

CYCLE & CARRIAGE BINTANG BERHAD
Quarterly Announcement
for the second quarter ended 30 June 2006

Highlights

- Special Dividend of RM2.03 and an interim dividend of RM0.05 gross per share
- Weak trading in the first half
- Mercedes-Benz retail business remains resilient
- Mazda and Peugeot face challenges in a changed market
- Gain of RM8.3 million on disposal of surplus properties

“Trading conditions will remain difficult in the second half of the year as the industry adapts to the changes arising from the National Automotive Policy. The Group’s operations should, however, begin to benefit from the launch of new models and results are also expected to be enhanced by further gains arising from property disposals.”

Tan Sri Abdul Halim Bin Ali
Chairman
 10 August 2006

Results

	6 months ended		
	30.6.2006	30.6.2005	Change
	RM'000	RM'000	%
Revenue from continuing operations	316,119	344,179	(8)
Net profit before gain on disposal of properties	4,859	10,871	(55)
Gain on disposal of properties	8,280	-	100
Net profit attributable to shareholders	13,139	10,871	21
	Sen	Sen	
Basic earnings per share	13.04	10.79	21
	As at	As at	
	30.6.2006	31.12.2005	
	RM'000	RM'000	
Shareholders' funds	405,621	385,843	5
	RM	RM	
Net tangible assets per share	4.03	3.83	5

*The results for the six months ended 30 June 2006 and 30 June 2005 were not audited.
 The financial position as at 31 December 2005 was audited.*

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Overview

The trading environment became more difficult in the second quarter of 2006 as the new National Automotive Policy caused considerable disruption to the market, which may take some time to adapt to the changes.

Performance

The Group's net profit before gain on disposal of properties for the first half of 2006 at RM4.9 million was 55% below the corresponding period in 2005. The decline was due to weak trading conditions and the investment return from DaimlerChrysler Malaysia being lower than the comparative period following a change in the timing of the recognition of income. In addition, there was no contribution from the 40% interest in CCL Group Properties Sdn Bhd which is in members' voluntary liquidation following the sale of its remaining property.

Net profit attributable to shareholders after accounting for the gain of RM8.3 million from the disposal of properties was RM13.1 million, 21% above the first half of 2005. The disposal of surplus properties followed the termination of the Group's assembly activities. A further gain of about RM32.3 million is expected in the fourth quarter when the agreed sale of the remaining Petaling Jaya sites are contracted to complete.

The Group's Mercedes-Benz business remained resilient in a difficult market, benefiting from an improved after sales contribution. The dealerships in Petaling Jaya, Ipoh and Johor Bahru performed better, but the Kuala Lumpur dealership was affected by the relocation to new premises in Mutiara Damansara.

Both the Peugeot and Mazda businesses have struggled post the National Automotive Policy as a result of a tightening of consumer credit and a deterioration in the used car market. The launch of the 206 Bestari, for which the Group provides the after sales support, is expected to produce positive contribution in the second half. The launch of the facelift Mazda 3 and Mazda 6 towards the end of the year are also expected to boost sales.

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Dividend

With the disposal of surplus properties, the Company is now in a position to return surplus funds not earmarked for operational needs or for investment in the foreseeable future.

An interim dividend of 5 sen per share less tax and a special dividend of 203 sen per share less tax have been declared. The net amount for the interim dividend and special dividend amounts to a total of about 150 sen per share or a cash payment totaling RM151 million based on the present share capital of 100,744,500 shares. The dividends will be paid on 27 October 2006 to shareholders whose names appear in the Register of Members and Record of Depositors on 29 September 2006.

The special dividend is consistent with the Company's on-going initiative to improve shareholder value.

Outlook

Trading conditions will remain difficult in the second half of the year as the industry adapts to the changes arising from the National Automotive Policy. The Group's operations should, however, begin to benefit from the launch of new models and results are also expected to be enhanced by further gains arising from property disposals.

Tan Sri Abdul Halim Bin Ali,
Chairman
10 August 2006

CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Income Statement
for the second quarter ended 30 June 2006

	Note	Unaudited 3 months ended		Unaudited 6 months ended	
		30.6.2006 RM'000	30.6.2005 RM'000	30.6.2006 RM'000	30.6.2005 RM'000
<u>CONTINUING OPERATIONS</u>					
REVENUE	3 & 4	168,736	181,522	316,119	344,179
EXPENSES EXCLUDING FINANCE COST AND TAX		(170,646)	(179,374)	(316,496)	(340,319)
OTHER OPERATING INCOME					
- gain on disposal of properties		7,558	-	8,280	-
- gross return on investment		3,888	7,166	7,734	9,935
- others		613	779	1,403	1,303
PROFIT FROM OPERATIONS		10,149	10,093	17,040	15,098
FINANCE COST		(436)	(787)	(886)	(1,561)
SHARE OF RESULTS OF ASSOCIATED COMPANIES		(55)	603	(55)	1,098
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX		9,658	9,909	16,099	14,635
TAX EXPENSE	7	(1,756)	(2,513)	(3,212)	(3,949)
NET PROFIT FROM ORDINARY OPERATIONS		7,902	7,396	12,887	10,686
PROFIT FROM DISCONTINUED OPERATIONS		87	263	252	185
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS		7,989	7,659	13,139	10,871
Earnings per share	8	sen	sen	sen	sen
- basic		7.93	7.60	13.04	10.79

The Condensed Consolidated Income Statement should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2005.

CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Balance Sheet

	Note	As at 30 June 2006 RM'000	As at 31 December 2005 RM'000
NON CURRENT ASSETS			
Property, plant and equipment	9 & 11	102,939	136,292
Investment properties		6,900	-
Investments in associated companies		3,322	9,374
Investments in unquoted shares		66,003	66,003
Hire purchase receivables		77	278
Deferred tax assets		1,310	1,284
CURRENT ASSETS			
Inventories		179,588	236,994
Trade and other receivables		119,879	105,225
Short term investments	10	712	918
Bank and cash balances		15,279	14,040
		315,458	357,177
Non-current assets classified as held for sale		21,939	-
		337,397	357,177
CURRENT LIABILITIES			
Provision for liabilities and charges		(2,885)	(2,858)
Trade and other payables		(59,095)	(53,804)
Borrowings (unsecured):	17		
- bank overdraft		(3,405)	-
- revolving credit and bankers acceptance		(45,000)	(125,200)
Taxation		(455)	(524)
		(110,840)	(182,386)
NET CURRENT ASSETS		226,557	174,791
NON CURRENT LIABILITIES			
Deferred tax liabilities		(1,487)	(2,179)
		405,621	385,843
CAPITAL AND RESERVES			
Share capital	12	100,745	100,745
Share premium		23,857	23,857
Reserves		281,019	261,241
		405,621	385,843

The Condensed Consolidated Balance Sheet should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2005.

CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Statement of Changes in Equity
for the second quarter ended 30 June 2006

	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Revenue reserve RM'000	Total RM'000
At 1 January 2006					
- as previously reported	100,745	23,857	-	261,241	385,843
- adoption of FRS 140 on 1 January 2006	-	-	-	(970)	(970)
- as adjusted on the impact of new FRSs	100,745	23,857	-	260,271	384,873
Net profit for the period	-	-	-	13,139	13,139
Dividend paid	-	-	-	(7,254)	(7,254)
Revaluation surplus, net of tax arising from change in accounting policy					
- property, plant and equipment	-	-	15,045	-	15,045
Revaluation deficit on property, plant and equipment during the period	-	-	(185)	-	(185)
Realisation of revaluation surplus on disposal of property, plant and equipment	-	-	(355)	355	-
Share of exchange difference arising on consolidation	-	-	-	3	3
Net gain recognised directly in equity	-	-	14,505	358	14,863
At 30 June 2006	100,745	23,857	14,505	266,514	405,621
At 1 January 2005	100,745	23,857	10,724	238,483	373,809
Net profit for the period	-	-	-	10,871	10,871
Dividend paid	-	-	-	(7,254)	(7,254)
Share of exchange difference arising on consolidation	-	-	(788)	-	(788)
Adjustment for prior year overstatement of gain in associate	-	-	(623)	623	-
Net (loss)/gain recognised directly in equity	-	-	(1,411)	623	(788)
At 30 June 2005	100,745	23,857	9,313	242,723	376,638

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 31 December 2005.

CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Cash Flow Statement
for the second quarter ended 30 June 2006

	Note	6 months ended 30.6.2006 RM'000	6 months ended 30.6.2005 RM'000
OPERATING ACTIVITIES			
Cash from operations		47,315	5,096
Interest paid		(1,221)	(1,560)
Interest received		201	37
Taxation paid		(496)	(244)
Net cash flow from operating activities		45,799	3,329
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		31,392	380
Proceeds from disposal of investment		-	2
Purchase of property, plant and equipment		(9,132)	(7,137)
Capital distribution from an associated company - interim		6,000	-
Dividends received		11,229	21,720
Net cash flow from investing activities		39,489	14,965
FINANCING ACTIVITIES			
Revolving credit and bankers acceptance	17	(80,200)	(3,997)
Dividends paid		(7,254)	(7,254)
Net cash flow from financing activities		(87,454)	(11,251)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		(2,166)	7,043
CASH AND CASH EQUIVALENTS AT			
- BEGINNING OF THE YEAR		14,040	8,277
- END OF PERIOD		11,874	15,320

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2005.

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the Financial Information
for the second quarter ended 30 June 2006

1 Basis of Preparation

This interim report is prepared in accordance with Financial Reporting Standard (“FRS”) 134 “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group’s financial statements for the year ended 31 December 2005.

The Group has adopted all the 18 applicable FRSs issued by MASB with effect from 1 January 2006. The adoption of these FRSs did not result in significant changes to the Group policies except for FRS 140 “Investment Property” and FRS 5 “Non-current Assets Held for Sale and Discontinued Operations” as mentioned below.

The accounting policies and presentation adopted for the interim financial report are consistent with those adopted for the annual financial statements for the year ended 31 December 2005 except for the change in accounting policy relating to freehold land and buildings classified within property, plant and equipment and the adoption of FRS 140 “Investment Property” and FRS 5 “Non-current Assets Held for Sale and Discontinued Operations” as shown below:

- a) Freehold land which was previously stated at cost is now stated at valuation and buildings which were previously stated at cost less depreciation and impairment losses where applicable are now stated at valuation less depreciation and impairment losses where applicable. Independent valuations will be performed every three years on an open market basis, the first was in January 2006. In the intervening years, the directors review the carrying values and adjustment is made where there has been a material change. Any accumulated depreciation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Revaluation surpluses and deficits are dealt with in asset revaluation reserves, except for movements on individual properties below the depreciated cost which are dealt with in the profit and loss account. The change in accounting policy has increased the shareholders’ funds by RM15.1 million in revaluation surplus but has no material impact to the net profit attributable to shareholders in the half year.
- b) Under FRS 140 “Investment Property”, investment properties which are defined as properties held for long term rental yields are stated at fair value, determined annually by external independent valuer on an open market basis. The changes in fair values of investment properties are taken to the profit and loss account. Investment properties with a fair value of RM7.1 million have been re-classified from Property, Plant and Equipment to investment properties and the deficit of RM1.0 million (a surplus of RM2.7 million in the previous announcement) between the carrying value as at 1 January 2006 and the fair value has been reported as an adjustment to the opening retained earnings for the financial period ending 31 December 2006. The directors are of the opinion that the fair value of investment properties reflects market condition at 30 June 2006.
- c) The adoption of FRS 5 “Non-current Assets Held for Sale and Discontinued Operations” prospectively in accordance with the standard’s provision, has resulted in a change in accounting policy for non-current assets (or disposal groups) held for sale. The non-current assets (or disposal groups) held for sale were previously neither classified nor presented as current assets or liabilities. There was no difference in the measurement of non-current assets (or disposal groups) held for sale or for continuing use. The application of FRS 5 does not impact on the prior year financial statements, other than the presentation of Discontinued Operations as a single amount post-tax on the face of Income Statement as well as the presentation of a non-current asset classified as held for sale separately from other assets in the Balance Sheet.
- d) The impact on the above changes of accounting policy and adoption of FRS 140 is summarised as follows:

	Fair Value Changes (Before Deferred Taxation) to Revaluation*/Opening Retained Earnings** RM’ million	Deferred Taxation RM’ million	Fair Value Changes (Net of Deferred Taxation) to Revaluation*/Opening Retained Earnings** RM’ million
1(a) - Change of accounting policy *	16.1	1.0	15.1
1(b) - Adoption of FRS 140 **	(1.0)	-	(1.0)

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the Financial Information
for the second quarter ended 30 June 2006

2 Qualification of Audit Report

The Group's financial statements for the year ended 31 December 2005 were not subject to any qualification by the auditors.

3 Segment Reporting

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

	Automobile industry		Investment *	Other	Group
	Continuing Operations	Discontinued Operations			
	RM'000	RM'000	RM'000	RM'000	RM'000
3 months ended 30 June 2005					
Revenue	181,522	31,299	-	-	212,821
Profit before tax	2,140	311	7,166	833	10,450
3 months ended 30 June 2006					
Revenue	168,736	-	-	-	168,736
Profit before tax	5,825	87	3,888	(20)	9,780
6 months ended 30 June 2005					
Revenue	344,179	50,255	-	-	394,434
Profit before tax	3,602	288	9,935	1,497	15,322
6 months ended 30 June 2006					
Revenue	316,119	-	-	-	316,119
Profit before tax	8,420	254	7,734	(20)	16,388

* Under the terms of the agreement with DaimlerChrysler AG ("DCAG"), the Company is entitled to receive an annual net dividend income of RM11.2 million (gross dividend income of RM15.6 million) in respect of the investment in DaimlerChrysler Malaysia Sdn Bhd ("DCM").

In the event that DCM is unable to declare such dividend in full, DCAG undertakes to pay the shortfall to the extent of RM11.2 million ("minimum assured amount"). The amount receivable from DCAG will be subject to income tax and the Group will effectively receive an annual net income of RM8.1 million.

Since the fourth quarter of financial year ended 31 December 2005, the Group has recognised a gross return on investment of RM15.6 million instead of the minimum assured amount, as the directors are of the opinion that the entitlement to receive the return on investment from DCM is probable based on historical experience. For the six months ended 30 June 2006, the Group recognised the gross return of RM7.7 million based on a time apportioned basis compared to RM9.9 million in the first half of 2005 which included RM4.4 million related to 2004.

4 Seasonal or Cyclical Factors

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

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5 Individually Significant Items

Individually significant items for the six months ended 30 June 2006 were as follows:

- a) The Group recognised income of RM7.7 million in respect of the investment in DaimlerChrysler Malaysia Sdn Bhd as disclosed in Note 3 above.
- b) The Group recognised income of RM1.5 million in respect of incentives extended by DaimlerChrysler Malaysia Sdn Bhd for achieving dealer standards.
- c) The Group recognised a gain of RM0.7 million on disposal of a property in Kuching.
- d) The Group recognised a gain of RM7.6 million on disposal of two properties in Petaling Jaya, Selangor.
- e) The Group made a write-down of RM0.6 million on a Kuala Lumpur property to reflect the price at which it has been contracted to be sold.
- f) A write-down of RM2.4 million was made to bring inventory down to its net realisable value, partly offset by the reversal of RM2.1 million written down in previous years.
- g) A charge of RM1.2 million was made on warranty provision.

6 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 30 June 2006.

7 Taxation

	3 months ended		6 months ended	
	30.6.2006	30.6.2005	30.6.2006	30.6.2005
	RM'000	RM'000	RM'000	RM'000
Income tax	4,354	4,504	4,998	4,913
Deferred tax	(2,598)	(1,991)	(1,786)	(964)
	1,756	2,513	3,212	3,949

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

	%	%	%	%
Statutory income tax rate of Malaysia	28	28	28	28
Expenses not deductible for tax purposes	-	3	-	5
Prior year over provision	-	(4)	-	(3)
Current year's tax losses not recognised	1	-	2	-
Utilisation of previously unrecognised temporary differences/tax losses	-	(2)	-	(3)
Temporary differences previously recognised as deferred tax asset, now reversed	14	-	9	-
Income not subject to tax	(25)	-	(19)	-
Average effective tax rate	18	25	20	27

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8 Earnings per Share

	3 months ended		6 months ended	
	30.6.2006	30.6.2005	30.6.2006	30.6.2005
Basic earnings per share				
Net profit for the period (RM'000)	7,989	7,659	13,139	10,871
Weighted average number of ordinary shares in issue ('000)	100,745	100,745	100,745	100,745
Basic earnings per share (sen)	7.93	7.60	13.04	10.79

9 Sales of Unquoted Investments and / or Properties

During the half year, on completion of sale, the Group recognised a gain of RM0.7 million on a property in Kuching and RM7.6 million on two properties in Petaling Jaya, Selangor. Properties which have been sold pending completion consisted of:

- An investment property in Ipoh, Perak (completed on 24 July 2006, loss is insignificant).
- A property in Kuala Lumpur (completion expected by August 2006, gain/loss is expected to be insignificant).
- Four properties in Petaling Jaya, Selangor (completion expected by November 2006 with an expected net of tax gain of RM32.3 million).

There were no sales of any unquoted investments or properties for the six months ended 30 June 2006 other than as mentioned above.

10 Short Term Investments

- Purchases and disposals
There were no purchases or disposals of any short term investments for the six months ended 30 June 2006.
- Investment as at 30 June 2006

	RM'000
At cost	3,352
At book value	712
At market value	712

11 Property, Plant and Equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment loss where applicable other than buildings and freehold land which are stated at valuation, following the change in accounting policy. Independent professional valuation will be performed every three years, the first was in January 2006

12 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 30 June 2006.

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the Financial Information
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13 Dividends

(a)	(i)	An interim ordinary dividend and a special dividend have been declared:		
			Sen	
	(ii)	Amount per share	Interim	Special
	(iii)	Previous corresponding period	5.0	203.0
	(iv)	Date payable	5.0	Nil
	(v)	In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 29 September 2006; and	27 October 2006	
(b)		The total dividend for the current financial year	208.0	
		The above dividend per share is before tax, the dividend will be paid net of income tax of 28%.		

14 Off Balance Sheet Financial Instruments

The Company is a party to financial instruments that reduce exposure to fluctuations in foreign currency exchange. These instruments, which mainly comprise foreign currency forward contracts, are not recognised in the financial statements on inception. The purpose of these instruments is to reduce risk.

Foreign currency forward contracts protect the Company from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled. Any increase or decrease in the amount required to settle the asset or liability is offset by a corresponding movement in the value of the forward exchange contract. The gains and losses are therefore offset for financial reporting purposes and are not recognised in the financial statements.

As at 30 June 2006, the open position of foreign currency forward contracts entered into by the Company was RM1.0 million (the fair value was an unfavourable net position of RM810), all of which have been closed as at 4 August 2006. There were no other foreign currency forward contracts entered into by the Company after 30 June 2006.

The instruments are executed with credit worthy financial institutions in Malaysia. The Directors are of the view that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

15 Changes in the Composition of the Group

There were no changes in the composition of the Group for the six months ended 30 June 2006 including business combination, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations, other than the incorporation of two new 100% owned subsidiaries:

- 1) Cycle & Carriage Parts and Accessories Sdn Bhd was incorporated on 18 January 2006. Its paid-up capital was increased to RM2.5 million on 3 April 2006. This company has taken over the parts business from the Group's 100% owned subsidiary, Cycle & Carriage (Malaysia) Sdn Bhd ("CCM") with effect from June 2006. CCM will focus on its vehicle retail business.
- 2) Cycle & Carriage Motors Sdn Bhd was incorporated on 19 May 2006. The company has not commenced operations.

16 Status of Corporate Proposals

There were no corporate proposals undertaken/announced but not completed at the date of issue of this quarterly report other than the following:

- i) On 1 July 2005, the Company announced that CCL Group Properties Sdn Bhd ("CCLGP"), its 40% owned associated company and CCLGP's subsidiaries had commenced members' voluntary liquidation.
- ii) On 29 December 2005, the Company entered into a sale and purchase agreement for the disposal of two properties in Kuching for a total consideration of RM3.0 million. One of the transactions was completed in January 2006 while the other is pending fulfillment of certain conditions.

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16 Status of Corporate Proposals (Cont'd)

- iii) On 28 February 2006, the Company announced that Volkswagen Group Malaysia Sdn Bhd (“Volkswagen”), the authorised distributor of Volkswagen vehicles in Malaysia, are in preliminary discussions with the Company with the intention to appoint the Company or its nominee company, as a dealer for Volkswagen products in Malaysia (“Proposed Dealership”). The Proposed Dealership discussion is on going at the date of issue of this report.
- iv) On 25 May 2006, the Company announced that it had entered into the following transactions:
- Sale and leaseback of Lot 13A & 13B, Jalan 225, Petaling Jaya for a total sale consideration of RM32.5 million and a leaseback for a term of 6 years upon the completion of the sale. The sale was completed on 30 June 2006 with a gain of RM7.6 million;
 - Sale and leaseback of Lot 9, Jalan 219, Petaling Jaya for a total sale consideration of RM9.6 million and a leaseback for a term of 3 years upon the completion of the sale. The sale is expected to be completed by November 2006;
 - Sale of Lot 11, Jalan 219, Lot 11, Jalan 225 and Lot 13, Jalan 225, Petaling Jaya for a total sale consideration of RM42.9 million. The sales are expected to be completed by November 2006.

17 Group Borrowings and Debt Securities

Group borrowings and debt securities as at 30 June 2006:

	RM'000
Bank overdraft	3,405
Revolving credit	45,000
Total	<u>48,405</u>

All the borrowings were short term, unsecured and denominated in Ringgit Malaysia.

18 Contingent Liabilities

As at the date of issue of this quarterly report, there were no material changes in contingent liabilities as disclosed in the Annual Financial Report for the year ended 31 December 2005.

19 Material Litigation

- a) On 9 July 1998, the Company initiated legal action against a debtor, Transit Link Sdn Bhd and its guarantor, Tan Hooi Chong, for the recovery of RM15.2 million of outstanding debts for the supply of bus chassis to the debtor. Consent Judgment was obtained on 13 July 2000 for settlement by 1 May 2001. However, the debts were not recovered by the stated date. The Company then initiated execution proceedings against both the debtor and the guarantor. The guarantor was adjudged a bankrupt on 30 August 2002 and winding-up order against the debtor was obtained on 22 May 2003. The debts have already been fully provided in the financial statements in prior years.
- b) In 1997, the Company supplied units of bus chassis to Transit Link Sdn Bhd (“Transit Link”) and was paid by Transit Link’s appointed bus body builder, Hup Lee Coachbuilders Holdings Sdn Bhd (“Hup Lee”).

On 10 February 2004, Hup Lee served a Writ of Summons on the Company after an earlier Originating Summons on the same matter was dismissed. In the Writ, Hup Lee is seeking the return of the monies it paid to the Company alleging wrongful payment of RM8 million plus accrued interest. The Company filed its defence on 2 March 2004 and is currently appealing against the dismissal of its earlier application to strike out the claim. Based on legal advice, the directors believe that the Company has a reasonable chance of succeeding in its appeal and striking off Hup Lee’s action and accordingly, no provision has been made in the financial statements for this claim.

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20 Capital Commitments

Capital Commitments of the Group as at 30 June 2006 in relation to acquisition of property, plant and equipment were as follows:

	RM'000
Approved and contracted	2,556
Approved but not contracted	2,727
Total	<u>5,283</u>

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

The Group recorded an unaudited profit before taxation from continuing operations of RM9.7 million in the second quarter of 2006, RM3.2 million higher than the preceding quarter. Current quarter's results had the benefit of a gain on disposal of two properties in Petaling Jaya of RM7.6 million, offset by a write-down of RM0.6 million on a Kuala Lumpur property contracted to be sold, while the previous quarter's results included a gain of RM0.7 million from disposal of a property in Kuching and RM1.5 million of incentives extended by DaimlerChrysler Malaysia for achieving dealer standard.

22 Review of Revenue and Profit from Operations

An analysis of the profit after taxation from operations as a result of the transfer of Mercedes-Benz wholesale ("MB wholesale") business to DaimlerChrysler Malaysia Sdn Bhd and the early termination of Mercedes-Benz assembly ("MB assembly") is given below:

	3 months ended 30.6.2006				3 months ended 30.6.2005			
	Continuing Operations	Discontinued Operations		Total	Continuing Operations	Discontinued Operations		Total
		MB wholesale	MB Assembly			MB wholesale	MB Assembly	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	168,736	-	-	168,736	181,522	-	31,299	212,821
Expenses	(170,646)	-	87	(170,559)	(179,374)	214	(31,367)	(210,527)
Other								
Income	12,059	-	-	12,059	7,945	48	117	8,110
Finance								
Cost	(436)	-	-	(436)	(787)	-	-	(787)
Associated								
Company	(55)	-	-	(55)	603	-	-	603
PBT	9,658	-	87	9,745	9,909	262	49	10,220
Taxation	(1,756)	-	-	(1,756)	(2,513)	(83)	35	(2,561)
PAT	7,902	-	87	7,989	7,396	179	84	7,659

PBT : Profit before taxation

PAT : Profit after taxation

CYCLE & CARRIAGE BINTANG BERHAD
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22 Review of Revenue and Profit from Operations (Cont'd)

	6 months ended 30.6.2006				6 months ended 30.6.2005			
	Continuing Operations	Discontinued Operations		Total	Continuing Operations	Discontinued Operations		Total
		MB wholesale	MB Assembly			MB wholesale	MB Assembly	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	316,119	-	-	316,119	344,179	-	50,255	394,434
Expenses	(316,496)	-	243	(316,253)	(340,319)	172	(50,376)	(390,523)
Other Income	17,417	11	-	17,428	11,238	120	117	11,475
Finance Cost	(886)	-	-	(886)	(1,561)	-	-	(1,561)
Associated Company	(55)	-	-	(55)	1,098	-	-	1,098
PBT	16,099	11	243	16,353	14,635	292	(4)	14,923
Taxation	(3,212)	(2)	-	(3,214)	(3,949)	(94)	(9)	(4,052)
PAT	12,887	9	243	13,139	10,686	198	(13)	10,871

Discontinued Operations

The first half of 2006 results included a gain of RM11,000 from the disposal of assets to DaimlerChrysler Malaysia Sdn Bhd compared to a gain of RM120,000 recorded in the corresponding period last year.

The MB assembly operation's results in the first half of 2006 consisted of the write-back of expenses of RM243,000.

Continuing Operations

The Group's net profit before gain on disposal of properties for the first half of 2006 at RM4.6 million was 57% below the corresponding period in 2005. The decline was due to weak trading conditions and the investment return from DaimlerChrysler Malaysia being lower than the comparative period following a change in the timing of the recognition of income. In addition, there was no contribution from the 40% interest in CCL Group Properties Sdn Bhd which is in members' voluntary liquidation following the sale of its remaining property.

Net profit attributable to shareholders after accounting for the gain of RM8.3 million from the disposal of properties was RM12.9 million, 21% above the first half of 2005. The disposal of surplus properties followed the termination of the Group's assembly activities. A further gain of about RM32.3 million is expected in the fourth quarter when the agreed sale of the remaining Petaling Jaya sites are contracted to complete.

The Group's Mercedes-Benz business remained resilient in a difficult market, benefiting from an improved after sales contribution. The dealerships in Petaling Jaya, Ipoh and Johor Bahru performed better, but the Kuala Lumpur dealership was affected by the relocation to new premises in Mutiara Damansara.

Both the Peugeot and Mazda businesses have struggled post the National Automotive Policy as a result of a tightening of consumer credit and a deterioration in the used car market. The launch of the 206 Bestari for which the Group provides the after sales support, is expected to produce positive contribution in the second half. The launch of the facelift Mazda 3 and Mazda 6 towards the end of the year are also expected to boost sales.

23 Variance of Actual Profit from Forecast Profit

The Company did not make any profit forecast.

24 Material Subsequent Events

There were no material events subsequent to 30 June 2006 and the date of issue of this report other than the declaration of a special dividend as disclosed in Note 13 above.