



**TAN CHONG MOTOR HOLDINGS BERHAD**

*(Company No: 12969-P)*

*(Incorporated in Malaysia)*

**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE QUARTER ENDED 31 DECEMBER 2011**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 31.12.2011 RM'000	(Unaudited) Preceding Year Corresponding Quarter 31.12.2010 RM'000	(Unaudited) Current Year 31.12.2011 RM'000	(Audited) Preceding Year 31.12.2010 RM'000
Revenue	874,409	835,360	3,854,499	3,505,248
Operating profit	51,630	71,303	317,845	335,008
Interest expense	(8,290)	(11,290)	(24,908)	(27,477)
Interest income	2,772	6,295	11,070	14,583
Share of (loss)/profit of associates	(234)	(9)	971	639
Profit before taxation	45,878	66,299	304,978	322,753
Tax expense	(15,118)	(13,844)	(89,562)	(91,666)
Profit for the period	30,760	52,455	215,416	231,087
Attributable to:				
Equity holders of the Company	31,040	52,071	216,139	229,740
Non-controlling interests	(280)	384	(723)	1,347
	30,760	52,455	215,416	231,087
Earning per share (sen)				
(a) Basic	4.75	7.98	33.11	35.19
(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 2010.



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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE QUARTER ENDED 31 DECEMBER 2011**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 31.12.2011 RM'000	(Unaudited) Preceding Year Corresponding Quarter 31.12.2010 RM'000	(Unaudited) Current Year 31.12.2011 RM'000	(Audited) Preceding Year 31.12.2010 RM'000
<b>Profit for the period</b>	30,760	52,455	215,416	231,087
Foreign currency translation differences for foreign operations	1,237	(2,145)	1,913	(2,769)
Cash flow hedge	(154)	343	(306)	694
Revaluation surplus	-	(159)	-	(159)
<b>Other comprehensive income for the period, net of tax</b>	1,083	(1,961)	1,607	(2,234)
<b>Total comprehensive income for the period</b>	31,843	50,494	217,023	228,853
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	32,123	50,110	217,746	227,506
Non-controlling interests	(280)	384	(723)	1,347
<b>Total comprehensive income for the period</b>	31,843	50,494	217,023	228,853

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010.



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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2011**

	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>As at</b>	<b>As at</b>
	<b>31.12.2011</b>	<b>31.12.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b><u>Non-current assets</u></b>		
Property, plant and equipment	696,328	618,388
Investment properties	17,558	10,490
Investments in associates	19,791	18,920
Other investments	1,807	1,807
Deferred tax assets	15,439	12,090
Hire purchase receivables	387,062	284,554
Intangible assets	14,448	14,191
Long term receivables	1,622	3,945
	1,154,055	964,385
<b><u>Current assets</u></b>		
Other investments	194,064	289,936
Hire purchase receivables	106,764	54,276
Receivables, deposits and prepayments	290,178	277,922
Current tax assets	7,642	3,310
Inventories	959,865	1,005,333
Derivative assets	463	769
Cash and cash equivalents	324,634	150,088
	1,883,610	1,781,634
<b>TOTAL ASSETS</b>	<b>3,037,665</b>	<b>2,746,019</b>



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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2011 (continued)**

	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>As at</b>	<b>As at</b>
	<b>31.12.2011</b>	<b>31.12.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>EQUITY AND LIABILITIES</b>		
<b><u>Equity</u></b>		
Share capital	336,000	336,000
Reserves	1,529,645	1,371,376
Treasury shares	(24,786)	(24,778)
<b>Total equity attributable to equity holders of the Company</b>	<b>1,840,859</b>	<b>1,682,598</b>
Non-controlling interests	8,310	8,639
<b>Total equity</b>	<b>1,849,169</b>	<b>1,691,237</b>
<b><u>Non-current liabilities</u></b>		
Deferred tax liabilities	20,855	23,313
Borrowings	280,000	354,167
Employee benefits	36,272	31,667
	<b>337,127</b>	<b>409,147</b>
<b><u>Current liabilities</u></b>		
Payables and accruals	325,580	287,082
Borrowings	520,026	352,384
Derivative liabilities	-	1
Taxation	5,763	6,168
	<b>851,369</b>	<b>645,635</b>
<b>Total liabilities</b>	<b>1,188,496</b>	<b>1,054,782</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,037,665</b>	<b>2,746,019</b>
Net assets per share attributable to equity holders of the Company (RM)	2.82	2.58

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010.



**TAN CHONG MOTOR HOLDINGS BERHAD**  
(Company No: 12969-P)  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE PERIOD ENDED 31 DECEMBER 2011

	-----Attributable to Equity Holders of the Company-----								
	-----Non-Distributable-----								
	Share capital	Treasury shares	Other reserves	Hedging reserves	Distributable reserves	Total	Non- controlling interests	Total equity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>(Audited)</b>									
<b>At 01.01.2010</b>	336,000	(24,777)	(177)	-	1,202,726	1,513,772	4,406	1,518,178	
<b>- Effects on the adoption of FRS 139</b>	-	-	-	75	-	75	-	75	
<b>At 01.01.2010, as restated</b>	336,000	(24,777)	(177)	75	1,202,726	1,513,847	4,406	1,518,253	
Total comprehensive income for the period	-	-	(2,928)	694	229,740	227,506	1,347	228,853	
Purchase of treasury shares	-	(1)	-	-	-	(1)	-	(1)	
Acquisition of subsidiary	-	-	-	-	-	-	3,186	3,186	
Dividend - 2009 Final	-	-	-	-	(29,377)	(29,377)	-	(29,377)	
Dividend - 2010 Interim	-	-	-	-	(29,377)	(29,377)	(300)	(29,677)	
<b>At 31.12.2010</b>	336,000	(24,778)	(3,105)	769	1,373,712	1,682,598	8,639	1,691,237	
<b>(Unaudited)</b>									
<b>At 01.01.2011</b>	336,000	(24,778)	(3,105)	769	1,373,712	1,682,598	8,639	1,691,237	
Total comprehensive income for the period	-	-	1,913	(306)	216,139	217,746	(723)	217,023	
Purchase of treasury shares	-	(8)	-	-	-	(8)	-	(8)	
Additional shares subscribed by non-controlling interests	-	-	-	-	-	-	750	750	
Changes in shareholding of a subsidiary	-	-	-	-	(723)	(723)	(56)	(779)	
Dividend - 2010 Final	-	-	-	-	(29,377)	(29,377)	-	(29,377)	
Dividend - 2011 Interim	-	-	-	-	(29,377)	(29,377)	(300)	(29,677)	
<b>At 31.12.2011</b>	336,000	(24,786)	(1,192)	463	1,530,374	1,840,859	8,310	1,849,169	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010.



**TAN CHONG MOTOR HOLDINGS BERHAD**

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	CUMULATIVE QUARTER	
	(Unaudited)	(Audited)
	Year ended 31.12.2011 RM'000	Year ended 31.12.2010 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	304,978	322,753
<b>Adjustment for:</b>		
Non-cash and non-operating items	80,295	72,997
<b>Operating profit before working capital changes</b>	385,273	395,750
<b>Changes in working capital</b>		
Inventories	45,468	(326,140)
Hire purchase receivables	(154,996)	34,499
Receivables, deposits and prepayments	(9,751)	(36,338)
Payables and accruals	38,494	(885)
Cash generated from operations	304,488	66,886
Tax paid (net)	(100,106)	(63,207)
Interest paid (net)	(13,838)	(12,894)
Employee benefits paid	(494)	(497)
<b>Net cash generated from/(used in) operating activities</b>	190,050	(9,712)
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(176,232)	(97,634)
Acquisition of a subsidiary	-	(20,100)
Additional investment in a subsidiary	(779)	-
Dividend received from other investments	3,572	344
Dividend received from associate	100	-
Subscription of shares in subsidiary by non-controlling interests	750	-
Proceeds from disposal of property, plant and equipment	26,815	29,803
Proceeds from disposal of subsidiary	-	698
Proceeds from disposal of other investments	95,803	133,709
<b>Net cash generated from/(used in) investing activities</b>	(49,971)	46,820



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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)**

	<b>CUMULATIVE QUARTER</b>	
	<b>(Unaudited) Year ended 31.12.2011 RM'000</b>	<b>(Audited) Year ended 31.12.2010 RM'000</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(59,054)	(59,054)
Purchase of own shares	(8)	(1)
Repayment of bills payable (net)	(73,403)	(7,597)
Proceeds from term loans (net)	172,808	59,749
<b>Net cash generated from/(used in) financing activities</b>	40,343	(6,903)
<b>Net increase in cash and cash equivalents</b>	180,422	30,205
<b>Effects of exchange rate change on cash and cash equivalents</b>	54	(660)
<b>Cash and cash equivalents at beginning of the year</b>	143,564	114,019
<b>Cash and cash equivalents at end of the year</b>	324,040	143,564
Cash and cash equivalents in the statement of cash flows comprise:		
Cash and bank balances	160,865	117,440
Deposits with licensed banks	163,769	32,648
Bank overdraft	(594)	(6,524)
	324,040	143,564

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010.

## A) 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 Main Market 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 2010. 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 2010.

### 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 2010, except for the adoption of the following Financial Reporting Standards ("FRS"), Amendments to FRSs and IC Interpretations:

- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*
- FRS 1, *First-time Adoption of Financial Reporting Standards (revised)*
- FRS 3, *Business Combinations (revised)*
- FRS 127, *Consolidated and Separate Financial Statements (revised)*
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distributions of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
  - *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
  - *Additional Exemptions for First-time Adopters*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers*
- Improvements to FRSs (2010)

The adoption of the revised FRS 3 and FRS 127, will potentially have a financial impact on the Group as it will result in changes in accounting for business combinations and the preparation of consolidated financial statements. The main change introduced under the revised FRS 127 will be the accounting for changes in ownership interest in a subsidiary, where changes in ownership which do not result in the loss of control are now accounted for within equity instead of the income statement. Where changes in ownership interest result in loss of control, any remaining interest is re-measured at fair value and a gain or loss is recognised in the income statement. Minority interest is now referred to as "non-controlling interest". All total comprehensive income is proportionately allocated to non-controlling interest, even if it results in the non-controlling interests having a deficit balance.



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

### 2. Changes In Accounting Policies (continued)

The revised FRS 3 introduces the option, on an acquisition-by-acquisition basis, to measure non-controlling interest in a business combination either at fair value or at the non-controlling interest's proportionate share of the net identifiable assets acquired. Goodwill is measured as the difference between the aggregate of the fair value of consideration transferred, any non-controlling interest in the acquiree and the fair value at acquisition date of any previously held equity interest in the acquiree, and the net identifiable assets acquired. Any negative goodwill (ie. bargain purchase) is recognised in the income statement. Any consideration transferred in a business combination is measured at fair value as at the acquisition date. There is no financial impact immediately upon adoption of these two accounting standards as they both only have prospective effect, and hence their adoption will only have impact on future acquisitions of the Group.

The adoption of the Amendments to FRS 7, which promotes enhanced disclosures on fair value measurement of financial instruments via the introduction of the concept of the fair value hierarchy, will only affect disclosures and will not have any financial impact on the results of the Group.

The adoption of the other FRSs, Amendments to FRSs and IC Interpretations above generally did not have any material impact on the financial results of the Group, as they mainly deal with accounting policies affecting transactions which do not form part of the Group's normal business operations or transactions where the Group only has minimal exposure.

The following FRS and IC Interpretations have been issued by the MASB but are not yet effective, and have yet to be adopted by the Group:-

Effective for annual periods commencing on or after 1 July 2011:-

- IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14 Prepayments of a Minimum Funding Requirement

Effective for annual periods commencing on or after 1 January 2012:-

- FRS 124 Related Party Disclosures (revised)
- Amendments to FRS 1 First-time Adoption of Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendments to FRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets
- Amendments to FRS 112 Income Taxes – Deferred Tax: Recovery of Underlying Assets

Effective for annual periods commencing on or after 1 July 2012:-

- Amendments to FRS 101 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

Effective for annual periods commencing on or after 1 January 2013:-

- FRS 9 *Financial Instruments (2009)*
- FRS 9 *Financial Instruments (2010)*
- FRS 10 *Consolidated Financial Statements*
- FRS 11 *Joint Arrangements*
- FRS 12 *Disclosures of Interests in Other Entities*
- FRS 13 *Fair Value Measurement*
- FRS 119 *Employee Benefits (2011)*
- FRS 127 *Separate Financial Statements (2011)*
- FRS 128 *Investments in Associates and Joint Ventures (2011)*
- IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*

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

**2. Changes in Accounting Policies (continued)**

The Group's financial statements for annual period beginning on 1 January 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs). As a result, the Group will not be adopting the above FRSs, Interpretations and amendments.

**3. Audit Qualifications**

There were no audit qualifications in the annual financial statements for the year ended 31 December 2010.

**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**

During the current quarter, the Company repurchased 1,000 units of its issued ordinary shares from the open market at an average price of RM4.41 per share. Total consideration paid for the repurchase including transaction costs was RM4,456.33 and this was financed by internally generated funds. Cumulative total number of shares repurchased at the end of the quarter was 19,183,000.

The shares repurchased are being held as treasury shares in accordance with Section 67A of the Company Act 1965.

Under the Group's Asset-Backed Medium Term Notes ("MTN") Program, the Group has redeemed RM48.0 million nominal value of Class A MTN during the quarter. The outstanding nominal value of MTN comprising Class A, Class B and Class C is RM590.75 million at the end of the financial quarter.

There were no other issuance 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 2011.

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

## 9. Segmental Reporting

For the financial year ended 31 December 2011

	Vehicles assembly, manufacturing, distribution and after sale services		Financial services		Other operations		Total	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	3,814,424	3,458,816	33,584	45,133	6,491	1,299	3,854,499	3,505,248
Inter-segment revenue	6,595	8,930	4,224	700	32,471	24,115	43,290	33,745
Segment EBITDA*	380,795	368,341	14,648	31,593	8,177	12,341	403,620	412,275

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

## Reconciliation of reportable segment profit or loss:

	31.12.2011	31.12.2010
	RM'000	RM'000
Total EBITDA for reportable segments	403,620	412,275
Depreciation and amortisation	(68,407)	(57,012)
Interest expense	(24,908)	(27,477)
Interest income	11,070	14,583
Share of profit of associates not included in reportable segments	971	639
Unallocated corporate expenses	(17,368)	(20,255)
Consolidated profit before tax	304,978	322,753

## 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 2010.

## 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 Financial Reporting Standard (FRS) 134 Interim Financial Reporting**

**12. Changes In Composition Of The Group**

During the quarter under review, the Group incorporated a new subsidiary (90% owned subsidiary) named E-Garage Auto Services and Spare Parts (Myanmar) Company Limited (“E-Garage Myanmar”) under the Myanmar Companies Act to undertake automobile workshop services in Myanmar. E-Garage Myanmar was incorporated on 7 December 2011.

**13. Changes In Contingent Liabilities Or Contingent Assets**

There were no material changes in contingent liabilities or contingent assets since the last annual financial period.

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

	<b>31.12.2011</b>	<b>31.12.2010</b>
	<b>RM’000</b>	<b>RM’000</b>
Property, plant and equipment		
Authorised and contracted for		
In Malaysia	24,177	37,584
Outside Malaysia	16,111	-
Authorised but not contracted for		
In Malaysia	141,465	125,218
Outside Malaysia	89,412	-
	<u>271,165</u>	<u>162,802</u>

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

## 15. Significant Related Party Transactions

- (a) Significant transactions with Warisan TC Holdings Berhad (WTCH) and APM Automotive Holdings Berhad (APM) Groups, companies in which certain Directors of the Company, namely Dato' Tan Heng Chew and Tan Eng Soon, are deemed to have substantial financial interests, are as follows:

	Individual Quarter		Cumulative Quarter	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
<b>With WTCH Group</b>				
Sales	698	4,329	25,656	21,690
<b>With APM Group</b>				
Purchases	26,807	20,964	138,477	126,273

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	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Purchases	299,672	355,213	1,192,648	1,138,744

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

- (c) Significant transactions with Auto Dunia Sdn. Bhd., a company connected to certain Directors of the Company, namely Dato' Tan Heng Chew and Tan Eng Soon by virtue of Section 122A of the Companies Act, 1965, are as follows:

	Individual Quarter		Cumulative Quarter	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Purchases	22,160	89,812	180,932	305,865

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**

Notwithstanding a 10% improvement in top-line from RM3,505 million to RM3,855 million revenue year on year, the Group recorded a slight drop in profit before taxation from RM323 million to RM305 million. Profit before taxation is made up of segment EBITDA adjusted for Depreciation, Interest, Share of Profit of Associates and Unallocated Corporate Expenses (as reflected in Note A9).

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

For the full year, the automotive division recorded RM3,814 million in revenue, an increase of 10.3% compared to RM3,459 million for FY2010 and segment EBITDA of RM380.8 million in FY2011, an increase of 3.4% compared to RM368.3 million in FY2010. This results included the first full year consolidation of Nissan Vietnam Co. Ltd. (NVL) which reported RM162.8 million in revenues and RM 5.8 million Loss Before Interest Tax Depreciation & Amortization (LBITDA).

The marginal increase in EBITDA was due to translation losses from a weaker Vietnamese Dong against a stronger denominated Ringgit (our reporting currency). In addition, this division was affected by the global supply chain disruption as a result of the earthquake and tsunami in Japan (March) as well as the Thai flood crisis late last year. Cost to income ratio for this division has also increased with the regional expansion and upgrade of existing facilities.

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

The financial services division recorded revenue of RM33.6 million for FY2011, a reduction of 25.6% compared to RM45.1 million in FY2010 and segment EBITDA of RM14.7 million for FY2011, a decrease of 53.6% compared to RM31.6 million in FY2010. The higher revenue & EBITDA in 2010 was due to the one-off recognition from the sale of two Asset Backed Medium Term Notes (MTN) issuance undertaken in 2010 amounting to RM466 million, compared to only 1 issue in 2011 of RM212 million. As at 31st December 2011, hire purchase receivables stood at RM494 million on the books.

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

Revenue from other operations amounted to RM6.5 million for FY2011, an increase of 400% compared to RM1.3 million in FY2010 from the higher management fees and segment EBITDA of RM8.2 million for FY2011, a decrease of 33.7% compared to RM12.3 million in FY2010 as year on year costs grew at higher rate than revenue.

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

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

The automotive division recorded revenue of RM 867.7 million in Q411, an increase of 5.7% compared to RM 820.6 million in Q410 and segment EBITDA of RM 72.7 million in Q411, a decrease of 3.5% compared to RM 75.4 million in Q410. Underlying Q4 segment EBITDA is weaker due to the disruption in production scheduling caused by the Thai flood crisis, increase in raw material prices and a more cautious consumer sentiment compared to Q410. Compared to Q311, this division recorded a reduction for both revenue and EBITDA in Q411 by 2.7% and 15.3% respectively due to lower sales units as consumer's opted for deliveries in January 2012 instead of December 2011. Other than lower volume, the reduction in EBITDA is also due to higher exchange rates which had an adverse effect on our operating margins.

**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)**

Financial services recorded a reduction of 61.5% in revenue compared to Q311 due to reversal of interest subsidy previously recognized. EBITDA on the other hand increased by 91.9% compared to Q311 due to reclassification of expenses from other operations to financial services segment in Q311.

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

Revenue for current quarter is consistent with previous quarter. EBITDA on the other hand has decreased by 82% from previous quarter due to reclassification of expenses as explained in note B2(b).

**3. Current Year Prospects**

Significant external headwinds such as the abnormally strong yen, earthquake in Japan and floods in Thailand challenged us throughout 2011. We are addressing this by building a more robust and more geographically dispersed supply chain in Indochina which will have some intrinsic cost increases to cover a wider footprint. This investment strategy has started to be reflected in the costs that are carried forward into the future. In a stabilized situation where inventories have been rebuilt throughout the chain to normal levels, we can anticipate a stronger 2H 2012. Barring any unforeseen circumstances, we expect our vehicle sales would exceed the industry growth with the planned launch of a replacement van model for the popular Nissan Vanette C22 (End of Production 2009) and a B sedan (a segment currently unrepresented) in addition to the introduction of select CBU (completely built-up) models selling well in various ASEAN markets.

**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	
	31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 RM'000
Current year	15,438	13,976	90,722	79,021
Prior year	464	1,349	4,647	1,366
Deferred tax	(784)	(1,481)	(5,807)	11,279
	<u>15,118</u>	<u>13,844</u>	<u>89,562</u>	<u>91,666</u>

The effective tax rate of the Group for the current quarter and financial year is higher than the statutory rate of 25% due to certain expenses disallowed for tax purposes and absence of full group relief.

**6. Status Of Corporate Proposals**

There were no corporate proposals announced but not completed as at reporting date.

**7. Group Borrowings**

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

	31.12.2011 RM'000
Unsecured :	
- Bills payable	116,086
- Short term loan	403,940
- Long term loan	280,000
Total borrowings	<u>800,026</u>
Comprising :	
Amount repayable within one year	520,026
Amount repayable after one year	280,000
	<u>800,026</u>



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

**8. Realised And Unrealised Profits**

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows:

	<b>Group 31.12.2011 RM'000</b>	<b>Group 31.12.2010 RM'000</b>
Total retained profits of Tan Chong Motor Holdings Bhd and its subsidiaries:		
- Realised	1,701,270	1,552,710
- Unrealised loss	(12,608)	(16,848)
	<u>1,688,662</u>	<u>1,535,862</u>
Total share of retained profits from associated companies:		
- Realised	5,794	4,980
- Unrealised loss	-	(57)
	<u>5,794</u>	<u>4,923</u>
Total Group retained profits before consolidation adjustments	1,694,456	1,540,785
Less: Consolidation adjustments	(164,082)	(167,073)
Total Group retained profits as per consolidated accounts	<u>1,530,374</u>	<u>1,373,712</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, 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 the 9th and 10th of February 2011. On 5th of 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 also liable for costs. The Plaintiff has since filed an appeal to the Court of Appeal against the decision of the said High Court and the said appeal has yet to be fixed for hearing.

In 1987, another related suit was filed in the same court (where TCM was sued by Teck Guan for RM65,065.00 together with interest and costs in connection with alleged monies owed to Teck Guan. Following the same, TCM had filed a counter-claim for RM132,175.49 together with interest and costs in connection with the outstanding amount payable to TCM ) ("2nd Suit"). The case will be transferred to the Sessions Court as the claim is within the monetary jurisdiction of the Sessions Court. The case has been fixed for Mention on 13th March 2012 in the High Court III at Kota Kinabalu.

**10. Dividend**

Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the Board recommended a final dividend of 12% less tax 25% for the year ended 31 December 2011 (2010 – 12% less 25% income tax). The net amount payable is RM29.38 million (2010 – RM29.38 million).

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

**11. Earnings Per Share**

The calculation of basic earnings per share for the periods is based on the net profit attributable to ordinary shareholders of the periods and the weighted average numbers of ordinary shares outstanding during the periods as follows:

<b>Weighted average number of ordinary shares</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>('000)</b>	<b>('000)</b>	<b>('000)</b>	<b>('000)</b>
Issued ordinary shares at beginning of the period	652,818	652,819	652,819	652,819
Effect of shares buyback during the period	(1)	-	(2)	-
<b>Weighted average number of ordinary shares</b>	<b>652,817</b>	<b>652,819</b>	<b>652,817</b>	<b>652,819</b>

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

**12. Profit before taxation**

Profit before taxation is arrived at after crediting/(charging):

	<b>Current Year Quarter 31.12.2011 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.12.2010 RM'000</b>	<b>Current Year 31.12.2011 RM'000</b>	<b>Preceding Year 31.12.2010 RM'000</b>
Depreciation and amortisation	(17,678)	(14,041)	(68,407)	(57,012)
Provision for and write off of receivables	(4,063)	(3,558)	(5,578)	(9,444)
Provision for and write off of inventories	(1,230)	(636)	(1,615)	(3,705)
Gain on disposal of properties and investments	882	4,133	4,843	12,826
Property, plant and equipment written off	(106)	(432)	(302)	(437)
Foreign exchange gain/(loss)	1,457	(808)	4,097	156
Loss on derivatives	-	(74)	-	(1)
Other income/(loss), including investment income	12	149	(163)	241

**BY ORDER OF THE BOARD**

YAP BEE LEE

CHANG PIE HOON

Company Secretaries

Kuala Lumpur

24 February 2012