



**TIONG NAM**

TIONG NAM LOGISTICS HOLDINGS BERHAD

# ANNUAL REPORT 2010

PAGES	
1 - 3	FIVE YEARS FINANCIAL HIGHLIGHTS
4 - 8	CHAIRMAN'S STATEMENT
8	CORPORATE INFORMATION
7 - 11	DIRECTORS' PROFILE
12	CORPORATE STRUCTURE
13 - 18	STATEMENT OF CORPORATE GOVERNANCE
17 - 20	ADDITIONAL COMPLIANCE STATEMENT
20	STATEMENT ON DIRECTORS' RESPONSIBILITY IN RELATION TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
21 - 22	AUDIT COMMITTEE REPORT
23	STATEMENT OF INTERNAL CONTROL
25 - 28	DIRECTORS' REPORT
29 - 30	STATEMENT BY DIRECTORS & STATUTORY DECLARATION
31 - 32	INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
33 - 34	BALANCE SHEETS
35	INCOME STATEMENTS
36 - 37	STATEMENT OF CHANGES IN EQUITY
38 - 40	CASH FLOW STATEMENTS
41 - 86	NOTES TO THE FINANCIAL STATEMENTS
87 - 88	ANALYSIS OF SHAREHOLDINGS
89 - 91	LIST OF PROPERTIES
92 - 95	NOTICE OF ANNUAL GENERAL MEETING
96	NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT
97	PROXY FORM

# STATEMENT OF WORKS

## FIVE YEARS FINANCIAL HIGHLIGHTS

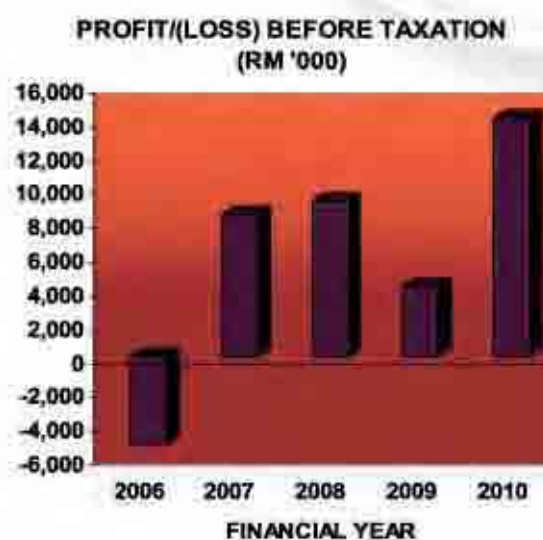
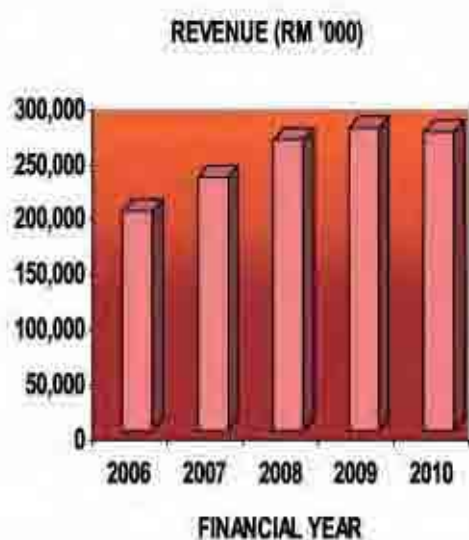
### Consolidated Income Statement for the Year Ended 31 March (RM'000)

Year	2006	2007	2008	2009	2010
REVENUE	199,884	231,622	285,837	275,906	272,328
PROFIT/(LOSS) BEFORE TAXATION	(5,181)	8,377	9,222	4,139	14,109
PROFIT/(LOSS) AFTER TAXATION	(6,954)	6,076	18,186	2,487	12,110
EARNINGS PER SHARE (SEN)	(8.00)	6.80	21.26	2.57	13.78
DIVIDENDS PER SHARE (SEN)	2	4	4	4	7
NET ASSET PER SHARE (RM)	2.06	2.14	2.32	2.32	2.43

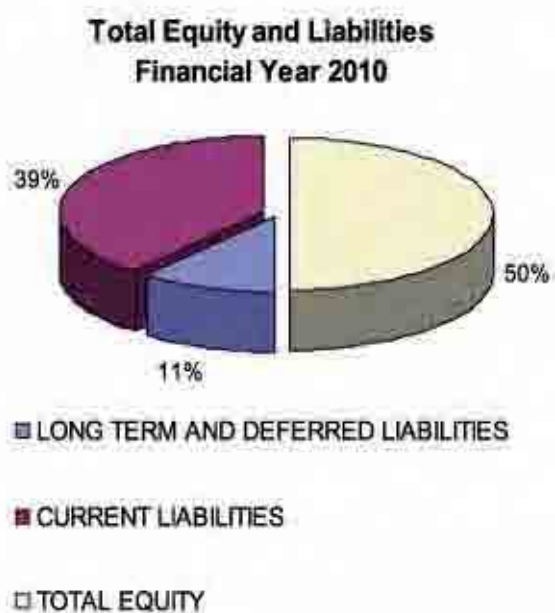
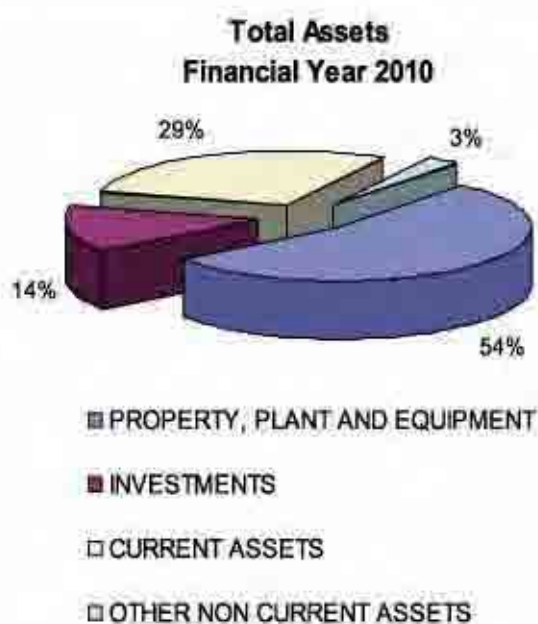
### Consolidated Balance Sheet as at 31 March (RM'000)

Year	2006	2007	2008	2009	2010
PROPERTY, PLANT AND EQUIPMENT	390,223	272,551	232,081	289,323	223,918
INVESTMENTS	7,572	4,375	48,444	47,590	56,480
CURRENT ASSETS	112,004	245,926	119,802	102,880	119,415
OTHER NON CURRENT ASSETS	255	140	3,282	6,811	11,831
<b>TOTAL ASSETS</b>	<b>510,054</b>	<b>522,992</b>	<b>403,709</b>	<b>416,604</b>	<b>411,645</b>
LONG TERM AND DEFERRED LIABILITIES	109,590	75,538	88,870	49,238	43,828
CURRENT LIABILITIES	226,912	266,412	158,089	170,297	161,152
<b>TOTAL LIABILITIES</b>	<b>336,502</b>	<b>341,950</b>	<b>246,959</b>	<b>219,535</b>	<b>205,000</b>
SHARE CAPITAL	84,102	84,103	84,103	84,103	84,103
RESERVES	89,040	96,197	111,384	111,376	120,320
MINORITY SHAREHOLDERS' INTEREST	110	742	1,263	1,590	2,142
<b>TOTAL EQUITY</b>	<b>173,552</b>	<b>181,042</b>	<b>196,750</b>	<b>197,069</b>	<b>206,565</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>510,054</b>	<b>522,992</b>	<b>403,709</b>	<b>416,604</b>	<b>411,645</b>

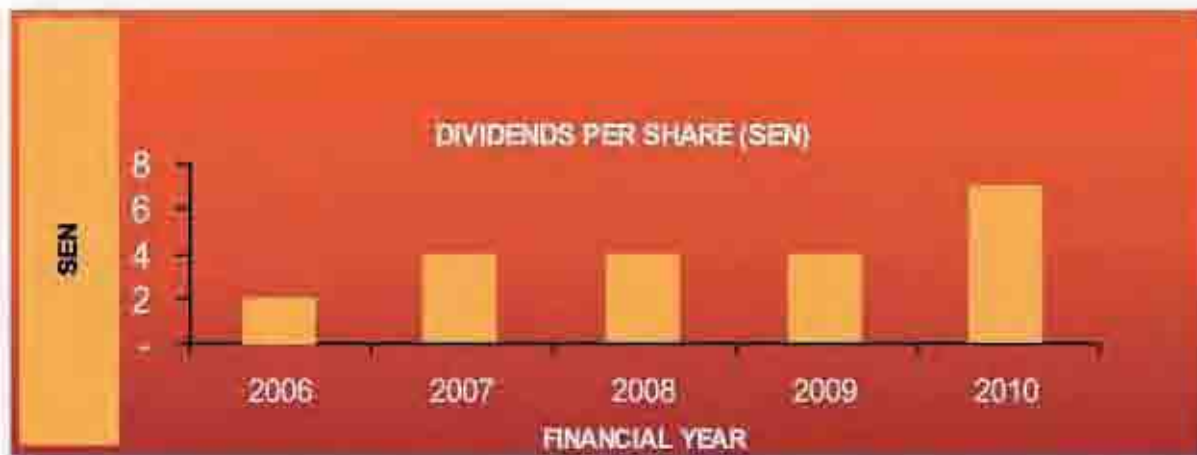
## FIVE YEARS FINANCIAL HIGHLIGHTS



## SIMPLIFIED GROUP BALANCE SHEET



## FIVE YEARS FINANCIAL HIGHLIGHTS



On behalf of the Board of Directors of Tiong Nam Logistics Holdings Berhad ("TNLHB") or ("the Company"), it is with great pleasure that I present to you the Annual Report and the audited financial statements of the Company and the Group for the financial year ended 31 March 2010.

### PERFORMANCE REVIEW

The financial year 2010 ("FY 2010") has been a very challenging year with the financial crisis triggered by the sub-prime mortgage backed securities in the United States of America which had a far reaching impact of the global financial and economic system.

Although we are content with the depressed economic and operate in a competitive operating environment, our untiring efforts and strategy have been rewarded by an impressive financial performance.

The Group's revenue is decreased by 1.3% from RM 275.9 million in financial year 2009 ("FY 2009") to RM 272.3 million in FY 2010. Despite this marginal decrease in revenue, the profit for the year attributable to equity holders soared to RM 11.6 million in FY 2010 from RM 2.2 million in FY 2009, an increase of 427.3%.

This increase in profit is mainly due to the decrease of cost of services by 3.1% from RM 239 million in FY 2009 to RM 232 million in FY 2010 and decrease in finance cost by 16.9% from RM 8.2 million in FY 2009 to RM 6.8 million in FY 2010.

### REVIEW OF OPERATIONS

The operating environment remained highly challenging throughout the financial year.

In meeting these challenges, Tiong Nam Logistics Holdings Berhad Group ("the Group") undertook measures such as operation efficiency improvements, diligent cost controls, cost rationalization and also focus and emphasize on high margin accounts.

During the financial year, the Group has entered into Sale and Purchase Agreements to purchase 3 vacant lands in Mukim of Krubong, Melaka for construction of warehouse. The construction of this warehouse has been completed with 100% occupancy rate.

The Group has also entered into Sale and Purchase Agreement to purchase a piece of land measuring 23.76 acres in Shah Alam for construction of warehouse. The agreement is pending for completion at the date of this report.

During the financial year, the Group has also entered into Truck Sale Agreements and Master Share Sale Agreement to dispose of majority of its trucks; however the operations of the Group will not be affected as the Group will maintain usage of these trucks by entering into Transportation Service Agreements with the buyer. The above corporate exercise will enable the Group to streamline its business focus, minimize capital expenditure and accelerate the expansion of its business.

### DIVIDENDS

In line with the strong performance in FY 2010, the Board has proposed a final dividend of 7.0 sen per share less Malaysia income tax of 25% pending your approval at the forthcoming Annual General Meeting.

This dividend amounting to RM 4,415,429 based on the issued and paid up capital of 84,103,400 ordinary shares of RM 1.00 each, fully paid as at the date of this report.

### CURRENT YEAR PROSPECT

In view of the challenging operating environment, the Group is prepared for a challenging year ahead and will continuously focus on providing value-added total logistics solutions as well as maintaining cost efficiencies. With the above measures, your Directors are confident that the Group shall be able to operate profitably in the financial year 2011 ("FY 2011").

### APPRECIATION

The Board of Directors wishes to extend their appreciation to our valued customers, financial institutions, business associates and shareholders for their continuing support, guidance and contributions during the financial year.

I would also like to extend my gratitude to the management and Board members, for their diligence in exercising their business judgement to guide the Group into another profitable financial year.

I would also like to extend my sincere appreciation to all dedicated employees, drivers and attendants for their contributions during the financial year.

Dato' Fu Ah Kiow  
Chairman  
3 September 2010

**DIRECTORS**

**David Ah Kiew @ Oh (Fu) Soon Guan**  
(Chairman)

**Ong Yoong Nyock** (Managing Director)

**Yang Kwee Lian** (Executive Director)

**Chang Chu Shien**

**Ong Eng Teck @ Ong Eng Fatt**

**Yang Seng Hui**

**Ling Cheng Fah @ Ling Cheng Ming**

**Dr Sia Teck Chin**

**Dr Ngo Get Ping**

**AUDIT COMMITTEE**

**Dr Ngo Get Ping** (Chairman)

**Ling Cheng Fah @ Ling Cheng Ming**

**Dr Sia Teck Chin**

**REMUNERATION COMMITTEE**

**Chang Chu Shien** (Chairman)

**Dr Ngo Get Ping**

**Dr Sia Teck Chin**

**NOMINATION COMMITTEE**

**Dr Sia Teck Chin** (Chairman)

**Yang Seng Hui**

**Dr Ngo Get Ping**

**COMPANY SECRETARY**

**Ang Mei Kiew**

**REGISTERED OFFICE**

Lot 30462 Jalan Kempas Baru  
81200 Johor Bahru, Johor Darul Takzim  
Tel: 07-2321299 Fax: 07-2361299  
E-mail: hqm@tiongnam.com.my  
Website: www.tiongnam.com

**AUDITORS**

**KPMG**  
Level 14 Menara Ansar  
65 Jalan Trus  
80000 Johor Bahru, Johor Darul Takzim

**REGISTRAR**

**Tricor Investor Services Sdn Bhd**  
Suite 13-01, 13<sup>th</sup> Floor, City Plaza  
No. 21, Jalan Tebrau,  
80300 Johor Bahru, Johor Darul Takzim  
Tel: 07-3322088; Fax: 07-3328096

**SOLICITORS**

**Iqbal Hakim, Sia & Voo**  
Level 7, Suite 7.3 Menara Pelangi  
2 Jalan Kuning, Taman Pelangi  
80400 Johor Bahru, Johor Darul Takzim  
Tel: 07-3345811; Fax: 07-3346693

**Abdul Raman Saad & Associates**  
Suite 12.01 Level 12 Menara Pelangi  
Jalan Kuning  
Taman Pelangi  
80400 Johor Bahru, Johor Darul Takzim  
Tel: 07-3330222; Fax: 07-3344708

**PRINCIPAL BANKERS**

**Malayan Banking Berhad**

**Hong Leong Bank Berhad**

**CIMB Bank Berhad**

**STOCK EXCHANGE LISTING**

Main Market of Bursa Malaysia Securities Berhad

## PROFILE OF DIRECTORS

### **DATO' FU AH KIOW 傅 阿 坤 (FU) 300N GUAN (Chairman)**

*Malaysian, Independent Non-Executive Director*

Aged 61, Dato' Fu Ah Kiow was appointed to the Board of Directors on 30 April 2008. He has more than twelve (12) years of distinguished service in the Malaysian Government. He was elected a Member of Parliament in 1995 and was a Deputy Minister in several ministries prior to his retirement in 2008. Before joining the government, Dato' Fu had worked, as an engineer and in various managerial roles, with multinational companies, and later founded and successfully managed companies engaged in construction and M&E engineering services.

Dato' Fu holds a Bachelor of Science (Honours) degree in Physics and a Master's degree in Industrial Engineering and Management Science.

He is currently also the Independent Non-Executive Chairman of Hirofako Holdings Berhad and NV Muti Corporation Berhad, both are public listed companies in Malaysia. He also holds directorship in Future NRG Sdn Bhd, a private company.

Dato' Fu does not have any family relationship with any director and/or major shareholder of Tiong Nam Logistics Holdings Berhad ("TNLHB"). He does not have any conflict of interest in any business arrangement involving the Company or its subsidiaries. He has no convictions for any offences within the past ten (10) years.

Dato' Fu has attended all the six (6) Board meetings held during the financial year ended 31 March 2010.

Dato' Fu does not have any equity interest in the Company or the subsidiary companies.

### **MR ONG YOONG NYOCK**

*Malaysian, Non-Independent Managing Director*

Aged 58, Mr Ong Yoong Nyock was appointed to the Board of Directors on 31 January 1990. He has more than thirty five (35) years of experience in the logistics industry. He started the transportation business in 1975 with a small fleet of lorries transporting general cargo in Johor which has since expanded to become a well-established total logistics company covering all the major routes of Peninsular Malaysia and East Malaysia. He also sits on the Board of Directors of several subsidiaries of the Company and other unrelated private companies.

Mr Ong Yoong Nyock's spouse Madam Yong Kwee Lian is an Executive Director of TNLHB. His brother Mr Ong Eng Teck @ Ong Eng Fatt and his brother-in-law Mr Yong Seng Huat are members of the Board. He has no conflict of interest with the Company. He has abstained from deliberations and voting in respect of transactions between the Group and related parties of which he has interest. He has no convictions of any offences within the past ten (10) years.

Mr Ong Yoong Nyock attended all the six (6) Board meetings held during the financial year ended 31 March 2010.

Mr Ong Yoong Nyock, by virtue of his substantial shareholdings (direct and indirect) in the Company as disclosed in page 87, he is deemed to have interest in the ordinary shares held by the Company in its subsidiaries.

Mr Ong Yoong Nyock is deemed interested in the transactions entered into by the Company in the ordinary course of business with companies in which he and his close family members have substantial financial interest as disclose in note 31 to the financial statements.

**MADAM YONG KWEE LIAN**

*Malaysian, Non-Independent Executive Director*

Aged 59, Madam Yong Kwee Lian was appointed to the Board of Directors of TNLHB on 31 January 1990. She has been in the logistics industry for more than thirty two (32) years. She is responsible for building up of the Singapore-based customers as well as contributing substantially to the day-to-day administrative and operating procedures of the Group's logistics business. In addition, she sits on the Board of Directors of several subsidiaries of the Company and other unrelated private companies.

Madam Yong Kwee Lian's spouse, Mr Ong Yoong Nyock is the Managing Director of TNLHB. Her brother Mr Yong Seng Huat and brother-in-law Mr Ong Eng Teck @ Ong Eng Fatt are members of the Board. She has no conflict of interest with the Company. She has abstained from deliberations and voting in respect of transactions between the Group and related parties of which she has interest. She has no convictions of any offences within the past ten (10) years.

Madam Yong Kwee Lian has attended five (5) out of the six (6) Board meetings held during the financial year ended 31 March 2010.

Madam Yong Kwee Lian, by virtue of her substantial shareholdings (direct and indirect) in the Company as disclosed in page 87, she is deemed to have interest in the ordinary shares held by the Company in its subsidiaries.

Madam Yong Kwee Lian is deemed interested in the transactions entered into by the Company in the ordinary course of business with companies in which she and her close family members have substantial financial interest as disclose in note 31 to the financial statements.

**MR YONG SENG HUAT**

*Malaysian, Non-Independent Non-Executive Director*

Aged 50, Mr Yong Seng Huat was appointed to the Board of Directors of TNLHB on 11 October 1991 and is a member of the Nomination Committee. He holds a Bachelor of Arts (Economics) degree from Brook University of Canada. From 1986 to 1989, he was employed as the Head of Business Department of Dai Hwa Holdings (Malaysia) Bhd., a company formerly listed on the Main Board of Bursa Malaysia Securities Berhad and was primarily responsible for business planning, shipping and market coordination for the said company. He was also formerly the Managing Director of TN Forklift Group of companies from 1994 to 1997.

His sister, Madam Yong Kwee Lian and brother-in-law Mr Ong Yoong Nyock are Executive Director and Managing Director of the Company respectively and hence members of the Board.

Mr Yong Seng Huat has no conflict of interest with the Company. He has no convictions of any offences within the past ten (10) years.

Mr Yong Seng Huat attended all the six (6) Board meetings held during the financial year ended 31 March 2010.

Mr Yong Seng Huat has indirect shareholding of 2,000 ordinary shares of RM 1.00 each in the Company as disclosed in page 87.

**MR ONG ENG TECK @ ONG ENG FATT**

*Malaysian, Non-Independent Non-Executive Director*

Aged 64, Mr Ong Eng Teck was appointed to the Board of Directors of TNLHB on 11 October 1991. He has more than thirty six (36) years of experience as a car dealer and currently owns and manages companies dealing in motor vehicles and hospitality activities.

His brother, Mr Ong Yoong Nyock and sister-in-law Madam Yong Kwee Lian are Managing Director and Executive Director of the Company respectively and hence are members of the Board.

Mr Ong Eng Teck has no conflict of interest with the Company. He has no convictions of any offences within the past ten (10) years.

Mr Ong Eng Teck attended all the six (6) Board meetings held during the financial year ended 31 March 2010.

Mr Ong Eng Teck does not have any equity interest in the Company or its subsidiary companies.

## PROFILE OF DIRECTORS

### **MR CHANG CHU SHIEN**

*Malaysian, Non-Independent Non-Executive Director*

Aged 59, Mr Chang Chu Shien was appointed to the Board of Directors of TNLHB on 11 October 1991. He is the Chairman of the Remuneration Committee. He holds a Bachelor of Commerce degree from the University of New South Wales, Australia. He was employed as an Executive with Australian Consolidated Industries Ltd. in Sydney, Australia, from 1974 to 1977. He joined Pahang Enterprise Sdn. Bhd., which is principally involved in the production and trading of palm oil products and Asia Oil Palm Sdn. Bhd., an oil palm plantation company, in 1977 as the Administrative/Financial Director and was the Managing Director of these companies since 1983. He is currently involved in plantation, manufacturing, property development, insurance, real estate and hotel operations. He is a registered Real Estate Agent with the Board of Valuers, Appraisers & Estate Agents, Malaysia and a registered General Insurance Agent with The Malaysian Insurance Institute.

Mr Chang Chu Shien has no family relationship with any of the Directors and/or major shareholders of TNLHB. He has abstained from deliberations and voting in respect of transactions between the Group and related parties of which he has interest.

He has no conflict of interest with the Company. He has no convictions of any offences within the past ten (10) years.

Mr Chang Chu Shien attended five (5) out of the six (6) Board meetings held during the financial year ended 31 March 2010.

Mr Chang Chu Shien equity interest in the Company is disclosed in page 87 and he does not have any direct equity interest in the Company's subsidiaries.

### **MR LING CHENG FAH @ LING CHENG MING**

*Malaysian, Non-Independent Non-Executive Director*

Aged 61, Mr Ling Cheng Fah @ Ling Cheng Ming was appointed to the Board of Directors of TNLHB on 23 November 2001 and is a member of the Audit Committee. He holds a Bachelor of Commerce degree from the University of Newcastle, Australia. He is a member of the Institute of Chartered Accountants in Australia and Malaysian Institute of Accountants.

He worked as a Financial Controller/Company Secretary from 1980 to 1985 in Charlick Operations Pty Limited, a diversified group and Senior Manager in a merchant bank, NZI Securities Australia Limited both with operations in Australia.

He joined the Company in 1992 as Group General Manager and was primarily responsible for the financial and corporate functions of the Group. He has been redesignated from executive director to a non-executive director effective from 1 April 2009.

Mr Ling Cheng Fah has no family relationship with any of the Directors and/or major shareholders of TNLHB.

He has no conflict of interest with the Company. He has no convictions of any offences within the past ten (10) years.

Mr Ling Cheng Fah attended five (5) out of the six (6) Board meetings held during the financial year ended 31 March 2010.

Mr Ling Cheng Fah has direct shareholding of 15,000 ordinary shares and indirect shareholding of 3,000 ordinary shares each of RM 1.00 each in the Company as disclosed in page 87.

### **DR SIA TECK CHIN**

*Malaysian, Independent Non-Executive Director*

Aged 49, Dr Sia Teck Chin was appointed to the Board of Directors of TNLHB on 18 November 2005 and is the Chairman of Nomination Committee and a member of the Audit Committee and Remuneration Committee. He holds a MBBS degree from the Mangalore University, India. He worked in the government hospital between 1989 to 1992. He is currently a general practitioner operating his own clinic since 1992.

Dr Sia Teck Chin has no family relationship with any of the Directors and/or major shareholders of TNLHB.

He has no conflict of interest with the Company. He has no convictions of any offences within the past ten (10) years.

Dr Sia Teck Chin attended all the six (6) Board meetings held during the financial year ended 31 March 2010.

Dr Sia Teck Chin equity interest in the Company is disclosed in page 87 and he does not have any direct equity interest in the Company's subsidiaries.

**DR NGO GET PING**

*Malaysian, Independent Non-Executive Director*

Age 52, Dr Ngo Get Ping was appointed to the Board of Directors of TNLHB on 23 November 2006 and is the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee. He holds a (DPhil) in Metallurgy from the University of Oxford (UK).

He is also a Board Member of OSK Holdings Berhad, Medi-Flex Limited, EZRA Holdings Ltd, First DCS Pte Ltd and OSK Asset Management Sdn. Bhd.

He was the Contract Manager for Intraco (S) Pte Ltd, a soil specialist construction company, from 1985 to 1986 and the Investment Officer for Government of Singapore Investment Corporation Pte Ltd, from 1986 to 1987. He was also an Associate Director with James Capel Asia Pte Ltd from 1988 to 1993 and Senior Vice President with Nomura Securities (S) Pte Ltd from 1994 to 1996. Dr Ngo's last employment was with CLSA (S) Pte Ltd from 1996 to 2006 where he held several positions including Head of Sales and Deputy Country Head.

Dr Ngo Get Ping has no family relationship with any of the Directors and/or major shareholders of TNLHB.

He has no conflict of interest with the Company. He has no convictions of any offences within the past ten (10) years.

Dr Ngo Get Ping attended all the six (6) Board meetings held during the financial year ended 31 March 2010.

Dr Ngo Get Ping does not have any equity interest in the Company or its subsidiary companies.

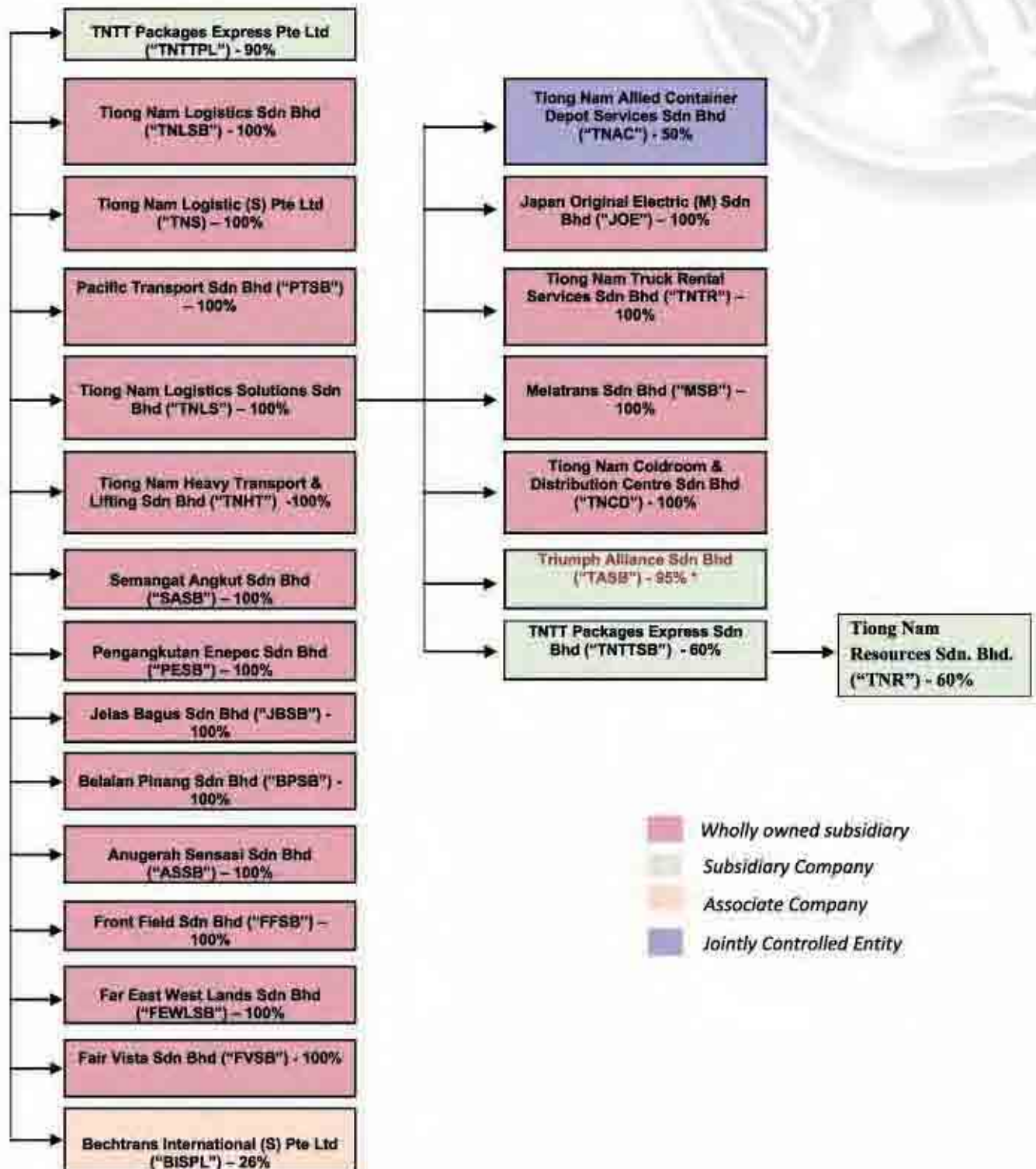
THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK



**BOARD OF DIRECTORS**

*Standing Left to Right: Mr. Yang Seng Hwa, Mr. Ong Eng Teck, Dr. Sia Teck Chin, Mr. Ling Cheng Fah  
Sitting Left to Right: Mr. Ong Yeong Nyoek, Dato. Fu Ah Kiew, Madam Yong Kwee Lian, Mr. Chang Chu Shien, Dr. Ngo Get Ping*

## TIONG NAM LOGISTICS HOLDINGS BERHAD ("TNLHB")



\* TNLS disposed all its shares in TASB with effective from 30 Jun 2010.

## STATEMENT OF CORPORATE GOVERNANCE

The Board and the Senior Management has continued to manage the business affairs and activities of the Group in accordance to the best practices in Corporate Governance as provided by the Malaysian Code of Corporate Governance for the financial year under review. This is to ensure that the assets and interest of the shareholders in the Tiong Nam Group are protected.

The Board of Directors wishes to disclose the principles of the Code which have been applied and the extent of the compliance with its best practices during the financial year.

### 1. THE BOARD OF DIRECTORS

The Board currently has a total of nine (9) directors and consists of four (4) Non Independent Non Executive Directors, two (2) Non Independent Executive Directors and three (3) Independent Non Executive Directors. Independent Non Executive Directors currently comprise of 1/3 of the Board.

The Board of Directors met on six (6) occasions during the financial year ended 31 March 2010. All Board meetings were held at Lot 30462 Jalan Kempas Baru, 81200 Johor Bahru, Johor Darul Takzim. The date and time of the Board meetings are as follows:

Date	Time
19 May 2009	9:00 am
15 August 2009	8:45 am
21 November 2009	9:00 am
21 December 2009	9:25 am
6 February 2010	9:00 am
10 March 2010	9:40 am

The attendance of the Board members at these meetings is as follows:

Names	Designation	No. of meeting attended
<b>Dato Fu Ah Klow @ Oh (Fu) Soon Guan</b>	Independent Non-Executive Chairman	6/6
<b>Ong Yoong Nyock</b>	Non-Independent Managing Director	6/6
<b>Yong Kwee Lian</b>	Non-Independent Executive Director	5/6
<b>Ong Eng Teck @ Ong Eng Fatt</b>	Non-Independent Non-Executive Director	6/6
<b>Yong Seng Huat</b>	Non-Independent Non-Executive Director	6/6
<b>Chang Chu Shien</b>	Non-Independent Non-Executive Director	5/6
<b>Ling Cheng Fah @ Ling Cheng Ming</b>	Non-Independent Non-Executive Director	5/6
<b>Dr Sia Teck Chin</b>	Independent Non-Executive Director	6/6
<b>Dr Ngo Get Ping</b>	Independent Non-Executive Director	6/6

Board members are provided with an agenda which contained matters which are to be discussed. The Board is provided in advance Board's papers such as financial reports, comparative turnovers of various type of services provided, summary of bank borrowings, variances analysis and comments and other papers which require discussion, endorsement and approval of the Board.

**BOARD COMMITTEE****a. Audit Committee ("AC")**

The audit committee comprises of two (2) Independent Non-Executive Directors including an Independent Chairman and one (1) Non-Independent Non-Executive Director. The AC members are Dr Ngo Get Ping (Chairman), Dr Sia Teck Chin and Mr Ling Cheng Fah.

The composition of the AC currently complies with the Listing Requirements of Bursa Malaysia Securities Berhad.

The Committee reviews and approves the financial quarterly reports, internal audit processes and has five (5) meetings with the external auditors during and after the financial year ended 31 March 2010.

Terms of reference and functions of the committee are found on pages 21 to 22 of this Annual Report.

**b. Nomination Committee ("NC")**

The NC was formed on 25 August 2001. The members are Dr Sia Teck Chin (Chairman), Mr Yong Seng Huat and Dr Ngo Get Ping. In the 2010 financial year, it has completed its review of the composition of the Board of Directors, Audit Committee, Remuneration Committee. At the date of this report, the composition of the Board, Audit Committee has complied with the Listing Requirements of Bursa Malaysia Securities Berhad.

The Board through the NC has considered the mix of skills, experiences and competencies of the Board members to discharge their duties effectively.

The Articles of Association provide that at least one third of the Board is subject to retirement by rotation at each Annual General Meeting. The Directors to retire in every year shall be those who have been longest in office since their appointments or re-appointments. A retiring director is eligible for re-election.

The names of the retiring directors who are eligible for re-election are found on page 92 and their profiles are found on pages 7 to 10 respectively.

**c. Remuneration Committee ("RC")**

The RC was formed on 25 August 2001. The members are Mr Chang Chu Shien (Chairman), Dr Ngo Get Ping and Dr Sia Teck Chin.

The wealth of experience, skills and competencies of the Board members are detailed in the profile of Directors on pages 7 to 10.

Drawing from the market information in relation to the profitability, turnover, total assets and types of industry, the committee has certain market information on remuneration of executive directors and non-executive directors.

The Directors are paid an annual fixed fee subject to the approval of the shareholders in the Annual General Meeting.

The aggregate remuneration of the directors of the Group categorized into salaries and allowances and fees are as follows:-

Aggregation Remuneration	Executive Directors RM	Non-Executive Directors RM
<b>Director Fees</b>	40,000	137,000
<b>Salaries &amp; Allowances</b>	710,000	-
<b>Bonuses</b>	-	-
<b>Benefits in Kind</b>	-	-
<b>Total</b>	750,000	137,000
<b>Range of Remuneration (update):</b>		
<b>RM 200,001 to RM 250,000</b>	-	-
<b>RM 250,001 to RM 300,000</b>	1	-
<b>RM 400,000 to RM 500,000</b>	1	-

The names are not disclosed for security reason.

### 2. RELATIONS WITH SHAREHOLDERS

The shareholders are informed on a quarterly basis the financial performances of the Group via the website of the Bursa Malaysia Securities Berhad. The information provided by the quarterly report is comprehensive and provides an update information on the quarterly performance of the Group, corporate exercises if any, prospects of the following quarter and for the following financial year where appropriate. Other communications with shareholders are by way of Circulars to shareholders on Corporate Exercise matters, Recurrent Related Party Transactions, Share Buy-Back Authority, sale and purchases of land and buildings, acquisition of subsidiary, announcement on changes in substantial shareholders' shareholdings and Annual Reports.

From time to time, the Company has dialogue with institutional investors and analysts from investment banks.

The Company has invited institutional and retail investors and the press to its Annual General Meeting. The Board encourages shareholders at the meeting to participate in discussions and maintains a cordial and informal relationship with all its shareholders.

Whilst the Company shall endeavour to provide as much information as possible to the shareholders, the Company is aware of price sensitive information which should be handled appropriately via the Bursa Malaysia Securities Berhad.

### 3. ACCOUNTABILITY & AUDIT

The Board shall endeavour to present a balance and understandable assessment of the Group's financial position and prospect through unaudited quarterly financial reporting via the Bursa Malaysia Securities Berhad, annual audited financial statements, Chairman Statement and review of operations in the annual reports.

The audit committee reviews the quarterly reports and the annual report before they are submitted to the Board for approval. A statement of the directors' responsibilities for preparing the financial statements is set out on page 20 of this annual report.

### 4. INTERNAL CONTROL

The Statement on internal control set out on page 23 of the annual report provides an overview of the Group state of internal control.

### 5. RELATIONSHIP WITH EXTERNAL AUDITORS

The Board has maintained an independent and transparent relationship with the external auditors. External auditors' views, opinions and expertises are sought by Senior Management and Board Members periodically on general accepted accounting principles, financial reporting standards, appropriate disclosures, dealings with Authorities and compliances. Discussions with external auditors are held during the finalisation of the annual audited financial statements, quarterly Audit Committee meeting from time to time and on internal control matters.

### 6. TRAINING

The Directors of the Company have attended the Mandatory Accreditation Programme (MAP) prescribed by the Bursa Malaysia Securities Berhad for directors of public listed companies. The Directors are aware that they are required to continue to update themselves on their skills and knowledge to discharge their duties.

During the year, the Directors have attended the following training programme/seminars/forum

- a. Audit Committee Roundtable Discussion: Economic Downturn and Risk Oversight: Reassessing Risk in the Wake of Market Turmoil.
- b. An Overview of FRS 139 – Financial Instruments: Recognition and Measurement and FRS 7 – Financial Instrument: Disclosure.
- c. Executive Update for Directors on FRS 139, 7, 8 and New Changes in Listing Requirements for the Main Market and Ace Market.
- d. Bursa Malaysia Evening Talks on Corporate Governance: Corporate Responsibility Overview and Identifying Corporate Responsibility Risks and Opportunity for Companies.
- e. Bursa Malaysia Evening Talk: Corporate Governance Revisited.
- f. Penang International Property Forum 2010 on Penang's Potential in the International Arena.
- g. Preparation of Documents & Gap Analysis.
- h. Essential Skills in Handling Logistics Documentation.
- i. Change Needs, Identification & Skills.
- j. Key Performance Indicators (KPI) for Business Success.

All the Directors have been advised to attend at least one (1) or more programme/seminar/forum for the new financial year 2011 which have direct relevance to the disposal of their duties and responsibility as director and keep abreast with the latest developments in the capital markets, relevant changes in laws and regulations and the business environment from time to time.

**7. COMPLIANCE WITH THE CODE**

The Group has complied substantially with the best practices in Corporate Governance as provided by the Malaysia Code of Corporate Governance with the exception of identification of a senior independent director. The Board is of the opinion that shareholders who wish to voice their concern should direct the matter to the Chairman of the Company.

**8. CORPORATE SOCIAL RESPONSIBILITY**

The Tiong Nam Group has existing health environmental safety policies which are periodically reviewed and to take into account of changing business environment.

Majority of our trucks are equipped with Euro 2 engines which are environmental friendly. The Group has taken steps to convert its trucks to use gas instead of diesel which is another step to further enhance the environment.

The Group has consistently made donations to charitable organizations and schools and supported charitable events organized by them.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

### 1. MATERIAL CONTRACT INVOLVING DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

For the financial year ended 31 March 2010, there are no material contracts involving directors and substantial shareholders in the Company and subsidiaries.

However, recurring related party transactions of a revenue or trading nature in the ordinary course of business which are entered into by the Company and its subsidiaries involving the interest of Mr Ong Yoong Nyock and Madam Yong Kwee Lian, Managing Director and Executive Director respectively and substantial shareholders of the Company and Mr Chang Chu Shien a Non-Independent Non-Executive Director and persons connected to the Directors and/or Substantial Shareholders of the Company, Mr Ong Wei Kuan, Mr Ong Yong Meng, Mr Ong Weng Seng and Madam Yong Wei Lian have been mandated and approved by the shareholders in the Annual General Meeting of the Company held on 26 September 2009.

### 2. SANCTIONS AND PENALTIES IMPOSED

There were no sanctions and penalties imposed by regulatory authorities on the company, its subsidiaries, directors and management.

### 3. NON-AUDIT FEE

The non-audit fees paid by the company and its subsidiaries to the external auditors, Messrs KPMG and affiliates companies for the financial year ended 31 March 2010 amounted to RM 62,800.00.

The non-audit fees were related to services rendered for income tax services.

### 4. REVALUATION POLICY

The accounting policy of revaluation of the land and buildings is stated in Notes to the financial statements under Note 2(c)(i) of summary of significant accounting policies under heading property, plant and equipment in the financial statements of the Company and its subsidiaries for the financial year ended 31 March 2010.

### 5. UTILISATION OF PROCEEDS

No proceeds were raised from any corporate exercise during the financial year.

### 6. SHARE BUY-BACK

The Company did not carry out any share buy-back during the financial year ended 31 March 2010.

### 7. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company has not issued any options, warrants or convertible securities during the financial year ended 31 March 2010.

### 8. AMERICAN DEPOSITORY RECEIPT ("ADR") or GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

The Company has not sponsored any ADR or GDR programme during the financial year ended 31 March 2010.

### 9. PROFIT GUARANTEE

There was no profit guarantee received by the Company during the financial year.

### 10. VARIATION IN RESULTS

There was no material variation between the audited results for the financial year ended 31 March 2010 and the unaudited results previously announced. The Company did not make any release on the profit estimate, forecast or projections for the financial year.

### 11. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (AS DEFINED UNDER PARAGRAPH 10.09 OF THE BURSA SECURITIES LISTING REQUIREMENTS) DURING THE FINANCIAL YEAR 2010

The nature of transactions with the Related Parties that involve:

- (i) the major shareholders and directors of the company of which Mr. Ong Yoong Nyock ("OYN") and Madam Yong Kwee Lian ("YKL")
- (ii) Mr Ong Wei Kuan ("OWK"), the son of OYN and YKL
- (iii) Mr Ong Weng Seng ("OWS") and Mr Ong Yong Meng ("OYM"), both are brothers of OYN
- (iv) Madam Yong Wei Lian ("YWL"), sister of YKL

## ADDITIONAL COMPLIANCE INFORMATION

	Transacting Party	Nature of Relationship	Nature of Transactions	Transacted Value RM '000
a	Lincraft Printers Sdn Bhd ("LPSB")	LPSB is 70% owned by Charlecote Sdn Bhd ("CSB")  CSB is 70% and 30% owned by OYN and YKL respectively.  OYN is a director in LPSB.	Freight income received from provision of transportation and related services such as forwarding, handling stuffing and unstuffing, container haulage services and general warehousing facilities  Rental income of general warehouse at i) PLO 1, Tebrau Industrial 1, Johor Bahru ii) 68, Jalan Riang 21, Taman Gembira, Johor Bahru  The above services and warehouse facilities are provided by TNLS.	1,802  40 541
b	TN Transport & Warehousing Pte Ltd ("TNTW") (Singapore)	OYN – 50% YKL – 50%  Both OYN and YKL are directors in TNTW.	Rent payable for rental of general warehouse in Singapore at 25, Senoko Loop, Woodland east Industrial estate, Singapore 758158.  Forwarding and related services such as handling, forklifts services, stuffing and unstuffing.  The rent and forwarding services are provided to TNLS.	1,342  4,051
c	Semangat Forwarding Agent Sdn Bhd ("SFA")	OWK – 5.5%	Income from rental of offices at i) Lot 2, Padang Besar ii) Lot 24, Johor Port, Pasir Gudang  Charges payable by TNLS for forwarding, custom clearance and related services, telephone, handling, stuffing and unstuffing, postages and travelling charges.	12 12  5,256
d	Dynamic Tyre Sdn Bhd ("DTSB")	OWK – 50%	Income from rental of warehouse at Lot 30462, Jalan Kempas Baru, Johor Bahru provided by TNLS.  Income from labour charges/freight income received from provision of transportation services provided by TNLS.  Charges for purchase of tyres and accessories by TNLS, ASSB, BPSB, FEWLSB, FFSB, JBSB, PTSB, PESB, SASB, TASB, TNLSB, TNTR, TNHT and TNTTSB.	72  7  3,961
e	Vyos Technology Sdn Bhd ("VTSB")	OWK – 7%	Income from rental of offices at i) Lot 30462, Jalan Kempas Baru, Johor Bahru ii) Lot 204, Shah Alam Both provided by TNLS  Charges for information technology services provided to TNLS, TNS, ASSB, PESB, TNLSB, TASB, FFSB, TNHT and TNTTSB.	64 30  386
f	TN Engineering Sdn Bhd ("TNE")	OWK – 37.51%	Income from freight and sale of diesel provided by TNLS and PTSB respectively.  Income from rental of warehouses at i) Lot 88, Jalan Kempas Lama, Johor Bahru ii) Lot 203D, Gebeng Industrial Estate, Kuantan Both provided by TNLS  Charges for repairs and maintenance of lorries (including smash repairs), forklifts, mobile cranes and motor vehicles.  These services are rendered to TNLS, ASSB, BPSB, FEWLSB, FFSB, JBSB, PTSB, PESB, SASB, TASB, TNTR, TNLSB, TNHT and TNTTSB	71  413 18  5,746

## ADDITIONAL COMPLIANCE INFORMATION

	Transacting Party	Nature of Relationship	Nature of Transactions	Transacted Value RM '000
g	TN Engineering (SA) Sdn Bhd ("TNESA")	OWK – 8%	Income from freight and sale of diesel provided by TNLS and PTSB respectively.	63
			Income from rental of service centers i) Lot 92, 93, 94 & 240, Shah Alam ii) Lot 30C Inanam, Kota Kinabalu Both provided by TNLS	540 24
			Charges for repairs and maintenance of lorries (including smash repairs), forklifts, mobile cranes and motor vehicles.	4,634
			These services are rendered to TNLS, ASSB, BPSB, FEWLSB, FFSB, JBSB, PTSB, PESB, SASB, TASB, TNTR, TNLSB, TNHT and TNTTSB	
h	TN Autoparts Sdn Bhd ("TNA")	OWK – 7%	Charges payable by TNLS and Triumph Alliance for purchases of trailers and trucks accessories.	964
i	G-Force Sdn Bhd ("GFSB") and the following wholly owned subsidiaries: - Dyed Leaves Sdn Bhd ("DLSB") - Perwira Bistari Sdn Bhd ("PBSB") - Potensi Lengkap Sdn Bhd ("PLSB") - Tepian Indah Sdn Bhd ("TISB") - Trans-Crest Sdn Bhd ("TCSB") - Generation Essentials Enterprise Sdn Bhd ("GEESB") - Melia Legend Sdn Bhd ("MLSB")	OWS – 35% OYM – 35%  OWS and OYM are directors in GFSB and the following wholly owned subsidiaries: - DLSB, PBSB, PLSB, TISB, TCSB, GEESB, MLSB	Income from rental of general and bonded warehouses in Shah Alam, and Ipoh - Lot 973, Lion Industrial Park, Shah Alam - Lot 2-21, Lion Industrial Park, Shah Alam - Lot 204, Lion Industrial Park, Shah Alam - Lot 2-11, Lion Industrial Park, Shah Alam - Lot 93, IGB Int Park, Ipoh  Transportation and related services, container haulage services, sale of diesel, and other transportation accessories  Rent payable for rental of general warehouses in Port Klang and Shah Alam and coldroom facilities in Shah Alam and Bangi - Lot 16875 & 16876, Mukim Damansara, Shah Alam - Lot 2-30, 32, & 34, Lion Industrial Park, Shah Alam - PT 14340 & 14341, Mukim Damansara, Shah Alam - Lot 61383, Bangi - Lot 5, Port Klang  Charges payable for forwarding and transportation services and handling.  Rental of general warehouses and forwarding and transportation services are provided to TNLS.	1,450 22 28 1,153 52  12,109  2,789 1,734 120 1,380 498  3,694
j	G-Force Forklift Services Sdn Bhd ("GFFS") and wholly owned subsidiaries: - GF Forklift Services (Penang) Sdn Bhd ("GFFP") - G-Force Equipment Services Sdn Bhd ("GFES") - GF Equipment Rental Sdn Bhd ("GFER") - Mach 1 Equipment Services Sdn Bhd ("M1E") (fka G-Force Forklift Services (KL) Sdn Bhd)  Other non wholly owned subsidiaries: - G-Force Access Equipment Sdn Bhd ("GFAE") - Green Pallet Sdn Bhd ("GP")	OWS – 85%  OWS is a director in GFFS and the following wholly owned subsidiaries: - GFFP - GFES - GFER - M1E  - GFAE (51%) - GP (50%)	Income from rental of warehouses: - Lot 242, Jalan Kangkar Tebrau, Industrial Estate 4, Johor Bahru - Lot 56039, Jalan Kempas Lama - D 13, Port of Tanjung Pelepas, Johor - Lot 2537, Batu Pahat.  Forwarding and transportation services.  Purchases, hire and repair and maintenance of forklifts.  Rental of warehouse, forwarding and transportation services are provided by TNLS. GFFS sells forklifts and hire and provide repair and maintenance services to TNLS, TNLSB, TNTR, TNCD, TNS and TASB.	108 60 3 30  379  4,528
k	Terbit Watan Sdn Bhd ("TWSB")	YWL – 50%	Income from sale of trucks by Tiong Nam Group.  Capital expenditure for purchase of trucks by Tiong Nam Group.	231

## ADDITIONAL COMPLIANCE INFORMATION

The nature of transactions with the Related Party of which the Director of the Company, Mr Chang Chu Shien ("CCS") is a shareholder

	Transacting Party	Nature of Relationship	Nature of Transactions	Transacted Value RM '000
I	Straits View Hotel Sdn Bhd ("SVH")	CCS – 19.6%  CCS is a director in Straits View Hotel Sdn Bhd	Rent payable for rental of a general warehouse at i) Lot 2-43 & 2-45, Lion Industrial Park, Shah Alam ii) Lot 2-13, Lion Industrial Park, Shah Alam	444 306

### STATEMENT ON DIRECTORS' RESPONSIBILITY IN RELATION TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

The Directors are required by the Companies Act 1965 to prepare financial statements which give a true and fair view of the state of affairs of the company and its subsidiaries as at the end of each financial year and of the profit and loss for that period.

In preparing the financial statements as set out on pages 33 to 86 of this Annual Report, the Board has ensured that appropriate accounting policies have been consistently applied, make reasonable and prudent judgements and estimates in accordance to applicable accounting standards and provision of Companies Act 1965 subject to any explanations and any material departures disclosed in the notes to the financial statements.

The Directors are responsible for ensuring that the company and its subsidiaries keep accounting records which disclose with reasonable accuracy financial positions of the company and its subsidiaries and which enable them to ensure the financial statements comply with the Companies Act 1965. The Directors have the general responsibility for taking such steps as are reasonable open to them to safeguard the assets of the Group and to prevent and to detect fraud and other irregularities.

## TERMS OF REFERENCE OF AUDIT COMMITTEE

### Objectives

1. To ensure quarterly results and the annual financial statements of the Group
  - a) have been prepared in accordance with generally accepted accounting principles and comply with all statutory and the Bursa Malaysia Securities Berhad requirements.
  - b) provided by the management are realistic and reliable.
2. To identify and review business risks and ensure that the Group system of internal control is effective and measures implemented have been adhered to by the management and staff of the Group.
3. To ensure that internal and external exceptional findings in relation to compliance with the Authorities and the Bursa Malaysia Securities Berhad requirements are corrected and measures be implemented to avoid recurrent.

### Committee

1. The Committee Members are to be appointed by the Board of Directors.
2. The committee shall comprise of at least 3 directors of the Company.
3. Majority members must be independent non-executive directors.
4. At least one (1) member to be a Malaysian Institute of Accountants member or has passed examination specified in the 1<sup>st</sup> Schedule of the Accountants Act (with at least 3 years of working experience).
5. The chairman shall be an independent non-executive director approved by the Board.
6. No alternate director shall be appointed as a member of the Committee.
7. In the event that any vacancy arising from reasons such as retirement, resignation, death, removal of a member of the audit committee or for any other reasons, the board shall ensure the vacancy be filled within three (3) months to ensure compliance of the Listing Requirements.
8. The Board shall review the term of office of the Committee members not less than every three (3) years and may reappoint the existing members after the review and/or to appoint new members to the Committee from time to time as and when they think is appropriate.

### Duties

1. To review the quarterly results and annual financial statements of the Group
  - a) to ensure that they have been prepared in accordance with generally accepted accounting principles and that all statutory requirements have been complied with.
  - b) to ensure quarterly results and annual financial statements are true and fair.
2. To identify and review business risks, the effectiveness of internal control with the internal and external auditors.
3. To discuss with internal and external auditors in relation to the scope of the audit and audit procedures.
4. To discuss with internal and external auditors and to report to the Board of Directors significant results and findings.
5. To consider and recommend the appointment of external auditors, the audit fees and any question of resignation or dismissal.
6. To review recurrent related party transactions and ensure that the transactions are entered into at arms length basis and have benefits in term of revenue, efficiency, improving the profile and increasing customer base of the Group.
7. To consider any other functions that may be required and agreed to be undertaken by the Audit Committee and the Board of Directors.
8. Overseeing the internal audit functions.

### Meeting

1. Quorum for meeting shall be a majority of members present at the meeting who are independent directors.
2. The committee shall meet not less than four (4) times per annum.
3. Directors who are non-members and/or employees may attend any particular meeting only at the audit committee's invitation, specific to the relevant meeting to provide explanation and expertise advice.
4. The appointed secretary (usually company secretary) shall take minutes for all proceedings and matters discussed as well as make record attendance for all members and invitees. All minutes of meeting shall be circulated to every member of the Board.

### Authority

1. The Audit Committee is authorised by the Board and at the expenses of the Group
  - i. to investigate any matters within its term of reference.
  - ii. have full and unrestricted access to any information of the Group.
  - iii. to be able to obtain independent professional and other advice.

## AUDIT COMMITTEE REPORT

### MEMBERS AND MEETINGS

The Audit Committee (AC) currently has a total of three (3) members and has held five (5) meetings during the financial year. The members of the AC and their attendance are as follows:

Name of members	Attendance
<b>Dr Ngo Get Ping, Chairman</b> <b>Independent Non Executive Director</b>	5/5
<b>Mr Ling Cheng Fah</b> <b>Non-Independent Non-Executive Director</b>	3/5
<b>Dr Sia Teck Chin</b> <b>Independent Non-Executive Director</b>	5/5

The Agenda, internal audit reports and unaudited quarterly results are prepared and distributed to the members for discussions and considerations and approval in the quarterly meetings held by the AC. Minutes of the quarterly meetings are made available to the full Board.

### SUMMARY OF ACTIVITIES

The AC activities for the financial year ended are as follows:

- 1 Review of unaudited quarterly results for announcement prior to the submission to the Board for approval.
- 2 The AC, internal auditor and external auditors met to discuss Group unaudited quarterly reports and internal control procedures in respect of 31 March 2010, final audited accounts for the financial year ended 31 March 2009 and matters arising for the Audit of the Financial Statement for the year ended 31 March 2009.
- 3 Reviewed quarterly audit work performed by the internal audit department, findings and actions taken to further strengthen the internal control system.
- 4 AC has reviewed recurrent related party transactions for the pricing to ensure that they are comparable to market price and that the transactions are entered into on arm's length basis and benefits the Group in terms of revenue, efficiency, improving the profile and increasing the Group's customer base.

### INTERNAL AUDIT ACTIVITIES

During the year, the Group Internal Audit Department has performed audit on truck/fleet management review, expenses claim and reimbursement review, diesel management review, sales and marketing review, and recurrence related party transactions.

The internal audit conducts have been summarised and distributed to the members of the AC in their scheduled quarterly audit committee meetings.

## STATEMENT OF INTERNAL CONTROL

The Board of Directors acknowledges its responsibility for the adequacy and the integrity of the Group's system of internal control. The Audit Committee and Senior Management are conscious of the importance of maintaining a sound internal control system. The Group's system of internal control is embedded in the day to day operational and management processes. A sound system of internal control is designed to manage, rather than eliminate risks and therefore cannot provide an absolute assurance against material misstatement or loss. It assists in safeguarding the assets of the Group and the investment of the shareholders.

The Board of Directors, Audit Committee and Senior Management are aware of the significance of risk management and internal control in the planning and day to day conduct of the Group's business activities. Risk management process relating to Information Technology, Credit Control, Drivers Administration Department, Human Resources, Business Risk, Financial Risk and Warehouses are in place in the Risk Register. The process includes recognition of type of risks, manner and the impact which the risk will have on the business, likelihood of occurrence and the controls and actions required to mitigate or manage the risk. Each risk in the Risk Register is reviewed periodically to take into account of changing business environment.

The Group Internal Audit has incorporated audit plan to review risk management in the risk register and the Group's system of internal control.

The main process of internal control embedded in the day to day operations of the Group are as follows:

1. Certain credit policies are established for new customers such as credit terms and limits, amount of deposit required for long term rental of trucks or warehouses. However exceptions are allowed as long as they are approved by the Managing Director and Executive Director.  
  
Credit control review is conducted by Credit Control Department and Marketing personnel on a monthly basis and exceptions are highlighted for considerations and resolutions.
2. Information provided by Information Technology from written programs and developed software for Operations, Billing, Logsheet, Driver Information, Inventory Management, Human Resources and Accounts are periodically reviewed for accuracy to ensure that there is integrity in the information provided. Audit trails and check and balance are provided for analysis for accuracy of information.
3. Goods in transit are insured for selected customers. Other customers have been advised to take their own insurance cover for loss or damages to their goods. Similarly all warehouses are covered for fire risks insurance. Both goods in transit for selected customers and fire risks insurance covers are reviewed periodically for its adequacy and renewed on annual basis.
4. Customers are invoiced in accordance to authorised quotations with attached documents such as endorsed custom documents and delivery orders.
5. All payments made are adequately verified and approved with attached purchase orders and invoices.
6. Group Internal Audit monitors compliance on policies and procedures and the effectiveness of the system of internal controls and any significant non compliance from policies and procedures are highlighted and corrected.

Business risks and system of internal control are reviewed regularly in line with new customers' requirements and extension of existing business activities. Drivers are given continuous training. Safety manuals have been compiled for drivers in relation to safer ways to drive a truck, handling of goods and documents, hijacks and other safety measures.

Group Internal Audit Department carries out the internal audit work on a planned and ad hoc basis on the Group's system of internal control and reports to the Audit Committee on a quarterly basis in the scheduled Audit Committee meeting.

During the year under review, the Group Internal Audit Department has performed audit on truck/fleet management review, expenses claim and reimbursement review, diesel management review, sales and marketing review, and recurrence related party transactions.

### Effectiveness of Internal Control

The review of the system of internal control is an ongoing process. It is continuously reviewed by the Internal Audit, Audit Committee and the management for its check and balance.

Controls and procedures are immediately implemented when weaknesses are encountered.

There were no material losses incurred during the current financial year as a result of weaknesses on internal control.

**Tiong Nam Logistics Holdings Berhad**  
(Company No. 182485-V)  
(Incorporated in Malaysia)  
and its subsidiaries

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

25 - 28	<b>DIRECTORS' REPORT</b>
29 - 30	<b>STATEMENT BY DIRECTORS &amp; STATUTORY DECLARATION</b>
31 - 32	<b>INDEPENDENT AUDITORS' REPORT TO THE MEMBERS</b>
33 - 34	<b>BALANCE SHEETS</b>
35	<b>INCOME STATEMENTS</b>
36 - 37	<b>STATEMENT OF CHANGES IN EQUITY</b>
38 - 40	<b>CASH FLOW STATEMENTS</b>
41 - 86	<b>NOTES TO THE FINANCIAL STATEMENTS</b>
87 - 88	<b>ANALYSIS OF SHAREHOLDINGS</b>
89 - 91	<b>LIST OF PROPERTIES</b>
92 - 95	<b>NOTICE OF ANNUAL GENERAL MEETING</b>
96	<b>NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT</b>
97	<b>PROXY FORM</b>

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 March 2010.

**Principal activities**

The Company is an investment holding company. The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

**Results**

	Group RM'000	Company RM'000
Profit attributable to: Equity holders of the Company	11,586	5,342
Minority interests	524	—
	<u>12,110</u>	<u>5,342</u>

**Reserves and provisions**

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

**Dividends**

Since the end of the previous financial year, the Company paid a final dividend of 4.00 sen per ordinary share less tax at 25% totalling RM2,523,102 (3.00 sen net per ordinary share) in respect of the year ended 31 March 2009 on 27 October 2009.

The Directors recommended a final dividend of 7 sen per ordinary share less tax at 25% totalling RM4,415,429 (5.25 sen net per ordinary share) in respect of the year ended 31 March 2010 subject to the approval of the shareholders at the forthcoming Annual General Meeting. These financial statements do not reflect this proposed final dividend, which will be accounted for in the statement of changes in equity as an appropriation of retained profits in the year ending 31 March 2011.

**Directors of the Company**

Directors who served since the date of the last report are:

- Dato' Fu Ah Kioh @ Oh (Fu) Soon Guan
- Mr. Ong Yoong Nyock
- Dr. Ngo Gel Ping
- Mdm. Yong Kwee Lian
- Mr. Ong Eng Teck @ Ong Eng Fatt
- Mr. Yong Seng Huat
- Mr. Ling Cheng Fah @ Ling Cheng Ming
- Mr. Chang Chu Shien
- Dr. Sia Teck Chin

**Directors' interests**

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

Name of Directors	Number of ordinary shares of RM1.00 each			At 31 March 2010 '000
	At 1 April 2009 '000	Bought '000	Sold '000	
<b>Company</b>				
<i>Direct interest</i>				
Mr. Ong Yoong Nyock	12,817	—	—	12,817
Mdm. Yong Kwee Lian	160	—	—	160
Mr. Chang Chu Shien	64	—	—	64
Mr. Ling Cheng Fah @ Ling Cheng Ming	15	—	—	15
Dr. Sia Teck Chin	351	—	—	351
<i>Deemed interest</i>				
Mr. Ong Yoong Nyock	24,493	—	—	24,493
Mdm. Yong Kwee Lian	37,150	—	—	37,150
Mr. Ling Cheng Fah @ Ling Cheng Ming	3	—	—	3
Mr. Yong Seng Huat	2	—	—	2
<i>Mr. Ong Yoong Nyock's and Mdm. Yong Kwee Lian's deemed interest in:</i>				
<b>Subsidiaries</b>				
- TNTT Packages Express Sdn. Bhd.	60	—	—	60
- Triumph Alliance Sdn. Bhd.	5,700	—	—	5,700
- Tiong Nam Resources Sdn. Bhd.	—	30	—	30
<b>Number of ordinary shares</b>				
Name of Directors	At 1 April 2009 '000	Bought '000	Sold '000	At 31 March 2010 '000
<i>Mr. Ong Yoong Nyock's and Mdm. Yong Kwee Lian's deemed interest in:</i>				
<b>Subsidiary</b>				
- TNTT Packages Express Pte. Ltd.	10	—	—	10

Mr. Ong Yoong Nyock's deemed interest represents shares held by his spouse, Mdm. Yong Kwee Lian and in companies in which he and his spouse have substantial financial interests. Mdm. Yong Kwee Lian's deemed interest represents the shares held by her spouse and in companies in which she and her spouse have substantial financial interests.

By virtue of their substantial interests in the shares of the Company, Mr. Ong Yoong Nyock and Mdm. Yong Kwee Lian are deemed to have interest in the ordinary shares of all the wholly-owned subsidiaries of the Company as disclosed in Note 8 to the financial statements.

None of the other Directors holding office at 31 March 2010 had any interest in the ordinary shares of the Company and of its related corporations during the year.

### Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of certain Directors of the Company who have interests in certain corporations which render transportation, warehousing and related services to and from the subsidiaries in their ordinary course of business as disclosed in Note 31 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### Issue of shares and debentures

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

There were no debentures issued during the financial year.

### Other statutory information

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision has been made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the year ended 31 March 2010 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

**Auditors**

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....  
**Ong Yoong Nyock**

.....  
**Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan**

Johor Bahru,

Date: 20 July 2010

In the opinion of the Directors, the financial statements set out on pages 33 to 86, are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 March 2010 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....  
**Ong Yoong Nyock**

.....  
**Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan**

Johor Bahru,

Date: 20 July 2010

I, **Law Tik Long**, the officer primarily responsible for the financial management of TIONG NAM LOGISTICS HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 33 to 86 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Johor Bahru in the State of Johor on 20 July 2010.

.....  
**Law Tik Long**

Before me:

**K. Amudalingam**  
PLP, PIS, PPN  
Commissioner For Oaths  
No: J-133

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TIONG NAM LOGISTICS HOLDINGS BERHAD

### Report on the Financial Statements

We have audited the financial statements of Tiong Nam Logistics Holdings Berhad, which comprise the balance sheets as at 31 March 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 33 to 86.

#### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion:**

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2010 and of their financial performance and cash flows for the year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

**Ang Ah Leck**  
Approval Number: 1991/09/11 (J)  
Chartered Accountant

Johor Bahru

Date: 20 July 2010

## Balance sheets At 31 March 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Assets</b>					
Property, plant and equipment	3	134,548	161,588	988	1,017
Investment properties	4	60,479	68,344	9,352	9,352
Prepaid lease payments	5	28,892	29,391	—	—
Investments in subsidiaries	6	—	—	10,914	10,273
Investment in an associate	7	155	155	155	155
Investment in a jointly controlled entity	8	1,627	1,587	—	—
Other investments	9	54,698	45,848	54,698	45,848
Deferred tax assets	10	1,069	—	—	—
Other receivables	11	10,762	6,811	61,088	78,325
<b>Total non-current assets</b>		<b>292,230</b>	<b>313,724</b>	<b>137,195</b>	<b>144,970</b>
Inventories	12	2,251	1,340	—	—
Trade and other receivables	11	85,519	90,549	1	1
Tax recoverable		237	428	—	—
Assets classified as held for sale	13	18,875	—	—	—
Cash and cash equivalents	14	12,533	10,563	679	35
<b>Total current assets</b>		<b>119,415</b>	<b>102,880</b>	<b>680</b>	<b>36</b>
<b>Total assets</b>		<b>411,645</b>	<b>416,604</b>	<b>137,875</b>	<b>145,006</b>

The accompanying notes form an integral part of the financial statements.

**Balance sheets**  
**At 31 March 2010**  
**(continued)**

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Equity</b>					
Share capital	15	84,103	84,103	84,103	84,103
Reserves	15	119,400	111,376	19,848	17,029
Amount recognised directly in equity relating to assets held for sale	13	920	—	—	—
<b>Total equity attributable to equity holders of the Company</b>		<b>204,423</b>	<b>195,479</b>	<b>103,951</b>	<b>101,132</b>
<b>Minority interest</b>		<b>2,142</b>	<b>1,590</b>	<b>—</b>	<b>—</b>
<b>Total equity</b>		<b>206,565</b>	<b>197,069</b>	<b>103,951</b>	<b>101,132</b>
<b>Liabilities</b>					
Deferred tax liabilities	10	7,528	9,006	2,312	1,325
Loans and borrowings	16	18,109	15,357	—	—
Deferred income	17	12,994	15,160	—	—
Other payables	18	5,299	9,715	28,622	41,624
<b>Total non-current liabilities</b>		<b>43,928</b>	<b>49,238</b>	<b>30,934</b>	<b>42,949</b>
Trade and other payables	18	36,602	42,058	551	194
Loans and borrowings	16	114,505	125,141	1,772	—
Deferred income	17	2,166	2,166	—	—
Taxation		1,107	932	667	731
Liabilities classified as held for sale	13	6,772	—	—	—
<b>Total current liabilities</b>		<b>161,152</b>	<b>170,297</b>	<b>2,990</b>	<b>925</b>
<b>Total liabilities</b>		<b>205,080</b>	<b>219,535</b>	<b>33,924</b>	<b>43,874</b>
<b>Total equity and liabilities</b>		<b>411,645</b>	<b>416,604</b>	<b>137,875</b>	<b>145,006</b>

The accompanying notes form an integral part of the financial statements.

## FINANCIAL STATEMENTS

### Income statements

For the year ended 31 March 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Revenue</b>					
Services rendered		237,772	238,256	–	–
Rental income		30,235	33,951	–	–
Dividend income		368	30	368	10,873
Interest income		3,951	3,669	6,287	5,344
		<u>272,326</u>	<u>275,906</u>	<u>6,655</u>	<u>16,217</u>
<b>Cost of services</b>		<u>(232,134)</u>	<u>(239,455)</u>	<u>(1,379)</u>	<u>(1,025)</u>
<b>Gross profit</b>		<u>40,192</u>	<u>36,451</u>	<u>5,276</u>	<u>15,192</u>
Other income		12,225	9,601	1,958	600
Distribution expenses		(427)	(503)	–	–
Administrative expenses		(27,075)	(27,338)	(823)	(758)
Other expenses		(4,038)	(6,689)	(34)	(7,923)
<b>Results from operating activities</b>		<u>20,877</u>	<u>11,522</u>	<u>6,377</u>	<u>7,111</u>
Interest income		29	687	–	619
Finance costs	19	(6,837)	(8,229)	(8)	–
<b>Operating profit</b>	20	<u>14,069</u>	<u>3,980</u>	<u>6,369</u>	<u>7,730</u>
Share of profit after tax in a jointly controlled entity	8	40	159	–	–
<b>Profit before tax</b>		<u>14,109</u>	<u>4,139</u>	<u>6,369</u>	<u>7,730</u>
Tax expense	21	(1,999)	(1,652)	(1,027)	(1,729)
<b>Profit for the year</b>		<u>12,110</u>	<u>2,487</u>	<u>5,342</u>	<u>6,001</u>
<b>Attributable to:</b>					
Equity holders of the Company		11,586	2,160	5,342	6,001
Minority interest		524	327	–	–
<b>Profit for the year</b>		<u>12,110</u>	<u>2,487</u>	<u>5,342</u>	<u>6,001</u>
Basic and diluted earnings per ordinary share (sen)	22	<u>13.78</u>	<u>2.57</u>		

The accompanying notes form an integral part of the financial statements.

## Statement of changes in equity for the year ended 31 March 2010

Group	Non-distributable		Attributable to equity holders of the Company			Distributable		Total equity RM'000	
	Share capital RM'000	Share premium RM'000	Revaluation reserves RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000	Assets classified as held for sale RM'000	Total RM'000		
At 1 April 2009	94,103	5,435	15,218	-	90,731	-	195,487	1,263	196,750
Reversal of deferred tax on repatriation of profits due to over provision	-	-	367	-	-	-	367	-	367
Revaluation surplus	-	-	(4,812)	-	4,812	-	-	-	-
Net (loss)/gain recognised directly in equity	-	-	(4,445)	-	4,812	-	367	-	367
Profit for the year	-	-	-	-	2,160	-	2,160	327	2,487
Total recognised income and expense for the year	-	-	(4,445)	-	6,972	-	2,527	327	2,854
Dividends to shareholders	-	-	-	-	(2,523)	-	(2,523)	-	(2,523)
Current year	-	-	-	-	(12)	-	(12)	-	(12)
Over provided in prior year	-	-	-	-	(2,535)	-	(2,535)	-	(2,535)
At 31 March 2010	94,103	5,435	10,773	-	95,168	-	195,479	1,590	197,069
Amount recognised directly in equity relating to assets held for sale (foreign exchange translation)	-	-	-	(119)	(920)	920	-	-	(119)
Net (loss)/gain recognised directly in equity	-	-	-	(119)	(920)	-	(119)	-	(119)
Profit for the year	-	-	-	(119)	(920)	-	(119)	524	(119)
Total recognised income and expense for the year	-	-	-	(119)	10,666	920	11,467	524	11,991
Additional shares acquired by minority interests	-	-	-	-	(2,523)	-	(2,523)	28	28
Dividends to shareholders	-	-	-	-	-	-	-	-	(2,523)
At 31 March 2010	94,103	5,435	10,773	(119)	103,311	920	204,423	2,142	206,565

The accompanying notes form an integral part of the financial statements.

**Statement of changes in equity  
For the year ended 31 March 2010  
(continued)**

	Note	Non-distributable Share capital RM'000	Share premium RM'000	Distributable Retained earnings RM'000	Total equity RM'000
<b>Company</b>					
<b>At 1 April 2008</b>		84,103	5,435	8,128	97,666
Profit for the year		--	--	6,001	6,001
Dividends to shareholders					
- Current year	23	--	--	(2,523)	(2,523)
- Under provided in prior year		--	--	(12)	(12)
		--	--	(2,535)	(2,535)
<b>At 31 March 2009</b>		84,103	5,435	11,594	101,132
Profit for the year		--	--	5,342	5,342
Dividends to shareholders	23	--	--	(2,523)	(2,523)
<b>At 31 March 2010</b>		84,103	5,435	14,413	103,951

The accompanying notes form an integral part of the financial statements.