



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

**INTERIM REPORT FOR THE
FIRST QUARTER ENDED
31 MARCH 2019**

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	8-22



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 2019

	INDIVIDUAL/CUMULATIVE QUARTER	
	(Unaudited)	(Unaudited)
	Current	Preceding
	Year	Year
	Quarter	Corresponding
	31.03.2019	31.03.2018
	RM'000	RM'000
Revenue	1,080,605	1,034,618
Operating profit	40,042	23,641
Interest expense	(17,594)	(16,098)
Interest income	6,815	4,205
Share of profit of equity-accounted investees	464	1,713
Profit before taxation	29,727	13,461
Tax expense	(12,510)	(11,374)
Profit for the period	17,217	2,087
Profit attributable to:		
Equity holders of the Company	15,981	4,252
Non-controlling interests	1,236	(2,165)
	17,217	2,087
Earning per share (sen)		
(a) Basic	2.45	0.65
(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 2018.



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 2019**

	INDIVIDUAL/CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 31.03.2019 RM'000	(Unaudited) Preceding Year Corresponding Period 31.03.2018 RM'000
Profit for the period	17,217	2,087
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation differences - foreign operations	2,277	11,507
Cash flow hedge	3,829	(536)
Total items that are or may be classified subsequently to profit or loss	6,106	10,971
Other comprehensive income for the period, net of tax	6,106	10,971
Total comprehensive income for the period	23,323	13,058
Total comprehensive income attributable to:		
Equity holders of the Company	24,771	14,324
Non-controlling interests	(1,448)	(1,266)
	23,323	13,058

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 2018.



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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	(Unaudited)	(Audited)
	As at	As at
	31.03.2019	31.12.2018
	RM'000	RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	1,776,333	1,773,114
Right of use assets	95,610	-
Investment properties	207,376	207,376
Prepaid lease payments	-	43,436
Intangible assets	759	759
Equity-accounted investees	58,518	57,914
Other investments	1	1
Deferred tax assets	98,390	96,075
Hire purchase receivables	636,416	655,383
	<u>2,873,403</u>	<u>2,834,058</u>
<u>Current assets</u>		
Other investments	5,220	126,868
Inventories	1,481,621	1,238,750
Contract assets	19,221	16,689
Current tax assets	13,094	9,057
Hire purchase receivables	83,513	92,886
Receivables, deposits and prepayments	737,644	633,984
Derivative financial assets	3,153	295
Cash and cash equivalents	459,850	522,118
	<u>2,803,316</u>	<u>2,640,647</u>
TOTAL ASSETS	<u><u>5,676,719</u></u>	<u><u>5,474,705</u></u>



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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019 (continued)

	(Unaudited)	(Audited)
	As at	As at
	31.03.2019	31.12.2018
	RM'000	RM'000
EQUITY AND LIABILITIES		
<u>Equity</u>		
Share capital	336,000	336,000
Reserves	2,547,531	2,525,874
Treasury shares	(25,283)	(25,283)
Total equity attributable to owners of the Company	2,858,248	2,836,591
Non-controlling interests	(19,181)	(17,733)
Total equity	2,839,067	2,818,858
<u>Non-current liabilities</u>		
Borrowings	499,018	498,933
Lease liabilities	46,528	-
Employee benefits	83,483	82,306
Deferred tax liabilities	172,987	175,476
Contract liabilities	47,767	48,003
	849,783	804,718
<u>Current liabilities</u>		
Borrowings	1,068,043	1,024,313
Lease liabilities	9,100	-
Derivative financial liabilities	126	1,527
Taxation	10,108	24,502
Contract liabilities	8,178	11,333
Payables and accruals	892,314	789,454
	1,987,869	1,851,129
Total liabilities	2,837,652	2,655,847
TOTAL EQUITY AND LIABILITIES	5,676,719	5,474,705
Net assets per share attributable to owners of the Company (RM)	4.38	4.35

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2018.



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 2019**

	Attributable to owners of the Company							Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Non-Distributable				Distributable					
	Share capital RM'000	Treasury shares RM'000	Translation reserves RM'000	Revaluation reserve RM'000	Hedging reserves RM'000	Capitalisation of retained earnings RM'000	Retained earnings RM'000			
At 01.01.2018	336,000	(25,282)	(11,914)	726,716	16,293	100	1,753,966	2,795,879	(14,511)	2,781,368
Adjustment on adoption of MFRS 9 (net of tax)	-	-	-	-	-	-	(3,445)	(3,445)	-	(3,445)
Adjustment on adoption of MFRS 15 (net of tax)	-	-	-	-	-	-	(3,225)	(3,225)	-	(3,225)
Adjusted 01.01.2018	336,000	(25,282)	(11,914)	726,716	16,293	100	1,747,296	2,789,209	(14,511)	2,774,698
Other comprehensive income for the period, net of tax	-	-	10,608	-	(536)	-	-	10,072	899	10,971
Transfer of revaluation surplus on properties	-	-	-	(2,486)	-	-	2,486	-	-	-
Profit for the period	-	-	-	-	-	-	4,252	4,252	(2,165)	2,087
Total comprehensive income/(loss) for the period	-	-	10,608	(2,486)	(536)	-	6,738	14,324	(1,266)	13,058
At 31.03.2018	336,000	(25,282)	(1,306)	724,230	15,757	100	1,754,034	2,803,533	(15,777)	2,787,756
At 01.01.2019	336,000	(25,283)	(14,284)	701,438	(1,467)	100	1,840,087	2,836,591	(17,733)	2,818,858
Adjustment on adoption of MFRS 16 (net of tax)	-	-	-	-	-	-	(3,114)	(3,114)	-	(3,114)
Adjusted 01.01.2019	336,000	(25,283)	(14,284)	701,438	(1,467)	100	1,836,973	2,833,477	(17,733)	2,815,744
Other comprehensive income for the period, net of tax	-	-	4,961	-	3,829	-	-	8,790	(2,684)	6,106
Transfer of revaluation surplus on properties	-	-	-	(2,486)	-	-	2,486	-	-	-
Profit for the period	-	-	-	-	-	-	15,981	15,981	1,236	17,217
Total comprehensive income/(loss) for the period	-	-	4,961	(2,486)	3,829	-	18,467	24,771	(1,448)	23,323
At 31.03.2019	336,000	(25,283)	(9,323)	698,952	2,362	100	1,855,440	2,858,248	(19,181)	2,839,067

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018.



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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2019

	CUMULATIVE QUARTER	
	(Unaudited) For the 3 months ended 31.03.2019 RM'000	(Unaudited) For the 3 months ended 31.03.2018 RM'000
Cash flows from operating activities		
Profit before taxation	29,727	13,461
Adjustments for:		
Non-cash and non-operating items	49,219	37,441
Operating profit before working capital changes	78,946	50,902
Changes in working capital		
Inventories	(242,868)	49,938
Hire purchase receivables	26,843	4,809
Receivables, deposits and prepayments	(69,769)	101,161
Payables and accruals	56,726	(57,290)
Contract assets	(2,532)	-
Contract liabilities	(3,391)	-
Cash from operations	(156,045)	149,520
Tax paid	(38,613)	(9,060)
Interest received - net	1,186	262
Employee benefits paid	(511)	(262)
Net cash (used in)/from operating activities	(193,983)	140,460
Cash flows from investing activities		
Acquisition of property, plant and equipment	(34,516)	(12,316)
Acquisition of prepaid lease payments	-	(45)
Net proceeds from disposal of other investment	121,648	52,086
Dividend received from equity-accounted investee	-	2,500
Proceeds from disposal of property, plant and equipment	3,259	2,548
Net cash used in investing activities	90,391	44,773



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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2019 (continued)

	CUMULATIVE QUARTER	
	(Unaudited)	(Unaudited)
	For the 3 months	For the 3 months
	ended	ended
	31.03.2019	31.03.2018
	RM'000	RM'000
Cash flows from financing activities		
Net proceeds from/(repayment of) bills payable	10,606	(3,936)
Net proceeds from/(repayment of) medium term notes, term loans, and revolving credit	38,727	(2,614)
Payment of lease liabilities	(3,997)	-
Net cash from/(used in) financing activities	45,336	(6,550)
Net (decrease)/increase in cash and cash equivalents	(58,256)	178,683
Effects of exchange rate fluctuations on cash and cash equivalents	(4,012)	(5,594)
Cash and cash equivalents at beginning of the period	522,118	318,005
Cash and cash equivalents at end of the period	459,850	491,094
Cash and cash equivalents in the statement of cash flows comprise:		
Cash and bank balances	345,680	252,139
Deposits with licensed banks	114,170	238,955
	459,850	491,094

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2018.

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 2018.

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 2018, except the adoption of the following Malaysian Financial Reporting Standards (“MFRSs”), Amendments to MFRSs and IC Interpretations:

- MFRS 16, *Leases*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests In Associates and Joint Ventures*
- Annual Improvements to MFRS Standards 2015 – 2017 Cycle:
 - Amendments to MFRS 3, *Business Combinations* and MFRS 11, *Joint Arrangements – Previously Held Interest in a Joint Operation*
 - Amendments to MFRS 112, *Income Taxes – Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
 - Amendments to MFRS 123, *Borrowing costs – Borrowing Costs Eligible for Capitalisation*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*

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

MFRS 16, *Leases*

The Group has adopted MFRS 16, *Leases* from 1 January 2019.

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*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group has applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under MFRS 117 and related interpretations. The details of the changes in accounting policies are disclosed below.

I. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 5 *Determining Whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under MFRS 16, a contract is, or contains, a lease of the contract which conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

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

2. Changes In Accounting Policies (continued)

MFRS 16, Leases (continued)

I. Definition of a lease (continued)

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lease, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

II. As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under MFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use assets and liabilities for some leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

a) Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgment to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use recognised.

b) Transition

Previously, the Group classifies property leases as operating leases under MFRS 117.

At transition, for leases classified as operating leases under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at their carrying amount as if MFRS 16 has been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application.

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

2. Changes In Accounting Policies (continued)

MFRS 16, *Leases* (continued)

II. As a lessee (continued)

b) Transition (continued)

The Group used the following practical expedients when applying MFRS 16 to leases previously classified as operating leases under MFRS 117.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs for measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

III. As a lessor

The Group leases out its investment property. The Group has classified these leases as operating leases.

The accounting policies applicable to the Group as a lessor are not different from those under MFRS 117. However, when the Group is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Group is not required to make any adjustments on transition to MFRS 16 for leases in which it acts as a lessor. However, the Group has applied MFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

The Group sub-leases some of its properties. Under MFRS 117, the head lease and sub-lease contracts were classified as operating leases. On transition to MFRS 16, the right-of-use assets recognised from the head leases are presented in investment property, and measured at fair value on transition to MFRS 16. The sub-lease contracts are classified as operating leases under MFRS 16.

IV. Impact on financial statements

a) Impact on transition

On transition to MFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

Group	Impact of adopting MFRS 16 at 1 January 2019 RM'000
Right-of-use assets	98,527
Prepaid lease payments	(43,436)
Lease liabilities	(58,205)
Retained earnings	3,114

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

2. Changes In Accounting Policies (continued)

MFRS 16, Leases (continued)

IV. Impact on financial statements (continued)

a) Impact on transition (continued)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average applied is 5%.

b) Impact for the period

As a result of initially applying MFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised RM95,610,000 of right-of-use assets and RM55,628,000 of lease liabilities as at 31 March 2019.

Also in relation to those leases under MFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the three months ended 31 March 2019, the Group recognised RM2,408,000 of depreciation charges and RM673,000 of interest costs from these leases.

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 other than marked “*” which are not applicable to the Group:-

Effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 2, *Shared-Based Payment (Amendments to References to the Conceptual Framework in MFRS Standards)* *
- Amendments to MFRS 3, *Business Combinations (Amendments to References to the Conceptual Framework in MFRS Standards)*
- Amendments to MFRS 6, *Exploration for and Evaluation of Mineral Resources (Amendments to References to the Conceptual Framework in MFRS Standards)* *
- Amendments to MFRS 14, *Regulatory Deferral Accounts (Amendments to References to the Conceptual Framework in MFRS Standards)* *
- Amendments to MFRS 101, *Presentation of Financial Statements (Amendments to References to the Conceptual Framework in MFRS Standards)*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors (Amendments to References to the Conceptual Framework in MFRS Standards)*
- Amendments to MFRS 134, *Interim Financial Reporting (Amendments to References to the Conceptual Framework in MFRS Standards)*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets (Amendments to References to the Conceptual Framework in MFRS Standards)*
- Amendments to MFRS 138, *Intangible Assets (Amendments to References to the Conceptual Framework in MFRS Standards)*
- Amendments to IC Interpretation 12, *Service Concession Arrangements (Amendments to References to the Conceptual Framework in MFRS Standards)* *
- Amendments to IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine (Amendments to References to the Conceptual Framework in MFRS Standards)* *
- Amendments to IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments (Amendments to References to the Conceptual Framework in MFRS Standards)*
- Amendments to IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration (Amendments to References to the Conceptual Framework in MFRS Standards)*
- Amendments to IC Interpretation 132, *Intangible Assets – Web Site Costs (Amendments to References to the Conceptual Framework in MFRS Standards)* *

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 2021

- MFRS 17, *Insurance Contracts* *

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.

3. Audit Qualifications

There were no audit qualifications in the annual financial statements for the year ended 31 December 2018.

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.

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 19,340,000. The shares repurchased are being held as treasury shares in accordance with Section 127 of Companies Act 2016.

Under the Group's Asset-Backed Medium Term Notes ("MTN") Programme, the Group has redeemed RM21.30 million nominal value of MTN. The outstanding nominal value of MTN comprising Class A, Class B and Class C was RM209.75 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 Medium Term Notes stood at RM750.0 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 March 2019.

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

9. Segmental Reporting

(a) Business segment

	Vehicles assembly, manufacturing, distribution and after sale services		Financial services		Other operations		Total	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	1,054,939	1,007,126	22,380	24,760	3,286	2,732	1,080,605	1,034,618
Inter-segment revenue	439	93	7	19	17,663	19,472	18,109	19,584
Segment EBITDA*	69,174	48,187	5,921	7,886	(2,617)	(2,102)	72,478	53,971

*Segment earnings before interest, taxation, depreciation and amortisation

Reconciliation of reportable segment profit or loss:	(Unaudited)	(Unaudited)
	31.03.2019	31.03.2018
	RM'000	RM'000
Total EBITDA for reportable segments	72,478	53,971
Depreciation and amortisation	(26,956)	(24,848)
Interest expense	(17,594)	(16,098)
Interest income	6,815	4,205
Share of profit of equity-accounted investees not included in reportable segments	464	1,713
Unallocated corporate expenses	(5,480)	(5,482)
Consolidated profit before taxation	29,727	13,461

(b) Geographical segment

	Malaysia		Vietnam		Others		Total	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	830,359	834,375	148,776	152,119	101,470	48,124	1,080,605	1,034,618
Segment EBITDA	65,537	54,599	(81)	(4,168)	7,022	3,540	72,478	53,971

10. Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment was brought forward without amendment from the audited financial statements for the year ended 31 December 2018.

11. Valuation of Investment Properties

The valuation of investment properties was brought forward without amendment from the audited financial statements for the year ended 31 December 2018.

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.

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

13. Changes in Composition of the Group

On 6 March 2019, TC iTech (Labuan) Pte Ltd, a new indirect wholly-owned subsidiary of the Company was incorporated under the Labuan Companies Act, 1990. Its principal activity is investment holding.

Save for the above, there were no other 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 March 2019 except as disclosed in Part B, Note 9 of the Announcement.

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

(i) Capital commitment

	31.03.2019	31.03.2018
	RM'000	RM'000
<i>Property, plant and equipment</i>		
Authorised but not contracted for	131,947	30,297
Authorised and contracted for		
In Malaysia	31,090	36,035
Outside Malaysia	33,432	5,373
TOTAL	196,469	71,705

(ii) Non-cancellable operating lease commitment

	31.03.2019	31.03.2018
	RM'000	RM'000
<i>Commitments for minimum lease payments in relation to non-cancellable operating lease are payable as follows:</i>		
Not later than 1 year	-	1,587
More than 1 year but not later than 5 years	-	6,348
More than 5 years	-	99,645
TOTAL	-	107,580

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	
	31.03.2019	31.03.2018
	RM'000	RM'000
With WTCH Group		
Purchases	(16,480)	(2,006)
Sales	63,443	56,846
Travel agency and car rental services	(1,110)	(2,567)
Contract assembly services	4,077	1,941
<hr/> <hr/>		
With APM Group		
Purchases	(27,113)	(14,672)
Sales	13,260	3,221
<hr/> <hr/>		
With TCIL Group		
Contract assembly services	7,334	4,296
<hr/> <hr/>		

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

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

	Individual/Cumulative Quarter	
	31.03.2019	31.03.2018
	RM'000	RM'000
Purchases	529,899	257,091
<hr/> <hr/>		

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

- (c) Significant transactions with Auto Dunia Sdn. Bhd., a company connected to a Director of the Company, namely Dato' Tan Heng Chew by virtue of Section 197 of the Companies Act, 2016, are as follows:

	Individual/Cumulative Quarter	
	31.03.2019	31.03.2018
	RM'000	RM'000
Purchases	(177,209)	(186,476)
Sales	18,445	2,884
<hr/> <hr/>		

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

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

1. Analysis Of Performance Of All Operating Segments

For the quarter ended 31 March 2019, the Group recorded a revenue of RM1.08 billion and profit before tax of RM29.7 million, an increment of 4.4% and 120.8% respectively as compared to the same quarter of preceding year. As at 31 March 2019, the Group's retained earnings was RM1.86 billion. The net assets per share was at RM4.38 as compared to RM4.30 for the quarter ended 31 March 2018. Further analysis of the segments is explained as follows:

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

The automotive division recorded a higher revenue of RM1,054.9 million (+4.7% YoY) and EBITDA of RM69.2 million (+43.6% YoY). This was due to higher sales and better sales products mix arising from the new models that were launched in the Malaysia and overseas market.

b) Financial Services (hire purchase and insurance)

The financial services division recorded a lower revenue of RM22.4 million (-9.6% YoY) and EBITDA of RM5.9 million (-24.9% YoY). The reduction was due to lower loan book size as of 31 March 2019 compared to previous year.

c) Other Operations (investments and properties)

Revenue from other operations was higher at RM3.3 million as compared to RM2.7 million in the previous year. EBITDA was loss of RM2.6 million as compared to loss of RM2.1 million in the previous year. The decrease in EBITDA was mainly due to higher net foreign exchange loss recognised in the quarter ended 31 March 2019 which arose from financing overseas entities denominated in foreign currencies compared with previous year.

2. Comparison With Preceding Quarter's Results

	Current Quarter	Immediate Preceding Quarter	Changes	
	31.03.2019	31.12.2018	Amount	%
	RM'000	RM'000	RM'000	
Revenue	1,080,605	1,166,838	(86,233)	-7.4%
Profit before tax	29,727	83,728	(54,001)	-64.5%
<u>External Revenue</u>				
Vehicles assembly, manufacturing, distribution and after sale services	1,054,939	1,140,725	(85,786)	-7.5%
Financial services	22,380	22,275	105	0.5%
Other operations	3,286	3,838	(552)	-14.4%
	<u>1,080,605</u>	<u>1,166,838</u>	<u>(86,233)</u>	<u>-7.4%</u>
<u>Segment EBITDA</u>				
Vehicles assembly, manufacturing, distribution and after sale services	69,174	114,586	(45,412)	-39.6%
Financial services	5,921	5,713	208	3.6%
Other operations	(2,617)	6,798	(9,415)	-138.5%
	<u>72,478</u>	<u>127,097</u>	<u>(54,619)</u>	<u>-43.0%</u>

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 (continued)

The Group recorded a revenue of RM1.08 billion for the first quarter ended 31 March 2019 which is lower by RM86.2 million or 7.4% as compared to RM1.16 billion for the preceding quarter. Profit before tax decreased by 64.5% from RM83.7 million to RM29.7 million for the current quarter under review.

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

For the quarter under review, automotive division recorded RM1,054.9 million in revenue (-7.5% QoQ) and RM69.2 million in segment EBITDA (-39.6% QoQ). The lower revenue was due to sales impacted by the highly competitive business landscape in the domestic and overseas market as automotive players undertook campaigns for market share. EBITDA was also impacted by the foreign exchange rate movements.

b) Financial Services (hire purchase and insurance)

The financial services division recorded its revenue at RM22.4 million for Q1 2019 (+0.5% QoQ). EBITDA for Q1 2019 was RM5.9 million (+3.6% QoQ). The higher EBITDA was due to lower impairment made for hire purchase receivables in Q1 2019 as compared to previous quarter.

c) Other Operations (investments and properties)

Revenue from other operations for the quarter under review was RM3.3 million compared to RM3.8 million in the preceding quarter. EBITDA for Q1 2019 had reduced to loss of RM2.6 million (Q4 2018: profit of RM6.8 million) due to foreign exchange loss derived from financing overseas entities denominated in foreign currencies.

3. Current Year Prospects

The automotive industry is expected to face a challenging market due to the lingering economic factors and uncertainties that continue to impact consumer sentiments. The business landscape is also seen to be highly competitive as automotive players intensify activities to maintain market share. The uncertainty of the foreign exchange movements remains to be a factor that the Group has to monitor so as to take pertinent mitigative actions.

Nevertheless, the Group will continue to follow through on its strategy to sustain and improve its competitiveness in the domestic market with its products line-up and services offerings. The Group will continue to emphasise on its customer care and satisfaction via its extensive network of sales and after-sales services outlets throughout Malaysia and the Indo-China markets, focusing on building a sustainable approach to deliver satisfaction to our customers and in meeting market challenges.

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	
	31.03.2019	31.03.2018
	RM'000	RM'000
Current year	20,865	13,406
Prior year	(10)	10
Deferred tax	(8,345)	(2,042)
	<u>12,510</u>	<u>11,374</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.

7. Group Borrowings

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

	31.03.2019
	RM'000
Unsecured :	
- Bills payable	18,862
- Revolving credit	796,119
- Short term loan	3,218
- Medium term notes	748,862
Total borrowings	<u>1,567,061</u>
Comprising :	
Amount repayable within one year	1,068,043
Amount repayable after one year	499,018
	<u>1,567,061</u>

Group borrowings breakdown by currencies:

		31.03.2019
		RM'000
Functional currency	Denominated in	
RM	RM	1,212,724
RM	USD	242,056
VND	VND	103,422
VND	USD	8,859
		<u>1,567,061</u>

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

8. Financial Instruments

Derivatives

As at 31 March 2019, 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	311,891	3,027	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 and repayments from overseas subsidiaries. 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's policy not to enter into hedging contracts, which in the aggregate, relate to volumes that exceed the expected commercial requirements for imports.

9. Changes In Material Litigation

(a) Motion to Correct Counter Claim from Narita Motorcare (Cambodia) Co. Ltd ("Narita") and Others

On 26 April 2017, Narita filed a Motion to Add and Correct Complaint and a counter claim complaint to, amongst others, order ETCM (C) Pty Ltd ("ETCM (C)") and TCM (Cambodia) Pty Ltd ("TCMC") to pay damages and compensation of USD6,550,000 to Narita, USD200,000 each to Mr Long Narith and Ms Pich Sokhom. On 9 May 2017, ETCM (C) and TCMC jointly filed their defence to the Motion to Add and Correct Complaint and ordered Narita, Mr Long Narith and Ms Pich Sokhom to pay ETCM (C) and TCMC damages with approximately USD33,000,000 for actual losses and emotional damages. On 26 November 2017, the Court of First Instance in Phnom Penh has ruled in favour of ETCM (C) and TCMC and ordered Narita, Mr Long Narith and Ms Pich Sokhom to compensate ETCM (C) and TCMC approximately USD8,037,818 for actual losses and emotional damages ("Damages"). Subsequently, Narita, Mr Long Narith and Ms Pich Sokhom have filed an appeal with Court of Appeal against the decision made in November 2017.

On 2 May 2018, the Court of Appeal upheld the decision of the Court of First Instance in Phnom Penh which ruled in favour of ETCM (C) and TCMC but cancelled the Damages to ETCM (C) and TCMC and instead ordered ETCM (C) and TCMC to pay USD329,208 to Narita, represented by Mr Long Narith and Ms Pich Sokhom ("COA's Award").

On 28 May 2018, solicitors for both ETCM (C) and TCMC filed an appeal against COA's Award at the Supreme Court.

ETCM (C) and TCMC are awaiting for the Supreme Court to fix the hearing date.

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

9. Changes In Material Litigation (continued)

(b) Writ of Summons and Statement of Claim served on Tan Chong Industrial Equipment Sdn Bhd (“TCIE”)

On 15 August 2017, TCIE, a wholly-owned subsidiary of the Company received a sealed Writ of Summons dated 12 August 2017 and Statement of Claim dated 11 August 2017, a sealed copy of a Notice of Application for Injunction dated 12 August 2017 and supporting Affidavit dated 11 August 2017 (“the action”) from the solicitors acting for Transnasional Express Sdn. Bhd. (“Transnasional”), Plusliner Sdn. Bhd. (“Plusliner”), Syarikat Kenderaan Melayu Kelantan Berhad (“SKMK”), Syarikat Rembau Tampin Sdn. Bhd. (“SRT”), Kenderaan Langkasuka Sdn. Bhd. (“Langkasuka”), Konsortium Transnasional Berhad (“KTB”) and MHSB Properties Sdn Bhd (“MHSB”) (collectively known as “Plaintiffs”).

TCIE entered into a series of lease agreements with Transnasional, Plusliner and SKMK and a series of service maintenance agreements with Transnasional, Plusliner, SKMK, SRT and Langkasuka (collectively known as “Debtors”) for the lease and service maintenance of the vehicles. The Debtors were owing to TCIE outstanding rentals and service bills amounting to RM32,920,575 (“Debt”).

TCIE negotiated with the Debtors on the settlement of the Debt on many occasions and after lengthy negotiations, the Debtors and KTB mutually agreed to enter into a Settlement Agreement with TCIE on 4 July 2016 to settle the same by way of (i) repayment of the amount of RM16,920,575 in cash in several instalments; and (ii) transfer of a piece of land held under H.S.(D) 87546, PT No. 7929, Bandar Ampang, Daerah Ulu Langat, Negeri Selangor (“Land”) owned by MHSB to TCIE for the settlement of the balance Debt of RM16,000,000 (“Balance Debt”) (“Settlement Agreement”).

However, the Debtors failed to make timely repayments of the Debt in accordance with the Settlement Agreement; hence, TCIE exercised its contractual rights to repossess the vehicles leased to the Debtors.

Pursuant to the action, the Plaintiffs are seeking an injunction to restrain TCIE from entering into any dealing in relation to the Land and a declaration pertaining to the value of the Land of MHSB is RM55,600,000 and repayment of the sum of RM22,679,425 (“Plaintiffs’ Claim”).

On 4 January 2018, the High Court allowed TCIE’s application to strike out the Plaintiffs’ Claim and dismissed the Plaintiffs’ injunction application with costs of RM5,000 (“Injunction Application”).

On 9 January 2018, the Plaintiffs filed an appeal with the Court of Appeal against the judgment of the High Court (“Plaintiff’s Appeal”).

The Court of Appeal has fixed final case management on 2 November 2018 and hearing of the Plaintiff’s Appeal on 15 November 2018.

On 15 November 2018, TCIE’s solicitors informed that the Court of Appeal, after hearing submissions of both parties, had allowed the Plaintiffs’ Appeal with no order as to costs and set aside the High Court Striking Out Order of 4 January 2018. The Court of Appeal further directed the Plaintiffs’ Claim to be re-fixed for case management on 27 November 2018 in the High Court for a full trial.

On 27 November 2018, the case management for the Plaintiffs’ Claim in the High Court has been re-fixed on 13 December 2018.

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

9. Changes In Material Litigation (continued)

(b) Writ of Summons and Statement of Claim served on Tan Chong Industrial Equipment Sdn Bhd (“TCIE”) (continued)

On 13 December 2018, during the case management before the High Court:-

1. the Plaintiffs have withdrawn its Injunction Application with no order as to costs;
2. the High Court has fixed the next case management on 29 January 2019 and the trial dates on September 10, 11, 12 and 13, 2019 being the earliest dates available for trial.

The next case management before the High Court is fixed for 14 March 2019 for compliance of pre-trial directions by the parties. The Plaintiffs’ solicitors filed for discovery application on 8 April 2019 and the hearing for this discovery application and case management for the Plaintiffs’ Claim are fixed on 30 May 2019.

On 27 December 2018, TCIE has filed for leave application with the Federal Court to appeal against the decision of the Court of Appeal which allowed for the Plaintiff’s Appeal. The hearing of TCIE’s leave application to appeal to the Federal Court has been adjourned and re-fixed on 23 July 2019.

Save for the above, there were no other pending material litigations against the Group as at the date of this report.

10. Dividend

No dividend has been proposed for the first quarter ended 31 March 2019.

A final single tier dividend of 2 sen per share in respect of the financial year ended 31 December 2018 to shareholders whose names appear in the Register of Members on 7 June 2019 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 30 May 2019.

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	
	2019	2018
	(’000)	(’000)
Issued ordinary shares at beginning of the period	652,660	652,661
Effect of shares buyback during the period	-	-
Weighted average number of ordinary shares	<u>652,660</u>	<u>652,661</u>

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

12. Total comprehensive income

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

	Individual/Cumulative Quarter (Unaudited)	(Unaudited) Preceding Year Corresponding Quarter
	Current Year Quarter 31.03.2019 RM'000	31.03.2018 RM'000
Depreciation and amortisation	(26,956)	(24,848)
(Provision for)/reversal and (write off) of receivables	(2,029)	(3,703)
(Provision for)/reversal and (write off) of inventories	3	47
Gain on disposal of properties, plant and equipment	944	747
Property, plant and equipment written off	(24)	(194)
Foreign exchange loss	(9,268)	(12,538)
Gain on derivatives	4,259	5,747
Impairment loss on property, plant and equipment	-	-
Other income including investment income	-	-

BY ORDER OF THE BOARD

HO WAI MING
WONG POH CHUN
Company Secretaries
Kuala Lumpur
14 May 2019