



CYCLE & CARRIAGE BINTANG BERHAD

Quarterly Announcement for the three months ended 31st March 2020

Highlights

- Challenging trading and external conditions
- Vehicle unit sales 29% lower
- Aftersales volume down by 11%

"The Group's first quarter performance was negatively impacted by difficult trading conditions including the effect of implementing the movement control order by the Malaysian government in response to the spread of the COVID-19 virus. Markets will remain challenging for the rest of the year, with both volume and margins expected to be lower as a result of the compounding effect of the virus on an already subdued economic environment."

Eric Chan

Chairman

24th April 2020

Results

	Three months ended 31st March		
	2020 RMm	2019 RMm	Change %
Revenue	215.9	293.2	-26
Net loss attributable to shareholders	(9.7)	(4.4)	-122
	Sen	Sen	
Loss per share	(10)	(4)	-122
	As at 31.03.2020 RMm	As at 31.12.2019 RMm	
Shareholders' funds	239.4	249.1	-4
	RM	RM	
Net asset per share	2.38	2.47	-4

The results for the three months ended 31st March 2020 and 31st March 2019 have not been audited.

CYCLE & CARRIAGE BINTANG BERHAD

Quarterly Announcement for the three months ended 31st March 2020

Overview

The Group's first quarter performance was negatively impacted by softening demand in the premium luxury segment of the automotive industry and the implementation of COVID-19-related restrictions, which led to a significant reduction both in unit sales and earnings.

Performance

The Group's revenue for the first three months of 2020 was RM215.9 million, 26% lower than the same period in 2019.

A net loss of RM9.7 million was recorded, compared to a lower net loss of RM4.4 million in the same period in 2019. The Group experienced reduced volume and margins, with unit sales and aftersales volumes down by 29% and 11% respectively.

The Group's net debt increased from RM201.8 million at the end of 2019 to RM213.9 million at 31st March 2020. The Group's debt level and liquidity position is being carefully monitored and steps are being taken to mitigate both operational and financial risks. A range of actions are also being taken to manage costs and preserve cash, including deferring certain capital expenditure and managing working capital.

The Board has not declared a dividend for the quarter ended 31st March 2020 (31st March 2019: Nil).

These are challenging times. We would like to thank all colleagues for their continued hard work and dedication, as we manage through the current environment whilst remaining focussed on the Group's long-term prospects.

Prospects

The Group's first quarter performance was negatively impacted by difficult trading conditions including the effect of implementing the movement control order by the Malaysian government in response to the spread of the COVID-19 virus. Markets will remain challenging for the rest of the year, with both volume and margins expected to be lower as a result of the compounding effect of the virus on an already subdued economic environment.

Eric Chan

Chairman

24th April 2020

CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Statement of Comprehensive Income
for the three months ended 31st March 2020

	Note	Unaudited 3 months ended		Variance %	Unaudited 3 months ended		Variance %
		31.3.2020 RM'000	31.3.2019 RM'000		31.3.2020 RM'000	31.3.2019 RM'000	
Revenue	6	215,911	293,187	-26.4	215,911	293,187	-26.4
Expenses excluding finance cost and tax		(226,460)	(297,949)	-24.0	(226,460)	(297,949)	-24.0
Other operating income							
- interest income		132	191	-30.9	132	191	-30.9
- others		2,267	3,221	-29.6	2,267	3,221	-29.6
Operating loss		<u>(8,150)</u>	<u>(1,350)</u>	nm	<u>(8,150)</u>	<u>(1,350)</u>	nm
Finance cost		(3,459)	(4,085)	-15.3	(3,459)	(4,085)	-15.3
Loss before tax		<u>(11,609)</u>	<u>(5,435)</u>	nm	<u>(11,609)</u>	<u>(5,435)</u>	nm
Income tax credit	12	<u>1,909</u>	<u>1,072</u>	+78.1	<u>1,909</u>	<u>1,072</u>	+78.1
Net loss for the financial period	18	<u>(9,700)</u>	<u>(4,363)</u>	nm	<u>(9,700)</u>	<u>(4,363)</u>	nm
Net loss and total comprehensive loss attributable to shareholders of the Company		<u>(9,700)</u>	<u>(4,363)</u>	nm	<u>(9,700)</u>	<u>(4,363)</u>	nm
		Sen	Sen		Sen	Sen	
Basic loss per share attributable to shareholders of the Company	16	<u>(9.63)</u>	<u>(4.33)</u>	nm	<u>(9.63)</u>	<u>(4.33)</u>	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 2018 and the accompanying notes to the condensed consolidated interim financial statements on pages 8 to 13.

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CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Statement of Financial Position
as at 31st March 2020

	Note	Unaudited As at 31.3.2020 RM'000	Unaudited As at 31.12.2019 RM'000
Non-current assets			
Intangible assets		9,842	9,842
Property, plant and equipment		124,852	122,627
Right of use assets		93,207	94,671
Deferred tax assets		24,031	22,094
		<u>251,932</u>	<u>249,234</u>
Current assets			
Inventories		320,067	360,095
Trade and other receivables		73,221	96,300
Tax recoverable		2,236	3,194
Cash and cash equivalents		37,749	38,125
		<u>433,273</u>	<u>497,714</u>
Total assets		<u>685,205</u>	<u>746,948</u>
Non-current liabilities			
Borrowings	14	31,205	62,203
Lease liabilities		55,294	56,376
		<u>86,499</u>	<u>118,579</u>
Current liabilities			
Provision for liabilities and charges		1,980	1,980
Current tax liabilities		31	27
Trade payables and other liabilities		108,577	177,030
Contract liabilities		25,035	19,491
Borrowings	14	220,452	177,746
Lease liabilities		3,248	3,012
		<u>359,323</u>	<u>379,286</u>
Total liabilities		<u>445,822</u>	<u>497,865</u>
Net assets		<u>239,383</u>	<u>249,083</u>
Equity			
Share capital		124,602	124,602
Retained profits		114,781	124,481
Total equity		<u>239,383</u>	<u>249,083</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 2018 and the accompanying notes to the condensed consolidated interim financial statements on pages 8 to 13.

CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Statement of Changes in Equity
for the three months ended 31st March 2020

	<u>Unaudited</u>		
	Share	Retained	
	Capital	Profits	Total
	RM'000	RM'000	RM'000
At 1st January 2020	124,602	124,481	249,083
Net loss and total comprehensive loss for the financial period	-	(9,700)	(9,700)
At 31st March 2020	<u>124,602</u>	<u>114,781</u>	<u>239,383</u>
At 1st January 2019	124,602	163,684	288,286
Net loss and total comprehensive loss for the financial period	-	(4,363)	(4,363)
At 31st March 2019	<u>124,602</u>	<u>159,321</u>	<u>283,923</u>

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 2018 and the accompanying notes to the condensed consolidated interim financial statements on pages 8 to 13.

CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Statement of Cash Flows
for the three months ended 31st March 2020

	Unaudited	
	3 months ended	
	31.3.2020	31.3.2019
	RM'000	RM'000
Operating activities		
Loss before tax	(11,609)	(5,435)
<i>Adjustments for:</i>		
Property, plant and equipment:		
- depreciation	2,676	2,189
- gain on disposal	-	(8)
- write-offs	7	60
Amortisation of right-of-use assets	1,464	1,778
Write-back of inventories, net	(813)	(2,024)
(Reversal)/Provision of impairment on trade receivables, net	(156)	302
Interest income	(132)	(191)
Finance cost:		
- interest expense on borrowings	2,310	3,265
- amortisation of transaction cost on borrowings	252	27
- accretion of lease liabilities	897	793
Operating (loss)/profit before changes in working capital	(5,104)	756
Inventories	40,841	(37,745)
Receivables	23,235	28,286
Payables	(67,830)	17,810
Contract liabilities	5,544	(2,588)
Net cash flow (used in)/from operations	(3,314)	6,519
Interest paid	(3,830)	(3,775)
Interest received	132	191
Income tax refunded/(paid), net	934	(833)
Net cash flow (used in)/from operating activities	(6,078)	2,102
Investing activities		
Proceeds from disposal of property, plant and equipment	-	8
Purchase of property, plant and equipment	(4,908)	(10,824)
Net cash flow used in investing activities	(4,908)	(10,816)

CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Statement of Cash Flows
for the three months ended 31st March 2020

	Unaudited	
	3 months ended	
	31.3.2020	31.3.2019
	RM'000	RM'000
Financing activities		
Drawdown of term loan	20,000	-
Repayment of term loan	(31,250)	-
Drawdown of bankers acceptance	228,000	228,600
Repayment of bankers acceptance	(198,000)	(170,700)
Repayment of revolving hire-purchase floorplan	-	(53,586)
Drawdown of finance lease liabilities	1,948	15,303
Repayment of finance lease liabilities	(9,242)	(32,224)
Principal elements of lease payment	(846)	(1,552)
Net cash flow from/(used in) financing activities	<u>10,610</u>	<u>(14,159)</u>
 Net change in cash and cash equivalents during the financial period	 (376)	 (22,873)
 Cash and cash equivalents at		
Beginning of the financial period	38,125	47,712
End of the financial period	<u>37,749</u>	<u>24,839</u>

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 2018 and the accompanying notes to the condensed consolidated interim financial statements on pages 8 to 13.

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CYCLE & CARRIAGE BINTANG BERHAD
Notes to the condensed consolidated interim financial statements
for the three months ended 31st March 2020

1 Basis of preparation

- (a) These unaudited 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 ("Bursa Securities"). 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 2018.

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 2019 except for the adoption of the following MFRSs and Amendments to MFRSs:

	Effective Date
The Conceptual Framework for Financial Reporting	1 January 2020
Amendments to MFRS 101 and MFRS 108 - Definition of Material	1 January 2020
Amendments to MFRS 3 - Definition of A Business	1 January 2020
Amendments to MFRS 9 and MFRS 7 - Interest Rate Benchmark Reform	1 January 2020

The adoption of the above MFRSs and Amendments to MFRSs does not have any material financial 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
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 101 - Classification of Liabilities as Current and Non-Current	1 January 2022

The adoption of the above MFRSs and Amendments to MFRSs when they become effective are not expected to have any material impact on the financial statements of the Group.

2 Seasonal or Cyclical Factors

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

3 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 2020.

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the condensed consolidated interim financial statements
for the three months ended 31st March 2020

4 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 2020.

5 Dividends

The Board of Directors does not recommend any dividend for the three months ended 31st March 2020.

6 Segment Reporting

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

	Group Automotive industry RM'000
3 months ended 31st March 2020	
Revenue	215,911
Loss before tax	(11,609)
Loss after tax	(9,700)
3 months ended 31st March 2019	
Revenue	293,187
Loss before tax	(5,435)
Loss after tax	(4,363)

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

	3 months ended	
	31.3.2020	31.3.2019
	RM'000	RM'000
Sale of motor vehicles and spare parts - point in time	201,283	275,664
Servicing of motor vehicles - over time	14,628	17,523
	<u>215,911</u>	<u>293,187</u>

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the condensed consolidated interim financial statements
for the three months ended 31st March 2020

7 Changes in the Composition of the Group

There were no changes in the composition of the Group for the three months ended 31st March 2020.

8 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	
	31.3.2020	31.3.2019
	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.	-	831
Provision of management services by Jardine Cycle & Carriage Limited	-	322
Purchase of insurance through insurance broker, Jardine Lloyd Thompson Sdn. Bhd.	-	1,361
Provision of internal audit services by Jardine Matheson & Co., Ltd	103	90

9 Capital Commitments

Capital expenditure of the Group not provided for as at 31st March 2020 in relation to property, plant and equipment were as follows:

	RM'000
Approved and contracted	40,100
Approved but not contracted	3,711
	43,811

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the condensed consolidated interim financial statements
for the three months ended 31st March 2020

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

	Current Quarter 31.3.2020 RM'000	Preceding Quarter 31.12.2019 RM'000	Variance RM'000
Revenue	<u>215,911</u>	280,776	<u>(64,865)</u>
Operating loss	<u>(8,150)</u>	(29,533)	<u>21,383</u>
Loss before tax	<u>(11,609)</u>	<u>(34,416)</u>	<u>22,807</u>

The Group recorded a loss before tax of RM11.6 million in the first quarter as compared to RM34.4 million in the preceding quarter mainly due to recognition of impairment loss on Sungai Besi land amounted to RM27.0 million in the preceding quarter offset by lower revenue in the current quarter resulting from the movement control order implemented by the government.

11 Variance of Actual Profit from Forecast Profit

The Company did not publish any profit forecast.

12 Taxation

	3 months ended	
	31.3.2020 RM'000	31.3.2019 RM'000
Income tax credit	<u>1,909</u>	<u>1,072</u>

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

	3 months ended	
	31.3.2020 %	31.3.2019 %
Statutory income tax rate in Malaysia	(24)	(24)
Expenses not deductible for tax purposes	8	6
Prior year over provision	-	(2)
Average effective tax rate	<u>(16)</u>	<u>(20)</u>

CYCLE & CARRIAGE BINTANG BERHAD**Notes to the condensed consolidated interim financial statements
for the three months ended 31st March 2020****13 Status of Corporate Proposals**

On 27 February 2020, the Company had entered into a conditional sale and purchase agreement (“SPA”) with The Malayan Press (PG) Sdn Bhd to acquire 3 pieces of freehold vacant lands held under Geran 10567 Lot 253 Seksyen 9W, Geran 10568 Lot 254 Seksyen 9W and Geran 10569 Lot 255 Seksyen 9W, all in Bandar George Town, Daerah Timor Laut, Negeri Pulau Pinang with an approximate area of 35,420.84 square feet (equivalent to 3,290.70 square metres) in total, for a total cash consideration of RM24.2 million subject to the terms and conditions stipulated in the SPA. The salient terms and conditions of the SPA is announced in the Company’s announcement on the proposed acquisition dated 27 February 2020.

14 Group Borrowings

	At 31st March 2020		
	Long term	Short term	Total
	RM'000	RM'000	borrowings
			RM'000
Unsecured			
- Bankers' acceptance	-	198,000	198,000
- Term loans	31,205	20,000	51,205
	<u>31,205</u>	<u>218,000</u>	<u>249,205</u>
Secured			
- Finance lease liabilities	-	2,452	2,452
	<u>31,205</u>	<u>220,452</u>	<u>251,657</u>
	At 31st December 2019		
	Long term	Short term	Total
	RM'000	RM'000	borrowings
			RM'000
Unsecured			
- Bankers' acceptance	-	168,000	168,000
- Term loans	62,203	-	62,203
	<u>62,203</u>	<u>168,000</u>	<u>230,203</u>
Secured			
- Finance lease liabilities	-	9,746	9,746
	<u>-</u>	<u>9,746</u>	<u>9,746</u>
	<u>62,203</u>	<u>177,746</u>	<u>239,949</u>

15 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.

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the condensed consolidated interim financial statements
for the three months ended 31st March 2020

16 Loss per Share

	3 months ended	
	31.3.2020	31.3.2019
Loss attributable to shareholders of the Company (RM'000)	(9,700)	(4,363)
Weighted average number of ordinary shares in issue ('000)	100,745	100,745
Basic loss per share (sen)	(9.63)	(4.33)

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

17 Qualification of Audit Report

The Group's financial statements for the preceding year ended 31st December 2019 were not subject to any qualification by the auditors.

18 Notes to the Statement of Comprehensive Income

	3 months ended	
	31.3.2020	
	RM'000	
Operating loss for the financial period is arrived at after charging:		
Depreciation of property, plant and equipment		2,676
Amortisation of right-of-use assets		1,464
Write-back of inventories, net		(813)
Reversal of impairment loss on trade receivables, net		(156)

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 and gain or loss on derivatives for the three months ended 31st March 2020.

19 Events after the reporting period

On 16 March 2020, the Malaysian Government implemented a Movement Control Order ("MCO") nationwide to combat the spread of the COVID-19 with effect from 18 March 2020. The MCO has been extended until 12 May 2020. In compliance with the MCO and government directives, the Group's showrooms will remain close until further notice. However, the Group has received approval from the Ministry of International Trade and Industry to operate after-sales services and the Group's service centres have resumed operations on 22 April 2020, in adherence to the guidelines issued by the authority.

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For further information, please contact Corporate Affairs at corporate.affairs@cyclecarriage.com.my

Full text of the Quarterly Announcement for the three months ended 31st March 2020 can be accessed through the internet at www.bursamalaysia.com.