



**TAN CHONG MOTOR HOLDINGS BERHAD**

*(Company No: 12969-P)*

*(Incorporated in Malaysia)*

**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE QUARTER ENDED 31 DECEMBER 2012**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 31.12.2012 RM'000	(Unaudited) Preceding Year Corresponding Quarter 31.12.2011 RM'000	(Unaudited) Current Year 31.12.2012 RM'000	(Audited) Preceding Year 31.12.2011 RM'000
Revenue	1,180,454	879,981	4,086,103	3,860,071
Operating profit	78,460	51,690	244,272	317,906
Interest expense	(16,700)	(8,237)	(43,141)	(24,855)
Interest income	4,749	2,713	15,227	11,011
Share of (loss)/profit of associates	(316)	(234)	1,246	971
Profit before taxation	66,193	45,932	217,604	305,033
Tax expense	(16,887)	(15,168)	(61,446)	(89,612)
Profit for the period	49,306	30,764	156,158	215,421
Attributable to:				
Equity holders of the Company	50,309	31,044	157,952	216,144
Non-controlling interests	(1,003)	(280)	(1,794)	(723)
	49,306	30,764	156,158	215,421
Earning per share (sen)				
(a) Basic	7.71	4.76	24.19	33.11
(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 2011.



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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE QUARTER ENDED 31 DECEMBER 2012**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 31.12.2012 RM'000	(Unaudited) Preceding Year Corresponding Quarter 31.12.2011 RM'000	(Unaudited) Current Year 31.12.2012 RM'000	(Audited) Preceding Year 31.12.2011 RM'000
<b>Profit for the period</b>	49,306	30,764	156,158	215,421
Foreign currency translation differences for foreign operations	136	1,237	(1,429)	1,913
Cash flow hedge	(3,269)	(154)	(1,448)	(306)
<b>Other comprehensive (loss)/income for the period, net of tax</b>	(3,133)	1,083	(2,877)	1,607
<b>Total comprehensive income for the period</b>	46,173	31,847	153,281	217,028
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	47,176	32,127	155,151	217,751
Non-controlling interests	(1,003)	(280)	(1,870)	(723)
<b>Total comprehensive income for the period</b>	46,173	31,847	153,281	217,028

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011.



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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2012**

	(Unaudited) As at 31.12.2012 RM'000	(Audited) As at 31.12.2011 RM'000	(Audited) As at 01.01.2011 RM'000
<b>ASSETS</b>			
<b><u>Non-current assets</u></b>			
Property, plant and equipment	858,396	675,779	618,388
Investment properties	20,303	17,558	10,490
Prepaid lease payments	14,705	11,357	-
Investments in associates	27,128	19,791	18,920
Other investments	1	1,807	1,807
Deferred tax assets	24,339	14,520	12,090
Hire purchase receivables	250,969	386,788	284,554
Intangible assets	13,944	14,448	14,191
Long term receivables	2,378	1,440	3,945
	1,212,163	1,143,488	964,385
<b><u>Current assets</u></b>			
Other investments	200,603	194,064	289,936
Hire purchase receivables	52,767	107,038	54,276
Receivables, deposits and prepayments	417,839	299,584	277,922
Current tax assets	7,700	7,642	3,310
Inventories	1,412,208	959,996	1,005,333
Derivative assets	266	463	769
Cash and cash equivalents	634,426	324,634	150,088
	2,725,809	1,893,421	1,781,634
<b>TOTAL ASSETS</b>	3,937,972	3,036,909	2,746,019



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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2012 (continued)**

	(Unaudited) As at 31.12.2012 RM'000	(Audited) As at 31.12.2011 RM'000	(Audited) As at 01.01.2011 RM'000
<b>EQUITY AND LIABILITIES</b>			
<b><u>Equity</u></b>			
Share capital	336,000	336,000	336,000
Reserves	1,625,971	1,529,650	1,371,376
Treasury shares	(24,795)	(24,786)	(24,778)
<b>Total equity attributable to equity holders of the Company</b>	<b>1,937,176</b>	<b>1,840,864</b>	<b>1,682,598</b>
Non-controlling interests	6,140	8,310	8,639
<b>Total equity</b>	<b>1,943,316</b>	<b>1,849,174</b>	<b>1,691,237</b>
<b><u>Non-current liabilities</u></b>			
Deferred tax liabilities	23,642	20,075	23,313
Borrowings	365,163	280,000	354,167
Employee benefits	40,830	36,272	31,667
	<b>429,635</b>	<b>336,347</b>	<b>409,147</b>
<b><u>Current liabilities</u></b>			
Payables and accruals	502,554	326,113	287,082
Borrowings	1,052,459	520,026	352,384
Derivative liabilities	1,251	-	1
Taxation	8,757	5,249	6,168
	<b>1,565,021</b>	<b>851,388</b>	<b>645,635</b>
<b>Total liabilities</b>	<b>1,994,656</b>	<b>1,187,735</b>	<b>1,054,782</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,937,972</b>	<b>3,036,909</b>	<b>2,746,019</b>
Net assets per share attributable to equity holders of the Company (RM)	2.97	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 2011.



**TAN CHONG MOTOR HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2012**

	-----Attributable to Equity Holders of the Company-----								Total equity RM'000
	-----Non-Distributable-----				-----Distributable-----		Total RM'000	Non- controlling interests 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			
<b>(Restated)</b>									
<b>At 01.01.2011</b>	336,000	(24,778)	(3,128)	769	100	1,373,635	1,682,598	8,639	1,691,237
Total comprehensive income for the period	-	-	1,913	(306)	-	216,144	217,751	(723)	217,028
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>	<b>336,000</b>	<b>(24,786)</b>	<b>(1,215)</b>	<b>463</b>	<b>100</b>	<b>1,530,302</b>	<b>1,840,864</b>	<b>8,310</b>	<b>1,849,174</b>
<b>(Restated)</b>									
<b>At 01.01.2012</b>	336,000	(24,786)	(1,215)	463	100	1,530,302	1,840,864	8,310	1,849,174
Total comprehensive income for the period	-	-	(1,429)	(1,448)	-	157,952	155,075	(1,870)	153,205
Purchase of treasury shares	-	(9)	-	-	-	-	(9)	-	(9)
Dividend - 2011 Final	-	-	-	-	-	(29,377)	(29,377)	-	(29,377)
Dividend - 2012 Interim	-	-	-	-	-	(29,377)	(29,377)	(300)	(29,677)
<b>At 31.12.2012</b>	<b>336,000</b>	<b>(24,795)</b>	<b>(2,644)</b>	<b>(985)</b>	<b>100</b>	<b>1,629,500</b>	<b>1,937,176</b>	<b>6,140</b>	<b>1,943,316</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011.



**TAN CHONG MOTOR HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2012**

**CUMULATIVE QUARTER**

	(Unaudited) For the 12 months ended 31.12.2012 RM'000	(Audited) For the 12 months ended 31.12.2011 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	217,604	305,033
Adjustment for:		
Non-cash and non-operating items	96,349	84,538
<b>Operating profit before working capital changes</b>	313,953	389,571
<b>Changes in working capital</b>		
Inventories	(452,044)	44,575
Hire purchase receivables	188,297	(157,160)
Receivables, deposits and prepayments	(128,316)	(29,534)
Payables and accruals	176,712	41,159
Cash generated from operations	98,602	288,611
Tax paid (net)	(64,467)	(97,334)
Interest paid (net)	(27,914)	(13,844)
Employee benefits paid	(497)	(495)
<b>Net cash generated from operating activities</b>	5,724	176,938
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(290,404)	(158,510)
Acquisition of other investments	(131,544)	(115,914)
Proceeds from disposal of other investments	125,000	211,717
Increase in prepaid lease payment	(4,509)	(6,365)
Acquisition of share in a subsidiary	-	(779)
Subscription of additional shares in a subsidiary	-	750
Additional investment in associate	(1,548)	-
Dividend received from associate	-	100
Dividend received from other investment	-	3,572
Proceeds from disposal of property, plant and equipment	49,222	28,570
<b>Net cash used in investing activities</b>	(253,783)	(36,859)



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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2012 (continued)**

	<b>CUMULATIVE QUARTER</b>	
	<b>(Unaudited)</b> <b>For the 12 months</b> <b>ended</b> <b>31.12.2012</b> <b>RM'000</b>	<b>(Audited)</b> <b>For the 12 months</b> <b>ended</b> <b>31.12.2011</b> <b>RM'000</b>
<b>Cash flows from financing activities</b>		
Dividend paid to shareholders of the Company	(58,754)	(58,754)
Dividend paid to non-controlling interests	(300)	(300)
Purchase of own shares	(9)	(8)
Proceeds from/(repayment of) bills payable (net)	185,615	(73,403)
Proceeds from term loans and revolving credit (net)	432,576	172,808
<b>Net cash generated from financing activities</b>	<b>559,128</b>	<b>40,343</b>
<b>Net increase in cash and cash equivalents</b>	311,069	180,422
<b>Effects of exchange rate change on cash and cash equivalents</b>	(683)	54
<b>Cash and cash equivalents at beginning of the period</b>	324,040	143,564
<b>Cash and cash equivalents at end of the period</b>	<b>634,426</b>	<b>324,040</b>
Cash and cash equivalents in the statement of cash flows comprise:		
Cash and bank balances	195,671	160,865
Deposits with licensed banks	438,755	163,769
Bank overdraft	-	(594)
	<b>634,426</b>	<b>324,040</b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011.

## 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 2011.

The consolidated financial statements of the Group as at and for the year ended 31 December 2011 were prepared under Financial Reporting Standards (FRSs).

These are the Group’s condensed consolidated interim financial statements for part of the period covered by the Group’s first MFRS framework annual financial statements and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. The impact of the transition from FRS to MFRS is described in Note 2 below.

### 2. Changes In Accounting Policies

Except as described below, the accounting policies adopted by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 31 December 2011.

#### Application of MFRS 1

The Group has availed itself to the transitional provision issued by the Malaysian Accounting Standards Board (MASB) on the first adoption of IAS 16, *Property, plant and equipment* in 1998. No later valuation has been recorded for these properties.

Upon transition to MFRSs, the Group elected to apply the optional exemption to use that previous revaluation as deemed cost under MFRSs. The revaluation reserve of RM23,000 at 1 January 2011 and 31 December 2011 was reclassified to retained earnings.

The impact arising from the change is summarized as follows:

#### Reconciliation of equity as at 1 January 2011

	<b>FRS as at 01.01.2011 RM'000</b>	<b>Reclassification RM'000</b>	<b>MFRS as at 01.01.2011 RM'000</b>
Surplus on revaluation of properties	23	(23)	-
Retained earnings	1,373,612	23	1,373,635

#### Reconciliation of equity as at 31 December 2011

	<b>FRS as at 31.12.2011 RM'000</b>	<b>Reclassification RM'000</b>	<b>MFRS as at 31.12.2011 RM'000</b>
Surplus on revaluation of properties	23	(23)	-
Retained earnings	1,530,279	23	1,530,302



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

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

There are no material differences between the statements of total comprehensive income and cash flows presented under MFRSs and the statements of total comprehensive income and cash flows presented under FRSSs.

**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 commencing on or after 1 July 2012:-

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

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

- 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)*
- Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans and Annual Improvements 2009-2011 Cycle*
- Amendments to MFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 10, 11 & 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*
- Amendment to MFRS 101 *Presentation of Financial Statements – Annual Improvements 2009-2011 Cycle*
- Amendment to MFRS 116 *Property, Plant and Equipment – Annual Improvements 2009-2011 Cycle*
- Amendment to MFRS 132 *Financial Instruments: Presentation – Annual Improvements 2009-2011 Cycle*
- Amendment to MFRS 134 *Interim Financial Reporting – Annual Improvements 2009-2011 Cycle*

Effective for annual periods commencing on or after 1 January 2014:-

- Amendments to MFRS 132 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

Effective for annual periods commencing on or after 1 January 2015:-

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

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

**3. Audit Qualifications**

There were no audit qualifications in the annual financial statements for the year ended 31 December 2011.

**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 quarter under review, the Company repurchased 1,000 units of its issued ordinary shares from the open market at an average price of RM4.46. Total consideration paid for the repurchase including transaction costs was RM4,506 and this was financed by internally generated funds. Cumulative total number of shares repurchased at the end of the quarter was 19,185,000. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Under the Group's Asset-Backed Medium Term Notes ("MTN") Program, the Group has completed the sixth issuance of RM388.0 million nominal value of MTN on 3 December 2012. During the quarter, the Group has redeemed RM47.0 million nominal value of Class A MTN. The outstanding nominal value of MTN comprising Class A, Class B and Class C is RM773.75 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.

**8. Dividend Paid**

No dividends were paid during the quarter ended 31 December 2012.

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

**9. Segmental Reporting**

For the financial period ended 31 December 2012:

	Vehicles assembly, manufacturing, distribution and after sale services		Financial services		Other operations		Total	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	4,038,567	3,816,182	42,940	37,398	4,596	6,491	4,086,103	3,860,071
Inter-segment revenue	6,593	6,595	3,166	4,224	47,337	32,471	57,096	43,290
Segment EBITDA*	306,308	381,638	18,597	14,711	10,022	8,489	334,927	404,838

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

**Reconciliation of reportable segment profit or loss:**

	31.12.2012	31.12.2011
	RM'000	RM'000
Total EBITDA for reportable segments	334,927	404,838
Depreciation and amortisation	(72,770)	(69,833)
Interest expense	(43,141)	(24,855)
Interest income	15,227	11,011
Share of profit of associates not included in reportable segments	1,246	971
Unallocated corporate expenses	(17,885)	(17,099)
Consolidated profit before tax	217,604	305,033

**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 2011.

**11. Material Subsequent Event**

There has not arisen in the interval between the end of this reporting period and the date of this announcement, any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group.

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

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

During the quarter under review, the Group incorporated the following wholly-owned subsidiary in Malaysia under the Labuan Companies Act 1990:

No.	Name of Subsidiary	Date of Incorporation	Intended Principal Activity
(i)	Tan Chong Motorcycles (MM) Pte Ltd	23 October 2012	Import, export and distribution of motorcycles and all kinds of vehicles.

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

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

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

As of the date of this report, no liability has been recognised in the financial statements as the amount cannot be reliably estimated pending the outcome of the appeal.

Save for the above, there were no other 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>31.12.2012</b>	<b>31.12.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment		
Authorised and contracted for		
In Malaysia	36,404	24,177
Outside Malaysia	9,557	16,111
Authorised but not contracted for		
In Malaysia	185,627	158,165
Outside Malaysia	27,437	89,412
	<u>259,025</u>	<u>287,865</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) 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	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
<b>With WTCH Group</b>				
Sales	6,914	419	27,890	25,377
<b>With APM Group</b>				
Purchases	33,365	8,247	131,255	119,917

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	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Purchases	504,482	375,389	1,869,916	1,268,365

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	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Purchases	1,523	6,605	41,959	165,377

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

Note

\* Tan Eng Soon resigned as Director of the Company w.e.f. 30 June 2012.

**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 launch of the much anticipated All-New Nissan Almera on 30 October, drove revenues and profits to the highest in Q4 for the year ended 2012. Nissan vehicle sales of 35,307 represented 5.6% of total industry volume of 627,753 units (Malaysian Automotive Association) for the whole year. Nissan emerged as the second best-selling car in the non-national segment.

Revenue for the Group increased by 5.9% from RM3,860 million to RM4,086 million and Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) decreased by 17.3% from RM404.8 million to RM334.9 million (as reflected in Note A9) after a nine-month drag.

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

Automotive division recorded RM4,039 million in revenue, an increase of 5.8% compared to RM3,816 million for previous year and segment EBITDA of RM306.3 million a decrease of 19.7% compared to RM381.6 million for previous year. Nissan Vietnam Co. Ltd. (NVL) additional loss before tax amounted to RM6.7 million compare with previous year remains a drag on profitability.

The higher revenue was attributed to the Almera effect in November-December sales. However, leading up to the launch, competition intensified and higher promotional and marketing campaigns resulted in EBITDA margins falling from 10.0% to 7.6%.

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

The financial services division recorded revenue of RM42.9 million, an increase of 14.7% compared to previous year of RM37.4 million driven by higher hire purchase loans granted on the back of a growing captive pool of car sales. Correspondingly, EBITDA has increased by 26.5% to RM18.6 million compared to preceding year of RM14.7 million. As at 31st December 2012, hire purchase receivables stood at RM303.7 million after a RM388 million ABS (Asset Backed Securitization) sale on 3 December (refer to Note A7)

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

Revenue from other operations for 2012 was at RM4.6 million compared to RM6.5 million in the previous year and EBITDA for 2012 was at RM10.0 million compared to RM8.5 million in the previous year. Decrease in revenue is due to change in charging method to related parties. Increase in EBITDA was derived from the re-measurement to fair value of the Group's earlier 15% interest in THK Rhythm Malaysia Sdn Bhd which resulted in a one-off gain of RM2.8 million.

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

Comparing to 3rd Quarter of 2012, both our top line and bottom line (Profit After Taxation) rebounded by 25.9% and 52.9% respectively whilst EBITDA rose by 40.3%. The Group issued RM388.0 million Notes Series 2012-A on 3 December 2012 and with this, the Group's net gearing levels have been reduced to 30.1% as at end of December 2012 from 41.9% as at end of September 2012.

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

For the quarter under review, automotive division recorded RM1,167 million in revenue, an increase of 26.0% compared to RM925.9 million for preceding quarter and segment EBITDA of RM95.2 million an increase of 43.2% compared to RM66.5 million for preceding quarter on account of market share gains. The increase in EBITDA was masked by NVL related losses before Interest Tax Depreciation and Amortisation (LBITDA) which increased by 81% from previous quarter as this entity continues to bleed. In fourth quarter, NVL's loss to Group's PBT was RM5.7 million, an increase of 50% from previous quarter.

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

**2. Comparison With Preceding Quarter's Results (continued)**

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

The financial services division recorded revenue of RM12.6 million for the fourth quarter of 2012, an increase of 21.2% compared to preceding quarter of RM10.4 million. EBITDA for the fourth quarter of 2012 was at RM5.5 million compared to preceding quarter of RM4.1 million. The higher EBITDA in fourth quarter was due to higher renewal of motor insurance in fourth quarter.

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

Revenue from other operations for the fourth quarter of 2012 was at RM1.1 million compared to RM1.3 million in the preceding quarter and EBITDA for the fourth quarter 2012 at RM1.8 million compared to RM2.5 million in the preceding quarter. The decrease in revenue is due to lower revenue in Tan Chong Education Services Sdn Bhd for the fourth quarter. The lower revenue coupled with high operating cost has caused the decrease in EBITDA.

**3. Current Year Prospects**

While core operating profit is weaker in 2012, we are very focused on taking the necessary steps to improve the results for 2013 and set the stage to achieve the target set by Nissan in their Mid-Term Plan. We have continued to expand our business end to end: from assembly capacities to manufacturing and localization capabilities. It is therefore encouraging to see that volume growth is progressing well.

Global OEMs increasingly seek complete supply chain management partners to improve efficiency, our comprehensive menu of services, coupled with flexible local networks, has made Tan Chong Group the prime contender for major opportunities.

Going forward, our ambitious strategy will continue to have a dual focus: both domestic growth and strategic investments in ASEAN markets. This has yet to be a proven business model as it is still too early in the trading cycle to make reliable conclusions over the long run.

**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	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
Current year	21,893	15,438	75,449	90,722
Prior year	373	464	(7,532)	4,647
Deferred tax	(5,379)	(734)	(6,471)	(5,757)
	<u>16,887</u>	<u>15,168</u>	<u>61,446</u>	<u>89,612</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, all denominated in Ringgit Malaysia, as at the end of the reporting period are as follows:

	31.12.2012 RM'000
Unsecured :	
- Bills payable	301,701
- Revolving credit	520,758
- Short term loan	230,000
- Long term loan	365,163
Total borrowings	<u>1,417,622</u>
Comprising :	
Amount repayable within one year	1,052,459
Amount repayable after one year	365,163
	<u>1,417,622</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>31.12.2012</b>	<b>31.12.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits of Tan Chong Motor Holdings Berhad and its subsidiaries:		
- Realised profit	1,803,321	1,709,945
- Unrealised loss	(14,190)	(19,520)
	<u>1,789,131</u>	<u>1,690,425</u>
Total share of retained profits from associated companies:		
- Realised profit	6,972	5,794
- Unrealised profit	68	-
	<u>7,040</u>	<u>5,794</u>
Total Group retained profits before consolidation adjustments	1,796,171	1,696,219
Less: Consolidation adjustments	(166,671)	(165,917)
Total Group retained profits as per consolidated accounts	<u>1,629,500</u>	<u>1,530,302</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 and stated that the Registrar will fix the 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"). The Court has allowed the case to be transferred to Sessions Court and has fixed the trial dates on 2 and 3 May 2013.

### 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 2012 (2011 – 12% less 25% income tax). The net amount payable is RM29.38 million (2011 – RM29.38 million).

The entitlement and payment 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:

Weighted average number of ordinary shares	Individual Quarter		Cumulative Quarter	
	2012 ('000)	2011 ('000)	2012 ('000)	2011 ('000)
Issued ordinary shares at beginning of the period	652,816	652,818	652,817	652,819
Effect of shares buyback during the period	(1)	(1)	(2)	(2)
Weighted average number of ordinary shares	<u>652,815</u>	<u>652,817</u>	<u>652,815</u>	<u>652,817</u>

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

**12. Profit before taxation**

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

	<b>Current Year Quarter 31.12.2012 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.12.2011 RM'000</b>	<b>Current Year Quarter 31.12.2012 RM'000</b>	<b>Preceding Year Quarter 31.12.2011 RM'000</b>
Depreciation and amortisation	(19,910)	(19,104)	(72,770)	(69,833)
Provision for and write off of receivables	(633)	(3,713)	(3,702)	(7,187)
Provision for and write off of inventories	(175)	(1,230)	(276)	(1,615)
(Loss)/gain on disposal of properties and investments	(263)	956	6,881	4,917
Property, plant and equipment written off	(55)	(106)	(99)	(302)
Foreign exchange (loss)/gain	(461)	1,457	(3,411)	4,097
Loss on derivatives	(3,269)	(154)	(1,448)	(306)
Gain on re-measurement to fair value of pre-existing equity interest	-	-	2,838	-
Gain/(loss) in investment	37	12	(5)	(163)

**BY ORDER OF THE BOARD**

YAP BEE LEE

CHANG PIE HOON

Company Secretaries

Kuala Lumpur

27 February 2013