



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

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2010**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2010 RM'000	Preceding Year Corresponding Quarter 30.09.2009 RM'000	Current Year To-date 30.09.2010 RM'000	Preceding Year Corresponding Period 30.09.2009 RM'000
Revenue	871,596	745,768	2,669,888	2,136,697
Operating profit	72,729	44,373	263,705	138,913
Interest expense	(3,605)	(4,196)	(16,187)	(14,098)
Interest income	2,323	3,233	8,288	9,061
Share of profit of associates	141	559	648	641
Profit before taxation	71,588	43,969	256,454	134,517
Tax expense	(22,066)	(9,253)	(77,822)	(23,269)
Profit for the period	49,522	34,716	178,632	111,248
Attributable to:				
Equity holders of the Company	49,341	34,432	177,669	110,601
Minority interest	181	284	963	647
	49,522	34,716	178,632	111,248
Earnings per share (sen)				
(a) Basic	7.56	5.27	27.22	16.88
(b) Fully diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009.



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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2010**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2010 RM'000	Preceding Year Corresponding Quarter 30.09.2009 RM'000	Current Year To-date 30.09.2010 RM'000	Preceding Year Corresponding Period 30.09.2009 RM'000
<b>Profit for the period</b>	49,522	34,716	178,632	111,248
Foreign currency translation differences for foreign operations	(820)	21	(623)	(68)
Cash flow hedge	(4,905)	-	350	-
<b>Other comprehensive income for the period, net of tax</b>	(5,725)	21	(273)	(68)
<b>Total comprehensive income for the period</b>	43,797	34,737	178,359	111,180
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	43,616	34,452	177,396	110,533
Minority interest	181	284	963	647
<b>Total comprehensive income for the period</b>	43,797	34,737	178,359	111,180

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009.



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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2010**

	(Unaudited) As at end of current quarter 30.09.2010 RM'000	As at preceding financial year end 31.12.2009 RM'000 restated
<b>ASSETS</b>		
<b><u>Non-current assets</u></b>		
Property, plant and equipment	607,519	584,941
Investment properties	10,513	10,582
Investments in associates	18,929	18,281
Other investments	1,807	1,806
Deferred tax assets	4,972	4,881
Hire purchase receivables	414,589	259,504
Long term receivables	4,579	7,116
	1,062,908	887,111
<b><u>Current assets</u></b>		
Other investments	290,772	423,333
Hire purchase receivables	100,952	117,220
Receivables, deposits and prepayments	312,823	235,107
Current tax assets	3,445	15,047
Inventories	734,155	673,185
Derivative assets	498	-
Asset classified as held for sale	-	2
Cash and cash equivalents	122,133	114,377
	1,564,778	1,578,271
<b>TOTAL ASSETS</b>	2,627,686	2,465,382



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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2010 (continued)**

	(Unaudited) As at end of current quarter 30.09.2010 RM'000	As at preceding financial year end 31.12.2009 RM'000 restated
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	336,000	336,000
Reserves	1,321,266	1,202,549
Treasury shares	(24,778)	(24,777)
<b>Total equity attributable to equity holders of the Company</b>	1,632,488	1,513,772
<b>Minority interest</b>	5,069	4,406
<b>Total equity</b>	1,637,557	1,518,178
<b><u>Non-current liabilities</u></b>		
Deferred tax liabilities	21,477	8,669
Borrowings	375,000	260,590
Employee benefits	24,572	22,286
	421,049	291,545
<b><u>Current liabilities</u></b>		
Payables and accruals	251,415	267,289
Borrowings	287,575	387,643
Taxation	30,090	725
Liability classified as held for sale	-	2
	569,080	655,659
<b>Total liabilities</b>	990,129	947,204
<b>TOTAL EQUITY AND LIABILITIES</b>	2,627,686	2,465,382
Net assets per share attributable to equity holders of the Company (RM)	2.50	2.32

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009.



**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 2010**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

	----- 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	Minority interest RM'000	Total equity RM'000
<b>At 01.01.2009</b>	336,000	(13,024)	31	-	1,098,454	1,421,461	3,557	1,425,018
Total comprehensive income for the period	-	-	(68)	-	110,601	110,533	647	111,180
Purchase of treasury shares	-	(11,603)	-	-	-	(11,603)	-	(11,603)
Acquisition of minority interest	-	-	-	-	(29)	(29)	(134)	(163)
Dividend – 2008 Final	-	-	-	-	(24,542)	(24,542)	-	(24,542)
Dividend – 2009 Interim	-	-	-	-	(24,482)	(24,482)	-	(24,482)
<b>At 30.09.2009</b>	336,000	(24,627)	(37)	-	1,160,002	1,471,338	4,070	1,475,408
<b>At 01.01.2010</b>	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
<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	-	-	(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)
<b>At 30.09.2010</b>	336,000	(24,778)	(800)	425	1,321,641	1,632,488	5,069	1,637,557

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009.



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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2010**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

	<b>INDIVIDUAL/CUMULATIVE QUARTER</b>	
	<b>For the 9 months ended 30.09.2010 RM'000</b>	<b>For the 9 months ended 30.09.2009 RM'000</b>
Profit before tax	256,454	134,517
<b>Adjustments for:</b>		
Non-cash items	33,998	37,091
Non-operating items (which are investing/financing)	7,684	4,561
<b>Operating profit before working capital changes</b>	298,136	176,169
<b>(Increase)/decrease in working capital</b>	(290,884)	254,077
<b>Other cash used (tax payment etc.) in operations</b>	(32,380)	(45,273)
<b>Net cash generated from operating activities</b>	(25,128)	384,973
<b>Net cash generated from investing activities</b>	77,597	(173,736)
<b>Net cash used in financing activities</b>	(45,300)	(162,678)
<b>Net increase in cash and cash equivalents</b>	7,169	48,559
<b>Cash and cash equivalents at beginning of the year</b>	114,019	76,174
<b>Cash and cash equivalents at end of the period</b>	121,188	124,733

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009.

## **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 2009. 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 2009.

### **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 2009, except for the adoption of the following new and revised FRSs, amendments and interpretations issued by the Malaysian Accounting Standards Board (MASB) applicable to the Group on 1 January 2010.

- FRS 4, *Insurance Contracts*
- FRS 7, *Financial Instruments: Disclosures*
- FRS 8, *Operating Segments*
- FRS 101, *Presentation of Financial Statements* (revised)
- FRS 123, *Borrowing Costs* (revised)
- FRS 139, *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
- Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 7, *Financial Instruments: Disclosures*
- Amendments to FRS 101, *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 132, *Financial Instruments: Presentation*
  - *Puttable Financial Instruments and Obligations Arising on Liquidation*
  - *Separation of Compound Instruments*
- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*
  - *Reclassification of Financial Assets*
- Improvements to FRSs (2009)
- IC Interpretation 9, *Reassessment of Embedded Derivatives*
- IC Interpretation 10, *Interim Financial Reporting and Impairment*
- IC Interpretation 11, *FRS 2 – Group and Treasury Share Transactions*
- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, *FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*
- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*

**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 (Continued)**

The adoption of the above FRSs, amendments and interpretations did not have any significant effects on the interim financial report upon their initial application, other than as discussed below:

**(a) FRS 8: Operating Segments**

Prior to the adoption of FRS 8, the Group's segment reporting was based on a reporting format of business segments. With the adoption of FRS 8, the Group's segment reporting has been changed to operating segments based on the segment information provided to the Boards of Directors. The comparatives of the preceding year corresponding period are re-presented to conform to the current period presentation, as disclosed in Note 9.

**(b) FRS 101: Presentation Of Financial Statements (Revised)**

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the interim financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of income statement, a statement of changes in equity, a statement of cash flows and notes to the financial statements. This revised FRS does not have any impact on the financial position and results of the Group.

**(c) FRS 7: Financial Instruments**

The adoption of FRS 7 requires additional disclosures regarding fair value measurements and liquidity risk in the full year financial statements, and has no effect on reported profit or equity. However, FRS 7 disclosures are not required in the interim financial statements, and hence, no further disclosures had been made in these interim financial statements.

**(d) Amendment To FRS 117, Leases**

The Group has adopted the amendment to FRS 117. The Group has reassessed and determined that all leasehold land of the Group which are in substance finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy had been made retrospectively in accordance with the transitional provisions of the amendment.

The reclassification does not affect the basic and diluted earnings per ordinary share for the current and prior periods.

The following comparative figures have been restated following the adoption of the amendment to FRS 117:

	<b>31.12.2009</b>	
	<b>As restated RM'000</b>	<b>As previously stated RM'000</b>
Property, plant and equipment	584,941	493,765
Prepaid lease payments	-	91,176



**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 (Continued)**

**(e) FRS 139, Financial Instruments: Recognition And Measurement, And Amendments To FRS 139: Financial Instruments: Recognition And Measurement**

The new standard on FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and contracts to buy and sell non-financial items.

FRS 139 has been applied prospectively in accordance with the transitional provisions of the standard. In accordance to the transitional provisions for first-time adoption of FRS 139, adjustments arising from re-measuring the financial instruments as at 1 January 2010 were recognised as adjustments of the opening balance of retained earnings or other appropriate reserves. Comparatives are not adjusted.

Since FRS 139 is applied prospectively, its adoption does not affect the profit or loss for the preceding year corresponding quarter ended 30 September 2009.

The adoption of FRS 139 has resulted in changes to accounting policies relating to recognition and measurement of financial instruments and the new accounting policies are as follows:

***i) Initial recognition and measurement***

A financial instrument is recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

***ii) Financial instrument categories and subsequent measurement***

Financial assets

**a) Financial assets at fair value through profit or loss**

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

**b) Loans and receivables**

Loans and receivables category comprises debts instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

**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 (Continued)**

**(e) FRS 139, Financial Instruments: Recognition And Measurement, And Amendments To FRS 139: Financial Instruments: Recognition And Measurement (Continued)**

*ii) Financial instrument categories and subsequent measurement (continued)*

Financial assets (continued)

c) Available-for-sale financial assets

Available-for-sale financial assets comprise investment in debt securities that are not held for trading and are subsequently measured at fair value with gain or loss recognised in other comprehensive income.

All financial assets, except for those measured at fair value through profit and loss, are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorized as fair value through profit and loss.

Fair value through profit and loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Other financial liabilities categorised as fair value through profit and loss are subsequently measured at their fair values with the gain or loss recognized in profit and loss.

*iii) Hedge accounting*

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge design is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in other comprehensive income until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

**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 (Continued)**

**(e) FRS 139, Financial Instruments: Recognition and Measurement, And Amendments To FRS 139: Financial Instruments: Recognition And Measurement (Continued)**

*iii) Hedge accounting (continued)*

Cash flow hedge (continued)

The application of the above new policies has the following effects:

	Hedging reserves	
	2010 RM'000	2009 RM'000
At 01.01.2010, as previously stated	-	-
Adjustment arising from adoption of FRS 139:		
- Recognition of derivatives previously not recognized	75	-
At 01.01.2010, as restated	75	-

The Group has not applied the following FRSs, amendments and interpretations that have been issued by the MASB but are not applicable for the Group:

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

- 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 15, *Agreements for the Construction of Real Estate*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distribution of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

**FRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2011**

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*

The Group will adopt these relevant Standards beginning on 1 January 2011. The adoption of these new Standards in next financial year is not expected to result in any significant impact in the accounting policies 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**

**3. Audit Qualifications**

There were no audit qualifications in the annual financial statements for the year ended 31 December 2009.

**4. Seasonal Or Cyclical Factors**

During the quarter, the business of the Group had not been affected by any significant seasonal or cyclical factors, apart from the general economic environment in which it operated.

**5. Unusual Items**

There were no unusual items that have a material effect on the assets, liabilities, equity, net income or cash flow for the period.

**6. Material Changes In Estimates**

There were no material changes in estimates in respect of amounts reported in prior financial year.

**7. Debt And Equity Securities**

Under the Group's Asset-Backed Medium Term Notes ("MTN") Program, the Group has redeemed RM20.0 million nominal value of Class A MTN during the quarter under review. The outstanding nominal value of MTN comprising Class A, Class B and Class C is RM323.0 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**

An interim dividend of 12% less tax of 25% for the year ending 31 December 2010 (2009 – 10% less tax of 25%) amounting to RM29.4 million (2009 – RM24.5 million) was paid on 28 September 2010.

**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 nine months ended 30 September 2010

	Vehicles assembly, manufacturing, distribution and after sale services		Financial services		Other operations		Total	
	30.9.2010	30.9.2009	30.9.2010	30.9.2009	30.9.2010	30.9.2009	30.9.2010	30.9.2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	2,638,244	2,121,056	31,379	15,152	265	59	2,669,888	2,136,267
Inter-segment revenue	3,062	2,452	617	790	9,737	12,218	13,416	15,460
Segment EBITDA*	292,969	172,973	22,508	6,265	3,146	10,399	318,623	189,637

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

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

	30.09.2010	30.09.2009
	RM'000	RM'000
Total EBITDA for reportable segments	318,623	189,637
Depreciation and amortisation	(42,971)	(41,204)
Finance costs	(16,187)	(14,098)
Interest income	8,288	9,061
Share of profit of associates not included in reportable segments	648	641
Unallocated corporate expenses	(9,141)	(9,299)
Others	(2,806)	(221)
Consolidated profit before tax	256,454	134,517

**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 2009.

**11. Material Subsequent Event**

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

**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**

ETCM (Labuan) Pty Ltd (“ETCM Labuan”), a wholly-owned subsidiary of the Group, has on 20 July 2010 incorporated a wholly-owned subsidiary, Tan Chong Motor (Lao) Co., Ltd (“TCM Lao”) in Lao PDR. TCM Lao has a total capital of USD1.5 million and a registered capital of USD0.5 million. Its principal business is to undertake the import and distribution of NISSAN vehicles and spare-parts and the provision of after-sale services in Lao PDR.

ETCM Labuan has on 2 August 2010 incorporated a wholly-owned subsidiary, ETCM (V) Pte Ltd under the Labuan Companies Act, 1990. ETCM (V) Pte Ltd (“ETCM (V)”) whose principal activity is investment holding has a paid-up capital of USD1.00.

ETCM (V) has on 22 September 2010 entered into a capital assignment agreement with Kjaer Group A/S (“Kjaer”) to acquire Kjaer’s 74% charter capital contribution in Nissan Vietnam Co., Ltd (“NVL”) for a cash consideration of USD7.4 million. The People’s Committee of Hanoi had on 27 October 2010 issued an amended Investment Certificate to NVL approving the assignment of the 74% of the charter capital contribution from Kjaer to ETCM (V). The balance of 26% charter capital in NVL is held by Nissan Motor Co., Ltd. The principal business activities of NVL are:

- (a) importation of fully assembled automobiles, automobile parts, components, accessories and tyres.
- (b) importation and lease of die-casting mold and assembly, manufacturing tools for automobiles.
- (c) distribution of fully assembled automobiles, automobile parts, components, accessories and tyres through appointed dealers.
- (d) provision of after-sales services for automobiles under Nissan brand.

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

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

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

	<b>30.09.2010</b>	<b>31.12.2009</b>
	<b>RM’000</b>	<b>RM’000</b>
Property, plant and equipment		
Authorised and contracted for		
In Malaysia	20,167	16,051
Outside Malaysia	-	6,262
Authorised but not contracted for		
In Malaysia	142,919	204,760
	<u>163,086</u>	<u>227,073</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	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
	RM'000	RM'000	RM'000	RM'000
<b>With WTCH Group</b>				
Sales	8,577	3,525	17,361	7,535
<b>With APM Group</b>				
Purchases	48,692	31,785	105,309	48,342

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	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
	RM'000	RM'000	RM'000	RM'000
Purchases	286,511	208,476	783,531	404,804

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.:

- (i) a company in which a former Director of the Company, namely Azman bin Badrillah (resigned on 1 July 2010) has substantial financial interest; and
- (ii) 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.

	Individual Quarter		Cumulative Quarter	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
	RM'000	RM'000	RM'000	RM'000
Purchases	89,925	38,931	216,053	81,882

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

The overall nine-month results point toward a more cautious 2H 2010. There has been a slowdown in Q3 compared to the first six months. To counter this, we started to invest in more advertising and promotion as well as marketing support activities to build up for the launch of the all-new NISSAN Teana before Christmas.

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

Q3 2010 saw a pause in momentum. Revenues retracted to RM871.6 million compared to RM927.9 million in Q2 and RM870.4 million in Q1. July-August sales hit a soft patch and September was a short month with Hari Raya holidays.

EBIT margins fell from 10.5% in Q2 2010 to 8.3% in Q3 due to negative operating leverage as a result of slower revenue and a higher cost base. Gross margins remained intact due to a favourable foreign exchange rate on imports. However, operating expenses were higher than budget on the back of increased advertising and promotion costs taken up for the Raya promotion and Teana pre-launch events. The timing difference in expenditure incurred upfront before the start of actual sales is necessary to build a flagship model in the high end D-segment. We should be reaping the rewards of this investment soon.

### 3. Current Year Prospects

Whilst the data points toward a much more cautious conclusion about the growth of the Malaysian economy, the preconditions for a pickup in Q4 appear in place. We have a strong product pipeline to help support sales and guard against a loss of market share. The Ringgit has strengthened from RM3.425 (Source: Bank Negara Malaysia, 4 January 2010) against the US Dollar at the start of the year to around the RM3.12 level currently. These structural trends are accommodative for continued growth for the rest of the year.

### 4. Comparison With Profit Forecast

This is not applicable to the Group.

### 5. Taxation

	Individual Quarter		Cumulative Quarter	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
	RM'000	RM'000	RM'000	RM'000
Current year	19,153	9,083	65,045	26,816
Prior year	(406)	170	17	351
Deferred tax	3,319	-	12,760	(3,898)
	22,066	9,253	77,822	23,269



**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 higher compared to corresponding period last year due to improved profit and Reinvestment Allowance has been exhausted.

The effective tax rate 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 2010.

**7. Quoted Securities**

There were no purchases or disposals of quoted securities for the current financial quarter ended 30 September 2010.

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.

	<b>30.09.2010</b>
	<b>RM'000</b>
Fair value gain recognised in profit or loss	<u>92</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:

	<b>30.09.2010</b>
	<b>RM'000</b>
Unsecured :	
- Bills payable	158,657
- Bank overdraft	945
- Short term loan	127,973
- Long term loan	375,000
Total borrowings	<u>662,575</u>
Comprising :	
Amount repayable within one year	287,575
Amount repayable after one year	375,000
	<u>662,575</u>

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

**10. Outstanding Derivatives As At 30 September 2010**

Derivative type	Notional value RM '000	Fair value RM '000	Maturity
Forward foreign exchange contracts	104,515	103,187	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.

**11. Changes In Material Litigations**

- (i) On 11 July 2003, two third-parties ("Plaintiffs") served a claim against the Company and its wholly-owned subsidiary, TC Euro Cars Sdn. Bhd. ("TCEC") for general damages in the sum of RM150.0 million. The Plaintiffs also claimed costs and any other relief to be awarded by the High Court for conspiracy to injure in relation to a specific project investment as alleged in the Statement of Claim. On 1 September 2010, the Federal Court has dismissed the Plaintiffs' application for leave to appeal to the Federal Court with costs. The claims against the Company and TCEC by the Plaintiffs have been successfully struck off. The decision of the Federal Court shall be final and conclusive.
- (ii) Tan Chong & Sons Motor Company Sdn. Bhd. ("TCM"), a wholly-owned subsidiary of the Company, and two others were sued in the High Court at Kota Kinabalu by a third-party for general damages, special damages estimated at RM10.67 million and liquidated damages of RM2.97 million together with interest and costs in connection with car distributorship in Sabah (1<sup>st</sup> suit). On 6 August 2008, another related suit (where TCM was sued by the abovesaid same-party for RM65,065 together with interest and costs in connection with alleged monies owed to the third-party) was ordered by the High Court to be consolidated with the 1<sup>st</sup> suit. The case went on for trial from 5 to 9 July 2010 and has been fixed for continued hearing on 15 and 16, 24 and 25 November, 2010.

The solicitors representing the Group are of the view that TCM has a valid defence to the claim.

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

**12. Dividend**

No dividend was declared for the current financial quarter.

**13. Earnings Per Share**

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

Weighted average number of ordinary shares	Individual Quarter		Cumulative Quarter	
	2010 ('000)	2009 ('000)	2010 ('000)	2009 ('000)
Issued ordinary shares at beginning of the period	652,819	654,602	652,819	666,078
Effect of shares buyback during the period	-	(1,683)	-	(10,865)
Weighted average number of ordinary shares	652,819	652,919	652,819	655,213

**BY ORDER OF THE BOARD**

YAP BEE LEE  
Company Secretary

Kuala Lumpur  
19 November 2010