

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the Financial Information
for the fourth quarter ended 31 December 2007

1 Basis of Preparation

This interim report is prepared in accordance with Financial Reporting Standard (“FRS”) 134 “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's financial statements for the year ended 31 December 2006.

The Group has adopted 2 applicable FRSs issued by MASB with effect from 1 January 2007. The adoption of these FRSs did not result in significant changes to the Group's policies except for FRS 117 “Leases” which requires the classification of leasehold land as prepaid lease payments.

The accounting policies and presentation adopted for the interim financial report are consistent with those adopted in the annual financial statements for the year ended 31 December 2006 except for the change in accounting policy relating to the adoption of FRS 117. The application of FRS 117 does not impact the prior year financial statements, other than the reclassification of leasehold land from Property, plant and equipment to Leasehold land use rights. The comparative figures have been reclassified accordingly.

	As previously reported 31.12.2006 RM'000	Reclassification upon adoption of FRS 117 RM'000	As restated 31.12.2006 RM'000
Property, plant and equipment	104,142	(13,299)	90,843
Leasehold land use rights	-	13,299	13,299

2 Qualification of Audit Report

The Group's financial statements for the year ended 31 December 2006 were not subject to any qualification by the auditors.

3 Segment Reporting

The activities of the Group are conducted within Malaysia as shown in the following segments:

	Automobile industry		Investment *	Other	Group
	Continuing Operations RM'000	Discontinued Operations RM'000	RM'000	RM'000	RM'000
3 months ended 31 December 2006 (Restated)					
Revenue	153,103	5,697	-	-	158,800
Profit before tax	29,398	636	3,877	18	33,929
Profit/(loss) after tax	28,910	(13)	2,830	18	31,745
3 months ended 31 December 2007					
Revenue	148,475	6,845	-	-	155,320
Profit/(loss) before tax	3,167	(7,631)	3,824	17	(623)
Profit/(loss) after tax	2,591	(7,631)	2,830	17	(2,193)
12 months ended 31 December 2006 (Restated)					
Revenue	600,398	40,176	-	-	640,574
Profit/(loss) before tax	35,081	1,372	15,382	(27)	51,808
Profit/(loss) after tax	33,913	581	11,229	(27)	45,696
12 months ended 31 December 2007					
Revenue	630,354	28,212	-	-	658,566
Profit/(loss) before tax	4,842	(9,023)	15,174	17	11,010
Profit/(loss) after tax	5,188	(8,990)	11,229	17	7,444

* Under the terms of the agreement with Daimler AG (“DAG”) (formerly known as DaimlerChrysler AG), the Company is entitled to receive an annual net dividend income of RM11.2 million (gross dividend income of RM15.2 million) in respect of the investment in Mercedes-Benz Malaysia Sdn Bhd (“MBM”) (formerly known as DaimlerChrysler Malaysia Sdn Bhd).

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3 Segment Reporting (Cont'd)

In the event that MBM is unable to declare such dividend in full, DAG undertakes to pay the shortfall to the extent of RM11.2 million ("minimum assured amount"). The amount receivable from DAG will be subject to income tax and the Group will effectively receive an annual net income of RM8.3 million.

Since the fourth quarter of financial year ended 31 December 2005, the Group has recognised the gross return on investment instead of the minimum assured amount, as the directors are of the opinion that the entitlement to receive the return on investment from MBM is probable based on historical experience. For the financial year ended 31 December 2007, the Group recognised the gross return of RM15.2 million (Net: RM11.2 million) compared to RM15.4 million (Net: RM11.2 million) in 2006.

4 Seasonal or Cyclical Factors

There were no major seasonal or cyclical factors affecting the automobile industry.

5 Individually Significant Items

Individually significant items for the financial year ended 31 December 2007 were as follows:

- a) The Group recognised income of RM15.2 million in respect of the investment in Mercedes-Benz Malaysia as disclosed in Note 3 above.
- b) A write-down of RM7.2 million was made to bring inventory to its net realisable value, partly offset by a reversal of RM4.2 million written down in previous years.
- c) The Group recognised a gain of RM1.0 million on disposal of a piece of property in Kuching.

6 Changes in Estimates

Except as disclosed in Note 5(e) and Note 5(f), there were no changes in estimates of amounts reported in prior financial years that have a material effect on the results for the financial year ended 31 December 2007.

7 Taxation

	3 months ended		12 months ended	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
	RM'000	RM'000	RM'000	RM'000
Tax expense from:				
- Continuing operations	1,570	1,535	3,599	5,321
- Discontinued operations	-	649	(33)	791
	1,570	2,184	3,566	6,112

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7 Taxation (Cont'd)

The average effective tax rate differs from the statutory income tax rate of Malaysia as follows:

	3 months ended		12 months ended	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
	%	%	%	%
Statutory income tax rate of Malaysia	27	28	27	28
Expenses not deductible for tax purposes	(137)	1	14	1
Current year's temporary differences/tax losses not recognised	(289)	1	17	3
Utilisation of previously unrecognised temporary differences/tax losses	123	(1)	(22)	(1)
Temporary differences previously recognised as deferred tax asset, now reversed	0	2	0	1
Income not subject to tax/subject to lower tax rate	24	(25)	(4)	(20)
Average effective tax rate	(252)	6	32	12

8 Earnings per Share

	3 months ended		12 months ended	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Basic earnings per share				
(Loss)/profit attributable to equity holders of the parent (RM'000)	(2,193)	31,745	7,444	45,696
Weighted average number of ordinary shares in issue ('000)	100,745	100,745	100,745	100,745
Basic (loss)/earnings per share (sen)	(2.18)	31.51	7.39	45.36
Profit attributable to equity holders of the parent from continuing operations (RM'000)	5,438	31,758	16,434	45,115
Basic earnings per share from continuing operations (sen)	5.40	31.52	16.31	44.78

9 Sale of Unquoted Investments/Properties

During the period, the Group recognised a gain of RM1.0 million upon completion of sale on a property in Kuching.

On 19 September 2007, the Company entered into a sale and purchase agreement for the disposal of a vacant piece of land in Sepang, Selangor. The disposal is expected to be completed within the first quarter of 2008.

There were no sales of any unquoted investments or properties for the financial year ended 31 December 2007 other than as mentioned above.

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10 Short Term Investments

- a) Purchases and disposals

	3 months ended 31.12.2007 RM'000	12 months ended 31.12.2007 RM'000
Total purchase consideration	Nil	Nil
Total sale proceeds	Nil	2,020
Total profit on disposal	Nil	418

- b) Investment as at 31 December 2007

There were no more short term investments as at 31 December 2007.

11 Property, Plant and Equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment loss where applicable except for freehold land which is stated at valuation and buildings which are stated at valuation less accumulated depreciation and impairment loss where applicable. Independent professional valuations are performed every three years.

12 Debts and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial year ended 31 December 2007.

13 Dividends

	12 months ended 31 December 2007		12 months ended 31 December 2006 (*)	
	Gross dividend per share Sen	Amount of dividend net of 27% tax RM'000	Gross dividend per share Sen	Amount of dividend net of 28% tax RM'000
Final dividend approved by shareholders in respect of the financial year ended 31 December 2006, paid on 22 June 2007 (2006 : paid on 23 June 2006)	<u>5</u>	<u>3,677</u>	<u>10</u>	<u>7,254</u>
Interim dividend declared in respect of the financial year ending 31 December 2007, paid on 21 September 2007 (2006 : paid on 27 October 2006 (*))	<u>5</u>	<u>3,677</u>	<u>5</u>	<u>3,627</u>

(*) A special dividend of 203 sen per share was also declared in 2006 and paid on 27 October 2006.

The Board of Directors recommend the payment of a final gross dividend of 5 sen per share on 100,744,500 ordinary shares, less income tax, amounting to RM3,728,000 in this quarter, which subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company, will be paid on 20 June 2008 to shareholders whose names appear in the Company's Register of Members and Record of Depositors on 30 May 2008.

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14 Off Balance Sheet Financial Instruments

The Company is a party to financial instruments that reduce exposure to fluctuations in foreign currency exchange. These instruments, which mainly comprise foreign currency forward contracts, are not recognised in the financial statements on inception. The purpose of these instruments is to reduce risk.

Foreign currency forward contracts protect the Company from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled. Any increase or decrease in the amount required to settle the asset or liability is offset by a corresponding movement in the value of the forward exchange contract. The gains and losses are therefore offset for financial reporting purposes and are not recognised in the financial statements.

As at 31 December 2007, the open position of foreign currency forward contracts entered into by the Company was RM8.7 million (the fair value was an unfavourable net position of RM85,927), all of which have been closed by 20 February 2008. The total amount of foreign currency forward contracts entered into after 31 December 2007 by the Company was RM1.3 million, all of which were still outstanding as at 20 February 2008.

The details of the open contracts as at 20 February 2008 are as follows:

Maturity	Foreign Currency Amount		RM Equivalent
	US\$	Yen	
More than 1 month, less than 3 months	412,965	-	1,338,007
Total	<u>412,965</u>	<u>-</u>	<u>1,338,007</u>
The fair value as at 20 February 2008 was an unfavourable net position of			<u>(8,259)</u>

The instruments are executed with credit worthy financial institutions in Malaysia. The directors are of the view that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

15 Changes in the Composition of the Group

There were no changes in the composition of the Group for the financial year ended 31 December 2007 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations other than the discontinuation of its agreement with Automobiles Peugeot to distribute Peugeot vehicles in Malaysia after the expiry of its agreement on 31 December 2007.

16 Status of Corporate Proposals

There were no corporate proposals undertaken/announced but not completed at the date of issue of this quarterly report other than the following:

- a) On 1 July 2005, the Company announced that CCL Group Properties Sdn Bhd (“CCLGP”), its 40% owned associated company and CCLGP’s subsidiaries had commenced members’ voluntary liquidation.
- b) On 19 September 2007, the Company entered into a sale and purchase agreement for the disposal of a vacant piece of land in Sepang, Selangor, for a consideration of RM11.7 million. The disposal is expected to be completed within the first quarter of 2008.
- c) On 16 January 2008, the Company entered into a sale and purchase agreement for the disposal of a property in Petaling Jaya, for a consideration of RM11.0 million. The disposal is expected to be completed in the second quarter of 2008.

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17 Group Borrowings and Debt Securities

Group borrowings and debt securities as at 31 December 2007:

	RM'000
Revolving credit	56,000
Bankers acceptance	3,000
Total	<u>59,000</u>

All the borrowings were short term, unsecured and denominated in Ringgit Malaysia.

18 Contingent Liabilities

As at the date of issue of this quarterly report, there were no material changes in contingent liabilities as disclosed in the Annual Financial Report for the year ended 31 December 2006.

19 Material Litigation

- a) On 9 July 1998, the Company initiated legal action against a debtor, Transit Link Sdn Bhd and its guarantor, Tan Hooi Chong, for the recovery of RM15.2 million of outstanding debts for the supply of bus chassis to the debtor. Consent Judgment was obtained on 13 July 2000 for settlement by 1 May 2001. However, the debts were not recovered by the stated date. The Company then initiated execution proceedings against both the debtor and the guarantor. The guarantor was adjudged a bankrupt on 30 August 2002 and winding-up order against the debtor was obtained on 22 May 2003. The debts have already been fully provided in the financial statements in prior years.
- b) In 1997, the Company supplied units of bus chassis to Transit Link Sdn Bhd ("Transit Link") and was paid by Transit Link's appointed bus body builder, Hup Lee Coachbuilders Holdings Sdn Bhd ("Hup Lee").

On 10 February 2004, Hup Lee served a Writ of Summons on the Company after an earlier Originating Summons on the same matter was dismissed. In the Writ, Hup Lee is seeking the return of the monies it paid to the Company alleging wrongful payment of RM8.0 million plus accrued interest. The Company filed its defence on 2 March 2004 and is currently appealing against the dismissal of its earlier application to strike out the claim. Based on legal advice, the directors believe that the Company has a reasonable chance of succeeding in its appeal and striking off Hup Lee's action and accordingly, no provision has been made in the financial statements for this claim.

20 Capital Commitments

Capital Commitments of the Group as at 31 December 2007 in relation to acquisition of property, plant and equipment were as follows:

	RM'000
Approved and contracted	226
Approved but not contracted	117
Total	<u>343</u>

21 Material Change in Current Quarter Results Compared to Preceding Quarter Results

The Group recorded an unaudited profit before taxation from continuing operations of RM7.0 million in the fourth quarter which was RM1.5 million higher than the preceding quarter contributed by target incentives achieved by Mercedes-Benz and lower overhead expenses, offset by stock write-down and allowance for debts on the parts and accessories business.

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22 Review of Revenue and Profit from Operations

An analysis of the profit after taxation from operations as a result of the transfer of Mercedes-Benz wholesale (“MB wholesale”) business to Mercedes-Benz Malaysia, the early termination of Mercedes-Benz assembly (“MB assembly”) and the discontinued of distribution of Peugeot vehicles in Malaysia (“Peugeot”) is given below:

	3 months ended									
	31.12.2007				Total	31.12.2006				Total
	Continuing Operations	Discontinued Operations		Peugeot		Continuing Operations	Discontinued Operations		Peugeot	
RM'000	MB Wholesale	MB Assembly	RM'000	RM'000	RM'000	MB wholesale	MB Assembly	RM'000	RM'000	
Revenue	148,475	-	-	6,845	155,320	153,103	-	-	5,697	158,800
Expenses	(145,848)	(2,960)	(3)	(11,949)	(160,760)	(156,670)	529	383	(5,986)	(161,744)
Other income	5,237	-	-	436	5,673	38,005	-	-	13	38,018
Finance cost	(873)	-	-	-	(873)	(1,163)	-	-	-	(1,163)
Associated Company	17	-	-	-	17	18	-	-	-	18
P/(L)BT	7,008	(2,960)	(3)	(4,668)	(623)	33,293	529	383	(276)	33,929
Taxation	(1,570)	-	-	-	(1,570)	(1,535)	(163)	-	(486)	(2,184)
P/(L)AT	5,438	(2,960)	(3)	(4,668)	(2,193)	31,758	366	383	(762)	31,745

	12 months ended									
	31.12.2007				Total	31.12.2006				Total
	Continuing Operations	Discontinued Operations		Peugeot		Continuing Operations	Discontinued Operations		Peugeot	
RM'000	MB wholesale	MB Assembly	RM'000	RM'000	RM'000	MB wholesale	MB Assembly	RM'000	RM'000	
Revenue	630,354	-	-	28,212	658,566	600,398	-	-	40,176	640,574
Expenses	(628,446)	(2,665)	(15)	(35,033)	(666,159)	(607,096)	529	619	(40,040)	(645,988)
Other income	22,264	-	-	478	22,742	59,490	11	-	77	59,578
Finance cost	(4,156)	-	-	-	(4,156)	(2,329)	-	-	-	(2,329)
Associated Company	17	-	-	-	17	(27)	-	-	-	(27)
P/(L)BT	20,033	(2,665)	(15)	(6,343)	11,010	50,436	540	619	213	51,808
Taxation	(3,599)	-	-	33	(3,566)	(5,321)	(165)	-	(626)	(6,112)
P/(L)AT	16,434	(2,665)	(15)	(6,310)	7,444	45,115	375	619	(413)	45,696

P/(L)BT : Profit/(loss) before taxation

P/(L)AT : Profit/(loss) after taxation

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22 Review of Revenue and Profit from Operations (Cont'd)

The review of revenue and profit by operations is furnished in the Main Section of the announcement.

23 Variance of Actual Profit from Forecast Profit

The Company did not make any profit forecast.

24 Material Subsequent Events

There were no material events between 1 January 2008 and the date of this report.