

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

**Financial statements for the
year ended 31 March 2010**

Tiong Nam Logistics Holdings Berhad

(Company No. 182485-V)

(Incorporated in Malaysia)

and its subsidiaries

Directors' report and statement For the year ended 31 March 2010

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 Kiow @ Oh (Fu) Soon Guan

Mr. Ong Yoong Nyock

Dr. Ngo Get 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

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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	
Company				
<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>				
Subsidiaries				
- TNTT Packages Express Sdn. Bhd.	60	--	--	60
- Triumph Alliance Sdn. Bhd.	5,700	--	--	5,700
- Tiong Nam Resources Sdn. Bhd.	--	30	--	30

Name of Directors	Number of ordinary shares			At 31 March 2010 '000
	At 1 April 2009 '000	Bought '000	Sold '000	
<i>Mr. Ong Yoong Nyock's and Mdm. Yong Kwee Lian's deemed interest in:</i>				
Subsidiary				
- 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 6 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.

Company No. 182485-V

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.

Company No. 182485-V

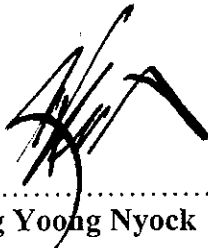
No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and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

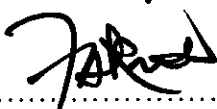
Auditors

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 Kioh @ Oh (Fu) Soon Guan

Johor Bahru,

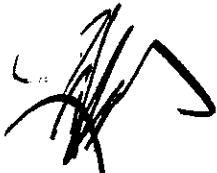
Date: 20 JUL 2010

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

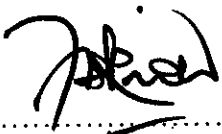
**Statement by Directors pursuant to
Section 169(15) of the Companies Act, 1965**

In the opinion of the Directors, the financial statements set out on pages 9 to 62 , 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 JUL 2010

Tiong Nam Logistics Holdings Berhad

(Company No. 182485-V)


(Incorporated in Malaysia)

and its subsidiaries

Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

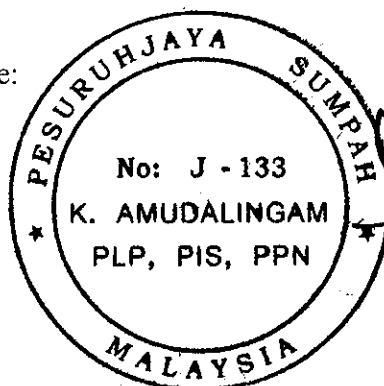
I, **Law Tik Long**, the officer primarily responsible for the financial management of TIONG NAM LOGISTICS HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 9 to 62 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

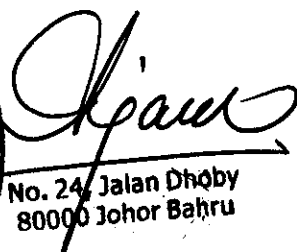
Subscribed and solemnly declared by the abovenamed in Johor Bahru in the State of Johor on
20 JUL 2010



.....
Law Tik Long

Before me:




No. 24, Jalan Dhoby
80000 Johor Bahru



KPMG (Firm No. AF 0758)
Chartered Accountants
Level 14, Menara Ansar
65, Jalan Trus
80000 Johor Bahru, Malaysia

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Internet www.kpmg.com.my

Independent auditors' report to the members of Tiong Nam Logistics Holdings Berhad

(Company No. 182485-V)
(Incorporated in Malaysia)

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 9 to 62.

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.

Company No. 182485-V

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:

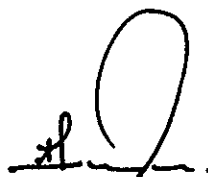
- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports 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 JUL 2010

Tiong Nam Logistics Holdings Berhad

(Company No. 182485-V)

(Incorporated in Malaysia)

and its subsidiaries

Balance sheets

At 31 March 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Assets					
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
Total non-current assets		<u>292,230</u>	<u>313,724</u>	<u>137,195</u>	<u>144,970</u>
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
Total current assets		<u>119,415</u>	<u>102,880</u>	<u>680</u>	<u>36</u>
Total assets		<u>411,645</u>	<u>416,604</u>	<u>137,875</u>	<u>145,006</u>

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

Company No. 182485-V

Balance sheets
At 31 March 2010
 (continued)

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Equity					
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	--	--	--
Total equity attributable to equity holders of the Company		204,423	195,479	103,951	101,132
Minority interest		2,142	1,590	--	--
Total equity		206,565	197,069	103,951	101,132
Liabilities					
Deferred tax liabilities	10	7,526	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
Total non-current liabilities		43,928	49,238	30,934	42,949
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	--	--	--
Total current liabilities		161,152	170,297	2,990	925
Total liabilities		205,080	219,535	33,924	43,874
Total equity and liabilities		411,645	416,604	137,875	145,006

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

Tiong Nam Logistics Holdings Berhad

(Company No. 182485-V)

(Incorporated in Malaysia)

and its subsidiaries

Income statements

For the year ended 31 March 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue					
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>
Cost of services		<u>(232,134)</u>	<u>(239,455)</u>	<u>(1,379)</u>	<u>(1,025)</u>
Gross profit		40,192	36,451	5,276	15,192
Other income		12,225	9,601	1,958	600
Distribution expenses		(427)	(503)	--	--
Administrative expenses		(27,075)	(27,338)	(823)	(758)
Other expenses		<u>(4,038)</u>	<u>(6,689)</u>	<u>(34)</u>	<u>(7,923)</u>
Results from operating activities		20,877	11,522	6,377	7,111
Interest income		29	687	--	619
Finance costs	19	<u>(6,837)</u>	<u>(8,229)</u>	<u>(8)</u>	<u>--</u>
Operating profit	20	14,069	3,980	6,369	7,730
Share of profit after tax in a jointly controlled entity	8	<u>40</u>	<u>159</u>	<u>--</u>	<u>--</u>
Profit before tax		14,109	4,139	6,369	7,730
Tax expense	21	<u>(1,999)</u>	<u>(1,652)</u>	<u>(1,027)</u>	<u>(1,729)</u>
Profit for the year		<u>12,110</u>	<u>2,487</u>	<u>5,342</u>	<u>6,001</u>
Attributable to:					
Equity holders of the Company		11,586	2,160	5,342	6,001
Minority interest		<u>524</u>	<u>327</u>	<u>--</u>	<u>--</u>
Profit for the year		<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.

Tiong Nam Logistics Holdings Berhad

(Company No. 182485-V)
(Incorporated in Malaysia)

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

Group	Note	Non-distributable		Attributable to equity holders of the Company		Distributable		Assets classified as held for sale RM'000	Total RM'000	Minority interest RM'000	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	Total RM'000				
<i>At 1 April 2008</i>		84,103	5,435	15,218	--	90,731	--	--	195,487	1,263	196,750
Reversal of deferred tax on revaluation surplus due to over provided		--	--	367	--	--	--	--	367	--	367
Reclassifications		--	--	(4,812)	--	4,812	--	--	--	--	--
<i>Net (loss)/gain recognised directly in equity</i>		--	--	(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		--	--	--	--	--	--	--	--	--	--
- Current year	23	--	--	--	--	(2,523)	--	--	(2,523)	--	(2,523)
- Over provided in prior year		--	--	--	--	(12)	--	--	(12)	--	(12)
		--	--	--	--	(2,535)	--	--	(2,535)	--	(2,535)
<i>At 31 March 2009</i>		84,103	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	--	--	--	--
<i>Net (loss)/gain recognised directly in equity</i>		--	--	--	(119)	(920)	920	--	(119)	--	(119)
Profit for the year		--	--	--	--	11,586	--	--	11,586	524	12,110
Total recognised income and expense for the year		--	--	--	(119)	10,666	920	--	11,467	524	11,991
Additional shares acquired by minority interest		--	--	--	--	--	--	--	--	28	28
Dividends to shareholders	23	--	--	--	--	(2,523)	--	--	(2,523)	--	(2,523)
<i>At 31 March 2010</i>		84,103	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.

Company No. 182485-V

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

	Note	<i>Non-distributable</i> Share capital RM'000	<i>Share</i> premium RM'000	<i>Distributable</i> Retained earnings RM'000	Total equity RM'000
<i>Company</i>					
<i>At 1 April 2008</i>		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)
<i>At 31 March 2009</i>		84,103	5,435	11,594	101,132
Profit for the year		--	--	5,342	5,342
Dividends to shareholders	23	--	--	(2,523)	(2,523)
<i>At 31 March 2010</i>		84,103	5,435	14,413	103,951

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

Tiong Nam Logistics Holdings Berhad

(Company No. 182485-V)

(Incorporated in Malaysia)

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Cash flow statements

For the year ended 31 March 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash flows from operating activities					
Profit before tax		14,109	4,139	6,369	7,730
Adjustments for:-					
Allowance for doubtful debts		1,253	3,577	--	--
Impairment loss on investment in a subsidiary		--	--	--	670
Depreciation		15,674	15,223	29	28
Amortisation of prepaid lease payments		500	509	--	--
Interest expenses		6,837	8,229	1,385	1,025
(Gain)/Loss on disposal of:-					
- quoted investments		(1,347)	423	(1,347)	423
- property, plant and equipment	17	(182)	(260)	--	--
- properties		(2,166)	(2,166)	--	--
- investment properties		(100)	--	--	--
- prepaid lease payments		(572)	--	--	--
Changes in fair value of investment properties		(982)	(1,978)	34	(600)
Share of profit in a jointly controlled entity		(40)	(159)	--	--
Interest income		(3,980)	(4,356)	(6,287)	(5,963)
(Reversal of)/Allowance for diminution in value of:-					
- quoted investments		(611)	128	(611)	128
- unquoted subordinated bonds		--	(40)	--	(40)
Gross dividends		(368)	(30)	(368)	(10,873)
Operating profit/(loss) before changes in working capital		28,025	23,239	(796)	(7,472)
Changes in working capital:					
Inventories		(911)	(172)	--	--
Trade and other receivables		3,120	20,763	--	10,629
Trade and other payables		(4,192)	(2,333)	356	23
Cash generated from/(used in) operations		26,042	41,497	(440)	3,180
Interest received		--	--	2,336	1,675
Interest paid		--	--	(1,385)	(1,025)
Tax paid		(3,083)	(3,349)	(18)	(711)
Net cash from operating activities		22,959	38,148	493	3,119

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

Company No. 182485-V

Cash flow statements

For the year ended 31 March 2010

(continued)

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash flows from investing activities					
Acquisition of:-					
- property, plant and equipment	24	(18,523)	(20,477)	--	--
- investment properties	25	(4,484)	(2,968)	(34)	(152)
- prepaid lease payments		(268)	(1,452)	--	--
Proceeds from disposal of:-					
- quoted investments		6,080	792	6,080	792
- property, plant and equipment		14,953	1,511	--	--
- investment properties		8,500	--	--	--
- unquoted subordinated bonds		--	240	--	240
- prepaid lease payments		839	--	--	--
Investment in:					
- a subsidiary		--	--	(641)	--
- quoted shares		(12,972)	(529)	(12,972)	(529)
Interest received		29	687	--	619
Dividend received		282	30	282	27
Changes in amount due from/to subsidiaries		--	--	8,187	(1,713)
Net cash (used in)/from investing activities		(5,564)	(22,166)	902	(716)
Cash flows from financing activities					
Drawdown of term loan		15,133	--	--	--
(Repayment of)/Proceeds from:					
- term loans		(7,106)	(6,222)	--	--
- finance lease liabilities		(2,435)	(3,230)	--	--
- short term borrowings		(8,070)	13,100	1,772	--
Interest paid		(6,837)	(8,229)	--	--
Dividend paid to shareholders of the Company:					
- Current year		(2,523)	(2,523)	(2,523)	(2,523)
- Under provided in prior years		--	(12)	--	(12)
Increase in pledged deposits with a licensed bank		(988)	--	--	--
Proceeds from issue of shares to minority interest		20	--	--	--
Net cash used in financing activities		(12,806)	(7,116)	(751)	(2,535)

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

Company No. 182485-V

Cash flow statements

For the year ended 31 March 2010

(continued)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Exchange differences on translation of the financial statements of foreign subsidiaries	(119)	--	--	--
Net increase/(decrease) in cash and cash equivalents	4,470	8,866	644	(132)
Cash and cash equivalents at 1 April	6,644	(2,222)	35	167
Cash and cash equivalents at 31 March	11,114	6,644	679	35

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

Cash and bank balances	3,655	3,394	679	35
Fixed deposits with licensed banks	8,878	7,169	--	--
Bank overdrafts	(431)	(3,919)	--	--
	12,102	6,644	679	35
Less: Deposits pledged	(988)	--	--	--
	11,114	6,644	679	35

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

Tiong Nam Logistics Holdings Berhad

(Company No. 182485-V)

(Incorporated in Malaysia)

and its subsidiaries

Notes to the financial statements

Tiong Nam Logistics Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office of the Company is as follows:

Registered office

Lot 30462

Jalan Kempas Baru

81200 Johor Bahru

Johor

Malaysia

The consolidated financial statements of the Company as at and for the year ended 31 March 2010 comprise the Company and its subsidiaries and the Group's interest in associates and / or jointly controlled entities.

The Company is an investment holding company. The principal activities of its subsidiaries are disclosed in Note 6.

The financial statements were approved by the Board of Directors on 20 JUL 2010.

1. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standards (FRS), the Companies Act, 1965 and accounting principles generally accepted in Malaysia.

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Group and the Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2009

- FRS 8, *Operating Segments*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010

- FRS 4, *Insurance Contracts*
- FRS 7, *Financial Instruments: Disclosures*
- FRS 101, *Presentation of Financial Statements* (revised)
- FRS 123, *Borrowing Costs* (revised)
- FRS 139, *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
- Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*

(a) Statement of compliance (continued)***FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010 (continued)***

- Amendments to FRS 7, *Financial Instruments: Disclosures*
- Amendments to FRS 101, *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 132, *Financial Instruments: Presentation*
 - *Puttable Financial Instruments and Obligations Arising on Liquidation*
 - *Separation of Compound Instruments*
- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*
 - *Reclassification of Financial Assets*
 - *Collective Assessment of Impairment for Banking Institutions*
- Improvements to FRSs (2009)
- IC Interpretation 9, *Reassessment of Embedded Derivatives*
- IC Interpretation 10, *Interim Financial Reporting and Impairment*
- IC Interpretation 11, *FRS 2 – Group and Treasury Share Transactions*
- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, *FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 15, *Agreements for the Construction of Real Estate*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distribution of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
 - *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
 - *Additional Exemptions for First-time Adopters*

(a) Statement of compliance (continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011 (continued)

- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations in the respective financial year when the above standards, amendments and interpretations become effective.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The impacts and disclosures as required by FRS 108.30(b), *Accounting Policies, Changes in Accounting Estimates and Errors*, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs.

The other standards, amendments, interpretations and improvements are either not applicable or are not expected to have any material impact on the financial statements of the Group and of the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in Note 2(c) and 2(g).

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 4 - Valuation of investment properties
- Note 11 - Allowance for doubtful debts

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation**(i) Subsidiaries**

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale.

(ii) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale. The consolidated financial statements include the Group's share of the profit or loss of the equity accounted associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in associates are stated in the Company's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale.

(iii) Joint ventures***Jointly-controlled entities***

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Joint ventures are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the profit or loss of the equity accounted joint ventures, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in an equity accounted joint venture, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the joint venture.

Investments in joint ventures are stated in the Company's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale.

(a) Basis of consolidation (continued)**(iv) Changes in Group composition**

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statements.

When a group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(v) Minority interest

Minority interest at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity holders of the Company. Minority interest in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity holders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairments.

(b) Foreign currency**(i) Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

(b) Foreign currency (continued)**(ii) Operations denominated in functional currencies other than Ringgit Malaysia**

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments, are translated to RM at exchange rates at the balance sheet date. The income and expenses of operations in functional currencies other than RM, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in translation reserve. On disposal of operations, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

(c) Property, plant and equipment**(i) Recognition and measurement**

Items of property, plant and equipment are stated at cost or valuation less any accumulated depreciation.

Property, plant and equipment under the revaluation model

The Group revalues its property comprising land and buildings every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are credited to the property revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statements.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour and, for qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in the income statements. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(c) Property, plant and equipment (continued)**(ii) *Reclassification to investment property***

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in the income statements.

(iii) *Subsequent costs*

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

(iv) *Depreciation*

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Buildings are depreciated on a straight-line basis over the shorter of 50 years or lease period.

The estimated useful lives for the current and comparative periods are as follows:

Motor vehicles	10 years
Equipment, furniture and fittings	5 - 20 years

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

(d) Leased assets**(i) *Finance lease***

Leases in terms of which the Group or the Company assume substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) *Operating lease*

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and the leased assets are not recognised on the Group's balance sheet. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

(d) Leased assets (continued)**(ii) Operating lease (continued)**

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments, except for leasehold land classified as investment property.

Leasehold land is amortised in equal instalments over the leasehold periods of 14 and 88 years.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(e) Intangible assets***Goodwill***

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statement.

(f) Investments in debt and equity securities

Investments in debt and equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition:

- Investments in non-current equity securities other than investments in subsidiaries, associates and / or jointly-controlled entities, are stated at cost less allowance for diminution in value; and
- Investments in non-current debt securities are stated at amortised cost using the effective interest method less allowance for diminution in value.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities and non-current debt securities other than investment in subsidiaries, associates and / or jointly-controlled entities, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

(f) Investments in debt and equity securities (continued)

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statements.

All investments in debt and equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

- a) the recognition of an asset on the day it is received by the entity, and
- b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

(g) Investment property**(i) *Investment property carried at fair value***

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment property is measured initially at cost and subsequently at fair value with any change therein recognised in the income statements.

(ii) *Reclassification to / from investment property*

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the income statements.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(iii) *Determination of fair value*

An external, independent valuation firm, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio annually.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

(g) Investment property (continued)**(iii) Determination of fair value (continued)**

Valuations reflect, where appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Company and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

Significant assumptions in arriving at the fair value of investment properties are disclosed in Note 4.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(j) Non-current assets held for sale

Non-current assets (or disposal group comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, and investment property, which continue to be measured in accordance with the Company's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in income statements. Gains are not recognised in excess of any cumulative impairment loss.