



TAN CHONG MOTOR HOLDINGS BERHAD (12969-P)
(Incorporated in Malaysia)

**INTERIM REPORT FOR THE
THIRD QUARTER ENDED
30 SEPTEMBER 2013**

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TAN CHONG MOTOR HOLDINGS BERHAD

(Company No: 12969-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED 30 SEPTEMBER 2013**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Corresponding Quarter 30.09.2013 RM'000	(Restated) Preceding Year Corresponding Quarter 30.09.2012 RM'000	(Unaudited) Current Year To Date 30.09.2013 RM'000	(Restated) Preceding Year Corresponding Period 30.09.2012 RM'000
Revenue	1,267,761	938,074	3,844,742	2,906,983
Operating profit	55,318	49,524	280,509	165,078
Interest expense	(10,885)	(9,942)	(33,641)	(26,745)
Interest income	4,187	4,166	13,625	10,478
Share of profit of equity-accounted investees	1,044	703	3,919	1,972
Profit before taxation	49,664	44,451	264,412	150,783
Tax expense	(32,681)	(12,341)	(96,069)	(44,559)
Profit for the period	16,983	32,110	168,343	106,224
Attributable to:				
Equity holders of the Company	31,665	32,624	183,113	107,442
Non-controlling interests	(14,682)	(514)	(14,770)	(1,218)
	16,983	32,110	168,343	106,224
Earning per share (sen)				
(a) Basic	4.85	5.00	28.05	16.46
(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 2012.



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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2013**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 30.09.2013 RM'000	(Restated) Preceding Year Corresponding Quarter 30.09.2012 RM'000	(Unaudited) Current Year To Date 30.09.2013 RM'000	(Restated) Preceding Year Corresponding Period 30.09.2012 RM'000
Profit for the period	16,983	32,110	168,343	106,224
<i>Item that will not be reclassified to profit or loss:</i>				
Defined benefit plan actuarial gains	58	67	174	201
Total item that will not be classified to profit or loss	58	67	174	201
<i>Item that are or may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences - foreign operations	(427)	(1,577)	365	(1,677)
Net change in fair value of cash flow hedges reclassified to profit or loss	2,925	361	4,181	1,821
Total items that are or may be classified subsequently to profit or loss	2,498	(1,216)	4,546	144
Other comprehensive income for the period, net of tax	2,556	(1,149)	4,720	345
Total comprehensive income for the period	19,539	30,961	173,063	106,569
Total comprehensive income attributable to:				
Equity holders of the Company	34,522	31,587	188,150	107,882
Non-controlling interests	(14,983)	(626)	(15,087)	(1,313)
	19,539	30,961	173,063	106,569

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 30 SEPTEMBER 2013

	(Unaudited)	(Restated)	(Restated)
	As at	As at	As at
	30.09.2013	31.12.2012	01.01.2012
	RM'000	RM'000	RM'000
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	927,613	858,684	676,395
Investment properties	21,532	20,303	17,558
Prepaid lease payments	21,990	16,535	11,357
Equity-accounted investees	34,328	30,409	22,579
Other investments	1	1	1,807
Deferred tax assets	27,423	24,339	14,520
Hire purchase receivables	441,727	251,153	386,788
Intangible assets	13,944	13,944	14,448
Long term receivables	3,362	2,378	1,440
	<hr/> 1,491,920	<hr/> 1,217,746	<hr/> 1,146,892
<u>Current assets</u>			
Other investments	206,237	200,603	194,064
Hire purchase receivables	133,989	52,583	107,038
Receivables, deposits and prepayments	670,180	407,278	296,889
Current tax assets	6,513	7,700	7,642
Inventories	1,464,594	1,412,431	960,238
Derivative assets	3,196	266	463
Cash and cash equivalents	464,334	635,876	325,272
	<hr/> 2,949,043	<hr/> 2,716,737	<hr/> 1,891,606
TOTAL ASSETS	<hr/> <hr/> 4,440,963	<hr/> <hr/> 3,934,483	<hr/> <hr/> 3,038,498



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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013 (continued)

	(Unaudited)	(Restated)	(Restated)
	As at	As at	As at
	30.09.2013	31.12.2012	01.01.2012
	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES			
<u>Equity</u>			
Share capital	336,000	336,000	336,000
Reserves	1,710,915	1,625,888	1,529,560
Treasury shares	(24,802)	(24,795)	(24,786)
Total equity attributable to equity holders of the Company	2,022,113	1,937,093	1,840,774
Non-controlling interests	(12,449)	2,638	5,315
Total equity	2,009,664	1,939,731	1,846,089
<u>Non-current liabilities</u>			
Deferred tax liabilities	21,810	23,641	20,075
Borrowings	351,112	346,413	280,000
Employee benefits	44,736	40,830	36,272
	417,658	410,884	336,347
<u>Current liabilities</u>			
Payables and accruals	708,078	502,651	330,787
Borrowings	1,253,845	1,071,209	520,026
Derivative liabilities	-	1,251	-
Taxation	51,718	8,757	5,249
	2,013,641	1,583,868	856,062
Total liabilities	2,431,299	1,994,752	1,192,409
TOTAL EQUITY AND LIABILITIES	4,440,963	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 30 SEPTEMBER 2013**

	-----Attributable to Equity Holders of the Company-----									
	-----Non-Distributable-----				-----Distributable-----			Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	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				
(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	-	-	(1,582)	1,821	-	201	440	(95)	345	
Profit for the period	-	-	-	-	-	107,442	107,442	(1,218)	106,224	
Total comprehensive income for the period	-	-	(1,582)	1,821	-	107,643	107,882	(1,313)	106,569	
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)	
At 30.09.2012	336,000	(24,791)	(2,887)	2,284	100	1,579,191	1,889,897	3,702	1,893,599	
(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	-	-	382	4,181	-	174	4,737	(17)	4,720	
Profit for the period	-	-	-	-	-	183,113	183,113	(14,770)	168,343	
Total comprehensive income for the period	-	-	382	4,181	-	183,287	187,850	(14,787)	173,063	
Purchase of treasury shares	-	(7)	-	-	-	-	(7)	-	(7)	
Dividend - 2012 Final	-	-	-	-	-	(29,377)	(29,377)	-	(29,377)	
Dividend - 2013 Interim	-	-	-	-	-	(29,377)	(29,377)	(300)	(29,677)	
Dividend - 2013 Special	-	-	-	-	-	(44,069)	(44,069)	-	(44,069)	
At 30.09.2013	336,000	(24,802)	(2,345)	3,196	100	1,709,964	2,022,113	(12,449)	2,009,664	

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 30 SEPTEMBER 2013

	CUMULATIVE QUARTER	
	(Unaudited)	(Restated)
	For the 9 months ended	For the 9 months ended
	30.09.2013	30.09.2012
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	264,412	150,783
Adjustments for:		
Non-cash and non-operating items	78,636	63,655
Operating profit before working capital changes	343,048	214,438
Changes in working capital		
Inventories	(52,983)	(384,279)
Hire purchase receivables	(274,002)	(126,229)
Receivables, deposits and prepayments	(264,489)	(93,179)
Payables and accruals	201,279	113,840
Cash used in operations	(47,147)	(275,409)
Tax paid	(56,289)	(42,434)
Interest paid	(20,016)	(16,267)
Employee benefits paid	(632)	(481)
Net cash used in operating activities	(124,084)	(334,591)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(137,782)	(158,338)
Acquisition of prepaid lease payments	(5,133)	(4,326)
Acquisition of other investments	(5,647)	(129,419)
Additional investment in equity-accounted investee	-	(1,548)
Proceeds from disposal of property, plant and equipment	20,358	45,936
Net cash used in investing activities	(128,204)	(247,695)



TAN CHONG MOTOR HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)

	CUMULATIVE QUARTER	
	(Unaudited)	(Restated)
	For the 9 months ended	For the 9 months ended
	30.09.2013	30.09.2012
	RM'000	RM'000
Cash flows from financing activities		
Dividend paid to shareholders of the Company	(102,823)	(58,754)
Dividend paid to non-controlling interests	(300)	(300)
Purchase of own shares	(7)	(5)
Proceeds from bills payable (net)	93,455	224,912
Proceeds from term loans and revolving credit (net)	86,969	389,227
Net cash generated from financing activities	77,294	555,080
Net decrease in cash and cash equivalents	(174,994)	(27,206)
Effects of exchange rate fluctuations on cash and cash equivalents	3,452	(622)
Cash and cash equivalents at beginning of the period	635,876	324,678
Cash and cash equivalents at end of the period	464,334	296,850
Cash and cash equivalents in the statement of cash flows comprise:		
Cash and bank balances	240,605	154,875
Deposits with licensed banks	223,729	141,975
	464,334	296,850

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 30 September 2012</u>					
Revenue	2,905,649	1,334			2,906,983
Operating profit	165,812	(533)		(201)	165,078
Interest expense	(26,441)	(304)			(26,745)
Share of profit of equity-accounted investees	1,562	410	-		1,972
Profit before taxation	151,411	(427)		(201)	150,783
Profit for the period	106,852	(427)		(201)	106,224
Profit for the period attributable to:					
Equity holders of the Company	107,643	-		(201)	107,442
Non-controlling interests	(791)	(427)			(1,218)

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 30 September 2012</u>					
Defined benefit plan actuarial gains	-			201	201
Foreign currency translation differences for foreign operations	(1,565)	(112)			(1,677)
Total comprehensive income for the period	107,108	(539)			106,569
Total comprehensive income attributable to:					
Equity holders of the Company	107,976	(94)			107,882
Non-controlling interests	(868)	(445)			(1,313)

(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 30 September 2012</u>					
Profit before taxation	151,411	(427)		(201)	150,783
Non-cash and non-operating items	63,306	148		201	63,655
Changes in working capital:					
Inventories	(384,246)	(33)			(384,279)
Receivables, deposits and prepayments	(98,138)	4,959			(93,179)
Payables and accruals	118,407	(4,567)			113,840
Interest paid (net)	(15,963)	(304)			(16,267)

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 a date yet to be confirmed

- 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 19,186,000. 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 RM72 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 RM559.75 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

An interim dividend of 12% less tax of 25% for the year ending 31 December 2013 (2012: 12% less tax of 25%) amounting to RM29.38 million (2012: RM29.38 million) was paid on 30 September 2013.

A special dividend of 18% less tax of 25% for the year ending 31 December 2013 (2012: Nil) amounting to RM44.07 million (2012: Nil) was paid on 30 September 2013.

9. Segmental Reporting

For the financial period ended 30 September 2013:

	Vehicles assembly, manufacturing, distribution and after sale services		Financial services		Other operations		Total	
	(Restated)						(Restated)	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	3,809,998	2,873,162	29,294	30,322	5,450	3,499	3,844,742	2,906,983
Inter-segment revenue	10,946	4,766	1,483	2,652	45,368	38,467	57,797	45,885
Segment EBITDA*	342,351	210,739	12,458	13,130	(7,508)	8,184	347,301	232,053

*Segment earnings before interest, taxation, depreciation and amortisation

Reconciliation of reportable segment profit or loss:

	30.09.2013	(Restated) 30.09.2012
	RM'000	RM'000
Total EBITDA for reportable segments	347,301	232,053
Depreciation and amortisation	(56,196)	(53,230)
Interest expense	(33,641)	(26,745)
Interest income	13,625	10,478
Share of profit of equity-accounted investees not included in reportable segments	3,919	1,972
Unallocated corporate expenses	(10,596)	(13,745)
Consolidated profit before taxation	264,412	150,783

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 subsidiaries in Malaysia:

No.	Name of Subsidiary	Date of Incorporation	Intended Principal Activities
(i)	TCIBS Services Sdn Bhd	13 August 2013	Insurance agency business
(ii)	Tan Chong IBS Sdn Bhd	13 August 2013	Insurance agency business
(iii)	Tan Chong Motor (Myanmar) Company Limited	21 June 2013	Manufacturing and marketing of motor vehicles in Myanmar

13. Changes in Contingent Liabilities or Contingent Assets

It was disclosed in the Notes to the audited Financial Statements for year ended 31 December 2012 of Tan Chong Motor Holdings Berhad (“TCMH”) and in TCMH’s announcements of its two unaudited quarterly financial results for 2013 that the General Department of Vietnam Customs (“the Vietnam Customs”) has opined that Nissan Vietnam Company Limited (“NVL”), a 74% subsidiary of TCMH Group is not entitled to the preferential import tax rate for the importation of completely knock-down (“CKD”) parts and kits.

On 16 October 2013, TCMH announced that NVL was in receipt of decisions from the Customs Chief of Hanoi Processing and Investment Customs Branch dated 23 September 2013 and 8 October 2013 that an amount totaling VND357,028,537,085 equivalent to approximately USD16.98 million, being the additional import duties payable by NVL in respect of the importation of CKD parts and kits for the period from 2010 to 2012.

NVL has submitted its appeal against the decisions.

As at 30 September 2013, the additional import duties have been provided for in the current quarter.

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

	30.09.2013	30.09.2012
	RM’000	RM’000
<i>Property, plant and equipment</i>		
Authorised but not contracted for	345,022	190,207
Authorised and contracted for		
In Malaysia	54,755	111,974
Outside Malaysia	24,001	42,982
<i>Overseas operation commitments</i>		
Authorised and contracted for	83,289	33,150
	<u>507,067</u>	<u>378,313</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 Quarter		Cumulative Quarter	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
With WTCH Group				
Sales	10,546	2,980	20,172	20,976
With APM Group				
Purchases	69,701	41,069	139,902	97,890
With TCIL Group				
Contract assembly fee receivable	1,269	-	24,158	-

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	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
Purchases	562,305	536,127	1,526,740	1,365,434

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 Quarter		Individual/Cumulative Quarter	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
Purchases	85,752	18,398	96,285	40,436

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

The Group continues to be pro-growth in 2013 with the launch of the all-new Nissan Serena S-Hybrid on 23 July 2013 albeit softer sales from the all-new Nissan Almera (launched on 30 October 2012). Nissan maintained its No. 2 position in the non-national car segments capturing 7.95% of the total industry volume of 487,970 units for the period ended 30 September 2013. Top line growth is still robust at 32% to RM3.8 billion compared to RM2.9 billion last year. However the bottom-line has slowed to 58% from RM106.2 million to RM168.3 million compared to previous quarters. Year-on-year for the third quarter profit before tax did not grow. There are a number of reasons for this in our discussion below:

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

Automotive division recorded RM3,810 million in revenue, an increase of 32.6% compared to RM2,873 million for previous year same period and segment EBITDA of RM342.4 million, an increase of 62.5% compared to RM210.7 million for previous year same period on account of higher vehicle sale. The increase in EBITDA was masked by provision of RM56 million (equivalent to USD16.98 million) relating to NVL preferential import tax duties issue which is under appeal (Refer to Note A13).

b) Financial Services (hire purchase and insurance)

The sale of RM388 million of hire purchase receivables under the Asset-Backed Securitisation (ABS) programme in the fourth quarter of 2012 has helped the group de-risk but weighed on the financial services division's performance. The financial services division recorded revenue of RM29.3 million, a decrease of 3.4% compared to previous year same period of RM30.3 million. EBITDA has reduced by 5.1% compared to the previous year same period from RM13.13 million to RM12.46 million. As at 30 September 2013, hire purchase receivables stood at RM576 million, a decrease of RM42 million compared to last year same period of RM618 million.

c) Other Operations (investments and properties)

Revenue from other operations for third quarter ended 30 September 2013 was RM5.5 million compared to RM3.5 million in the previous year same period and EBITDA was a loss of RM7.5 million compared to profit of RM8.2 million in the previous year same period. The huge reduction was mainly due to gain of RM2.84 million from re-measurement to fair value of the Group's pre-existing 15% interest in THK Rhythm Malaysia Sdn Bhd recorded in the same period a year ago. The loss has widened due to increase in manpower related costs as the Group expanded its business in ASEAN countries.

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

Comparing to preceding quarter of 2013, our top line increased by 11.1% but our bottom line (Profit After Taxation) decreased by 74.7% whilst EBITDA reduced by 35.8%. Excluding the one-off adjustment, EBITDA and Profit After Taxation stood at RM133.79 million and RM73.28 million respectively.

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

For the quarter under review, automotive division recorded RM1,254.8 million in revenue, an increase of 11.2% compared to RM1,128.9 million for preceding quarter with increase in sales volume. Segment EBITDA was RM80.5 million. This is a decrease of 31.4% compared to RM117.3 million for preceding quarter mainly due to provision of RM56 million (equivalent to USD16.98 million) relating to NVL preferential import tax duties issue which is under appeal (Refer to Note A13).

Coverage in Indo-China is growing with the addition of Myanmar, the last frontier market. The DaNang City plant, which started with the local assembly and distribution of Nissan Sunny vehicles in Vietnam, is on track.

b) Financial Services (hire purchase and insurance)

The financial services division improved its revenue to RM11 million for the Q3 2013. This is an increase of 20.1% compared to preceding quarter results of RM9.2 million. EBITDA for Q3 2013 was RM3.8 million compared to preceding quarter RM4.0 million. This was mainly due to sales mix of passenger vehicles, where yields are typically lower compared to commercial and second-hand car financing.

c) Other Operations (investments and properties)

Revenue from other operations for Q3 2013 was RM2.0 million compared to RM2.6 million in the preceding quarter. EBITDA for Q3 2013 was a loss of RM6.8 million compared to loss of RM0.5 million in the preceding quarter. The increase in the loss for Q3 2013 was mainly due to increase in manpower related costs as the Group expanded its business in ASEAN countries.

3. Current Year Prospects

As the year draws to a close, the group is moving to a stabilisation phase after rampant volume expansion. Aside from housekeeping issues after an exciting year of new product launches (notably the all-new Nissan Serena S-Hybrid and all new Nissan Grand Livina in second half of 2013), we are looking at sustainability through capacity utilisation, product refreshers and continuous car flow. We will be focusing a lot on organisation and control – putting quality production in place before mass production.

After record deliveries, the group has to continue to invest in infrastructure and processes to keep up with industrial technology and localisation needs in ASEAN. Capital spending is likely to remain elevated in the medium term. The Group's gearing has risen to 46.2% as at 30 September 2013 from 30% at the end of 2012. In view of increased volatility and uncertainty ahead, we are actively taking steps to strengthen our financial position and better manage working capital requirements in tandem with foreign exchange and market trends.

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	
	30.09.2013 RM'000	30.09.2012 RM'000	30.09.2013 RM'000	30.09.2012 RM'000
Current year	27,496	14,077	103,164	53,556
Prior year	(239)	(5,128)	(2,727)	(7,905)
Deferred tax	5,424	3,392	(4,368)	(1,092)
	<u>32,681</u>	<u>12,341</u>	<u>96,069</u>	<u>44,559</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:

	30.09.2013 RM'000
Unsecured :	
- Bills payable	395,156
- Revolving credit	634,950
- Short term loan	150,019
- Long term loan	324,830
Secured :	
Recourse obligation on financing sold to Cagamas Berhad	<u>100,002</u>
Total borrowings	<u>1,604,957</u>
Comprising :	
Amount repayable within one year	1,253,845
Amount repayable after one year	<u>351,112</u>
	<u>1,604,957</u>

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

8. Financial Instruments and Realised And Unrealised Profits

a) Derivatives

As at 30 September 2013, the notional amount, fair value and maturity period of the forward foreign exchange contracts are as follows:

Type of Derivatives	Notional Amount RM'000	Net Fair Value Assets/(Liabilities) RM'000	Maturity
Forward foreign exchange contracts	103,443	3,196	Less than 1 year

Forward foreign exchange contracts are entered into with locally incorporated licensed banks to hedge certain portion of the Group's purchases from exchange rate movements. As the exchange rates are predetermined under such contracts, in the event of exchange rate movement, exposure to opportunity gain/(loss) is expected. Given that the contracts are entered into with locally incorporated licensed banks, we are of the view that credit risk and the counterparty risk are minimal. Apart from a small fee payable to the banks there are no cash requirements for the forward contracts.

It is the Group policy not to enter into hedging contracts, which in the aggregate relate to volumes that exceed its expected commercial requirements for imports.

b) 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:

	(Unaudited) 30.09.2013 RM'000	(Restated) 31.12.2012 RM'000
Total retained profits of Tan Chong Motor Holdings Berhad and its subsidiaries:		
- Realised profit	1,917,278	1,814,455
- Unrealised loss	(7,355)	(26,330)
	<u>1,909,923</u>	<u>1,788,125</u>
Total share of retained profits from equity-accounted investees:		
- Realised profit	14,213	10,253
- Unrealised profit	27	68
	<u>14,240</u>	<u>10,321</u>
Total Group retained profits before consolidation adjustment	1,924,163	1,798,446
Less: Consolidation adjustment	(214,199)	(168,946)
	<u>1,709,964</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. The Court of Appeal has dismissed Teck Guan's appeal in favour of the 3 Defendants. On 10 June 2013, Teck Guan has filed a Notice of Motion at the Federal Court for leave application to appeal against the decision of the Court of Appeal. We are currently awaiting the Court to fix a 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"). On 23 October 2013, the Court has transferred the case to Magistrate Court and fixed the Mention date on 20 November 2013.

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:

Weighted average number of ordinary shares	Individual Quarter		Cumulative Quarter	
	2013	2012	2013	2012
	('000)	('000)	('000)	('000)
Issued ordinary shares at beginning of the period	652,814	652,816	652,815	652,817
Effect of shares buyback during the period	-	-	(1)	(1)
Weighted average number of ordinary shares	<u>652,814</u>	<u>652,816</u>	<u>652,814</u>	<u>652,816</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):

	(Unaudited)	(Restated)	(Unaudited)	(Restated)
	Current	Preceding	Current	Preceding
	Year	Year	Year	Year
	Quarter	Corresponding	To Date	Corresponding
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	(18,110)	(18,013)	(56,196)	(53,230)
Reversal/(Provision for) and (write off) of receivables	(961)	(485)	(2,625)	(3,068)
Reversal/(Provision for) and (write off) of inventories	(845)	(36)	(820)	(101)
(Loss)/gain on disposal of properties and investments	416	1,855	2,098	7,144
Property, plant and equipment written off	(266)	(23)	(272)	(44)
Foreign exchange (loss)/gain	5,331	(3,182)	6,770	(2,950)
Gain/(loss) on derivatives	2,925	361	4,181	1,821
Gain on re-measurement to fair value of pre-existing equity interest	-	-	-	2,838
Other loss, including investment income	70	(32)	(12)	(42)

BY ORDER OF THE BOARD

LEE KWEE CHENG

YAP BEE LEE

CHANG PIE HOON

Company Secretaries

Kuala Lumpur

20 November 2013