



**TIONG NAM**  
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**TIONG NAM LOGISTICS HOLDINGS BERHAD**  
**(Company No. 182485V)**  
**(Incorporated in Malaysia)**

**INTERIM FINANCIAL REPORT**  
**31 MARCH 2019**



**TIONG NAM LOGISTICS HOLDINGS BERHAD**  
 (Company No. 182485V)  
 (Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT  
 FOR THE PERIOD ENDED 31 MARCH 2019 – UNAUDITED**

	INDIVIDUAL 3 MONTHS ENDED 31 MARCH			CUMULATIVE 12 MONTHS ENDED 31 MARCH		
	2019 RM ('000)	2018 RM ('000)	CHANGES %	2019 RM ('000)	2018 RM ('000)	CHANGES %
Revenue	136,495	169,242	(19.35)%	589,888	656,374	(10.13)%
Direct operation expenses	(108,878)	(141,782)	(23.21)%	(460,875)	(499,824)	(7.79)%
Depreciation and amortization	(9,509)	(6,927)	37.28%	(32,238)	(26,866)	20.00%
Finance cost	(10,349)	(12,127)	(14.67)%	(41,571)	(33,455)	24.26%
Other overhead expenses	(10,182)	6,734	(251.21)%	(42,962)	(41,554)	3.39%
Operating profit	(2,423)	15,140	(116.00)%	12,242	54,675	(77.61)%
Share of profit / (loss) after tax in associates	51	(3)	(1,800.00)%	(278)	(57)	387.72%
Profit before tax	(2,372)	15,137	(115.67)%	11,964	54,618	(78.09)%
Tax expenses	(7,523)	(6,700)	12.28%	(11,339)	(20,190)	(43.84)%
Net profit for the period	(9,895)	8,437	(217.28)%	625	34,428	(98.18)%
Attributable to:						
Equity holders of the Company	(10,318)	7,698	(234.03)%	(1,374)	31,257	(104.40)%
Non-controlling Interest	423	739	(42.76)%	1,999	3,171	(36.96)%
Net profit for the period	(9,895)	8,437	(217.28)%	625	34,428	(98.18)%
Basic earnings per ordinary shares (sen)	(2.26)	1.34	(268.98)%	(0.30)	6.99	(104.31)%
Diluted earnings per ordinary shares (sen)	(2.26)	1.67	(235.59)%	(0.30)	6.20	(104.86)%

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the financial statements



**TIONG NAM LOGISTICS HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE  
 INCOME FOR THE PERIOD ENDED 31 MARCH 2019 - UNAUDITED**

	INDIVIDUAL 3 MONTHS ENDED 31 MARCH			CUMULATIVE 12 MONTHS ENDED 31 MARCH		
	2019 RM ('000)	2018 RM ('000)	CHANGES %	2019 RM ('000)	2018 RM ('000)	CHANGES %
Profit/(Loss) for the period	(9,895)	8,437	(217.28)%	625	34,428	(98.18)%
Currency translation differences arising from consolidation	(207)	21	1,085.71%	(302)	(1,002)	(69.86)%
<b>Total comprehensive income/(loss)</b>	<b>(10,102)</b>	<b>8,458</b>	<b>(219.44)%</b>	<b>323</b>	<b>33,426</b>	<b>(99.03)%</b>
<b>Total comprehensive income/(loss) attributed to:</b>						
Equity holders of the Company	(10,525)	7,719	(236.35)%	(1,676)	30,255	(105.54)%
Non-controlling interests	423	739	(42.76)%	1,999	3,171	(36.96)%
<b>Net profit/(loss) for the period</b>	<b>(10,102)</b>	<b>8,458</b>	<b>(219.44)%</b>	<b>323</b>	<b>33,426</b>	<b>(99.03)%</b>

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the financial statements.



**TIONG NAM LOGISTICS HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2019 – UNAUDITED**

	31 MAR 2019 RM ('000)	31 MAR 2018 RM ('000)
<b>Assets</b>		
Property, plant and equipment	1,174,467	1,095,457
Investment properties	55,305	74,020
Investment in associates	774	1,052
Deferred tax assets	19,402	6,989
Land held for future development	8,376	8,376
<b>Total non-current assets</b>	<b>1,258,323</b>	<b>1,185,894</b>
Other Investments	12,071	21,040
Inventories	196,695	183,624
Property development project	120,743	157,693
Receivables	260,696	232,200
Tax recoverable	23,017	15,196
Cash and cash equivalents	14,506	12,766
Asset classified as held for sale	-	-
<b>Total current assets</b>	<b>627,728</b>	<b>622,519</b>
<b>Total assets</b>	<b>1,886,052</b>	<b>1,808,413</b>
<b>Equity</b>		
Share capital	171,372	137,219
Reserves	518,449	568,175
<b>Total equity attributable to equity holders of the Company</b>	<b>689,821</b>	<b>705,394</b>
Minority interest	13,296	15,879
<b>Total equity</b>	<b>703,117</b>	<b>721,273</b>
<b>Liabilities</b>		
Deferred tax liabilities	50,004	41,313
Other payables	-	-
Loans and borrowings	560,126	539,354
<b>Total non-current liabilities</b>	<b>610,130</b>	<b>580,667</b>
Payables	184,575	207,413
Loans and borrowings	387,373	298,027
Provision for taxation	856	1,033
<b>Total current liabilities</b>	<b>572,804</b>	<b>506,473</b>
<b>Total liabilities</b>	<b>1,182,934</b>	<b>1,087,140</b>
<b>Total equity and liabilities</b>	<b>1,886,052</b>	<b>1,808,413</b>
<b>Net Assets per share (RM)</b>	<b>1.51</b>	<b>1.55</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements.



**TIONG NAM LOGISTICS HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 MARCH 2019 – UNAUDITED**

	← Attributable to shareholders of the Company →					Distributable		Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Warrant Reserves RM'000	Treasury Shares RM'000	Revaluation Reserves RM' 000	Exchange Fluctuation Reserves RM' 000	Retained Profits RM'000	Total RM'000		
At 01 April 2018	137,219	33,702	(6,916)	123,372	(1,614)	419,631	705,394	15,879	721,273
Total comprehensive Income/(loss) for the period	-	-	-	-	(302)	625	323	1,999	2,322
Conversion of Warrants	540	(88)	-	-	-	-	451	-	451
Transfer of warrants to ordinary shares upon expired	33,614	(33,614)	-	-	-	-	-	-	-
Purchase of own shares	-	-	(304)	-	-	-	(304)	-	(304)
Acquisition of non-controlling interest without change in control	-	-	-	-	-	(688)	(688)	(2,982)	(3,650)
MFRS prior year adjustment	-	-	-	-	-	(13,972)	(13,972)	-	(13,972)
Realisation of revaluation reserves	-	-	-	(1,404)	-	-	(1,404)	-	(1,404)
Dividend paid to minority interest	-	-	-	-	-	-	-	(1,600)	(1,600)
Dividend to owners of the Company	-	-	-	-	-	-	-	-	-
<b>At 31 March 2019</b>	<b>171,372</b>	<b>-</b>	<b>(7,220)</b>	<b>121,968</b>	<b>(1,916)</b>	<b>405,616</b>	<b>689,820</b>	<b>13,296</b>	<b>703,116</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements.



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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE PERIOD ENDED 31 MARCH - UNAUDITED**

	<b>31 MAR 2019</b>	<b>31 MAR 2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit / (loss) before tax	11,964	54,618
<b>Adjustment for :-</b>		
Impairment loss /(Gain) for doubtful debts	195	2,543
Depreciation	32,238	26,866
Interest expenses	41,571	33,455
<b>Loss/ (Gain) on disposals of :-</b>		
- quoted investments	903	740
- property, plant & equipment	(1,954)	(98)
- investment properties	-	-
- associate	-	(77)
Change in fair value of investment properties	43	96
Changes in fair value of assets classified as held for sales	(5,400)	(87)
Share of (profit)/loss in associates	278	57
Interest income	(1,217)	(204)
Quoted investment		
- Fair value loss / (gain)	2,443	10,484
- Gross dividends	(414)	(358)
Unquoted investment		
- Gross dividends	-	(38)
	<b>80,650</b>	<b>127,997</b>
<b>Changes in working capital :</b>		
Changes in inventories	(13,071)	(143,244)
Changes in trade and other receivables	(37,724)	(9,532)
Changes in trade and other payables	(33,855)	6,877
Changes in property development projects	32,920	115,534
	<b>28,920</b>	<b>97,632</b>
Tax paid	(16,373)	(33,638)
<b>Net cash from operating activities</b>	<b>12,547</b>	<b>63,994</b>



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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE PERIOD ENDED 31 MARCH - UNAUDITED - CONTINUATION**

	<b>31 MAR 2019</b> <b>RM'000</b>	<b>31 MAR 2018</b> <b>RM'000</b>
<b>Cash flows from investing activities</b>		
<b>Acquisition of :-</b>		
- property, plant and equipment	(92,809)	(117,992)
- investment properties	(233)	(1,311)
- land held for future development	-	(8,376)
<b>Proceeds from disposal of :-</b>		
- quoted investments	5,194	10,529
- unit trust fund	-	1,926
- withdrawal of investment	430	-
- property, plant and equipment	2,046	369
- investment properties	13,500	1,150
<b>Proceed from UKAS</b>	14,483	-
<b>Investment in</b>		
- quoted shares	-	(6,105)
- unquoted shares	-	-
<b>Interest received</b>	1,217	204
<b>Dividend received</b>	414	396
<b>Net cash used in investing activities</b>	<b>(55,758)</b>	<b>(118,894)</b>
<b>Cash flows from financing activities</b>		
<b>Drawdown of term loan</b>	127,030	80,126
<b>(Repayment of) / Proceeds from :</b>		
- term loan	(51,070)	(66,043)
- finance lease liabilities	(10,667)	(8,891)
- short term borrowings	18,192	69,129
<b>Proceeds from new share arising from conversion of warrants</b>	440	33,384
<b>Purchase of own shares</b>	(304)	(8,262)
<b>Interest paid</b>	(41,571)	(39,664)
<b>(Increase) / decrease in pledged deposits with licensed bank</b>	896	(23)
<b>Dividend paid to shareholders of the Company</b>		
- Current year	-	(8,878)
<b>Dividend paid to minority shareholders of Subsidiaries</b>	(1,600)	(3,860)
<b>Net cash from financing activities</b>	<b>41,346</b>	<b>47,018</b>
<b>Exchange differences on translation of the financial statements of foreign subsidiary</b>	<b>(1,007)</b>	<b>(1,002)</b>
<b>Net increase / (decrease) in cash and cash Equivalents</b>	<b>(2,872)</b>	<b>(8,884)</b>
<b>Cash &amp; cash equivalents at beginning of year</b>	<b>(12,761)</b>	<b>(4,257)</b>
<b>Cash &amp; cash equivalents at end of year</b>	<b>(15,633)</b>	<b>(13,141)</b>



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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE PERIOD ENDED 31 MARCH - UNAUDITED - CONTINUATION**

	<b>31 MAR 2019</b>	<b>31 MAR 2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	11,256	10,216
Fixed deposits with licensed banks	3,250	2,550
Short term deposit with licensed bank		
Bank overdraft	(30,139)	(25,011)
	<b>(15,633)</b>	<b>(12,245)</b>
<b>Less : Deposits pledged</b>	-	(896)
	<b>(15,633)</b>	<b>(13,141)</b>

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements.



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## **A NOTES TO THE INTERIM FINANCIAL REPORT**

### **A1 Basis of Preparation**

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, including compliance with Malaysian Financial Reporting Standards (MFRS) 134 Interim Financial Reporting, issued by Malaysian Accounting Standard Board (MASB).

The interim financial statements should be read in conjunction with the Group's financial statement for the year ended 31 March 2018. This interim report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial year 2018 annual financial statements.

Since the previous audit financial statements as at 31 March 2018 were issued, the Group has adopted Malaysian Financial Reporting Standards ("MFRS") framework issued by Malaysian Accounting Standard Board (MASB). The effects on adoption of MFRS framework are described in Note A2 below.

### **A2 Changes in Accounting Policies**

The significant accounting policies, method of computation and basis of consolidation applied in the consolidated condensed interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 March 2018, except for the adoption of MFRS framework effective for the financial period beginning on 1 April 2018.

#### **Malaysian Financial Reporting Standards ("MFRS") framework**

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the MFRS Framework. The MFRS framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for construction of Real Estate, including its parents significant investor and venture (herein called "Transitioning Entities"). The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group is required to prepare its financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ended 31 March 2019.



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## **A2 Changes in Accounting Policies (Cont.)**

In presenting its first MFRS financial statements for the financial year ended 31 March 2019, the Group is required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. Apart of the adoption of MFRS framework, below are the new amendments to MFRS effective for the financial periods beginning on or after 1 April 2018:-

### **MFRS 9: Financial Instruments ("MFRS 9")**

MFRS 9 introduce amongst others, a single forward looking "expected loss" impairment model which require entities to recognise loss allowance in anticipation of future losses rather than based on incurred basis.

The Group has assessed the impact of the adoption of MFRS 9 and concluded that the adoption does not have any significant impact to the financial performance or position of the Group.

### **MFRS 15: Revenue from Contracts with Customers ("MFRS 15")**

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 supersede the revenue recognition guidance including MFRS 118: Revenue, MFRS 111 : Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has assessed the impact of the adoption of MFRS 15 and concluded that the adoption has resulted a reduction to the opening retained earnings as at 1 April 2018 amounted to RM 13,972k.

These consolidated condensed interim financial statements are part of the period covered by the Group's first MFRS annual financial statements for the year ended 31 March 2019 and hence MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.



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**A3 Audit Opinion**

The audit report of the Company and its subsidiaries for the preceding annual financial statements were not subject to any audit qualification.

**A4 Seasonality or Cyclicity of Interim Operations**

The operations of the Group shall be affected during the festive season in the months of June, December and January where there are lesser working days in the said months.

**A5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There are no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter ended 31 March 2019.

**A6 Material Changes in Estimates**

There were no changes in estimates of amounts that have had material effect in the current quarter results.

**A7 Issuance, Cancellation, Repurchase, Resale and Repayment of Debts and Equity Securities**

There are no issuance, cancellation, repurchase, resale, and repayment of debts and equity securities for the financial period ended 31 March 2019 other than the following: -

i) The Group repaid term loans of RM 16.1 million for the quarter ended 31 March 2019.

ii) During the fourth quarter ended 31 March 2019, the Company purchased 523,000 units of its issued ordinary shares from the open market. The Company held a total of 5,104,795 treasury shares as at 31 March 2019.



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**A7 Issuance, Cancellation, Repurchase, Resale and Repayment of Debts and Equity Securities (Continued)**

**iii) Conversion of warrants to ordinary shares.**

	<b>No. of Ordinary Shares</b>	<b>No. of Warrants</b>
<b>As at 1 April 2018</b>	<b>460,325,050</b>	<b>170,450,450</b>
<b>Issue of shares from exercise of warrants</b>	<b>450,436</b>	<b>-</b>
<b>Conversion of Warrants to ordinary shares</b>	<b>-</b>	<b>(450,436)</b>
<b>Expiry of Warrants</b>	<b>-</b>	<b>(170,000,014)</b>
<b>As at 31 March 2019</b>	<b>460,775,486</b>	<b>-</b>

Warrants had expired on 26 December 2018 and were subsequently delisted on 27 December 2018.

**A8 Dividend Paid**

No dividend was paid in the quarter ended 31 March 2019.



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**A9 Segmental Report**

	<b>As at 31 March 2019</b> RM'000		<b>As at 31 March 2018</b> RM'000	
<b><u>Assets Employed</u></b>				
Logistics & Warehousing Services	1,250,059		1,107,760	
Investments	12,845		21,769	
Property Development Projects	350,075		678,884	
Hotel & Dormitory	273,073		-	
	<b>1,886,052</b>		<b>1,808,413</b>	
	<b>Individual 3 months ended 31 March</b>		<b>Cumulative 12 months ended 31 March</b>	
	<b>2019</b> RM' 000	<b>2018</b> RM' 000	<b>2019</b> RM' 000	<b>2018</b> RM' 000
<b><u>Revenue</u></b>				
Logistics & Warehousing Services	134,385	129,283	539,972	509,161
Investments	19	23	414	358
Property development	964	39,936	47,783	146,855
Hotel & Dormitory	1,127	-	1,718	-
	<b>136,495</b>	<b>169,242</b>	<b>589,888</b>	<b>656,374</b>



**A9 Segmental Report**

	Individual 3 months ended 31 March									
	Logistics and warehousing services		Investment		Property development		Hotel & Dormitory		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Segment profit, profit before tax, interest, depreciation and amortisation	15,945	17,163	922	(3,032)	1,330	22,248	(1,922)	-	16,275	36,379
Depreciation and amortisation	(8,188)	(6,902)	-	-	(930)	(25)	(391)	-	(9,509)	(6,927)
Interest Income	150	(436)	-	-	1,006	(1,749)	4	-	1,160	(2,185)
Finance costs	(5,739)	(9,049)	(276)	621	2,372	(3,699)	(1,962)	-	(10,349)	(12,127)
Share of profit of associates	-	-	51	(3)	-	-	-	-	51	(3)
<b>Profit before tax</b>	<b>2,168</b>	<b>776</b>	<b>697</b>	<b>(2,414)</b>	<b>(966)</b>	<b>16,775</b>	<b>(4,271)</b>	<b>-</b>	<b>(2,372)</b>	<b>15,137</b>

	Cumulative 12 months ended 31 March									
	Logistics and warehousing services		Investment		Property development		Hotel & Dormitory		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Segment profit, profit before tax, interest, depreciation and amortisation	73,344	46,130	(2,932)	(10,866)	17,298	79,528	(2,876)	-	84,834	114,792
Depreciation and amortisation	(30,343)	(26,751)	-	-	(1,077)	(115)	(818)	-	(32,238)	(26,866)
Interest Income	-	58	-	-	1,167	146	50	-	1,217	204
Finance costs	(20,456)	(21,201)	(1,050)	-	(17,182)	(12,254)	(2,883)	-	(41,571)	(33,455)
Share of profit of associates	-	-	(278)	(57)	-	-	-	-	(278)	(57)
<b>Profit before tax</b>	<b>22,545</b>	<b>(1,764)</b>	<b>(4,260)</b>	<b>(10,923)</b>	<b>206</b>	<b>67,305</b>	<b>(6,527)</b>	<b>-</b>	<b>11,964</b>	<b>54,618</b>



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**A10 Valuation of Property, Plant & Equipment**

Under MFRS140, investment properties were measured at fair value. All the land and buildings were revalued in January 2016 and investment properties were revalued in January 2019 by an independent professional valuer based on open market basis using comparison method and cost method. Trucks, trailers and machineries and equipments are stated at cost less accumulated depreciation.

**A11 Subsequent Material Events**

There are no material events subsequent to the end of the period that have not been reflected in this quarterly report.

**A12 Changes in the Composition of the Group**

There were no changes in composition of the Group during the current quarter and financial period-to-date.

**A13 Contingent Liabilities and Contingent Assets**

There are no changes in contingent liabilities and contingent assets since the last annual balance sheet date.

**A14 Capital Commitments**

As at the end of the reporting quarter, the Group has approved and contracted for capital commitments of RM 53.2 million in respect of property, plant and equipments.



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**B ADDITIONAL INFORMATION IN THE INTERIM FINANCIAL REPORT REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS**

**B1 Review of Performance of the Group**

Revenue for the current quarter has decreased by 19.3% to RM 136.5 million as compared to RM 169.2 million for the preceding year corresponding quarter.

Logistics and Warehousing Services revenue has increased by 3.9% to RM 134.4 million compared to RM 129.3 million for the preceding year corresponding quarter. This increase is due to securing of new total logistics customers as well as business expansion from our existing customers.

Property Development revenue has decreased by 97.5% to RM 1.0 million compared to RM 39.9 million for the preceding year corresponding quarter. This decrease is due to completion of most of our property development projects.

The Group posted a pre-tax loss of RM 2.4 million for the current quarter as compared to the pre-tax profit of RM 15.1 million for the preceding year corresponding quarter. This is mainly due to loss making of property development segment amounting to RM1.0 million compared to a RM16.8 million profit contribution for the preceding year corresponding quarter and loss making of hotel and dormitory segment amounting to RM 4.3 million.

The Group posted a lower pre-tax profit of RM 12.0 million for the current year as compared to the pre-tax profit of RM 54.6 million for the preceding year. This is mainly due to low profit contribution of property development segment amounting to RM 0.2 million compared to RM 67.3 million for the preceding year and loss making of hotel and dormitory segment amounting to RM 6.5 million.

**B2 Variation of Results Against the Preceding Quarter**

Revenue for the current quarter has decreased by 6.6% to RM 136.5 million as compared to RM 146.2 million for the preceding quarter.

Logistics and Warehousing Services revenue has decreased by 2.5% to RM 134.4 million compared to RM 137.9 million for the preceding quarter.

Property Development revenue has decreased by 87.0% to RM 1.0 million compared to RM 7.7 million for the preceding quarter. This decrease is due to completion of most of our property development projects.

The Group's posted a pre-tax loss of RM 2.4 million compared to the pre-tax profit of RM1.2 million for the preceding quarter. This is due to loss making of hotel and dormitory segment amounting to RM 4.3 million compared to RM 2.3 million for the preceding quarter.



### B3 Current Year Prospects

The global and regional economic climate in financial year 2019 is expected to remain challenging to our core business, logistics & warehousing services segment. The Group is cognizant of the industry development and understands that maintaining the Group's market share is paramount to our long term sustainability.

The Group will strengthen our core competencies and step up efforts in corporate strategies of clientele development and service innovation as a differentiating factor in the competitive operating environment.

Going forward, the Group will continue seeking new business opportunities, focus on operational efficiency and cost control effectiveness to better contend with competition.

The property development and hotel & dormitory segments are expected to incur operating loss in financial year 2020.

Premised on the above, the Group is expected to deliver another year of favourable profit.

### B4 Profit Forecast

Not applicable.

### B5 Tax Expense

	Individual 3 months ended 31 March		Cumulative 12 months ended 31 March	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Income Tax	288	4,335	10,468	23,377
Deferred Taxation	7,235	2,365	871	(3,187)
	<b>7,523</b>	<b>6,700</b>	<b>11,339</b>	<b>20,190</b>

The Group's effective tax rate for individual 3 months and cumulative 12 months were higher than the statutory tax rate due to certain expenses which was non-deductible as well as higher Real Property Gain Tax.



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**B6 Profit / (Loss) on Sale on Unquoted Investments**

There was no disposal of unquoted investments for the current quarter and financial period to date.

**B7 Status of Corporate Proposals**

There are no corporate proposals pending completion as at 31 March 2019.

**B8 Group Borrowings and Debt Securities**

Borrowings in Malaysian Ringgit

	31 March 2019 RM'000	31 March 2018 RM'000
Long term borrowings:		
Secured	560,125	539,354
Unsecured	-	-
<b>Total Long term borrowings</b>	<b>560,125</b>	<b>539,354</b>
Short term borrowings:		
Secured	132,768	66,742
Unsecured	254,605	231,285
<b>Total Short term borrowings</b>	<b>387,373</b>	<b>298,027</b>
<b>Total borrowings</b>	<b>947,498</b>	<b>837,381</b>

**B9 Off Balance Sheet Financial Instruments**

There was no financial instrument with off balance sheet risk at the date of this report.



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## **B10 Material Litigation**

### **(a) Terminal Perintis Sdn Bhd vs Tan Ngee Hong Construction Sdn Bhd**

On 26 March 2014, Terminal Perintis Sdn Bhd ("TPSB") awarded to Tan Ngee Hong Construction Sdn. Bhd. ("Contractor") a contract and the parties have entered into a PAM Contract 2006 ("Contract") dated 23 December 2014 for Proposed Mixed Commercial Strata Development of 1 block of 22 storey Service Apartment, 1 block of 22 storey Hotel, 5 storey Podium and Carpark inclusive of 2 storey basement, 19 lots retail space, management office, refuse chamber, 1 unit Stesen Suis Utama (SSU) and 1 unit Guard House for the development of the Pinetree Marina Resort at Johor Bahru, Johor Darul Ta'zim.

Malayan Banking Berhad ("MBB") has agreed to guarantee the due performance of the Project by the Contractor via bank guarantee for Performance Bond No. 99080BGP6052351 dated 28 August 2014 ("BG").

On 4 August 2015, the Architect issued a notice of default to the Contractor, pursuant to Clause 25 of the Contract inter alia on the basis that the Contractor had failed to proceed regularly and diligently with the works and hence a delay in the progress of the works by 288 days.

On 18 August 2015, TPSB exercised its rights pursuant to clause 25 of the Contract to determine the employment of the Contractor under the Contract between TPSB and the Contractor.

Subsequently, TPSB served a letter of demand to MBB requesting the release of payment amounting to RM 15,738,100.00 pursuant to the BG.

MBB has on 25 September 2015 remitted the said amount to TPSB.

On 1 October 2015, the Contractor serves TPSB an Originating Summons No. 24NCvC-613-09/2015 dated 1 October 2015 together with a sealed copy of the Ex Parte Order dated 27 September 2015 by the Contractor through its solicitors, Messrs. Tan Swee Im, P.Y. Hoh & Tai to order TPSB to either pay back the sum received to MBB, or place the sum received on trust and in favour of the Contractor until further notice from the Court.

On 28 January 2016, the High Court dismissed Contractor's application and set-aside the Ex Parte Order dated 27 September 2015 with costs of RM 8,000 to TPSB.

On 22 April 2016, the Contractor filed its point of claim against TPSB to Arbitration amounting to RM 56,897,448.58, which among other includes request to refund RM 15,738,100 on the above mentioned BG.

TPSB has filed in its Defence and Counterclaim amounting to RM 82,883,326.60 being costs and expenses incurred by TPSB due to the substantial delay caused by the Contractor, in accordance with the terms and conditions of the Contract.



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**B10 Material Litigation (cont.)**

The initial hearing dates are on 4 Jan 2017 to 6 Jan 2017, 9 Jan 2017 to 13 Jan 2017, 16 Jan 2017 and 17 Jan 2017. This hearing date has been further postponed to 24 October 2017, 27 October 2017, 30-31 October 2017, 1-2 November 2017 and 27-30 November 2017.

Both TPSB and Contractor have agreed to defer the exchange of witness statement and to vacate all hearing dates fixed earlier. The new hearing date shall be determined and fixed later.



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**B11 Dividends**

The Board of Directors did not recommend the payment of dividend for the current quarter ended 31 March 2019.

**B12 Earnings Per Share**

a The number of ordinary shares used in the computation of EPS

	Individual 3 months ended 31 Mar		Cumulative 12 months ended 31 Mar	
	2019 '000	2018 '000	2019 '000	2018 '000
Basic	455,671	446,988	455,671	446,988
Diluted earnings per share	455,671	504,129	455,671	504,129

**B13 Realised and Unrealised Retained Earnings**

The retained earnings may be analysed as follows:

	As at 31 March 2019 RM'000	As at 31 March 2018 RM'000
Realised profit	461,965	450,332
Unrealised profit	38,138	69,845
	<b>500,283</b>	<b>520,177</b>
Less : Consolidation adjustment	(94,667)	(100,546)
Total retained earning	<b>405,616</b>	<b>419,631</b>



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**B14 Notes to Statements of Comprehensive Income**

	INDIVIDUAL 3 MONTHS ENDED 31 MARCH RM '000		CUMULATIVE 12 MONTHS ENDED 31 MARCH RM '000	
	2019	2018	2019	2018
Net profit for the period is arrived at after charging / (crediting)				
Audit fees	107	154	455	567
Depreciation	9,509	6,927	32,238	26,866
Amortisation of prepaid leases payments	11	(54)	50	-
Contributions to Employees Provident Fund	2,410	2,470	8,110	7,635
Wages, salaries and others	24,993	19,228	96,228	84,488
Rental expenses of land and buildings	49,922	46,696	83,456	80,699
Rental of machineries and equipments	2,414	1,234	9,455	10,909
(Gain)/loss on disposal of :-				
- quoted investments	-	5,221	903	740
- property, plant and equipment	(155)	73	(2,165)	(98)
- associate	-	-	-	(77)
- Asset classified as held for sale	-	-	-	(87)
Rental income from:				
- land and buildings	(4,570)	(4,830)	(10,723)	(6,071)
-Change in fair value of assets classified as held for sales	-	-	(5,400)	-
(Gain) /Loss on foreign exchange:				
- Realised	307	(332)	(309)	998
- Unrealised	-	-	-	-
Quoted investments :				
- fair value (gain) / loss	(903)	(2,327)	2,443	10,484
- gross dividends	(20)	(24)	(414)	(358)
Gross dividends from unit trust fund	-	-	-	(38)
Impairment loss / (gain) on:				
- receivables	(601)	(435)	196	2,543
Change in fair value of investment properties	42	355	42	96