



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

**INTERIM REPORT FOR THE
FIRST QUARTER ENDED
31 MARCH 2014**

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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 2014

	INDIVIDUAL/CUMULATIVE QUARTER	
	(Unaudited)	(Unaudited)
	Current	Preceding
	Year	Year
	Quarter	Corresponding
	31.03.2014	31.03.2013
	RM'000	RM'000
Revenue	1,260,193	1,436,339
Operating profit	71,205	127,468
Interest expense	(11,956)	(11,033)
Interest income	3,377	4,677
Share of profit of equity-accounted investees	1,304	1,827
Profit before taxation	63,930	122,939
Tax expense	(22,210)	(38,775)
Profit for the period	41,720	84,164
Attributable to:		
Equity holders of the Company	41,474	84,095
Non-controlling interests	246	69
	41,720	84,164
Earning per share (sen)		
(a) Basic	6.35	12.88
(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 2013.



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 2014**

	INDIVIDUAL/CUMULATIVE QUARTER	
	(Unaudited)	(Unaudited)
	Current	Preceding
	Year	Year
	Quarter	Corresponding
	31.03.2014	Quarter
	RM'000	31.03.2013
		RM'000
Profit for the period	41,720	84,164
<i>Items that will not be reclassified to profit or loss:</i>		
Defined benefit plan actuarial gains	375	58
Total item that will not be classified to profit or loss	375	58
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation differences - foreign operations	111	441
Net change in fair value of cash flow hedges reclassified to profit or loss	1,639	1,749
Total items that are or may be classified subsequently to profit or loss	1,750	2,190
Other comprehensive income for the period, net of tax	2,125	2,248
Total comprehensive income for the period	43,845	86,412
Total comprehensive income attributable to:		
Equity holders of the Company	43,600	86,135
Non-controlling interests	245	277
	43,845	86,412

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 2013.



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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014

	(Unaudited)	(Audited)
	As at	As at
	31.03.2014	31.12.2013
	RM'000	RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	1,721,853	1,693,133
Investment properties	44,671	44,671
Prepaid lease payments	29,771	24,270
Equity-accounted investees	35,222	33,918
Other investments	1	1
Deferred tax assets	24,632	26,397
Hire purchase receivables	423,983	376,451
Intangible assets	14,592	14,592
Long term receivables	1,728	1,504
	<hr/> 2,296,453	<hr/> 2,214,937
<u>Current assets</u>		
Other investments	153,759	152,720
Hire purchase receivables	143,880	113,279
Receivables, deposits and prepayments	502,863	453,721
Current tax assets	15,180	9,437
Inventories	1,741,539	1,725,687
Derivative assets	1,675	36
Cash and cash equivalents	299,531	312,574
	<hr/> 2,858,427	<hr/> 2,767,454
TOTAL ASSETS	<hr/> 5,154,880	<hr/> 4,982,391



TAN CHONG MOTOR HOLDINGS BERHAD

(Company No: 12969-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014 (continued)

	(Unaudited)	(Audited)
	As at	As at
	31.03.2014	31.12.2013
	RM'000	RM'000
EQUITY AND LIABILITIES		
<u>Equity</u>		
Share capital	336,000	336,000
Reserves	2,441,333	2,397,733
Treasury shares	(24,809)	(24,809)
Total equity attributable to equity holders of the Company	2,752,524	2,708,924
Non-controlling interests	(6,516)	(6,761)
Total equity	2,746,008	2,702,163
<u>Non-current liabilities</u>		
Deferred tax liabilities	156,207	159,297
Borrowings	320,480	293,043
Employee benefits	40,392	39,339
	517,079	491,679
<u>Current liabilities</u>		
Payables and accruals	694,921	602,748
Borrowings	1,179,275	1,158,631
Taxation	17,597	27,170
	1,891,793	1,788,549
Total liabilities	2,408,872	2,280,228
TOTAL EQUITY AND LIABILITIES	5,154,880	4,982,391
Net assets per share attributable to equity holders of the Company (RM)	4.22	4.15

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2013.



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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2014

	-----Attributable to Equity Holders of the Company-----							Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	-----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			
(Restated)										
At 01.01.2013	336,000	(24,795)	(2,727)	-	(985)	100	1,629,500	1,937,093	2,638	1,939,731
Other comprehensive income for the period, net of tax	-	-	233	-	1,749	-	58	2,040	208	2,248
Profit for the period	-	-	-	-	-	-	84,095	84,095	69	84,164
Total comprehensive income for the period	-	-	233	-	1,749	-	84,153	86,135	277	86,412
At 31.03.2013	336,000	(24,795)	(2,494)	-	764	100	1,713,653	2,023,228	2,915	2,026,143
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

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013.



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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2014

	CUMULATIVE QUARTER	
	(Unaudited)	(Unaudited)
	For the 3 months ended	For the 3 months ended
	31.03.2014	31.03.2013
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	63,930	122,939
Adjustments for:		
Non-cash and non-operating items	34,905	24,844
Operating profit before working capital changes	98,835	147,783
Changes in working capital		
Inventories	(15,993)	74,495
Hire purchase receivables	(79,140)	(103,504)
Receivables, deposits and prepayments	(49,346)	(80,249)
Payables and accruals	91,239	88,208
Cash used in operations	45,595	126,733
Tax paid	(37,933)	(24,454)
Interest paid	(8,579)	(6,356)
Employee benefits paid	(19)	(461)
Net cash (used in)/generated from operating activities	(936)	95,462
Cash flows from investing activities		
Acquisition of property, plant and equipment	(58,659)	(25,204)
Acquisition of prepaid lease payments	(5,975)	(37)
Acquisition of other investments	(1,040)	(72,922)
Proceeds from disposal of property, plant and equipment	4,446	3,309
Net cash used in investing activities	(61,228)	(94,854)



TAN CHONG MOTOR HOLDINGS BERHAD

(Company No: 12969-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2014 (continued)**

	CUMULATIVE QUARTER	
	(Unaudited) For the 3 months ended 31.03.2014 RM'000	(Unaudited) For the 3 months ended 31.03.2013 RM'000
Cash flows from financing activities		
Repayment of bills payable (net)	(16,566)	(181,056)
Proceeds from/(Repayment of) term loans, Cagamas financing and revolving credit (net)	65,602	(115,656)
Net cash generated from/(used in) financing activities	49,036	(296,712)
Net decrease in cash and cash equivalents	(13,128)	(296,104)
Effects of exchange rate fluctuations on cash and cash equivalents	85	188
Cash and cash equivalents at beginning of the period	312,574	635,876
Cash and cash equivalents at end of the period	299,531	339,960
Cash and cash equivalents in the statement of cash flows comprise:		
Cash and bank balances	128,893	200,510
Deposits with licensed banks	170,638	139,450
	299,531	339,960

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2013.

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 2013.

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 2013, except the adoption of the following Malaysian Financial Reporting Standards (“MFRS”), Amendments to MFRSs and IC Interpretations:

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

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 July 2014

- 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)*

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

2. Changes In Accounting Policies (continued)

Effective for a date yet to be confirmed

- MFRS 9, *Financial Instruments* (2009)
- MFRS 9, *Financial Instruments* (2010)
- MFRS 9, *Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

3. Audit Qualifications

There were no audit qualifications in the annual financial statements for the year ended 31 December 2013.

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.

5. Unusual Items

There were no unusual items that have a material effect on the assets, liabilities, equity, net income or cash flow 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 19,187,000. 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 RM69 million nominal value of Class A MTN. The outstanding nominal value of MTN comprising Class A, Class B and Class C is RM618.75 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 2014.

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

9. Segmental Reporting

For the financial period ended 31 March 2014:

	Vehicles assembly, manufacturing, distribution and after sale services		Financial services		Other operations		Total	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013	31.3.2014	31.3.2013	31.3.2014	31.3.2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	1,243,999	1,426,331	13,614	9,126	2,580	882	1,260,193	1,436,339
Inter-segment revenue	1,451	3,077	1,003	961	17,211	15,124	19,665	19,162
Segment EBITDA*	94,949	144,605	7,260	4,587	302	(149)	102,511	149,043

*Segment earnings before interest, taxation, depreciation and amortisation

Reconciliation of reportable segment profit or loss:

	31.3.2014 RM'000	31.3.2013 RM'000
Total EBITDA for reportable segments	102,511	149,043
Depreciation and amortisation	(26,491)	(17,818)
Interest expense	(11,956)	(11,033)
Interest income	3,377	4,677
Share of profit of equity-accounted investees not included in reportable segments	1,304	1,827
Unallocated corporate expenses	(4,815)	(3,757)
Consolidated profit before taxation	63,930	122,939

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 2013.

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 2013.

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

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

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 2014.

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

	31.3.2014	31.3.2013
	RM'000	RM'000
<i>Property, plant and equipment</i>		
Authorised but not contracted for	210,976	247,953
Authorised and contracted for		
In Malaysia	203,199	31,616
Outside Malaysia	14,728	9,161
<i>Overseas operation commitments</i>		
Authorised and contracted for	41,816	86,145
TOTAL	<u>470,719</u>	<u>374,875</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	
	31.03.2014	31.03.2013
	RM'000	RM'000
With WTCH Group		
Sales	6,359	3,836
	<u>6,359</u>	<u>3,836</u>
With APM Group		
Purchases	32,897	36,754
	<u>32,897</u>	<u>36,754</u>
With TCIL Group		
Contract assembly fee receivable	14,506	9,260
	<u>14,506</u>	<u>9,260</u>

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	
	31.03.2014	31.03.2013
	RM'000	RM'000
Purchases	523,028	483,703
	<u>523,028</u>	<u>483,703</u>

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	
	31.03.2014	31.03.2013
	RM'000	RM'000
Purchases	54,167	3,710
	<u>54,167</u>	<u>3,710</u>

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

The first quarter saw intense competition in the automotive industry with new models launches and aggressive festivities driven promotion campaigns. While the Group pushes for a sustainable start in 2014, however the competitive trading environment has taken a toll on sales. Revenue in Q1 2014 came in 12.3% lower than the same period of last year. Higher costs incurred for aggressive counter-campaigns bundled with higher unfavourable exchange rates have also affected the Group's bottom-line in the first quarter compared to same period last year. As a result, the Group's Q1 2014 net profit came in lower at RM41.7 million.

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

Automotive division recorded RM1,244.0 million in revenue, a decrease of 12.8% compared to RM1,426.3 million for previous year and segment EBITDA of RM94.9 million, a decrease of 34.3% compared to RM144.6 million for previous year. This is due to lower sales and higher cost incurred for imported CKD kits and marketing activities.

b) Financial Services (hire purchase and insurance)

The financial services division recorded revenue of RM13.6 million, an increase of 49.2% compared to previous year same period of RM9.1 million. EBITDA has increased by 58.3% compared to the previous year same period from RM4.6 million to RM7.3 million. As at 31 March 2014, hire purchase ("HP") receivables stood at RM567.9 million, an increase of RM161.5 million compared to last year same period of RM406.4 million. This is mainly due to the RM194 million HP receivables sold under the Asset-Backed Securitisation (ABS) program in fourth quarter of 2013 is lower compared to RM388 million HP receivables sold in fourth quarter of 2012.

c) Other Operations (investments and properties)

Revenue from other operations for first quarter ended 31 March 2014 was RM2.6 million compared to RM0.9 million in the previous year same period and EBITDA was RM0.3 million compared to a loss of RM0.1 million in the previous year same period. The improvement in financial performance is mainly due to continuing improvement measures implemented for cost efficiency and productivity.

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

Compared to preceding quarter, our top line decreased by 6.9% and EBITDA decreased by 25.0%. More aggressive marketing activities had to be undertaken in Q1 2014 due to the increased competition. These investments costs in marketing and promotional campaigns have generally sustained Nissan's market share and carry over of Q4 2013 year end festivities sales momentum into Q1 2014. The promotional campaigns' costs coupled with the impact of unfavourable foreign exchange on imported CKD kits has put a drag on the Group's bottom-line in Q1 2014.

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

For the quarter under review, automotive division recorded RM1,244.0 million in revenue, a decrease of 7.2% compared to RM1,340.0 million for preceding quarter with decrease in sales volume. Segment EBITDA was RM94.9 million. This is a decrease of 31.3% compared to RM138.2 million for preceding quarter mainly due to aggressive marketing activities conducted to face stiff market competition.

b) Financial Services (hire purchase and insurance)

The financial services division improved its revenue to RM13.6 million for Q1 2014. This is an increase of 15.7% compared to preceding quarter results of RM11.8 million. EBITDA for Q1 2014 was RM7.3 million compared to preceding quarter of RM3.9 million. This was mainly due to higher yielding loans granted for financing commercial vehicles compared to passenger vehicles hire purchase loans.

c) Other Operations (investments and properties)

Revenue from other operations for Q1 2014 was RM2.6 million compared to RM2.0 million in the preceding quarter. EBITDA for Q1 2014 was RM0.3 million compared to a loss of RM5.3 million in the preceding quarter. The improvement in EBITDA for Q1 2014 was mainly due to better cost controls being implemented.

3. Current Year Prospects

The Group is taking a cautious outlook of no growth with heightened competition for the rest of the year 2014. In addition, the rising costs of living and subsidies rationalization will likely see dampened consumers' appetite for spending on big ticket items such as new motor vehicles. The costs of doing business has also increased with higher imported CKD costs and higher operating costs on marketing campaigns to counter increased competition.

Notwithstanding the above, the Group is continuing efforts to push the top line revenue with sustainable sales activities. The Group is also undertaking continuous efforts to destock and deleverage across all aspects of the business operations while focusing on delivering quality products and services to our customers.

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	
	31.03.2014	31.03.2013
	RM'000	RM'000
Current year	24,325	41,502
Prior year	(1,708)	2,447
Deferred tax	(407)	(5,174)
	<u>22,210</u>	<u>38,775</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:

	31.03.2014
	RM'000
Unsecured :	
- Bills payable	385,218
- Revolving credit	635,295
- Short term loan	101,820
- Long term loan	296,449
Secured :	
Recourse obligation on financing sold to Cagamas Berhad	80,973
Total borrowings	<u>1,499,755</u>
Comprising :	
Amount repayable within one year	1,179,275
Amount repayable after one year	<u>320,480</u>
	<u>1,499,755</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 2014, 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	184,853	1,675	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) 31.03.2014 RM'000	(Audited) 31.12.2013 RM'000
Total retained profits of Tan Chong Motor Holdings Berhad and its subsidiaries:		
- Realised profit	2,064,795	2,011,429
- Unrealised loss	(17,438)	(4,452)
	<u>2,047,357</u>	<u>2,006,977</u>
Total share of retained profits from equity-accounted investees:		
- Realised profit	15,097	13,769
- Unrealised profit	37	61
	<u>15,134</u>	<u>13,830</u>
Total Group retained profits before consolidation adjustment	2,062,491	2,020,807
Less: Consolidation adjustment	(210,048)	(210,213)
	<u>1,852,443</u>	<u>1,810,594</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.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

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

9. Changes In Material Litigation

There was no material litigation as at 31 March 2014.

10. Dividend

No dividend has been proposed for the first quarter ended 31 March 2014.

A final single tier dividend of 12% in respect of the financial year ended 31 December 2013 to shareholders whose names appear in the Register of Members on 3 June 2014 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 28 May 2014.

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	
	2014	2013
	('000)	('000)
Issued ordinary shares at beginning of the period	652,813	652,815
Effect of shares buyback during the period	-	-
Weighted average number of ordinary shares	652,813	652,815

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

12. Profit before taxation

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

	(Unaudited)	(Unaudited)
	Current	Preceding
	Year	Year
	Quarter	Corresponding
	31.03.2014	Quarter
	RM'000	31.03.2013
		RM'000
Depreciation and amortisation	(26,491)	(17,818)
Reversal/(Provision for) and (write off) of receivables	(1,149)	(276)
Reversal/(Provision for) and (write off) of inventories	(141)	2
(Loss)/gain on disposal of properties, plant and equipment	1,566	(84)
Property, plant and equipment written off	(130)	-
Foreign exchange (loss)/gain	(774)	(903)
Other loss, including investment income	(1)	-

BY ORDER OF THE BOARD

LEE KWEE CHENG

YAP BEE LEE

CHANG PIE HOON

Company Secretaries

Kuala Lumpur

14 May 2014