



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

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED 30 JUNE 2011

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2011 RM'000	Preceding Year Corresponding Quarter 30.06.2010 RM'000	Current Year To Date 30.06.2011 RM'000	Preceding Year Corresponding Period 30.06.2010 RM'000
Revenue	942,992	927,925	2,074,734	1,798,292
Operating profit	82,954	97,343	191,465	190,976
Interest expense	(5,731)	(5,679)	(12,232)	(12,582)
Interest income	2,376	4,361	4,919	5,965
Share of profit of associates	173	(72)	772	507
Profit before taxation	79,772	95,953	184,924	184,866
Tax expense	(23,238)	(31,769)	(54,835)	(55,756)
Profit for the period	56,534	64,184	130,089	129,110
Attributable to:				
Equity holders of the Company	56,462	63,655	130,542	128,328
Non-controlling interests	72	529	(453)	782
	56,534	64,184	130,089	129,110
Earning per share (sen)				
(a) Basic	8.65	9.75	20.00	19.66
(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 2010.



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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2011

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2011 RM'000	Preceding Year Corresponding Quarter 30.06.2010 RM'000	Current Year To Date 30.06.2011 RM'000	Preceding Year Corresponding Period 30.06.2010 RM'000
Profit for the period	56,534	64,184	130,089	129,110
Foreign currency translation differences for foreign operations	1,277	140	1,082	197
Cash flow hedge	285	11,324	222	5,255
Other comprehensive income for the period, net of tax	1,562	11,464	1,304	5,452
Total comprehensive income for the period	58,096	75,648	131,393	134,562
Total comprehensive income attributable to:				
Equity holders of the Company	58,024	75,119	131,846	133,780
Non-controlling interests	72	529	(453)	782
Total comprehensive income for the period	58,096	75,648	131,393	134,562

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010.



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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	(Unaudited)	(Audited)
	As at end of	As at preceding
	current quarter	financial year end
	30.06.2011	31.12.2010
	RM'000	RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	655,510	618,388
Investment properties	10,444	10,490
Investments in associates	19,692	18,920
Other investments	1,939	1,807
Deferred tax assets	13,985	12,090
Hire purchase receivables	393,938	284,554
Intangible assets	14,191	14,191
Long term receivables	3,903	3,945
	1,113,602	964,385
<u>Current assets</u>		
Other investments	193,098	289,936
Hire purchase receivables	113,085	54,276
Receivables, deposits and prepayments	380,951	277,922
Current tax assets	5,929	3,310
Inventories	789,767	1,005,333
Derivative assets	991	769
Cash and cash equivalents	208,107	150,088
	1,691,928	1,781,634
TOTAL ASSETS	2,805,530	2,746,019



TAN CHONG MOTOR HOLDINGS BERHAD
(Company No: 12969-P)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011 (continued)

	(Unaudited) As at end of current quarter 30.06.2011 RM'000	(Audited) As at preceding financial year end 31.12.2010 RM'000
EQUITY AND LIABILITIES		
<u>Equity</u>		
Share capital	336,000	336,000
Reserves	1,473,848	1,371,376
Treasury shares	(24,782)	(24,778)
Total equity attributable to equity holders of the Company	1,785,066	1,682,598
Non-controlling interests	8,186	8,639
Total equity	1,793,252	1,691,237
<u>Non-current liabilities</u>		
Deferred tax liabilities	23,414	23,313
Borrowings	300,000	354,167
Employee benefits	35,543	31,667
	358,957	409,147
<u>Current liabilities</u>		
Payables and accruals	339,622	287,082
Borrowings	302,831	352,384
Derivative liabilities	-	1
Taxation	10,868	6,168
	653,321	645,635
Total liabilities	1,012,278	1,054,782
TOTAL EQUITY AND LIABILITIES	2,805,530	2,746,019
Net assets per share attributable to equity holders of the Company (RM)	2.73	2.58

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010.



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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2011

	-----Attributable to Equity Holders of the Company-----						Non-controlling interests	Total equity
	-----Non-Distributable-----							
	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000	Hedging reserves RM'000	Distributable reserves RM'000	Total RM'000	RM'000	RM'000
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	-	-	197	5,255	128,328	133,780	782	134,562
Purchase of treasury shares	-	(1)	-	-	-	(1)	-	(1)
Dividend - 2009 Final	-	-	-	-	(29,377)	(29,377)	-	(29,377)
At 30.06.2010	336,000	(24,778)	20	5,330	1,301,677	1,618,249	5,188	1,623,437
At 01.01.2011	336,000	(24,778)	(3,105)	769	1,373,712	1,682,598	8,639	1,691,237
Total comprehensive income for the period	-	-	1,082	222	130,542	131,846	(453)	131,393
Purchase of treasury shares	-	(4)	-	-	-	(4)	-	(4)
Dividend - 2010 Final	-	-	-	-	(29,374)	(29,374)	-	(29,374)
At 30.06.2011	336,000	(24,782)	(2,023)	991	1,474,880	1,785,066	8,186	1,793,252

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010.



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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2011

	CUMULATIVE QUARTER	
	For the 6 months ended 30.06.2011 RM'000	For the 6 months ended 30.06.2010 RM'000
	Profit before tax	184,924
Adjustment for:		
Non-cash items	35,706	21,158
Non-operating items (which are investing/financing)	3,958	6,402
Operating profit before working capital changes	224,588	212,426
Increase in working capital	(3,071)	(63,234)
Other cash used (tax payment etc.) in operations	(58,798)	(23,276)
Net cash generated from operating activities	162,719	125,916
Net cash generated from investing activities	28,401	109,970
Net cash used in financing activities	(126,577)	(144,711)
Net increase in cash and cash equivalents	64,543	91,175
Cash and cash equivalents at beginning of the period	143,564	114,019
Cash and cash equivalents at end of the period	208,107	205,194

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year 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

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 2010. 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 2010.

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 2010, except for the adoption of the following Financial Reporting Standards ("FRS"), Amendments to FRSs and IC Interpretations:

- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*
- 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*
- 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)

The adoption of the revised FRS 3 and FRS 127, will potentially have a financial impact on the Group as it will result in changes in accounting for business combinations and the preparation of consolidated financial statements. The main change introduced under the revised FRS 127 will be the accounting for changes in ownership interest in a subsidiary, where changes in ownership which do not result in the loss of control are now accounted for within equity instead of the income statement. Where changes in ownership interest result in loss of control, any remaining interest is re-measured at fair value and a gain or loss is recognised in the income statement. Minority interest is now referred to as "non-controlling interest". All total comprehensive income is proportionately allocated to non-controlling interest, even if it results in the non-controlling interests having a deficit balance.

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

The revised FRS 3 introduces the option, on an acquisition-by-acquisition basis, to measure non-controlling interest in a business combination either at fair value or at the non-controlling interest's proportionate share of the net identifiable assets acquired. Goodwill is measured as the difference between the aggregate of the fair value of consideration transferred, any non-controlling interest in the acquiree and the fair value at acquisition date of any previously held equity interest in the acquiree, and the net identifiable assets acquired. Any negative goodwill (ie. bargain purchase) is recognised in the income statement. Any consideration transferred in a business combination is measured at fair value as at the acquisition date. There is no financial impact immediately upon adoption of these two accounting standards as they both only have prospective effect, and hence their adoption will only have impact on future acquisitions of the Group.

The adoption of the Amendments to FRS 7, which promotes enhanced disclosures on fair value measurement of financial instruments via the introduction of the concept of the fair value hierarchy, will only affect disclosures and will not have any financial impact on the results of the Group.

The adoption of the other FRSs, Amendments to FRSs and IC Interpretations above generally did not have any material impact on the financial results of the Group, as they mainly deal with accounting policies affecting transactions which do not form part of the Group's normal business operations or transactions where the Group only has minimal exposure.

The following FRS and IC Interpretations have been issued by the MASB but are not yet effective, and have yet to be adopted by the Group:-

Effective for annual periods commencing on or after 1 July 2011:-

- IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

Effective for annual periods commencing on or after 1 January 2012:-

- FRS 124 *Related Party Disclosures*
- IC Interpretation 15 Agreements for the Construction of Real Estate

3. Audit Qualifications

There were no audit qualifications in the annual financial statements for the year ended 31 December 2010.

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 of amounts reported in prior financial years that have a material effect on the results for the six months ended 30 June 2011.

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

7. Debt And Equity Securities

During the current quarter, the Company repurchased 800 units of its issued ordinary shares from the open market at an average price of RM4.34 per share. Total consideration paid for the repurchase including transaction costs was RM3,517.05 and this was financed by internally generated funds. Cumulative total number of shares repurchased at the end of the quarter was 19,182,000.

The shares repurchased are being held as treasury shares in accordance with Section 67A of the Company Act 1965.

Under the Group's Asset-Backed Medium Term Notes ("MTN") Program, the Group has redeemed RM39.0 million and RM0.95 million nominal values of Class A and Class C MTN respectively during the quarter. The outstanding nominal value of MTN comprising Class A, Class B and Class C is RM465.75 million at the end of the financial quarter.

There were no other issuance and repayment of debt securities, share cancellation and resale of treasury shares during the period.

8. Dividend Paid

A final dividend of 12% less tax of 25% for the year ended 31 December 2010 (2009 – 12% less tax 25%) amounting to RM29.37 million (2009 – RM29.38 million) was paid on 24 June 2011.

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 financial period ended 30 June 2011

	Vehicles assembly, manufacturing, distribution and after sale services		Financial services		Other operations		Total	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010	30.06.2011	30.06.2010	30.06.2011	30.06.2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	2,054,850	1,778,072	18,213	20,047	1,671	173	2,074,734	1,798,292
Inter-segment revenue	4,876	2,221	786	1,088	16,223	8,999	21,885	12,308
Segment EBITDA*	222,204	208,769	11,440	14,584	383	2,929	234,027	226,282

*Segment earnings before interest, taxation, depreciation and amortisation

Reconciliation of reportable segment profit or loss:

	30.06.2011	30.06.2010
	RM'000	RM'000
Total EBITDA for reportable segments	234,027	226,282
Depreciation and amortisation	(33,589)	(28,788)
Finance costs	(12,232)	(12,582)
Interest income	4,919	5,965
Share of profit of associates not included in reportable segments	772	507
Unallocated corporate expenses	(8,973)	(6,518)
Consolidated profit before tax	184,924	184,866

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 2010.

11. Material Subsequent Event

On 2 August 2011, RM212 million Notes Series 2011-A was issued under the MTN Programme, The RM212 million Notes Series 2011-A, issued in various classes and tranches, forms part of the securitization of hire purchase receivables programme undertaken by TCMH's wholly-owned subsidiary, TC Capital Resources Sdn Bhd.

Taking this issuance into consideration, the consolidated proforma net gearing as at 30 June 2011 stands at 0.37%.

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

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)	Inspired Motor Sdn Bhd	05-Apr-11	Retailing of motor vehicles
(ii)	TC Facilities Management Sdn Bhd	02-Jun-11	Provision of building facilities management services
(iii)	Tan Chong Construction Sdn Bhd	02-Jun-11	Property construction
(iv)	Tan Chong Motorcycles (Malaysia) Sdn Bhd	28-Jun-11	Manufacturing of motorcycles

13. Changes In Contingent Liabilities Or Contingent Assets

There were no material changes in contingent liabilities or contingent assets since the last annual financial period.

14. Capital Commitments Outstanding Not Provided For In The Interim Financial Report

	30.06.2011	31.12.2010
	RM'000	RM'000
Property, plant and equipment		
Authorised and contracted for		
In Malaysia	30,594	37,584
Outside Malaysia	264	-
Authorised but not contracted for		
In Malaysia	152,851	125,218
Outside Malaysia	102,309	-
	<u>286,018</u>	<u>162,802</u>

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	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
	RM'000	RM'000	RM'000	RM'000
With WTCH Group				
Sales	10,401	3,479	20,315	8,784
With APM Group				
Purchases	20,716	27,039	77,032	56,617

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	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
	RM'000	RM'000	RM'000	RM'000
Purchases	210,324	248,510	492,082	497,020

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 certain Directors of the Company, namely Dato' Tan Heng Chew and Tan Eng Soon by virtue of Section 122A of the Companies Act, 1965, are as follows:

	Individual Quarter		Cumulative Quarter	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
	RM'000	RM'000	RM'000	RM'000
Purchases	37,030	51,890	95,900	126,128

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

2011 first half results showed improved top and bottom-line of RM2,074 million revenue (+15.4%) and RM130.1 million net profit (+0.75%) despite an earthquake that disrupted the global supply chain after March 11. Cost to income ratios may appear out of alignment due to the first year of consolidation of Nissan Vietnam Limited (NVL) which has yet to break-even after taking into account translation losses in a weaker Vietnamese Dong against a stronger denominated Ringgit (our reporting currency).

2. Comparison With Preceding Quarter's Results

Q2 lost some sales momentum seen in Q1 but we were able to control the fall by quickly running down existing inventory as shortages in select models emerged. Despite the obvious stock constraints, we were amongst the first to replenish inventories by June to meet backlogs in the coming quarter. Our inventories stood at RM789.8 million (30 June 2011) against RM878.8 million as at 31 March 2011 (the preceding quarter immediately after the earthquake) on the back of RM943 million turnover for April to June. Against our peak in Q1 2011, the current quarter appears to have bottomed with declines of 16.7% and 23.1% in terms of revenue and net profit.

3. Current Year Prospects

We are seeing stability and consistency in terms of CKD (Complete Knock Down) deliveries for the first time since the disaster in Japan. However, the supply side recovery is met with end-demand risks due to teething problems relating to the enforcement of the amended HPA (Hire Purchase Act) on 15 June 2011. Barring a protracted resolution by the Ministry of Domestic Trade, Cooperative & Consumerism, our performance should catch-up in Q3 2011 after the slowdown in Q2. With most of the bad news behind us and the economy indicating stability, if not mild acceleration, consumers are returning to showrooms even without an increase in incentive levels.

4. Comparison With Profit Forecast

This is not applicable to the Group.

5. Taxation

	Individual Quarter		Cumulative Quarter	
	30.06.2011 RM'000	30.06.2010 RM'000	30.06.2011 RM'000	30.06.2010 RM'000
Current year	24,084	25,572	55,468	45,892
Prior year	1,107	386	1,161	423
Deferred tax	(1,953)	5,811	(1,794)	9,441
	<u>23,238</u>	<u>31,769</u>	<u>54,835</u>	<u>55,756</u>

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 lower compared to corresponding period last year due to lower profit.

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 30 June 2011.

7. Quoted Securities

There were no purchases or disposals of quoted securities for the current financial quarter ended 30 June 2011.

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.

	30.06.2011
	RM'000
Fair value loss recognised in profit or loss	<u>(28)</u>

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:

	30.06.2011
	RM'000
Unsecured :	
- Bills payable	8,070
- Short term loan	294,761
- Long term loan	<u>300,000</u>
Total borrowings	<u><u>602,831</u></u>
Comprising :	
Amount repayable within one year	302,831
Amount repayable after one year	<u>300,000</u>
	<u><u>602,831</u></u>

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

10. Realised And Unrealised Profits

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 30.06.2011 RM'000	Group 31.12.2010 RM'000
Total retained profits of Tan Chong Motor Holdings Bhd and its subsidiaries:		
- Realised	1,648,611	1,552,710
- Unrealised loss	<u>(19,523)</u>	<u>(16,848)</u>
	<u>1,629,088</u>	<u>1,535,862</u>
Total share of retained profits from associated companies:		
- Realised	5,751	4,980
- Unrealised loss	<u>(56)</u>	<u>(57)</u>
	<u>5,695</u>	<u>4,923</u>
Total Group retained profits before consolidation adjustments	1,634,783	1,540,785
Less: Consolidation adjustments	<u>(159,903)</u>	<u>(167,073)</u>
Total Group retained profits as per consolidated accounts	<u>1,474,880</u>	<u>1,373,712</u>

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 30 June 2011

Derivative type	Notional value RM '000	Fair value RM '000	Maturity
Forward foreign exchange contracts	78,002	991	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 Sdn. Bhd. ("TCM"), Nissan Motor Co. Ltd. ("Nissan") and Auto Dunia Sdn. Bhd. were sued in the High Court at Kota Kinabalu by Teck Guan Trading (Sabah) Sdn. Bhd. ("Teck Guan") for general damages, special damages of RM10.67 million and liquidated damages of RM2.97 million together with interest and costs in connection with car distributorship in Sabah ("1st Suit").

In 1987, another related suit was filed in the same court (where TCM was sued by Teck Guan for RM65,065.00 together with interest and costs in connection with alleged monies owed to Teck Guan) ("2nd Suit"). It has been highlighted to the court that the case should be transferred to the Sessions Court as the claim is within the monetary jurisdiction of the Sessions Court. The matter was heard before the Senior Assistant Registrar on 2 August 2011 and has been adjourned to a date to be fixed before the High Court Judge for His Lordship's direction.

All parties have closed their case in relation to the 1st Suit during the last hearing date on the 9th and 10th of February 2011. On 5 May 2011, the High Court at Kota Kinabalu dismissed Teck Guan's suit in favour for the 3 Defendants, i.e. TCM, Nissan and Auto Dunia Sdn. Bhd. Teck Guan is liable for cost. The Plaintiff has since filed an appeal to the Court of Appeal against the decision of High Court and the said appeal has yet to be fixed for hearing.

13. Dividend

The Board has declared an interim dividend of 12% less tax of 25% for the year ending 31 December 2011 (2010 – 12% less tax of 25%) to be paid on 28 September 2011 to shareholders whose names appear in the Register of Members on 8 September 2011.

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

- shares transferred into the depositor's securities account before 4:00 p.m. on 8 September 2011 in respect of transfers;
- shares deposited into the depositor's securities account before 12:30 p.m. on 6 September 2011 in respect of shares exempted from mandatory deposit; and
- shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis in accordance with the rules of Bursa Malaysia Securities Berhad.

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:

Weighted average number of ordinary shares	Individual Quarter		Cumulative Quarter	
	2011 (‘000)	2010 (‘000)	2011 (‘000)	2010 (‘000)
Issued ordinary shares at beginning of the period	652,819	652,819	652,819	652,819
Effect of shares buyback during the period	(1)	-	(1)	-
Weighted average number of ordinary shares	<u>652,818</u>	<u>652,819</u>	<u>652,818</u>	<u>652,819</u>

BY ORDER OF THE BOARD

YAP BEE LEE

CHANG PIE HOON

Company Secretaries

Kuala Lumpur

18 August 2011