



CYCLE & CARRIAGE BINTANG BERHAD
Quarterly Announcement for the six months ended 30th June 2020

Highlights

- Trading conditions remain challenging in the premium segment of the automotive market
- Vehicle unit sales 46% lower with negative impact on margins
- After-sales volume down by 22%
- Government introduces sales tax exemption to boost sales from 15 June to 31 December 2020

"The Group experienced difficult trading conditions further compounded by the implementation of the Movement Control Order from 18 March 2020 by the government. Whilst partial resumption of business commenced on 4 May 2020, volumes and margins continue to be impacted on both the retail sales and aftersales front. The Automotive market is expected to remain challenging for the rest of the year. It remains too early to quantify the impact on retail sales of the government's recent announcement of a sales tax reduction to stimulate demand."

Eric Chan
 Chairman
 28th July 2020

Results

	Six months ended 30th June		
	2020	2019	Change
	RMm	RMm	%
Revenue	355.3	603.7	-41
Net profit/(loss):			
(a) Mercedes-Benz operations	(19.1)	(15.9)	20
(b) Dividend income	-	11.2	-100
	(19.1)	(4.7)	nm
Net loss attributable to shareholders	(19.1)	(4.7)	nm
	Sen	Sen	
Loss per share	(19)	(5)	nm
	As at	As at	
	30.06.2020	31.12.2019	
	RMm	RMm	
Shareholders' funds	230.0	249.1	-8
	RM	RM	
Net asset per share	2.28	2.47	-8

The results for the six months ended 30th June 2020 and 30th June 2019 have not been audited.

CYCLE & CARRIAGE BINTANG BERHAD
Quarterly Announcement for the six months ended 30th June 2020

Overview

The Group faced challenging conditions in the first half of 2020 as a result of softening demand in the premium luxury segment of the automotive industry due to the implementation of COVID-19 related restrictions, which led to a significant reduction in unit sales, after-sales volumes and earnings. Despite the difficult business environment, the Group remains committed to its business improvement strategy.

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

Performance

The Group's revenue for the six months ended 30th June 2020 was RM355.3 million, 41% lower than the same period in 2019.

The Group recorded a higher net loss of RM19.1 million compared to its net loss of RM4.7 million in the same period in 2019. The Group received no dividend income in the period from its investment in Mercedes-Benz Malaysia following the completion of its disposal of the investment on 11th December 2019 (30th June 2019: RM11.2 million). The Group experienced reduced volume and margins in the first half, with unit sales and after-sales volumes down by 46% and 22% respectively.

The Group's net debt decreased from RM201.8 million at the end of 2019 to RM179.0 million at the end of June 2020. The Group's debt levels and liquidity positions are 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 selected capital expenditures and managing working capital.

The Board has not declared a dividend for the period ended 30th June 2020 (30th June 2019: Nil).

Prospects

The Group experienced difficult trading conditions further compounded by the implementation of the Movement Control Order from 18 March 2020 by the government. Whilst partial resumption of business commenced on 4 May 2020, volumes and margins continue to be impacted on both the retail sales and aftersales front. The Automotive market is expected to remain challenging for the rest of the year. It remains too early to quantify the impact on retail sales of the government's recent announcement of a sales tax reduction to stimulate demand.

Eric Chan
Chairman
28th July 2020

CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Statement of Comprehensive Income
for the six months ended 30th June 2020

	Note	Unaudited 3 months ended		Variance %	Unaudited 6 months ended		Variance %
		30.6.2020 RM'000	30.6.2019 RM'000		30.6.2020 RM'000	30.6.2019 RM'000	
<u>Continuing operation</u>							
Revenue	6	139,343	310,482	-55.1	355,254	603,669	-41.2
Expenses excluding finance cost and tax		(150,136)	(323,394)	-53.6	(376,596)	(621,343)	-39.4
Other operating income							
- interest income		85	147	-42.2	217	338	-35.8
- others		2,009	2,675	-24.9	4,276	5,896	-27.5
Operating loss		(8,699)	(10,090)	-13.8	(16,849)	(11,440)	+47.3
Finance cost		(2,827)	(4,082)	-30.7	(6,286)	(8,167)	-23.0
Loss before tax		(11,526)	(14,172)	-18.7	(23,135)	(19,607)	+18.0
Income tax credit	12	2,142	2,597	-17.5	4,051	3,669	+10.4
Net loss for the financial period	18	(9,384)	(11,575)	-18.9	(19,084)	(15,938)	+19.7
<u>Discontinued operation</u>							
Net profit for the financial period from discontinued operation		-	11,229	-100.0	-	11,229	-100.0
Net loss and total comprehensive loss attributable to shareholders of the Company		(9,384)	(346)	nm	(19,084)	(4,709)	nm
		Sen	Sen		Sen	Sen	
Basic loss per share attributable from continuing operations attributable to shareholders of the Company	16	(9.31)	(11.49)	-18.9	(18.94)	(15.82)	+19.7
Basic earnings per share attributable from discontinued operations attributable to shareholders of the Company	16	-	11.15	-100.0	-	11.15	-100.0

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 2019 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 30th June 2020

	Note	Unaudited As at 30.6.2020 RM'000	Audited As at 31.12.2019 RM'000
Non-current assets			
Intangible assets		9,842	9,842
Property, plant and equipment		123,663	122,627
Right of use assets		91,648	94,671
Deferred tax assets		26,203	22,094
		<u>251,356</u>	<u>249,234</u>
Current assets			
Inventories		240,568	360,095
Trade and other receivables		109,280	96,300
Tax recoverable		2,236	3,194
Cash and cash equivalents		22,938	38,125
		<u>375,022</u>	<u>497,714</u>
Total assets		<u>626,378</u>	<u>746,948</u>
Non-current liabilities			
Borrowings	14	31,210	62,203
Lease liabilities		55,008	56,376
		<u>86,218</u>	<u>118,579</u>
Current liabilities			
Provision for liabilities and charges		1,980	1,980
Current tax liabilities		37	27
Trade payables and other liabilities		110,261	177,030
Contract liabilities		24,152	19,491
Borrowings	14	170,732	177,746
Lease liabilities		2,999	3,012
		<u>310,161</u>	<u>379,286</u>
Total liabilities		<u>396,379</u>	<u>497,865</u>
Net assets		<u>229,999</u>	<u>249,083</u>
Equity			
Share capital		124,602	124,602
Retained profits		105,397	124,481
Total equity		<u>229,999</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 2019 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 Changes in Equity
for the six months ended 30th June 2020

	Unaudited		
	Share Capital RM'000	Retained Profits RM'000	Total RM'000
At 1st January 2020	124,602	124,481	249,083
Net loss and total comprehensive loss for the financial period	-	(19,084)	(19,084)
At 30th June 2020	<u>124,602</u>	<u>105,397</u>	<u>229,999</u>
At 1st January 2019	124,602	163,684	288,286
Net loss and total comprehensive loss for the financial period	-	(4,709)	(4,709)
At 30th June 2019	<u>124,602</u>	<u>158,975</u>	<u>283,577</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 2019 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 Cash Flows
for the six months ended 30th June 2020

	Unaudited	
	6 months ended	
	30.6.2020	30.6.2019
	RM'000	RM'000
Operating activities		
Loss before tax	(23,135)	(8,378)
<i>Adjustments for:</i>		
Property, plant and equipment:		
- depreciation	5,409	4,411
- loss/(gain) on disposal	2	(27)
- write-offs	7	62
Amortisation of right-of-use assets	2,859	3,617
Write-back of inventories, net	(3,772)	(2,523)
Reversal of impairment on trade receivables, net	(1,008)	(226)
Interest income	(217)	(338)
Finance cost:		
- interest expense on borrowings	4,238	6,492
- amortisation of transaction cost on borrowings	257	54
- accretion of lease liabilities	1,791	1,621
Dividend income from an equity investment - discontinued operation	-	(11,229)
Operating loss before changes in working capital	(13,569)	(6,464)
Inventories	123,299	(9,377)
Receivables	(11,972)	54,848
Payables	(66,467)	(12,810)
Provisions for liabilities and charges	-	75
Contract liabilities	4,661	(4,743)
Net cash flow from operations	35,952	21,529
Interest paid	(6,332)	(7,020)
Interest received	217	338
Income tax refunded/(paid), net	910	(603)
Net cash flow from operating activities	30,747	14,244
Investing activities		
Proceeds from disposal of property, plant and equipment	17	29
Purchase of property, plant and equipment	(6,471)	(20,348)
Proceeds from disposal of equity investment	-	11,229
Net cash flow used in investing activities	(6,454)	(9,090)

CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Statement of Cash Flows
for the six months ended 30th June 2020

	Unaudited	
	6 months ended	
	30.6.2020	30.6.2019
	RM'000	RM'000
Financing activities		
Drawdown of term loan	80,000	35,000
Repayment of term loan	(31,250)	-
Drawdown of bankers acceptance	328,732	492,800
Repayment of bankers acceptance	(406,000)	(464,900)
Repayment of revolving hire-purchase floorplan	-	(53,586)
Drawdown of finance lease liabilities	458	23,254
Repayment of finance lease liabilities	(10,204)	(43,118)
Principal elements of lease payment	(1,216)	(3,136)
Net cash flow used in financing activities	<u>(39,480)</u>	<u>(13,686)</u>
Net change in cash and cash equivalents during the financial period	(15,187)	(8,532)
Cash and cash equivalents at		
Beginning of the financial period	<u>38,125</u>	<u>47,712</u>
End of the financial period	<u><u>22,938</u></u>	<u><u>39,180</u></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 2019 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 six months ended 30th June 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 2019.

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 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
Amendments to MFRS 16 - Leases on Rent Concession	1 June 2020

The Group has elected to early adopt the amendments to MFRS 16. The adoption of the 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 MFRS 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 six months ended 30th June 2020.

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the condensed consolidated interim financial statements
for the six months ended 30th June 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 six months ended 30th June 2020.

5 Dividends

The Board of Directors does not recommend any dividend for the six months ended 30th June 2020.

6 Segment Reporting

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

	Continuing operations Automotive industry RM'000	Discontinued operation Investment RM'000	Group RM'000
3 months ended 30th June 2020			
Revenue	139,343	-	139,343
Loss before tax	(11,526)	-	(11,526)
Loss after tax	(9,384)	-	(9,384)
3 months ended 30th June 2019			
Revenue	310,482	-	310,482
Loss before tax	(14,172)	11,229	(2,943)
Loss after tax	(11,575)	11,229	(346)
6 months ended 30th June 2020			
Revenue	355,254	-	355,254
Loss before tax	(23,135)	-	(23,135)
Loss after tax	(19,084)	-	(19,084)
6 months ended 30th June 2019			
Revenue	603,669	-	603,669
Loss before tax	(19,607)	11,229	(8,378)
Loss after tax	(15,938)	11,229	(4,709)

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

	3 months ended		6 months ended	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	RM'000	RM'000	RM'000	RM'000
Sale of motor vehicles and spare parts - point in time	127,621	293,369	328,904	569,033
Servicing of motor vehicles - over time	11,722	17,113	26,350	34,636
	<u>139,343</u>	<u>310,482</u>	<u>355,254</u>	<u>603,669</u>

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the condensed consolidated interim financial statements
for the six months ended 30th June 2020

7 Changes in the Composition of the Group

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

	6 months ended	
	30.6.2020	30.6.2019
	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.	-	1,116
Provision of management services by Jardine Cycle & Carriage Limited	-	638
Purchase of insurance through insurance broker, Jardine Lloyd Thompson Sdn. Bhd.	-	1,361
Provision of internal audit services by Jardine Matheson & Co., Ltd	178	187

9 Capital Commitments

Capital expenditure of the Group not provided for as at 30th June 2020 in relation to property, plant and equipment were as follows:

	RM'000
Approved and contracted	38,758
Approved but not contracted	3,003
	41,761

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the condensed consolidated interim financial statements
for the six months ended 30th June 2020

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

	Current Quarter 30.6.2020 RM'000	Preceding Quarter 31.3.2020 RM'000	Variance RM'000
Revenue	<u>139,343</u>	215,911	<u>(76,568)</u>
Operating loss	<u>(8,699)</u>	(8,150)	<u>(549)</u>
Loss before tax	<u>(11,526)</u>	(11,609)	<u>83</u>

The Group's trading conditions were affected by implementation of COVID-19 related restrictions. The impact to the trading result was however offset by savings in operating expenses and lower finance costs, resulting in an overall marginal lower loss before tax at RM11.5 million compared to RM11.6 million in the previous quarter.

11 Variance of Actual Profit from Forecast Profit

The Company did not publish any profit forecast.

12 Taxation

	3 months ended		6 months ended	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	RM'000	RM'000	RM'000	RM'000
Income tax credit	<u>2,142</u>	2,597	<u>4,051</u>	3,669

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

	3 months ended		6 months ended	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	%	%	%	%
Statutory income tax rate in Malaysia	(24)	(24)	(24)	(24)
Expenses not deductible for tax purposes	5	6	6	6
Income not subject to tax	-	(70)	-	(25)
Prior year over provision	-	-	-	(1)
Average effective tax rate	<u>(19)</u>	<u>(88)</u>	<u>(18)</u>	<u>(44)</u>

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the condensed consolidated interim financial statements
for the six months ended 30th June 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 proposed acquisition is pending fulfilment of the conditions precedent in the SPA and approvals from the government authorities.

14 Group Borrowings

	At 30th June 2020		
	Long term	Short term	Total
	RM'000	RM'000	borrowings
			RM'000
Unsecured			
- Bankers' acceptance	-	90,732	90,732
- Term loans	31,210	80,000	111,210
	<u>31,210</u>	<u>170,732</u>	<u>201,942</u>
	<u>31,210</u>	<u>170,732</u>	<u>201,942</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>
	<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>
	<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 six months ended 30th June 2020

16 Loss per Share

	3 months ended		6 months ended	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
(Loss)/Profit attributable to shareholders of the Company (RM'000)				
- Continuing operations	(9,384)	(11,575)	(19,084)	(15,938)
- Discontinued operations	-	11,229	-	11,229
Weighted average number of ordinary shares in issue ('000)	100,745	100,745	100,745	100,745
Loss per share from continuing operations (sen)				
- Basic and Diluted	(9.31)	(11.49)	(18.94)	(15.82)
Earnings per share from discontinued operations (sen)				
- Basic and Diluted	-	11.15	-	11.15

The diluted (loss)/earnings per share of the Group is equal to the basic (loss)/earnings per share as the Group does not have any dilutive 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	6 months ended
	30.6.2020	30.6.2020
	RM'000	RM'000
Operating loss for the financial period is arrived at after charging:		
Depreciation of property, plant and equipment	2,733	5,409
Amortisation of right-of-use assets	1,395	2,859
Write-back of inventories, net	(2,959)	(3,772)
Reversal of impairment loss on trade receivables, net	(852)	(1,008)
Write off of property, plant and equipment	-	7

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 six months ended 30th June 2020.

19 Events after the reporting period

There were no material events between 1st July 2020 and the date of issue of this quarterly report.

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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 six months ended 30th June 2020 can be accessed through the internet at www.bursamalaysia.com.