



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

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2009
(THE FIGURES HAVE NOT BEEN AUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2009 RM'000	Preceding Year Corresponding Quarter 30.06.2008 RM'000	Current Year To-date 30.06.2009 RM'000	Preceding Year Corresponding Period 30.06.2008 RM'000
Revenue	698,035	783,777	1,390,929	1,543,384
Operating profit	43,281	86,268	94,540	156,325
Interest expense	(4,056)	(5,104)	(9,902)	(10,925)
Interest income	2,844	2,336	5,828	4,955
Share of profit of associates	(75)	506	82	757
Profit before taxation	41,994	84,006	90,548	151,112
Tax expense	(7,270)	(15,785)	(14,016)	(28,543)
Profit for the period	34,724	68,221	76,532	122,569
Attributable to:				
Equity holders of the Company	34,587	68,140	76,169	122,197
Minority interest	137	81	363	372
	34,724	68,221	76,532	122,569
Earnings per share (sen)				
(a) Basic	5.34	10.21	11.60	18.31
(b) Fully diluted	N/A	N/A	N/A	N/A

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



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

CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 30 JUNE 2009

	(Unaudited) As at end of current quarter 30.06.2009 RM'000	As at preceding financial year end 31.12.2008 RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	493,388	520,994
Prepaid lease payments	71,441	71,843
Investment properties	10,638	10,692
Investments in associates	18,294	18,212
Other investments	1,806	5,806
Deferred tax assets	4,666	4,501
Hire purchase receivables	130,797	165,331
Long term receivables	5,584	3,633
	<hr/> 736,614	<hr/> 801,012
<u>Current assets</u>		
Other investments	242,304	239,822
Hire purchase receivables	27,154	61,609
Receivables, deposits and prepayments	255,024	214,237
Current tax assets	18,356	3,567
Inventories	520,926	854,440
Cash and cash equivalents	202,777	76,733
	<hr/> 1,266,541	<hr/> 1,450,408
TOTAL ASSETS	<hr/> 2,003,155	<hr/> 2,251,420
EQUITIES AND LIABILITIES		
Equity		
Share capital	336,000	336,000
Reserves	1,150,024	1,098,485
Treasury shares	(22,444)	(13,024)
Total equity attributable to equity holders of the Company	<hr/> 1,463,580	<hr/> 1,421,461
Minority interest	3,920	3,557
Total equity	<hr/> 1,467,500	<hr/> 1,425,018
<u>Non-current liabilities</u>		
Deferred tax liabilities	11,805	15,562
Borrowings	175,535	190,785
Employee benefits	21,129	19,943
	<hr/> 208,469	<hr/> 226,290
<u>Current liabilities</u>		
Payables and accruals	215,715	214,210
Borrowings	105,710	379,184
Taxation	5,761	6,718
	<hr/> 327,186	<hr/> 600,112
Total liabilities	<hr/> 535,655	<hr/> 826,402
TOTAL EQUITY AND LIABILITIES	<hr/> 2,003,155	<hr/> 2,251,420
Net assets per share attributable to shareholders of the Company (RM)	2.24	2.15

The Condensed Consolidated Balance Sheets 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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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2009
(THE FIGURES HAVE NOT BEEN AUDITED)

	----- Attributable to Equity Holders of the Parent -----				Minority Interest	Total Equity	
	Share capital	---Non-Distributable--- Treasury shares	Other reserves	Distributable reserves			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 01.01.08	336,000	(5,561)	33	902,127	1,232,599	3,743	1,236,342
Purchase of treasury shares	-	(2)	-	-	(2)	-	(2)
Realisation of translation reserve	-	-	(43)	-	(43)	-	(43)
Net profit for the period	-	-	-	122,197	122,197	372	122,569
Dividend – 2007 Final	-	-	-	(24,693)	(24,693)	-	(24,693)
At 30.06.08	336,000	(5,563)	(10)	999,631	1,330,058	4,115	1,334,173
At 01.01.09	336,000	(13,024)	31	1,098,454	1,421,461	3,557	1,425,018
Purchase of treasury shares	-	(9,420)	-	-	(9,420)	-	(9,420)
Foreign exchange reserve	-	-	(88)	-	(88)	-	(88)
Net profit for the period	-	-	-	76,169	76,169	363	76,532
Dividend – 2008 Final	-	-	-	(24,542)	(24,542)	-	(24,542)
At 30.06.09	336,000	(22,444)	(57)	1,150,081	1,463,580	3,920	1,467,500

The Condensed Consolidated Statements 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
(Company No: 12969-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2009
(THE FIGURES HAVE NOT BEEN AUDITED)

	For the 6 months ended 30.06.2009 (RM'000)	For the 6 months ended 30.06.2008 (RM'000)
Profit before tax	90,548	151,112
Adjustments for:		
Non-cash items	26,311	23,040
Non-operating items (which are investing/financing)	4,074	5,970
Operating profit before working capital changes	120,933	180,122
(Increase) / decrease in working capital	360,720	(8,143)
Other cash used (tax payment etc.) in operations	(38,200)	(17,356)
Net cash generated from operating activities	443,453	154,623
Net cash from/(used in) investing activities	5,277	(32,700)
Net cash used in financing activities	(325,259)	(91,790)
Net increase / (decrease) in cash and cash equivalents	123,471	30,133
Cash and cash equivalents at beginning of the year	76,174	69,947
Cash and cash equivalents at end of the period	199,645	100,080

The Condensed Consolidated Cash Flow Statements 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:

FRSs / Interpretations	Effective date
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 2,494,100 units of its own shares through the open market at prices per share ranging from RM1.14 to RM1.67. The total consideration paid for these transactions including transaction costs was RM3,677,053 and this was financed by internally generated funds. The cumulative total number of shares bought back at the end of the financial quarter was 17,806,900.

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 except for the asset backed securitization transaction disclosed in Note 8:- Status of Corporate Proposals, of the Explanatory notes as per Listing Requirements of Bursa Malaysia Securities Berhad.

8. Dividend paid

A final dividend of 10 % less tax of 25% for the year ended 31 December 2008 (2007 – 10% less tax 26%) amounting to RM24.5million (2007 – RM24.7 million) was paid on 18 June 2009.

9. Segmental reporting

	Revenue		Profit before tax	
	----- 6 months ended 30 June -----			
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Vehicle assembly, distribution and after sale services	1,381,398	1,538,001	94,246	156,121
Financial services	9,492	5,675	5,259	4,545
Other operations	5,259	1,929	1,498	908
	1,396,149	1,545,605	101,003	161,574
Inter-segment elimination	(5,220)	(2,221)	-	-
	1,390,929	1,543,384	101,003	161,574
Unallocated expenses			(6,463)	(5,249)
			94,540	156,325
Interest income			5,828	4,955
Interest expense			(9,902)	(10,925)
Share of profit of associates			82	757
			90,548	151,112

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 has incorporated a company under the Law on Commercial Enterprises of the Kingdom of Cambodia with the name of Tan Chong Motor (Cambodia) Pty Ltd to carry on the business in trading and marketing of motor vehicles. Approval from the Ministry of Commerce of Cambodia dated 28 May 2009 for registration of Tan Chong Motor (Cambodia) Pty Ltd was received by the Company on 3 June 2009.

Tan Chong Motor (Cambodia) Pty Ltd has an authorised and registered capital of 4,000,000 Riel (approximately USD1,000/-) represented by 1,000 ordinary shares, each having a par value of 4,000 Riel (approximately USD1/-). It is a wholly-owned subsidiary of ETCM (Labuan) Pty Ltd. ETCM (Labuan) Pty Ltd is a wholly-owned subsidiary of Edaran Tan Chong Motor Sdn Bhd, which in turn is a wholly-owned subsidiary of Tan Chong Motor Holdings Berhad.

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

	30.06.09	31.12.08
	RM'000	RM'000
Property, plant and equipment		
Authorised and contracted for	16,658	14,396
Authorised but not contracted for	213,071	178,474
	<u>229,729</u>	<u>192,870</u>

Explanatory notes as per Listing Requirements of Bursa Malaysia Securities Berhad**1. Review of performance**

The local economic environment continues to be challenging and the automotive sector continues to adapt to market circumstances. Total Industry Volume (TIV) of new vehicles in Malaysia for 1H 2009 fell by 9.7% to 251,092 units from 277,973 units for the corresponding period last year. In this context, NISSAN passenger and commercial vehicles sales increased by 2.8% to 14,082 units from 13,701 units in 1H 08, due to our efforts to control the fall. Both our flagship brands NISSAN cars and UD trucks registered a combined 6.0% share of TIV in 1H 2009. (source: Malaysia Automotive Association or MAA)

During 1H 2009, revenue and earnings contracted by 9.9% and 37.7% year on year respectively. With a disproportionately larger cutback in USD & JPY import orders, when the Ringgit was weak, our focus in 1H 2009 was to contain risk and generate positive working capital. We reduced inventories by 39.0%, increased free cash flow by RM443.4 million and brought the Group to net cash position.

2. Comparison with preceding quarter's results

Operating trends were similar to Q1 2009 and in line with our budget as we finished running down lower priced inventory and absorb negative variances from cutbacks in production. Profit margins were also lower due to a downshift in sales mix. The drop in our net margins is stabilizing at around 4.9% compared to 6.0% in Q1 2009 and 4.3% in Q4 2008.

3. Current year prospects

In line with a stronger Ringgit (compared to Q1 2009) CKD orders have returned to normal since June to meet deliveries in October-November. Negative production variances in Q1 and Q2 2009 are likely to reverse in Q4 2009 once production has increased significantly to meet bookings. In the meantime, it would be challenging to meet deliveries in Q3 due to the higher bookings.

Our guidance is still going to be down year on year. Q3 2009 could be the bottom before rebounding from Q4 2009 onwards. However the pace of the recovery is still in question. We aim to catalyze the improvement, however modest, with new products and investments in productivity.

4. Comparison with profit forecast

This is not applicable to the Group.

5. Taxation

	Individual Quarter		Cumulative Quarter	
	30.06.09	30.06.08	30.06.09	30.06.08
	RM'000	RM'000	RM'000	RM'000
Current year	6,973	15,979	17,733	28,575
Prior years	297	(265)	181	(316)
Deferred tax	-	71	(3,898)	284
	<u>7,270</u>	<u>15,785</u>	<u>14,016</u>	<u>28,543</u>

The effective tax rate for the current quarter ended 30 June 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 30 June 2009.

7. Purchase or disposal of quoted securities

There were no purchases or disposals of quoted securities for the financial quarter ended 30 June 2009.

8. Status of corporate proposals

During the quarter, the Group realized proceeds of approximately RM110 million from sales of hire purchase receivables in a securitization transaction.

Premium Commerce Bhd. ("PCB"), a special purpose vehicle (SPV) established for the securitization of the Group's hire purchase receivables, completed a second issuance of RM159.0 million nominal value Asset-Backed Medium Term Notes. The proceeds from the issuance of Notes Series 2009-A were used by PCB for the purchase of hire purchase receivables from Tan Chong Motor Holdings Berhad ("TCMH")'s wholly owned subsidiaries, Tan Chong & Sons Motor Company Sdn Bhd (TCSM) and TC Capital Resources Sdn Bhd ("TCCR"). The Class A notes (RM150 million) and Class B notes (RM1 million) are rated AAA and AA2 respectively by RAM Rating Services Berhad and the Class C notes (RM8 million) are not rated. The shorter tenured Class A notes (RM110 million) were underwritten by CIMB Investment Bank Berhad, and the remaining longer tenured notes were retained by TCMH.

Under the securitization program, TCSM and TCCR have sold hire purchase receivables amounting to RM159.5 million (net of unearned interest) to the SPV. The SPV books have been consolidated into TCMH Group, in line with IC Interpretation 112 Consolidation – Special Purpose Entities; but the portion of hire purchase receivables sold to "third Parties" has been de-recognised. As such, only the hire purchase receivables amounting to RM110.3 million (net of unearned interest), have been de-recognised on consolidation. The net impact to the consolidated Income Statement is RM0.6 million.

Under the securitization program, TCCR as the servicer will continue to service the hirers and to collect all amounts due on behalf of the SPV, in return for a monthly fee based on a percentage of the monthly collections.

The securitization transaction has enabled the Group to monetize its hire purchase receivables and will put it in strong cash position to undertake further value enhancing transactions in the future.

Apart from this, 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	7,385
- Bank overdraft	3,132
- Short term loan	95,193
- Long term loan	175,535
Total borrowings	<u>281,245</u>
Comprising :	
Amount repayable within one year	105,710
Amount repayable after one year	175,535
	<u>281,245</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 10 August 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	1,221,926	45,063	13 Aug – 24 Sept 2009
US Dollars	9,000	31,659	21 Aug – 24 Sept 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 ("1st 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 1st suit. The High Court has fixed the mention before the High Court Judge on 24 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) was fixed for hearing on 17 August 2009. On 17 August 2009, the Federal Court granted a consent order for the removal of one of the Plaintiff's claims in the Re-Amended Statement of Claim dated 25 November 1999 (i.e. the Defendant had unlawfully terminated the agreement). Since the consent order has been recorded, TCM's said application for leave to appeal was accordingly struck off with no order as to costs.

12. Dividend

The Board has declared an interim dividend of 10% less tax of 25% for the year ending 31 December 2009 (2008 – 10% less tax of 26%) to be paid on 28 September 2009 to shareholders whose names appear in the Register of Members on 10 September 2009.

A depositor shall qualify for entitlement to the dividend only in respect of:

- a. shares transferred into the depositor's securities account before 4:00 p.m. on 10 September 2009 in respect of transfers;
- b. shares deposited into the depositor's securities account before 12:30 p.m. on 8 September 2009 in respect of shares exempted from mandatory deposit; and
- c. shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis in accordance with the rules of Bursa Malaysia Securities Berhad.

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:

Weighted average number of ordinary shares ('000)	Individual Quarter		Cumulative Quarter	
	2009	2008	2009	2008
Issued ordinary shares at beginning of the period	656,687	667,383	666,078	667,383
Effect of shares buyback during the period	(2,085)	(1)	(9,718)	(1)
Weighted average number of ordinary shares	654,602	667,382	656,360	667,382

BY ORDER OF THE BOARD

YAP BEE LEE

Company Secretary

Kuala Lumpur
19 August 2009