



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

**INTERIM REPORT FOR THE
FOURTH QUARTER ENDED
31 DECEMBER 2014**

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 31 DECEMBER 2014

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 31.12.2014 RM'000	(Unaudited) Preceding Year Corresponding Quarter 31.12.2013 RM'000	(Unaudited) Current Year To Date 31.12.2014 RM'000	(Audited) Preceding Year Corresponding Period 31.12.2013 RM'000
Revenue	1,263,878	1,353,749	4,760,628	5,198,491
Operating profit	25,026	107,289	209,655	387,798
Interest expense	(15,981)	(14,939)	(56,014)	(48,580)
Interest income	5,907	3,770	14,229	17,395
Share of profit of equity-accounted investees	421	(410)	2,975	3,509
Profit before taxation	15,373	95,710	170,845	360,122
Tax expense	(7,128)	(28,426)	(51,191)	(124,495)
Profit for the period	8,245	67,284	119,654	235,627
Attributable to:				
Equity holders of the Company	8,667	67,839	105,853	250,952
Non-controlling interests	(422)	(555)	13,801	(15,325)
	8,245	67,284	119,654	235,627
Earning per share (sen)				
(a) Basic	1.33	10.39	16.22	38.44
(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 2013.



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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2014**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 31.12.2014 RM'000	(Unaudited) Preceding Year Corresponding Quarter 31.12.2013 RM'000	(Unaudited) Current Year To Date 31.12.2014 RM'000	(Audited) Preceding Year Corresponding Period 31.12.2013 RM'000
Profit for the period	8,245	67,284	119,654	235,627
<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	(232)	2,651	774	2,825
Total item that will not be classified to profit or loss	(232)	598,551	774	598,725
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences - foreign operations	(2,730)	(309)	(2,768)	56
Net change in fair value of cash flow hedges reclassified to profit or loss	(787)	(3,160)	(36)	1,021
Total items that are or may be classified subsequently to profit or loss	(3,517)	(3,469)	(2,804)	1,077
Other comprehensive income for the period, net of tax	(3,749)	595,082	(2,030)	599,802
Total comprehensive income for the period	4,496	662,366	117,624	835,429
Total comprehensive income attributable to:				
Equity holders of the Company	5,708	656,678	104,612	844,528
Non-controlling interests	(1,212)	5,688	13,012	(9,099)
	4,496	662,366	117,624	835,429

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2013.



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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	(Unaudited)	(Audited)
	As at	As at
	31.12.2014	31.12.2013
	RM'000	RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	1,736,293	1,693,133
Investment properties	173,078	44,671
Prepaid lease payments	44,524	24,270
Equity-accounted investees	36,793	33,918
Other investments	1	1
Deferred tax assets	34,787	26,397
Hire purchase receivables	344,111	376,451
Intangible assets	14,592	14,592
Long term receivables	1,466	1,504
	<hr/> 2,385,645	<hr/> 2,214,937
<u>Current assets</u>		
Other investments	127,059	152,720
Hire purchase receivables	97,085	113,279
Receivables, deposits and prepayments	509,947	453,721
Current tax assets	25,428	9,437
Inventories	1,524,243	1,725,687
Derivative assets	-	36
Cash and cash equivalents	340,767	312,574
	<hr/> 2,624,529	<hr/> 2,767,454
TOTAL ASSETS	<hr/> <hr/> 5,010,174	<hr/> <hr/> 4,982,391



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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 (continued)

	(Unaudited)	(Audited)
	As at	As at
	31.12.2014	31.12.2013
	RM'000	RM'000
EQUITY AND LIABILITIES		
<u>Equity</u>		
Share capital	336,000	336,000
Reserves	2,443,592	2,397,733
Treasury shares	(24,990)	(24,809)
Total equity attributable to equity holders of the Company	2,754,602	2,708,924
Non-controlling interests	5,951	(6,761)
Total equity	2,760,553	2,702,163
<u>Non-current liabilities</u>		
Deferred tax liabilities	151,625	159,297
Borrowings	905,768	293,043
Employee benefits	43,726	39,339
	1,101,119	491,679
<u>Current liabilities</u>		
Payables and accruals	635,190	602,748
Borrowings	506,972	1,158,631
Taxation	6,340	27,170
	1,148,502	1,788,549
Total liabilities	2,249,621	2,280,228
TOTAL EQUITY AND LIABILITIES	5,010,174	4,982,391
Net assets per share attributable to equity holders of the Company (RM)	4.22	4.15

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



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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

	-----Attributable to Equity Holders of the Company-----							Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	-----Non-Distributable-----			-----Distributable-----						
	Share capital RM'000	Treasury shares RM'000	Translation reserves RM'000	Revaluation reserve RM'000	Hedging reserves RM'000	Capitalisation of retained earnings RM'000	Retained earnings RM'000			
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
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	-	-	(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)
At 31.12.2014	336,000	(24,990)	(4,633)	581,650	-	100	1,866,475	2,754,602	5,951	2,760,553

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



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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	CUMULATIVE QUARTER	
	(Unaudited)	(Audited)
	For the 12 months ended	For the 12 months ended
	31.12.2014	31.12.2013
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	170,845	360,122
Adjustments for:		
Non-cash and non-operating items	163,238	108,027
Operating profit before working capital changes	334,083	468,149
Changes in working capital		
Inventories	190,123	(313,413)
Hire purchase receivables	45,160	(189,466)
Receivables, deposits and prepayments	(60,899)	(44,994)
Payables and accruals	39,031	93,805
Cash generated from operations	547,498	14,081
Tax paid	(103,229)	(110,343)
Interest paid	(41,785)	(31,185)
Employee benefits paid	(209)	(2,007)
Net cash generated from/(used in) operating activities	402,275	(129,454)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(309,838)	(186,752)
Acquisition of prepaid lease payments	(20,526)	(7,620)
Acquisition of other investments	(340,472)	(103,172)
Acquisition of a subsidiary	-	(2,350)
Dividend received from equity-accounted investee	100	-
Proceeds from disposal of property, plant and equipment	44,919	26,635
Proceeds from disposal of other investments	365,900	151,000
Net cash used in investing activities	(259,917)	(122,259)



TAN CHONG MOTOR HOLDINGS BERHAD

(Company No: 12969-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)**

	CUMULATIVE QUARTER	
	(Unaudited) For the 12 months ended 31.12.2014 RM'000	(Unaudited) For the 12 months ended 31.12.2013 RM'000
Cash flows from financing activities		
Dividend paid to shareholders of the Company	(58,753)	(102,818)
Dividend paid to non-controlling interests	(300)	(300)
Purchase of own shares	(181)	(14)
(Repayment of)/Proceeds from bills payable (net)	(241,526)	100,083
Proceeds from/(Repayment of) medium term notes, term loans, Cagamas financing and revolving credit (net)	183,051	(73,388)
Net cash used in financing activities	(117,709)	(76,437)
Net increase/(decrease) in cash and cash equivalents	24,649	(328,150)
Effects of exchange rate fluctuations on cash and cash equivalents	3,544	4,848
Cash and cash equivalents at beginning of the period	312,574	635,876
Cash and cash equivalents at end of the period	340,767	312,574
Cash and cash equivalents in the statement of cash flows comprise:		
Cash and bank balances	202,077	181,009
Deposits with licensed banks	138,690	131,565
	340,767	312,574

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

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

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and MFRS 134 *Interim Financial Reporting* in Malaysia. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of Tan Chong Motor Holdings Berhad and its subsidiaries, associates and joint venture (“the Group”) as at and for the year ended 31 December 2013.

2. Changes In Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2013, except the adoption of the following Malaysian Financial Reporting Standards (“MFRS”), Amendments to MFRSs and IC Interpretations:

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

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

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

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

Effective for annual periods beginning on or after 1 July 2014

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

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)*

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)

- Amendments to MFRS 10, *Consolidated Financial Statements* and Amendments to 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*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012 – 2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012 – 2014 Cycle)*

Effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*

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

MFRS 15, Revenue from Contracts with Customers

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

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

MFRS 9, Financial Instruments

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

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

3. Audit Qualifications

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

4. Seasonal or Cyclical Factors

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

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 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 51,000 units of its issued ordinary shares from the open market at an average price of RM3.44. Total consideration paid for the repurchase including transaction cost was RM176,158 and this was financed by internally generated fund. Cumulative total number of shares repurchased at the end of the quarter was 19,239,000. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Under the Group's Asset-Backed Medium Term Notes ("MTN") Programme, the Group has completed the eighth issuance of RM198.25 million nominal value of MTN on 14 November 2014. During the quarter, the Group has redeemed RM58.85 million nominal value of Class A MTN. The outstanding nominal value of MTN comprising Class A, Class B and Class C is RM627.15 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 2014.

9. Segmental Reporting

For the financial year ended 31 December 2014:

	Vehicles assembly, manufacturing, distribution and after sale services		Financial services		Other operations		Total	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	4,695,894	5,150,023	53,254	41,063	11,480	7,405	4,760,628	5,198,491
Inter-segment revenue	12,182	14,633	1,521	1,300	80,879	60,591	94,582	76,524
Segment EBITDA*	298,584	474,066	17,111	16,360	14,866	(12,903)	330,561	477,523

*Segment earnings before interest, taxation, depreciation and amortisation

Reconciliation of reportable segment profit or loss:

	(Unaudited)	(Audited)
	31.12.2014	31.12.2013
	RM'000	RM'000
Total EBITDA for reportable segments	330,561	477,523
Depreciation and amortisation	(112,248)	(74,759)
Interest expense	(56,014)	(48,580)
Interest income	14,229	17,395
Share of profit of equity-accounted investees not included in reportable segments	2,975	3,509
Unallocated corporate expenses	(8,658)	(14,966)
Consolidated profit before taxation	170,845	360,122

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 2013.

11. Valuation of Investment Properties

Pursuant to the fair value model applied for investment properties, the fair value gain (net of deferred tax) of RM6.70 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

TC Motorcycles (Vietnam) Company Limited (“TC Motorcycles Vietnam”), a wholly-owned subsidiary of Tan Chong Motor Holdings Berhad via Tan Chong Motorcycles (Labuan) Pte Ltd, was established in Vietnam on 31 October 2014 for the purposes of importing motorcycles and motorcycles components for sale to registered dealers in Vietnam and/or to export and distribute motorcycles and motorcycles components.

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

14. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets as at 31 December 2014.

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

	31.12.2014	31.12.2013
	RM'000	RM'000
<i>Property, plant and equipment</i>		
Authorised but not contracted for	36,071	280,491
Authorised and contracted for		
In Malaysia	75,736	163,525
Outside Malaysia	11,322	10,783
<i>Overseas operation commitments</i>		
Authorised and contracted for	9,858	65,570
TOTAL	132,987	520,369

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	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
With WTCH Group				
Sales	44,304	3,397	73,227	23,569
Provision of hire purchase and leasing	36,634	17,675	36,634	17,675
With APM Group				
Purchases	30,971	24,037	126,166	135,044
With TCIL Group				
Contract assembly fee receivable	3,192	1,603	30,848	25,761

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	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Purchases	522,797	208,117	1,526,313	1,734,857

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	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Purchases	30,171	243,997	260,266	340,282

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

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

1. Analysis Of Performance Of All Operating Segments

The Group's top-line and bottom-line reduced by 8.4% and 57.8% year on year respectively. With the strong promotional campaigns, the Group managed to reduce its inventory from RM1.73 billion as at 31 December 2013 to RM1.52 billion as at 31 December 2014.

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

Automotive division recorded lower revenue of RM4,695.9 million (-8.8% YoY) and lower segment EBITDA of RM298.6 million (-37.0% YoY). This is due to the highly competitive business environment in the market. Promotional campaigns were stepped up to sustain market share and reduce inventory. This has affected the automotive division profit margins.

b) Financial Services (hire purchase and insurance)

The sale of RM198.25 million of hire purchase receivables under the Asset-Backed Securitisation (ABS) programme in the fourth quarter of 2014 has helped the Group improve its cash flow. The financial services division recorded higher revenue of RM53.3 million (29.7% YoY). EBITDA has increased by 4.3% from RM16.4 million to RM17.1 million compared to the previous year. As at 31 December 2014, hire purchase ("HP") receivables stood at RM441.2 million, a reduction of RM48.5 million compared to RM489.7 million as at last year.

c) Other Operations (investments and properties)

Revenue from other operations was RM11.5 million compared to RM7.4 million in the previous year and EBITDA was RM14.9 million compared to a loss of RM12.9 million as at previous year. The better financial results were due to the revaluation gain on investment properties, efforts of cost rationalisation and productivity improvement measures.

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

2. Comparison With Preceding Quarter's Results

Quarter on quarter (QoQ): revenue, PBT and the bottom-line increased by 9.6% (from RM1.15 billion to RM1.26 billion), 50.0% (from RM10.2 million to RM15.3 million) and 182.8% (from RM2.9 million to RM8.2 million) respectively but EBITDA decreased marginally by 0.4% (from RM51.1 million to RM50.9 million).

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

For the quarter under review, automotive division recorded RM1,247.4 million in revenue (+10.2% QoQ) and RM36.9 million in segment EBITDA (-16.9% QoQ). Q4 2014 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 higher promotional activities and advertising expenses.

b) Financial Services (hire purchase and insurance)

The financial services division recorded its revenue at RM12.96 million for Q4 2014 (-5.7% QoQ). EBITDA for Q4 2014 was RM2.24 million compared to preceding quarter of RM4.39 million. The reduction in revenue is due to smaller hire purchase portfolio to earn interest income. The deterioration in EBITDA is partially due to one-off impairment loss provided for doubtful debts.

c) Other Operations (investments and properties)

Revenue from other operations for Q4 2014 was RM3.49 million compared to RM2.86 million in preceding quarter. EBITDA for Q4 2014 was RM11.86 million compared to preceding quarter of RM2.37 million. This was due to the revaluation gain arising from investment properties and better cost control being implemented.

3. Current Year Prospects

Prospects remain challenging in view of uncertainties in the global economy following sharp decline in crude oil prices and unresolved Eurozone financial crisis. The weakening of the Ringgit has added pressure on the imported costs of materials required in the automotive industry.

In addition to the global economic factors, higher costs of living and the impending implementation of the Goods and Services Tax on 1 April 2015 will be the two major concerns affecting the consumer behaviour. There will be foreseeable slowdown in consumers' spending in the light of these factors. The tightening of lending guidelines by banks including hire purchase financing will restrict the purchasing power of potential car buyers.

The Group will continue to be prudent and control the capital and operating expenditures. Expenditures will have to be prioritised at this juncture to combat these challenges faced by the Group. The Group will take diligent steps to monitor the foreign currency risk and maintain the business competitiveness throughout the year to ensure its sustainability.

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

4. Comparison With Profit Forecast

This is not applicable to the Group.

5. Taxation

	Individual Quarter		Cumulative Quarter	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Current year	10,966	26,339	68,705	129,503
Prior year	(25)	243	(2,297)	(2,484)
Deferred tax	(3,813)	1,844	(15,217)	(2,524)
	<u>7,128</u>	<u>28,426</u>	<u>51,191</u>	<u>124,495</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:

	31.12.2014
	RM'000
Unsecured :	
- Bills payable	162,640
- Revolving credit	246,170
- Short term loan	88,916
- Long term loan	144,401
- Medium term notes	746,591
Secured :	
Recourse obligation on financing sold to Cagamas Berhad	24,022
Total borrowings	<u>1,412,740</u>
Comprising :	
Amount repayable within one year	506,972
Amount repayable after one year	<u>905,768</u>
	<u>1,412,740</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 2014, there was no outstanding forward foreign exchange contract.

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) 31.12.2014 RM'000	(Audited) 31.12.2013 RM'000
Total retained profits of Tan Chong Motor Holdings Berhad and its subsidiaries:		
- Realised profit	1,991,476	2,011,429
- Unrealised profit/(loss)	1,778	(4,452)
	<u>1,993,254</u>	<u>2,006,977</u>
Total share of retained profits from equity-accounted investees:		
- Realised profit	16,831	13,769
- Unrealised (loss)/profit	(126)	61
	<u>16,705</u>	<u>13,830</u>
Total Group retained profits before consolidation adjustment	2,009,959	2,020,807
Less: Consolidation adjustment	(143,484)	(210,213)
	<u>1,866,475</u>	<u>1,810,594</u>

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

9. Changes In Material Litigation

There was no material litigation as at 31 December 2014.

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 2014 (2013: single tier 12%). The net amount payable is RM19.6 million (2013: RM39.2 million).

The final dividend is lower than previous corresponding period in view of the competitive business environment that has taken a toll on the Group’s profitability in 2014.

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

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

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	
	2014 ('000)	2013 ('000)	2014 ('000)	2013 ('000)
Issued ordinary shares at beginning of the period	652,812	652,814	652,813	652,815
Effect of shares buyback during the period	(17)	(1)	(5)	(2)
Weighted average number of ordinary shares	<u>652,795</u>	<u>652,813</u>	<u>652,808</u>	<u>652,813</u>

12. Profit before taxation

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

	(Unaudited) Current Year Quarter 31.12.2014 RM'000	(Unaudited) Preceding Year Corresponding Quarter 31.12.2013 RM'000	(Unaudited) Current Year To Date 31.12.2014 RM'000	(Audited) Preceding Year Corresponding Period 31.12.2013 RM'000
Depreciation and amortisation	(27,746)	(18,563)	(112,248)	(74,759)
(Provision for)/reversal and (write off) of receivables	(3,466)	(401)	(7,920)	(3,026)
Reversal/(provision for) and (write off) of inventories	3,884	663	(11,320)	(157)
Gain/(loss) on disposal of properties, plant and equipment	2,105	(390)	5,846	1,708
Property, plant and equipment written off	(1,958)	(158)	(2,157)	(430)
Foreign exchange (loss)/gain	3,863	(1,305)	2,802	5,465
(Loss)/gain on derivatives	(787)	(3,160)	(36)	1,021
Other loss, including investment income	(260)	(43)	(233)	(55)

BY ORDER OF THE BOARD

LEE KWEE CHENG

YAP BEE LEE

CHANG PIE HOON

Company Secretaries

Kuala Lumpur

25 February 2015