

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the Financial Information
for the third quarter ended 30th September 2010

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 2009.

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 2009, except for the adoption of the following:

i) Adoption of New and Revised FRSs, IC Interpretations and Amendments

FRSs / Interpretations	Effective date
FRS 7 – Financial Instruments: Disclosures	1 January 2010
FRS 8 – Operating Segments	1 July 2009
FRS 101 (revised) – Presentation of Financial Statements	1 January 2010
FRS 139 – Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 139, FRS 7 and IC Interpretation 9 – Reclassification of Financial Assets	1 January 2010
Amendments to FRS 139, FRS 7 and IC Interpretation 9 – Eligible Hedged Items	1 January 2010
Amendments to FRS 139, FRS 7 and IC Interpretation 9 – Embedded Derivatives	1 January 2010
Amendments to FRS 1 and FRS 127 – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 132 and FRS 101 – Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2010
Amendment to FRS 117 – Leases	1 January 2010
Amendment to FRS 134 – Interim Financial Reporting	1 January 2010
IC Interpretation 9 – Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 – Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 13 – Customer Loyalty Programmes	1 January 2010

The adoption of the above standards, amendments and interpretations do not have any material impact on the financial statements of the Group except for the adoption of the following standards:

- a) Amendments to FRS 101 – Presentation of Financial Statements. The amendment to FRS 101 requires changes in the format of the financial statements including the amounts directly attributable to shareholders in the primary statements, but does not affect the measurement of reported profit or equity. The Group has elected to show other comprehensive income in one statement of comprehensive income and hence, all owner changes in equity are presented in the consolidated statement of changes in equity, whereas non-owner changes in equity are shown in the consolidated statement of comprehensive income.
- b) FRS 139 – Financial Instruments: Recognition and Measurement. The adoption of FRS 139 “Financial Instruments: Recognition and Measurement” prospectively in accordance with the standard’s provision for first time adoption has resulted in the classification of investment in Mercedes-Benz Malaysia Sdn. Bhd. (“MBM”) as available-for-sale investment.

The subsequent measurement of investment in MBM is at fair value computed based on cash flows from the investment discounted at 10%, being the expected return of such investment and using the net present value method. It is assumed that the put/call options will be exercised in January 2013.

The adoption of FRS 139 has resulted in an increase in shareholders’ funds by RM10.2 million when the standard is first adopted. Subsequent changes to the fair value of the investment are recognised in other comprehensive income and accumulated under equity in the fair value reserve. On disposal of investment or when the investment is determined to be impaired, the cumulative gains and losses previously deferred in equity is realised as profit or loss in the Statement of Comprehensive Income.

- c) FRS 7 – Financial Instruments: Disclosures. This standard requires additional disclosures regarding fair value measurements and liquidity risk in the full year financial statements, and has no effect on reported profit or equity. However, FRS 7 disclosures are not required in the interim financial statements, and hence, no further disclosures has been made in these interim financial statements.

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1 Basis of Preparation (continued)

ii) New and Revised FRSs, IC Interpretations and Amendments issued but are not yet effective for the Group's Current Quarter Report

	Effective date
FRSs / Interpretations	
FRS 3 (revised) – Business Combinations	1 July 2010
FRS 127 (revised) – Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 5 – Non current Asset Held for Sale and Discontinued Operations	1 July 2010
Amendments to IC Interpretation 9 – Reassessment of Embedded Derivatives	1 July 2010
Amendments to FRS 7 – Improving Disclosures about Financial Instruments	1 January 2011

2 Qualification of Audit Report

The Group's financial statements for the preceding year ended 31st December 2009 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 *	Group
	Continuing Operations	Discontinued Operations		
	RM'000	RM'000	RM'000	RM'000
3 months ended 30th September 2010				
Revenue	156,031	-	-	156,031
Profit before tax	9,625	-	2,808	12,433
Profit after tax	6,805	-	2,808	9,613
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
9 months ended 30th September 2010				
Revenue	463,701	-	-	463,701
Profit before tax	19,861	-	8,422	28,283
Profit after tax	13,827	-	8,422	22,249
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

* 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 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 RM8.4 million in respect of the investment in MBM as disclosed in Note 3 above for the nine months ended 30th September 2010.

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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 2010.

7 Taxation

	3 months ended		9 months ended	
	30.9.2010	30.9.2009	30.9.2010	30.9.2009
	RM'000	RM'000	RM'000	RM'000
Tax expense from:				
- Continuing operations	(2,820)	(2,318)	(6,034)	(5,309)
- Discontinued operations	-	-	-	(1,495)
	(2,820)	(2,318)	(6,034)	(6,804)

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

	3 months ended		9 months ended	
	30.9.2010	30.9.2009	30.9.2010	30.9.2009
	%	%	%	%
Statutory income tax rate of Malaysia	25	25	25	25
Expenses not deductible for tax purposes	2	8	3	6
Income not subject to tax	(5)	(7)	(8)	(7)
Under/(over) provision of tax expense in prior year	1	(3)	1	(1)
Average effective tax rate	23	23	21	23

8 Earnings per Share

	3 months ended		9 months ended	
	30.9.2010	30.9.2009	30.9.2010	30.9.2009
Basic earnings per share				
Profit attributable to shareholders of the Company (RM'000)	9,613	7,601	22,249	23,111
Weighted average number of ordinary shares in issue ('000)	100,745	100,745	100,745	100,745
Basic earnings per share (sen)	9.54	7.54	22.08	22.94
Profit attributable to shareholders of the Company from continuing operations (RM'000)	9,613	7,601	22,249	18,625
Basic earnings per share from continuing operations (sen)	9.54	7.54	22.08	18.49

9 Sale of Unquoted Investments/Properties

There were no completion of sales of any unquoted investments or properties for the nine months ended 30th September 2010.

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 2010.

b) Investment as at 30th September 2010

There were no short term investments as at 30th September 2010.

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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 2010.

13 Dividends

	9 months ended 30th September 2010		9 months ended 30th September 2009	
	Gross dividend per share Sen	Amount of dividend net of 25% tax RM'000	Gross dividend per share Sen	Amount of dividend net of 25% tax RM'000
Final dividend approved by shareholders in respect of the financial year ended 31st December 2009, paid on 25th June 2010 (2009: paid on 19th June 2009)	<u>5</u>	<u>3,778</u>	<u>5</u>	<u>3,778</u>
Interim dividend declared in respect of the financial year ending 31st December 2010, paid on 24th August 2010 (2009: paid on 18th September 2009)	<u>5</u>	<u>3,778</u>	<u>5</u>	<u>3,778</u>
Special dividend declared in respect of the financial year ending 31st December 2010 (2009: paid on 18th September 2009)	<u>Nil</u>	<u>Nil</u>	<u>120</u>	<u>90,670</u>

The Board of Directors does not recommend the payment of any dividend for the third quarter ended 30th September 2010.

14 Financial Instruments

Unrealised unappropriated profit

The unrealised portion within fair value reserve as at 30th September 2010 relates to the fair value gain of the Group's investment in MBM (RM8.0 million).

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 2010 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.

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17 Group Borrowings and Debt Securities

There were no borrowings and debt securities as at 30th September 2010.

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 2009.

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 matter went on trial and the court decided in favour of the Company in December 2009. Hup Lee filed an appeal to the Court of Appeal in January 2010. Based on legal advice, the directors believe that the Company has a reasonable chance of succeeding 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 2010 in relation to acquisition of plant and equipment were as follows:

	RM’000
Approved and contracted	207
Approved but not contracted	-
Total	<u>207</u>

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

The Group recorded an unaudited profit before tax of RM12.4 million in the third quarter which was RM5.2 million higher than the preceding quarter mainly due to the recognition of incentives from MBM.

22 Review of Revenue and Profit from Operations

An analysis of the profit after taxation from operations as a result of the discontinuance of Mercedes-Benz wholesale business is given below:-

	3 months ended 30.9.2010	3 months ended 30.09.2009		Total
	All Continuing operations	Continuing operations	Discontinued operations	
	RM’000	RM’000	RM’000	RM’000
Revenue	156,031	124,160	-	124,160
Expenses	(148,389)	(121,339)	-	(121,339)
Other income	4,619	7,319	-	7,319
Finance cost	-	(221)	-	(221)
Share of results of an associate	172	-	-	-
Profit before tax	12,433	9,919	-	9,919
Taxation	(2,820)	(2,318)	-	(2,318)
Profit after tax	9,613	7,601	-	7,601

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22 Review of Revenue and Profit from Operations (continued)

	9 months ended 30.9.2010	9 months ended 30.09.2009		
	All Continuing operations	Continuing operations	Discontinued operations	Total
	RM'000	RM'000	RM'000	RM'000
Revenue	463,701	363,286	-	363,286
Expenses	(449,122)	(358,348)	(516)	(358,864)
Other income	13,786	19,307	6,497	25,804
Finance cost	(254)	(311)	-	(311)
Share of results of an associate	172	-	-	-
Profit before tax	28,283	23,934	5,981	29,915
Taxation	(6,034)	(5,309)	(1,495)	(6,804)
Profit after tax	22,249	18,625	4,486	23,111

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 2010 and the date of this report.