

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the Financial Information
for the fourth quarter ended 31st December 2008

1 Basis of Preparation

This interim report is prepared in accordance with Financial Reporting Standard (øFRSø) 134 øInterim Financial Reportingø 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 31st December 2007.

The accounting policies and presentation adopted for the interim financial report are consistent with those adopted for the annual financial statements for the year ended 31st December 2007.

2 Qualification of Audit Report

The Group's financial statements for the preceding year ended 31st December 2007 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	Discontinued Operations			
	RM'000	RM'000	RM'000	RM'000	RM'000
3 months ended 31st December 2007 (Restated)					
Revenue	120,815	34,506	-	-	155,321
Profit/(loss) before tax	8,213	(12,677)	3,825	17	(622)
Profit/(loss) after tax	6,643	(12,677)	3,825	17	(2,192)
3 months ended 31st December 2008					
Revenue	117,855	-	-	-	117,855
Profit/(loss) before tax	3,694	360	2,823	(8)	6,869
Profit/(loss) after tax	5,672	360	2,823	(8)	8,847
12 months ended 31st December 2007 (Restated)					
Revenue	516,245	142,321	-	-	658,566
Profit/(loss) before tax	12,536	(16,717)	15,174	17	11,010
Profit/(loss) after tax	8,867	(16,614)	15,174	17	7,444
12 months ended 31st December 2008					
Revenue	513,090	43,717	-	-	556,807
Profit before tax	17,247	262	29,943	127	47,579
Profit after tax	16,559	156	29,943	127	46,785

* Under the terms of the agreement with Daimler AG (øDAGø), the Company is entitled to receive an annual net dividend income of RM11.2 million in respect of its investment in Mercedes-Benz Malaysia Sdn Bhd (øMBMø) until December 2012.

The Group was paid a premium of RM18.7 million, which would have been payable previously on the Company's exit from the MBM joint venture. This premium was associated with the signing of an amendment agreement with DAG during the year.

4 Seasonal or Cyclical Factors

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

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5 Individually Significant Items

Individually significant items for the financial year ended 31st December 2008 were as follows:

- a) The Group recognised dividend income of RM11.2 million in respect of the investment in MBM as disclosed in Note 3 above.
- b) The Group was paid a premium of RM18.7 million by Daimler AG which would have been payable previously on the Company's exit from the MBM joint venture. This premium was associated with the signing of an amendment agreement with Daimler AG as disclosed in Note 3 above.
- c) The Group recognised a gain of RM4.7 million on the disposal of a vacant piece of land in Sepang, Selangor.
- d) The Group recognised a gain of RM7.5 million on the disposal of a property in Petaling Jaya, Selangor.
- e) The Group incurred RM3.5 million after tax on a voluntary separation scheme to rationalise its workforce.

6 Changes in Estimates

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 31st December 2008.

7 Taxation

	3 months ended		12 months ended	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	RM'000	RM'000	RM'000	RM'000
Tax credit/(expense) from:				
- Continuing operations	1,978	(1,570)	(688)	(3,669)
- Discontinued operations	-	-	(106)	103
	1,978	(1,570)	(794)	(3,566)

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

	3 months ended		12 months ended	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	%	%	%	%
Statutory income tax rate of Malaysia	26	27	26	27
Expenses not deductible for tax purposes	10	(137)	8	14
Current year's temporary difference/tax losses not recognised	-	(289)	-	17
Utilisation of previously unrecognised temporary differences/tax losses	(39)	123	(7)	(22)
Temporary differences previously recognised as deferred tax liabilities, now reversed	(15)	-	(2)	-
Income not subject to tax/subject to lower tax rate	(11)	24	(23)	(4)
Average effective tax rate	(29)	(252)	2	32

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8 Earnings/(loss) per Share

	3 months ended		12 months ended	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
		(Restated)		(Restated)
Basic earnings/(loss) per share				
Profit/(loss) attributable to equity holders of the parent (RM000)	8,847	(2,192)	46,785	7,444
Weighted average number of ordinary shares in issue (-000)	100,745	100,745	100,745	100,745
Basic earnings/(loss) per share (sen)	8.78	(2.18)	46.44	7.39
Profit attributable to equity holders of the parent from continuing operations (RM000)	8,487	10,485	46,629	24,058
Basic earnings per share from continuing operations (sen)	8.42	10.41	46.28	23.88

9 Sale of Unquoted Investments/Properties

During the financial year ended 31st December 2008, the Group recognised a gain of RM12.5 million on disposal of three properties in Selangor.

There were no completion of sales of any unquoted investments or properties for the financial year ended 31st December 2008 other than as mentioned above.

10 Short Term Investments

a) Purchases and disposals

There were no purchases or disposals of any short term investments for the financial year ended 31st December 2008.

b) Investment as at 31st December 2008

There were no short term investments as at 31st December 2008.

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, the latest being in December 2008.

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 31st December 2008.

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13 Dividends

	12 months ended 31st December 2008		12 months ended 31st December 2007	
	Gross dividend per share Sen	Amount of dividend net of 26% tax RM'000	Gross dividend per share Sen	Amount of dividend net of 27% tax RM'000
Final dividend approved by shareholders in respect of the financial year ended 31st December 2007, paid on 20th June 2008 (2007: paid on 22nd June 2007)	<u>5</u>	<u>3,728</u>	<u>5</u>	<u>3,677</u>
Interim dividend declared in respect of the financial year ended 31st December 2008, paid on 19th September 2008 (2007: paid on 21st September 2007)	<u>5</u>	<u>3,728</u>	<u>5</u>	<u>3,677</u>
Special dividend declared in respect of the financial year ended 31st December 2008, paid on 19th September 2008 (2007: Nil)	<u>135</u>	<u>100,643</u>	<u>-</u>	<u>-</u>

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 RM3,778,000 in this quarter, which subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company, will be paid on 19 June 2009 to shareholders whose names appear in the Company's Register of Members and Record of Depositors on 29 May 2009.

14 Off Balance Sheet Financial Instruments

As at 31st December 2008, the Company has outstanding interest rate cap contracts of RM50.0 million with cap interest rate of 4.5% per annum to reduce its exposure to fluctuations in interest rate.

15 Changes in the Composition of the Group

There were no changes in the composition of the Group for the financial year ended 31st December 2008 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations, other than:

- a) the share sale agreement entered by the Company with Bermaz Motor Sdn Bhd (öBermazö), a wholly owned subsidiary of Berjaya Corporation Berhad on 29th February 2008 for the disposal of its wholly owned subsidiary, Hercules Automotive Engineers Sdn Bhd to Bermaz. The sale was completed on 1st April 2008.
- b) the share sale agreement entered by the Company with Mikani Holdings Sdn Bhd (öMikaniö) on 18th July 2008 for the disposal of its wholly owned subsidiaries, Cycle & Carriage Motors Sdn Bhd, Cycle & Carriage Parts And Accessories Sdn Bhd and Asia Automobile Industries Sdn Bhd (the öCompaniesö). The Companies were engaged in the distribution and retailing of automotive spare parts and the assembly, distribution, retailing and servicing of trucks under the brand HOWO in Malaysia. Mikani was controlled by Steven Gareth Foster, the former Managing Director of the Company, and this transaction was a management buy-out. The sale was completed on 22nd July 2008.

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16 Status of Corporate Proposals

On 1st July 2005, the Company announced that CCL Group Properties Sdn Bhd (öCCLGPö), its 40% owned associated company and CCLGP's subsidiaries had commenced members' voluntary liquidation.

There were no corporate proposals undertaken/announced but not completed at the date of issue of this quarterly report other than as mentioned above.

17 Group Borrowings and Debt Securities

There were no Group borrowings and debt securities as at 31st December 2008.

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 31st December 2008.

19 Material Litigation

a) On 9th 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 13th July 2000 for settlement by 1st 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 30th August 2002 and winding-up order against the debtor was obtained on 22nd 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 (öTransit Linkö) and was paid by Transit Link's appointed bus body builder, Hup Lee Coachbuilders Holdings Sdn Bhd (öHup Leeö).

On 10th 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 2nd 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 31st December 2008 in relation to acquisition of property, plant and equipment were as follows:

	RM'000
Approved and contracted	69
Approved but not contracted	-
Total	<u>69</u>

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

The Group recorded a profit before taxation from continuing operations of RM8.5 million in the fourth quarter which was RM4.6 million higher than the preceding quarter mainly due to the recognition of Mercedes-Benz sales incentives.

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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), the discontinuation of the Peugeot business (Peugeot), the discontinuation of the Mazda business (Mazda) and the discontinuation of parts and truck businesses (Parts & Truck) is given below:

	3 months ended						Total
	31.12.2008						
	Continuing Operations	Discontinued Operations					
	MB Wholesale	MB Assembly	Peugeot	Mazda	Parts & Truck		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	117,855	-	-	-	-	-	117,855
Expenses	(116,694)	-	(2)	345	17	-	(116,334)
Other income	5,445	-	-	-	-	-	5,445
Finance cost	(89)	-	-	-	-	-	(89)
Associated Company	(8)	-	-	-	-	-	(8)
Profit/(loss) before taxation	6,509	-	(2)	345	17	-	6,869
Taxation	1,978	-	-	-	-	-	1,978
Profit/(loss) after taxation	8,487	-	(2)	345	17	-	8,847

	3 months ended						Total
	31.12.2007 (Restated)						
	Continuing Operations	Discontinued Operations					
	MB Wholesale	MB Assembly	Peugeot	Mazda	Parts & Truck		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	120,815	-	-	6,845	21,136	6,525	155,321
Expenses	(113,065)	(2,960)	(3)	(11,949)	(21,578)	(11,205)	(160,760)
Other income	5,161	-	-	436	75	1	5,673
Finance cost	(873)	-	-	-	-	-	(873)
Associated Company	17	-	-	-	-	-	17
Profit/(loss) before taxation	12,055	(2,960)	(3)	(4,668)	(367)	(4,679)	(622)
Taxation	(1,570)	-	-	-	-	-	(1,570)
Profit/(loss) after taxation	10,485	(2,960)	(3)	(4,668)	(367)	(4,679)	(2,192)

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22 Review of Revenue and Profit from Operations (Contd)

	12 months ended						Total
	31.12.2008						
	Continuing Operations	Discontinued Operations					
	MB Wholesale	MB Assembly	Peugeot	Mazda	Parts & Truck		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	513,090	-	-	4,400	22,795	16,522	556,807
Expenses	(515,195)	(1,100)	(6)	(3,663)	(22,481)	(16,889)	(559,334)
Other income	50,014	-	-	43	655	36	50,748
Finance cost	(719)	-	-	-	-	(50)	(769)
Associated Company	127	-	-	-	-	-	127
Profit/(loss) before taxation	47,317	(1,100)	(6)	780	969	(381)	47,579
Taxation	(688)	-	-	-	(6)	(100)	(794)
Profit/(loss) after taxation	46,629	(1,100)	(6)	780	963	(481)	46,785

	12 months ended						Total
	31.12.2007 (Restated)						
	Continuing Operations	Discontinued Operations					
	MB Wholesale	MB Assembly	Peugeot	Mazda	Parts & Truck		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	516,245	-	-	28,212	90,783	23,326	658,566
Expenses	(506,197)	(2,665)	(15)	(35,033)	(94,069)	(28,180)	(666,159)
Other income	21,818	-	-	478	441	5	22,742
Finance cost	(4,156)	-	-	-	-	-	(4,156)
Associated Company	17	-	-	-	-	-	17
Profit/(loss) before taxation	27,727	(2,665)	(15)	(6,343)	(2,845)	(4,849)	11,010
Taxation	(3,669)	-	-	34	69	-	(3,566)
Profit/(loss) after taxation	24,058	(2,665)	(15)	(6,309)	(2,776)	(4,849)	7,444

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 1st January 2009 and the date of this report.