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

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED 31 DECEMBER 2010

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2010 RM'000	Preceding Year Corresponding Quarter 31.12.2009 RM'000	(Unaudited) Current Year To-date 31.12.2010 RM'000	(Audited) Preceding Year Corresponding Period 31.12.2009 RM'000
Revenue	835,360	720,189	3,505,248	2,856,886
Operating profit	71,303	43,772	335,008	182,685
Interest expense	(11,290)	(6,258)	(27,477)	(20,356)
Interest income	6,295	5,667	14,583	14,728
Share of profit of associates	(9)	(472)	639	169
Profit before taxation	66,299	42,709	322,753	177,226
Tax expense	(13,844)	347	(91,666)	(22,922)
Profit for the period	52,455	43,056	231,087	154,304
Attributable to:				
Equity holders of the Company	52,071	42,725	229,740	153,326
Minority Interest	384	331	1,347	978
	52,455	43,056	231,087	154,304
Earning per share (sen)				
(a) Basic	7.98	6.53	35.19	23.42
(b) Fully diluted	N/A	N/A	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 2009.

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2010

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Preceding	(Unaudited)	(Audited)
	Current Year Quarter	Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Profit for the period	52,455	43,056	231,087	154,304
Foreign currency translation differences for foreign operations	(2,145)	(141)	(2,769)	(367)
Cash flow hedge	343	-	694	-
Revaluation surplus	(159) *	159	(159) *	159
Other comprehensive income for the period, net of tax	(1,961)	18	(2,234)	(208)
Total comprehensive income for the period	50,494	43,074	228,853	154,096
Total comprehensive income attributable to:				
Equity holders of the Company	50,110	42,743	227,506	153,118
Minority Interest	384	331	1,347	978
Total comprehensive income for the period	50,494	43,074	228,853	154,096

* Relates to additional premium for land conversion

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009.

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	(Unaudited) As at end of current quarter 31.12.2010 RM'000	(Audited) As at preceding financial year end 31.12.2009 RM'000 restated
ASSETS		
Non-current assets		
Property, plant and equipment	618,388	584,941
Investment properties	10,490	10,582
Investments in associates	18,920	18,281
Other investments	1,807	1,806
Deferred tax assets	12,035	4,881
Hire purchase receivables	278,249	259,504
Goodwill on consideration	14,191	-
Long term receivables	3,945	7,116
	958,025	887,111
Current assets		
Other investments	297,352	423,333
Hire purchase receivables	60,581	117,220
Receivables, deposits and prepayments	277,923	235,107
Current tax assets	3,310	15,047
Inventories	1,005,333	673,185
Derivative assets	768	-
Asset classified as held for sale	-	2
Cash and cash equivalents	142,672	114,377
	1,787,939	1,578,271
TOTAL ASSETS	2,745,964	2,465,382

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010 (continued)

	(Unaudited) As at end of current year 31.12.2010 RM'000	(Audited) As at preceding financial year end 31.12.2009 RM'000 restated
EQUITY AND LIABILITIES		
Equity		
Share capital	336,000	336,000
Reserve	1,371,376	1,202,549
Treasury shares	(24,778)	(24,777)
Total equity attributable to equity holders of the Company	1,682,598	1,513,772
Minority interest	8,639	4,406
Total equity	1,691,237	1,518,178
Non-current liabilities		
Deferred tax liabilities	23,258	8,669
Borrowings	354,167	260,590
Employee benefits	31,667	22,286
	409,092	291,545
Current Liabilities		
Payables and accruals	287,082	267,289
Borrowings	352,384	387,643
Derivative liabilities	1	-
Taxation	6,168	725
Liability classified as held for sale	-	2
	645,635	655,659
Total liabilities	1,054,727	947,204
TOTAL EQUITY AND LIABILITIES	2,745,964	2,465,382
Net assets per share attributable to equity holders of the Company (RM)	2.58	2.32

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2010

	|------Attributable to Equity Holders of the Company------|							
		|---Non-Distributable---|						
	Share capital	Treasury shares	Other reserves	Hedging reserves	Distributable reserves	Total	Minority interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(Audited)								
At 01.01.2009	336,000	(13,024)	31	-	1,098,454	1,421,461	3,557	1,425,018
Total comprehensive income for the period	-	-	(208)		153,326	153,118	978	154,096
Purchase of treasury shares	-	(11,753)	-	-	-	(11,753)	-	(11,753)
Additional shares subscribed by minority interest	-	-	-	-	-	-	5	5
Acquisition of minority interest	-	-	-	-	(29)	(29)	(134)	(163)
Dividend - 2008 Final	-	-	-	-	(24,543)	(24,543)	-	(24,543)
Dividend - 2009 Interim	-	-	-	-	(24,482)	(24,482)	-	(24,482)
At 31.12.2009	336,000	(24,777)	(177)	-	1,202,726	1,513,772	4,406	1,518,178
(Unaudited)								
At 01.01.2010	336,000	(24,777)	(177)	-	1,202,726	1,513,772	4,406	1,518,178
- Effects on the adoption of FRS 139	-	-	-	75	-	75	-	75
At 01.01.2010, as restated	336,000	(24,777)	(177)	75	1,202,726	1,513,847	4,406	1,518,253
Total comprehensive income for the period	-	-	(2,928)	694	229,740	227,506	1,347	228,853
Purchase of treasury shares	-	(1)	-	-	-	(1)	-	(1)
Acquisition of subsidiary	-	-	-	-	-	-	3,186	3,186
Dividend - 2009 Final	-	-	-	-	(29,377)	(29,377)	-	(29,377)
Dividend - 2010 Interim	-	-	-	-	(29,377)	(29,377)	(300)	(29,677)
At 31.12.2010	336,000	(24,778)	(3,105)	769	1,373,712	1,682,598	8,639	1,691,237

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2010

	INDIVIDUAL / CUMULATIVE QUARTER	
	(Unaudited) For the 12 months ended 31.12.2010 RM'000	(Audited) For the 12 months ended 31.12.2009 RM'000 restated
Profit before tax	322,753	177,226
Adjustment for:		
Non-cash items	56,534	51,904
Non-operating items (which are investing/financing)	12,679	5,198
Operating profit before working capital changes	391,966	234,328
(Increase)/decrease in working capital	(314,691)	60,197
Other cash used (tax payment etc.) in operations	(75,738)	(53,928)
Net cash generated from operating activities	1,537	240,597
Net cash generated from/(used in) investing activities	27,495	(220,439)
Net cash (used in)/generated from financing activities	(6,903)	17,687
Net increase in cash and cash equivalents	22,129	37,845
Cash and cash equivalents at beginning of the year	114,019	76,174
Cash and cash equivalents at end of the period	136,148	114,019

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009.

Explanatory notes as per Financial Reporting Standard (FRS) 134 Interim Financial Reporting and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

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 Main Market 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 2009. 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 2009.

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 2009, except for the adoption of the following new and revised FRSs, amendments and interpretations issued by the Malaysian Accounting Standards Board (MASB) applicable to the Group on 1 January 2010.

- FRS 4, *Insurance Contracts*
- FRS 7, *Financial Instruments: Disclosures*
- FRS 8, *Operating Segments*
- FRS 101, *Presentation of Financial Statements* (revised)
- FRS 123, *Borrowing Costs* (revised)
- FRS 139, *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
- Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 7, *Financial Instruments: Disclosures*
- Amendments to FRS 101, *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 132, *Financial Instruments: Presentation*
  – *Puttable Financial Instruments and Obligations Arising on Liquidation*
  – *Separation of Compound Instruments*
- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*
  – *Reclassification of Financial Assets*
- Improvements to FRSs (2009)
- IC Interpretation 9, *Reassessment of Embedded Derivatives*
- IC Interpretation 10, *Interim Financial Reporting and Impairment*
- IC Interpretation 11, FRS 2 – *Group and Treasury Share Transactions*
- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, FRS 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

Explanatory notes as per Financial Reporting Standard (FRS) 134 Interim Financial Reporting and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

2. Changes In Accounting Policies (Continued)

The adoption of the above FRSs, amendments and interpretations did not have any significant effects on the interim financial report upon their initial application, other than as discussed below:

(a) FRS 8: Operating Segments

Prior to the adoption of FRS 8, the Group's segment reporting was based on a reporting format of business segments. With the adoption of FRS 8, the Group's segment reporting has been changed to operating segments based on the segment information provided to the Boards of Directors. The comparatives of the preceding year corresponding period are re-presented to conform to the current period presentation, as disclosed in Note 9.

(b) FRS 101: Presentation Of Financial Statements (Revised)

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the interim financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of income statement, a statement of changes in equity, a statement of cash flows and notes to the financial statements. This revised FRS does not have any impact on the financial position and results of the Group.

(c) FRS 7: Financial Instruments

The adoption of FRS 7 requires additional disclosures regarding fair value measurements and liquidity risk in the full year financial statements, and has no effect on reported profit or equity. However, FRS 7 disclosures are not required in the interim financial statements, and hence, no further disclosures had been made in these interim financial statements.

(d) Amendment To FRS 117, Leases

The Group has adopted the amendment to FRS 117. The Group has reassessed and determined that all leasehold land of the Group which are in substance finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy had been made retrospectively in accordance with the transitional provisions of the amendment.

The reclassification does not affect the basic and diluted earnings per ordinary share for the current and prior periods.

The following comparative figures have been restated following the adoption of the amendment to FRS 117:

	31.12.2009	
	As restated RM'000	**As previously stated RM'000**
Property, plant and equipment	584,941	493,765
Prepaid lease payments	-	91,176

Explanatory notes as per Financial Reporting Standard (FRS) 134 Interim Financial Reporting and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

2. Changes In Accounting Policies (Continued)

(e) FRS 139, Financial Instruments: Recognition And Measurement, And Amendments To FRS 139: Financial Instruments: Recognition And Measurement

The new standard on FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and contracts to buy and sell non-financial items.

FRS 139 has been applied prospectively in accordance with the transitional provisions of the standard. In accordance to the transitional provisions for first-time adoption of FRS 139, adjustments arising from re-measuring the financial instruments as at 1 January 2010 were recognised as adjustments of the opening balance of retained earnings or other appropriate reserves. Comparatives are not adjusted.

Since FRS 139 is applied prospectively, its adoption does not affect the profit or loss for the preceding year corresponding quarter ended 30 September 2009.

The adoption of FRS 139 has resulted in changes to accounting policies relating to recognition and measurement of financial instruments and the new accounting policies are as follows:

i) Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

ii) Financial instrument categories and subsequent measurement

Financial assets

a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

b) Loans and receivables

Loans and receivables category comprises debts instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

Explanatory notes as per Financial Reporting Standard (FRS) 134 Interim Financial Reporting and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

2. Changes In Accounting Policies (Continued)

(e) FRS 139, Financial Instruments: Recognition And Measurement, And Amendments To FRS 139: Financial Instruments: Recognition And Measurement (Continued)

ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

c) Available-for-sale financial assets

Available-for-sale financial assets comprise investment in debt securities that are not held for trading and are subsequently measured at fair value with gain or loss recognised in other comprehensive income.

All financial assets, except for those measured at fair value through profit and loss, are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorized as fair value through profit and loss.

Fair value through profit and loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Other financial liabilities categorised as fair value through profit and loss are subsequently measured at their fair values with the gain or loss recognized in profit and loss.

iii) Hedge accounting

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedged item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge design is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in other comprehensive income until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

Explanatory notes as per Financial Reporting Standard (FRS) 134 Interim Financial Reporting and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

2. Changes In Accounting Policies (Continued)

(e) FRS 139, Financial Instruments: Recognition and Measurement, And Amendments To FRS 139: Financial Instruments: Recognition And Measurement (Continued)

iii) Hedge accounting (continued)

Cash flow hedge (continued)

The application of the above new policies has the following effects:

	Hedging reserves	
	2010	**2009**
	RM'000	**RM'000**
At 01.01.2010, as previously stated	-	-
Adjustment arising from adoption of FRS 139:		
- Recognition of derivatives previously not recognized	75	-
At 01.01.2010, as restated	75	-

The Group has not applied the following FRSs, amendments and interpretations that have been issued by the MASB but are not applicable for the Group:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010:
- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*

FRSs, Interpretation and amendments effective for annual periods beginning on or after 1 July 2010:
- FRS 1, *First-time Adoption of Financial Reporting Standards (revised)*
- FRS 3, *Business Combinations (revised)*
- FRS 127, *Consolidated and Separate Financial Statements (revised)*
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distributions of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011:
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
  - *- Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
  - *- Additional Exemptions for First-time Adopters*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers*
- Improvements to FRSs (2010)

Explanatory notes as per Financial Reporting Standard (FRS) 134 Interim Financial Reporting and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The Group will adopt these relevant Standards beginning on 1 January 2011. The adoption of these new Standards in next financial year is not expected to result in any significant impact in the accounting policies of the Group.

3. Audit Qualifications

There were no audit qualifications in the annual financial statements for the year ended 31 December 2009.

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 100 units of its own shares through the open market at RM5.46. The total consideration paid for this transaction including transaction costs was RM587 and this was financed by internally generated funds. The cumulative total number of shares bought back at the end of the financial quarter was 19,181,200.

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

Under the Group's Asset-Backed Medium Term Notes ("MTN") Program, the Group has completed a third issuance of RM241.75 million nominal value of MTN on 2 December 2010. During the quarter under review, the Group has redeemed RM23.0 million and RM1.65 million nominal values of Class A and Class B MTN respectively. The outstanding nominal value of MTN comprising Class A, Class B and Class C is RM540.1 million at the end of the financial quarter.

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

8. Dividend Paid

No dividends were paid during the quarter ended 31 December 2010.

Explanatory notes as per Financial Reporting Standard (FRS) 134 Interim Financial Reporting and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

9. Segmental Reporting

For the twelve months ended 31 December 2010

	Vehicles assembly, manufacturing, distribution and after sale services		Financial services		Other operations		Total	
	31.12.2010 RM'000	31.12.2009 RM'000	31.12.2010 RM'000	31.12.2009 RM'000	31.12.2010 RM'000	31.12.2009 RM'000	31.12.2010 RM'000	31.12.2009 RM'000
External revenue	3,458,816	2,835,995	45,133	20,383	1,299	508	3,505,248	2,856,886
Inter-segment revenue	8,930	2,661	700	791	24,115	18,244	33,745	21,696
Segment EBITDA*	368,558	212,472	31,593	12,109	12,341	24,968	412,492	249,549

**Segment earnings before interest, taxation, depreciation and amortisation*

Reconciliation of reportable segment profit or loss:

	31.12.2010 RM'000	31.12.2009 RM'000
Total EBITDA for reportable segments	412,492	249,549
Depreciation and amortisation	(57,229)	(51,473)
Finance costs	(27,477)	(20,356)
Interest income	14,583	14,728
Share of profit of associates not included in reportable segments	639	169
Unallocated corporate expenses	(20,255)	(15,391)
Consolidated profit before tax	322,753	177,226

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 2009.

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.

Explanatory notes as per Financial Reporting Standard (FRS) 134 Interim Financial Reporting and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

12. Changes In Composition Of The Group

On 27 October 2010, Nissan Vietnam Co., Ltd became a 74% owned subsidiary of the Group upon issuance of the amended Investment Certificate by the People's Committee of Hanoi.

During the quarter under review, the Group had incorporated in Malaysia the following wholly-owned subsidiaries:

No.	Name of Subsidiary	Date of Incorporation	Principal Activity
(i)	TC Trucks Group Sdn Bhd	23 December 2010	Investment holding
(ii)	TC Trucks Sales Sdn Bhd	29 December 2010	Distribution and sale of motor vehicles
(iii)	TC Trucks After Sales Sdn Bhd	30 December 2010	Provision of automobile after-sales services

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

	31.12.2010 RM'000	31.12.2009 RM'000
Property, plant and equipment		
Authorised and contracted for		
In Malaysia	37,584	16,051
Outside Malaysia	-	6,262
Authorised but not contracted for		
In Malaysia	125,218	204,760
	162,802	227,073

Explanatory notes as per Financial Reporting Standard (FRS) 134 Interim Financial Reporting and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

15. Significant Related Party Transactions

(a) Significant transactions with Warisan TC Holdings Berhad (WTCH) and APM Automotive Holdings Berhad (APM) Groups, companies in which certain Directors of the Company, namely Dato' Tan Heng Chew and Tan Eng Soon, are deemed to have substantial financial interests, are as follows:

	Individual Quarter		Cumulative Quarter	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
With WTCH Group				
Sales	4,337	3,510	21,698	11,045
With APM Group				
Purchases	30,724	31,774	136,033	80,116

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

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

	Individual Quarter		Cumulative Quarter	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Purchases	355,213	319,673	1,138,744	724,477

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.:

(i) a company in which a former Director of the Company, namely Azman bin Badrillah (resigned on 1 July 2010) has substantial financial interest; and

(ii) a company connected to certain Directors of the Company, namely Dato' Tan Heng Chew and Tan Eng Soon by virtue of Section 122A of the Companies Act, 1965.

	Individual Quarter		Cumulative Quarter	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Purchases	89,812	38,990	305,865	120,812

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

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

1. Review Of Performance

2010 was a record year with revenues of RM3.5 billion and RM322.7 million in profit before tax. But due to a slower second half, net profit and earnings per share came in at the low end of market expectations. The slowdown reflects the complexity of transitioning from a higher commercial vehicle sales mix to stronger passenger models. The all-new NISSAN Teana was launched on 23rd November 2010 and the bulk of sales were recognized at the start of 2011 instead of 2010. Overall performance shows a disciplined approach to executing our long-term business plans even as total industry volume peaked.

Inventories rose from RM673 million a year ago to over RM1.0 billion as at 31st December 2010 since most customers opted for deliveries in January 2011 instead of December. Net gearing in the meantime, touched 15.8% (or RM267 million net debt) of shareholder's funds (amounting to RM1.7 billion). Financial liquidity remains abundant.

2. Comparison With Preceding Quarter's Results

The performance for the quarter was below the previous quarters' level although conditions continued to be positive in terms of hire purchase financing. December 2010 saw across the board price discounting to clear 2010 inventories ahead of new model introductions in 2011. In return for the volume tradeoff our Operating Profit margins stabilized at 8.5% in Q4 compared to 8.3% in Q3. Despite an intense marketplace, we extended our competitive reach by successfully filling the gap in the D-segment and expanding our regional presence, especially in emerging markets.

3. Current Year Prospects

2011 will be a year of record new model introductions for the Group, due in large part to a rigorous marketplace and a more discerning consumer. Based on the booking backlog in Q4 2010 and visible showroom traffic, the Group remains well positioned to capitalize on both local and regional economic trends. As total industry volume matures in Malaysia but grows from a low base in Indochina, the prospect for sustainable expansion is possible if we remain committed and careful.

4. Comparison With Profit Forecast

This is not applicable to the Group.

5. Taxation

	Individual Quarter		**Cumulative Quarter**	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current year	14,820	5,657	79,865	32,473
Prior year	(363)	(5,115)	(346)	(4,764)
Deferred tax	(613)	(889)	12,147	(4,787)
	13,844	(347)	91,666	22,922

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

5. Taxation (Continued)

Taxation for the quarter under review is higher compared to corresponding period last year due to improved profit and Reinvestment Allowance has been exhausted.

The effective tax rate for the year is higher than the statutory rate of 25% due to certain expenses disallowed for tax purposes and absence of full group relief.

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 December 2010.

7. Quoted Securities

There were no purchases or disposals of quoted securities for the current financial quarter ended 31 December 2010.

The adoption of FRS 139 has resulted in the Group’s short term investment which consists of quoted securities classified under “Financial assets at fair value through profit and loss (FAFVPL)”.

FAFVPL are subsequently measured at fair value with gain or loss recognised in profit or loss. This category of financial assets is classified as current assets.

	31.12.2010 **RM’000**
Fair value gain recognised in profit or loss	241

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:

	31.12.2010 **RM'000**
Unsecured :	
- Bills payable	189,489
- Bank overdraft	6,524
- Short term loan	156,371
- Long term loan	354,167
Total borrowings	706,551
Comprising :	
Amount repayable within one year	352,384
Amount repayable after one year	354,167
	706,551

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

10. Realised And Unrealised Profits

On 25 March 2010, Bursa Malaysia Securities Bhd ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

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

	Group 31.12.2010 RM'000	Group 30.09.2010 RM'000
Total retained profits of Tan Chong Motor Holdings Bhd and its subsidiaries:		
- Realised	1,552,710	1,523,939
- Unrealised loss	(16,848)	(22,912)
	1,535,862	1,501,127
Total share of retained profits from associated companies:		
- Realised	4,980	4,989
- Unrealised loss	(57)	(57)
	4,923	4,932
Total Group retained profits before consolidation adjustments	1,540,785	1,505,959
Less: Consolidation adjustments	(167,073)	(184,318)
Total Group retained profits as per consolidated accounts	1,373,712	1,321,641

The determination of realised and unrealised profits is based on the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Bhd Listing Requirements, issued by Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

11. Outstanding Derivatives As At 31 December 2010

Derivative type	Notional value RM '000	Fair value RM '000	Maturity
Forward foreign exchange contracts	91,188	91,957	Less than 1 year

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

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.

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

12. Changes In Material Litigations

Tan Chong & Sons Motor Company ("TCM"), a wholly-owned subsidiary of the Company, 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 aforesaid same-party for RM65,065 together with interest and costs in connection with alleged monies owed to the third-party) (2nd suit) was ordered by the High Court to be consolidated with the 1st suit. All parties have closed their cases for the first suit during the continued hearing on 9 and 10 February 2011 and the Court has fixed for decision on 5 May 2011. During the same hearing the court has decided that the 2nd suit to be heard separately and the court will fix another hearing date.

The solicitors representing the Group are of the view that TCM has a valid defence to the claim.

13. Dividend

Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the Board had recommended a final dividend of 12% less tax of 25% for the year ended 31 December 2010 (2009 – 12% less 25% income tax). The net amount payable is RM29.4 million (2009 - RM29.4 million).

The entitlement and payment dates for the final dividend will be announced at a later date.

14. 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:

	Individual Quarter		**Cumulative Quarter**	
Weighted average number of ordinary shares	**2010 ('000)**	**2009 ('000)**	**2010 ('000)**	**2009 ('000)**
Issued ordinary shares at beginning of the period	652,819	654,602	652,819	666,078
Effect of shares buyback during the period	-	(1,683)	-	(10,865)
Weighted average number of ordinary shares	652,819	652,919	652,819	655,213

BY ORDER OF THE BOARD
YAP BEE LEE
Company Secretary

Kuala Lumpur
23 February 2011