



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

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE QUARTER ENDED 31 MARCH 2009**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

	<b>INDIVIDUAL/CUMULATIVE QUARTER</b>	
	<b>Current Year Quarter 31.03.2009 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.03.2008 RM'000</b>
Revenue	692,894	759,607
Operating profit	51,259	70,056
Interest expense	(5,846)	(5,821)
Interest income	2,984	2,619
Share of profit of associates	157	251
Profit before taxation	48,554	67,105
Tax expense	(6,746)	(12,758)
Profit for the period	41,808	54,347
Attributable to:		
Equity holders of the Company	41,582	54,057
Minority interest	226	290
	41,808	54,347
Earnings per share (sen)		
(a) Basic	6.26	8.10
(b) Fully diluted	N/A	N/A

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008.



**TAN CHONG MOTOR HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2009**

	(Unaudited) As at end of current quarter 31.03.2009 RM'000	As at preceding financial year end 31.12.2008 RM'000
<b>ASSETS</b>		
<b><u>Non-current assets</u></b>		
Property, plant and equipment	506,343	520,994
Prepaid lease payments	71,653	71,843
Investment properties	10,663	10,692
Investments in associates	18,369	18,212
Other investments	5,806	5,806
Deferred tax assets	4,656	4,501
Hire purchase receivables	172,901	165,331
Long term receivables	5,725	3,633
	<u>796,116</u>	<u>801,012</u>
<b><u>Current assets</u></b>		
Other investments	242,587	239,822
Hire purchase receivables	63,883	61,609
Receivables, deposits and prepayments	278,855	214,237
Current tax assets	3,034	3,567
Inventories	685,940	854,440
Cash and cash equivalents	103,341	76,733
	<u>1,377,640</u>	<u>1,450,408</u>
<b>TOTAL ASSETS</b>	<u><u>2,173,756</u></u>	<u><u>2,251,420</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	336,000	336,000
Reserves	1,139,877	1,098,485
Treasury shares	(18,767)	(13,024)
<b>Total equity attributable to equity holders of the company</b>	<u>1,457,110</u>	<u>1,421,461</u>
<b>Minority interest</b>	3,783	3,557
<b>Total equity</b>	<u>1,460,893</u>	<u>1,425,018</u>
<b><u>Non-current liabilities</u></b>		
Deferred tax liabilities	11,822	15,562
Borrowings	183,079	190,785
Employee benefits	20,344	19,943
	<u>215,245</u>	<u>226,290</u>
<b><u>Current liabilities</u></b>		
Payables and accruals	253,902	214,210
Borrowings	238,286	379,184
Taxation	5,430	6,718
	<u>497,618</u>	<u>600,112</u>
<b>Total liabilities</b>	<u>712,863</u>	<u>826,402</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>2,173,756</u></u>	<u><u>2,251,420</u></u>
Net assets per share attributable to equity holders of the Company (RM)	2.22	2.15

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008.



**TAN CHONG MOTOR HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 MARCH 2009**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

	----- Attributable to Equity Holders of the Company -----					Minority Interest	Total Equity
	Share capital RM'000	----Non-Distributable----		Distributable reserves RM'000	Total RM'000		
	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000	Distributable reserves RM'000	Total RM'000	RM'000	RM'000
<b>At 01.01.2008</b>	336,000	(5,561)	33	902,127	1,232,599	3,743	1,236,342
Realisation of translation reserve	-	-	99	-	99	-	99
Net profit for the period	-	-	-	54,057	54,057	290	54,347
<b>At 31.03.2008</b>	<b>336,000</b>	<b>(5,561)</b>	<b>132</b>	<b>956,184</b>	<b>1,286,755</b>	<b>4,033</b>	<b>1,290,788</b>
<b>At 01.01.2009</b>	336,000	(13,024)	31	1,098,454	1,421,461	3,557	1,425,018
Purchase of treasury shares	-	(5,743)	-	-	(5,743)	-	(5,743)
Realisation of translation reserve	-	-	(190)	-	(190)	-	(190)
Net profit for the period	-	-	-	41,582	41,582	226	41,808
<b>At 31.03.2009</b>	<b>336,000</b>	<b>(18,767)</b>	<b>(159)</b>	<b>1,140,036</b>	<b>1,457,110</b>	<b>3,783</b>	<b>1,460,893</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008.



**TAN CHONG MOTOR HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31 MARCH 2009**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

	<b>For the 3 months ended 31.03.2009 (RM'000)</b>	<b>For the 3 months ended 31.03.2008 (RM'000)</b>
Profit before tax	48,554	67,105
<b>Adjustments for:</b>		
Non-cash items	9,308	11,051
Non-operating items (which are investing/financing)	2,862	3,202
<b>Operating profit before working capital changes</b>	60,724	81,358
<b>Decrease in working capital</b>	131,637	14,289
<b>Other cash used (tax payment etc.) in operations</b>	(14,484)	(6,550)
<b>Net cash generated from operating activities</b>	177,877	89,097
<b>Net cash generated from /(used in) investing activities</b>	3,079	(20,414)
<b>Net cash used in financing activities</b>	(154,749)	(22,877)
<b>Net increase in cash and cash equivalents</b>	26,207	45,806
<b>Cash and cash equivalents at beginning of the year</b>	76,174	69,947
<b>Cash and cash equivalents at end of the period</b>	102,381	115,753

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008.

## Explanatory notes as per Financial Reporting Standard ( FRS ) 134 Interim Financial Reporting

### 1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard (FRS) 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2008.

### 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 2008. The Group has not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

<b>FRSs / Interpretations</b>	<b>Effective date</b>
FRS 4, Insurance Contracts	1 January 2010
FRS 7, Financial Instruments: Disclosures	1 January 2010
FRS 8, Operating Segments	1 July 2009
FRS 139, Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10, Interim Financial Reporting and Impairment	1 January 2010

The Group plans to apply the abovementioned FRSs / Interpretations, where applicable, from the annual period beginning 1 January 2010.

### 3. Audit qualifications

There were no audit qualifications in the annual financial statements for the year ended 31 December 2008.

### 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 flow for the period.

### 6. Material changes in estimates

There were no material changes in estimates in respect of amounts reported in prior financial year.

## 7. Debt and equity securities

During the current financial quarter, the Company bought back 4,735,000 units of its own shares through the open market at prices per share ranging from RM1.14 to RM1.24. The total consideration paid for these transactions including transaction costs was RM5,743,280 and this was financed by internally generated funds. The cumulative total number of shares bought back at the end of the financial quarter was 15,312,800.

The shares bought back are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

There were no 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 2009.

## 9. Segmental reporting

	Revenue		Profit before tax	
	----- 3 months ended 31 March-----			
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Vehicle assembly, distribution and after sale services	688,523	756,908	51,147	69,293
Financial services	4,351	3,031	2,137	2,722
Other operations	2,552	966	1,750	452
	695,426	760,905	55,034	72,467
Inter-segment elimination	(2,532)	(1,298)	-	-
	692,894	759,607	55,034	72,467
Unallocated expenses			(3,775)	(2,411)
			51,259	70,056
Interest income			2,984	2,619
Interest expense			(5,846)	(5,821)
Share of profit of associates			157	251
			48,554	67,105

## 10. Valuation of property, plant and equipment

The valuation of property, plant and equipment were brought forward without amendment from the annual financial statements for the year ended 31 December 2008.

## 11. Material subsequent event

The Board is not aware of any material event subsequent to the end of the period reported on that have not been reflected in the financial statement for the period.

## 12. Changes in composition of the Group

The Group had announced in the interim financial statement for the quarter end 31 December 2007, that TC Metropolitan Sdn Bhd, a newly incorporated wholly-owned subsidiary will enter into agreement to acquire properties at Segambut ("Segambut Properties") measuring approximately 46.91 acres at RM363.5 million under a reorganization scheme to consolidate the ownership of the Group's properties at Segambut to facilitate control and management. The transactions were completed on 25 February 2009 after approvals have been obtained from relevant authorities. The Segambut Properties were all owned by the Company's wholly-owned subsidiaries and the transactions have no impact to the Group's consolidated financials.

**13. Changes in contingent liabilities or contingent assets**

There were no material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

**14. Capital commitments outstanding not provided for in the interim financial report**

	31.03.2009 RM'000	31.12.2008 RM'000
Property, plant and equipment Authorised and contracted for	22,950	14,396
Authorised but not contracted for	225,038	178,474
	<u>247,988</u>	<u>192,870</u>

## Explanatory notes as per Listing Requirements of Bursa Malaysia Securities Berhad

### 1. Review of performance

Tan Chong Motor has made a resilient start to 2009. Revenue in Q1 2009 came in 8.8% lower than the same period of last year, during a global recession. Our NISSAN and UD brands benefited from improved market share in key commercial segments. For Q1 2009 we garnered 6.0% of total industry volume (TIV) from 5.2% in Q1 2008 despite a 9.2% fall in TIV (source: Malaysian Automobile Association).

Operating trends were in line with our budget as we rundown lower priced inventory and absorb negative variances from cutbacks in production. Profit margins were also lower due to a downshift in sales mix. After sales service and parts held up better and will continue to buffer the overall Group performance for the rest of the year.

### 2. Comparison with preceding quarter's results

During the quarter, revenue and earnings recovered strongly from Q4 2008: +11.0% and +47.5% respectively. With a disproportionately larger cutback in USD & JPY import orders, when the Ringgit was weak, our focus in 1H 2009 is to contain risk and generate positive working capital. We reduced inventories by 19.7%, increased free cash flow by RM177.9 million and brought the Group close to net cash.

### 3. Current year prospects

There is a risk our sales may contract year on year in Q2 and Q3 2009. Our best seller, the Grand Livina may face serious price competition from the national MPVs. We sold 12,006 units of this model for the year ended 31 December 2008. We may sell less of this model in 2009. But we will have the first mover advantage of a proven product in a time of uncertainty. Daily bookings are still visibly encouraging in April and May.

Both consumer and investment spending remain subdued. Conditions however, appear not as bad as we had feared. There are more signs that globally things are coming out of the worst situation. The rate of slowdown may bottom in Q3 2009 after 4 consecutive quarters of decline. We could see modest improvements in business activity before the end of the year. Foreign exchange rates have started to turn in the Ringgit's favour since March 2, onwards. We are well placed to ride out the economic uncertainty ahead and take advantage of pockets of opportunity.

### 4. Comparison with profit forecast

This is not applicable to the Group.

### 5. Taxation

	Individual/Cumulative Quarter	
	31.03.2009	31.03.2008
	RM'000	RM'000
Current year	10,760	12,596
Prior year	(116)	(51)
Deferred tax	(3,898)	213
	<u>6,746</u>	<u>12,758</u>

The effective tax rate for the current quarter ended 31 March 2009 is lower than the statutory rate due to the utilisation of Reinvestment Allowance.



**6. Profits on sales of unquoted investments and/or properties**

There were no sale of unquoted investments and/or properties for the current financial quarter ended 31 March 2009.

**7. Purchase or disposal of quoted securities**

There were no purchases or disposals of quoted securities for the current financial quarter ended 31 March 2009.

**8. Status of corporate proposals**

There were no corporate proposals announced but not completed as at reporting date.

**9. Group borrowings**

Group borrowings, all denominated in Ringgit Malaysia, as at the end of the reporting period are as follows:

	Total (RM'000)
Unsecured :	
- Bills payable	97,248
- Bank overdraft	960
- Short term loan	140,078
- Long term loan	183,079
Total borrowings	<u>421,365</u>
Comprising :	
Amount repayable within one year	238,286
Amount repayable after one year	183,079
	<u>421,365</u>

**10. Off-balance sheet financial instruments**

The Group does not have any financial instrument with off balance sheet risk as at the cut-off date of 18 May 2009 apart from outstanding forward contracts on foreign currencies in relation to the Group's purchases, the impact of which will be reflected in the operating performance of the Group.

Currency	Contract Amounts ('000)	Equivalent amount in Ringgit Malaysia ('000)	Expiry date
Japanese Yen	410,000	14,596	21 May – 8 June 2009
US Dollars	7,192	25,724	21 May – 8 July 2009

Forward foreign exchange contracts are entered into with locally incorporated licensed banks to hedge certain portion of the Group's purchases from exchange rate movements. As the exchange rates are pre-determined 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.

As the forward contracts are used for hedging purposes, any profit or loss arising are accounted for on the same basis as that arising from the related assets, liabilities or net positions. It is the Group policy not to enter into hedging contracts, which in the aggregate relate to volumes that exceed its expected commercial requirements for imports.

### 11. Changes in Material Litigation

Tan Chong & Sons Motor Company Sdn. Bhd. (TCM), a wholly-owned subsidiary of Tan Chong Motor Holdings Berhad, and two others were sued in the High Court at Kota Kinabalu by a third-party for general damages, special damages estimated at RM10.67 million and liquidated damages of RM2.97 million together with interest and costs in connection with car distributorship in Sabah (“1<sup>st</sup> suit”). On 6 August 2008, another related suit (where TCM was sued by the abovesaid same-party for RM65,065 together with interest and costs in connection with alleged monies owed to the third-party) was ordered by the High Court to be consolidated with the 1<sup>st</sup> suit. The High Court has fixed the mention before the High Court Judge on 6 August 2009. Further, TCM’s application for leave to appeal to the Federal Court (in respect of the dismissal of TCM’s preliminary objection by the Court of Appeal) is fixed for hearing on 29 June 2009.

### 12. Dividend

The Board has recommended a final dividend of 10% less tax of 25% for the year ended 31 December 2008 (2007 – 10% less 26% income tax). The proposed dividend has been approved by the shareholders at the Annual General Meeting held on 20 May 2009 and is payable on 18 June 2009. The entitlement date is 28 May 2009.

### 13. 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:

<b>Weighted average number of ordinary shares (‘000)</b>	<b>2009 Individual/ Cumulative Quarter</b>	<b>2008 Individual/ Cumulative Quarter</b>
Issued ordinary shares at beginning of the period	666,078	667,383
Effect of shares buyback during the period	(1,352)	-
	-----	-----
Weighted average number of ordinary shares	<u>664,726</u>	<u>667,383</u>

**BY ORDER OF THE BOARD**

**YAP BEE LEE**

Company Secretary

Kuala Lumpur  
28 May 2009