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

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2008
(THE FIGURES HAVE NOT BEEN AUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
			(Unaudited)	(Audited)
	Current Year Quarter 31.12.2008	Preceding Year Corresponding Quarter 31.12.2007	Current Year To-date 31.12.2008	Preceding Year Corresponding Period 31.12.2007
	RM'000	RM'000	RM'000	RM'000
Revenue	649,964	441,819	3,195,826	1,863,177
Operating profit	43,020	37,126	317,048	133,032
Interest expense	(5,628)	(5,328)	(21,433)	(18,704)
Interest income	3,108	2,673	11,057	8,023
Share of profit of associates	(101)	(430)	538	723
Profit before taxation	40,399	34,041	307,210	123,074
Tax expense	(11,882)	(2,192)	(61,489)	(22,934)
Profit for the period	28,517	31,849	245,721	100,140
Attributable to:				
Equity holders of the Company	28,187	31,921	245,802	99,568
Minority interest	330	(72)	(81)	572
	28,517	31,849	245,721	100,140
Earnings per share (sen)				
(a) Basic	4.25	4.78	36.90	14.91
(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 2007.

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

CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2008

	(Unaudited) As at end of current quarter 31.12.2008 RM'000	(Audited) As at preceding financial year end 31.12.2007 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	521,031	508,951
Prepaid lease payments	71,806	72,855
Investment properties	10,692	10,803
Investments in associates	18,212	17,824
Other investments	5,806	5,806
Finance lease receivables	3,633	5,405
Deferred tax assets	20,693	21,563
Hire purchase receivables	165,187	116,686
	817,060	759,893
Current assets		
Other investments	239,822	232,749
Hire purchase receivables	61,753	56,523
Trade and other receivables	218,459	249,961
Inventories	854,440	583,270
Current tax assets	3,567	8,755
Cash and cash equivalents	76,174	69,947
	1,454,215	1,201,205
TOTAL ASSETS	2,271,275	1,961,098
EQUITIES AND LIABILITIES		
Equity		
Share capital	336,000	336,000
Reserves	1,098,485	902,160
Treasury shares	(13,024)	(5,561)
Total equity attributable to shareholders of the Company	1,421,461	1,232,599
Minority interest	3,557	3,743
Total equity	1,425,018	1,236,342
Non-current liabilities		
Deferred tax liabilities	31,754	30,895
Borrowings	190,745	295,596
Employee benefits	19,801	18,417
	242,300	344,908
Current liabilities		
Trade and other payables	218,574	219,944
Borrowings	378,665	158,542
Taxation	6,718	1,362
	603,957	379,848
Total liabilities	846,257	724,756
TOTAL EQUITY AND LIABILITIES	2,271,275	1,961,098
Net assets per share attributable to shareholders of the Company (RM)	2.15	1.85

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007.

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2008 (THE FIGURES HAVE NOT BEEN AUDITED)

	Attributable to Equity Holders of the Parent					Minority Interest	Total Equity
		Non-Distributable					
	Share capital RM'000	Treasury shares RM'000	Other Reserves RM'000	Distributable reserves RM'000	Total RM'000	RM'000	RM'000
At 01.01.07	336,000	(4,090)	23	831,437	1,163,370	18,995	1,182,365
Purchase of treasury shares	-	(1,471)	-	-	(1,471)	-	(1,471)
Foreign exchange reserve	-	-	10	-	10	-	10
Net profit for the period	-	-	-	99,568	99,568	572	100,140
Investment in subsidiaries	-	-	-	-	-	1,276	1,276
Dividend – 2006 Final	-	-	-	(12,192)	(12,192)	-	(12,192)
– 2007 Interim	-	-	-	(16,686)	(16,686)	(17,100)	(33,786)
At 31.12.07	336,000	(5,561)	33	902,127	1,232,599	3,743	1,236,342
At 01.01.08	336,000	(5,561)	33	902,127	1,232,599	3,743	1,236,342
Purchase of treasury shares	-	(7,463)	-	-	(7,463)	-	(7,463)
Foreign exchange reserve	-	-	(2)	-	(2)	-	(2)
Net profit for the period	-	-	-	245,802	245,802	(81)	245,721
Acquisition of MI	-	-	-	(95)	(95)	(105)	(200)
Dividend – 2007 Final	-	-	-	(24,693)	(24,693)	-	(24,693)
– 2008 Interim	-	-	-	(24,687)	(24,687)	-	(24,687)
At 31.12.08	336,000	(13,024)	31	1,098,454	1,421,461	3,557	1,425,018

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007.

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2008
(THE FIGURES HAVE NOT BEEN AUDITED)

	(Unaudited) For the 12 months ended 31.12.2008 (RM'000)	(Audited) For the 12 months ended 31.12.2007 (RM'000)
Profit before tax	307,210	123,074
Adjustments for:		
Non-cash items	79,434	40,833
Non-operating items (investing/financing in nature)	9,087	9,219
Operating profit before working capital changes	395,731	173,126
(Increase) / decrease in working capital	(292,997)	152,593
Other cash used in operations	(61,387)	(21,717)
Net cash generated from operating activities	41,347	304,002
Net cash used in investing activities	(93,549)	(212,723)
Net cash generated / (used) in financing activities	58,429	(154,519)
Net increase / (decrease) in cash and cash equivalents	6,227	(63,240)
Cash and cash equivalents at beginning of the period	69,947	133,187
Cash and cash equivalents at end of the period	76,174	69,947

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007.

Explanatory notes as per FRS134 Interim Financial Reporting

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007. 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 2007.

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 2007 except for the adoption of the following revised FRSs:

FRS 107	Cash Flow Statement
FRS 118	Revenue
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above revised FRSs is not expected to have any material impact on the financial statements of the Group.

3. Audit qualifications

There were no audit qualifications in the annual financial statements for the year ended 31 December 2007.

4. Seasonal or cyclical factors

Apart from the traditional seasonal factor, during the quarter the business of the Group has been affected by three challenges at one time: the global credit crisis, the impending economic recession and the weaker Ringgit against the USD and JPY.

5. Unusual items

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

6. Material changes in estimates

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

7. Debt and equity securities

During the current financial quarter, the Company bought back 5,355,900 units of its own shares through the open market at prices per share ranging from RM1.05 to RM1.57. The total consideration paid for the repurchases including transaction costs was RM6,492,140 and this was financed by internally generated funds. The cumulative total number of shares bought back at the end of the financial quarter was 10,577,800.

The shares bought back are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

There were no 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 2008.

9. Segmental reporting

	Revenue		Profit before tax	
	---------- 12 months ended 31 December ----------			
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Vehicle assembly, distribution and after sale services	3,183,439	1,848,509	254,388	127,680
Financial services	12,133	13,564	6,665	9,592
Other operations	6,343	5,272	66,701	4,011
	3,201,915	1,867,345	327,754	141,283
Inter-segment elimination	(6,089)	(4,168)	-	-
	3,195,826	1,863,177	327,754	141,283
Unallocated expenses			(10,706)	(8,251)
			317,048	133,032
Interest income			11,057	8,023
Interest expense			(21,433)	(18,704)
Share of profit of associates			538	723
			307,210	123,074

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 2007.

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 statements for the period.

12. Changes in composition of the Group

As part of the Group's exercise to enhance the risk management and internal controls of the Group's operations, TC Capital Resource Sdn Bhd (TCCR), a wholly-owned subsidiary has acquired 174,998 ordinary shares of RM1.00 each representing 49.999% equity interest in TC Capital Premium Sdn Bhd (TCCP), a 50.001% owned subsidiary of TCCR for a total cash consideration of RM200,000. Thus making TCCP a wholly-owned subsidiary of TCCR effective from 18 November 2008.

13. Changes in contingent liabilities or contingent assets

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

14. Capital commitments outstanding not provided for in the interim financial report

	31.12.08 RM'000	31.12.07 RM'000
Property, plant and equipment		
Authorised and contracted for	14,395	20,658
Authorised but not contracted for	178,474	40,660
Joint venture investment		
Authorised and contracted for	-	215
	192,869	61,533

The group has exercised restraint in capital expenditures to preserve free cashflow (i.e. function of EBITDA less interest payments and investments). We have decided to postpone, review, reduce or cancel specific capital investments until there is better visibility regarding the duration of the economic crisis.

Explanatory notes as per the Listing Requirements of Bursa Malaysia Securities Berhad

1. Review of performance

2008 will be remembered as our best year amid the worst crisis the world has seen since The Great Depression on October 29th, 1929. Markets have come full circle. Indeed, it has taken us 23 years to return to 1985 volumes and record-breaking return on equity. Our returns since the 1999 de-merger have improved to 18.7% ROE (adjusted for dividends) in FY2008.

When total industry volumes (TIV) came off in 2H 2008 we continued to build on our momentum. From a low of 3.9% combined market share in 2007, we became the most improved franchise holder (exclusively for NISSAN, UD and Renault) with 5.9% in 2008.

In 2008 we raised selling prices to sustain margins over 3 consecutive quarters at a time of rampant cost inflation from commodities in 1H 2008, then currencies in 2H 2008. We face all the uncertainties of 2009 with a margin of safety based on 7.7% net profit/sales for the year ended 31/12/08.

2. Comparison with preceding quarter's results

Q4 2008 was seasonally slower than our Q3 peak. Overall loan applications & approvals in Malaysia started contracting since September 2008 (Source: Bank Negara). Revenues are 35.1% below our best quarter in Q3 2008. But gross margin remained steady at 21.3% in Q4 compared to 22.4% in Q3. Operating margin, however, is lower at 6.6% in Q4 against 11.7% at Q3 due to negative operating leverage as we braced for soft landing.

We needed to pace production so utilization rates can remain steady over a longer period, in anticipation of softer demand. Our flexible factory in Serendah is back to 1 shift since December 2008. Experience has taught us to remain flexible so that we can adequately address cyclical demand in a volatile industry.

3. Current year prospects

We began 2009 with a lowered profit outlook compared to 2008. January – February 2009 bookings are slower. January NISSAN sales are steady -1.2% year-on-year. Follow through interest for the all new NISSAN Navara (launched on 5/11/08) coupled with the new IMPUL Grand Livina (launched on 5/1/09) renewed our model portfolio. We cross-sell across product lines: new & old models, light & heavy trucks, slow & fast moving stocks.

At the margin, inflationary pressures have eased with crude oil hitting a low of US$32.40/barrel (19/12/08) and pump prices at RM1.80/litre level. But the Ringgit weakness against our USD and Yen denominated CKD/CBU imports will invariably weaken profitability. We expect margins to normalize and return to our 10 year average.

At least for now, credit markets are not getting worse and credit spreads have started to decline sharply since November 2008. Looking ahead, we worry about loans growth, output and employment trends in 2009-2010. A full-blown recession can lead to a prolonged slump in TIV after a near record increase in 2008. If self-fulfilling, the contagion effects could linger beyond 2010 and possibly 2H 2011 for TIV to return to trend. Global demand for autos could take 4 years before confidence is fully restored.

There is a real risk our volumes may decelerate sharply in Q3 2009, a 9-month lag after the credit crisis hit in Q408. We do not know when TIV will bottom. However, Tan Chong is confident that with its history of lean management and culture of thrift, the Group will weather hard times.

4. Comparison with profit forecast

This is not applicable to the Group.

5. Taxation

	Individual Quarter		Cumulative Quarter	
	31.12.08	31.12.07	31.12.08	31.12.07
	RM'000	RM'000	RM'000	RM'000
Current year	(8,812)	(4,520)	(59,668)	(24,693)
Prior years	(423)	1,515	(92)	1,403
Deferred tax	(2,647)	813	(1,729)	356
	(11,882)	(2,192)	(61,489)	(22,934)

The effective tax rate for the quarter is lower than the statutory tax rate due to the utilisation of Reinvestment Allowance.

6. Profits on sales of unquoted investments and/or properties

There were no sale of unquoted investments and/or properties for the current financial quarter ended 31 December 2008.

7. Purchase or disposal of quoted securities

There were no purchases or disposals of quoted securities for the financial quarter ended 31 December 2008.

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:

	Total (RM'000)
Unsecured :	
- Bills payable	218,844
- Short term loan	159,821
- Long term loan	190,745
Total borrowings	569,410
Comprising :	
Amount repayable within one year	378,665
Amount repayable after one year	190,745
	569,410

We were not blindsided by the credit crisis because our Company is un-leveraged. As early as September 2008 we cutback drastically on January 2009 CKD order deliveries. Now a small bounce in sales combined with a sharp fall in inventories (reflecting the cutbacks) should see an improvement in working capital. The timing of when we reorder and restock is key to our future profitability.

We remain squarely focused on profitability because without a decent return or a positive carry (over our weighted average cost of funds), access to capital becomes closed off. Banks lend against cashflow not promises or impaired asset values. We are long on the former and short on the latter two.

10. Off-balance sheet financial instruments

The Group does not have any financial instrument with off balance sheet risk as at the cut-off date of 12 February 2009 apart from outstanding forward contracts on foreign currencies in relation to the Group's purchases, the impact of which will be reflected in the operating performance of the Group.

Currency	Contract Amounts ('000)	Equivalent amount in Ringgit Malaysia ('000)	Expiry date
Japanese Yen	30,000	1,192	20 Feb 09
US Dollars	800	2,878	20 Feb 09
Euro	160	743	18 Mar 09 – 27 Mar 09

Forward foreign exchange contracts are entered into with locally incorporated licensed banks to hedge certain portion of the Group's purchases from exchange rate movements. As the exchange rates are pre-determined under such contracts, in the event of exchange rate movement, exposure to opportunity gain/(loss) is expected. Given that the contracts are entered into with locally incorporated licensed banks, we are of the view that credit risk and the counterparty risk are minimal. Apart from a small fee payable to the banks there are no cash requirements for the forward contracts.

As the forward contracts are used for hedging purposes, any profit or loss arising are accounted for on the same basis as that arising from the related assets, liabilities or net positions. It is the Group policy not to enter into hedging contracts, which in the aggregate relate to volumes that exceed its expected commercial requirements for imports.

11. Changes in Material Litigation

Tan Chong & Sons Motor Company Sdn Bhd ("TCM"), a wholly-owned subsidiary of Tan Chong Motor Holdings Berhad, and two others were sued in 1985 in the High Court at Kota Kinabalu by a third-party for general damages estimated at RM10,672,000 and liquidated damages of RM2,970,000 together with interest and cost in connection with car distributorship in Sabah.

TCM is defending the claims. Before full trial, TCM has raised preliminary issues of law and parties have filed in their respective written submissions. TCM's application for leave (in respect of the dismissal of TCM's preliminary objection) to the Federal Court is fixed on 27 July 2009. The High Court has fixed the mention on 6 August 2009.

12. Dividend

Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the Board has recommended to maintain a final dividend of 10% less tax of 25% for the year ended 31 December 2008 (2007-10% less 26% income tax), because the Group is committed to ensuring a yield to shareholders when the world is moving towards a zero-interest rate policy. The amount payable is RM24.7 million (2007-RM24.7million).

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

13. Earnings per share

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

Weighted average number of ordinary shares ('000)	Individual Quarter 2008	2007	Cumulative Quarter 2008	2007
Issued ordinary shares at beginning of the period	666,778	667,384	667,383	668,555
Effect of shares buyback during the period	(4,306)	(1)	(1,305)	(751)
Weighted average number of ordinary shares	662,472	666,383	666,078	667,804

BY ORDER OF THE BOARD
YAP BEE LEE
Company Secretary

Kuala Lumpur
20 February 2009