



CYCLE & CARRIAGE BINTANG BERHAD

Quarterly Announcement for the three months ended 31st March 2018

Highlights

- Vehicle unit sales up 21%
- Revenue up 10%
- Net loss due to higher operating expenses and financing costs

“While the Group benefited from slightly improved trading conditions in the first quarter, markets are expected to remain challenging for the rest of the year.”

Haslam Preston

Chairman

23rd April 2018

Results

	Three months ended 31st March		
	2018 RMm	2017 RMm	Change %
Revenue	388.6	352.7	10
Net (loss)/profit attributable to shareholders	(2.7)	0.3	nm
	Sen	Sen	
(Loss)/earnings per share	(3)	0	nm
	As at 31.3.2018 RMm	As at 31.12.2017 RMm	
Shareholders' funds	268.3	271.0	(1)
	RM	RM	
Net asset per share	2.66	2.69	(1)

The results for the three months ended 31st March 2018 and 31st March 2017 have not been audited.

nm – not meaningful

CYCLE & CARRIAGE BINTANG BERHAD

Quarterly Announcement for the three months ended 31st March 2018

Overview

Although competition in the first quarter remained intense, the Group was able to benefit from slightly improved trading sentiment and enhanced sales performance to deliver better results in both Retail and Aftersales; this increase was, however, offset by higher operating expenses and financing costs.

Performance

The Group's revenue for the first three months of 2018 was 10% higher at RM388.6 million. Unit sales increased by 21%, with the sales mix moving from S-Class to C, GLC and E-Classes. While higher sales volumes reflected early results from the Group's business improvement programme, margins remain highly compressed as a result of demand shifting to the lower-priced models.

Mercedes-Benz trading operations produced a net loss of RM2.7 million, compared to a profit of RM0.3 million in the equivalent period in 2017. The Group incurred higher operating expenses, partly offset by recognition of RM0.9m insurance compensation relating to 2017 floods, and financing costs as investments were made in upgrading network facilities, employee training and enterprise systems in order to enhance customer service and improve operational efficiencies. The Group's after-sales division continued to perform satisfactorily.

Operations commenced at the dedicated commercial vehicle facility in Gopeng, Perak in January 2018, and the renovation of our Glenmarie Autohaus to expand workbay capacity was completed at the end of March 2018.

The Group had net debt of RM177.4 million at the end of March, compared to RM216.3 million at the prior year end, following a reduction in working capital requirements.

The Board has not declared a dividend for the quarter ended 31st March 2018 (31st March 2017: Nil).

Prospects

While the Group benefited from slightly improved trading conditions in the first quarter, markets are expected to remain challenging for the rest of the year.

Haslam Preston

Chairman

23rd April 2018

CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Statement of Comprehensive Income
for the three months ended 31st March 2018

	Note	Unaudited 3 months ended			Unaudited 3 months ended		
		31.3.2018 RM'000	31.3.2017 RM'000	Variance %	31.3.2018 RM'000	31.3.2017 RM'000	Variance %
Revenue	7	388,582	352,727	10.2	388,582	352,727	10.2
Expenses excluding finance cost and tax		(393,176)	(352,862)	11.4	(393,176)	(352,862)	11.4
Other operating income							
- interest income		149	122	22.1	149	122	22.1
- others		4,256	2,301	85.0	4,256	2,301	85.0
Operating (loss)/profit		(189)	2,288	nm	(189)	2,288	nm
Finance cost – interest expense on borrowings		(2,493)	(1,508)	65.3	(2,493)	(1,508)	65.3
(Loss)/profit before tax		(2,682)	780	nm	(2,682)	780	nm
Income tax expense	13	(7)	(468)	(98.5)	(7)	(468)	(98.5)
Total comprehensive (loss)/income for the financial period	19	(2,689)	312	nm	(2,689)	312	nm
Total comprehensive (loss)/income attributable to shareholders of the Company		(2,689)	312	nm	(2,689)	312	nm
		Sen	Sen		Sen	Sen	
Basic (loss)/earnings per share attributable to shareholders of the Company	17	(2.67)	0.31	nm	(2.67)	0.31	nm

nm – not meaningful

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's audited Financial Statements for the financial year ended 31st December 2017 and the accompanying notes to the condensed consolidated interim financial statements on pages 7 to 12.

CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Statement of Financial Position
as at 31st March 2018

	Note	Unaudited As at 31.3.2018 RM'000	Unaudited As at 31.12.2017 RM'000 Restated	Unaudited As at 1.1.2017 RM'000 Restated
Non-current assets				
Intangible assets		9,842	9,842	9,842
Property, plant and equipment		160,494	158,584	94,907
Available-for-sale investment		66,003	66,003	66,003
Deferred tax assets		14,936	14,727	9,103
		<u>251,275</u>	<u>249,156</u>	<u>179,855</u>
Current assets				
Inventories		294,592	302,802	299,714
Trade and other receivables		93,290	92,634	75,550
Tax recoverable		10,163	9,775	2,857
Cash and cash equivalents		52,584	32,648	47,573
		<u>450,629</u>	<u>437,859</u>	<u>425,694</u>
Total assets		<u>701,904</u>	<u>687,015</u>	<u>605,549</u>
Non-current liabilities				
Deferred tax liabilities		-	-	62
Borrowings	15	62,014	61,960	-
		<u>62,014</u>	<u>61,960</u>	<u>62</u>
Current liabilities				
Provision for liabilities and charges		869	869	632
Tax recoverable		33	28	25
Trade payables and other liabilities		174,812	140,067	144,052
Contract liabilities		27,877	26,103	24,283
Borrowings	15	168,000	187,000	148,000
		<u>371,591</u>	<u>354,067</u>	<u>316,992</u>
Total liabilities		<u>433,605</u>	<u>416,027</u>	<u>317,054</u>
Net assets		<u>268,299</u>	<u>270,988</u>	<u>288,495</u>
Equity				
Share capital		124,602	124,602	100,745
Share premium		-	-	23,857
Retained profits		143,697	146,386	163,893
Total equity		<u>268,299</u>	<u>270,988</u>	<u>288,495</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements for the financial year ended 31st December 2017 and the accompanying notes to the condensed consolidated interim financial statements on pages 7 to 12.

CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Statement of Changes in Equity
for the three months ended 31st March 2018

	Unaudited			
	Share Capital RM'000	Share Premium RM'000	Retained Profits RM'000	Total RM'000
At 1st January 2018	124,602	-	146,386	270,988
Total comprehensive loss for the financial period	-	-	(2,689)	(2,689)
At 31st March 2018	124,602	-	143,697	268,299
At 1st January 2017	100,745	23,857	163,893	288,495
Transition to no-par value regime on 31st January 2017 ¹	23,857	(23,857)	-	-
Total comprehensive income for the financial period	-	-	312	312
At 31st March 2017, as restated	124,602	-	164,205	288,807

Note:

- 1 The Companies Act 2016 ("the Act"), which came into force on 31st January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account of RM23,857,000 becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. Pursuant to subsections 618(3) and 618(4) of the Act, the Group may exercise its right to use the credit amounts being transferred from share premium account within 24 months after the commencement of the Act. The Board of Directors will make a decision thereon by 31st January 2019.

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited Financial Statements for the financial year ended 31st December 2017 and the accompanying notes to the condensed consolidated interim financial statements on pages 7 to 12.

CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Statement of Cash Flows
for the three months ended 31st March 2018

	Unaudited	
	3 months ended	
	31.3.2018	31.3.2017
	RM'000	RM'000
		Restated
Operating activities		
(Loss)/profit before tax	(2,682)	780
<i>Adjustments for:</i>		
Property, plant and equipment:		
- depreciation	1,884	1,671
- write off	-	2
Write down of inventories, net	273	505
Impairment loss on trade receivables, net	1,057	1,028
Interest income	(149)	(122)
Finance cost:		
- interest expense on borrowings	2,439	1,508
- amortisation of transaction cost on borrowings	54	-
Operating profit before changes in working capital	2,876	5,372
Inventories	7,937	7,042
Receivables	(1,713)	(21,727)
Payables	33,035	(10,708)
Contract liabilities	1,774	1,895
Net cash flow from/(used in) operations	43,909	(18,126)
Interest paid	(729)	(1,508)
Interest received	149	122
Income tax paid	(599)	(4,644)
Net cash flow from/(used in) operating activities	42,730	(24,156)
Investing activities		
Purchase of property, plant and equipment	(3,794)	(285)
Net cash flow used in investing activities	(3,794)	(285)
Financing activities		
(Repayment)/drawdown of bankers acceptance, net	(19,000)	20,500
Net cash flow (used in)/from financing activities	(19,000)	20,500
Net change in cash and cash equivalents during the financial period	19,936	(3,941)
Cash and cash equivalents at		
Beginning of the financial period	32,648	47,573
End of the financial period	52,584	43,632

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited Financial Statements for the financial year ended 31st December 2017 and the accompanying notes to the condensed consolidated interim financial statements on pages 7 to 12.

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the condensed consolidated interim financial statements
for the three months ended 31st March 2018

1 Basis of Preparation

- (a) These audited condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134, *Interim Financial Reporting*, International Accounting Standard 34, *Interim Financial Reporting* and all the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad. They do not include all the information required for full annual financial statements and should be read in conjunction with the Group’s financial statements for the financial year ended 31st December 2017.

The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the financial year ended 31st December 2017 except for the adoption of the following MFRSs, IC interpretation and Amendments to MFRSs:

	Effective Date
MFRS 9 - Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 - Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 140 – Classification on Change in Use – Assets transferred to, from, Investment Properties	1 January 2018
IC Interpretation 22 – Foreign Currency Transactions and Advance Consideration	1 January 2018

The adoption of the above MFRSs, IC Interpretation and Amendments to MFRSs does not have any material impact on the financial statements of the Group.

New MFRSs and Amendments to MFRSs that are applicable to the Group but not yet effective for the Group’s current quarter report are:

	Effective Date
Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 112 and MFRS 123 – Annual Improvements	1 January 2019
MFRS 16 Leases	1 January 2019
IC Interpretation 23 – Uncertainty over Income Tax Treatments	1 January 2019

The adoption of the above IC Interpretation and Amendments to MFRSs when they become effective are not expected to have any material impact on the financial statements of the Group, except for MFRS 16. The Group is in the process of assessing the financial impact of adopting MFRS 16.

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the condensed consolidated interim financial statements
for the three months ended 31st March 2018

1 Basis of Preparation (continued)

- (b) MFRS 15 and MFRS 9 came into effect for financial year beginning on or after 1st January 2018, however the adoption of both MFRSs did not have material impact on the Group except for MFRS 15 which requires segregation of revenue streams and reclassification of receivable balances arising from contracts with customer. The impact of adoption of MFRS 15 is set out below.

The measurement of available-for-sale investment is in accordance with MFRS 9 whereby changes to fair value (if any) of the available-for-sale investment is recognised in the other comprehensive income. There is no additional impairment arising from the adoption of MFRS 9 as the exposure to credit risk is immaterial.

Impact of adjustments on the condensed consolidated statement of comprehensive income for the financial period ended 31st March 2018:

	As previously <u>reported</u> RM'000	<u>Adjustments</u> RM'000	As <u>restated</u> RM'000
<u>31.3.2017</u>			
Revenue:			
Sale of motor vehicles and spare parts	338,755	855	339,610
Servicing of motor vehicles	13,972	(855)	13,117
	<u> </u>	<u> </u>	<u> </u>

Impact of adjustments on condensed consolidated statement of financial position:

	As previously <u>reported</u> RM'000	<u>Adjustments</u> RM'000	As <u>restated</u> RM'000
<u>31.12.2017</u>			
Trade payables and other liabilities	166,170	(26,103)	140,067
Contract liabilities	-	26,103	26,103
	<u> </u>	<u> </u>	<u> </u>

1.1.2017

Trade payables and other liabilities	168,335	(24,283)	144,052
Contract liabilities	-	24,283	24,283
	<u> </u>	<u> </u>	<u> </u>

Impact of adjustments on condensed consolidated statement of cash flows:

	As previously <u>reported</u> RM'000	<u>Adjustments</u> RM'000	As <u>restated</u> RM'000
<u>31.3.2017</u>			
Changes in working capital:			
- payables	(8,813)	(1,895)	(10,708)
- contract liabilities	-	1,895	1,895
	<u> </u>	<u> </u>	<u> </u>

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the condensed consolidated interim financial statements
for the three months ended 31st March 2018

2 Seasonal or Cyclical Factors

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

3 Individually Significant Item

The Group recognised a compensation insurance claim from the Group's insurers of RM0.9 million as a result of an unprecedented flood at Penang in the previous financial year.

As at 31st March 2018, the balance of compensation insurance claim amounting to RM11.3 million is pending finalisation from the Group's insurer and is expected to be concluded in the second quarter of the year.

4 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 2018.

5 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 2018.

6 Dividends

The Board of Directors does not recommend any interim dividend for the three months ended 31st March 2018.

7 Segment Reporting

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

	Automobile industry RM'000	Investment* RM'000	Group RM'000
3 months ended 31st March 2018			
Revenue	388,582	-	388,582
Loss before tax	(2,682)	-	(2,682)
Loss after tax	(2,689)	-	(2,689)
3 months ended 31st March 2017			
Revenue	352,727	-	352,727
Profit before tax	780	-	780
Profit after tax	312	-	312

* Dividend income from the Group's investment in Mercedes-Benz Malaysia Sdn. Bhd. ("MBM") will be recognised only after the declaration by MBM of a dividend payable to Daimler AG of any year.

Breakdown of the Group's revenue is as follows:

	3 months ended	
	31.3.2018	31.3.2017
	RM'000	RM'000
		Restated
Sale of motor vehicles and spare parts	373,854	339,610
Servicing of motor vehicles	14,728	13,117
	388,582	352,727

8 Changes in the Composition of the Group

There were no changes in the composition of the Group for the three months ended 31st March 2018.

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the condensed consolidated interim financial statements
for the three months ended 31st March 2018

9 Significant Related Party Transactions

The significant related party transactions described below were carried out on terms and conditions agreed with the related parties.

	3 months ended	
	31.3.2018	31.3.2017
	RM'000	RM'000
With substantial shareholders and parties related to substantial shareholders:		
Purchase of computer software/peripherals and copier charges from JOS Malaysia Sdn. Bhd.	102	179
Provision of management services by Jardine Cycle & Carriage Limited	502	130
Purchase of insurance through insurance broker, Jardine Lloyd Thompson Sdn. Bhd.	507	108
Provision of management services and training programme by Cycle & Carriage Industries Pte. Limited	275	48
Sale and servicing of vehicle to a director of Jardine Cycle & Carriage Limited	371	-
With principal officer:		
Sale and servicing of vehicle to Chief Executive Officer	339	-
	<u>339</u>	<u>-</u>

10 Capital Commitments

Capital expenditure of the Group not provided for as at 31st March 2018 in relation to property, plant and equipment were as follows:

	RM'000
Approved and contracted	10,579
Approved but not contracted	8,422
	<u>19,001</u>

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

	Current	Preceding	
	Quarter	Quarter	
	31.3.2018	31.12.2017	Variance
	RM'000	RM'000	RM'000
Revenue	<u>388,582</u>	<u>380,344</u>	<u>8,238</u>
Operating loss	<u>(189)</u>	<u>(20,667)</u>	<u>20,478</u>
Loss before tax	<u>(2,682)</u>	<u>(22,745)</u>	<u>(20,063)</u>

The Group recorded a loss before tax of RM2.7 million in the first quarter as compared to RM22.7 million in the preceding quarter. Higher losses suffered by the Group in the preceding quarter were due to an unprecedented flood in Penang, which were subject to compensation claims from the Group's insurers and higher losses from Retails operations.

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the condensed consolidated interim financial statements
for the three months ended 31st March 2018

12 Variance of Actual Profit from Forecast Profit

The Company did not publish any profit forecast.

13 Taxation

	3 months ended	
	31.3.2018	31.3.2017
	RM'000	RM'000
Income tax expense	<u>7</u>	<u>468</u>

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

	3 months ended	
	31.3.2018	31.3.2017
	%	%
Statutory income tax rate in Malaysia	(24)	24
Expenses not deductible for tax purposes	24	36
Average effective tax rate	<u>-</u>	<u>60</u>

14 Status of Corporate Proposals

There were no corporate proposals undertaken or announced but not completed at the date of issue of this quarterly report.

15 Group Borrowings

	As at 31st March 2018		
	Long term	Short term	Total
	RM'000	RM'000	borrowings
			RM'000
Unsecured			
- Bankers' acceptance	-	168,000	168,000
- Term loans	<u>62,014</u>	<u>-</u>	<u>62,014</u>
	<u>62,014</u>	<u>168,000</u>	<u>230,014</u>

	As at 31st December 2017		
	Long term	Short term	Total
	RM'000	RM'000	borrowings
			RM'000
Unsecured			
- Bankers' acceptance	-	187,000	187,000
- Term loans	<u>61,960</u>	<u>-</u>	<u>61,960</u>
	<u>61,960</u>	<u>187,000</u>	<u>248,960</u>

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the condensed consolidated interim financial statements
for the three months ended 31st March 2018

16 Changes in Material Litigation

There was no material litigation since the date of the last annual report up to the date of issue of this quarterly report.

17 (Loss)/earnings per Share

	3 months ended	
	31.3.2018	31.3.2017
Net (loss)/profit attributable to shareholders of the Company (RM'000)	(2,689)	312
Weighted average number of ordinary shares in issue ('000)	100,745	100,745
Basic (loss)/earnings per share (sen)	(2.67)	0.31

No diluted EPS is computed for the Group as there are no dilutive potential ordinary shares in issue.

18 Qualification of Audit Report

The Group's financial statements for the preceding year ended 31st December 2017 were not subject to any qualification by the auditors.

19 Notes to the Statement of Comprehensive Income

	3 months ended	
	31.3.2018	
	RM'000	
Net loss for the financial period is arrived at after charging:		
Depreciation		1,884
Impairment loss on trade receivables, net		1,057
Write-down of inventories, net		273
Foreign exchange gain, net		(6)

Other than the above and disclosed in the Condensed Consolidated Statement of Comprehensive Income, there were no gain or loss on disposal of quoted or unquoted investments or properties, gain and loss on derivatives for the three months ended 31st March 2018.

20 Events after the reporting period

There were no material events between 1st April 2018 and the date of issue of this quarterly report.

- end -

For further information, please contact: Ms. Wan Qian-Wen, Chief Financial Officer at Tel No: 03-78728008.

Full text of the Quarterly Announcement for the three months ended 31st March 2018 can be accessed through the internet at www.bursamalaysia.com.