

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the Financial Information
for the first quarter ended 31st March 2009

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 31st December 2008.

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 2008.

2 Qualification of Audit Report

The Group’s financial statements for the preceding year ended 31st December 2008 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 March 2009					
Revenue	115,326	-	-	-	115,326
Profit before tax	2,262	-	2,769	-	5,031
Profit after tax	1,844	-	2,769	-	4,613
3 months ended 31st March 2008 (Restated)					
Revenue	110,965	33,807	-	-	144,772
(Loss)/profit before tax	(151)	(231)	2,792	56	2,466
Profit/(loss) after tax	1,428	(237)	2,792	56	4,039

* Under the terms of the agreement with Daimler AG (“DAG”), 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 (“MBM”) until December 2012.

4 Seasonal or Cyclical Factors

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

5 Individually Significant Item

The Group recognised dividend income of RM2.8 million in respect of the investment in MBM as disclosed in Note 3 above for the three months ended 31st March 2009.

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 three months ended 31st March 2009.

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7 Taxation

	3 months ended		Cumulative quarter ended	
	31.3.2009 RM'000	31.3.2008 RM'000	31.3.2009 RM'000	31.3.2008 RM'000
Tax (expense)/credit from:				
- Continuing operations	(418)	1,579	(418)	1,579
- Discontinued operations	-	(6)	-	(6)
	(418)	1,573	(418)	1,573

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

	3 months ended		Cumulative quarter ended	
	31.3.2009 %	31.3.2008 %	31.3.2009 %	31.3.2008 %
Statutory income tax rate of Malaysia	25	26	25	26
Expenses not deductible for tax purposes	3	-	3	-
Utilisation of previously unrecognised temporary differences/tax losses	-	(7)	-	(7)
Temporary differences previously recognised as deferred tax assets, now reversed	(6)	-	(6)	-
Income not subject to tax/subject to lower tax rate	(14)	(83)	(14)	(83)
Average effective tax rate	8	(64)	8	(64)

8 Earnings per Share

	3 months ended		Cumulative quarter ended	
	31.3.2009	31.3.2008 (Restated)	31.3.2009	31.3.2008 (Restated)
Basic earnings per share				
Profit attributable to shareholders of the Company (RM'000)	4,613	4,039	4,613	4,039
Weighted average number of ordinary shares in issue ('000)	100,745	100,745	100,745	100,745
Basic earnings per share (sen)	4.58	4.01	4.58	4.01
Profit attributable to shareholders of the Company from continuing operations (RM'000)	4,613	4,276	4,613	4,276
Basic earnings per share from continuing operations (sen)	4.58	4.24	4.58	4.24

9 Sale of Unquoted Investments/Properties

There were no completion of sales of any unquoted investments or properties for the three months ended 31st March 2009.

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10 Short Term Investments

a) Purchases and disposals

There were no purchases or disposals of any short term investments for the three months ended 31st March 2009.

b) Investment as at 31st March 2009

There were no short term investments as at 31st March 2009.

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 three months ended 31st March 2009.

13 Dividends

The Board of Directors does not recommend the payment of any dividend for the quarter under review.

14 Off Balance Sheet Financial Instruments

As at 31st March 2009, 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 was no change in the composition of the Group for the three months ended 31st March 2009 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

16 Status of Corporate Proposals

On 1st 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.

There was no corporate proposal 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

Group borrowings and debt securities as at 31st March 2009:

	RM'000
Bankers acceptance	<u>9,976</u>

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

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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 (“Transit Link”) and was paid by Transit Link’s appointed bus body builder, Hup Lee Coachbuilders Holdings Sdn Bhd (“Hup Lee”).

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 March 2009 in relation to acquisition of property, plant and equipment were as follows:

	RM’000
Approved and contracted	10
Approved but not contracted	-
Total	<u>10</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 RM5.0 million in the first quarter which was RM1.5 million lower than the preceding quarter. The preceding quarter results had the benefit of year end target incentives paid by Mercedes-Benz Malaysia.

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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 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
	31.3.2009					
	Continuing Operations	Discontinued Operations				
	MB Assembly	Peugeot	Mazda	Parts & Truck		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	115,326	-	-	-	-	115,326
Expenses	(115,060)	-	-	-	-	(115,060)
Other income	4,855	-	-	-	-	4,855
Finance cost	(90)	-	-	-	-	(90)
Associated Company	-	-	-	-	-	-
Profit before taxation	5,031	-	-	-	-	5,031
Taxation	(418)	-	-	-	-	(418)
Profit after taxation	4,613	-	-	-	-	4,613

	3 months/Cumulative quarter ended					Total
	31.3.2008 (Restated)					
	Continuing Operations	Discontinued Operations				
	MB Assembly	Peugeot	Mazda	Parts & Truck		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	110,965	-	2,896	22,795	8,116	144,772
Expenses	(116,396)	3	(2,884)	(23,255)	(8,110)	(150,642)
Other income	8,534	-	43	140	25	8,742
Finance cost	(462)	-	-	-	-	(462)
Associated Company	56	-	-	-	-	56
Profit/(loss) before taxation	2,697	3	55	(320)	31	2,466
Taxation	1,579	-	-	(6)	-	1,573
Profit/(loss) after taxation	4,276	3	55	(326)	31	4,039

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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 April 2009 and the date of this report.