she must be a member of one (1) of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- Fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa Securities”);.
- The members of the Audit Committee shall elect a Chairman from among themselves who shall be an Independent Director;

- No alternate director should be appointed as a member of the Audit Committee;
- In the event of any vacancy in the Audit Committee resulting in the non-compliance of the MMLR of Bursa Securities pertaining to composition of the Audit Committee, the Board of Directors shall within three (3) months of that event fill the vacancy;
- The Audit Committee members shall collectively:
 - a) Have knowledge of the industries in which the Group operates; and
 - b) Have the ability to understand key business and financial risks as well as related controls and control processes;
- All members of the Audit Committee shall also be financially literate i.e. have the ability to read and understand fundamental financial statements, including a Company's balance sheet, income statement, statement of cash flow and key performance indicators.

Audit Committee Meetings

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

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

Audit Committee Report (cont'd.)

Rights and Authority

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

- Have authority to investigate any activity within its Terms of Reference;
- Have the resources which are required to perform its duties;
- Have full and unrestricted access to any employee and information pertaining to the Group. All documents of the Group shall be made accessible to the Audit Committee and all employees are directed to co-operate with the request made by the Audit Committee;
- Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity for the Group; and
- Be able to engage independent professional advisers or other advisers and to secure attendance of other third parties with relevant experience and expertise if it considers necessary.

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

Review of the Audit Committee

The performance of the Audit Committee and each of the members shall be reviewed by the Board of Directors at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with the Terms of Reference as set out in the Corporate Governance Statement on pages 66 to 85 of this Annual Report.

Responsibilities and Duties

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

- a) **Risk Management**
To review the adequacy and effectiveness of Enterprise Risk Management ("ERM"), reporting structures, risk profiles and governance processes.
- b) **Internal Audit**
 - To approve the appointment, replacement and dismissal of the Chief Internal Auditor and his deputy;
 - To review the adequacy of the scope, functions, competency and resources of Internal Audit Department ("IAD") and that it has the necessary authority to carry out its work;
 - To review and approve the Annual Risk Based Audit Plan, Key Performance Indicators and subsequently appraise the performance of the IAD;
 - To monitor the effectiveness in the implementation of the Whistle Blowing Policy and procedure and other related governance processes;
 - To review the internal audit reports on significant/major audit findings and Management's responses to ensure that appropriate and adequate remedial actions are taken by the Management; and
 - To review the systems of internal controls with the auditors.
- c) **External Audit**
 - To review the external auditors' audit plan, scope of their audits and their Management letters and ensure appropriate and adequate remedial actions are taken by Management on significant lapses in controls and procedures that are identified;

- To assess the performance of the external auditors and make recommendations to the Board of Directors on their appointment and removal;
- To recommend the nomination of external auditors, their audit fees and resignation or dismissal of external auditors and thereafter report the same to the Board;
- To review the quarterly and annual financial statements of the Group and the Company focusing on the matters set out below, and thereafter submit the same to the Board:
 - Any changes in or implementation of major accounting policies and practices;
 - Major judgmental areas, significant and unusual events;
 - Significant adjustments arising from the audit;
 - Going concern assumption; and
 - Compliance with Accounting Standards and regulatory requirements.
 - To discuss problems and reservations arising from the interim and final audits and any matter the external auditors may wish to discuss.

d) Other Matters

- To review related party transactions entered into by the Group and the Company and to ensure that such transactions are undertaken on the Group's normal commercial terms and that the internal control procedures with regards to such transactions are sufficient.
- Any other functions as may be agreed to by the Committee and the Board.
- Where the Audit Committee is of the view that a matter reported to the Board of Directors has not been satisfactorily resolved resulting in a breach of the MMLR of Bursa Securities, the Committee has the responsibility to properly report such matter to Bursa Securities.

Summary of Activities

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

Financial Reporting

- a. Reviewed quarterly and annual financial reports of the Group and the Company prior to submission to the Board of Directors for approval. The review was to ensure that the financial reporting and disclosure are in compliance with:
 - Provisions of the Companies Act 1965;
 - MMLR of Bursa Securities;
 - Applicable approved accounting standards in Malaysia;
 - Other legal and regulatory requirements; and
 - In the review of the annual audited financial statements, the Audit Committee discussed with Management and the external auditors, the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements.

Internal Audit

- a. Reviewed the risk-based annual audit plan to ensure adequacy of the scope and coverage of major risk areas of the Group;
- b. Reviewed the Key Performance Indicators of the IAD and appraised the department's performance and competency level;
- c. Reviewed the effectiveness of the audit process, resource requirements for the year;

Audit Committee Report (cont'd.)

- d. Reviewed the internal audit reports which were tabled during the year, the audit recommendations made and management's responses to these recommendations and where appropriate, the committee has directed Management and to rectify and improve internal controls and Standard Operating Procedures based on the internal auditor's recommendations and suggestions for improvement;
- e. Monitored the corrective actions on the outstanding audit issues to ensure that all the key risks and control lapses had been addressed; and
- f. Monitored internal audit activities and the staffing requirements, skills and the core competency of the Internal Auditors.

External Auditors

- a. Reviewed the external auditors on:
 - their audit plan, audit strategy and scope of work for the year; and
 - the results of the annual audit, their audit reports and management letter together with management's response to the findings of the external auditors.
- b. Evaluated the performance and the effectiveness of the external auditors and made recommendations to the Board of Directors on their appointment and remuneration.

Related Party Transactions

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

Internal Audit Function

The Audit Committee is assisted by the IAD to effectively discharge its duties and responsibilities. The IAD reports directly to the Audit Committee. In the financial year ended 2013, there were six (6) Audit Committee meetings held to deliberate on major audit findings. In general, the IAD provides an independent assurance on the adequacy and effectiveness of internal controls, corporate risk management and overall governance processes.

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

The audit scope includes performing audit reviews at Strategic Business Units ("SBUs"), States Management Offices, Support Services Departments and subsidiaries. The audits cover the reviews on:

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

The IAD shows a high level of professional expertise, with qualified and experienced auditors who consistently show their competency through the high quality and usefulness of the audit product over time.

The IAD also conducted ad-hoc assignments and investigation audits requested by the Audit Committee and Management. Further, the IAD conducts regular follow-up(s) on the closing of audit issues with input from the Management.

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

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

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

The total amount spent for the Internal Audit function at Pos Malaysia in respect of the financial year ended 31 March 2013 was RM4.9 million.

Directors' Report

The Directors of Pos Malaysia Berhad have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year are to provide postal and its related services which include receiving and dispatching of postal articles, postal financial services, dealing in philatelic products and sale of postage stamps.

The principal activities of the subsidiaries are stated in Note 14 to the financial statements.

There has been no significant change in the nature of these activities during the financial year except for a newly incorporated subsidiary, Pos Ar-Rahnu Sdn. Bhd. which is principally engaged in Ar-Rahnu (Islamic pawn broking).

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year		
Attributable to:		
Owners of the Company	151,726	127,938
Non-controlling interest	(421)	–
	151,305	127,938

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the previous financial period, the Company paid:

	RM'000
i) a first and final dividend of 17.5 sen per ordinary share less tax at 25% (13.1 sen net per ordinary share) in respect of the financial period ended 31 March 2012 paid on 10 September 2012; and	70,485
ii) an interim ordinary dividend of 8.0 sen per ordinary share less tax at 25% (6.0 sen net per ordinary share) in respect of the financial year ended 31 March 2013 paid on 31 December 2012	32,221
Total dividends paid	102,706

The final dividend recommended by the Directors in respect of the financial year ended 31 March 2013 is 9.50 sen per ordinary share less tax at 25% (7.13 sen net per ordinary share) totalling RM38,263,000, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

DIRECTORS OF THE COMPANY

The Directors who held office during the year since the date of the last report are as follows:

Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil (*Chairman*)
 Dato' Ibrahim Mahaludin bin Puteh
 Eshah binti Meor Suleiman
 Dato' Sri Che Khalib bin Mohamad Noh (*appointed on 17.08.2012*)
 Abdul Hamid bin Sh Mohamed (*appointed on 01.03.2013*)
 Datuk Mohamed Razeek bin Md Hussain Maricar (*appointed on 24.04.2013*)
 Datuk Puteh Rukiah binti Abd. Majid (*appointed on 07.06.2013*)
 Dato' Lukman bin Ibrahim (*resigned on 28.02.2013*)
 Dato' Krishnan a/l Chinapan (*resigned on 24.10.2012*)
 Datuk Low Seng Kuan (*resigned on 16.05.2013*)
 Dato' Wee Hoe Soon @ Gooi Hoe Soon (*resigned on 07.06.2013*)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, particulars of the interests and the deemed interest of a Director who held office at the end of the financial year, in the shares of the Company was as follows:

Number of ordinary shares of RM0.50 each				
	At 1.4.2012	Bought	Sold	At 31.3.2013
Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil	57	–	–	57

Other than as disclosed above, according to the Register of Directors, none of the Directors in office at the end of the financial year held any interest in the shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial period, no Director has received nor become entitled to receive a benefit (other than emoluments disclosed in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee establishes and recommends the remuneration structure and policy for the Directors and Key Management Officers whereupon such recommendations are made to the Board of Directors for approval.

The Nomination and Remuneration Committee consists of the following Directors:

Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil	(Chairman/Non-Independent Non-Executive Director)
Dato' Ibrahim Mahaludin bin Puteh	(Senior Independent Non-Executive Director)
Datuk Puteh Rukiah binti Abd. Majid	(Independent Non-Executive Director)
Abdul Hamid bin Sh Mohamed	(Independent Non-Executive Director)
Eshah binti Meor Suleiman	(Non-Independent Non-Executive Director)

ISSUE OF SHARES

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

Directors' Report (cont'd.)

OPTIONS GRANTED OVER UNISSUED SHARES

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

OTHER STATUTORY INFORMATION

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

- (i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- (ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- (i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- (iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- (i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except as disclosed in Note 5 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 March 2013 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

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

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



Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil



Abdul Hamid bin Sh. Mohamed

Kuala Lumpur,
Date: 19 June 2013

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 March 2013

	Note	Group		Company	
		Year ended 31.3.2013 RM'000	1.1.2011 to 31.3.2012 RM'000	Year ended 31.3.2013 RM'000	1.1.2011 to 31.3.2012 RM'000
Revenue	4	1,269,511	1,481,660	1,219,891	1,435,227
Cost of materials and consumables		(25,176)	(24,952)	(8,528)	(7,356)
Staff costs		(681,109)	(780,713)	(667,583)	(764,158)
Rental, communication and utilities		(56,569)	(81,916)	(62,613)	(84,673)
Transportations		(132,667)	(167,308)	(131,685)	(166,388)
Maintenance and supplies		(56,459)	(70,751)	(53,761)	(70,457)
Depreciation of property, plant and equipment	11	(85,275)	(86,845)	(81,780)	(83,956)
Other operating expenses		(71,448)	(86,531)	(64,401)	(82,455)
Results from operating activities		160,808	182,644	149,540	175,784
Finance income		17,204	19,153	13,976	16,153
Other income		11,337	17,897	11,031	17,709
Fair value through profit or loss:					
Held for trading financial instrument		(104)	283	(122)	337
Impairment loss on investment in a subsidiary	14	–	–	–	(17,164)
Impairment loss on financial assets designated as available-for-sale	16	–	(10,322)	–	(10,322)
Change in fair value of investment properties	12	1,592	(2,531)	–	–
Finance costs		(20)	(2,038)	–	(2,037)
Zakat	5	1,052	(4,884)	1,052	(4,884)
Profit before tax	5	191,869	200,202	175,477	175,576
Tax expense	8	(40,564)	(61,361)	(47,539)	(59,690)
Net profit for the financial year/period		151,305	138,841	127,938	115,886

Statements of Profit or Loss and Other Comprehensive Income (cont'd.)
for the year ended 31 March 2013

	Note	Group		Company	
		Year ended 31.3.2013 RM'000	1.1.2011 to 31.3.2012 RM'000	Year ended 31.3.2013 RM'000	1.1.2011 to 31.3.2012 RM'000
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of property, plant and equipment upon transfer of properties to investment properties		–	1,144	–	–
Other comprehensive income for the financial year/period, net of tax		–	1,144	–	–
Total comprehensive income for the financial year/period		151,305	139,985	127,938	115,886
Net profit for the financial year/period attributable to:					
Owners of the Company		151,726	138,841	127,938	115,886
Non-controlling interest		(421)	–	–	–
		151,305	138,841	127,938	115,886
Total comprehensive income for the financial year/period attributable to:					
Owners of the Company		151,726	139,985	127,938	115,886
Non-controlling interest		(421)	–	–	–
		151,305	139,985	127,938	115,886
Basic earnings per ordinary share (sen)	9	28.3	25.9		

The notes on pages 110 to 189 are an integral part of these financial statements.

Statements of Financial Position

as at 31 March 2013

	Note	Group			Company		
		31.3.2013 RM'000	31.3.2012 RM'000	1.1.2011 RM'000	31.3.2013 RM'000	31.3.2012 RM'000	1.1.2011 RM'000
Assets							
Property, plant and equipment	11	603,748	622,309	551,960	518,438	543,932	459,819
Investment properties	12	29,550	27,958	15,071	—	—	—
Goodwill	13	4,630	4,630	4,630	—	—	—
Investments in subsidiaries	14	—	—	—	49,180	45,180	62,344
Investments in associates	15	—	—	—	—	—	—
Other investments	16	115,233	120,744	96,468	115,586	121,193	96,079
Deferred tax assets	23	—	—	417	—	—	—
Total non-current assets		753,161	775,641	668,546	683,204	710,305	618,242
Other investments	16	1,159	3,268	104,306	194	2,323	103,164
Inventories	17	11,559	10,132	8,761	7,951	6,855	5,457
Trade and other receivables	18	174,120	153,157	187,595	272,770	257,994	242,882
Prepayment and other assets		7,315	9,857	8,975	4,659	4,243	8,214
Current tax assets		1,482	190	1,503	—	—	—
Cash and cash equivalents	19	666,467	544,076	395,533	528,095	436,648	354,443
Asset classified as held for sale	20	—	1,755	—	—	1,755	—
Total current assets		862,102	722,435	706,673	813,669	709,818	714,160
Total assets		1,615,263	1,498,076	1,375,219	1,496,873	1,420,123	1,332,402

The notes on pages 110 to 189 are an integral part of these financial statements.

Statements of Financial Position (cont'd.)
as at 31 March 2013

	Note	Group			Company		
		31.3.2013 RM'000	31.3.2012 RM'000	1.1.2011 RM'000	31.3.2013 RM'000	31.3.2012 RM'000	1.1.2011 RM'000
Equity							
Share capital	21	268,513	268,513	268,513	268,513	268,513	268,513
Share premium	21	385	385	385	385	385	385
Reserves	22	678,215	629,195	559,695	553,417	528,185	482,784
Equity attributable to owners of the Company		947,113	898,093	828,593	822,315	797,083	751,682
Non-controlling interest		579	—	—	—	—	—
Total equity		947,692	898,093	828,593	822,315	797,083	751,682
Liabilities							
Deferred tax liabilities	23	36,665	17,804	12,282	35,112	17,399	11,372
Borrowings	24	—	15	30,762	—	—	30,738
Total non-current liabilities		36,665	17,819	43,044	35,112	17,399	42,110
Borrowings	24	17,704	5	13,236	—	—	13,222
Current tax liabilities		7,611	17,538	18,497	6,667	17,946	19,011
Trade and other payables	25	605,591	564,621	471,849	632,779	587,695	506,377
Total current liabilities		630,906	582,164	503,582	639,446	605,641	538,610
Total liabilities		667,571	599,983	546,626	674,558	623,040	580,720
Total equity and liabilities		1,615,263	1,498,076	1,375,219	1,496,873	1,420,123	1,332,402

The notes on pages 110 to 189 are an integral part of these financial statements.

Statements of Changes in Equity

for the year ended 31 March 2013

Group	Note	Attributable to owners of the Company							
		Non-distributable			Distributable				
		Share capital* RM'000	Share premium RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000	
At 1 January 2011		268,513	385	–	559,695	828,593	–	828,593	
Profit for the financial period		–	–	–	138,841	138,841	–	138,841	
Revaluation of property, plant and equipment upon transfer of properties to investment properties		–	–	1,144	–	1,144	–	1,144	
Total comprehensive income for the financial period		–	–	1,144	138,841	139,985	–	139,985	
Dividends to owners of the Company	10	–	–	–	(70,485)	(70,485)	–	(70,485)	
At 31 March 2012/1 April 2012		268,513	385	1,144	628,051	898,093	–	898,093	
Profit and total comprehensive income for the financial year		–	–	–	151,726	151,726	(421)	151,305	
Issuance of shares of a subsidiary		–	–	–	–	–	1,000	1,000	
Dividends to owners of the Company	10	–	–	–	(102,706)	(102,706)	–	(102,706)	
At 31 March 2013		268,513	385	1,144	677,071	947,113	579	947,692	

Note 21

Note 21

Note 21

Note 22

The notes on pages 110 to 189 are an integral part of these financial statements.

Statements of Changes in Equity (cont'd.)
for the year ended 31 March 2013

Company		Note	Attributable to owners of the Company		
			Non-distributable		Distributable
			Share capital* RM'000	Share premium RM'000	Retained earnings RM'000
At 1 January 2011			268,513	385	482,784
Profit and total comprehensive income for the financial period			–	–	115,886
Dividends to owners of the Company	10		–	–	(70,485)
At 31 March 2012/1 April 2012			268,513	385	528,185
Profit and total comprehensive income for the financial year			–	–	127,938
Dividends to owners of the Company	10		–	–	(102,706)
At 31 March 2013			268,513	385	553,417
				Note 21	Note 21
					Note 22

* Share capital includes the Special Rights Redeemable Preference Share of RM1.00. Refer to Note 21(a) the financial statements for details of the terms and rights attached to the Special Rights Redeemable Preference Share.

The notes on pages 110 to 189 are an integral part of these financial statements.

Statements of Cash Flows

for the year ended 31 March 2013

	Note	Group		Company	
		Year ended 31.3.2013 RM'000	1.1.2011 to 31.3.2012 RM'000	Year ended 31.3.2013 RM'000	1.1.2011 to 31.3.2012 RM'000
Cash flows from operating activities					
Profit before tax		191,869	200,202	175,477	175,576
Adjustments for:					
Change in fair value of investment properties	12	(1,592)	2,531	–	–
Depreciation of property, plant and equipment	11	85,652	87,262	82,157	84,373
Dividend income		–	(74)	–	(41)
Fair value through profit or loss:					
Held for trading financial instrument		104	(283)	122	(337)
Finance income		(17,204)	(19,153)	(13,976)	(16,153)
Finance costs		20	2,038	–	2,037
Gain on disposal of property, plant equipment		(145)	(1,773)	(145)	(1,753)
Gain on disposal of asset held for sale		(6,201)	–	(6,201)	–
Property, plant and equipment written off		186	–	–	–
Impairment loss on:					
– Financial assets designated as available-for-sale	14	–	10,322	–	10,322
– Investment in a subsidiary		–	–	–	17,164
(Gain)/Loss on disposal of other investments		(70)	16	(70)	16
Unrealised foreign exchange loss/(gain)		66	(22)	66	(22)
Operating profit before changes in working capital		252,685	281,066	237,430	271,182
Change in inventories		(1,427)	(1,371)	(1,096)	(1,398)
Change in trade and other receivables, prepayments and other assets		(18,421)	33,556	(15,192)	(11,141)
Change in trade and other payables		8,759	68,102	12,873	56,648
Cash generated from operations		241,596	381,353	234,015	315,291
Income tax paid		(45,696)	(55,068)	(41,105)	(54,728)
Income tax refund		12,774	–	–	–
Net cash generated from operating activities		208,674	326,285	192,910	260,563

Statements of Cash Flows (cont'd.)
for the year ended 31 March 2013

	Note	Group		Company	
		Year ended 31.3.2013 RM'000	1.1.2011 to 31.3.2012 RM'000	Year ended 31.3.2013 RM'000	1.1.2011 to 31.3.2012 RM'000
Cash flows from investing activities					
Proceeds from disposal of other investments		7,078	102,353	7,078	100,853
Proceeds from disposal of property, plant and equipment		1,051	1,856	1,046	1,836
Proceeds from disposal of assets held for sale		7,956	–	7,956	–
Purchase of property, plant and equipment		(68,183)	(173,723)	(57,564)	(170,324)
Acquisition of other investments		–	(35,890)	–	(35,890)
Interest received		17,712	19,397	14,582	16,916
Dividend received		–	74	–	41
Subscription of additional equity interest in a subsidiary company		–	–	(4,000)	–
Net cash used in investing activities		(34,386)	(85,933)	(30,902)	(86,568)
Cash flows from financing activities					
Repayment of hire purchase liabilities		(14)	(43,978)	–	(43,960)
Drawdown of short term borrowing		17,698	–	–	–
Interest paid		(20)	(2,038)	–	(2,037)
Dividend paid to owners of the Company		(102,706)	(70,485)	(102,706)	(70,485)
Subscription of shares in a subsidiary company by non-controlling interest		1,000	–	–	–
Net cash used in financing activities		(84,042)	(116,501)	(102,706)	(116,482)
Net increase in cash and cash equivalents		90,246	123,851	59,302	57,513
Cash and cash equivalents at 1 January	(i)	388,917	265,066	281,489	223,976
Cash and cash equivalents at 31 March	(i)	479,163	388,917	340,791	281,489

(i) Cash and cash equivalents

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

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash and bank balances	19	148,568	97,903	130,454	77,748
Liquid investments	19	373,579	285,184	254,090	198,900
Deposits placed with licensed banks and other financial institutions	19	144,320	160,989	143,551	160,000
Less:		666,467	544,076	528,095	436,648
Collections on behalf of agency creditors and money order and postal order creditors		(187,304)	(155,159)	(187,304)	(155,159)
		479,163	388,917	340,791	281,489

The notes on pages 110 to 189 are an integral part of these financial statements.

Notes to the Financial Statements

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

Registered office/Principal place of business

Tingkat 8, Ibu Pejabat Pos
Kompleks Dayabumi
50670 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2013 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in associates. The financial statements of the Company as at and for the financial year ended 31 March 2013 do not include other entities.

The principal activities of the Company during the financial year are to provide postal and its related services which include receiving and dispatching of postal articles, postal financial services, dealing in philatelic products and sale of postage stamps. The principal activities of the subsidiaries are stated in Notes 14 to the financial statements.

There has been no significant change in the nature of these activities during the financial year except for a newly incorporated subsidiary, Pos Ar-Rahnu Sdn. Bhd. which is principally engaged in Ar-Rahnu (Islamic pawn broking).

These financial statements were authorised for issue by the Board of Directors on 19 June 2013.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. These are the Group and Company’s first financial statements prepared in accordance with MFRSs and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards (“FRS”) in Malaysia. The transition to MFRS has no financial impact to the financial statements of the Group and the Company.

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits (2011)*
- MFRS 127, *Separate Financial Statements (2011)*
- MFRS 128, *Investments in Associates and Joint Ventures (2011)*
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*

1. BASIS OF PREPARATION (cont'd.)

(a) Statement of compliance (cont'd.)

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Date of MFRS 9 and Transition Disclosures*

The Group and Company have early adopted the amendments to MFRS 101, *Presentation of Financial Statements* which is effective for annual period beginning on or after 1 July 2012. The early adoption of the amendments to MFRS 101 has no impact on the financial statements other than the presentation format of the statements of profit or loss and other comprehensive income.

The Group and Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning on 1 April 2013 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2013, except for IC Interpretation 20, which is not applicable to the Group and the Company.
- from the annual period beginning on 1 April 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014.
- from the annual period beginning on 1 April 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2015.

The initial application of the above standards, amendments and interpretations is not expected to have any material financial impact to the current and prior periods financial statements of the Group and the Company upon their first adoption.

Notes to the Financial Statements (cont'd.)

1. BASIS OF PREPARATION (cont'd.)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than disclosed in Note 2.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

- Note 12 – Valuation of investment properties
- Note 23 – Recognition of unutilised tax losses and capital allowances

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and in preparing the opening MFRS statements of financial position of the Group and of the Company at 1 January 2011 (the transition date to MFRS framework), unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

(a) Basis of consolidation (cont'd.)

(ii) Business combinations (cont'd.)

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisitions before January 2011

As part of its transition to MFRS, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 January 2011. Goodwill arising from acquisitions before 1 January 2011 has been carried forward from the previous FRS framework as at the date of transition.

(iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Notes to the Financial Statements (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

(a) Basis of consolidation (cont'd.)

(v) Associates

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

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

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

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in profit or loss. Any retained interest in the former associate at the date when significant influence is lost is re-measured at fair value and this amount is regarded as the initial carrying amount of a financial asset.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of the investment includes transaction costs.

(vi) Non-controlling interests

Non-controlling interests at the end of reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interest and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

(a) Basis of consolidation (cont'd.)

(vii) Transactions eliminated on consolidation (cont'd.)

Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at the reporting period are retranslated to the functional currency at the exchange rate at that date.

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

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which are recognised in other comprehensive income.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

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

(ii) Financial instrument categorises and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

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

Other financial assets classified as fair value through profit or loss is subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Notes to the Financial Statements (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

(c) Financial instruments (cont'd.)

(ii) Financial instrument categorises and subsequent measurement (cont'd.)

(b) Held-to-maturity investments

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

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

(c) Loans and receivables

Loans and receivables category comprises debts instruments that are not quoted in an active market. Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(d) Available-for-sale financial assets

Available-for-sale category comprises investments in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss.

On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

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

Financial liabilities

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

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

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

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

(c) Financial instruments (cont'd.)

(iii) Regular way purchase or sale of financial assets (cont'd.)

- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(iv) Derecognition

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

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

(d) Property, plant and equipment

(i) Recognition and measurement

Land and capital work in progress are measured at cost. Other items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

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

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

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Notes to the Financial Statements (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

(d) Property, plant and equipment (cont'd.)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

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

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

Leasehold land	30 – 99 years
Buildings	50 years
Building improvements and renovations	2 – 10 years
Plant and machinery	10 – 20 years
Motor vehicles	5 years
Furniture and fittings, office and computer equipment	3 – 10 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group and the Company assume substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised in the Group's statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

(e) Leased assets (cont'd.)

(ii) Operating lease (cont'd.)

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred. Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. Goodwill with indefinite useful lives is allocated to cash-generating unit and is tested for impairment annually and more frequently if events or changes in circumstances indicate that it might be impaired.

(g) Investment properties

(i) Investment properties carried at fair value

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment

property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised in other comprehensive income and accumulated in equity as revaluation reserve. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Notes to the Financial Statements (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

(g) Investment properties (cont'd.)

(iii) Determination of fair value

An external, independent valuation firm, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio annually.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

In the absence of current prices in an active market, the valuations are prepared by considering the estimated rental value of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents.

Valuations reflect, where appropriate:

- the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness;
- the allocation of maintenance and insurance responsibilities between the Group and the lessee; and
- the remaining economic life of the property.

When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices, have been served validly and within the appropriate time.

Investment property under construction is valued by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete construction, financing costs and a reasonable profit margin.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Assets held for sale or distribution to owners

Assets comprising assets or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

(i) Assets held for sale or distribution to owners (cont'd.)

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity-accounted associates ceases once classified as held for sale or distribution.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of cash held for the purpose of collections on behalf of agency and money order and postal order creditors.

(k) Impairment

(i) Financial assets

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

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

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

Notes to the Financial Statements (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

(k) Impairment (cont'd.)

(i) Financial assets (cont'd.)

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

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

(ii) Other assets

The carrying amounts of other assets (except for inventories, deferred tax assets, investment properties is measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing

use that are largely independent of the cash inflows of other assets or cash-generating unit. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

(I) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit and loss as accrued.

(m) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

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

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Notes to the Financial Statements (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

(o) Revenue and other income

(i) Revenue

Revenue from mail, courier services, remittances and agency services and other services are recognised in profit or loss upon performance of services.

(ii) Other income

Interest income

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

Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant and are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

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

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

(p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

(q) Tax expense

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

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

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

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(r) Zakat

This represents business zakat. Zakat expense is calculated based on certain percentage of the net current asset or profit after taxation. Zakat is recognised as other operating expense in profit or loss.

(s) Earnings per ordinary share

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

Notes to the Financial Statements (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

(t) Operating segments

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

3. VESTING OF BUSINESS

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

4. REVENUE

	Group		Company	
	Year ended 31.3.2013 RM'000	1.1.2011 to 31.3.2012 RM'000	Year ended 31.3.2013 RM'000	1.1.2011 to 31.3.2012 RM'000
Mail	724,486	921,527	721,559	918,490
Courier	322,665	308,687	319,345	305,897
Retail	175,290	202,597	174,508	202,597
Others	47,070	48,849	4,479	8,243
	1,269,511	1,481,660	1,219,891	1,435,227

5. PROFIT BEFORE TAX

	Note	Group		Company	
		Year ended 31.3.2013 RM'000	1.1.2011 to 31.3.2012 RM'000	Year ended 31.3.2013 RM'000	1.1.2011 to 31.3.2012 RM'000
Profit before tax is arrived at after charging:					
Auditors' remuneration					
– Audit fees		460	425	280	280
KPMG Malaysia					
– Non-audit fees		281	67	188	67
KPMG Malaysia		–	535	–	472
Local affiliates of KPMG Malaysia					
Change in fair value of investment properties	12	–	2,531	–	–
Depreciation for property, plant and equipment	11	85,652	87,262	82,157	84,373
Fair value loss through profit or loss:					
Held for trading financial instrument		104	–	122	–
Finance costs		20	2,038	–	2,037
Impairment loss:					
– Trade receivables	27	3,424	13,594	570	11,976
– Financial assets designated as available-for-sale		–	10,322	–	10,322
– Other receivables		–	758	–	758
– Investment in a subsidiary		–	–	–	17,164
Inventories written off		556	2	547	2
Loss on disposal of other investments		–	16	–	16
Operating licence fee		6,188	6,343	6,114	6,343
Property, plant and equipment written off	11	186	–	–	–
Rental					
– Office and computer equipment		6,322	12,114	7,708	10,786
– Land and buildings		13,064	20,128	18,609	25,644
– Machinery		171	225	131	183
– Motor vehicles		280	1,066	262	1,013

Notes to the Financial Statements (cont'd.)

5. PROFIT BEFORE TAX (cont'd.)

	Note	Group		Company	
		Year ended 31.3.2013 RM'000	1.1.2011 to 31.3.2012 RM'000	Year ended 31.3.2013 RM'000	1.1.2011 to 31.3.2012 RM'000
Profit before tax is arrived at after charging (cont'd.):					
Staff costs (excluding key management personnel)					
– Salaries, bonuses and allowances		585,485	672,617	574,295	658,450
– Contributions to Employees' Provident Fund		85,865	94,396	84,334	92,689
Unrealised foreign exchange loss		66	–	66	–
and after crediting:					
Amortisation of government grants					
Change on fair value of investment properties	12	3,031	4,520	3,031	4,520
Dividend income (gross)		1,592	–	–	–
Fair value gain through profit or loss:					
Held for trading financial instrument		–	283	–	337
Gain on disposal of asset held for sale		6,201	–	6,201	–
Gain on disposal of other investments		70	–	70	–
Gain on disposal of property, plant and equipment		145	1,773	145	1,753
Interest income:					
– Unquoted debentures in Malaysia		4,490	8,020	3,990	7,500
– Others		12,714	11,133	9,986	8,653
Reversal of impairment loss on financial assets:					
– Trade receivables		928	44	859	–
– Other receivables		67	–	67	–
Realised foreign exchange gain		818	1,924	808	2,019
Rental income:					
– Investment properties		1,008	1,064	–	–
– Operating lease other than those relating to investment properties		2,907	2,852	2,884	2,852
Unrealised foreign exchange gain		–	22	–	22

5. PROFIT BEFORE TAX (cont'd.)

Included in profit before tax is zakat assessment as follows:

	Group and Company	
	Year ended 31.3.2013 RM'000	1.1.2011 to 31.3.2012 RM'000
Zakat assessment based on net current assets or results of the year/period		
– Current	2,052	4,884
– Over provision in prior years	(3,104)	–
	(1,052)	4,884

6. OTHER COMPREHENSIVE INCOME

	2013			2012		
	Before tax RM'000	Tax (expense) /benefit RM'000	Net of tax RM'000	Before tax RM'000	Tax (expense) /benefit RM'000	Net of tax RM'000
Items that will not be reclassified subsequently to profit or loss						
Revaluation of property, plant and equipment on transfer of properties to investment properties	–	–	–	1,144	–	1,144

Notes to the Financial Statements (cont'd.)

7. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	Year ended 31.3.2013 RM'000	1.1.2011 to 31.3.2012 RM'000	Year ended 31.3.2013 RM'000	1.1.2011 to 31.3.2012 RM'000
Directors				
– Fees	733	557	733	538
– Remuneration	117	2,213	117	2,209
	850	2,770	850	2,747
Other key management personnel				
– Remuneration	8,879	10,930	8,074	10,272
	9,729	13,700	8,924	13,019

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

8. TAX EXPENSE

	Group		Company	
	Year ended 31.3.2013 RM'000	1.1.2011 to 31.3.2012 RM'000	Year ended 31.3.2013 RM'000	1.1.2011 to 31.3.2012 RM'000
Current tax expense:				
Current year	49,692	61,397	43,838	59,620
Over provision in prior years/period	(27,989)	(5,975)	(14,012)	(5,957)
	21,703	55,422	29,826	53,663
Deferred tax expense:				
Origination and (reversal) of temporary differences	6,138	(2,231)	5,205	(2,067)
Under provision in prior years/period	12,723	8,170	12,508	8,094
	18,861	5,939	17,713	6,027
Total tax expense	40,564	61,361	47,539	59,690

Notes to the Financial Statements (cont'd.)

8. TAX EXPENSE (cont'd.)

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

	Group		Company	
	Year ended 31.3.2013 RM'000	1.1.2011 to 31.3.2012 RM'000	Year ended 31.3.2013 RM'000	1.1.2011 to 31.3.2012 RM'000
Profit before tax	191,869	200,202	175,477	175,576
Tax calculated using Malaysian tax rate of 25% (2012: 25%)	47,967	50,051	43,869	43,894
Tax exempt income	(600)	(1,564)	(1,638)	(1,057)
Expenses not deductible for tax purposes	7,954	10,801*	6,812	14,716*#
Unrecognised / (recognised) deferred tax assets	509	(122)	–	–
Under/(Over) provision in prior years/period	55,830	59,166	49,043	57,553
– Current tax	(27,989)	(5,975)	(14,012)	(5,957)
– Deferred tax	12,723	8,170	12,508	8,094
Tax expense	40,564	61,361	47,539	59,690

* Included tax effect on impairment losses in relation to financial assets designated as Available-For-Sale of RM10.3 million.

Included tax effect on the impairment loss on investment of subsidiary of RM17.2 million.

Included in the over provision of income tax in prior years of the Group is an amount of RM12,730,000 which was refunded by the Malaysian Inland Revenue Board ("MIRB") during the financial year. This refund was made after MIRB agreed to set off the unutilised business losses of a subsidiary against its statutory business income due to a substantial change in the shareholding in the subsidiary in the year of assessment ("YA") 2006.

9. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The earnings per ordinary share for the financial year has been calculated based on the profit attributable to ordinary shareholders of RM151,726,000 (2012: RM138,841,000) and a weighted average number of ordinary shares in issue during the financial year of 537,026,085 (2012: 537,026,085).

10. DIVIDENDS

Dividends recognised in the current year by the Company are:

	Sen per share (net of tax)	Total amount RM'000
2013		
First and final dividend in respect of financial period ended 31 March 2012	13.1	70,485
Interim dividend in respect of financial year ended 31 March 2013	6.0	32,221
		102,706
2012		
First and final dividend in respect of financial year ended 31 December 2010	7.5	40,277
Special dividend in respect of financial year ended 31 December 2010	5.6	30,208
		70,485

After the reporting period the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial year upon approval by the owners of the Company.

	Sen per share (net of tax)	Total amount RM'000
Final dividend	7.13	38,263

Notes to the Financial Statements (cont'd.)

11. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land and buildings RM'000	Government leasehold land and buildings RM'000	Freehold land RM'000	Buildings RM'000	Building improvements and renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and fittings, office and computer equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Cost										
At 1 January 2011	183,716	210,799	2,276	35,114	93,755	21,702	154,262	167,619	106,046	975,289
Additions	—	—	—	—	13,344	32	479	4,103	155,765	173,723
Disposals	—	—	—	—	—	—	(7,653)	(728)	—	(8,381)
Transfers	—	—	—	—	147,579	47,331	11,241	22,307	(228,458)	—
Transfer to investment properties:										
– Offset of accumulated depreciation	(2,308)	—	—	(2,380)	—	—	—	—	—	(4,688)
– Revaluation of property transferred	—	—	—	1,144	—	—	—	—	—	1,144
– Transfer of carrying amount	(7,258)	—	—	(8,160)	—	—	—	—	—	(15,418)
Transfer to asset classified as held for sale	(1,801)	—	—	—	—	—	—	—	—	(1,801)
At 31 March 2012/1 April 2012	172,349	210,799	2,276	25,718	254,678	69,065	158,329	193,301	33,353	1,119,868
Additions	—	—	—	—	3,970	45	9,558	6,734	47,876	68,183
Disposals	—	—	—	(113)	(4,136)	—	(783)	(299)	—	(5,331)
Written off	—	—	—	—	(1,359)	—	—	(16)	—	(1,375)
Transfers	—	—	—	—	27,688	1,570	—	15,686	(44,944)	—
At 31 March 2013	172,349	210,799	2,276	25,605	280,841	70,680	167,104	215,406	36,285	1,181,345

11. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

Group	Leasehold land and buildings RM'000	Government leasehold land and buildings RM'000	Freehold land RM'000	Buildings RM'000	Building improvements and renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and fittings, office and computer equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation and impairment loss										
At 1 January 2011:										
Accumulated depreciation	35,020	110,004	–	8,622	38,283	14,631	96,624	97,872	–	401,056
Accumulated impairment loss	–	–	–	–	–	–	–	–	22,273	22,273
Depreciation for the year	35,020	110,004	–	8,622	38,283	14,631	96,624	97,872	22,273	423,329
Disposals	3,399	11,422	–	629	18,757	3,162	25,713	24,180	–	87,262
Offset of accumulated depreciation on property transferred to investment properties	–	–	–	–	–	–	(7,588)	(710)	–	(8,298)
Transfer to asset classified as held for sale	(2,308)	–	–	(2,380)	–	–	–	–	–	(4,688)
At 31 March 2012/1 April 2012:										
Accumulated depreciation	36,065	121,426	–	6,871	57,040	17,793	114,749	121,342	–	475,286
Accumulated impairment loss	–	–	–	–	–	–	–	–	22,273	22,273
	36,065	121,426	–	6,871	57,040	17,793	114,749	121,342	22,273	497,559

Notes to the Financial Statements (cont'd.)

11. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

Group	Leasehold land and buildings RM'000	Government leasehold land and buildings RM'000	Freehold land RM'000	Buildings RM'000	Building improvements and renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and fittings, office and computer equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation and impairment loss (cont'd.)										
Depreciation for the year	2,939	9,137	–	501	24,773	3,226	19,428	25,648	–	85,652
Disposals	–	–	–	(41)	(3,379)	–	(719)	(286)	–	(4,425)
Written off	–	–	–	–	(1,178)	–	–	(11)	–	(1,189)
At 31 March 2013:										
Accumulated depreciation	39,004	130,563	–	7,331	77,256	21,019	133,458	146,693	–	555,324
Accumulated impairment loss	–	–	–	–	–	–	–	–	22,273	22,273
	39,004	130,563	–	7,331	77,256	21,019	133,458	146,693	22,273	577,597
Carrying amounts										
At 1 January 2011	148,696	100,795	2,276	26,492	55,472	7,071	57,638	69,747	83,773	551,960
At 31 March 2012/1 April 2012	136,284	89,373	2,276	18,847	197,638	51,272	43,580	71,959	11,080	622,309
At 31 March 2013	133,345	80,236	2,276	18,274	203,585	49,661	33,646	68,713	14,012	603,748

11. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

Company	Leasehold land and buildings RM'000	Government leasehold land and buildings RM'000	Freehold land RM'000	Buildings RM'000	Building improvements and renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and fittings, office and computer equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Cost										
At 1 January 2011	99,634	210,799	2,276	25,718	87,535	6,276	153,482	147,071	112,317	845,108
Additions	—	—	—	—	13,142	—	192	4,452	152,538	170,324
Disposals	—	—	—	—	—	—	(7,562)	(728)	—	(8,290)
Transfers	—	—	—	—	147,580	47,158	11,242	25,989	(231,969)	—
Transfer to asset classified as held for sale	(1,801)	—	—	—	—	—	—	—	—	(1,801)
At 31 March 2012/1 April 2012	97,833	210,799	2,276	25,718	248,257	53,434	157,354	176,784	32,886	1,005,341
Additions	—	—	—	—	523	—	9,560	3,998	43,483	57,564
Disposals	—	—	—	(113)	(4,136)	—	(782)	(283)	—	(5,314)
Transfers	—	—	—	—	27,401	183	—	15,539	(43,123)	—
At 31 March 2013	97,833	210,799	2,276	25,605	272,045	53,617	166,132	196,038	33,246	1,057,591
Depreciation and impairment loss										
At 1 January 2011:										
Accumulated depreciation	30,286	110,004	—	6,244	35,623	4,111	95,938	80,810	—	363,016
Accumulated impairment loss	—	—	—	—	—	—	—	—	22,273	22,273
Depreciation for the year	30,286	110,004	—	6,244	35,623	4,111	95,938	80,810	22,273	385,289
Disposals	2,270	11,422	—	629	18,284	2,777	25,675	23,316	—	84,373
Transfer to asset classified as held for sale	(46)	—	—	—	—	—	(7,497)	(710)	—	(8,207)
									—	(46)

Notes to the Financial Statements (cont'd.)

11. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

Company	Leasehold land and buildings RM'000	Government leasehold land and buildings RM'000	Freehold land RM'000	Buildings RM'000	Building improvements and renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and fittings, office and computer equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation and impairment loss (cont'd.)										
At 31 March 2012/1 April 2012:										
Accumulated depreciation	32,510	121,426	–	6,873	53,907	6,888	114,116	103,416	–	439,136
Accumulated impairment loss	–	–	–	–	–	–	–	–	22,273	22,273
Depreciation for the year	32,510	121,426	–	6,873	53,907	6,888	114,116	103,416	22,273	461,409
Disposals	1,809	9,137	–	501	24,395	2,892	19,356	24,067	–	82,157
At 31 March 2013:	–	–	–	(41)	(3,380)	–	(719)	(273)	–	(4,413)
Accumulated depreciation	34,319	130,563	–	7,333	74,922	9,780	132,753	127,210	–	516,880
Accumulated impairment loss	–	–	–	–	–	–	–	–	22,273	22,273
	34,319	130,563	–	7,333	74,922	9,780	132,753	127,210	22,273	539,153
Carrying amounts										
At 1 January 2010	69,348	100,795	2,276	19,474	51,912	2,165	57,544	66,261	90,044	459,819
At 31 March 2012/1 April 2012	65,323	89,373	2,276	18,845	194,350	46,546	43,238	73,368	10,613	543,932
At 31 March 2013	63,514	80,236	2,276	18,272	197,123	43,837	33,379	68,828	10,973	518,438

11. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

Depreciation for the year/period has been allocated as follows:

	Group		Company	
	Year ended 31.3.2013 RM'000	1.1.2011 to 31.3.2012 RM'000	Year ended 31.3.2013 RM'000	1.1.2011 to 31.3.2012 RM'000
Depreciation of property, plant and equipment	85,275	86,845	81,780	83,956
Other income*	377	417	377	417
	85,652	87,262	82,157	84,373

* Depreciation has been netted off against other income as the assets were purchased in relation to government grant received by the Group and the Company.

11.1 Hire purchase arrangements

The carrying amount of motor vehicles purchased under hire purchase arrangements for the Group and the Company amounted to RM5,000 (31.3.2012: RM20,000, 1.1.2011: RM29,601,000) and RMNil (31.3.2012: RMNil, 1.1.2011: RM29,561,000) respectively.

11.2 Leasehold land and buildings

The title deeds for certain landed properties with net carrying value amounting to RM2,180,000 (31.3.2012: RM3,933,000, 1.1.2011: RM2,333,000) have yet to be issued in the name of the Company as at 31 March 2013 by the relevant authorities.

11.3 Government leasehold land and buildings

The cost of government leasehold land and buildings for the Group and the Company of RM210,799,000 (31.3.2012: RM210,799,000, 1.1.2011:

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

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

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

Notes to the Financial Statements (cont'd.)

12. INVESTMENT PROPERTIES

Group	Group	
	2013 RM'000	2012 RM'000
At 1 March/1 January	27,958	15,071
Transfer from property, plant and equipment	–	15,418
Change in fair value recognised in profit or loss	1,592	(2,531)
At 31 March	29,550	27,958

	Group		
	31.3.2013 RM'000	31.3.2012 RM'000	1.1.2011 RM'000
Included in the above are:			
At fair value			
Freehold land and buildings	11,522	11,816	3,311
Leasehold land and buildings with unexpired lease period of more than 50 years	18,028	16,142	11,760
	29,550	27,958	15,071

Investment properties comprise a number of commercial properties that are leased to third parties. In the previous financial period, a few of the properties have been transferred from property, plant and equipment (see Note 11) to investment properties, since the buildings were no longer used by the Group and leased to third parties.

The fair values of all investment properties are determined based on market values.

12. INVESTMENT PROPERTIES (cont'd.)

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2013 RM'000	2012 RM'000
Rental income	1,008	1,064
Direct operating expenses:		
– income generating investment properties	313	286

13. GOODWILL

Group	RM'000
Cost	
At 1 January 2011/31 March 2012/1 April 2012/31 March 2013	4,630
Amortisation and impairment losses	
At 1 January 2011/31 March 2012/1 April 2012/31 March 2013	–
Carrying amount	
At 1 January 2011/31 March 2012/1 April 2012/31 March 2013	4,630

Goodwill relates to the Group's licensed digital certificate authority business unit.

Notes to the Financial Statements (cont'd.)

13. GOODWILL (cont'd.)

Impairment testing for goodwill

The recoverable amount of the business unit is higher than its carrying amount and was based on its value in use. Value in use was determined by discounting the future cash flows generated from the continuing operation of the business as a licensed digital certificate provider and was based on the following key assumptions:

- (i) Cash flows were projected based on actual operating results and financial budget approved by management covering a 5-year business plan.
- (ii) The anticipated growth rate of 15% per annum (31.3.2012: 15%, 1.1.2011: 5%).
- (iii) The projected gross margin which reflects the average historical gross margin, adjusted for projected market and economic conditions and internal resource efficiency.
- (iv) The unit will continue its operations indefinitely.
- (v) A discount rate used of 12.1% (31.3.2012: 13.30%, 1.1.2011: 7.5%) which approximates the Group's weighted average cost of capital, was applied.

Sensitivity to changes in assumptions

Management recognises that the changes in demand patterns and the possibility of new entrants could have a significant impact on growth rate assumptions. However, unless there is a sudden change in the demand patterns, the Company should be able to sustain its growth rate.

14. INVESTMENTS IN SUBSIDIARIES

	Company		
	31.3.2013 RM'000	31.3.2012 RM'000	1.1.2011 RM'000
Unquoted shares, at cost	69,050	65,050	65,050
Less: Accumulated impairment losses	(19,870)	(19,870)	(2,706)
	49,180	45,180	62,344

14. INVESTMENTS IN SUBSIDIARIES (cont'd.)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest		
			31.3.2013 %	31.3.2012 %	1.1.2011 %
Datapos (M) Sdn. Bhd.	Malaysia	Printing and insertion of documents for mailing	100	100	100
Digicert Sdn. Bhd.	Malaysia	Licensed digital certification authority	100	100	100
Effivation Sdn. Bhd.	Malaysia	Property investment	100	100	100
Pos Ar-Rahnu Sdn. Bhd.** (formerly known as Bright Emerald Sdn. Bhd.)	Malaysia	Ar-Rahnu (Islamic pawn broking)	80	-	-
Pos Takaful Agency Sdn. Bhd.	Malaysia	Dormant	100	100	100
Poslaju (M) Sdn. Bhd.	Malaysia	Dormant	100	100	100
Pos Malaysia & Services Holdings Berhad	Malaysia	Investment holding	100	100	100
PSH Capital Partners Sdn. Bhd.	Malaysia	Investment holding	100	100	100
PSH Venture Capital Sdn. Bhd.	Malaysia	Investment holding	100	100	100
PSH Properties Sdn. Bhd.	Malaysia	Property investment	100	100	100
PSH Allied Berhad	Malaysia	Dormant	100	100	100
PMB Properties Sdn. Bhd.	Malaysia	Property investment	100	100	100

Notes to the Financial Statements (cont'd.)

14. INVESTMENTS IN SUBSIDIARIES (cont'd.)

Details of the subsidiaries are as follows: (cont'd.)

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest		
			31.3.2013 %	31.3.2012 %	1.1.2011 %
<u>Held by PSH Capital Partners Sdn. Bhd.</u> Prestige Future Sdn. Bhd.	Malaysia	Dormant	100	100	100
<u>Held by PSH Properties Sdn. Bhd.</u> Real Riviera Sdn. Bhd.	Malaysia	Property investment	100	100	100
<u>Held by PSH Venture Capital Sdn. Bhd.</u> PSH Express Sdn. Bhd.	Malaysia	Air courier services and fulfilment business	100	100	100
<u>Held by Pos Malaysia & Services Holdings Berhad</u> PSH Investment Holding (BVI) Ltd.*	British Virgin Islands	Dormant	100	100	100

* The investment in PSH Investment Holding (BVI) Ltd. has been consolidated based on management financial statements for the financial year ended 31 March 2013 as a statutory audit is not required in the British Virgin Islands.

** On 30 March 2012, Pos Ar-Rahnu Sdn. Bhd. was incorporated under the name of Bright Emerald Sdn. Bhd. The subsidiary subsequently changed its name to its existing name on 30 April 2012. Pos Ar-Rahnu Sdn. Bhd. became a subsidiary of the Group upon the transfer of its paid up capital of 2 ordinary shares of RM1.00 each to the Company on 25 June 2012.

Subsequently, the Company subscribed for an additional 3,999,998 ordinary shares of RM1.00 each for RM3,999,998 in the subsidiary.

14. INVESTMENTS IN SUBSIDIARIES (cont'd.)

Impairment loss

The carrying amounts of the investments in subsidiaries were assessed for impairment during the year. The recoverable amounts of the investments in subsidiaries are determined based on the value in use of the subsidiaries.

In the previous financial period, the recoverable amount of investment in a subsidiary based on the assessment of value in use, was lower than its carrying amount. Accordingly, an allowance for impairment loss of RM17,164,000 (1.1.2011: RMNil) was recognised in profit or loss.

15. INVESTMENTS IN ASSOCIATES

	Group and Company		
	31.3.2013 RM'000	31.3.2012 RM'000	1.1.2011 RM'000
Unquoted shares, at cost	7,650	7,650	7,650
Less: Accumulated impairment losses	(7,650)	(7,650)	(7,650)
	–	–	–

The Group discontinued equity accounting of losses in associates as the losses exceeded the carrying amount of the investments. As at 31 March 2013, the share of profit in those associates for the financial year and share of losses cumulatively not accounted for was a profit of RM105,000 (2012: loss of RM2,000) and RM38,356,000 (2012: RM38,461,000) respectively. The Group has not recognised these losses since the Group has no obligation in respect of these losses.

Notes to the Financial Statements (cont'd.)

15. INVESTMENTS IN ASSOCIATES (cont'd.)

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

Group	Country of incorporation	Effective ownership interest %	Revenue (100%) RM'000	Profit/(Loss) (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
31 March 2013						
Elpos Print Sdn. Bhd.#	Malaysia	40.0	9,660	328	5,943	8,493
CEN Sdn. Bhd.#	Malaysia	42.5	254	(60)	12,438	66,378
Pospay Exchange Sdn. Bhd.#	Malaysia	50.0	–	–	709	5,441
			9,914	268	19,090	80,312
31 March 2012						
Elpos Print Sdn. Bhd.#	Malaysia	40.0	15,805	1,465	6,772	9,470
CEN Sdn. Bhd.#	Malaysia	42.5	2,383	(152)	12,503	66,383
Pospay Exchange Sdn. Bhd.#	Malaysia	50.0	–	(1,047)	709	5,441
			18,188	266	19,984	81,294
1 January 2011						
Elpos Print Sdn. Bhd.#	Malaysia	40.0	–	–	8,161	12,567
CEN Sdn. Bhd.#	Malaysia	42.5	–	–	12,169	65,848
Pospay Exchange Sdn. Bhd.#	Malaysia	50.0	–	–	717	3,309
					21,047	81,724

Based on management accounts as at 31 March 2013/31 March 2012/1 January 2011.

16. OTHER INVESTMENTS

Group		Shares		Debentures	
		Total RM'000	Unquoted in Malaysia RM'000	Quoted in Malaysia RM'000	Unquoted in Malaysia RM'000
31 March 2013					
Non-current					
Available-for-sale financial assets		249,562	249,562	–	–
Less: Impairment loss		(249,562)	(249,562)	–	–
		–	–	–	–
Held-to-maturity investments		115,233	–	–	115,233
		115,233	–	–	115,233
Current					
Financial assets at fair value through profit or loss: Held-for-trading		1,159	–	1,159	–
		116,392	–	1,159	115,233
Representing items:					
At amortised cost		115,233	–	–	115,233
At fair value		1,159	–	1,159	–
		116,392	–	1,159	115,233
Market value of quoted investments		1,159	–	1,159	–

Notes to the Financial Statements (cont'd.)

16. OTHER INVESTMENTS (cont'd.)

Group	31 March 2012	Shares			Debentures
		Total RM'000	Unquoted in Malaysia RM'000	Quoted in Malaysia RM'000	Unquoted in Malaysia RM'000
Non-current					
Available-for-sale financial assets		249,562	249,562	–	–
Less: Impairment loss		(249,562)	(249,562)	–	–
		–	–	–	–
Held-to-maturity investments		120,744	–	–	120,744
		120,744	–	–	120,744
Current					
Financial assets at fair value through profit or loss: Held-for-trading		3,268	–	3,268	–
		124,012	–	3,268	120,744
Representing items:					
At amortised cost		120,744	–	–	120,744
At fair value		3,268	–	3,268	–
		124,012	–	3,268	120,744
Market value of quoted investments		3,268	–	3,268	–

16. OTHER INVESTMENTS (cont'd.)

Group	Total RM'000	Shares		Debentures
		Unquoted in Malaysia RM'000	Quoted in Malaysia RM'000	Unquoted in Malaysia RM'000
1 January 2011				
Non-current				
Available-for-sale financial assets	249,562	—	249,562	—
Less: Impairment loss	(239,240)	—	(239,240)	—
	10,322	—	10,322	—
Held-to-maturity investments	86,146	—	—	86,146
	96,468	—	10,322	86,146
Current				
Financial assets at fair value through profit or loss: Held-for-trading	4,356	—	4,356	—
Held-to-maturity investments	99,950	—	—	99,950
	104,306	—	4,356	99,950
	200,774	—	14,678	186,096
Representing items:				
At amortised cost	186,096	—	—	186,096
At fair value	14,678	—	14,678	—
	200,774	—	14,678	186,096
Market value of quoted investments	14,678	—	14,678	—

Notes to the Financial Statements (cont'd.)

16. OTHER INVESTMENTS (cont'd.)

Company	Total RM'000	Shares		Debentures Unquoted in Malaysia RM'000
		Unquoted in Malaysia RM'000	Quoted in Malaysia RM'000	
31 March 2013				
Non-current				
Available-for-sale financial assets	357,343	357,343	—	—
Less: Impairment loss	(357,343)	(357,343)	—	—
	—	—	—	—
Held-to-maturity investments	115,586	—	—	115,586
	115,586	—	—	115,586
Current				
Financial assets at fair value through profit or loss: Held-for-trading	194	—	194	—
	115,780	—	194	115,586
Representing items:				
At amortised cost	115,586	—	—	115,586
At fair value	194	—	194	—
	115,780	—	194	115,586
Market value of quoted investments	194	—	194	—

16. OTHER INVESTMENTS (cont'd.)

Company		Shares		Debentures	
		Total RM'000	Unquoted in Malaysia RM'000	Quoted in Malaysia RM'000	Unquoted in Malaysia RM'000
31 March 2012					
Non-current					
Available-for-sale financial assets		357,343	357,343	–	–
Less: Impairment loss		(357,343)	(357,343)	–	–
		–	–	–	–
Held-to-maturity investments		121,193	–	–	121,193
		121,193	–	–	121,193
Current					
Financial assets at fair value through profit or loss: Held-for-trading		2,323	–	2,323	–
		123,516	–	2,323	121,193
Representing items:					
At amortised cost		121,193	–	–	121,193
At fair value		2,323	–	2,323	–
		123,516	–	2,323	121,193
Market value of quoted investments		2,323	–	2,323	–

Notes to the Financial Statements (cont'd.)

16. OTHER INVESTMENTS (cont'd.)

Company	Total RM'000	Shares		Debentures Unquoted in Malaysia RM'000
		Unquoted in Malaysia RM'000	Quoted in Malaysia RM'000	
1 January 2011				
Non-current				
Available-for-sale financial assets	357,343	—	357,343	—
Less: Impairment loss	(347,021)	—	(347,021)	—
	10,322	—	10,322	—
Held-to-maturity investments	85,757	—	—	85,757
	96,079	—	10,322	85,757
Current				
Financial assets at fair value through profit or loss: Held-for-trading	2,856	—	2,856	—
Held-to-maturity investments	100,308	—	—	100,308
	103,164	—	2,856	100,308
	199,243	—	13,178	186,065
Representing items:				
At amortised cost	186,065	—	—	186,065
At fair value	13,178	—	13,178	—
	199,243	—	13,178	186,065
Market value of quoted investments	13,178	—	13,178	—

16. OTHER INVESTMENTS (cont'd.)

Available-for-sale financial assets

In the previous financial period, the Group recognised impairment loss of RM10,322,000 for its unquoted equity instruments classified as available-for-sale financial assets as there was a “significant” and “prolonged” decline in the fair value of the investments. These quoted shares were delisted from Bursa Malaysia Securities Berhad on 24 May 2011.

17. INVENTORIES

	Group			Company		
	31.3.2013 RM'000	31.3.2012 RM'000	1.1.2011 RM'000	31.3.2013 RM'000	31.3.2012 RM'000	1.1.2011 RM'000
Postal uniforms and consumables	8,018	6,260	5,059	7,876	6,207	4,901
Pos 2020 merchandise	75	648	556	75	648	556
Insertion and mailing materials	2,628	1,732	1,928	—	—	—
Digital certificates, CD ROM and smart cards	838	1,492	1,218	—	—	—
	11,559	10,132	8,761	7,951	6,855	5,457

During the financial year, inventories recognised as expenses in profit or loss of the Group and of the Company amounted to RM37,884,000 (2012: RM42,848,000) and RM27,711,000 (2012: RM32,205,000) respectively.

Notes to the Financial Statements (cont'd.)

18. TRADE AND OTHER RECEIVABLES

	Note	Group			Company		
		31.3.2013 RM'000	31.3.2012 RM'000	1.1.2011 RM'000	31.3.2013 RM'000	31.3.2012 RM'000	1.1.2011 RM'000
Trade							
Trade receivables	a	113,176	93,396	117,393	82,488	64,633	83,590
Accrued receivables		41,080	28,097	31,658	27,308	19,168	24,490
		154,256	121,493	149,051	109,796	83,801	108,080
Non-trade							
Other receivables	b	3,866	2,586	13,236	2,592	2,199	5,195
Amount due from subsidiaries		—	—	—	146,611	145,704	106,573
Deposits		9,066	11,625	9,683	8,196	10,685	8,753
Investment income receivables		3,723	8,601	4,248	2,426	6,833	3,019
Staff advances		3,209	8,852	11,377	3,149	8,772	11,262
		19,864	31,664	38,544	162,974	174,193	134,802
		174,120	153,157	187,595	272,770	257,994	242,882

a. Trade receivables

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

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

Included in trade receivables of the Group and Company is RM5,178,000 (31.3.2012: RM2,028,000, 1.1.2011: RMNil) and RM4,232,000 (31.3.2012: RMNil, 1.1.2011: RMNil) respectively, due from related companies of a significant investor that has an influence over the Group.

b. Amount due from subsidiaries

The amount due from subsidiaries is unsecured, interest free and repayable on demand.

19. CASH AND CASH EQUIVALENTS

	Group			Company		
	31.3.2013 RM'000	31.3.2012 RM'000	1.1.2011 RM'000	31.3.2013 RM'000	31.3.2012 RM'000	1.1.2011 RM'000
Deposits are placed with:						
Licensed banks	865	989	1,345	–	–	–
Other financial institutions	143,455	160,000	155,707	143,551	160,000	151,607
Liquid investments	144,320	160,989	157,052	143,551	160,000	151,607
Cash and bank balances	373,579	285,184	118,700	254,090	198,900	118,700
	148,568	97,903	119,781	130,454	77,748	84,136
	666,467	544,076	395,533	528,095	436,648	354,443

Included in deposits with licensed banks and other financial institutions of the Group and the Company are collections on behalf of agency payables, money order and postal order payables amounting to RM187,304,000 (31.3.2012: RM155,159,000, 1.1.2011: RM142,795,000).

The Directors regard liquid investments as cash and cash equivalents when they are highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the Financial Statements (cont'd.)

20. ASSET CLASSIFIED AS HELD FOR SALE

In the previous financial period, the Group and the Company entered into a sale and purchase agreement to dispose of a property on 10 May 2011. The details of the asset held for sale are as follows:

Group and Company	31.3.12 Leasehold land RM'000
Property, plant and equipment:	
Cost	1,801
Accumulated depreciation	(46)
Carrying amount	1,755

The sale was completed on 4 April 2012 and a gain on disposal of RM6,201,000 was recognised by the Group and Company during the financial year.

21. SHARE CAPITAL AND RESERVES

	Group and Company					
	31.3.2013 RM'000	31.3.2013 '000	31.3.2012 RM'000	31.3.2012 '000	1.1.2011 RM'000	1.1.2011 '000
Authorised:						
Ordinary shares of RM0.50	1,000,000	2,000,000	1,000,000	2,000,000	1,000,000	2,000,000
Special Rights Redeemable Preference shares of RM1 each	*	*	*	*	*	*
Issued and fully paid:						
Ordinary shares of RM0.50 each 1 January/31 March	268,513	537,026	268,513	537,026	268,513	537,026
Special Rights Redeemable Preference Shares of RM1 each At 1 January/31 March	*	*	*	*	*	*
	268,513	537,026	268,513	537,026	268,513	537,026

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

21. SHARE CAPITAL AND RESERVES (cont'd.)

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

- (i) The Special Rights Redeemable Preference Share issued to the Government of Malaysia would enable the Government of Malaysia through the Minister of Finance (Incorporated), or its successors or any Minister, representative or any person acting on behalf, to ensure that certain major decisions affecting the operation of the Company are consistent with the Government's policy. The Special Rights Redeemable Preference shareholder is entitled to receive notices of meetings but does not carry any right to vote at such meetings of the Company. He also has the right to require the Company to redeem the Special Rights Redeemable Preference Share at par at any time.
- (ii) Certain matters, in particular, the alteration of the Articles of Association of the Company relating to the rights of the Special Rights Redeemable Preference shareholder, the dissolution of the Company, any substantial acquisitions and disposal of assets, amalgamation, merger and takeover, appointment of foreign directors, creation or issue of any shares which when aggregated with all other existing issued shares, carry ten percent of total voting rights, require prior consent of the Special Rights Redeemable Preference shareholder.
- (iii) In a distribution of capital or a winding-up of the Company, the Special Rights Redeemable Preference shareholder is entitled to the repayment of the capital paid-up on the Special Rights Redeemable Preference Share in priority to any repayment of capital to any other member. The Special Rights Redeemable Preference Share does not confer any right to participate in the capital or profits of the Company.

(b) Share premium reserve

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

(c) Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment immediately prior to its reclassification as investment property.

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

22. RETAINED EARNINGS

Under the single-tier tax system which came into effect from the year of assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of shareholders.

Companies with Section 108 tax credit as at 31 December 2007 may continue to pay franked dividends until the Section 108 tax credit are exhausted or 31 December 2013 whichever is earlier unless they opt to disregard the Section 108 credits to pay single-tier dividends under the special transitional provisions of the Finance Act 2007.

As at 31 March 2013, the Company has sufficient Section 108 tax credits (which expires on 31 December 2013) to pay approximately RM215,500,000 (31.3.2012: RM317,000,000, 1.1.2011: RM388,000,000) of the retained earnings of the Company as franked dividends. In addition, the Company has tax exempt income of approximately RM72,000,000 (31.3.2012: RM72,000,000, 1.1.2011: RM72,000,000) as at 31 March 2013, available to frank as tax exempt dividends.

Notes to the Financial Statements (cont'd.)

23. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	Assets			Liabilities			Net		
	31.3.2013 RM'000	31.3.2012 RM'000	1.1.2011 RM'000	31.3.2013 RM'000	31.3.2012 RM'000	1.1.2011 RM'000	31.3.2013 RM'000	31.3.2012 RM'000	1.1.2011 RM'000
Group									
Property, plant and equipment	1,221	1,548	556	(62,154)	(45,293)	(30,904)	(60,933)	(43,745)	(30,348)
Provisions	24,268	25,934	17,610	—	—	—	24,268	25,934	17,610
Unabsorbed tax losses	—	7	873	—	—	—	—	7	873
Tax assets/(liabilities)	25,489	27,489	19,039	(62,154)	(45,293)	(30,904)	(36,665)	(17,804)	(11,865)
Set-off	(25,489)	(27,489)	(18,622)	25,489	27,489	18,622	—	—	—
Net tax assets/(liabilities)	—	—	417	(36,665)	(17,804)	(12,282)	(36,665)	(17,804)	(11,865)
Company									
Property, plant and equipment	1,221	1,548	556	(60,251)	(43,901)	(29,176)	(59,030)	(42,353)	(28,620)
Provisions	23,918	24,954	17,248	—	—	—	23,918	24,954	17,248
Tax assets/(liabilities)	25,139	26,502	17,804	(60,251)	(43,901)	(29,176)	(35,112)	(17,399)	(11,372)
Set-off	(25,139)	(26,502)	(17,804)	25,139	26,502	17,804	—	—	—
Net tax liabilities	—	—	—	(35,112)	(17,399)	(11,372)	(35,112)	(17,399)	(11,372)

Deferred tax assets and liabilities are offset above when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

23. DEFERRED TAX ASSETS AND LIABILITIES (cont'd.)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised for the following items:

	Group		
	31.3.2013 RM'000	31.3.2012 RM'000	1.1.2011 RM'000
Unutilised tax losses	50,735	49,557	50,072
Unabsorbed capital allowances	2,753	1,897	1,870
	53,488	51,454	51,942

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

24. BORROWINGS

	Group			Company		
	31.3.2013 RM'000	31.3.2012 RM'000	1.1.2011 RM'000	31.3.2013 RM'000	31.3.2012 RM'000	1.1.2011 RM'000
Current						
Revolving credit	17,698	—	—	—	—	—
Hire purchase liabilities	6	5	13,236	—	—	13,222
	17,704	5	13,236	—	—	13,222
Non-current						
Hire purchase liabilities	—	15	30,762	—	—	30,738
	17,704	20	43,998	—	—	43,960

Notes to the Financial Statements (cont'd.)

24. BORROWINGS (cont'd.)

Security

The revolving credit is secured by way of:

- a) Debenture over fixed and floating assets of a subsidiary company; and
- b) Proportionate guarantee by the Company of up to RM40,000,000, which is equivalent to 80% of the revolving credit facility.

Hire purchase liabilities

Hire purchase liabilities are payable as follows:

	31.3.2013			31.3.2012			1.1.2011		
	Gross 31.3.2013 RM'000	Interest 31.3.2012 RM'000	Principal 1.1.2011 RM'000	Gross 31.3.2013 RM'000	Interest 31.3.2012 RM'000	Principal 1.1.2011 RM'000	Gross 31.3.2013 RM'000	Interest 31.3.2012 RM'000	Principal 1.1.2011 RM'000
Group									
Less than one year	6	*	6	5	*	5	15,042	1,806	13,236
Between one and five years	—	*	—	15	*	15	32,563	1,801	30,762
	6	*	6	20	*	20	47,605	3,607	43,998
Company									
Less than one year	—	—	—	—	—	—	15,026	1,804	13,222
Between one and five years	—	—	—	—	—	—	32,539	1,801	30,738
	—	—	—	—	—	—	47,565	3,605	43,960

* Interest amounts to less than RM1,000.

25. TRADE AND OTHER PAYABLES

	Note	Group			Company		
		31.3.2013 RM'000	31.3.2012 RM'000	1.1.2011 RM'000	31.3.2013 RM'000	31.3.2012 RM'000	1.1.2011 RM'000
Trade							
Trade payables	a	25,093	42,690	38,876	23,306	40,050	35,954
Non-trade							
Amount due to subsidiaries	b	—	—	—	45,812	37,050	52,329
Amount due to associates	b	1	239	1,069	1	239	1,069
Other payables and accruals:							
Unpresented postal and money orders		111,292	86,249	85,492	111,292	86,249	85,492
Agency payables		167,433	134,138	130,467	167,433	134,138	130,467
Money order payables		19,871	21,021	12,328	19,871	21,021	12,328
Service payables		25,468	31,392	27,084	21,989	28,076	24,208
Other accruals	c	241,261	233,968	161,994	230,143	228,412	151,455
Deposits received		15,172	14,924	14,539	12,932	12,460	13,075
		580,498	521,931	432,973	609,473	547,645	470,423
		605,591	564,621	471,849	632,779	587,695	506,377

a. Trade payables

Credit terms of international mail payables of the Group and of the Company range from six (6) months to eighteen (18) months (31.3.2012: 6 months to 18 months, 1.1.2011: 6 months to 18 months) in accordance with the Universal Postal Union guidelines.

Included in trade payables of the Group and of the Company is an amount of RM285,000 (31.03.2012: RM9,000, 1.1.2011: RMNil) due to related companies of a significant investor that has an influence over the Group.

Notes to the Financial Statements (cont'd.)

25. TRADE AND OTHER PAYABLES (cont'd.)

b. Amounts due to subsidiaries and associates

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

c. Other accruals

Included in other accruals of the Group and the Company are deferred government grant received and deferred income in relation to prepaid mail amounting to RM1,744,000 (31.3.2012: RM4,776,000, 1.1.2011: RM1,296,000) and RM30,850,000 (31.03.2012: RM25,819,000, 1.1.2011: RM21,463,000) respectively.

In the previous financial period, the Group and Company were awarded a RM8,000,000 (1.1.2011: RM2,000,000) government grant which was received in the previous financial period. The grant received was related to both income and assets and was conditional upon the execution of post transformation plan on the expenditures spent and the acquisition of certain motor vehicles.

The grant related to income is recognised as other income in profit or loss to match the expenditures spent, on a systematic basis. During the year, the grant related to income amounting to RM2,654,000 (2012: RM4,103,000) has been recognised as other income.

The grant related to assets is amortised over the useful life of the assets. During the year, RM377,000 (2012: RM417,000) has been amortised as other income in profit or loss.

26. OPERATING SEGMENTS

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's Chief Executive Officer (the chief operating decision maker) and the Board of Directors review internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Mail – Includes the provision of basic mail services for corporate and individual customers and customised solutions such as Mailroom Management and Direct Mail.
- Courier – Includes courier solutions by sea, air and land to both national and international destinations.
- Retail – Includes over-the-counter services for payment of bills and certain financial products and services.

Other operations include the hybrid mail which provides data and document processing services, logistics solutions by sea, air and land to both national and international destinations, business of internet security products, solutions and services and rental income from investment properties held by the Group. None of these segments meets any of the quantitative thresholds for determining reportable segments for the year/period ended 31 March 2013 and 31 March 2012.

26. OPERATING SEGMENTS (cont'd.)

There are varying levels of integration between the Mail reportable segment and the Courier reportable segments. This integration includes shared distribution services.

Performance is measured based on segment results. Segment results is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Inter-segment pricing is determined on a negotiated basis.

Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total assets are used to measure the return of assets of each segment.

Segment liabilities

The total segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total liabilities are used to measure the gearing of each segment.

Geographical segments

The Group operates in Malaysia. Accordingly, information by geographical segment is not presented.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

Major customers

The Group has a diversified range of customers varying from retail customers and wholesale customers. There is no significant concentration of revenue from any customers.

Notes to the Financial Statements (cont'd.)

26. OPERATING SEGMENTS (cont'd.)

Year Ended 31 March 2013	Mail RM'000	Courier RM'000	Retail RM'000	Other operations RM'000	Elimination RM'000	Group RM'000
Revenue						
Total external revenue	724,486	322,665	175,290	47,070	–	1,269,511
Intersegment revenue	2,875	2,174	50,693	–	(55,742)	–
Total revenue for reportable segments	727,361	324,839	225,983	47,070	(55,742)	1,269,511
Reportable segment results	137,911	55,191	(42,408)	10,113	–	160,807
Other unallocated results						31,062
Profit before taxation						191,869
Reportable segments assets	395,837	97,860	148,251	115,364	–	757,312
Other unallocated assets						857,951
Total assets						1,615,263
Reportable segment liabilities	22,692	1,096	184,654	1,787	–	210,229
Other unallocated liabilities						457,342
Total liabilities						667,571
Other information						
Capital expenditure						
– Property, plant and equipment	23,064	13,661	24,796	6,662	–	68,183
Depreciation of property, plant and equipment	(44,434)	(13,387)	(23,578)	(3,876)	–	(85,275)
Finance income	–	–	–	–	–	17,204
Finance expense	–	(1)	–	(19)	–	(20)
Change in fair value of investment properties						1,592
Fair value through profit or loss:						
– Held for trading financial instrument						(104)
Tax expense						(40,564)

26. OPERATING SEGMENTS (cont'd.)

Period from 1 January 2011 to 31 March 2012	Mail RM'000	Courier RM'000	Retail RM'000	Other operations RM'000	Elimination RM'000	Group RM'000
Revenue						
Total external revenue	921,527	308,687	202,597	48,849	–	1,481,660
Intersegment revenue	3,346	1,425	64,279	–	(69,050)	–
Total revenue for reportable segments	924,873	310,112	266,876	48,849	(69,050)	1,481,660
Reportable segment results	183,408	34,062	(46,126)	6,416	–	177,760
Other unallocated results						22,442
Profit before taxation						200,202
Reportable segments assets	347,046	122,209	155,170	118,618	–	743,043
Other unallocated assets						755,033
Total assets						1,498,076
Reportable segment liabilities	34,306	1,011	133,783	7,743	–	176,843
Other unallocated liabilities						423,140
Total liabilities						599,983
Other information						
Capital expenditure						
– Property, plant and equipment	130,493	14,366	24,998	3,866	–	173,723
Depreciation of property, plant and equipment	(46,210)	(16,023)	(20,253)	(4,359)	–	(86,845)
Finance income	–	–	–	–	–	19,153
Finance expense	(1,381)	(465)	(190)	(1)	–	(2,037)
Impairment loss on financial assets designated as available-for-sale	–	–	–	–	–	(10,322)
Change in fair value of investment properties	–	–	–	–	–	(2,531)
Fair value through profit or loss:						
– Held for trading financial instrument	–	–	–	–	–	283
Tax expense	–	–	–	–	–	(61,361)

Notes to the Financial Statements (cont'd.)

27. FINANCIAL INSTRUMENTS

27.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables (L&R);
- (b) Fair value through profit or loss (FVTPL): Held for trading (HFT)
- (c) Available-for-sale financial assets (AFS);
- (d) Held-to-maturity investments (HTM); and
- (e) Other financial liabilities measured at amortised cost (OL).

31 March 2013	Carrying amount RM'000	L&R/ (OL) RM'000	FVTPL -HFT RM'000	AFS RM'000	HTM RM'000
Financial assets					
Group					
Other investments	116,392	—	1,159	—	115,233
Trade and other receivables	174,120	174,120	—	—	—
Cash and cash equivalents	666,467	666,467	—	—	—
	956,979	840,587	1,159	—	115,233
Company					
Other investments	115,780	—	194	—	115,586
Trade and other receivables	272,770	272,770	—	—	—
Cash and cash equivalents	528,095	528,095	—	—	—
	916,645	800,865	194	—	115,586

27. FINANCIAL INSTRUMENTS (cont'd.)

27.1 Categories of financial instruments (cont'd.)

31 March 2013	Carrying amount RM'000	L&R/ (OL) RM'000	FVTPL -HFT RM'000	AFS RM'000	HTM RM'000
Financial liabilities					
Group					
Hire purchase liabilities	(6)	(6)	—	—	—
Revolving credit	(17,698)	(17,698)	—	—	—
Trade and other payables	(605,591)	(605,591)	—	—	—
	(623,295)	(623,295)	—	—	—
Company					
Trade and other payables	(632,779)	(632,779)	—	—	—

Notes to the Financial Statements (cont'd.)

27. FINANCIAL INSTRUMENTS (cont'd.)

27.1 Categories of financial instruments (cont'd.)

31 March 2012	Carrying amount RM'000	L&R/ (OL) RM'000	FVTPL -HFT RM'000	AFS RM'000	HTM RM'000
Financial assets					
Group					
Other investments	124,012	–	3,268	–	120,744
Trade and other receivables	153,157	153,157	–	–	–
Cash and cash equivalents	544,076	544,076	–	–	–
	821,245	697,233	3,268	–	120,744
Company					
Other investments	123,516	–	2,323	–	121,193
Trade and other receivables	257,994	257,994	–	–	–
Cash and cash equivalents	436,648	436,648	–	–	–
	818,158	694,642	2,323	–	121,193
Financial liabilities					
Group					
Hire purchase liabilities	(20)	(20)	–	–	–
Trade and other payables	(564,621)	(564,621)	–	–	–
	(564,641)	(564,641)	–	–	–
Company					
Trade and other payables	(587,695)	(587,695)	–	–	–

27. FINANCIAL INSTRUMENTS (cont'd.)

27.1 Categories of financial instruments (cont'd.)

1 January 2011	Carrying amount RM'000	L&R/ (OL) RM'000	FVTPL -HFT RM'000	AFS RM'000	HTM RM'000
Financial assets					
Group					
Other investments	200,774	–	4,356	10,322	186,096
Trade and other receivables	187,595	187,595	–	–	–
Cash and cash equivalents	395,533	395,533	–	–	–
	783,902	583,128	4,356	10,322	186,096
Company					
Other investments	199,243	–	2,856	10,322	186,065
Trade and other receivables	242,882	242,882	–	–	–
Cash and cash equivalents	354,443	354,443	–	–	–
	796,568	597,325	2,856	10,322	186,065
Financial liabilities					
Group					
Hire purchase liabilities	(43,998)	(43,998)	–	–	–
Trade and other payables	(471,849)	(471,849)	–	–	–
	(515,847)	(515,847)	–	–	–
Company					
Hire purchase liabilities	(43,960)	(43,960)	–	–	–
Trade and other payables	(506,377)	(506,377)	–	–	–
	(550,337)	(550,337)	–	–	–

Notes to the Financial Statements (cont'd.)

27. FINANCIAL INSTRUMENTS (cont'd.)

27.2 Net gains and losses arising from financial instruments

	Group		Company	
	Year ended 31.3.2013 RM'000	1.1.2011 to 31.3.2012 RM'000	Year ended 31.3.2013 RM'000	1.1.2011 to 31.3.2012 RM'000
Net gains/(losses) on:				
Fair value through profit or loss:				
– Held for trading financial instrument	(34)	341	(52)	362
Available-for-sale financial assets	–	(10,322)	–	(10,322)
Held-to-maturity investments	4,490	8,020	3,990	7,500
Loans and receivables	10,219	(3,153)	10,276	(4,059)
Financial liabilities measured at amortised cost	(20)	(2,038)	–	(2,037)
	14,655	(7,152)	14,214	(8,556)

27.3 Financial risk management

The Group's overall financial risk management objective is to ensure the continuous growth in profitability and enhance shareholders' value in a competitive and changing environment. At the same time, the Group is focused in performing its Universal Service Obligation as a provider of postal service throughout the country and to international destinations in an efficient and effective manner.

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

27.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and investment securities.

The Company also has exposure to credit risk from loans and advances to subsidiaries.

27. FINANCIAL INSTRUMENTS (cont'd.)

27.4 Credit risk (cont'd.)

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group seeks to control credit risk by setting counterparty limits and ensuring that services are made to customers with an appropriate credit history. Any receivables having significant more than 120 days, which are deemed to have higher credit risk, are monitored individually.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting year, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

Concentration of credit risk with respect to receivables is limited due to the Group's large number of customers.

Impairment losses

The ageing of trade receivables as at the end of the reporting year was:

Group	Gross RM'000	Impairment RM'000	Net RM'000
31 March 2013			
Not past due	57,732	–	57,732
Past due 1 – 30 days	14,170	–	14,170
Past due 31 – 120 days	26,606	(93)	26,513
Past due more than 120 days	39,577	(24,816)	14,761
	138,085	(24,909)	113,176

Notes to the Financial Statements (cont'd.)

27. FINANCIAL INSTRUMENTS (cont'd.)

27.4 Credit risk (cont'd.)

Receivables (cont'd.)

Impairment losses (cont'd.)

The ageing of trade receivables as at the end of the reporting year was: (cont'd.)

Group	Gross RM'000	Impairment RM'000	Net RM'000
31 March 2012			
Not past due	49,962	–	49,962
Past due 1 – 30 days	13,431	(557)	12,874
Past due 31 – 120 days	13,589	(1,266)	12,323
Past due more than 120 days	38,827	(20,590)	18,237
	115,809	(22,413)	93,396
1 January 2011			
Not past due	63,967	–	63,967
Past due 1 – 30 days	15,553	–	15,553
Past due 31 – 120 days	7,454	–	7,454
Past due more than 120 days	39,282	(8,863)	30,419
	126,256	(8,863)	117,393

27. FINANCIAL INSTRUMENTS (cont'd.)

27.4 Credit risk (cont'd.)

Receivables (cont'd.)

Impairment losses (cont'd.)

The ageing of trade receivables as at the end of the reporting year was: (cont'd.)

Company	Gross RM'000	Impairment RM'000	Net RM'000
31 March 2013			
Not past due	44,706	–	44,706
Past due 1 – 30 days	11,116	–	11,116
Past due 31 – 120 days	16,751	(93)	16,658
Past due more than 120 days	29,549	(19,541)	10,008
	102,122	(19,634)	82,488
31 March 2012			
Not past due	44,806	–	44,806
Past due 1 – 30 days	6,724	(557)	6,167
Past due 31 – 120 days	9,081	(1,266)	7,815
Past due more than 120 days	23,945	(18,100)	5,845
	84,556	(19,923)	64,633
1 January 2011			
Not past due	41,033	–	41,033
Past due 1 – 30 days	13,211	–	13,211
Past due 31 – 120 days	5,351	–	5,351
Past due more than 120 days	31,942	(7,947)	23,995
	91,537	(7,947)	83,590

Notes to the Financial Statements (cont'd.)

27. FINANCIAL INSTRUMENTS (cont'd.)

27.4 Credit risk (cont'd.)

Receivables (cont'd.)

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At 1 March/1 January	22,413	8,863	19,923	7,947
Impairment loss recognised	3,424	13,594	570	11,976
Impairment loss reversed	(928)	(44)	(859)	—
At 31 March	24,909	22,413	19,634	19,923

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

27. FINANCIAL INSTRUMENTS (cont'd.)

27.4 Credit risk (cont'd.)

Receivables (cont'd.)

Financial guarantees

Risk management objectives, policies and processes for managing the risk
The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary. The Company monitors on an on-going basis the results of the subsidiary and repayments made by the subsidiary.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM17,698,000 (31.3.2012: RMNil, 1.1.2011: RMNil) representing the outstanding banking facilities of the subsidiary as at the end of the reporting period.

As at the end of the reporting period, there was no indication that the subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has only invested principally in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations.

The investments and other financial assets are unsecured.

Impairment losses

In the previous financial period, an impairment loss of RM10,322,000 in respect of a quoted equity instrument classified as available-for-sale financial assets was recognised as there was a significant and prolonged decline in fair value of the investment. These quoted shares were delisted from Bursa Malaysia Securities Berhad on 24 May 2011.

Notes to the Financial Statements (cont'd.)

27. FINANCIAL INSTRUMENTS (cont'd.)

27.4 Credit risk (cont'd.)

Investments and other financial assets (cont'd.)

Impairment losses (cont'd.)

The movements in the allowance for impairment loss during the financial year were:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At 1 March/1 January	249,562	239,240	357,343	347,021
Impairment loss recognised	–	10,322	–	10,322
At 31 March	249,562	249,562	357,343	357,343

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Loans and advances are only provided to subsidiaries which are wholly owned by the Company.

The amounts due from subsidiaries are repayable on demand.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting year, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting year, the inter company balance that is assessed to be irrecoverable amounting to RM45,776,000 (31.3.12: RM45,776,000, 1.1.2011: RM45,776,000) had been impaired. The Company does not specifically monitor the aging of current advances to the subsidiaries.

27. FINANCIAL INSTRUMENTS (cont'd.)

27.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1 – 5 years RM'000
31 March 2013					
Group					
Hire purchase liabilities	6	2.3%	6	6	–
Revolving credit	17,698	4.15%	17,698	17,698	–
Trade and other payables	605,591	–	605,591	605,591	–
	623,295		623,295	623,295	–
Company					
Trade and other payables	632,779		632,779	632,779	–

Notes to the Financial Statements (cont'd.)

27. FINANCIAL INSTRUMENTS (cont'd.)

27.5 Liquidity risk (cont'd.)

Maturity analysis (cont'd.)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments: (cont'd.)

	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1 – 5 years RM'000
31 March 2012					
Group					
Hire purchase liabilities	20	2.3%	20	5	15
Trade and other payables	564,621	–	564,621	564,621	–
	564,641		564,641	564,626	15
Company					
Trade and other payables	587,695		587,695	587,695	–
1 January 2011					
Group					
Hire purchase liabilities	43,998	2.3% – 3.6%	47,605	15,042	32,563
Trade and other payables	471,849	–	471,849	471,849	–
	515,847		519,454	486,891	32,563
Company					
Hire purchase liabilities	43,960	2.3% – 3.6%	47,565	15,026	32,539
Trade and other payables	506,377	–	506,377	506,377	–
	550,337		553,942	521,403	32,539

27. FINANCIAL INSTRUMENTS (cont'd.)

27.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

27.6.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities, as a result of providing foreign mail exchange service and remittance service. The currency giving rise to this risk is primarily US Dollar (USD).

Risk management objectives, policies and processes for managing the risk

The Group does not use any forward contracts to hedge against its exposure to foreign currency. The Group ensures that the net exposure is kept to an acceptable level by monitoring the fluctuation of the foreign currency.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

Group	Denominated in USD		
	31.3.2013 RM'000	31.3.2012 RM'000	1.1.2011 RM'000
Trade and other receivables	5,159	9,926	9,924
Trade and other payables	(5,237)	(7,985)	(16,296)
Exposure in the statements of financial position	(78)	1,941	(6,372)

Notes to the Financial Statements (cont'd.)

27. FINANCIAL INSTRUMENTS (cont'd.)

27.6 Market risk (cont'd.)

27.6.1 Currency risk (cont'd.)

Currency risk sensitivity analysis

Foreign currency risk arises from Group entities which have a USD functional currency.

A 10% (2012: 10%) strengthening of the RM against the USD at the end of the reporting year would have increased (decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

Group	Equity		Profit or loss	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
USD	6	(146)	6	(146)

A 10% (2012: 10%) weakening of RM against the USD at the end of the reporting year would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

27.6.2 Interest rate risk

The Group's primary interest rate risks relates to debt securities, deposits placed with licensed banks, borrowings and investments in equity securities.

The Group's investments in fixed rate debt securities, deposits placed with licensed banks, fixed rate borrowings, investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

27. FINANCIAL INSTRUMENTS (cont'd.)

27.6 Market risk (cont'd.)

27.6.2 Interest rate risk (cont'd.)

Risk management objectives, policies and processes for managing the risk

The Group adopts a policy of investing and borrowing mainly in fixed rate instruments to avoid the risk of fluctuation in interest rates except for short term borrowings. As for investments in fixed rate debt securities, the Group will only invest in debt securities that have a rating of A and above.

The Group's variable rate short term borrowings are exposed to a risk of change in interest rate.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group			Company		
	31.3.2013 RM'000	31.3.2012 RM'000	1.1.2011 RM'000	31.3.2013 RM'000	31.3.2012 RM'000	1.1.2011 RM'000
Fixed rate instruments						
Financial assets						
Held-to-maturity investments	115,233	120,744	186,096	115,586	121,193	186,065
Deposits placed with licensed banks	144,415	165,335	157,052	143,551	160,000	151,607
Financial liabilities						
Hire purchase liabilities	(6)	(20)	(43,998)	–	–	(43,960)
	259,642	286,059	299,150	259,137	281,193	293,712
Floating rate instruments						
Financial liabilities						
Revolving credit	(17,698)	–	–	–	–	–

Notes to the Financial Statements (cont'd.)

27. FINANCIAL INSTRUMENTS (cont'd.)

27.6 Market risk (cont'd.)

27.6.2 Interest rate risk (cont'd.)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased (decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

Group	Equity		Profit or loss	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Floating rate instruments	133	–	133	–

27.6.3 Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Directors.

Equity price risk sensitivity analysis

This analysis assumes that all other variables remained constant and the Group's equity investments moved in correlation with FTSE Bursa Malaysia KLCI (FBMKLCI).

A 10% (2012: 10%) strengthening in FBMKLCI at the end of the reporting period would have increased post-tax profit by RM87,000 for investment classified as fair value through profit or loss (2012: RM245,000). A 10% (2012: 10%) weakening in FBMKLCI would have had equal but opposite effect on equity and profit or loss respectively.

27. FINANCIAL INSTRUMENTS (cont'd.)

27.7 Fair value of financial instruments

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

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	31.3.2013		31.3.2012		1.1.2011	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group						
Unquoted held-to-maturity investments	115,233	115,648	120,744	121,390	186,096	186,696
Hire purchase liabilities	6	6	20	20	43,998	47,605
Company						
Unquoted held-to-maturity investments	115,586	115,568	121,193	121,390	186,065	186,696
Hire purchase liabilities	–	–	–	–	43,960	47,565

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table.

Investments in equity and debt securities

The fair values of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting period.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For hire purchase liabilities, the market rate of interest is determined by reference to similar hire purchase arrangements.

Notes to the Financial Statements (cont'd.)

27. FINANCIAL INSTRUMENTS (cont'd.)

27.7 Fair value of financial instruments (cont'd.)

Interest rates used to determine fair value

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	31.3.2013	31.3.2012	1.1.2011
Unquoted held-to-maturity investments	3.4% – 3.9%	3.4% – 3.9%	3.5% – 3.9%
Hire purchase liabilities	–	–	2.3% – 3.6%

27.8 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 March 2013	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets				
Group				
Investment in unquoted held-to-maturity	–	–	115,233	115,233
Investment in quoted shares	1,159	–	–	1,159
	1,159	–	115,233	116,392
Company				
Investment in unquoted held-to-maturity	–	–	115,586	115,586
Investment in quoted shares	194	–	–	194
	194	–	115,586	115,780

27. FINANCIAL INSTRUMENTS (cont'd.)

27.8 Fair value hierarchy (cont'd.)

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows: (cont'd.)

31 March 2012	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets				
Group				
Investment in unquoted held-to-maturity	–	–	120,744	120,744
Investment in quoted shares	3,268	–	–	3,268
	3,268	–	120,744	124,012
Company				
Investment in unquoted held-to-maturity	–	–	121,193	121,193
Investment in quoted shares	2,323	–	–	2,323
	2,323	–	121,193	123,516

Notes to the Financial Statements (cont'd.)

28. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with regulatory requirements.

	Group		
	31.3.2013 RM'000	31.3.2012 RM'000	1.1.2011 RM'000
Total borrowings (Note 24)	17,704	20	43,998
Less: Cash and cash equivalents	(479,163)	(388,917)	(252,738)
Net cash	(461,459)	(388,897)	(208,740)
Total equity	947,692	898,093	828,593

There were no changes in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

29. CAPITAL COMMITMENTS

	Group			Company		
	31.3.2013 RM'000	31.3.2012 RM'000	1.1.2011 RM'000	31.3.2013 RM'000	31.3.2012 RM'000	1.1.2011 RM'000
<i>Property, plant and equipment</i>						
Authorised but not contracted for	159,210	15,252	281,339	151,772	8,685	273,378
Contracted but not provided for	59,749	42,309	55,879	59,530	42,309	55,807

30. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The significant related party relationships of the Group and the Company, other than key management personnel compensation (see Note 7), are as follows:

	Group		Company	
	Year ended 31.3.2013 RM'000	1.1.2011 to 31.3.2012 RM'000	Year ended 31.3.2013 RM'000	1.1.2011 to 31.3.2012 RM'000
A. Related companies of a significant investor that has an influence over the Group				
Sales of services	8,882	6,263	3,426	1,955
Commissions on services	3,287	784	3,287	784
Rental income	1,017	314	1,017	314
Purchase of services	(17,050)	(1,008)	(17,050)	(1,008)
Rental expense	(95)	(14)	(95)	(14)
Commission expense	(10,033)	—	(10,033)	—
Purchase of capital expenditures	(3,528)	—	(3,528)	—
B. Subsidiaries				
Sales of services	—	—	47,631	61,196
Purchase of services	—	—	(8,245)	(9,426)
Rental expense	—	—	(6,050)	(6,173)
C. Associates				
Purchase of goods	(6,577)	(10,692)	(6,577)	(10,692)

Notes to the Financial Statements (cont'd.)

30. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

The above transactions have been entered into the natural course of business and have been established under negotiated terms.

There were no allowance for impairment losses being made in respect of these balances outstanding for the year/period ended 31 March 2013 and 31 March 2012 respectively. The outstanding net amounts due from/to subsidiaries, related companies of a significant investor that has an influence over the Group and associates as at 31 March 2013 and 31 March 2012 are disclosed in Note 18 and Note 25 respectively.

31. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation requirements:

	Group		Company	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Statements of cash flows				
Cash and cash equivalents at 31 March 2012	388,917	409,937	281,489	302,509
Cash and cash equivalents included in the statements of cash flows comprise of the following statements of financial position amounts.				
Cash and bank balances	97,903	97,903	77,748	77,748
Liquid investments	285,184	280,838	198,900	198,900
Deposits placed with licensed and other financial institutions	160,989	165,335	160,000	160,000
Less:	544,076	544,076	436,648	436,648
Collections on behalf of agency creditors and money order and postal order creditors	(155,159)	(134,139)	(155,159)	(134,139)
	388,917	409,937	281,489	302,509

32. EXPLANATION OF TRANSITION TO MFRSS

As stated in Note 1(a), these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 March 2013, the comparative information presented in these financial statements for the financial year ended 31 March 2012 and in the preparation of the opening MFRS statement of financial position at 1 January 2011 (the Group's date of transition to MFRSs).

The transition to MFRSs does not have financial impact to the separate financial statements of the Group.

33. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS

The breakdown of the retained earnings of the Group and of the Company as at 31 March 2013, into realised and unrealised profits, pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained earnings of the Company and its subsidiaries:				
– Realised	625,358	554,825	588,529	545,225
– Unrealised	72,377	83,683	(35,112)	(17,040)
	697,735	638,508	553,417	528,185
Total share of retained earnings of associates:				
– Realised	(7,650)	(7,650)	–	–
	690,085	630,858	553,417	528,185
Add: Consolidation adjustments	(13,014)	(2,807)	–	–
Total retained earnings	677,071	628,051	553,417	528,185

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

Statement by Directors

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 98 to 189 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2013 and of their financial performance and cash flows for the year then ended.

In the opinion of Directors, the information set out in Note 33 on page 189 to the financial statements had been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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



Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil



Abdul Hamid bin Sh. Mohamed

Kuala Lumpur,
Date: 19 June 2013

Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, **Ahmad Faisal bin Murad**, the officer primarily responsible for the financial management of Pos Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 98 to 189 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 19 June 2013.



Ahmad Faisal bin Murad

Before me:



149, Jalan Aminuddin Bakri
Taman Tun Dr Ismail
60000 Kuala Lumpur



Independent auditors' report

to the members of Pos Malaysia Berhad

(Company No. 229990-M) (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Pos Malaysia Berhad, which comprise the statements of financial position as at 31 March 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 98 to 189.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts of a subsidiary of which we have not acted as auditors, which is indicated in Note 14 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 33 on page 189 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



KPMG
Firm Number: AF 0758
Chartered Accountants

Petaling Jaya,
Date: 19 June 2013



Chong Dee Shiang
Approval Number: 2782/09/14(J)
Chartered Accountant

Top 10 Properties

No.	Type	Location	Subject Property	Registered/ Beneficial Owner
1.	Alienated Land	Shah Alam	HS(D) 98478, PT No 1 Sek 21, Bandar Shah Alam, District of Petaling Jaya, State of Selangor	PMB Properties Sdn Bhd
2.	Alienated Land	Kompleks Dayabumi Kuala Lumpur	HS(D) 49280, PT 46 Sek 70, Bandar Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur	Pesuruhjaya Tanah Persekutuan
3.	Building	KLIA	Mukim of Sepang, District of Sepang, State of Selangor	Malaysia Airports (Sepang) Sdn Bhd
4.	Alienated Land	Ipoh	Pajakan Negeri 155068 for Lot 2436N, Town of Ipoh, Daerah Kinta, Perak Darul Ridzuan	Effivation Sdn Bhd
	Alienated Land	Ipoh	Pajakan Negeri 155069 for Lot 2437N, Town of Ipoh, Daerah Kinta, Perak Darul Ridzuan	Effivation Sdn Bhd
	Alienated Land	Ipoh	Pajakan Negeri 4738 for Lot 31448, Town of Ipoh, Daerah Kinta, Perak Darul Ridzuan	Effivation Sdn Bhd
	Alienated Land	Ipoh	Pajakan Negeri 153337 for Lot 35120, Town of Ipoh, Daerah Kinta, Perak Darul Ridzuan	Effivation Sdn Bhd
	Alienated Land	Ipoh	Pajakan Negeri 153721 for Lot 2351N, Town of Ipoh, Daerah Kinta, Perak Darul Ridzuan	Effivation Sdn Bhd
	Alienated Land	Ipoh	GRN 55283 for Lot 31449, Town of Ipoh, Daerah Kinta, Perak Darul Ridzuan	Effivation Sdn Bhd
	Alienated Land	Ipoh	Pajakan Negeri 155073 for Lot 2740N, Town of Ipoh, Daerah Kinta, Perak Darul Ridzuan	Effivation Sdn Bhd
5.	Registered Land	Bukit Raja	HS(D) 56783, PT 27615, Mukim of Kapar, District of Klang, State of Selangor	Pos Malaysia Berhad

Existing Use/Description	Tenure	Land Area (sq mt)	Gross Floor Area (sq mt)	Cost of Purchase/ Lease Amount (RM)	Net Book Value as at 31 March 2013 (RM)
MPC Section 21 Shah Alam/Double Storey Office Building, 2 units of 1 1/2 Storey Factory Building	Leasehold 99 years (expiring 19/7/2094)	90,072	46,451	69,000,000	69,225,040
General Post Office/Eight Storey Building	Leasehold 99 years (expiring 27/1/2079)	8,496	44,519	60,000,000	22,767,856
Pos Malaysia International Hub (PMIH)	Concession	36,950	18,729	34,277,932	19,890,380
Vacant Land	Leasehold 999 years (expiring on 30/12/2893)	1,310	Not applicable	3,262,660	13,100,000
Vacant Land	Leasehold 999 years (expiring on 30/12/2893)	1,424	Not applicable	2,804,939	
Vacant Land	Leasehold 999 years (expiring on 30/12/2893)	2,722	Not applicable	4,741,831	
Vacant Land	Leasehold 999 years (expiring on 24/3/2895)	2,228	Not applicable	3,550,000	
Vacant Land	Leasehold 999 years (expiring on 30/12/2883)	1,500	Not applicable	2,980,593	
Vacant Land	Freehold	3,010	Not applicable	3,739,742	
Delivery Klang Utara/Warehouse with attached three storey office	Freehold	8,809	5,617	10,300,000	

Top 10 Properties (cont'd)

No.	Type	Location	Subject Property	Registered/ Beneficial Owner
6.	Registered Land	Larkin	HS(D) 109201, PT TLO 682, Bandar Johor Bahru, District of Johor Bahru, State of Johor	Pos Malaysia Berhad
7.	Building	Persiaran Greenhill	HS(D) 209759, PT 232308 Bandar Ipoh, District of Kinta, State of Perak	Real Riviera Sdn Bhd
8.	Registered Land	Bangi	HS(D) 52880, PT 41029, Bandar Baru Bangi, District of Hulu Langat, State of Selangor	Pos Malaysia Berhad
	Registered Land	Bangi	HS(D) 52881, PT 41030, Bandar Baru Bangi, District of Hulu Langat, State of Selangor	Pos Malaysia Berhad
9.	Registered Land	Brickfields	Lot No. 361, PN 27419, Section 0072, Town & District of Kuala Lumpur	Pos Malaysia & Service Holdings Berhad
10.	Building	Jalan Damansara	Unit Nos. F108, F110, F111, F112, F113, F208, F210, F211, F212 & F213, Phileo Damansara, Jalan Damansara, Petaling Jaya, State of Selangor	PSH Properties Sdn Bhd

Existing Use/Description	Tenure	Land Area (sq mt)	Gross Floor Area (sq mt)	Cost of Purchase/ Lease Amount (RM)	Net Book Value as at 31 March 2013 (RM)
Mail Centre, Johor Bahru/a Single Storey detached Warehouse with a double storey	Leasehold 60 years (expiring 15/12/2021)	20,234	6,601	10,300,000	12,513,070
Office Building/7 Storey Building	Leasehold 99 years (expiring 21/09/2894)	635	3,176	9,566,461	7,900,000
Delivery/Warehouse with attached office (2 Units)	Leasehold 99 years (expiring 19/8/2098)	6,267	2,044	2,800,000	5,523,327
Delivery/Warehouse with attached office (2 Units)	Leasehold 99 years (expiring 19/8/2098)	4,206	2,044	2,400,000	
Poslaju Warehouse	99 years leasehold (expiring on 20 th May 2097)	10,922	3,442	53,000,000	48,244,040
Office and Commercial units	Freehold	–	1,441	7,694,005	7,160,000

Analysis of Shareholdings

as at 28 June 2013

Authorised Capital	:	RM1,000,000,001.00 divided into 2,000,000,000 ordinary shares of RM0.50 each and 1 Special Rights Redeemable Preference Share of RM1.00
Issued and fully paid-up capital	:	RM268,513,043.50 comprising 537,026,085 ordinary shares of RM0.50 each and one (1) Special Rights Redeemable Preference Share of RM1.00
Voting Rights	:	One vote for every ordinary share, on a poll voting (The Special Rights Redeemable Preference Share does not carry any voting right except in circumstances set out in the Company's Articles of Association)
No. Shareholders	:	20,027

SUBSTANTIAL SHAREHOLDERS

As Per the Register of Substantial Shareholders

Shareholders	Direct		Indirect	
	No. of shares	%	No. of shares	%
1. DRB-HICOM Berhad	172,997,399	32.21	—	—
2. Aberdeen Asset Management PLC and its subsidiaries	69,514,200*	12.94	—	—
3. Aberdeen Asset Management Asia Limited	57,523,000*	10.71	—	—
4. Employees Provident Fund Board	45,041,800	8.39	—	—
5. Aberdeen International Fund Managers Limited	40,411,700*	7.52	—	—
6. Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor	—	—	172,997,399 ^(a)	32.21
7. Etika Strategi Sdn Bhd	—	—	172,997,399 ^(b)	32.21
8. Mitsubishi UFJ Financial Group, Inc	—	—	70,634,724 ^(c)	13.15

Notes:

* Includes holdings of mandates delegated from other subsidiaries of Aberdeen Asset Management PLC.

(a) Deemed interested pursuant to Section 6A of the Companies Act, 1965 by virtue of his interest in DRB-HICOM Berhad.

(b) Deemed interested pursuant to Section 6A of the Companies Act, 1965 by virtue of its interest in DRB-HICOM Berhad.

(c) Deemed interested in the shares by virtue of Mitsubishi UFJ Financial Group, Inc's wholly-owned subsidiary, Mitsubishi UFJ Trust & Banking Corp holding more than 15% in Aberdeen Asset Management PLC and Mitsubishi UFJ Financial Group, Inc holding more than 15% interest in shares of Morgan Stanley Group.

DISTRIBUTION OF SHAREHOLDINGS

Holdings	No. of Shares	% of Issued Share Capital	No. of Shareholders/ Depositors	% of Shareholders/ Depositors
Less than 100	221,814	0.04	5,185	25.89
100 to 1,000	4,452,599	0.83	6,968	34.80
1,001 to 10,000	23,960,955	4.46	6,538	32.64
10,001 to 100,000	31,032,537	5.78	1,091	5.45
100,001 to 26,851,303	233,699,181	43.52	242	1.21
26,851,304 and above	243,658,999	45.38	3	0.01
TOTAL	537,026,085	100.0	20,027	100.0

30 LARGEST REGISTERED SHAREHOLDERS

No.	Name	No. of Shares	Percentage (%)
1.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for DRB-HICOM Berhad (414011604790)	172,997,399	32.21
2.	HSBC Nominees (Asing) Sdn Bhd BNP Paribas Secs Svs Lux for Aberdeen Global	40,415,100	7.53
3.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	30,246,500	5.63
4.	Amsec Nominees (Tempatan) Sdn Bhd Amtrustee Berhad for CIMB Islamic Dali Equity Growth Fund	20,353,000	3.79
5.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN For AIA Bhd	15,374,000	2.86
6.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for BNP Paribas Securities Services (Jersey GBP)	9,150,000	1.70
7.	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	8,159,900	1.52
8.	Citigroup Nominees (Tempatan) Sdn Bhd ING Insurance Berhad	8,146,700	1.52

Analysis of Shareholdings (cont'd)

as at 28 June 2013

No.	Name	No. of Shares	Percentage (%)
9.	HSBC Nominees (Asing) Sdn Bhd Exempt An for Credit Suisse Securities (USA) LLC (PB Client)	7,555,700	1.41
10.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (CIMB PRIN)	7,236,900	1.35
11.	HSBC Nominees (Asing) Sdn Bhd Coutts & Co Ltd SG for Glenmorgan Company Inc	6,500,000	1.21
12.	HSBC Nominees (Asing) Sdn Bhd BNP Paribas Secs Svs Paris for Aberdeen Asian Smaller Companies Investment Trust PLC	5,500,000	1.02
13.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	5,200,000	0.97
14.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Aberdeen)	4,330,000	0.81
15.	Amanahraya Trustees Berhad Public Islamic Dividend Fund	3,801,500	0.71
16.	CIMB Group Nominees (Tempatan) Sdn Bhd Amtrustee Berhad for CIMB Islamic Dali Equity Theme Fund	3,660,100	0.68
17.	HSBC Nominees (Asing) Sdn Bhd Exempt An for JPMorgan Chase Bank, National Association (Bermuda)	3,591,800	0.67
18.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan)(CIMB Equities)	3,501,000	0.65
19.	Cartaban Nominees (Tempatan) Sdn Bhd Exempt An for Eastspring Investments Berhad	3,459,500	0.64
20.	Citigroup Nominees (Tempatan) Sdn Bhd Universal Trustee (Malaysia) Berhad for CIMB-Principal Equity Fund	2,988,300	0.56
21.	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund PS2U for Pacific Select Fund International Small-Cap Portfolio	2,917,100	0.54
22.	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	2,861,100	0.53
23.	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	2,669,500	0.50
24.	AmanahRaya Trustees Berhad Public Islamic Equity Fund	2,585,000	0.48

No.	Name	No. of Shares	Percentage (%)
25.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	2,578,117	0.48
26.	HSBC Nominees (Asing) Sdn Bhd BNP Paribas Secs Sys Paris for HI-KABL-FONDS	2,540,000	0.47
27.	Citigroup Nominees (Tempatan) Sdn Bhd Allianz Life Insurance Malaysia Berhad	2,490,000	0.46
28.	HSBC Nominees (Asing) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association (U.S.A)	2,010,400	0.37
29.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for AMB Value Trust Fund (4249)	1,880,000	0.35
30.	Amanah Raya Berhad Kumpulan Wang Bersama Syariah	1,665,000	0.31
TOTAL		386,363,616	71.95

DIRECTORS' SHAREHOLDINGS**As Per the Register of Directors' Shareholdings**

Name of Directors	No. of shares		No. of shares		% %	
	Direct	Interest	%	Indirect	Interest	
Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil	57		+	—	—	—
Dato' Ibrahim Mahaludin bin Puteh	—		—	—	—	—
Dato' Sri Che Khalib bin Mohamad Noh	—		—	—	—	—
Datuk Mohamed Razeek bin Md Hussain Maricar	—		—	—	—	—
Datuk Puteh Rukiah binti Abd Majid	—		—	—	—	—
Eshah binti Meor Suleiman	—		—	—	—	—
Abdul Hamid bin Sh Mohamed	—		—	—	—	—

Notes:

+ Negligible

Notice of 21st Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 21st Annual General Meeting (“**AGM**”) of Pos Malaysia Berhad (“**Pos Malaysia**” or “**the Company**”) will be held at Citrine and Ruby Ballroom, One World Hotel, Ground Floor, First Avenue, Bandar Utama City Centre, 47800 Petaling Jaya, Selangor on Thursday, 5 September 2013 at 9.00 a.m. for the following purposes:

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 March 2013 and the Reports of the Directors and Auditors thereon. **Please refer to Note A**
(Ordinary Resolution 1)
2. To declare a final dividend of 9.5 sen per ordinary share less 25% income tax in respect of the financial year ended 31 March 2013.
(Ordinary Resolution 2)
Please refer to Note B
3. To re-elect Dato' Ibrahim Mahaludin bin Puteh as Director who retire by rotation pursuant to Article 115 of the Company's Articles of Association, and who being eligible, offered himself for re-election.
(Ordinary Resolution 3)
4. To re-elect the following Directors who retire pursuant to Article 110(2) of the Company's Articles of Association, and who being eligible, offered themselves for re-election:
 - (a) Dato' Sri Che Khalib bin Mohamad Noh
(Ordinary Resolution 4)
 - (b) Encik Abdul Hamid bin Sh Mohamed
(Ordinary Resolution 5)
 - (c) Datuk Mohamed Razeek bin Md Hussain Maricar
(Ordinary Resolution 6)
 - (d) Datuk Puteh Rukiah binti Abd. Majid
Please refer to Note B
5. To re-appoint Messrs KPMG as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.
(Ordinary Resolution 7)

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolutions:

6. ORDINARY RESOLUTION:
Proposed payment of Directors' fees in respect of the financial year ended 31 March 2013
“THAT the payment of the Directors' Fees of RM733,465.75 in respect of the financial year ended 31 March 2013 be hereby approved.”
(Ordinary Resolution 8)

7. ORDINARY RESOLUTION:

Proposed Renewal of Shareholders' Mandate for Mandated Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of Shareholders' Mandate")

"THAT subject to the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements ("the Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the mandate for the Company and its subsidiaries ("Pos Malaysia Group") to enter into any of the mandated recurrent related party transactions of a revenue or trading nature as set out in Section 2.2.3 of the Company's Circular to Shareholders dated 5 August 2013 with the related transacting parties mentioned therein which are necessary for the Pos Malaysia Group's day-to-day operations, be hereby renewed subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the Company of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year.

AND THAT the Proposed Renewal of Shareholders' Mandate will be subject to annual renewal and any authority conferred by the Proposed Renewal of Shareholders' Mandate, shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is earlier;

AND THAT the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution and with full power to assent to any conditions, modifications, revaluations, variations and/or amendments thereof in the best interest of the Company."

(Ordinary Resolution 9)

Notice of 21st Annual General Meeting (cont'd)

8. ORDINARY RESOLUTION

Proposed New Shareholders' Mandate for New Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed New Shareholders' Mandate")

"THAT subject to the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements ("the Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given to the Company and its subsidiaries ("Pos Malaysia Group") to enter into any of the new recurrent related party transactions of a revenue or trading nature as set out in Section 2.2.3 of the Company's Circular to Shareholders dated 5 August 2013 with the related transacting parties mentioned therein which are necessary for the Pos Malaysia Group's day-to-day operations subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the Company of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year.

AND THAT the Proposed New Shareholders' Mandate will be subject to annual renewal and any authority conferred by the Proposed New Shareholders' Mandate, shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is earlier;

AND THAT the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution and with full power to assent to any conditions, modifications, revaluations, variations and/or amendments thereof in the best interest of the Company."

(Ordinary Resolution 10)

9. To transact any other business of which due notice has been given in accordance with the Act and the Company's Articles of Association.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this 21st AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 89(3) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 30 August 2013. Only Depositor whose name appears on the Record of Depositors as at 30 August 2013 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

Notice of Book Closure and Notice of Dividend Entitlement and Payment:

NOTICE IS ALSO HEREBY GIVEN THAT the final dividend of 9.5 sen per ordinary share less 25% income tax in respect of the financial year ended 31 March 2013, if approved by the shareholders at the 21st AGM, will be paid on 7 October 2013 to shareholders whose names appear in the Register of Members or Record of Depositors at the close of business on 13 September 2013.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- (a) shares deposited into the Depositor's securities account before 12.30 p.m. on 11 September 2013 in respect of securities which are exempted from mandatory deposit;
- (b) shares transferred into the Depositor's securities account before 4.00 p.m. on 13 September 2013 in respect of ordinary transfers; and
- (c) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board,

Dato' Sabrina Albakri binti Abu Bakar (LS8508)
Company Secretary

Kuala Lumpur
5 August 2013

Notice of 21st Annual General Meeting (cont'd)

NOTES:

Note A:

This agenda item is meant for discussion only as the provision of Section 169(1) of the Act does not require a formal approval of the shareholders and hence is not put forward for voting.

Note B:

Dato' Ibrahim Mahaludin bin Puteh, Dato' Sri Che Khalib bin Mohamad Noh, Datuk Mohamed Razeek bin Md Hussain Maricar, Datuk Puteh Rukiah binti Abd. Majid and Encik Abdul Hamid bin Sh Mohamed are seeking for re-election as Directors of the Company. The Board Nomination and Remuneration Committee ("BNRC") has considered the assessment of the said Directors and the Board of Directors ("Board") collectively agree that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors as prescribed by Paragraph 2.20A of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

In line with Recommendation 3.1 of the Malaysian Code on Corporate Governance 2012, the BNRC has considered the assessment and the Board has affirmed the independence of the Independent Directors who are seeking for re-election, namely Dato' Ibrahim Mahaludin bin Puteh, Dato' Sri Che Khalib bin Mohamad Noh, Datuk Puteh Rukiah binti Abd. Majid and Encik Abdul Hamid bin Sh Mohamed, and is satisfied that the incumbents have complied with the independence criteria as prescribed in the Listing Requirements of Bursa Securities.

EXPLANATORY NOTES ON SPECIAL BUSINESS:

- (1) The proposed Ordinary Resolution 8 if passed, will authorise the payment of Directors' Fees to Directors of the Company for their services during the financial year ended 31 March 2013. At the last AGM of the Company, the shareholders had approved an increase in Directors' Fees for the Non-Executive Directors as proposed then. The amount of Directors' Fees payable to the Directors, which approval is sought at the forthcoming AGM reflect the increased Directors' Fees as approved last year.
- (2) The proposed Ordinary Resolutions 9 and 10 if passed, will renew the existing mandate and grant new mandate to the Pos Malaysia Group to enable the Pos Malaysia Group to enter into the mandated and new recurrent related party transactions of a revenue or trading nature which are necessary for the Pos Malaysia Group's day to day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company. The details are as set out in the Circular to Shareholders dated 5 August 2013.

NOTES ON PROXY:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply.
2. A member may appoint a maximum of two (2) proxies to attend the meeting provided that such member holds not less than the minimum board lot as specified under the Rules of Bursa Malaysia Depository Sdn Bhd and the Listing Requirements of Bursa Securities. Where a member appoints two (2) proxies to attend the meeting, the member shall specify the proportion of his/her shareholding to be represented by each proxy.
3. Pursuant to the Listing Requirements of Bursa Securities, where a member of the Company is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act, 1991 ("Central Depositories Act"), which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act, of which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly appointed under a power of attorney or if such appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly appointed under a power of attorney.
5. The instrument appointing a proxy or representative shall be deposited at the Company's Share Registrar's office at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

No notice in writing has been received by the Company nominating any candidate for election as Director at the 21st AGM of the Company. The Directors who are due for retirement and seeking for re-election pursuant to the Articles of Association of the Company are as set out in the Notice of AGM.

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CDS Account No.	Total Number of Shares Held	Contact number
-----------------	-----------------------------	----------------

I/We, _____ NRIC/Passport/Company No.: _____
 (FULL NAME OF SHAREHOLDER AS PER NRIC/PASSPORT IN BLOCK LETTERS)

Address: _____

being a member of **Pos Malaysia Berhad (229990-M)**, hereby appoint the following:

(1) PROXY "A": _____ NRIC/Passport: _____
 (FULL NAME OF PROXY "A" AS PER NRIC/PASSPORT IN BLOCK LETTERS)

Address _____

or failing him/her _____ NRIC/Passport: _____
 (FULL NAME AS PER NRIC/PASSPORT IN BLOCK LETTERS)

Address _____

(2) PROXY "B" (if Applicable): _____ NRIC/Passport: _____
 (FULL NAME OF PROXY "B" AS PER NRIC/PASSPORT IN BLOCK LETTERS)

Address _____

or failing him/her _____ NRIC/Passport: _____
 (FULL NAME AS PER NRIC/PASSPORT IN BLOCK LETTERS)

Address _____

OR

the CHAIRMAN OF THE MEETING (if no proxy is named above);

as my/our proxy to vote for me/us and on my/our behalf, at the 21st Annual General Meeting of the Company, to be held at Citrine and Ruby Ballroom, One World Hotel, Ground Floor, First Avenue, Bandar Utama City Centre, 47800 Petaling Jaya, Selangor on Thursday, 5 September 2013 at 9.00 a.m. and at any adjournment thereof. My/our proxy is to vote as indicated below:

The proportion of my/our holding to be represented by my/our proxies are as follows:

Proxy A	%	Proxy B	%	Total	100	%
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No.	Ordinary Resolution	For	Against
1.	Declaration of Dividend.		
2.	Re-election of Dato' Ibrahim Mahaludin bin Puteh as Director.		
3.	Re-election of Dato' Sri Che Khalib bin Mohamad Noh as Director.		
4.	Re-election of Encik Abdul Hamid bin Sh. Mohamed as Director.		
5.	Re-election of Datuk Mohamed Razeek bin Md Hussain Maricar as Director.		
6.	Re-election of Datuk Puteh Rukiah binti Abd. Majid as Director.		
7.	Re-appointment of Messrs KPMG as the Company's Auditors for the ensuing year.		
8.	Approval of Directors' Fees.		
9.	Proposed Renewal of Shareholders' Mandate for Mandated Recurrent Related Party Transactions of a Revenue or Trading Nature.		
10.	Proposed New Shareholders' Mandate for New Recurrent Related Party Transactions of a Revenue or Trading Nature.		

Please indicate with an ("X") in the appropriate spaces as to how you wish your votes to be cast on the Ordinary Resolutions specified in the Notice of the 21st Annual General Meeting. If you do not do so, the Proxy may vote or abstain from voting at his/her discretion.

Signed this _____ day of _____ 2013

Signature(s)/Common Seal of Shareholder(s)

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply.
2. A member may appoint a maximum of two (2) proxies to attend the meeting provided that such member holds not less than the minimum board lot as specified under the Rules of Bursa Malaysia Depository Sdn Bhd and the Listing Requirements. Where a member appoints two (2) proxies to attend the meeting, the member shall specify the proportion of his/her shareholding to be represented by each proxy.
3. Pursuant to the Listing Requirements, a member of the Company which is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act, 1991 ("Central Depositories Act"), which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act, of which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly appointed under a power of attorney or if such appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly appointed under a power of attorney.
5. The instrument appointing a proxy or representative shall be deposited at the Company's Share Registrar's office at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

Complete this form where applicable, place in envelope and post to:

PLEASE FOLD HERE

The Share Registrar
SYMPHONY SHARE REGISTRARS SDN BHD (378993-D)
Level 6, Symphony House, Block D13
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

AFFIX
STAMP

PLEASE FOLD HERE



Pos Malaysia Berhad

(229990-M)

Level 8 Pos Malaysia Headquarters, Dayabumi Complex, 50670 Kuala Lumpur.
1 300 300 300