



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

**CONDENSED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2009**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2009 RM'000	Preceding Year Corresponding Quarter 30.09.2008 RM'000	Current Year To-date 30.09.2009 RM'000	Preceding Year Corresponding Period 30.09.2008 RM'000
Revenue	745,768	1,002,478	2,136,697	2,545,862
Operating profit	44,373	117,703	138,913	274,028
Interest expense	(4,196)	(4,880)	(14,098)	(15,805)
Interest income	3,233	2,994	9,061	7,949
Share of profit of associates	559	(119)	641	638
Profit before taxation	43,969	115,698	134,517	266,810
Tax expense	(9,253)	(21,064)	(23,269)	(49,607)
Profit for the period	34,716	94,634	111,248	217,203
Attributable to:				
Equity holders of the Company	34,432	95,417	110,601	217,614
Minority interest	284	(783)	647	(411)
	34,716	94,634	111,248	217,203
Earnings per share (sen)				
(a) Basic	5.27	14.30	16.88	32.61
(b) Fully diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008.



**TAN CHONG MOTOR HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**AS AT 30 SEPTEMBER 2009**

	(Unaudited) As at end of current quarter 30.09.2009 RM'000	As at preceding financial year end 31.12.2008 RM'000
<b>ASSETS</b>		
<b><u>Non-current assets</u></b>		
Property, plant and equipment	480,410	520,994
Prepaid lease payments	72,205	71,843
Investment properties	10,608	10,692
Investments in associates	18,852	18,212
Other investments	1,806	5,806
Deferred tax assets	4,666	4,501
Hire purchase receivables	225,784	165,331
Long term receivables	6,241	3,633
	820,572	801,012
<b><u>Current assets</u></b>		
Other investments	423,331	239,822
Hire purchase receivables	47,117	61,609
Receivables, deposits and prepayments	273,690	214,237
Current tax assets	17,029	3,567
Inventories	496,878	854,440
Cash and cash equivalents	125,158	76,733
Asset classified as held for sale	3	-
	1,383,206	1,450,408
<b>TOTAL ASSETS</b>	2,203,778	2,251,420
<b>EQUITIES AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	336,000	336,000
Reserves	1,159,965	1,098,485
Treasury shares	(24,627)	(13,024)
<b>Total equity attributable to equity holders of the Company</b>	1,471,338	1,421,461
<b>Minority interest</b>	4,070	3,557
<b>Total equity</b>	1,475,408	1,425,018
<b><u>Non-current liabilities</u></b>		
Deferred tax liabilities	11,805	15,562
Borrowings	268,216	190,785
Employee benefits	21,837	19,943
	301,858	226,290
<b><u>Current liabilities</u></b>		
Payables and accruals	219,296	214,210
Borrowings	199,569	379,184
Taxation	7,646	6,718
Liability classified as held for sale	1	-
	426,512	600,112
<b>Total liabilities</b>	728,370	826,402
<b>TOTAL EQUITY AND LIABILITIES</b>	2,203,778	2,251,420
Net assets per share attributable to equity holders of the Company (RM)	2.25	2.15

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008.



**TAN CHONG MOTOR HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2009**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

	-----  Attributable to Equity Holders of the Parent  -----				Minority Interest	Total Equity	
	Share capital RM'000	---Non-Distributable---		Distributable reserves RM'000			Total RM'000
	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000	Distributable reserves RM'000	Total RM'000	RM'000	RM'000
<b>At 01.01.08</b>	336,000	(5,561)	33	902,127	1,232,599	3,743	1,236,342
Purchase of treasury shares	-	(971)	-	-	(971)	-	(971)
Realisation of translation reserve	-	-	(135)	-	(135)	-	(135)
Net profit for the period	-	-	-	217,614	217,614	(411)	217,203
Dividend – 2007 Final	-	-	-	(24,693)	(24,693)	-	(24,693)
Dividend – 2008 Interim	-	-	-	(24,687)	(24,687)	-	(24,687)
<b>At 30.09.08</b>	<b>336,000</b>	<b>(6,532)</b>	<b>(102)</b>	<b>1,070,361</b>	<b>1,399,727</b>	<b>3,332</b>	<b>1,403,059</b>
<b>At 01.01.09</b>	336,000	(13,024)	31	1,098,454	1,421,461	3,557	1,425,018
Purchase of treasury shares	-	(11,603)	-	-	(11,603)	-	(11,603)
Foreign exchange translation difference	-	-	(68)	-	(68)	-	(68)
Acquisition of minority interest	-	-	-	(29)	(29)	(134)	(163)
Net profit for the period	-	-	-	110,601	110,601	647	111,248
Dividends							
- 2008 Final	-	-	-	(24,542)	(24,542)	-	(24,542)
- 2009 Interim	-	-	-	(24,482)	(24,482)	-	(24,482)
<b>At 30.09.09</b>	<b>336,000</b>	<b>(24,627)</b>	<b>(37)</b>	<b>1,160,002</b>	<b>1,471,338</b>	<b>4,070</b>	<b>1,475,408</b>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008.



**TAN CHONG MOTOR HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2009**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

	<b>For the 9 months ended 30.09.2009 (RM'000)</b>	<b>For the 9 months ended 30.09.2008 (RM'000)</b>
Profit before tax	134,517	266,810
<b>Adjustments for:</b>		
Non-cash items	37,091	40,138
Non-operating items (which are investing/financing)	4,561	6,567
<b>Operating profit before working capital changes</b>	176,169	313,515
<b>(Increase) / decrease in working capital</b>	254,077	(61,471)
<b>Other cash used (tax payment etc.) in operations</b>	(45,273)	(29,840)
<b>Net cash generated from operating activities</b>	384,973	222,204
<b>Net cash from/(used in) investing activities</b>	(173,736)	(33,281)
<b>Net cash used in financing activities</b>	(162,678)	(142,921)
<b>Net increase / (decrease) in cash and cash equivalents</b>	48,559	46,002
<b>Cash and cash equivalents at beginning of the year</b>	76,174	69,947
<b>Cash and cash equivalents at end of the period</b>	124,733	115,949

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008.

## Explanatory notes as per Financial Reporting Standard (FRS) 134 Interim Financial Reporting

### 1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard (FRS) 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2008.

### 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 2008. The Group has not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

<b>FRSs / Interpretations</b>	<b>Effective date</b>
FRS 4, Insurance Contracts	1 January 2010
FRS 7, Financial Instruments: Disclosures	1 January 2010
FRS 8, Operating Segments	1 July 2009
FRS 139, Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10, Interim Financial Reporting and Impairment	1 January 2010

The Group plans to apply the abovementioned FRSs / Interpretations, where applicable, from the annual period beginning 1 January 2010.

### 3. Audit qualifications

There were no audit qualifications in the annual financial statements for the year ended 31 December 2008.

### 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 in respect of amounts reported in prior financial year.

## 7. Debt and equity securities

During the current financial quarter, the Company bought back 1,373,100 units of its own shares through the open market at prices per share ranging from RM1.58 to RM1.98. The total consideration paid for these transactions including transaction costs was RM2,330,312 and this was financed by internally generated funds. The cumulative total number of shares bought back at the end of the financial quarter was 19,180,000.

The shares bought back 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 RM13,000,000 nominal value of Class A MTN during the quarter under review. The outstanding nominal value of MTN comprising Class A, Class B and Class C is RM164,000,000 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 10% less tax of 25% for the year ending 31 December 2009 (2008 – 10% less tax of 26%) amounting to RM24.5 million (2008 – RM24.7 million) was paid on 28 September 2009.

## 9. Segmental reporting

	Revenue		Profit before tax	
	----- 9 months ended 30 September -----		-----	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Vehicle assembly, distribution and after sale services	2,123,812	2,536,412	138,993	272,831
Financial services	12,396	8,639	7,289	5,992
Other operations	8,345	4,337	1,967	3,157
	2,144,553	2,549,388	148,249	281,980
Inter-segment elimination	(7,856)	(3,526)	-	-
	2,136,697	2,545,862	148,249	281,980
Unallocated expenses			(9,336)	(7,952)
			138,913	274,028
Interest income			9,061	7,949
Interest expense			(14,098)	(15,805)
Share of profit of associates			641	638
			134,517	266,810

## 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 2008.

## 11. Material subsequent event

The Board is not aware of any material event subsequent to the end of the period reported on that have not been reflected in the financial statement for the period.

## 12. Changes in composition of the Group

The Company has incorporated a new subsidiary with the name of Tan Chong Education Sdn Bhd ("TC Education") under the Companies Act, 1965 in Malaysia on 1 September 2009. TC Education has an authorized capital of RM100,000 made up of 100,000 shares of RM1 each and an issued and paid-up capital of RM2 made up of 2 ordinary shares of RM1 each. It is an investment holding company for the Group's future investments in education related business.

**12. Changes in composition of the Group (continued)**

On 25 September 2009, TC Education has incorporated the following three (3) new subsidiaries (“Subsidiaries”) to carry on education related businesses:

- (i) Tan Chong Education Services Sdn Bhd
- (ii) Tan Chong Higher Education Sdn Bhd
- (iii) Tan Chong Private Education Sdn Bhd

The Subsidiaries each has an authorized capital of RM100,000 made up of 100,000 shares of RM1 each and an issued and paid-up capital of RM2 made up of 2 ordinary shares of RM1 each.

On 23 September 2009, TCIE (Labuan) Pty Ltd (“TCIE (Labuan)”), a wholly-owned subsidiary of Tan Chong Motor Holdings Berhad (“TCMH”), completed the acquisition of a further 19% equity interest in Tanda Motor Co Ltd (“Tanda”) from Tan Chong Industrial Machinery (Pte) Ltd (“TCIM”) at a purchase consideration of USD53,545 (approximately RM188,000), increasing TCIE (Labuan)’s shareholding in Tanda from 51% to 70% (“Acquisition”). Tanda is a joint venture company incorporated in Vietnam in 2005 by TCIE (Labuan) (51%), TCIM (19%) and Danang Automobile Mechanical and Electrical Equipment Company (30%) to carry on the assembly and sale of bus chassis and sale of complete buses in Vietnam. The purchase consideration of USD53,545 was arrived at based on the audited net tangible assets of Tanda as at 31 December 2008. TCIM is a subsidiary of Tan Chong International Limited (“TCIL”) and is a company connected with the directors and major shareholders of TCMH as follows:

- (i) Mr Tan Eng Soon is a director of TCMH and TCIL.
- (ii) Dato’ Tan Heng Chew is a director of TCMH and brother of Mr Tan Eng Soon.
- (iii) Tan Chong Consolidated Sdn Bhd (“TCC”) is a major shareholder of TCMH and TCIL.
- (iv) Dato’ Tan Heng Chew and Mr Tan Eng Soon are major shareholders of TCMH and TCIL by virtue of their interests in TCC pursuant to Section 6A of the Companies Act, 1965.

Dato’ Tan Heng Chew and Mr Tan Eng Soon have abstained from deliberating and voting on the resolutions in respect of the Acquisition at the relevant meetings of the Board of TCMH.

**13. Changes in contingent liabilities or contingent assets**

There were no material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

**14. Capital commitments outstanding not provided for in the interim financial report**

	30.09.09	31.12.08
	RM’000	RM’000
Property, plant and equipment		
Authorised and contracted for	19,348	14,396
Authorised but not contracted for	207,949	178,474
	<u>227,297</u>	<u>192,870</u>

In October 2009, Tan Chong & Sons Motor Company Sdn Bhd, a wholly-owned subsidiary of the Company, has accepted the offer to purchase from Associated Motor Industries Malaysia Sdn Bhd the industrial land and buildings located at Section 15, Shah Alam for a cash consideration of RM39,999,999.00 subject to contract.

**Explanatory notes as per Listing Requirements of Bursa Malaysia Securities Berhad**

**1. Review of performance**

In the nine months through September, net income after taxes totaled RM111.2 million, down 48.8% compared with the same period last year. We remained solidly profitable throughout the recession despite a 16.1% decline in revenues of RM2,136.7 million from the peak in 2008. Total Industry Volume (TIV) of new vehicles in Malaysia for the first nine months of 2009 fell by 7.5% to 397,619 units from 429,913 units for the corresponding period last year. In this context, NISSAN cars and UD trucks sales eased by 2.2% to 23,507 units from 24,041 units for period January to September 2008, due to our efforts to control the fall. Both our flagship brands registered a combined 5.9% share of TIV for the nine months of 2009. (Source: Malaysia Automotive Association)

During 2H 2009, we began to order CKD (Complete Knock Down) units in size to compensate for a disproportionately larger cutback in USD & JPY imports, when the Ringgit was weak in Q1 2009. Our focus in 2H 2009 is to replenish inventory after successfully managing risk and bringing the group to net cash position since 30 June 2009.

**2. Comparison with preceding quarter's results**

From a high base of comparison against the strongest quarter in 2008, net income after taxes in Q3 2009 appears to be down 63.3% year on year. But since Q4 2008, quarter on quarter: sales, productivity and profitability trends, are stabilizing albeit improving. The currency volatility accounted for much of the operating profit variance. Production cutbacks in Q1 and Q2 2009 followed by a global shortage of inventory in Q3 2009 further compounded the negative variance.

**3. Current year prospects**

Net profit margins appear to have bottomed at 4.6% in Q3 2009. Q4 2009E could be unusually resilient in a seasonally weaker year-end period. Besides an order backlog carried forward from September 2009, Q4 2009E is likely to benefit from a stronger Ringgit. Since it peaked on 2 March 2009, the USD has meaningfully weakened from a high of RM3.728 whilst the Yen has remained volatile.

Besides timing and tempo to break the fall, we look beyond economic cycles to invest in sustainable increases. We are continuously looking at structural improvements to bring down costs and broaden our target market. Investments in new products and new capacity (both software and hardware) have begun in earnest.

**4. Comparison with profit forecast**

This is not applicable to the Group.

**5. Taxation**

	Individual Quarter		Cumulative Quarter	
	30.09.09	30.09.08	30.09.09	30.09.08
	RM'000	RM'000	RM'000	RM'000
Current year	9,083	22,281	26,816	50,856
Prior years	170	(15)	351	(331)
Deferred tax	-	(1,202)	(3,898)	(918)
	<u>9,253</u>	<u>21,064</u>	<u>23,269</u>	<u>49,607</u>

The effective tax rate for the current quarter ended 30 September 2009 is lower than the statutory rate due to the utilisation of Reinvestment Allowance.



**6. Profits on sales of unquoted investments and/or properties**

There were no sale of unquoted investments and/or properties for the current financial quarter ended 30 September 2009.

**7. Purchase or disposal of quoted securities**

There were no purchases or disposals of quoted securities for the financial quarter ended 30 September 2009.

**8. Status of corporate proposals**

The Company has on 1 October 2009 entered into a conditional Sale and Purchase Agreement with Warisan TC Holdings Berhad (“WTCH”) for the disposal of its 70% equity interest in Kereta Komersil Seladang (M) Sdn Bhd to WTCH comprising 10,500 ordinary shares of RM1.00 each for a cash consideration of RM700,000. The proposed disposal is pending MITI’s approval.

Apart from this, there were no corporate proposals announced but not completed as at reporting date.

**9. Group borrowings**

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

	Total (RM’000)
Unsecured :	
- Bills payable	89,087
- Bank overdraft	425
- Short term loan	110,057
- Long term loan	268,215
Total borrowings	<u>467,784</u>
Comprising :	
Amount repayable within one year	199,569
Amount repayable after one year	<u>268,215</u>
	<u>467,784</u>

**10. Off-balance sheet financial instruments**

The Group does not have any financial instrument with off balance sheet risk as at the cut-off date of 9 November 2009 apart from outstanding forward contracts on foreign currencies in relation to the Group’s purchases, the impact of which will be reflected in the operating performance of the Group.

Currency	Contract Amounts (‘000)	Equivalent amount in Ringgit Malaysia (‘000)	Expiry date
Japanese Yen	692,884	25,776	13 Nov 2009 – 29 Jan 2010
US Dollars	11,200	38,303	24 Nov 2009 – 22 Dec 2009

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

As the forward contracts are used for hedging purposes, any profit or loss arising are accounted for on the same basis as that arising from the related assets, liabilities or net positions. 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.

### 11. Changes in Material Litigation

Tan Chong & Sons Motor Company Sdn Bhd (“TCM”), a wholly-owned subsidiary of Tan Chong Motor Holdings Berhad, and two others were sued in the High Court at Kota Kinabalu by a third-party for general damages, special damages estimated at RM10.67 million and liquidated damages of RM2.97 million together with interest and costs in connection with car distributorship in Sabah (“1<sup>st</sup> suit”). On 6 August 2008, another related suit (where TCM was sued by the abovesaid same-party for RM65,065 together with interest and costs in connection with alleged monies owed to the third-party) was ordered by the High Court to be consolidated with the 1<sup>st</sup> suit. The High Court has fixed pre-trial case management before the High Court Judge on 30 November 2009 and reserved trial dates from 29 March 2010 to 31 March 2010.

### 12. Dividend

No dividend was declared for the current financial quarter.

### 13. 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 ('000)	Individual Quarter		Cumulative Quarter	
	2009	2008	2009	2008
Issued ordinary shares at beginning of the period	654,602	667,382	666,078	667,383
Effect of shares buyback during the period	(1,683)	(307)	(10,865)	(103)
Weighted average number of ordinary shares	=====	=====	=====	=====
	652,919	667,075	655,213	667,280

### BY ORDER OF THE BOARD

**YAP BEE LEE**

Company Secretary

Kuala Lumpur  
18 November 2009