



TAN CHONG MOTOR HOLDINGS BERHAD

(Company No: 12969-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED 30 SEPTEMBER 2011**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2011 RM'000	Preceding Year Corresponding Quarter 30.09.2010 RM'000	Current Year To Date 30.09.2011 RM'000	Preceding Year Corresponding Period 30.09.2010 RM'000
Revenue	905,356	871,596	2,980,090	2,669,888
Operating profit	74,751	72,729	266,216	263,705
Interest expense	(4,386)	(3,605)	(16,618)	(16,187)
Interest income	3,379	2,323	8,298	8,288
Share of profit of associates	433	141	1,205	648
Profit before taxation	74,177	71,588	259,101	256,454
Tax expense	(19,609)	(22,066)	(74,444)	(77,822)
Profit for the period	54,568	49,522	184,657	178,632
Attributable to:				
Equity holders of the Company	54,558	49,341	185,100	177,669
Non-controlling interests	10	181	(443)	963
	54,568	49,522	184,657	178,632
Earning per share (sen)				
(a) Basic	8.36	7.56	28.35	27.22
(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 30 SEPTEMBER 2011**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2011 RM'000	Preceding Year Corresponding Quarter 30.09.2010 RM'000	Current Year To Date 30.09.2011 RM'000	Preceding Year Corresponding Period 30.09.2010 RM'000
Profit for the period	54,568	49,522	184,657	178,632
Foreign currency translation differences for foreign operations	(406)	(820)	676	(623)
Cash flow hedge	(374)	(4,905)	(152)	350
Other comprehensive income for the period, net of tax	(780)	(5,725)	524	(273)
Total comprehensive income for the period	53,788	43,797	185,181	178,359
Total comprehensive income attributable to:				
Equity holders of the Company	53,778	43,616	185,624	177,396
Non-controlling interests	10	181	(443)	963
Total comprehensive income for the period	53,788	43,797	185,181	178,359

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 30 SEPTEMBER 2011

	(Unaudited)	(Audited)
	As at end of	As at preceding
	current quarter	financial year end
	30.09.2011	31.12.2010
	RM'000	RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	673,608	618,388
Investment properties	10,169	10,490
Investments in associates	20,126	18,920
Other investments	1,807	1,807
Deferred tax assets	13,890	12,090
Hire purchase receivables	339,949	284,554
Intangible assets	14,191	14,191
Long term receivables	1,932	3,945
	1,075,672	964,385
<u>Current assets</u>		
Other investments	193,091	289,936
Hire purchase receivables	81,839	54,276
Receivables, deposits and prepayments	335,648	277,922
Current tax assets	3,004	3,310
Inventories	925,687	1,005,333
Derivative assets	615	769
Cash and cash equivalents	212,292	150,088
	1,752,176	1,781,634
TOTAL ASSETS	2,827,848	2,746,019



TAN CHONG MOTOR HOLDINGS BERHAD
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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2011 (continued)

	(Unaudited) As at end of current quarter 30.09.2011 RM'000	(Audited) As at preceding financial year end 31.12.2010 RM'000
EQUITY AND LIABILITIES		
<u>Equity</u>		
Share capital	336,000	336,000
Reserves	1,498,246	1,371,376
Treasury shares	(24,782)	(24,778)
Total equity attributable to equity holders of the Company	1,809,464	1,682,598
Non-controlling interests	7,896	8,639
Total equity	1,817,360	1,691,237
<u>Non-current liabilities</u>		
Deferred tax liabilities	20,192	23,313
Borrowings	280,000	354,167
Employee benefits	36,766	31,667
	336,958	409,147
<u>Current liabilities</u>		
Payables and accruals	343,234	287,082
Borrowings	320,882	352,384
Derivative liabilities	-	1
Taxation	9,414	6,168
	673,530	645,635
Total liabilities	1,010,488	1,054,782
TOTAL EQUITY AND LIABILITIES	2,827,848	2,746,019
Net assets per share attributable to equity holders of the Company (RM)	2.77	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)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2011

-----Attributable to Equity Holders of the Company-----
|-----Non-Distributable-----|

	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000	Hedging reserves RM'000	Distributable reserves RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 01.01.2010	336,000	(24,777)	(177)	-	1,202,726	1,513,772	4,406	1,518,178
- Effects on the adoption of FRS 139	-	-	-	75	-	75	-	75
At 01.01.2010, as restated	336,000	(24,777)	(177)	75	1,202,726	1,513,847	4,406	1,518,253
Total comprehensive income for the period	-	-	(623)	350	177,669	177,396	963	178,359
Purchase of treasury shares	-	(1)	-	-	-	(1)	-	(1)
Dividend - 2009 Final	-	-	-	-	(29,377)	(29,377)	-	(29,377)
Dividend - 2010 Interim	-	-	-	-	(29,377)	(29,377)	(300)	(29,677)
At 30.09.2010	336,000	(24,778)	(800)	425	1,321,641	1,632,488	5,069	1,637,557
At 01.01.2011	336,000	(24,778)	(3,105)	769	1,373,712	1,682,598	8,639	1,691,237
Total comprehensive income for the period	-	-	676	(152)	185,100	185,624	(443)	185,181
Purchase of treasury shares	-	(4)	-	-	-	(4)	-	(4)
Dividend - 2010 Final	-	-	-	-	(29,377)	(29,377)	-	(29,377)
Dividend - 2011 Interim	-	-	-	-	(29,377)	(29,377)	(300)	(29,677)
At 30.09.2011	336,000	(24,782)	(2,429)	617	1,500,058	1,809,464	7,896	1,817,360

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

(Company No: 12969-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2011

	CUMULATIVE QUARTER	
	For the 9 months ended 30.09.2011 RM'000	For the 9 months ended 30.09.2010 RM'000
Profit before tax	259,101	256,454
Adjustment for:		
Non-cash items	52,266	33,998
Non-operating items (which are investing/financing)	7,578	7,684
Operating profit before working capital changes	318,945	298,136
Increase in working capital	(2,726)	(290,884)
Other cash used (tax payment etc.) in operations	(83,859)	(32,380)
Net cash generated from/(used in) operating activities	232,360	(25,128)
Net cash generated from/(used in) investing activities	(5,431)	77,597
Net cash used in financing activities	(158,201)	(45,300)
Net increase in cash and cash equivalents	68,728	7,169
Cash and cash equivalents at beginning of the period	143,564	114,019
Cash and cash equivalents at end of the period	212,292	121,188

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

Explanatory notes as per Financial Reporting Standard (FRS) 134 Interim Financial Reporting and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

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.

Explanatory notes as per Financial Reporting Standard (FRS) 134 Interim Financial Reporting and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**2. Changes In Accounting Policies (cont.)**

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

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

- FRS 124 *Related Party Disclosures*
- IC Interpretation 15 Agreements for the Construction of Real Estate

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 years that have a material effect on the results for the nine months ended 30 September 2011.

Explanatory notes as per Financial Reporting Standard (FRS) 134 Interim Financial Reporting and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

7. Debt And Equity Securities

There was no repurchase of issued ordinary shares from the open market during the quarter. Cumulative total number of shares repurchased at the end of the quarter was 19,182,000. 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 completed the fifth issuance of RM212 million nominal value of MTN on 2 August 2011. During the quarter, the Group has redeemed RM39.0 million nominal value of Class A MTN. The outstanding nominal value of MTN comprising Class A, Class B and Class C is RM638.75 million at the end of the financial quarter.

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 12% less tax of 25% for the year ending 31 December 2011 (2010 – 12% less tax of 25%) amounting to RM29.38 million (2010 – RM29.38 million) was paid on 28 September 2011.

Explanatory notes as per Financial Reporting Standard (FRS) 134 Interim Financial Reporting and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

9. Segmental Reporting

For the financial period ended 30 September 2011

	Vehicles assembly, manufacturing, distribution and after sale services		Financial services		Other operations		Total	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	2,946,717	2,638,244	29,308	31,379	4,065	265	2,980,090	2,669,888
Inter-segment revenue	6,127	3,062	907	617	24,353	9,737	31,387	13,416
Segment EBITDA*	308,050	292,969	12,539	22,508	6,991	3,146	327,580	318,623

*Segment earnings before interest, taxation, depreciation and amortisation

Reconciliation of reportable segment profit or loss:

	30.09.2011	30.09.2010
	RM'000	RM'000
Total EBITDA for reportable segments	327,580	318,623
Depreciation and amortisation	(50,729)	(42,971)
Interest expense	(16,618)	(16,187)
Interest income	8,298	8,288
Share of profit of associates not included in reportable segments	1,205	648
Unallocated corporate expenses	(10,635)	(11,947)
Consolidated profit before tax	259,101	256,454

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.

Explanatory notes as per Financial Reporting Standard (FRS) 134 Interim Financial Reporting and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

12. Changes In Composition Of The Group

There were no changes in the composition of the Group for the quarter under review.

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

	30.09.2011	31.12.2010
	RM'000	RM'000
Property, plant and equipment		
Authorised and contracted for		
In Malaysia	31,031	37,584
Outside Malaysia	278	-
Authorised but not contracted for		
In Malaysia	147,908	125,218
Outside Malaysia	103,043	-
	<u>282,260</u>	<u>162,802</u>

Explanatory notes as per Financial Reporting Standard (FRS) 134 Interim Financial Reporting and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

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	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
With WTCH Group				
Sales	4,643	8,577	24,958	17,361
With APM Group				
Purchases	34,638	48,692	111,670	105,309

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

- (b) Significant transactions with Nissan Motor Co. Limited Group, Japan, a substantial shareholder of the Company, are as follows:

	Individual Quarter		Cumulative Quarter	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
Purchases	400,894	286,511	892,976	783,531

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	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
Purchases	62,872	89,925	158,772	216,053

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

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

1. Review Of Performance

Nine months results showed improved top and bottom-line of RM2,980 million revenue (+11.6%) and RM184.6 million net profit (+3.37%) despite the Japan earthquake that disrupted the global supply chain after March 2011. Cost to income ratios increased with the first year of consolidation of Nissan Vietnam Limited (NVL) which has yet to break-even after taking into account translation losses in a weaker Vietnamese Dong against a stronger denominated Ringgit (our reporting currency) and initial costs incurred for regional expansion and upgrade of existing facilities.

2. Comparison With Preceding Quarter's Results

Notwithstanding higher total industry volume (TIV) in Quarter 3, revenues fell 4% Quarter on Quarter to RM905.4 million. TIV was higher by 10.3% to 153,041 units against 138,771 units in Quarter 2 due to the launch of replacement models in the A and B product segments. At present, the Group is not represented in these categories. The market has also shifted in favour of re-entrant brands that were earlier marginalized by the big 3 Japanese marques.

Gross margins remained intact due to favourable foreign exchange rates on imports and inventories stood at RM925.7 million (30 September 2011) against RM789.8 million (30 June 2011). The Group issued RM212 million Notes Series 2011-A on 2 August 2011 and with this, the Group's net gearing levels have reduced to 10.8% as at end of September 2011 from 15.8% as at end of December 2010.

3. Current Year Prospects

After two back to back disasters during FY2011, there has been considerable dislocation in supply chains from Japan to Thailand. Fortunately, the Group has sufficient inventories after the earthquake in Japan and before the floods in Thailand. Although Quarter 4 is challenging with specific model shortages - by pacing sales and developing alternate sources of auto component supply, our inventory buffer can last long enough for production to quickly catch up with end demand. In the near term as momentum unravels, the Group continues to build upon its position towards market share gains in the long term.

4. Comparison With Profit Forecast

This is not applicable to the Group.

5. Taxation

	Individual Quarter		Cumulative Quarter	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
Current year	19,816	19,153	75,284	65,045
Prior year	3,022	(406)	4,183	17
Deferred tax	(3,229)	3,319	(5,023)	12,760
	<u>19,609</u>	<u>22,066</u>	<u>74,444</u>	<u>77,822</u>

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

5. Taxation (Continued)

Taxation for the quarter under review is lower compared to preceding year corresponding quarter due to non-taxability of certain gains.

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

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 2011.

7. Quoted Securities

There was a disposal of quoted securities of RM1.31 million at a total cash consideration of RM1.40 million during the current financial quarter.

The adoption of FRS 139 has resulted in the Group's short term investment which consists of quoted securities classified under "Financial assets at fair value through profit and loss (FAFVPL)".

FAFVPL are subsequently measured at fair value with gain or loss recognised in profit or loss. This category of financial assets is classified as current assets.

	30.09.2011
	RM'000
Fair value loss recognised in profit or loss	<u>(175)</u>

8. Status Of Corporate Proposals

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:

	30.09.2011
	RM'000
Unsecured :	
- Bills payable	77,257
- Short term loan	243,625
- Long term loan	280,000
Total borrowings	<u>600,882</u>
Comprising :	
Amount repayable within one year	320,882
Amount repayable after one year	280,000
	<u>600,882</u>

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

10. 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:

	Group 30.09.2011 RM'000	Group 31.12.2010 RM'000
Total retained profits of Tan Chong Motor Holdings Bhd and its subsidiaries:		
- Realised profit	1,669,155	1,552,710
- Unrealised loss	(15,847)	(16,848)
	<u>1,653,308</u>	<u>1,535,862</u>
Total share of retained profits from associated companies:		
- Realised profit	6,184	4,980
- Unrealised loss	(56)	(57)
	<u>6,128</u>	<u>4,923</u>
Total Group retained profits before consolidation adjustments	1,659,436	1,540,785
Less: Consolidation adjustments	(159,378)	(167,073)
Total Group retained profits as per consolidated accounts	<u>1,500,058</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.

11. Outstanding Derivatives As At 30 September 2011

Derivative type	Notional value RM'000	Fair value RM'000	Maturity
Forward foreign exchange contracts	5,359	615	Less than 1 year

Forward foreign exchange contracts are entered into with locally incorporated licensed banks to hedge certain portion of the Group's purchases from exchange rate movements. As the exchange rates are 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.

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.

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

12. Changes In Material Litigations

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 distributorship 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 for 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 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 was transferred to the Sessions Court on 24 August 2011 as the claim is within the monetary jurisdiction of the Sessions Court.

13. Dividend

No dividend was declared for the current quarter.

14. 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	
	2011 ('000)	2010 ('000)	2011 ('000)	2010 ('000)
Issued ordinary shares at beginning of the period	652,818	652,819	652,819	652,819
Effect of shares buyback during the period	-	-	(1)	-
Weighted average number of ordinary shares	<u>652,818</u>	<u>652,819</u>	<u>652,818</u>	<u>652,819</u>

BY ORDER OF THE BOARD

YAP BEE LEE
CHANG PIE HOON
Company Secretaries
Kuala Lumpur
17 November 2011