

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the Financial Information
for the third quarter ended 30th September 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 30th September 2009					
Revenue	124,160	-	-	-	124,160
Profit before tax	7,089	-	2,830	-	9,919
Profit after tax	4,771	-	2,830	-	7,601
3 months ended 30th September 2008					
Revenue	140,134	-	-	-	140,134
Profit before tax	1,067	31	2,822	79	3,999
Profit after tax	993	31	2,822	79	3,925
9 months ended 30th September 2009					
Revenue	363,286	-	-	-	363,286
Profit before tax	15,535	5,981	8,399	-	29,915
Profit after tax	10,226	4,486	8,399	-	23,111
9 months ended 30th September 2008					
Revenue	395,235	43,717	-	-	438,952
Profit/(loss) before tax	13,553	(98)	27,120	135	40,710
Profit/(loss) after tax	10,887	(204)	27,120	135	37,938

* 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

Individually significant items for the nine months ended 30th September 2009 were as follows:

- a) The Group recognised dividend income of RM8.4 million in respect of the investment in MBM as disclosed in Note 3 above.
- b) The Group recovered RM4.5 million of duties (after expenses and tax) which were written-off in prior years.

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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 nine months ended 30th September 2009.

7 Taxation

	3 months ended		9 months ended	
	30.9.2009	30.9.2008	30.9.2009	30.9.2008
	RM'000	RM'000	RM'000	RM'000
Tax expense from:				
- Continuing operations	(2,318)	(74)	(5,309)	(2,666)
- Discontinued operations	-	-	(1,495)	(106)
	(2,318)	(74)	(6,804)	(2,772)

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

	3 months ended		9 months ended	
	30.9.2009	30.9.2008	30.9.2009	30.9.2008
	%	%	%	%
Statutory income tax rate of Malaysia	25	26	25	26
Expenses not deductible for tax purposes	8	3	6	8
Current year's temporary difference/tax losses not recognised	-	-	-	7
Utilisation of previously unrecognised temporary differences/tax losses	-	(7)	-	(8)
Income not subject to tax	(7)	(20)	(7)	(26)
Prior year over provision	(3)	-	(1)	-
Average effective tax rate	23	2	23	7

8 Earnings per Share

	3 months ended		9 months ended	
	30.9.2009	30.9.2008	30.9.2009	30.9.2008
Basic earnings per share				
Profit attributable to shareholders of the Company (RM'000)	7,601	3,925	23,111	37,938
Weighted average number of ordinary shares in issue ('000)	100,745	100,745	100,745	100,745
Basic earnings per share (sen)	7.54	3.90	22.94	37.66
Profit attributable to shareholders of the Company from continuing operations (RM'000)	7,601	3,894	18,625	38,142
Basic earnings per share from continuing operations (sen)	7.54	3.87	18.49	37.86

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9 Sale of Unquoted Investments/Properties

During the nine months ended 30th September 2009, the Group recognised a small gain upon completion of disposal of a property in Port Dickson, Negeri Sembilan.

There were no completion of sales of any unquoted investments or properties for the nine months ended 30th September 2009 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 nine months ended 30th September 2009.

b) Investment as at 30th September 2009

There were no short term investments as at 30th September 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 nine months ended 30th September 2009.

13 Dividends

	9 months ended 30th September 2009		9 months ended 30th September 2008	
	Gross dividend per share Sen	Amount of dividend net of 25% tax RM'000	Gross dividend per share Sen	Amount of dividend net of 26% tax RM'000
Final dividend approved by shareholders in respect of the financial year ended 31st December 2008, paid on 19th June 2009 (2008: paid on 20th June 2008)	5	3,778	5	3,728
Interim dividend declared in respect of the financial year ending 31st December 2009, paid on 18th September 2009 (2008: paid on 19th September 2008)	5	3,778	5	3,728
Special dividend declared in respect of the financial year ending 31st December 2009, paid on 18th September 2009 (2008: paid on 19 th September 2008)	120	90,670	135	100,643

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

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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 and interest rate. These instruments, which mainly comprise foreign currency forward contracts and interest rate cap contracts, are not recognised in the financial statements on inception. The purpose of these instruments is to manage 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 30th September 2009, the Company had outstanding foreign currency forward contracts of RM3.0 million (SGD1,241,465). The contract was fair valued at 30th September 2009 and 31st October 2009 at a gain of RM9,068 and RM5,622 respectively.

As at 30th September 2009, the Company had outstanding interest rate cap contracts of RM50.0 million which will expire on 5th March 2010. The cap interest rate contracted was 4.5% per annum.

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 was no change in the composition of the Group for the nine months ended 30th September 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 30th September 2009:

	RM’000
Bankers Acceptance	30,000
Total	<u>30,000</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 to the contingent liabilities disclosed in the annual financial report for the year ended 31st December 2008.

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19 Material Litigation

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 30th September 2009 in relation to acquisition of property, plant and equipment were as follows:

	RM’000
Approved and contracted	15
Approved but not contracted	-
Total	<u>15</u>

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

The Group recorded an unaudited profit before tax from continuing operations of RM9.9 million in the third quarter which was RM0.9 million higher than the preceding quarter mainly due to the recognition of incentives from 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
	30.9.2009						
	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	124,160	-	-	-	-	-	124,160
Expenses	(121,339)	-	-	-	-	-	(121,339)
Other income	7,319	-	-	-	-	-	7,319
Finance cost	(221)	-	-	-	-	-	(221)
Profit before taxation	9,919	-	-	-	-	-	9,919
Taxation	(2,318)	-	-	-	-	-	(2,318)
Profit after taxation	7,601	-	-	-	-	-	7,601

	3 months ended						Total
	30.9.2008						
	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	140,134	-	-	-	-	-	140,134
Expenses	(141,286)	-	(4)	(2)	37	-	(141,255)
Other income	5,148	-	-	-	-	-	5,148
Finance cost	(107)	-	-	-	-	-	(107)
Associated Company	79	-	-	-	-	-	79
Profit/(loss) before taxation	3,968	-	(4)	(2)	37	-	3,999
Taxation	(74)	-	-	-	-	-	(74)
Profit/(loss) after taxation	3,894	-	(4)	(2)	37	-	3,925

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

	9 months ended						Total
	30.9.2009						
	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	363,286	-	-	-	-	-	363,286
Expenses	(358,348)	(516)	-	-	-	-	(358,864)
Other income	19,307	6,497	-	-	-	-	25,804
Finance cost	(311)	-	-	-	-	-	(311)
Profit before taxation	23,934	5,981	-	-	-	-	29,915
Taxation	(5,309)	(1,495)	-	-	-	-	(6,804)
Profit after taxation	18,625	4,486	-	-	-	-	23,111

	9 months ended						Total
	30.9.2008						
	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	395,235	-	-	4,400	22,795	16,522	438,952
Expenses	(398,501)	(1,100)	(4)	(4,009)	(22,497)	(16,889)	(443,000)
Other income	44,569	-	-	43	655	36	45,303
Finance cost	(630)	-	-	-	-	(50)	(680)
Associated Company	135	-	-	-	-	-	135
Profit/(loss) before taxation	40,808	(1,100)	(4)	434	953	(381)	40,710
Taxation	(2,666)	-	-	-	(6)	(100)	(2,772)
Profit/(loss) after taxation	38,142	(1,100)	(4)	434	947	(481)	37,938

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 October 2009 and the date of this report.