



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

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED 31 MARCH 2013

INDIVIDUAL/CUMULATIVE QUARTER

	(Unaudited) Current Year Quarter 31.03.2013 RM'000	(Restated) (Unaudited) Preceding Year Corresponding Quarter 31.03.2012 RM'000
Revenue	1,436,339	983,068
Operating profit	127,468	51,566
Interest expense	(11,033)	(9,377)
Interest income	4,677	3,357
Share of profit of equity-accounted investees	1,827	385
Profit before taxation	122,939	45,931
Tax expense	(38,775)	(14,491)
Profit for the period	84,164	31,440
Attributable to:		
Equity holders of the Company	84,095	31,603
Non-controlling interests	69	(163)
	84,164	31,440
Earning per share (sen)		
(a) Basic	12.88	4.84
(b) Fully diluted	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 2012.



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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2013

	INDIVIDUAL/CUMULATIVE QUARTER	
	(Unaudited)	(Restated)
	Current	(Unaudited)
	Year	Preceding
	Quarter	Year
	31.03.2013	Corresponding
	RM'000	Quarter
		31.03.2012
		RM'000
Profit for the period	84,164	31,440
<i>Item that will not be reclassified to profit or loss:</i>		
Defined benefit plan actuarial gains	58	67
Total item that will not be classified to profit or loss	58	67
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation differences - foreign operations	441	(1,139)
Net change in fair value of cash flow hedges reclassified to profit or loss	1,749	2,429
Total items that are or may be classified subsequently to profit or loss	2,190	1,290
Other comprehensive income for the period, net of tax	2,248	1,357
Total comprehensive income for the period	86,412	32,797
Total comprehensive income attributable to:		
Equity holders of the Company	86,135	32,978
Non-controlling interests	277	(181)
Total comprehensive income for the period	86,412	32,797

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012.



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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013

	(Unaudited) As at 31.03.2013 RM'000	(Restated) As at 31.12.2012 RM'000	(Restated) As at 01.01.2012 RM'000
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	862,997	858,684	676,395
Investment properties	20,271	20,303	17,558
Prepaid lease payments	16,514	16,535	11,357
Equity-accounted investees	32,236	30,409	22,579
Other investments	1	1	1,807
Deferred tax assets	26,381	24,339	14,520
Hire purchase receivables	327,690	251,153	386,788
Intangible assets	13,944	13,944	14,448
Long term receivables	2,759	2,378	1,440
	1,302,793	1,217,746	1,146,892
<u>Current assets</u>			
Other investments	273,451	200,603	194,064
Hire purchase receivables	78,673	52,583	107,038
Receivables, deposits and prepayments	487,141	407,278	296,889
Current tax assets	6,571	7,700	7,642
Inventories	1,337,930	1,412,431	960,238
Derivative assets	1,134	266	463
Cash and cash equivalents	339,960	635,876	325,272
	2,524,860	2,716,737	1,891,606
TOTAL ASSETS	3,827,653	3,934,483	3,038,498



TAN CHONG MOTOR HOLDINGS BERHAD
(Company No: 12969-P)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013 (continued)

	(Unaudited) As at 31.03.2013 RM'000	(Restated) As at 31.12.2012 RM'000	(Restated) As at 01.01.2012 RM'000
EQUITY AND LIABILITIES			
<u>Equity</u>			
Share capital	336,000	336,000	336,000
Reserves	1,712,023	1,625,888	1,529,560
Treasury shares	(24,795)	(24,795)	(24,786)
Total equity attributable to equity holders of the Company	2,023,228	1,937,093	1,840,774
Non-controlling interests	2,915	2,638	5,315
Total equity	2,026,143	1,939,731	1,846,089
<u>Non-current liabilities</u>			
Deferred tax liabilities	18,324	23,641	20,075
Borrowings	340,573	346,413	280,000
Employee benefits	41,765	40,830	36,272
	400,662	410,884	336,347
<u>Current liabilities</u>			
Payables and accruals	590,174	502,651	330,787
Borrowings	781,029	1,071,209	520,026
Derivative liabilities	369	1,251	-
Taxation	29,276	8,757	5,249
	1,400,848	1,583,868	856,062
Total liabilities	1,801,510	1,994,752	1,192,409
TOTAL EQUITY AND LIABILITIES	3,827,653	3,934,483	3,038,498
Net assets per share attributable to equity holders of the Company (RM)	3.10	2.97	2.82

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012.



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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2013**

	-----Attributable to Equity Holders of the Company-----								Non-controlling interests	Total equity
	-----Non-Distributable-----				-----Distributable-----		Total	RM'000		
	Share capital	Treasury shares	Translation reserves	Hedging reserves	Capitalisation of retained earnings	Retained earnings			RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
(Restated)										
At 01.01.2012	336,000	(24,786)	(1,305)	463	100	1,530,302	1,840,774	5,315	1,846,089	
Other comprehensive income for the period, net of tax	-	-	(1,121)	2,429	-	67	1,375	(18)	1,357	
Profit for the period	-	-	-	-	-	31,603	31,603	(163)	31,440	
Total comprehensive income for the period	-	-	(1,121)	2,429	-	31,670	32,978	(181)	32,797	
At 31.03.2012	336,000	(24,786)	(2,426)	2,892	100	1,561,972	1,873,752	5,134	1,878,886	
(Restated)										
At 01.01.2013	336,000	(24,795)	(2,727)	(985)	100	1,629,500	1,937,093	2,638	1,939,731	
Other comprehensive income for the period, net of tax	-	-	233	1,749	-	58	2,040	208	2,248	
Profit for the period	-	-	-	-	-	84,095	84,095	69	84,164	
Total comprehensive income for the period	-	-	233	1,749	-	84,153	86,135	277	86,412	
At 31.03.2013	336,000	(24,795)	(2,494)	764	100	1,713,653	2,023,228	2,915	2,026,143	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012.



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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2013

CUMULATIVE QUARTER

	(Unaudited) For the 3 months ended 31.03.2013 RM'000	(Restated) (Unaudited) For the 3 months ended 31.03.2012 RM'000
Cash flows from operating activities		
Profit before taxation	122,939	45,931
Adjustment for:		
Non-cash and non-operating items	24,844	21,266
Operating profit before working capital changes	147,783	67,197
Changes in working capital		
Inventories	74,495	(41,232)
Hire purchase receivables	(103,504)	(77,958)
Receivables, deposits and prepayments	(80,249)	(54,212)
Payables and accruals	88,208	53,287
Cash generated from/(used in) operations	126,733	(52,918)
Tax paid (net)	(24,454)	(20,819)
Interest paid (net)	(6,356)	(6,019)
Employee benefits paid	(461)	(199)
Net cash generated from /(used in) operating activities	95,462	(79,955)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(25,204)	(29,927)
Acquisition of prepaid lease payment	(37)	(3,585)
Acquisition of other investments	(72,922)	(1,405)
Proceeds from disposal of property, plant and equipment	3,309	10,649
Net cash used in investing activities	(94,854)	(24,268)



TAN CHONG MOTOR HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2013 (continued)

	CUMULATIVE QUARTER	
	(Unaudited) For the 3 months ended 31.03.2013 RM'000	(Restated) (Unaudited) For the 3 months ended 31.03.2012 RM'000
Cash flows from financing activities		
(Repayment of)/proceeds from bills payable (net)	(181,056)	61,611
(Repayment of)/proceeds from term loans and revolving credit (net)	(115,656)	156,922
Net cash (used in)/generated from financing activities	(296,712)	218,533
Net (decrease)/increase in cash and cash equivalents	(296,104)	114,310
Effects of exchange rate fluctuations on cash and cash equivalents	188	-
Cash and cash equivalents at beginning of the period	635,876	324,678
Cash and cash equivalents at end of the period	339,960	438,988
Cash and cash equivalents in the statement of cash flows comprise:		
Cash and bank balances	200,510	203,526
Deposits with licensed banks	139,450	235,462
	339,960	438,988

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012.

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 2012.

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 2012, except for the adoption of the following Malaysian Financial Reporting Standards (“MFRS”), Amendments to MFRSs and IC Interpretations:

- Amendments to MFRS 101, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income*
- 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 (2011)*
- MFRS 127, *Separate Financial Statements (2011)*
- MFRS 128, *Investments in Associates and Joint Ventures (2011)*
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

The adoption of the above pronouncements did not have any impact on the financial statements of the Group, except for the following:

- (i) Amendments to MFRS 101, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income*

The amendments to MFRS 101 requires separation of items presented in other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in future. Items that will not be recycled – such as defined benefit plan actuarial gain/loss – will be presented separately from items that may be recycled in future – such as deferred gain/loss on cash flow hedges and foreign currency translation differences (foreign operations).

The adoption of this amendment affects presentation only and has no material financial impact on the Group’s financial statements.

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

2. Changes In Accounting Policies (continued)

(ii) MFRS 10, Consolidated Financial Statements

As a result of the adoption of MFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over and consequently whether it consolidates its investees. MFRS 10 introduces a new control model that is applicable to all investees; among other things, it requires the consolidation of an investee if the Group controls the investee on the basis of *de facto* circumstances.

In accordance with the transitional provisions of MFRS 10, the Group re-assessed the control conclusion for its investees at 1 January 2013. As a consequence, the Group has changed its control conclusion in respect of its investment in TC Express Auto Services and Spare Parts (Thailand) Company Ltd. (“TCEAS Thailand”). Although the Group owns less than half of the shareholdings of TCEAS Thailand, the directors have determined that it has acquired *de facto* control over the investee when it subscribed for the investment on 3 April 2007, because the Group has held significantly more power over TCEAS Thailand than any other equity holders and the other shareholdings are widely dispersed. Accordingly, the Group applied acquisition accounting to the investment at 3 April 2007, as if the investee had been consolidated from that date. Previously, the investment in TCEAS Thailand was accounted for as an associate using the equity method.

(iii) MFRS 11, Joint Arrangements

As a result of the adoption of MFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements.

Under MFRS 11, the Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group’s rights to the assets and obligations for the liabilities of the arrangements. When making the assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

The Group has re-evaluated its involvement in its only joint arrangement in Structurflex Sdn. Bhd. and has reclassified the investment from associate to joint venture. Notwithstanding the reclassification, the investment continues to be recognised by applying equity method and there has been no impact on the recognised assets, liabilities and comprehensive income of the Group.

(iv) MFRS 119, Employee Benefits (2011)

The Group has adopted MFRS 119, *Employee Benefits (2011)* and applied this standard retrospectively during the current period.

As a result of this standard adoption, actuarial gains and losses are renamed ‘remeasurements’ and are recognised immediately in ‘other comprehensive income’ (“OCI”). Actuarial gains and losses will no longer be deferred using the corridor approach or recognised in profit or loss. Remeasurements recognised in OCI will not be recycled through profit or loss in subsequent periods.

There is no material impact from adoption of the revised standard.

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

2. Changes In Accounting Policies (continued)

The impact arising from the change of accounting policies is summarized as below:

(a) Condensed consolidated statement of financial position

	As previously reported RM'000	Effect of adoption of MFRS 10 RM'000	Effect of adoption of MFRS 11 RM'000	Effect of adoption of MFRS 119 (2011) RM'000	Restated RM'000
<u>As at 1 January 2012</u>					
Property, plant and equipment	675,779	616			676,395
Equity-accounted investees	19,791	2,788	-		22,579
Receivables, deposits and prepayments	299,584	(2,695)			296,889
Inventories	959,996	242			960,238
Cash and cash equivalents	324,634	638			325,272
Reserves	1,529,650	(90)			1,529,560
Non-controlling interests	8,310	(2,995)			5,315
Employee benefits	36,272	-		-	36,272
Payables and accruals	326,113	4,674			330,787
<u>As at 31 December 2012</u>					
Property, plant and equipment	858,396	288			858,684
Equity-accounted investees	27,128	3,281	-		30,409
Receivables, deposits and prepayments	416,009	(8,731)			407,278
Inventories	1,412,208	223			1,412,431
Cash and cash equivalents	634,426	1,450			635,876
Reserves	1,625,971	(83)			1,625,888
Non-controlling interests	6,140	(3,502)			2,638
Employee benefits	40,830	-		-	40,830
Payables and accruals	502,555	96			502,651

(b) Condensed consolidated income statement

	As previously reported RM'000	Effect of adoption of MFRS 10 RM'000	Effect of adoption of MFRS 11 RM'000	Effect of adoption of MFRS 119 (2011) RM'000	Restated RM'000
<u>Period ended 31 March 2012</u>					
Revenue	982,599	469			983,068
Operating profit	51,888	(255)		(67)	51,566
Interest expense	(9,261)	(116)			(9,377)
Share of profit of equity-accounted investees	203	182	-		385
Profit before taxation	46,187	(189)		(67)	45,931
Profit for the period	31,696	(189)		(67)	31,440
Profit for the period attributable to:					
Equity holders of the Company	31,670	-		(67)	31,603
Non-controlling interests	26	(189)			(163)

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

2. Changes In Accounting Policies (continued)

(c) Condensed consolidated statement of comprehensive income

	As previously reported RM'000	Effect of adoption of MFRS 10 RM'000	Effect of adoption of MFRS 11 RM'000	Effect of adoption of MFRS 119 (2011) RM'000	Restated RM'000
<u>Period ended 31 March 2012</u>					
Defined benefit plan actuarial gains	-	-		67	67
Foreign currency translation differences for foreign operations	(1,124)	(15)			(1,139)
Total comprehensive income for the period	33,001	(204)	-		32,797
Total comprehensive income attributable to:					
Equity holders of the Company	32,975	3	-		32,978
Non-controlling interests	26	(207)	-		(181)

(d) Condensed consolidated statement of changes in equity

	As previously reported RM'000	Effect of adoption of MFRS 10 RM'000	Effect of adoption of MFRS 11 RM'000	Effect of adoption of MFRS 119 (2011) RM'000	Restated RM'000
<u>Period ended 1 January 2012</u>					
Translation reserves	(1,215)	(90)			(1,305)
Non-controlling interests	8,310	(2,995)			5,315
<u>Period ended 31 December 2012</u>					
Translation reserves	(2,644)	(83)			(2,727)
Non-controlling interests	6,140	(3,502)			2,638

(e) Condensed consolidated statement of cash flows

	As previously reported RM'000	Effect of adoption of MFRS 10 RM'000	Effect of adoption of MFRS 11 RM'000	Effect of adoption of MFRS 119 (2011) RM'000	Restated RM'000
<u>Period ended 31 March 2012</u>					
Profit before taxation	46,187	(189)	-	(67)	45,931
Non-cash and non-operating items	20,823	376		67	21,266
Changes in working capital:					
Inventories	(41,192)	(40)			(41,232)
Receivables, deposits and prepayments	(54,417)	205			(54,212)
Payables and accruals	53,591	(304)			53,287
Interest paid (net)	(5,903)	(116)			(6,019)

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

2. Changes In Accounting Policies (continued)

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

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

Effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

Effective for annual periods beginning on or after 1 January 2015

- MFRS 9, *Financial Instruments* (2009)
- MFRS 9, *Financial Instruments* (2010)
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

3. Audit Qualifications

There were no audit qualifications in the annual financial statements for the year ended 31 December 2012.

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 19,185,000. 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") Programme, the Group has redeemed RM65 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 RM708.75 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.

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

8. Dividend Paid

No dividends were paid during the quarter ended 31 March 2013.

9. Segmental Reporting

For the financial period ended 31 March 2013:

	Vehicles assembly, manufacturing, distribution and after sale services		Financial services		Other operations		Total	
	(Restated)						(Restated)	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	1,426,331	972,464	9,126	9,860	882	744	1,436,339	983,068
Inter-segment revenue	3,077	391	961	1,295	15,124	12,821	19,162	14,507
Segment EBITDA*	144,605	67,588	4,587	5,227	(149)	1,237	149,043	74,052

*Segment earnings before interest, taxation, depreciation and amortisation

Reconciliation of reportable segment profit or loss:

	31.03.2013	(Restated) 31.03.2012
	RM'000	RM'000
Total EBITDA for reportable segments	149,043	74,052
Depreciation and amortisation	(17,818)	(16,782)
Interest expense	(11,033)	(9,377)
Interest income	4,677	3,357
Share of profit of equity-accounted investees not included in reportable segments	1,827	385
Unallocated corporate expenses	(3,757)	(5,704)
Consolidated profit before taxation	122,939	45,931

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 2012.

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 subsidiary in Malaysia:

No.	Name of Subsidiary	Date of Incorporation	Intended Principal Activity
(i)	TMC Services Sdn Bhd	3 January 2013	Provision of treasury management services
(ii)	TC ITECH Sdn Bhd	3 January 2013	Provision of information technology services
(iii)	TC Plastics Sdn Bhd	3 January 2013	Supply of painted plastic parts to automotive assembly plants and plastic injection manufacturing
(iv)	TC Industrial Entity Sdn Bhd	6 February 2013	Investment holding
(v)	TC Industrial Lands (Serendah) Sdn Bhd	18 February 2013	Property holding

13. Changes in Contingent Liabilities or Contingent Assets

In previous financial year 2012, the General Department of Vietnam Customs (“the Vietnam Customs”) has opined that a subsidiary in Vietnam is not entitled to the preferential import tax rate for the importation of completely knock-down (“CKD”) parts during the period from 2009 to 2011. It was on the basis that the subsidiary company was viewed not to meet one of the conditions stipulated under the prevailing regulations to enjoy the preferential import duty rates for automotive parts and components whereby the CKD parts must be imported/entrusted to be imported by a qualified automobile manufacturer/assembler as stipulated by the Ministry of Industry and Trade (“MOIT”).

The subsidiary company is appealing for its importation of CKD parts for reselling at cost to Hoa Binh Automobile Joint Venture Company (“VMC”), a qualified automobile manufacturer/assembler, in the period from 2009 and 2011 to be treated similar to the importation under entrustment (the qualified importation) and that the import duty liabilities in respect of CKD parts would remain the same had VMC imported the CKD parts itself.

The subsidiary company is currently appealing to the relevant authorities. As of date of this announcement, no liability has been recognised in the financial statements pending the outcome of the appeal.

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

	31.03.2013	31.03.2012
	RM’000	RM’000
<i>Property, plant and equipment</i>		
Authorised but not contracted for	226,658	154,229
Authorised and contracted for		
In Malaysia	31,616	34,647
Outside Malaysia	21,295	72,217
<i>Overseas operation commitments</i>		
Authorised and contracted for	95,306	35,480
<i>Investment</i>		
Authorised and contracted for	-	2,384
	<u>374,875</u>	<u>298,957</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), APM Automotive Holdings Berhad (APM) and Tan Chong International Limited (TCIL) Groups, companies in which a Director of the Company, namely Dato' Tan Heng Chew, is deemed to have substantial financial interests, are as follows:

	Individual/Cumulative Quarter	
	31.03.2013	31.03.2012
	RM'000	RM'000
With WTCH Group		
Sales	3,836	8,567
With APM Group		
Purchases	36,754	23,885
With TCIL Group		
Contract assembly fee receivable	9,260	-

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/Cumulative Quarter	
	31.03.2013	31.03.2012
	RM'000	RM'000
Purchases	483,703	387,825

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 a Director of the Company, namely Dato' Tan Heng Chew by virtue of Section 122A of the Companies Act, 1965, is as follows:

	Individual/Cumulative Quarter	
	31.03.2013	31.03.2012
	RM'000	RM'000
Purchases	3,710	7,074

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

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

2013 marks a new record for the Group. Nissan continues its No. 2 position in the non-national car segment having captured 9.3% of the total industry volume of 157,664 units for the first quarter of 2013.

The Group has shown impressive growth in top line and bottom line. Revenue surged by 46%, while net profit had jumped by 167% compared to the first quarter of 2012 to record at RM1.4 billion and RM84.2 million respectively.

The strong performance was driven by our best-selling model, the all-new Nissan Almera in the “B” segment (previously absent). As of 31 March 2013, more than 15,000 units of Almera had been sold. Correspondingly, the Group financial position is robust (net gearing ratio reduced from 30% to 25% compared to 31 December 2012) – even though inventory remains elevated at RM1.3 billion due to stock piling ahead of new model launches in the pipeline.

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

Automotive division recorded RM1,426 million in revenue, an increase of 46.7% compared to RM972 million for previous year same quarter. Correspondingly, the segment EBITDA of RM144.6 million is higher by 114.0% compared to RM67.6 million for previous year same quarter.

The improved earning was attributed to the higher vehicle sales. The performance in the last year corresponding quarter was badly affected by supply issue arising from natural disaster such as earthquakes and floods.

b) Financial Services (hire purchase and insurance)

The financial services division recorded revenue of RM9.1 million a decrease of 7.4% compared to previous year same quarter of RM9.9 million arising from sales of RM388 million of hire purchase receivables under the Asset-Backed Securitisation (ABS) programme in the fourth quarter of 2012. Accordingly, EBITDA has decreased by 12.2% to RM4.6 million. As at 31 March 2013, hire purchase receivables stood at RM406 million, a decrease of RM166 million compared to last year same quarter of RM572 million.

c) Other Operations (investments and properties)

Revenue from other operations for the first quarter of 2013 was at RM0.9 million compared to RM0.7 million in the previous year same quarter and EBITDA for the first quarter of 2013 was a loss of RM0.1 million compared to profit of RM1.2 million in the previous year same quarter. The reduction in EBITDA was mainly due to the increase in manpower related costs as the Group expanded its business in ASEAN countries.

2. Comparison With Preceding Quarter’s Results

Comparing to preceding quarter of 2012, both our top line and bottom line (Profit After Taxation) increase by 21.7% and 70.7% respectively whilst EBITDA rose by 45.4%.

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

For the quarter under review, automotive division recorded RM1,426 million in revenue, an increase of 22.2% compared to RM1,167 million for preceding quarter and segment EBITDA of RM144.6 million an increase of 51.9% compared to RM95.2 million for preceding quarter on the back of market share gains, mainly due to the all-new Nissan Almera.

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 RM9.1 million for the Q1 2013, a decrease of 27.8% compared to preceding quarter of RM12.6 million. EBITDA for Q1 2013 was at RM4.6 million compared to preceding quarter of RM5.5 million. This is mainly due to the disposal of hire purchase receivables under the ABS in preceding quarter of 2012 which further reduced the hire purchase receivables balances as at the first quarter of 2013.

c) Other Operations (investments and properties)

Revenue from other operations for Q1 2013 was at RM0.8 million compared to RM1.1 million in the preceding quarter and EBITDA for Q1 2013 was a loss of RM0.1 million compared to profit of RM1.8 million in the preceding quarter. The EBITDA of RM1.8 million in preceding quarter is mainly resulted from the reversal of over provision in prior year.

3. Current Year Prospects

After record sales in first quarter of 2013, it is only normal to see a softer Q2. Sales are likely to see a soft patch in second quarter of 2013 as consumers adopt a "wait-and-see" approach to the 13th General Election on 5 May 2013. The automotive sector faces greater challenges in 2013 due to growing market perception of potential car price reduction as pledged by certain political parties in their general election manifestos and the long awaited announcement of the National Automotive Policy.

Once the dust settles, we see pent-up demand for new models and new products returning in second half of 2013. We expect the Group's financial strength to be reaffirmed to a level that supports our growing localization strategy amid growing ASEAN domestic economies.

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/Cumulative Quarter	
	31.03.2013	31.03.2012
	RM'000	RM'000
Current year	41,502	19,238
Prior year	2,447	(1,165)
Deferred tax	(5,174)	(3,582)
	<u>38,775</u>	<u>14,491</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 as at the end of the reporting period are as follows:

	31.03.2013
	RM'000
Unsecured :	
- Bills payable	119,874
- Revolving credit	548,751
- Short term loan	112,404
- Long term loan	340,573
Total borrowings	<u>1,121,602</u>
Comprising :	
Amount repayable within one year	781,029
Amount repayable after one year	340,573
	<u>1,121,602</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:

	31.03.2013	(Restated)
	RM'000	31.12.2012
		RM'000
Total retained profits of Tan Chong Motor Holdings Berhad and its subsidiaries:		
- Realised profit	1,883,276	1,814,455
- Unrealised loss	(17,255)	(26,330)
	<u>1,866,021</u>	<u>1,788,125</u>
Total share of retained profits from equity-accounted investees:		
- Realised profit	12,147	10,253
- Unrealised profit	1	68
	<u>12,148</u>	<u>10,321</u>
Total Group retained profits before consolidation adjustment	1,878,169	1,798,446
Less: Consolidation adjustment	(164,516)	(168,946)
	<u>1,713,653</u>	<u>1,629,500</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 of 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 to be heard on 14 May 2013.

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 trial dates on 22 and 23 July 2013.

10. Dividend

No dividend has been proposed for the first quarter ended 31 March 2013.

A final dividend of 12% less tax 25% for the year ended 31 December 2012 to shareholders whose names appear in the Register of Members on 3 June 2013 was proposed by the Directors. The dividend is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting scheduled on 22 May 2013.

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/Cumulative Quarter	
	2013 ('000)	2012 ('000)
Issued ordinary shares at beginning of the period	652,815	652,817
Effect of shares buyback during the period	-	-
Weighted average number of ordinary shares	<u>652,815</u>	<u>652,817</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 31.03.2013 RM'000	(Restated) Preceding Year Corresponding Quarter 31.3.2012 RM'000
Depreciation and amortisation	(17,818)	(16,782)
Provision for and write off of receivables	(276)	(242)
Reversal/(Provision for) and (write off) of inventories	2	(45)
(Loss)/gain on disposal of properties and investments	-	1,687
Property, plant and equipment written off	-	(6)
Foreign exchange (loss)/gain	(903)	(3,456)
Other loss, including investment income	-	(3)
	<u> </u>	<u> </u>

BY ORDER OF THE BOARD

YAP BEE LEE
CHANG PIE HOON
Company Secretaries
Kuala Lumpur
15 May 2013