



CYCLE & CARRIAGE

CYCLE & CARRIAGE BINTANG BERHAD

Quarterly Announcement for the financial year ended 31st December 2018

Highlights

- Revenue up by 7% on the back of higher unit sales
- Significant net profit increase due to better trading performance and receipt of insurance compensation
- Dividend received from Mercedes-Benz Malaysia (“MBM”)
- Daimler AG exercised its call option to buy the Group's 49% interest in MBM for RM66.0 million

“While the Group’s performance improved in 2018, margins remain challenging. The exercise of the call option by Daimler AG will not impact the Group’s trading operations. However, the Group’s profitability will be negatively impacted following cessation of dividends from MBM upon completion of the transaction.”

Haslam Preston

Chairman

26th February 2019

Results

	Year ended 31st December		
	2018 RMm	2017 RMm	Change %
Revenue	1,513.3	1,420.1	7
Net profit/(loss):			
(a) Mercedes-Benz operations	11.1	(23.7)	147
(b) Dividend income	11.2	11.2	-
	22.3	(12.5)	279
Net profit/(loss) attributable to shareholders	22.3	(12.5)	279
	Sen	Sen	
Earnings/(loss) per share	22	(12)	279
	As at 31.12.2018 RMm	As at 31.12.2017 RMm	
Shareholders' funds	293.3	271.0	8
	RM	RM	
Net asset per share	2.91	2.69	8

The results for the financial years ended 31st December 2018 and 31st December 2017 were audited.

CYCLE & CARRIAGE BINTANG BERHAD

Quarterly Announcement for the financial year ended 31st December 2018

Overview

The Group benefited from improved trading conditions and the initial impact of the Group's business-improvement strategy, supported by the receipt of insurance compensation and MBM dividend income. On 30th November 2018, Daimler AG exercised its call option to buy the Group's 49% interest in MBM.

Performance

The Group's revenue for the year ended 31st December 2018 increased by 7% to RM1,513.3 million, with unit sales higher than the previous year, benefiting from the zero rate of Goods & Service Tax from June to August 2018. Competition remained intense within the premium car segment, while the shift in the model mix from S-Class to the lower-priced E, GLC and GLA-Classes affected margins.

Net profit of RM11.1 million was recorded by Mercedes-Benz operations, compared to a loss of RM23.7 million in the previous year, primarily due to improved sales performance, and the receipt of RM9.8 million in insurance compensation for damages suffered from floods in Penang, which was recorded as a loss in 2017. Excluding the insurance compensation, Mercedes-Benz operations registered a net profit of RM1.3 million. The Group's after-sales division continued to perform satisfactorily. The overall net profit after tax of RM22.3 million included dividend income of RM11.2 million from the Group's investment in MBM, in line with the previous year.

On 30th November 2018, Daimler AG exercised its call option to buy the Group's 49% interest in MBM for RM66.0 million. The disposal will complete on 30th November 2019 at the end of a 12-month notice period. Following the exercise of call option by Daimler AG, the Group will cease to be entitled to the annual dividend from MBM upon completion of the transaction and payment of dividends due to the Group.

The Group's net debt increased to RM235.8 million, compared to RM216.3 million at the end of 2017, mainly due to higher working capital requirements and showroom renovation costs.

In view of the investments being made in upgrading and expanding network infrastructure, the Board is not recommending a dividend for the financial year ended 31st December 2018 (2017: Nil).

People

I would like to thank the management team and our staff, for their dedication and hard work in facing the challenges of the last few years and achieving an improved performance in 2018. I also wish to thank our customers, shareholders and business partners for their continued support.

CYCLE & CARRIAGE BINTANG BERHAD

Quarterly Announcement for the financial year ended 31st December 2018

Prospects

While the Group's performance improved in 2018, margins remain challenging. The exercise of the call option by Daimler AG will not impact the Group's trading operations. However, the Group's profitability will be negatively impacted following cessation of dividends from MBM upon completion of the transaction.

Haslam Preston

Chairman

26th February 2019

CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Statement of Comprehensive Income
for the financial year ended 31st December 2018

	Note	Unaudited 3 months ended		Variance %	Audited 12 months ended		Variance %
		31.12.2018 RM'000	31.12.2017 RM'000		31.12.2018 RM'000	31.12.2017 RM'000	
Revenue	7	301,695	380,344	(20.7)	1,513,296	1,420,119	6.6
Expenses excluding finance cost and tax		(296,524)	(404,229)	(26.6)	(1,511,410)	(1,453,527)	4.0
Other operating income	3						
- dividend income from an equity investment		-	-	-	11,229	11,229	-
- interest income		251	138	81.9	841	578	45.5
- others		1,910	3,080	(38.0)	23,360	10,965	113.0
Operating profit/(loss)		7,332	(20,667)	135.5	37,316	(10,636)	450.8
Finance cost		(2,211)	(2,078)	6.4	(9,089)	(6,425)	41.5
Profit/(loss) before tax		5,121	(22,745)	122.5	28,227	(17,061)	265.4
Income tax (expense)/credit	13	(2,108)	4,258	149.5	(5,908)	4,591	228.7
Net profit/(loss) and total comprehensive income/(loss) for the financial period/year	19	3,013	(18,487)	116.3	22,319	(12,470)	279.0
Total comprehensive income/(loss) attributable to shareholders of the Company		3,013	(18,487)	116.3	22,319	(12,470)	279.0
		Sen	Sen		Sen	Sen	
Basic earnings/(loss) per share attributable to shareholders of the Company	17	2.99	(18.35)	116.3	22.15	(12.38)	279.0

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 9 to 15.

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

	Note	Audited As at 31.12.2018 RM'000	Audited As at 31.12.2017 RM'000 Restated	Audited As at 1.1.2017 RM'000 Restated
Non-current assets				
Intangible assets		9,842	9,842	9,842
Property, plant and equipment		168,561	158,584	94,907
Equity investment - available for sale		-	66,003	66,003
Deferred tax assets		13,394	14,727	9,103
		<u>191,797</u>	<u>249,156</u>	<u>179,855</u>
Current assets				
Inventories		335,910	302,802	299,714
Trade and other receivables		128,546	92,634	75,550
Tax recoverable		6,560	9,775	2,857
Cash and cash equivalents		47,712	32,648	47,573
		<u>518,728</u>	<u>437,859</u>	<u>425,694</u>
Asset classified as held for sale - equity investment, fair value through other comprehensive income		66,003	-	-
		<u>584,731</u>	<u>437,859</u>	<u>425,694</u>
Total assets		<u>776,528</u>	<u>687,015</u>	<u>605,549</u>
Non-current liabilities				
Deferred tax liabilities		-	-	62
Borrowings	15	62,095	61,960	-
		<u>62,095</u>	<u>61,960</u>	<u>62</u>
Current liabilities				
Provision for liabilities and charges		39	869	632
Current tax liabilities		32	28	25
Trade payables and other liabilities		174,314	140,067	144,052
Contract liabilities		25,277	26,103	24,283
Borrowings	15	221,464	187,000	148,000
		<u>421,126</u>	<u>354,067</u>	<u>316,992</u>
Total liabilities		<u>483,221</u>	<u>416,027</u>	<u>317,054</u>
Net assets		<u>293,307</u>	<u>270,988</u>	<u>288,495</u>
Equity				
Share capital		124,602	124,602	100,745
Share premium		-	-	23,857
Retained profits		168,705	146,386	163,893
Total equity		<u>293,307</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 9 to 15.

CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Statement of Changes in Equity
for the financial year ended 31st December 2018

	Audited			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
Net profit and total comprehensive income for the financial year	-	-	22,319	22,319
At 31st December 2018	<u>124,602</u>	<u>-</u>	<u>168,705</u>	<u>293,307</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)	-	-
Net loss and total comprehensive loss for the financial year	-	-	(12,470)	(12,470)
Dividend paid for the financial year ended: - 31st December 2016 (final)	-	-	(5,037)	(5,037)
At 31st December 2017	<u>124,602</u>	<u>-</u>	<u>146,386</u>	<u>270,988</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 became 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 Company did not exercise its right to use the credit amounts of RM23,857,000 which is now part of the Company's share capital.

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 9 to 15.

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CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Statement of Cash Flows
for the financial year ended 31st December 2018

	Audited	
	12 months ended	
	31.12.2018	31.12.2017
	RM'000	RM'000
		Restated
Operating activities		
Profit/(loss) before tax	28,227	(17,061)
<i>Adjustments for:</i>		
Property, plant and equipment:		
- depreciation	9,769	7,204
- (gain)/loss on disposal	(2)	9
- write offs	24	16
(Write back)/write down of inventories, net	(76)	10,066
Write off of inventories	-	10,794
(Reversal of impairment loss)/impairment loss on trade receivables, net	(627)	4,528
Interest income	(841)	(578)
Finance cost:		
- interest expense on borrowings	8,954	6,425
- amortisation of transaction cost on borrowings	135	-
Provisions	(560)	250
Dividend income from an equity investment	(11,229)	(11,229)
Operating profit before changes in working capital	33,774	10,424
Inventories	(33,032)	(23,948)
Receivables	(35,285)	(21,612)
Payables	34,212	(4,683)
Contract liabilities	(826)	1,820
Net cash flow used in operations	(1,157)	(37,999)
Interest paid	(8,826)	(5,727)
Interest received	841	578
Service and warranty provision utilised	(270)	(13)
Income tax paid	(1,356)	(8,010)
Net cash flow used in operating activities	(10,768)	(51,171)
Investing activities		
Proceeds from disposal of property, plant and equipment	6	31
Purchase of property, plant and equipment	(19,774)	(70,937)
Dividend received from an equity investment	11,229	11,229
Net cash flow used in investing activities	(8,539)	(59,677)

CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Statement of Cash Flows
for the financial year ended 31st December 2018

	Audited	
	12 months ended	
	31.12.2018	31.12.2017
	RM'000	RM'000
		Restated
Financing activities		
Drawdown of term loans	-	62,500
Drawdown of bankers acceptance	912,900	1,062,000
Repayment of bankers acceptance	(959,200)	(1,023,000)
Drawdown of revolving hire-purchase floorplan	53,586	-
Drawdown of finance lease liabilities	70,358	-
Repayment of finance lease liabilities	(43,273)	-
Transaction cost on borrowings paid	-	(540)
Dividend paid	-	(5,037)
Net cash flow from financing activities	34,371	95,923
Net change in cash and cash equivalents during the financial year	15,064	(14,925)
Cash and cash equivalents at		
Beginning of the financial year	32,648	47,573
End of the financial year	47,712	32,648

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 9 to 15.

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CYCLE & CARRIAGE BINTANG BERHAD
Notes to the condensed consolidated interim financial statements
for the financial year ended 31st December 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	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 140 – Transfer of 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 financial impact on the financial statements of the Group, other than those highlighted in section (b) below.

New MFRSs, IC Interpretation 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 9 Financial Instruments - Prepayment features With Negative Compensation	1 January 2019
Annual Improvements to MFRS 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 128 Investments in Associates and Joint Ventures - Long-term interests in Associates and Joint Ventures	1 January 2019
MFRS 16 Leases	1 January 2019
IC Interpretation 23 – Uncertainty Over Income Tax Treatments	1 January 2019
The Conceptual Framework for Financial Reporting (Revised 2018)	1 January 2020
Amendments to MFRS 3 Business Combinations - Definition of A business	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material	1 January 2020

The adoption of the above MFRSs, 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.

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

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1 Basis of preparation (continued)

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. The equity investment is classified as equity investment at fair value through 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>12 months ended 31st December 2017</u>			
Revenue:			
Sale of motor vehicles and spare parts	1,360,261	3,009	1,363,270
Servicing of motor vehicles	<u>59,858</u>	<u>(3,009)</u>	<u>56,849</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>12 months ended 31st December 2017</u>			
Changes in working capital:			
- payables	(2,863)	(1,820)	(4,683)
- contract liabilities	<u>-</u>	<u>1,820</u>	<u>1,820</u>

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2 Seasonal or Cyclical Factors

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

3 Individually Significant Item

Included in the other operating income for the financial year ended 31st December 2018, 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 financial year ended 31st December 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 financial year ended 31st December 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 financial year ended 31st December 2018.

6 Dividends

The Board of Directors does not recommend any dividend for the financial year ended 31st December 2018.

7 Segment Reporting

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

	Automotive industry RM'000	Investment RM'000	Group RM'000
3 months ended 31st December 2018			
Revenue	301,695	-	301,695
Profit before tax	5,121	-	5,121
Profit after tax	3,013	-	3,013
3 months ended 31st December 2017			
Revenue	380,344	-	380,344
Loss before tax	(22,745)	-	(22,745)
Loss before tax	(18,487)	-	(18,487)
12 months ended 31st December 2018			
Revenue	1,513,296	-	1,513,296
Profit before tax	16,998	11,229	28,227
Profit after tax	11,090	11,229	22,319
12 months ended 31st December 2017			
Revenue	1,420,119	-	1,420,119
Loss before tax	(28,290)	11,229	(17,061)
Loss before tax	(23,699)	11,229	(12,470)

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Notes to the condensed consolidated interim financial statements
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7 Segment Reporting (Continued)

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

	3 months ended		12 months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Sale of motor vehicles and spare parts - point in time	285,226	365,290	1,452,377	1,363,270
Servicing of motor vehicles - over time	16,469	15,054	60,919	56,849
	<u>301,695</u>	<u>380,344</u>	<u>1,513,296</u>	<u>1,420,119</u>

8 Changes in the Composition of the Group

There were no changes in the composition of the Group for the financial year ended 31st December 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.

	12 months ended	
	31.12.2018	31.12.2017
	RM'000	RM'000
With substantial shareholders and parties related to substantial shareholders:		
Receipt of insurance premium support from Jardine Cycle & Carriage Limited	(554)	(457)
Purchase of computer software/peripherals and copier charges from JOS Malaysia Sdn. Bhd.	939	1,104
Provision of management services by Jardine Cycle & Carriage Limited	975	947
Purchase of insurance through insurance broker, Jardine Lloyd Thompson Sdn. Bhd.	3,122	428
Provision of management services and training programme by Cycle & Carriage Industries Pte. Limited	836	240
Provision of internal audit services, Senior Leadership and Executive Development Programme by Jardine Matheson & Co., Ltd	416	416
Sale and servicing of vehicle to a director of Jardine Cycle & Carriage Limited	(371)	-
Sale and servicing of vehicle to a director of the Company	(264)	-
With principal officer:		
Sale and servicing of vehicle to Chief Executive Officer	<u>(340)</u>	<u>-</u>

10 Capital Commitments

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

	RM'000
Approved and contracted	53,205
Approved but not contracted	9,741
	<u>62,946</u>

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

	Current Quarter 31.12.2018 RM'000	Preceding Quarter 30.9.2018 RM'000	Variance RM'000
Revenue	<u>301,695</u>	<u>427,211</u>	<u>(125,516)</u>
Operating profit	<u>7,332</u>	<u>6,819</u>	<u>513</u>
Profit before tax	<u>5,121</u>	<u>4,944</u>	<u>177</u>

The Group recorded a profit before tax of RM5.1 million in the fourth quarter as compared to RM4.9 million in the preceding quarter mainly due to higher variable incentives recognised, partly offset by lower units sales.

12 Variance of Actual Profit from Forecast Profit

The Company did not publish any profit forecast.

13 Taxation

	3 months ended		12 months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Income tax (expense)/credit	<u>(2,108)</u>	<u>4,258</u>	<u>(5,908)</u>	<u>4,591</u>

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

	3 months ended		12 months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	%	%	%	%
Statutory income tax rate in Malaysia	24	(24)	24	(24)
Expenses not deductible for tax purposes	18	5	9	13
Income not subject to tax	-	-	(10)	(16)
Prior year over provision	(1)	-	(2)	-
Average effective tax rate	<u>41</u>	<u>(19)</u>	<u>21</u>	<u>(27)</u>

14 Status of Corporate Proposals

On 30th November 2018, Daimler AG exercised its call option to buy the Group's 49% interest in MBM for RM66.0 million. The disposal will complete on 30th November 2019 at the end of a 12-month notice period. Following the exercise of call option by Daimler AG, the Group will cease to be entitled to the annual dividend of RM11.2 million from MBM upon completion of the transaction and payment of dividends due to the Group.

The proceeds from the disposal are expected to be utilised for the working capital, repayment of bank borrowings of the Group, network infrastructure and/or for such other purposes as deemed appropriate by the Company. The actual breakdown and timeframe for full utilisation of the proceeds of the disposal cannot be determined at this juncture as it will depend on the business needs of the Group at the relevant time.

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15 Group Borrowings

	At 31st December 2018		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Unsecured			
- Bankers' acceptance	-	140,700	140,700
- Term loans	62,095	-	62,095
	<u>62,095</u>	<u>140,700</u>	<u>202,795</u>
Secured			
- Revolving hire-purchase floorplan	-	53,586	53,586
- Finance lease liabilities	-	27,178	27,178
	<u>-</u>	<u>80,764</u>	<u>80,764</u>
	<u>62,095</u>	<u>221,464</u>	<u>283,559</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/(Loss) per Share

	3 months ended		12 months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Net profit/(loss) attributable to shareholders of the Company (RM'000)	3,013	(18,487)	22,319	(12,470)
Weighted average number of ordinary shares in issue ('000)	100,745	100,745	100,745	100,745
Basic earnings/(loss) per share (sen)	2.99	(18.35)	22.15	(12.38)

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.

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Notes to the condensed consolidated interim financial statements
for the financial year ended 31st December 2018

19 Notes to the Statement of Comprehensive Income

	3 months ended	12 months ended
	31.12.2018	31.12.2018
	RM'000	RM'000
Operating profit for the financial period/year is arrived at after charging:		
Depreciation	2,544	9,769
Reversal of write-down of inventories, net	(556)	(76)
Foreign exchange (gain)/loss, net	(1)	5
Impairment/(reversal of impairment loss) on trade receivables, net	183	(627)
Compensation from insurance claim	-	(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 financial year ended 31st December 2018.

20 Events after the reporting period

There were no material events between 1st January 2019 and the date of issue of this quarterly report.

-end-

For further information, please contact: Mr. Kumaraguru Nadaysen, Chief Financial Officer at Tel No: 03-78728139.

Full text of the Quarterly Announcement for the financial year ended 31st December 2018 can be accessed through the internet at www.bursamalaysia.com.