



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

**INTERIM REPORT FOR THE
FIRST QUARTER ENDED
31 MARCH 2016**

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 MARCH 2016

INDIVIDUAL/CUMULATIVE QUARTER

	(Unaudited) Current Year Quarter 31.03.2016 RM'000	(Unaudited) Preceding Year Corresponding Quarter 31.03.2015 RM'000
Revenue	1,465,123	1,569,060
Operating (loss)/profit	(21,210)	53,980
Interest expense	(18,476)	(15,114)
Interest income	2,412	3,700
Share of profit of equity-accounted investees	530	1,212
(Loss)/Profit before taxation	(36,744)	43,778
Tax expense	(1,689)	(18,074)
(Loss)/Profit for the period	(38,433)	25,704
Attributable to:		
Equity holders of the Company	(37,208)	26,348
Non-controlling interests	(1,225)	(644)
	(38,433)	25,704
(Loss)/Earning per share (sen)		
(a) Basic	(5.70)	4.04
(b) Fully diluted	N/A	N/A

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the year ended 31 December 2015.



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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2016**

	INDIVIDUAL/CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 31.03.2016 RM'000	(Unaudited) Preceding Year Corresponding Quarter 31.03.2015 RM'000
(Loss)/Profit for the period	(38,433)	25,704
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation differences - foreign operations	(5,878)	(2,801)
Net change in fair value of cash flow hedges reclassified to profit or loss	(14,235)	1,423
Total items that are or may be classified subsequently to profit or loss	(20,113)	(1,378)
Other comprehensive loss for the period, net of tax	(20,113)	(1,378)
Total comprehensive (loss)/income for the period	(58,546)	24,326
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	(56,315)	25,786
Non-controlling interests	(2,231)	(1,460)
	(58,546)	24,326

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 2015.



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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	(Unaudited) As at 31.03.2016 RM'000	(Audited) As at 31.12.2015 RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	1,682,019	1,704,190
Investment properties	186,633	186,633
Prepaid lease payments	57,654	49,798
Equity-accounted investees	39,020	40,415
Other investments	1	1
Deferred tax assets	36,507	35,722
Hire purchase receivables	420,695	369,507
Intangible assets	14,592	14,592
Long term receivables	9,037	9,153
	<hr/> 2,446,158	<hr/> 2,410,011
<u>Current assets</u>		
Other investments	3,074	3,416
Hire purchase receivables	98,179	82,470
Receivables, deposits and prepayments	794,639	822,087
Current tax assets	36,302	36,300
Inventories	1,938,760	1,645,195
Derivative assets	31	6,045
Cash and cash equivalents	167,929	165,856
	<hr/> 3,038,914	<hr/> 2,761,369
TOTAL ASSETS	<hr/> 5,485,072	<hr/> 5,171,380



TAN CHONG MOTOR HOLDINGS BERHAD
(Company No: 12969-P)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016 (continued)

	(Unaudited)	(Audited)
	As at	As at
	31.03.2016	31.12.2015
	RM'000	RM'000
EQUITY AND LIABILITIES		
<u>Equity</u>		
Share capital	336,000	336,000
Reserves	2,429,209	2,485,524
Treasury shares	(25,274)	(25,274)
Total equity attributable to owners of the Company	2,739,935	2,796,250
Non-controlling interests	(3,833)	(1,602)
Total equity	2,736,102	2,794,648
<u>Non-current liabilities</u>		
Deferred tax liabilities	140,432	143,791
Borrowings	767,202	818,675
Employee benefits	53,452	51,058
	961,086	1,013,524
<u>Current liabilities</u>		
Payables and accruals	745,366	677,594
Borrowings	1,016,762	670,757
Derivative liabilities	11,285	-
Taxation	14,471	14,857
	1,787,884	1,363,208
Total liabilities	2,748,970	2,376,732
TOTAL EQUITY AND LIABILITIES	5,485,072	5,171,380
Net assets per share attributable to owners of the Company (RM)	4.20	4.28

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2015.



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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2016**

	-----Attributable to owners of the Company-----							Total	Non- controlling interests	Total equity
	-----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	RM'000	RM'000	RM'000
At 01.01.2015	336,000	(24,990)	(4,633)	581,650	-	100	1,866,475	2,754,602	5,951	2,760,553
Other comprehensive income for the period, net of tax	-	-	(1,985)	-	1,423	-	-	(562)	(816)	(1,378)
Transfer to revaluation surplus on properties	-	-	-	(2,001)	-	-	2,001	-	-	-
Profit for the period	-	-	-	-	-	-	26,348	26,348	(644)	25,704
Total comprehensive (loss)/income for the period	-	-	(1,985)	(2,001)	1,423	-	28,349	25,786	(1,460)	24,326
At 31.03.2015	336,000	(24,990)	(6,618)	579,649	1,423	100	1,894,824	2,780,388	4,491	2,784,879
At 01.01.2016	336,000	(25,274)	(10,978)	574,207	6,045	100	1,916,150	2,796,250	(1,602)	2,794,648
Other comprehensive income for the period, net of tax	-	-	(4,872)	-	(14,235)	-	-	(19,107)	(1,006)	(20,113)
Transfer of revaluation surplus on properties	-	-	-	(1,932)	-	-	1,932	-	-	-
Loss for the period	-	-	-	-	-	-	(37,208)	(37,208)	(1,225)	(38,433)
Total comprehensive income/(loss) for the period	-	-	(4,872)	(1,932)	(14,235)	-	(35,276)	(56,315)	(2,231)	(58,546)
At 31.03.2016	336,000	(25,274)	(15,850)	572,275	(8,190)	100	1,880,874	2,739,935	(3,833)	2,736,102

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015.



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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2016

CUMULATIVE QUARTER

	(Unaudited)	(Unaudited)
	For the 3 months	For the 3 months
	ended	ended
	31.03.2016	31.03.2015
	RM'000	RM'000
Cash flows from operating activities		
(Loss)/Profit before taxation	(36,744)	43,778
Adjustments for:		
Non-cash and non-operating items	55,917	43,192
Operating profit before working capital changes	19,173	86,970
Changes in working capital		
Inventories	(293,318)	(178,490)
Hire purchase receivables	(71,719)	(52,035)
Receivables, deposits and prepayments	27,488	(121,978)
Payables and accruals	41,282	69,467
Cash used in operations	(277,094)	(196,066)
Tax paid	(12,073)	(7,282)
Interest paid	(4,157)	(11,414)
Employee benefits paid	(172)	(85)
Net cash used in operating activities	(293,496)	(214,847)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(25,190)	(48,815)
Acquisition of prepaid lease payments	(12,196)	(23)
Net proceeds from/(Additions in) liquid investments with licensed financial institutions	1,819	(300,091)
Dividend received from equity-accounted investee	1,925	1,125
Proceeds from disposal of property, plant and equipment	4,066	9,509
Net cash used in investing activities	(29,576)	(338,295)



TAN CHONG MOTOR HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2016 (continued)

	CUMULATIVE QUARTER	
	(Unaudited)	(Unaudited)
	For the 3 months ended	For the 3 months ended
	31.03.2016	31.03.2015
	RM'000	RM'000
Cash flows from financing activities		
Net (repayment of)/proceeds from bills payable	(716)	37,391
Net proceeds from medium term notes, term loans, Cagamas financing and revolving credit	328,991	515,536
Net cash from financing activities	328,275	552,927
Net increase/(decrease) in cash and cash equivalents	5,203	(215)
Effects of exchange rate fluctuations on cash and cash equivalents	(3,130)	(542)
Cash and cash equivalents at beginning of the period	165,856	341,522
Cash and cash equivalents at end of the period	167,929	340,765
Cash and cash equivalents in the statement of cash flows comprise:		
Cash and bank balances	141,126	219,655
Deposits with licensed banks	26,803	121,110
	167,929	340,765

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2015.

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 2015.

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 2015, except the adoption of the following Malaysian Financial Reporting Standards (“MFRSs”), Amendments to MFRSs and IC Interpretations:

- 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)*

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 2017

- Amendments to MFRS 107, *Statements of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

Effective for annual periods beginning on or after 1 January 2018

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

Effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

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*

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

2. Changes In Accounting Policies (continued)

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.

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*

The amendments to MFRS 10, MFRS 12 and MFRS 128 require an investment entity parent to fair value a subsidiary providing investment-related services that is itself an investment entity, an intermediate parent owned by an investment entity group can be exempt from preparing consolidated financial statements and a non-investment entity investor can retain the fair value accounting applied by its investment entity associate or joint venture.

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

MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The new standard requires lessees to present right-of-use assets and lease liabilities on the statement of financial position and to recognise the following for leases at the commencement date:

- A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and
- A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

The Group is currently assessing the financial impact of adopting MFRS 16.

3. Audit Qualifications

There were no audit qualifications in the annual financial statements for the year ended 31 December 2015.

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

There was no repurchase of issued ordinary shares from the open market during the quarter. Cumulative total number of shares repurchased at the end of the quarter was 19,335,000. 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 redeemed RM65.95 million nominal value of MTN. The outstanding nominal value of MTN comprising Class A, Class B and Class C is RM470.75 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 March 2016.

Save for the above, there were no other issuance and repayment of debt securities, share cancellation and resale of treasury shares during the period.

8. Dividend Paid

No dividends were paid during the quarter ended 31 March 2016.

9. Segmental Reporting

For the financial period ended 31 March 2016:

	Vehicles assembly, manufacturing, distribution and after sale services		Financial services		Other operations		Total	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	1,448,575	1,550,387	13,821	14,374	2,727	4,299	1,465,123	1,569,060
Inter-segment revenue	116	1,753	957	1,090	21,025	20,398	22,098	23,241
Segment EBITDA*	13,517	73,271	3,202	7,100	(3,003)	5,593	13,716	85,964

*Segment earnings before interest, taxation, depreciation and amortisation

Reconciliation of reportable segment profit or loss:	(Unaudited)	(Unaudited)
	31.03.2016	31.03.2015
	RM'000	RM'000
Total EBITDA for reportable segments	13,716	85,964
Depreciation and amortisation	(32,042)	(31,767)
Interest expense	(18,476)	(15,114)
Interest income	2,412	3,700
Share of profit of equity-accounted investees not included in reportable segments	530	1,212
Unallocated corporate expenses	(2,884)	(217)
Consolidated (loss)/profit before taxation	(36,744)	43,778

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 2015.

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

11. Valuation of Investment Properties

The valuation of investment properties were brought forward without amendment from the annual financial statements for the year ended 31 December 2015.

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, except for registration of a new wholly-owned subsidiary, TC Systems (Vietnam) Company Limited (“TC Systems Vietnam”) in Vietnam on 7 April 2016. The intended principal activity of TC Systems Vietnam is producing software products, providing IT solutions and services and integrating IT systems in Hanoi City, Vietnam.

14. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets as at 31 March 2016.

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

	31.03.2016	31.03.2015
	RM'000	RM'000
<i>Property, plant and equipment</i>		
Authorised but not contracted for	28,107	34,885
Authorised and contracted for		
In Malaysia	47,138	65,260
Outside Malaysia	1,585	11,970
<i>Overseas operation commitments</i>		
Authorised and contracted for	-	9,167
<i>Lease commitments - overseas</i>		
Authorised and contracted for	112,901	-
TOTAL	189,731	121,282

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

16. Significant Related Party Transactions

- (a) Significant transactions with Warisan TC Holdings Berhad (WTCH), APM Automotive Holdings Berhad (APM) and Tan Chong International Limited (TCIL) Groups, companies in which a Director of the Company, namely Dato' Tan Heng Chew, is deemed to have substantial financial interests, are as follows:

	Individual/Cumulative Quarter	
	31.03.2016	31.03.2015
	RM'000	RM'000
With WTCH Group		
Sales	11,431	4,337
Provision of hire purchase and leasing	4,798	2,544
	<u>16,229</u>	<u>6,881</u>
With APM Group		
Purchases	27,384	28,302
	<u>27,384</u>	<u>28,302</u>
With TCIL Group		
Contract assembly fee receivable	7,382	6,817
	<u>7,382</u>	<u>6,817</u>

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

- (b) Significant transactions with Nissan Motor Co. Limited Group, Japan, a substantial shareholder of the Company, are as follows:

	Individual/Cumulative Quarter	
	31.03.2016	31.03.2015
	RM'000	RM'000
Purchases	592,006	806,140
	<u>592,006</u>	<u>806,140</u>

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

- (c) Significant transactions with Auto Dunia Sdn. Bhd., a company connected to a Director of the Company, namely Dato' Tan Heng Chew by virtue of Section 122A of the Companies Act, 1965, are as follows:

	Individual/Cumulative Quarter	
	31.03.2016	31.03.2015
	RM'000	RM'000
Purchases	285,004	17,999
	<u>285,004</u>	<u>17,999</u>

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

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

1. Analysis Of Performance Of All Operating Segments

Group top-line revenue decreased by 6.6% and the Group recorded loss before taxation of RM36.7 million for the first quarter. The challenging business environment marked by intense competition coupled with significant currency headwinds faced by Malaysian Ringgit has impacted the bottom-line.

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

The automotive division recorded lower revenue of RM1,448.6 million (-6.6% YoY) with segment EBITDA of RM13.5 million (-81.6% YoY). The lower revenue was due to the overall slower consumers demands and consequently the lower EBITDA as a result of 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 lower revenue of RM13.8 million (-3.8% YoY) and EBITDA of RM3.2 million (-54.9% YoY). The decrease was due to lower number of motor insurance policies compared to the previous year. Lower EBITDA in current quarter compared to previous year same quarter was due to a one-off impairment loss provided for hire purchase receivables of RM3.4 million in Q1 2016.

c) Other Operations (investments and properties)

Revenue from other operations was lower at RM2.7 million compared to RM4.3 million in the previous year and LBITDA was at RM3.0 million compared to EBITDA of RM5.6 million in the previous year. The loss suffered was due to the unrealised foreign exchange loss arising from financing overseas entities denominated in foreign currencies.

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 decreased by 3.0% (from RM1.51 billion to RM1.47 billion). LBT was at RM36.7 million with net loss of RM37.2 million. EBITDA recorded at RM13.7 million due to the unfavourable foreign exchange rate.

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

For the quarter under review, automotive division recorded RM1,448.6 million in revenue (-3.0% QoQ) and RM13.5 million in segment EBITDA (-64.7% QoQ). Q1 2016 recorded an unfavourable result due to lower demand in vehicles and higher CKD kits cost arising from unfavourable foreign exchange rate. Notwithstanding the competitive market, Nissan market share has improved to 8.2% in current quarter compared to 6.9% in previous quarter.

b) Financial Services (hire purchase and insurance)

The financial services division recorded its revenue at RM13.8 million for Q1 2016 (-7.6% QoQ). EBITDA for Q1 2016 was RM3.2 million (-24.8% QoQ). The lower EBITDA was due to higher impairment loss provided for hire purchase receivables compared to previous quarter.

c) Other Operations (investments and properties)

Revenue from other operations for Q1 2016 was RM2.7 million compared to RM2.4 million in preceding quarter. LBITDA for Q1 2016 was RM3.0 million compared to preceding quarter EBITDA of RM15.3 million. This was due to the revaluation gain arising from investment properties in Q4 2015 and the unrealised foreign exchange loss suffered in Q1 2016 arising from financing overseas entities denominated in foreign currencies.

3. Current Year Prospects

In view of the volatility in the domestic and global economic situation, we believe the domestic automotive sector will remain challenging as consumers' confidence remains weak. It is therefore more important than ever for us to remain disciplined and focused on key priorities going forward. Our aim is to be cash generative and to deliver profitable growth through the economic cycle. Effective 1 April 2016, we raised selling prices ranging from 2.8% to 6.7% for certain Nissan models due to the weak Ringgit which impacted operating costs.

Domestically, the Group will focus on sales and marketing activities together with value offerings to enhance sales efforts and to improve our competitiveness. Regionally, we continue to strengthen our footprint in Vietnam and other Indo-China countries by expanding our sales network and filling existing plant capacity with new models.

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

4. Comparison With Profit Forecast

This is not applicable to the Group.

5. Taxation

	Individual/Cumulative Quarter	
	31.03.2016	31.03.2015
	RM'000	RM'000
Current year	11,685	20,320
Prior year	-	1,794
Deferred tax	(9,996)	(4,040)
	<u>1,689</u>	<u>18,074</u>

The effective tax rate of the Group for the current quarter and financial year-to-date is higher than the statutory rate of 24% 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, except for proposed disposal ("Proposed Disposal") of assets by TC Aluminium Castings Sdn Bhd, a wholly owned subsidiary of the Company to APM Thermal Systems Sdn Bhd, a wholly owned subsidiary of APM Automotive Holdings Berhad for a total cash consideration of RM5,701,318/- which is subject to price adjustment and conditional upon the fulfilment of conditions precedent as set out in our announcement dated 27 April 2016 to Bursa Malaysia Securities Berhad. The Proposed Disposal is subject to, among others approval of the shareholders of the Company at the forthcoming Annual General Meeting scheduled on 25 May 2016.

7. Group Borrowings

Group borrowings as at the end of the reporting period are as follows:

	31.03.2016
	RM'000
Unsecured :	
- Bills payable	2,768
- Revolving credit	826,694
- Short term loan	25,000
- Long term loan	19,990
- Medium term notes	747,212
- Commercial papers	150,000
Secured :	
Recourse obligation on financing sold to Cagamas Berhad	12,300
Total borrowings	<u>1,783,964</u>
Comprising :	
Amount repayable within one year	1,016,762
Amount repayable after one year	<u>767,202</u>
	<u>1,783,964</u>

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

8. Financial Instruments and Realised And Unrealised Profits

a) Derivatives

As at 31 March 2016, 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	254,440	(11,254)	Less than 1 year

Forward foreign exchange contracts are entered into with locally incorporated licensed banks to hedge certain portion of the Group's purchases from exchange rate movements. As the exchange rates are predetermined under such contracts, in the event of exchange rate movement, exposure to opportunity gain/(loss) is expected. Given that the contracts are entered into with locally incorporated licensed banks, we are of the view that credit risk and the counterparty risk are minimal. Apart from a small fee payable to the banks there are no cash requirements for the forward contracts.

It is the Group policy not to enter into hedging contracts, which in the aggregate relate to volumes that exceed its expected commercial requirements for imports.

b) Realised and Unrealised Profits

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows:

	(Unaudited) 31.03.2016 RM'000	(Audited) 31.12.2015 RM'000
Total retained profits of Tan Chong Motor Holdings Berhad and its subsidiaries:		
- Realised profit	1,958,959	1,990,685
- Unrealised (loss)/profit	(1,803)	22,182
	<u>1,957,156</u>	<u>2,012,867</u>
Total share of retained profits from equity-accounted investees:		
- Realised profit	17,033	18,019
- Unrealised loss	(732)	(323)
	<u>16,301</u>	<u>17,696</u>
Total Group retained profits before consolidation adjustments	1,973,457	2,030,563
Less: Consolidation adjustments	(108,443)	(114,413)
	<u>1,865,014</u>	<u>1,916,150</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 March 2016.

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

10. Dividend

No dividend has been proposed for the first quarter ended 31 March 2016.

A final single tier dividend of 6% in respect of the financial year ended 31 December 2015 to shareholders whose names appear in the Register of Members on 1 June 2016 was proposed by the Directors. The dividend is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting scheduled on 25 May 2016.

11. Earnings Per Share

The calculation of basic earnings per share for the periods is based on the net profit attributable to ordinary shareholders of the periods and the weighted average numbers of ordinary shares outstanding during the periods as follows:

Weighted average number of ordinary shares	Individual/Cumulative Quarter	
	2016 ('000)	2015 ('000)
Issued ordinary shares at beginning of the period	652,665	652,761
Effect of shares buyback during the period	-	-
Weighted average number of ordinary shares	<u>652,665</u>	<u>652,761</u>

12. Total comprehensive income

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

	(Unaudited)	(Unaudited)
	Current	Preceding
	Year	Year
	Quarter	Corresponding
	31.03.2016	Quarter
	RM'000	31.03.2015
		RM'000
Depreciation and amortisation	(32,042)	(31,767)
(Provision for)/reversal and (write off) of receivables	(5,275)	(2,217)
(Provision for)/reversal and (write off) of inventories	247	(396)
Gain on disposal of properties, plant and equipment	852	1,737
Property, plant and equipment written off	(5)	(122)
Foreign exchange (loss)/gain	(8,280)	1,605
(Loss)/gain on derivatives	(14,235)	1,423
Other gain, including investment income	-	383

BY ORDER OF THE BOARD

HO WAI MING
CHANG PIE HOON
Company Secretaries
Kuala Lumpur
10 May 2016