



CYCLE & CARRIAGE BINTANG BERHAD
Quarterly Announcement for the six months ended 30th June 2018

Highlights

- Vehicle unit sales up 17%
- Net profit up 65%, supported by insurance compensation
- Dividend received from Mercedes-Benz Malaysia (“MBM”)
- GST impact starts from 1st June

“Whilst sales operations have improved, the outlook for the rest of the year remains challenging, with margins under pressure and uncertainties arising from the implementation of the Sales and Service Tax in September.”

Haslam Preston
 Chairman
 23rd July 2018

Results

	Six months ended 30th June		
	2018 RMm	2017 RMm	Change %
Revenue	784.4	708.2	11
Net profit:			
(a) Mercedes-Benz operations	4.1	(1.9)	nm
(b) Dividend income	11.2	11.2	-
	15.3	9.3	65
Net profit attributable to shareholders	15.3	9.3	65
	Sen	Sen	
Earnings per share	15	9	65
	As at 30.6.2018 RMm	As at 31.12.2017 RMm	
Shareholders' funds	286.3	271.0	6
	RM	RM	
Net asset per share	2.84	2.69	6

The results for the six months ended 30th June 2018 and 30th June 2017 have not been audited.

nm – not meaningful

CYCLE & CARRIAGE BINTANG BERHAD
Quarterly Announcement for the six months ended 30th June 2018

Overview

The Group benefited from improved trading conditions and the early impact of the Group's business-improvement strategy, supported by insurance compensation and MBM dividend income.

Performance

The Group's revenue in the first six months increased by 11% to RM784.4 million, while unit sales were 17% higher. Margins continued to be challenging, with strong competition in the premium car segment together with a shift in the model mix from S-Class to the lower-priced E, GLC and GLA-Classes.

Net profit of RM4.1 million was recorded by Mercedes-Benz trading operations, compared to a loss of RM1.9 million in the previous year, due to higher unit sales and insurance compensation of RM9.8 million for damages suffered from flood in Penang in late 2017. This was partially offset by higher operating expenses and financing charges as the Group continues to invest in upgrading customer service and improving operational efficiencies. The overall net profit of RM15.3 million was 65% higher than prior year, after accounting for dividend income of RM11.2 million from the Group's investment in Mercedes-Benz Malaysia. The Group's after-sales division continued to perform satisfactorily.

The Group had net debt of RM184.8 million at the end of June, compared to RM216.3 million at the end of 2017, mainly due to lower working capital requirements. The Group continues to review its balance sheet to ensure an optimal capital structure to support the growth of the business.

The Board has not declared a dividend for the quarter ended 30th June 2018 (30th June 2017: Nil).

Prospects

Whilst sales operations have improved, the outlook for the rest of the year remains challenging, with margins under pressure and uncertainties arising from the implementation of the Sales and Service Tax in September.

Haslam Preston
Chairman
23rd July 2018

CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Statement of Comprehensive Income
for the six months ended 30th June 2018

	Note	Unaudited		Variance	Unaudited		Variance
		3 months ended	30.6.2017		6 months ended	30.6.2017	
		30.6.2018	RM'000	%	30.6.2018	RM'000	%
Revenue	7	395,808	355,435	11.4	784,390	708,162	10.8
Expenses							
excluding finance cost and tax		(398,343)	(358,981)	11.0	(791,519)	(711,843)	11.2
Other operating income	3						
- dividend income from an equity investment		11,229	11,229	-	11,229	11,229	-
- interest income		171	158	8.2	320	280	14.3
- others		14,489	2,506	nm	18,745	4,807	nm
Operating profit		23,354	10,347	125.7	23,165	12,635	83.3
Finance cost		(2,510)	(1,305)	92.4	(5,003)	(2,813)	77.9
Profit before tax		20,844	9,042	130.5	18,162	9,822	84.9
Income tax expense	13	(2,846)	(81)	nm	(2,853)	(549)	nm
Total comprehensive income for the financial period	19	17,998	8,961	100.8	15,309	9,273	65.1
Total comprehensive income attributable to shareholders of the Company		17,998	8,961	100.8	15,309	9,273	65.1
		Sen	Sen		Sen	Sen	
Basic earnings per share attributable to shareholders of the Company	17	17.86	8.89	100.8	15.20	9.20	65.1

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 13.

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CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Statement of Financial Position
as at 30th June 2018

	Note	Unaudited As at 30.6.2018 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		162,440	158,584	94,907
Equity investment		66,003	66,003	66,003
Deferred tax assets		12,694	14,727	9,103
		<u>250,979</u>	<u>249,156</u>	<u>179,855</u>
Current assets				
Inventories		264,500	302,802	299,714
Trade and other receivables		147,771	92,634	75,550
Tax recoverable		9,878	9,775	2,857
Cash and cash equivalents		64,710	32,648	47,573
		<u>486,859</u>	<u>437,859</u>	<u>425,694</u>
Total assets		<u>737,838</u>	<u>687,015</u>	<u>605,549</u>
Non-current liabilities				
Deferred tax liabilities		-	-	62
Borrowings	15	62,041	61,960	-
		<u>62,041</u>	<u>61,960</u>	<u>62</u>
Current liabilities				
Provision for liabilities and charges		944	869	632
Current tax liabilities		39	28	25
Trade payables and other liabilities		164,338	140,067	144,052
Contract liabilities		36,718	26,103	24,283
Borrowings	15	187,461	187,000	148,000
		<u>389,500</u>	<u>354,067</u>	<u>316,992</u>
Total liabilities		<u>451,541</u>	<u>416,027</u>	<u>317,054</u>
Net assets		<u>286,297</u>	<u>270,988</u>	<u>288,495</u>
Equity				
Share capital		124,602	124,602	100,745
Share premium		-	-	23,857
Retained profits		161,695	146,386	163,893
Total equity		<u>286,297</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 13.

CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Statement of Changes in Equity
for the six months ended 30th June 2018

	Unaudited			Total RM'000
	Share Capital RM'000	Share Premium RM'000	Retained Profits RM'000	
At 1st January 2018	124,602	-	146,386	270,988
Total comprehensive income for the financial period	-	-	15,309	15,309
At 30th June 2018	<u>124,602</u>	<u>-</u>	<u>161,695</u>	<u>286,297</u>
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	-	-	9,273	9,273
Dividend paid for the year ended: - 31st December 2016 (final)	-	-	(5,037)	(5,037)
At 30th June 2017	<u>124,602</u>	<u>-</u>	<u>168,129</u>	<u>292,731</u>

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 13.

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CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Statement of Cash Flows
for the six months ended 30th June 2018

	Unaudited	
	6 months ended	
	30.6.2018	30.6.2017
	RM'000	RM'000
		Restated
Operating activities		
Profit before tax	18,162	9,822
<i>Adjustments for:</i>		
Property, plant and equipment:		
- depreciation	4,739	3,371
- loss on disposal	3	-
- write off	-	16
Write down of inventories, net	935	1,995
(Reversal)/impairment loss on trade receivables, net	(1,133)	2,260
Interest income	(320)	(280)
Finance cost:		
- interest expense on borrowings	4,922	2,813
- amortisation of transaction cost on borrowings	81	-
Dividend income from an equity investment	(11,229)	(11,229)
Operating profit before changes in working capital	16,160	8,768
Inventories	37,367	(6,610)
Receivables	(54,004)	(37,721)
Payables	24,244	23,431
Provisions for liabilities and charges	75	-
Contract liabilities	10,615	2,709
Net cash flow from/(used in) operations	34,457	(9,423)
Interest paid	(4,895)	(2,813)
Interest received	320	280
Income tax paid	(912)	(7,944)
Net cash flow from/(used in) operating activities	28,970	(19,900)
Investing activities		
Proceeds from disposal of property, plant and equipment	5	-
Purchase of property, plant and equipment	(8,603)	(2,788)
Dividend received from an equity investment	11,229	11,229
Net cash flow from investing activities	2,631	8,441
Financing activities		
(Repayment)/drawdown of bankers acceptance, net	(14,800)	18,700
Drawdown of finance lease liabilities, net	15,261	-
Dividend paid	-	(5,037)
Net cash flow from financing activities	461	13,663
Net change in cash and cash equivalents during the financial period	32,062	2,204
Cash and cash equivalents at		
Beginning of the financial period	32,648	47,573
End of the financial period	64,710	49,777

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 13.

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CYCLE & CARRIAGE BINTANG BERHAD
Notes to the condensed consolidated interim financial statements
for the six months ended 30th June 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
Amendments to MFRS 123	1 January 2019
Amendments to MFRS 101 - Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134 Interim Financial Reporting	1 January 2020
Amendment to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendments to MFRS 138 Intangible Assets	1 January 2020

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 six months ended 30th June 2018

1 Basis of preparation (continued)

- (b) MFRS 15 and MFRS 9 came into effect for financial year on 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.

Under MFRS 9, the changes in fair value (if any) of the Group's equity investment, previously classified as available-for-sale, will continue to be 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.

MFRS 15 establishes a comprehensive 5-step framework for the recognition of revenue, which replaces MFRS 111 "Construction Contracts" and MFRS 118 "Revenue", and covers contracts for goods and services. The core principle in the framework is that revenue is recognised when control of a good or service transfers to a customer. It provides clarification on the recognition criteria for certain revenue elements, resulting in restatements to components of revenue and trade and other liabilities as set out below. MFRS 15 has been accounted for retrospectively, and the comparative financial statements have been restated.

The financial effects arising from the adoption of MFRS 15 are as follows:

	As previously <u>reported</u> RM'000	<u>Adjustments</u> RM'000	As <u>restated</u> RM'000
Condensed consolidated statement of comprehensive income:			
<u>Six months ended 30th June 2017</u>			
Revenue:			
Sale of motor vehicles and spare parts	679,438	1,600	681,038
Servicing of motor vehicles	<u>28,724</u>	<u>(1,600)</u>	<u>27,124</u>
Condensed consolidated statement of financial position:			
<u>As at 31st December 2017</u>			
Trade payables and other liabilities	166,170	(26,103)	140,067
Contract liabilities	<u>-</u>	<u>26,103</u>	<u>26,103</u>
<u>As at 1st January 2017</u>			
Trade payables and other liabilities	168,335	(24,283)	144,052
Contract liabilities	<u>-</u>	<u>24,283</u>	<u>24,283</u>
Condensed consolidated statement of cash flows:			
<u>Six months ended 30th June 2017</u>			
Changes in working capital:			
- payables	26,140	(2,709)	23,431
- contract liabilities	<u>-</u>	<u>2,709</u>	<u>2,709</u>

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the condensed consolidated interim financial statements
for the six months ended 30th June 2018

2 Seasonal or Cyclical Factors

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

3 Individually Significant Item

Included in the other operating income, the Group recognised a compensation insurance claim from the Group's insurers of RM12.9 million as a result of unprecedented flood at Penang in the previous financial year.

The Group also recognised dividend income of RM11.2 million in respect of the investment in Mercedes-Benz Malaysia Sdn. Bhd. ("MBM") as disclosed in Note 7 for the six months ended 30th June 2018.

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 six months ended 30th June 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 six months ended 30th June 2018.

6 Dividends

The Board of Directors does not recommend any interim dividend for the six months ended 30th June 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 30th June 2018			
Revenue	395,808	-	395,808
Profit before tax	9,615	11,229	20,844
Profit after tax	6,769	11,229	17,998
3 months ended 30th June 2017			
Revenue	355,435	-	355,435
Profit before tax	(2,187)	11,229	9,042
Profit after tax	(2,268)	11,229	8,961
6 months ended 30th June 2018			
Revenue	784,390	-	784,390
Profit before tax	6,933	11,229	18,162
Profit after tax	4,080	11,229	15,309
6 months ended 30th June 2017			
Revenue	708,162	-	708,162
Profit before tax	(1,407)	11,229	9,822
Profit after tax	(1,956)	11,229	9,273

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the condensed consolidated interim financial statements
for the six months ended 30th June 2018

7 Segment Reporting (Continued)

Breakdown of the Group's timing of revenue recognition is as follows:

	3 months ended		6 months ended	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
	RM'000	RM'000	RM'000	RM'000
Sale of motor vehicles and spare parts - point in time	381,482	341,428	755,335	681,038
Servicing of motor vehicles - over time	14,326	14,007	29,055	27,124
	<u>395,808</u>	<u>355,435</u>	<u>784,390</u>	<u>708,162</u>

8 Changes in the Composition of the Group

There were no changes in the composition of the Group for the six months ended 30th June 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.

	6 months ended	
	30.6.2018	30.6.2017
	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.	251	352
Provision of management services by Jardine Cycle & Carriage Limited	589	260
Purchase of insurance through insurance broker, Jardine Lloyd Thompson Sdn. Bhd.	1,652	346
Provision of internal audit services, Executive Development Programme, and HR conference by Jardine Matheson & Co., Ltd	169	152
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	<u>339</u>	<u>-</u>

10 Capital Commitments

Capital expenditure of the Group not provided for as at 30th June 2018 in relation to property, plant and equipment were as follows:

	RM'000
Approved and contracted	11,026
Approved but not contracted	6,475
	<u>17,501</u>

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the condensed consolidated interim financial statements
for the six months ended 30th June 2018

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

	Current Quarter 30.6.2018 RM'000	Preceding Quarter 31.3.2018 RM'000	Variance RM'000
Revenue	<u>395,808</u>	<u>388,582</u>	<u>7,226</u>
Operating profit/(loss)	<u>23,354</u>	<u>(189)</u>	<u>23,543</u>
Profit/(loss) before tax	<u>20,844</u>	<u>(2,682)</u>	<u>23,526</u>

The Group recorded a profit before tax of RM20.8 million in the second quarter as compared to loss before tax of RM2.7 million in the preceding quarter mainly due to compensation insurance claim of RM12.0 million and dividend income received from MBM of RM11.2 million.

12 Variance of Actual Profit from Forecast Profit

The Company did not publish any profit forecast.

13 Taxation

	3 months ended		6 months ended	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
	RM'000	RM'000	RM'000	RM'000
Income tax expense	<u>2,846</u>	<u>81</u>	<u>2,853</u>	<u>549</u>

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

	3 months ended		6 months ended	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
	%	%	%	%
Statutory income tax rate in Malaysia	24	24	24	24
Expenses not deductible for tax purposes	3	7	7	9
Income not subject to tax	(13)	(30)	(15)	(27)
Average effective tax rate	<u>14</u>	<u>1</u>	<u>16</u>	<u>6</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.

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the condensed consolidated interim financial statements
for the six months ended 30th June 2018

15 Group Borrowings

	At 30th June 2018		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Unsecured			
- Bankers' acceptance	-	172,200	172,200
- Term loans	62,041	-	62,041
	<u>62,041</u>	<u>172,200</u>	<u>234,241</u>
Secured			
- Finance lease liabilities	-	15,261	15,261
	<u>62,041</u>	<u>187,461</u>	<u>249,502</u>
	As at 31st December 2017		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Unsecured			
- Bankers' acceptance	-	187,000	187,000
- Term loans	61,960	-	61,960
	<u>61,960</u>	<u>187,000</u>	<u>248,960</u>

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 Earnings per Share

	3 months ended		6 months ended	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
Net profit attributable to shareholders of the Company (RM'000)	17,998	8,961	15,309	9,273
Weighted average number of ordinary shares in issue ('000)	100,745	100,745	100,745	100,745
Basic earnings per share (sen)	17.86	8.89	15.20	9.20

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.

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the condensed consolidated interim financial statements
for the six months ended 30th June 2018

19 Notes to the Statement of Comprehensive Income

	3 months ended	6 months ended
	30.6.2018	30.6.2018
	RM'000	RM'000
Operating profit for the financial period is arrived at after charging:		
Depreciation	2,855	4,739
Write-down of inventories, net	662	935
Foreign exchange loss, net	12	6
Reversal of impairment loss on trade receivables, net	(2,190)	(1,133)
Compensation from insurance claim	(11,961)	(12,910)

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 six months ended 30th June 2018.

20 Events after the reporting period

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

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For further information, please contact: Ms. Wan Qian-Wen, Chief Financial Officer at Tel No: 03-78728139.

Full text of the Quarterly Announcement for the six months ended 30th June 2018 can be accessed through the internet at www.bursamalaysia.com.