



TAN CHONG MOTOR HOLDINGS BERHAD (12969-P)
(Incorporated in Malaysia)

**INTERIM REPORT FOR THE
FIRST QUARTER ENDED
31 MARCH 2015**

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TAN CHONG MOTOR HOLDINGS BERHAD
(Company No: 12969-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED 31 MARCH 2015

	INDIVIDUAL/CUMULATIVE QUARTER	
	(Unaudited)	(Unaudited)
	Current	Preceding
	Year	Year
	Quarter	Corresponding
	31.03.2015	31.03.2014
	RM'000	RM'000
Revenue	1,569,060	1,260,193
Operating profit	53,980	71,205
Interest expense	(15,114)	(11,956)
Interest income	3,700	3,377
Share of profit of equity-accounted investees	1,212	1,304
Profit before taxation	43,778	63,930
Tax expense	(18,074)	(22,210)
Profit for the period	25,704	41,720
Attributable to:		
Equity holders of the Company	26,348	41,474
Non-controlling interests	(644)	246
	25,704	41,720
Earning per share (sen)		
(a) Basic	4.04	6.35
(b) Fully diluted	N/A	N/A

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the year ended 31 December 2014.



TAN CHONG MOTOR HOLDINGS BERHAD
(Company No: 12969-P)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2015**

	INDIVIDUAL/CUMULATIVE QUARTER	
	(Unaudited)	(Unaudited)
	Current	Preceding
	Year	Year
	Quarter	Corresponding
	31.03.2015	31.03.2014
	RM'000	RM'000
Profit for the period	25,704	41,720
<i>Item that will not be reclassified to profit or loss:</i>		
Defined benefit plan actuarial gains	-	375
Total item that will not be classified to profit or loss	-	375
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation differences - foreign operations	(2,801)	111
Net change in fair value of cash flow hedges reclassified to profit or loss	1,423	1,639
Total items that are or may be classified subsequently to profit or loss	(1,378)	1,750
Other comprehensive income for the period, net of tax	(1,378)	2,125
Total comprehensive income for the period	24,326	43,845
Total comprehensive income attributable to:		
Equity holders of the Company	25,786	43,600
Non-controlling interests	(1,460)	245
	24,326	43,845

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2014.



TAN CHONG MOTOR HOLDINGS BERHAD
(Company No: 12969-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015

	(Unaudited)	(Audited)
	As at	As at
	31.03.2015	31.12.2014
	RM'000	RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	1,748,672	1,731,688
Investment properties	173,078	173,078
Prepaid lease payments	46,397	44,524
Equity-accounted investees	36,880	36,793
Other investments	1	1
Deferred tax assets	37,238	34,787
Hire purchase receivables	388,601	350,594
Intangible assets	14,592	14,592
Long term receivables	1,376	636
	<hr/> 2,446,835	<hr/> 2,386,693
<u>Current assets</u>		
Other investments	427,533	127,059
Hire purchase receivables	103,204	89,847
Receivables, deposits and prepayments	636,532	522,372
Current tax assets	26,050	25,428
Inventories	1,691,735	1,513,641
Derivative assets	1,423	-
Cash and cash equivalents	340,765	341,522
	<hr/> 3,227,242	<hr/> 2,619,869
TOTAL ASSETS	<hr/> <hr/> 5,674,077	<hr/> <hr/> 5,006,562



TAN CHONG MOTOR HOLDINGS BERHAD
(Company No: 12969-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015 (continued)

	(Unaudited)	(Audited)
	As at	As at
	31.03.2015	31.12.2014
	RM'000	RM'000
EQUITY AND LIABILITIES		
<u>Equity</u>		
Share capital	336,000	336,000
Reserves	2,469,378	2,443,592
Treasury shares	(24,990)	(24,990)
Total equity attributable to owners of the Company	2,780,388	2,754,602
Non-controlling interests	4,491	5,951
Total equity	2,784,879	2,760,553
<u>Non-current liabilities</u>		
Deferred tax liabilities	149,370	151,625
Borrowings	873,859	905,768
Employee benefits	45,049	43,726
	1,068,278	1,101,119
<u>Current liabilities</u>		
Payables and accruals	691,469	631,578
Borrowings	1,111,385	506,972
Taxation	18,066	6,340
	1,820,920	1,144,890
Total liabilities	2,889,198	2,246,009
TOTAL EQUITY AND LIABILITIES	5,674,077	5,006,562
Net assets per share attributable to owners of the Company (RM)	4.26	4.22

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2014.



TAN CHONG MOTOR HOLDINGS BERHAD
(Company No: 12969-P)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE QUARTER ENDED 31 MARCH 2015**

	-----Attributable to owners of the Company-----							Total	Non- controlling interests	Total equity
	-----Non-Distributable-----			-----Distributable-----						
	Share capital RM'000	Treasury shares RM'000	Translation reserves RM'000	Revaluation reserve RM'000	Hedging reserves RM'000	Capitalisation of retained earnings RM'000	Retained earnings RM'000	RM'000	RM'000	RM'000
At 01.01.2014	336,000	(24,809)	(2,654)	589,657	36	100	1,810,594	2,708,924	(6,761)	2,702,163
Other comprehensive income for the period, net of tax	-	-	112	-	1,639	-	375	2,126	(1)	2,125
Profit for the period	-	-	-	-	-	-	41,474	41,474	246	41,720
Total comprehensive income for the period	-	-	112	-	1,639	-	41,849	43,600	245	43,845
At 31.03.2014	336,000	(24,809)	(2,542)	589,657	1,675	100	1,852,443	2,752,524	(6,516)	2,746,008
At 01.01.2015	336,000	(24,990)	(4,633)	581,650	-	100	1,866,475	2,754,602	5,951	2,760,553
Other comprehensive income for the period, net of tax	-	-	(1,985)	-	1,423	-	-	(562)	(816)	(1,378)
Transfer of revaluation surplus on properties	-	-	-	(2,001)	-	-	2,001	-	-	-
Profit for the period	-	-	-	-	-	-	26,348	26,348	(644)	25,704
Total comprehensive income for the period	-	-	(1,985)	(2,001)	1,423	-	28,349	25,786	(1,460)	24,326
At 31.03.2015	336,000	(24,990)	(6,618)	579,649	1,423	100	1,894,824	2,780,388	4,491	2,784,879

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2014.



TAN CHONG MOTOR HOLDINGS BERHAD
(Company No: 12969-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2015

	CUMULATIVE QUARTER	
	(Unaudited) For the 3 months ended 31.03.2015 RM'000	(Unaudited) For the 3 months ended 31.03.2014 RM'000
Cash flows from operating activities		
Profit before taxation	43,778	63,930
Adjustments for:		
Non-cash and non-operating items	43,192	34,905
Operating profit before working capital changes	86,970	98,835
Changes in working capital		
Inventories	(178,490)	(15,993)
Hire purchase receivables	(52,035)	(79,140)
Receivables, deposits and prepayments	(121,978)	(49,346)
Payables and accruals	69,467	91,239
Cash (used in)/generated from operations	(196,066)	45,595
Tax paid	(7,282)	(37,933)
Interest paid	(11,414)	(8,579)
Employee benefits paid	(85)	(19)
Net cash used in operating activities	(214,847)	(936)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(48,815)	(58,659)
Acquisition of prepaid lease payments	(23)	(5,975)
Additional liquid investments with licensed financial institutions	(300,291)	(1,040)
Dividend received from equity-accounted investee	1,125	-
Proceeds from disposal of property, plant and equipment	9,509	4,446
Proceeds from disposal of liquid investments	200	-
Net cash used in investing activities	(338,295)	(61,228)



TAN CHONG MOTOR HOLDINGS BERHAD

(Company No: 12969-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2015 (continued)**

	CUMULATIVE QUARTER	
	(Unaudited) For the 3 months ended 31.03.2015 RM'000	(Unaudited) For the 3 months ended 31.03.2014 RM'000
Cash flows from financing activities		
Proceeds from/(Repayment of) bills payable (net)	37,391	(16,566)
Proceeds from medium term notes, term loans, Cagamas financing and revolving credit (net)	515,536	65,602
Net cash generated from financing activities	552,927	49,036
Net decrease in cash and cash equivalents	(215)	(13,128)
Effects of exchange rate fluctuations on cash and cash equivalents	(542)	85
Cash and cash equivalents at beginning of the period	341,522	312,574
Cash and cash equivalents at end of the period	340,765	299,531
Cash and cash equivalents in the statement of cash flows comprise:		
Cash and bank balances	219,655	128,893
Deposits with licensed banks	121,110	170,638
	340,765	299,531

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2014.

A) Explanatory notes as per Malaysian Financial Reporting Standard (MFRS) 134 Interim Financial Reporting

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and MFRS 134 *Interim Financial Reporting* in Malaysia. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of Tan Chong Motor Holdings Berhad and its subsidiaries, associates and joint venture (“the Group”) as at and for the year ended 31 December 2014.

2. Changes In Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2014, except the adoption of the following Malaysian Financial Reporting Standards (“MFRSs”), Amendments to MFRSs and IC Interpretations:

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011 – 2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010 – 2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010 – 2012 Cycle and 2011 – 2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010 – 2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010 – 2012 Cycle and 2011 – 2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010 – 2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010 – 2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010 – 2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011 – 2013 Cycle)*

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

MFRSs, Amendments to MFRSs and IC Interpretations issued but not yet effective

The following MFRSs, Amendments to MFRSs have been issued but are not yet effective, and have yet to be adopted by the Group:-

Effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sales and Discontinued Operations (Annual Improvements 2012 – 2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012 – 2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*

A) Explanatory notes as per Malaysian Financial Reporting Standard (MFRS) 134 Interim Financial Reporting

2. Changes In Accounting Policies (continued)

Effective for annual periods beginning on or after 1 January 2016 (continued)

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012 – 2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012 – 2014 Cycle)*

Effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

Effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impacts to the financial statements of the Group except as mentioned below:

MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedged accounting.

The Group is currently assessing the financial impact of adopting MFRS 9.

3. Audit Qualifications

There were no audit qualifications in the annual financial statements for the year ended 31 December 2014.

4. Seasonal or Cyclical Factors

During the quarter, the business of the Group had not been affected by any significant seasonal or cyclical factors, apart from the general economic environment in which it operated.

A) Explanatory notes as per Malaysian Financial Reporting Standard (MFRS) 134 Interim Financial Reporting

5. Unusual Items

There were no unusual items that have a material effect on the assets, liabilities, equity, net income or cash flows for the period.

6. Material Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial year.

7. Debt and Equity Securities

There was no repurchase of issued ordinary shares from the open market during the quarter. Cumulative total number of shares repurchased at the end of the quarter was 19,239,000. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Under the Group's Asset-Backed Medium Term Notes ("MTN") Programme, the Group has redeemed RM75.8 million nominal value of MTN. The outstanding nominal value of MTN comprising Class A, Class B and Class C is RM551.35 million at the end of the financial quarter.

Save for the above, there were no other issuance and repayment of debt securities, share cancellation and resale of treasury shares during the period.

8. Dividend Paid

No dividends were paid during the quarter ended 31 March 2015.

9. Segmental Reporting

For the quarter ended 31 March 2015:

	Vehicles assembly, manufacturing, distribution and after sale services		Financial services		Other operations		Total	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	1,550,387	1,243,999	14,374	13,614	4,299	2,580	1,569,060	1,260,193
Inter-segment revenue	1,753	1,451	1,090	1,003	20,398	17,211	23,241	19,665
Segment EBITDA*	73,271	94,949	7,100	7,260	5,593	302	85,964	102,511

*Segment earnings before interest, taxation, depreciation and amortisation

Reconciliation of reportable segment profit or loss:

	(Unaudited) 31.03.2015 RM'000	(Unaudited) 31.03.2014 RM'000
Total EBITDA for reportable segments	85,964	102,511
Depreciation and amortisation	(31,767)	(26,491)
Interest expense	(15,114)	(11,956)
Interest income	3,700	3,377
Share of profit of equity-accounted investees not included in reportable segments	1,212	1,304
Unallocated corporate expenses	(217)	(4,815)
Consolidated profit before taxation	43,778	63,930

A) Explanatory notes as per Malaysian Financial Reporting Standard (MFRS) 134 Interim Financial Reporting

10. Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment were brought forward without amendment from the annual financial statements for the year ended 31 December 2014.

11. Valuation of Investment Properties

The valuation of investment properties were brought forward without amendment from the annual financial statements for the year ended 31 December 2014.

12. Material Subsequent Event

There has not arisen in the interval between the end of this reporting period and the date of this announcement, any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group.

13. Changes in Composition of the Group

During the quarter under review, the Group incorporated the following wholly-owned subsidiaries:

No.	Name of Subsidiary	Date of Incorporation	Intended Principal Activities
(i)	TC Services Vietnam Co., Ltd.	13 February 2015	Retail distribution of automobiles and provision of automotive maintenance, repair and spare parts services.
(ii)	Tan Chong Mekong Regional Co., Ltd.	31 March 2015	Regional business management and technical support services.

Save for the above, there were no changes in the composition of the Group for the quarter under review.

14. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets as at 31 March 2015.

15. Capital Commitments Outstanding Not Provided For In the Interim Financial Report

	31.03.2015	31.03.2014
	RM'000	RM'000
<i>Property, plant and equipment</i>		
Authorised but not contracted for	34,885	210,976
Authorised and contracted for		
In Malaysia	65,260	203,199
Outside Malaysia	11,970	14,728
<i>Overseas operation commitments</i>		
Authorised and contracted for	9,167	41,816
TOTAL	<u>121,282</u>	<u>470,719</u>

A) Explanatory notes as per Malaysian Financial Reporting Standard (MFRS) 134 Interim Financial Reporting

16. Significant Related Party Transactions

- (a) Significant transactions with Warisan TC Holdings Berhad (WTCH), APM Automotive Holdings Berhad (APM) and Tan Chong International Limited (TCIL) Groups, companies in which a Director of the Company, namely Dato' Tan Heng Chew, is deemed to have substantial financial interests, are as follows:

	Individual/Cumulative Quarter	
	31.03.2015	31.03.2014
	RM'000	RM'000
With WTCH Group		
Sales	4,337	6,359
Provision of hire purchase and leasing	2,544	18,279
<hr/> <hr/>		
With APM Group		
Purchases	28,302	32,897
<hr/> <hr/>		
With TCIL Group		
Contract assembly fee receivable	6,817	14,506
<hr/> <hr/>		

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

- (b) Significant transactions with Nissan Motor Co. Limited Group, Japan, a substantial shareholder of the Company, are as follows:

	Individual/Cumulative Quarter	
	31.03.2015	31.03.2014
	RM'000	RM'000
Purchases	806,140	523,028
<hr/> <hr/>		

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

- (c) Significant transactions with Auto Dunia Sdn. Bhd., a company connected to a Director of the Company, namely Dato' Tan Heng Chew by virtue of Section 122A of the Companies Act, 1965, are as follows:

	Individual/Cumulative Quarter	
	31.03.2015	31.03.2014
	RM'000	RM'000
Purchases	17,999	54,167
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These transactions have been entered into in the normal course of business and have been established under negotiated terms.

B) Explanatory Notes pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

1. Analysis Of Performance Of All Operating Segments

Despite a highly competitive business environment with festivities driven sales promotion campaigns and pre-Goods and Services Tax (GST) sales activities, the Group recorded a 24.5% increase in top-line but a 36.5% drop in the bottom-line compared to corresponding period in previous year.

a) Vehicles Assembly, Manufacturing, Distribution & After Sales Service (automotive)

Automotive division recorded higher revenue of RM1,550.4 million (24.6% YoY) with lower segment EBITDA of RM73.3 million (-22.8% YoY). This is due to higher number of vehicles sold during the sales promotion campaigns. The lower EBITDA is due to the higher CKD kits cost arising from unfavourable foreign exchange rate compared to corresponding period in 2014.

b) Financial Services (hire purchase and insurance)

The financial services division recorded higher revenue of RM14.4 million (5.6% YoY) but EBITDA is slightly lower by 2.2% from RM7.3 million to RM7.1 million compared to the previous year corresponding period. The increase in revenue is due to more renewal of insurance policies while lower EBITDA is due to higher cost of fund compared to the previous year corresponding period.

c) Other Operations (investments and properties)

Revenue from other operations was higher at RM4.3 million compared to RM2.6 million in the previous year corresponding period and EBITDA was also higher at RM5.6 million compared to RM0.3 million in the previous year corresponding period. The better financial results were due to the efforts of cost rationalisation and productivity improvement measures.

B) Explanatory Notes pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

2. Comparison With Preceding Quarter's Results

Quarter on quarter (QoQ): Revenue, PBT and the bottom-line increased by 24.1% (from RM1.3 billion to RM1.6 billion), 184.4% (from RM15.4 million to RM43.8 million) and 204.0% (from RM8.7 million to RM26.3 million) respectively. EBITDA increased by 68.0% (from RM51.2 million to RM86.0 million).

a) Vehicles Assembly, Manufacturing, Distribution & After Sales Service (automotive)

For the quarter under review, automotive division recorded RM1,550.4 million in revenue (+24.3% QoQ) and RM73.3 million in segment EBITDA (+97.7% QoQ). Q1 2015 sales recorded higher volume arising from the Group's strong sales and marketing efforts. The improvement in EBITDA compared to previous quarter is due to realignment of sales strategy and promotional campaigns.

b) Financial Services (hire purchase and insurance)

The financial services division recorded its revenue at RM14.4 million for Q1 2015 (+10.9% QoQ). EBITDA for Q1 2015 was RM7.1 million compared to preceding quarter of RM2.2 million. The increase in revenue is due to a build-up in higher hire purchase portfolio. Improvement in EBITDA is due to one-off impairment for doubtful debts in Q4 2014.

c) Other Operations (investments and properties)

Revenue from other operations for Q1 2015 was RM4.3 million compared to RM3.5 million in preceding quarter. EBITDA for Q1 2015 was RM5.6 million compared to preceding quarter of RM11.8 million. This was due to the revaluation gain arising from investment properties in preceding quarter.

3. Current Year Prospects

Following the implementation of the GST on 1 April 2015, the market saw some reduction in vehicle selling prices. It is still early to assess the full impact of GST on sales as consumers' sentiment is quite fragile due to the higher cost of living post GST.

The continued weakening of the Ringgit Malaysia against the US Dollar is a source of worry for importers resulting in higher costs for imported parts denominated in US Dollar.

The Group is cautious and prudent to control the capital and operating expenditures. We will take diligent steps to monitor the foreign currency risk and maintain profitability throughout the year to ensure business sustainability.

B) Explanatory Notes pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

4. Comparison With Profit Forecast

This is not applicable to the Group.

5. Taxation

	Individual/Cumulative Quarter	
	31.03.2015	31.03.2014
	RM'000	RM'000
Current year	20,320	24,325
Prior year	1,794	(1,708)
Deferred tax	(4,040)	(407)
	<u>18,074</u>	<u>22,210</u>

The effective tax rate of the Group for the current quarter and financial year-to-date is higher than the statutory rate of 25% due to certain expenses disallowed for tax purposes and absence of full group relief.

6. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at reporting date.

7. Group Borrowings

Group borrowings as at the end of the reporting period are as follows:

	31.03.2015
	RM'000
Unsecured :	
- Bills payable	203,302
- Revolving credit	787,263
- Short term loan	112,253
- Long term loan	113,970
- Medium term notes	746,712
Secured :	
Recourse obligation on financing sold to Cagamas Berhad	21,744
Total borrowings	<u>1,985,244</u>
Comprising :	
Amount repayable within one year	1,111,385
Amount repayable after one year	<u>873,859</u>
	<u>1,985,244</u>

B) Explanatory Notes pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

8. Financial Instruments and Realised And Unrealised Profits

a) Derivatives

As at 31 March 2015, the notional amount, fair value and maturity period of the forward foreign exchange contracts are as follows:

Type of Derivatives	Notional Amount RM'000	Net Fair Value Assets/(Liabilities) RM'000	Maturity
Forward foreign exchange contracts	58,782	1,423	Less than 1 year

Forward foreign exchange contracts are entered into with locally incorporated licensed banks to hedge certain portion of the Group's purchases from exchange rate movements. As the exchange rates are predetermined under such contracts, in the event of exchange rate movement, exposure to opportunity gain/(loss) is expected. Given that the contracts are entered into with locally incorporated licensed banks, we are of the view that credit risk and the counterparty risk are minimal. Apart from a small fee payable to the banks there are no cash requirements for the forward contracts.

It is the Group policy not to enter into hedging contracts, which in the aggregate relate to volumes that exceed its expected commercial requirements for imports.

b) Realised and Unrealised Profits

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows:

	(Unaudited) 31.03.2015 RM'000	(Audited) 31.12.2014 RM'000
Total retained profits of Tan Chong Motor Holdings Berhad and its subsidiaries:		
- Realised profit	2,014,759	1,992,176
- Unrealised profit	5,900	1,078
	<u>2,020,659</u>	<u>1,993,254</u>
Total share of retained profits from equity-accounted investees:		
- Realised profit	16,781	16,831
- Unrealised profit/(loss)	11	(126)
	<u>16,792</u>	<u>16,705</u>
Total Group retained profits before consolidation adjustments	2,037,451	2,009,959
Less: Consolidation adjustments	(142,627)	(143,484)
	<u>1,894,824</u>	<u>1,866,475</u>

The determination of realised and unrealised profits is based on the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), issued by Malaysian Institute of Accountants on 20 December 2010.

9. Changes In Material Litigation

There was no material litigation as at 31 March 2015.

B) Explanatory Notes pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

10. Dividend

No dividend has been proposed for the first quarter ended 31 March 2015.

A final single tier dividend of 6% in respect of the financial year ended 31 December 2014 to shareholders whose names appear in the Register of Members on 3 June 2015 was proposed by the Directors. The dividend is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting scheduled on 27 May 2015.

11. Earnings Per Share

The calculation of basic earnings per share for the periods is based on the net profit attributable to ordinary shareholders of the periods and the weighted average numbers of ordinary shares outstanding during the periods as follows:

Weighted average number of ordinary shares	Individual/Cumulative Quarter	
	2015 ('000)	2014 ('000)
Issued ordinary shares at beginning of the period	652,761	652,813
Effect of shares buyback during the period	-	-
Weighted average number of ordinary shares	<u>652,761</u>	<u>652,813</u>

12. Profit before taxation

Profit before taxation is arrived at after crediting/(charging):

	(Unaudited) Current Year Quarter 31.03.2015 RM'000	(Unaudited) Preceding Year Corresponding Quarter 31.03.2014 RM'000
Depreciation and amortisation	(31,767)	(26,491)
(Provision for)/reversal and (write off) of receivables	(2,217)	(1,149)
(Provision for)/reversal and (write off) of inventories	(396)	(141)
Gain on disposal of properties, plant and equipment	1,737	1,566
Property, plant and equipment written off	(122)	(130)
Foreign exchange gain/(loss)	1,605	(774)
Gain on derivatives	1,423	1,639
Other gain/(loss), including investment income	383	(1)

BY ORDER OF THE BOARD

LEE KWEE CHENG

YAP BEE LEE

CHANG PIE HOON

Company Secretaries

Kuala Lumpur

13 May 2015