



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

**CONDENSED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE QUARTER ENDED 31 DECEMBER 2009**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2009 RM'000	PrecedingYear Corresponding Quarter 31.12.2008 RM'000	(Unaudited) Current Year To-date 31.12.2009 RM'000	(Audited) PrecedingYear Corresponding Period 31.12.2008 RM'000
Revenue	720,189	649,964	2,856,886	3,195,826
Operating profit	43,392	43,020	182,305	317,048
Interest expense	(6,258)	(5,628)	(20,356)	(21,433)
Interest income	5,667	3,108	14,728	11,057
Share of profit of associates	(472)	(101)	169	538
Profit before taxation	42,329	40,399	176,846	307,210
Tax expense	(261)	(11,882)	(23,530)	(61,489)
Profit for the period	42,068	28,517	153,316	245,721
Attributable to:				
Equity holders of the Company	41,737	28,187	152,338	245,802
Minority interest	331	330	978	(81)
	42,068	28,517	153,316	245,721
Earnings per share (sen)				
(a) Basic	6.39	4.25	23.27	36.90
(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 31 DECEMBER 2009**

	(Unaudited) As at end of current quarter 31.12.2009 RM'000	(Audited) 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	493,840	520,994
Prepaid lease payments	91,176	71,843
Investment properties	10,582	10,692
Investments in associates	18,281	18,212
Other investments	1,806	5,806
Deferred tax assets	4,314	4,501
Hire purchase receivables	310,823	165,331
Long term receivables	7,116	3,633
	937,938	801,012
<b><u>Current assets</u></b>		
Other investments	423,333	239,822
Hire purchase receivables	65,792	61,609
Receivables, deposits and prepayments	228,523	214,237
Current tax assets	22,538	3,567
Inventories	665,172	854,440
Cash and cash equivalents	114,476	76,733
Asset classified as held for sale	2	-
	1,519,836	1,450,408
	2,457,774	2,251,420
<b>TOTAL ASSETS</b>		
<b>EQUITIES AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	336,000	336,000
Reserves	1,201,561	1,098,485
Treasury shares	(24,777)	(13,024)
<b>Total equity attributable to equity holders of the Company</b>	1,512,784	1,421,461
<b>Minority interest</b>	4,406	3,557
<b>Total equity</b>	1,517,190	1,425,018
<b><u>Non-current liabilities</u></b>		
Deferred tax liabilities	8,674	15,562
Borrowings	260,590	190,785
Employee benefits	22,294	19,943
	291,558	226,290
<b><u>Current liabilities</u></b>		
Payables and accruals	260,820	214,210
Borrowings	387,553	379,184
Taxation	651	6,718
Liability classified as held for sale	2	-
	649,026	600,112
<b>Total liabilities</b>	940,584	826,402
	2,457,774	2,251,420
<b>TOTAL EQUITY AND LIABILITIES</b>		
Net assets per share attributable to equity holders of the Company (RM)	2.32	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 31 DECEMBER 2009**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

	-----  Attributable to Equity Holders of the Parent  -----				Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Share capital RM'000	---Non-Distributable---		Distributable reserves RM'000			
	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000	Distributable reserves RM'000	Total RM'000	Minority Interest RM'000	Total Equity 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	-	(7,463)	-	-	(7,463)	-	(7,463)
Foreign exchange translation difference	-	-	(2)	-	(2)	-	(2)
Acquisition of minority interest	-	-	-	-	(95)	(105)	(200)
Profit for the year	-	-	-	245,802	245,802	(81)	245,721
Dividend – 2007 Final	-	-	-	(24,693)	(24,693)	-	(24,693)
Dividend – 2008 Interim	-	-	-	(24,687)	(24,687)	-	(24,687)
<b>At 31.12.08</b>	<b>336,000</b>	<b>(13,024)</b>	<b>31</b>	<b>1,098,549</b>	<b>1,421,461</b>	<b>3,557</b>	<b>1,425,018</b>
<b>At 01.01.09</b>	<b>336,000</b>	<b>(13,024)</b>	<b>31</b>	<b>1,098,454</b>	<b>1,421,461</b>	<b>3,557</b>	<b>1,425,018</b>
Purchase of treasury shares	-	(11,753)	-	-	(11,753)	-	(11,753)
Revaluation reserves	-	-	160	-	160	-	160
Foreign exchange translation difference	-	-	(369)	-	(369)	-	(369)
Additional shares subscribed by minority shareholders	-	-	-	-	-	5	5
Acquisition of minority interest	-	-	-	(29)	(29)	(134)	(163)
Net profit for the period	-	-	-	152,338	152,338	978	153,316
Dividends							
- 2008 Final	-	-	-	(24,542)	(24,542)	-	(24,542)
- 2009 Interim	-	-	-	(24,482)	(24,482)	-	(24,482)
<b>At 31.12.09</b>	<b>336,000</b>	<b>(24,777)</b>	<b>(178)</b>	<b>1,201,739</b>	<b>1,512,784</b>	<b>4,406</b>	<b>1,517,190</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 31 DECEMBER 2009**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

	<b>(Unaudited)</b> <b>For the 12</b> <b>months ended</b> <b>31.12.2009</b> <b>(RM'000)</b>	<b>(Audited)</b> <b>For the 12</b> <b>months ended</b> <b>31.12.2008</b> <b>(RM'000)</b>
Profit before tax	176,846	307,210
<b>Adjustments for:</b>		
Non-cash items	55,672	64,827
Non-operating items (which are investing/financing)	5,152	9,079
<b>Operating profit before working capital changes</b>	237,670	381,116
<b>Decrease / (Increase) in working capital</b>	67,884	(293,139)
<b>Other cash used in operations</b>	(61,470)	(61,385)
<b>Net cash generated from operating activities</b>	244,084	26,592
<b>Net cash used in investing activities</b>	(223,738)	(78,794)
<b>Net cash from financing activities</b>	17,688	58,429
<b>Net increase in cash and cash equivalents</b>	38,034	6,227
<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>	114,208	76,174

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:

#### **FRS, Interpretation and amendment effective for annual periods beginning on or after 1 July 2009** FRS 8, Operating Segments

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010**

FRS 7, Financial Instruments: Disclosures

FRS 101, Presentation of Financial Statements

FRS 123, Borrowing Costs (revised)

FRS 139, Financial Instruments: Recognition and Measurement

IC Interpretation 9, Reassessment of Embedded Derivatives

IC Interpretation 10, Interim Financial Reporting and Impairment

IC Interpretation 11, FRS 2 – Group and Treasury Share Transaction

IC Interpretation 14, FRS 119 – The Limit on a defined Benefit Asset, Minimum Funding Requirements and Their Interaction

Amendments to FRS 1, First-time Adoption of Financial Reporting Standards and FRS 127, Consolidation and Separate Financial Statements:

Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 132, Financial Instruments: Presentation and FRS 101, Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to FRS 139, Financial Instruments: Recognition and Measurement,

FRS 7, Financial Instruments: Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives

Amendments to FRS 139, Financial Instruments: Recognition and Measurement

Improvements to FRSs (2009)

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010**

FRS 3, Business Combinations (revised)

FRS 127, Consolidated and Separate Financial Statements (revised)

Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations

Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

The Group plans to apply the abovementioned FRSs / Interpretations and amendments, 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 1,000 units of its own shares through the open market at RM2.50 per share. The total consideration paid for this transaction including transaction costs was RM2,544 and this was financed by internally generated funds. The cumulative total number of shares bought back at the end of the financial quarter was 19,181,000.

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 RM16,000,000 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 RM148,000,000 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

No dividends were paid during the quarter ended 31 December 2009.

#### 9. Segmental reporting

	Revenue		Profit before tax	
	----- 12 months ended 31 December -----			
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Vehicle assembly, distribution and after sale services	2,839,904	3,183,439	187,019	317,796
Financial services	16,474	12,133	9,895	6,665
Other operations	11,035	6,213	1,431	3,293
	2,867,413	3,201,785	198,345	327,754
Inter-segment elimination	(10,527)	(5,959)	(215)	-
	2,856,886	3,195,826	198,130	327,754
Unallocated expenses			(15,825)	(10,706)
			182,305	317,048
Interest income			14,728	11,057
Interest expense			(20,356)	(21,433)
Share of profit of associates			169	538
			176,846	307,210

#### 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**

During the quarter under review, the Group incorporated the following new subsidiaries:

No.	Name of Subsidiary	Date of Incorporation	Place of Incorporation	Principal Object
1.	Tan Chong Trading (Labuan) Pty Ltd	08/10/2009	Labuan, Malaysia	Investment holding
2.	ETCM (C) Pty Ltd	08/10/2009	Labuan, Malaysia	Import, export and distribution of motor vehicles
3.	ETCM (L) Pty Ltd	08/10/2009	Labuan, Malaysia	Import, export and distribution of motor vehicles
4.	TC Utama Sdn Bhd	10/12/2009	Malaysia	Property holding
5.	TCIE Vietnam Pte Ltd	07/12/2009	Vietnam	Manufacturing, assembly and sale of buses, trucks and passenger cars

**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**

	31.12.09	31.12.08
	RM'000	RM'000
Property, plant and equipment		
Authorised and contracted for	19,629	14,396
Authorised but not contracted for	204,760	178,474
	<u>224,389</u>	<u>192,870</u>

**Explanatory notes as per Listing Requirements of Bursa Malaysia Securities Berhad****1. Review of performance**

In the last quarter of fiscal year 2009, net profit of RM41.7 million is the first +48.1% year-on-year increase after four consecutive quarters of decline. Revenues rose +10.8% to RM720.2 million in comparison to the same period in 2008. These headline numbers are achieved during a seasonally weaker period. For the year ended 31<sup>st</sup> December 2009, the decline in both top and bottom line have been mitigated to -10.6% and -38.0% respectively after a recession of global proportions.

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

Although there has been an obvious pick up in unit sales volume, we are still rebuilding inventories to catch up with end demand. Inventories rose to RM665.2 million in Q409 compared to RM496.9 million in Q309 but below the peak of RM854.4 million as at 31<sup>st</sup> December 2008.

Sequentially, margins have begun to rise in earnest after falling four consecutive quarters. In particular, Q409 bottom line was flattered by a stronger Ringgit and higher Reinvestment Allowance claims that lowered the tax rate considerably.

### 3. Current year prospects

In 2010 we are squarely focused on higher profitability even if the outline of a recovery is jagged. January was a record month but February could be slower given the Chinese New Year festive period. On a seasonally adjusted rate, volumes and business activity appear to be higher than last year.

With the worst over and our renewable cash flow returning to trend, we have begun to invest again (Note 14. Capital commitments outstanding in Explanatory notes as per FRS 134 Interim Financial Reporting). In December alone we completed the purchase of the former Ford plant in Shah Alam and also paid 40% deposit for an industrial land in Danang City, Vietnam (with full investment license).

### 4. Comparison with profit forecast

This is not applicable to the Group.

### 5. Taxation

	Individual Quarter		Cumulative Quarter	
	31.12.09 RM'000	31.12.08 RM'000	31.12.09 RM'000	31.12.08 RM'000
Current year	5,680	8,650	32,496	59,605
Prior years	(2,649)	585	(2,298)	155
Deferred tax	(2,770)	2,647	(6,668)	1,729
	<u>261</u>	<u>11,882</u>	<u>23,530</u>	<u>61,489</u>

The effective tax rate for the current quarter ended 31 December 2009 is lower than the statutory rate due to the utilization 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 31 December 2009.

### 7. Purchase or disposal of quoted securities

There were no purchases or disposals of quoted securities for the financial quarter ended 31 December 2009.

### 8. Status of corporate proposals

The disposal by the Company of its 70% equity interest in Kereta Komersil Seladang (M) Sdn Bhd to Warisan TC Holdings Berhad comprising 10,500 ordinary shares of RM1.00 each for a cash consideration of RM700,000 was completed on 5 January 2010.



## 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	197,086
- Bank overdraft	268
- Short term loan	190,199
- Long term loan	260,590
Total borrowings	<u>648,143</u>
Comprising :	
Amount repayable within one year	387,553
Amount repayable after one year	260,590
	<u>648,143</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 15 February 2010 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	610,196	22,365	23 Feb 2010 – 30 Mar 2010
US Dollars	1,000	3,342	24 Feb 2010

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

- (i) On 11 July 2003, two third-parties ("Plaintiffs") served a claim against the Company and its wholly-owned subsidiary, TC Euro Cars Sdn. Bhd. for general damages in the sum of RM150.00 million. The Plaintiffs also claimed costs and any other relief to be awarded by the High Court for conspiracy to injure in relation to a specific project investment as alleged in the Statement of Claim. On 16 January 2004, the Senior Assistant Registrar of the High Court struck out the above mentioned suit. On 20 May 2004, on appeal by the Plaintiffs, the High Court Judge reinstated the Plaintiffs' suit. The Company and TC Euro Cars Sdn. Bhd., being dissatisfied with the decision of the High Court Judge, then filed a Notice of Appeal to the Court of Appeal, appealing against the said decision of the High Court Judge. On 21 October 2008, both appeals by the Company and TC Euro Cars Sdn. Bhd. to the Court of Appeal were allowed with costs in the Court of Appeal and the High Court below to be paid by the third parties. The Plaintiffs have filed an application for leave to appeal to the Federal Court. Hearing of the Plaintiff's said application for leave to appeal has been fixed on 15 June 2009. The said hearings on 15 June 2009 have been postponed by the Federal Court. The Federal Court will fix new hearing dates once the Court of Appeal gives its written grounds of judgment for the decision dated 21 October 2008.

**11. Changes in Material Litigation (continued)**

- (ii) 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. On 22 February 2010, the High Court has fixed the matter for case management on 22 March 2010.

**12. Dividend**

Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the Board has recommended a final dividend of 12% less tax of 25% for the year ended 31 December 2009 (2008-10% less 25% income tax). The amount payable is RM29.4 million (2008 -RM24.5million).

The entitlement and payment dates for the final dividend will be announced at a later date.

**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:

<b>Weighted average number of ordinary shares ('000)</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	2009	2008	2009	2008
Issued ordinary shares at beginning of the period	652,919	666,778	666,078	667,383
Effect of shares buyback during the period	(100)	(4,306)	(11,463)	(1,305)
Weighted average number of ordinary shares	=====	=====	=====	=====
	652,819	662,472	654,615	666,078
	=====	=====	=====	=====

**BY ORDER OF THE BOARD****YAP BEE LEE**

Company Secretary

Kuala Lumpur  
22 February 2010