



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

**INTERIM REPORT FOR THE
THIRD QUARTER ENDED
30 SEPTEMBER 2015**

CONTENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS	1
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	2
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	3-4
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	5
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	6-7
NOTES TO THE QUARTERLY FINANCIAL REPORT	8-17



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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED 30 SEPTEMBER 2015

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Corresponding Quarter 30.09.2015 RM'000	(Unaudited) Preceding Year Corresponding Quarter 30.09.2014 RM'000	(Unaudited) Current Year Corresponding To Date 30.09.2015 RM'000	(Unaudited) Preceding Year Corresponding Period 30.09.2014 RM'000
Revenue	1,373,595	1,149,006	4,206,323	3,496,750
Operating profit	53,188	21,566	142,391	184,629
Interest expense	(18,725)	(14,085)	(50,924)	(40,033)
Interest income	2,810	1,925	10,488	8,322
Share of profit of equity-accounted investees	381	780	2,325	2,554
Profit before taxation	37,654	10,186	104,280	155,472
Tax expense	(9,660)	(7,193)	(37,420)	(44,063)
Profit for the period	27,994	2,993	66,860	111,409
Attributable to:				
Equity holders of the Company	29,181	1,870	69,688	97,186
Non-controlling interests	(1,187)	1,123	(2,828)	14,223
	27,994	2,993	66,860	111,409
Earning per share (sen)				
(a) Basic	4.47	0.29	10.68	14.89
(b) Fully diluted	N/A	N/A	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 30 SEPTEMBER 2015**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 30.09.2015 RM'000	(Unaudited) Preceding Year Corresponding Quarter 30.09.2014 RM'000	(Unaudited) Current Year To Date 30.09.2015 RM'000	(Unaudited) Preceding Year Corresponding Period 30.09.2014 RM'000
Profit for the period	27,994	2,993	66,860	111,409
<i>Item that will not be reclassified to profit or loss:</i>				
Defined benefit plan actuarial gains	-	-	-	1,006
Total item that will not be classified to profit or loss	-	-	-	1,006
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences - foreign operations	(10,108)	(541)	(13,670)	(38)
Net change in fair value of cash flow hedges reclassified to profit or loss	7,943	628	14,048	751
Total items that are or may be classified subsequently to profit or loss	(2,165)	87	378	713
Other comprehensive income for the period, net of tax	(2,165)	87	378	1,719
Total comprehensive income for the period	25,829	3,080	67,238	113,128
Total comprehensive income attributable				
Equity holders of the Company	28,922	2,183	72,832	98,904
Non-controlling interests	(3,093)	897	(5,594)	14,224
	25,829	3,080	67,238	113,128

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 30 SEPTEMBER 2015

	(Unaudited) As at 30.09.2015 RM'000	(Audited) As at 31.12.2014 RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	1,728,227	1,731,688
Investment properties	173,078	173,078
Prepaid lease payments	51,446	44,524
Equity-accounted investees	37,893	36,793
Other investments	1	1
Deferred tax assets	35,860	34,787
Hire purchase receivables	374,358	350,594
Intangible assets	14,592	14,592
Long term receivables	859	636
	<hr/> 2,416,314	<hr/> 2,386,693
<u>Current assets</u>		
Other investments	41,844	127,059
Hire purchase receivables	212,609	89,847
Receivables, deposits and prepayments	771,947	522,372
Current tax assets	31,980	25,428
Inventories	1,541,559	1,513,641
Derivative assets	14,048	-
Cash and cash equivalents	217,923	341,522
	<hr/> 2,831,910	<hr/> 2,619,869
TOTAL ASSETS	<hr/> <hr/> 5,248,224	<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 30 SEPTEMBER 2015 (continued)

	(Unaudited)	(Audited)
	As at	As at
	30.09.2015	31.12.2014
	RM'000	RM'000
EQUITY AND LIABILITIES		
<u>Equity</u>		
Share capital	336,000	336,000
Reserves	2,483,791	2,443,592
Treasury shares	(25,271)	(24,990)
Total equity attributable to owners of the Company	2,794,520	2,754,602
Non-controlling interests	57	5,951
Total equity	2,794,577	2,760,553
<u>Non-current liabilities</u>		
Deferred tax liabilities	146,586	151,625
Borrowings	871,075	905,768
Employee benefits	48,689	43,726
	1,066,350	1,101,119
<u>Current liabilities</u>		
Payables and accruals	688,854	631,578
Borrowings	678,475	506,972
Taxation	19,968	6,340
	1,387,297	1,144,890
Total liabilities	2,453,647	2,246,009
TOTAL EQUITY AND LIABILITIES	5,248,224	5,006,562
Net assets per share attributable to owners of the Company (RM)	4.28	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 30 SEPTEMBER 2015**

	-----Attributable to owners 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			
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	-	-	(39)	-	751	-	1,006	1,718	1	1,719
Transfer to revaluation surplus on properties	-	-	-	(6,750)	-	-	6,750	-	-	-
Profit for the period	-	-	-	-	-	-	97,186	97,186	14,223	111,409
Total comprehensive income for the period	-	-	(39)	(6,750)	751	-	104,942	98,904	14,224	113,128
Purchase of treasury shares	-	(5)	-	-	-	-	-	(5)	-	(5)
Dividend - 2013 final	-	-	-	-	-	-	(39,169)	(39,169)	-	(39,169)
Dividend - 2014 interim	-	-	-	-	-	-	(19,584)	(19,584)	(300)	(19,884)
At 30.09.2014	336,000	(24,814)	(2,693)	582,907	787	100	1,856,783	2,749,070	7,163	2,756,233
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	-	-	(10,904)	-	14,048	-	-	3,144	(2,766)	378
Transfer of revaluation surplus on properties	-	-	-	(5,512)	-	-	5,512	-	-	-
Profit for the period	-	-	-	-	-	-	69,688	69,688	(2,828)	66,860
Total comprehensive income for the period	-	-	(10,904)	(5,512)	14,048	-	75,200	72,832	(5,594)	67,238
Purchase of treasury shares	-	(281)	-	-	-	-	-	(281)	-	(281)
Dividend - 2014 final	-	-	-	-	-	-	(19,580)	(19,580)	-	(19,580)
Dividend - 2015 interim	-	-	-	-	-	-	(13,053)	(13,053)	(300)	(13,353)
At 30.09.2015	336,000	(25,271)	(15,537)	576,138	14,048	100	1,909,042	2,794,520	57	2,794,577

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)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

	CUMULATIVE QUARTER	
	(Unaudited) For the 9 months ended 30.09.2015 RM'000	(Unaudited) For the 9 months ended 30.09.2014 RM'000
Cash flows from operating activities		
Profit before taxation	104,280	155,472
Adjustments for:		
Non-cash and non-operating items	141,980	133,008
Operating profit before working capital changes	246,260	288,480
Changes in working capital		
Inventories	(28,344)	128,048
Hire purchase receivables	(147,681)	(99,194)
Receivables, deposits and prepayments	(253,327)	(34,472)
Payables and accruals	32,221	(71,484)
Cash (used in)/generated from operations	(150,871)	211,378
Tax paid	(33,988)	(89,124)
Interest paid	(40,436)	(31,711)
Employee benefits paid	(364)	(103)
Net cash used in operating activities	(225,659)	90,440
Cash flows from investing activities		
Acquisition of property, plant and equipment	(86,889)	(221,749)
Acquisition of prepaid lease payments	(57)	(19,086)
Additional liquid investments with licensed financial institutions	(1,166,001)	(82,564)
Dividend received from equity-accounted investee	1,225	100
Proceeds from disposal of property, plant and equipment	21,870	31,444
Proceeds from disposal of liquid investments	1,253,472	110,000
Net cash from/(used in) investing activities	23,620	(181,855)



TAN CHONG MOTOR HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015 (continued)

	CUMULATIVE QUARTER	
	(Unaudited) For the 9 months ended 30.09.2015 RM'000	(Unaudited) For the 9 months ended 30.09.2014 RM'000
Cash flows from financing activities		
Dividend paid to shareholders of the Company	(32,633)	(58,753)
Dividend paid to non-controlling interests	(300)	(300)
Purchase of own shares	(281)	(5)
Repayment of bills payable (net)	(159,708)	(52,252)
Proceeds from medium term notes, term loans, Cagamas financing and revolving credit (net)	254,967	201,209
Net cash generated from financing activities	62,045	89,899
Net decrease in cash and cash equivalents	(139,994)	(1,616)
Effects of exchange rate fluctuations on cash and cash equivalents	16,395	(908)
Cash and cash equivalents at beginning of the period	341,522	312,574
Cash and cash equivalents at end of the period	217,923	310,050
Cash and cash equivalents in the statement of cash flows comprise:		
Cash and bank balances	156,223	162,447
Deposits with licensed banks	61,700	147,603
	217,923	310,050

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 (“TCMH”) 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 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

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 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.

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.

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 19,334,000. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Under the RM2.0 billion nominal value Asset-Backed Medium Term Notes (“MTN”) Programme, the Group has redeemed RM67.55 million nominal value of MTN. The outstanding nominal value of MTN comprising Class A, Class B and Class C Notes is RM413.55 million at the end of the financial quarter.

Under the combined aggregate nominal value of RM1.5 billion of Commercial Papers and Medium Term Notes Programmes, the outstanding nominal values of Commercial Papers and Medium Term Notes were RM150.0 million and RM750.0 million respectively on 30 September 2015.

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

An interim single tier dividend of 4% for the year ending 31 December 2015 (2014: 6%) amounting to RM13.05 million (2014: RM19.58 million) was paid on 30 September 2015.

9. Segmental Reporting

For the financial period ended 30 September 2015:

	Vehicles assembly, manufacturing, distribution and after sale services		Financial services		Other operations		Total	
	(Unaudited) 30.09.2015 RM'000	(Unaudited) 30.09.2014 RM'000	(Unaudited) 30.09.2015 RM'000	(Unaudited) 30.09.2014 RM'000	(Unaudited) 30.09.2015 RM'000	(Unaudited) 30.09.2014 RM'000	(Unaudited) 30.09.2015 RM'000	(Unaudited) 30.09.2014 RM'000
External revenue	4,153,919	3,448,467	41,622	40,297	10,782	7,986	4,206,323	3,496,750
Inter-segment revenue	2,550	7,515	1,731	1,413	59,891	65,315	64,172	74,243
Segment EBITDA*	207,044	261,705	19,253	14,875	22,852	3,002	249,149	279,582

*Segment earnings before interest, taxation, depreciation and amortisation

Reconciliation of reportable segment profit or loss:

	30.09.2015 RM'000	30.09.2014 RM'000
Total EBITDA for reportable segments	249,149	279,582
Depreciation and amortisation	(97,536)	(84,502)
Interest expense	(50,924)	(40,033)
Interest income	10,488	8,322
Share of profit of equity-accounted investees not included in reportable segments	2,325	2,554
Unallocated corporate expenses	(9,222)	(10,451)
Consolidated profit before taxation	104,280	155,472

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

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 30 September 2015.

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

	30.09.2015	30.09.2014
	RM'000	RM'000
<i>Property, plant and equipment</i>		
Authorised but not contracted for	75,615	22,397
Authorised and contracted for		
In Malaysia	98,088	105,439
Outside Malaysia	10,515	480
<i>Overseas operation commitments</i>		
Authorised and contracted for	-	39,168
TOTAL	<u>184,218</u>	<u>167,484</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 Quarter		Cumulative Quarter	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
With WTCH Group				
Sales	19,079	5,104	31,983	28,923
Provision of hire purchase and leasing	5,341	4,727	10,333	35,904
With APM Group				
Purchases	26,073	29,050	83,316	95,195
With TCIL Group				
Contract assembly fee receivable	3,954	6,212	15,048	27,656

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 Quarter		Cumulative Quarter	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
Purchases	486,279	167,707	1,734,183	1,003,516

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 Quarter		Cumulative Quarter	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
Purchases	83,855	128,611	112,018	230,095

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

For the nine-month period ended 30 September 2015, the Group recorded a 20.3% increase in revenue but a 28.3% decrease in the profit after tax year on year respectively. The competitive business environment driven by sales promotion activities coupled with significant currency headwinds such as declining Malaysian Ringgit against the US Dollar have an impact on the bottom-line. Comparatively, there was also a one-off write back of Nissan Vietnam Co., Ltd. provision for additional import duty of RM56.27 million (equivalent to USD16.98 million) in year 2014.

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

Automotive division recorded higher revenue of RM4,153.9 million (20.5% YoY) with lower segment EBITDA of RM207.0 million (-20.9% YoY). The higher revenue was due to higher number of vehicles sold during the sales promotion campaigns. The lower EBITDA was due to sales promotion campaigns costs and the higher CKD kits cost arising from unfavourable foreign exchange rate compared to previous year.

b) Financial Services (hire purchase and insurance)

The financial services division recorded higher revenue of RM41.6 million (3.3% YoY) and EBITDA of RM19.3 million (29.4% YoY). The increase was due to higher number of motor insurance policies and hire purchase loans disbursed for new vehicles sold compared to the previous year.

c) Other Operations (investments and properties)

Revenue from other operations was higher at RM10.8 million compared to RM8.0 million in the previous year and EBITDA was also higher at RM22.9 million compared to RM3.0 million in the previous year. The better financial result was due to the continuing 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, PAT and EBITDA increased by 8.7% (from RM1.3 billion to RM1.4 billion), 64.8% (from RM22.8 million to RM37.7 million), 106% (from RM14.2 million to RM29.2 million) and 14.3% (from RM69.2 million to RM79.1 million) respectively.

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

For the quarter under review, automotive division recorded RM1,355.3 million in revenue (8.6% QoQ) and RM78.7 million in segment EBITDA (43.0% QoQ). The improvement in automotive segment results compared to previous quarter was due to the foreign currency translation gains arising from advances provided to overseas subsidiaries.

b) Financial Services (hire purchase and insurance)

The financial services division recorded its revenue at RM14.2 million for Q3 2015 (8.7% QoQ). EBITDA for Q3 2015 was RM6.1 million (1.6% QoQ). The improvement in revenue and EBITDA was due to higher hire purchase intake and more motor insurance policies renewal during the quarter.

c) Other Operations (investments and properties)

Revenue from other operations for Q3 2015 was RM4.1 million compared to RM2.3 million in preceding quarter. EBITDA for Q3 2015 was RM9.1 million compared to preceding quarter of RM8.2 million. This was due to on-going measures to implement better cost controls.

3. Current Year Prospects

The domestic automotive industry expects to see continuing weak demand in new vehicle sales in view of the current economic climate and weakening consumers' confidence.

While currency weakness has affected our reported numbers, our underlying performance is resilient. We have strengthened our position across Malaysia, Vietnam, and the Indochina markets. Vehicle volume growth continues to be a key focus. Our investments in 3S and distribution network infrastructure and services spectrum, alongside increasing car penetration, are delivering improved experiences for 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 Quarter		Cumulative Quarter	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
Current year	12,183	15,225	48,117	57,739
Prior year	220	217	(7,053)	(2,272)
Deferred tax	(2,743)	(8,249)	(3,644)	(11,404)
	<u>9,660</u>	<u>7,193</u>	<u>37,420</u>	<u>44,063</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:

	30.09.2015
	RM'000
Unsecured :	
- Bills payable	2,867
- Revolving credit	486,737
- Short term loan	29,239
- Long term loan	116,650
- Medium term notes	746,959
- Commercial papers	150,000
Secured :	
Recourse obligation on financing sold to Cagamas Berhad	17,098
Total borrowings	<u>1,549,550</u>
Comprising :	
Amount repayable within one year	678,475
Amount repayable after one year	<u>871,075</u>
	<u>1,549,550</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 30 September 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	205,572	14,048	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) 30.09.2015 RM'000	(Audited) 31.12.2014 RM'000
Total retained profits of Tan Chong Motor Holdings Berhad and its subsidiaries:		
- Realised profit	2,037,843	1,992,176
- Unrealised profit	8,171	1,078
	<u>2,046,014</u>	<u>1,993,254</u>
Total share of retained profits from equity-accounted investees:		
- Realised profit	18,009	16,831
- Unrealised loss	(204)	(126)
	<u>17,805</u>	<u>16,705</u>
Total Group retained profits before consolidation adjustments	2,063,819	2,009,959
Less: Consolidation adjustments	(154,777)	(143,484)
	<u>1,909,042</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 30 September 2015.

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

10. Dividend

No dividend was declared for the current quarter.

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 Quarter		Cumulative Quarter	
	2015 ('000)	2014 ('000)	2015 ('000)	2014 ('000)
Issued ordinary shares at beginning of the period	652,666	652,812	652,761	652,813
Effect of shares buyback during the period	-	-	(46)	(1)
Weighted average number of ordinary shares	<u>652,666</u>	<u>652,812</u>	<u>652,715</u>	<u>652,812</u>

12. Profit before taxation

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

	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Current Year Quarter 30.09.2015 RM'000	Preceding Year Corresponding Quarter 30.09.2014 RM'000	Current Year To Date 30.09.2015 RM'000	Preceding Year Corresponding Period 30.09.2014 RM'000
Depreciation and amortisation	(32,794)	(29,312)	(97,536)	(84,502)
(Provision for)/reversal and (write off) of receivables	(1,134)	(2,050)	(4,691)	(4,454)
(Provision for)/reversal and (write off) of inventories	(30)	(15,117)	(426)	(15,204)
(Loss)/gain on disposal of properties, plant and equipment	529	1,014	2,111	3,741
Property, plant and equipment written off	(58)	(30)	(256)	(199)
Foreign exchange gain/(loss)	13,813	3,289	15,879	(1,061)
Gain/(loss) on derivatives	7,943	628	14,048	751
Other (loss)/gain, including investment income	1,958	14	2,256	27

BY ORDER OF THE BOARD

HO WAI MING
CHANG PIE HOON
Company Secretaries
Kuala Lumpur
18 November 2015