

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

INTERIM FINANCIAL REPORT
30 JUNE 2015

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

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2015 - UNAUDITED**

	INDIVIDUAL 3 MONTHS ENDED 30 JUNE		CUMULATIVE 3 MONTHS ENDED 30 JUNE	
	2015 RM ('000)	2014 (Restated) RM ('000)	2015 RM ('000)	2014 (Restated) RM ('000)
Revenue	134,691	134,278	134,691	134,278
Direct operating expenses	(97,865)	(99,232)	(97,865)	(99,232)
Depreciation and amortisation	(4,218)	(3,255)	(4,218)	(3,255)
Finance cost	(4,196)	(4,065)	(4,196)	(4,065)
Other overhead expenses	(9,872)	(8,287)	(9,872)	(8,287)
Profit/(Loss) before taxation	18,540	19,439	18,540	19,439
Share of profit/(loss) after tax in associates	832	1,024	832	1,024
Profit/(Loss) after share of profit/(loss) of jointly controlled entity and associates	19,372	20,463	19,372	20,463
Taxation	(4,887)	(5,191)	(4,887)	(5,191)
Net profit/(loss) for the period	14,485	15,272	14,485	15,272
Attributable to:				
Equity holders of the Company	13,582	13,194	13,582	13,194
Non-controlling interests	903	2,078	903	2,078
Net profit/(loss) for the period	14,485	15,272	14,485	15,272
Basic earnings per ordinary shares (sen)	3.24	3.14	3.24	3.14
Diluted earnings per ordinary shares (sen)	2.97	2.79	2.97	2.79

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2015 and the accompanying explanatory notes attached to the financial statements

TIONG NAM LOGISTICS HOLDINGS BERHAD
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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE
INCOME FOR THE PERIOD ENDED 30 JUNE 2015 - UNAUDITED**

	INDIVIDUAL 3 MONTHS ENDED 30 JUNE		CUMULATIVE 3 MONTHS ENDED 30 JUNE	
	2015	2014 (Restated)	2015	2014 (Restated)
	RM ('000)	RM ('000)	RM ('000)	RM ('000)
Profit/(Loss) for the period	14,485	15,272	14,485	15,272
Currency translation differences arising from consolidation	405	6	405	6
Total comprehensive income/(loss)	14,890	15,278	14,890	15,278
Total comprehensive income/(loss) attributed to:				
Equity holders of the Company	14,050	13,200	13,987	13,200
Non-controlling interests	903	2,078	903	2,078
	14,890	15,278	14,890	15,278

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2015 and the accompanying explanatory notes attached to the financial statements

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015 – UNAUDITED

	30 JUNE 2015 RM ('000)	31 MAR 2015 RM ('000)
Assets		
Property, plant and equipment	621,321	580,224
Investment properties	98,459	98,460
Prepaid lease payments	993	1,048
Investment in associates	5,211	6,379
Goodwill	2,716	2,716
Deferred tax assets	-	1,270
Total non-current assets	<u>728,700</u>	<u>690,097</u>
Other Investments	<u>21,509</u>	<u>40,020</u>
Inventories	16,680	16,936
Property development projects	247,936	247,560
Receivables	164,841	197,340
Tax recoverable	1,747	1,990
Cash and cash equivalents	13,401	22,408
Total current assets	<u>466,114</u>	<u>526,254</u>
Total assets	<u><u>1,194,814</u></u>	<u><u>1,216,351</u></u>
Equity		
Share capital	84,142	84,142
Reserves	387,963	374,107
Total equity attributable to equity holders of the Company	<u>472,105</u>	<u>458,249</u>
Minority interest	10,974	22,552
Total equity	<u>483,079</u>	<u>480,801</u>
Liabilities		
Deferred tax liabilities	21,904	22,659
Other payables	4,045	3,908
Loans and borrowings	331,370	262,211
Total non-current liabilities	<u>357,319</u>	<u>288,778</u>
Payables	<u>203,270</u>	<u>235,409</u>
Loans and borrowings	139,241	197,876
Provision for taxation	11,905	13,487
Total current liabilities	<u>354,416</u>	<u>446,772</u>
Total liabilities	<u>711,735</u>	<u>735,550</u>
Total equity and liabilities	<u><u>1,194,814</u></u>	<u><u>1,216,351</u></u>
Net Assets per share (RM)	<u>1.12</u>	<u>1.09</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2015 and the accompanying explanatory notes attached to the interim financial statements.

TIONG NAM LOGISTICS HOLDINGS BERHAD
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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2015 – UNAUDITED

	← Attributable to shareholders of the Company →									
				Non-distributable			Distributable		Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium 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 31 March 2015	84,142	5,631	41,535	(3,191)	47,673	(313)	282,772	458,249		
Total comprehensive Income/(loss) for the period	-	-	-	-	-	405	13,582	13,987	902	14,889
Conversion of Warrants	-	-	-	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	(131)	-	-	-	(131)	-	(131)
Dividend paid to minority interest	-	-	-	-	-	-	-	-	(12,480)	(12,480)
At 30 June 2015	84,142	5,631	41,535	(3,322)	47,673	92	296,354	472,105	10,974	483,079

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2015 and the accompanying explanatory notes attached to the interim financial statements.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 30 JUNE 2015 - UNAUDITED

	2015 RM'000	2014 RM'000
Cash flows from operating activities		
Profit / (loss) before tax	19,372	20,463
Adjustment for :-		
Allowance/(Reversal) for doubtful debts	315	315
Depreciation	4,164	3,202
Amortisation of prepaid lease payments	55	53
Interest expenses	5,204	5,648
Loss/ (Gain) on disposals of :-		
- quoted investments	-	(971)
- property, plant & equipment	(73)	(98)
Share of profit in associates	(832)	4,976
Interest income	(157)	(413)
Quoted investment		
- Fair value loss / (gain)	1,281	(77)
- Gross dividends	(13)	(34)
	<hr/> 29,316	<hr/> 33,064
Changes in working capital :		
Changes in inventories	256	468
Changes in trade and other receivables	32,184	(16,159)
Changes in trade and other payables	(32,005)	1,923
Changes in property development projects	(376)	(14,018)
	<hr/> 29,375	<hr/> 5,278
Tax paid	(5,711)	(9,396)
Net cash from operating activities	<hr/> 23,664	<hr/> (4,118)

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 30 JUNE 2015 – UNAUDITED-CONTINUATION

	2015 RM'000	2014 RM'000
Cash flows from investing activities		
Acquisition of :-		
- property, plant and equipment	(45,231)	(12,713)
- investment properties	-	(138)
Proceeds from disposal of :-		
- quoted investments	-	3,438
- property, plant and equipment	1,938	100
Proceed from redemption of		
- unquoted bond	13,256	-
- unquoted investment	5,588	-
Investment in		
- quoted shares	(1,614)	(1,534)
- subsidiary		
Interest received	157	413
Dividend received	2,013	34
Net cash used in investing activities	<u>(23,893)</u>	<u>(10,399)</u>
Cash flows from financing activities		
Drawdown of term loan	17,954	30,968
(Repayment of) / Proceeds from :		
- term loan	(9,040)	(12,428)
- finance lease liabilities	(339)	(190)
- short term borrowings	2,355	(7,063)
Net proceeds from issuing of Warrants	-	5
Purchase of own shares	(131)	-
Interest paid	(5,204)	(5,648)
Dividend paid to shareholders of the Company	-	-
(Increase) / decrease in pledged deposits with licensed bank	(1,160)	1
Dividend paid to minority shareholders of Subsidiaries	(12,480)	(2,080)
Net cash used in financing activities	<u>(8,045)</u>	<u>3,565</u>
Exchange differences on translation of the financial statements of foreign subsidiary	405	6
Net increase / (decrease) in cash and cash Equivalents	(7,869)	(10,946)
Cash & cash equivalents at beginning of year	14,917	39,896
Cash & cash equivalents at end of year	<u>7,048</u>	<u>28,950</u>

TIONG NAM LOGISTICS HOLDINGS BERHAD
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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 30 JUNE 2015 – UNAUDITED-CONTINUATION

	2015 RM'000	2014 RM'000
Cash and cash equivalents comprise :		
Cash and bank balances	9,882	7,329
Fixed deposits with licensed banks	3,519	25,290
Bank overdraft	(3,476)	(2,714)
	<u>9,925</u>	<u>29,905</u>
Less : Deposits pledged	(2,877)	(955)
	<u>7,048</u>	<u>28,950</u>

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2015 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 Financial Reporting Standards (FRS) 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 2015. 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 2015 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for the full set of financial statements prepared in accordance with FRSs.

A2 Changes in Accounting Policies

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") which are granted an initial grace period of one year. Subsequently, on 30 June 2012, MASB extended the aforementioned transition period for another one year.

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 31 March 2016. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. Such adjustments required will be made retrospectively.

TIONG NAM LOGISTICS HOLDINGS BERHAD
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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 November, December, January and February 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 30 June 2015.

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 30 June 2015 other than the following: -

i) The Group repaid term loans of RM 9 million for the quarter ended 30 June 2015.

ii) During the first quarter ended 30 June 2015, the Company purchased 115,300 units of its issued ordinary shares from the open market (period to-date : 115,300 units). The Company held a total of 2,955,500 treasury shares as at 30 June 2015.

A8 Dividend Paid

No dividend was paid in the quarter ended 30 June 2015.

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

A9 Segmental Report

	As at 30 June 2015 RM'000		As at 31 March 2015 RM'000	
<u>Assets Employed</u>				
Logistics & Warehousing Services	870,473		773,059	
Investments	29,436		40,391	
Property Development Projects	294,905		402,901	
	1,194,814		1,216,351	
	Individual 3 months ended 30 June		Cumulative 3 months ended 30 June	
	2015	2014	2015	2014
	RM' 000	RM' 000	RM' 000	RM' 000
<u>Revenue</u>				
Logistics & Warehousing Services	110,388	101,417	110,388	101,417
Investments	177	204	177	204
Property development	24,126	32,657	24,126	32,657
	134,691	134,278	134,691	134,278
	Individual 3 months ended 30 June		Cumulative 3 months ended 30 June	
	2015	2014	2015	2014
	RM' 000	RM' 000	RM' 000	RM' 000
<u>Profit before tax</u>				
Logistics & Warehousing Services	17,772	11,191	17,772	11,191
Investments	(1,104)	1,252	(1,104)	1,252
Property development	10,129	13,904	10,129	13,904
Results from operating activities	26,797	26,347	26,797	26,347
Depreciaton and amortization	(4,218)	(3,255)	(4,218)	(3,255)
Interest income	157	412	157	412
Finance costs	(4,196)	(4,065)	(4,196)	(4,065)
Share of profit/(loss) after tax in associates	832	1,024	832	1,024
Profit / (loss) before tax	19,372	20,463	19,372	20,463

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A10 Valuation of Property, Plant & Equipment

Under FRS140, investment properties are measured at fair value. The investment properties were revalued in March 2015 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 217 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 increased slightly by 0.3% to RM 134.7 million compared to RM 134.3 million for the preceding year corresponding quarter. This revenue increase is mainly from our core business segment, Logistics and Warehousing Services.

Logistics and Warehousing Services revenue increased by 8.9% to RM 110.4 million compared to RM 101.4 million for the preceding year corresponding quarter. This increase is mainly due to securing of new total logistics customers as well as business expansion from our existing total logistics customers.

Property development ("PD") revenue decreased by 26.3% to RM 24.1 million compared to RM 32.7 million for the preceding year corresponding quarter. This decrease is mainly due to our construction progress for flagship project in Southern Industrial and Logistics Clusters, Nusajaya, Johor Bahru (Tiong Nam Business Park) is near completion stage.

The Group posted a pre-tax profit of RM 18.54 million for the current quarter as compared to the pre-tax profit of RM 19.44 million for the preceding year corresponding quarter.

B2 Variation of Results Against the Preceding Quarter

Revenue for the current quarter has decreased by 28.8% to RM 134.7 million compared to RM 189.1 million for the preceding quarter. The revenue decrease is mainly from PD segment.

Logistics and Warehousing Services revenue increased by 5.8% to RM 110.4 million compared to RM 104.3 million for the preceding quarter. This increase is mainly due to securing of new total logistics customers as well as business expansion from our existing total logistics customers.

PD revenue decreased by 71.5% to RM 24.1 million compared to RM 84.6 million for the preceding quarter. This decrease is mainly due to our construction progress for flagship project in Southern Industrial and Logistics Clusters, Nusajaya, Johor Bahru (Tiong Nam Business Park) is near completion stage.

The Group posted a pre-tax profit of RM 19.37 million compared to the pre-tax profit of RM 54.24 million for the preceding quarter mainly due to decrease in PD revenue.

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B3 Current Year Prospects

The global and regional economic climate in financial year 2016 is expected to remain challenging to our core business segment, 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 segment is expected to contribute positively to the Group in financial year 2016.

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 30 June		Cumulative 3 months ended 30 June	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Income Tax	4,369	4,900	4,369	4,900
Deferred Taxation	518	291	518	291
	4,887	5,191	4,887	5,191

The Group's effective tax rate for individual 3 months was higher than the statutory tax rate mainly due to certain expenses which are tax-deductible.

TIONG NAM LOGISTICS HOLDINGS BERHAD
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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

1. Proposed Acquisition

On 30 July 2013, Tiong Nam Logistics Solutions Sdn Bhd (“TNLS”), a wholly-owned subsidiary had issued an exercise notice pursuant to clause 3.1 of the call option agreement dated 26 January 2007 entered into between ABS Logistics Berhad (“ALB”) and TNLS. TNLS simultaneously entered into a conditional sale and purchase agreement with ALB for the acquisition by TNLS of twenty (20) properties owned and / or leased / sub-leased by ALB from ALB for a total purchase consideration of RM 176.3 million.

The acquisition has been completed on 27 May 2015.

B8 Group Borrowings and Debt Securities

Borrowings in Malaysian Ringgit

	RM'000
Long term borrowings:	
Secured	331,370
Unsecured	-
Total Long term borrowings	<u>331,370</u>
Short term borrowings:	
Secured	47,275
Unsecured	91,966
Total Short term borrowings	<u>139,241</u>
Total borrowings	<u>470,611</u>

B9 Off Balance Sheet Financial Instruments

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

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B10 Dividends

The Board of Directors did not recommend the payment of the dividend for the current quarter ended 30 June 2015.

B11 Earnings Per Share

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

	Individual 3 months ended 30 June		Cumulative 3 months ended 30 June	
	2015 '000	2014 '000	2015 '000	2014 '000
Basic	420,712	420,508	420,712	420,508
Diluted earnings per share	459,919	474,243	459,919	474,243

B12 Realised and Unrealised Retained Earnings

The retained earnings may be analysed as follows:

	As at 30 June 2015 RM'000	As at 31 March 2015 RM'000
Realised profit	338,637	326,697
Unrealised profit	36,787	40,004
	<hr/>	<hr/>
	375,424	366,701
Less :		
Consolidation adjustment	(79,070)	(83,929)
	<hr/>	<hr/>
Total retained earning	296,354	282,772
	<hr/>	<hr/>

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

B13 Notes to Statements of Comprehensive Income

	INDIVIDUAL 3 MONTHS ENDED 30 JUNE RM '000		INDIVIDUAL 3 MONTHS ENDED 30 JUNE RM '000	
	2015	2014	2015	2014
Net profit for the period is arrived at after charging / (crediting)				
Audit fees	80	47	80	47
Depreciation	4,163	3,202	4,163	3,202
Amortisation of prepaid leases payments	55	53	55	53
Contributions to Employees Providend Fund	1,407	1,075	1,407	1,075
Wages, salaries and others	16,991	13,809	16,991	13,809
Rental expenses of land and buildings	7,961	6,123	7,961	6,123
Rental of machineries and equipments	2,929	2,469	2,929	2,469
(Gain)/loss on disposal of :-				
- quoted investments	-	(971)	-	(971)
- property, plant and equipment	(72)	(99)	(72)	(99)
Rental income from land and buildings	(590)	(355)	(590)	(355)
Realised (gain) /loss on foreign exchange	(659)	(102)	(659)	(102)
Quoted investments :				
- fair value (gain) / loss	1,281	(77)	1,281	(77)
- gross dividends	(13)	(34)	(13)	(34)
Impairment loss on receivables	315	315	315	315
Interest income	(157)	(412)	(157)	(412)