



**TAN CHONG MOTOR HOLDINGS BERHAD**

*(Company No: 12969-P)*

*(Incorporated in Malaysia)*

**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE QUARTER ENDED 30 SEPTEMBER 2012**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2012 RM'000	Preceding Year Corresponding Quarter 30.09.2011 RM'000	Current Year To Date 30.09.2012 RM'000	Preceding Year Corresponding Period 30.09.2011 RM'000
Revenue	937,686	905,356	2,905,649	2,980,090
Operating profit	49,641	74,751	165,812	266,216
Interest expense	(9,870)	(4,386)	(26,441)	(16,618)
Interest income	4,165	3,379	10,478	8,298
Share of profit of associates	644	433	1,562	1,205
Profit before taxation	44,580	74,177	151,411	259,101
Tax expense	(12,340)	(19,609)	(44,559)	(74,444)
Profit for the period	32,240	54,568	106,852	184,657
Attributable to:				
Equity holders of the Company	32,693	54,558	107,643	185,100
Non-controlling interests	(453)	10	(791)	(443)
	32,240	54,568	106,852	184,657
Earning per share (sen)				
(a) Basic	5.01	8.36	16.49	28.35
(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 SEPTEMBER 2012**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2012 RM'000	Preceding Year Corresponding Quarter 30.09.2011 RM'000	Current Year To Date 30.09.2012 RM'000	Preceding Year Corresponding Period 30.09.2011 RM'000
<b>Profit for the period</b>	32,240	54,568	106,852	184,657
Foreign currency translation differences for foreign operations	(1,430)	(406)	(1,565)	676
Cash flow hedge	361	(374)	1,821	(152)
<b>Other comprehensive (loss)/income for the period, net of tax</b>	(1,069)	(780)	256	524
<b>Total comprehensive income for the period</b>	31,171	53,788	107,108	185,181
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	31,701	53,778	107,976	185,624
Non-controlling interests	(530)	10	(868)	(443)
<b>Total comprehensive income for the period</b>	31,171	53,788	107,108	185,181

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 SEPTEMBER 2012**

	(Unaudited) As at 30.09.2012 RM'000	(Restated) As at 31.12.2011 RM'000	(Restated) As at 01.01.2011 RM'000
<b>ASSETS</b>			
<b><u>Non-current assets</u></b>			
Property, plant and equipment	751,430	675,779	618,388
Investment properties	17,492	17,558	10,490
Prepaid lease payments	14,559	11,357	-
Investments in associates	27,544	19,791	18,920
Other investments	1	1,807	1,807
Deferred tax assets	20,987	14,520	12,090
Hire purchase receivables	457,299	386,788	284,554
Intangible assets	13,967	14,448	14,191
Long term receivables	4,131	1,440	3,945
	1,307,410	1,143,488	964,385
<b><u>Current assets</u></b>			
Other investments	323,441	194,064	289,936
Hire purchase receivables	160,697	107,038	54,276
Receivables, deposits and prepayments	385,794	299,584	277,922
Current tax assets	4,840	7,642	3,310
Inventories	1,344,321	959,996	1,005,333
Derivative assets	2,475	463	769
Cash and cash equivalents	296,436	324,634	150,088
	2,518,004	1,893,421	1,781,634
<b>TOTAL ASSETS</b>	3,825,414	3,036,909	2,746,019



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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2012 (continued)**

	(Unaudited) As at 30.09.2012 RM'000	(Restated) As at 31.12.2011 RM'000	(Restated) As at 01.01.2011 RM'000
<b>EQUITY AND LIABILITIES</b>			
<b><u>Equity</u></b>			
Share capital	336,000	336,000	336,000
Reserves	1,578,795	1,529,650	1,371,376
Treasury shares	(24,791)	(24,786)	(24,778)
<b>Total equity attributable to equity holders of the Company</b>	<b>1,890,004</b>	<b>1,840,864</b>	<b>1,682,598</b>
Non-controlling interests	7,142	8,310	8,639
<b>Total equity</b>	<b>1,897,146</b>	<b>1,849,174</b>	<b>1,691,237</b>
<b><u>Non-current liabilities</u></b>			
Deferred tax liabilities	25,655	20,075	23,313
Borrowings	255,944	280,000	354,167
Employee benefits	39,886	36,272	31,667
	<b>321,485</b>	<b>336,347</b>	<b>409,147</b>
<b><u>Current liabilities</u></b>			
Payables and accruals	443,301	326,113	287,082
Borrowings	1,157,627	520,026	352,384
Derivative liabilities	191	-	1
Taxation	5,664	5,249	6,168
	<b>1,606,783</b>	<b>851,388</b>	<b>645,635</b>
<b>Total liabilities</b>	<b>1,928,268</b>	<b>1,187,735</b>	<b>1,054,782</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,825,414</b>	<b>3,036,909</b>	<b>2,746,019</b>
Net assets per share attributable to equity holders of the Company (RM)	2.90	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)  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2012**

	-----Attributable to Equity Holders of the Company-----								
	-----Non-Distributable-----				-----Distributable-----				
	Share capital	Treasury shares	Translation reserves	Hedging reserves	Capitalisation of retained earnings	Retained earnings	Total	Non- controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>(Restated)</b>									
<b>At 01.01.2011</b>	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	-	-	676	(152)	-	185,100	185,624	(443)	185,181
Purchase of treasury shares	-	(4)	-	-	-	-	(4)	-	(4)
Dividend - 2010 Final	-	-	-	-	-	(29,377)	(29,377)	-	(29,377)
Dividend - 2011 Interim	-	-	-	-	-	(29,377)	(29,377)	(300)	(29,677)
<b>At 30.09.2011</b>	336,000	(24,782)	(2,452)	617	100	1,499,981	1,809,464	7,896	1,817,360
<b>(Restated)</b>									
<b>At 01.01.2012</b>	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	-	-	(1,565)	1,821	-	107,643	107,899	(868)	107,031
Purchase of treasury shares	-	(5)	-	-	-	-	(5)	-	(5)
Dividend - 2011 Final	-	-	-	-	-	(29,377)	(29,377)	-	(29,377)
Dividend - 2012 Interim	-	-	-	-	-	(29,377)	(29,377)	(300)	(29,677)
<b>At 30.09.2012</b>	336,000	(24,791)	(2,780)	2,284	100	1,579,191	1,890,004	7,142	1,897,146

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)  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2012**

	For the 9 months ended 30.09.2012 RM'000	For the 9 months ended 30.09.2011 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	151,411	259,101
Adjustment for:		
Non-cash and non-operating items	63,306	61,072
<b>Operating profit before working capital changes</b>	214,717	320,173
<b>Changes in working capital</b>		
Inventories	(384,246)	79,919
Hire purchase receivables	(126,229)	(83,382)
Receivables, deposits and prepayments	(98,138)	(55,900)
Payables and accruals	118,407	56,151
Cash (used in)/generated from operations	(275,489)	316,961
Tax paid	(42,434)	(75,915)
Interest paid	(15,963)	(8,320)
Employee benefits paid	(481)	(366)
<b>Net cash (used in)/generated from operating activities</b>	(334,367)	232,360
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(158,338)	(124,696)
Increase in prepaid lease payment	(4,326)	-
Additional investment in associate	(1,548)	-
Dividend received from associate	-	100
Additional in other investments	(129,419)	(4,785)
Proceeds from disposal of property, plant and equipment	45,936	22,644
Proceeds from disposal of other investments	-	101,306
<b>Net cash used in investing activities</b>	(247,695)	(5,431)



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

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

	<b>CUMULATIVE QUARTER</b>	
	<b>For the 9 months ended</b>	<b>For the 9 months ended</b>
	<b>30.09.2012</b>	<b>30.09.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from financing activities</b>		
Dividend paid to shareholders of the Company	(58,754)	(58,754)
Dividend paid to non-controlling interests	(300)	(300)
Purchase of own shares	(5)	(4)
Proceeds from/(repayment of) bills payable	224,912	(112,232)
Proceeds from term loans and revolving credit	389,227	13,089
<b>Net cash generated from/(used in) financing activities</b>	555,080	(158,201)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(26,982)	68,728
<b>Effects of exchange rate change on cash and cash equivalents</b>	(622)	-
<b>Cash and cash equivalents at beginning of the period</b>	324,040	143,564
<b>Cash and cash equivalents at end of the period</b>	296,436	212,292
Cash and cash equivalents in the statement of cash flows comprise:		
Cash and bank balances	154,461	144,999
Deposits with licensed banks	141,975	67,293
	296,436	212,292

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 September 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

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

#### Reconciliation of equity as at 30 September 2011

	<b>FRS as at 30.09.2011 RM'000</b>	<b>Reclassification RM'000</b>	<b>MFRS as at 30.09.2011 RM'000</b>
Surplus on revaluation of properties	23	(23)	-
Retained earnings	1,499,958	23	1,499,981

#### Reconciliation of equity as at 31 December 2011

	<b>FRS as at 31.12.2011 RM'000</b>	<b>Reclassification RM'000</b>	<b>MFRS as at 31.12.2011 RM'000</b>
Surplus on revaluation of properties	23	(23)	-
Retained earnings	1,530,279	23	1,530,302



**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**

There was no repurchase of issued ordinary shares from the open market during the quarter. Cumulative total number of shares repurchased at the end of 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 RM50.0 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 RM432.75 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**

An interim dividend of 12% less tax of 25% for the year ending 31 December 2012 (2011: 12% less tax 25%) amounting to RM29.38 million (2011: RM29.38 million) was paid on 28 September 2012.

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

**9. Segmental Reporting**

For the financial period ended 30 September 2012:

	Vehicles assembly, manufacturing, distribution and after sale services		Financial services		Other operations		Total	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	2,871,828	2,946,717	30,322	29,308	3,499	4,065	2,905,649	2,980,090
Inter-segment revenue	4,766	6,127	2,652	907	38,467	24,353	45,885	31,387
Segment EBITDA*	211,103	308,050	13,130	12,539	8,184	6,991	232,417	327,580

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

**Reconciliation of reportable segment profit or loss:**

	30.09.2012	30.09.2011
	RM'000	RM'000
Total EBITDA for reportable segments	232,417	327,580
Depreciation and amortisation	(52,860)	(50,729)
Interest expense	(26,441)	(16,618)
Interest income	10,478	8,298
Share of profit of associates not included in reportable segments	1,562	1,205
Unallocated corporate expenses	(13,745)	(10,635)
Consolidated profit before tax	151,411	259,101

**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**

There were no changes in the composition of the Group for the quarter under review.

**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**

	<b>30.09.2012</b>	<b>30.09.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment		
Authorised and contracted for		
In Malaysia	111,974	31,031
Outside Malaysia	9,565	278
Authorised but not contracted for		
In Malaysia	190,207	147,908
Outside Malaysia	42,982	103,043
	<u>354,728</u>	<u>282,260</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:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.09.2012</b>	<b>30.09.2011</b>	<b>30.09.2012</b>	<b>30.09.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>With WTCH Group</b>				
Sales	2,980	4,643	20,976	24,958
<b>With APM Group</b>				
Purchases	41,069	34,638	97,890	111,670

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:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.09.2012</b>	<b>30.09.2011</b>	<b>30.09.2012</b>	<b>30.09.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Purchases	536,127	400,894	1,365,434	892,976

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:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.09.2012</b>	<b>30.09.2011</b>	<b>30.09.2012</b>	<b>30.09.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Purchases	18,398	62,872	40,436	158,772

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**

Tan Chong's performance has been affected by the global uncertainty, natural disasters, tighter credit requirements by Bank Negara Malaysia and consumer expectations for reduction in car prices. The sequential quarterly trend has been jagged since quarter 4 2011. However, a solid base has formed over the past 12 months.

Revenue for the Group decreased by 2.5% from RM2,980 million to RM2,906 million and Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) decreased by 29.1% from RM327.6 million to RM232.4 million (as reflected in Note A9).

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

Automotive division recorded RM2,872 million in revenue, a decrease of 2.5% compared to RM2,947 million for previous year same period and segment EBITDA of RM211.1 million a decrease of 31.5% compared to RM308.1 million for previous year same period.

The decrease in both top and bottom-line is due to timing of demand-supply imbalances, particularly in the 1<sup>st</sup> quarter of 2012. The lower sales was also caused by the festive season and consumers' wait-see attitude in anticipation of reduction in car price during the 3<sup>rd</sup> quarter of 2012. Stiffer competition coupled with higher promotional and marketing costs has resulted in EBITDA margins falling from 10.5% to 7.4%.

**b) Financial Services (hire purchase and insurance)**

The financial services division recorded revenue of RM30.3 million, an increase of 3.5% compared to previous year same period of RM29.3 million driven by higher number of hire purchases loans granted. EBITDA on the other hand increased by 4.8% to RM13.1 million compared to preceding year same period of RM12.5 million. As at 30<sup>th</sup> September 2012, hire purchase receivables stood at RM618.0 million.

**c) Other Operations (investments and properties)**

Revenue from other operations for 2012 is at RM3.5 million compared to RM4.1 million in the previous year same period and EBITDA for 2012 is at RM8.2 million compared to RM7.0 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 one-off gain of RM2.8 million.

**2. Comparison With Preceding Quarter's Results**

Comparing to 2<sup>nd</sup> Quarter of 2012, both our top line and bottom line (Profit After Taxation) have decreased by 4.8% and 24.9% respectively whilst EBITDA by 14.1%.

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

For the quarter under review, automotive division recorded RM925.9 million in revenue, a decrease of 4.9% compared to RM973.9 million for preceding quarter and segment EBITDA of RM66.5 million a decrease of 13.4% compared to RM76.8 million for preceding quarter with decrease in sales volume. The decrease in EBITDA was due to fulfillment of backlog orders in quarter 2 which normalized.

**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 RM10.4 million for third quarter 2012, an increase of 4.1% compared to preceding quarter of RM10.0 million. EBITDA for the third quarter 2012 was at RM4.1 million compared to preceding quarter of RM3.9 million. The higher EBITDA in third quarter is due to higher renewal of non-motor insurance in third quarter.

**c) Other Operations (investments and properties)**

Revenue from other operations for the third quarter of 2012 is at RM1.3 million compared to RM1.4 million in the preceding quarter and EBITDA for the third quarter 2012 at RM2.5 million compared to RM4.4 million in the preceding quarter. The high EBITDA for the second quarter was due to the re-measurement to fair value of the Group's pre-existing 15% interest in TRMS which resulted in a one-off gain of RM2.8 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 the All-New Nissan Almera on 30<sup>th</sup> October 2012, at an entry level price point, is expected to boost quarter 4, a traditional slow period. Bookings for Almera since its launch have exceeded 7,000 and will help our bottom-line catch up in the last quarter to cushion shortfall from first 3 quarters. The Group's inventories stand at RM1.344 billion and net gearing at 42% is expected to come down significantly by 31<sup>st</sup> December 2012.

**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	
	30.09.2012 RM'000	30.09.2011 RM'000	30.09.2012 RM'000	30.09.2011 RM'000
Current year	14,076	19,816	53,556	75,284
Prior year	(5,128)	3,022	(7,905)	4,183
Deferred tax	3,392	(3,229)	(1,092)	(5,023)
	<u>12,340</u>	<u>19,609</u>	<u>44,559</u>	<u>74,444</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:

	30.09.2012 RM'000
Unsecured :	
- Bills payable	340,998
- Revolving credit	636,629
- Short term loan	180,000
- Long term loan	255,944
Total borrowings	<u>1,413,571</u>
Comprising :	
Amount repayable within one year	1,157,627
Amount repayable after one year	255,944
	<u>1,413,571</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:

	<b>30.09.2012</b>	<b>31.12.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits of Tan Chong Motor Holdings Berhad and its subsidiaries:		
- Realised profit	1,768,375	1,709,945
- Unrealised loss	(29,866)	(19,520)
	<u>1,738,509</u>	<u>1,690,425</u>
Total share of retained profits from associated companies:		
- Realised profit	7,359	5,794
- Unrealised loss	(3)	-
	<u>7,356</u>	<u>5,794</u>
Total Group retained profits before consolidation adjustments	1,745,865	1,696,219
Less: Consolidation adjustments	(166,674)	(165,917)
Total Group retained profits as per consolidated accounts	<u>1,579,191</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 Court of Appeal has adjourned the case and stated that the Registrar will fix the date for the case management.

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 Court has allowed the case to be transferred to Sessions Court and has fixed the next mention date to be on 10 December 2012.

**10. Dividend**

No dividend was declared for the current quarter.

**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:

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

	<b>Current Year Quarter 30.09.2012 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.09.2011 RM'000</b>	<b>Current Year To Date 30.09.2012 RM'000</b>	<b>Preceding Year Corresponding Period 30.09.2011 RM'000</b>
Depreciation and amortisation	(17,808)	(17,140)	(52,860)	(50,729)
Provision for and write off of receivables	(485)	(2,359)	(3,068)	(3,474)
Provision for and write off of inventories	(36)	(167)	(101)	(385)
Gain on disposal of properties and investments	1,855	1,672	7,144	3,961
Property, plant and equipment written off	(23)	(196)	(44)	(196)
Foreign exchange (loss)/gain	(3,182)	3,658	(2,950)	2,640
Gain/(loss) on derivatives	361	(374)	1,821	(152)
Gain on re-measurement to fair value of pre-existing equity interest	-	-	2,838	-
Loss in investment	(32)	(146)	(42)	(175)

**BY ORDER OF THE BOARD**

YAP BEE LEE

CHANG PIE HOON

Company Secretaries

Kuala Lumpur

28 November 2012