POS MALAYSIA

"REACHING OUT" BEYOND BOUNDARIES

ANNUAL REPORT
2016

“REACHING OUT”

Standard Mail

Flexipack Domestic, Standard Mail, Non-Standard Mail, Postcards, Mel Rakyat, Pos Ekspres, Pos Daftar and Pos Solutions.

Courier, Express & Parcels (CEP)

Same Day Delivery, Next Day Delivery, Time Certain Service, Pos Parcel, Pos Ekspres, Pos Laju Prepaid Pack, On-Demand Pick-up and Prepaid Envelopes/ Boxes.

Retail

Bill payments, driving license renewals, personal insurance, vehicle shipping services, and all kinds of purchasable products at Pos Outlets.

BEYOND BOUNDARIES

Over the years, Pos Malaysia has weathered many challenges and grown from strength to strength. Not one to be complacent about what we have built to date, we are continuously innovating and pushing our boundaries to reach even greater heights. Moving forward, we endeavour to be a leading fully integrated logistics service provider offering end-to-end logistics solutions to businesses and individuals alike.

International Mail

International inbound and outbound mails, small packets and parcels.

e-Commerce

e-fulfilment, e-payment and e-marketplace.

Logistics

Warehousing, freight-forwarding, etc.

SHARING
OUR

CONTENTS

POSTAL & COURIER

Pos Mel

Pos Mel leverages on the strength of an extensive physical delivery network to provide customers with conventional mail services and also customised solutions that are tailored to meet their increasingly discerning needs.

Pos Laju

Pos Laju has the most extensive delivery network and number of touch points in Malaysia. It also has the largest courier fleet in the country. Our vast network and assets provide convenience when it comes to last mile delivery, making Pos Laju the nation's preferred courier service provider, connecting people and business in and beyond Malaysia.

SOME FACTS

Delivers to more than
8.5 million addresses

Delivers up to
3.4 million
postal articles on daily basis

More than
8,000 postmen
including Community Postman and Community Postman Agents in Sabah and Sarawak

A network of
25 mail processing centres
332 delivery branches
throughout the country

96,333 PO boxes

275 dedicated counters
throughout Malaysia

68 Pos Laju centres
throughout Malaysia

12 outlets
at LRT stations & shopping malls

9,404 vehicles

More than
6,642 delivery routes
throughout Malaysia

Pos Niaga

Pos Niaga has a countrywide footprint and reach that surpasses all others. With more than 1,000 touch points all over Malaysia, Pos Niaga continues to provide a wide range of retail products and services to our customers.

Pos International

Pos Malaysia International ("PMI") connects Malaysia to the world by providing international postal services that include mail, small packets and parcels through its international hub and gateway in KLIA.

ABOUT US

1,030 touch points
throughout Malaysia

Processes over
117 million transactions
annually

227 pos mini outlets
699 post offices

30 Pos-on-Wheels (PoW)

24 Pos Automated Machines
29 Post Offices
providing extended services beyond 7pm

112 postal agents

2,077 stamp vendors

230,000
FlexiPack International items delivered worldwide annually

11.8 million kg
of international mail and parcels handled at the Pos Malaysia International Hub annually

5,500 tonnes
of e-Commerce items handled and delivered worldwide annually

255
countries & territories
Express Mail Service (EMS) delivery destinations worldwide

OUR VISION

CONNECTING MALAYSIA, AND BEYOND – FOR TODAY AND TOMORROW

CONNECTING MALAYSIA

We connect all the people and businesses of Malaysia, at work and at home, both online and offline

We are a part of the very fabric of Malaysian society, the glue that binds it together yet opens up new opportunities for the future

AND BEYOND

Malaysia is, and always will be, our home and our principle place of business

However we also connect Malaysia, and all Malaysians, with the world outside – as much as within

Our horizons are global, as are our opportunities, as we reach for an ever more exciting future

FOR TODAY AND TOMORROW

We began life as a postal delivery service – connecting people and enterprises

Postal services will always remain the keystone of our business but we continue to evolve alongside our customers and technology – innovating to stay relevant for the future, delivering convenient new products and services

BUILD AND DELIVER THE NETWORK OF CHOICE

MISSION

BRAND VALUES

EMPATHY

We need to understand our customers and do more than just hear them. Our business then delivers what they need, and why they need it

DECORUM

We treat all others the way we would want to be treated ourselves – with decency, dignity and respect

INTEGRITY

We act in everything we do in an open and honest manner, beyond reproach and with utmost sincerity

ACCOUNTABILITY

We hold ourselves, and expect to be held, accountable individually, and as a team, at all levels of the organisation, for our actions and decisions

INNOVATION

We constantly search for new and better ways to satisfy our customers, willing to question and unafraid to try

WE ARE ASKING NEW QUESTIONS TO WIN OVER NEW CUSTOMERS

In this day and age, change is the only constant. The way to stay close to our customers and remain relevant, is to actively listen, understand, and adapt to their ever-changing needs. This is exactly what we intend to do.

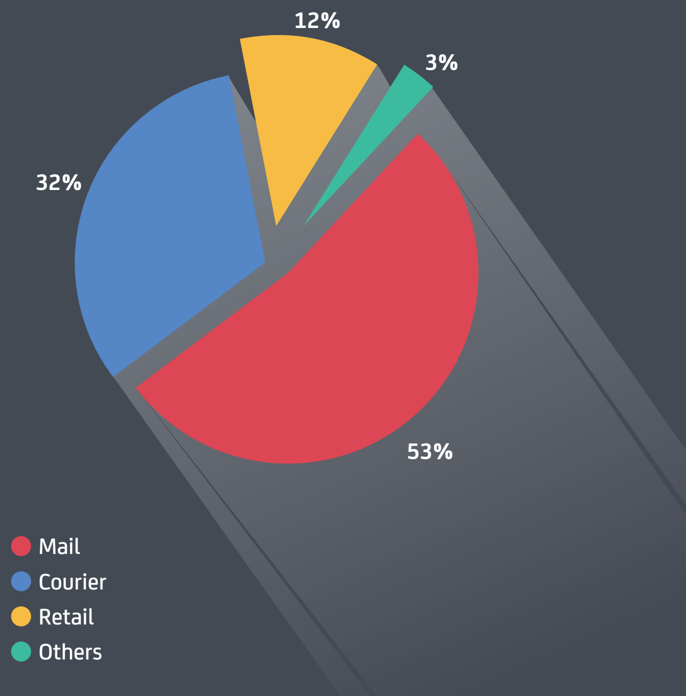
GROUP FINANCIAL HIGHLIGHTS

	2016	2015	2014	2013	2011/12
Profitability					
Profit Before Tax (RM million)	**92.5**	181.3	223.4	191.9	200.2 *
Operating Margin (%)	**4.0**	10.9	14.2	12.7	12.3
EBITDA Margin (%)	**10.6**	16.9	19.8	19.4	18.2
Return on Assets (%)	**3.4**	7.6	9.6	10.3	10.2^
Return on Equity (%)	**5.7**	14.5	15.4	16.0	12.4^
Balance Sheet					
Total Assets (RM million)	**1,868.7**	1,680.6	1,654.2	1,615.3	1,498.1
Total Equity Attributable to Equity Shareholders of the Company (RM million)	**1,115.6**	1,122.9	1,033.9	947.7	898.1
Current Ratio (times)	**1.6**	1.8	1.5	1.4	1.2
Staff Information					
Number of Staff (No.)	**18,340**	18,377	17,507	16,245	15,877
Staff Cost to Revenue (%)	**49.5**	52.5	50.5	53.7	52.7
Revenue per Employee (RM '000)	**93.6**	81.3	81.5	78.1	74.7^

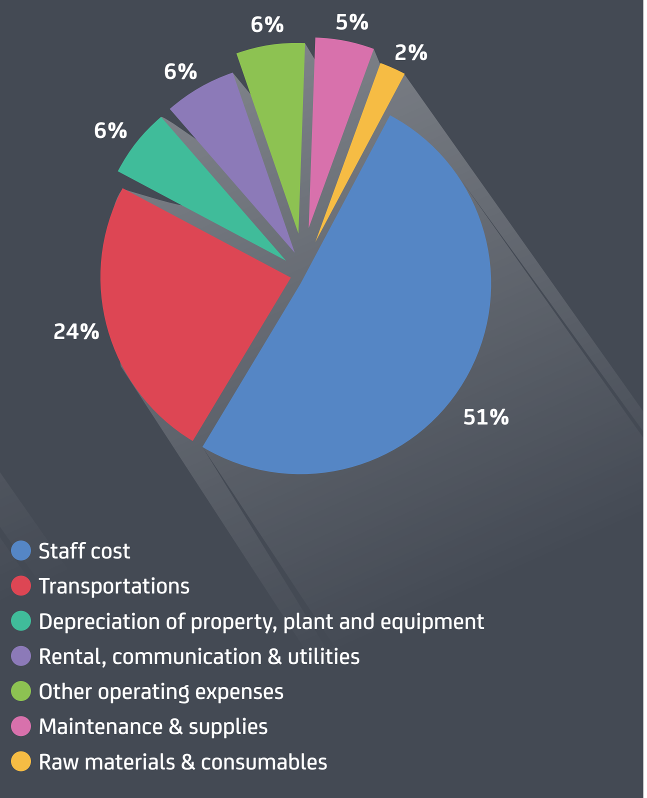
^ Annualised figures

* 15-month performance

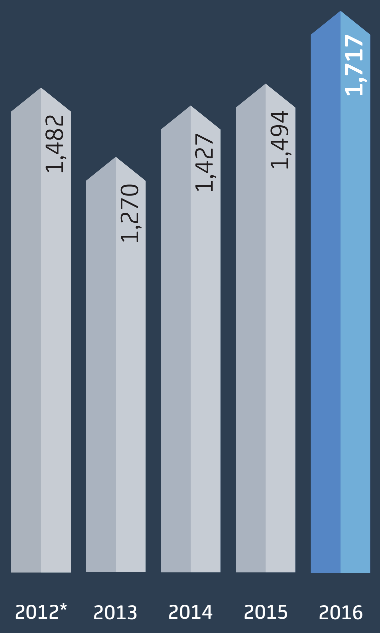
Revenue Breakdown
(FYE2016)



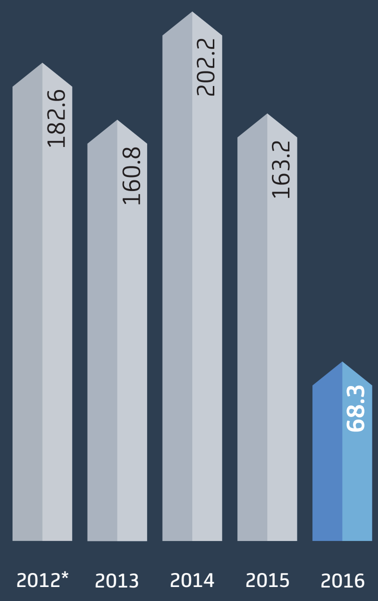
Operating Expenses Breakdown
(FYE2016)



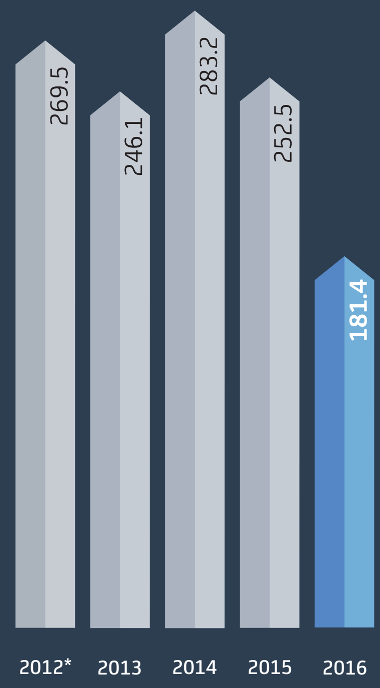
Revenue
(RM million)



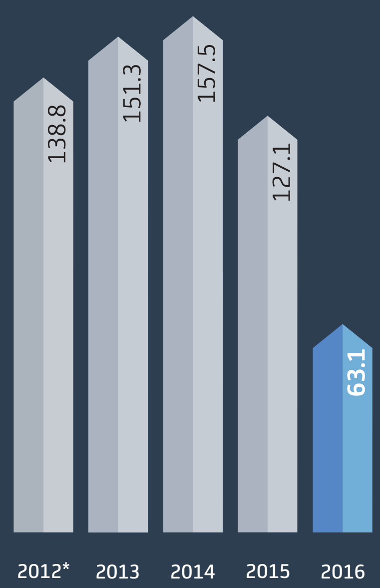
Operating Profit
(RM million)



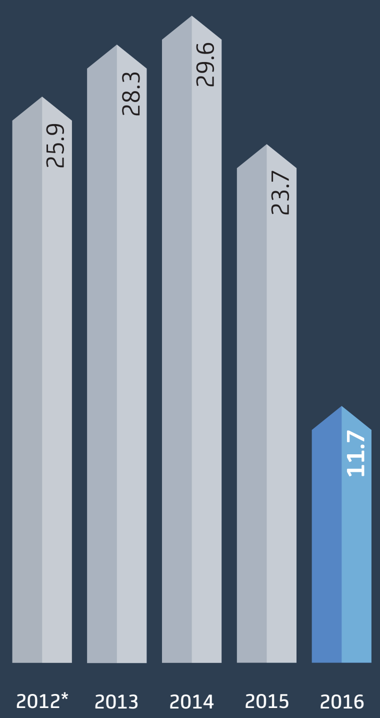
EBITDA
(RM million)



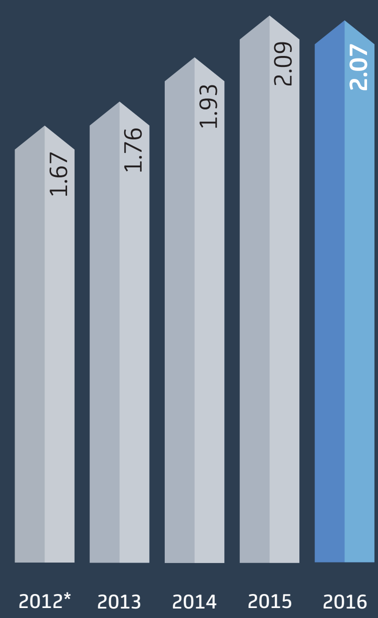
Profit After Tax
(RM million)



Earnings Per Share
(Sen)



NTA Per Share
(RM)



* 15-month performance

BUSINESS HIGHLIGHTS

Revenue
RM556.1mil

32.4%
Revenue Contribution

Courier Business

Revenue
RM905.4mil

52.7%
Revenue Contribution

Mail Business

Revenue
RM201.7mil

11.7%
Revenue Contribution

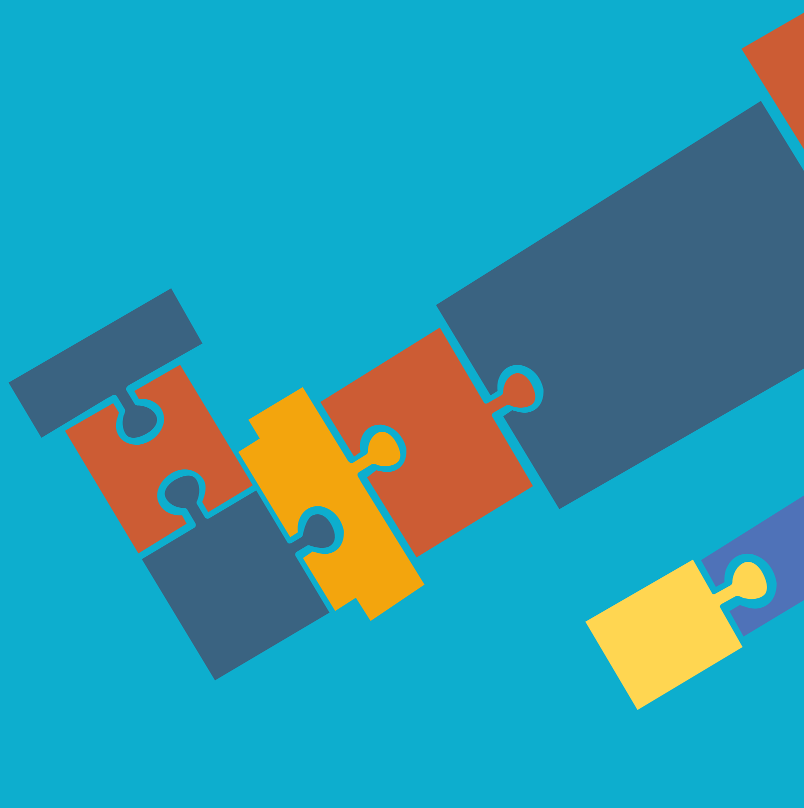
Retail Business

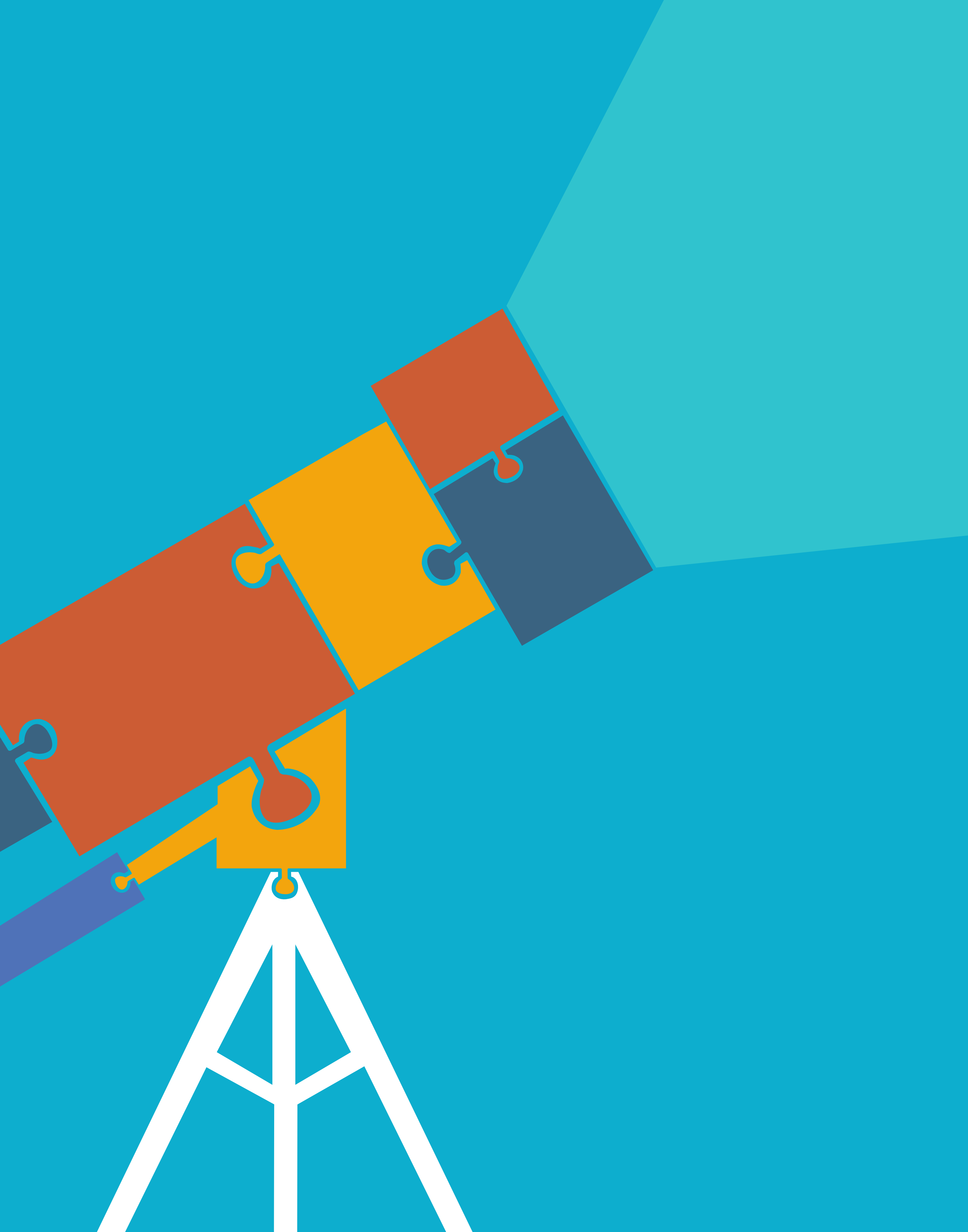
SHARE PRICE PERFORMANCE

	2015									2016		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Monthly Volume ('00)	162,002	90,193	68,887	108,103	99,291	147,923	51,433	82,410	208,215	159,325	229,702	669,959
Monthly High (RM)	5.32	5.24	4.76	4.48	4.41	3.85	3.95	3.89	3.56	2.85	2.44	3.10
Monthly Low (RM)	5.02	4.47	4.20	4.19	3.76	3.47	3.61	3.33	2.59	2.16	2.08	2.04
Month End Closing (RM)	5.09	4.49	4.28	4.29	3.78	3.66	3.88	3.57	2.78	2.26	2.08	2.70

INTEGRATING SOLUTIONS FROM EVERY SERVICE PERSPECTIVE

With all the right building blocks in hand, it is now simply a matter of piecing them together so that we can rise up as a truly holistic, one-stop logistics service provider. Brace yourself, as Pos Malaysia is coming to the fore in more ways than you can ever imagine.





CHAIRMAN'

UNLOCKING OUR POTENTIAL

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present to you Pos Malaysia Berhad's ("Pos Malaysia" or "the Group") Annual Report for the financial year ended 31 March 2016 ("FYE2016").

The year under review was a challenging one for Pos Malaysia as external forces impinged on our performance. Nevertheless, we weathered the storm to make good strides forward in our transformation journey and set in place the building blocks necessary for the Group's sustained growth.

Today, as the global population moves closer towards a paperless environment, we are purposefully embracing the digitisation of the marketplace by ensuring we incorporate a significant e-Commerce component into our overall offering. While we already are involved in e-Commerce by virtue of our presence in the last mile of the logistics supply chain, we want to expand into other areas along the e-Commerce value chain. As we enhance and broaden our offerings, we will leverage on a new five-year strategic blueprint and other definite measures to unlock our potential and drive the Group steadfastly forward. It is with confidence that I can say that Pos Malaysia is on the right strategic path to deliver a sustainable performance as we propel closer towards fulfilling our ambition of becoming the key end-to-end logistics player in our marketplace.

MODERATING ECONOMIC GROWTH

In 2015, the global economy grew by just 3.1%, its weakest pace since the 2009 recession. Global economic activity remained subdued even as growth in emerging markets and developing economies slowed for the fifth consecutive year while the advanced economies recorded a modest recovery. On the domestic front, Malaysia's real gross domestic product ("GDP") moderated to 5.0% in 2015 from 6.0% in 2014. As a major producer and exporter of hydrocarbons and other commodities, Malaysia's economy was buffeted by nosediving demand and prices on these fronts. The slower GDP growth was further compounded by the economic slowdown in China, the nation's leading trade partner.

There was also subdued expansion of household spending in 2015, suggesting that consumers were adjusting more slowly and cautiously to new income and price realities in a context of heightened uncertainty as well as the imposition of the new Goods and Services Tax ("GST"). The increased cost of doing business arising from the imposition of GST on 1 April 2015, the rationalisation of subsidies, and the imposition of a minimum wage, led to businesses intensifying their efforts to cut costs, including postage and mailing costs.

TODAY, WE ARE UNLOCKING THE GROUP'S STRATEGIC BLUEPRINT AND OTHER DEFINITE

S STATEMENT

**Brigadier General (K)
Tan Sri Dato' Sri (Dr)
Haji Mohd Khamil bin Jamil**

Chairman

**POTENTIAL BY LEVERAGING ON A NEW
MEASURES TO DRIVE US STEADFASTLY FORWARD**

OUR FINANCIAL PERFORMANCE

Against this challenging backdrop, Pos Malaysia's revenue grew by about 15% to RM1.72 billion in FYE2016 from RM1.49 billion in the preceding financial year, mainly on the back of higher contributions from our courier and transhipment businesses. The growth of our courier and transhipment businesses is directly attributable to the rapid rise in global e-Commerce transactions and is in line with Pos Malaysia's aspiration to be a larger player in the e-Commerce space.

However, we turned in a lower profit after tax ("PAT") of RM63.09 million for FYE2016 as compared to a PAT of RM127.05 million in the preceding year. The drop in our profitability was due to higher transportations costs (i.e. terminal dues and air transportation costs associated with the transhipment business) and higher staff costs. Staff costs escalated partially due to an increase in wages following the collective agreement wage adjustment that took effect at the beginning of January 2015. To cater for the increase in courier volume growth, we increased our headcount, which also contributed to higher staff costs.

Despite the profit margin compression in FYE2016, I am pleased to report that the Group remains financially sound with a positive net cash position. As at 31 March 2016, Pos Malaysia's cash and cash equivalents stood at RM638.71 million in comparison to RM518.42 million as at 31 March 2015. To address this margin compression, our Management has embarked on a new five-year transformation program beginning from April 2016 to improve the productivity of the existing postal and courier operations, optimise the return on our assets, and further develop our e-Commerce offerings to customers.

PROPOSED DIVIDEND PAY-OUT

In line with the Group's policy of delivering sustainable returns to our shareholders, the Board of Directors of Pos Malaysia is recommending a first and final single tier dividend of 11.7 sen per ordinary share in respect of the financial year ended 31 March 2016 (FYE2015: 13.1 sen). This is subject to shareholders' approval at the forthcoming Annual General Meeting.

The first and final single tier dividend of 11.7 sen per ordinary share amounts to a total dividend pay-out of RM63 million, representing 100% of Pos Malaysia's consolidated PAT for FYE2016, as compared to a pay-out ratio of 55% for FYE2015.

EMBRACING CHANGE, REMAINING RELEVANT

With global communications becoming increasingly digitised, traditional mail volumes continue to decline thereby eroding the sustainability of the traditional postal business. This downward trend together with the continued decline of over-the-counter transaction volume remain perennial challenges for not just Pos Malaysia but postal operators the world over.

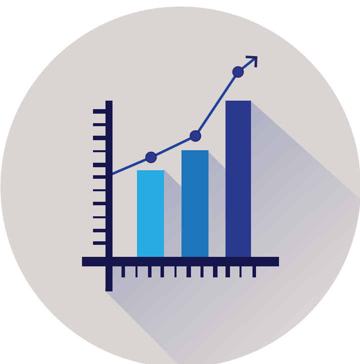
To improve our sustainability and to remain relevant in the digital era, Pos Malaysia has renewed its focus on transforming itself beyond its role as a provider of traditional mail services. Our strategy of diversifying our income streams by moving into the e-Commerce fulfilment space, is a step in the right direction. To this end, we are developing or putting in place the necessary e-Commerce infrastructure to be able to provide a wider range of e-Commerce related services, including warehousing, fulfilment and integrated logistics.

In line with this, Pos Malaysia has agreed to acquire the entire equity interest of the KL Airport Services ("KLAS") Group that has substantial presence in the domestic ground handling and multi-model logistics services. The acquisition of this wholly owned subsidiary of DRB-HICOM for RM749.35 million is expected to be completed in the second half of 2016, subject to shareholders' approval. The proposed KLAS acquisition is envisioned to provide the Group with an edge over our competitors in that we will become a fully integrated logistics provider, providing end-to-end logistics services to customers including e-Commerce logistics.

By some estimates, the retail e-Commerce market could reach RM3 billion to RM4 billion five years from now and Pos Malaysia is focused on positioning itself to be a substantial e-Commerce fulfilment and logistics services provider domestically

> “We continue to tap innovation and technology to expand our reach and customer touch points as well as to maximise the returns on the Group’s assets and operations.”

REVENUE RM1.72 BILLION



FOR FYE2016

before then. Currently, no single domestic logistics provider is able to offer an end-to-end e-Commerce logistics solution and this bodes well for us. Pos Malaysia is very clear that our current strategy is not to become an e-Commerce marketplace player (such as Amazon, Alibaba and Lazada) but rather our strategy is to be a one-stop agency facilitating e-Commerce fulfilment and logistics.

As we focus our efforts on strengthening our e-Commerce capabilities, we continue to undertake measures to intensify the productivity and efficiency of our existing postal and courier operations. This is all the more important given that we have 8.5 million addresses to serve and close to 100 million items a month to deliver. Our efforts to date include optimising the last mile delivery infrastructure to deliver both mail and small courier items, as well as establishing regional processing centres nationwide (including East Malaysia) to shorten delivery time.

We also continue to tap innovation and technology to improve customer convenience and enhance our customer touch points as well as to maximise the returns on the Group’s assets and operations. In 2016, we introduced EziBox (parcel lockers) at strategic locations for our customers to self-collect and drop items at secure automated lockers at their convenience. The recent deployment of the e-Pos Laju Mobile App (v. 1.0) will facilitate connectivity to a host of online services and we are already working on an enhanced version of the app.

By extending our range of products and services as well as enabling our customers to tap into our range of services in a convenient and seamless manner, we are ultimately helping them connect with others so as to accomplish more in a world that is more networked than ever before. All in all, our goal is to ensure we remain top of mind with our customers and remain relevant to them.

RESPONSIBLE CORPORATE PRACTICES

Pos Malaysia has served the nation for over 200 years in a responsible manner and will continue to do so with the highest levels of transparency, integrity and accountability. Our Board of Directors remains committed to upholding and implementing strong standards of corporate governance as well as robust risk management and internal control measures throughout our organisation. As fundamental components of our business, these elements will not only help ensure the sustainable, long-term growth of our business, they will strengthen investor confidence, safeguard our corporate reputation and ensure continued shareholder value creation.

In line with the Group’s efforts to uphold the highest corporate governance standards, we continue to subscribe to the principles, guidelines and recommendations set out in the Second Edition of the Corporate Governance Guide issued by Bursa Malaysia Berhad and the Malaysian Code on Corporate Governance 2012. On the risk management front, we continue to undertake the necessary measures to strengthen our risk profile and practices. We also ensure that the necessary due diligence is undertaken on any new investment and that we maintain a very conservative and prudent evaluation criteria, particularly in this current economic climate.

CHAIRMAN'S STATEMENT

Despite the evolution of postal services and the many changes taking place within the Group, the business of delivering mail and connecting people remains an integral part of our identity. As "postmen", we owe a responsibility to our customers, be they in urban centres or rural areas, to ensure that every one of their items is delivered safely, come rain or shine. Going forward, we remain committed to the business of delivering mail and to keeping the public connected through new and improved products and services that will serve all levels of society as well as help foster personal and commercial ties.

In line with our responsibility to society, we continue to tap our nationwide network of post offices, particularly those in rural areas, to provide not only a wide range of essential services but also serve as a platform to bridge the accessibility gap between the rural and urban population.

For the year in review, Pos Malaysia continued to introduce a host of innovative services to enhance the quality of life of rural communities. With the support of the Malaysian Communications and Multimedia Commission ("MCMC") and the relevant state offices, we launched three Address for All or AFA projects in the states of Sabah, Sarawak and Johor as part of our citizen outreach agenda. In addition, we introduced the Pos-on-Wheels ("PoW") mobile services to the Lundu community in Sarawak to ensure convenience and accessibility to essential counter and online postal services on a daily basis. With the launch of the Pusat Internet 1Malaysia project in rural areas, local business owners and communities can now readily hop onto the e-Commerce bandwagon. Details of these initiatives, among others, are spelt out in the Corporate Responsibility section of this Annual Report.

AWARDS AND ACCOLADES

Pos Malaysia's efforts continue to earn the Group recognition both on the domestic front and in the international arena. In April 2015, Pos Malaysia was named the Winner of the Social Media Excellence Award under the Logistics & Services category at the World Bloggers & Social Media Awards 2015 event organised by Social Media Chambers Malaysia ("SMC"). The winners were selected on the merits of their active social media involvement. This follows our win of the Brand of the Year 2015 (National Award) in the Postal Services category by the World Branding Forum ("WBF") in Paris in March 2015, making Pos Malaysia the world's first postal company to receive such a recognition from the WBF.

Pos Malaysia also chalked up its eighth win for the Malaysia Excellence Awards in the Logistics Category at the 2016 Frost & Sullivan Awards, through our courier arm, Pos Laju. The award attests to the strength of Pos Laju's diversified services to its customers in the business-to-customer segment as well as its positive financial performance in e-Commerce logistics services. Pos Laju also became the first local company to attain the title "Superbrands Malaysia's Top Brand of 2015", beating 1,381 other contestants. This win underscores the fact that the Pos Laju brand has established the finest reputation in its field.

MOVING FORWARD

According to the World Bank's Global Economic Prospects (June 2016), global growth for 2016 is projected at 2.4%, some 0.5 percentage points below its January forecast. Emerging market and developing economies ("EMDEs") are facing stronger headwinds, including weaker growth among advanced economies and low commodity prices. Come 2018, global growth is expected to pick up to 3% as stabilising commodity prices provide support to commodity-exporting EMDEs. Downside risks have become more pronounced all around. These include flagging conditions among key commodity exporters, softer-than-expected activity in advanced economies, growing private sector debt in some large emerging markets, and heightened policy and geopolitical uncertainties.

Amidst this fragile global economic backdrop, Bank Negara Malaysia forecasts that the Malaysian economy will grow at a more moderate pace of between 4.0% and 4.5% in 2016. Domestic demand is expected to be the principal driver of growth, supported mainly by private sector spending. Private consumption growth is predicted to trend below its long-term average, reflecting largely continuing household adjustment to an environment of higher prices and greater uncertainty. These moderating effects, however, are expected to be partially offset by continued growth in income and employment, as well as some support from Government measures to enhance household spending. This augurs well for Pos Malaysia's consumer-driven business.

Notwithstanding the headwinds buffeting Pos Malaysia's traditional mail business, our Board is optimistic of our long term growth prospects going forward as we leverage on our transformation efforts. Pos Malaysia will continue to carry out its obligations as the national universal postal service provider, while innovating products and services to serve the evolving marketplace, particularly the booming e-Commerce arena.

Moving forward, in line with Pos Malaysia's aspiration to be a full-fledged integrated logistics provider, we will leverage on a new five-year strategic blueprint, which has three key strategic thrusts:

- The first key strategic thrust will see us enhancing the productivity and efficiency of our existing postal infrastructure by tapping the use of technology and automation in an enhanced manner;
- The second thrust calls for us to widen our revenue streams into businesses that can leverage on Pos Malaysia's existing assets, namely Pos Malaysia's postal network and customer base; and
- The third strategic thrust will see Pos Malaysia expanding its presence along the e-Commerce value chain, either organically or through acquisitions, such as the proposed acquisition of the KLAS Group.

The disciplined execution of these strategic thrusts will put Pos Malaysia in a strong position to reap the benefits of the rapid rise in e-Commerce, domestically and eventually, regionally. I am confident that Pos Malaysia has the means and the will to achieve the objectives of our strategic blueprint, which will undoubtedly improve the sustainability of our business and ensure the continued delivery of good shareholder value for the long run.

ACKNOWLEDGEMENTS

As Pos Malaysia prepares to embrace the next stage of our transformation journey, we want to acknowledge the many parties who have supported us along the way and have been instrumental to our success.

On behalf of the Board, I would like to extend my heartfelt appreciation to Pos Malaysia's valued shareholders, customers and supporters for their steadfast confidence and belief in Pos Malaysia. My sincere thanks also goes to the rakyat for their unwavering support and trust in Pos Malaysia as well as its products and services.

I also wish to convey my deep gratitude to the Ministry of Communications and Multimedia for its kind support of Pos Malaysia's vision and mission. My heartfelt gratitude goes to the Malaysian Communications and Multimedia Commission for its guidance, advice and support. My sincere appreciation to Bank Negara Malaysia and all the other relevant regulatory agencies and bodies for their prudent overview over the various aspects of Pos Malaysia's business.

To Pos Malaysia's Management and staff, I wish to express my deep gratitude for your hard work, dedication and resilience, particularly amidst FYE2016's challenges. My utmost appreciation to my fellow members of the Board, for their worthy support and counsel as well as for helping steer Pos Malaysia forward amidst challenging times that are also full of new opportunities for the Group.

Last but not least, please join me in welcoming Dato' Mohd Shukrie Mohd Salleh as the new Group Chief Executive Officer of Pos Malaysia. He brings to the table his extensive experience in the logistics industry and a clear vision of Pos Malaysia's potential in e-Commerce and we certainly look forward to his contributions as he leads the Group forward on the next phase of our transformation journey.

As the team at Pos Malaysia continues to work hard to attain new heights of success and deliver sustainable value over the long-term, I call upon all our stakeholders to lend us their steadfast support. Thank you.

Brigadier General (K) Tan Sri Dato' Sri (Dr) Haji Mohd Khamil bin Jamil

Chairman

MANAGEMENT DISCUSSI

Dato' Mohd Shukrie bin Mohd Salleh

Group Chief Executive Officer

IN FYE2016, WE PUT IN PLACE

THE EVER-EVOLVING DEMANDS OF

ON & ANALYSIS

GOING BEYOND BOUNDARIES

Dear Shareholders,

This is my first annual review as the Group Chief Executive Officer of Pos Malaysia and I am honoured to be leading a competent and passionate team that has worked tremendously hard to ensure we remain resilient despite the challenges of our marketplace.

As you know, the continual decline in traditional mail volume and the surge in e-Commerce have compelled postal organisations the world over to reinvent themselves in order to remain relevant. Having seen the writing on the wall for the conventional postal business for some time now, Pos Malaysia too has been seizing every opportunity to go beyond the traditional boundaries of the postal business to remain relevant to our target audiences.

As we pursue our aspiration of becoming a full-fledged integrated logistics provider in our marketplace, we continue to put in place the building blocks to help us achieve this ambition and secure Pos Malaysia's sustainable growth for the long-term.

For the financial year ended 31 March 2016 ("FYE2016"), the Pos Malaysia team focused its efforts on meeting its financial objectives, delivering a sound operational performance and laying strong foundations to meet the ever-evolving demands of a digitally enabled marketplace.

FINANCIAL PERFORMANCE

The year in review saw Pos Malaysia registering a 15% hike in revenue to RM1.72 billion, our highest revenue to date. This came on the back of higher contributions from our courier and transhipment businesses. Despite the courier market being a very competitive one, our courier arm, Pos Laju, managed to increase its revenue base. Pos Laju's higher revenue was attributable to an increase in walk-in customers, which in turn was the result of measures to enhance customer convenience, mainly through Pos Laju's offer of extended operating hours and its strategic placement of kiosks at high traffic areas. Our transhipment business tripled in revenue as we offered competitive price-to-value solutions to international e-Commerce players.

STRONG BUILDING BLOCKS TO MEET A DIGITALLY ENABLED MARKETPLACE

MANAGEMENT DISCUSSION & ANALYSIS

PROFIT AFTER TAX RM63.09 MILLION

FOR FYE2016

However, the robust increase in revenue was offset by operating costs that grew at a faster rate than revenue. As such, we registered margin compression that saw our profit after tax ("PAT") reduced by half to RM63.09 million in FYE2016 in comparison to PAT of RM127.05 million in FYE2015. This margin compression was primarily due to higher transportation and staff costs.

Transportation costs escalated unexpectedly because of higher terminal dues and air transportation costs associated with the transhipment business. While foreign exchange ("forex") fluctuations in the period under review played a huge part in affecting transportation costs, we have since taken measures to mitigate the impact of forex volatility on our operations going forward. Following the collective agreement wage adjustment that came into effect at the start of the 2015 calendar year and the resultant wage hike, overall staff costs too increased. An increase in headcount to cater for the increase in courier volume growth, also led to higher staff costs.

> “ WHILE COST MANAGEMENT REMAINS A PRIORITY FOR POS MALAYSIA, WE RECOGNISE THAT WE MUST MOVE BEYOND THESE BOUNDARIES TO SECURE THE GROUP’S LONG-TERM COMMERCIAL VIABILITY AND BUILD A SUSTAINABLE BUSINESS. ”

To address the margin compression going forward, efforts are underway to enhance the efficiency of our existing postal infrastructure. This includes optimising the last mile delivery infrastructure for both mail and small courier items as well as setting up regional processing centres, including some in East Malaysia, to shorten delivery time. We will also leverage on technological platforms in a more innovative manner to expand our offerings in line with the evolving demands of the digitised marketplace. Our efforts will also include containing further increases in operating expenses by leveraging on our expanded handling capacity to make the most of new growth opportunities. At the same time, we will implement a more disciplined approach towards managing our workforce size going forward.

While cost management remains a priority for Pos Malaysia, we recognise that we must move beyond these boundaries to secure the Group’s long-term commercial viability and build a sustainable business.

To this end, we have rolled out a new five-year strategic blueprint, namely SCORE 2.0. Introduced at the start of April 2016, SCORE 2.0 addresses the future of Pos Malaysia in a holistic manner through its laser-focus approach on these aspects of our business: **S**olutions Driven by Technology; **C**ustomer Centricity; **O**perational Efficiency; **R**evenue and Geographic Diversification; and **E**nabler Capabilities. It will involve the implementation of 13 Strategic Initiatives within the e-Commerce, Logistics, Postal and Courier as well as Corporate components on four Core Offerings of our business going forward. I will elaborate on the details of the Strategic Initiatives under SCORE 2.0 following my review of the performance of our business segments.

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS SEGMENT REVIEW

Mail Business

Our postal business, Pos Mel, offers products and services that encompass basic mail services and customised solutions such as mailroom management and direct mail. The mail business hub at the national automated mail sorting facility in Shah Alam branches out to 25 other mail processing centres, 332 delivery branches and an international gateway at the Kuala Lumpur International Airport. Completing this delivery chain are more than 8,000 postmen who deliver mail to some 8.5 million addresses daily throughout Malaysia's urban, sub-urban and rural areas.

In FYE2016, Pos Mel's revenue rose by about 22% to RM905.4 million in comparison to revenue of RM741.7 million in the preceding financial period. This was due to higher revenue contribution from the transhipment business, instead of a net rise in traditional mail volume. The Group's transhipment business grew rapidly as more e-Commerce merchandise aggregators channelled business to us due to our competitively priced offerings. As a result, Pos Mel's contribution to total Group revenue increased to 53% in FYE2016 as compared to 50% in FYE2015.

In line with efforts to mitigate declining mail volumes, Pos Mel continues to leverage on the strength of its physical delivery network to provide customers with services and customised solutions that meet their increasingly discerning needs. At the same time, we continue to pursue opportunities in our direct mail business. Our key strategy is to position direct mail as a complement to mainstream advertising. While physical advertisements are slower to capture one's attention at first exposure in comparison to online advertisements, direct mail leaves a longer lasting impact for easy recall when making a purchase decision. As the advertising industry as a whole is relatively unfamiliar with direct mail, we are focusing on building up direct mail's profile by targeting the major advertising agencies.

The year also saw us working with our regulator, the Malaysian Communications and Multimedia Commission ("MCMC"), to promote postal services and tourism in creative ways. Following the planting of the highest altitude posting box in the country at 3,289 metres above sea level at Laban Rata, Mount Kinabalu in early 2015, Pos Malaysia launched an underwater posting box, the deepest in the country, at a depth of 40 metres below sea level on the seabed of Pulau Layang-Layang in August 2015. The underwater posting box allows divers at the island to share their experience with family and friends via waterproof postcards stamped with a special postmark. This initiative earned Pos Malaysia another entry in the Malaysia Book of Records.

The Postal Transformation Programme for Sabah and Sarawak ("PTPSS"), initiated by the MCMC and Pos Malaysia in 2011, continues to make good progress and strengthen the integration of postal links between Peninsular Malaysia and East Malaysia. The programme has been very successful in that it has brought tremendous impact to the two states. Delivery coverage in Sabah increased from 48% in 2010 to 63% in 2015, while delivery coverage in Sarawak increased from 59% in 2010 to 86% in 2015. The month of October 2015 saw both the Sarawak and Sabah state-level Community Postmen Conventions held in Kuching and Kota Kinabalu respectively.

Alongside the expansion of our physical postal infrastructure, we continue to roll out the Address for All or AFA initiative, which gives complete addresses to many households in the rural areas. Initiated in 2015, the AFA project aims to ensure that all premises are equipped with complete addresses by 2020. In FYE2016, the AFA initiative was extended to 20,222 premises within 191 villages in the district of Kota Belud, Sabah; 9,015 premises within 59 villages in the district of Hulu Terengganu, Terengganu; and 90 premises in Kampung Bajo, in the district of Lundu, Sarawak.

In February 2016, we launched the Pos Authorised Agents project at Pusat Internet 1Malaysia in Kampung Pandan, Lundu, Sarawak. This project offers products and services to rural communities, including Pos Laju posting (on demand), registered and ordinary mail, Pos Ekspres and Pos Laju prepaid envelopes/boxes, as well as stamps and postal registered items. The project in Lundu will serve as the main point of call for delivery services to the nearest vicinities in the southern region of Sarawak. The financial year also saw the launch of the Neighbourhood Postman (*Posmen Kejiranan*) Project at Pulau Tuba, Kedah.

Courier, Express and Parcel Business

Our Courier, Express and Parcel ("CEP") business via Pos Laju continues to maintain its momentum as an important engine of growth. This is in tandem with the increase in e-Commerce transactions, which rely on courier, express and parcel solutions for the delivery of goods and merchandise sold online. As a result of the increased demand for e-Commerce last mile delivery services, the CEP business' revenue grew by about 16% to RM556.1 million in FYE2016 as compared to revenue of RM480.2 million in FYE2015.

The year saw us continuing to leverage on our extensive courier network infrastructure to meet the delivery demands of our customers. In addition to our network of 68 standalone Pos Laju centres, the Pos Laju counters at 699 post offices and a presence via 144 authorised agents throughout the country, we introduced a host of new initiatives and strengthened existing ones.

To cater to the needs of e-businesses big and small in the fast-growing e-Commerce space, we rolled out our e-Commerce Hub initiative to enable e-Commerce entrepreneurs to utilise these hubs to conduct their online businesses and deliver their merchandise using our CEP solutions. In addition, we rolled out our Pos Laju EziBox and Pos Laju Prepaid Dropbox facilities to enable customers to collect or post their parcels any time at their convenience. The EziBox and Dropbox facilities are 24/7 self-service pick-up and drop-off machines for prepaid items located in strategic and high-traffic areas such as petrol stations and LRT stations. These facilities also allow online enterprises in particular, to boost both their sales volume and revenue by enabling them to manage the delivery of their products to their clients at their own convenience as they are not restricted by the conventional operating hours of our post offices and Pos Laju centres.

To extend our reach and to enhance customer convenience, we also launched 10 new Pos Laju Kiosks at high-traffic LRT stations and shopping malls throughout the Klang Valley. On top of this, we entered into a collaboration with 7-Eleven, which will see their 1,600 outlets nationwide stocking our prepaid products for their customers.

In line with our efforts to provide mobile-based digital solutions that meet the fast evolving needs of our digitally-savvy customers, we launched the E-Pos Laju mobile application. This initiative allows customers to digitally order, send and track courier items through their smart mobile devices in real-time. We have already begun to work on the next release of the mobile app and will launch this in due course. We will also continue to leverage on technology to roll out our e-Commerce offerings, especially in the e-Commerce fulfilment and warehousing solutions spaces.

Over the course of the financial year, we piloted the rollout of our Optimisation of Pos Mel and Pos Laju Operations or OPPO initiative to enhance the productivity of our delivery staff, in part to mitigate the higher staff costs. In view of the long-term decline in traditional mail volumes and the increase in small packet and parcel volumes due to the growth in e-Commerce, we saw that it made sense for our postmen to deliver these items alongside regular mail on a daily basis. In line with this, our postmen's motorcycles were re-configured to carry both mail as well as small packets and parcels. By operationalising OPPO, not only have we reduced delivery beat redundancies, our Pos Laju delivery vans can now concentrate fully on delivering larger packets and parcels.

Pos Laju is a trusted leader in the domestic courier market due to our commitment to continuously meet the needs of our customers through innovation and service quality. In the same spirit, we will continue to meet the rapidly evolving needs of the new generation of digitally connected customers.

MANAGEMENT DISCUSSION & ANALYSIS

Retail Business

In line with our efforts to diversify our range of businesses and to accord our customers convenient platforms to perform their daily transactions, our retail arm, Pos Niaga, is leveraging on its over 1,000 touch points nationwide to facilitate such transactions. Aside from traditional postal and parcel services, Pos Niaga today provides the broadest range of over-the-counter transactional services in Malaysia including driving license and road tax renewals, purchase of motor vehicle, personal and life insurance, shared banking services, dealing of national unit trust products, bill payments and international funds remittances.

In FYE2016, our Retail business posted lower revenue of RM201.7 million, some 8% lower than its FYE2015 revenue of RM219.9 million. This was mainly attributable to the recognition of expired postal orders amounting to RM27.4 million as revenue in the previous financial year. If we were to exclude the contribution of the said expired postal orders, our Retail business revenue would have been higher by about 4.7% mainly due to higher contributions from our insurance and Pos ArRahnu businesses.

I am pleased to report that our Pos ArRahnu and insurance businesses are growing well. In FYE2016, their revenues grew by 55% and 22% respectively. The performance of the Pos ArRahnu business is all the more noteworthy given the rationalisation of ArRahnu@Pos outlets from 100 outlets to only 65 outlets over the course of the financial year.

The Pos ArRahnu business continues to grow from strength to strength. As they co-exist with our post offices, the cost structure and thus overheads of the Pos ArRahnu outlets are much lower. These outlets continue to successfully leverage on cross-selling activities to grow their revenues. In line with our efforts to market Pos Ar-Rahnu Sdn Bhd as a one-stop gold centre, we introduced several new services in FYE2016. These included the sale of the Pos Gold Limited Edition series, the sale of investment precious metals, namely gold bars and the dinar, plus the purchase of used gold from customers. To date, the outlets have sold a total of 10,000 gold wafers and continue to make strong advances in this area.

Our Insurance business, which started some four years ago, continues to do remarkably well. Although motor vehicle insurance premiums comprise the bulk of our insurance portfolio, we have been actively growing our life insurance business as this business provides better margins. By transitioning our front-liners from their transactional counter services roles into insurance sales agents, we have seen a huge increase in life insurance sales. In FYE2016, our life insurance business grew by 105%, registering premiums amounting to RM13.9 million. While the total premiums from our Retail business are relatively small, we are optimistic that we will be able to build on the success achieved by our life insurance products in FYE2016.

In FYE2016, we completed the agreement with Bangladesh Post for the International Express Money Order services. Under this initiative, a flat fee of RM8 per transaction is charged regardless of the amount transferred which benefits customers who prefer speedy services at a fraction of a cost. We continue to look for other similar opportunities to further tap the substantial remittance flows of migrant workers to grow the postal remittance business.

Plans are underway for Pos Malaysia to receive approval for grantless road tax renewals for private and commercial vehicles for Peninsular Malaysia. We foresee that the grantless road tax renewals will make it much easier for drivers to renew their road tax and thus drawing more customers to our post offices for such services.

There has been encouraging development in our philatelic business. Over the course of the ASEAN Postal Business Meeting in December 2015, Malaysia was appointed the Chair for the working committee on the ASEAN Thematic Stamps whereby ASEAN stamps will be issued once every two years with the first issuance in 2017. In addition, Pos Malaysia issued several special miniature stamp sheets commemorating the installation of DYMM Sultan of Perak and the coronation of DYMM Sultan of Johor. We also issued two state definitive series to reflect the changes pertaining to the Heads of State for both Perak and Johor. The year also saw the issuance of the Pearl, Trains in Sabah, Primates and Scented Flowers Series, each with their own unique characteristics.

TOWARDS A HIGH-PERFORMANCE ORGANISATION

Today, Pos Malaysia continues to work hard to unlock its potential as a high-performance organisation. To this end, we continue to undertake measures to nurture our people and transform our more than 200-year old organisation with its 18,000 employees into a more dynamic, technology-savvy and customer-centric business entity.

The rollout of our new corporate identity last year has not only helped bolster our brand presence externally, it has done much to strengthen Pos Malaysia's internal cultural identity. This will enable us to face the challenges posed by an even more digitally networked world that has transformed customer demographics substantially and disrupted conventional brick and mortar business models. We continue to maintain our quarterly induction programmes to help new employees acclimatise to our organisation and culture. The continued rollout of key performance indicators for our over 17,000 non-executives to help them better align with the Company's goals will enable higher accountability in achieving the Group's performance targets.

The launch of the Smart Postman initiative will see postmen leveraging on technology and customised technical training to expand their capabilities beyond just delivering mail. Today, our Human Resources Division is working together with our postmen to equip them with new competencies that will include data collection and the ability to offer mobile digital services.

MANAGEMENT DISCUSSION & ANALYSIS

OUTLOOK AND PROSPECTS

Malaysia's economic growth is expected to moderate to between 4.0% and 4.5% in 2016 on the back of the anticipated slowdown in domestic demand due to the deceleration of private and public consumption as well as private investment. Notwithstanding this, inflation is expected to increase (2016: 2.5% - 3.5%; 2015: 2.1%) due to the impact of ongoing subsidy rationalisation, recent hikes in intra-city highway toll rates and rail fares, as well as higher costs of imported finished goods.

Amidst this backdrop, it is envisaged that Pos Malaysia's short to medium-term prospects will mainly be driven by the expected growth in our courier, express and parcel business segments on the back of the continual expansion of the e-Commerce industry. Broadband penetration as well as growing familiarity and increasing acceptance of online and mobile transactions will continue to be strong catalysts for e-Commerce growth with the rise in online and mobile purchases leading to higher demand for e-Commerce logistics, including courier services.

In view of the predictions that the retail e-Commerce market could reach RM3 billion to RM4 billion some five years from now, Pos Malaysia will continue to enhance its presence in other areas of the e-Commerce value chain. Nevertheless, softer global economic conditions are a key risk factor that may adversely impact Pos Malaysia's prospects going forward. We also expect operating conditions to remain challenging over the short-term as the e-Commerce market is a rapidly evolving one in which we will need to invest resources to stay ahead of the curve. Moreover, if the proposed acquisition of the KLAS Group receives shareholder approval, there may be substantial challenges in ensuring effective operational integration to extract the value of the acquisition. Notwithstanding these concerns, which we are prepared to tackle, we are optimistic of Pos Malaysia's prospects going forward.

REACHING OUT, BEYOND BOUNDARIES

As we venture forth into a challenging marketplace, rest assured that Pos Malaysia will continue to reach out beyond conventional boundaries to remain relevant. We will continue to focus on diversifying and enhancing our product and service offering to meet the demands of the fast-changing consumer and business landscape as well as to cater to customer expectations for improved service quality and customer convenience. We will continue to tap technology to maximise the returns on the Group's assets and operations, as well as maintain a disciplined approach in managing operating expenses, particularly when it comes to the size and efficiency of our workforce.

As we journey towards becoming a full-fledged integrated logistics provider, we will look to our new five-year strategic blueprint, namely SCORE 2.0 with its 13 Strategic Initiatives, to guide us.

SCORE 2.0: Our 5-Year Strategic Plan incorporating 13 Strategic Initiatives in four Core Offerings

Theme	Core Offerings	S Solutions Driven by Technology	C Customer Centricity	O Operational Efficiency	R Revenue and Geographic Diversification	E Enabler Capabilities
Convergence between Physical and Digital Platforms	e-Commerce	Digital Mailbox	e-Commerce			Human Capital Development Blueprint
	Logistics		Trade Facilitation		Supply Chain & Fulfilment	
	Postal and Courier			Integrated Processing Hub	Pos Ad	ICT Blueprint
			Smart Postman	Delivery Optimisation	Digital Money Services	
			Digital Business Centres		Space Utilisation	Sales and Marketing Blueprint
	Corporate	Enhanced Value of Key Estates			Data Analytics	

Our first strategic initiative is the ***Digital Mailbox*** initiative. This initiative aims to shift Pos Malaysia's mail services to the digital space riding on our unique position as the sole postal service provider. It will help customers lower the cost of mailing documents electronically and serve to direct online traffic to Pos Malaysia thereby providing new opportunities to introduce our new digital services to the public.

Our second strategic initiative is the ***e-Commerce*** initiative. This key initiative calls for the creation of Pos Malaysia's e-Commerce platform that is expected to generate new revenue streams from e-marketplace, e-fulfilment and e-payment products and services.

The third strategic initiative, the ***Supply Chain and Fulfilment*** initiative is related to the e-Commerce strategic initiative. This initiative involves the enhancement and development of supply chain and fulfilment solutions to support e-Commerce businesses.

The ***Trade Facilitation*** strategic initiative involves the establishment of a simplified export service for micro, small and medium enterprises ("MSMEs") that will be easily accessible via Pos Malaysia's postal infrastructure. This initiative aspires to provide Malaysian MSMEs a lower cost platform to market their products globally by utilising Pos Malaysia as their logistics partner to deliver goods to their customers globally. We also expect this strategic initiative to benefit MSMEs that are located in non-urban areas covered by our extensive postal network.

The ***Smart Postman*** strategic initiative was conceived to expand and enhance the skills and productivity of our delivery staff beyond their traditional delivery roles. This initiative will leverage on technology, especially mobile technology, to acquire data and provide mobile digital services to our customers at their doorsteps.

Our sixth strategic initiative is the ***Pos Ad*** initiative, which aims to monetise our existing real-estate assets through advertising. This initiative will look into suitable locations within our nationwide postal network that are viable for generating advertising revenue.

MANAGEMENT DISCUSSION & ANALYSIS

Our seventh strategic initiative is the ***Space Utilisation*** programme, which is aimed at enhancing asset productivity. This strategic initiative aims to systematically increase the space utilisation rate of our more than 700 existing premises throughout Malaysia to enhance asset efficiency and thereby minimise unnecessary space-related overheads.

The ***Digital Business Centres*** initiative is another asset efficiency initiative. This initiative looks into ways that we can transform our post offices into one-stop platforms that will facilitate our customers to carry out online and mobile commerce, especially for entrepreneurs located outside urban areas.

Our ***Delivery Optimisation*** strategic initiative is a key initiative for us to greatly enhance last mile delivery efficiency. Under this initiative, we will synergise and centralise route planning, improve route planning process cycles, as well as increase machine reading efficiency via customer barcode implementation.

Our tenth strategic initiative, the ***Integrated Processing Hub*** initiative is another optimisation initiative. This initiative involves the consolidation of Pos Mel and Pos Laju's common processes and processing centres within the same geographical area to optimise manpower and machine utilisation. This will help effectively improve both operational efficiency and service level consistency.

Our eleventh strategic initiative, the ***Digital Money Services*** initiative is key to realising the potential of our remittance business. Leveraging on the networks of postal operators in about 200 countries and comprising millions of post offices, we can potentially offer remittance services to an unmatched number of locations globally. This will position Pos Malaysia as the "largest door step remittance service provider" and network of choice in providing convenient remittance solutions.

Our twelfth strategic initiative, the ***EVOKE*** or ***"Enhanced Value of Key Estates"*** initiative is required to systematically catalogue our key real estate assets for decision making purposes. This initiative will result in a comprehensive plan for all Pos Malaysia's land as well as will institutionalise and systemise matters relating to land management of our assets so as to optimise our lease payments. At the same time, it will allow us to unlock the best value from our assets.

The last strategic initiative under SCORE 2.0 to-date is the ***Data Analytics*** initiative. This initiative looks into how we can monetise data, the "currency" of the digital era. Going forward, in a very networked world, data will be the key commodity driving business decisions, and as such, there is potential value in unlocking the commercial value of data and information captured by Pos Malaysia.

I am confident that the successful execution of the 13 Strategic Initiatives under SCORE 2.0 will strengthen the position of our four Core Offerings going forward, namely e-Commerce, Logistics, Postal and Courier as well as Corporate components of our business. They will also position us to better capitalise on uptrend in e-Commerce and, above all, ensure Pos Malaysia remains relevant in the digital era.

IN APPRECIATION

In closing, I wish to acknowledge the many sacrifices and commitment to excellence that our team of dedicated postmen continue to display as they journey far and wide to deliver the mail. I also applaud the diligence of our customer-facing staffs who facilitate more than 100 million over-the-counter transactions across our nationwide network of more than 1,000 touch points. As our people continue to rise to the challenge of transforming Pos Malaysia into a service organisation that is evolving beyond its traditional postal services provider role, I am confident that we will fulfill our ambition of becoming a high-performance organisation.

I wish to convey my sincere appreciation to the Board of Directors and our regulators for their astute counsel and guidance of our Company. A big thank you also goes to our shareholders for their invaluable support and to the rest of the Pos Malaysia community for their steadfast cooperation and trust in us. Not forgetting the customers that we serve who are the reason why we exist – our utmost gratitude for your patronage and your steadfast belief in the vision and mission of Pos Malaysia.

As Pos Malaysia sets its sights on achieving its vision of connecting Malaysia and beyond, today and tomorrow, we look to all our stakeholders to continue supporting us on our mandate. On our part, we will continue to deliver value to our shareholders by becoming the best at what we do through leveraging on operational excellence, superior customer service and continuous innovation. Thank you.

Dato' Mohd Shukrie bin Mohd Salleh
Group Chief Executive Officer

AWARDS & ACCOLADES

Superbrands Malaysia 2011-2015

Malaysia Best Employer Brand Awards 2016

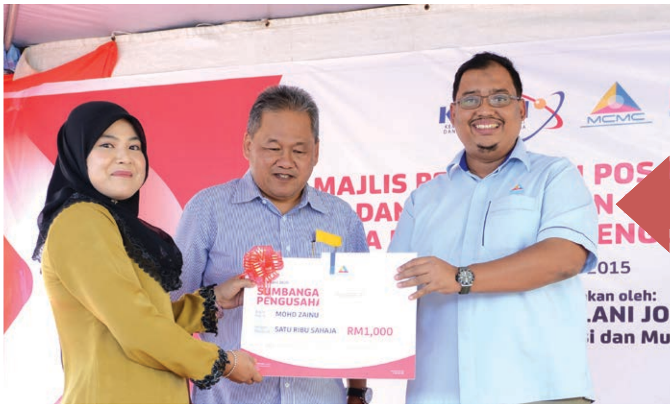
Superbrands Brand of the Year 2015

CORPORATE EVENTS

5 April 2015

Donation of a Mortuary Van to the Hulu Terengganu Parliamentary Constituency

As part of its Corporate Responsibility programme, Pos Malaysia donated a mortuary van (*van jenazah*) to the Hulu Terengganu Parliamentary Constituency. The handover ceremony was officiated by YB Dato' Jailani Johari, Deputy Minister of Communications and Multimedia Malaysia at Masjid Tok Randuk, Ajil, Hulu Terengganu.



9 April 2015

Relaunch of Postal Services at Flood Affected Areas in Dabong

Pos Malaysia and the Malaysian Communications and Multimedia Commission ("MCMC") relaunched the postal services that were severely affected during the floods which hit Malaysia's East Coast in December 2014. The reopening of the Dabong Pos Mini was officiated by En. Mohamed Zaidi Abdul Karim, the Director of Postal Affairs and Digital Signature Department, MCMC. Also present was YB Dato' Ramzi Abdul Rahman, the State Assemblyman for Dabong.

19-27 April 2015

Minggu Saham Amanah Malaysia, Sibu, Sarawak

Pos Malaysia participated in the annual Minggu Saham Amanah Malaysia or MSAM Exhibition, organised by Permodalan Nasional Berhad from 19-27 April 2015 in Sibu, Sarawak. Pos Malaysia showcased its postal and courier products and services at the exhibition.

30 April 2015

Launch of 175th Anniversary of the World's First Adhesive Postage Stamp

Pos Malaysia issued a special stamp and first day cover in conjunction with the 175th anniversary of the Penny Black, the world's first adhesive postage stamp used in the public postal system. The launch ceremony which was held at the Melaka Stamp Museum on 30 April 2015 was graced by the Chief Minister of Melaka, YAB Dato' Idris Harun.

4 May 2015

Launch of the Installation of the Sultan of Perak Commemorative Stamps

Pos Malaysia, in collaboration with the Department of Information, launched the commemorative stamps and exhibition in conjunction with the coronation of the XXXV Sultan of Perak on 4 May 2015 at Dewan Bandaran, Ipoh, Perak.

2 June 2015

Prize Giving Ceremony of "Pos Laju Hantar & Menang Campaign" 2015

With the theme *"Lebih banyak transaksi, lebih banyak peluang anda untuk menang!"* the "Pos Laju Hantar & Menang Campaign" kicked off on 1 January and ended on 28 March. At the prize giving ceremony held on 2 June 2015, En. Nor Azizi Bin Jaafar from Melaka won RM18,888 when he was selected as the Grand Prize Winner of the campaign. He also walked away with an Altel sim-pack and reloads.

7 August 2015

Program Kedaulatan Pulau Layang-Layang Malaysia

Pos Malaysia launched the deepest underwater post box at Layang-Layang Island off the coast of Sabah on 7 August 2015. The event was officiated by YB Dato' Jailani Johari, Deputy Minister of Communications and Multimedia Malaysia. The initiative included the creation of a special postcode for Layang-Layang Island (postcode 88005) and the installation of two post boxes (underwater and on land). Installed on a sledge at a depth of 40 metres, this underwater post box is recognised by the Malaysia Book of Records as the nation's deepest underwater post box.

8 September 2015

Annual General Meeting

The 23rd Annual General Meeting of Pos Malaysia Berhad was held at the Hotel Istana Kuala Lumpur.

CORPORATE EVENTS

13 November 2015

Gold Products Investment at Pos ArRahnu

Pos Malaysia's Islamic micro financing subsidiary, Pos Ar-Rahnu Sdn. Bhd. ("Pos ArRahnu") announced on 13 November 2015 that it had ventured into the business of selling gold products for investment at its 65 Pos ArRahnu outlets nationwide.

19-21 November 2015

ASEAN Postal Business Meeting

Pos Malaysia hosted the 22nd ASEAN Postal Business Meeting ("APBM") from 19-21 November 2015 at Kota Kinabalu, Sabah. The Minister of Communications and Multimedia Malaysia, YB Datuk Seri Dr. Mohd Salleh Tun Said Keruak, kindly officiated the APBM. Pos Malaysia is currently the Chair of ASEAN Post for a two-year term from 2015 to 2016.

1 December 2015

Strategic Partnership between Pos Malaysia-KLB on Vehicle Shipping Service

Pos Malaysia entered into a strategic partnership with Konsortium Logistik Berhad ("KLB") to become the agent for KLB's vehicle shipping services between Peninsular and East Malaysia using KLB's vehicle carrier vessel, "MV Zarah Sofia". As KLB's agent, Pos Malaysia, through 22 of its selected outlets nationwide, now offers this new service to interested customers.

3-6 December 2015

Four Nations Stamp Exhibition

Pos Malaysia, for the first time, hosted the Four Nations Stamp Exhibition, a gathering of stamp collectors and dealers from four countries, namely Malaysia, Singapore, Indonesia and Thailand. The exhibition was jointly organised by Pos Malaysia, the Philatelic Society Malaysia, MCMC and the Ministry of Communications and Multimedia Malaysia, from 3-6 December 2015 in Melaka.

29 January 2016

Gibraltar BSN and Pos Malaysia Expand Partnership

Pos Malaysia and Gibraltar BSN Life Berhad further strengthened their business partnership at a signing ceremony to mark their new distribution agreement for insurance products sold at Pos Malaysia branches nationwide.

15 March 2016

Signing of MoU between Department of Statistics, Malaysia and Pos Malaysia

Department of Statistics, Malaysia ("DOSM") and Pos Malaysia established a strategic partnership through a memorandum of understanding ("MoU") on the sharing of statistical information for the development of the list of residences or Malaysia Statistical Address Register ("MSAR"). The signing ceremony between DOSM, which was represented by the Chief Statistician of Malaysia, Datuk Dr. Hj. Abdul Rahman bin Hasan, and Pos Malaysia, which was represented by Group Chief Executive Officer, Dato' Mohd Shukrie bin Mohd Salleh, was held on 15 March 2016 at the Anggerik Hall in DOSM, Putrajaya.

26 March 2016

Pos Malaysia's Address for All Pins Kota Belud, Sabah on The World Map

Pos Malaysia launched its Address for All ("AFA") project at Kampung Pirasan, Kota Belud, Sabah as part of the initiatives under the Postal Service Transformation Programme for Sabah and Sarawak Phase 3. Supported by the MCMC, the AFA project encompassed the renumbering of 20,221 premises within the district's 191 villages. The launch ceremony was graced by YB Datuk Seri Dr. Mohd Salleh Tun Said Keruak, Minister of Communications and Multimedia Malaysia.

NEWS &

Pos Malaysia confident about new businesses

CEO says they will contribute positively to group earnings

KUALA LUMPUR: Pos Malaysia Bhd is upbeat about the prospects of its new businesses that will contribute to the company.

The company recorded weak earnings in the first half of its financial year due to lower profit from the mail and retail segment besides having to contend with rising cost.

Group chief executive officer Datuk Mohd Shukrie Mohd Salleh said the new businesses included the sales of gold wafers by its subsidiary Pos Ar-Rahnu, international postal transhipment, and the vehicle shipping services between Peninsular Malaysia and Sabah/Sarawak.

"Although we have just launched the service of selling gold bars and wafers two weeks ago, it is growing quite aggressively.

"Pos Ar-Rahnu is also growing pretty fast since we started it three years ago and Pos Laju is getting a lot of demand via e-commerce," he said after the Pos Malaysia announced its strategic partnership with Konsortium Logistik Bhd (KLB) for vehicle shipping services between the peninsula and Sabah/Sarawak yesterday.

Pos Ar-Rahnu is a syariah-based pawn broking system for short-term collateralised borrowing. It has recently collaborated with Public Gold to create additional product distribution channels for the public to trade public gold products across the country.

It was reported that Pos Ar-Rahnu expected to sell all the 20,000 pieces of its limited edition gold wafers by year-end.

For the six months ended Sept 30, 2015, net profit fell 57.10% to RM26.2mil from RM61.10mil a year ago while revenue rose 6.58% to RM789.2mil.

Pos Malaysia, through 22 of its selected outlets nationwide, will act as KLB agent to offer customers direct access to vehicle shipping services via a dedicated vehicle carrier vessel, MV Zarah Sofia, owned by KLB.

Mohd Shukrie said Pos Malaysia hoped to capture 30% to 40% of the vehicle shipping services market.

"With our vast network it is now more convenient for customers to apply for the service.

"This is part of our initiative in broadening service offerings in line with changing customer demand," he said.

Pos Malaysia and KLB are part of the DRB-Hicom group.

Mohd Shukrie: 'Although we have just launched the service of selling gold bars and wafers two weeks ago, it is growing quite aggressively.'

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Pos Malaysia Perkenalkan Projek Agen Pos Di Lundu

KUALA LUMPUR, 1 Mac (Bernama) -- Pos Malaysia Bhd telah melancarkan projek agen-agen pos yang bertauliah di Pusat Internet 1Malaysia di Kampung Pandan, Lundu, Sarawak pada 27 Feb lepas.

Ketua Pegawai Eksekutif Kumpulan Pos Malaysia Datuk Mohd Shukrie Mohd Salleh dalam satu kenyataan, berkata, projek di Lundu itu juga akan berkhidmat sebagai pusat pengumpulan utama bagi perkhidmatan penghantaran kepada kawasan berhampiran di bahagian selatan Sarawak.

Projek Agen Pos ini menawarkan produk dan perkhidmatan kepada masyarakat luar bandar seperti Pos Laju (bergantung kepada permintaan), surat berdaftar dan pos biasa, Pos Express serta sampul surat prabayar/kotak, setem dan barangan pos berdaftar.

Mohd Shukrie berkata 70 premis di Kampung Bajo, Lundu akan diberikan nombor pengenalan sebagai sebahagian daripada agenda perkhidmatan kepada rakyat di bawah projek Alamat Untuk Semua (AFA).

"Alamat yang lengkap akan memastikan semua usaha untuk mendekati rakyat dalam bidang sosioekonomi, keselamatan, utiliti, bantuan bencana serta pengurusan kecemasan pengurusan boleh disalurkan dengan cekap.

"Pada masa yang sama, ia akan membantu Pos Malaysia menyediakan perkhidmatan yang lebih berkesan khusus dalam sektor e-dagang yang semakin meningkat," katanya.

Lebih satu juta atau 12 peratus daripada premis kediaman dan perniagaan masih tidak mempunyai nombor pengenalan dan alamat lengkap. Projek AFA, yang bermula sejak 2015 akan memastikan semua premis dilengkapi dengan alamat lengkap menjelang 2020.

Katanya, perkhidmatan mudah alih seperti Pos-On-Wheels (POW) akan disediakan di pelbagai lokasi di Lundu pada jam 9 pagi hingga 3 petang setiap hari dan ia menawarkan pelbagai perkhidmatan yang sama seperti pejabat pos biasa.

-- BERNAMA

Pos Malaysia group CEO **Datuk Mohd Shukrie Mohd Salleh** after the launch of its e-commerce hub in Kuala Lumpur yesterday. Bernama pic

Pos Malaysia sees CEP revenue hitting RM500m

GOH THEAN HOWE

KUALA LUMPUR: Pos Malaysia Bhd expects its courier, express and parcel (CEP) business to hit RM500 million in revenue for the year ending March 31.

The CEP business, which is under the Pos Laju brand, registered RM480 million in revenue for the year ended March 31 last year.

"This year, Pos Laju will hit somewhere near to half a billion ringgit mark," said group chief executive officer Datuk Mohd Shukrie Mohd Salleh after the launch of its e-commerce hub, here, yesterday.

"Pos Laju revenue will be bigger than traditional postal revenue within two to three years," he said.

Pos Laju handles about 50 million packages annually and it expects the number to rise by eight to 10 million under the new initiative.

He said there would be about 20 e-commerce hubs by the end of the year. They will enable merchants and buyers to perform online transactions through a platform that has 5,700 touch points throughout the region as well as connecting eight million addresses in Malaysia.

Shukrie said each e-commerce hub would cost between RM100,000 and RM200,000 to set up.

"There are three main components of e-commerce, which are e-marketplace, e-fulfilment and e-payment, or payment gateway.

"For the next couple of years, we want to strengthen e-fulfilment, which is championed by Pos Laju, so that we are ready to tap the e-commerce market," said Shukrie.

"The growth of e-commerce is exceeding the decline of the traditional postal service business model.

"In terms of traditional postal services, it normally declines by about four to five per cent every year, but the courier industry is growing at about 15 to 20 per cent a year."

Pos Ar-Rahnu mampu raih RM40 juta

Pos Malaysia Bhd mengunjur anak syarikat milik penuhnya, Pos Ar-Rahnu Sdn Bhd, mampu mencatatkan pendapatan RM40 juta menjelang akhir tahun berikutan kerjasamanya dengan syarikat dagangan emas fizikal, Public Gold Group.

Ketua Pegawai Eksekutif Kumpulannya, Datuk Mohd Shukrie Mohd Salleh, berkata kerjasama dengan Public Gold akan membolehkan Pos Ar-Rahnu meneroka permintaan yang semakin berkembang bagi pelaburan dalam logam berharga itu.

Beliau berkata, Ar-Rahnu adalah sistem pajak gadai berasaskan syariah untuk pinjaman bercagar jangka pendek. Sejak ditubuhkan pada Jun 2012, Pos Ar-Rahnu sudah mengagihkan lebih RM700 juta.

"Pos Ar-Rahnu meraih pendapatan kira-kira RM30 juta tahun ini dan kami mengunjur perdapatan kira-kira RM40 juta pada akhir 2016 selaras dengan peningkatan pengagihan kami," katanya kepada pemberita selepas majlis memeterai memorandum persefahaman (MoU) dengan kumpulan Public Gold di Georgetown, semalam.

Beliau berkata, Pos Ar-Rahnu juga menjangka dapat mencapai RM1 bilion dalam pembiayaan perniagaan Ar-Rahnu pada pertengahan 2016.

Pos Ar-Rahnu ditubuhkan pada 2012 bagi menyediakan perkhidmatan pajak gadai Islam kepada orang ramai. **BERNAMA**

Pos Malaysia Sells 7,000 Pieces Of Gold Waf... nce Its Launch On Nov 13

... (Bernama) -- Pos Malaysia Bhd through its wholly-owned subsidiary, ... Sdn Bhd has sold about 7,000 pieces of gold wafers since its launch on ...

...aysia Bhd chief executive officer, Datuk Mohd Shukrie Mohd Salleh said the ... gold chips weighing between 0.5 to 250 grammes were sold at RM110 to ...40,000 at 65 Pos Ar-Rahnu branches nationwide.

"The gold wafers are the first of its kind released in the world by a postal organisation through its syariah-based pawnbroking system and can be a collectible item.

"We produced 20,000 first edition gold wafers and the response has been very encouraging and we expect sales to continue to increase over time," he told reporters after the launch of the FourNation Stamp Exhibition 2015 at Dataran Pahlawan here, today.

Mohd Shukrie said these gold wafers can be sold at selected pawn shops across the country and internationally recognised.

Meanwhile, he said 15,000 FourNation Stamp Collection 2015 limited edition stamps bearing the traditional costumes of four countries, namely Malaysia, Indonesia, Thailand and Singapore will be sold at RM3 at the three-day exhibition starting today.

KLB Expects 3,000-5,000 Vehicles To Use Shipping Service Monthly

KUALA LUMPUR, Dec 1 (Bernama) -- DRB-Hicom Bhd's unit, Konsortium Logistik Bhd (KLB), expects between 3,000-5,000 vehicles to use its shipping service between Peninsular Malaysia and Sabah and Sarawak monthly.

Chief Executive Officer, Rani Hishan Samsudin, said the service, which will be provided by carrier vessel, MV Zara Sofia, will operate between two and three shipments per month, with a frequency target of 28 annually.

"The car sector contributes an average of three per cent to the national gross domestic product and impacts the car logistics business.

"In line with the industry growth, there is also greater demand for greater efficiency and faster delivery within the local car logistics market," he said.

He said this to reporters after the signing of a partnership agreement between KLB and Pos Malaysia Bhd here today.

Under the agreement, Pos Malaysia will act as KLB's agent through 22 of its selected outlets nationwide to offer customers direct access to the service applications which will be carried out by KLB's vehicle carrier vessel.

Currently, he said, the target market included manufacturers, dealers and the public with the price of shipment per unit between RM1,500 and RM1,600 between Peninsular Malaysia and Sabah and Sarawak and vice versa.

DRB-Hicom Group Bhd Chief Operating Officer for Services and Properties, Datuk Mohamed Razeek Md Hussain, said MV Zarah Sofia, which has a load capacity of 2,500 vehicles, could transport light and heavy vehicles.

"Getting a figure above 1,300 capacity per shipment will already be profitable for the business. Currently, about 66.5 per cent of load volume is from Proton Edar, 26.2 per cent from used car and forwarding agents and the rest 7.3 per cent are mixture from the DRB-Hicom group," he said.

Gibraltar BSN and Pos Malaysia expand partnership

by PREMALATHA JAYARAMAN

GIBRALTAR BSN Life Bhd expands its partnership with Pos Malaysia Bhd under a new distribution agreement which offers its insurance products at the latter's branches nationwide.

In a joint statement yesterday, the companies said the agreement will see dedicated financial services officers (FSOs) introduced at selected Pos Malaysia outlets across Malaysia including Shah Alam, Kuantan and Johor Baru among others.

They said the FSO, jointly accredited and trained by Gibraltar BSN and Pos Malaysia via customised training programmes, will be able to provide advice on insurance products offered at Pos Malaysia.

Through this collaboration with Pos Malaysia, Gibraltar BSN said it aims to create a broader understanding on life insurance benefits and educate customers on the advantages of financial protection.

"Customers will have access to expert advice, the ability to purchase on the spot using a simple process and a range of affordable products that fit their individual needs," it said.

Gibraltar BSN CEO Vincent Kwo said the company has been working closely with Pos Malaysia over the last several years and was delighted to strengthen the partnership with the introduction of the FSO initiative.

Meanwhile, Pos Malaysia group CEO Datuk Mohd Shukrie Mohd Salleh said this collaboration brings a unique and differentiated model to our outlet with FSOs utilising iPads and specialised workstations to serve customers, ensuring a seamless and comfortable experience for all.

"We are confident that this new model will deliver positive results and look forward to expanding our team of FSOs to more Pos Malaysia branches in the months to come," said Mohd Shukrie.

Gibraltar BSN and Pos Malaysia currently offer the "Pos Hayat" and "Pos Bestari" life insurance plans at Pos Malaysia outlets.

(From left) Pos Malaysia group COO Azlan Shahrim, Mohd Shukrie, Kwo and of Gibraltar BSN COO Bahaman Kamaruzaman at the signing ceremony commemorating Gibraltar BSN and POS Malaysia's partnership

E-Commerce Lifts Poslaju's Domestic Courier Market Share To 38 Pct

KUALA LUMPUR, March 3 (Bernama) -- PosLaju, the courier arm of Pos Malaysia Bhd, garnered a 38 per cent share of the domestic courier market in 2015, up from 25 per cent in 2008, thanks to the booming e-commerce sector.

The postal service segment is growing with e-commerce being a key factor, said Group Chief Executive Officer Datuk Mohd Shukrie Mohd Salleh.

This year, Pos Malaysia expected the entry of more e-commerce players and the challenge was to meet their delivery requirement, he said.

Overall, he said Pos Malaysia was optimistic of growth this year despite competition from foreign service providers, Mohd Shukrie said after launching Pos Malaysia's "Send and Win" campaign aimed at encouraging customers to purchase and make use of Pos Malaysia's products and services.

Besides the domestic market, he said Pos Malaysia was also keen to expand its regional presence with more collaboration but declined to elaborate.

Two years ago, Pos Malaysia established a business collaboration with China Post and entered into a partnership with Pos Indonesia for remittance services.

On the "Send and Win" campaign, from March 1-May 31, 2016, he said Pos Laju aimed to generate RM30 million in revenue.

-- BERNAMA

Pos Malaysia chalks up eighth victory

KUALA LUMPUR: Pos Malaysia has chalked up an eighth win for the Malaysia Excellence Awards in the Logistics Category at the 2016 Frost & Sullivan Awards through its courier arm Pos Laju.

The award recognises the strength of Pos Laju's diversified services to its customers in the business-to-customer (B2C) segment, as well as its positive financial performance last year in e-commerce logistics services.

Pos Malaysia group chief executive officer Datuk Mohd Shukrie Mohd Salleh said the award on Thursday was a testament to the strength of Pos Laju's wide range of services and reflected the support it received from its customers.

"We understand that the logistics industry is becoming increasingly competitive every year, with more providers offering more advanced

PosLaju Is Malaysia's Top Brand For 2015

KUALA LUMPUR, Dec 2 (Bernama) -- PosLaju became the first local company to be named as Superbrands Malaysia's Top Brand of 2015, beating 1,381 other contestants.

Pos Malaysia Bhd Group Chief Executive Officer, Datuk Mohd Shukrie Mohd Salleh, said Pos Malaysia went through a rebranding exercise earlier this year to embody the spirit of a modern forward-thinking organisation.

"The rebranding is necessary to enable Pos Malaysia to remain relevant besides strengthening its position and transforming itself to meet client needs and adapting to face challenges and competition in the 21st century," he told reporters at the prize-giving ceremony here today.

Director of Superbrands Malaysia, Mike English, said Malaysian companies were more aware of branding and have shown great creativity in crafting their unique identities.

"We are pleased to recognise the growth of Malaysian companies in achieving branding, through the Superbrands certification," he said.

English said companies participating in the Superbrands awards were by invitation only and the brands were selected by a special council based on a stringent selection criteria.

"It provides a mark of excellence and recognition that the brand has established the finest reputation in its field," he said.

-- BERNAMA

Pos Malaysia unit to disburse RM1b to Ar-Rahnu business

GOLDEN GOOSE: Pawn broker to contribute up to RM30m to overall revenue this year

KUALA LUMPUR

Pos Malaysia Bhd expects its wholly-owned subsidiary Pos Ar-Rahnu Sdn Bhd to disburse RM1 billion in financing to its Islamic pawnbroking (Ar-Rahnu) business by 2018.

Ar-Rahnu is a syariah-based pawnbroking system for short-term collateralised borrowing.

Chief executive officer Datuk Mohd Shukrie Mohd Salleh said since its inception in June 2012 until October 31 this year, the pawn broking unit has disbursed more than RM700 million in financing to over 100,000 customers including foreigners.

"Currently, we have 65 Ar-Rahnu outlets nationwide selling investment gold products," he said after the announcement of its collaboration with physical gold trading company Public Gold Group, here, yesterday.

He said the collaboration is in response to growing market demand for investment precious metals.

"We see the need to open up more product distribution channels for the public's convenience to encourage them to keep physical gold for a brighter, more secure future.

"Besides selling gold products, Pos Ar-Rahnu has also embarked on the used gold buyback business, offering more than 90 per cent margin for buying any used gold, jewellery, dinar or gold bars," he added.

Pos Malaysia also targets its Ar-Rahnu business segment to contribute between RM25 million and RM30 million to its overall revenue for its upcoming financial year. Bernama

(From left) Pos Ar-Rahnu senior vice-president **Abd Razak Mohd A Kadir**, Pos Malaysia Bhd CEO **Datuk Mohd Shukrie Mohd Salleh**, Public Gold Group chairman **Datuk Louis Ng Chun Hau** and Pos Malaysia Bhd COO **Azlan Shahrin** at the launch of their new product in Kuala Lumpur yesterday. Pic by Yazit Razali

Foreign worker health examination fees can be paid via Pos Online

KUALA LUMPUR: Agents and employers can now pay the health examination fees of foreign workers through the Pos Online portal managed by Pos Malaysia.

Foreign Workers Medical Examination Monitoring Agency (Fomema) chief executive officer Datuk Mohd Hatar Ismail said yesterday the facility was an alternative to other payment methods such as bank draft, cheque and postal order, and through CIMB Clicks.

"We have provided an additional choice for customers to make payment for foreign workers' medical examination via the Pos Online portal at www.posonline.com.my, according to Pos Malaysia's standard operating times," he said in a statement.

Meanwhile, Pos Malaysia chief executive officer Datuk Mohd Shukrie Mohd Salleh said employers and employment agents who dealt with Fomema would enjoy a faster and easier way to make payments.

The electronic payment system also simplified the process of monitoring the records of payments made by employers to ensure they adhered to business ethics and legislation, he said in the statement. - Bernama

MEDIA

Pos Malaysia takes delivery of Tata Xenon truck fleet

in Cars, Local News, Tata / By Danny Tan / 28 April 2016 4:52 pm / 28 comments

Like Share 44 people like this. Sign Up to see what your friends like.

Pos Malaysia has took delivery of 553 units of the Tata Xenon pick-up truck. The postal service provider will use the new fleet in its courier, express and parcel delivery business – Poslaju.

The Tata Xenon Single Cab 4X2 is powered by a 2.2 litre commonrail turbodiesel engine with 140 PS and 320 Nm of torque from 1,700 to 2,700 rpm. The special customised box body is equipped with a reverse camera and access from the rear as well as both sides of load body to meet Pos Malaysia's requirements.

This deal happened in November 2015, when Pos Malaysia decided to lease the pick-ups through DRB-Hicom EZ-Drive leasing facilities. The lease period is for 36 months, with an option to renew for another 24 months.

Tata Motors commercial vehicles are distributed by DRB-Hicom Commercial Vehicles in Malaysia, and Pos Malaysia is also in DRB-Hicom's stable of companies. Familiar face above? Formerly Proton's CEO, Datuk Abdul Harith Abdullah is now the COO of automotive distribution and defence at DRB-Hicom.

Pos Malaysia introduces e-commerce hub

First one launched at its headquarters, with more to open nationwide

IN THIS digital age, the trading of products and services on the Internet is popular worldwide.

To meet the growing needs of the local e-commerce industry, Pos Malaysia has launched its first e-Commerce Hub at the Pos Malaysia headquarters in Kuala Lumpur.

Pos Malaysia Group chief executive officer Datuk Mohd Shukrie Mohd Salleh said the revenue of Pos Laju courier services increased between 15% and 20% every year, adding that it was mostly used for e-commerce purposes.

Serving as one of the group's transformation strategies, the e-Commerce Hub will provide greater access to Pos Malaysia's local and international logistics capabilities, infrastructure and delivery networks.

The hub provides various services such as kiosks offering various Pos Laju products and services, parcel lockers, prepaid dropbox and an Application Programming Interface (API).

The API is an advanced and innovative automation service that helps marketplaces and merchants to transact e-commerce faster while improving consumer satisfaction from the point of purchase to the point of delivery.

The functions of API include track and trace update of delivery, postcode look-up and service locator.

"Today's launch is just the beginning of our venture into the e-commerce business. There will be more services available in the future with more gadgets and equipment placed in each hub," said Mohd Shukrie.

Additionally, Pos Malaysia will launch a self-service mobile app called e-Pos Laju very soon.

Another 20 e-Commerce Hubs will be opened nationwide by the end of December 2017.

E-dagang lonjak pasaran Pos Laju

KUALA LUMPUR - Pos Laju, unit kurier Pos Malaysia Bhd, menguasai 38 peratus bahagian pasaran industri kurier domestik pada 2015, meningkat daripada 25 peratus pada 2008, susulan peningkatan sektor e-dagang.

"Segmen perkhidmatan pos turut meningkat didorong e-dagang sebagai faktor utamanya," kata Ketua Pegawai Eksekutif Kumpulan, Datuk Mohd Shukrie Mohd Salleh.

"Pos Malaysia juga amat optimis terhadap pertumbuhan dalam tahun ini biarpun berdepan cabaran daripada penyedia perkhidmatan antarabangsa," katanya selepas melancarkan Kempen Hantar dan Menang Pos Malaysia di sini, semalam.

Popular Now in News

- Eight more hysteria cases
- Wife of retired Customs officer found hanged
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- Shocked to death while talking on charging phone
- Baby girls abandoned

KUALA LUMPUR: Pos Malaysia has chalked up an eighth win for the Malaysia Excellence Awards in the Logistics Category at the 2016 Frost & Sullivan Awards through its courier arm Pos Laju.

The award recognises the strength of Pos Laju's diversified services to its customers in the business-to-customer (B2C) segment, as well as its positive financial performance last year in e-commerce logistics services.

Pos Malaysia group chief executive officer Datuk Mohd Shukrie Mohd Salleh said the award on Thursday was a testament to the strength of Pos Laju's wide range of services and reflected the support it received from its customers.

"We understand that the logistics industry is becoming increasingly competitive

All eyes on Pos Malaysia

BY JOSE BARROCK

Is Pos Malaysia Bhd being slowly transformed into the land logistics arm of billionaire businessman Tan Sri Syed Mokhtar Albukhary? Consensus seems split, with one well-placed source suggesting that while there are proposals for Pos Malaysia to take over all the logistics companies under the various groups in his conglomerate, it is unlikely to happen anytime soon. However, in stark contrast, another source familiar with the tycoon confides that Pos Malaysia will eventually control all the logistics companies in Syed Mokhtar's sprawling empire.

If the consolidation of the land logistics businesses under Pos Malaysia does happen, it would mean huge changes for the postal services company. It could end up controlling several large logistics companies currently held under various entities. Two such companies are Kontena Nasional Bhd (KN) and JP Logistics Sdn Bhd, which fall under MMC Corp Bhd, which is 51.76% controlled by Syed Mokhtar.

In fact, a recent proposal for DRB-Hicom Bhd to sell its KL Airport Services Sdn Bhd (KLAS), Hicom Indungan Sdn Bhd and Hicom Engineering Sdn Bhd to Pos Malaysia for RM818.35 million, is seen by some quarters as a move to get the ball rolling.

It is also worth noting that Konsort, as at end-March last year, had long-term assets of RM206.09 million and short-term assets of RM145.34 million. On the other side of the balance sheet, it had short-term debt commitments of RM172.38 million and long-term borrowings amounting to RM7.38 million.

"It [the merger] would create a giant ... two of the companies, KN and Konsort, were part of the big five Cham (Container Haulage Association of Malaysia) members, before the industry was liberalised about 15 years ago ... if you add JP Logistics to the mix, you're talking about a huge company," an industry observer says.

A check with CCM indicates that KN suffered a net loss of RM46.97 million on revenue of RM123.63 million in FY2014. As at end-2014, the company had non-current assets valued at RM334.68 million and current assets of RM70.06 million.

On KN's balance sheet as at Dec 31, 2014, were RM181.67 million in short-term debt commitments and RM54.38 million in long-term borrowings.

JP Logistics chalked up a net profit of RM3.09 million from RM145.04 million in sales. As at end-2014, it had current assets of RM103.24 million, and non-current assets of RM68.95 million. The company had current liabilities of RM19.52 million and long-term debt com-

Two contrasting views within the group make things more complex

the shares are to be issued at RM3.33 per share, which is at a 23% premium to Pos Malaysia's close of RM2.70 last Thursday.

Making things more complex are the two contrasting views from sources within Syed Mokhtar's group.

The executive who does not believe that the consolidation will take place asserts that both KN and JP Logistics are owned by port operating companies NCB Holdings Bhd, which owns Northport, and Johor Port Bhd, which controls Johor Port.

"Both KN and JP Logistics are meant to support the port businesses of Northport and Johor Port respectively. I doubt they will be injected into any other vehicle," he says.

Meanwhile, the source who believes that Pos Malaysia will consolidate the other Syed Mokhtar logistics companies under its banner says that Pos Malaysia is being fashioned after Deutsche Post, which wholly owns giant logistics company DHL.

Nevertheless, in an announcement to Bursa Malaysia, DRB says the proposed disposal of KLAS and other assets will "allow DRB to consolidate its logistics business under Pos Malaysia ...The proposed disposals will transform the Pos Malaysia group into an integrated logistics services provider serving both the traditional and e-commerce markets and enabling Pos Malaysia to offer a wider range of e-commerce solutions, from delivery to warehousing, logistics and fulfilment (process of receiving, packaging and shipping orders for goods) operations."

"The traditional post office operation is a sunset business — it's a fact, mail is declining, and the overheads are high. Once there is a certain population density, Pos Malaysia is required to build a post office, employ people and what not, which costs a lot of money," one of the sources says, explaining Pos Malaysia's diversification.

Meanwhile, the logistics business in Malaysia has tremendous potential.

"Why else would companies such as Temasek-owned Singapore Posts buy into courier company GD Express Carrier Bhd?" a market watcher asks.

Pos Malaysia

...hd Shukrie (second from left) checking out the Application Program... ...mmunications and Multimedia Commission (MCMC) Postal Affairs and ... ...ctor Mohamed Zaidi Abdul Karim (left), group chief operating officer Az... ...t) and Pos Malaysia Group Innovation Transformation Unit principal consu... ...d look on during the launch of the e-Commerce Hub at the Pos Malaysia he... ...mpur.

...Malaysia Group employee Nurshafiqa Mat Kasim showing the services available at the newly ...oduced e-Commerce Hub.

Southern-most postbox in Asia makes debut

PONTIAN — Imagine sending a letter from the southern-most tip of continental Asia.

Starting yesterday, this facility has been made available to tourists and locals via a postbox at the Tanjung Piai National Park here.

Pos Malaysia's chief executive officer Datuk Mohd Shukrie Mohd Salleh said specially designed postcards by Pos Malaysia were available to visitors.

"It's like telling friends 'I have been here'," he said after Menteri Besar Datuk Seri Mohamed Khaled Nordin launched the installation of the postbox yesterday.

Many local and foreign tourists visit the park annually to enjoy the 526ha of mangrove swamps surrounding the park.

"For the tourist, it's a chance to send their postcards to friends," said Shukrie.

The postbox is located at the entrance of the park on a 3D mural flooring with a monkey figurine on top.

According to Shukrie, the postbox will also serve 2,277 houses in the area which previously did not have addresses.

"Through our Pos Malaysia Citizen Outreach Programme, we will give every household an address to enable the government to reach them."

Pos Malaysia launched similar postboxes in the past such as on Mount Kinabalu and the deepest underwater postbox off Pulau Layang Layang in Sabah.

Khaled slots a postcard into the postbox at Tanjung Piai National Park yesterday as Shukrie waits his turn. — Picture by Roslan Khamis

Pos Malaysia to bank on e-commerce

KUALA LUMPUR: Pos Malaysia Bhd expects its new e-Commerce initiative to increase item deliveries by an additional 10 million a year.

Chief executive officer Datuk Mohd Shukrie Mohd Salleh said the company's unit, Pos Laju, was projected to handle 50 million items this year. – Bernama

KUALA LUMPUR, March 28 (Bernama) -- Pos Malaysia Bhd expects its new e-Commerce initiative to increase item deliveries by an additional 10 million a year.

Chief Executive Officer Datuk Mohd Shukrie Mohd Salleh said the company's unit, Pos Laju, was projected to handle 50 million items this year.

He said the e-Commerce hub would enable the company to scale up its e-commerce opportunities, build new capabilities and strengthen it as a revenue stream.

"The e-Commerce hub will boost the number of deliveries as our core business continues to be under pressure from declining conventional mail volumes," he said.

Speaking to reporters at the launch of the e-Commerce hub here, today, he said the hub had a target audience consisting of e-commerce marketplaces, merchants and buyers.

The e-Commerce hub will enable merchants and buyers to perform online transactions, through a platform that has 5,700 touch points throughout the region as well as connecting eight million addresses in Malaysia.

Through the new value-added services offered at the Pos Malaysia e-Commerce hub, more online and offline merchants are encouraged to take advantage of the hub to promote their products via local and global marketplaces.

The hub will deploy advanced and innovative automation systems such as application programming interface, warehousing facility, parcel locker and drop box facilities which will improve and meet the growing needs of the e-Commerce merchants and buyers.

Moving forward, Mohd Shukrie said Pos Malaysia would continue to transform and innovate itself to maintain its relevance and competitive edge as well as continue to

Gibraltar BSN, Pos M'sia in insurance tie-up

KUALA LUMPUR: A new agreement between Gibraltar BSN Life Bhd and Pos Malaysia Bhd will see dedicated officers placed at Pos Malaysia outlets to provide professional advice on insurance products.

These financial services officers (FSO), who will be placed at selected outlets across the country, are jointly accredited and trained by Gibraltar BSN and Pos Malaysia.

The agreement, inked yesterday, marked the new distribution agreement for insurance products sold at Pos Malaysia branches nationwide.

"This collaboration brings a unique and differentiated model to our outlets, with FSOs utilising iPads and specialised workstations to serve customers, ensuring a seamless and comfortable experience for all.

"We are confident that this new model will deliver positive results and look forward to expanding our team of FSOs to more Pos Malaysia branches in the months to come," said Pos Malaysia group chief executive officer Datuk Mohd Shukrie Mohd Salleh in a statement.

Through the collaboration, Gibraltar BSN said it aimed to create a broader understanding about the benefits of life insurance and to educate customers on the advantages of financial protection.

Customers, it said, would have access to expert advice, be able to purchase insurance instantly via a simple process, and a range of affordable products to fit their individual needs.

"With products available from as low as RM3.33 per day, we aim to provide all Malaysians with affordable yet quality financial protection tailored to their specific needs, as we work to bring 'a refreshing approach to life insurance' to our customers," said Gibraltar BSN chief executive officer Vincent Kwo.

Gibraltar BSN and Pos Malaysia currently offer the "Pos Hayat" and "Pos Bestari" life insurance plans at Pos Malaysia outlets.

Pos Hayat is a basic life insurance cover which includes dengue protection benefits, while Pos Bestari is a comprehensive life protection plan with savings, guaranteed cash payouts and maturity benefits.

Deal sealed: Gibraltar BSN CEO Vincent Kwo (left) exchanging documents with Shukrie. With them are Gibraltar BSN chief distribution officer Niranjan Parab (far left) and Pos Malaysia group chief operating officer Azlan Shahrim.

E-Commerce Lifts Poslaju's Domestic Courier Market Share To 38 Pct

KUALA LUMPUR, March 3 (Bernama) -- PosLaju, the courier arm of Pos Malaysia Bhd, garnered a 38 per cent share of the domestic courier market in 2015, up from 25 per cent in 2008, thanks to the booming e-commerce sector.

The postal service segment is growing with e-commerce being a key factor, said Group Chief Executive Officer Datuk Mohd Shukrie Mohd Salleh.

This year, Pos Malaysia expected the entry of more e-commerce players and the challenge was to meet their delivery requirement, he said.

Overall, he said Pos Malaysia was optimistic of growth this year despite competition from foreign service providers, Mohd Shukrie said after launching Pos Malaysia's "Send and Win" campaign aimed at encouraging customers to purchase and make use of Pos Malaysia's products and services.

Besides the domestic market, he said Pos Malaysia was also keen to expand its regional presence with more collaboration but declined to elaborate.

Two years ago, Pos Malaysia established a business collaboration with China Post and entered into a partnership with Pos Indonesia for remittance services.

On the "Send and Win" campaign, from March 1-May 31, 2016, he said Pos Laju aimed to generate RM30 million in revenue.

IDENTIFYING
NEW OPPORTUNITIES AND INVESTING TO
EXPAND
OUR ROLE

We are constantly on the lookout for means and opportunities to spread our wings and further enrich the lives of our customers. As we embrace the digital age and as e-Commerce takes the world by storm, we are ramping our organisation up to be the preferred partner in the e-fulfilment space.

CORPORATE INFOR

BOARD OF DIRECTORS

Brigadier General (K) Tan Sri Dato' Sri (Dr) Haji Mohd Khamil bin Jamil
Non-Independent Non-Executive Chairman

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

Dato' Sri Syed Faisal Albar bin Syed A.R. Albar
Non-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

Dato' Eshah binti Meor Suleiman
Independent Non-Executive Director

Dato' Sri Dr. Mohmad Isa bin Hussain
Non-Independent Non-Executive Director

Dato' Abdul Hamid bin Sh Mohamed
Independent Non-Executive Director

Lim Hwa Yu
Independent Non-Executive Director

BOARD COMMITTEES

Board Audit Committee

Dato' 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

Brigadier General (K) Tan Sri Dato' Sri (Dr) 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

Dato' Abdul Hamid bin Sh Mohamed
Independent Non-Executive Director

Board Risk Management and Compliance Committee

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

Dato' Eshah binti Meor Suleiman
Independent Non-Executive Director

Lim Hwa Yu
Independent Non-Executive Director

Board Tender Committee

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

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

Lim Hwa Yu
Independent Non-Executive Director

MATION

COMPANY SECRETARY

Dato' Carol Chan Choy Lin
(MIA 3930)

REGISTERED OFFICE

Level 8, Pos Malaysia Headquarters
Dayabumi Complex
50670 Kuala Lumpur

Tel : +603-2267 2267
Fax : +603-2267 2266

INVESTOR RELATIONS

Contact person : Elias bin Effendy
Chief Corporate Services

Tel : +603-2267 2295
Email : elias.effendy@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 : +603-7849 0777
Fax : +603-7841 8151/8152

AUDITORS

Messrs. 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

Bank Muamalat Malaysia Berhad
CIMB Bank Berhad
HSBC Amanah Malaysia Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

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

GROUP STRUC

LIST OF SUBSIDIARIES AND ASSOCIATES OF POS MALAYSIA BERHAD

SUBSIDIARIES

Datapos (M) Sdn Bhd
100%
owned by Pos Malaysia Berhad

Digicert Sdn Bhd
100%
owned by Pos Malaysia Berhad

Pos Ar-Rahnu Sdn Bhd
100%
owned by Pos Malaysia Berhad

Pos Takaful Agency Sdn Bhd
100%
owned by Pos Malaysia Berhad

Pos Malaysia & Services Holdings Berhad
100%
owned by Pos Malaysia Berhad

PSH Capital Partners Sdn Bhd
100%
owned by Pos Malaysia Berhad

PSH Investment Holding (BVI) Ltd
100%
owned by Pos Malaysia & Services Holdings Berhad

Prestige Future Sdn Bhd
100%
owned by PSH Capital Partners Sdn Bhd

ASSOCIATES

PosPay Exchange Sdn Bhd
50%
owned by Pos Malaysia Berhad

Elpos Print Sdn Bhd
40%
owned by Pos Malaysia Berhad

CEN Sdn Bhd
42.5%
owned by Pos Malaysia Berhad

CEN Worldwide Sdn Bhd
100%
owned by CEN Sdn Bhd

TURE

Effivation Sdn Bhd
100%
owned by Pos Malaysia Berhad

PMB Properties Sdn Bhd
100%
owned by Pos Malaysia Berhad

PosLaju (M) Sdn Bhd
100%
owned by Pos Malaysia Berhad

PSH Allied Berhad
100%
owned by Pos Malaysia Berhad

PSH Properties Sdn Bhd
100%
owned by Pos Malaysia Berhad

PSH Venture Capital Sdn Bhd
100%
owned by Pos Malaysia Berhad

Real Riviera Sdn Bhd
100%
owned by PSH Properties Sdn Bhd

PSH Express Sdn Bhd
100%
owned by PSH Venture Capital Sdn Bhd

CEN Technology Sdn Bhd
50%
owned by CEN Sdn Bhd

BOARD OF DIR

BRIGADIER GENERAL (K) TAN SRI DATO' SRI (DR) HAJI MOHD KHAMIL BIN JAMIL

Non-Independent Non-Executive Chairman

DATO' IBRAHIM MAHALUDIN BIN PUTEH

Senior Independent Non-Executive Director

DATO' SRI SYED FAISAL ALBAR BIN SYED A.R. ALBAR

Non-Independent Non-Executive Director

DATUK MOHAMED RAZEEK BIN MD HUSSAIN MARICAR

Non-Independent Non-Executive Director

ECTORS

DATUK PUTEH RUKIAH BINTI ABD. MAJID
Independent Non-Executive Director

DATO' ESHAH BINTI MEOR SULEIMAN
Independent Non-Executive Director

DATO' SRI DR. MOHMAD ISA BIN HUSSAIN
Non-Independent Non-Executive Director

DATO' ABDUL HAMID BIN SH MOHAMED
Independent Non-Executive Director

LIM HWA YU
Independent Non-Executive Director

DIRECTORS' PROFILES

BRIGADIER GENERAL (K) TAN SRI DATO' SRI (DR) HAJI MOHD KHAMIL BIN JAMIL
Non-Independent Non-Executive Chairman

Brigadier General (K) Tan Sri Dato' Sri (Dr) Haji Mohd Khamil bin Jamil, a Malaysian, male, aged 60, 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.

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

He 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, following which he became a practising partner of several legal firms before venturing into business in 2001.

He is an Honorary Brigadier General of The Malaysian Territorial Army and a Chartered Fellow of The Chartered Institute of Logistics & Transport, United Kingdom. He was also awarded the Justice of Peace (JP) from His Excellency Yang Di-Pertua Negeri Melaka in 2012.

Brigadier General (K) Tan Sri Dato' Sri (Dr) Haji Mohd Khamil is currently the Non-Executive Chairman of DRB-HICOM Berhad ("DRB-HICOM") following his retirement as Group Managing Director of DRB-HICOM on 29 February 2016. He holds directorships in several subsidiaries and associate companies of DRB-HICOM in addition to other private limited companies. He is also a Director of Etika Strategi Sdn Bhd, the holding company of DRB-HICOM, in which he has a 10% shareholding.

Brigadier General (K) Tan Sri Dato' Sri (Dr) Haji Mohd Khamil does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten (10) years.

Brigadier General (K) Tan Sri Dato' Sri (Dr) Haji Mohd Khamil attended all eight (8) Board meetings held during the financial year under review.

Particulars of directorships in other listed and non-listed public companies:-

– DRB-HICOM Berhad (*Chairman*)
– HICOM Berhad (*Chairman*)
– HICOM Holdings Berhad (*Chairman*)

DATO' IBRAHIM MAHALUDIN BIN PUTEH
Senior Independent Non-Executive Director

Dato' Ibrahim Mahaludin bin Puteh, a Malaysian, male, aged 64, 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 the Chairman of the Board Risk Management and Compliance Committee. He is also a member of the Board Nomination and Remuneration Committee and Board Audit Committee.

He holds a Bachelor of Arts (Honours) degree 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 has been the Chairman of Computer Forms (Malaysia) Berhad since 1 December 2008, and was the former Chairman of Syarikat Prasarana Negara Berhad. Prior to that, Dato' Ibrahim served in various divisions at the Ministry of Finance from 1974 onwards, 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 as the Deputy Secretary General (Policy) in the Ministry of Finance.

He does not have any family relationship with any Director and/or major shareholder of the Company or any conflict of interest with the Company. He has had no convictions for offences within the past ten (10) years.

Dato' Ibrahim attended all eight (8) Board meetings held during the financial year under review.

Particulars of directorships in other listed and non-listed public companies:-

– Computer Forms (Malaysia) Berhad (*Chairman*)
– Pengurusan Air Pahang Berhad

DATO' SRI SYED FAISAL ALBAR BIN SYED A.R. ALBAR

Non-Independent Non-Executive Director

Dato' Sri Syed Faisal Albar bin Syed A.R. Albar, a Malaysian, male, aged 51, was appointed to the Board on 14 January 2016 as a Non-Independent Non-Executive Director of Pos Malaysia Berhad ("Pos Malaysia").

He is a member of the the Malaysian Institute of Certified Public Accountants ("MICPA") and American Institute of Certified Public Accountants ("AICPA"). He holds a Bachelor of Arts (Accountancy) degree from Barat College of DePaul University, USA and AICPA Professional Certification from University of Illinois, Urbana Champaign, USA. He had attended the Advanced Programme at Harvard Business School, Boston, U.S.A and he was also a Council Member of MICPA from 2010 to 2013.

Dato' Sri Syed Faisal is currently the Group Managing Director of DRB-HICOM Berhad ("DRB-HICOM") since 1 March 2016. Prior to joining DRB-HICOM, he was the Chief Executive Officer ("CEO") of Malakoff Corporation Berhad ("Malakoff") from 1 July 2014 to 31 December 2015. He was appointed as CEO of Gas Malaysia Berhad ("GMB") from January 2014 to June 2014 and also an Executive Director of Konsortium Logistik Berhad ("KLB") for a short span of time to assist Ekuiti Nasional Berhad, the majority owner of KLB, in its disposal of that business.

From 2011 to 2014, Dato' Sri Syed Faisal served on various boards in a non-executive capacity. He was on the Board of Malaysia Airports Holdings Berhad as a nominee Director for Khazanah Nasional Berhad ("Khazanah") and was also a Director of Hong Leong Bank Berhad. Within this period, he also sat on the Board of Kwasa Land Sdn Bhd; a wholly-owned subsidiary of Employees Provident Fund tasked to develop a township in Sungai Buloh, Selangor over the parcel of land previously owned by Rubber Research Institute. As part of his effort to contribute to society, Dato' Sri Syed Faisal served on the Board of Yayasan Kelana Ehsan, a public trust entity providing funds for charitable activities with the intention to improve the livelihood of residents in the State of Selangor.

Dato' Sri Syed Faisal's career spans across various executive positions. Apart from GMB and KLB, from 2008 to 2011, he was the Group Managing Director of Pos Malaysia, which was a Government Linked Company by virtue of the 32% shareholding held by Khazanah then. During his time at Pos Malaysia, he was also the Chairman of the ASEAN Postal Business Union where postal organisations of each of the ASEAN countries are members. Prior to his stint at Pos Malaysia, Dato' Sri Syed Faisal was appointed in 2003 as CEO of The New Straits Times Press (Malaysia) Berhad ("NSTP"), a position he held until 2008. He started his career by spending almost a decade with PricewaterhouseCoopers Kuala Lumpur since 1991. He had also served Pricewaterhouse, San Francisco, California in 1995 before returning to Kuala Lumpur in 1997 and subsequently joined NSTP in May 2000 as its Chief Financial Officer.

Dato' Sri Syed Faisal does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten (10) years.

Dato' Sri Syed Faisal attended three (3) Board meetings held subsequent to his appointment during the financial year under review.

Particulars of directorships in other listed and non-listed public companies:-

- Edaran Otomobil Nasional Berhad
- HICOM Berhad
- HICOM Holdings Berhad
- Horsedale Development Berhad
- Konsortium Logistik Berhad (*Chairman*)
- Proton Holdings Berhad (*Chairman*)
- Rebak Island Marina Berhad

DATUK MOHAMED RAZEEK BIN MD HUSSAIN MARICAR

Non-Independent Non-Executive Director

Datuk Mohamed Razeek bin Md Hussain Maricar, a Malaysian, male, aged 58, was appointed to the Board on 24 April 2013 as a Non-Independent Non-Executive Director. He is a member of the Board Audit Committee and Board Tender Committee.

He holds a Bachelor of Science (Civil Engineering) degree 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 UBN Towers, a development by Peremba-Kuok Brothers. In 1985, he joined Sime UEP Berhad before moving on to the 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 has been DRB-HICOM Berhad's Chief Operating Officer, Services & Properties, since his appointment on 1 September 2012.

He does not have any family relationship with any Director and/or major shareholder of the Company or any conflict of interest with the Company. He has had no convictions for offences within the past ten (10) years.

Datuk Mohamed Razeek attended all eight (8) Board meetings held during the financial year under review.

Particulars of directorships in other listed and non-listed public companies:-

- Horsedale Development Berhad
- Kenyir Splendour Berhad
- Konsortium Logistik Berhad
- Rebak Island Marina Berhad

DIRECTORS' PROFILES

DATUK PUTEH RUKIAH BINTI ABD. MAJID

Independent Non-Executive Director

Datuk Puteh Rukiah binti Abd. Majid, a Malaysian, female, aged 63, was appointed to the Board on 7 June 2013 as an Independent Non-Executive Director. She is a member of the Board Audit Committee and Board Nomination and Remuneration Committee.

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

Datuk Puteh Rukiah started her career with the Government of Malaysia in 1976 and has held various positions in the Economic Planning Unit, Prime Minister's Department, the Implementation and Coordination Unit, Prime Minister's Department and the Ministry of Finance. From 2006 until March 2011, she was the Deputy Secretary General (Systems and Controls) at the Ministry of Finance.

She does not have any family relationship with any Director and/or major shareholder of the Company or any conflict of interest with the Company. She has had no convictions for offences within the past ten (10) years.

Datuk Puteh Rukiah attended all eight (8) Board meetings held during the financial year under review.

Particulars of directorships in other listed and non-listed public companies:-

– Gas Malaysia Berhad
– MIMOS Berhad
– Pelaburan Hartanah Berhad
– Zelan Berhad

DATO' ESHAH BINTI MEOR SULEIMAN

Independent Non-Executive Director

Dato' Eshah binti Meor Suleiman, a Malaysian, female, aged 61, was appointed to the Board on 25 February 2009 as a Non-Independent Non-Executive Director. On 1 November 2014, she was re-designated as an Independent Non-Executive Director following her cessation as an Appointed Director and representative of Minister of Finance Incorporated i.e. the Special Shareholder of Pos Malaysia Berhad ("Pos Malaysia") on the Board of Pos Malaysia.

Dato' Eshah is the Chairperson of the Board Tender Committee and a member of the Board Risk Management and Compliance Committee.

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

Dato' Eshah 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 the Assistant Secretary at the Government Procurement Division, Ministry of Finance in the middle of 1991. She later held various positions in the Ministry of Finance where she was promoted to the post of the Under Secretary of Investment, Minister of Finance Incorporated and Privatisation Division of the Ministry of Finance Malaysia in September 2006. Then in January 2014, she was assigned as Under Secretary of Statutory Bodies Strategic Management Division of the Ministry of Finance Malaysia. She retired from Public Service on 1 November 2014.

She does not have any family relationship with any Director and/or major shareholder of the Company or any conflict of interest with the Company. She has had no convictions for offences within the past ten (10) years.

Dato' Eshah attended seven (7) out of eight (8) Board meetings held during the financial year under review.

Particulars of directorships in other listed and non-listed public company:-

– Bursa Malaysia Berhad

DATO' SRI DR. MOHMAD ISA BIN HUSSAIN

Non-Independent Non-Executive Director

Dato' Sri Dr. Mohmad Isa bin Hussain, a Malaysian, male, aged 58, was appointed to the Board on 2 November 2015 as a Non-Independent Non-Executive Director. He is an Appointed Director and representative of the Minister of Finance Incorporated i.e. the Special Shareholder of Pos Malaysia Berhad ("Pos Malaysia") on the Board of Pos Malaysia.

He holds a Post-Graduate Diploma in Public Management from Institut Tadbiran Awam Negara, a Bachelor of Economics (Honours) degree in Applied Statistics from Universiti Malaya, a Master of Business Administration in Finance from Universiti Kebangsaan Malaysia; and a Philosophy Doctorate in Finance from Universiti Putra Malaysia.

Dato' Sri Dr. Mohmad Isa is currently the Deputy Secretary General (Investment) in the Ministry of Finance. He started his career in 1983 as the Assistant Director in the Implementation Coordination Unit of the Prime Minister's Department before serving as the Assistant Director in the Economic Planning Unit, Kuantan, Pahang in 1985. He held various other positions in the Ministry of Finance, namely within the Government Procurement Management Division, Budget Division, Investment and Privatisation Division, and Government Investment Companies Division. In 2008, he served as the Deputy Secretary General (Operations) in the Ministry of Transport in 2008 and he became the Head of Interim Team, Land Public Transport Commission, Economic Planning Unit at the Prime Minister's Department in 2009.

He does not have any family relationship with any Director and/or major shareholder of the Company or any conflict of interest with the Company. He has had no convictions for offences within the past ten (10) years.

Dato' Sri Dr. Mohmad Isa attended three (3) out of five (5) Board meetings held subsequent to his appointment during the financial year under review.

Particulars of directorships in other listed and non-listed public companies:-

- Destini Berhad
- Malaysia Airports Holdings Berhad
- Telekom Malaysia Berhad
- Export-Import Bank of Malaysia Berhad

DATO' ABDUL HAMID BIN SH MOHAMED

Independent Non-Executive Director

Dato' Abdul Hamid bin Sh Mohamed, a Malaysian, male, aged 51, was appointed to the Board on 1 March 2013 as an Independent Non-Executive Director. He is the Chairman of the Board Audit Committee and a member of the Board Nomination and Remuneration Committee.

He is a Fellow of the Association of Chartered Certified Accountants.

Dato' Abdul Hamid began his career at 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. Dato' Abdul Hamid is currently an Executive Director of Symphony House Berhad.

He does not have any family relationship with any Director and/or major shareholder of the Company or any conflict of interest with the Company. He has had no convictions for offences within the past ten (10) years.

Dato' Abdul Hamid attended seven (7) out of eight (8) Board meetings held during the financial year under review.

Particulars of directorships in other listed and non-listed public companies:-

- MMC Corporation Berhad
- Scomi Group Berhad
- SILK Holdings Berhad
- Symphony House Berhad

DIRECTORS' PROFILES

LIM HWA YU

Independent Non-Executive Director

Mr. Lim Hwa Yu, a Malaysian, male, aged 60, was appointed to the Board on 26 September 2013 as an Independent Non-Executive Director. He is a member of the Board Risk Management and Compliance Committee and Board Tender Committee.

He is a Fellow of the Institute of Taxation, United Kingdom and the Chartered Association of Certified Accountants, United Kingdom. Mr. Lim is also a member of the Malaysian Institute of Accountants.

Mr. Lim is a partner of a public accounting firm, Messrs H.Y. Lim & Co. and has been practising for the past 35 years. Mr. Lim has extensive experience in the field of corporate planning and management.

He does not have any family relationship with any Director and/or major shareholder of the Company or any conflict of interest with the Company. He has had no convictions for offences within the past ten (10) years.

Mr. Lim attended all eight (8) Board meetings held during the financial year under review.

Particulars of directorships in other listed and non-listed public company:-

– Oriental Food Industries Holdings Berhad

GROUP CEO'S PROFILE

DATO' MOHD SHUKRIE BIN MOHD SALLEH

Group Chief Executive Officer

Dato' Mohd Shukrie bin Mohd Salleh, a Malaysian, male, aged 42, was appointed Group Chief Executive Officer of Pos Malaysia Berhad ("Pos Malaysia") on 1 November 2015.

Dato' Mohd Shukrie is a Chartered Accountant with the Chartered Institute of Management Accountants and the Malaysian Institute of Accountants. He began his career with Public Bank Securities Sdn Bhd and thereafter served with United Overseas Bank Berhad. He has had diverse experience throughout his career covering consumer and corporate banking, corporate finance and advisory, mergers and acquisitions, financial services, risk management, human resources and procurement.

In 2005, he joined DRB-HICOM Berhad where he assumed several leadership roles including that of Principal Controller, Chief Financial Officer, Chief Operating Officer and Chief Executive Officer in various companies within the DRB-HICOM Group. He was the Group Chief Executive Officer of KL Airport Services Sdn Bhd, the aircraft ground handling, cargo and logistics arm of DRB-HICOM Group.

On 1 July 2011, he joined Pos Malaysia as Group Chief Operating Officer and was thereafter re-designated as Covering Group Chief Executive Officer on 1 February 2013. Prior to his appointment as Group Chief Executive Officer of Pos Malaysia, he was the Chief Executive Officer of Konsortium Logistik Berhad.

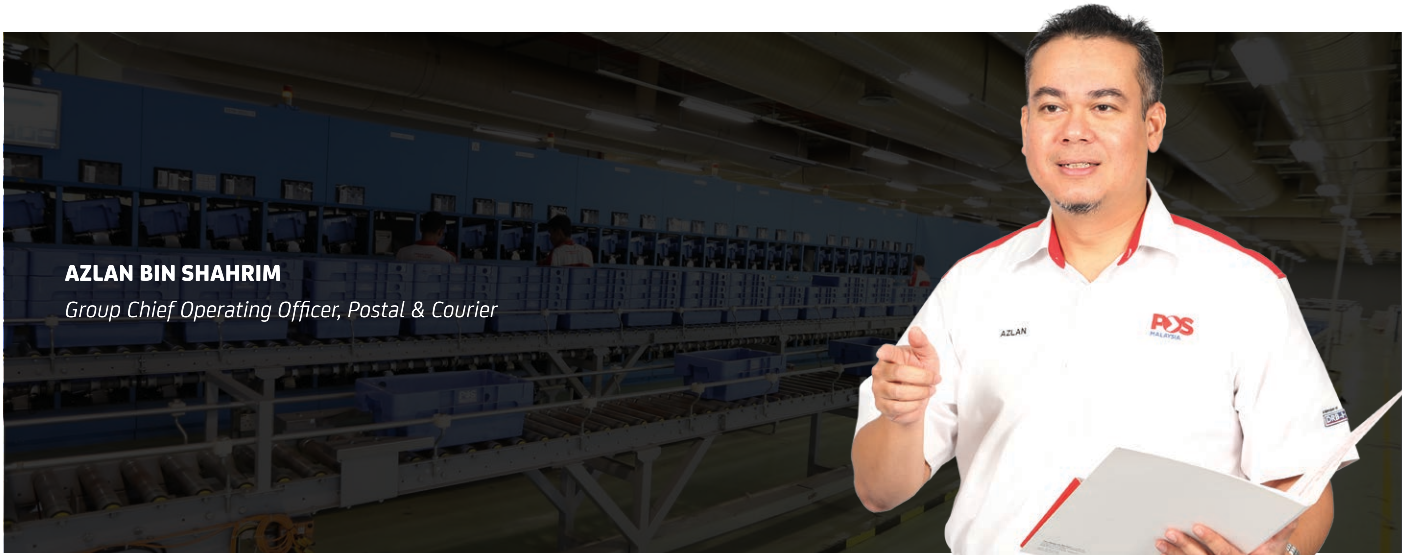
Dato' Mohd Shukrie does not hold any share in Pos Malaysia or its subsidiaries.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten (10) years.

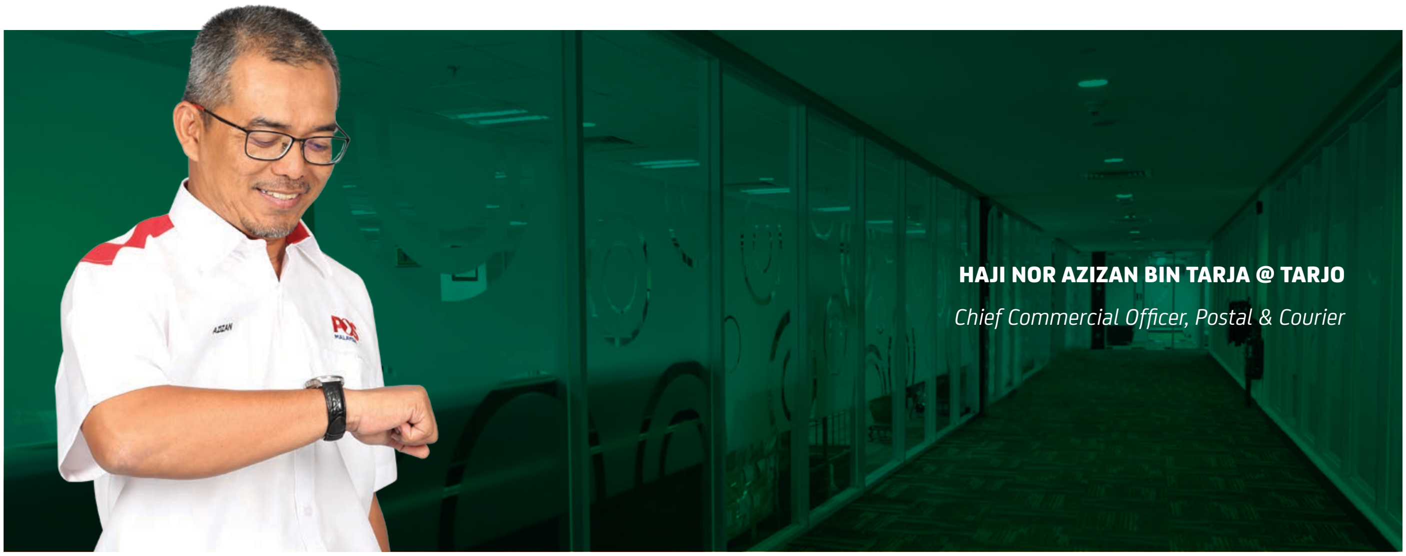
Dato' Mohd Shukrie does not hold any directorship in other listed and non-listed public companies.

OUR CHIEFS

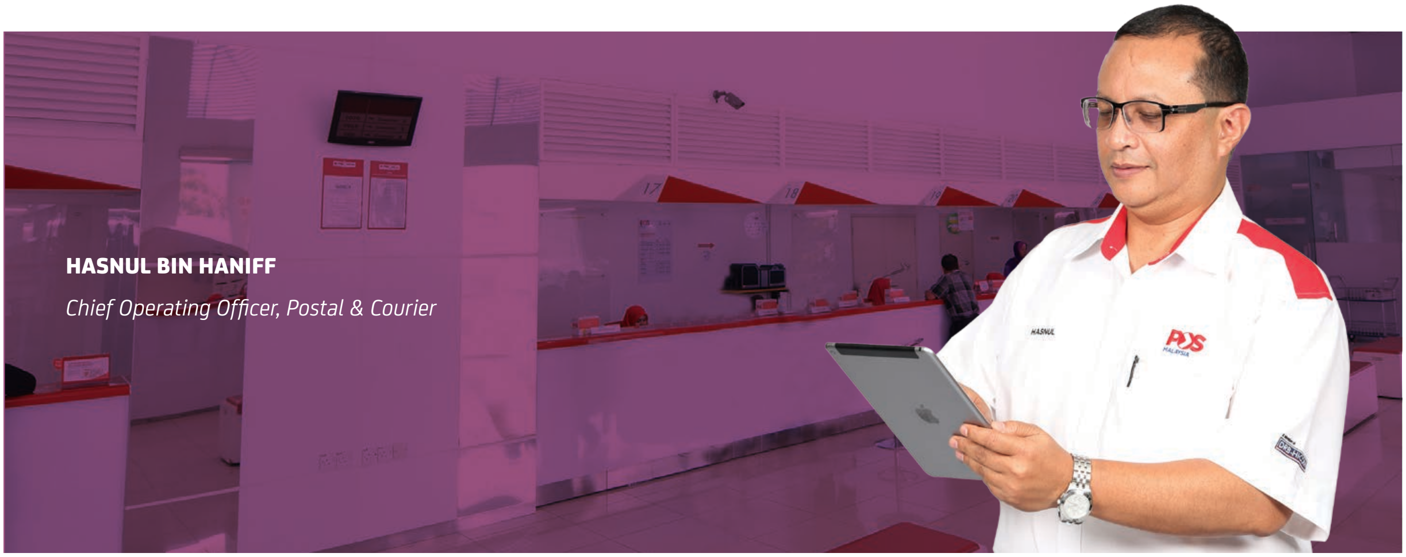
DATO' MOHD SHUKRIE BIN MOHD SALLEH
Group Chief Executive Officer



AZLAN BIN SHAHRIM
Group Chief Operating Officer, Postal & Courier



HAJI NOR AZIZAN BIN TARJA @ TARJO
Chief Commercial Officer, Postal & Courier



HASNUL BIN HANIFF

Chief Operating Officer, Postal & Courier

ELIAS BIN EFFENDY

Chief Corporate Services

MUHAMMAD NOOR BIN ABD AZIZ @ HASHIM

Chief Financial Officer

OUR CHIEFS' PROFILES

DATO' MOHD SHUKRIE BIN MOHD SALLEH

Group Chief Executive Officer

Please refer to page 53.

AZLAN BIN SHAHRIM

Group Chief Operating Officer, Postal & Courier

Encik Azlan bin Shahrim, a Malaysian, male, aged 46, was appointed Group Chief Operating Officer of Pos Malaysia Berhad ("Pos Malaysia") on 26 January 2015 and redesignated to the current position on 1 April 2016.

Encik Azlan holds a Master's degree in International Business Law from the University of Exeter. He qualified as a Barrister-at-Law at Gray's Inn and was admitted to the Bar of England and Wales in 1992. He has also attended the Advanced Management Programme at the Wharton School, University of Pennsylvania.

Encik Azlan began his career as a corporate lawyer at Shook Lin & Bok. He then assumed several leadership positions in investment holding companies before being appointed Deputy CEO of the Port of Tanjung Pelepas in 2009. Encik Azlan joined DRB-HICOM Berhad in 2014 as Group Director of Corporate Strategy and Transformation and was assigned to Pos Malaysia in the following year.

Encik Azlan does not hold any share in the Company or its subsidiaries.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten (10) years.

Encik Azlan does not hold any directorship in other listed and non-listed public companies.

HAJI NOR AZIZAN BIN TARJA @ TARJO

Chief Commercial Officer, Postal & Courier

Tuan Haji Nor Azizan bin Tarja @ Tarjo, a Malaysian, male, aged 47, was appointed Chief Commercial Officer of Pos Malaysia Berhad ("Pos Malaysia") on 1 April 2016.

Tuan Haji Nor Azizan holds a Degree in Business Administration from California State University, Fullerton, California. He started his career in 1992 with Malaysia Sheet Glass Berhad and thereafter in 1996, he joined PROTON. In 2001, he began his career in Courier industry by joining Federal Express (M) Sdn Bhd ("FedEx"), as Ground Operations Manager. In 2006, Tuan Haji Nor Azizan left FedEx to join Pos Laju as its Head of Operations and later became its Chief Operating Officer ("COO") in 2011. In December 2013, Tuan Haji Nor Azizan was seconded to Konsortium Logistik Berhad as COO. This is where he started his career in Logistics and Supply Chain industry.

Tuan Haji Nor Azizan does not hold any share in Pos Malaysia or its subsidiaries.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten (10) years.

Tuan Haji Nor Azizan does not hold any directorship in other listed and non-listed public companies.

HASNUL BIN HANIFF

Chief Operating Officer, Postal & Courier

Encik Hasnul bin Haniff, a Malaysian, male, aged 52, is the Chief Operating Officer, Postal & Courier of Pos Malaysia Berhad ("Pos Malaysia").

Encik Hasnul holds a Master of Business Administration from the Southern California University, U.S.A. and a Bachelor of Engineering (Electrical) degree from the Chisholm Institute of Technology, Australia. He started his career with Texas Instruments Malaysia Sdn Bhd, followed by a stint at Esso Production Malaysia Inc. and thereafter with LIKOM Technology Sdn Bhd. He has had diverse experience throughout his career covering project management, operations management, business process improvement and quality assurance. In 1995, he joined Pos Malaysia and assumed leadership roles in his capacity as Head of National Mail Operations and Chief Executive Officer of Datapos (M) Sdn Bhd, a wholly owned subsidiary of Pos Malaysia. On 1 April 2013, he was appointed Chief Operating Officer of one of the strategic business units and was thereafter re-designated as Chief Operating Officer of Postal & Courier on 1 April 2016.

Encik Hasnul does not hold any share in Pos Malaysia or its subsidiaries.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten (10) years.

Encik Hasnul does not hold any directorship in other listed and non-listed public companies.

ELIAS BIN EFFENDY

Chief Corporate Services

Encik Elias bin Effendy, a Malaysian, male, aged 42, was appointed Chief Corporate Services of Pos Malaysia Berhad ("Pos Malaysia") on 7 September 2015.

Encik Elias holds a Master of Business Administration from RMIT University, Australia; a Bachelor of Accounting degree from Cardiff University, United Kingdom and a Bachelor of Jurisprudence degree from University of Malaya, Malaysia.

He started his career as a management trainee with Renong Berhad upon completion of his tertiary education under the Renong Group scholarship programme. Thereafter, he had been in operations and leadership roles at several distinctive public listed companies such as Plus Expressways Berhad, Faber Group Berhad, UEM Group Berhad and Pharmaniaga Berhad. His breadth of experience over 20 years includes the areas of audits, operations, risk management, contracts management, procurement, investment appraisal, business development and strategic management.

Encik Elias does not hold any share in Pos Malaysia or its subsidiaries.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten (10) years.

Encik Elias does not hold any directorship in other listed and non-listed public companies.

MUHAMMAD NOOR BIN ABD AZIZ @ HASHIM

Chief Financial Officer

Encik Muhammad Noor bin Abd Aziz @ Hashim, a Malaysian, male, aged 44, was appointed Chief Financial Officer of Pos Malaysia Berhad ("Pos Malaysia") on 3 August 2015.

Encik Muhammad Noor is a Chartered Management Accountant with the Chartered Institute of Management Accountants and a member of the Malaysian Institute of Accountants. He started his career with DUNLOP Malaysia Berhad as a management trainee in 1997. In 2000, he joined Nestle Malaysia Berhad ("Nestle"). His diverse experience throughout his career includes the full complement of corporate finance, cost accounting, management accounting, budgeting, treasury, internal controls, mergers and acquisitions, as well as procurement and operation controls. During his 15-year tenure with Nestle, he held various operational and leadership roles, among which were the positions of Regional Controller for Africa and Middle East, Regional Cash and Corporate Finance Manager for Asia Pacific and Factory Operations Controller.

Encik Muhammad Noor does not hold any share in Pos Malaysia or its subsidiaries.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten (10) years.

Encik Muhammad Noor does not hold any directorship in other listed and non-listed public companies.


CORPORATE
RESPON

SIBILITY

At Pos Malaysia, our approach to corporate responsibility is guided by the Four Quadrants of the CR Framework set by DRB-HICOM Berhad, which are – the Workplace, Community, Marketplace and Environment. These quadrants establish a clear vision for our critical areas of focus and are aligned to the work we are doing to address the issues of highest importance to our internal and external stakeholders. We also aim to generate a fair profit, and to provide equal opportunities for career enhancement for all our employees.

CORPORATE RESPONSIBILITY

The test of a great company is in its ability to constantly manage the level of returns and the duration over which those returns will be realised. It is a challenge that we at Pos Malaysia embrace, because we recognise that there is always a bigger picture, a longer time horizon and a broader world in which we interconnect.

If our history and trajectory have taught us one thing, it is that we have to think in terms of both quarters and generations. Business does not operate in a vacuum – it operates under license from society. We are committed to continued engagement with our stakeholders, whose insights have helped shape our thinking and actions. We have also benefited from our stakeholders' feedback, which has provided us valuable insights, suggestions and criticisms via various channels and mediums.

At Pos Malaysia, our approach to corporate responsibility is guided by the Four Quadrants of the CR Framework set by DRB-HICOM Berhad, which are – the Workplace, Community, Marketplace and Environment. These quadrants establish a clear vision for our critical areas of focus and are aligned to the work we are doing to address the issues of highest importance to our internal and external stakeholders. We also aim to generate a fair profit, and to provide equal opportunities for career enhancement for all our employees.

With this in mind, allow us to spell out Pos Malaysia's CR progress under each quadrant for the year in review.

WORKPLACE

We endeavour to create a rewarding corporate climate that supports the efforts of a diverse range of employees, as well as create healthier and safer working conditions that comply with occupational, safety and health regulations. To ensure our employees deliver a high performance, we equip them with the necessary skills and knowledge through effective training and self-enhancement programmes.

We have remained committed to keeping our employees informed of major decisions and corporate plans, and to maintaining high standards of excellence. Internally, every year, we organise quarterly briefings and 'chat-over-coffee' sessions at which selected employees get the opportunity to have a one-on-one discussion with the Group Chief Executive Officer ("GCEO"). Leveraging on this platform, our GCEO not only gets to update employees on the Group's performance and future aspirations, but he also gets to address their questions and concerns. We also conduct management walkabouts and town hall sessions with our staffs across the country to brief them on our new transformation and business plans.

At the operational level, we support and encourage our staffs to be creative and innovative in their workspace, as well as to continuously find ideas and ways to enhance the working environment. We also encourage them to be cost and environmentally conscious by promoting the usage of recycled and Made in Malaysia products. All of these ideas are put to the test and given recognition during our annual Quality Convention.

Any grievance between an employee and the Company, or a third party and the Company, is settled as equitably and as quickly as possible. We have a policy and channel for employees to address their grievances. This policy also helps line managers, heads of departments and human resources/industrial relations representatives to handle grievances by employees. A secure whistleblowing platform is also available for employees to report complaints and concerning issues in utmost confidence.

CORPORATE RESPONSIBILITY

COMMUNITY

We have been serving the people of this country for over 200 years and we aim to build upon that rich legacy of community service and to continue connecting Malaysia into the future. We are not only driven to be the best in our industry, but also to make valuable contributions to society.

Building a sustainable future is our vocation – not only for the company, but also for the communities that we serve. Our involvement in nation-building initiatives is via the School Adoption Programme, whereby we have adopted two schools, namely Sekolah Kebangsaan Tanjung Agas, Pekan, Pahang and Sekolah Kebangsaan Pekan Pagoh, Muar, Johor.

The School Adoption Programme aims to enhance students' achievements by focusing not only on their academic performance, but also on character building. Amongst the activities we organised in the year under review were motivational camps, academic trips and motivational talks before and after the students' final exams. We also donated desktop computers to the schools under our care to ensure an easier learning process as well as to improve students' computer literacy and other skills.

Two orphanages are also a part of our Adoption Programme, namely Rumah Kebajikan Sinaran Budi, Puchong and Rumah Bakti Al-Faizin, Puchong. By adopting these homes, we aim to help the children in their educational development and character building, as well as to improve the conditions and facilities of the orphanages. The selection of these homes was based on their conditions and financial situation. The financial year also saw us organising a variety of activities for the children of these homes. These included motivational camps, the sponsorship of school uniforms, *buka puasa* events and the donation of desktop computers, among other activities.

Pos Malaysia recently contributed a mortuary van (*van jenazah*) worth RM133,000 to the Hulu Terengganu Parliamentary area, as an amenity for the people in the area of Masjid Hadhari Kampung Tok Randok, Ajil.

A complete address is a necessity for every premise in Malaysia to ensure all efforts to reach out to citizens in terms of physical communications, socio-economics, security, utilities, disaster relief and emergency management, can be channelled efficiently. Through this initiative, we will be able to facilitate and provide better services to boost the quality of living within the communities we serve.

With this in mind, Pos Malaysia, with the support of the Malaysian Communications and Multimedia Commission ("MCMC") and the relevant state offices, launched three Address for All ("AFA") projects this year. As part of the Sabah & Sarawak Transformation Programme Series 3, the AFA project in Kota Belud encompassed the renumbering of 20,221 premises within the district's 191 villages, while in Kampung Bajo, Lundu, Sarawak, 70 premises were given identification numbers. Meanwhile in Mukim Serkat, Tanjung Piai, Johor, 2,277 premises from 7 villages were given identification numbers as part of our citizens' outreach agenda.

In addition, Pos Malaysia also provides Pos-on-Wheels ("PoW") mobile services to the Lundu community to ensure convenience and accessibility on a daily basis. The PoW is a vehicle equipped with a Very Small Aperture Terminal ("VSAT") satellite that enables the facility to conduct online transactions and offer a range of services similar to a normal post office.

The Pusat Internet 1Malaysia Pos Authorised Agents ("Pos Agents") project was also launched with the objective of serving local business owners and communities by providing numerous Pos Malaysia's products and services. Malaysia's rural areas are all set to benefit more from e-Commerce through the setting up of Pos Agents at Pusat Internet 1Malaysia countrywide. The Pos Agents project encompasses an array of products and services. These include the acceptance of Pos Laju posting (on demand), registered and ordinary mail, the sale of Pos Ekspres and Pos Laju prepaid envelope/boxes as well as the sale of stamps and postal registered items, among others, to the rural community.

MARKETPLACE

Keeping people connected is at the heart of our business and we aim to continue providing and improving ways to keep everyone connected, online and offline.

Providing high standard of products and services to our customers has always been our main priority. We serve communities from different backgrounds and places with different needs and expectations from their postal and courier service provider. We connect communities through a network of over 1,000 touch points – the widest reach in the country – encompassing 699 post offices, Pos Mini, Pos Automated Machines ("PAM"), Pos-on-Wheels & Pos LajuGo2U (mobile outlets), Pos Laju outlets and service centres, as well as Pos Laju Kiosks and postal and stamp agents. We even have post boxes located on Mount Kinabalu, and at 40m below sea level at Pulau Layang-Layang, offering Malaysians the most extensive postal network in the country.

To cater to the demands of the ever-growing e-marketplace, Pos Malaysia has launched e-Commerce Hubs to help facilitate and enable e-businesses big and small. We are also providing free 24/7 self-pick-up and drop-off machines, namely the Pos Laju EziBox and Pos Laju Prepaid Dropbox for online customers to collect or post their parcels any time at their convenience. These machines are located at strategic and high-traffic areas such as petrol stations and LRT stations with more to come in the near future. These innovative products and services aim to help online enterprises boost both their sales volume and revenue by enabling them to better manage the delivery of their products to their clients.

At the same time, we regularly engage our investors, business partners, regulators and the media at our Annual General Meetings and Investors' Briefing sessions as well as via our Annual Report.

ENVIRONMENT

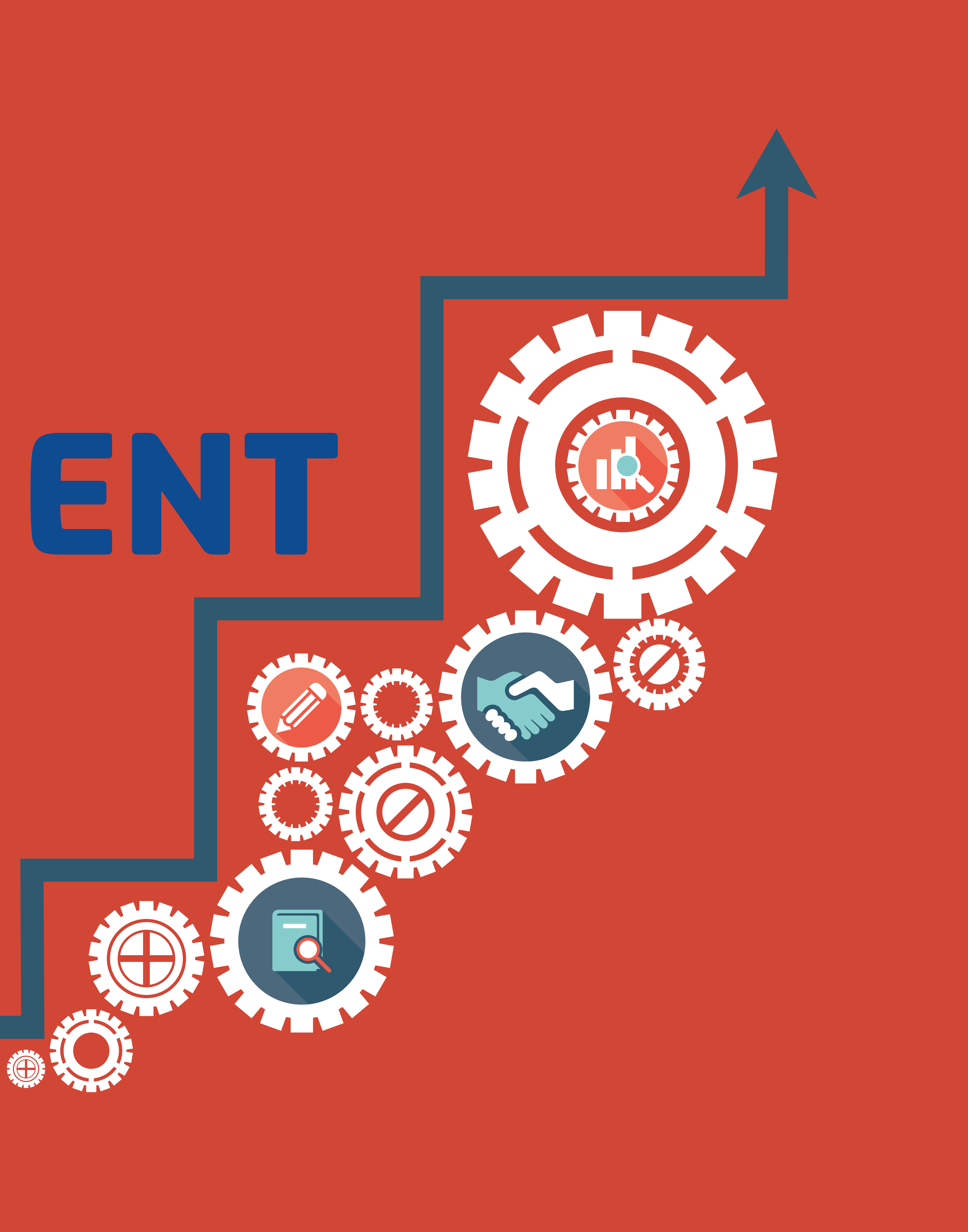
For the financial year in review, Pos Malaysia issued wildlife and nature related stamps with the common theme and objective of promoting awareness and knowledge on nature and wildlife conservation. Among the stamps issued were the Endangered Marine Life, Marine Creatures (Malaysia-Thailand Joint Issue), Islands & Beaches III, and Herons & Bitterns series.

Pos Malaysia also collaborated in the publication of "Siri Buku Alam Upin & Ipin" by Yayasan Sime Darby. This book aims to encourage the younger generation to be more aware of the role they can play in conserving the environment. It also aims to create awareness of sustainability and environmental conservation activities with the hope that these children can be future young ambassadors to practice eco-friendly lifestyles.

WE ARE BUILDING THE COMPANY CULTURE AROUND

DEVELOPM

As cliché as it sounds, our biggest asset really is our people – the fine men and women of Pos Malaysia who have dedicated their lives to serving our customers better everyday. We intend to grow with them, by advocating a culture of people development. Better people means better services. It is as simple as that.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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 shareholders and other stakeholders 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, the Board 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.

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 Charter. 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”), the MCCG 2012 and other relevant laws, rules, and regulatory guidelines that are in force. The Pos Malaysia Board Charter 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 LOA defines the type and limits of authority designated to specified positions of responsibility and the limits of authority vary according to the type of authority. The LOA would be reviewed, where necessary from time to time according to the circumstances and operational requirements of the Group.

The schedule of matters reserved for the collective decision of the Board is stipulated in the Board Charter.

The Board is responsible for setting the Group’s strategic goals and direction as well as 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 Charter 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.

The Board established and endorsed a 5-year Strategic Plan (2012-2017) to define the path and direction of Pos Malaysia for the said 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.

In March 2016, the Board established and endorsed an enhanced transformation programme with the objective to undertake an aggressive transformation agenda and provision of end-to-end delivery services known as Strategic Blueprint - “SCORE 2.0”. SCORE 2.0 would chart the broad strategic direction of Pos Malaysia 5-year business plan from the financial year 2017 to 2021 with the aim of moving beyond traditional last mile delivery, primarily via e-Commerce and Logistics environment in wake of the changing industry landscape into digital media and mail volume reduction.

(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 development of business capital.

As a fundamental part of discharging the Board's responsibility to strengthen the Group's performance, the Board continuously improves and refines Management practices. For this purpose, the Board ensures that the Company has adequate policies in place to ensure consistency in Management practices. The Board and Management also periodically assess the adequacy of the 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 Corporate Key Performance Indicators ("KPIs") for the achievement of the other financial targets and initiatives as set out in the AMP. The Corporate KPIs in turn becomes the KPI 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 Board Audit Committee ("BAC") is tasked with assessing the Group's current processes, determining their adequacy and recommending improvements, if necessary. The Company's Internal Audit Department ("IAD") assists and supports the BAC in undertaking this responsibility.

(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.

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

As for enterprise-wide risk management matters, Pos Malaysia has a dedicated Risk Management Department which is entrusted with the task of monitoring the Group's risk matters. Risk Management Report(s) which highlight the Company's Risk Register and Top Key Corporate Risks are tabled quarterly to the Board Risk Management and Compliance Committee ("BRMCC") for deliberation before the report is escalated to the Board for further deliberation.

During the financial year ended 31 March 2016 ("Period Under Review"), Management introduced a new approach in reporting the Company's Corporate Risks to the BRMCC. The respective risk champions or risk owners are required to present their respective Corporate Risks to the BRMCC in order to provide an avenue for a more granular reporting and deliberations on a specific Corporate Risk. This enables the BRMCC to have a better insight on the said risk; hence, providing an opportunity to the BRMCC to make recommendations for improvement, if necessary.

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

During the Period Under Review, the Board delegated powers and authority to six (6) Board Committees namely the BAC, Board Nomination and Remuneration Committee ("BNRC"), Board Tender Committee ("BTC"), Board ICT Committee ("BICT"), BRMCC and Executive Committee ("EXCO"), 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 to the relevant regulations including acceptable accounting policies.

The BAC is delegated with the responsibility to ensure that the Group's statutory accounts are fairly stated and conform to the relevant regulations and acceptable accounting policies. In carrying out such responsibility, the BAC 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 for Senior Management positions.

In determining succession planning for Board members, the Board is guided by the recommendation made under the MCCG 2012 and the MMLR of Bursa Malaysia Securities Berhad 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 would set 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 gaps within the Board, and if need be, propose the appointment of new Directors with the required skills set.

Succession planning for the GCEO is determined by the Board upon recommendation of the BNRC.

Succession planning for the Group Chief Operating Officer, the Chief Operating Officers who are Heads of Business Clusters, Chief Corporate Services and the Chief Financial Officer (collectively "Chief Level Officers") is deliberated on by the BNRC which then makes the necessary recommendations to the Board for their consideration and approval.

Succession planning for other Senior Management positions is determined by a structured process led by the Human Resource Department, which is then endorsed by the GCEO and the BNRC would also deliberate on matters relating thereto.

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

In addition to the Corporate Values, Whistle Blowing Policy and Procedures, and Integrity Pact under the Procurement Policy are in place to help inculcate good corporate and ethical behaviour in the conduct of the Group and its employees.

The Whistle Blowing Policy enables the employees of the Group to raise concerns about the following instances of conducts that are contrary to applicable laws, regulations, policies and procedures that could affect the Company's business activities, especially where ethical behaviour is of particular important:-

- Unethical practices in accounting, internal controls and financial reporting;
- Sexual harassment;
- Criminal offences or breaches of law;
- Conflict of interest;
- Other unethical conduct such as miscarriage of justice, deliberate concealment of any malpractice;
- Breaches of the Company's policy; and
- Destruction of the Company's assets.

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 ("Appointed Representative") as the Group's authorised representatives to receive whistleblowing reports. All concerns from the whistleblowing are treated highly confidential including safeguarding the identity of the whistleblower so as to offer protection to the whistleblower provided that the disclosure made to the Appointed Representative is in good faith, factual, accurate and genuine. A Whistleblower Independent Committee comprising the Appointed Representative and Senior Manager of Internal Audit of the Company will investigate on the matter and table the appropriate recommendation to the GCEO and BAC.

The Board also has in place a Directors' Code of Conduct which is substantially premised on 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 Securities which governs the communications activities externally and internally. The Communications Policy is extended to cover the 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 Charter and the LOA.

The Board Charter was last reviewed in June 2016 and will be reviewed from time to time, when necessary, to update and streamline the necessary provisions in the Board Charter to be in line with the regulatory changes and development and to reflect the relevant changes made to the Terms of Reference of the Board Committees. The Board Charter is accessible on the website of the company.

Board Balance and Composition

The Company Articles stipulate that the Board shall not comprise less than two (2) and nor more than twelve (12) members. As at the date of this Statement, the Board consists of nine (9) members, comprising a Non-Independent Non-Executive Chairman, three (3) Non-Independent Non-Executive Directors and five (5) 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 comprise Independent Directors and also the recommendation under 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.

The Board values diversity as one of the considerations in selecting candidates to serve on the Board and believes that the diversity which exists in its composition provides significant benefits to the Board and the Company.

The Board considers that diversity includes differences that relate to gender, age, ethnicity, skills, knowledge, qualification and experience to ensure that there is an appropriate mix of diversity, skills, experience and expertise represented on the Board.

The Board supports the Government of Malaysia's effort to have 30% women participation in decision making positions by 2016 and the Company has complied with the MCCG 2012 recommendation on gender diversity. To-date, 22% of the total number of Directors on the Board are lady Directors; namely Datuk Puteh Rukiah binti Abd. Majid and Dato' Eshah binti Meor Suleiman. The BNRC and the Board take cognisance of the gender diversity by reviewing the appropriate proportion of female to male Directors on the Board at the time of considering new appointment of Directors to the Board. Nevertheless, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board will remain a priority.

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' profile 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.

CORPORATE GOVERNANCE STATEMENT

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 a 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 is 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 stipulated in the Company's LOA duly approved by the Board.

Encik Azlan bin Shahrim ("Encik Azlan") who is the Group Chief Operating Officer of the Company was appointed Covering GCEO on 4 February 2015 pending appointment of a new GCEO. Encik Azlan ceased as Covering GCEO following the appointment of Dato' Mohd Shukrie bin Mohd Salleh ("Dato' Shukrie") as GCEO on 1 November 2015. The profile of Dato' Shukrie and Encik Azlan are contained in this Annual Report.

The five (5) Independent Non-Executive Directors of the Company namely Dato' Ibrahim Mahaludin bin Puteh, Datuk Puteh Rukiah binti Abd. Majid, Dato' Abdul Hamid bin Sh Mohamed, Dato' Eshah binti Meor Suleiman and Mr. Lim Hwa Yu are independent from Management and are able to exercise independent judgement and participate positively in all Board 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 the minority shareholders and other stakeholders. The Company adopts the tenure limit of nine-year for Independent Directors, as recommended under the MCCG 2012. The nine-year tenure can either be based on a consecutive service of nine years or a cumulative service of nine years with intervals. Upon completion of the nine years, an Independent Director may continue to serve on the Board subject to re-designation as a Non-Independent Director. The Board based on the assessment by the BNRC, may seek shareholders' approval in a general meeting to retain the Independent Director who has reached the tenure limit to continue as Independent Director with justification.

A self-assessment on independence was carried out by all the Independent Directors, using the criteria of independence prescribed under the MMLR of Bursa Securities. All the Independent Directors confirmed satisfaction of all the criteria of independence. The BNRC reviewed the same and agreed that the Independent Directors are able to exercise independent and objective judgement in carrying out their duty as Independent Directors. This pronouncement was subsequently endorsed by the Board. All the Independent Non-Executive Directors also have not breached the nine-year tenure for Independent Directors, as recommended under the MCCG 2012. The current ratio of Independent Director to Non-Independent Director on the Board is 56% : 44%.

Brigadier General (K) Tan Sri Dato' Sri (Dr) Haji Mohd Khamil bin Jamil, Dato' Sri Syed Faisal Albar bin Syed A.R. Albar and Datuk Mohamed Razeek bin Md Hussain Maricar are the nominee Directors of DRB-HICOM Berhad ("DRB-HICOM") on the Board of Pos Malaysia. DRB-HICOM is the Company's single largest major shareholder. Dato' Sri Dr. Mohmad Isa bin Hussain who was appointed to the Board on 2 November 2015 represents the interests of the Company's Special Shareholder i.e. the Minister of Finance Incorporated.

Dato' Ibrahim Mahaludin bin Puteh is the Senior Independent Non-Executive Director of the Company, to whom concerns may be conveyed to by shareholders and/or members of the public. The Senior Independent Non-Executive Director represents the interest 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 Period Under Review, eight (8) Board meetings were held. The Directors' attendance at the meetings was as follows:-

Directors	No. of meetings attended during the Period Under Review	Percentage
Brigadier General (K) Tan Sri Dato' Sri (Dr) Haji Mohd Khamil bin Jamil	8 out of 8	100%
Dato' Ibrahim Mahaludin bin Puteh	8 out of 8	100%
Dato' Sri Syed Faisal Albar bin Syed A.R. Albar *(Appointed w.e.f 14 January 2016)*	3 out of 3	100%

Directors	No. of meetings attended during the Period Under Review	Percentage
Datuk Mohamed Razeek bin Md Hussain Maricar	8 out of 8	100%
Datuk Puteh Rukiah binti Abd. Majid	8 out of 8	100%
Dato' Eshah binti Meor Suleiman	7 out of 8	87.5%
Dato' Sri Dr. Mohmad Isa bin Hussain *(Appointed w.e.f 2 November 2015)*	3 out of 5	60%
Dato' Abdul Hamid bin Sh Mohamed	7 out of 8	87.5%
Lim Hwa Yu	8 out of 8	100%

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 of each Board/Board Committee meeting together with the Board/Board Committee pack containing Board/Board Committee papers are distributed to the Board/Board Committee members at least five (5) business days prior to the scheduled meeting to enable the Directors to better prepare themselves for the meeting.

All Board decisions and deliberations including views of the Board members, decision rationale and action items to be taken by Management are clearly and accurately recorded in the minutes. Board/Board Committee decisions and action items 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 the Board is provided with adequate and relevant information. Each Board paper for approval contains the objective of the proposal, background information, financial effects of the proposal, issues for consideration including risk factors, other options for consideration, disclosure of interested Director or major shareholder (if applicable), Management's recommendations and action/decision sought from the Board. Papers to the Board/Board Committee are presented by the GCEO and the relevant Management members to facilitate the Board in its decision-making.

The quality of information received by the Board has a direct impact on the quality of the Board's decisions. In order to maintain high standards of Board papers, at the end of every meeting, each Director provides his/her feedback to Management on the quality of information contained in the papers and the quality of Management presentations through a Board Paper Evaluation Form. The feedback received helps Management in improving the quality of Board papers and presentations.

All Directors have access to all information within the Group to the extent that the information required is pertinent to facilitate the Directors in discharging their duties and for the benefit of the Group. In addition, all Directors have access to the advice and services of the Company Secretary. Any Director may seek for an independent professional advice in the event the need arises 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 order to ensure that the Company Secretary maintains a high quality of service to the Board, each Director provides feedback on the Company Secretary's services through an annual Internal Customer Satisfaction Survey, which forms part of the Company Secretary's KPIs.

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. The Board will seek recommendation/referral from the existing Directors to source and nominate suitable candidates for appointment as Directors. When considering new appointment(s), the BNRC takes into account the candidates' skills, knowledge, expertise, experience, professionalism and integrity. The BNRC also consider the gender diversity in reviewing the appropriate proportion of female to male Directors on the Board for any new appointment(s). 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 an Independent Director. The Board will then make the final decision on the appointment of Director upon recommendation of the BNRC.

When determining the extent of commitment each Director is able to give in terms of time spent in discharging his/her responsibilities, the BNRC considers the number of directorships the Director holds. This determination is made when the BNRC deliberates on a new Director's appointment and when the BNRC conducts an annual assessment of the Director's performance. The Directors are also required to notify the

Chairman before accepting any new Board appointment and to share with the Chairman the time commitment he/she is expected to make with regard to the new appointment.

As Pos Malaysia is licensed by Bank Negara Malaysia ("BNM") under the Money Services Business Act 2011 ("MSBA") for its remittance business, BNM requires Pos Malaysia to immediately notify it after any new appointment of Director and GCEO. All Directors and the GCEO are also subject to the fulfillment of a "fit and proper" test as prescribed by BNM.

During the Period Under Review, Dato' Sri Syed Faisal Albar bin Syed A.R. Albar and Dato' Sri Dr. Mohmad Isa bin Hussain were appointed Directors and Dato' Mohd Shukrie bin Mohd Salleh was appointed GCEO of the Company. Dato' Sri Dr. Mohmad Isa bin Hussain was nominated by the Company's Special Shareholder i.e. the Minister of Finance Incorporated to represent its interests in the Company. Their appointments were tabled to the BNRC for review and recommendation to the Board for approval where the BNRC and the Board took into consideration their skills, knowledge, expertise, experience, professionalism, integrity and time commitment required by them in discharging their duties and responsibilities. All these new appointed Directors and GCEO had declared their fulfillment of the "fit and proper" test as prescribed by BNM.

Re-election of Directors

Article 110(2) of the Company Articles ("Article 110(2)") requires any Director who is appointed to fill a casual vacancy or as an addition to the existing Directors shall hold office only until the next following Annual General Meeting ("AGM"), and shall then be eligible for re-election by the shareholders.

Article 115 of the Company Articles ("Article 115") requires all Directors to retire from office at least once in every three (3) years at the Company's 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.

Directors who are retiring and seeking re-election would be tabled to the BNRC for review and recommendation to the Board for recommendation to the shareholders for approval on re-election of the retiring Directors. When assessing the suitability of the Directors for re-election, the BNRC and the Board would take into consideration the requirements set out under Paragraph 2.20A of the MMLR of Bursa Securities namely the Directors' character, experience, integrity, competence and time to effectively discharge his/her role as a Director through the annual assessment on the effectiveness and contribution of the individual Director.

If the retiring Directors are Independent Directors, the BNRC and the Board would also take into consideration the annual assessment on independence carried out on the Independent Directors in relation to the criteria of independence prescribed under the MMLR of Bursa Securities and the nine-year tenure limit for Independent Directors.

Dato' Sri Syed Faisal Albar bin Syed A.R. Albar and Dato' Sri Dr. Mohmad Isa bin Hussain are retiring pursuant to Article 110(2) and Datuk Puteh Rukiah binti Abd. Majid and Dato' Eshah binti Meor Suleiman are retiring pursuant to Article 115 at the forthcoming AGM. These retiring Directors who are eligible for re-election, are seeking re-election at the forthcoming AGM. The profile of these retiring Directors and seeking for re-election are disclosed in the Board of Directors' profile contained in this Annual Report.

The BNRC and the Board had reviewed and recommended these retiring Directors who are eligible for re-election to the shareholders for approval at the forthcoming AGM based on the annual assessment carried out on them in relation to the effectiveness and contribution of individual Director and annual assessment on independence for Independent Directors as mentioned above.

Board Effectiveness Assessment ("BEA")

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

The evaluation on the effectiveness of the Board of Directors and Board Committees is conducted through self-assessment methodologies whereby two (2) sets of Questionnaires namely, the "Evaluation of the Effectiveness of the Board Questionnaire" and the "Evaluation of the Effectiveness of the Board Committees Questionnaire" are given to all members of the Board and the respective Board Committees for their completion.

The criteria used in the assessment for the Board encompassed the Board's roles and responsibilities, mix of characteristics, experiences, skills, conduct of meetings, participation and contribution of Board members in meetings, Board diversity (including gender diversity) and the overall performance of the Board. Whilst the criteria used in the assessment for the Board Committees encompassed the roles and responsibilities, skills and competencies, conduct of meetings, participation and contribution of the Board Committees' members in meetings and the overall performance of the Board Committees.

For assessment of individual Director, each Director is required to carry out a self-assessment on his/her capability, expertise, competency, experience, ethical standards and integrity. Each Director is also required to map his/her skills and experiences against the Company's requirements to determine the skills and trainings required by each Director (if necessary) for him/her to effectively discharge his/her duties and responsibilities as Director.

The BNRC also carry 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 abovementioned assessments of the Board, Board Committees and individual Directors as well as independence of Independent Directors were undertaken for the Period Under Review. The results of the assessments 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. Based on the results of the assessment, generally, the overall performance of the Board and Board Committees for the Period Under Review was rated consistently good.

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. During the BEA process, each Director is encouraged to state the areas of training which he/she wishes to attend each year to enhance his/her current skill sets as Director.

Training programmes, forums and educational visits attended by the Directors during the Period Under Review were as follows:-

No.	Director	Training attended
1.	Brigadier General (K) Tan Sri Dato' Sri (Dr) Haji Mohd Khamil bin Jamil	• Leadership Forum • Embracing the Board's Role in Corporate Transformation for Sustainable Results • Board Brainstorming Session* • Mentor & Mentee Programme
2.	Dato' Ibrahim Mahaludin bin Puteh	• Audit, Internal Control and Fraud Detection Seminar for the Public and Private Sector 2015 – "Redefining & Optimising the new roles of internal auditors" • Board Chairman Series : Leadership Excellence from the Chair • Corporate Governance ("CG") Breakfast Series : Future of Auditors Reporting – The Game Changer for Boardroom • The Company Secretary : Gatekeeper of Corporate Governance Organisational Performance • Board Brainstorming Session*
3.	Dato' Sri Syed Faisal Albar bin Syed A.R. Albar	• Mentor & Mentee Programme
4.	Datuk Mohamed Razeek bin Md Hussain Maricar	• Lead the Change – Getting Women on Board • Stewardship – For Long Term Sustainability • Board Brainstorming Session* • Mentor & Mentee Programme

CORPORATE GOVERNANCE STATEMENT

No.	Director	Training attended
5.	Datuk Puteh Rukiah binti Abd. Majid	• Remuneration Reward Practices Seminar 2015 • Corporate Directors Advanced Programme 2015 'Financial Language in the Board Room' • Competing Priorities : Is Internal Audit and Audit Committee/Governance/Stakeholders in Sync? • 8th Annual Corporate Governance Summit • Board Brainstorming Session*
6.	Dato' Eshah binti Meor Suleiman	• Remuneration Reward Practices Seminar 2015 • Invest Malaysia 2015 • Lead the Change : Getting Women on Board • Global Sustainability & Impact Investing Forum • Audit, Internal Control and Fraud Detection Seminar for the Public and Private Sectors 2015 • Palm Oil Products Expanding the Current Bursa Malaysia Derivatives Portfolio • Global Conference 2015 – Enterprise Risk Management : The Next Generation • World Capital Symposium 2015 • National Seminar on Trans-Pacific Partner Agreement • Board Brainstorming Session*
7.	Dato' Sri Dr. Mohmad Isa bin Hussain	• Mandatory Accreditation Programme for Directors of Public Listed Companies • Directors Forum : The Innovation Zone : Unleashing the Mindset
8.	Dato' Abdul Hamid bin Sh Mohamed	• Invest Malaysia Kuala Lumpur • Audit Oversight Board Conversation with Audit Committees • To Lead the Changes : Getting Women on Boards • Board Chairman Series : Leadership Excellence from the Chair • CG Breakfast Series with Directors – "Board Reward & Recognition" • Directors' In-House Training – "Strategy Briefing on Industry Trends, Nanotechnology and Transport Solutions" • Talk on Companies Bill • Independent Directors' Programme – The Essence of Independence • Board Brainstorming Session*
9.	Lim Hwa Yu	• New Public Rulings for 2014 & 2015 • Comparing Salient Features of PERS and MPERS • GST – Post-Implementation Issues • National Tax Seminar 2015 • National Seminar on Trans-Pacific Partner Agreement • Board Brainstorming Session*

Note:-

(*) Board session organised by the Company during the Period Under Review.

Board Committees

In accordance with the Company's Articles, the Board delegates certain responsibilities to the Board Committees with clear Terms of Reference and scope of responsibilities. During the Period Under Review, the six (6) Board Committees are the BAC, BNRC, BTC, BICT, BRMCC and the EXCO.

Effective 22 May 2015, as part of the Board's effort to streamline the Board Committees, the Board resolved to combine the function and roles of both the BTC and BICT as the activities of the BICT mainly pertained to procurement related matters. In view thereof, the functions and roles of the BICT is assumed by the BTC.

The EXCO which was established by the Board as an interim Board Committee pending the appointment of a new GCEO, was dissolved on 17 November 2015 upon the appointment of Dato' Shukrie as new GCEO so as to allow the GCEO to shoulder a greater accountability of executive leadership role as well as distinguishing the tasks between the GCEO, Group Chief Operating Officer and other key management and also allow faster decision-making at management level and increase the speed of strategy execution at Pos Malaysia.

On 17 November 2015, the Board also carried out a review on the composition of the Board Committees and the composition of the BNRC and BTC were revised.

(I) BAC

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

1. **Dato' Abdul Hamid bin Sh Mohamed**
   (Chairman/Independent Non-Executive Director)
2. **Dato' Ibrahim Mahaludin bin Puteh**
   (Senior Independent Non-Executive Director)
3. **Datuk Mohamed Razeek bin Md Hussain Maricar**
   (Non-Independent Non-Executive Director)
4. **Datuk Puteh Rukiah binti Abd. Majid**
   (Independent Non-Executive Director)

A majority of the BAC members are financially literate and/or have strong management experience. Dato' Abdul Hamid bin Sh Mohamed, who is currently Executive Director of Symphony House Berhad, is Chairman of the BAC. He is a Chartered Certified Accountant with the Association of Chartered Certified Accountants and the former Chief Financial Officer of 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 Advisor 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).

The principal functions and duties of the BAC are as follows:-

- Review the quarterly results and annual financial statements of the Company and the 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; and
- Review and consider any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.

Further details of the BAC including its activities during the Period Under Review are disclosed in the BAC Report contained in this Annual Report.

(II) BNRC

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

1. **Brigadier General (K) Tan Sri Dato' Sri (Dr) 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**
   (Independent Non-Executive Director)
4. **Dato' Abdul Hamid bin Sh Mohamed**
   (Independent Non-Executive Director)

The MCCG 2012 recommends that the Senior Independent Director of a company 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 MCCG 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; and
- Review on an annual basis the terms of office and performance of the BAC and each of the members for recommendation to the Board.

The activities undertaken by the BNRC during the Period Under Review were as follows:-

1. Reviewed and recommended the annual assessment on the effectiveness of the Board of Directors, Board Committees and individual Director.
2. Reviewed and recommended the annual assessment on independence of Independent Directors.
3. Reviewed and recommended the re-election of Directors who are due for retirement at the Annual General Meeting.
4. Reviewed and recommended the new appointment of Directors, GCEO and Chief Level Officers.
5. Reviewed and recommended the proposed payment of bonus for the financial year 2014/2015 to employees.
6. Reviewed and recommended the proposed payment of annual salary increment for the financial year 2015/2016 for executives.
7. Reviewed and recommended the proposed Key Performance Indicators of Chief Level Officers for the financial year 2015/2016.
8. Reviewed and recommended the performance rating of Chief Level Officers for the financial year ended 31 March 2015.
9. Reviewed and recommended the proposed change of composition of Board Committees and proposed dissolution of Executive Committee and revival of Management Committee.
10. Reviewed and recommended the proposed movements and appointments of Chief Level Executives in line with the Proposed New Organisation Structure.
11. Reviewed and recommended the proposed Key Performance Indicator framework for the financial year 2016/2017.

(III) BTC

The BTC comprises three (3) Non-Executive Directors, two (2) of whom are Independent Directors. The members are as follows:-

1. **Dato' Eshah binti Meor Suleiman**
   (Chairperson/Independent Non-Executive Director)
2. **Datuk Mohamed Razeek bin Md Hussain Maricar**
   (Non-Independent Non-Executive Director)
3. **Mr. Lim Hwa Yu** *(appointed on 17 November 2015)*
   (Independent Non-Executive Director)

The principal functions and duties of the BTC are as follows:-

- Examine and where appropriate, approve awards of contracts for the supply of goods, works or services within the limits as 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 and thereafter recommend the said procurement policies and procedures to the Board for approval;
- 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; and
- Review any related party transaction/recurrent related party transaction to be undertaken by the Company or the Group which involves tender evaluation to ensure that the appropriate tender evaluation is conducted by the Management before submission to the BAC.

(IV) BRMCC

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

1. **Dato' Ibrahim Mahaludin bin Puteh**
(Chairman/Senior Independent Non-Executive Director)
2. **Dato' Eshah binti Meor Suleiman**
(Independent Non-Executive Director)
3. **Mr. Lim Hwa Yu**
(Independent Non-Executive Director)

The principal functions and duties of the BRMCC are as follows:-

- Provide oversight, guidance and direction to the Group's risk management function and processes;
- Recommend the Group's risk management policies, strategies and risk tolerance levels, and any proposed changes thereto for the Board's consideration and approval;
- Evaluate the effectiveness of the Enterprise Risk Management framework, risk management processes and support system to identify, assess, monitor and manage the Group's key risks;
- Review Management's assessment of risk on a quarterly basis and provide quarterly updates to the Board;
- Deliberate on compliance related matters of the Group and review the effectiveness of systems for monitoring compliance with laws and regulations;
- Review findings, material issues or non-compliances highlighted by the regulatory authorities in relation to the regulated businesses of the Group; and
- Deliberate, review and evaluate the existing compliance framework and to recommend measures for improvement by adopting the best practices.

(V) EXCO (Dissolved on 17 November 2015)

The EXCO comprises three (3) Non-Executive Directors as follows:-

1. **Dato' Ibrahim Mahaludin bin Puteh**
(Chairman/Senior Independent Non-Executive Director)
2. **Datuk Mohamed Razeek bin Md Hussain Maricar**
(Non-Independent Non-Executive Director)
3. **Dato' Ahmad Fuaad bin Mohd Kenali**
(Non-Independent Non-Executive Director)

The principal functions and duties of the EXCO are as follows:-

- Recommend and execute the objectives and strategy for the Group in the development of its business, having regard to the interests of its customers, employees and other stakeholders;
- Review the operational performance of the Group against the objectives and strategy;
- Review the organisational structure of the business and recommend material changes relating thereto;
- Establish and monitor the control and coordination of internal controls and risk management throughout the business;
- Establish and monitor compliance with relevant legislation and regulations;
- Examine all major investment and capital expenditures proposals and the recommendation to the Board of those which in the context of the business are matters reserved to the Board;
- Establish and maintain the provision of adequate management development and succession; and
- Develop and implement business policies.

The Terms of Reference of the Board Committees are accessible on 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 in the beginning of the financial year.

Meanwhile, the Board as a whole determines the fees payable to Non-Executive Directors based on the level of responsibilities undertaken by the particular Non-Executive Director. 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.

The yearly Directors' Fees for Non-Executive Directors are as follows:-

	Directors' Fees (RM)	
Board/Board Committees	Chairman	Members
Board	120,000	80,000
BAC	15,000	10,000
Other Board Committees	8,000	6,000

The meeting allowance for BAC is fixed at RM2,500 per meeting while, the meeting allowance for the Board and other Board Committees as well as general meeting are fixed at RM1,000 per meeting.

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

Category (Director)	Fees (RM)	Salaries & Bonus (RM)	Allowance (RM)	Total (RM)
Executive	–	–	–	–
Non-Executive *	867,857.93	–	244,000.00	1,111,857.93
Total	**867,857.93**	**–**	**244,000.00**	**1,111,857.93**

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

	Number of Directors	
Range of Remuneration	Executive	Non-Executive
Below RM50,000	–	4*
RM50,001 – RM100,000	–	1*
RM100,001 – RM150,000	–	5
RM150,001 – RM200,000	–	2

* *Includes the remuneration payable to the Non-Executive Directors who had resigned/ceased during the Period Under Review; namely Dato' Sri Che Khalib bin Mohamad Noh, Dato' Fauziah binti Yaacob and Dato' Ahmad Fuaad bin Mohd Kenali.*

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

Directors	Total remuneration (RM)
Brigadier General (K) Tan Sri Dato' Sri (Dr) Haji Mohd Khamil bin Jamil	139,000.00
Dato' Ibrahim Mahaludin bin Puteh	170,838.80
Dato' Sri Syed Faisal Albar bin Syed A.R. Albar (Appointed w.e.f 14 January 2016)	20,049.18
Datuk Mohamed Razeek bin Md Hussain Maricar	132,500.00
Datuk Puteh Rukiah binti Abd. Majid	138,352.46
Dato' Eshah binti Meor Suleiman	118,786.89
Dato' Sri Dr. Mohmad Isa bin Hussain (Appointed w.e.f. 2 November 2015)	36,005.46
Dato' Abdul Hamid bin Sh Mohamed	150,286.89
Lim Hwa Yu	104,229.50
Dato' Sri Che Khalib bin Mohamad Noh (Resigned w.e.f 6 April 2015)	1,442.63
Dato' Fauziah binti Yaacob (Ceased w.e.f 29 July 2015)	31,196.72
Dato' Ahmad Fuaad bin Mohd Kenali (Resigned w.e.f 29 March 2016)	69,169.40

The Board remuneration review is carried out on a periodical basis of every three (3) years by the BNRC for recommendation to the Board to reflect the complexity of the Company's activities and added responsibility of the Board members. Remuneration of other companies of similar industry and market capitalisation as the Company would be used as benchmarks in the review. The last Board remuneration review was carried out in May 2015 and upon the recommendation of the BNRC, the Board decided to maintain the existing remuneration package of the Board as the existing remuneration package are comparable with the remuneration offered by other companies of similar industry and market capitalisation as the Company.

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 the investors or stakeholders may be channelled. Any query on Investor Relations matters may be conveyed to:-

Elias bin Effendy
Chief Corporate Services
Tel : +603-2267 2295
Email : elias.effendy@pos.com.my

CORPORATE GOVERNANCE STATEMENT

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 issues of concern regarding the Group. Besides the Directors, the Senior Management and the Company's external auditors are present at the general meetings to take questions from the shareholders.

Prior to the tabling of proposed resolutions at a general meeting, the shareholders are presented with a summary of the Group's performance in respect of the financial year under review.

Effective 1 July 2016, voting on resolutions at general meetings is by way of poll in line with the latest amendments to the MMLR of Bursa Securities for the purpose of strengthening corporate governance practices.

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 clear 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 BAC assists the Board by first reviewing the financial statements to ensure its 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 are entrusted to look into risk management matters of the Group while the BRMCC oversees risk management and compliance matters at the Group level.

As for matter on internal controls, the BAC has a responsibility to assess the quality and effectiveness of the systems of internal control and efficiency of the Group operations. The BAC also evaluates the processes which the Group has in place for assessing and continuously improving internal controls. 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 Services Act 2012 ("PSA") and its subsidiary legislations, Pos Malaysia is also subject to compliance with other rules and regulations made under the Universal Postal Union Conventions at the international level.

For being licensed under the MSBA for its remittance business, 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 compliance with the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 ("AMLATFPUAA").

The Company Secretary assists the Board in ensuring compliance by the Company of the Companies Act, MMLR of Bursa Securities, Capital Market Services Act 2007 and other applicable 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 Corporate Compliance Department and the appointed compliance officers assist the Board, in particular the BRMCC, in monitoring the Group's compliance with the relevant laws, rules and regulations applicable to the operations of the Group especially those relating to the MSBA and AMLATFPUAA. The Group Corporate Compliance Department also serves as the contact point for the Company to engage with BNM as the regulator on MSBA and AMLATFPUAA matters. The IAD on the other hand conducts regular and special audits as and when the need arises on the level of compliance at the Company's operations level with the Company's internal policies and procedures. The IAD tables all audit reports to the BAC for deliberation.

The Regulatory Management function of the Company serves as the contact points 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 PSA and also the relevant rules and regulations pertaining to the postal operations.

Relationship with External Auditor

The Company, through the BAC, has an appropriate and transparent relationship with the external auditor. In the course of auditing of the Group's operations, the external auditor highlights to the BAC and the Board on matters that require the Board's attention. The external auditor also reports to the BAC its findings following its annual audit.

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

The declaration of independence, integrity and objectivity made by the external auditor in the status audit report for each financial year end serves as a written assurance from the external auditor on its independence and integrity throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. Nevertheless, the BAC also assess the independence, performance and suitability of the external auditor through the BAC 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 Sustainability

In the Company's effort 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 that 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 form part of the ethical standards and code of conduct applied throughout the Group. The policies can be assessed at the Company's corporate website at www.pos.com.my.

(This Statement is made in accordance with a resolution of the Board of Directors dated 28 June 2016)

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (SORMIC)

Pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("MMLR"), this Statement on Risk Management and Internal Control of the Board of Directors ("Board"), outlines the nature and state of risk management and internal control of the Pos Malaysia Group of Companies ("the Group") during the year under review, and up to the date of this Annual Report.

RESPONSIBILITY

The Board is responsible for ensuring that a sound system of risk management and internal control to safeguard shareholders' interests and the Group's assets is maintained. The Board affirms its overall responsibility for the Group's system of risk management and 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 risk management and 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 on at least a quarterly basis and is of the view that the system of internal control that has been instituted throughout the Group is adequate to safeguard shareholders' interests and the Group's assets.

The oversight role on internal control is carried out by the Board Audit Committee ("BAC") on behalf of the Board. The BAC identifies the risk areas and communicates the critical risk areas and issues to the Board. The BAC is supported by an independent Internal Audit Department ("IAD") which reports directly to the BAC.

The Board is assisted by Management in the implementation of the approved policies and procedures on risks and controls, in which 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

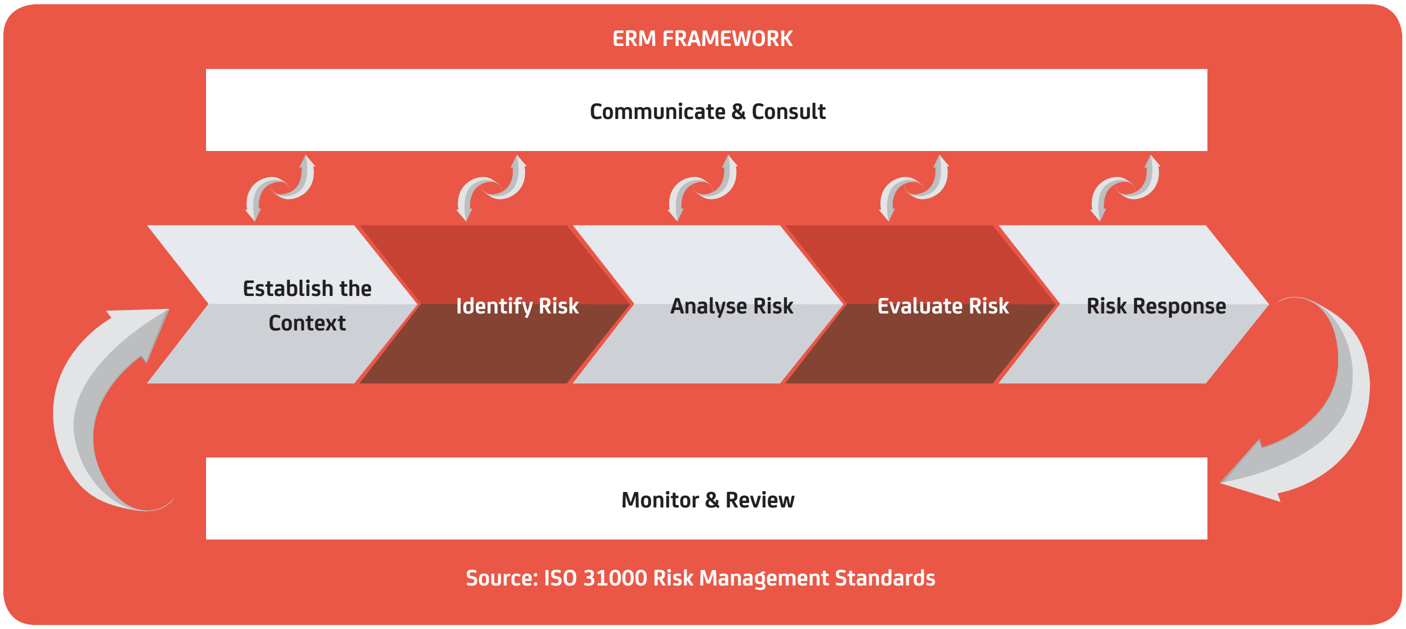
The Board recognises the fact that an effective risk management practice is a critical component of a sound system of risk management and internal control. In view of this, there is a systematic process to identify, evaluate and manage significant risks faced by the Group that may impede the achievement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

The Board has a stewardship responsibility to understand these risks, communicate the requirements of this policy and 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 risks routinely and in an integrated and transparent way in accordance with good governance practices; and
- To ensure that an effective and formalised Enterprise Risk Management ("ERM") Policy and Procedure Manual ("framework") is established and maintained by the Group.

The Group adopts the ISO 31000 Risk Management Standard as a reference for the ERM framework as depicted in the diagram below whilst the details of the respective process are accompanied herewith:



- **Establish the Context** - define the objectives and their exposure in both internal and external environment.
- **Risk Identification** - identify and define specific risks and their sources.
- **Risk Analysis** - analyse the causes of risks, impact and likelihood of occurrence.
- **Risk Evaluation** - decide and prioritise on risk mitigation plans.
- **Risk Response** - implement risk mitigation plans via the following options:
    - **Terminate** - avoid activities that will likely generate the risks.
    - **Treat** - introduce controls or action plans to manage the risks.
    - **Transfer** - transfer or share the risks with third parties.
    - **Take** - utilise Group's ability to accept the risks to build a competitive edge over others.
- **Risk Monitoring & Reviewing** - monitor risk status continuously and review them periodically.
- **Risk Communication & Consultation** - communicate and consult risk information across organisation.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (SORMIC)

Board Risk Management and Compliance Committee ("BRMCC")

The Board has established the BRMCC comprising entirely of Independent Directors which reflects the Group's heightened emphasis on risk management and compliance to protect shareholders' interests. The BRMCC composition and its terms of reference are as follows:

Chairman:

- Dato' Ibrahim Mahaludin bin Puteh

Members:

- Dato' Eshah binti Meor Suleiman
- Mr. Lim Hwa Yu

Terms of reference:

- Provide oversight, guidance and direction to the Group's risk management functions and processes;
- Recommend the Group's risk management policies, strategies and risk tolerance levels, and any proposed changes thereto for the Board's consideration and approval;
- Ensure that Management integrates the necessary risk management processes into all business processes of the Group;
- Evaluate the effectiveness of the Enterprise Risk Management framework, risk management processes and support system to identify, assess, monitor and manage the Group's key risks;
- Review the risk identification and management process developed by Management to confirm it is consistent with the Group's strategy and business plan;
- Review Management's assessment of risk on a quarterly basis and provide quarterly updates to the Board;
- Enquire Management and the independent auditor about the exposure to such risks in relation to significant business, political, financial and control risks;
- Assess the steps/actions Management has implemented or wish to implement to manage and mitigate identifiable risk, including the use of hedging and insurance;
- Deliberate on compliance related matters of the Group and review the effectiveness of systems for monitoring compliance with laws and regulations;
- Review findings, material issues or non-compliances highlighted by the regulatory authorities in relation to the regulated businesses of the Group;
- Deliberate, review and evaluate the existing compliance framework and to recommend measures for improvement by adopting the best practices; and
- Perform any other roles and responsibilities as may be required by the Board from time to time and/or which are related to the objectives of the Committee.

During the period under review, the BRMCC had its quarterly meetings to deliberate on key risks and mitigation plans to ensure risks are properly managed and mitigated as well as to safeguard shareholders' interests.

Risk Management Committee ("RMC")

The composition of the RMC and its terms of reference are as follows:

Chairman:

- Group Chief Executive Officer

Members:

- Group Chief Operating Officer, Postal & Courier
- Chief Commercial Officer, Postal & Courier
- Chief Operating Officer, Postal & Courier
- Chief Corporate Services
- Chief Financial Officer
- Chief Corporate Affairs
- Chief Information Officer
- Head Human Resource
- Head Risk Management

Terms of reference:

- Formulate and monitor the implementation of enterprise risk management ("ERM") framework which includes policies, processes, and programmes;
- Formulate risk appetite, key risk indicators and its threshold, and the required management action plans to mitigate the identified risks;
- Ensure quarterly risk report is submitted accurately and in a timely manner to the BRMCC and Board of Directors; and
- Formulate and oversee business continuity management ("BCM") framework which includes policies, processes, structures, and programs to ensure the effectiveness of BCM practices in the Group.

The RMC is supported by the Risk Management Department ("RMD") in monitoring, analysing and reporting the risks identified enterprise-wide. The RMD serves as the facilitator and work with the risk owners in managing risks within the Group.

SYSTEM OF INTERNAL CONTROL

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

- The Board Committees, namely the BAC, BRMCC, Board Nomination and Remuneration Committee as well as Board Tender Committee, were established by the Board to assist the Board in the execution of its responsibilities to provide oversight on the effectiveness of the Group's operations;
- The BAC, comprising three Independent Non-Executive Directors and one Non-Independent Non-Executive Director, provides oversight of the internal and external audit processes. The BAC together with the IAD provides assessments based on the approved audit plan on the adequacy, efficiency and effectiveness of the Group's internal control system. The IAD adopts a risk and strategy based approach in formulating the annual audit plan and aligns its activities to the key risks identified across the Group. The IAD recommends improvements where necessary;
- The BAC reviews the engagement of the external auditors, their scope, approach in the conduct of the audit examination and reports on the financial statement of the Group. The BAC meets with the external auditors at least once a year without the presence of Management. Please refer to page 96 to 97 for details of activities in the Audit Committee Report;
- The roles and responsibilities of the Board of Directors, BRMCC, RMC, Business, Operations, and support functions 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 whistleblowing 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. The Whistleblowing Committee comprises the Head Legal and Regulatory Counsel and Head Internal Audit;
- Defined operating policies and procedures, which incorporate regulatory and internal requirements, are prescribed in the Standard Operating Policy and Procedure ("SOPP"). The documents are updated as and when necessary to meet continually changing operational needs;
- Defined level of authorities and lines of responsibilities from business units and departments up to the Board level to ensure accountability 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; and
- The Board meets at least quarterly to review the Group's operational and financial performance against approved budgets, approves the quarterly report to Bursa Malaysia Securities Berhad ("Bursa Securities") and deliberates 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 Year Strategic Initiative that may adversely affect business performance and the relevant actions taken.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (SORMIC)

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

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

- The financial statements and the Group's performance are reviewed quarterly by the BAC, which subsequently recommends these to the Board for their consideration and approval;
- The examination of business processes and state of internal control are conducted by the IAD. The IAD adopts a risk and strategy based approach in formulating the annual audit plan. The IAD aligns its activities to the key risks identified across the Group. This plan is reviewed and approved by the BAC;
- The reports on the review are submitted and presented to the BAC on a quarterly basis. Effective monitoring and tracking of audit issues are in place through deliberations in the BAC meetings to ensure the issues are resolved in a timely manner and recommendation implemented effectively; and
- Management action plans for the audit issues raised are tracked by means of a system which is accessible by the representatives of all departments, subsidiaries and also the Leadership Team. The status of the management action plans are presented at the BAC meetings. Follow-up reviews on the audit issues are also conducted by the IAD to ensure effectiveness of the implemented action plans.

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 those risks are at an acceptable level throughout the Group's business.

ASSURANCE TO THE BOARD

The Statement on Risk Management and Internal Control has been prepared in compliance with the MMLR and the Statement on Risk Management and Internal Control – Guidance for Directors of Listed Issuer 2012 ("Guidance 2012"). 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 received assurances from the Group Chief Executive Officer and Chief Financial Officer of the Group that the risk management and internal control systems are operating adequately and effectively in all material aspects based on the risk management and internal control systems of the Group.

For the financial year under review, the Board is of the opinion that the system of risk management and internal control processes are adequate and sound to provide reasonable assurance in safeguarding shareholders' investments, the Group's assets and other stakeholders' interests as well as to address key risks impacting the business operations of Pos Malaysia Berhad.

REVIEW OF THIS STATEMENT

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 March 2016, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

b) is factually inaccurate.

(This Statement on Risk Management and Internal Control was approved by the Board of Directors on 28 June 2016)

DIRECTORS' RESPONSIBILITY STATEMENT

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 2016, the Directors are satisfied that the Company and the Group have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements 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 with.

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 for taking such steps as are reasonably available to them to safeguard the assets of the Group as well as to prevent and detect fraud and other irregularities.

(This Statement is made in accordance with a resolution of the Board of Directors dated 28 June 2016)

ADDITIONAL COMPLIANCE INFORMATION

1. **UTILISATION OF PROCEEDS**

During the financial year ended 31 March 2016, there was no proceed raised by the Company from any corporate proposal.

2. **SHARE BUY-BACK**

During the financial year ended 31 March 2016, the Company did not undertake 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 2016, the Company did not issue or exercise any options, warrants or convertible securities.

4. **DEPOSITORY RECEIPT PROGRAMME**

During the financial year ended 31 March 2016, the Company did not sponsor any Depository Receipt Programme.

5. **SANCTIONS AND/OR PENALTIES**

During the financial year ended 31 March 2016, 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 2016 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 2016.

7. **PROFIT GUARANTEE**

During the financial year ended 31 March 2016, the Company did not give any profit guarantee.

8. **MATERIAL CONTRACTS**

Save for the following contracts, there were no other material contracts entered into by the Company and its subsidiaries involving the Directors' and/or major shareholders' interests, still subsisting at the end of the financial year ended 31 March 2016 or, if not then subsisting, entered into since the end of the previous financial year:-

(i) a conditional Share Sale Agreement dated 14 March 2016 with HICOM Holdings Berhad ("HICOM Holdings") for the proposed acquisition of the entire issued and paid-up share capital of KL Airport Services Sdn Bhd ("KLAS"), comprising 88,328,527 ordinary shares of RM1.00 each in KLAS ("KLAS Shares"), 35,300,000 redeemable convertible preference shares of RM1.00 each in KLAS ("KLAS RCPS") and such number of new KLAS Shares to be issued by KLAS to HICOM Holdings pursuant to the capitalisation of KLAS Loan Facility and capitalisation of amount owing to DRB-HICOM, for a total purchase consideration of RM749.35 million; and

(ii) a conditional Sale and Purchase Agreement dated 14 March 2016 with HICOM Indungan Sdn Bhd and HICOM Engineering Sdn Bhd, an indirect wholly-owned subsidiary of DRB-HICOM, for the proposed acquisition of part of a parcel of freehold industrial land held under GRN 311546 Lot 62010, Pekan HICOM, District of Petaling, State of Selangor Darul Ehsan located along Jalan Jijan 28/35, Section 28, 40400 Shah Alam measuring 9.912 acres for a purchase consideration of RM69 million.

(Items (i) and (ii) to be collectively referred to as the "Proposed Acquisitions")

The total purchase consideration of RM818.35 million in respect of the Proposed Acquisitions shall be satisfied via the issuance of 245,750,751 new ordinary shares of RM0.50 each in the Company ("Pos Malaysia Shares") to HICOM Holdings at an issue price of RM3.33 per Pos Malaysia Share.

The Proposed Acquisitions are subject to the shareholders' approval of the Company at the Company's Extraordinary General Meeting to be convened.

9. AUDIT AND NON-AUDIT FEES

The following particulars in relation to the audit and non-audit services rendered by the Company's auditors to the Company or its subsidiaries for the financial year ended 31 March 2016:-

	Company	Group
Audit Fees (RM)	310,000	534,000
Non-Audit Fees (RM)	411,000	496,000
Total (RM)	**721,000**	**1,030,000**

The nature of the services rendered for the non-audit fees incurred are tax consultation services, review of interim quarterly results, review of the Statement of Risk Management and Internal Control, review of Statement of Realised and Unrealised Profit, and Reporting Accountant for corporate exercise.

10. RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE

The aggregate value of transactions conducted during the financial year ended 31 March 2016 pursuant to the shareholder mandate on recurrent related party transactions of a revenue or trading nature obtained at the Company's 23rd Annual General Meeting held on 8 September 2015 was RM34,138,845.42 representing 3% of the Group net assets which is above the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements of Bursa Malaysia Securities Berhad. The breakdown of the aggregate value of transactions conducted during the financial year ended 31 March 2016 pursuant thereto are as follows:-

No.	Pos Malaysia and/or its subsidiaries	Transacting related party	Nature of transaction	Related parties and their relationship with Pos Malaysia Group	Aggregate value transacted from 1 April 2015 to 31 March 2016 (RM)
1.	Pos Malaysia Group	Motosikal Dan Enjin Nasional Sdn Bhd ("MODENAS")	Provision of logistics services by Pos Malaysia Group	1) DRB-HICOM* - MODENAS is a 81%-owned subsidiary of DRB-HICOM 2) TSSM#	71,811.75
2.	Pos Malaysia Group	Honda Malaysia Sdn Bhd ("Honda")	Provision of Direct Mail services by Pos Malaysia Group	1) DRB-HICOM* - Honda is an associated company of DRB-HICOM 2) TSSM#	161,293.60
3.	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 81%-owned subsidiary of MODENAS, effectively 81%-owned subsidiary of DRB-HICOM 2) TSSM#	2,316,412.45
4.	Pos Malaysia Group	Automotive Corporation (Malaysia) Sdn Bhd ("ACMSB")	Purchase of vehicles and payment for maintenance of vehicles by Pos Malaysia Group	1) DRB-HICOM* - ACMSB is a 100%-owned subsidiary of Automotive Corporation Holdings Sdn Bhd, effectively a wholly-owned subsidiary of DRB-HICOM 2) TSSM#	2,316,412.45

ADDITIONAL COMPLIANCE INFORMATION

No.	Pos Malaysia and/or its subsidiaries	Transacting related party	Nature of transaction	Related parties and their relationship with Pos Malaysia Group	Aggregate value transacted from 1 April 2015 to 31 March 2016 (RM)
5.	Pos Malaysia Group	DRB-HICOM Leasing Sdn Bhd ("DHLS")	Leasing of vehicles by Pos Malaysia Group	1) DRB-HICOM* - DHLS is a 100%-owned subsidiary of Edaran Otomobil Nasional Berhad ("EON"), effectively a wholly-owned subsidiary of DRB-HICOM 2) TSSM#	11,701,013.23
6.	Pos Malaysia Group	Proton Edar Sdn Bhd ("Proton Edar")	Payment for parts and maintenance of vehicles by Pos Malaysia Group	1) DRB-HICOM* - Proton Edar is a 100%-owned subsidiary of Proton Marketing Sdn Bhd, effectively a wholly-owned subsidiary of DRB-HICOM 2) TSSM#	6,835.12
			Appointment of Proton Edar as authorised agent of Pos Malaysia Group to undertake counter acceptance of Pos Laju courier items		822.00
7.	Pos Malaysia Group	DRB-HICOM Environmental Services Sdn Bhd ("DHES")	Provision of integrated facility management and maintenance services by DHES	1) DRB-HICOM* - DHES is a 97.37%-owned subsidiary of Alam Flora Sdn Bhd ("Alam Flora"), effectively 97.37%-owned subsidiary of DRB-HICOM 2) TSSM#	272,425.30
8.	Pos Malaysia Group	KL Airport Services Sdn Bhd ("KLAS")	Provision of logistics services by Pos Malaysia Group	1) DRB-HICOM* - KLAS is a 100%-owned subsidiary of HICOM Holdings Berhad ("HICOM Holdings"), effectively a wholly-owned subsidiary of DRB-HICOM 2) TSSM#	1,318,352.44
			Provision of transportation and logistic services by KLAS		2,313,588.37
			Supply of labour for loading and unloading works by KLAS		316.00
9.	Pos Malaysia Group	Bank Muamalat Malaysia Berhad ("BMMB")	Provision of Corporate Mail services by Pos Malaysia Group	1) DRB-HICOM* - BMMB is a 70%-owned subsidiary of DRB-HICOM 2) TSSM#	97,387.50
			Provision of payment gateway by BMMB for PosOnline		1,298.15

No.	Pos Malaysia and/or its subsidiaries	Transacting related party	Nature of transaction	Related parties and their relationship with Pos Malaysia Group	Aggregate value transacted from 1 April 2015 to 31 March 2016 (RM)
10.	Pos Malaysia Group	HICOM University College Sdn Bhd ("HUC")	Provision of Direct Mail services by Pos Malaysia Group	1) DRB-HICOM* - HUC is a 100%-owned subsidiary of DRB-HICOM	20,483.30
			Sponsored tuition and administrative fees by Pos Malaysia Group	2) TSSM #	39,999.00
11.	Pos Malaysia Group	MPH Bookstores Sdn Bhd ("MPH Bookstores")	Appointment of MPH Bookstores as authorised agent of Pos Malaysia Group for selling of prepaid Pos Laju at MPH outlets	1) TSSM# - MPH Bookstores is an indirect wholly-owned subsidiary of Bukhary Equity Sdn Bhd, a company in which 99% is owned by TSSM	114,732.03
12.	Pos Malaysia Group	Gas Malaysia Berhad ("GMB")	Commissions from bills payment collected at Pos Malaysia outlets/ channels	1) TSSM# - GMB is an indirect associate company of MMC Corporation Berhad, a company in which TSSM is an indirect Major Shareholder	64,744.05
13.	Pos Malasyia Group	Konsortium Logistik Berhad ("KLB")	Provision of logistics and transportation services by KLB	1) DRB-HICOM* - KLB is a 100%-owned subsidiary of KLAS, effectively a wholly-owned subsidiary of DRB-HICOM 2) TSSM#	1,536,840.41
14.	Pos Malaysia Group	DRB-HICOM	Provision of training programs and training venue to Pos Malaysia Group	1) DRB-HICOM*	86,126.36
15.	Datapos (M) Sdn Bhd ("Datapos")	DRB-HICOM	Provision of printing, polywrapping, enveloping, inserting of pamphlet and annual reports, supply of paper and plastic, and provision of bulk mail services by Datapos	1) DRB-HICOM*	8,000.00
16.	Pos Malaysia Group	SRT-EON Security Services Sdn Bhd ("SRT-EON")	Provision of cash in transit and escort services to Pos Malaysia Group	1) DRB-HICOM* - SRT-EON is an associate company of EON, a wholly-owned subsidiary of DRB-HICOM 2) TSSM#	33,890.00

ADDITIONAL
COMPLIANCE INFORMATION

No.	Pos Malaysia and/or its subsidiaries	Transacting related party	Nature of transaction	Related parties and their relationship with Pos Malaysia Group	Aggregate value transacted from 1 April 2015 to 31 March 2016 (RM)
17.	Datapos	Avon Cosmetics (M) Sdn Bhd ("Avon")	Provision of printing and poly wrapping, inserting of pamphlets and catalogues, and provision of bulk mailing services by Datapos	1) TSSM# - Avon is a 30%-owned associate of Tradewinds Corporation Berhad, a company in which TSSM is an indirect Major Shareholder	360,156.63
18.	Datapos	BMMB	Provision of printing, inserting of bank statements, supply of paper and envelope, and provision of bulk mailing services by Datapos	1) DRB-HICOM* - BMMB is a 70%-owned subsidiary of DRB-HICOM 2) TSSM#	16,938.41
19.	Pos Malaysia Group	PNSL Berhad ("PNSL")	Sales agent for "Roll-On Roll-Off" services	1) DRB-HICOM* - PNSL is a 100%-owned subsidiary of KLB, effectively a wholly-owned subsidiary of DRB-HICOM 2) TSSM#	200.00
20.	Pos Malaysia Group	DRB-HICOM Group of Companies	Provision of training facilities and programs by Pos Malaysia Group	1) DRB-HICOM* 2) TSSM#	17,018.90
21.	Pos Malaysia Group	Horsedale Development Berhad ("HDB") (Glenmarie Golf & Country Club)	Membership subscription fees	1) DRB-HICOM* - HDB is effectively a 70.6%-owned subsidiary of DRB-HICOM 2) TSSM#	2,300.00
22	Datapos	SOGO KL Sdn Bhd ("SOGO")	Provision of printing services by Datapos	1) TSSM# - SOGO is a 10%-owned by Tradewinds Resources Sdn Bhd, a company in which TSSM is an indirect Major Shareholder	505,081.83
23.	Digicert Sdn Bhd	Synergycloud Sdn Bhd ("Synergycloud")	Purchase of new data centre services for Digicert	1) TSSM# - Synergycloud is a company owned by a Person Connected to TSSM	247,641.52
24.	Pos Malaysia Group	Synergycentric Sdn Bhd ("Synergycentric")	Enhancement, Optimisation and Monitoring of Pos Malaysia Group's Wide Area Network	1) TSSM# - Synergycentric is a company owned by a Person Connected to TSSM	10,341,682.62

No.	Pos Malaysia and/or its subsidiaries	Transacting related party	Nature of transaction	Related parties and their relationship with Pos Malaysia Group	Aggregate value transacted from 1 April 2015 to 31 March 2016 (RM)
25.	Pos Malaysia Group	HICOM Holdings	Provision of Corporate Mail Management Services by Pos Malaysia Group	1) DRB-HICOM* - HICOM Holdings is a 100%-owned subsidiary of DRB-HICOM 2) TSSM#	18,550.00
		Glenmarie Properties Sdn Bhd ("Glenmarie Properties")		1) DRB-HICOM* - Glenmarie Properties is a 100% owned subsidiary of HICOM Berhad, effectively a wholly-owned subsidiary of DRB-HICOM 2) TSSM#	34,450.00
		Alam Flora		1) DRB-HICOM* - Alam Flora is a 97.37%-owned subsidiary of HICOM Holdings, effectively 97.37%-owned subsidiary of DRB-HICOM 2) TSSM#	37,100.00
		HICOM Builders Sdn Bhd ("HICOM Builders")		1) DRB-HICOM* - HICOM Builders is a 100%-owned subsidiary of HICOM Berhad, effectively a wholly-owned subsidiary of DRB-HICOM 2) TSSM#	3,710.00
		DRB-HICOM Auto Solutions Sdn Bhd ("DRB-HICOM Auto")		1) DRB-HICOM* - DRB-HICOM Auto is a 100%-owned subsidiary of DRB-HICOM 2) TSSM#	4,452.00
		HICOM HBPO Sdn Bhd ("HICOM HBPO")		1) DRB-HICOM* - HICOM HBPO is a 60%-owned subsidiary of HICOM Polymers Industry Sdn Bhd, effectively a 60%-owned subsidiary of DRB-HICOM 2) TSSM#	3,710.00
		PUSPAKOM Sdn Bhd ("PUSPAKOM")		1) DRB-HICOM* - PUSPAKOM is a 100%-owned subsidiary of DRB-HICOM 2) TSSM#	46,004.00
		HDB (Glenmarie Golf & Country Club)		1) DRB-HICOM* - HDB is effectively a 70.6%-owned subsidiary of DRB-HICOM 2) TSSM#	17,066.00
					Total : 34,138,845.42

Notes:-

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

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

AUDIT COMMITTEE REPORT

The Board of Directors ("the Board") of Pos Malaysia Berhad ("Pos Malaysia") is pleased to present the Board Audit Committee ("BAC") Report for the financial year ended ("FYE") 31 March 2016.

1.0 COMPOSITION AND ATTENDANCE AT MEETINGS

1.1 COMPOSITION

During FYE 31 March 2016, ten (10) BAC meetings were held. The composition of the BAC members as well as their attendance at the meetings is set out below:-

Director	Status of Directorship	Attendance at Meetings
1) YBhg Dato' Abdul Hamid bin Sh Mohamed *Chairman of the BAC*	Independent Non-Executive Director	9 out of 10
2) YBhg Dato' Ibrahim Mahaludin bin Puteh *Member of the BAC*	Senior Independent Non-Executive Director	10 out of 10
3) YBhg Datuk Mohamed Razeek bin Md Hussain Maricar *Member of the BAC*	Non-Independent Non-Executive Director	8 out of 10
4) YBhg Datuk Puteh Rukiah binti Abd. Majid *Member of the BAC*	Independent Non-Executive Director	10 out of 10

YBhg Dato' Abdul Hamid bin Sh Mohamed is a Fellow of the Association of Chartered Certified Accountants. In this respect, the BAC is in compliance with Paragraph 15.09(1)(c), of the Main Markets Listing Requirement of Bursa Malaysia Securities Berhad ("MMLR of Bursa Securities").

1.2 ATTENDANCE

Attendance at all the meetings met the requisite quorum whereby the majority of members present were Independent Directors as stipulated in the BAC's Terms of Reference. The Management of the Company was invited to brief the BAC on the Group's financial performance and relevant corporate matters and to address any queries raised by the BAC.

The Management of Internal Audit Department ("IAD") attended all the BAC meetings and presented the results of internal audits conducted to the BAC. Other than the results of internal audits, IAD also presented the progress of audit activities, status of audit issues and action plans, internal audit plan as well as audit staff strength. The external auditors were also invited to attend the BAC meetings to present the audit scope and plan, and the auditors' report on the audited annual financial statements. Private session between the BAC and the external auditors without the presence of the Management is held at least once every year.

All issues discussed and deliberated during the BAC meetings were minuted by the Company Secretary who is also the secretary to the BAC. Any matters of significant concern raised by the internal and external auditors were duly conveyed by the BAC to the Board.

2.0 TERMS OF REFERENCE OF BAC

The Terms of Reference of the BAC are in line with the MMLR of Bursa Securities and the Malaysian Code on Corporate Governance 2012 ("the Code"). The Terms of Reference of the BAC are as follows:-

2.1 COMPOSITION OF BAC

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

- The BAC shall consist of not less than three (3) members;
- All members of the BAC 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 BAC must meet the criteria set by the MMLR of Bursa Securities as follows:-
  a. Must be a member of the Malaysian Institute of Accountants; or
  b. If he/she is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years working experience; and
     i. He/she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
     ii. He/she must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

c. Fulfils such other requirements as prescribed or approved by Bursa Securities.

- The members of the BAC shall elect a Chairman from among themselves who shall be an Independent Director;
- No alternate director should be appointed as a member of the BAC;
- In the event of any vacancy in the BAC resulting in the non-compliance of the MMLR of Bursa Securities pertaining to composition of the BAC, the Board shall within three (3) months of that event fill the vacancy;
- The BAC 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 BAC shall also be financially literate i.e. have the ability to read and understand fundamental financial statements, including a Company's statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flow and key performance indicators.

2.2 <u>BAC MEETINGS</u>

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

The quorum for a meeting of the BAC 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 BAC and of the Board. The BAC shall report on each meeting to the Board. The Secretary to the BAC shall be the Company Secretary or any other person as the BAC may decide.

2.3 <u>RIGHTS AND AUTHORITY</u>

The duties of the BAC 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 BAC and all employees are directed to co-operate with the request made by the BAC;
- 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 BAC does not have executive powers and shall report to the Board on matters considered and its recommendation thereon, relating to the Group and the Company.

2.4 <u>REVIEW OF THE BAC</u>

The performance of the BAC and each of the members shall be reviewed by the Board at least once every three (3) years to determine whether the BAC 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 81 of this Annual Report.

2.5 <u>RESPONSIBILITIES AND DUTIES</u>

The responsibilities and duties of the BAC are as follows:-

a. Internal Audit

- To approve the appointment, replacement and dismissal of the Head of Internal Audit and his deputy;
- To review the adequacy of the scope, functions, competency and resources of the 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 procedures 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.

b. External Audit

- To review the external auditors' audit plan, scope of their audits, 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 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 judgemental 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.

c. Other Matters

- To review related party transactions entered into by the Group and the Company, 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 BAC and the Board; and
- Where the BAC is of the view that a matter reported to the Board has not been satisfactorily resolved resulting in a breach of the MMLR of Bursa Securities, the BAC has the responsibility to properly report such matters to Bursa Securities.

3.0 SUMMARY OF ACTIVITIES

The key activities carried out by the BAC during the FYE 31 March 2016 comprised of the following:-

3.1 <u>FINANCIAL REPORTING</u>

Reviewed quarterly and annual financial results of the Group and the Company prior to submission to the Board for approval. Details on sequence of reviews conducted are as follows:-

a. Reviewed the fourth quarter unaudited financial results for FYE 31 March 2015 at meeting on 20 May 2015;
b. Reviewed the annual audited financial statement for FYE 31 March 2015 at meeting on 23 June 2015; and
c. Reviewed the unaudited quarterly financial results for the first, second and third quarters for FYE 31 March 2015 at meetings on 18 August 2015, 16 November 2015 and 18 February 2016 respectively.

The review was to ensure that the financial reporting and disclosure were in compliance with:-

a. Provisions of the Companies Act 1965;
b. MMLR of Bursa Securities;
c. Applicable approved accounting standards in Malaysia;
d. Other legal and regulatory requirements; and
e. In the review of the annual audited financial statements, the BAC discussed with the 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.

3.2 RISKS AND CONTROLS

The BAC evaluated the overall adequacy and effectiveness of the system of internal controls through review of results of work performed by internal and external auditors and discussions with the Management. The BAC also reviewed the Statement on Risk Management and Internal Control prior to inclusion in the Company's Annual Report.

3.3 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 and resource requirements for the year;

d. Reviewed the internal audit reports presented by IAD which were tabled during the year, the audit recommendations made and Management's responses to these recommendations. Where appropriate, the BAC has directed the Management 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 key risks and control lapses had been addressed; and

f. Monitored internal audit activities, the staffing requirements, skills and the core competency of the internal auditors.

3.4 EXTERNAL AUDIT

a. Reviewed the external auditor's Financial Statements of Pos Malaysia for FYE 31 March 2015 on 23 June 2015 before it was recommended for approval by the Board.

b. Reviewed the external auditors on:-

   i. Their audit plan, audit strategy and scope of work for the year; and

   ii. The results of the annual audit, their audit reports and management letter together with Management's response to the findings of the external auditors.

c. Reviewed and recommended for the Board's approval, the external auditor's results of quarterly reviews on 20 May 2015, 18 August 2015, 16 November 2015 and 18 February 2016.

d. Reviewed the overall performance through online evaluation questionnaires and, upon satisfactory assessment of the effectiveness of the external auditor, recommended their reappointment and fees payable in respect of the scope of work performed for the Board's approval. Messrs. KPMG, which has been Pos Malaysia's external auditor since 2004, was recommended to be reappointed for the ensuing year. The financial year ended 2016 marked its 12 years of engagement.

e. Reviewed the independence status of the external auditor and recommended that they be reappointed for the ensuing year. Every year, the BAC has obtained written assurance from the external auditors confirming their independence throughout their term of engagement for the financial year.

3.5 RELATED PARTY TRANSACTIONS

The BAC reviewed the recurrent related party transactions and related party transactions of the Group to ensure compliance with MMLR of Bursa Securities and that they were not favourable to the related parties than those generally available to the public and were not detrimental to minority shareholders.

4.0 STATEMENT ON INTERNAL AUDIT FUNCTION

4.1 ROLES AND RESPONSIBILITIES

The IAD is a fundamental part of the assurance structure of the Group. Its main responsibility is to provide an independent and reasonable assurance on the adequacy, integrity and effectiveness of the Group's overall system of internal control, risk management and governance process.

The Head of IAD reports directly to the BAC on a functional basis and to the Group Chief Executive Officer administratively. The Head of IAD periodically reports on the activities performed as well as key control issues noted by the internal auditors to the BAC. The purpose, authority and responsibility of IAD are reflected in the Internal Audit Charter, which was endorsed by the BAC and approved by the Board.

Annually, the IAD prepares a Risk-Based Audit Plan and presents to the BAC for approval. In view of the scarcity of 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, States Management Offices, Support Services Departments and subsidiaries. The audit covers the reviews on:-

a. The adequacy of internal controls;

b. The effectiveness and efficiency of operations;

c. The accuracy of financial and operational information;

d. The compliance with internal policies, procedures, regulatory and statutory requirements;

e. The adequacy and effectiveness of IT systems in supporting operations;

f. The effectiveness of risk management processes and the implementation of controls by Management to mitigate company's major risks;

g. The effectiveness of on-going key project implementation and deliverables; and

h. The levels of compliance with the Code and the MMLR of Bursa Securities.

In order to maintain its independence and objectivity, IAD has no operational responsibility and authority over the activities it audits. In determining the adequacy of audit scope and coverage, IAD applies a comprehensive audit planning of the Group's auditable entities and functions by performing risk analysis and ensuring adequate resources in performing the audit.

4.2 <u>AUDIT RESOURCES</u>

As at 31 March 2016, IAD had a total of 27 internal auditors, comprising staff from various educational and professional backgrounds. IAD invested in various training programmes to enhance the knowledge and competency level of the staff. The training programme, comprising in-house and externally sourced training, focuses on functional and developmental needs of the internal auditors.

The total amount spent for the internal audit function at Pos Malaysia in respect of FYE 31 March 2016 was RM3.3 million covering mainly salaries and incidental costs such as travelling and training.

The BAC approves the IAD's annual audit plan, financial budget and manpower requirements to ensure the function is adequately resourced with competent and proficient internal auditors.

4.3 <u>AUDIT ACTIVITIES</u>

IAD adopts a risk-based approach as part of its audit planning and execution focusing on significant identified risks and effectiveness of the controls to mitigate the risks. Activities of the IAD include review of the adequacy and effectiveness of internal controls and risk management, compliance with applicable laws and regulations, reliability and integrity of information and adequacy of safeguarding of assets.

During FYE 31 March 2016, IAD executed a total of 50 audits which comprised of scheduled, follow-up and ad-hoc engagements. None of the components of the internal audit function were outsourced to external service providers. However, in certain areas where technical expertise is required, assistance from external expert was sought through co-sourcing arrangement.

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 the Management in supporting the Whistle Blowing Policy and the Integrity Pact established in 2008 to ensure transparency and integrity throughout the tender process.

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.

FINANCIAL STATEMENTS

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 2016.

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 13 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	63,093	46,496

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 year, the Company paid a first and final single tier dividend of 13.1 sen per ordinary share totalling RM70,350,000 in respect of the financial year ended 31 March 2015 on 7 October 2015.

The first and final single tier dividend recommended by the Directors in respect of the financial year ended 31 March 2016 is 11.7 sen per ordinary share totalling RM63,000,000 subject to the approval of the shareholders at the forthcoming Annual General Meeting.

DIRECTORS OF THE COMPANY

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

Brig. Gen. (K) Tan Sri Dato' Sri (Dr) Haji Mohd Khamil bin Jamil	(Chairman)
Dato' Ibrahim Mahaludin bin Puteh	
Datuk Mohamed Razeek bin Md Hussain Maricar	
Datuk Puteh Rukiah binti Abd. Majid	
Dato' Eshah binti Meor Suleiman	
Dato' Abdul Hamid bin Sh Mohamed	
Lim Hwa Yu	
Dato' Sri Dr. Mohmad Isa bin Hussain	(appointed on 2 November 2015)
Dato' Sri Syed Faisal Albar bin Syed A.R. Albar	(appointed on 14 January 2016)
Dato' Ahmad Fuaad bin Mohd Kenali	(resigned on 29 March 2016)
Dato' Fauziah binti Yaacob	(resigned on 29 July 2015)
Dato' Sri Che Khalib bin Mohamad Noh	(resigned on 6 April 2015)

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 1.4.2015	Bought	Sold	At 31.3.2016
Brig. Gen. (K) Tan Sri Dato' Sri (Dr) Haji Mohd Khamil bin Jamil	57	–	–	57

Other than as disclosed above, according to the Register of Directors, none of the other 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 year, no Director has received nor become entitled to receive a benefit (other than emoluments disclosed in Note 6 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.

DIRECTORS' REPORT

ISSUE OF SHARES

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

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.

OTHER STATUTORY INFORMATION (CONTINUED)

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, the financial performance of the Group and of the Company for the financial year ended 31 March 2016 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.

SIGNIFICANT EVENT

The significant event is disclosed in Note 28 to the financial statements.

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:

Brig. Gen. (K) Tan Sri Dato' Sri (Dr) Haji Mohd Khamil bin Jamil

Dato' Abdul Hamid bin Sh Mohamed

Kuala Lumpur,
Date: 28 June 2016

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 March 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Revenue	4	**1,717,439**	1,494,045	**1,632,479**	1,419,163
Cost of materials and consumables		**(25,174)**	(28,126)	**(12,494)**	(13,621)
Staff costs		**(849,295)**	(784,606)	**(821,627)**	(758,118)
Rental, communication and utilities		**(95,333)**	(78,540)	**(97,401)**	(82,487)
Transportations		**(396,213)**	(203,137)	**(394,402)**	(201,990)
Maintenance and supplies		**(89,404)**	(71,864)	**(83,237)**	(64,458)
Depreciation of property, plant and equipment	10	**(102,092)**	(88,250)	**(96,867)**	(82,926)
Other operating expenses		**(91,656)**	(76,227)	**(82,583)**	(66,741)
Results from operating activities		**68,272**	163,295	**43,868**	148,822
Other income		**13,802**	5,662	**19,298**	13,792
Fair value through profit or loss:					
Held for trading financial instruments		**(97)**	79	**(97)**	58
Change in fair value of investment properties	11	**–**	760	**–**	–
Finance income		**17,365**	16,096	**11,489**	10,825
Finance costs		**(4,188)**	(2,102)	**–**	–
Net finance income		**13,177**	13,994	**11,489**	10,825
Zakat	5	**(2,653)**	(2,479)	**(2,418)**	(2,196)
Profit before tax	5	**92,501**	181,311	**72,140**	171,301
Tax expense	7	**(29,408)**	(54,261)	**(25,644)**	(50,448)
Net profit and total comprehensive income for the year attributable to the owners of the Company		**63,093**	127,050	**46,496**	120,853
Basic and diluted earnings per ordinary share (sen)	8	**11.7**	23.7		

The notes on pages 110 to 174 are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Assets					
Property, plant and equipment	10	**665,193**	656,126	**573,059**	561,732
Investment properties	11	**31,100**	31,100	**–**	–
Goodwill	12	**4,630**	4,630	**–**	–
Investments in subsidiaries	13	**–**	–	**162,854**	50,180
Investments in associates	14	**–**	–	**–**	–
Other investments	16	**–**	84,398	**–**	84,558
Total non-current assets		**700,923**	776,254	**735,913**	696,470
Inventories	15	**10,924**	10,837	**7,497**	7,230
Other investments	16	**84,672**	5,530	**84,446**	5,337
Trade and other receivables	17	**415,946**	361,175	**381,053**	467,012
Prepayments and other assets		**6,419**	3,947	**4,890**	1,810
Current tax assets		**11,150**	4,415	**9,890**	4,747
Cash and cash equivalents	18	**638,712**	518,422	**421,713**	324,824
Total current assets		**1,167,823**	904,326	**909,489**	810,960
Total assets		**1,868,746**	1,680,580	**1,645,402**	1,507,430
Equity					
Share capital	19	**268,513**	268,513	**268,513**	268,513
Share premium	19	**385**	385	**385**	385
Reserves	19	**846,698**	853,955	**691,151**	715,005
Total equity		**1,115,596**	1,122,853	**960,049**	983,903
Liabilities					
Deferred tax liabilities	20	**36,169**	45,774	**36,087**	45,220
Total non-current liabilities		**36,169**	45,774	**36,087**	45,220
Borrowings	21	**98,798**	48,798	**–**	–
Current tax liabilities		**470**	1,014	**–**	–
Trade and other payables	22	**617,713**	462,141	**649,266**	478,307
Total current liabilities		**716,981**	511,953	**649,266**	478,307
Total liabilities		**753,150**	557,727	**685,353**	523,527
Total equity and liabilities		**1,868,746**	1,680,580	**1,645,402**	1,507,430

The notes on pages 110 to 174 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 March 2016

		Attributable to owners of the Company				
		Non-distributable			Distributable	
Group	Note	Share capital* (Note 19) RM'000	Share premium (Note 19) RM'000	Revaluation reserve (Note 19) RM'000	Retained earnings RM'000	Total equity RM'000
At 1 April 2014		268,513	385	1,144	763,891	1,033,933
Profit and total comprehensive income for the financial year		–	–	–	127,050	127,050
Dividends to owners of the Company	9	–	–	–	(38,130)	(38,130)
At 31 March 2015/1 April 2015		268,513	385	1,144	852,811	1,122,853
Profit and total comprehensive income for the financial year		–	–	–	63,093	63,093
Dividends to owners of the Company	9	–	–	–	(70,350)	(70,350)
At 31 March 2016		**268,513**	**385**	**1,144**	**845,554**	**1,115,596**

* Share capital includes the Special Rights Redeemable Preference Share of RM1.00. Refer to Note 19(a) of the financial statements for details of the terms and rights attached to the Special Rights Redeemable Preference Share.

Company	Note	Attributable to owners of the Company Non-distributable Share capital* (Note 19) RM'000	Share premium (Note 19) RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 April 2014		268,513	385	632,282	901,180
Profit and total comprehensive income for the financial year		–	–	120,853	120,853
Dividends to owners of the Company	9	–	–	(38,130)	(38,130)
At 31 March 2015/1 April 2015		268,513	385	715,005	983,903
Profit and total comprehensive income for the financial year		–	–	46,496	46,496
Dividends to owners of the Company	9	–	–	(70,350)	(70,350)
At 31 March 2016		**268,513**	**385**	**691,151**	**960,049**

* Share capital includes the Special Rights Redeemable Preference Share of RM1.00. Refer to Note 19(a) of the financial statements for details of the terms and rights attached to the Special Rights Redeemable Preference Share.

The notes on pages 110 to 174 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 31 March 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		**92,501**	181,311	**72,140**	171,301
Adjustments for:					
Amortisation of government grant		**(5,118)**	(3,100)	**(5,118)**	(3,100)
Change in fair value of investment properties	11	**–**	(760)	**–**	–
Depreciation of property, plant and equipment	10	**102,762**	88,818	**97,537**	83,494
Fair value through profit or loss:					
Held for trading financial instruments		**97**	(79)	**97**	(58)
Finance costs		**4,188**	2,102	**–**	–
Finance income		**(17,365)**	(16,096)	**(11,489)**	(10,825)
Gain on disposal of property, plant and equipment		**(557)**	(325)	**(557)**	(325)
Inventories written down		**579**	515	**579**	–
Net impairment loss of trade receivables		**14,328**	2,764	**10,076**	1,443
Property, plant and equipment written off		**188**	2,234	**185**	180
Reversal of inventories written down		**(380)**	–	**–**	–
Unrealised foreign exchange (gain)/loss		**(6,079)**	5	**(6,079)**	5
Operating profit before changes in working capital		**185,144**	257,389	**157,371**	242,115
Change in inventories		**(286)**	2,188	**(846)**	990
Change in trade and other receivables, prepayments and other assets		**(70,794)**	(60,214)	**(38,768)**	4,326
Change in trade and other payables		**176,782**	(22,193)	**192,035**	(16,204)
Cash generated from operations		**290,846**	177,170	**309,792**	231,227
Interest paid		**(4,188)**	(2,102)	**–**	–
Tax paid		**(46,351)**	(69,150)	**(39,920)**	(63,161)
Tax refund		**59**	387	**–**	387
Net cash from operating activities		**240,366**	106,305	**269,872**	168,453
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances to subsidiaries		**–**	–	**–**	(84,056)
Proceeds from disposal of other investments		**5,026**	25,814	**5,027**	25,000
Proceeds from disposal of property, plant and equipment		**557**	519	**557**	519
Purchase of property, plant and equipment		**(112,017)**	(104,472)	**(109,049)**	(102,588)
Interest received		**17,365**	16,427	**11,489**	11,251
Net cash used in investing activities		**(89,069)**	(61,712)	**(91,976)**	(149,874)

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of short term borrowings		**50,000**	–	**–**	–
Dividend paid to owners of the Company		**(70,350)**	(38,130)	**(70,350)**	(38,130)
Net cash used in financing activities		**(20,350)**	(38,130)	**(70,350)**	(38,130)
Net increase/(decrease) in cash and cash equivalents		**130,947**	6,463	**107,546**	(19,551)
Cash and cash equivalents at 1 April	(i)	**445,726**	439,263	**252,128**	271,679
Cash and cash equivalents at 31 March	(i)	**576,673**	445,726	**359,674**	252,128

(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 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Cash and bank balances	18	**204,897**	178,056	**161,135**	130,273
Money market instruments	18	**407,617**	273,301	**249,211**	128,192
Deposits placed with licensed banks and other financial institutions	18	**26,198**	67,065	**11,367**	66,359
		638,712	518,422	**421,713**	324,824
Less:					
Collections on behalf of agency payables and money order and postal order payables		**(62,039)**	(72,696)	**(62,039)**	(72,696)
		576,673	445,726	**359,674**	252,128

The notes on pages 110 to 174 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 Bursa Malaysia Securities Berhad. The address of the registered office and principal place of business of the Company is as follows:

Registered office/Principal place of business
Level 8, Pos Malaysia Headquarters
Dayabumi Complex
50670 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2016 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 2016 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 Note 13 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 28 June 2016.

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.

The following are accounting standards, amendments and interpretations 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 2016
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements,* MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments* (2014)
- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128*, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

- from the annual period beginning on 1 April 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for Amendments to MFRS 5, Amendments to MFRS 11, MFRS 14 and Amendments to MFRS 141 which are not applicable to the Group and Company.
- from the annual period beginning on 1 April 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 April 2018 for those accounting standards that are effective for annual periods beginning on or after 1 January 2018.
- from the annual period beginning on 1 April 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Group and Company except as mentioned below:

MFRS 15*, Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts,* MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

MFRS 9*, Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as 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 periods 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 Note 11 - Valuation of investment properties.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured 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.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. 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.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of consolidation (continued)

(iii) Acquisitions of non-controlling interests

The Group accounts for 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 former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former 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.

(v) Associate

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, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

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 profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of consolidation (continued)

(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.

Unrealised gains arising from transactions with equity-accounted 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 end of 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 categories 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.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

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

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(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(j)(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 financial liabilities that are 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) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(iv) 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

(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.

(v) 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 control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. 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 profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, 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 or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Freehold 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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 operating 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.

(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 from the date that they are available for use. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes 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, or as investment property if held to earn rental income or for capital appreciation or for both.

(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 on the statement 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.

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 not amortised but is tested for impairment annually and whenever there is an indication that it may 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 changes 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Investment properties (continued)

(i) Investment properties carried at fair value (continued)

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 directly in equity as a revaluation of property, plant and equipment. 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.

(h) Inventories

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

The cost of inventories is calculated using the weighted average method, 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) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and money market instruments 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 payables.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(j) 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 impairment loss of the financial asset 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 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 to profit or loss.

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 period, 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 and investment properties measured at fair value) 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 goodwill that has indefinite useful lives, the recoverable amount is estimated each period at the same time.

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 a cash-generating unit or a 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 of disposal. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment (continued)

(ii) Other assets (continued)

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 amounts 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 periods 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.

(k) 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 equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit and loss as accrued.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) 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 and the Company 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 and the Company's contributions to Employees' Provident Fund are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have 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.

(n) 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.

Revenue from Ar-Rahnu business is accounted for on an accrual basis. The revenue is derived from fee charged to customers for safe keeping their gold and financing provided.

(ii) Other income

Rental income

Rental income from investment property 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 sub-leased 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 that the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Revenue and other income (continued)

(ii) Other income (continued)

Government grants (continued)

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

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

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, which in the case of quoted securities is the ex-dividend date.

Interest income

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

(o) 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.

(p) Zakat

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 financial years.

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 assets and liabilities 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) 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 period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) 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.

(t) Contingencies

(i) 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 statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of 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.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(u) Fair value measurement

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

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	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Mail	**905,392**	741,674	**902,600**	738,278
Courier	**556,099**	480,202	**552,803**	476,767
Retail	**201,656**	221,092	**177,005**	203,946
Others	**54,292**	51,077	**71**	172
	1,717,439	1,494,045	**1,632,479**	1,419,163

5. PROFIT BEFORE TAX

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging:					
Auditors' remuneration					
- Audit fees KPMG Malaysia		**534**	490	**310**	280
- Non-audit fees KPMG Malaysia		**496**	265	**411**	191
Depreciation of property, plant and equipment	10	**102,762**	88,818	**97,537**	83,494
Fair value loss through profit or loss:					
Held for trading financial instruments		**97**	–	**97**	–
Finance costs		**4,188**	2,102	**–**	–
Impairment loss of trade receivables		**17,639**	5,979	**10,894**	2,935
Inventories written down		**579**	515	**579**	–
Net unrealised foreign exchange loss		**–**	5	**–**	5
Operating license fee		**8,556**	7,485	**8,164**	7,298
Property, plant and equipment written off		**188**	2,234	**185**	180
Rental expense in respect of:					
- Office and computer equipment		**12,345**	11,656	**10,746**	10,409
- Land and buildings		**20,877**	17,828	**26,511**	26,287
- Machinery		**352**	375	**311**	316
- Motor vehicles		**14,563**	1,097	**14,563**	1,097
Staff costs (excluding key management personnel)					
- Salaries, bonuses and allowances		**674,291**	636,496	**653,549**	615,142
- Contributions to Employees' Provident Fund		**107,201**	90,497	**103,510**	87,073

5. **PROFIT BEFORE TAX (CONTINUED)**

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
and after crediting:					
Amortisation of government grants		**5,118**	3,100	**5,118**	3,100
Change in fair value of investment properties	11	**–**	760	**–**	–
Fair value gain through profit or loss:					
Held for trading financial instruments		**–**	79	**–**	58
Gain on disposal of property, plant and equipment		**557**	325	**557**	325
Interest income:					
- Private debt securities		**3,567**	3,850	**3,373**	3,754
- Others		**13,798**	12,246	**8,116**	7,071
Net realised foreign exchange gain		**1,334**	821	**1,409**	710
Net unrealised foreign exchange gain		**6,079**	–	**6,079**	–
Reversal of impairment loss of trade receivables		**3,311**	3,215	**818**	1,492
Reversal of inventories written down		**380**	–	**–**	–
Rental income:					
- Investment properties		**920**	970	–	–
- Operating lease other than those relating to investment properties		**1,690**	857	**1,696**	794
Recognition of expired postal orders	22	**4,062**	27,402	**4,062**	27,402

Included in profit for the year is zakat assessment as follows:

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Zakat assessment based on net current assets	**2,653**	2,479	**2,418**	2,196

6. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Directors				
- Fees	**868**	967	**868**	967
- Remuneration	**244**	189	**244**	189
	1,112	1,156	**1,112**	1,156
Other key management personnel				
- Remuneration	**9,377**	8,208	**8,218**	7,831
	10,489	9,364	**9,330**	8,987

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.

7. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Current tax expense				
Malaysian - current year	**31,768**	50,089	**27,838**	44,006
- prior year	**7,245**	1,035	**6,939**	1,336
Total current tax recognised in profit or loss	**39,013**	51,124	**34,777**	45,342
Deferred tax expense				
(Reversal)/Origination of temporary differences	**(3,265)**	1,605	**(3,438)**	3,573
(Over)/Under provision in prior year	**(6,340)**	1,532	**(5,695)**	1,533
Total deferred tax recognised in profit or loss	**(9,605)**	3,137	**(9,133)**	5,106
Total income tax expense	**29,408**	54,261	**25,644**	50,448

7. TAX EXPENSE (CONTINUED)

Recognised in profit or loss (continued)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Reconciliation of tax expense				
Profit before tax	**92,501**	181,311	**72,140**	171,301
Income tax calculated using				
Malaysian tax rate of 24% (2015: 25%)	**22,200**	45,328	**17,314**	42,825
Effect of change in tax rate	**–**	(1,907)	**–**	(1,884)
Non-deductible expenses	**9,759**	8,148	**8,226**	7,808
Tax exempt income	**(2,190)**	(2,229)	**(1,140)**	(1,170)
Unrecognised deferred tax assets	**–**	2,354	**–**	–
Utilisation of previously unrecognised deferred tax assets	**(1,266)**	–	**–**	–
	28,503	51,694	**24,400**	47,579
Under provision in prior year	**905**	2,567	**1,244**	2,869
	29,408	54,261	**25,644**	50,448

8. EARNINGS PER ORDINARY SHARE

Basic and diluted earnings per ordinary share

The calculation of basic and diluted earnings per ordinary share at 31 March 2016 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the financial year, calculated as follows:

	Group	
	2016 RM'000	2015 RM'000
Profit for the year attributable to ordinary shareholders (RM'000)	**63,093**	127,050
Weighted average number of ordinary shares at 31 March ('000)	**537,026**	537,026
Basic and diluted earnings per ordinary share (sen)	**11.7**	23.7

9. DIVIDENDS

Dividends recognised by the Company are:

	Sen per share	Total amount RM'000
2016		
First and final dividend in respect of financial year ended 31 March 2015 (single tier)	**13.1**	**70,350**
2015		
First and final dividend in respect of financial year ended 31 March 2014 (single tier)	7.1	38,130

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	Total amount RM'000
First and final single tier dividend	11.7	63,000

10. 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	Buildings improve-ments 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 April 2014	172,349	210,799	2,276	25,605	318,403	70,475	208,373	243,321	47,428	1,299,029
Additions	–	–	–	–	4,153	233	20,230	10,267	69,589	104,472
Disposals	–	–	–	–	–	–	(4,417)	(777)	–	(5,194)
Written off	–	–	–	–	(1,222)	–	(403)	(832)	–	(2,457)
Transfers	–	–	–	–	16,901	–	–	39,582	(56,483)	–
At 31 March 2015/ 1 April 2015	172,349	210,799	2,276	25,605	338,235	70,708	223,783	291,561	60,534	1,395,850
Additions	–	–	–	–	6,246	1,179	21,575	7,588	75,429	112,017
Disposals	–	–	–	–	(201)	–	(4,273)	–	–	(4,474)
Written off	–	–	–	–	(3)	–	–	(119)	(66)	(188)
Transfers	–	–	–	–	28,996	24,462	–	46,129	(99,587)	–
At 31 March 2016	**172,349**	**210,799**	**2,276**	**25,605**	**373,273**	**96,349**	**241,085**	**345,159**	**36,310**	**1,503,205**
Depreciation and impairment loss										
At 1 April 2014										
Accumulated depreciation	41,943	139,700	–	7,832	103,503	23,909	149,388	167,343	–	633,618
Accumulated impairment loss	–	–	–	–	–	–	–	–	22,511	22,511
	41,943	139,700	–	7,832	103,503	23,909	149,388	167,343	22,511	656,129
Depreciation for the year	2,939	9,137	–	501	30,192	2,809	19,512	23,728	–	88,818
Disposals	–	–	–	–	–	–	(4,227)	(773)	–	(5,000)
Written off	–	–	–	–	–	–	(223)	–	–	(223)
At 31 March 2015/ 1 April 2015										
Accumulated depreciation	44,882	148,837	–	8,333	133,695	26,718	164,450	190,298	–	717,213
Accumulated impairment loss	–	–	–	–	–	–	–	–	22,511	22,511
	44,882	148,837	–	8,333	133,695	26,718	164,450	190,298	22,511	739,724

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Leasehold land and buildings RM'000	Government leasehold land and buildings RM'000	Freehold land RM'000	Buildings RM'000	Buildings 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 for the year	2,939	9,137	–	501	34,033	3,849	20,425	31,878	–	102,762
Disposals	–	–	–	–	(201)	–	(4,273)	–	–	(4,474)
At 31 March 2016										
Accumulated depreciation	47,821	157,974	–	8,834	167,527	30,567	180,602	222,176	–	815,501
Accumulated impairment loss	–	–	–	–	–	–	–	–	22,511	22,511
	47,821	157,974	–	8,834	167,527	30,567	180,602	222,176	22,511	838,012
Carrying amounts										
At 31 March 2015/ 1 April 2015	127,467	61,962	2,276	17,272	204,540	43,990	59,333	101,263	38,023	656,126
At 31 March 2016	**124,528**	**52,825**	**2,276**	**16,771**	**205,746**	**65,782**	**60,483**	**122,983**	**13,799**	**665,193**

NOTES TO THE FINANCIAL STATEMENTS

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Leasehold land and buildings RM'000	Government leasehold land and buildings RM'000	Freehold land RM'000	Buildings RM'000	Buildings improve-ments 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 April 2014	97,833	210,799	2,276	25,605	295,967	53,703	207,624	217,290	46,492	1,157,589
Additions	–	–	–	–	6,073	169	20,200	7,342	68,804	102,588
Disposals	–	–	–	–	–	–	(4,417)	(777)	–	(5,194)
Write-off	–	–	–	–	–	–	(403)	–	–	(403)
Transfers	–	–	–	–	16,185	–	–	39,018	(55,203)	–
At 31 March 2015/ 1 April 2015	97,833	210,799	2,276	25,605	318,225	53,872	223,004	262,873	60,093	1,254,580
Additions	–	–	–	–	7,261	327	21,575	5,849	74,037	109,049
Disposals	–	–	–	–	–	–	(4,273)	–	–	(4,273)
Write off	–	–	–	–	–	–	–	(119)	(66)	(185)
Transfers	–	–	–	–	29,069	24,462	–	46,069	(99,600)	–
At 31 March 2016	**97,833**	**210,799**	**2,276**	**25,605**	**354,555**	**78,661**	**240,306**	**314,672**	**34,464**	**1,359,171**
Depreciation and impairment loss										
At 1 April 2014										
Accumulated depreciation	36,130	139,700	–	7,835	100,675	12,526	148,844	146,356	–	592,066
Accumulated impairment loss	–	–	–	–	–	–	–	–	22,511	22,511
	36,130	139,700	–	7,835	100,675	12,526	148,844	146,356	22,511	614,577
Depreciation for the year	1,809	9,137	–	501	28,501	2,432	19,452	21,662	–	83,494
Disposals	–	–	–	–	–	–	(4,227)	(773)	–	(5,000)
Write-off	–	–	–	–	–	–	(223)	–	–	(223)
At 31 March 2015										
Accumulated depreciation	37,939	148,837	–	8,336	129,176	14,958	163,846	167,245	–	670,337
Accumulated impairment loss	–	–	–	–	–	–	–	–	22,511	22,511
	37,939	148,837	–	8,336	129,176	14,958	163,846	167,245	22,511	692,848

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Leasehold land and buildings RM'000	Government leasehold land and buildings RM'000	Freehold land RM'000	Buildings RM'000	Buildings improve-ments 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 for the year	1,809	9,137	–	501	32,623	3,448	20,362	29,657	–	97,537
Disposals	–	–	–	–	–	–	(4,273)	–	–	(4,273)
At 31 March 2016										
Accumulated depreciation	39,748	157,974	–	8,837	161,799	18,406	179,935	196,902	–	763,601
Accumulated impairment loss	–	–	–	–	–	–	–	–	22,511	22,511
	39,748	157,974	–	8,837	161,799	18,406	179,935	196,902	22,511	786,112
Carrying amounts										
At 31 March 2015/ 1 April 2015	59,894	61,962	2,276	17,269	189,049	38,914	59,158	95,628	37,582	561,732
At 31 March 2016	**58,085**	**52,825**	**2,276**	**16,768**	**192,756**	**60,255**	**60,371**	**117,770**	**11,953**	**573,059**

Depreciation for the financial year has been allocated as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Depreciation of property, plant and equipment	**102,092**	88,250	**96,867**	82,926
Other income*	**670**	568	**670**	568
	102,762	88,818	**97,537**	83,494

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

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

10.1 Leasehold land and buildings

The title deeds for certain landed properties with net carrying value amounting to RM1,977,000 (2015: RM2,046,000) have yet to be issued in the name of the Company as at 31 March 2016 by the relevant authorities.

10.2 Government leasehold land and buildings

The leasehold land and buildings of the Group and of the Company with costs amounting to RM210,799,000 (2015: RM210,799,000) are for a lease period of sixty (60) years commencing from 1 January 1992, with 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) year lease period has not been agreed. However, this cost will be agreed upon finalisation of the agreement with the authorities, no later than 31 December 2021, 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.

11. INVESTMENT PROPERTIES

	Group	
	2016 **RM'000**	**2015** **RM'000**
At 1 April	**31,100**	30,340
Change in fair value recognised in profit or loss	**–**	760
At 31 March	**31,100**	31,100
Included in the above are:		
At fair value		
Freehold land and buildings	**12,048**	12,048
Leasehold land and buildings with unexpired lease period of more than 50 years	**19,052**	19,052
	31,100	31,100

Investment properties comprise a number of commercial properties that are leased to third parties and seven pieces of vacant land.

11. INVESTMENT PROPERTIES (CONTINUED)

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

	Group 2016 RM'000	2015 RM'000
Rental income	**920**	970
Direct operating expenses:		
- income generating investment properties	**(167)**	(167)

Fair value information

Fair value of investment properties are categorised as follows:

	2016			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Freehold land and buildings	**–**	**–**	**12,048**	**12,048**
Leasehold land and buildings	**–**	**–**	**19,052**	**19,052**
	–	**–**	**31,100**	**31,100**

	2015			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Freehold land and buildings	–	–	12,048	12,048
Leasehold land and buildings	–	–	19,052	19,052
	–	–	31,100	31,100

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

11. INVESTMENT PROPERTIES (CONTINUED)

Fair value information (continued)

The following table shows a reconciliation of Level 3 fair values:

Group	2016 RM'000	2015 RM'000
At 1 April	**31,100**	30,340
Gains and losses recognised in profit or loss		
Change in fair value - Other income - Unrealised	**–**	760
At 31 March	**31,100**	31,100

The following table shows the valuation technique used in the determination of fair values within level 3 as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The Group estimates the fair value of all investment properties based on the following key assumptions: - Comparison of the Group's investment properties with similar properties that were listed for sale within the same locality or other comparable localities; and - Enquiries from relevant property valuers and real estate agents on market conditions and changing market trends.	• Market price of property in vicinity compared.	• The estimated fair value would increase/(decrease) if market prices of property were higher/(lower).

Valuation processes applied by the Group for Level 3 fair value

The fair value of investment properties is determined by external independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation company provides the fair value of the Group's investment property portfolio every year. Changes in Level 3 fair values are analysed by the management every year after obtaining valuation report from the valuation company.

12. GOODWILL

Group	RM'000
Cost	
At beginning/end of the financial year	4,630
Amortisation and impairment losses	
At beginning/end of the financial year	–
Carrying amount	
At end of the financial year	4,630

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

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 to be generated from the continuing operation of the business as a licensed digital certificate provider and was based on the following:

(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 10% per annum (2015: 10%).

(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 of 13.4% (2015: 14.3%).

Sensitivity to changes in assumptions

Management recognises that 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 business unit should be able to sustain its growth rate.

NOTES TO THE FINANCIAL STATEMENTS

13. INVESTMENTS IN SUBSIDIARIES

	Company 2016 RM'000	Company 2015 RM'000
Ordinary shares		
Unquoted shares, at cost	**70,050**	70,050
Less: Accumulated impairment losses	**(19,870)**	(19,870)
	50,180	50,180
Redeemable preference shares, at cost	**112,674**	–
	162,854	50,180

During the financial year, the Company capitalised advances due from a subsidiary, Pos Ar-Rahnu Sdn. Bhd. amounting to RM112,674,000 into 1,126,736 Redeemable Preference Shares ("RPS") at RM100 per share.

The RPS held in the subsidiary are redeemable at the discretion of the Directors of the subsidiary and any dividend payments are discretionary. The RPS does not carry the right to vote.

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest and voting interest 2016 %	Effective ownership interest and voting interest 2015 %
Datapos (M) Sdn. Bhd.	Malaysia	Printing and insertion of documents for mailing	**100**	100
Digicert Sdn. Bhd.	Malaysia	Licensed digital certification authority	**100**	100
Effivation Sdn. Bhd.	Malaysia	Property investment	**100**	100
Pos Ar-Rahnu Sdn. Bhd.	Malaysia	Ar-Rahnu (Islamic pawn broking)	**100**	100
Pos Takaful Agency Sdn. Bhd.	Malaysia	Dormant	**100**	100
Poslaju (M) Sdn. Bhd.	Malaysia	Dormant	**100**	100

13. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest and voting interest 2016 %	2015 %
Pos Malaysia & Services Holdings Berhad	Malaysia	Investment holding	**100**	100
PSH Capital Partners Sdn. Bhd.	Malaysia	Investment holding	**100**	100
PSH Venture Capital Sdn. Bhd.	Malaysia	Investment holding	**100**	100
PSH Properties Sdn. Bhd.	Malaysia	Property investment	**100**	100
PSH Allied Berhad	Malaysia	Dormant	**100**	100
PMB Properties Sdn. Bhd.	Malaysia	Property investment	**100**	100
Held by PSH Capital Partners Sdn. Bhd.				
Prestige Future Sdn. Bhd.	Malaysia	Dormant	**100**	100
Held by PSH Properties Sdn. Bhd.				
Real Riviera Sdn. Bhd.	Malaysia	Property investment	**100**	100
Held by PSH Venture Capital Sdn. Bhd.				
PSH Express Sdn. Bhd.	Malaysia	Air courier services and fulfilment business	**100**	100
Held by Pos Malaysia & Services Holdings Berhad				
PSH Investment Holding (BVI) Ltd.*#	British Virgin Islands	Dormant	**100**	100

\# Not audited by member firms of KPMG International.

* The investment in PSH Investment Holding (BVI) Ltd. has been consolidated based on management financial statements for the financial year ended 31 March 2016 as a statutory audit is not required in the British Virgin Islands.

14. INVESTMENTS IN ASSOCIATES

	Group and Company 2016 RM'000	Group and Company 2015 RM'000
Unquoted shares, at cost	**7,650**	7,650
Less: Accumulated impairment losses	**(7,650)**	(7,650)
	–	–

Details of the associates are as follows:

Name of entity	Principal place of business/Country of incorporation	Principal activity/ Nature of the relationship	Effective ownership interest and voting interest 2016 %	Effective ownership interest and voting interest 2015 %
Elpos Print Sdn. Bhd.	Malaysia	General printing business and is one of the suppliers of the Group providing printing services	**40.0**	40.0
CEN Sdn. Bhd.	Malaysia	Investment holding	**42.5**	42.5
Subsidiary of CEN Sdn. Bhd.				
CEN Worldwide Sdn. Bhd.	Malaysia	Dormant	**42.5**	42.5
Pospay Exchange Sdn. Bhd.	Malaysia	Dormant	**50.0**	50.0

14. INVESTMENTS IN ASSOCIATES (CONTINUED)

The summarised financial information of associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group	
	2016 RM'000	2015 RM'000
Non-current assets	**440**	1,552
Current assets	**12,729**	13,104
Non-current liabilities	**(23)**	(4,292)
Current liabilities	**(78,693)**	(74,497)
Net liabilities	**(65,547)**	(64,133)
Loss and total comprehensive expense	**(2,073)**	(1,221)
Included in the total comprehensive income is:		
Revenue	**4,716**	4,735
Group's share of results		
Group's share of loss	**(828)**	(548)

Unrecognised share of losses

The Group discontinued equity accounting of losses in associates as the losses exceeded the carrying amount of the investments. The Group has not recognised loss totalling RM828,000 (2015: RM548,000) in the current financial year and losses RM39,717,000 (2015: RM38,889,000) cumulatively, since the Group has no obligation in respect of these losses.

15. INVENTORIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Postal uniforms and consumables	**7,967**	7,907	**7,487**	7,220
POS 2020 merchandise	**10**	10	**10**	10
Insertion and mailing materials	**2,807**	2,718	**–**	–
Digital certificates, CD ROM and smart cards	**140**	202	**–**	–
	10,924	10,837	**7,497**	7,230
Recognised in profit or loss:				
Inventories recognised as cost of sales	**37,957**	40,089	**25,278**	24,630
Inventories written down	**579**	515	**579**	–
Reversal of inventories written down	**(380)**	–	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

16. OTHER INVESTMENTS

Group 2016	Shares Unquoted in Malaysia RM'000	 Quoted in Malaysia RM'000	Private debt securities RM'000	 Total RM'000
Non-current				
Available-for-sale financial assets	249,562	–	–	249,562
Less: Impairment loss	(249,562)	–	–	(249,562)
	–	–	–	–
Current				
Financial assets at fair value through profit or loss:				
- Quoted shares in Malaysia	–	407	–	407
Held-to-maturity investments	–	–	84,265	84,265
	–	407	84,265	84,672
	–	407	84,265	84,672
Representing items:				
At amortised cost	–	–	84,265	84,265
At fair value	–	407	–	407
	–	407	84,265	84,672
Market value of quoted investments	–	407	–	407

16. OTHER INVESTMENTS (CONTINUED)

Group 2015	Shares Unquoted in Malaysia RM'000	 Quoted in Malaysia RM'000	Private debt securities RM'000	Total RM'000
Non-current				
Available-for-sale financial assets	249,562	–	–	249,562
Less: Impairment loss	(249,562)	–	–	(249,562)
	–	–	–	–
Held-to-maturity investments	–	–	84,398	84,398
	–	–	84,398	84,398
Current				
Financial assets at fair value through profit or loss:				
- Quoted shares in Malaysia	–	504	–	504
Held-to-maturity investments	–	–	5,026	5,026
	–	504	5,026	5,530
	–	504	89,424	89,928
Representing items:				
At amortised cost	–	–	89,424	89,424
At fair value	–	504	–	504
	–	504	89,424	89,928
Market value of quoted investments	–	504	–	504

16. OTHER INVESTMENTS (CONTINUED)

Company 2016	Shares Unquoted in Malaysia RM'000	Shares Quoted in Malaysia RM'000	Private debt securities RM'000	Total RM'000
Non-current				
Available-for-sale financial assets	357,343	–	–	357,343
Less: Impairment loss	(357,343)	–	–	(357,343)
	–	–	–	–
Current				
Financial assets at fair value through profit or loss:				
- Quoted shares in Malaysia	–	213	–	213
Held-to-maturity investments	–	–	84,233	84,233
	–	213	84,233	84,446
	–	213	84,223	84,446
Representing items:				
At amortised cost	–	–	84,233	84,233
At fair value	–	213	–	213
	–	213	84,233	84,446
Market value of quoted investments	–	213	–	213

16. OTHER INVESTMENTS (CONTINUED)

Company 2015	Shares Unquoted in Malaysia RM'000	 Quoted in Malaysia RM'000	Private debt securities RM'000	 Total RM'000
Non-current				
Available-for-sale financial assets	357,343	–	–	357,343
Less: Impairment loss	(357,343)	–	–	(357,343)
	–	–	–	–
Held-to-maturity investments	–	–	84,558	84,558
	–	–	84,558	84,558
Current				
Financial assets at fair value through profit or loss:				
- Quoted shares in Malaysia	–	310	–	310
Held-to-maturity investments	–	–	5,027	5,027
	–	310	5,027	5,337
	–	310	89,585	89,895
Representing items:				
At amortised cost	–	–	89,585	89,585
At fair value	–	310	–	310
	–	310	89,585	89,895
Market value of quoted investments	–	310	–	310

Available-for-sale financial assets

In the previous financial years, the Group and the Company recognised impairment losses of RM249,562,000 and RM357,343,000 respectively for their 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. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade					
Trade receivables	a	**130,033**	130,718	**96,063**	86,533
Ar-Rahnu financing	b	**211,471**	158,737	**–**	–
Amount due from subsidiaries	c	**–**	–	**161,369**	173,216
		341,504	289,455	**257,432**	259,749
Accrued receivables	d	**46,911**	48,153	**36,976**	32,570
		388,415	337,608	**294,408**	292,319
Non-trade					
Other receivables		**6,213**	3,042	**6,051**	2,064
Amount due from subsidiaries	c	**–**	–	**60,016**	152,787
Deposits		**13,908**	14,418	**13,283**	13,818
Investment income receivables		**1,537**	1,235	**1,537**	1,235
Staff advances		**5,873**	4,872	**5,758**	4,789
		27,531	23,567	**86,645**	174,693
		415,946	361,175	**381,053**	467,012

a. Trade receivables

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 of the Company is RM12,333,000 (2015: RM6,671,000) and RM6,444,000 (2015: RM3,281,000) respectively, due from related companies of a significant investor that has an influence over the Group.

b. Ar-Rahnu financing

Included in Ar-Rahnu financing of the Group is RM6,188,000 (2015: RM3,981,000) and RM205,163,000 (2015: RM154,657,000) in relation to safekeeping fee receivables and collateral value receivables from customers.

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

c. Amount due from subsidiaries

Trade

The trade amounts due from subsidiaries is unsecured, interest free and subject to normal trade terms.

Non-trade

Included in non-trade amounts due from subsidiaries is RM48,190,000 (2015: RM146,388,000) which is unsecured, bears interest at 4.25% (2015: 4.25%) per annum and repayable on demand.

The remaining non-trade amounts due from subsidiaries of RM11,826,000 (2015: RM6,399,000) is unsecured, interest free and repayable on demand.

d. Accrued receivables

Accrued receivables represents revenue recognised for services rendered, but yet to be billed. Billing will be done in accordance with respective terms and conditions agreed with customers.

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Deposits placed with:				
Licensed banks	**562**	706	**–**	–
Other financial institutions	**25,636**	66,359	**11,367**	66,359
	26,198	67,065	**11,367**	66,359
Money market instruments	**407,617**	273,301	**249,211**	128,192
Cash and bank balances	**204,897**	178,056	**161,135**	130,273
	638,712	518,422	**421,713**	324,824

Included in cash and bank balances of the Group and of the Company are collections on behalf of agency payables, money order and postal order payables amounting to RM62,039,000 (2015: RM72,696,000).

Money market instruments represent a placement in Islamic funds which are permitted under the Deed to invest in short-term Islamic money market instruments and shariah-compliant permitted investments. As at 31 March 2016, these funds have invested in short-term Islamic money market instruments.

The Directors regard these money market instruments as cash and cash equivalents as these instruments are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

19. SHARE CAPITAL AND RESERVES

	Group		Company	
	Amount 2016 RM'000	Number of shares 2016 '000	Amount 2015 RM'000	Number of shares 2015 '000
Authorised:				
Ordinary shares of RM0.50	**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 at 1 April/31 March	**268,513**	**537,026**	268,513	537,026
Special Rights Redeemable Preference Share of RM1 each	*	*	*	*
At 1 April/31 March	**268,513**	**537,026**	268,513	537,026

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

(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.

19. SHARE CAPITAL AND RESERVES (CONTINUED)

(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.

20. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Group						
Property, plant and equipment	**–**	–	**(57,192)**	(66,274)	**(57,192)**	(66,274)
Investment properties	**–**	–	**(271)**	(271)	**(271)**	(271)
Provisions	**21,294**	20,771	**–**	–	**21,294**	20,771
Tax assets/(liabilities)	**21,294**	20,771	**(57,463)**	(66,545)	**(36,169)**	(45,774)
Set-off	**(21,294)**	(20,771)	**21,294**	20,771	**–**	–
Net tax liabilities	**–**	–	**(36,169)**	(45,774)	**(36,169)**	(45,774)
Company						
Property, plant and equipment	**–**	–	**(55,277)**	(62,813)	**(55,277)**	(62,813)
Provisions	**19,190**	17,593	**–**	–	**19,190**	17,593
Tax assets/(liabilities)	**19,190**	17,593	**(55,277)**	(62,813)	**(36,087)**	(45,220)
Set-off	**(19,190)**	(17,593)	**19,190**	17,593	**–**	–
Net tax liabilities	**–**	–	**(36,087)**	(45,220)	**(36,087)**	(45,220)

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.

20. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Unrecognised deferred tax assets

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

	Group	
	2016 RM'000	**2015 RM'000**
Unutilised tax losses	**70,861**	70,619
Unabsorbed capital allowances	**2,843**	8,361
	73,704	78,980

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.

21. BORROWINGS

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Current				
Revolving credit	**98,798**	48,798	**–**	–

Security

The revolving credit is secured by way of guarantee by the Company of up to RM98,798,000 which is equivalent to the revolving credit facility limit.

22. TRADE AND OTHER PAYABLES

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Trade					
Trade payables	a	**202,390**	49,161	**201,523**	48,663
Non-trade					
Amounts due to subsidiaries	b	**–**	–	**54,704**	44,403
Other payables and accruals:					
Unpresented money orders		**42,003**	41,134	**42,003**	41,134
Unpresented postal orders	c	**13,367**	16,090	**13,367**	16,090
Agency payables		**55,786**	61,411	**55,786**	61,411
Money order payables		**6,253**	11,285	**6,253**	11,285
Service payables		**37,365**	31,103	**35,111**	33,584
Other accruals	d	**234,845**	234,313	**218,939**	206,468
Deposits received		**25,704**	17,644	**21,580**	15,269
		415,323	412,980	**447,743**	429,644
		617,713	462,141	**649,266**	478,307

a. Trade payables

Included in trade payables of the Group and of the Company as at 31 March 2015, was an amount of RM229,200 due to related companies of a significant investor that has an influence over the Group.

b. Amounts due to subsidiaries

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

c. Unpresented postal orders

During the financial year, the Group and Company recognised expired postal orders of more than 3 years amounting to RM4,062,000 (2015: RM27,402,000) in the profit or loss.

d. Other accruals

Included in other accruals of the Group and of the Company are deferred government grant received and deferred income in relation to prepaid mail amounting to RM1,217,000 (2015: RM2,547,000) and RM32,253,000 (2015: RM30,871,000) respectively.

The grant related to assets is amortised over the useful lives of the assets. During the financial year, RM670,000 (2015: RM568,000) has been amortised as other income in profit or loss.

Included in other accruals of the Group and the Company are Goods and Service Tax ("GST") payable which refers to the returns due to the Royal Malaysian Custom Department ("RMCD") in relation to output tax received by the Group and the Company amounting to RM1,131,000 (2015 : RM Nil) and RM692,000 (2015: RM Nil) respectively.

23. 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 and Ar-Rahnu (Islamic pawn broking) business.

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 ended 31 March 2016 and 31 March 2015.

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.

23. OPERATING SEGMENTS (CONTINUED)

2016	Mail RM'000	Courier RM'000	Retail RM'000	Other operations RM'000	Elimination RM'000	Group RM'000
Revenue						
Total external revenue	905,392	556,099	201,656	54,292	–	1,717,439
Intersegment revenue	34,488	20,983	49,197	–	(104,668)	–
Total revenue for reportable segments	939,880	577,082	250,853	54,292	(104,668)	1,717,439
Reportable segment results	58,118	55,476	(68,518)	22,872	–	67,948
Other unallocated results						24,553
Profit before taxation						92,501
Reportable segments assets	395,220	124,472	418,643	123,112	–	1,061,447
Other unallocated assets						807,299
Total assets						1,868,746
Reportable segment liabilities	138,171	38,362	129,895	19,025	–	325,453
Other unallocated liabilities						427,697
Total liabilities						753,150
Other information						
Capital expenditure						
- Property, plant and equipment	39,079	36,539	32,027	4,372	–	112,017
Depreciation of property, plant and equipment	(48,097)	(22,535)	(29,394)	(2,736)	–	(102,762)
Finance income	–	–	–	17,365	–	17,365
Finance costs	–	–	(4,188)	–	–	(4,188)
Fair value through profit or loss:						
- Held for trading financial instruments	–	–	–	(97)	–	(97)
Tax expense	–	–	–	–	–	(29,408)

23. OPERATING SEGMENTS (CONTINUED)

2015	Mail RM'000	Courier RM'000	Retail RM'000	Other operations RM'000	Elimination RM'000	Group RM'000
Revenue						
Total external revenue	741,674	480,201	219,873	52,297	–	1,494,045
Intersegment revenue	29,981	18,887	52,661	–	(101,529)	–
Total revenue for reportable segments	771,655	499,088	272,534	52,297	(101,529)	1,494,045
Reportable segment results	78,140	90,703	(29,389)	23,247	–	162,701
Other unallocated results						18,610
Profit before taxation						181,311
Reportable segments assets	408,715	132,229	328,167	138,155	–	1,007,266
Other unallocated assets						673,314
Total assets						1,680,580
Reportable segment liabilities	16,880	892	104,822	11,641	–	134,235
Other unallocated liabilities						423,492
Total liabilities						557,727
Other information						
Capital expenditure						
- Property, plant and equipment	48,256	37,217	15,574	3,425	–	104,472
Depreciation of property, plant and equipment	(46,293)	(17,866)	(18,822)	(5,269)	–	(88,250)
Finance income	–	–	–	16,069	–	16,069
Finance costs	–	–	(2,102)	–	–	(2,102)
Change in fair value of investment properties	–	–	–	760	–	760
Fair value through profit or loss:						
- Held for trading financial instruments	–	–	–	79	–	79
Tax expense	–	–	–	–	–	(54,261)

24. FINANCIAL INSTRUMENTS

24.1 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) Held-to-maturity investments ("HTM"); and
(d) Other financial liabilities measured at amortised cost ("OL").

2016	Carrying amount RM'000	L&R/ (OL) RM'000	FVTPL -HFT RM'000	HTM RM'000
Financial assets				
Group				
Other investments	**84,672**	–	**407**	**84,265**
Trade and other receivables	**415,946**	**415,946**	–	–
Cash and cash equivalents	**638,712**	**638,712**	–	–
	1,139,330	**1,054,658**	**407**	**84,265**
Company				
Other investments	**84,446**	–	**213**	**84,233**
Trade and other receivables	**381,053**	**381,053**	–	–
Cash and cash equivalents	**421,713**	**421,713**	–	–
	887,212	**802,766**	**213**	**84,233**
Financial liabilities				
Group				
Revolving credit	**(98,798)**	**(98,798)**	–	–
Trade and other payables	**(583,112)**	**(583,112)**	–	–
	(681,910)	**(681,910)**	–	–
Company				
Trade and other payables	**(614,665)**	**(614,665)**	–	–

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.1 Categories of financial instruments (continued)

2015	Carrying amount RM'000	L&R/ (OL) RM'000	FVTPL -HFT RM'000	HTM RM'000
Financial assets				
Group				
Other investments	89,928	–	504	89,424
Trade and other receivables	361,175	361,175	–	–
Cash and cash equivalents	518,422	518,422	–	–
	969,525	879,597	504	89,424
Company				
Other investments	89,895	–	310	89,585
Trade and other receivables	467,012	467,012	–	–
Cash and cash equivalents	324,824	324,824	–	–
	881,731	791,836	310	89,585
Financial liabilities				
Group				
Revolving credit	(48,798)	(48,798)	–	–
Trade and other payables	(428,723)	(428,723)	–	–
	(477,521)	(477,521)	–	–
Company				
Trade and other payables	(444,889)	(444,889)	–	–

24.2 Net gains and losses arising from financial instruments

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net gains/(losses) on:				
Fair value through profit or loss:				
- Held for trading financial instruments	**(97)**	79	**(97)**	58
Held-to-maturity investments	**3,567**	3,850	**3,373**	3,754
Loans and receivables	**(1,581)**	10,298	**(226)**	6,333
Financial liabilities measured at amortised cost	**(9,490)**	(2,102)	**(5,302)**	–
	(7,601)	12,125	**(2,252)**	10,145

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.3 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

24.4 Credit risk

Credit risk is the risk of a financial loss to the Group and the Company 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, Ar-Rahnu financing and investment securities.

The Group and the Company also have exposure to credit risk from loans and advances to subsidiaries.

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 and the Company seek 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.

In relation to Ar-Rahnu financing, financing is given up to 75% of the collateral value placed with the Group. Ar-Rahnu financing is monitored on an ongoing basis and action will be taken (such as auctioning of collateral held) for long outstanding financing. Any receivables having significant balances more than 6 months 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 stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group and the Company. The Group and the Company use 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 and the Company's large number of customers.

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Receivables (continued)

Impairment losses

The ageing of trade receivables and Ar-Rahnu financing as at the end of the reporting year was:

Group	Gross RM'000	Impairment RM'000	Net RM'000
2016			
Not past due	**246,621**	**(30)**	**246,591**
Past due 1 - 30 days	**24,491**	**(208)**	**24,283**
Past due 31 - 120 days	**38,802**	**(332)**	**38,470**
Past due more than 120 days	**58,713**	**(26,553)**	**32,160**
	368,627	**(27,123)**	**341,504**
2015			
Not past due	206,929	–	206,929
Past due 1 - 30 days	31,551	–	31,551
Past due 31 - 120 days	36,821	–	36,821
Past due more than 120 days	37,614	(23,460)	14,154
	312,915	(23,460)	289,455

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

Company	Gross RM'000	Impairment RM'000	Net RM'000
2016			
Not past due	**16,089**	**(30)**	**16,059**
Past due 1 - 30 days	**15,563**	**(208)**	**15,355**
Past due 31 - 120 days	**35,208**	**(332)**	**34,876**
Past due more than 120 days	**48,076**	**(18,303)**	**29,773**
	114,936	**(18,873)**	**96,063**
2015			
Not past due	37,608	–	37,608
Past due 1 - 30 days	19,976	–	19,976
Past due 31 - 120 days	18,170	–	18,170
Past due more than 120 days	29,722	(18,943)	10,779
	105,476	(18,943)	86,533

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Receivables (continued)

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

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
At 1 April	**23,460**	26,064	**18,943**	22,868
Impairment loss recognised	**17,639**	5,979	**10,894**	2,935
Impairment loss written off	**(10,665)**	(5,368)	**(10,146)**	(5,368)
Impairment loss reversed	**(3,311)**	(3,215)	**(818)**	(1,492)
At 31 March	**27,123**	23,460	**18,873**	18,943

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

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 year, the Group and the Company have 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.

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 RM98,798,000 (2015: RM48,798,000) representing the outstanding banking facilities of the subsidiary as at the end of the reporting year.

As at the end of the reporting year, 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.

NOTES TO THE FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

The Group and the Company manage its balances and deposits with banks and financial institutions by monitoring their credit ratings on an ongoing basis.

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 Group's statement of financial position.

Inter-company loans and advances

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.

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.

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

The amounts due from subsidiaries are repayable on demand.

Impairment losses

As at the end of the reporting year, the inter-company balance that is assessed to be irrecoverable amounting to RM45,776,000 (2015: RM45,776,000) had been impaired. The Company does not specifically monitor the aging of current advances to the subsidiaries.

24.5 Liquidity risk

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

The Group and the Company maintain 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.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.5 Liquidity risk (continued)

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
2016					
Group					
Non-derivative financial liabilities					
Revolving credit	**98,798**	**4.69%**	**98,798**	**98,798**	**–**
Trade and other payables	**583,112**	**–**	**583,112**	**583,112**	**–**
	681,910		**681,910**	**681,910**	**–**
Company					
Non-derivative financial liabilities					
Trade and other payables	**614,665**	**–**	**614,665**	**614,665**	**–**
Financial guarantee	**–**	**–**	**98,798**	**98,798**	**–**
	614,665		**713,463**	**713,463**	**–**
2015					
Group					
Non-derivative financial liabilities					
Revolving credit	48,798	4.40%	48,798	48,798	–
Trade and other payables	428,723	–	428,723	428,723	–
	477,521		477,521	477,521	–
Company					
Non-derivative financial liabilities					
Trade and other payables	444,889	–	444,889	444,889	–
Financial guarantee	–	–	48,798	48,798	–
	444,889		493,687	493,687	–

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 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 and the Company's financial position or cash flows.

24.6.1 Currency risk

The Group and the Company are 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 and the Company do not use any forward contracts to hedge against its exposure to foreign currency. The Group and the Company ensure 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 and the Company's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

Group	Denominated in USD'000 2016	2015
Trade and other receivables	**6,085**	14,314
Trade and other payables	**(5,567)**	(4,732)
Exposure in the statements of financial position	**518**	9,582

Currency risk sensitivity analysis

A 10% (2015: 10%) strengthening of RM against USD at the end of the reporting period would have increased 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	Profit or loss 2016 RM'000	2015 RM'000
USD	**(39)**	(719)

A 10% (2015: 10%) weakening of RM against the USD at the end of the reporting period 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.

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

24.6.2 Interest rate risk

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

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

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

The Company provides advances to its subsidiaries at an interest of 4.25% (2015:4.25%) per annum and are repayable on demand.

Risk management objectives, policies and processes for managing the risk

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

The Group's and the Company'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	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Fixed rate instruments				
Financial assets				
Held-to-maturity investments	**84,265**	89,424	**84,233**	89,585
Deposits placed with licensed banks	**26,198**	67,065	**11,367**	66,359
	110,463	156,489	**95,600**	155,944
Floating rate instruments				
Financial liabilities				
Revolving credit	**(98,798)**	(48,798)	**–**	–

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

24.6.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company do not account for any fixed rate financial assets 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.

	Profit or loss	
Group	**2016 RM'000**	**2015 RM'000**
Floating rate instruments	**751**	366

24.6.3 Other price risk

Equity price risk arises from the Group's and the Company'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% (2015: 10%) strengthening in FBMKLCI at the end of the reporting period would have increased equity and post-tax profit by RM31,000 (2015: RM38,000) for investment classified as fair value through profit or loss. A 10% (2015: 10%) weakening in FBMKLCI would have had equal but opposite effect on equity and profit or loss respectively.

24.7 Fair value information

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

It was not practicable to estimate the fair value of the Group's and the Company's investment in unquoted shares due to the lack of comparable quoted market prices in an active market and the fair value cannot be reliably measured.

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.7 Fair value information (continued)

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

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
2016	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Group										
Financial assets										
Held-to-maturity investments	–	–	–	–	–	84,247	–	84,247	84,247	84,265
Quoted shares	407	–	–	407	–	–	–	–	407	407
	407	–	–	407	–	84,247	–	84,247	84,654	84,672
Financial liabilities										
Revolving credit	–	–	–	–	–	98,798	–	98,798	98,798	98,798
Company										
Financial assets										
Held-to-maturity investments	–	–	–	–	–	84,215	–	84,215	–	84,233
Quoted shares	213	–	–	213	–	–	–	–	213	213
	213	–	–	213	–	84,215	–	84,215	213	84,446

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.7 Fair value information (continued)

2015	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Group										
Financial assets										
Held-to-maturity investments	–	–	–	–	–	89,494	–	89,494	89,494	89,424
Quoted shares	504	–	–	504	–	–	–	–	504	504
	504	–	–	504	–	89,494	–	89,494	89,998	89,928
Financial liabilities										
Revolving credit	–	–	–	–	–	48,798	–	48,798	48,798	48,798
Company										
Financial assets										
Held-to-maturity investments	–	–	–	–	–	89,654	–	89,654	89,654	89,585
Quoted shares	310	–	–	310	–	–	–	–	310	310
	310	–	–	310	–	89,654	–	89,654	89,964	89,895

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.7 Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

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.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year. (2015: no transfer in either directions)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	**Description of valuation technique and input used**
Term loans	*Fair value of term loans is estimated to approximate its carrying amount as this is variable rate borrowings*

25. 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	
	2016 RM'000	2015 RM'000
Total borrowings (Note 21)	**98,798**	48,798
Less: Cash and cash equivalents (Note 18)	**(576,673)**	(445,726)
Net cash	**(477,875)**	(396,928)
Total equity	**1,115,596**	1,122,853

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.

26. CAPITAL COMMITMENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Property, plant and equipment				
Authorised but not contract for	**76,681**	341,664	**55,820**	310,068
Contracted but not provided for	**83,955**	120,121	**60,874**	112,941

27. SIGNIFICANT RELATED PARTY TRANSACTIONS

Identity of related parties

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 or jointly 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. 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 Group has related party relationship with its significant investors, subsidiaries, associates and key management personnel.

27. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms.

The significant related party transactions of the Group and the Company, other than key management personnel compensation (see Note 6) are shown below. Significant related parties balances related to the below transactions are disclosed in Notes 17 and 22 to the financial statements.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
A. Related companies of a significant investor that has an influence over the Group				
Sales of services	**11,597**	22,877	**5,740**	16,567
Rental income	**12**	12	**12**	12
Purchase of services	**(126,550)**	(36,813)	**(126,550)**	(36,813)
Rental expense	**(369)**	(377)	**(369)**	(377)
Purchase of capital expenditures	**(10,231)**	(42,287)	**(10,231)**	(42,287)
B. Subsidiaries				
Sales of services	**–**	–	**51,507**	57,516
Purchase of services	**–**	–	**(9,046)**	(4,874)
Finance income	**–**	–	**6,385**	6,826
Rental income	**–**	–	**10**	1,004
Rental expense	**–**	–	**(8,030)**	(8,030)
C. Associates				
Purchase of goods	**–**	(1,547)	**–**	(1,547)

28. SIGNIFICANT EVENT

On 14 March 2016, the Group entered into the following corporate exercises:-

i. a conditional share sale agreement with HICOM Holdings Berhad, a wholly owned subsidiary of DRB-HICOM Berhad, for the acquisition of the entire issued and paid-up capital share capital of KL Airport Services Sdn. Bhd. ("KLAS"), comprising 88,328,527 ordinary shares of RM1.00 each in KLAS, 35,300,000 redeemable convertible preference shares of RM1.00 each in KLAS and such number of new KLAS Shares to be issued on a later date, for a total purchase consideration of RM749.35 million; and

ii. a conditional sale and purchase agreement with HICOM Indungan Sdn. Bhd. and HICOM Engineering Sdn. Bhd., an indirect wholly-owned subsidiary of DRB-HICOM Berhad, for the proposed acquisition of part of a parcel of freehold industrial land held under GRN 311546 Lot 62010, Pekan HICOM, District Petaling, State of Selangor Darul Ehsan located along Jalan Jijan 28/35, Section 28, 40400 Shah Alam measuring 9.912 acres for a purchase consideration of RM69.00 million.

The completion of the acquisitions are subjected to the fulfilment of the condition precedents to the share sale agreement and sale and purchase agreement respectively.

29. 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 2016, 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	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Total retained earnings of the Company and its subsidiaries:				
- Realised	**782,623**	804,909	**721,256**	760,192
- Unrealised	**91,135**	72,753	**(30,105)**	(45,187)
	873,758	877,662	**691,151**	715,005
Total share of retained earnings of associates:				
- Realised	**(7,650)**	(7,650)	**–**	–
	866,108	870,012	**691,151**	715,005
Less: Consolidation adjustments	**(20,554)**	(17,201)	**–**	–
Total retained earnings	**845,554**	852,811	**691,151**	715,005

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.

STATEMENTS 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 104 to 173 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 2016 and of their financial performance and cash flows for the year then ended.

In the opinion of Directors, the information set out in Note 29 on page 174 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:

Brig. Gen. (K) Tan Sri Dato' Sri (Dr) Haji Mohd Khamil bin Jamil

Dato' Abdul Hamid bin Sh Mohamed

Kuala Lumpur,
Date: 28 June 2016

STATUTORY DECLARATION

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

I, **Dato' Mohd Shukrie bin Mohd Salleh**, 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 104 to 174 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 28 June 2016.

Dato' Mohd Shukrie bin Mohd Salleh

Before me:

PESURUHJAYA SUMPAH
No: W 673
Nama: YIP HUEN WENG
MALAYSIA

NO. 21, JALAN AMINUDDIN BAKI
TAMAN TUN DR ISMAIL
60000 KUALA LUMPUR

INDEPENDENT AUDITORS' REPORT

to the members of Pos Malaysia Berhad

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 2016 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 104 to 173.

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 2016 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 13 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) The 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 29 on page 174 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

Chong Dee Shiang
Approval Number: 2782/09/16(J)
Chartered Accountant

Petaling Jaya,
Date: 28 June 2016

TOP 10 PROPERTIES

No.	Location	Subject Property	Registered Owner
1	Shah Alam	HS(D) 98478, PT No 1 Sek 21, Town of Shah Alam, District of Petaling Jaya, State of Selangor	PMB Properties Sdn Bhd
2	Brickfields	PN 27419, Lot No. 361, Section 0072, Town & District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Pos Malaysia & Services Holdings Berhad
3	Dayabumi Complex Kuala Lumpur	HS(D) 49280, PT 46 Sek 70, Town & District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Federal Lands Commissioner
4	KLIA	HS(D) 7443, PT 27, Bandar Lapangan Terbang Antarabangsa Sepang, District of Sepang, State of Selangor	Malaysia Airports (Sepang) Sdn Bhd
5	Ipoh	PN 155068, Lot 2436N, Town of Ipoh, District of Kinta, State of Perak	Effivation Sdn Bhd
	Ipoh	PN 155069, Lot 2437N, Town of Ipoh, District of Kinta, State of Perak	Effivation Sdn Bhd
	Ipoh	PN 4738, Lot 31448, Town of Ipoh, District of Kinta, State of Perak	Effivation Sdn Bhd
	Ipoh	PN 153337, Lot 35120, Town of Ipoh, District of Kinta, State of Perak	Effivation Sdn Bhd
	Ipoh	PN 153721, Lot 2351N, Town of Ipoh, District of Kinta, State of Perak	Effivation Sdn Bhd
	Ipoh	GRN 55283, Lot 31449, Town of Ipoh, District of Kinta, State of Perak	Effivation Sdn Bhd

<table>
<thead>
<tr><th>Existing Use/ Description</th><th>Tenure</th><th>Land Area (square metre)</th><th>Gross Floor Area (square metre)</th><th>Cost of Purchase/ Lease Amount (RM)</th><th>Net Book Value as at 31 March 2016 (RM)</th><th>Date of Revaluation</th></tr>
</thead>
<tbody>
<tr><td>MPC Section 21 Shah Alam/Double Storey Office Building, 2 units of 1 1/2 Storey Factory Building</td><td>Leasehold 99 years (expiring on 19/07/2094)</td><td>90,072</td><td>46,451</td><td>69,000,000</td><td>66,669,039</td><td>–</td></tr>
<tr><td>Pos Laju Warehouse</td><td>Leasehold 99 years (expiring on 20/05/2097)</td><td>10,922</td><td>3,442</td><td>53,000,000</td><td>46,459,062</td><td>–</td></tr>
<tr><td>General Post Office/ Eight Storey Building</td><td>60 years lease (expiring on 31/12/2051)</td><td>8,496</td><td>44,519</td><td>60,000,000</td><td>14,961,733</td><td>–</td></tr>
<tr><td>Pos Malaysia International Hub (PMIH)</td><td>Concession</td><td>36,950</td><td>18,729</td><td>34,277,932</td><td>18,179,089</td><td>–</td></tr>
<tr><td>Vacant Land</td><td>Leasehold 999 years (expiring on 30/12/2893)</td><td>1,310</td><td>Not applicable</td><td>3,262,660</td><td rowspan="6">13,860,000</td><td>22/03/16</td></tr>
<tr><td>Vacant Land</td><td>Leasehold 999 years (expiring on 30/12/2893)</td><td>1,424</td><td>Not applicable</td><td>2,804,939</td><td>22/03/16</td></tr>
<tr><td>Vacant Land</td><td>Leasehold 999 years (expiring on 30/12/2893)</td><td>2,722</td><td>Not applicable</td><td rowspan="2">4,741,831</td><td>22/03/16</td></tr>
<tr><td>Vacant Land</td><td>Leasehold 999 years (expiring on 24/03/2895)</td><td>2,228</td><td>Not applicable</td><td>22/03/16</td></tr>
<tr><td>Vacant Land</td><td>Leasehold 999 years (expiring on 30/12/2883)</td><td>1,500</td><td>Not applicable</td><td>3,550,000</td><td>22/03/16</td></tr>
<tr><td>Vacant Land</td><td>Freehold</td><td>3,010</td><td>Not applicable</td><td>2,980,593</td><td>22/03/16</td></tr>
</tbody>
</table>

TOP 10 PROPERTIES

No.	Location	Subject Property	Registered Owner
	Ipoh	PN 155073, Lot 2740N, Town of Ipoh, District of Kinta, State of Perak	Effivation Sdn Bhd
6	Bukit Raja	GRN 308149, Lot 35838, Mukim of Kapar, District of Klang, State of Selangor	Pos Malaysia Berhad
7	Larkin	HS(D) 109201, TLO 682, Town of Johor Bahru, District of Johor Bahru, State of Johor	Pos Malaysia Berhad
8	Persiaran Greenhill	HS(D) 209759, PT 232308 Town of Ipoh (U), District of Kinta, State of Perak	Real Riviera Sdn Bhd
9	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
10	Bangi	HS(D) 52880, PT 41029, Bandar Baru Bangi, District of Hulu Langat, State of Selangor	Pos Malaysia Berhad
	Bangi	HS(D) 52881, PT 41030, Bandar Baru Bangi, District of Hulu Langat, State of Selangor	

Existing Use/ Description	Tenure	Land Area (square metre)	Gross Floor Area (square metre)	Cost of Purchase/ Lease Amount (RM)	Net Book Value as at 31 March 2016 (RM)	Date of Revaluation
Vacant Land	Leasehold 999 years (expiring on 30/12/2893)	1,507	Not applicable	3,739,742		22/03/16
Delivery Klang Utara/ Warehouse with attached three storey office	Freehold	8,809	5,617	10,300,000	11,708,273	–
Mail Centre, Johor Bahru/ a Single Storey detached Warehouse with a double storey office annex and a Single storey detached office block and detached warehouse, etc	Leasehold 60 years (expiring on 15/12/2021)	20,234	6,601	10,300,000	11,560,702	–
Office Building/Seven Storey Building	Leasehold 999 years (expiring on 21/09/2894)	635	3,176	9,566,461	8,200,000	22/03/16
Office and Commercial units	Freehold	–	1,441	7,694,005	7,450,000	22/03/16
Delivery/Warehouse with attached office (2 units)	Leasehold 99 years (expiring on 19/08/2098)	6,267	2,044	2,800,000	5,105,596	–
	Leasehold 99 years (expiring on 19/08/2098)	4,206	2,044	2,400,000		–

ANALYSIS OF SHAREHOLDINGS

as at 30 June 2016

Authorised Share Capital	:	RM1,000,000,001.00 divided into 2,000,000,000 ordinary shares of RM0.50 each and one (1) Special Rights Redeemable Preference Share of RM1.00
Issued and Fully Paid-up Share 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	:	19,837

SUBSTANTIAL SHAREHOLDERS

As per the Register of Substantial Shareholders

		Direct		Indirect	
	Shareholders	No. of shares	%	No. of shares	%
1.	DRB-HICOM Berhad	172,997,399	32.21	–	–
2.	Employees Provident Fund Board	69,427,600	12.93	–	–
3.	Kumpulan Wang Persaraan (Diperbadankan)	51,465,900	9.58	12,959,700	2.41
4.	Aberdeen Asset Management PLC and its subsidiaries	33,565,700*	6.25	–	–
5.	Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor	–	–	172,997,399[a]	32.21
6.	Etika Strategi Sdn Bhd	–	–	172,997,399[b]	32.21
7.	Mitsubishi UFJ Financial Group, Inc	–	–	33,811,224[c]	6.30

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 via Etika Strategi Sdn. Bhd.*

(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 ("MUFG") wholly-owned subsidiary, Mitsubishi UFJ Trust & Banking Corp, holding more than 15% interest in Aberdeen Asset Management PLC; MUFG's wholly-owned subsidiary, Mitsubishi UFJ Securities Co. Ltd., holding more than 15% interest in KOKUSAI Asset Management Co. Ltd., and MUFG holding more than 15% interest in Morgan Stanley Group.*

DISTRIBUTION OF SHAREHOLDINGS

Holdings	No. of Shares	% of Issued Share Capital	No. of Shareholders/ Depositors	% of Shareholders/ Depositors
Less than 100	204,591	0.04	5,026	25.33
100 to 1,000	4,249,284	0.79	6,604	33.29
1,001 to 10,000	26,157,892	4.87	6,879	34.68
10,001 to 100,000	32,525,959	6.06	1,164	5.87
100,001 to less than 5% of issued shares	200,658,060	37.36	161	0.81
5% and above of issued shares	273,230,299	50.88	3	0.02
Total	**537,026,085**	**100.00**	**19,837**	**100.00**

30 LARGEST REGISTERED SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	Cartaban Nominees (Tempatan) Sdn Bhd *DRB-HICOM Berhad*	172,997,399	32.21
2	Kumpulan Wang Persaraan (Diperbadankan)	51,465,900	9.58
3	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	48,767,000	9.08
4	Citigroup Nominees (Tempatan) Sdn Bhd *Exempt An for AIA Bhd*	25,634,700	4.77
5	HSBC Nominees (Asing) Sdn Bhd *BNP Paribas Secs Svs Lux for Aberdeen Global*	17,586,800	3.27
6	Amanahraya Trustees Berhad *Amanah Saham Bumiputera*	16,567,100	3.08
7	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (CIMB PRIN)*	10,684,200	1.99
8	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for CIMB Islamic Dali Equity Theme Fund*	7,513,200	1.40
9	CIMB Group Nominees (Tempatan) Sdn Bhd *CIMB Bank Berhad (EDP 2)*	6,885,700	1.28
10	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for Citibank N.A Singapore (UBP SG1)*	6,500,000	1.21
11	Maybank Nominees (Tempatan) Sdn Bhd *National Trust Fund (IFM CIMBPRIN)*	4,861,900	0.91
12	DB (Malaysia) Nominee (Asing) Sdn Bhd *Exempt An for Deutsche Bank AG London (Prime Brokerage)*	4,809,900	0.90

ANALYSIS OF SHAREHOLDINGS
as at 30 June 2016

No.	Name of Shareholders	No. of Shares	%
13	Citigroup Nominees (Tempatan) Sdn Bhd *Kumpulan Wang Persaraan (Diperbadankan) (CIMB Equities)*	4,737,300	0.88
14	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (Aberdeen)*	4,576,300	0.85
15	Citigroup Nominees (Tempatan) Sdn Bhd *Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)*	4,307,100	0.80
16	HSBC Nominees (Asing) Sdn Bhd *BNP Paribas Secs Svs Paris for Aberdeen Asian Smaller Companies Investment Trust Plc*	4,293,000	0.80
17	HSBC Nominees (Asing) Sdn Bhd *BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund*	3,940,500	0.73
18	HSBC Nominees (Asing) Sdn Bhd *Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)*	3,675,300	0.68
19	Citigroup Nominees (Asing) Sdn Bhd *CBNY for DFA Emerging Markets Small Cap Series*	3,263,100	0.61
20	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc*	3,204,500	0.60
21	Cartaban Nominees (Asing) Sdn Bhd *Exempt An for State Street Bank & Trust Company (West CLT OD67)*	3,164,300	0.59
22	Hong Leong Assurance Berhad *As Beneficial Owner (Life Par)*	3,067,900	0.57
23	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (Amundi)*	3,000,000	0.56
24	Citigroup Nominees (Tempatan) Sdn Bhd *Kumpulan Wang Persaraan (Diperbadankan) (I-VCAP)*	2,633,500	0.49
25	HSBC Nominees (Asing) Sdn Bhd *BNP Paribas Secs Svs Paris for HI-KABL-FONDS*	2,540,000	0.47
26	Amanahraya Trustees Berhad *Public Islamic Select Treasures Fund*	2,473,800	0.46
27	HSBC Nominees (Asing) Sdn Bhd *HSBC-FS for Allianz Choice Asian Fund (AGI Choice Fund)*	2,328,000	0.43
28	Amanahraya Trustees Berhad *Amanah Saham Nasional 3 Imbang*	2,021,600	0.38
29	PM Nominees (Tempatan) Sdn Bhd *For Bank Kerjasama Rakyat Malaysia Berhad*	1,792,000	0.33
30	Amanahraya Trustees Berhad *Amanah Saham Gemilang For Amanah Saham Kesihatan*	1,782,500	0.33
	TOTAL	**431,074,499**	**80.27**

DIRECTORS' DIRECT AND INDIRECT INTERESTS IN SHARES IN THE COMPANY

As per the Register of Directors' Shareholdings

	No. of shares		No. of shares	
Name of Directors	**Direct Interest**	**%**	**Indirect Interest**	**%**
Brigadier General (K) Tan Sri Dato' Sri (Dr) Haji Mohd Khamil bin Jamil	57	+	–	–

Notes:

\+ *Negligible*

None of the other Directors in office as at 30 June 2016 held any interest in shares in the Company and its related companies.

NOTICE OF
24TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the **24th Annual General Meeting** ("AGM") of Pos Malaysia Berhad ("Pos Malaysia" or "the Company") will be held at Glenmarie Ballroom, Holiday Inn Kuala Lumpur Glenmarie, 1, Jalan Usahawan U1/8, 40250 Shah Alam, Selangor Darul Ehsan on Thursday, 18 August 2016 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 2016 and the Reports of the Directors and Auditors thereon. **Please refer to Note A**

2. To declare a first and final single tier dividend of 11.7 sen per ordinary share in respect of the financial year ended 31 March 2016. (Ordinary Resolution 1)

3. 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 Syed Faisal Albar bin Syed A.R. Albar (Ordinary Resolution 2)
   (b) Dato' Sri Dr. Mohmad Isa bin Hussain (Ordinary Resolution 3)
   Please refer to Note B

4. To re-elect the following Directors who retire by rotation pursuant to Article 115 of the Company's Articles of Association, and who being eligible, offered themselves for re-election:
   (a) Datuk Puteh Rukiah binti Abd. Majid (Ordinary Resolution 4)
   (b) Dato' Eshah binti Meor Suleiman (Ordinary Resolution 5)
   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 6)

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 2016.

   "THAT the payment of the Directors' fees of RM867,857.93 in respect of the financial year ended 31 March 2016 be hereby approved." (Ordinary Resolution 7)

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 27 July 2016 with the transacting related 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 where the aggregate value is equal to or exceeds the applicable prescribed threshold under Paragraph 10.09(1) of the Listing Requirements.

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 8)

NOTICE OF
24TH ANNUAL GENERAL MEETING

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 27 July 2016 with the transacting related 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 where the aggregate value is equal to or exceeds the applicable prescribed threshold under Paragraph 10.09(1) of the Listing Requirements.

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 9)

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 24th 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 12 August 2016. Only Depositors whose names appear on the Record of Depositors as at 12 August 2016 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 first and final single tier dividend of 11.7 sen per ordinary share in respect of the financial year ended 31 March 2016, if approved by the shareholders at the 24th AGM, will be paid on 7 October 2016 to shareholders whose names appear in the Register of Members or Record of Depositors at the close of business on 9 September 2016.

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 7 September 2016 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 9 September 2016 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' Carol Chan Choy Lin (MIA 3930)
Company Secretary

Kuala Lumpur
Date: 27 July 2016

NOTICE OF
24TH ANNUAL GENERAL MEETING

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' Sri Syed Faisal Albar bin Syed A.R. Albar, Dato' Sri Dr. Mohmad Isa bin Hussain, Datuk Puteh Rukiah binti Abd. Majid and Dato' Eshah binti Meor Suleiman are due to retire at the 24th AGM of the Company and are eligible to offer themselves for re-election at the AGM in accordance with the Company's Articles of Association. All the four (4) retiring Directors are seeking re-election as Directors of the Company.

The Board through the Board Nomination and Remuneration Committee ("BNRC") has deliberated on the suitability of the retiring Directors to be re-elected as Directors. Upon deliberation, the Board collectively agrees that the said Directors meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors as prescribed in Paragraph 2.20A of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

Further, in line with Recommendation 3.1 of the Malaysian Code on Corporate Governance 2012, the BNRC has considered and affirmed, and the Board has endorsed that Datuk Puteh Rukiah binti Abd. Majid and Dato' Eshah binti Meor Suleiman, Independent Directors who are seeking re-election at the 24th AGM of the Company comply with the independence criteria as prescribed in the Listing Requirements of Bursa Securities and remained independent in exercising their judgement and in carrying out their duties as Independent Directors.

EXPLANATORY NOTES ON SPECIAL BUSINESS:

1. The proposed Ordinary Resolution 7 if passed, will authorise the payment of Directors' fees to Directors of the Company for their services during the financial year ended 31 March 2016 ("FYE 31 March 2016"). The amount of Directors' fees payable to the Director includes fees payable to three (3) former Directors who had served as Director during the FYE 31 March 2016. The amount also includes fees payable to the Directors as members of the Company's Board Committees.

2. The proposed Ordinary Resolutions 8 and 9 if passed, will respectively renew the existing shareholders' mandate and grant a new mandate to the Pos Malaysia Group to enable the Pos Malaysia Group to respectively 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 27 July 2016.

VOTING PROCEDURE

Pursuant to Paragraph 8.29A of the Listing Requirements of Bursa Securities, voting at the 24th AGM of the Company will be conducted by poll, rather than on a show of hands. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and to verify the results of the poll, respectively.

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 appointer or of his attorney duly appointed under a power of attorney or if such appointer 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 24th 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 and their profile are set out in the Directors' Profiles in the 2016 Annual Report.

PROXY FORM
24TH ANNUAL GENERAL MEETING

MALAYSIA

POS MALAYSIA BERHAD (229990-M)

CDS Account No.	
Total Number of Shares Held	
Contact number	

I/We, ____
(FULL NAME OF SHAREHOLDER AS PER NRIC/PASSPORT IN BLOCK LETTERS)

NRIC/Passport/Company No.: ____

Address ____

being a member of **Pos Malaysia Berhad (229990-M)**, hereby appoint the following:

(1) PROXY "A" : ____
(FULL NAME OF PROXY "A" AS PER NRIC/PASSPORT IN BLOCK LETTERS)

NRIC/Passport : ____

Address : ____

or failing him/her ____
(FULL NAME AS PER NRIC/PASSPORT IN BLOCK LETTERS)

NRIC/Passport : ____

Address : ____

(2) PROXY "B" *(if Applicable)* : ____
(FULL NAME OF PROXY "B" AS PER NRIC/PASSPORT IN BLOCK LETTERS)

NRIC/Passport : ____

Address : ____

or failing him/her ____
(FULL NAME AS PER NRIC/PASSPORT IN BLOCK LETTERS)

NRIC/Passport : ____

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 24th Annual General Meeting of the Company, to be held at Glenmarie Ballroom, Holiday Inn Kuala Lumpur Glenmarie, 1, Jalan Usahawan U1/8, 40250 Shah Alam, Selangor Darul Ehsan on Thursday, 18 August 2016 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 %

No.	Ordinary Resolution	For	Against
1	Declaration of Dividend		
2	Re-election of Dato' Sri Syed Faisal Albar bin Syed A.R. Albar as Director		
3	Re-election of Dato' Sri Dr. Mohmad Isa bin Hussain as Director		
4	Re-election of Datuk Puteh Rukiah binti Abd. Majid as Director		
5	Re-election of Dato' Eshah binti Meor Suleiman as Director		
6	Re-appointment of Messrs. KPMG as the Company's Auditors for the ensuing year		
7	Approval of Directors' fees		
8	Proposed Renewal of Shareholders' Mandate for Mandated Recurrent Related Party Transactions of a Revenue or Trading Nature		
9	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 24th 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 ____________ 2016.

____
Signature(s)/Common Seal of Shareholder(s)

NOTES ON PROXY:

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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 Malaysia Securities Berhad ("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 appointer or of his attorney duly appointed under a power of attorney or if such appointer 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 and post to:

1ST FOLD HERE

AFFIX STAMP

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

2ND FOLD HERE

POS MALAYSIA BERHAD
(229990-M)
Level 8, Pos Malaysia Headquarters
Dayabumi Complex, 50670 Kuala Lumpur

03-2267 2267

www.pos.com.my