



Jardine Cycle & Carriage

JARDINE CYCLE & CARRIAGE LIMITED

FIRST QUARTER 2005 REPORT OF CYCLE & CARRIAGE BINTANG BERHAD

We append below the First Quarter 2005 Report released by our 59.1% subsidiary, Cycle & Carriage Bintang Berhad, to the Kuala Lumpur Stock Exchange today for information.

Attach files

- 1. Highlights**
- 2. Income Statement**
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Company No. 196900092R

Submitted by Ho Yeng Tat, Group Company Secretary on 09/05/2005 to the SGX

CYCLE & CARRIAGE BINTANG BERHAD
Quarterly Announcement
for the first quarter ended 31 March 2005

Highlights

- Mercedes-Benz contribution down due to slower sales
- Peugeot sales continue to strengthen
- Mazda maintains sales but exchange rates impact margin
- Cost cutting reduces cost base

“The Group’s profits were lower than the first quarter of 2004. The results reflect mixed developments within its core businesses. The business environment remains highly competitive and the Group’s performance is very much dependent on the outcome of the new Malaysian Automotive Policy.”

Tan Sri Abdul Halim Bin Ali, *Chairman*
 9 May 2005

Results

	3 months ended		
	31 March		
	2005	2004	Change
	RM’000	RM’000	%
Revenue	181,613	194,317	(7)
Profit from ordinary activities before taxation	4,872	8,473	(42)
Net profit attributable to shareholders	3,212	6,000	(46)
	Sen	Sen	
Basic earnings per share	3.19	5.96	(46)
Diluted earnings per share	3.19	5.96	(46)
	As at	As at	
	31.3.2005	31.12.2004	
	RM’000	RM’000	
Shareholders’ funds	376,733	373,809	1
	RM	RM	
Net tangible assets per share	3.74	3.71	1

The results for the three months ended 31 March 2005 and 31 March 2004 were not audited. The financial position as at 31 December 2004 was audited.

CYCLE & CARRIAGE BINTANG BERHAD
Quarterly Announcement
for the first quarter ended 31 March 2005

Overview

The Group's profits were lower than the first quarter of 2004. The results reflect mixed developments within its core businesses.

Performance

The Group recorded an unaudited profit before taxation of RM4.9 million for the quarter ended 31 March 2005. The results were RM3.6 million, or 42% lower than the first quarter of 2004, which had the benefit of gains on the disposal of assets to DaimlerChrysler Malaysia of RM1.5 million and a RM0.7 million gain on a property sale.

The results of the Mercedes-Benz retail business were below those of the first quarter of 2004 as vehicle sales slowed.

The sales of both Mazda and Peugeot improved compared to the first quarter of 2004, although the Mazda margins came under pressure as cost of sales increased due to a stronger Yen. Peugeot benefited from a favourable response to the newly launched 407 model.

Costs continued to be contained following the manpower restructuring exercises undertaken towards the end of 2004.

Outlook

The business environment remains highly competitive and the Group's performance is very much dependent on the outcome of the new Malaysian Automotive Policy.

Tan Sri Abdul Halim Bin Ali,
Chairman
9 May 2005

CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Income Statements
for the first quarter ended 31 March 2005

	Note	Unaudited 3 months ended		Unaudited Cumulative quarter ended	
		31.3.2005 RM'000	31.3.2004 RM'000	31.3.2005 RM'000	31.3.2004 RM'000
REVENUE	3 & 4	181,613	194,317	181,613	194,317
EXPENSES EXCLUDING FINANCE COST AND TAX		(179,996)	(190,933)	(179,996)	(190,933)
OTHER OPERATING INCOME		3,365	5,454	3,365	5,454
PROFIT FROM OPERATIONS		4,982	8,838	4,982	8,838
FINANCE COST		(774)	(1,401)	(774)	(1,401)
SHARE OF RESULTS OF ASSOCIATED COMPANIES		664	1,036	664	1,036
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION	3	4,872	8,473	4,872	8,473
TAXATION	7				
- Company and subsidiary companies		(1,491)	(2,225)	(1,491)	(2,225)
- associated companies		(169)	(248)	(169)	(248)
		(1,660)	(2,473)	(1,660)	(2,473)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		3,212	6,000	3,212	6,000
		sen	sen	sen	sen
Earnings per share	8				
- basic		3.19	5.96	3.19	5.96
- diluted		3.19	5.96	3.19	5.96

The Condensed Consolidated Income Statement should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2004.

CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Balance Sheet

	Note	As at 31 March 2005 RM'000	As at 31 December 2004 RM'000
NON CURRENT ASSETS			
Property, plant and equipment	9 & 11	116,984	116,337
Investments in associated companies		89,011	88,804
Investments in unquoted shares		66,003	66,003
Hire purchase receivables		1,055	1,598
Deferred tax assets		1,083	2,115
CURRENT ASSETS			
Inventories		182,392	202,351
Trade and other receivables		81,132	81,923
Short term investments	10	1,563	1,609
Bank and cash balances		20,999	8,277
		286,086	294,160
CURRENT LIABILITIES			
Provision for liabilities and charges		(10,273)	(9,953)
Trade and other payables		(72,094)	(65,740)
Revolving credit and bankers acceptance	17	(100,900)	(119,479)
Taxation		(222)	(36)
		(183,489)	(195,208)
NET CURRENT ASSETS			
		102,597	98,952
		376,733	373,809
CAPITAL AND RESERVES			
Share capital	12	100,745	100,745
Share premium		23,857	23,857
Reserves		252,131	249,207
		376,733	373,809

The Condensed Consolidated Balance Sheet should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2004.

CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Statement of Changes in Equity
for the first quarter ended 31 March 2005

	Share capital RM'000	Non-distributable		Distributable	Total RM'000
		Share premium RM'000	Other reserves RM'000	Revenue reserve RM'000	
At 31 December 2004	100,745	23,857	10,724	238,483	373,809
Net profit for the period	-	-	-	3,212	3,212
Share of exchange difference arising on consolidation	-	-	(288)	-	(288)
Share of realisation of revaluation reserve in associate	-	-	(623)	623	-
Net (loss)/gain not recognised in the income statement	-	-	(911)	623	(288)
At 31 March 2005	100,745	23,857	9,813	242,318	376,733
At 31 December 2003	100,745	23,857	9,265	235,422	369,289
Net profit for the period	-	-	-	6,000	6,000
Share of exchange difference arising on consolidation	-	-	412	-	412
Negative goodwill	-	-	-	1,836	1,836
Adjustment for prior year overstatement of gain in associate	-	-	-	(2,716)	(2,716)
Net gain/(loss) not recognised in the income statement	-	-	412	(880)	(468)
At 31 March 2004	100,745	23,857	9,677	240,542	374,821

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 2004.

CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Cash Flow Statement
for the first quarter ended 31 March 2005

	Note	3 months ended 31.3.2005 RM'000	3 months ended 31.3.2004 RM'000
OPERATING ACTIVITIES			
Cash from operations		34,729	50,632
Interest paid		(802)	(1,049)
Interest received		15	241
Taxation paid		(148)	(135)
Net cash flow from operating activities		33,794	49,689
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		213	3,857
Purchase of property, plant and equipment		(2,706)	(5,357)
Payment for investment in CCM net of cash		-	(22,572)
Dividends received		-	14
Net cash flow from investing activities		(2,493)	(24,058)
FINANCING ACTIVITIES			
Revolving credit and bankers acceptance	17	(18,579)	(28,769)
Net cash flow from financing activities		(18,579)	(28,769)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		12,722	(3,138)
CASH AND CASH EQUIVALENTS AT			
- BEGINNING OF PERIOD		8,277	31,395
- END OF PERIOD		20,999	28,257

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 2004.

CYCLE & CARRIAGE BINTANG BERHAD

Notes to the Financial Information

for the first quarter ended 31 March 2005

1 Basis of Preparation

This interim report is prepared in accordance with 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 2004.

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 2004.

2 Qualification of Audit Report

The Group's financial statements for the year ended 31 December 2004 were not subject to any qualification by the auditor.

3 Segment Reporting

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

	Automobile industry RM'000	* Investment RM'000	Other RM'000	Group RM'000
3 months ended 31 March 2004				
Revenue	194,317	-	-	194,317
Profit before tax	4,780	2,799	894	8,473
3 months ended 31 March 2005				
Revenue	181,613	-	-	181,613
Profit before tax	1,439	2,769	664	4,872

* 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 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 (hereinafter refer to "the 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.

For the three months ended 31 March 2005, the Group recognised the minimum assured amount of RM2.8 million based on a time apportioned basis.

4 Seasonal or Cyclical Factors

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

5 Individually Significant Items

Individually significant items for the three months ended 31 March 2005 were as follows:

- The Group recognised income of RM2.8 million in respect of the investment in DaimlerChrysler Malaysia Sdn Bhd on a time apportioned basis as disclosed in Note 3 above.
- The Group recognised income of RM0.8 million awarded by DaimlerChrysler Malaysia Sdn Bhd in 2005 on achievement of 2004 dealers' standards.
- An allowance of RM1.4 million was made to bring inventory to its net realisable value, partly offset by a RM1.2 million reversal of part of prior year inventory write-down.
- A charge of RM0.6 million was made during the quarter for provision and allowance on warranty, offset by a reversal of RM0.4 million on warranty written off previously.

6 Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect for the three months ended 31 March 2005.

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the Financial Information
for the first quarter ended 31 March 2005

7 Taxation

	3 months ended		Cumulative quarter ended	
	31.3.2005 RM'000	31.3.2004 RM'000	31.3.2005 RM'000	31.3.2004 RM'000
Income tax	459	303	459	303
Prior year under provision	-	1	-	1
Deferred tax	1,032	1,921	1,032	1,921
Share of tax in associated companies	169	239	169	239
Share of deferred tax in associated companies	-	9	-	9
	1,660	2,473	1,660	2,473

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 purpose	6	1	6	1
Average effective tax rate	34	29	34	29

8 Earnings per Share

	3 months ended		Cumulative quarter ended	
	31.3.2005	31.3.2004	31.3.2005	31.3.2004
(a) Basic earnings per share				
Net profit for the period (RM'000)	3,212	6,000	3,212	6,000
Weighted average number of ordinary shares in issue ('000)	100,745	100,745	100,745	100,745
Basic earnings per share (sen)	3.19	5.96	3.19	5.96
(b) Diluted earnings per share				
Net profit for the period (RM'000)	3,212	6,000	3,212	6,000
Weighted average number of ordinary shares:				
- in issue ('000)	100,745	100,745	100,745	100,745
- adjustment for share options ('000)	*	*	*	*
- for diluted earnings per share calculation ('000)	100,745	100,745	100,745	100,745
Diluted earnings per share (sen)	3.19	5.96	3.19	5.96

* The effects of anti-dilutive potential ordinary shares (arising from share options) are ignored in calculating the diluted earnings per share.

9 Sales of Unquoted Investments and / or Properties

There were no sales of any unquoted investments or properties for the three months ended 31 March 2005.

CYCLE & CARRIAGE BINTANG BERHAD

Notes to the Financial Information

for the first quarter ended 31 March 2005

10 Short Term Investments

a) Purchases and disposals

There were no purchases or disposals of any short term investments for the three months ended 31 March 2005.

b) Investment as at 31 March 2005

	RM'000
At cost	3,356
At book value	1,563
At market value	1,563

11 Property, Plant and Equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment loss where applicable.

12 Debts and Equity Securities

There were no issuances 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 31 March 2005.

13 Dividends

The Board of Directors does not recommend the payment of any dividend in the quarter under review.

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 31 March 2005, the open position of foreign currency forward contracts entered into by the Company was RM11.7 million (the fair value was an unfavourable net position of RM267,000), of which RM2.3 million has been closed as at 3 May 2005. There were no foreign currency forward contracts entered into by the Company after 31 March 2005.

The details of the open contracts as at 3 May 2005 are as follows:

Maturity	Foreign Currency	RM
	Amount Yen	Equivalent
Within 1 month	120,000,000	4,378,220
More than 1 month, less than 3 months	140,000,000	5,069,400
Total	<u>260,000,000</u>	<u>9,447,620</u>
The fair value as at 3 May 2005 was a favourable net position of		<u><u>18,980</u></u>

The above 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.

CYCLE & CARRIAGE BINTANG BERHAD

Notes to the Financial Information for the first quarter ended 31 March 2005

15 Changes in the Composition of the Group

There were no changes in the composition of the Group for the three months ended 31 March 2005 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing 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 14 January 2005, the Group's wholly-owned subsidiary companies, Asia Automobile Industries Sendirian Berhad ("AAI") and Srisari Sdn Bhd ("Srisari") each entered into a separation agreement with DaimlerChrysler Malaysia Sdn Bhd for the early termination of the assembly agreements currently undertaken by AAI of Mercedes Benz C-Class, S-Class and commercial vehicles and Srisari of Mercedes Benz C-Class, E-Class and S-Class engines, upon the terms and conditions set out in the Separation Agreements. The current arrangements will end by end of July 2005.

17 Group Borrowings and Debt Securities

Group borrowings and debt securities as at 31 March 2005:

	RM'000
Bankers acceptance	75,900
Revolving credit	25,000
Total	<u>100,900</u>

All the borrowings were short term, unsecured and were 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 2004.

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) On 18 April 2003, the Company was served an Originating Summons from the solicitors of Hup Lee Coachbuilders Holdings Sdn Bhd ("Hup Lee") for a claim of RM5 million. An amended Originating Summons was served on 1 July 2003 increasing the claim. Hup Lee claimed RM8 million plus interest accrued thereon being alleged wrongful payment made by Hup Lee to the Company in 1997 in respect of some units of bus chassis supplied by the Company to Transit Link Sdn Bhd. Hup Lee was then the appointed bus body builder of Transit Link Sdn Bhd. This Originating Summons was dismissed by the Court on 6 January 2004.

Hup Lee subsequently served a Writ of Summons against the Company on 10 February 2004 on the above claim. The Company filed its defence on 2 March 2004. The hearing on the Company's application to strike out the claim and the mention on Case Management has been postponed by the Court to 10 May 2005. Based on legal advice, the directors believe that the Company has a reasonable chance of successfully defending the action.

CYCLE & CARRIAGE BINTANG BERHAD

Notes to the Financial Information

for the first quarter ended 31 March 2005

20 Capital Commitments

Capital Commitments of the Group as at 31 March 2005 in relation to acquisition of property, plant and equipment were as follows:

	RM'000
Approved and contracted	17,887
Approved but not contracted	6,450
Total	24,337

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

The Group achieved an unaudited profit before taxation of RM4.9 million in the first quarter of 2005, RM2.8 million higher than the preceding quarter, due partly to the improved vehicle margins and better after-sales results in the Mercedes-Benz operations. The preceding quarter's results were also affected by a charge of RM7.3 million from the early termination of assembly agreements, offset by a gain of RM5.4 million on the sale of a property.

22 Review of Revenue and Profit from Operations

An analysis of the revenue and profit 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		Cumulative quarter ended	
	31.3.2005	31.3.2004	31.3.2005	31.3.2004
Revenue				
Discontinuing operation – MB wholesale	-	10,382	-	10,382
Discontinuing operation – MB assembly	18,956	17,367	18,956	17,367
Continuing operations	162,657	166,568	162,657	166,568
	181,613	194,317	181,613	194,317
Profit/(loss) from operations				
Discontinuing operation – MB wholesale	30	962	30	962
Discontinuing operation – MB assembly	(53)	454	(53)	454
Continuing operations	5,005	7,422	5,005	7,422
	4,982	8,838	4,982	8,838

Discontinuing Operations

The clearance of the tail-end Mercedes-Benz commercial vehicle stocks carried over, continued in 2005. The first quarter results also included a gain of RM72,000 from the disposal of assets to DaimlerChrysler Malaysia Sdn Bhd compared to a gain of RM1.5 million recorded in the corresponding quarter last year.

The MB assembly operations incurred a small operating loss as the fixed fees derived from assembly were lower as agreed under the early termination of the assembly agreements as disclosed in Note 16 (i) above.

Continuing Operations

The results of the Mercedes-Benz retail business were below those of the first quarter of 2004 as vehicle sales slowed.

The sales of both Mazda and Peugeot improved compared to the first quarter of 2004, although the Mazda margins came under pressure as cost of sales increased due to a stronger Yen. Peugeot benefited from a favourable response to the newly launched 407 model.

Costs continued to be contained following the manpower restructuring exercises undertaken towards the end of 2004.

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the Financial Information
for the first quarter ended 31 March 2005

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 31 March 2005 that have not been reflected in the financial statements for the three months ended 31 March 2005 up to the date of issue of this quarterly report.