



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

**INTERIM FINANCIAL REPORT**  
**30 SEPTEMBER 2017**



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

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2017 – UNAUDITED**

	INDIVIDUAL 3 MONTHS ENDED 30 SEPT			CUMULATIVE 6 MONTHS ENDED 30 SEPT		
	2017 RM ('000)	2016 RM ('000)	CHANGES %	2017 RM ('000)	2016 RM ('000)	CHANGES %
Revenue	173,440	141,321	22.73	314,350	272,411	15.40
Direct operation expenses	(124,984)	(103,555)	20.69	(232,539)	(198,119)	17.37
Depreciation and amortization	(6,671)	(5,489)	21.18	(13,037)	(10,257)	26.91
Finance cost	(6,327)	(5,878)	7.62	(13,476)	(11,911)	13.14
Other overhead expenses	(15,313)	(9,926)	54.47	(31,459)	(17,918)	75.69
Operating profit	20,145	16,473	22.29	23,839	34,206	(30.31)
Share of profit / (loss) after tax in associates	(22)	137	(116.06)	65	29	124.14
Profit before tax	20,123	16,610	21.15	23,904	34,235	(30.18)
Tax expenses	(5,488)	(3,265)	68.09	(8,125)	(7,061)	15.07
Net profit for the period	14,635	13,345	9.67	15,779	27,174	(41.94)
Attributable to:						
Equity holders of the Company	13,041	13,050	(0.05)	13,725	26,493	(48.19)
Non-controlling Interest	1,594	295	440.34	2,054	681	201.62
Net profit for the period	14,635	13,345	9.68	15,779	27,174	(41.93)
Basic earnings per ordinary shares (sen)	3.00	3.13	(4.01)	3.29	6.36	(48.21)
Diluted earnings per ordinary shares (sen)	2.48	2.70	(8.23)	2.61	5.48	(52.42)

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017 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 30 SEPTMBER 2017 - UNAUDITED**

	INDIVIDUAL 3 MONTHS ENDED 30 SEPT		CUMULATIVE 6 MONTHS ENDED 30 SEPT	
	2017 RM ('000)	2016 RM ('000)	2017 RM ('000)	2016 RM ('000)
Profit/(Loss) for the period	14,635	13,345	15,779	27,174
Currency translation differences arising from consolidation	(389)	658	(927)	(33)
Total comprehensive income/(loss)	14,246	14,003	14,852	27,141
Total comprehensive income/(loss) attributed to:				
Equity holders of the Company	12,652	13,708	12,798	25,802
Non-controlling interests	1,594	295	2,054	681
Net profit/(loss) for the period	14,246	14,003	14,852	27,141

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017 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 30 SEPTEMBER 2017 – UNAUDITED**

	<b>30 SEPT 2017</b> <b>RM ('000)</b>	<b>31 MAR 2017</b> <b>RM ('000)</b>
<b>Assets</b>		
Property, plant and equipment	997,903	941,878
Investment properties	107,638	101,980
Investment in associates	1,258	1,348
Deferred tax assets	-	4,722
<b>Total non-current assets</b>	<b>1,106,799</b>	<b>1,049,928</b>
<b>Other Investments</b>	<b>22,147</b>	<b>38,614</b>
Inventories	38,716	40,380
Property development projects	277,769	277,296
Receivables	262,905	225,211
Tax recoverable	7,662	6,934
Cash and cash equivalents	12,567	13,146
Assets classified as held for sales	-	1,063
<b>Total current assets</b>	<b>621,766</b>	<b>602,644</b>
<b>Total assets</b>	<b>1,728,565</b>	<b>1,652,572</b>
<b>Equity</b>		
Share capital	136,849	97,234
Reserves	550,202	560,461
<b>Total equity attributable to equity holders of the Company</b>	<b>687,051</b>	<b>657,695</b>
Minority interest	16,624	16,568
<b>Total equity</b>	<b>703,675</b>	<b>674,263</b>
<b>Liabilities</b>		
Deferred tax liabilities	34,114	43,126
Other payables	-	1,366
Loans and borrowings	533,398	532,928
<b>Total non-current liabilities</b>	<b>567,512</b>	<b>577,420</b>
<b>Payables</b>	<b>199,062</b>	<b>204,333</b>
Loans and borrowings	256,489	194,480
Provision for taxation	1,827	2,076
<b>Total current liabilities</b>	<b>457,378</b>	<b>400,889</b>
<b>Total liabilities</b>	<b>1,024,890</b>	<b>978,309</b>
<b>Total equity and liabilities</b>	<b>1,728,565</b>	<b>1,652,572</b>
<b>Net Assets per share (RM)</b>	<b>1.58</b>	<b>1.57</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017 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 30 SEPTEMBER 2017 – 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 31 March 2017	97,234	40,303	(12,148)	124,811	(612)	408,107	657,695	16,568	674,263
Total comprehensive Income/(loss) for the period	-	-	-	-	(315)	13,734	13,419	2,054	15,473
Conversion of Warrants	39,615	(6,540)	-	-	-	-	33,075	-	33,075
Purchase of own shares	-	-	(8,260)	-	-	-	(8,260)	-	(8,260)
Dividend paid to minority interest	-	-	-	-	-	-	-	(1,998)	(1,998)
Dividend to owners of the Company	-	-	13,494	-	-	(22,372)	(8,878)	-	(8,878)
Transfer in accordance with Section 618 (2) of the Companies Act 2016	-	-	-	-	-	-	-	-	-
At 30 Sept 2017	136,849	33,763	(6,914)	124,811	(927)	399,469	687,051	16,624	703,675

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.



**TIONG NAM LOGISTICS HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2017 - UNAUDITED**

	2017 RM'000	2016 RM'000
<b>Cash flows from operating activities</b>		
Profit / (loss) before tax	23,904	34,235
<b>Adjustment for :-</b>		
Impairment loss /(Gain) for doubtful debts	1,607	(1,092)
Depreciation	13,037	10,257
Amortisation of prepaid lease payments	13,846	-
Interest expenses	13,846	11,911
Loss/ (Gain) on disposals of :-		
- quoted investments	(4,839)	-
- property, plant & equipment	(113)	(68)
Change in fair value of investment properties	(259)	-
Share of (profit)/loss in associates	90	(29)
Interest income	(1,624)	(254)
Quoted investment		
- Fair value loss / (gain)	12,297	1,982
- Gross dividends	(297)	(131)
	57,650	56,811
<b>Changes in working capital :</b>		
Changes in inventories	1,664	2,367
Changes in trade and other receivables	(39,186)	2,553
Changes in trade and other payables	(8,391)	(24,594)
Changes in property development projects	(2,821)	(22,433)
	8,916	14,704
Tax paid	(13,409)	(10,021)
<b>Net cash from operating activities</b>	(4,493)	4,683



**TIONG NAM LOGISTICS HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2017 – UNAUDITED-CONTINUATION**

	2017 RM'000	2016 RM'000
<b>Cash flows from investing activities</b>		
<b>Acquisition of :-</b>		
- property, plant and equipment	(61,805)	(80,914)
- investment properties	(1,297)	(629)
<b>Proceeds from disposal of :-</b>		
- quoted investments	10,223	-
- withdrawal of investment	2,236	(112)
- property, plant and equipment	3,449	446
- investment properties	-	8,600
<b>Investment in</b>		
- quoted shares	(3,420)	(9,000)
- unquoted shares		-
<b>Interest received</b>	1,624	254
<b>Dividend received</b>	297	131
<b>Net cash used in investing activities</b>	(48,693)	(81,224)
<b>Cash flows from financing activities</b>		
<b>Drawdown of term loan</b>	42,314	112,668
<b>(Repayment of) / Proceeds from :</b>		
- term loan	(39,949)	(18,459)
- finance lease liabilities	(2,530)	(1,188)
- short term borrowings	39,855	14,824
<b>Proceeds from new share arising from conversion of warrants</b>	33,074	250
<b>Purchase of own shares</b>	(8,260)	(1)
<b>Interest paid</b>	(13,846)	(11,911)
<b>(Increase) / decrease in pledged deposits with licensed bank</b>	(1,644)	(53)
<b>Dividend paid to shareholders of the Company</b>		
- Current year	(8,878)	(20,825)
<b>Dividend paid to minority shareholders of Subsidiaries</b>	(1,998)	(720)
<b>Net cash used in financing activities</b>	38,138	74,586
<b>Exchange differences on translation of the financial statements of foreign subsidiary</b>	28	(466)
<b>Net increase / (decrease) in cash and cash Equivalents</b>	(15,019)	(2,420)
<b>Cash &amp; cash equivalents at beginning of year</b>	(4,257)	(1,180)
<b>Cash &amp; cash equivalents at end of year</b>	(19,276)	(3,600)



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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE PERIOD ENDED 30 SEPTEMBER 2017 – UNAUDITED-CONTINUATION**

	<b>2017 RM'000</b>	<b>2016 RM'000</b>
<b>Cash and cash equivalents comprise :</b>		
Cash and bank balances	9,183	9,437
Fixed deposits with licensed banks	3,385	4,389
Bank overdraft	(29,327)	(14,771)
	<b>(16,759)</b>	<b>(945)</b>
<b>Less : Deposits pledged</b>	<b>(2,517)</b>	<b>(2,655)</b>
	<b>(19,276)</b>	<b>(3,600)</b>

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017 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 2017. 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 2016 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"). 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 2019. 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.



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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 July, 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 September 2017.

**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 2017 other than the following: -

i) The Group repaid term loans of RM 25.8 million for the quarter ended 30 September 2017.

ii) During the second quarter ended 30 September 2017, the Company purchased 2,500,000 units of its issued ordinary shares from the open market (for 6 months ended 30 September 2017: 4,650,000 units). The Company held a total of 4,580,795 treasury shares as at 30 September 2017.



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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 2017</b>	<b>426,941,600</b>	<b>203,833,900</b>
<b>Issue of shares from exercise of warrants</b>	<b>33,074,250</b>	<b>-</b>
<b>Conversion of Warrants to ordinary shares</b>	<b>-</b>	<b>(33,074,250)</b>
<b>As at 30 September 2017</b>	<b>460,015,850</b>	<b>170,759,650</b>

**A8 Dividend Paid**

(i) Cash dividend amounting to RM8.88 million was paid on 25 September 2017 as final dividend of 2.0 sen per ordinary share for the financial year ended 31 March 2017.

(ii) Share dividend distribution of approximately 8.88 million treasury shares amounting to RM 13.49 million was distributed on 25 September 2017 on the basis of 1 treasury share for every 50 existing ordinary shares held.



**TIONG NAM LOGISTICS HOLDINGS BERHAD**  
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**A9 Segmental Report**

	<b>As at 30 Sept 2017</b>		<b>As at 30 Sept 2016</b>	
	<b>RM'000</b>		<b>RM'000</b>	
<b><u>Assets Employed</u></b>				
Logistics & Warehousing Services	1,360,744		1,147,840	
Investments	23,405		31,054	
Property Development Projects	380,430		340,330	
	<b>1,764,579</b>		<b>1,519,224</b>	
	<b>Individual 3 months ended 30 Sept</b>		<b>Cumulative 6 months ended 30 Sept</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>
<b><u>Revenue</u></b>				
Logistics & Warehousing Services	126,214	105,679	248,252	213,763
Investments	266	110	297	131
Property development	46,960	35,532	65,801	58,517
	<b>173,440</b>	<b>141,321</b>	<b>314,350</b>	<b>272,411</b>



**A9 Segmental Report**

	Individual 3 months ended 30 Sept							
	Logistics and warehousing services		Investment		Property development		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	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	6,138	12,812	(956)	50	26,607	14,797	31,789	27,659
Depreciation and amortisation	(6,639)	(5,462)	-	-	(32)	(27)	(6,671)	(5,489)
Interest Income	164	86	-	-	1,190	95	1,354	181
Finance costs	(3,535)	(3,285)	(70)	(190)	(2,722)	(2,403)	(6,327)	(5,878)
Share of profit of associates	-	-	(22)	137	-	-	(22)	137
<b>Profit before tax</b>	<b>(3,872)</b>	<b>4,151</b>	<b>(1,048)</b>	<b>(3)</b>	<b>25,043</b>	<b>12,462</b>	<b>20,123</b>	<b>16,610</b>

	Cumulative 6 months ended 30 Sept							
	Logistics and warehousing services		Investment		Property development		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	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	17,694	33,826	(7,161)	(1,851)	38,195	24,145	48,708	56,120
Depreciation and amortisation	(12,974)	(10,195)	-	-	(63)	(62)	(13,037)	(10,257)
Interest Income	241	97	-	-	1,383	157	1,624	254
Finance costs	(7,490)	(8,767)	(395)	(387)	(5,591)	(2,757)	(13,476)	(11,911)
Share of profit of associates	-	-	65	29	-	-	65	29
<b>Profit before tax</b>	<b>(2,529)</b>	<b>14,961</b>	<b>(7,491)</b>	<b>(2,209)</b>	<b>33,924</b>	<b>21,483</b>	<b>23,904</b>	<b>34,235</b>



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

Under FRS140, investment properties were measured at fair value. All the land and buildings were revalued in January 2016 and investment properties were revalued in March 2017 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 124.62 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 by 32.3 % to RM 173.4 million as compared to RM 141.3 million for the preceding year corresponding quarter. This is mainly due to increase in Logistics and Warehousing and Property Development revenue.

Logistics and Warehousing Services revenue has increased by 19.4 % to RM 126.2 million compared to RM 105.7 million for the preceding year corresponding quarter. This increase is due to securing of new total logistics customer as well as business expansion from our existing customers

Property Development revenue has increased by 32.4% to RM47.0million compared to RM 35.5 million for the preceding year corresponding quarter. This increase is mainly due to our construction progress for one of our flagship projects in Johor Bahru (Pinetree Marine Resorts Project).

The Group posted a higher pre-tax profit of RM 20.1 million for the current quarter as compared to the pre-tax profit of RM 16.6 million for the preceding year corresponding quarter.

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

Revenue for the current quarter has increased by 23.1% to RM 173.4 million as compared to RM 140.9 million for the preceding quarter. This is due to increase in PD revenue.

Logistics and Warehousing Services revenue is flat at RM 126.2 million compared to RM 122.0 million for the preceding quarter.

PD revenue increased by 150.0% to RM 47.0 million compared to RM 18.8 million for the preceding quarter. This increase is mainly due to our construction progress for one of our flagship projects in Johor Bahru (Pinetree Marine Resorts Project).

The Group posted a higher pre-tax profit of RM 20.1 million compared to the pre-tax profit of RM 3.8 million for the preceding quarter. This is due to increase in PD revenue and RM 3.5m fair value loss on quoted investment which is lesser than preceding quarter at RM 8.8m.



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### **B3 Current Year Prospects**

The global and regional economic climate in financial year 2017 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 segment is expected to contribute positively to the Group in financial year 2018.

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

### **B4 Profit Forecast**

Not applicable.

### **B5 Tax Expense**

	<b>Individual 3 months ended 30 Sept</b>		<b>Cumulative 6 months ended 30 Sept</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>	<b>2017 RM'000</b>	<b>2016 RM'000</b>
<b>Income Tax</b>	<b>6,697</b>	<b>5,409</b>	<b>12,459</b>	<b>11,888</b>
<b>Deferred Taxation</b>	<b>(1,209)</b>	<b>(2,144)</b>	<b>(4,334)</b>	<b>(4,828)</b>
	<b>5,488</b>	<b>3,265</b>	<b>8,125</b>	<b>7,061</b>

The Group's effective tax rate for individual 3 months and cumulative 6 months were higher than the statutory tax rate due to certain expenses which was non-deductible.





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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 30 September 2017.

**B8 Group Borrowings and Debt Securities**

Borrowings in Malaysian Ringgit

	30 SEPT 2017 RM'000	30 SEPT 2016 RM'000
Long term borrowings:		
Secured	533,398	501,654
Unsecured	-	-
<b>Total Long term borrowings</b>	<b>533,398</b>	<b>501,654</b>
Short term borrowings:		
Secured	50,161	38,196
Unsecured	206,328	121,096
<b>Total Short term borrowings</b>	<b>256,489</b>	<b>159,292</b>
<b>Total borrowings</b>	<b>789,887</b>	<b>660,946</b>

**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 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.



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

**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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**B10 Material Litigation (cont.)**

**(b) Tiong Nam Logistics Solutions Sdn Bhd vs Lay Hong Food Corporation Sdn Bhd**

On 2 February 2017, Tiong Nam Logistics Solutions Sdn Bhd (“TNLS”) received draft appeal judgment in respect of earlier High Court decision.

The High Court has earlier allowed TNLS’s claim against Lay Hong Food Corporation Sdn Bhd as follow:

- i) RM1,683,850.38 being the claim for the services rendered.
- ii) RM1,555,675.14 being the loss of business due to the failure to give six (6) months written notice of termination.
- iii) RM470,000.00 being the loss of use of the 5 trucks.
- iv) Interest 5% per annum from 4 October 2013 until the date of payment.
- v) Costs awarded to TNLS at RM50,000.00.

TNLS has received full payment from Lay Hong Food Corporation Sdn Bhd subsequent to the above High Court decision.

Lay Hong Food Corporation Sdn Bhd filed a Notice of Appeal to appeal against the above High Court’s decision in Court of Appeal.

The Court of Appeal has allowed this appeal as follow:

- i) TNLS is ordered to refund to Lay Hong Food Corporation Sdn Bhd the sum of RM2,626,426.61 together with the interest thereon at 5% per annum from 7 June 2016 until the date of settlement.
- ii) TNLS is ordered to pay RM20,000.00 as costs to Lay Hong Food Corporation Sdn Bhd.

TNLS is allowed to retain the remaining RM1,596,574.89 being claim for services rendered as well as RM30,000.00 out of the costs awarded by High Court earlier.

On 15 February 2017, TNLS filed a leave application in Federal Court on the above Court of Appeal decision.

The hearing date is on 4 September 2017 and has been postponed to 30 October 2017. We are currently pending written confirmation from our lawyer on Federal Court’s decision.



**TIONG NAM LOGISTICS HOLDINGS BERHAD**  
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**B11 Dividends**

The Board of Directors did not recommend the payment of dividend for the current quarter ended 30 September 2017.

**B12 Earnings Per Share**

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

	Individual 3 months ended 30 Sept		Cumulative 6 months ended 30 Sept	
	2017 '000	2016 '000	2017 '000	2016 '000
Basic	455,435	416,718	455,435	416,718
Diluted earnings per share	526,441	483,124	526,441	483,124

**B13 Realised and Unrealised Retained Earnings**

The retained earnings may be analysed as follows:

	As at 30 Sept 2017 RM'000	As at 30 Sept 2016 RM'000
Realised profit	406,004	369,492
Unrealised profit	69,871	62,365
	<b>475,875</b>	<b>431,857</b>
Less : Consolidation adjustment	(76,406)	(81,003)
<b>Total retained earning</b>	<b>399,469</b>	<b>350,854</b>



**TIONG NAM LOGISTICS HOLDINGS BERHAD**  
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**B14 Notes to Statements of Comprehensive Income**

	INDIVIDUAL 3 MONTHS ENDED 30 SEPT RM '000		INDIVIDUAL 6 MONTHS ENDED 30 SEPT RM '000	
	2017	2016	2017	2016
Net profit for the period is arrived at after charging / (crediting)				
Audit fees	153	83	267	167
Depreciation	6,671	5,489	13,037	10,257
Contributions to Employees Provident Fund	1,714	1,411	3,349	2,781
Wages, salaries and others	21,578	16,694	41,561	32,895
Rental expenses of land and buildings	12,455	9,629	23,919	18,463
Rental of machineries and equipments	2,353	2,479	6,456	5,203
(Gain)/loss on disposal of :-				
- quoted investments	(2,274)	-	(4,839)	-
- property, plant and equipment	(171)	(18)	(171)	(60)
Rental income from:				
- land and buildings	(302)	(585)	(828)	(1,208)
(Gain) /Loss on foreign exchange:				
- Realised	790	(533)	458	(763)
Quoted investments :				
- fair value (gain) / loss	3,496	60	12,297	1,982
- gross dividends	(266)	(110)	(297)	(131)
Impairment loss / (gain) on:				
- receivables	2,262	315	1,607	(1,092)
Interest income	(1,354)	(182)	(1,624)	(254)
Change in fair value of investment properties	(259)	-	(259)	-