



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

INTERIM FINANCIAL REPORT
31 DECEMBER 2018



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

**CONDENSED CONSOLIDATED INCOME STATEMENT
 FOR THE PERIOD ENDED 31 DECEMBER 2018 – UNAUDITED**

| | INDIVIDUAL 3 MONTHS ENDED 31 Dec | | | CUMULATIVE 9 MONTHS ENDED 31 Dec | | |
|--|-------------------------------------|-------------------|--------------|-------------------------------------|-------------------|--------------|
| | 2018 RM ('000) | 2017 RM ('000) | CHANGES % | 2018 RM ('000) | 2017 RM ('000) | CHANGES % |
| Revenue | 146,193 | 172,783 | (15.39%) | 453,393 | 487,132 | (6.93%) |
| Direct operation expenses | (118,389) | (125,503) | (5.67%) | (351,997) | (358,042) | (1.69%) |
| Depreciation and amortization | (7,822) | (6,904) | 13.29% | (22,729) | (19,939) | 13.99% |
| Finance cost | (9,911) | (7,853) | 26.21% | (31,222) | (21,328) | 46.39% |
| Other overhead expenses | (8,611) | (16,827) | (48.83%) | (32,780) | (48,288) | (32.12%) |
| Operating profit | 1,460 | 15,696 | (90.70%) | 14,665 | 39,535 | (62.91%) |
| Share of profit / (loss) after tax in associates | (183) | (119) | 53.78% | (329) | (54) | 509.26% |
| Profit before tax | 1,277 | 15,577 | (91.80%) | 14,336 | 39,481 | (63.69%) |
| Tax expenses | (36) | (5,365) | (99.33%) | (3,816) | (13,490) | (71.71%) |
| Net profit for the period | 1,241 | 10,212 | (87.85%) | 10,520 | 25,991 | (59.52%) |
| Attributable to: | | | | | | |
| Equity holders of the Company | 772 | 9,834 | (92.15%) | 8,944 | 23,559 | (62.03%) |
| Non-controlling Interest | 468 | 378 | 23.81% | 1,576 | 2,432 | (35.20%) |
| Net profit for the period | 1,240 | 10,212 | (87.85%) | 10,520 | 25,991 | (59.52%) |
| Basic earnings per ordinary shares (sen) | 0.16 | 2.27 | (92.54%) | 1.96 | 5.65 | (65.30%) |
| Diluted earnings per ordinary shares (sen) | 0.16 | 1.89 | (91.04%) | 1.96 | 4.53 | (56.72%) |

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 DECEMBER 2018 - UNAUDITED**

| | INDIVIDUAL 3 MONTHS ENDED 31 DEC | | | CUMULATIVE 9 MONTHS ENDED 31 DEC | | |
|---|--|-------------------|-----------------|--|-------------------|-----------------|
| | 2018 RM ('000) | 2017 RM ('000) | CHANGES % | 2018 RM ('000) | 2017 RM ('000) | CHANGES % |
| Profit/(Loss) for the period | 1,241 | 10,212 | (87.85%) | 10,520 | 25,991 | (59.52%) |
| Currency translation differences arising from consolidation | 395 | (96) | (511.46%) | (95) | (1,023) | (90.71%) |
| Total comprehensive income/(loss) | 1,636 | 10,116 | (83.83%) | 10,425 | 24,968 | (58.25%) |
| Total comprehensive income/(loss) attributed to: | | | | | | |
| Equity holders of the Company | 1,167 | 9,738 | (88.01%) | 8,849 | 22,536 | (60.73%) |
| Non-controlling interests | 468 | 378 | 23.81% | 1,576 | 2,432 | (35.20%) |
| Net profit/(loss) for the period | 1,635 | 10,116 | (83.83%) | 10,425 | 24,968 | (58.25%) |

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 DECEMBER 2018 – UNAUDITED

| | 31 Dec 2018 RM ('000) | 31 MAR 2018 RM ('000) |
|---|--|--|
| Assets | | |
| Property, plant and equipment | 1,157,752 | 1,095,457 |
| Investment properties | 63,373 | 74,020 |
| Land Held for Future Development | 8,376 | 8,376 |
| Investment in associates | 723 | 1,052 |
| Deferred tax assets | 15,502 | 6,989 |
| Total non-current assets | 1,245,726 | 1,185,894 |
| Other Investments | 11,404 | 21,040 |
| Inventories | 197,893 | 183,624 |
| Property development projects | 127,662 | 157,693 |
| Receivables | 248,944 | 232,200 |
| Tax recoverable | 19,595 | 15,196 |
| Cash and cash equivalents | 9,408 | 12,766 |
| Asset classified as held for sale | 13,500 | - |
| Total current assets | 628,406 | 622,519 |
| Total assets | 1,874,132 | 1,808,413 |
| Equity | | |
| Share capital | 125,756 | 137,219 |
| Reserves | 588,256 | 568,175 |
| Total equity attributable to equity holders of the Company | 714,012 | 705,394 |
| Minority interest | 12,873 | 15,879 |
| Total equity | 726,885 | 721,273 |
| Liabilities | | |
| Deferred tax liabilities | 43,460 | 41,313 |
| Loans and borrowings | 537,065 | 539,354 |
| Total non-current liabilities | 580,525 | 580,667 |
| Payables | 187,353 | 207,413 |
| Loans and borrowings | 372,737 | 298,027 |
| Provision for taxation | 6,631 | 1,033 |
| Total current liabilities | 566,721 | 506,473 |
| Total liabilities | 1,147,247 | 1,087,140 |
| Total equity and liabilities | 1,874,132 | 1,808,413 |
| Net Assets per share (RM) | 1.57 | 1.55 |

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 December 2018 – 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 Apr 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 | - | - | - | - | (95) | 8,944 | 8,859 | 1,576 | 10,425 |
| Conversion of Warrants | 526 | (88) | - | - | - | - | 438 | - | 438 |
| Transfer of warrants to ordinary shares upon expired | 33,614 | (33,614) | - | - | - | - | - | - | - |
| Purchase of own shares | - | - | (1) | - | - | - | (1) | - | (1) |
| Acquisition of non-controlling interest without change in control | - | - | - | - | - | (668) | (668) | (2,982) | (3,650) |
| Dividend paid to minority interest | - | - | - | - | - | - | - | (1,600) | (1,600) |
| Dividend to owners of the Company | - | - | - | - | - | - | - | - | - |
| At 31 December 2018 | 171,359 | - | (6,917) | 123,372 | (1,709) | 427,907 | 714,012 | 12,873 | 726,885 |

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.



TIONG NAM LOGISTICS HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31 DECEMBER - UNAUDITED

| | 31 Dec 2018 | 31 Dec 2017 |
|--|--------------------|--------------------|
| | RM'000 | RM'000 |
| Cash flows from operating activities | | |
| Profit / (loss) before tax | 14,336 | 39,481 |
| Adjustment for :- | | |
| Impairment loss /(Gain) for doubtful debts | 797 | 2,978 |
| Depreciation | 22,729 | 19,746 |
| Interest expenses | 31,222 | 23,523 |
| Loss/ (Gain) on disposals of :- | | |
| - quoted investments | 903 | (4,481) |
| - property, plant & equipment | (2,010) | (281) |
| - investment properties | - | - |
| Change in fair value of investment properties | - | (259) |
| Changes in fair value of assets classified as held for sales | (5,400) | - |
| Share of (profit)/loss in associates | 329 | 209 |
| Interest income | (56) | (2,389) |
| Quoted investment | | |
| - Fair value loss / (gain) | 3,346 | 12,811 |
| - Gross dividends | (394) | (334) |
| | 65,802 | 91,004 |
| Changes in working capital : | | |
| Changes in inventories | (14,269) | (46,862) |
| Changes in trade and other receivables | (17,541) | (48,092) |
| Changes in trade and other payables | (17,499) | 43,037 |
| Changes in property development projects | 27,632 | 2,402 |
| | 44,125 | 41,489 |
| Tax paid | (13,173) | (14,426) |
| Net cash from operating activities | 30,952 | 27,063 |



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

| | 31 Dec 2018 RM'000 | 31 Dec 2017 RM'000 |
|--|-----------------------|-----------------------|
| Cash flows from investing activities | | |
| Acquisition of :- | | |
| - property, plant and equipment | (79,695) | (89,611) |
| - investment properties | (81) | (1,297) |
| Proceeds from disposal of :- | | |
| - quoted investments | 5,193 | 10,251 |
| - withdrawal of investment | 193 | 2,184 |
| - property, plant and equipment | 2,046 | 2,580 |
| - investment properties | - | 1,035 |
| Proceed from UKAS | 14,483 | |
| Investment in | | |
| - quoted shares | - | (4,488) |
| - unquoted shares | - | - |
| Interest received | 56 | 2,389 |
| Dividend received | 394 | 334 |
| Net cash used in investing activities | (57,411) | (76,623) |
| Cash flows from financing activities | | |
| Drawdown of term loan | 89,962 | 52,372 |
| (Repayment of) / Proceeds from : | | |
| - term loan | (35,001) | (50,285) |
| - finance lease liabilities | (7,477) | (4,208) |
| - short term borrowings | 5,559 | 59,455 |
| Proceeds from new share arising from conversion of warrants | 440 | 33,358 |
| Purchase of own shares | (2) | (8,262) |
| Interest paid | (31,222) | (23,523) |
| (Increase) / decrease in pledged deposits with licensed bank | - | (1,602) |
| Dividend paid to shareholders of the Company | 896 | (8,878) |
| - Current year | | |
| Dividend paid to minority shareholders of Subsidiaries | (1,600) | (1,998) |
| Net cash from financing activities | 21,555 | 46,429 |
| Exchange differences on translation of the financial statements of foreign subsidiary | (1,141) | 296 |
| Net increase / (decrease) in cash and cash Equivalents | (6,044) | (2,835) |
| Cash & cash equivalents at beginning of year | (12,761) | (4,257) |
| Cash & cash equivalents at end of year | (18,806) | (7,092) |



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

| | 31 Dec 2018 | 31 Dec 2017 |
|--|--------------------|--------------------|
| | RM'000 | RM'000 |
| Cash and cash equivalents comprise: | | |
| Cash and bank balances | 7,674 | 4,775 |
| Fixed deposits with licensed banks | 1,734 | 2,825 |
| Short term deposit with licensed bank | - | - |
| Bank overdraft | (28,214) | (12,217) |
| | (18,806) | (4,617) |
| Less : Deposits pledged | - | (2,475) |
| | (18,806) | (7,092) |

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 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.



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A2 Changes in Accounting Policies (Cont.)

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. These consolidated condensed interim financial statements are part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 March 2019 and hence MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied. Comparative figures where applicable, have been restated as result of transition to 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 January 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 does not have any significant impact to the financial performance or position of the Group.



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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 31 December 2018.

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 December 2018 other than the following: -

i) The Group repaid term loans of RM 12.8 million for the quarter ended 31 December 2018.

ii) During the second quarter ended 30 September 2018, the Company purchased 1,000 units of its issued ordinary shares from the open market. The Company held a total of 4,583,795 treasury shares as at 31 December 2018.



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

iii) Conversion of warrants to ordinary shares.

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

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 December 2018.



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A9 Segmental Report

| | As at 31 December 2018 RM'000 | | As at 31 December 2017 RM'000 (Restate) | |
|----------------------------------|--|----------------|--|----------------|
| <u>Assets Employed</u> | | | | |
| Logistics & Warehousing Services | 1,256,028 | | 1,160,585 | |
| Investments | 12,127 | | 23,507 | |
| Property Development Projects | 332,594 | | 341,212 | |
| Hotel & Dormitory | 273,383 | | 262,056 | |
| | 1,874,132 | | 1,787,360 | |
| | | | | |
| | Individual 3 months ended 31 December | | Cumulative 9 months ended 31 December | |
| | 2018 | 2017 | 2018 | 2017 |
| | RM' 000 | RM' 000 | RM' 000 | RM' 000 |
| <u>Revenue</u> | | | | |
| Logistics & Warehousing Services | 137,901 | 131,627 | 405,587 | 379,878 |
| Investments | 6 | 38 | 395 | 335 |
| Property development | 7,694 | 41,118 | 46,819 | 106,919 |
| Hotel & Dormitory | 591 | - | 591 | - |
| | 146,192 | 172,783 | 453,392 | 487,132 |



A9 Segmental Report

| | Individual 3 months ended 31 December | | | | | | | | | |
|--|---------------------------------------|-------------|-----------------------|----------------|----------------------|---------------|-------------------|----------|--------------|---------------|
| | Logistics and warehousing services | | Investment and Others | | Property development | | Hotel & Dormitory | | Total | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | 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 | 20,883 | 11,275 | (197) | (673) | (770) | 19,085 | (954) | - | 18,962 | 29,687 |
| Depreciation and amortisation | (7,319) | (6,877) | - | - | (76) | (27) | (427) | - | (7,822) | (6,904) |
| Interest Income | 47 | 253 | - | - | 137 | 512 | 46 | - | 230 | 765 |
| Finance costs | (4,365) | (4,662) | (256) | (226) | (4,369) | (2,964) | (921) | - | (9,911) | (7,852) |
| Share of profit of associates | - | - | (183) | (119) | - | - | - | - | (183) | (119) |
| Profit before tax | 9,246 | (11) | (636) | (1,018) | (5,078) | 16,606 | (2,256) | - | 1,276 | 15,577 |

| | Cumulative 6 months ended 31 December | | | | | | | | | |
|--|---------------------------------------|----------------|-----------------------|----------------|----------------------|---------------|-------------------|----------|---------------|---------------|
| | Logistics and warehousing services | | Investment and Others | | Property development | | Hotel & Dormitory | | Total | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | 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 | 55,122 | 28,967 | (1,577) | (7,834) | 15,968 | 57,280 | (954) | - | 68,559 | 78,413 |
| Depreciation and amortisation | (22,155) | (19,849) | - | - | (147) | (90) | (427) | - | (22,729) | (19,939) |
| Interest Income | (150) | 494 | - | - | 161 | 1,895 | 46 | - | 57 | 2,389 |
| Finance costs | (14,717) | (12,152) | (774) | (621) | (14,810) | (8,555) | (921) | - | (31,222) | (21,328) |
| Share of profit of associates | - | - | (329) | (54) | - | - | - | - | (329) | (54) |
| Profit before tax | 18,100 | (2,540) | (2,680) | (8,509) | 1,172 | 50,530 | (2,256) | - | 14,336 | 39,481 |



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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 2018 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 65.6 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 15.4% to RM 146.2 million as compared to RM 172.8 million for the preceding year corresponding quarter.

Logistics and Warehousing Services revenue has increased by 4.8% to RM 137.9 million compared to RM 131.6 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 81.3% to RM 7.7 million compared to RM 47.0 million for the preceding year corresponding quarter. This decrease is due to completion of most of our property development projects.

The Group posted a lower pre-tax profit of RM 1.3 million for the current quarter as compared to the pre-tax profit of RM 15.6 million for the preceding year corresponding quarter.

B2 Variation of Results Against the Preceding Quarter

Revenue for the current quarter has decrease by 3.8% to RM 146.2 million as compared to RM 152.0 million for the preceding quarter.

Logistics and Warehousing Services revenue is flat at RM 137.9 million compared to RM 137.8 million for the preceding quarter.

Property Development revenue has decreased by 44.2% to RM 7.7 million compared to RM 25.3 million for the preceding quarter. This decrease is due to completion of most of our property development projects.

The Group's posted a lower pre-tax profit of RM 1.3 million compared to the pre-tax profit of RM 4.9 million for the preceding quarter.



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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 2019.

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 December | | Cumulative 9 months ended 31 December | |
|-------------------|---|----------------|---|----------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Income Tax | 4,044 | 6,584 | 10,183 | 19,042 |
| Deferred Taxation | (4,008) | (1,219) | (6,367) | (5,552) |
| | 36 | 5,365 | 3,816 | 13,490 |

The Group's effective tax rate for individual 3 months and cumulative 9 months were lower than the statutory tax rate due to certain expenses which was non-taxable.



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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 December 2018.

B8 Group Borrowings and Debt Securities

Borrowings in Malaysian Ringgit

| | 31 Dec 2018 RM'000 | 31 Mar 2018 RM'000 |
|------------------------------------|-----------------------|-----------------------|
| Long term borrowings: | | |
| Secured | 537,065 | 539,354 |
| Unsecured | - | - |
| Total Long term borrowings | 537,065 | 539,354 |
| Short term borrowings: | | |
| Secured | 132,690 | 66,742 |
| Unsecured | 240,047 | 231,285 |
| Total Short term borrowings | 372,737 | 298,027 |
| Total borrowings | 909,802 | 837,381 |

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.



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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 December 2018.

B12 Earnings Per Share

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

| | Individual 3 months ended 31 Dec | | Cumulative 9 months ended 31 Dec | |
|----------------------------|----------------------------------|--------------|----------------------------------|--------------|
| | 2018 '000 | 2017 '000 | 2018 '000 | 2017 '000 |
| Basic | 456,192 | 455,435 | 456,192 | 455,435 |
| Diluted earnings per share | 456,192 | 520,094 | 456,192 | 520,094 |

B13 Realised and Unrealised Retained Earnings

The retained earnings may be analysed as follows:

| | As at 31 Dec 2018 RM'000 | As at 31 Dec 2017 RM'000 |
|------------------------------------|--------------------------------|--------------------------------|
| Realised profit | 494,768 | 417,843 |
| Unrealised profit | 22,031 | 73,127 |
| | <hr/> 516,799 | <hr/> 490,970 |
| Less : Consolidation adjustment | (88,885) | (81,815) |
| Total retained earning | <hr/> 427,914 | <hr/> 409,155 |



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B14 Notes to Statements of Comprehensive Income

| | INDIVIDUAL 3 MONTHS ENDED 31 DEC RM '000 | | INDIVIDUAL 9 MONTHS ENDED 31 DEC RM '000 | |
|--|--|-------------------|--|-------------------|
| | 2018 | 2017 (Restate) | 2018 | 2017 (Restate) |
| Net profit for the period is arrived at after charging / (crediting) | | | | |
| Audit fees | 108 | 146 | 348 | 413 |
| Depreciation | 7,822 | 6,904 | 22,729 | 19,939 |
| Amortisation of prepaid leases payments | 11 | 15 | 39 | 54 |
| Contributions to Employees Provident Fund | 2,010 | 1,816 | 5,700 | 5,165 |
| Wages, salaries and others | 25,331 | 23,699 | 71,235 | 65,260 |
| Rental expenses of land and buildings | 11,398 | 10,084 | 33,534 | 34,003 |
| Rental of machineries and equipments | 1,908 | 1,818 | 7,041 | 7,266 |
| (Gain)/loss on disposal of :- | | | | |
| - quoted investments | - | 358 | 903 | (4,481) |
| - property, plant and equipment | (387) | - | (2,010) | (171) |
| Rental income from: | | | | |
| - land and buildings | (903) | (413) | (2,005) | (1,241) |
| -Change in fair value of investment properties | (5,400) | - | (5,400) | (259) |
| (Gain) /Loss on foreign exchange: | | | | |
| - Realised | 199 | 872 | (616) | 1,330 |
| - Unrealised | - | - | - | - |
| Quoted investments : | | | | |
| - fair value (gain) / loss | 2,264 | 514 | 3,346 | 12,811 |
| - gross dividends | (6) | (37) | (394) | (334) |
| Impairment loss / (gain) on: | | | | |
| - receivables | (16) | 1,371 | 797 | 2,978 |
| Interest income | (229) | (765) | (56) | (2,389) |