



TAN CHONG MOTOR HOLDINGS BERHAD

Registration No. 197201001333 (12969-P)

(Incorporated in Malaysia)

INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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
Registration No. 197201001333 (12969-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED 30 SEPTEMBER 2019

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 30.09.2019 RM'000	(Unaudited) Preceding Year Corresponding Quarter 30.09.2018 RM'000	(Unaudited) Current Year To Date 30.09.2019 RM'000	(Unaudited) Preceding Year Corresponding Period 30.09.2018 RM'000
Revenue	1,050,557	1,568,434	3,197,836	3,691,368
Operating profit	36,290	67,490	131,100	130,785
Interest expense	(20,265)	(17,097)	(57,977)	(53,203)
Interest income	4,624	5,994	16,481	15,071
Share of profit of equity-accounted investees	200	205	1,779	2,205
Profit before taxation	20,849	56,592	91,383	94,858
Tax expense	(12,933)	(18,905)	(47,198)	(45,216)
Profit for the period	7,916	37,687	44,185	49,642
Profit attributable to:				
Equity holders of the Company	9,248	32,863	44,657	49,478
Non-controlling interests	(1,332)	4,824	(472)	164
	7,916	37,687	44,185	49,642
Earning per share (sen)				
(a) Basic	1.42	5.04	6.84	7.58
(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 2018.



TAN CHONG MOTOR HOLDINGS BERHAD
Registration No. 197201001333 (12969-P)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 30.09.2019 RM'000	(Unaudited) Preceding Year Corresponding Quarter 30.09.2018 RM'000	(Unaudited) Current Year To Date 30.09.2019 RM'000	(Unaudited) Preceding Year Corresponding Quarter 30.09.2018 RM'000
Profit for the period	7,916	37,687	44,185	49,642
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences - foreign operations	365	(2,472)	3,609	6,929
Cash flow hedge	(2,020)	(203)	(222)	(16,376)
Total items that are or may be classified subsequently to profit or loss	(1,655)	(2,675)	3,387	(9,447)
Other comprehensive (loss)/income for the period, net of tax	(1,655)	(2,675)	3,387	(9,447)
Total comprehensive income/(loss) for the period	6,261	35,012	47,572	40,195
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	8,226	30,668	45,806	38,616
Non-controlling interests	(1,965)	4,344	1,766	1,579
	6,261	35,012	47,572	40,195

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
Registration No. 197201001333 (12969-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	(Unaudited) As at 30.09.2019 RM'000	(Audited) As at 31.12.2018 RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	1,885,366	1,773,114
Right-of-use assets	135,907	-
Investment properties	207,376	207,376
Prepaid lease payments	-	43,436
Intangible assets	759	759
Equity-accounted investees	61,613	57,914
Other investments	1	1
Deferred tax assets	99,889	96,075
Hire purchase receivables	580,548	655,383
	<hr/> 2,971,459	<hr/> 2,834,058
<u>Current assets</u>		
Other investments	7,178	126,868
Inventories	1,469,280	1,238,750
Contract assets	35,303	16,689
Current tax assets	20,405	9,057
Hire purchase receivables	87,181	92,886
Receivables, deposits and prepayments	685,407	633,984
Derivative financial assets	420	295
Cash and cash equivalents	321,348	522,118
	<hr/> 2,626,522	<hr/> 2,640,647
TOTAL ASSETS	<hr/> <hr/> 5,597,981	<hr/> <hr/> 5,474,705



TAN CHONG MOTOR HOLDINGS BERHAD
Registration No. 197201001333 (12969-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019 (continued)

	(Unaudited) As at 30.09.2019 RM'000	(Audited) As at 31.12.2018 RM'000
EQUITY AND LIABILITIES		
<u>Equity</u>		
Share capital	336,000	336,000
Reserves	2,541,822	2,525,874
Treasury shares	(25,283)	(25,283)
Total equity attributable to owners of the Company	2,852,539	2,836,591
Non-controlling interests	(16,267)	(17,733)
Total equity	2,836,272	2,818,858
<u>Non-current liabilities</u>		
Borrowings	499,195	498,933
Lease liabilities	48,210	-
Employee benefits	89,085	82,306
Deferred tax liabilities	174,369	175,476
Contract liabilities	59,989	48,003
	870,848	804,718
<u>Current liabilities</u>		
Borrowings	1,066,274	1,024,313
Lease liabilities	51,573	-
Derivative financial liabilities	2,196	1,527
Taxation	5,623	24,502
Contract liabilities	17,429	11,333
Payables and accruals	747,766	789,454
	1,890,861	1,851,129
Total liabilities	2,761,709	2,655,847
TOTAL EQUITY AND LIABILITIES	5,597,981	5,474,705
Net assets per share attributable to owners of the Company (RM)	4.37	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
Registration No. 197201001333 (12969-P)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

	-----Attributable to owners of the Company-----								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	Total RM'000	RM'000	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	-	-	5,514	-	(16,376)	-	-	(10,862)	1,415	(9,447)
Transfer of revaluation surplus on properties	-	-	-	(7,458)	-	-	7,458	-	-	-
Profit for the period	-	-	-	-	-	-	49,478	49,478	164	49,642
Total comprehensive income/(loss) for the period	336,000	(25,282)	5,514	(7,458)	(16,376)	100	56,936	38,616	1,579	40,195
Purchase of treasury shares	-	(2)	-	-	-	-	-	(2)	-	(2)
Dividend - 2017 final	-	-	-	-	-	-	(6,527)	(6,527)	-	(6,527)
Dividend - 2018 interim	-	-	-	-	-	-	(13,053)	(13,053)	(300)	(13,353)
At 30.09.2018	336,000	(25,284)	(6,400)	719,258	(83)	100	1,784,652	2,808,243	(13,232)	2,795,011
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)	-	-	-	-	-	-	(3,752)	(3,752)	-	(3,752)
Adjusted 01.01.2019	336,000	(25,283)	(14,284)	701,438	(1,467)	100	1,836,335	2,832,839	(17,733)	2,815,106
Other comprehensive income for the period, net of tax	-	-	1,371	-	(222)	-	-	1,149	2,238	3,387
Transfer of revaluation surplus on properties	-	-	-	(7,458)	-	-	7,458	-	-	-
Profit for the period	-	-	-	-	-	-	44,657	44,657	(472)	44,185
Total comprehensive income/(loss) for the period	-	-	1,371	(7,458)	(222)	-	52,115	45,806	1,766	47,572
Dividend - 2018 final	-	-	-	-	-	-	(13,053)	(13,053)	-	(13,053)
Dividend - 2019 interim	-	-	-	-	-	-	(13,053)	(13,053)	(300)	(13,353)
At 30.09.2019	336,000	(25,283)	(12,913)	693,980	(1,689)	100	1,862,344	2,852,539	(16,267)	2,836,272

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
Registration No. 197201001333 (12969-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

CUMULATIVE QUARTER

	(Unaudited) For the 9 months ended 30.09.2019 RM'000	(Unaudited) For the 9 months ended 30.09.2018 RM'000
Cash flows from operating activities		
Profit before taxation	91,383	94,858
Adjustments for:		
Non-cash and non-operating items	141,284	121,029
Operating profit before working capital changes	232,667	215,887
Changes in working capital		
Inventories	(230,515)	248,665
Hire purchase receivables	76,171	59,839
Receivables, deposits and prepayments	(28,039)	(84,084)
Payables and accruals	(53,343)	207,123
Contract assets	(18,614)	-
Contract liabilities	18,082	-
Cash from operations	(3,591)	647,430
Tax paid	(79,569)	(29,313)
Interest paid	(29,150)	(25,786)
Employee benefits paid	(1,593)	(1,372)
Net cash (used in)/from operating activities	(113,903)	590,959
Cash flows from investing activities		
Acquisition of property, plant and equipment	(203,774)	(57,578)
Acquisition of right-of-use assets	(252)	-
Acquisition of prepaid lease payments	-	(239)
Acquisition of share in equity-accounted investees	-	(13,244)
Net proceeds from disposal/(additions) of liquid investments with licensed financial institutions	119,690	(128,836)
Dividend received from equity-accounted investee	-	2,800
Proceeds from disposal of property, plant and equipment	18,067	9,954
Net cash used in investing activities	(66,269)	(187,143)



TAN CHONG MOTOR HOLDINGS BERHAD
Registration No. 197201001333 (12969-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019 (continued)

	CUMULATIVE QUARTER	
	(Unaudited)	(Unaudited)
	For the 9 months	For the 9 months
	ended	ended
	30.09.2019	30.09.2018
	RM'000	RM'000
Cash flows from financing activities		
Dividends paid to shareholders of the Company	(26,106)	(19,580)
Dividends paid to non-controlling interests	(300)	(300)
Purchase of own shares	-	(2)
Net proceeds from/(repayment of) bills payable	56,483	(32,983)
Net repayment of medium term notes, term loans, and revolving credit	(31,231)	(179,210)
Payment of lease liabilities	(20,715)	-
Net cash used in financing activities	(21,869)	(232,075)
Net (decrease)/increase in cash and cash equivalents	(202,041)	171,141
Effects of exchange rate fluctuations on cash and cash equivalents	1,271	(1,572)
Cash and cash equivalents at beginning of the period	522,118	318,005
Cash and cash equivalents at end of the period	321,348	488,174
Cash and cash equivalents in the statement of cash flows comprise:		
Cash and bank balances	205,422	347,029
Deposits with licensed banks	115,926	141,145
	321,348	488,174

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 with effect from 1 January 2019:

- 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 instead accounted 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; and
- 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	149,504
Prepaid lease payments	(43,436)
Lease liabilities	(109,820)
Retained earnings	3,752

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 rate 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 RM135,907,000 of right-of-use assets and RM99,783,000 of lease liabilities as at 30 September 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 six months ended 30 September 2019, the Group recognised RM21,354,000 of depreciation charges and RM1,935,000 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 7, *Financial Instruments: Disclosures (Interest Rate Benchmark Reform)* *
- Amendments to MFRS 9, *Financial Instruments (Interest Rate Benchmark Reform)* *
- 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 MFRS 139, *Financial Instruments: Recognition and Measurement (Interest Rate Benchmark Reform)* *
- 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)*

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 2020 (continued)

- Amendments to IC Interpretation 132, *Intangible Assets – Web Site Costs (Amendments to References to the Conceptual Framework in MFRS Standards)* *

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 RM15.65 million nominal value of MTN. The outstanding nominal value of MTN comprising Class A, Class B and Class C was RM175.30 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

An interim single tier dividend of 2 sen per share for the year ending 31 December 2019 (2018: single tier 2 sen per share) amounting to RM13.05 million (2018: RM13.05 million) was paid on 30 September 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)
	30.09.2019	30.09.2018	30.09.2019	30.09.2018	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	3,123,755	3,610,418	62,240	69,610	11,841	11,340	3,197,836	3,691,368
Inter-segment revenue	2,194	3,793	17	45	53,155	53,712	55,366	57,550
Segment EBITDA*	215,632	190,474	19,870	17,553	13,553	10,463	249,055	218,490

*Segment earnings before interest, taxation, depreciation and amortisation

Reconciliation of reportable segment profit or loss:	(Unaudited)	(Unaudited)
	30.09.2019	30.09.2018
	RM'000	RM'000
Total EBITDA for reportable segments	249,055	218,490
Depreciation and amortisation	(102,918)	(71,980)
Interest expense	(57,977)	(53,203)
Interest income	16,481	15,071
Share of profit of equity-accounted investees not included in reportable segments	1,779	2,205
Unallocated corporate expenses	(15,037)	(15,725)
Consolidated profit before taxation	91,383	94,858

(b) Geographical segment

	Malaysia		Vietnam		Others		Total	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	30.09.2019	30.09.2018	30.09.2019	30.09.2018	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	2,466,271	3,087,283	455,812	434,656	275,753	169,429	3,197,836	3,691,368
Segment EBITDA	246,640	206,652	(17,938)	3,554	20,353	8,284	249,055	218,490

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

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 30 September 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

	30.09.2019	30.09.2018
	RM'000	RM'000
<i>Property, plant and equipment</i>		
Authorised but not contracted for	150,417	66,167
Authorised and contracted for		
In Malaysia	44,797	32,231
Outside Malaysia	148,990	4,183
TOTAL	344,204	102,581

(ii) Non-cancellable operating lease commitment

	30.09.2019	30.09.2018
	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	-	1,697
More than 1 year but not later than 5 years	-	6,787
More than 5 years	-	101,801
TOTAL	-	110,285

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	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
With WTCH Group				
Purchases	(12,948)	(14,500)	(36,340)	(20,341)
Sales	261	6,825	69,840	67,589
Travel agency and car rental services	(498)	(846)	(4,025)	(2,453)
Contract assembly services	1,863	2,549	7,118	6,605
With APM Group				
Purchases	(24,896)	(30,696)	(77,836)	(63,032)
Sales	4,594	12,484	23,626	30,662
With TCIL Group				
Contract assembly services	3,451	9,455	15,986	19,863

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 Quarter		Cumulative Quarter	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Purchases	(315,311)	(507,874)	(1,214,727)	(1,160,916)

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 Quarter		Cumulative Quarter	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Purchases	(109,560)	(129,017)	(352,081)	(401,109)
Sales	-	8,867	23,471	16,556

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 recorded a revenue of RM3.2 billion and profit before tax of RM91.4 million for the period ended 30 September 2019, a decrease of 13.4% and 3.7% respectively as compared to the same period in the preceding year. As at 30 September 2019, the Group's retained earnings stood at RM1.86 billion. The net assets per share increased 7 sen to RM4.37 as compared to the quarter ended 30 September 2018. Further analysis of the segments is explained as follows:

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

The automotive division recorded a lower revenue of RM3,123.8 million (-13.5% YoY) but showed an improvement in EBITDA of RM215.6 million (+13.2% YoY) due to cost rationalisation in view of weaker sales experienced in 2019. Revenue was higher in the previous year due to higher number of vehicles sold during "tax holiday" sales period.

b) Financial Services (hire purchase and insurance)

Although the financial services division recorded a lower revenue of RM62.2 million (-10.6% YoY), there is an improvement in the EBITDA of RM19.9 million (+13.2% YoY). The reduction in revenue was due to lower hire purchase receivables as of 30 September 2019 compared to previous year. The improvement in EBITDA was due to lower impairment made for hire purchase receivables in 2019 as compared to the same period in the preceding year.

c) Other Operations (investments and properties)

Revenue from other operations was higher at RM11.8 million as compared to RM11.3 million in the previous year. EBITDA was higher at RM13.6 million as compared to RM10.5 million in the preceding year same period. The increase in EBITDA was mainly due to higher net foreign exchange gain recognised in the period ended 30 September 2019 which arose from financing overseas entities denominated in foreign currencies compared with preceding year same period.

2. Comparison With Preceding Quarter's Results

	Current Quarter	Immediate Preceding Quarter	Changes	
	30.09.2019	30.06.2019	RM'000	%
	RM'000	RM'000		
Revenue	1,050,557	1,066,674	(16,117)	-1.5%
Profit before tax	20,849	40,807	(19,958)	-48.9%
<u>External Revenue</u>				
Vehicles assembly, manufacturing, distribution and after sale services	1,027,140	1,041,676	(14,536)	-1.4%
Financial services	18,903	20,957	(2,054)	-9.8%
Other operations	4,514	4,041	473	11.7%
	1,050,557	1,066,674	(16,117)	-1.5%
<u>Segment EBITDA</u>				
Vehicles assembly, manufacturing, distribution and after sale services	66,078	80,380	(14,302)	-17.8%
Financial services	7,050	6,899	151	2.2%
Other operations	10,715	5,455	5,260	96.4%
	83,843	92,734	(8,891)	-9.6%

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 RM1.05 billion for Q3 2019 which is lower by RM16.1 million or 1.5% as compared to RM1.07 billion for the preceding quarter. Profit before tax decreased by 48.9% from RM40.8 million to RM20.8 million for the current quarter under review.

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

The automotive division recorded a lower revenue of RM1,027.1 million (-1.4% QoQ) and EBITDA had decreased by 17.8% to RM66.1 million for Q3 2019. The lower revenue was due to stiff competition in the automotive market.

The Group has been exploring alternative automotive ownership and mobility solutions for our customers and has embarked on car subscription programme in addition to conventional sales channels. This alternative had driven up the Group's ownership of motor vehicles for the subscription programme and at the same time, addressing the high level of inventory of motor vehicles. The Group had also invested in preparation of new model launches in the near future.

The Group had invested further in Myanmar and Vietnam for the expansion of its automotive assembly plants as strategic investments to strengthen the Group's foothold and leverage on the growing automotive sector buoyed by positive economic sentiments in these markets.

b) Financial Services (hire purchase and insurance)

Although the financial services division had recorded a lower revenue at RM18.9 million (-9.8% QoQ), there was an improvement in EBITDA of RM7.0 million (+2.2% QoQ) for the quarter under review. The higher EBITDA was due to lower impairment made for hire purchase receivables with lower non-performance loan rate in Q3 2019 as compared to Q2 2019.

c) Other Operations (investments and properties)

Revenue from other operations for the quarter under review was RM4.5 million compared to RM4.0 million in the preceding quarter. EBITDA had improved to RM10.7 million in Q3 2019 from RM5.5 million in Q2 2019 due to foreign exchange gain derived from financing overseas entities denominated in foreign currencies and improved service deliverables from our call centre for roadside assistance.

3. Current Year Prospects

The domestic market continue to remain competitive with more choices offered to the consumers. Businesses and consumers are also seen to be more judicious and careful in their spending due to the current economic uncertainties. On the global front, the on-going trade tensions between the economic powers continue to impact global trade and market volatility. These external forces have impacted the direction of the Ringgit.

The Group continues to innovate and respond to the market demands. New models including Electric Vehicles (EVs) introduced by the Group come bundled with wider choices of ownership and mobility solutions in response to evolving consumers habits. Selection of subscription and car sharing programmes leveraging on digital technology have been offered in addition to the conventional sales channels. This is in line with the Government's policy promoting new digital economy layering into conventional businesses.

Notwithstanding the challenging business environment, the Group will focus on new technology initiatives, long term value-driven investments and strengthening the regional business networks to improve the Group's business performance.

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	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Current year	14,250	27,858	52,159	64,367
Prior year	(890)	(677)	(882)	814
Deferred tax	(427)	(8,276)	(4,079)	(19,965)
	<u>12,933</u>	<u>18,905</u>	<u>47,198</u>	<u>45,216</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 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:

	30.09.2019	31.12.2018
	RM'000	RM'000
Unsecured :		
- Bills payable	64,739	8,256
- Revolving credit	751,571	757,243
- Short term loan	-	9,029
- Medium term notes	749,159	748,718
Total borrowings	<u>1,565,469</u>	<u>1,523,246</u>
Comprising :		
Amount repayable within one year	1,066,274	1,024,313
Amount repayable after one year	499,195	498,933
	<u>1,565,469</u>	<u>1,523,246</u>

Group borrowings breakdown by currencies:

Functional currency	Denominated in	30.09.2019	31.12.2018
		RM'000	RM'000
RM	RM	1,296,898	1,152,973
RM	USD	155,857	234,514
VND	VND	71,331	132,740
VND	USD	41,383	3,019
		<u>1,565,469</u>	<u>1,523,246</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 30 September 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	344,487	(1,776)	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.

The solicitors had, on 5 June 2019, advised that the Supreme Court in Phnom Penh had, vide oral judgment, upheld and concurred with the decision of the Court of Appeal as follows:

- (a) the non-existence of the agreement between ETCM(C) and TCMC with Narita;
- (b) Narita is to stop harassing ETCM(C) and TCMC in all manners; and
- (c) Narita is to stop using the Nissan mark in all its business operations and remove the Nissan mark and stop using it in the billboards and advertisements of any kind.

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) Motion to Correct Counter Claim from Narita Motorcare (Cambodia) Co. Ltd (“Narita”) and Others (continued)

However, the Supreme Court had: -

- (i) dismissed the Court of Appeal’s decision on the following:
 - a) that ETCM(C) and TCMC were to pay damages to Narita of the amount of USD329,207.932 based on the reason being is that such decision is unclear; and
 - b) Narita should not incur the entire litigation cost based on the reason that this order is not within the provision of the Cambodian legal provisions;
- (ii) also considered the Court of Appeal had omitted to decide on the compensation claimed by ETCM(C) and TCMC.

As such, the Supreme Court had made a ruling to return the appeal case to the Court of Appeal to hear and make a new decision based on reasonings of the Supreme Court as above.

Both ETCM(C) and TCMC are awaiting the summon from the Court of Appeal for hearing on the above points dismissed by the Supreme Court.

(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”).

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)

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.

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 was 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 decision for the hearing for the discovery application for the Plaintiffs’ Claim was delivered on 11 July 2019.

The High Court allowed in part the Plaintiff’s application for discovery (i.e. requires production of copies of the 3 valuation reports as referred to in the minutes dated 24.5.2016) and dismissed the application for the documents relating to Form 14A of the Sale and Purchase Agreement and copies of all documents relating to the stamp duty adjudication and appeal (“Order of Discovery”).

On 16 July 2019, TCIE filed the Notice of Appeal with the Court of Appeal against the Order of Discovery. The Court of Appeal had re-fixed case management to 10 December 2019 after the Grounds of Judgement of the High Court on the Plaintiff’s Claim is delivered.

On 17 July 2019, TCIE filed the application for stay on the Order of Discovery pending the appeal to Court of Appeal on the same and hearing of the leave application to the Federal Court (“Stay Application Against Order of Discovery”).

On 5 September 2019, the High Court decided the following: -

1. allow the Stay Application Against Order of Discovery and stay of proceedings at the High Court pending disposal of the leave application to the Federal Court against the decision of the Court of Appeal (“Leave Application to Federal Court”) and Notice of Appeal with the Court of Appeal against the Order of Discovery;
2. the trial date initially fixed on 10 September 2019 be vacated;
3. the trial date be fixed for 27 November 2019 subject to the determination of dates for the Leave Application to Federal Court and Notice of Appeal to the Court of Appeal against the Order of Discovery.

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 (“Leave Application to Federal Court”). The hearing of TCIE’s Leave Application to Federal Court initially fixed on 23 July 2019 had been vacated.

The Federal Court stated that a hearing date will only be fixed after the Grounds of Judgment of the Court of Appeal have been obtained. The case management is now re-fixed on 12 November 2019.

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

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

10. Dividend

No dividend was declared for the current quarter.

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	
	30.09.2019 ('000)	30.09.2018 ('000)	30.09.2019 ('000)	30.09.2018 ('000)
Issued ordinary shares at beginning of the period	652,660	652,660	652,660	652,661
Effect of shares buyback during the period	-	-	-	(1)
Weighted average number of ordinary shares	652,660	652,660	652,660	652,660

12. Total comprehensive income

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

	Individual Quarter		Cumulative Quarter	
	(Unaudited) Current Year Quarter 30.09.2019 RM'000	(Unaudited) Preceding Year Corresponding Quarter 30.09.2018 RM'000	(Unaudited) Current Year To Date 30.09.2019 RM'000	(Unaudited) Preceding Year Corresponding Quarter 30.09.2018 RM'000
Depreciation and amortisation	(42,488)	(22,927)	(102,918)	(71,980)
(Provision for)/reversal and (write off) of receivables	1,013	(1,776)	(2,717)	(5,320)
(Provision for)/reversal and (write off) of inventories	11	1,086	15	(8,199)
Gain on disposal of properties, plant and equipment	2,720	61	5,308	1,317
Property, plant and equipment written off	(559)	(357)	(632)	(532)
Foreign exchange gain/(loss)	7,178	10,528	1,153	8,674
(Loss)/Gain on derivatives	(2,020)	(11,579)	(222)	(15,462)
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
26 November 2019