



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

**INTERIM REPORT FOR THE
FOURTH QUARTER ENDED
31 DECEMBER 2013**

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

**CONDENSED CONSOLIDATED INCOME STATEMENT
 FOR THE QUARTER ENDED 31 DECEMBER 2013**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 31.12.2013 RM'000	(Restated) Preceding Year Corresponding Quarter 31.12.2012 RM'000	(Unaudited) Current Year To Date 31.12.2013 RM'000	(Restated) Preceding Year 31.12.2012 RM'000
Revenue	1,353,749	1,180,900	5,198,491	4,087,883
Operating profit	107,289	86,874	387,798	251,952
Interest expense	(14,939)	(16,822)	(48,580)	(43,567)
Interest income	3,770	4,749	17,395	15,227
Share of (loss)/profit of equity-accounted investees	(410)	(233)	3,509	1,739
Profit before taxation	95,710	74,568	360,122	225,351
Tax expense	(28,426)	(17,311)	(124,495)	(61,870)
Profit for the period	67,284	57,257	235,627	163,481
Attributable to:				
Equity holders of the Company	67,839	58,346	250,952	165,788
Non-controlling interests	(555)	(1,089)	(15,325)	(2,307)
	67,284	57,257	235,627	163,481
Earning per share (sen)				
(a) Basic	10.39	8.94	38.44	25.40
(b) Fully diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2012.



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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2013

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 31.12.2013 RM'000	(Restated) Preceding Year Corresponding Quarter 31.12.2012 RM'000	(Unaudited) Current Year To Date 31.12.2013 RM'000	(Restated) Preceding Year 31.12.2012 RM'000
Profit for the period	67,284	57,257	235,627	163,481
<i>Items that will not be reclassified to profit or loss:</i>				
Revaluation of property, plant and equipment	595,900	-	595,900	-
Defined benefit plan actuarial gains	2,651	66	2,825	267
Total item that will not be classified to profit or loss	598,551	66	598,725	267
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences - foreign operations	(309)	185	56	(1,492)
Net change in fair value of cash flow hedges reclassified to profit or loss	(3,160)	(3,269)	1,021	(1,448)
Total items that are or may be classified subsequently to profit or loss	(3,469)	(3,084)	1,077	(2,940)
Other comprehensive income for the period, net of tax	595,082	(3,018)	599,802	(2,673)
Total comprehensive income for the period	662,366	54,239	835,429	160,808
Total comprehensive income attributable to:				
Equity holders of the Company	656,678	55,303	844,528	163,185
Non-controlling interests	5,688	(1,064)	(9,099)	(2,377)
	662,366	54,239	835,429	160,808

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2012.



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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	(Unaudited)	(Restated)	(Restated)
	As at	As at	As at
	31.12.2013	31.12.2012	01.01.2012
	RM'000	RM'000	RM'000
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	1,693,133	858,730	676,395
Investment properties	44,671	51,979	40,753
Prepaid lease payments	24,270	16,535	11,357
Equity-accounted investees	33,918	30,409	22,579
Other investments	1	1	1,807
Deferred tax assets	26,397	24,339	14,520
Hire purchase receivables	371,007	251,153	386,788
Intangible assets	14,592	13,944	14,448
Long term receivables	2,596	2,378	1,440
	<hr/> 2,210,585	<hr/> 1,249,468	<hr/> 1,170,087
<u>Current assets</u>			
Other investments	152,720	200,603	194,064
Hire purchase receivables	118,723	52,583	107,038
Receivables, deposits and prepayments	467,860	407,278	296,889
Current tax assets	9,437	7,700	7,642
Inventories	1,725,687	1,412,431	960,238
Derivative assets	36	266	463
Cash and cash equivalents	318,174	635,876	325,272
	<hr/> 2,792,637	<hr/> 2,716,737	<hr/> 1,891,606
TOTAL ASSETS	<hr/> <hr/> 5,003,222	<hr/> <hr/> 3,966,205	<hr/> <hr/> 3,061,693



TAN CHONG MOTOR HOLDINGS BERHAD
(Company No: 12969-P)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013 (continued)

	(Unaudited) As at 31.12.2013 RM'000	(Restated) As at 31.12.2012 RM'000	(Restated) As at 01.01.2012 RM'000
EQUITY AND LIABILITIES			
<u>Equity</u>			
Share capital	336,000	336,000	336,000
Reserves	2,397,733	1,656,023	1,551,592
Treasury shares	(24,809)	(24,795)	(24,786)
Total equity attributable to equity holders of the Company	2,708,924	1,967,228	1,862,806
Non-controlling interests	(6,761)	2,638	5,315
Total equity	2,702,163	1,969,866	1,868,121
<u>Non-current liabilities</u>			
Deferred tax liabilities	159,297	25,228	21,238
Borrowings	339,028	346,413	280,000
Employee benefits	39,339	40,830	36,272
	537,664	412,471	337,510
<u>Current liabilities</u>			
Payables and accruals	617,993	502,651	330,787
Borrowings	1,118,232	1,071,209	520,026
Derivative liabilities	-	1,251	-
Taxation	27,170	8,757	5,249
	1,763,395	1,583,868	856,062
Total liabilities	2,301,059	1,996,339	1,193,572
TOTAL EQUITY AND LIABILITIES	5,003,222	3,966,205	3,061,693
Net assets per share attributable to equity holders of the Company (RM)	4.15	3.01	2.85

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2012.



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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2013**

	-----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 01.01.2012	336,000	(24,786)	(1,305)	-	463	100	1,552,334	1,862,806	5,315	1,868,121
Other comprehensive income for the period, net of tax	-	-	(1,422)	-	(1,448)	-	267	(2,603)	(70)	(2,673)
Profit for the period	-	-	-	-	-	-	165,788	165,788	(2,307)	163,481
Total comprehensive income for the period	-	-	(1,422)	-	(1,448)	-	166,055	163,185	(2,377)	160,808
Purchase of treasury shares	-	(9)	-	-	-	-	-	(9)	-	(9)
Dividend - 2011 Final	-	-	-	-	-	-	(29,377)	(29,377)	-	(29,377)
Dividend - 2012 Interim	-	-	-	-	-	-	(29,377)	(29,377)	(300)	(29,677)
At 31.12.2012	336,000	(24,795)	(2,727)	-	(985)	100	1,659,635	1,967,228	2,638	1,969,866
(Restated)										
At 01.01.2013	336,000	(24,795)	(2,727)	-	(985)	100	1,659,635	1,967,228	2,638	1,969,866
Other comprehensive income for the period, net of tax	-	-	73	589,657	1,021	-	2,825	593,576	6,226	599,802
Profit for the period	-	-	-	-	-	-	250,952	250,952	(15,325)	235,627
Total comprehensive income for the period	-	-	73	589,657	1,021	-	253,777	844,528	(9,099)	835,429
Purchase of treasury shares	-	(14)	-	-	-	-	-	(14)	-	(14)
Dividend - 2012 Final	-	-	-	-	-	-	(29,377)	(29,377)	-	(29,377)
Dividend - 2013 Interim	-	-	-	-	-	-	(29,377)	(29,377)	(300)	(29,677)
Dividend - 2013 Special	-	-	-	-	-	-	(44,064)	(44,064)	-	(44,064)
At 31.12.2013	336,000	(24,809)	(2,654)	589,657	36	100	1,810,594	2,708,924	(6,761)	2,702,163

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012.



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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2013

	CUMULATIVE QUARTER	
	(Unaudited)	(Restated)
	For the 12 months ended	For the 12 months ended
	31.12.2013	31.12.2012
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	360,122	225,351
Adjustments for:		
Non-cash and non-operating items	123,028	86,703
Operating profit before working capital changes	483,150	312,054
Changes in working capital		
Inventories	(313,414)	(453,647)
Hire purchase receivables	(189,466)	186,905
Receivables, deposits and prepayments	(60,673)	(110,956)
Payables and accruals	112,024	171,234
Cash used in operations	31,621	105,590
Tax paid	(112,496)	(64,467)
Interest paid	(31,185)	(28,340)
Employee benefits paid	(2,005)	(590)
Net cash (used in)/generated from operating activities	(114,065)	12,193
Cash flows from investing activities		
Acquisition of property, plant and equipment	(241,545)	(297,559)
Acquisition of prepaid lease payments	(7,620)	(6,341)
Acquisition of a subsidiary	(2,350)	-
Acquisition of other investments	(103,172)	(131,544)
Additional investment in equity-accounted investee	-	(1,447)
Proceeds from disposal of property, plant and equipment	66,053	50,623
Proceeds from disposal of other investments	151,000	125,000
Net cash used in investing activities	(137,634)	(261,268)



TAN CHONG MOTOR HOLDINGS BERHAD

(Company No: 12969-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2013 (continued)

	CUMULATIVE QUARTER	
	(Unaudited)	(Restated)
	For the 12 months ended	For the 12 months ended
	31.12.2013	31.12.2012
	RM'000	RM'000
Cash flows from financing activities		
Dividend paid to shareholders of the Company	(102,818)	(58,754)
Dividend paid to non-controlling interests	(300)	(300)
Purchase of own shares	(14)	(9)
Proceeds from bills payable (net)	100,083	185,615
(Repayment of)/Proceeds from term loans, Cagamas financing and revolving credit (net)	(73,388)	434,404
Net cash (used in)/generated from financing activities	<u>(76,437)</u>	<u>560,956</u>
Net (decrease)/increase in cash and cash equivalents	(328,136)	311,881
Effects of exchange rate fluctuations on cash and cash equivalents	4,848	(683)
Cash and cash equivalents at beginning of the period	635,876	324,678
Cash and cash equivalents at end of the period	<u>312,588</u>	<u>635,876</u>
Cash and cash equivalents in the statement of cash flows comprise:		
Cash and bank balances	186,609	197,121
Deposits with licensed banks	131,565	438,755
Bank overdraft	(5,586)	-
	<u>312,588</u>	<u>635,876</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2012.

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 (“the Group”) as at and for the year ended 31 December 2012.

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 2012, except for the following:

- (a) The adoption of the following Malaysian Financial Reporting Standards (“MFRS”), Amendments to MFRSs and IC Interpretations:
- Amendments to MFRS 101, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income*
 - MFRS 10, *Consolidated Financial Statements*
 - MFRS 11, *Joint Arrangements*
 - MFRS 12, *Disclosure of Interests in Other Entities*
 - MFRS 13, *Fair Value Measurement*
 - MFRS 119, *Employee Benefits (2011)*
 - MFRS 127, *Separate Financial Statements (2011)*
 - MFRS 128, *Investments in Associates and Joint Ventures (2011)*
 - IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
 - Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
 - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans*
 - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
 - Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
 - Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
 - Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
 - Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
 - Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
 - Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
 - Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

The adoption of the above pronouncements did not have any impact on the financial statements of the Group, except for the following:

- (i) Amendments to MFRS 101, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income*

The amendments to MFRS 101 requires separation of items presented in other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in future. Items that will not be recycled – such as defined benefit plan actuarial gain/loss – will be presented separately from items that may be recycled in future – such as deferred gain/loss on cash flow hedges and foreign currency translation differences (foreign operations).

The adoption of this amendment affects presentation only and has no material financial impact on the Group’s financial statements.

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

2. Changes In Accounting Policies (continued)

(ii) MFRS 10, Consolidated Financial Statements

As a result of the adoption of MFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over and consequently whether it consolidates its investees. MFRS 10 introduces a new control model that is applicable to all investees; among other things, it requires the consolidation of an investee if the Group controls the investee on the basis of *de facto* circumstances.

In accordance with the transitional provisions of MFRS 10, the Group re-assessed the control conclusion for its investees at 1 January 2013. As a consequence, the Group has changed its control conclusion in respect of its investment in TC Express Auto Services and Spare Parts (Thailand) Company Ltd. (“TCEAS Thailand”). Although the Group owns less than half of the shareholdings of TCEAS Thailand, the directors have determined that it has acquired *de facto* control over the investee when it subscribed for the investment on 3 April 2007, because the Group has held significantly more power over TCEAS Thailand than any other equity holders and the other shareholdings are widely dispersed. Accordingly, the Group applied acquisition accounting to the investment at 3 April 2007, as if the investee had been consolidated from that date. Previously, the investment in TCEAS Thailand was accounted for as an associate using the equity method.

(iii) MFRS 11, Joint Arrangements

As a result of the adoption of MFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements.

Under MFRS 11, the Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group’s rights to the assets and obligations for the liabilities of the arrangements. When making the assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

The Group has re-evaluated its involvement in its only joint arrangement in Structurflex Sdn. Bhd. and has reclassified the investment from associate to joint venture. Notwithstanding the reclassification, the investment continues to be recognised by applying equity method and there has been no impact on the recognised assets, liabilities and comprehensive income of the Group.

(iv) MFRS 119, Employee Benefits (2011)

The Group has adopted MFRS 119, *Employee Benefits (2011)* and applied this standard retrospectively during the current period.

As a result of this standard adoption, actuarial gains and losses are renamed ‘remeasurements’ and are recognised immediately in ‘other comprehensive income’ (“OCI”). Actuarial gains and losses will no longer be deferred using the corridor approach or recognised in profit or loss. Remeasurements recognised in OCI will not be recycled through profit or loss in subsequent periods.

There is no material impact from adoption of the revised standard.

- (b) (i) In addition, the Group has changed its accounting policy with respect to accounting for land and buildings (under property, plant and equipment) which are subsequently measured at revalued amount and less accumulated depreciation and any accumulated impairment losses. The change in accounting policy will be applied prospectively from 31 December 2013 onwards (Refer to Note A10).
- (ii) The Group has also changed its accounting policy with respect to accounting for investment property. Investment properties are initially measured at cost and subsequently at fair value. The change in accounting policy will be applied retrospectively (Refer to Note A11).

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

2. Changes In Accounting Policies (continued)

The impact arising from the change of accounting policies is summarised as below:

(a) Condensed consolidated statement of financial position

	As previously reported RM'000	Effect of adoption of MFRS 10 RM'000	Effect of adoption of MFRS 11 RM'000	Effect of adoption of MFRS 119 (2011) RM'000	Effect of adoption of revaluation model RM'000	Restated RM'000
<u>As at 1 January 2012</u>						
Property, plant and equipment	675,779	616				676,395
Investment properties	17,558				23,195	40,753
Equity-accounted investees	19,791	2,788	-			22,579
Receivables, deposits and prepayments	299,584	(2,695)				296,889
Inventories	959,996	242				960,238
Cash and cash equivalents	324,634	638				325,272
Reserves	1,529,650	(90)			22,032	1,551,592
Non-controlling interests	8,310	(2,995)				5,315
Deferred tax liabilities	20,075	-			1,163	21,238
Employee benefits	36,272	-		-		36,272
Payables and accruals	326,113	4,674				330,787
<u>As at 31 December 2012</u>						
Property, plant and equipment	858,396	288			46	858,730
Investment properties	20,303				31,676	51,979
Equity-accounted investees	27,128	3,281	-			30,409
Receivables, deposits and prepayments	416,009	(8,731)				407,278
Inventories	1,412,208	223				1,412,431
Cash and cash equivalents	634,426	1,450				635,876
Reserves	1,625,971	(83)			30,135	1,656,023
Non-controlling interests	6,140	(3,502)				2,638
Deferred tax liabilities	23,641	-			1,587	25,228
Employee benefits	40,830	-		-		40,830
Payables and accruals	502,555	96				502,651

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

2. Changes In Accounting Policies (continued)

(b) Condensed consolidated income statement

	As previously reported	Effect of adoption of MFRS 10	Effect of adoption of MFRS 11	Effect of adoption of MFRS 119 (2011)	Effect of adoption of revaluation model	Restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Period ended 31 December 2012						
Revenue	4,086,103	1,780				4,087,883
Operating profit	244,272	(580)		(267)	8,527	251,952
Interest expense	(43,141)	(426)				(43,567)
Share of profit of equity-accounted investees	1,246	493				1,739
Profit before taxation	217,604	(513)		(267)	8,527	225,351
Tax expense	(61,446)				(424)	(61,870)
Profit for the period	156,158	(513)		(267)	8,103	163,481
Profit for the period attributable to:						
Equity holders of the Company	157,952			(267)	8,103	165,788
Non-controlling interests	(1,794)	(513)				(2,307)

(c) Condensed consolidated statement of comprehensive income

	As previously reported	Effect of adoption of MFRS 10	Effect of adoption of MFRS 11	Effect of adoption of MFRS 119 (2011)	Effect of adoption of revaluation model	Restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Period ended 31 December 2012						
Defined benefit plan actuarial gains	-			267		267
Foreign currency translation differences for foreign operations	(1,505)	13				(1,492)
Total comprehensive income for the period	153,205	(500)			8,103	160,808
Total comprehensive income attributable to:						
Equity holders of the Company	155,075	7			8,103	163,185
Non-controlling interests	(1,870)	(507)				(2,377)

(d) Condensed consolidated statement of changes in equity

	As previously reported	Effect of adoption of MFRS 10	Effect of adoption of MFRS 11	Effect of adoption of MFRS 119 (2011)	Effect of adoption of revaluation model	Restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Period ended 1 January 2012						
Translation reserves	(1,215)	(90)				(1,305)
Non-controlling interests	8,310	(2,995)				5,315
Period ended 31 December 2012						
Translation reserves	(2,644)	(83)				(2,727)
Non-controlling interests	6,140	(3,502)				2,638

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

2. Changes In Accounting Policies (continued)

(e) Condensed consolidated statement of cash flows

	As previously reported	Effect of adoption of MFRS 10	Effect of adoption of MFRS 11	Effect of adoption of MFRS 119 (2011)	Effect of adoption of revaluation model	Restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Period ended 31 December 2012						
Profit before taxation	217,604	(513)		(267)	8,527	225,351
Non-cash and non-operating items	94,702	261		267	(8,527)	86,703
Changes in working capital:						
Inventories	(453,666)	19				(453,647)
Receivables, deposits and prepayments	(116,992)	6,036				(110,956)
Payables and accruals	175,799	(4,565)				171,234
Interest paid (net)	(27,914)	(426)				(28,340)

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 2014

- 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*

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* (2013)
- 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 2012.

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

During the quarter under review, the Company repurchased 1,000 units of its issued ordinary shares from the open market at an average price of RM6.43. Total consideration paid for the repurchase including transaction cost was RM6,429 and this was financed by internally generated fund. 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 completed the seventh issuance of RM194 million nominal value of MTN on 2 December 2013. During the quarter, the Group has redeemed RM66 million nominal value of Class A MTN. The outstanding nominal value of MTN comprising Class A, Class B and Class C is RM687.75 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 December 2013.

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

9. Segmental Reporting

For the financial year ended 31 December 2013:

	Vehicles assembly, manufacturing, distribution and after sale services		Financial services		Other operations		Total	
	(Restated)				(Restated)		(Restated)	
	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
External revenue	5,150,023	4,040,347	41,063	42,940	7,405	4,596	5,198,491	4,087,883
Inter-segment revenue	14,633	6,593	1,300	3,166	60,591	47,337	76,524	57,096
Segment EBITDA*	480,503	302,073	16,360	18,806	(12,903)	18,549	483,960	339,428

*Segment earnings before interest, taxation, depreciation and amortisation

Reconciliation of reportable segment profit or loss:

	31.12.2013 RM'000	(Restated) 31.12.2012 RM'000
Total EBITDA for reportable segments	483,960	339,428
Depreciation and amortisation	(81,196)	(69,592)
Interest expense	(48,580)	(43,567)
Interest income	17,395	15,227
Share of profit of equity-accounted investees not included in reportable segments	3,509	1,739
Unallocated corporate expenses	(14,966)	(17,884)
Consolidated profit before taxation	360,122	225,351

10. Valuation of Property, Plant and Equipment

Pursuant to the change of accounting policy for land and buildings, the Group's land and buildings are subsequently measured at revalued amount less accumulated depreciation and any accumulated impairment losses. The revaluation surplus (net of deferred tax) of RM591.4 million has been incorporated into the consolidated financial statements for the year ended 31 December 2013, of which RM589.7 million and RM6.2 million is recognised in the revaluation reserve and non-controlling interests respectively.

The valuation was carried out by independent firms of professional valuers, Rahim & Co Chartered Surveyors Sdn Bhd and Agency for Real Estate Affairs, using open market value with existing use basis.

11. Valuation of Investment Properties

Pursuant to the change of accounting policy for investment properties, the Group's investment properties are measured initially at cost and subsequently at fair value. The fair value gain (net of deferred tax) of RM35.2 million has been incorporated into the consolidated financial statements for the year ended 31 December 2013, of which RM4.9 million is recognised in the current year profit or loss (31 December 2012 – RM8.0 million).

The valuation was carried out by independent firm of professional valuer, Rahim & Co Chartered Surveyors Sdn Bhd, using open market value with existing use basis.

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

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

No.	Name of Subsidiary	Date of Incorporation	Intended Principal Activities
(i)	Agensi Pekerjaan Bijak (Sabah) Sdn Bhd	8 October 2013	Provision of employment agency services
(ii)	TC Maju Properties Sdn Bhd	23 October 2013	Property investment holding
(iii)	TC Residence Sdn Bhd	24 October 2013	Property holding
(iv)	TC Commercial Assets Sdn Bhd	19 November 2013	Property holding
(v)	TC Overseas Assets (Labuan) Pte Ltd	5 December 2013	Investment holding
(vi)	TC Assets Labuan (V) Pte. Ltd.	9 December 2013	Investment holding
(vii)	TC Services Labuan (V) Pte. Ltd	9 December 2013	Investment holding

The Group also acquired a wholly-owned subsidiary, Julang Lumayan Sdn Bhd (JLSB) on 18 December 2013. JLSB's intended principal activity is property investment holding.

14. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets as at 31 December 2013.

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

	31.12.2013	31.12.2012
	RM'000	RM'000
<i>Property, plant and equipment</i>		
Authorised but not contracted for	280,491	184,906
Authorised and contracted for		
In Malaysia	163,525	36,439
Outside Malaysia	10,783	27,437
<i>Overseas operation commitments</i>		
Authorised and contracted for	65,570	95,164
TOTAL	<u>520,369</u>	<u>343,946</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	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
With WTCH Group				
Sales	3,397	9,872	23,569	30,848
Provision of hire purchase and leasing	17,675	-	17,675	-
	<hr/>			
With APM Group				
Purchases	24,037	33,364	135,044	131,254
	<hr/>			
With TCIL Group				
Contract assembly fee receivable	1,603	85	25,761	85
	<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 Quarter		Cumulative Quarter	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Purchases	208,117	566,793	1,734,857	1,932,227
	<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 Quarter		Cumulative Quarter	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Purchases	243,997	1,522	340,282	41,958
	<hr/>			

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

2013 has been a record year for the Group. Revenue increased by 27.2% for the financial year ended 31 December 2013 crossed RM5 billion for the first time on the back of 51,491 units of Nissan sold in 2013, which is 48% higher compared to 2012. With the highest sales volume reached, Nissan maintained its No.2 position in the non-national segment.

Despite the RM56 million (equivalent to USD16.98 million) Nissan Vietnam Company Limited (NVL) tax provision announced last quarter, the Group still managed to post a record profit attributed to shareholders of RM251 million since the completion of the Group demerger in 1999.

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

Automotive division recorded RM5,150.0 million in revenue, an increase of 27.5% compared to RM4,040.3 million for previous year and segment EBITDA of RM480.5 million, an increase of 59.1% compared to RM302.1 million for previous year. The all-time high performance of the automotive division was mainly attributed to the best selling non-national B segment model (All-New Nissan Almera) which sold 29,397 units during the year.

b) Financial Services (hire purchase and insurance)

The sale of RM194 million of hire purchase receivables under the Asset-Backed Securitisation (ABS) programme in the fourth quarter of 2013 has helped the group de-risk. The financial services division recorded revenue of RM41.1 million, a decrease of 4.4% compared to previous year same period of RM42.9 million. EBITDA has decreased by 13.0% compared to the previous year same period from RM18.8 million to RM16.4 million. As at 31 December 2013, hire purchase receivables stood at RM489.7 million, an increase of RM186 million compared to last year same period of RM303.7 million.

c) Other Operations (investments and properties)

Revenue from other operations for fourth quarter ended 31 December 2013 was RM7.4 million compared to RM4.6 million in the previous year same period and EBITDA was a loss of RM12.9 million compared to profit of RM18.5 million in the previous year same period. The loss has widened due to increase in manpower related costs as the Group expanded its business in ASEAN countries.

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

Comparing to preceding quarter of 2013, our top line increased by 6.8% but our bottom line (Profit After Taxation) increased by 296.2% whilst EBITDA increased by 76.4%. Excluding the one-off adjustment for RM56 million (equivalent to USD16.98 million) NVL tax provision in preceding quarter, EBITDA and Profit After Taxation for preceding quarter stood at RM133.79 million and RM73.28 million respectively.

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

For the quarter under review, automotive division recorded RM1,340.0 million in revenue, an increase of 6.8% compared to RM1,254.8 million for preceding quarter with increase in sales volume. Segment EBITDA was RM138.2 million. This is an increase of 71.6% compared to RM80.5 million for preceding quarter mainly due to provision of RM56 million (equivalent to USD16.98 million) relating to NVL preferential import tax duties issue which is under appeal.

b) Financial Services (hire purchase and insurance)

The financial services division improved its revenue to RM11.8 million for the Q4 2013. This is an increase of 6.9% compared to preceding quarter results of RM11.0 million. EBITDA for Q4 2013 was RM3.9 million compared to preceding quarter RM3.8 million. This was mainly due to sales mix of passenger vehicles, where yields are typically lower compared to commercial and second-hand car financing.

c) Other Operations (investments and properties)

Revenue from other operations for Q4 2013 was RM1.9 million compared to RM2.0 million in the preceding quarter. EBITDA for Q4 2013 was a loss of RM5.4 million compared to loss of RM6.8 million in the preceding quarter. The decrease in the loss for Q4 2013 was mainly due to better cost control being implemented.

3. Current Year Prospects

2014 is going to be challenging on several fronts, namely a weaker Ringgit resulting in higher imported CKD costs, intense domestic competition, higher operating costs from marketing and administering a wider geographical footprint. Some consolidation and improvement measures for cost efficiency and productivity are necessary in our view after rapid growth to better place the Group for its next leg of expansion.

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	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Current year	26,339	21,893	129,503	75,449
Prior year	243	373	(2,484)	(7,532)
Deferred tax	1,844	(4,955)	(2,524)	(6,047)
	<u>28,426</u>	<u>17,311</u>	<u>124,495</u>	<u>61,870</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:

	31.12.2013
	RM'000
Unsecured :	
- Bills payable	401,784
- Revolving credit	497,121
- Short term loan	149,491
- Long term loan	312,746
- Bank overdraft	5,586
Secured :	
Recourse obligation on financing sold to Cagamas Berhad	90,532
Total borrowings	<u>1,457,260</u>
Comprising :	
Amount repayable within one year	1,118,232
Amount repayable after one year	339,028
	<u>1,457,260</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 December 2013, 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	3,341	36	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) 31.12.2013 RM'000	(Restated) 31.12.2012 RM'000
Total retained profits of Tan Chong Motor Holdings Berhad and its subsidiaries:		
- Realised profit	2,146,977	1,814,455
- Unrealised (loss)/profit	<u>(140,000)</u>	<u>3,805</u>
	<u>2,006,977</u>	<u>1,818,260</u>
Total share of retained profits from equity-accounted investees:		
- Realised profit	13,769	10,253
- Unrealised profit	<u>61</u>	<u>68</u>
	<u>13,830</u>	<u>10,321</u>
Total Group retained profits before consolidation adjustment	2,020,807	1,828,581
Less: Consolidation adjustment	<u>(210,213)</u>	<u>(168,946)</u>
	<u>1,810,594</u>	<u>1,659,635</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

Tan Chong & Sons Motor Company Sdn. Bhd. ("TCM"), Nissan Motor Co. Ltd. ("Nissan") and Auto Dunia Sdn. Bhd. were sued in the High Court at Kota Kinabalu by Teck Guan Trading (Sabah) Sdn. Bhd. ("Teck Guan") for general damages, special damages of RM10.67 million and liquidated damages of RM2.97 million together with interest and costs in connection with car dealership in Sabah ("1st Suit").

On 5 May 2011, the High Court at Kota Kinabalu, after a full trial, dismissed with costs the 1st Suit in favour of the 3 Defendants, i.e. TCM, Nissan and Auto Dunia Sdn. Bhd. Teck Guan's appeal against the said decision of the High Court was also dismissed with costs by the Court of Appeal on 14 May 2013. Teck Guan had on 10 June 2013 filed a Notice of Motion at the Federal Court for leave to appeal against the said decision of the Court of Appeal. Teck Guan's Notice of Motion for leave to appeal to the Federal Court was dismissed with costs by the Federal Court sitting in Kota Kinabalu on 26 February 2014.

In 1987, another related suit was filed in the same court (where TCM was sued by Teck Guan for RM65,065 together with interest and costs in connection with alleged monies owed to Teck Guan. Following the same, TCM had filed a counter-claim for RM132,175 together with interest and costs in connection with the outstanding amount payable to TCM) ("2nd Suit"). On 13 February 2014, the Plaintiff has filed a Notice of Discontinuance to withdraw the suit against TCM without liberty to file afresh. The counterclaim by TCM was withdrawn as well.

10. Dividend

Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the Board recommended a final single-tier dividend of 12% for the year ended 31 December 2013 (2012 – 12% less 25% income tax). The net amount payable is RM39.2 million (2012 – RM29.38 million).

The entitlement and payment dates for the final dividend will be announced at a later date.

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	
	2013 ('000)	2012 ('000)	2013 ('000)	2012 ('000)
Issued ordinary shares at beginning of the period	652,814	652,816	652,815	652,817
Effect of shares buyback during the period	(1)	(1)	(2)	(2)
Weighted average number of ordinary shares	<u>652,813</u>	<u>652,815</u>	<u>652,813</u>	<u>652,815</u>

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)	(Restated)	(Unaudited)	(Restated)
	Current	Preceding	Current	Preceding
	Year	Year	Year	Year
	Quarter	Corresponding	To Date	Corresponding
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	(25,000)	(16,362)	(81,196)	(69,592)
Reversal/(Provision for) and (write off) of receivables	(1,640)	(234)	(5,084)	(3,302)
Reversal/(Provision for) and (write off) of inventories	663	(1,353)	(157)	(1,454)
(Loss)/gain on disposal of properties and investments	(351)	1,001	1,708	(1,454)
Property, plant and equipment written off	(7,406)	(60)	(7,649)	(104)
Foreign exchange (loss)/gain	(1,305)	65	5,465	(2,885)
Gain/(loss) on derivatives	(3,160)	(3,269)	1,021	(1,448)
Gain on re-measurement to fair value of pre-existing equity interest	-	-	-	(2,838)
Other loss, including investment income	(43)	37	(55)	(5)

BY ORDER OF THE BOARD

LEE KWEE CHENG

YAP BEE LEE

CHANG PIE HOON

Company Secretaries

Kuala Lumpur

26 February 2014