



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

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED 30 JUNE 2012

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2012 RM'000	Preceding Year Corresponding Quarter 30.06.2011 RM'000	Current Year To Date 30.06.2012 RM'000	Preceding Year Corresponding Period 30.06.2011 RM'000
Revenue	985,364	942,992	1,967,963	2,074,734
Operating profit	64,284	82,954	116,172	191,465
Interest expense	(7,310)	(5,731)	(16,571)	(12,232)
Interest income	2,955	2,376	6,312	4,919
Share of profit of associates	715	173	918	772
Profit before taxation	60,644	79,772	106,831	184,924
Tax expense	(17,727)	(23,238)	(32,218)	(54,835)
Profit for the period	42,917	56,534	74,613	130,089
Attributable to:				
Equity holders of the Company	43,282	56,462	74,952	130,542
Non-controlling interests	(365)	72	(339)	(453)
	42,917	56,534	74,613	130,089
Earning per share (sen)				
(a) Basic	6.58	8.65	11.43	20.00
(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 2011.



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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE QUARTER ENDED 30 JUNE 2012**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2012 RM'000	Preceding Year Corresponding Quarter 30.06.2011 RM'000	Current Year To Date 30.06.2012 RM'000	Preceding Year Corresponding Period 30.06.2011 RM'000
Profit for the period	42,917	56,534	74,613	130,089
Foreign currency translation differences for foreign operations	989	1,277	(135)	1,082
Cash flow hedge	(969)	285	1,460	222
Other comprehensive income for the period, net of tax	20	1,562	1,325	1,304
Total comprehensive income for the period	42,937	58,096	75,938	131,393
Total comprehensive income attributable to:				
Equity holders of the Company	43,302	58,024	76,277	131,846
Non-controlling interests	(365)	72	(339)	(453)
Total comprehensive income for the period	42,937	58,096	75,938	131,393

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011.



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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	(Unaudited) As at 30.06.2012 RM'000	(Restated) As at 31.12.2011 RM'000	(Restated) As at 01.01.2011 RM'000
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	745,052	675,779	618,388
Investment properties	17,514	17,558	10,490
Prepaid lease payments	15,193	11,357	-
Investments in associates	26,900	19,791	18,920
Other investments	1	1,807	1,807
Deferred tax assets	20,249	14,520	12,090
Hire purchase receivables	454,315	386,788	284,554
Intangible assets	14,448	14,448	14,191
Long term receivables	2,094	1,440	3,945
	1,295,766	1,143,488	964,385
<u>Current assets</u>			
Other investments	196,849	194,064	289,936
Hire purchase receivables	149,190	107,038	54,276
Receivables, deposits and prepayments	398,956	299,584	277,922
Current tax assets	4,886	7,642	3,310
Inventories	1,051,670	959,996	1,005,333
Derivative assets	1,923	463	769
Cash and cash equivalents	372,700	324,634	150,088
	2,176,174	1,893,421	1,781,634
TOTAL ASSETS	3,471,940	3,036,909	2,746,019



TAN CHONG MOTOR HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012 (continued)

	(Unaudited) As at 30.06.2012 RM'000	(Restated) As at 31.12.2011 RM'000	(Restated) As at 01.01.2011 RM'000
EQUITY AND LIABILITIES			
<u>Equity</u>			
Share capital	336,000	336,000	336,000
Reserves	1,576,550	1,529,650	1,371,376
Treasury shares	(24,791)	(24,786)	(24,778)
Total equity attributable to equity holders of the Company	1,887,759	1,840,864	1,682,598
Non-controlling interests	7,971	8,310	8,639
Total equity	1,895,730	1,849,174	1,691,237
<u>Non-current liabilities</u>			
Deferred tax liabilities	21,408	20,075	23,313
Borrowings	434,570	280,000	354,167
Employee benefits	38,640	36,272	31,667
	494,618	336,347	409,147
<u>Current liabilities</u>			
Payables and accruals	445,212	326,113	287,082
Borrowings	622,969	520,026	352,384
Derivative liabilities	-	-	1
Taxation	13,411	5,249	6,168
	1,081,592	851,388	645,635
Total liabilities	1,576,210	1,187,735	1,054,782
TOTAL EQUITY AND LIABILITIES	3,471,940	3,036,909	2,746,019
Net assets per share attributable to equity holders of the Company (RM)	2.89	2.82	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 2011.



TAN CHONG MOTOR HOLDINGS BERHAD
(Company No: 12969-P)
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2012**

	-----Attributable to Equity Holders of the Company-----								
	-----Non-Distributable-----				-----Distributable-----				
	Share capital RM'000	Treasury shares RM'000	Translation reserves RM'000	Hedging reserves RM'000	Capitalisation of retained earnings RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
(Restated)									
At 01.01.2011	336,000	(24,778)	(3,128)	769	100	1,373,635	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	-	-	-	-	-	(29,377)	(29,377)	-	(29,377)
At 30.06.2011	336,000	(24,782)	(2,046)	991	100	1,474,800	1,785,063	8,186	1,793,249
(Restated)									
At 01.01.2012	336,000	(24,786)	(1,215)	463	100	1,530,302	1,840,864	8,310	1,849,174
Total comprehensive income for the period	-	-	(135)	1,460	-	74,952	76,277	(339)	75,938
Purchase of treasury shares	-	(5)	-	-	-	-	(5)	-	(5)
Dividend - 2011 Final	-	-	-	-	-	(29,377)	(29,377)	-	(29,377)
At 30.06.2012	336,000	(24,791)	(1,350)	1,923	100	1,575,877	1,887,759	7,971	1,895,730

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011.



TAN CHONG MOTOR HOLDINGS BERHAD
(Company No: 12969-P)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2012

CUMULATIVE QUARTER

	For the 6 months ended 30.06.2012 RM'000	For the 6 months ended 30.06.2011 RM'000
Cash flows from operating activities		
Profit before tax	106,831	184,924
Adjustment for:		
Non-cash and non-operating items	38,812	42,326
Operating profit before working capital changes	145,643	227,250
Changes in working capital		
Inventories	(91,569)	215,566
Hire purchase receivables	(109,705)	(168,193)
Receivables, deposits and prepayments	(153,755)	(102,984)
Payables and accruals	119,042	52,540
Cash (used in)/generated from operations	(90,344)	224,179
Tax paid	(25,785)	(54,548)
Interest paid	(10,259)	(6,617)
Employee benefits paid	(366)	(292)
Net cash (used in)/generated from operating activities	(126,754)	162,722
Cash flows from investing activities		
Acquisition of property, plant and equipment	(74,122)	(82,039)
Increase in prepaid lease payment	(4,326)	-
Additional investment in associate	(1,548)	-
Additional in other investments	(2,795)	(3,191)
Dividend received from associate	-	100
Proceeds from disposal of property, plant and equipment	29,480	13,531
Proceeds from disposal of other investments	-	100,000
Net cash (used in)/generated from investing activities	(53,311)	28,401



TAN CHONG MOTOR HOLDINGS BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2012 (continued)**

	CUMULATIVE QUARTER	
	For the 6 months ended 30.06.2012 RM'000	For the 6 months ended 30.06.2011 RM'000
Cash flows from financing activities		
Dividend paid to shareholders of the Company	(29,377)	(29,377)
Purchase of own shares	(5)	(4)
Proceeds from/(repayment of) bills payable	146,650	(181,422)
Proceeds from term loans and revolving credit	111,457	84,223
Net cash generated from/(used in) financing activities	228,725	(126,580)
Net increase in cash and cash equivalents	48,660	64,543
Cash and cash equivalents at beginning of the period	324,040	143,564
Cash and cash equivalents at end of the period	372,700	208,107
Cash and cash equivalents in the statements of cash flow comprise:		
Cash and bank balances	163,365	140,005
Deposits with licensed banks	209,335	68,102
	372,700	208,107

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011.

A) Explanatory notes as per Malaysian Financial Reporting Standard (MFRS) 134 Interim Financial Reporting

1. Basis Of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and MFRS 134 *Interim Financial Reporting* in Malaysia. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of Tan Chong Motor Holdings Berhad and its subsidiaries (“the Group”) as at and for the year ended 31 December 2011.

The consolidated financial statements of the Group as at and for the year ended 31 December 2011 were prepared under Financial Reporting Standards (FRSs).

These are the Group’s condensed consolidated interim financial statements for part of the period covered by the Group’s first MFRS framework annual financial statements and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. The impact of the transition from FRS to MFRS is described in Note 2 below.

2. Changes In Accounting Policies

Except as described below, the accounting policies adopted by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 31 December 2011.

Application of MFRS 1

The Group has availed itself to the transitional provision issued by the Malaysian Accounting Standards Board (MASB) on the first adoption of IAS 16, *Property, plant and equipment* in 1998. No later valuation has been recorded for these properties.

Upon transition to MFRSs, the Group elected to apply the optional exemption to use that previous revaluation as deemed cost under MFRSs. The revaluation reserve of RM23,000 at 1 January 2011, 30 June 2011 and 31 December 2011 was reclassified to retained earnings.

The impact arising from the change is summarized as follows:

Reconciliation of equity as at 1 January 2011

	FRS as at 01.01.2011 RM'000	Reclassification RM'000	MFRS as at 01.01.2011 RM'000
Surplus on revaluation of properties	23	(23)	-
Retained earnings	1,373,612	23	1,373,635

Reconciliation of equity as at 30 June 2011

	FRS as at 30.06.2011 RM'000	Reclassification RM'000	MFRS as at 30.06.2011 RM'000
Surplus on revaluation of properties	23	(23)	-
Retained earnings	1,474,777	23	1,474,800

A) Explanatory notes as per Malaysian Financial Reporting Standard (MFRS) 134 Interim Financial Reporting

2. Changes In Accounting Policies (continued)

There are no material differences between the statements of total comprehensive income and cash flows presented under MFRSs and the statements of total comprehensive income and cash flows presented under FRSs.

MFRSs, Amendments to MFRSs and IC Interpretations issued but not yet effective

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

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

- Amendments to MFRS 101 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*

Effective for annual periods commencing on or after 1 January 2013:-

- MFRS 3 *Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)*
- MFRS 10 *Consolidated Financial Statements*
- MFRS 11 *Joint Arrangements*
- MFRS 12 *Disclosure of Interests in Other Entities*
- MFRS 13 *Fair Value Measurement*
- MFRS 119 *Employee Benefits*
- MFRS 127 *Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2004)*
- MFRS 127 *Separate Financial Statements*
- MFRS 128 *Investments in Associates and Joint Ventures*
- IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans and Annual Improvements 2009-2011 Cycle*
- Amendments to MFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 10, 11 & 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*
- Amendment to MFRS 101 *Presentation of Financial Statements – Annual Improvements 2009-2011 Cycle*
- Amendment to MFRS 116 *Property, Plant and Equipment – Annual Improvements 2009-2011 Cycle*
- Amendment to MFRS 132 *Financial Instruments: Presentation – Annual Improvements 2009-2011 Cycle*
- Amendment to MFRS 134 *Interim Financial Reporting – Annual Improvements 2009-2011 Cycle*
- Amendment to IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments – Annual Improvements 2009-2011 Cycle*

Effective for annual periods commencing on or after 1 January 2014:-

- Amendments to MFRS 132 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

Effective for annual periods commencing on or after 1 January 2015:-

- MFRS 9 *Financial Instruments (2009)*
- MFRS 9 *Financial Instruments (2010)*

A) Explanatory notes as per Malaysian Financial Reporting Standard (MFRS) 134 Interim Financial Reporting

3. Audit Qualifications

There were no audit qualifications in the annual financial statements for the year ended 31 December 2011.

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 year.

7. Debt And Equity Securities

During the quarter under review, the Company repurchased 1,000 units of its issued ordinary shares from the open market at an average price of RM4.54. Total consideration paid for the repurchase including transaction costs was RM4,586 and this was financed by internally generated funds. Cumulative total number of shares repurchased at the end to the quarter was 19,184,000. The shares repurchased 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 redeemed RM55.0 million nominal value of Class A MTN during the quarter. The outstanding nominal value of MTN comprising Class A, Class B and Class C is RM482.75 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

A final dividend of 12% less tax of 25% for the year ended 31 December 2011 (2010: 12% less tax 25%) amounting to RM29.38 million (2010: RM29.38 million) was paid on 22 June 2012.

A) Explanatory notes as per Malaysian Financial Reporting Standard (MFRS) 134 Interim Financial Reporting

9. Segmental Reporting

For the financial period ended 30 June 2012:

	Vehicles assembly, manufacturing, distribution and after sale services		Financial services		Other operations		Total	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011	30.06.2012	30.06.2011	30.06.2012	30.06.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	1,945,902	2,054,850	19,885	18,213	2,176	1,671	1,967,963	2,074,734
Inter-segment revenue	1,127	4,876	1,943	786	25,641	16,223	28,711	21,885
Segment EBITDA*	144,617	222,204	9,078	11,440	5,660	383	159,355	234,027

*Segment earnings before interest, taxation, depreciation and amortisation

Reconciliation of reportable segment profit or loss:

	30.06.2012	30.06.2011
	RM'000	RM'000
Total EBITDA for reportable segments	159,355	234,027
Depreciation and amortisation	(35,052)	(33,589)
Interest expense	(16,571)	(12,232)
Interest income	6,312	4,919
Share of profit of associates not included in reportable segments	918	772
Unallocated corporate expenses	(8,131)	(8,973)
Consolidated profit before tax	106,831	184,924

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 2011.

11. Material Subsequent Event

There has not arisen in the interval between the end of this reporting period and the date of this announcement, any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group.

A) Explanatory notes as per Malaysian Financial Reporting Standard (MFRS) 134 Interim Financial Reporting

12. Changes In Composition Of The Group

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

No.	Name of Subsidiary	Date of Incorporation	Intended Principal Activity
(i)	ETCM (MM) Pte Ltd	10-May-12	Investment holding
(ii)	First Energy Networks Sdn Bhd	15-May-12	To build and operate the charging infrastructure and system for Electric Vehicles and any related after sales service and ancillary services in connection therewith

On 21 June 2012, Vincus Holdings Sdn. Bhd. ("Vincus"), a wholly-owned subsidiary of the Company acquired an additional 5% equity interest comprising 573,238 shares of RM1.00 each in THK Rhythm Malaysia Sdn. Bhd. ("TRMS") (*formerly known as TRW Steering & Suspension (Malaysia) Sdn. Bhd.*), bringing the total shareholding of Vincus in TRMS from 15% to 20%, thereby resulting in TRMS being an associate of the Group.

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

	30.06.2012	30.06.2011
	RM'000	RM'000
Property, plant and equipment		
Authorised and contracted for		
In Malaysia	34,580	30,594
Outside Malaysia	10,583	264
Authorised but not contracted for		
In Malaysia	175,667	152,851
Outside Malaysia	33,075	102,309
	<u>253,905</u>	<u>286,018</u>

A) Explanatory notes as per Malaysian Financial Reporting Standard (MFRS) 134 Interim Financial Reporting

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	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
	RM'000	RM'000	RM'000	RM'000
With WTCH Group				
Sales	9,429	10,401	17,996	20,315
With APM Group				
Purchases	32,936	20,716	56,821	77,032

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	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
	RM'000	RM'000	RM'000	RM'000
Purchases	398,513	210,324	829,307	492,082

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	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
	RM'000	RM'000	RM'000	RM'000
Purchases	14,964	37,030	22,038	95,900

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

Note

* Tan Eng Soon resigned as Director of the Company w.e.f. 30 June 2012.

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

1. Analysis Of Performance Of All Operating Segments

Due to specific 'best selling' model shortages, the normalization of supply shocks towards the end of second quarter has delayed our recovery efforts after the effects of Japan's earthquake, tsunami, Thailand floods global economic slowdown and tighter credit evaluations. Booking trends for the last consecutive 14 months have outpaced final invoicing. The gap has resulted in our bottom-line more or less half of the previous year's levels. Revenue for the Group decreased by 5.2% from RM2,075 million to RM1,968 million and Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) decreased by 32.0% from RM234 million to RM159 million (as reflected in Note A9).

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

For the first half of 2012, automotive division recorded RM1,946 million in revenue, a decrease of 5.4% compared to RM2,055 million for previous year same period and segment EBITDA of RM144.6 million a decrease of 35% compared to RM222.2 million for previous year same period.

The decrease in both top and bottom-line is due to stock constraints in popular models (such as Navara, Grand Livina and Livina X-Gear), particularly in the 1st quarter of 2012 coupled with high selling costs. Intense competition in the market place, coupled with tighter credit requirements by Bank Negara Malaysia resulted in EBITDA margins falling from 10.8% to 7.4%.

b) Financial Services (hire purchase and insurance)

The financial services division recorded revenue of RM19.9 million for first half of 2012, an increase of 9.1% compared to previous year same period of RM18.2 million driven by higher number of hire purchases loans granted. EBITDA on the other hand reduced by 20.7% for the first half of 2012 to RM9.1 million compared to preceding year same period of RM11.4 million due to higher provision for impairment of hire purchase receivables. As at 30th June 2012, hire purchase receivables stood at RM603.5 million.

c) Other Operations (investments and properties)

Revenue from other operations for the first half of 2012 is at RM2.2 million compared to RM1.7 million in the previous year same period and EBITDA for the first half of 2012 is at RM5.7 million compared to RM0.4 million in the previous year same period. Increase in EBITDA was from the re-measurement to fair value of the Group's pre-existing 15% interest in TRMS which resulted in a gain of RM2.838 million.

2. Comparison With Preceding Quarter's Results

Comparing to 1st Quarter of 2012, both our top line has increased marginally by 0.2% and bottom line (Profit After Taxation) has improved significantly by 35.4% whilst EBITDA has improved by 14.5%.

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

For the quarter under review, automotive division recorded RM973.9 million in revenue, a marginal increase of 0.2% compared to RM972 million for preceding quarter and segment EBITDA of RM76.8 million an increase of 13.2% compared to RM67.8 million for preceding quarter with marginal increase in sales volume. The increase in EBITDA was due to recovering the shortage of part supply towards the end of the second quarter and increase in production units to meet the backlog orders. Booking retention costs were therefore lower in quarter 2 compared to quarter 1.

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

2. Comparison With Preceding Quarter's Results (continued)

b) Financial Services (hire purchase and insurance)

The financial services division recorded revenue of RM10 million for second quarter 2012, a marginal increase of 1.7% compared to preceding quarter of RM9.9 million. EBITDA for the second quarter 2012 was at RM3.9 million compared to preceding quarter of RM5.2 million. The lower EBITDA in quarter 2 is due to renewal of non-motor insurance in quarter 1.

c) Other Operations (investments and properties)

Revenue from other operations for the second quarter of 2012 is at RM1.4 million compared to RM0.7 million in the preceding quarter and EBITDA for the second quarter 2012 at RM4.4 million compared to RM1.2 million in the preceding quarter. Increase in EBITDA was from the re-measurement to fair value of the Group's pre-existing 15% interest in TRMS which resulted in a gain of RM2.838 million.

3. Current Year Prospects

Notwithstanding global economic uncertainties, the Group is doing more business in ASEAN - growing topline and investing in market share gains through new product proliferation both domestically and in Indochina. ASEAN has become an important platform for Tan Chong's businesses and sourcing activities, as OEMs and Tier 1 suppliers around the world are increasingly focusing on the region. Multi-sourcing activities, spanning multiple economies in the region, including China, Thailand, Indonesia and India account for 80% of imports whilst key components from Japan is only 20%.

Investing in increased localization is an upfront cost, which we carried in the last 5 quarters and we are hoping to see quantity based gains from quarter 4 2012 onwards. The launch of our B segment model in Malaysia, may help our bottom-line catch up in the coming quarters to end the year only slightly down.

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

4. Comparison With Profit Forecast

This is not applicable to the Group.

5. Taxation

	Individual Quarter		Cumulative Quarter	
	30.06.2012 RM'000	30.06.2011 RM'000	30.06.2012 RM'000	30.06.2011 RM'000
Current year	20,242	24,084	39,480	55,468
Prior year	(1,612)	1,107	(2,777)	1,161
Deferred tax	(903)	(1,953)	(4,485)	(1,794)
	<u>17,727</u>	<u>23,238</u>	<u>32,218</u>	<u>54,835</u>

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

6. Status Of Corporate Proposals

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

7. Group Borrowings

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

	30.06.2012 RM'000
Unsecured :	
- Bills payable	262,736
- Revolving credit	340,233
- Short term loan	20,000
- Long term loan	434,570
Total borrowings	<u>1,057,539</u>
Comprising :	
Amount repayable within one year	622,969
Amount repayable after one year	434,570
	<u>1,057,539</u>

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

8. 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:

	30.06.2012	31.12.2011
	RM'000	RM'000
Total retained profits of Tan Chong Motor Holdings Bhd and its subsidiaries:		
- Realised profit	1,756,227	1,709,945
- Unrealised loss	<u>(24,361)</u>	<u>(19,520)</u>
	<u>1,731,866</u>	<u>1,690,425</u>
Total share of retained profits from associated companies:		
- Realised profit	6,661	5,794
- Unrealised profit	<u>51</u>	<u>-</u>
	<u>6,712</u>	<u>5,794</u>
Total Group retained profits before consolidation adjustments	1,738,578	1,696,219
Less: Consolidation adjustments	<u>(162,701)</u>	<u>(165,917)</u>
Total Group retained profits as per consolidated accounts	<u>1,575,877</u>	<u>1,530,302</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 the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), 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.

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

9. Changes In Material Litigation

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 dealership in Sabah ("1st Suit").

All parties have closed their case during the last hearing date on 9 and 10 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.

In 1987, another related suit was filed in the same court (where TCM was sued by Teck Guan for RM65,065 together with interest and costs in connection with alleged monies owed to Teck Guan. Following the same, TCM had filed a counter-claim for RM132,175 together with interest and costs in connection with the outstanding amount payable to TCM) ("2nd Suit"). The case is currently pending the decision from the High Court Judge to decide the application to transfer the case to the Sessions Court as the claim is within the monetary jurisdiction of the Sessions Court. The Court has fixed 26 November 2012 for the appeal hearing in Kota Kinabalu.

10. Dividend

The Board has declared an interim dividend of 12% less tax 25% for the year ending 31 December 2012 (2011: 12% less tax of 25%) to be paid on 28 September 2012 to shareholders whose names appear in the Register of Members on 7 September 2012.

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 7 September 2012 in respect of transfers;
- shares deposited into the depositor's securities account before 12.30 p.m. on 5 September 2012 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.

11. Earnings Per Share

The calculation of basic earnings per share for the periods is based on the net profit attributable to ordinary shareholders of the periods and the weighted average numbers of ordinary shares outstanding during the periods as follows:

Weighted average number of ordinary shares	Individual Quarter		Cumulative Quarter	
	2012 ('000)	2011 ('000)	2012 ('000)	2011 ('000)
Issued ordinary shares at beginning of the period	652,817	652,819	652,817	652,819
Effect of shares buyback during the period	(1)	(1)	(1)	(1)
Weighted average number of ordinary shares	<u>652,816</u>	<u>652,818</u>	<u>652,816</u>	<u>652,818</u>

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

12. Profit before taxation

Profit before taxation is arrived at after crediting/(charging):

	Current Year Quarter 30.06.2012 RM'000	Preceding Year Corresponding Quarter 30.06.2011 RM'000	Current Year To Date 30.06.2012 RM'000	Preceding Year Corresponding Period 30.06.2011 RM'000
Depreciation and amortisation	(18,348)	(17,604)	(35,052)	(33,589)
Provision for and write off of receivables	(1,494)	(915)	(2,583)	(1,115)
Provision for and write off of inventories	(19)	(117)	(65)	(218)
Gain on disposal of properties and investments	3,602	1,615	5,289	2,289
Property, plant and equipment written off	(15)	-	(21)	-
Foreign exchange gain/(loss)	3,688	174	232	(1,018)
Gain/(loss) on derivatives	(969)	285	1,460	222
Gain on re-measurement to fair value of pre- existing equity interest	2,838	-	2,838	-
Loss in investment	(7)	(137)	(10)	(29)

BY ORDER OF THE BOARD

YAP BEE LEE

CHANG PIE HOON

Company Secretaries

Kuala Lumpur

15 August 2012