



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

**INTERIM REPORT FOR THE  
FOURTH QUARTER ENDED  
31 DECEMBER 2015**

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

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Corresponding Quarter 31.12.2015 RM'000	(Unaudited) Preceding Year Corresponding Quarter 31.12.2014 RM'000	(Unaudited) Current Year Corresponding To Date 31.12.2015 RM'000	(Audited) Preceding Year Corresponding Period 31.12.2014 RM'000
Revenue	1,510,331	1,263,878	5,716,654	4,760,628
Operating profit	26,617	25,026	169,008	209,655
Interest expense	(20,850)	(15,981)	(71,774)	(56,014)
Interest income	5,164	5,907	15,652	14,229
Share of profit of equity-accounted investees	41	421	2,366	2,975
Profit before taxation	10,972	15,373	115,252	170,845
Tax expense	(7,930)	(7,128)	(45,350)	(51,191)
Profit for the period	3,042	8,245	69,902	119,654
Attributable to:				
Equity holders of the Company	5,177	8,667	74,865	105,853
Non-controlling interests	(2,135)	(422)	(4,963)	13,801
	3,042	8,245	69,902	119,654
Earning per share (sen)				
(a) Basic	0.79	1.33	11.47	16.22
(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 31 DECEMBER 2015**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 31.12.2015 RM'000	(Unaudited) Preceding Year Corresponding Quarter 31.12.2014 RM'000	(Unaudited) Current Year To Date 31.12.2015 RM'000	(Audited) Preceding Year Corresponding Period 31.12.2014 RM'000
<b>Profit for the period</b>	3,042	8,245	69,902	119,654
<i>Item that will not be reclassified to profit or loss:</i>				
Defined benefit plan actuarial gains	-	(232)	-	774
<b>Total item that will not be classified to profit or loss</b>	-	(232)	-	774
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences - foreign operations	2,405	(2,730)	(11,265)	(2,768)
Net change in fair value of cash flow hedges reclassified to profit or loss	(8,003)	(787)	6,045	(36)
<b>Total items that are or may be classified subsequently to profit or loss</b>	(5,598)	(3,517)	(5,220)	(2,804)
<b>Other comprehensive loss for the period, net of tax</b>	(5,598)	(3,749)	(5,220)	(2,030)
<b>Total comprehensive income for the period</b>	(2,556)	4,496	64,682	117,624
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	(897)	5,708	71,935	104,612
Non-controlling interests	(1,659)	(1,212)	(7,253)	13,012
	(2,556)	4,496	64,682	117,624

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



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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015**

	(Unaudited)	(Audited)
	As at	As at
	31.12.2015	31.12.2014
	RM'000	RM'000
<b>ASSETS</b>		
<b><u>Non-current assets</u></b>		
Property, plant and equipment	1,704,190	1,731,688
Investment properties	186,633	173,078
Prepaid lease payments	49,798	44,524
Equity-accounted investees	37,785	36,793
Other investments	1	1
Deferred tax assets	35,927	34,787
Hire purchase receivables	365,300	350,594
Intangible assets	14,592	14,592
Long term receivables	12,417	636
	<hr/>	<hr/>
	2,406,643	2,386,693
<b><u>Current assets</u></b>		
Other investments	3,416	127,059
Hire purchase receivables	86,677	89,847
Receivables, deposits and prepayments	818,823	522,372
Current tax assets	36,300	25,428
Inventories	1,645,195	1,513,641
Derivative assets	6,045	-
Cash and cash equivalents	165,856	341,522
	<hr/>	<hr/>
	2,762,312	2,619,869
<b>TOTAL ASSETS</b>	<hr/> <hr/>	<hr/> <hr/>
	5,168,955	5,006,562



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

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

	(Unaudited)	(Audited)
	As at	As at
	31.12.2015	31.12.2014
	RM'000	RM'000
<b>EQUITY AND LIABILITIES</b>		
<b><u>Equity</u></b>		
Share capital	336,000	336,000
Reserves	2,482,894	2,443,592
Treasury shares	(25,274)	(24,990)
<b>Total equity attributable to owners of the Company</b>	<b>2,793,620</b>	<b>2,754,602</b>
Non-controlling interests	(1,602)	5,951
<b>Total equity</b>	<b>2,792,018</b>	<b>2,760,553</b>
<b><u>Non-current liabilities</u></b>		
Deferred tax liabilities	143,996	151,625
Borrowings	818,675	905,768
Employee benefits	51,058	43,726
	<b>1,013,729</b>	<b>1,101,119</b>
<b><u>Current liabilities</u></b>		
Payables and accruals	677,594	631,578
Borrowings	670,757	506,972
Taxation	14,857	6,340
	<b>1,363,208</b>	<b>1,144,890</b>
<b>Total liabilities</b>	<b>2,376,937</b>	<b>2,246,009</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,168,955</b>	<b>5,006,562</b>
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 YEAR ENDED 31 DECEMBER 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			
<b>At 01.01.2014</b>	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	-	-	(1,979)	-	(36)	-	774	(1,241)	(789)	(2,030)
Transfer to revaluation surplus on properties	-	-	-	(8,007)	-	-	8,007	-	-	-
Profit for the period	-	-	-	-	-	-	105,853	105,853	13,801	119,654
Total comprehensive income for the period	-	-	(1,979)	(8,007)	(36)	-	114,634	104,612	13,012	117,624
Purchase of treasury shares	-	(181)	-	-	-	-	-	(181)	-	(181)
Dividend - 2013 final	-	-	-	-	-	-	(39,169)	(39,169)	-	(39,169)
Dividend - 2014 interim	-	-	-	-	-	-	(19,584)	(19,584)	(300)	(19,884)
<b>At 31.12.2014</b>	336,000	(24,990)	(4,633)	581,650	-	100	1,866,475	2,754,602	5,951	2,760,553
<b>At 01.01.2015</b>	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	-	-	(8,975)	-	6,045	-	-	(2,930)	(2,290)	(5,220)
Transfer of revaluation surplus on properties	-	-	-	(7,443)	-	-	7,443	-	-	-
Profit for the period	-	-	-	-	-	-	74,865	74,865	(4,963)	69,902
Total comprehensive income for the period	-	-	(8,975)	(7,443)	6,045	-	82,308	71,935	(7,253)	64,682
Purchase of treasury shares	-	(284)	-	-	-	-	-	(284)	-	(284)
Dividend - 2014 final	-	-	-	-	-	-	(19,580)	(19,580)	-	(19,580)
Dividend - 2015 interim	-	-	-	-	-	-	(13,053)	(13,053)	(300)	(13,353)
<b>At 31.12.2015</b>	336,000	(25,274)	(13,608)	574,207	6,045	100	1,916,150	2,793,620	(1,602)	2,792,018

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 YEAR ENDED 31 DECEMBER 2015**

	<b>CUMULATIVE QUARTER</b>	
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>For the 12 months ended</b>	<b>For the 12 months ended</b>
	<b>31.12.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	115,252	170,845
Adjustments for:		
Non-cash and non-operating items	199,789	164,977
<b>Operating profit before working capital changes</b>	<b>315,041</b>	<b>335,822</b>
<b>Changes in working capital</b>		
Inventories	(139,801)	198,962
Hire purchase receivables	(13,612)	45,914
Receivables, deposits and prepayments	(311,433)	(70,671)
Payables and accruals	40,274	33,981
Cash (used in)/generated from operations	(109,531)	544,008
Tax paid	(54,354)	(103,229)
Interest paid	(52,834)	(41,785)
Employee benefits paid	(752)	(209)
<b>Net cash used in operating activities</b>	<b>(217,471)</b>	<b>398,785</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(119,242)	(305,234)
Acquisition of prepaid lease payments	(167)	(20,703)
Net proceeds from liquid investments with licensed financial institutions	123,643	25,428
Dividend received from equity-accounted investee	1,374	100
Proceeds from disposal of property, plant and equipment	33,168	44,919
<b>Net cash from/(used in) investing activities</b>	<b>38,776</b>	<b>(255,490)</b>



**TAN CHONG MOTOR HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)**

	<b>CUMULATIVE QUARTER</b>	
	<b>(Unaudited)</b> <b>For the 12 months</b> <b>ended</b> <b>31.12.2015</b> <b>RM'000</b>	<b>(Audited)</b> <b>For the 12 months</b> <b>ended</b> <b>31.12.2014</b> <b>RM'000</b>
<b>Cash flows from financing activities</b>		
Dividends paid to shareholders of the Company	(32,633)	(58,753)
Dividends paid to non-controlling interests	(300)	(300)
Purchase of own shares	(284)	(181)
Repayment of bills payable (net)	(159,091)	(241,526)
Proceeds from medium term notes, term loans, Cagamas financing and revolving credit (net)	184,742	182,869
<b>Net cash used in financing activities</b>	(7,566)	(117,891)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(186,261)	25,404
<b>Effects of exchange rate fluctuations on cash and cash equivalents</b>	10,595	3,544
<b>Cash and cash equivalents at beginning of the period</b>	341,522	312,574
<b>Cash and cash equivalents at end of the period</b>	165,856	341,522
Cash and cash equivalents in the statement of cash flows comprise:		
Cash and bank balances	145,391	202,832
Deposits with licensed banks	20,465	138,690
	165,856	341,522

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***

- MFRS 14, *Regulatory Deferral Accounts*
- 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*, 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*
- 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)*

**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 2018*

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

*MFRSs, Interpretations and amendments effective for a date yet to be confirmed*

- 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*

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 hedge 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.

**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.

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

**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 RM2.98. Total consideration paid for the repurchase including transaction cost was RM2,986 and this was financed by internally generated fund. Cumulative total number of shares repurchased at the end of the quarter was 19,335,000. 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 ninth issuance of RM181.00 million nominal value of MTN on 23 December 2015. During the quarter, the Group has redeemed RM57.85 million nominal value of MTN. The outstanding nominal value of MTN comprising Class A, Class B and Class C is RM536.70 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 31 December 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**

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

**9. Segmental Reporting**

For the financial year ended 31 December 2015:

	Vehicles assembly, manufacturing, distribution and after sale services		Financial services		Other operations		Total	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	5,646,861	4,695,894	56,578	53,254	13,215	11,480	5,716,654	4,760,628
Inter-segment revenue	2,932	12,180	1,490	1,521	74,638	80,874	79,060	94,575
Segment EBITDA*	245,494	298,761	23,511	17,111	38,195	14,866	307,200	330,738

\*Segment earnings before interest, taxation, depreciation and amortisation

Reconciliation of reportable segment profit or loss:	(Unaudited)	(Audited)
	31.12.2015	31.12.2014
	RM'000	RM'000
Total EBITDA for reportable segments	307,200	330,738
Depreciation and amortisation	(133,348)	(112,426)
Interest expense	(71,774)	(56,014)
Interest income	15,652	14,229
Share of profit of equity-accounted investees not included in reportable segments	2,366	2,975
Unallocated corporate expenses	(4,844)	(8,657)
Consolidated profit before taxation	115,252	170,845

**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.

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

**11. Valuation of Investment Properties**

Pursuant to the fair value model applied for investment properties, the fair value gain (net of deferred tax) of RM6.0 million has been incorporated into the current year profit or loss.

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.

**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 December 2015.

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

	<b>31.12.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Property, plant and equipment</i>		
Authorised but not contracted for	72,162	36,071
Authorised and contracted for		
In Malaysia	77,137	75,736
Outside Malaysia	5,798	11,322
<i>Overseas operation commitments</i>		
Authorised and contracted for	-	9,858
<b>TOTAL</b>	<b><u>155,097</u></b>	<b><u>132,987</u></b>

**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:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>With WTCH Group</b>				
Sales	7,377	42,347	39,360	71,270
Provision of hire purchase and leasing	15,240	730	25,573	36,634
<b>With APM Group</b>				
Purchases	27,972	41,654	111,288	136,849
<b>With TCIL Group</b>				
Contract assembly fee receivable	3,073	3,192	18,121	30,848

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:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Purchases	573,971	522,797	2,308,154	1,526,313

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:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Purchases	78,078	30,171	190,096	260,266

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**

Group top-line revenue increased by 20.1% and bottom-line reduced by 29.3% year on year respectively. The challenging business environment marked by intense competition coupled with significant currency headwinds (declining Malaysian Ringgit against the US Dollar) has impacted the bottom-line. Setting aside the adjustment for a one-off write back by Nissan Vietnam Co., Ltd. provision for additional import duty of RM56.27 million (equivalent to USD16.98 million) in year 2014, the underlying operating performance managed to sustain over the 24-months period despite these challenging conditions.

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

The Automotive division recorded higher revenue of RM5,646.9 million (20.3% YoY) with lower segment EBITDA of RM245.5 million (-17.8% YoY). The higher revenue was attributed to higher deliveries during the sales promotion campaigns and consequently the lower EBITDA as a result of higher promotion costs and higher CKD kits cost arising from unfavourable foreign exchange rate compared to the previous year.

**b) Financial Services (hire purchase and insurance)**

The financial services division recorded higher revenue of RM56.6 million (6.2% YoY) and EBITDA of RM23.5 million (37.4% 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. Comparatively, there was also a one-off impairment loss provided for doubtful debts of RM2.8 million in Q4 2014.

**c) Other Operations (investments and properties)**

Revenue from other operations was higher at RM13.2 million compared to RM11.5 million in the previous year and EBITDA was also higher at RM38.2 million compared to RM14.9 million in the previous year. The better financial results 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 increased by 10.0% (from RM1.4 billion to RM1.5 billion), PBT, PAT and EBITDA reduced by 70.9% (from RM37.7 million to RM11.0 million), 82.3% (from RM29.2 million to RM5.2 million) and 38.2% (from RM93.9 million to RM58.1 million) respectively.

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

For the quarter under review, automotive division recorded RM1,492.9 million in revenue (10.2% QoQ) and RM38.5 million in segment EBITDA (-51.2% QoQ). Q4 2015 sales recorded a higher volume arising from the Group's strong sales and marketing efforts. Despite higher sales volume, EBITDA margin was down due to sales campaigns costs and higher CKD kits cost arising from unfavourable foreign exchange rate.

**b) Financial Services (hire purchase and insurance)**

The financial services division recorded its revenue at RM15.0 million for Q4 2015 (5.4% QoQ). EBITDA for Q4 2015 was RM4.3 million (-30.5% QoQ). The lower EBITDA was due to higher impairment loss provided for doubtful debts.

**c) Other Operations (investments and properties)**

Revenue from other operations for Q4 2015 was RM2.4 million compared to RM4.1 million in preceding quarter. EBITDA for Q4 2015 was RM15.3 million compared to preceding quarter of RM9.1 million. This was due to the revaluation gain arising from investment properties and ongoing cost control measures implemented.

**3. Current Year Prospects**

The global economy is expected to remain uncertain with crude oil prices and a slowdown in China's economy weighing down consumer spending on big-ticket purchases. The cost of doing business is expected to rise with a weak Ringgit, and tighter lending guidelines - availability of credit. We are concerned that new vehicles sales which have been buoyant in recent years could reverse and contract this year. Consumers weighed down by a gloomy economy and uncertain jobs prospects, are in belt-tightening mode.

The Group will continue to focus on driving sales with value offerings by focusing on user experience with after sales and other ancillary support services.

The Group is cautious and vigilant to control capital spending and operating expenditures to preserve value.

**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	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Current year	10,947	10,966	59,064	68,705
Prior year	(12)	(25)	(7,065)	(2,297)
Deferred tax	(3,005)	(3,813)	(6,649)	(15,217)
	<u>7,930</u>	<u>7,128</u>	<u>45,350</u>	<u>51,191</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:

	31.12.2015
	RM'000
Unsecured :	
- Bills payable	3,484
- Revolving credit	483,799
- Short term loan	18,750
- Long term loan	71,590
- Medium term notes	747,085
- Commercial papers	150,000
Secured :	
Recourse obligation on financing sold to Cagamas Berhad	14,724
Total borrowings	<u>1,489,432</u>
Comprising :	
Amount repayable within one year	670,757
Amount repayable after one year	<u>818,675</u>
	<u>1,489,432</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 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	214,426	6,045	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) 31.12.2015 RM'000	(Audited) 31.12.2014 RM'000
Total retained profits of Tan Chong Motor Holdings Berhad and its subsidiaries:		
- Realised profit	1,990,684	1,992,176
- Unrealised profit	22,182	1,078
	<u>2,012,866</u>	<u>1,993,254</u>
Total share of retained profits from equity-accounted investees:		
- Realised profit	18,020	16,831
- Unrealised loss	(323)	(126)
	<u>17,697</u>	<u>16,705</u>
Total Group retained profits before consolidation adjustments	2,030,563	2,009,959
Less: Consolidation adjustments	(114,413)	(143,484)
	<u>1,916,150</u>	<u>1,866,475</u>

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

**9. Changes In Material Litigation**

There was no material litigation as at 31 December 2015.

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

**10. Dividend**

Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the Board recommended a final single tier dividend of 6% for the year ended 31 December 2015 (2014: single tier 6%). The net amount payable is RM19.6 million (2014: RM19.6 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	
	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	(1)	(17)	(59)	(5)
Weighted average number of ordinary shares	<u>652,665</u>	<u>652,795</u>	<u>652,702</u>	<u>652,808</u>

**12. Total comprehensive income**

Total comprehensive income is arrived at after crediting/(charging):

	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Current Year	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31.12.2015 RM’000	31.12.2014 RM’000	31.12.2015 RM’000	31.12.2014 RM’000
Depreciation and amortisation	(35,812)	(27,924)	(133,348)	(112,426)
(Provision for)/reversal and (write off) of receivables	(855)	(2,774)	(5,546)	(7,228)
(Provision for)/reversal and (write off) of inventories	(7,821)	2,120	(8,247)	(13,084)
Gain on disposal of properties, plant and equipment	701	2,104	2,812	5,845
Property, plant and equipment written off	(277)	(1,959)	(533)	(2,158)
Foreign exchange gain	1,374	3,869	17,253	2,808
(Loss)/gain on derivatives	(8,003)	(787)	6,045	(36)
Other loss, including investment income	-	(260)	-	(233)
Fair value adjustment on investment properties	5,989	7,755	5,989	7,755

**BY ORDER OF THE BOARD**

HO WAI MING  
CHANG PIE HOON  
Company Secretaries  
Kuala Lumpur  
23 February 2016