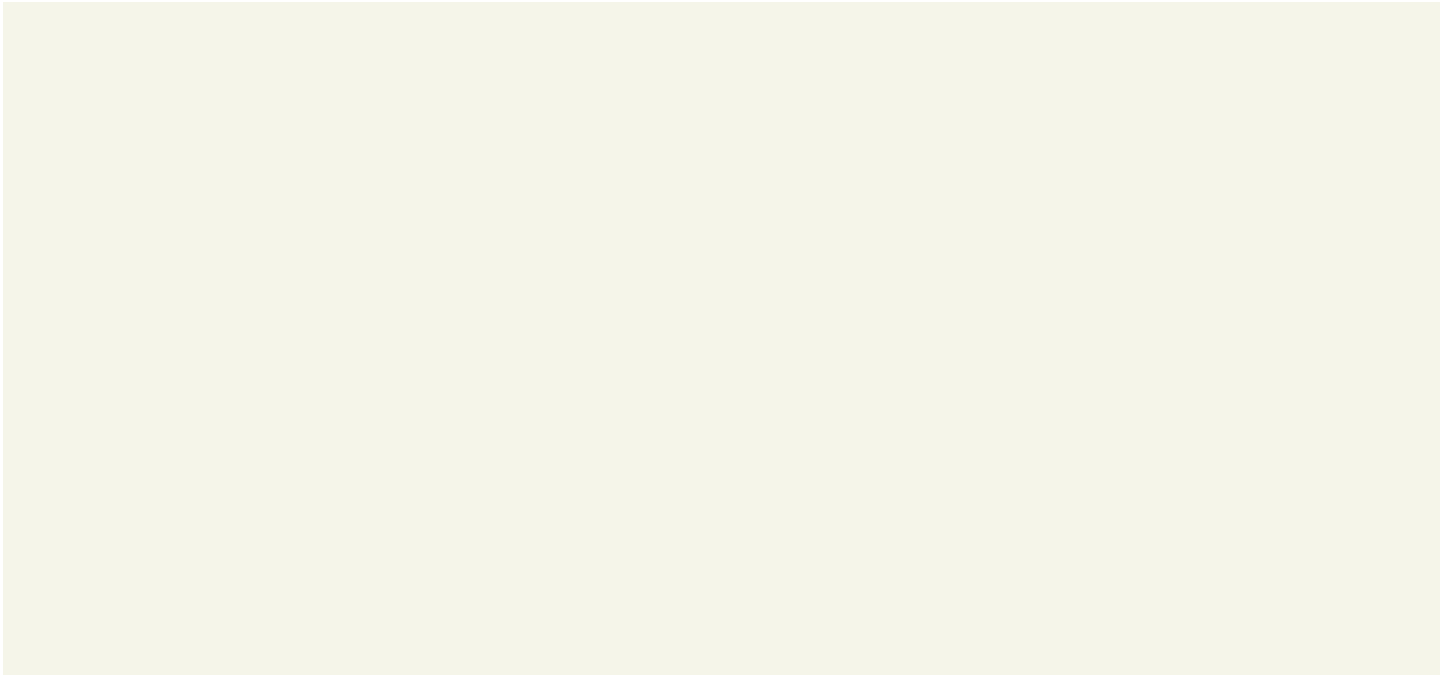


**BINTANG**  
Company No. 7378-D





# FINANCIAL CALENDAR

## Financial year ended 31 December 2004

### Announcement of results:

- first quarter 12 May 2004
- second quarter 2 August 2004
- third quarter 29 October 2004
- fourth quarter 17 February 2005

Issue of Annual Report

15 April 2005

2005 Annual General Meeting

9 May 2005

Entitlement to 2004 final dividend

31 May 2005

Payment of 2004 final dividend

24 June 2005

## Financial year ending 31 December 2005

### Announcement of results:

- first quarter 9 May 2005
- second quarter 25 July 2005
- third quarter 9 November 2005
- fourth quarter 13 February 2006

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# FINANCIAL HIGHLIGHTS

- Highest Mercedes-Benz passenger car retail sales since 1998
- Mazda and Peugeot performance improved
- Staff rationalization nears completion
- Net profit declines to RM15 million
- Assembly contracts to terminate by July 2005

## Results

	12 months ended 31 December		Change %
	2004 RM'000	2003 RM'000	
Revenue	757,262	871,761	(13)
Profit from ordinary activities before tax	25,588	38,391	(33)
Net profit attributable to shareholders	14,822	24,304	(39)
	Sen	Sen	
Basic earnings per share	14.7	24.7	(40)
Diluted earnings per share	14.7	24.7	(40)
	As at 31 December		
	2004 RM'000	2003 RM'000	
Shareholders' funds	373,809	369,289	1
	RM	RM	
Net tangible assets value per share	3.71	3.67	1



# CORPORATE PROFILE

**Cycle & Carriage Bintang Berhad, a member of the Jardine Cycle & Carriage Group, is principally involved in the assembly, distribution and retail of motor vehicles, distribution and sales of vehicle parts and servicing of vehicles. It is a major dealer of Mercedes-Benz motor vehicles and the sole distributor for Mazda and Peugeot motor vehicles in Malaysia.**



Jardine Cycle & Carriage is listed on the Singapore Exchange, and together with its subsidiaries and associates, the Group employs some 100,000 people in Southeast Asia, primarily Singapore, Malaysia, Indonesia and Thailand. It is a member of the Jardine Matheson Group.

# CORPORATE INFORMATION

## Board of Directors

Tan Sri Abdul Halim bin Ali Chairman  
Dato' Khalid bin Haji Ismail Deputy Chairman  
Steven Gareth Foster Managing Director  
Datuk Hassan Abas  
Tan Sri Abdul Rashid Hussain  
Anthony John Liddell Nightingale  
Cheah Kim Teck  
Dato' Kamaruddin bin Mahmood  
Syed Zaid bin Syed Jaffar Albar  
Neville Barry Venter  
Dato' Sulaiman bin Sujak  
Adam Phillip Charles Keswick  
Joshua Lariston Knightley Chetwode  
alternate to Neville Barry Venter

## Audit Committee

Tan Sri Abdul Rashid Hussain Chairman  
Dato' Kamaruddin bin Mahmood  
Syed Zaid bin Syed Jaffar Albar  
Datuk Hassan Abas  
Neville Barry Venter

## Remuneration Committee

Dato' Kamaruddin bin Mahmood Chairman  
Tan Sri Abdul Rashid Hussain  
Datuk Hassan Abas  
Adam Phillip Charles Keswick

## Nomination Committee

Tan Sri Abdul Rashid Hussain Chairman  
Dato' Kamaruddin bin Mahmood  
Tan Sri Abdul Halim bin Ali  
Anthony John Liddell Nightingale  
Dato' Sulaiman bin Sujak

## Secretaries

Yeap Kok Leong  
Joshua Lariston Knightley Chetwode

## Auditors

PricewaterhouseCoopers  
Chartered Accountants

## Registrar

Tenaga Koperat Sdn Bhd  
20th Floor, Plaza Permata  
Jalan Kampar  
Off Jalan Tun Razak  
50400 Kuala Lumpur  
Telephone: 03-40416522  
Facsimile: 03-40426352

## Registered Office

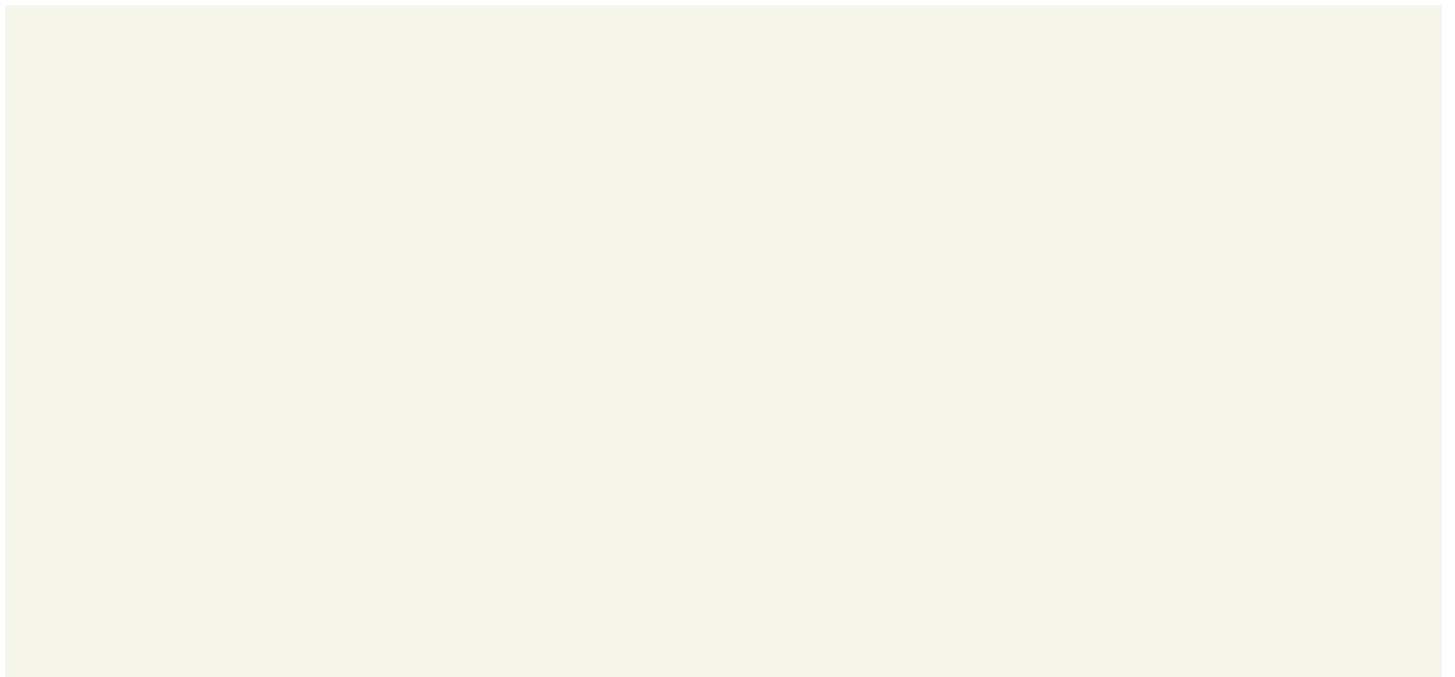
20th Floor, East Wing  
Plaza Permata  
Jalan Kampar  
Off Jalan Tun Razak  
50400 Kuala Lumpur  
Telephone: 03-40439411  
Facsimile: 03-40431233

## Website

[www.ccb.com.my](http://www.ccb.com.my)







# BOARD OF DIRECTORS

**Tan Sri Abdul Halim bin Ali** Tan Sri Abdul Halim, aged 61, a Malaysian, became the Non-Independent Non-Executive Chairman of the Board on 7 June 2001. He is also a member of the Nomination Committee. He is the Chairman of the Employees Provident Fund Board, Badan Pengawas Pemegang Saham Minoriti Berhad, Malaysia Building Society Berhad, Malakoff Berhad and a director of ESSO Malaysia Berhad and LCL Corporation Berhad. He is also Chairman of the Multimedia Development Corporation. He has in the past been Chief Secretary to the Government, Secretary General in the Ministry of Foreign Affairs and Ambassador to Austria and Vietnam. He graduated from the University of Malaya with a Bachelor of Arts (Honours) degree.

**Dato' Khalid bin Haji Ismail** Dato' Khalid, aged 64, a Malaysian, became a Non-Independent Non-Executive Director on 24 February 2003 and was subsequently appointed Deputy Chairman on 10 March 2004. He is presently the Group Country Chairman of Jardine Matheson Group of Companies in Malaysia. He also sits on the boards of Edaran Otomobil Nasional Berhad and Malaysian Discount House Berhad and Rangkaian Hotel Seri Malaysia of which he is Chairman. Previously, he held several senior posts in the Public Services Department, the Prime Minister's Department, the Ministry of Finance and retired as Secretary-General of the Ministry of Culture, Arts and Tourism Malaysia. Dato' Khalid holds a Bachelor of Arts (Honours) degree from University of Malaya and an MPA from University of Southern California, USA.

**Steven Gareth Foster** Mr Steven Foster, aged 38, a British citizen, joined the Company as the Director of Operations on 1 January 2003. He was appointed Managing Director on 10 March 2004. Before joining the Company, he has held several senior positions within the Jardine Motors Group. He was Managing Director of the Jardine Motors Group's Indian joint venture with the Tata Group and the Development Director for the Jardine Motor Group's UK operations. He is also a director of DaimlerChrysler Malaysia Sdn Bhd. Mr Foster holds a Bachelor of Arts (Honours) degree from Hatfield College, Durham.

**Datuk Hassan Abas** Datuk Hassan, aged 51, a Malaysian, joined the Board on 12 May 1993 as a Non-Independent Non-Executive Director. He was appointed Deputy Chairman on 29 September 1993 and resigned on 10 March 2004 while remaining as a Director. He is a member of the Audit Committee and the Remuneration Committee. He is currently the Deputy Chairman of Peremba (Malaysia) Sdn Bhd. He is an independent director on the board of Jardine Cycle & Carriage and MCL Land. He graduated from the University of Lancaster with a degree in Accounting and Finance and is a member of the Institute of Chartered Accountants in England & Wales.

**Tan Sri Abdul Rashid Hussain** Tan Sri Rashid, aged 58, a Malaysian, joined the Board on 26 October 1993 as an Independent Non-Executive Director. He is the Chairman of the Audit Committee and the Nomination Committee and a member of the Remuneration Committee. He was the Executive Chairman of the RHB Group of Companies, a company he founded and built over a span of 20 years. He left the RHB Group after selling his interest in the Group and currently runs his own investment company. He has more than 30 years of experience in the securities, fund management, merchant banking, commercial and consumer banking businesses and has spent most of these at the forefront of change and development of the financial services industry in Malaysia. He is currently a Trustee of the Prime Minister of Malaysia's Fellowship Exchange Foundation. He was previously the Chairman of Putrajaya Holdings Sdn Bhd from 1995 to 2000 and served as a board member and Chairman of the Executive Committee of Khazanah Nasional Berhad from 1994 to 1998.

**Anthony John Liddell Nightingale** Mr Nightingale, aged 57, a British citizen, joined the Board as a Non-Independent Non-Executive Director on 26 September 1995. He is also a member of the Nomination Committee. He is the Chairman of Jardine Pacific, Jardine Motors Group, MCL Land and Jardine Cycle & Carriage. He is a director of Jardine Matheson Ltd, Edaran Otomobil Nasional Berhad and Jardine Matheson; and a Commissioner of PT Astra International. He is the Chairman of the Hong Kong General Chamber of Commerce and a member of the Hong Kong Trade Development Council, the Economic and Employment Council in Hong Kong and the Greater Pearl River Delta Business Council. Mr Nightingale holds a Bachelor's degree (Honours) in Classics from Peterhouse, Cambridge.

**Dato' Kamaruddin bin Mahmood** Dato' Kamaruddin, aged 69, a Malaysian, joined the Board as an Independent Non-Executive Director on 29 June 1999. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. He also sits on the board of U-Wood Holdings Berhad. Dato' Kamaruddin has 30 years of experience in the Public Sector and held several senior positions. Among the positions held by him were the Deputy Director Budget of the Treasury Department, Secretary of the National Security Council in the Prime Minister's Department, Director General of Urban Development Authority and Secretary General of the Ministry of Housing and Local Government. Dato' Kamaruddin holds a Bachelor of Arts degree from University of Malaya and an MPA from State University of New York, United States.

**Syed Zaid bin Syed Jaffar Albar** Syed Zaid Albar, aged 50, a Malaysian, joined the Board as an Independent Non-Executive Director on 31 December 2001. He is also a member of the Audit Committee. Graduated from the United Kingdom as a barrister, he was admitted as an advocate and solicitor of the High Court of Malaya in 1980. He has been in active legal practice ever since and he is the managing partner of a law firm in Kuala Lumpur. He also sits on the board and audit committees of several listed companies, namely, Malaysian Pacific Industries Berhad, Narra Industries Berhad (formerly known as Hume Cemboard Berhad) and Malaysia Building Society Berhad.

**Neville Barry Venter** Mr Neville Venter, aged 53, a South African, became a Non-Independent Non-Executive member of the Board and Audit Committee on 13 December 2002. He joined Jardine Cycle & Carriage as the Group Finance Director in April 1999. He was previously the Finance Director of Jardine Pacific in Hong Kong and prior to joining the Jardine Matheson Group, he was the Group Financial Director of RENNIES Group in South Africa. He is an alternate director of MCL Land, a director of Jardine Cycle & Carriage and is on the Board of Commissioners of PT Astra International and PT Astra Agro Lestari. Mr Venter qualified as a Chartered Accountant of the South African Institute of Chartered Accountants.

**Dato' Sulaiman bin Sujak** Dato' Sulaiman, aged 71, a Malaysian, joined the Board as an Independent Non-Executive Director on 24 February 2003 and was appointed a member of the Nomination Committee on the same date. He has been with HSBC Bank Malaysia Berhad since 1989 and was an executive director and adviser from January 1994 to March 2004. He is now a non-executive and non-independent director of HSBC Bank Malaysia Berhad. A graduate of Royal Air Force College, Cranwell, England, Dato' Sulaiman served both with the Royal Air Force and the Royal Malaysian Air Force and was the first Malaysian Air Force Chief. He was an advisor (now known as Assistant Governor) of Bank Negara Malaysia and was the Commercial Director of Kumpulan Guthrie Berhad. He was also the Deputy Chairman of Malaysian Airline System Berhad for 24 years. He also sits on the Board of FACB Industries Incorporated Berhad and Nationwide Express Courier Services Berhad.

**Adam Phillip Charles Keswick** Mr Keswick, aged 32, a British citizen, joined the Board on 24 February 2003 as a Non-Independent Non-Executive Director. He became a member of the Remuneration Committee on 2 February 2005. He was the Group Strategy Director of the Jardine Cycle & Carriage Group. On 1 March 2005, he replaced Mr Philip Eng as the Group Managing Director of Jardine Cycle & Carriage. He is also a director of Jardine Matheson Ltd, MCL Land and an alternate director to Mr Anthony Nightingale on the Board of Edaran Otomobil Nasional Berhad. Mr Keswick is also a member on the Board of Commissioners of PT Astra International and PT United Tractors. He has previously been the Finance Director of Jardine Pacific and has worked in the Group Treasury of the Jardine Matheson Group and NM Rothschild & Sons. Mr Keswick graduated from Edinburgh University with a Master of Arts degree and holds a City Financial Diploma.

**Cheah Kim Teck** Mr Cheah, aged 53, a Singaporean, joined the Board on 2 February 2005 as a Non-Independent Non-Executive Director. Mr Cheah is the Chief Executive Officer of the Jardine Cycle & Carriage Group's motor operations excluding those held by PT Astra International. In this capacity, he oversees the Group's motor operations in Singapore, Malaysia and Thailand. He is a director of Jardine Cycle & Carriage and also an advisory committee member of PT Tunas Ridean. He sits on the boards of Singapore Totalisator and Trek 2000. Prior to joining the Group, he has held several senior marketing positions in multinational companies, namely McDonald's Restaurant, Kentucky Fried Chicken and Coca-cola. He holds a Master's degree in Marketing from the University of Lancaster, United Kingdom. He is also a council member of the Singapore Sports Council and a Senior Racing Steward with the Singapore Turf Club.

**Joshua Lariston Knightley Chetwode** Mr Joshua Chetwode, aged 37, a British citizen, joined the Company as the Director of Finance on 17 March 2003 and was appointed alternate to Mr Neville Barry Venter on 3 March 2003. He is concurrently the Finance Director of Jardine Cycle & Carriage's motor operations in Singapore. He has worked for the Jardine Matheson Group since 1994 in various finance roles in Hong Kong, Japan, France and Taiwan. He graduated from the London School of Economics and Political Science with a Bachelor of Science degree and is a member of the Institute of Chartered Accountants in England & Wales.



# CHAIRMAN'S STATEMENT

**Results** The Group produced a pre-tax profit of RM25.6 million for the year ended 31 December 2004. The result was RM12.8 million lower than 2003, which had the benefit of wholesale margins on Mercedes-Benz stocks carried over. The 2004 results were also impacted by a one-off charge of RM7.3 million in respect of retrenchment and asset impairment costs on the early termination of assembly contracts. In addition, the Group incurred net interest expense of RM3.1 million in 2004, as compared to earning net interest income of RM4.2 million in 2003 due to the special dividend paid in 2003.

The Board is recommending a final dividend of 10 sen per share, less tax for approval at the forthcoming Annual General Meeting of the Company. This, together with the interim dividend of 5 sen per share less tax, will yield a total distribution of 15 sen per share less tax for 2004.

**Developments** The Mercedes-Benz retail operations enjoyed sales of 1,393 units, the highest since 1998 despite a difficult and competitive market. Margins were however, squeezed, by the sale of the pre-facelift C-Class in the third quarter. After a good first half, the after-sales performance was affected by allowances for losses on warranty claims in the second half.

The Group's Mazda operations produced improved results with a new range of models and better margins. The Peugeot business continued to develop and achieved profitability in its second full year of operations whilst Cycle & Carriage Malaysia had a difficult year with vehicle sales and margins under pressure.

As announced on 14 January 2005, the Group reached agreement with DaimlerChrysler Malaysia ("DCM") on the early termination of the assembly contracts between DCM and Asia Automobile Industries and Srisari, respectively. All assembly of vehicles and engines will cease by the end of July 2005 and the companies will work together to achieve a seamless transfer of operations to Pekan, where DCM is consolidating its assembly operations.

The Group continued its review of its business processes and human resource requirements. Two more voluntary staff separation schemes took place in the year and resulted in a reduction of a further 119 staff at a payment of RM5.3 million.

During the year, the Company sold a leasehold property at Shah Alam, Selangor for RM7.1 million and the profit on disposal of RM5.3 million was recognised.

The necessary upgrading of facilities continued. In August, the Company bought a parcel of land in Mutiara Damansara for the construction of a new Mercedes-Benz Autohaus. Construction of a new Autohaus in Petaling Jaya is underway with both facilities due to open towards the end of 2005.

**Board Changes** Philip Eng resigned as Director on 2 February 2005 ahead of his retirement from the board of Jardine Cycle & Carriage Limited on 28 February 2005. Cheah Kim Teck, Chief Executive Officer of the Jardine Cycle & Carriage's group motor operations and a director of Jardine Cycle & Carriage Limited was appointed to replace him while Adam Keswick replaced Philip Eng on the Remuneration Committee. The Board would like to take this opportunity to express its appreciation for Philip Eng's valuable contribution to the Group during his 12 years with the Group and we wish him well in his retirement.

**Acknowledgement** The Group will continue to rely on the invaluable support of its customers, suppliers, dealers and business associates. This, together with the continued dedication and commitment of its employees, should ensure that the Group is able to meet the challenges ahead.

**Prospects** The competitive business environment, uncertainties over the duty structure and strength of foreign currencies will continue to have a significant effect on the Group's performance in 2005. With the Group's restructuring largely completed, however, the focus will increasingly be on improving the operations and enhancing shareholders' returns.

Tan Sri Abdul Halim bin Ali  
Chairman



# PENYATA PENGERUSI

**Keputusan** Bagi tahun kewangan berakhir 31 Disember 2004, Kumpulan menghasilkan keuntungan sebelum cukai sebanyak RM25.6 juta. Keputusan ini adalah RM12.8 juta lebih rendah berbanding pencapaian pada tahun 2003 yang menikmati manfaat daripada margin borong stok Mercedes-Benz yang dibawa ke hadapan. Keputusan tahun 2004 juga terjejas akibat caj sebanyak RM7.3 juta yang ditanggung sekali sahaja berhubung pemberhentian kerja kakitangan dan kos pengurangan aset akibat penamatan awal kontrak pemasangan. Di samping itu, Kumpulan juga menanggung perbelanjaan faedah bersih sebanyak RM3.1 juta pada tahun 2004, berbanding pendapatan faedah bersih sebanyak RM4.2 juta pada tahun 2003 berikutan dividen khas yang dibayar pada tahun 2003.

Lembaga Pengarah mencadangkan pembayaran dividen akhir sebanyak 10 sen sesaham, ditolak cukai, untuk diluluskan di Mesyuarat Agung Tahunan Syarikat yang akan diadakan. Jumlah ini bersama dengan dividen interim sebanyak 5 sen sesaham ditolak cukai, akan menghasilkan jumlah pembahagian sebanyak 15 sen sesaham bagi tahun 2004.

**Perkembangan** Operasi runcit Mercedes-Benz menikmati jualan sebanyak 1,393 unit, pencapaian tertinggi sejak tahun 1998 walaupun berhadapan dengan pasaran yang sukar dan bersaing. Walau bagaimanapun, margin tertekan berikutan penjualan C-Class sebelum diubahsuai pada tempoh suku ketiga. Selepas menikmati setengah tahun pertama yang memuaskan, prestasi selepas jualan terjejas akibat elaun kerugian untuk tuntutan waranti yang ditanggung pada tempoh setengah tahun kedua.

Operasi Mazda Kumpulan menghasilkan keputusan yang meningkat dengan jenis model baru serta margin yang bertambah baik. Perniagaan Peugeot terus membangun dan mencapai keuntungan pada tahun operasi penuh keduanya, sementara Cycle & Carriage Malaysia pula mengalami satu tahun yang sukar kerana menghadapi tekanan terhadap jualan kenderaan dan margin.

Seperti yang diumumkan pada 14 Januari 2005, Kumpulan telah mencapai persetujuan dengan DaimlerChrysler Malaysia ("DCM") berhubung dengan penamatan awal kontrak pemasangan di antara DCM dengan Asia Automobile Industries dan juga Srisari. Semua pemasangan kenderaan dan enjin akan tamat pada akhir bulan Julai 2005 dan kedua-dua syarikat tersebut akan bekerjasama untuk mencapai pemindahan operasi yang lancar ke Pekan, di mana DCM akan menyatukan operasi pemasangannya.

Kumpulan meneruskan usaha menyemak proses perniagaan dan keperluan sumber manusianya. Dua lagi skim pengasingan kakitangan secara sukarela telah dilaksanakan pada tahun ini yang mengakibatkan pengurangan seramai 119 orang lagi kakitangan dengan pembayaran sebanyak RM5.3 juta.

Pada tahun ini, Syarikat menjual hartanah pegangan pajakannya di Shah Alam, Selangor pada harga RM7.1 juta dan mencapai keuntungan sebanyak RM5.3 juta daripada penjualan tersebut.

Usaha menaiktaraf kemudahan diteruskan pada tahun ini. Pada bulan Ogos, Syarikat telah membeli sebidang tanah di Mutiara Damansara untuk membina sebuah Mercedes-Benz Autohaus baru. Pembinaan Autohaus baru di Petaling Jaya juga sedang dijalankan di mana kedua-dua kemudahan ini dijangka akan dibuka pada akhir tahun 2005.

**Perubahan Dalam Lembaga Pengarah** Philip Eng meletakkan jawatan sebagai Pengarah Syarikat pada 2 Februari 2005, iaitu lebih awal daripada tarikh persaraan beliau daripada Jardine Cycle & Carriage Limited pada 28 Februari 2005. Cheah Kim Teck, Ketua Pegawai Eksekutif kumpulan operasi motor Jardine Cycle & Carriage dan pengarah Jardine Cycle & Carriage Limited telah dilantik untuk menggantikan beliau, sementara Adam Keswick pula menggantikan Philip Eng untuk menganggotai Jawatankuasa Imbuan. Lembaga Pengarah ingin mengambil kesempatan ini untuk menyampaikan ucapan penghargaan kepada Philip Eng yang telah memberikan sumbangan berharga beliau kepada Kumpulan sepanjang 12 tahun berkhidmat dengan Kumpulan. Justeru itu, kami mengucapkan selamat bersara kepada beliau.

**Penghargaan** Kumpulan akan terus bergantung kepada sokongan yang amat berharga daripada para pelanggan, pembekal, wakil penjual serta rakan-rakan dalam perniagaan. Sokongan ini berserta dedikasi dan komitmen kakitangan akan memastikan kemampuan Kumpulan untuk menempuhi pelbagai cabaran pada masa hadapan.

**Prospek** Persekitaran perniagaan yang persaingan, ketidaktentuan struktur duit dan keteguhan matawang asing akan terus memberi kesan ketara kepada prestasi Kumpulan pada tahun 2005. Walaupun sebahagian besar proses penyusunan semula Kumpulan telah selesai, namun fokus Kumpulan akan terus dipertingkatkan untuk memperhebatkan lagi tahap operasinya serta menambah nilai pulangan pemegang saham.

Tan Sri Abdul Halim bin Ali  
Pengerusi

# MANAGING DIRECTOR'S REVIEW

The vehicle market in Malaysia had a slow start in 2004 with much uncertainty in the automotive industry, following the government's announcement of changes in the vehicle duty structure at the end of the previous year. The market picked up during the year with the economy growing at 7.1% and record sales of 487,000 vehicles were achieved, 20% above the previous year. The growth was reflected largely in the non-national vehicle sales, which were 43% up on 2003 and accounted for 33% of the total market, compared to 28% in the previous year. A proliferation of new entrants into the market and easy financing options created a wide choice for consumers and this growth is expected to continue into 2005, albeit at a lower rate.

## **MERCEDES-BENZ**

Mercedes-Benz passenger car sales represented 45% of the luxury car segment, 2% higher than 2003 and Cycle & Carriage Bintang ("CCB") contributed to this improvement with sales of 1,393 units, its best retail performance since 1998. Retail margins were however, affected by competition from other luxury marques, parallel importers and the run out of the pre-facelift C-Class. E-Class sales however, remained strong and the model retained its position as the preferred executive sedan in Malaysia. Commercial vehicle sales at 179 units were affected by strong competition and a shortage of products.

Contribution from after-sales continued to improve, recording the highest ever number of completed jobs. As important was an improvement in the customer satisfaction rating, with over 2,000 customers surveyed by an independent agency, expressing improvements in all areas during the year. This focus will continue in 2005.

The Group opened the first Autohaus dealership in Ipoh and also announced the development of two more showrooms in Petaling Jaya and Mutiara Damansara for 2005. This investment in the future of the Mercedes-Benz brand is an indication of the confidence the Group has in the future product offerings and co-operation with DaimlerChrysler Malaysia ("DCM"), the Group's 49%-held associate.

## **MAZDA**

The Mazda franchise continued to make good progress in Malaysia with the launch of two new models, the Mazda 6 and the Arista which helped to double the marque's contribution to the Group's overall performance. Sales increased by 16% but, margins which were strong in the first half of the year, were affected by the strength of the Japanese Yen in the second half. A total of 11 new dealers were added to the network following a restructuring exercise and this will continue into 2005 with a focus on after-sales. New products to be launched in 2005 will provide further opportunities for the franchise, although the success of the brand on a global scale has affected the allocation of stock to Malaysia.



## **PEUGEOT**

The Peugeot franchise was profitable in its second full year of operations although margins were affected by the rising Euro. Within the European segment, the brand performed well and the launch of the 407 in October generated much interest with 65 units delivered before the year end and a healthy order book going into 2005. Further product introductions are due in 2005 and the prospects, whilst remaining cautious due to the uncertainty of currency markets, look positive.

## **ASSEMBLY**

The assembly operations continued to do well with a positive contribution to the Group's results, following the rationalization programme in 2003. The production schedules set by DCM were met and the quality increased to a level significantly above the agreed targets. In early 2005, the Group announced that it had reached agreement with DCM to terminate the assembly contracts for C-Class, S-Class, commercial vehicles and engines by the end of July 2005, in line with DCM's strategy of consolidating its assembly operations in Pekan. An exceptional charge was made to the 2004 accounts to reflect the retrenchment costs arising from the early termination. The Company is reviewing options with respect to the assembly plant facilities.

## **CYCLE & CARRIAGE MALAYSIA ("CCM")**

Cycle & Carriage Malaysia became a wholly-owned subsidiary of CCB in March 2004, with the purchase of the 70% interest held by holding company, Jardine Cycle & Carriage Limited. Unfortunately, trading was adversely affected by the overall performance of the Proton franchise, whose market share dipped significantly in 2004. The other brands within the multi-franchise portfolio performed better, although Kia sales were affected by a lack of adequate supply. The company moved into new premises in the middle of the year, disrupting business for a period. The parts wholesale operation continued to grow and provided a strong gross profit. The insurance operations too increased its business levels.

## **CCL GROUP PROPERTIES**

Consistent with the Group's policy of exiting non-core or low-yielding assets, CCL Group Properties completed the sale of Menara Weld in 2004 and the sale of Wisma Cyclecarri in January 2005.

## The Group's businesses continue to operate well in a challenging and competitive market and in an environment of structural change.

### RATIONALIZATION AND RESTRUCTURING

The rationalization and restructuring of the Group continued in 2004 and through two successful selective voluntary separation schemes, headcount was reduced by a further 119 during the year, bringing the total reduction over the past 15 months to 230. This necessary action has provided a stable platform for 2005 and beyond.

Two properties, surplus to requirements, were disposed of during the year and capital gains reflected in the 2004 accounts.

Whilst much of the restructuring has been completed, there is an ongoing review to ensure that the Group is appropriately positioned to reflect its current business and future development plans.

### OUTLOOK

The Group's businesses continue to operate well in a challenging and competitive market and in an environment of structural change. Whilst it is expected that the total market will expand in 2005, the margin structure is expected to remain under pressure. However, with all three brands represented by the Group growing in 2004, and with the continued support from the principals, the outlook remains positive for both the existing businesses and new opportunities for growth.

Steven Gareth Foster  
Managing Director

# TINJAUAN PENGARAH URUSAN

Pasaran kenderaan di Malaysia bermula agak lembap pada tahun 2004 dengan pelbagai ketidakpastian dalam industri automotif berikutan pengumuman kerajaan berhubung perubahan dalam struktur duti pada akhir tahun sebelumnya. Pasaran pada tahun tersebut beransur kukuh dengan pertumbuhan ekonomi pada kadar 7.1% dan rekod jualan kenderaan sebanyak 487,000 unit berjaya dicapai, iaitu 20% lebih tinggi berbanding tahun sebelumnya. Pertumbuhan tersebut sebahagian besarnya dicapai menerusi jualan kenderaan bukan nasional yang meningkat sebanyak 43% daripada tahun 2003 dan meliputi 33% daripada keseluruhan pasaran berbanding 28% pada tahun sebelumnya. Pertambahan kemasukan baru ke dalam pasaran dan opsi pembiayaan yang mudah telah menyediakan pilihan yang luas kepada pengguna. Pertumbuhan ini dijangka akan berterusan hingga tahun 2005, walaupun pada kadar yang lebih rendah.

## **MERCEDES-BENZ**

Jualan kereta penumpang Mercedes-Benz mewakili 45% daripada segmen kereta mewah, meningkat 2% berbanding tahun 2003 di mana Cycle & Carriage Bintang ("CCB") menyumbang jualan sebanyak 1,393 unit kepada peningkatan tersebut. Ini adalah prestasi penjualan runcitnya yang terbaik pernah dicapai sejak tahun 1998. Walau bagaimanapun, margin jualan telah dijejaskan oleh persaingan daripada jenama-jenama mewah lain, pengimport jenama yang sama dan kehabisan C-Class sebelum diubahsuai. Walau bagaimanapun, jualan E-Class kekal kukuh dan model tersebut masih mengekalkan kedudukannya sebagai sedan eksekutif pilihan di Malaysia. Jualan kenderaan komersial sebanyak 179 unit adalah disebabkan oleh saingan yang hebat dan kekurangan bekalan produk.

Sumbangan daripada perkhidmatan selepas jualan terus meningkat dengan catatan tertinggi pernah dicapai dalam bilangan kerja yang diselesaikan. Juga tidak kurang pentingnya ialah peningkatan tahap kepuasan pelanggan, di mana hasil kajian yang dijalankan oleh sebuah agensi bebas di kalangan lebih 2,000 orang pelanggan menyatakan bahawa terdapat peningkatan dalam semua bidang pada tahun ini. Fokus ini akan diteruskan pada tahun 2005.

Kumpulan telah membuka Autohaus yang pertama di Ipoh dan turut mengumumkan pembangunan dua buah lagi ruang pameran di Petaling Jaya dan Mutiara Damansara bagi tahun 2005. Pelaburan dalam masa depan Mercedes-Benz ini adalah satu petanda menunjukkan keyakinan Kumpulan terhadap tawaran produk masa depan dan kerjasama dengan DaimlerChrysler Malaysia ("DCM"), syarikat dimana Kumpulan mempunyai pegangan sebanyak 49%.

## **MAZDA**

Francais Mazda terus mencapai kemajuan yang memberangsangkan di Malaysia dengan pelancaran dua model baru, Mazda 6 dan Arista yang membantu menggandakan sumbangan jenama tersebut kepada prestasi keseluruhan Kumpulan. Walaupun jualan meningkat sebanyak 16%, namun margin yang pada mulanya kukuh sepanjang setengah tahun pertama, telah dijejaskan oleh keteguhan Yen Jepun pada setengah tahun kedua. Berikutan pelaksanaan penyusunan semula, 11 wakil penjual baru telah ditambah ke dalam rangkaian jualan dan ini akan diteruskan hingga tahun 2005 dengan tumpuan diberikan kepada perkhidmatan selepas jualan. Walaupun kejayaan jenama tersebut di peringkat global telah menjejaskan peruntukan stok ke Malaysia, namun, produk-produk baru yang bakal dilancarkan pada tahun 2005 akan membuka lebih banyak peluang kepada francais tersebut.



## **PEUGEOT**

Francais Peugeot menjana keuntungan pada tahun penuh kedua operasinya walaupun margin yang diperolehi telah dijejaskan oleh kenaikan Euro. Dalam segmen kereta Eropah, jenama tersebut mencatat prestasi yang baik. Pelancaran model 407 pada bulan Oktober telah mencetuskan minat yang lebih tinggi dengan 65 unit dijual sebelum akhir tahun serta pesanan yang memberangsangkan telah diterima bagi tahun 2005. Walaupun masih berwaspada dengan ketidaktentuan pasaran matawang, namun prospek pengenalan produk selanjutnya yang akan dilaksanakan pada tahun 2005 dijangka positif.

## **PEMASANGAN**

Operasi pemasangan terus teguh dengan sumbangan positif kepada keputusan Kumpulan berikutan program rasionalisasi pada tahun 2003. Jadual pengeluaran yang ditetapkan oleh DCM telah dipenuhi dan kualiti meningkat ke satu tahap melangkaui sasaran yang dipersetujui. Sejalan dengan strategi DCM untuk menyatukan operasi pemasangannya di Pekan, pada awal tahun 2005, Kumpulan telah mengumumkan bahawa ia telah mencapai persetujuan dengan DCM untuk memberhentikan kontrak pemasangan bagi C-Class, S-Class, kenderaan komersial dan enjin menjelang akhir bulan Julai 2005. Satu caj terkecuali telah dibuat kepada akaun tahun 2004 untuk menunjukkan kos pengurangan pekerja akibat pemberhentian awal tersebut. Syarikat sedang mengkaji pilihan lain berhubung kemudahan loji pemasangan.

## **CYCLE & CARRIAGE MALAYSIA (“CCM”)**

Cycle & Carriage Malaysia menjadi syarikat subsidiari milik penuh CCB pada bulan Mac 2004 dengan pembelian 70% kepentingan yang dipegang oleh syarikat induk, Jardine Cycle & Carriage Limited. Malangnya, keseluruhan prestasi francais Proton yang mengalami penurunan pasaran yang ketara pada tahun 2004 telah membawa kesan negatif kepada perdagangan. Walaupun jualan Kia turut terjejas oleh kekurangan bekalan, namun jenama-jenama lain dalam portfolio pelbagai francais tersebut masih menunjukkan prestasi yang lebih baik. Perpindahan syarikat ke premis baru pada pertengahan tahun ini juga telah mengganggu perniagaan untuk beberapa ketika. Dalam pada itu, operasi jualan borong komponen kenderaan terus berkembang dan menyumbangkan keuntungan kasar yang teguh. Begitu juga dengan operasi insuran yang telah mempertingkatkan tahap perniagaannya.

## **CCL GROUP PROPERTIES**

Konsisten dengan dasar Kumpulan berhubung pelupusan aset bukan teras atau yang menghasilkan pulangan rendah, CCL Group Properties telah menyelesaikan jualan Menara Weld pada tahun 2004 dan jualan Wisma Cyclecarri pada bulan Januari 2005.

## Perniagaan Kumpulan terus beroperasi dengan baik walaupun dalam keadaan pasaran mencabar dan bersaing serta dalam persekitaran perubahan struktur.

### RASIONALISASI DAN PENYUSUNAN SEMULA

Rasionalisasi dan penyusunan semula Kumpulan diteruskan pada tahun 2004. Melalui kejayaan dua skim pengasingan sukarela selektif, bilangan kakitangan telah dikurangkan sebanyak 119 orang lagi pada tahun ini, menjadikan jumlah pengurangan sepanjang 15 bulan yang lalu kepada 230 orang. Tindakan yang sewajar ini telah menyediakan platform yang stabil untuk tahun 2005 dan tahun-tahun akan datang.

Dua hartanah yang merupakan lebih keperluan, telah dijual pada tahun ini dan keuntungan modal ditunjukkan dalam akaun tahun 2004.

Walaupun sebahagian besar proses penyusunan semula telah diselesaikan, namun kajian berterusan masih dijalankan bagi memastikan Kumpulan berada pada kedudukan yang wajar, bersesuaian dengan perniagaan semasa dan rancangan pembangunan masa depannya.

### SUASANA MASA DEPAN

Perniagaan Kumpulan terus beroperasi dengan baik walaupun dalam keadaan pasaran mencabar dan bersaing serta dalam persekitaran perubahan struktur. Walaupun keseluruhan pasaran dijangka berkembang pada tahun 2005, namun struktur margin dijangka kekal tertekan. Sungguhpun begitu, dengan perkembangan ketiga-tiga jenama yang diwakili oleh Kumpulan pada tahun 2004, dan dengan sokongan berterusan daripada prinsipal, suasana masa depan kekal positif bagi perniagaan sedia ada dan peluang-peluang baru untuk pertumbuhan.

Steven Gareth Foster  
Pengarah Urusan

# CORPORATE GOVERNANCE STATEMENT

The Board of Directors fully supports the recommendations of the Malaysian Code on Corporate Governance (“Code”) which sets out the broad principles for good corporate governance and best practices for listed companies.

The Board is committed to applying the recommendations of the Malaysian Code on Corporate Governance to ensure that good corporate governance is practiced throughout the Group to effectively discharge its responsibilities to protect and enhance shareholder value.

The Company has in place a Board Charter that encompasses amongst others the responsibilities, authorities, procedures and structures of the Board and Board Committees besides stressing the relationship between the Board and its management and the shareholders.

Set out below is a statement of how the Group has applied the principles of the Code. The Board of Directors confirms that the Group has complied with the best practices in the Code throughout the financial year ended 31 December 2004.

## THE BOARD OF DIRECTORS

The Board has overall responsibility for the strategic direction of the Group. The Board meets regularly to review corporate strategies, operations and performance of business units within the Group. All Board members bring an independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

During the financial year ended 31 December 2004, four Board meetings were held. Set out below is the record of attendance of the Board members:

Directors	Attendance
Tan Sri Abdul Halim bin Ali	4/4
Dato' Khalid bin Haji Ismail	4/4
Steven Gareth Foster	3/3
Datuk Hassan Abas	4/4
Tan Sri Abdul Rashid Hussain	3/4
Anthony John Liddell Nightingale	4/4
Philip Eng Heng Nee *	4/4
Dato' Kamaruddin bin Mahmood	4/4
Syed Zaid bin Syed Jaffar Albar	4/4
Neville Barry Venter	4/4
Dato' Sulaiman bin Sujak	4/4
Adam Phillip Charles Keswick	4/4

\* Philip Eng Heng Nee resigned as a Director on 2 February 2005 and he was replaced by Cheah Kim Teck on the same date. Cheah Kim Teck is a Non-Independent Non-Executive Director.

The Board has delegated specific responsibilities to three Board Committees, these are the Audit, Remuneration and Nomination Committees. These Committees have the authority to examine particular issues and report to the Board with their recommendations. The ultimate responsibility for the final decision on most matters lies with the entire Board.



## BOARD BALANCE

The Board currently has twelve members, comprising four Independent Non-Executive Directors, seven Non-Independent Non-Executive Directors and one Executive Director. Together, the Directors bring a wide range of business and financial experience relevant to the direction and objectives of the Group. A brief description of the background of each Director is presented on pages 12 to 14.

A clear division of responsibility between the Chairman and the Executive (Managing) Director exists to ensure a balance of power and authority. Formal position descriptions for the Chairman and the Executive (Managing) Director outlining their respective roles and responsibilities are set out in the Board Charter.

The composition of the Board is further balanced by the presence of Independent Non-Executive Directors. Although all the Directors have an equal responsibility for the Group's business directions and operations, the role of these Independent Non-Executive Directors are particularly important in ensuring that the strategies proposed by the management are fully discussed and evaluated, having considered the long term interests of all interested parties, including the shareholders, employees, customers, suppliers and the communities as a whole.

Tan Sri Abdul Rashid Hussain, who is the Chairman of the Audit Committee and the Nomination Committee, acts as the Senior Independent Non-Executive Director. Any concerns with regards to the Group may be conveyed to him.

The interests of major shareholders and the investment of minority shareholders are fairly reflected through Board representation.

## SUPPLY OF INFORMATION

The management is duty bound to furnish the Board with all material information for the Board to discharge its responsibilities. In order for the Board to function effectively, it is therefore important that matters for the Board's consideration are presented to all the Directors with sufficient time to enable the Directors to examine the issues and to obtain further explanations where necessary. As a general rule, Board papers are circulated for the Directors' review at least five days prior to any scheduled Board meeting. The Board papers include, among others, the following:

- Minutes of previous Board meeting
- Minutes of meetings of Committees of the Board
- Directors Circular Resolutions
- Monthly performance and variance report of the Group
- Operational issues, which include product and service quality, customer satisfaction, market share etc.
- Financial issues
- Funding requirements
- Business strategy issues
- Project papers

There is a schedule of matters reserved specifically for the Board's decision, including the approval of corporate plans and budgets, acquisition and disposal of major assets, major investments, changes to the management and control structure of the Group and issues in respect of key policies, procedures and authority limits.

The Board has also approved a procedure for Directors, whether as a full Board or in their individual capacity, to take independent advice, where necessary, in the furtherance of their duties and at the Group's expense.

All Directors have access to the advice and services of the Company Secretaries.

# The Board is committed to good corporate governance in discharging its responsibilities to protect and enhance shareholder value.

## APPOINTMENTS TO THE BOARD

The Malaysian Code on Corporate Governance endorses, as good practice, a formal procedure for appointments to the Board, with a nomination committee making recommendations to the Board. The Code, however, states that this procedure may be performed by the Board as a whole, although, as a matter of best practice, it recommends that this responsibility be delegated to a committee.

The Board has adopted the best practice and the Nomination Committee has been given the responsibilities to recommend new appointments to the Board.

## NOMINATION COMMITTEE

The present members of the Nomination Committee are:

- Tan Sri Abdul Rashid Hussain (Chairman)
- Dato' Kamaruddin bin Mahmood
- Dato' Sulaiman bin Sujak
- Tan Sri Abdul Halim bin Ali
- Anthony John Liddell Nightingale

This Committee met once during 2004. The meeting was attended by the Chairman of the Committee, Tan Sri Abdul Rashid Hussain and an Independent Non-Executive Director, Dato' Sulaiman bin Sujak. All the members of this Committee are Non-Executive Directors and the majority is independent including the Chairman of the Committee.

The primary function of the Nomination Committee is to recommend to the Board, candidates for directorships of the Company and its subsidiaries and Directors to fill the seats on Board Committees.

In addition, the Nomination Committee assesses the effectiveness of the Board, Board Committees and contributions of each individual Director. It also ensures an appropriate framework and plan for Board and management succession.

The Nomination Committee reviews annually and recommend to the Board the structure, size, balance and composition of the Board and Committees. This will require a review of the required mix of skills and experience including core competencies which Non-Executive Directors should bring to the Board and other qualities for the Board to function effectively and efficiently.

## DIRECTORS' TRAINING

As an integral part of the process of appointing new Directors, the Nomination Committee ensures that there is an orientation programme for new Board members. Directors also receive further training, from time to time, from professional bodies and training institutions as well as attending training programmes prescribed by Bursa Malaysia Securities Berhad.

## RE-ELECTION

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the Annual General Meeting following their appointment. The Articles also provide that at least one third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting and all Directors are to offer themselves for re-election once every three years.

## DIRECTORS' REMUNERATION

The Company is guided by the objectives as recommended by the Malaysian Code on Corporate Governance to determine the remuneration for Directors. The component parts of remuneration are structured so as to link rewards to corporate and individual performance, in the case of the Executive Director. In the case of Non-Executive Directors, the level of remuneration reflects the level of responsibilities undertaken by the particular non-executive concerned.

## REMUNERATION PROCEDURE

The Remuneration Committee recommends to the Board the framework of executive remuneration and its cost, including the remuneration package for the Executive Director. The Remuneration Committee also recommends the framework of fees payable to Non-Executive Directors. The Remuneration Committee may draw on the expertise of consultants before making recommendations to the Board. The final remuneration package offered to the Executive Director and the fees payable to Non-Executive Directors are the responsibilities of the entire Board.

## REMUNERATION COMMITTEE

The present members of the Remuneration Committee are:

- Dato' Kamaruddin bin Mahmood (Chairman)
- Tan Sri Abdul Rashid Hussain
- Datuk Hassan Abas
- Adam Phillip Charles Keswick

The new member of the Remuneration Committee is Adam Phillip Charles Keswick who replaced Philip Eng Heng Nee on 2 February 2005. The Remuneration Committee had three meetings in 2004 which were attended by all members except for Philip Eng Heng Nee, who attended two out of three meetings. All the members of this Committee are Non-Executive Directors and half of the committee members are independent including the Chairman of the Committee.

## REMUNERATION PACKAGE

The remuneration packages of Directors are as follows:

### (a) Basic Salary

The Remuneration Committee recommends the basic salary of the Executive Director after having considered the performance of the Director. In the evaluation process consideration is given on the rates of salary for similar jobs in the industry.

### (b) Directors' Fees

Directors' fees are only payable to Non-Executive Directors. The Remuneration Committee recommends the framework of Director fees to the Board. The fees structure is determined after a study of comparable organisations' practices or available professional studies/surveys as well as the level of responsibilities involved.

Non-Executive Directors received annual fixed fees based on the tenure of directorship and attendance fees based on attendances to Board and Committee meetings. The fees are paid quarterly.

### (c) Bonus Scheme

The Group operates a bonus scheme for all employees, including the Executive Director. The qualification and eligibility to the scheme is linked to the performance of the Group's business activities and an assessment of the employees' performance and contribution. The Executive Director's bonus is dependent on the level of profit achieved from the Group's business activities against targets, together with an assessment of the Director's performance during the year. Bonus payable to the Executive Director is reviewed by the Remuneration Committee and approved by the Board.

**(d) Benefits in Kind**

Other customary benefits (such as car, driver, club membership, allowances etc.) are made available as appropriate.

**(e) Retirement Benefits**

Contributions are made to the Employees Provident Fund, the national mandatory defined contribution plan, in respect of Malaysian Executive Director. The rate of contribution is above the mandatory requirement in accordance with the Group's employment scheme, available to all executive employees.

The current Executive (Managing) Director is an expatriate nominee from the ultimate holding company and he participates in its retirement benefit scheme.

**(f) Service Contract**

The terms of service contract of the Executive Director are structured substantially similar to those available to other executive employees of the Group. The notice period for the termination of the Executive Director's service contract is six months by either party.

**DIRECTORS' REMUNERATION**

The details of the remuneration of Directors during the financial year ended 31 December 2004 are as follows:

Directors	Salaries RM'000	Fees RM'000	Bonus RM'000	Gratuity RM'000	Benefits in Kind RM'000	Provident Funds / Retirement Plan RM'000	Total RM'000
Executive Directors	915	-	684	600	196	151	2,546
Non-Executive: Directors	-	650	-	-	29	-	679
Alternate Director *	374	-	208	-	142	-	724
<b>Total</b>	<b>1,289</b>	<b>650</b>	<b>892</b>	<b>600</b>	<b>367</b>	<b>151</b>	<b>3,949</b>

\* The Alternate Director to the Non-Executive Director is also a senior officer of the Company and his remuneration is derived from his capacity as officer of the Company and not as alternate to Non-Executive Director.

### **POLICY ON EXTERNAL APPOINTMENTS**

The Group recognises that its Directors may be invited to become directors of other companies and that exposure to other organisations can broaden experience and knowledge of its Directors which will benefit the Group. Directors are therefore at liberty to accept other board appointments so long as the appointment is not in conflict with the business of the Group and does not detrimentally affect the Directors' performance as a member of the Board. All such appointments must first be discussed with the Chairman of the Board before being accepted.

### **DIALOGUE BETWEEN THE COMPANY AND INVESTORS**

The Group adheres strictly to the disclosure requirements under the listing requirements of Bursa Malaysia Securities Berhad. Results of the Group are announced quarterly to Bursa Malaysia Securities Berhad. In addition, material transactions and events are also announced accordingly.

The Group has established a website at [www.ccb.com.my](http://www.ccb.com.my) which shareholders can access for information.

### **ANNUAL GENERAL MEETING**

At each Annual General Meeting, the Board presents the performance of the business. The Chairman, Managing Director and other Directors are available to respond to shareholders' questions during the meeting.

Items of special business included in the notice of Annual General Meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman declares the number of proxy votes received both for and against each separate resolution when appropriate.

### **FINANCIAL REPORTING**

In presenting the annual financial statements to shareholders and the announcements of quarterly financial results, the Board aims to present a balanced and understandable assessment of the Group's position and prospects. This also applies to other price-sensitive public reports and reports to regulators.



# STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue operations for the foreseeable future.

The Directors acknowledge the responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group, to prevent and detect fraud and other irregularities.



# STATEMENT OF INTERNAL CONTROL

## RESPONSIBILITY

The Board of Directors recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and effectiveness of the control and risk management systems. It should however be noted that such systems of internal controls are only designed to manage rather than totally eliminate risk of failure to achieve business objectives. Accordingly, such systems can only provide reasonable rather than absolute assurance against material losses, misstatements or other significantly adverse consequences. In the case of the associated company, the systems of internal control are managed by the holding company.

## RISK MANAGEMENT FRAMEWORK

The Group has in place a formal risk management process to identify, evaluate and manage significant risks impacting the Group. The process is supported by a policy as well as detailed procedures, methodologies, evaluation criteria and documentation requirements to ensure clarity and consistency of application across the Group.

The process requires management to comprehensively identify and assess all types of risks in terms of likelihood and magnitude of impact as well as to identify and evaluate the adequacy and application of mechanisms in place to manage, mitigate, avoid or eliminate these risks. The process encompasses assessments and evaluations at business unit process level before being examined on a Group perspective.

At least once a year, a written report is presented to the Audit Committee on the significant risks impacting the Group and the measures taken by the management to address the risks. The report will also highlight residual exposures along with management action plan to manage or mitigate such exposures. Any internal or external changes that may significantly impact the risks and control spectrum will also be highlighted.

The Group's internal auditors are also required to provide an independent assurance on the adequacy of the risk management process and report accordingly to the Audit Committee. The Audit Committee will deliberate on the reports and advise the Board on significant risk exposures.

## CONTROL STRUCTURE AND ENVIRONMENT

The embedded control system is designed to facilitate achievement of the Group's business objectives. It comprises the following:

- **Organisation structure with well defined lines of responsibility and delegated authority**  
The organisation structure includes defined delegation of responsibilities to the Committees of the Board, the Managing Director and operating units through defined sets of terms of references, position descriptions and authorisation levels for all aspects of the business as set out in the Board Charter and Limits of Authority. Besides the predominantly non-executive standing committees such as Audit, Nomination and Remuneration Committees, the Board is supported operationally by the Management Committee which consists of senior members of the organisation including the Managing Director, guided by two non-executive Directors. The Management Committee convenes regularly to meet its strategic business agenda thus channelling the appropriate inputs to the Board for its assessment of the Group's operations and the assertion of effective control over the entire operations.
- **Independence of the Audit Committee**  
The Audit Committee comprises non-executive members of the Board, with the majority being Independent Directors. The Committee has full and unrestricted access to any information pertaining to the Group and has direct communication channels with the external and internal auditors. The primary objectives of the Audit Committee are to assist the Board in monitoring the Group's management of its business and financial risks and the determination of appropriate internal controls to manage these risks.

- **Comprehensive budgeting and monitoring processes**  
Detailed and comprehensive budgets for both business and support units are prepared on an annual basis for approval by the Board together with an indication of future business directions under a two-year operating plan. Actual performance is monitored against the budget on a monthly basis and appropriate explanations documented for significant variances. Periodical forecasts are also carried out frequently to update changes in business environment. Management Accounts Packages detailing performance of business and support units against budget, forecast, prior year results and key business indicators are tabled and deliberated at the Management Committee and Board meetings for proper monitoring of performance.

## MONITORING AND REVIEW

The processes adopted to monitor and review the effectiveness of the systems of internal control and risk management are through periodical review of business processes, the state of internal control and business risk profile by operating units. The results of the review will be examined by a committee within the organisation and after due processes, the Managing Director will identify significant areas to be reported to the Audit Committee and finally to the Board.

Independent appraisals by internal auditors also ensure compliance of policies, procedures, standards and legislations and give reasonable assurance of the effectiveness of the Group's systems of internal controls and risk management.

# AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors was formed in 1977. The present members of the Committee are:

- Tan Sri Abdul Rashid Hussain (Chairman)
- Dato' Kamaruddin bin Mahmood
- Syed Zaid bin Syed Jaffar Albar
- Datuk Hassan Abas
- Neville Barry Venter

The members of the Audit Committee consist solely of Non-Executive Directors, the majority of whom are independent. The independent members are Tan Sri Abdul Rashid Hussain as independent Chairman, Dato' Kamaruddin bin Mahmood and Syed Zaid bin Syed Jaffar Albar as independent members. The Non-Independent Directors are Datuk Hassan Abas and Neville Barry Venter.

The Committee has four meetings during the year. The meetings were attended by all members except for Neville Barry Venter who has attended three out of the four meetings. Other members of senior management attended some of these meetings upon invitation by the Chairman of the Committee. The Group's internal and external auditors attended all the meetings during the period.

The terms of reference of the Audit Committee are set out in pages 42 to 44.

During the financial year, the Audit Committee carried out its duties as set out in the terms of reference. In particular, the functions of the Audit Committee are to review accounting policies, internal controls, statutory financial statements and related party transactions of the Company and its subsidiary companies on behalf of the Board of Directors.

In performing its functions, the Audit Committee reviewed the overall scope of internal audits. It met with the Group's internal auditors to discuss the results of their examinations and their evaluation of the system of internal accounting controls of the Company and its subsidiary companies.

In addition, the Audit Committee discussed with the external auditors the audit plan which states the nature and scope of audit and the results of examination arising from the external audit.

The Audit Committee also reviewed the quarterly announcements to Bursa Malaysia Securities Berhad and the financial statements of the Company and the consolidated financial statements of the Group as well as the statutory auditors' report thereon. The Audit Committee recommended to the Board of Directors, subject to the shareholders' approval, the selection of the Company's and its subsidiary companies' statutory auditors.

In its endeavour to fulfill its responsibilities, the Audit Committee focused its attention on key aspects of business operations that have significant impact not only on profitability but also the quality of services provided to customers.

Other main issues discussed by the Audit Committee are as follows:

- Review of the Group's risk management reports;
- The new Accounting Standards issued by the Malaysian Accounting Standards Board and their applicability to the consolidated financial statements for the financial year ended 31 December 2004; and
- The updated disclosure requirements of the Listing Requirements of Bursa Malaysia Securities Berhad.

#### **INTERNAL AUDIT FUNCTION**

The Group uses the services of the Jardine Matheson Group Internal Auditors to accomplish its internal audit requirements. The Group Internal Auditors report to the Audit Committee on matters concerning the Group and assists the Board of Directors in monitoring and managing risks and internal controls.

The Group Internal Auditors review internal controls in all key activities of the Group and recommend improvement in controls and procedures. The Group Internal Auditors are independent of the activities they audit and perform with impartiality and due professional care. Findings of the Group Internal Auditors are reported regularly to the Audit Committee.

The Audit Committee approves the internal audit plan of the Group Internal Auditors each year. The scope of the internal audit covers the audits of all units and operations, including subsidiaries. In addition, the Group Internal Auditors also audit the various computer application systems and network of the Group.

During the year the management worked hand in hand with the Group Internal Auditors in identifying risk areas, implementing control measures and monitoring controls. The monitoring process will form the basis for continually improving the risk management process in the context of the Group's overall goals.

In the course of auditing, the Group Internal Auditors have identified some minor internal control weaknesses during the period, which have been or are being addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

# AUDIT COMMITTEE TERMS OF REFERENCE

## PURPOSE

The Audit Committee is established as a committee of the Board of Directors. The primary objectives of the Audit Committee are to:

1. Provide assistance to the Board in fulfilling its statutory and fiduciary responsibilities for examinations of the Company and its subsidiaries (the “Group”) and in monitoring the Group's management of business/ financial risk processes and accounting and financial reporting practices;
2. Determine that the Group has adequate administrative, operational and internal accounting controls and that the Group is operating in accordance with its prescribed procedures, codes of conduct and applicable legal and regulatory requirements;
3. Serve as an independent and objective party in the review of the financial information presented by management for distribution to shareholders and the general public; and
4. Provide direction and oversight over the internal audit function and the external auditors to enhance their independence from management.

## MEMBERSHIP

The Audit Committee shall have at least three members of whom the majority shall be independent directors. The quorum for the Committee shall be two members with the majority present being independent directors. The chairperson of the Committee shall be an independent director.

At least one member of the Committee, preferably an independent director, must meet the criteria set by the Listing Requirements of Bursa Malaysia Securities Berhad (Paragraph 15.10 (c)).

Audit Committee members and the chairperson shall be appointed by the Board based on the recommendations of the Nomination Committee. No alternative directors shall be appointed to the Audit Committee.

If a member of the Committee resigns, dies or for any reason ceases to be a member resulting in non-compliance with the above paragraphs, the Board shall, within three (3) months of that event, appoint such number of new members as may be required.

The Audit Committee shall have no executive powers.

## COMMITTEE'S OPERATING PRINCIPLES

The Audit Committee wherever necessary and reasonable for the performance of its duties, shall in accordance with the procedures determined by the Board and at the cost of the Group:

1. Have authority to investigate any matter within its terms of reference;
2. Have the resources which are required to perform its duties;
3. Have full and unrestricted access to any information pertaining to the Group;
4. Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
5. Be able to obtain independent professional advice or other advice; and
6. Be able to convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

## MEETINGS

The Committee shall meet at least four (4) times each year. Additional meetings shall be scheduled as considered necessary by the Committee or chairperson. The Committee may establish any procedures from time to time to govern its meetings, keeping of minutes and its administration.

The Committee may request other directors, members of management, counsels, internal auditors and external auditors, as applicable to participate in Committee meetings, as necessary, to carry out the Committee's responsibilities. It shall be understood that either internal or external auditors, may, at any time, request a meeting with the Audit Committee with or without management attendance.

The external auditors shall be given notice of meetings and shall have the right to attend and speak.

At least once a year, the Committee shall meet with the external auditors without the presence of executive Board members.

The Secretary of the Committee shall be appointed by the Committee from time to time. Committee meeting agendas shall be the responsibility of the Committee chairperson with input from Committee members. The chairperson may also ask management to participate in this process. The agenda for each meeting shall be circulated at least seven days before each meeting to the Committee members, the external auditors and all those who are required to attend the meeting. Written materials including information requested by the Committee from management, internal audit and external auditors shall be received together with the agenda for the meetings.

The Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minutes shall be signed by the chairperson of the meeting at which the proceedings were held or by the chairperson of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. Minutes of each meeting shall also be distributed to all attendees (members) of the Audit Committee meeting and external auditors.

The Committee, through its chairperson, shall report to the Board after each meeting. The minutes of the Committee meeting shall be available to all Board members.

## SCOPE OF ACTIVITIES

The duties of the Audit Committee shall include the following:

1. To recommend appointment of the external auditors and their fees and consider any questions of resignation or dismissal including whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment;
2. To review the external auditors' proposed scope and approach before the audit commences and ensure co-ordination where more than one audit firm is involved;

3. To review the quarterly financial announcements and year-end financial statements of the Group, prior to the approval by the Board, focusing particularly on:
  - changes in or implementation of major accounting policy changes;
  - significant and unusual events;
  - significant adjustments arising from the audit;
  - going concern assumption; and
  - compliance with accounting standards and other legal requirements.
4. To discuss problems and reservations arising from interim and final audits and any matter the auditor may wish to discuss (in the absence of management where necessary) including assistance given by employees of the Group to the auditor;
5. To review with the external auditors, their evaluation of the system of internal controls, including any significant suggestions for improvements and management's response;
6. To review with the external auditors, their audit report;
7. To review the Group's business risk management process, including adequacy of the Group's overall control environment and controls in selected areas representing significant financial and business risk;
8. To do the following where an internal audit function exists:
  - review the adequacy of the scope, function and resources of the internal audit function and that it has the necessary authority to carry out its work;
  - review the internal audit programme, process and results of the internal audit programme, processes or investigation undertaken and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
  - review any appraisal or assessment of the performance of members of the internal audit function; and
  - be aware of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
9. To review any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
10. To review the major findings of internal investigations and management's response;
11. To review management's monitoring of compliance with the Group's code of corporate conduct;
12. To review with the Group's counsels, any legal matters that could have a significant impact on the Group's financial statements;
13. To review the findings of any examinations by regulatory authorities;
14. Where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of these requirements, the Audit Committee must promptly report such matters to Bursa Malaysia Securities Berhad; and
15. Perform other oversight functions as requested by the Board.



# ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Listing Requirements of Bursa Malaysia Securities Berhad, the following information is provided:

## NON-STATUTORY AUDIT FEES

The amount of non-statutory audit fees paid and payable to the external auditors by the Company and its subsidiaries for the financial year ended 31 December 2004 are as follows:

PricewaterhouseCoopers	RM70,000
PricewaterhouseCoopers Taxation Services Sdn Bhd	RM71,000
<b>Total</b>	<b>RM141,000</b>

## MATERIAL CONTRACTS

Neither the Company nor any of its subsidiaries have entered into any contracts which are or may be material (not being contracts entered into in the ordinary course of business) involving Directors' and major shareholders' interests since the end of the previous financial year other than that disclosed below:

On 14 January 2005, the Company announced that its wholly-owned subsidiaries, Asia Automobile Industries Sendirian Berhad ("AAI") and Srisari Sdn Bhd ("Srisari") have each entered into a separation agreement with DaimlerChrysler Malaysia Sdn Bhd ("DCM") for an 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 respective separation agreements. The assembly agreements are expected to be terminated on 30 June and 31 July 2005 for Srisari and AAI, respectively.

## RECURRENT RELATED PARTY TRANSACTIONS

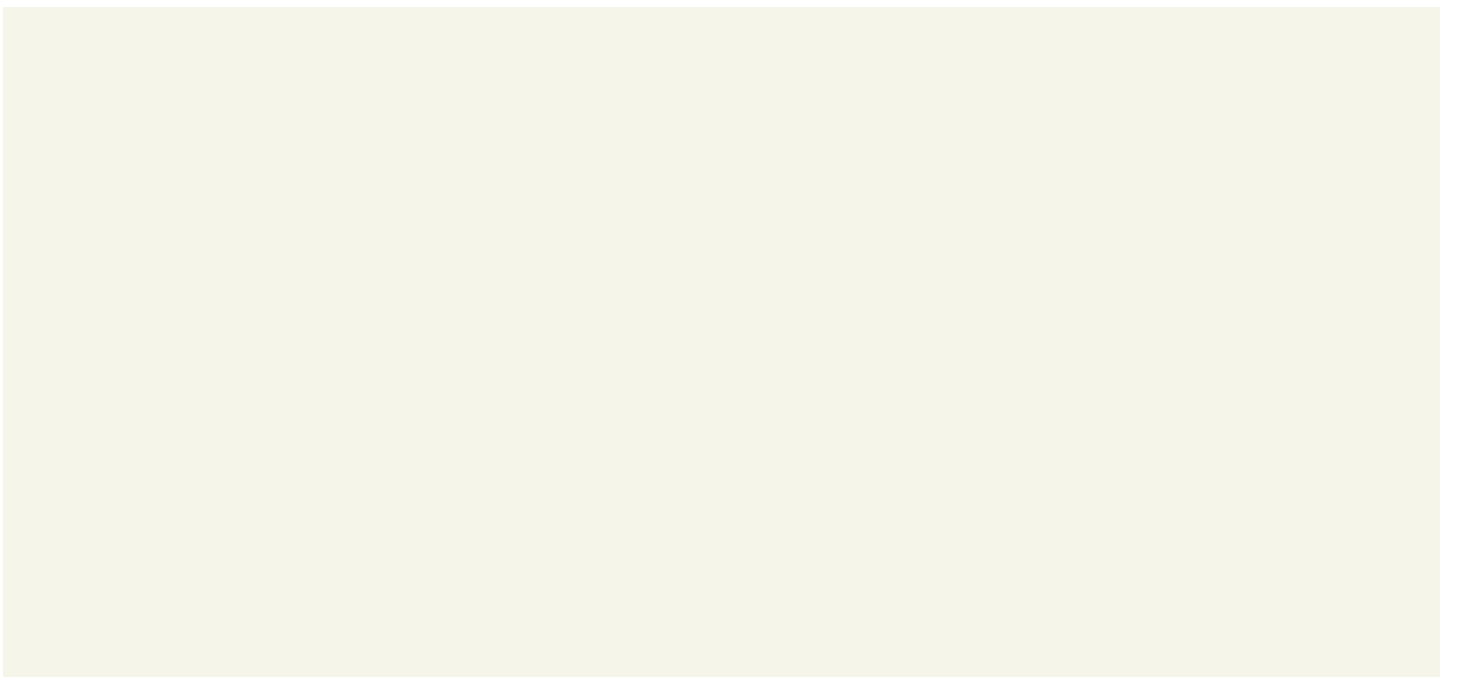
The Company has at the Annual General Meeting held on 12 May 2004 obtained shareholders' mandate for the Group to enter into recurrent transactions of a revenue or trading nature, which are necessary for its day to day operations and are in the ordinary course of business, with related parties. The said general mandate took effect from 12 May 2004 until the conclusion of the forthcoming Annual General Meeting of the Company. The Company intends to seek a renewal of the said general mandate for recurrent related party transactions and also extend the scope of the said general mandate to apply to new recurrent related parties, at the forthcoming Annual General Meeting of the Company.

The details of the new mandate to be sought will be furnished in the Circular to Shareholders dated 15 April 2005 attached to this Annual Report.

## SANCTIONS OR PENALTIES

During the financial year, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.





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# DIRECTORS' REPORT

The directors submit their Annual Report to the members together with the audited financial statements of the Group and Company for the financial year ended 31 December 2004.

## Principal Activities

The principal activities of the Group and Company consist of the assembly, distribution and retailing of motor vehicles, distribution and sales of spare parts and servicing of vehicles. There was no significant change in the nature of these activities during the financial year.

## Financial Results

	Group RM'000	Company RM'000
Profit before tax	25,588	60,712
Tax expense	(10,766)	(27,842)
Net profit attributable to shareholders	14,822	32,870

## Dividends

The dividends paid or declared by the Company since 31 December 2003 were as follows:

	RM'000
In respect of the financial year ended 31 December 2003, as shown in the Directors' report for the year, final gross dividend of 10 sen per share on 100,744,500 ordinary shares, less income tax, paid on 25 June 2004	7,254
In respect of the financial year ended 31 December 2004:	
Interim gross dividend of 5 sen per share on 100,744,500 ordinary shares, less income tax, paid on 10 September 2004	3,627
	10,881

The directors now recommend the payment of a final gross dividend of 10 sen per share on 100,744,500 ordinary shares, less income tax, amounting to RM7,254,000 which subject to the approval of members at the forthcoming Annual General Meeting of the Company, will be paid on or about 24 June 2005 to shareholders whose names appear in the Company's Register of Members and Record of Depositors on 31 May 2005.

## Reserves and Provisions

Material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

## Executives' Share Option Scheme (ESOS)

The Company has an Executives' Share Option Scheme (ESOS) which came into effect on 30 June 2000 for a period of 5 years. The ESOS is governed by the by-laws which were approved by the shareholders on 10 May 2000.

Details of the ESOS are set out in Note 24(b) to the financial statements.

Since the implementation of ESOS in 2000, 567,000 (2003: 507,000) ordinary shares were cancelled upon resignation of employees/non-acceptance of offers by employees.

## Directors

The directors who have held office during the period since the date of the last report are:

Tan Sri Abdul Halim bin Ali

Datuk Hassan Abas

Steven Gareth Foster (appointed on 10 March 2004)

Datuk Seri Haji Mohamad bin Haji Hasan (resigned on 10 March 2004)

Tan Sri Abdul Rashid Hussain

Anthony John Liddell Nightingale

Philip Eng Heng Nee (resigned on 2 February 2005)

Dato' Kamaruddin bin Mahmood

Syed Zaid bin Syed Jaffar Albar

Neville Barry Venter

Dato' Khalid bin Haji Ismail

Dato' Sulaiman bin Sujak

Adam Phillip Charles Keswick

Cheah Kim Teck (appointed on 2 February 2005)

Steven Gareth Foster (Alternate to Philip Eng Heng Nee) (ceased to be alternate director on 10 March 2004)

Joshua Lariston Knightley Chetwode (Alternate to Neville Barry Venter)

In accordance with the Company's Articles of Association, Datuk Hassan Abas, Tan Sri Abdul Rashid Hussain and Syed Zaid bin Syed Jaffar Albar retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with the Company's Articles of Association, Cheah Kim Teck retires under casual vacancy at the forthcoming Annual General Meeting and, being eligible, offer himself for election.

In accordance with the Section 129 of the Companies Act 1965, Dato' Sulaiman bin Sujak, being over seventy years of age on 25 March 2005, retires at the forthcoming Annual General Meeting and offers himself for re-election.

## Directors' Benefits

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than the Cycle & Carriage Bintang Berhad Executives' Share Option Scheme.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those disclosed in Note 6, Note 29(b) and Note 29(e) to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

# DIRECTORS' REPORT

## Directors' Interest in Shares

According to the register of directors' shareholdings, particulars of interests of directors who held office at the end of the financial year in the shares and options over shares in the Company and its related corporations were as follows:

	Number of ordinary shares of RM1 each			
	At 1.1.2004	Acquired	Sold	At 31.12.2004
Shares in the Company held by:				
Anthony John Liddell Nightingale	15,000	0	0	15,000
Dato' Khalid bin Haji Ismail	8,000	0	0	8,000

	Number of ordinary shares of S\$1 each			
	At 1.1.2004	Acquired	Sold	At 31.12.2004
Shares in Jardine Cycle & Carriage Limited ("JCCL") held by:				
Philip Eng Heng Nee	13,333	402,600	(273,000)	142,933
Neville Barry Venter	14,000	160,000	(174,000)	0

	Options over ordinary shares of S\$1 each			
	At 1.1.2004	Granted	Exercised	At 31.12.2004
Options in JCCL held by:				
Philip Eng Heng Nee	580,000	0	(400,000)	180,000
Neville Barry Venter	320,000	0	(160,000)	160,000

	Number of ordinary shares of S\$1 each			
	At 1.1.2004	Acquired	Sold	At 31.12.2004
Shares in MCL Land Limited held by:				
Philip Eng Heng Nee	35,000	0	0	35,000

	Number of ordinary shares of US\$0.25 each			
	At 1.1.2004	Acquired	Sold	At 31.12.2004
Shares in Jardine Matheson Holdings Limited ("JMHL") held by:				
Anthony John Liddell Nightingale (beneficial)	806,678	110,000	0	916,678
Anthony John Liddell Nightingale (non-beneficial)	5,056	154	0	5,210
Adam Phillip Charles Keswick	817,654	24,826	0	842,480
Adam Phillip Charles Keswick #	26,038,940	790,626	0	26,829,566
Steven Gareth Foster	0	19,000	(19,000)	0
Neville Barry Venter	0	20,000	(20,000)	0

# Deemed interest in shares held by a discretionary family trust in which Adam Phillip Charles Keswick is a potential ultimate beneficiary.

At 31 December 2004, Anthony John Liddell Nightingale, Adam Phillip Charles Keswick and Dato' Khalid bin Haji Ismail had deemed interests in 35,915,991 ordinary shares in JMHL as discretionary objects under the 1947 Trust, the income of which is available for distribution to senior executive officers and employees of JMHL and its wholly owned subsidiaries.

**Directors' Interests in Shares** *(continued)*

Options over ordinary shares of US\$0.25 each

	At 1.1.2004	Granted	Exercised	At 31.12.2004
Options in JMHL held by:				
Anthony John Liddell Nightingale	190,000	0	(110,000)	80,000
Neville Barry Venter	28,000	0	(20,000)	8,000
Dato' Khalid bin Haji Ismail	25,000	0	0	25,000
Adam Phillip Charles Keswick	50,000	100,000	0	150,000
Steven Gareth Foster	35,000	0	(19,000)	16,000
Joshua Lariston Knightley Chetwode	15,000	0	0	15,000

Number of ordinary shares of US\$0.05 each

	At 1.1.2004	Acquired	Sold	At 31.12.2004
Shares in Jardine Strategic Holdings Limited held by:				
Anthony John Liddell Nightingale	16,875	0	0	16,875

Number of ordinary shares of US\$0.05 5/9 each

	At 1.1.2004	Acquired	Sold	At 31.12.2004
Shares in Dairy Farm International Holdings Limited held by:				
Anthony John Liddell Nightingale (beneficial)	24,375	0	0	24,375
Anthony John Liddell Nightingale (non-beneficial)	9,808	0	0	9,808

Number of ordinary shares of PHP 4 each

	At 1.1.2004	Acquired	Sold	At 31.12.2004
Shares in Jardine Davies Inc held by:				
Anthony John Liddell Nightingale (beneficial)	25,000	0	0	25,000

None of the other directors held any interest in shares in the Company or its related corporations during the financial year.

# DIRECTORS' REPORT

## Statutory Information on the Financial Statements

Before the income statements and balance sheets were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group or Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group or Company which has arisen since the end of the financial year.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

### Statutory Information on the Financial Statements *(continued)*

In the opinion of the directors,

- (a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the following items as disclosed in Note 5 to the financial statements:
  - (i) gain on disposal of property, plant and equipment and provision for retrenchment benefit for the Group;
  - (ii) gain on disposal of property, plant and equipment, provision for contingent loss in a subsidiary company and provisions for diminution in value for investments in subsidiary companies and on associated company; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made other than the effects of early termination of assembly agreements entered into by the two subsidiaries of the Group as disclosed in Note 27 (b) to the financial statements.

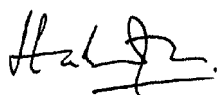
### Ultimate Holding Company

The directors regard Jardine Matheson Holdings Limited, a company incorporated in Bermuda, as the Company's ultimate holding company.

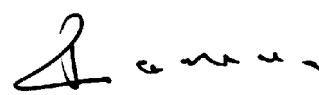
### Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 17 February 2005.



Tan Sri Abdul Halim bin Ali  
Director



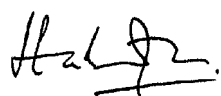
Tan Sri Abdul Rashid Hussain  
Director

## STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, Tan Sri Abdul Halim bin Ali and Tan Sri Abdul Rashid Hussain, two of the directors of Cycle & Carriage Bintang Berhad, state that, in the opinion of the directors, the financial statements set out on pages 58 to 99 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 31 December 2004 and of the results and cash flows of the Group and Company for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 17 February 2005.



Tan Sri Abdul Halim bin Ali  
Director



Tan Sri Abdul Rashid Hussain  
Director

## STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Joshua Lariston Knightley Chetwode, the officer primarily responsible for the financial management of Cycle & Carriage Bintang Berhad, do solemnly and sincerely declare that the financial statements set out on pages 58 to 99 are, in my opinion, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



Joshua Lariston Knightley Chetwode

Subscribed and solemnly declared by the abovenamed Joshua Lariston Knightley Chetwode.

At : Kuala Lumpur

On : 17 February 2005

Before me :



Sariah bt. Yeob  
Commissioner for Oaths

# REPORT OF THE AUDITORS

To the Members of Cycle & Carriage Bintang Berhad (Company No. 7378-D)

We have audited the financial statements set out on pages 58 to 99. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
  - (ii) the state of affairs of the Group and Company as at 31 December 2004 and of the results and cash flows of the Group and Company for the financial year ended on that date;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

Our audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection 3 of section 174 of the Act.



PricewaterhouseCoopers  
(No. AF: 1146)  
Chartered Accountants

Kuala Lumpur  
17 February 2005



Lee Tuck Heng  
(No. 2092/09/06 (J))  
Partner of the firm

# CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2004

	Note	2004 RM'000	2003 RM'000
REVENUE	4	757,262	871,761
Cost of sales		(661,891)	(759,222)
Gross profit		95,371	112,539
Other operating income		30,415	18,823
Selling and distribution costs		(66,608)	(69,734)
Administrative expenses		(21,807)	(19,663)
Other operating expenses		(10,249)	(3,951)
PROFIT FROM OPERATIONS	5	27,122	38,014
FINANCE COST - interest expense on borrowings		(3,720)	(255)
SHARE OF RESULTS OF ASSOCIATED COMPANIES		2,186	632
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX		25,588	38,391
TAX EXPENSE			
- Company and subsidiary companies		(7,912)	(12,722)
- associated companies		(2,854)	(1,365)
	7	(10,766)	(14,087)
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS		14,822	24,304
Dividends per share (sen)	8	15	442
Earnings per share (sen)			
- basic	9	14.7	24.7
- diluted	9	14.7	24.7

The accounting policies on pages 66 to 70 and the notes on pages 71 to 99 form an integral part of these financial statements.

# CONSOLIDATED BALANCE SHEET

As at 31 December 2004

	Note	2004 RM'000	2003 RM'000
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	10	116,337	89,812
Investments in associated companies	12 & 28	88,804	131,417
Investments in unquoted shares	13	66,003	66,003
Hire purchase receivables	14	1,598	0
Deferred tax assets	15	2,115	11,399
<b>CURRENT ASSETS</b>			
Inventories	16	202,351	206,131
Trade and other receivables	17	81,923	88,104
Amount due from an associated company		0	5,696
Short term investments	18	1,609	1,379
Deposits with licensed banks	20	0	36,000
Bank and cash balances	20	8,277	3,769
		<b>294,160</b>	<b>341,079</b>
<b>CURRENT LIABILITIES</b>			
Provisions for liabilities and charges	21	(9,953)	(29,335)
Trade and other payables	22	(65,681)	(73,025)
Borrowings (unsecured):			
- bank overdraft	23	0	(8,374)
- others	23	(119,479)	(159,610)
Amount due to an associated company		(59)	(29)
Taxation		(36)	(48)
		<b>(195,208)</b>	<b>(270,421)</b>
<b>NET CURRENT ASSETS</b>		<b>98,952</b>	<b>70,658</b>
		<b>373,809</b>	<b>369,289</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	24	100,745	100,745
Share premium		23,857	23,857
Revaluation reserve		624	440
Translation reserve		10,100	8,825
Revenue reserve		238,483	235,422
		<b>373,809</b>	<b>369,289</b>

The accounting policies on pages 66 to 70 and the notes on pages 71 to 99 form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2004

	Issued and fully paid ordinary shares of RM1 each		Non distributable			Distributable Revenue reserve RM'000	Total RM'000
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Revaluation reserve RM'000	Translation reserve RM'000		
At 31 December 2002	98,033	98,033	11,944	4,373	8,277	541,527	664,154
Net profit for the financial year	0	0	0	0	0	24,304	24,304
Dividends for the financial year ended:							
- 31 December 2002	0	0	0	0	0	(17,646)	(17,646)
- 31 December 2003	0	0	0	0	0	(313,083)	(313,083)
Share of associated company's exchange difference	0	0	0	0	548	0	548
Share of associated company's revaluation reserve	0	0	0	(3,613)	0	0	(3,613)
Share of associated company's reclassification of prior year revaluation reserve to revenue reserve	0	0	0	(320)	0	320	0
Net (loss)/gain not recognised in the income statement	0	0	0	(3,933)	548	320	(3,065)
Issue of shares on exercise of share options (Note 24)	2,712	2,712	11,913	0	0	0	14,625
At 31 December 2003	100,745	100,745	23,857	440	8,825	235,422	369,289
At 31 December 2003	100,745	100,745	23,857	440	8,825	235,422	369,289
Net profit for the financial year	0	0	0	0	0	14,822	14,822
Dividends for the financial year ended:							
- 31 December 2003	0	0	0	0	0	(7,254)	(7,254)
- 31 December 2004	0	0	0	0	0	(3,627)	(3,627)
Share of associated company's exchange difference	0	0	0	0	1,275	0	1,275
Share of associated company's revaluation reserve	0	0	0	184	0	0	184
Negative goodwill on acquisition of subsidiary (Note 3)	0	0	0	0	0	1,836	1,836
Adjustment for prior year's overstatement of gain in associate	0	0	0	0	0	(2,716)	(2,716)
Net gain/(loss) not recognised in the income statement	0	0	0	184	1,275	(880)	579
At 31 December 2004	100,745	100,745	23,857	624	10,100	238,483	373,809

The accounting policies on pages 66 to 70 and the notes on pages 71 to 99 form an integral part of these financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2004

	Note	2004 RM'000	2003 RM'000
<b>OPERATING ACTIVITIES</b>			
Cash flow from operations	26	24,866	145,448
Interest paid		(3,806)	(607)
Interest received		622	4,498
Taxation paid		(1,215)	(8,354)
		(4,399)	(4,463)
Net cash flow from operating activities		20,467	140,985
<b>INVESTING ACTIVITIES</b>			
Proceeds from disposal of property, plant and equipment		15,488	1,364
Purchase of property, plant and equipment		(25,882)	(3,324)
Investment in subsidiary company	3	(22,572)	0
Investments in unquoted shares		0	(66,003)
Dividends received		40,393	25,152
Net cash flow from/(used in) investing activities		7,427	(42,811)
<b>FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		0	14,625
Revolving credits and bankers acceptance		(40,131)	159,610
Dividends paid		(10,881)	(330,729)
Net cash flow used in financing activities		(51,012)	(156,494)
NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR		(23,118)	(58,320)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		31,395	89,715
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	20	8,277	31,395

The accounting policies on pages 66 to 70 and the notes on pages 71 to 99 form an integral part of these financial statements.

# COMPANY INCOME STATEMENT

For the financial year ended 31 December 2004

	Note	2004 RM'000	2003 RM'000
REVENUE	4	510,184	724,475
Cost of sales		(450,600)	(643,195)
Gross profit		59,584	81,280
Other operating income		108,580	57,049
Selling and distribution costs		(41,054)	(51,859)
Administrative expenses		(17,175)	(15,980)
Other operating expenses		(45,503)	(1,591)
PROFIT FROM OPERATIONS	5	64,432	68,899
FINANCE COST - interest expense on borrowings		(3,720)	(255)
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX		60,712	68,644
TAX EXPENSE	7	(27,842)	(18,967)
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS		32,870	49,677
Dividends per share (sen)	8	15	442

The accounting policies on pages 66 to 70 and the notes on pages 71 to 99 form an integral part of these financial statements.

# COMPANY BALANCE SHEET

As at 31 December 2004

	Note	2004 RM'000	2003 RM'000
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	10	117,418	84,144
Investments in subsidiary companies	11 & 28	38,602	10,499
Investments in associated companies	12 & 28	88,835	121,948
Investments in unquoted shares	13	66,003	66,003
Deferred tax assets	15	454	11,719
<b>CURRENT ASSETS</b>			
Inventories	16	150,200	154,695
Trade and other receivables	17	57,679	70,917
Short term investments	18	1,609	1,379
Amounts due from subsidiary companies	19	23,487	41,454
Amount due from an associated company		0	5,034
Deposits with licensed banks	20	0	36,000
Bank and cash balances	20	2,409	470
		<b>235,384</b>	<b>309,949</b>
<b>CURRENT LIABILITIES</b>			
Provisions for liabilities and charges	21	(2,290)	(28,680)
Trade and other payables	22	(41,189)	(50,853)
Amounts due to subsidiary companies	19	(9,859)	(4,885)
Amount due to an associated company		(59)	(29)
Borrowings (unsecured):			
- bank overdraft	23	0	(8,374)
- others	23	(119,479)	(159,610)
		<b>(172,876)</b>	<b>(252,431)</b>
<b>NET CURRENT ASSETS</b>		<b>62,508</b>	<b>57,518</b>
		<b>373,820</b>	<b>351,831</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	24	100,745	100,745
Share premium		23,857	23,857
Other reserve		366	606
Revenue reserve	25	248,852	226,623
		<b>373,820</b>	<b>351,831</b>

The accounting policies on pages 66 to 70 and the notes on pages 71 to 99 form an integral part of these financial statements.

# COMPANY STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2004

	Issued and fully paid ordinary shares of RM1 each		Non-Distributable		Distributable Revenue reserve RM'000	Total RM'000
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Other reserve* RM'000		
At 31 December 2002	98,033	98,033	11,944	606	507,675	618,258
Net profit for the financial year	0	0	0	0	49,677	49,677
Dividends for the financial year ended:						
- 31 December 2002	0	0	0	0	(17,646)	(17,646)
- 31 December 2003	0	0	0	0	(313,083)	(313,083)
Issue of shares on exercise of share options (Note 24)	2,712	2,712	11,913	0	0	14,625
At 31 December 2003	100,745	100,745	23,857	606	226,623	351,831
At 31 December 2003	100,745	100,745	23,857	606	226,623	351,831
Net profit for the financial year	0	0	0	0	32,870	32,870
Dividends for the financial year ended:						
- 31 December 2003	0	0	0	0	(7,254)	(7,254)
- 31 December 2004	0	0	0	0	(3,627)	(3,627)
Transfer to revenue reserve on realisation of property, plant and equipment	0	0	0	(240)	240	0
Net (loss)/gain not recognised in the income statement	0	0	0	(240)	240	0
At 31 December 2004	100,745	100,745	23,857	366	248,852	373,820

\* Other reserve relates to unrealised profits on sale of property, plant and equipment to a subsidiary company.

The accounting policies on pages 66 to 70 and the notes on pages 71 to 99 form an integral part of these financial statements.

# COMPANY CASH FLOW STATEMENT

For the financial year ended 31 December 2004

	Note	2004 RM'000	2003 RM'000
<b>OPERATING ACTIVITIES</b>			
Cash flow from operations	26	16,772	145,300
Interest paid		(3,807)	(607)
Interest received		553	4,484
Taxation paid		0	(7,333)
		(3,254)	(3,456)
Net cash flow from operating activities		13,518	141,844
<b>INVESTING ACTIVITIES</b>			
Proceeds from disposal of property, plant and equipment		14,852	693
Purchase of property, plant and equipment		(42,830)	(1,478)
Dividends received		70,255	25,089
Investment in subsidiary company	3	(30,470)	0
Investments in unquoted shares		0	(66,003)
Net cash flow from/(used in) investing activities		11,807	(41,699)
<b>FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		0	14,625
Revolving credits and bankers acceptance		(40,131)	159,610
Dividends paid		(10,881)	(330,729)
Net cash flow used in financing activities		(51,012)	(156,494)
NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR		(25,687)	(56,349)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		28,096	84,445
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	20	2,409	28,096

The accounting policies on pages 66 to 70 and the notes on pages 71 to 99 form an integral part of these financial statements.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the financial year ended 31 December 2004

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

## A Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in this summary of significant accounting policies.

The financial statements comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The preparation of financial statements in conformity with the applicable approved accounting standards and the provisions of the Companies Act requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

The amounts shown in these financial statements are presented in Ringgit Malaysia.

## B Basis of Consolidation

The consolidated financial statements include the audited financial statements of the Company and all its subsidiary companies which are made up to 31 December.

Subsidiary companies are consolidated from the date of acquisition up to the date of disposal using the acquisition method of accounting. All intercompany transactions, balances and unrealised surpluses and deficits on transactions between group companies have been eliminated. Where necessary, accounting policies for subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

## C Subsidiary Companies

Subsidiary companies are defined as those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Investment in subsidiary companies is stated in the financial statements of the Company at cost less allowance for any accumulated impairment loss. Impairment in value of an investment is recognised as an expense in the period in which the impairment is identified.

A listing of the Group's subsidiary companies is set out in Note 28.

## D Associated Companies

Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting. Associated companies are companies in which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associated companies but is not control over those policies.

Equity accounting involves recognising in the income statement the Group's share of the results of the associated companies for the period. The Group's share of results of associated companies is included in the consolidated income statement and is based on audited financial statements for the financial year ended 31 December. The Group's investments in associated companies are carried in the balance sheet at an amount that reflects its share of the net assets of the associated companies.

**D Associated Companies** *(continued)*

Unrealised surpluses and deficits on transactions between group companies and associated companies have been eliminated to the extent of the Group's interest in the associated companies. Where necessary, in applying the equity method, adjustments have been made to the financial statements of associated companies to ensure consistency of accounting policies with the Group.

Investments in associated companies are stated in the financial statements of the Company at cost less allowance for any accumulated impairment loss.

A listing of the Group's associated companies is shown in Note 28.

**E Investments**

Marketable securities (within current asset) are carried at the lower of cost and market value determined on an aggregate portfolio basis by category of investment. Cost is derived at on the weighted average basis. Market value is calculated by reference to stock exchange quoted last transaction price at the close of business on the balance sheet date. Increases/decreases in the carrying amount of marketable securities are credited/charged to the income statement.

Unquoted investments are stated at cost and provision for diminution in value is only made where in the opinion of the directors, there is a reduction in carrying amount which is other than a temporary decline.

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged/credited to the income statement.

**F Goodwill**

Goodwill arising on consolidation represents the excess or deficit of the purchase price of subsidiary and associated companies acquired over the fair value of their net assets at the date of acquisition. It is written off against reserves in the year of acquisition.

**G Property, Plant and Equipment**

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

Freehold land is not amortised. Leasehold land is amortised in equal instalments over the periods of the respective leases which range from 56 to 99 years.

All other property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset over their estimated useful lives at the following annual rates:

Buildings	3 <sup>1</sup> / <sub>3</sub> %
Plant and machinery	14% - 33%
Motor vehicles, equipment and fixtures	10% - 33%

Depreciation on assets under construction commences when the assets are ready for their intended use.

At each balance sheet date, the Group assesses whether there is any indication of impairment. When an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the financial year ended 31 December 2004

## **G Property, Plant and Equipment** *(continued)*

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

The impairment loss is charged to the income statement. Any subsequent increase in recoverable amount is recognised in the income statement.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is credited or charged to the income statement in determining profit from operations.

## **H Inventories**

Inventories are valued at the lower of cost and net realisable value.

Cost is generally determined using the first in, first out method except for spare parts, where cost is determined on the weighted average method. Work-in-progress and cost of locally assembled vehicles include direct materials, labour and an appropriate proportion of production overheads.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Allowances are made where necessary for obsolete, slow-moving and defective stocks.

## **I Trade Receivables**

Trade receivables are carried at anticipated realisable value.

Bad debts are written off when it is established that they are irrecoverable.

## **J Income Taxes**

Current tax expense is provided based on the tax payable on the income for the financial year that is chargeable to tax.

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation on property, plant and equipment, revenue received in advance, impairment of assets, revaluations of certain non-current assets, provisions for pensions and other post-retirement benefits, and tax losses carried forward; and in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax bases.

Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, carry-forward of unused tax losses and tax credits but only to the extent that it is probable that taxable profit will be available against which these temporary differences, losses or tax credits can be utilised.

Taxes payable, by either the holding company or its subsidiaries on the distribution to the holding company of the undistributed earnings of subsidiaries, associates and joint ventures are recognised as deferred income taxes unless a distribution of these earnings is not intended or would not give rise to a tax liability.

## K Foreign Currencies

Foreign currency monetary assets and liabilities have been converted into Ringgit Malaysia at the rates of exchange ruling at the balance sheet date, unless hedged by foreign currency forward contracts, in which case the rates specified in such forward contracts are used. Transactions in foreign currencies have been converted at rates ruling at the transaction dates, unless hedged by foreign currency forward contracts, in which case the rates specified in such forward contracts are used. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statements.

The principal closing rates used in the translation of foreign currency amounts were as follows:

Foreign currency	2004 RM	2003 RM
1 EURO	5.1743	4.3312
100 Yen	3.6965	3.2859

## L Revenue Recognition

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue from the rendering of services is recognised when the service is rendered. Revenue recognised exclude sales and service taxes, excise duties, and is stated net of discounts and after eliminating sales within the Group.

Interest income - as it accrues unless collection is in doubt.

Dividend income - when the Group's right to receive payment is established.

## M Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## N Financial Instruments

### (1) Description

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

### (2) Financial instruments recognised on the balance sheet

Financial instruments carried on the balance sheet include cash and bank balances, receivables, investments, payables and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the financial year ended 31 December 2004

## N Financial Instruments *(continued)*

### (3) Financial instruments not recognised on the balance sheet

The Group and Company are also parties 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 Group and Company entered into foreign currency forward contracts to protect the Group 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 foreign currency forward contract. The gains and losses are therefore offset for financial reporting purposes and are not recognised in the financial statements.

### (4) Fair value estimation for disclosure purposes

The fair value of publicly traded investments is based on quoted market prices at the balance sheet date. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

In assessing the fair value of other financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Estimated discounted value of future cash flows are used to determine fair value for investment in unquoted shares.

The face values of financial assets (less any estimated credit adjustments) and financial liabilities with a maturity period of less than one year are assumed to approximate their fair values. The fair value of financial assets and liabilities with a maturity period of more than one year are disclosed in the notes to the financial statement.

## O Dividends

Interim dividends are accounted for in shareholders' equity as an appropriation of retained earnings in the period in which they are declared whilst final dividends are accounted for when approved by shareholders at the Annual General Meeting.

## P Employee Benefits

### (1) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

### (2) Defined contribution plans

The Group's contributions to the Employees' Provident Fund, a defined contribution plan regulated and managed by the government, are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further financial obligations.

### (3) Equity compensation benefits

Share options are granted to certain directors and employees under of the Group's Executives' Share Option Scheme, details of which are set out in Note 24(b) to the financial statements. No compensation cost is recognised upon granting or exercise of the options. When the share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital (for the par value of the shares issued) and share premium.

## Q Segment Reporting

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and segment liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises within a single segment.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2004

## 1 General Information

The principal activities of the Group and of the Company consist of the assembly, distribution and retailing of motor vehicles, distribution and sales of spare parts and servicing of vehicles.

The number of employees at the end of the financial year amounted to 1,026 (2003: 1,121) in the Group and 499 (2003: 606) in the Company respectively.

The ultimate holding company of the Company is Jardine Matheson Holdings Limited, a company incorporated in Bermuda.

The Company is a limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board of the Bursa Malaysia Securities Berhad.

The address of the registered office of the Company is as follows:

20th Floor, East Wing  
Plaza Permata  
Jalan Kampar  
Off Jalan Tun Razak  
50400 Kuala Lumpur

The address of the principal place of business of the Company is as follows:

Wisma Bintang  
No. 13A, Jalan 225  
46100 Petaling Jaya  
Selangor Darul Ehsan

## 2 Financial Risk Management Objectives and Policies

The Group's activities expose it to a variety of financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity and cash flow risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. Financial risk management is carried out through risk reviews, internal control systems and adherence to Group financial risk management policies. The Board regularly reviews these risks and approves the treasury policies, which covers the management of these risks.

The Group uses foreign currency forward contracts to protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled. It does not trade in such financial instruments.

### Foreign currency exchange risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into by the Company in currencies other than their functional currency. Foreign currency forward contracts are entered into by the Company to limit its exposure to foreign currency risk.

### Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing borrowings.

### Credit risk

Credit risk arises when sales are made on deferred credit terms. The Group has no significant concentrations of credit risk. The Group seeks to control credit risk by setting counterparty limits and ensuring that sales of products and services are made to customers with an appropriate credit history.

### Liquidity and cash flow risk

The Group adopts prudent liquidity risk management by maintaining sufficient cash, and an adequate amount of available committed credit facilities.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2004

## 3 Acquisition of a Subsidiary

On 23 March 2004, the Company completed a sale and purchase agreement with Jardine Cycle & Carriage Limited, the vendor of Cycle & Carriage (Malaysia) Sdn Berhad ("CCM"), to acquire the remaining 21,700,000 ordinary shares of RM1.00 each in CCM, representing 70% of the issued and paid up share capital of CCM for a total cash consideration of RM30,470,000. As a result of the acquisition, CCM become a wholly-owned subsidiary of the Company.

The effect of this acquisition on the financial results of the Group during the period is shown below:

	2004 RM'000
Revenue	70,668
Expenses excluding finance cost and tax	(70,866)
Profit from operations	(198)
Tax expense	213
Profit after tax	15
Less: Group's share of net profit had the Group not acquired the additional 70% interest	(5)
Net profit attributable to acquisition of 70% equity interest in CCM during the year	10

The effect of this acquisition on the Group's financial position at the year end is as follows:

	31.12.2004 RM'000
Non current assets	3,492
Current assets	28,034
Current liabilities	(2,809)
Group's share of net assets	28,717
Less: Amount accounted for as an associate at 31 March 2004	(11,614)
Less: Group's share of profit had the Group not acquired the additional 70% interest	(5)
Increase in Group net assets	17,098

### 3 Acquisition of a Subsidiary (continued)

Details of net assets acquired, goodwill and cash flow arising from the acquisition are as follows:

	At date of acquisition RM'000
Property, plant and equipment	12,730
Deferred tax asset	659
Hire purchase receivables	9,845
Inventories	15,066
Trade and other receivables	6,359
Bank and other liquid funds	7,898
Trade and other payables	(8,637)
Fair value of total net assets acquired at 31 March 2004	43,920
Less: Amount accounted for as an associate at 31 March 2004	(11,614)
Fair value of net assets acquired at 31 March 2004	32,306
Negative goodwill	(1,836)
Cost of acquisition	30,470
Total purchase consideration	30,470
Less: Cash and cash equivalents of subsidiary acquired	(7,898)
Cash outflow of the Group on acquisition	22,572

Negative goodwill arising on this acquisition is credited to reserves in the year of acquisition.

There was no acquisition in the prior year.

### 4 Revenue

Revenue of the Group and Company comprises sales of motor vehicles, spare parts, assembly fees and servicing of motor vehicles, excluding sales and service taxes, excise duty and net of discounts.

Revenue of the Group comprises sales to external customers.

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Sales of goods	642,852	801,695	489,009	705,296
Servicing of motor vehicles	28,198	21,886	21,175	19,179
Assembly fees	86,212	48,180	0	0
	<b>757,262</b>	<b>871,761</b>	<b>510,184</b>	<b>724,475</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2004

## 5 Profit from Operations

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Profit from operations is determined after charging/(crediting):				
Rent for land and buildings	2,199	1,694	1,809	1,621
Hire of plant and machinery	22	46	0	0
Auditors' remuneration	277	220	170	148
Allowance/(write back) for doubtful debts:				
- amount due from a subsidiary company	0	0	2,457	(4,243)
- trade receivables	(285)	122	32	71
- warranty claims receivable	4,330	0	4,128	0
Provision for contingent loss in a subsidiary company	0	0	5,215	0
Provisions for diminution in value for:				
- investments in subsidiary companies	0	0	11,583	0
- investment in an associated company	0	0	23,897	0
Staff costs	53,739	49,796	30,807	32,118
Voluntary separation scheme costs	2,875	2,829	2,280	468
Provision for retrenchment benefit	7,000	0	0	0
Property, plant and equipment:				
- depreciation (Note 10)	7,374	8,546	5,558	7,372
- impairment loss included within 'other operating expenses'	304	0	0	0
- gains on disposal	(11,079)	(593)	(10,854)	(77)
Net exchange (gain)/loss:				
- unrealised	(9)	(71)	(9)	(71)
- realised	60	(902)	60	(902)
Reversal of part of prior year inventory write down	(9,158)	(22,189)	(7,996)	(21,889)
Interest income from deposits (Note 26)	(622)	(4,498)	(553)	(4,484)
Dividends (gross) from:				
- unquoted investments in subsidiary companies	0	0	(41,598)	0
- unquoted investments in associated companies	0	0	(36,344)	(32,807)
- unquoted investments	(114)	(75)	0	0
Rental income	(648)	(877)	(2,809)	(2,737)
Write back on short term investments	(230)	(276)	(230)	(276)
Investment in DCM (Note 13)				
- minimum assured amount receivable	(11,229)	(10,952)	(11,229)	(10,952)
- amount recognised on receipt of dividend	(4,643)	0	(4,643)	0

Included in staff costs is contribution to the Employees Provident Fund of RM5,759,000 (2003: RM5,563,000) for the Group and RM3,245,000 (2003: RM3,551,000) for the Company.

## 6 Directors' Remuneration

The directors of the Company in office during the financial year were as follows:

### Non-executive Directors

Tan Sri Abdul Halim bin Ali  
 Datuk Hassan Abas  
 Tan Sri Abdul Rashid Hussain  
 Anthony John Liddell Nightingale  
 Philip Eng Heng Nee  
 Dato' Kamaruddin bin Mahmood  
 Syed Zaid bin Syed Jaffar Albar  
 Neville Barry Venter  
 Dato' Khalid bin Haji Ismail  
 Dato' Sulaiman bin Sujak  
 Adam Phillip Charles Keswick  
 Steven Gareth Foster (Alternate to Philip Eng Heng Nee) (ceased to be alternate director on 10 March 2004)  
 Joshua Lariston Knightley Chetwode (Alternate to Neville Barry Venter)

### Executive Directors

Steven Gareth Foster (appointed on 10 March 2004)  
 Datuk Seri Haji Mohamad bin Haji Hasan (resigned on 10 March 2004)

The aggregate amount of emoluments receivable by directors of the Company during the year were as follows:

	Group and Company	
	2004	2003
	RM'000	RM'000
<b>Non-executive Directors:</b>		
- fees	650	631
- salaries and bonus	582*	1,194*
- estimated money value of benefits-in-kind	171*#	215*#
<b>Executive Directors:</b>		
- salaries and bonus	1,599	948
- gratuity	600	0
- estimated money value of benefits-in-kind	196@	37
- defined contribution retirement plan	151@	163
	<b>3,949</b>	<b>3,188</b>

\* The emoluments are in relation to Joshua Lariston Knightley Chetwode, an officer of the Group and Company (2003: Steven Gareth Foster and Joshua Lariston Knightley Chetwode, officers of the Group and Company).

# The amounts also include estimated money value of benefits-in-kind of RM29,000 (2003: RM29,000) in relation to Tan Sri Abdul Halim bin Ali, Chairman of the Group and Company.

@ The amounts include amount payable to Jardine Matheson & Co., Ltd and Jardine Cycle & Carriage Limited of RM198,000 (2003: RM Nil).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2004

## 6 Directors' Remuneration (continued)

The former Executive Director of the Company had been granted options under the Executives' Share Option Scheme on the same terms and conditions as those offered to other employees of the Group (see Note 24(b)) as follows:

Grant date	Exercise price RM/share	At 1.1.2003	Granted '000	Exercised '000	At 31.12.2003 '000
3 July 2000	6.09	80	0	(80)	0
11 July 2001	4.66	80	0	(80)	0
3 April 2002	5.68	80	0	(80)	0
14 March 2003	4.28	0	100	(100)	0
		240	100	(340)	0

None of the other directors were granted options under the Executives' share option scheme.

Details relating to options exercised by the director during the year 2003 were as follows:

Exercise date	Fair value of shares at share issue date RM/Share	Exercise price RM/Share	Number of shares '000
August 2003	5.70 - 5.85	4.28	100
November 2003	7.25 - 7.90	4.66	80
December 2003	7.35 - 7.60	5.69 - 6.09	160
			340

2003  
RM'000

Ordinary share capital - at par	340
Share premium	1,402
Proceeds received on exercise of share options	1,742
Fair value at exercise date of shares issued	2,377

## 7 Tax Expense

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>In Malaysia</b>				
Current tax:				
- Company and subsidiary companies	(2,031)	7,626	9,308	8,699
- associated companies	2,307	1,344	0	0
Deferred tax:				
- Company and subsidiary companies (Note 15)	9,943	5,096	11,265	4,884
- associated companies	547	108	0	0
<b>Outside Malaysia</b>				
Current tax:				
- Company and subsidiary companies	0	0	7,269	5,384
- associated companies	0	(87)	0	0
Deferred tax:				
- associated companies	0	0	0	0
	<b>10,766</b>	<b>14,087</b>	<b>27,842</b>	<b>18,967</b>
Current tax:				
- current year	465	9,330	16,300	13,600
- benefit from previously unrecognised temporary difference and tax losses	(671)	(839)	0	0
- underaccrual in prior years (net)	482	392	277	483
Deferred tax:				
- origination and reversal of temporary differences	9,071	3,823	11,265	4,884
- write down of deferred tax assets	1,419	1,381	0	0
	<b>10,766</b>	<b>14,087</b>	<b>27,842</b>	<b>18,967</b>

The effective tax rate of the Group and of the Company is higher than the Malaysian Standard rate of income tax of 28% due to the following:

	Group		Company	
	2004 %	2003 %	2004 %	2003 %
Malaysian tax rate	28	28	28	28
Tax effects of:				
- lower tax rate	0	0	(5)	(2)
- expenses not deductible for tax purposes	6	8	22	1
- current year's tax loss not recognised	0	1	0	0
- tax losses previously recognised as deferred tax asset, now reversed	2	0	0	0
- current year temporary differences not recognised	4	0	0	0
- underaccrual in prior years (net)	2	0	1	1
Average effective tax rate	<b>42</b>	<b>37</b>	<b>46</b>	<b>28</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2004

## 8 Dividends

Dividends declared or proposed in respect of the financial years ended 31 December 2003 and 2004 are as follows:

	Group and Company			
	2004		2003	
	Gross per share sen	Amount of dividend net of tax RM'000	Gross per share sen	Amount of dividend net of tax RM'000
Interim dividend paid	5	3,627	15	10,608
Special interim dividend paid	0	0	417	302,475
Final dividend proposed	10	7,254	10	7,254
	15	10,881	442	320,337

At the forthcoming Annual General Meeting on 9 May 2005, a final gross dividend in respect of the financial year ended 31 December 2004 of 10 sen per share (2003: 10 sen per share), less income tax, amounting to RM7,254,000 (2003: RM7,254,000) will be proposed for shareholders' approval. These financial statements do not reflect this final dividend which will be accounted for as an appropriation of revenue reserved and accrued as a liability in the year ending 31 December 2005.

## 9 Earnings Per Share

Basic earnings per share is calculated by dividing the Group net profit attributable to shareholders for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2004	2003
Net profit attributable to shareholders (RM'000)	14,822	24,304
Weighted average number of ordinary shares in issue ('000)	100,745	98,311
Basic earnings per share (sen)	14.7	24.7

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has only one category of dilutive potential ordinary shares which is share options granted to employees. A calculation is done to determine the number of shares that could have been issued at market price (determined as the average monthly closing share price of the Company's shares) based on the consideration that would have been received on the exercise of the dilutive share options. The difference between the number of shares assumed to be issued on exercise of the dilutive share options and the number of shares that would have been issued at fair value are treated as an issue of ordinary shares for no consideration. The shares issued for no consideration are added to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to net profit attributable to shareholders.

	Group	
	2004	2003
Net profit attributable to shareholders (RM'000)	14,822	24,304
Weighted average number of ordinary shares:		
- in issue during the financial year ('000)	100,745	98,311
- adjustments for share options ('000)	0	2
- for diluted earnings per share calculation ('000)	100,745	98,313
Diluted earnings per share (sen)	14.7	24.7

## 10 Property, Plant and Equipment

	Land		Buildings RM'000	Plant and machinery RM'000	Motor vehicles, equipment and fixtures RM'000	Total RM'000
	Freehold RM'000	Leasehold RM'000				
<b>Group</b>						
<b>2004</b>						
Net book value at 1 January	10,523	29,732	37,438	4,857	7,262	89,812
Acquisition of subsidiary (Note 3)	3,386	7,509	1,020	134	681	12,730
Additions	14,170	0	7,074	612	4,026	25,882
Disposals	(1,193)	(98)	(1,392)	(1,423)	(303)	(4,409)
Impairment loss	0	0	0	(132)	(172)	(304)
Depreciation charge	0	(523)	(2,334)	(1,619)	(2,898)	(7,374)
Net book value at 31 December	26,886	36,620	41,806	2,429	8,596	116,337
Cost	26,886	44,137	68,966	17,010	26,095	183,094
Accumulated depreciation	0	(7,517)	(27,160)	(14,449)	(17,327)	(66,453)
Accumulated impairment loss	0	0	0	(132)	(172)	(304)
Net book value at 31 December	26,886	36,620	41,806	2,429	8,596	116,337
<b>2003</b>						
Cost	10,523	36,779	63,882	32,202	23,556	166,942
Accumulated depreciation	0	(7,047)	(26,444)	(27,345)	(16,294)	(77,130)
Net book value at 31 December	10,523	29,732	37,438	4,857	7,262	89,812
<b>Company</b>						
<b>2004</b>						
Net book value at 1 January	9,293	29,732	36,175	3,289	5,655	84,144
Additions	20,539	9,300	10,175	252	2,564	42,830
Disposals	(1,193)	(98)	(1,392)	(1,041)	(274)	(3,998)
Depreciation charge	0	(459)	(2,078)	(1,126)	(1,895)	(5,558)
Net book value at 31 December	28,639	38,475	42,880	1,374	6,050	117,418
Cost	28,639	45,929	68,518	8,398	18,492	169,976
Accumulated depreciation	0	(7,454)	(25,638)	(7,024)	(12,442)	(52,558)
Net book value at 31 December	28,639	38,475	42,880	1,374	6,050	117,418
<b>2003</b>						
Cost	9,293	36,779	61,854	19,539	19,528	146,993
Accumulated depreciation	0	(7,047)	(25,679)	(16,250)	(13,873)	(62,849)
Net book value at 31 December	9,293	29,732	36,175	3,289	5,655	84,144

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2004

## 10 Property, Plant and Equipment *(continued)*

The analysis of leasehold land into long leasehold (unexpired term of more than 50 years) and short leasehold (unexpired term of less than 50 years) at the balance sheet date is as follows:

	Group					
	2004			2003		
	Long leasehold RM'000	Short leasehold RM'000	Total RM'000	Long leasehold RM'000	Short leasehold RM'000	Total RM'000
Cost	43,239	898	44,137	35,879	900	36,779
Accumulated depreciation	(7,137)	(380)	(7,517)	(6,681)	(366)	(7,047)
Net book value	36,102	518	36,620	29,198	534	29,732

	Company					
	2004			2003		
	Long leasehold RM'000	Short leasehold RM'000	Total RM'000	Long leasehold RM'000	Short leasehold RM'000	Total RM'000
Cost	45,031	898	45,929	35,879	900	36,779
Accumulated depreciation	(7,074)	(380)	(7,454)	(6,681)	(366)	(7,047)
Net book value	37,957	518	38,475	29,198	534	29,732

## 11 Investments in Subsidiary Companies

	Company	
	2004 RM'000	2003 RM'000
Unquoted investments at cost	53,153	13,467
Less: Allowance for accumulated impairment loss	(14,551)	(2,968)
	38,602	10,499

## 12 Investments in Associated Companies

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Unquoted investments at cost	112,732	121,948	112,732	121,948
Less: Allowance for accumulated impairment loss	0	0	(23,897)	0
	112,732	121,948	88,835	121,948
Share of retained profits less accumulated losses and reserves of associated companies	(17,213)	12,844	0	0
Less: Goodwill written off	(6,715)	(3,375)	0	0
Interests in associated companies	88,804	131,417	88,835	121,948

Investments in associated companies are represented by:

Share of net tangible assets of associated companies	88,804	131,417
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### 13 Investments in Unquoted Shares

The investments in unquoted shares relate to the investment in DaimlerChrysler Malaysia Sdn Bhd (“DCM”), a joint-venture company with DaimlerChrysler AG (“DCAG”). The Company subscribed for 49% of the shares in DCM, representing 66,003,000 Class B shares at a par value of RM1 each, whilst DCAG subscribed for 51% of the shares in DCM representing 68,697,000 Class A shares at a par value of RM1 each on 10 January 2003. The rights attached to the Class A and Class B shares are set out in the Articles and Memorandum of Association. The participation of the Company in DCM shall not entitle the Company to any veto rights or minority rights except for veto rights under the Malaysian Company law in relation to Class B shares, and accordingly these investments have been accounted for as simple investments instead of an associated company.

There are put and call options in respect of the Company's stake which are exercisable at any time after the fifth anniversary of the completion of the joint-venture.

For the period from January 2003 to December 2007, the Company is entitled to receive an annual net dividend income of RM11.2 million in respect of the investment in 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 the net income of RM8.1 million.

From January 2008, the Company shall be entitled to receive an annual return based on, amongst others, the paid-up capital of the shares in DCM held by the Company and a margin above the annual yield on bonds issued by the government of Malaysia.

For the year ended 31 December 2004, the Group recognised the minimum assured amount of RM11,228,700 (2003: RM10,952,000) based on time apportionment basis. In addition, a further RM4.6 million (RM3.3 million after tax) was recognised after DCM paid a gross dividend of RM15.6 million (RM11.2 million after tax) in June, this being the difference between the minimum assured amount recognised in 2003 and the payment by DCM in the form of a dividend.

The fair value of the investment in DCM at 31 December 2004 is RM90,119,000 (2003: RM91,654,000). In determining the fair value, the directors have discounted the future contractual cash flows from January 2005 to December 2007 at the Group's rate of return for similar investment, and on the assumption that the put or call options will be exercised at the end of the fifth anniversary.

### 14 Hire Purchase Receivables

	Group	
	2004 RM'000	2003 RM'000
Gross amount outstanding	5,216	0
Less: Unearned finance income	288	0
Allowance for doubtful debts	85	0
	(373)	0
	<b>4,843</b>	<b>0</b>
Gross amount outstanding:		
Receivable within one year	3,548	0
Receivable between one and five years	1,668	0
	<b>5,216</b>	<b>0</b>
Hire purchase receivables:		
Receivable within one year (Note 17)	3,245	0
Receivable between one and five years	1,598	0
	<b>4,843</b>	<b>0</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2004

## 15 Deferred Taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Deferred tax assets	<b>2,115</b>	11,399	<b>454</b>	11,719
At the start of the year	<b>11,399</b>	16,495	<b>11,719</b>	16,603
Credited/(charged) to income statement: (Note 7)				
- property, plant and equipment	<b>209</b>	342	<b>13</b>	320
- tax losses	<b>(1,419)</b>	(1,380)	<b>0</b>	0
- provisions	<b>(6,293)</b>	517	<b>(6,265)</b>	516
- allowance for stocks	<b>(1,679)</b>	(1,151)	<b>(1,731)</b>	(1,145)
- allowance for amount due from subsidiary	<b>0</b>	0	<b>(2,049)</b>	(1,188)
- accrued income	<b>(77)</b>	(3,067)	<b>(77)</b>	(3,067)
- others	<b>(684)</b>	(357)	<b>(1,156)</b>	(320)
	<b>(9,943)</b>	(5,096)	<b>(11,265)</b>	(4,884)
Acquisition of a subsidiary company (Note 3)	<b>659</b>	0	<b>0</b>	0
At end of the year	<b>2,115</b>	11,399	<b>454</b>	11,719
Subject to income tax:				
Deferred tax assets (before offsetting)				
Property, plant and equipment	<b>161</b>	21	<b>0</b>	0
Provisions	<b>1,766</b>	8,059	<b>1,766</b>	8,031
Tax losses	<b>0</b>	1,419	<b>0</b>	0
Allowance for stocks	<b>1,855</b>	3,026	<b>1,187</b>	2,918
Allowance for amount due from subsidiary	<b>0</b>	0	<b>0</b>	2,049
Others	<b>1,853</b>	2,312	<b>932</b>	2,088
	<b>5,635</b>	14,837	<b>3,885</b>	15,086
Offsetting	<b>(3,520)</b>	(3,438)	<b>(3,431)</b>	(3,367)
Deferred tax assets (after offsetting)	<b>2,115</b>	11,399	<b>454</b>	11,719
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	<b>376</b>	371	<b>287</b>	300
Accrued income	<b>3,144</b>	3,067	<b>3,144</b>	3,067
	<b>3,520</b>	3,438	<b>3,431</b>	3,367
Offsetting	<b>(3,520)</b>	(3,438)	<b>(3,431)</b>	(3,367)
Deferred tax liabilities (after offsetting)	<b>0</b>	0	<b>0</b>	0

15 **Deferred Taxation** (continued)

The amount of deductible temporary differences and unused tax losses (both of which have no expiry date) for which no deferred tax asset is recognised in the balance sheet are as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Deductible temporary differences	6,370	1,631	12,022	0
Tax losses	20,768	18,521	0	0

16 **Inventories**

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>At cost</b>				
Production supplies including completely-knocked-down vehicles	22,440	14,176	13,344	5,066
Work-in-progress	2,485	5,283	913	3,677
Finished goods	142,715	131,801	114,259	100,965
	167,640	151,260	128,516	109,708
<b>At net realisable value</b>				
Production supplies including completely-knocked-down vehicles	186	886	186	886
Work-in-progress	0	114	0	114
Finished goods	34,525	53,871	21,498	43,987
	34,711	54,871	21,684	44,987
	202,351	206,131	150,200	154,695

The Group and Company reversed RM9,158,000 and RM7,996,000 (2003: RM22,189,000 and RM21,889,000) respectively in respect of part of inventory write down made in prior years that were subsequently not required as the Group and Company were able to sell these inventories at above their carrying amounts.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2004

## 17 Trade and Other Receivables

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Trade receivables	74,194	97,761	55,772	80,830
Less: Allowance for doubtful debts	(17,226)	(16,751)	(16,371)	(16,346)
	<b>56,968</b>	<b>81,010</b>	<b>39,401</b>	<b>64,484</b>
Warranty claims receivables	10,817	0	9,225	0
Less: Allowance for doubtful debts	(4,221)	0	(4,018)	0
	<b>6,596</b>	<b>0</b>	<b>5,207</b>	<b>0</b>
Deposits	788	790	680	738
Prepayment	27	87	27	37
Other receivables	92	92	0	0
Hire purchase receivables (Note 14)	3,245	0	0	0
Tax recoverable	14,207	6,125	12,364	5,658
	<b>81,923</b>	<b>88,104</b>	<b>57,679</b>	<b>70,917</b>

The currency profile of the financial assets which are included within trade and other receivables is as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Ringgit Malaysia	67,689	76,491	45,288	59,821
US Dollar	0	5,401	0	5,401
	<b>67,689</b>	<b>81,892</b>	<b>45,288</b>	<b>65,222</b>

Credit terms of trade receivables range from 30 to 90 days.

Concentrations of credit risk with respect to trade receivables are limited due to the more significant debts are partially back up by bank guarantees and their payment track records. The Group's historical experience in collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

## 18 Short Term Investments

	Group and Company	
	2004 RM'000	2003 RM'000
Shares in corporations quoted in Malaysia - at cost	3,356	3,356
Less: Amount written-down	(1,747)	(1,977)
	<b>1,609</b>	<b>1,379</b>
Market value of shares in corporations quoted in Malaysia	1,609	1,379

The market value at the balance sheet date of these investments approximated the fair values.

**19 Amounts Due from/(to) Subsidiary Companies**

	Company	
	2004 RM'000	2003 RM'000
Amounts due from subsidiary companies	30,294	45,804
Less: Allowance for amount due from a subsidiary company	(6,807)	(4,350)
	<b>23,487</b>	<b>41,454</b>
Amounts due to subsidiary companies	(9,859)	(4,885)

The amounts due from/to subsidiary companies are unsecured, interest free and have no fixed repayment terms.

**20 Cash and Cash Equivalents**

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Deposits with licensed banks (with maturity of less than 3 months)	0	36,000	0	36,000
Bank and cash balances	8,277	3,769	2,409	470
Bank overdraft (Note 23)	0	(8,374)	0	(8,374)
	<b>8,277</b>	<b>31,395</b>	<b>2,409</b>	<b>28,096</b>

Bank and cash balances are denominated in Ringgit Malaysia. The bank balances are placed in current accounts with major licensed banks in Malaysia.

The weighted average interest rate that were effective as at the balance sheet date were as follows:

	Group and Company	
	2004 %	2003 %
Deposits with licensed banks	2.35	2.55

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2004

## 21 Provisions for Liabilities and Charges

	Service and warranty RM'000	Retrenchment benefit RM'000	Others RM'000	Total RM'000
<b>Group</b>				
At 1 January 2003	27,060	0	30	27,090
Additional provisions charged to income statement	9,681	0	171	9,852
Utilised during the year	(7,607)	0	0	(7,607)
At 31 December 2003	29,134	0	201	29,335
At 1 January 2004	29,134	0	201	29,335
Additional provisions	3,235	7,000	10	10,245
Unused amounts reversed	(4,670)	0	0	(4,670)
Charged to income statement	(1,435)	7,000	10	5,575
Utilised during the year	(24,896)	0	(61)	(24,957)
At 31 December 2004	2,803	7,000	150	9,953
<b>Company</b>				
At 1 January 2003	26,808	0	30	26,838
Additional provisions charged to income statement	9,092	0	171	9,263
Utilised during the year	(7,421)	0	0	(7,421)
At 31 December 2003	28,479	0	201	28,680
At 1 January 2004	28,479	0	201	28,680
Additional provisions	2,910	0	10	2,920
Unused amounts reversed	(4,365)	0	0	(4,365)
Charged to income statement	(1,455)	0	10	(1,445)
Utilised during the year	(24,884)	0	(61)	(24,945)
At 31 December 2004	2,140	0	150	2,290

### Service and warranty

The Group and Company provide service and warranties on vehicles sold under specific warranty terms. A provision is made for expected warranty claims based on past service histories.

### Retrenchment benefit

As a result of early termination of assembly contracts entered into as disclosed in Note 27(b), the Group established a provision for retrenchment benefit. The provision is based on estimated costs required to compensate the redundant work force.

### Others

Other provisions comprise provisions in respect of various legal claims arising from the ordinary course of business. The directors consider the disclosure of further details on those claims unnecessary due to the immaterial amount attributable to each claim.

## 22 Trade and Other Payables

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Trade payables	46,579	47,341	24,558	30,338
Trade accruals	19,102	25,684	16,631	20,515
	65,681	73,025	41,189	50,853

The currency profile of trade payables is as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Ringgit Malaysia	61,697	73,025	37,205	50,853
Yen	3,984	0	3,984	0
	65,681	73,025	41,189	50,853

Credit terms of trade payables granted to the Group and Company vary from 30 to 90 days.

The Group's exposure to fluctuation in foreign currency are limited due to the forward contracts entered into by the Group as disclosed in Note 30.

## 23 Borrowings (Unsecured)

	Group and Company	
	2004 RM'000	2003 RM'000
<b>Current</b>		
Revolving credits	25,000	68,000
Bankers acceptance	94,479	91,610
	119,479	159,610
Bank overdraft (Note 20)	0	8,374
	119,479	167,984

Contractual terms of borrowings are as follows:

Group and Company	Contractual interest rate at balance sheet date (per annum)	Functional currency	Total carrying amount RM'000	Maturity profile <1 year RM'000
<b>2004</b>				
<b>Unsecured</b>				
Bank overdraft	6.5% - 6.75%	RM	0	0
Revolving credits	3.3% - 3.8%	RM	25,000	25,000
Bankers acceptance	2.95% - 3.5%	RM	97,479	97,479
<b>2003</b>				
<b>Unsecured</b>				
Bank overdraft	6.5% - 6.75%	RM	8,374	8,374
Revolving credits	3.64% - 3.85%	RM	68,000	68,000
Bankers acceptance	3.35%	RM	91,610	91,610

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2004

## 24 Share Capital

	Group and Company			
	2004		2003	
	'000	RM'000	'000	RM'000
<b>(a) Ordinary shares of RM 1 each</b>				
<b>Authorised:</b>				
At 1 January/31 December	200,000	200,000	200,000	200,000
<b>Issued and fully paid-up:</b>				
At 1 January	100,745	100,745	98,033	98,033
Options exercised during the financial year	0	0	2,712	2,712
At 31 December	100,745	100,745	100,745	100,745

### (b) Executives' Share Option Scheme

The Company has an Executives' Share Option Scheme (ESOS) which came into effect on 30 June 2000 for a period of five years. The ESOS is governed by the by-laws which were approved by the shareholders on 10 May 2000.

The main features of the ESOS are:

- The total number of ordinary shares to be issued by the Company under the ESOS shall not exceed 10% of the issued and paid-up share capital of the Company (inclusive of any options granted and exercised under previous employees' share option scheme).
- Eligible employees are those confirmed full-time employees of grade 1 and above who have served a minimum period of one continuous year or contract employees with contract duration of at least 3 years, or has served at least 3 continuous years before the offering date. Employees who have participated under previous employees' share option scheme may be allowed to participate in the ESOS subject to completion of at least 5 years of continuous service.
- The options granted must be exercised before the expiry of the ESOS.
- The price at which the persons to whom the options have been granted are entitled to take up shares under the ESOS, shall be equal to the average of the mean market quotation (calculated as the average of the highest and lowest prices transacted) of the shares, as shown in the daily diary issued by the Bursa Malaysia Securities Berhad for the 5 market days preceding the date of offer or at the par value of the shares, whichever is higher.
- The persons to whom the options have been granted have no right to participate in more than one employees' share option scheme implemented by any company within the Group.

Set out below are details of options over ordinary shares of the Company granted under the ESOS:

Grant date	Exercise price RM/share	At start of the year '000	Granted '000	Exercised '000	Cancelled '000	At end of the year '000
<b>2004</b>						
3 July 2000	6.09	337	0	0	(24)	313
11 July 2001	4.66	39	0	0	(9)	30
3 April 2002	5.68	138	0	0	(27)	111
		514	0	0	(60)	454

## 24 Share Capital (continued)

Grant date	Exercise price RM/share	At start of the year '000	Granted '000	Exercised '000	Cancelled '000	At end of the year '000
2003						
3 July 2000	6.09	1,126	0	(708)	(81)	337
11 July 2001	4.66	1,024	0	(911)	(74)	39
3 April 2002	5.68	1,235	0	(993)	(104)	138
14 March 2003	4.28	0	100	(100)	0	0
		3,385	100	(2,712)	(259)	514

All of the above options will expire on 30 June 2005.

	2004 '000	2003 '000
Number of share options vested at balance sheet date	454	514

Details relating to options exercised during the year are as follows:

Exercise date	Fair value of shares at share issue date RM/share	Exercise price RM/share	Number of shares issued	
			2004 '000	2003 '000
July 2003	5.10 - 5.40	4.66	0	9
August - September 2003	5.30 - 5.90	4.28 - 4.66	0	180
November 2003	5.65 - 5.80	4.66	0	77
November 2003	7.25 - 7.90	4.66	0	194
November 2003	7.25 - 7.90	5.68	0	148
November 2003	7.25 - 7.90	6.09	0	64
December 2003	7.05 - 7.60	4.66	0	551
December 2003	7.30 - 7.60	5.68	0	845
December 2003	7.30 - 7.60	6.09	0	644
			0	2,712
			2004 RM'000	2003 RM'000
Ordinary share capital - at par			0	2,712
Share premium			0	11,913
Proceeds received on exercise of share options			0	14,625
Fair value at exercise date of shares issued			0	19,742

The fair value of shares issued on the exercise of options is the mean market price at which the Company's shares were traded on the Bursa Malaysia Securities Berhad on the day of the exercise of the options.

## 25 Revenue Reserve

There are sufficient Malaysian (Section 108) tax credits to frank all the revenue reserve of the Company at 31 December 2004 if paid out as dividends.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2004

## 26 Cash Flow from Operations

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Net profit attributable to shareholders	14,822	24,304	32,870	49,677
Adjustments for:				
Property, plant and equipment:				
- depreciation (Notes 5 & 10)	7,374	8,546	5,558	7,372
- impairment	304	0	0	0
- gain on disposal (Note 5)	(11,079)	(593)	(10,854)	(77)
Interest income (Note 5)	(622)	(4,498)	(553)	(4,484)
Finance cost	3,720	255	3,720	255
Provisions	5,575	9,852	(1,445)	9,263
Write back in value in short term investments	(230)	(276)	(230)	(276)
Write down in value in subsidiary companies (Note 5)	0	0	11,583	0
Write down in value in an associated company (Note 5)	0	0	23,897	0
Dividends (gross) from investments (Note 5)	(114)	(75)	(77,942)	(32,807)
Minimum assured amount receivable from investment in DCM	(15,872)	(10,952)	(15,872)	(10,952)
Share of results of associated companies	(2,186)	(632)	0	0
Tax expense (Note 7)	10,766	14,087	27,842	18,967
	(2,364)	15,714	(34,296)	(12,739)
	12,458	40,018	(1,426)	36,938
Changes in working capital:				
Inventories	18,845	183,955	4,495	200,199
Receivables	22,622	14,226	20,221	18,705
Payables	(9,828)	(79,771)	(9,578)	(76,429)
Provision for liabilities and charges	(24,957)	(7,607)	(24,945)	(7,421)
Associated companies' balances	5,726	(5,373)	5,064	(4,711)
Subsidiary companies' balances	0	0	22,941	(21,981)
	12,408	105,430	18,198	108,362
Cash flow from operations	24,866	145,448	16,772	145,300

## 27 Discontinuing Operation

(a) On 9 December 2003, the Company entered into a joint-venture agreement with DaimlerChrysler AG ("DCAG") to set up a joint venture company, DaimlerChrysler Malaysia Sdn Bhd ("DCM"), for the following:

- (i) purchase of and import into Malaysia of completely-built-up, completely-knocked-down and semi-knocked-down motor vehicles;
- (ii) local assembly of motor vehicles;
- (iii) distribution of motor vehicles and spare parts; and
- (iv) responsibility for and performance of after-sales service.

## 27 Discontinuing Operation (continued)

The existing Agency Agreement dated 30 October 1974 between Mercedes-Benz AG, the legal predecessor of DCAG and the Company had been terminated as a consequent of the above joint-venture agreement. The Company was thereafter appointed as a major dealer of DCM.

As a result, the Company ceased to have the rights to the Mercedes-Benz wholesale business effective 1 January 2003. The discontinuance of the wholesale business affects the automobile industry business segment.

The results attributable to the discontinuance of the Mercedes-Benz wholesale business operation during the year were as follows:

	2004 RM'000	2003 RM'000
Revenue	10,382	265,253
Expenses excluding finance cost and tax	(8,354)	(257,249)
Profit from operation	2,028	8,004
Gain on disposal of assets	5,581	844
Profit before tax	7,609	8,848
Tax expense	(2,573)	(1,787)
Profit after tax	5,036	7,061

The assets and liabilities attributable to the discontinuance of the Mercedes-Benz wholesale business operation were as follows:

	2004 RM'000	2003 RM'000
Non-current assets - plant & equipment	108	2,844
Current assets	5,976	48,680
Total assets	6,084	51,524
Current liabilities	(1,951)	(40,447)
Net assets	4,133	11,077

The cash flows attributable to the discontinuance of the Mercedes-Benz wholesale business operation during the year were as follows:

	2004 RM'000	2003 RM'000
Operating activities	4,311	241,817
Investing activities - proceeds from disposal of equipment	6,554	1,030
Total cash flows	10,865	242,847

The net gain on disposal of equipment attributable to the discontinuance of the Mercedes-Benz wholesale business operation of the Group was as follows:

	2004 RM'000	2003 RM'000
Net book value of equipment	973	186
Proceeds from disposal	6,554	1,030
Gain on disposal before and after tax	5,581	844

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2004

## 27 Discontinuing Operation *(continued)*

(b) Prior to the year end, DaimlerChrysler Malaysia Sdn Bhd (“DCM”) informed the Group that it would like to exercise its options to early terminate the assembly agreements currently undertaken by Asia Automobile Industries Sendirian Berhad (“AAI”) and Srisari Sdn Bhd (“Srisari”), both of which are wholly owned subsidiaries of the Company. AAI currently undertakes to assemble Mercedes-Benz C-Class, S-Class and commercial vehicles (“the Vehicles”) while Srisari, the Mercedes-Benz C-Class, E-Class and S-Class engines (“the Engines”). Both AAI and Srisari are collectively called the “Assemblers”.

Following extensive negotiations, on 14 January 2005, both AAI and Srisari have each entered into a separation agreement (“the Separation Agreement”) with DCM for an early termination of the assembly agreements as follows:

- (i) In consideration of the payment by DCM to the Assemblers of a sum of RM10,900,000 (the “Separation Cost”), DCM and the Assemblers agree to an early termination of the Vehicle assembly agreement dated 9 June 2003 made between DCM and AAI; and the Engine assembly agreement dated 12 April 2004 made between DCM and Srisari (collectively, the “Assembly Agreements”) for the assembly of Vehicles and Engines. The separation cost takes into account the assembly fees, compensation, retrenchment cost and purchase price for certain assembly equipment. In addition to the Separation Cost, DCM will also pay the per unit assembly fee based on the agreed rate per Vehicles and Engines for vehicles to be assembled prior to cessation.
- (ii) The Assembly Agreements are expected to be terminated on 30 June and 31 July 2005 for Srisari and AAI, respectively, whereupon the assembly works for the Engines and Vehicles will cease. During the interim period, the Assemblers will continue the assembly works based on an agreed production schedule.
- (iii) The Separation Cost will be paid in instalments on dates agreed between the parties, with the final instalment payable on 31 July 2005.

The results attributable to the discontinuing assembling operation during the year were as follows:

	2004 RM'000	2003 RM'000
Revenue	86,212	48,180
Expenses excluding finance cost and tax	(83,107)	(43,958)
Profit from operation	3,105	4,222
Impairment loss of plant and equipment	(304)	0
Provision for retrenchment benefit	(7,000)	0
(Loss)/profit before tax	(4,199)	4,222
Tax expense	(971)	(1,662)
(Loss)/profit after tax	(5,170)	2,560

The assets and liabilities attributable to the discontinuing assembly operation were as follows:

	2004 RM'000	2003 RM'000
Non-current assets - plant & equipment	675	1,479
Non-current asset - deferred tax asset	750	1,512
Current assets	21,426	20,969
Total assets	22,851	23,960
Current liabilities	(30,988)	(27,521)
Net liabilities	(8,137)	(3,561)

**27 Discontinuing Operation** *(continued)*

The cash flows attributable to the discontinuing assembly operation during the year were as follows:

	2004 RM'000	2003 RM'000
Operating activities	(1,390)	(37)
Proceeds from disposal of equipment	18	0
Purchase of equipment	(215)	(293)
Net cash flows	(1,587)	(330)

**28 Subsidiary and Associated Companies**

The subsidiary and associated companies, which are all incorporated in Malaysia, are detailed below:

	Issued capital RM'000	Group's share		Principal activities
		2004 %	2003 %	
<b>Subsidiary companies</b>				
Ipoh Motors Sdn Berhad	1,710	100	100	Retailing of motor vehicles, sales of spare parts, servicing of vehicles and business of an insurance agent.
Hercules Automotive Engineers Sendirian Berhad	200	100	100	Fitting of motor vehicle accessories.
Asia Automobile Industries Sendirian Berhad	4,400	100	100	Assembly of motor vehicles.
Srisari Sdn. Bhd.	0*	100	100	Assembly of engines.
Cycle & Carriage Automobiles Sendirian Berhad	5,000	100	100	Distribution and retailing of motor vehicles, sales of spare parts and servicing of vehicles.
Cycle & Carriage (Malaysia) Sdn Berhad (see Note 3)	31,000	100	-	Retailing of motor vehicles, sales of spare parts, provision of after-sales services and hire purchase financing.
* Issued share capital of RM2				
<b>Associated companies</b>				
CCL Group Properties Sdn Berhad	149,160	40	40	Property investment.
Cycle & Carriage (Malaysia) Sdn Berhad (see Note 3)	31,000	-	30	Retailing of motor vehicles, sales of spare parts, provision of after-sales services and hire purchase financing.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2004

## 29 Significant Related Party Disclosures

In addition to related party disclosures disclosed elsewhere in the financial statements, set out below are other significant related party transactions and balances.

The directors regard Jardine Matheson Holdings Limited as the ultimate holding company.

The related party transactions described below were carried out on terms and conditions obtainable in transactions with unrelated parties.

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>(a) With associated companies:</b>				
Sales of goods and services	3,272	16,900	3,268	13,184
Dividend income (gross)	0	0	36,344	32,807
Purchases of goods and services	(302)	(409)	(214)	(379)
Rent for land and buildings	(352)	(364)	(352)	(364)
Internal audit fees	(105)	(420)	(105)	(420)
Management fees	(123)	(189)	(123)	(189)

Sales to and purchases from associated companies are aggregated because these transactions are similar in nature and no single transaction is significant enough to warrant separate disclosure.

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>(b) With directors/companies related to directors:</b>				
Sales of motor vehicles and parts to:				
- HSBC Bank Malaysia Berhad	0	422	0	422
- Datuk Seri Haji Mohamad bin Haji Hasan	246	0	176	0
Purchase of advertising services from Saujana Resort (M) Berhad	(200)	(170)	(200)	(170)
Purchase of FI tickets from Sepang International Circuit Sdn Bhd	(13)	(189)	(13)	(189)
Payment of hotel accommodation, banquet and meeting package to Hyatt Regency Saujana	(119)	(38)	(119)	(38)
Payment of golf tournament expenses to Saujana Resort (M) Berhad	0	(54)	0	(29)

29 Significant Related Party Disclosures (continued)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
(c) With substantial shareholders and companies related to substantial shareholders:				
Sales of motor vehicles and parts to:				
- Jardine Lloyd Thompson Sdn Bhd	0	241	0	241
- Jardine Matheson (Malaysia) Sdn Bhd	792	281	792	281
- Cycle & Carriage (North Shore) Limited	422	0	422	0
- Edaran Otomobil Nasional Berhad	125	0	125	0
Receipt of incentives from Edaran Otomobil Nasional Berhad				
	139	0	0	0
Receipt of finance commission from EON Finance Berhad				
	205	0	0	0
Purchase of goods and parts from:				
- Edaran Otomobil Nasional Berhad	(14,574)	0	0	0
- Johnson Control Automotive Interiors (Malaysia) Sdn Bhd	(6)	(2,850)	0	(2,840)
- Johnson Control Automotive Seating (M) Sdn Bhd	(1,027)	(13,128)	(1,027)	(13,128)
Payment to Jardine Cycle & Carriage Limited:				
- management service	(468)	(399)	(468)	(399)
- share of group umbrella crime insurance premium	(320)	0	(320)	0
Payment of IT Services to Cycle & Carriage Industries Pte Limited				
	(21)	0	0	0
Payment of insurance premiums to Jardine Lloyd Thompson Sdn Bhd				
	(654)	(420)	(461)	(316)
Payment of consultancy fees to Jardine Lloyd Thompson Sdn Bhd				
	(32)	0	(32)	0
Payment of hotel accommodation & banquet to:				
- Concorde Hotel	0	(11)	0	(11)
- Mandarin Oriental Kuala Lumpur	0	(34)	0	(34)
Payment of rental of promotion space to Dairy Farm Giant Properties Sdn Bhd				
	0	(4)	0	(3)
Payment of computer software and peripherals to Jardine OneSolution (2001) Sdn Bhd				
	(1,179)	(149)	(979)	(141)
Payment of professional fees on processes studies to Jardine India Software Technologies Pvt Ltd				
	0	(221)	0	(221)
Payment of consultancy and course fees to Jardine Matheson & Co., Ltd				
	(376)	(354)	(376)	(354)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2004

## 29 Significant Related Party Disclosures *(continued)*

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>(d) With principal officers:</b>				
Sale of motor vehicle to				
- Teo Woon Hud	0	424	0	424
- Chau Sik Cheong	130	0	130	0

(e) The details of options over ordinary shares of the Company granted to the executive director of the Company and the exercise of such options during the year are as disclosed in Note 6.

Relationships with the above related parties are as follows:

Related party	Relationship
Johnson Control Automotive Interiors (Malaysia) Sdn Bhd and Johnson Control Automotive Seating (M) Sdn Bhd	Companies in which Jardine Matheson Holdings Limited, the ultimate holding company of the Company has indirect interest through its interest in Edaran Otomobil Nasional Berhad.
Edaran Otomobil Nasional Berhad and EON Finance Berhad	Companies in which Jardine Matheson Holdings Limited, the ultimate holding company of the Company has interest.
Saujana Resort (M) Berhad and Hyatt Regency Saujana	Companies in which Datuk Hassan Abas, a director of the Company has interest via the Saujana group of companies.
Sepang International Circuit Sdn Bhd	A company in which Datuk Hassan Abas and Syed Zaid bin Syed Jaffar Albar, directors of the Company are also directors.
HSBC Bank Malaysia Berhad	A company in which Dato' Sulaiman bin Sujak, a director of the Company is also a director.
Jardine Cycle & Carriage Limited (*)	The holding company of the Company.
Cycle & Carriage (North Shore) Limited, Cycle & Carriage Industries Pte Limited and Concorde Hotel	Subsidiary and associated companies of Jardine Cycle & Carriage Limited, the holding company of the Company.
Jardine Matheson & Co., Ltd, Jardine India Software Technologies Pvt Ltd, Jardine OneSolution (2001) Sdn Bhd, Dairy Farm Giant Properties Sdn Bhd, Mandarin Oriental Kuala Lumpur, Jardine Lloyd Thompson Sdn Bhd and Jardine Matheson (Malaysia) Sdn Bhd	Companies related to Jardine Matheson Holdings Limited, the ultimate holding company of the Company.

\* Jardine Cycle & Carriage Limited ("JCCL") has a 46.78% shareholding in the Company, and a further 12.32% shareholding was purchased from J.I. Motor Holdings B.V., a wholly owned subsidiary of Jardine Motors Group Limited, a fellow subsidiary within the Jardine Matheson Group, on 30 August 2004. JCCL is now the holding company of the Company with 59.1% shareholding in the Company.

## 29 Significant Related Party Disclosures *(continued)*

Related party	Relationship
Datuk Seri Haji Mohamad bin Haji Hasan	A former Managing Director of the Company and the Group.
Chau Sik Cheong	A former Director of Finance of the Company and the Group.
Teo Woon Hud	A former General Manager - Sales & Marketing (Mazda) of the Company.

Outstanding balances with the above related parties arose from normal trade transactions during the financial year.

## 30 Financial Instruments

In applying the Group's risk management strategy, the Group manages its exposure to foreign currency rate movements through the use of foreign currency forward contracts with creditworthy financial institutions. In general, the Group's policy is to enter into foreign currency forward contracts for foreign currency liabilities related to purchase of stocks based on confirmed orders.

At the financial year end, the settlement dates on open forward contracts ranged between 1 to 3 months. The local currency amounts to be paid and contractual exchange rates of the outstanding contracts were as follows:

	Group and Company	
	2004	2003
	RM'000	RM'000
Euro Dollar - Nil (2003: at rates averaging Euro 1 = RM4.3014)	0	6,384
Japanese Yen - at rates averaging Yen 100 = RM3.7151 (2003: Yen 100 = RM3.5738)	9,914	3,514
	<b>9,914</b>	<b>9,898</b>
Fair value at 31 December ((unfavourable)/favourable net position of)	(44)	735

The carrying amounts of other financial assets and liabilities of the Group and Company at the balance sheet date approximated their fair values.

## 31 Contingent Liabilities (Unsecured)

- At 31 December 2004, the Group and Company had contingent liabilities in respect of various legal claims against the Company amounting to RM2,290,000 (2003: RM1,020,000). After taking appropriate legal advice, the directors are of the opinion that the outcome of such actions is unlikely to give rise to any significant loss to the Group and Company.
- At 31 December 2004, the Group and Company had contingent liabilities in respect of recognition of "years of service" in the Company in the event of a "retrenchment or closure exercise" by DaimlerChrysler Malaysia Sdn Bhd ("DCM") in respect of those former employees who opted to join DCM amounting to RM4,600,000 (2003: RM4,900,000).
- On 18 April 2004, 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 rescheduled on 16 December 2004 has been postponed by the Court to 16 March 2005. Based on legal advice, the directors believe that the Company has a reasonable chance of successfully defending the action.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2004

## 32 Segment Reporting

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

- Automobile industry - assembly, distribution and retailing of motor vehicles, distribution and sales of spare parts and servicing of vehicles.
- Investment - investment in DaimlerChrysler Malaysia Sdn Bhd.
- Other - property investment through associated company, CCL Group Properties Sdn Berhad.

	Automobile industry RM'000	Investment RM'000	Other RM'000	Total RM'000
<b>2004</b>				
Revenue	757,262	0	0	757,262
Results:				
Segment results	11,250	15,872	0	27,122
Finance cost	(3,720)	0	0	(3,720)
Share of results of associates	37	0	2,149	2,186
				25,588
Tax expense				(10,766)
Net profit				14,822

At 31 December 2004

Net assets:				
Segment assets	386,659	77,232	0	463,891
Investment in associates	0	0	88,804	88,804
Unallocated assets				16,322
				569,017
Segment liabilities	195,172	0	0	195,172
Unallocated liabilities				36
				195,208

2003

Revenue	871,761	0	0	871,761
Results:				
Segment results	27,062	10,952	0	38,014
Finance cost	(255)	0	0	(255)
Share of results of associates	722	0	(90)	632
				38,391
Tax expense				(14,087)
Net profit				24,304

### 32 Segment Reporting *(continued)*

	Automobile industry RM'000	Investment RM'000	Other RM'000	Total RM'000
At 31 December 2003				
Net assets:				
Segment assets	413,814	76,955	0	490,769
Investment in associates	14,380	0	117,037	131,417
Unallocated assets				17,524
				639,710
Segment liabilities	270,373	0	0	270,373
Unallocated liabilities				48
				270,421
At 31 December 2004				
Other information:				
Capital expenditure	25,882	0	0	25,882
Investment in subsidiary	22,572	0	0	22,572
Depreciation	7,374	0	0	7,374
At 31 December 2003				
Other information:				
Capital expenditure	3,324	66,003	0	69,327
Depreciation	8,546	0	0	8,546

### 33 Capital Commitments

Capital expenditure not provided for in the financial statements are as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Approved and contracted	20,069	5,997	20,029	1,808
Approved but not contracted	6,304	1,451	6,304	1,015
	26,373	7,448	26,333	2,823

The capital expenditure commitments are for acquisition of property, plant and equipment.

### 34 Approval of Financial Statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 17 February 2005.

# FIVE-YEAR SUMMARY

	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
<b>Consolidated Income Statements</b>					
Revenue	661,073	740,772	807,872	871,761	757,262
Profit from ordinary activities before tax	94,132	96,977	87,806	38,391	25,588
Tax expense #	(26,403)	(25,220)	(30,342)	(14,087)	(10,766)
Net profit attributable to shareholders #	67,729	71,757	57,464	24,304	14,822

Earnings per share (sen) #	69.3	73.3	58.6	24.7	14.7
Gross dividend per share (sen)	40.0	40.0	40.0	442.0	15.0

## Consolidated Balance Sheets

Property, plant and equipment	92,187	90,905	95,805	89,812	116,337
Interests in associated companies #	180,424	167,917	160,305	131,417	88,804
Investments in unquoted shares	-	-	-	66,003	66,003
Other net non current assets #	9,896	20,006	16,495	11,399	3,713
Net current assets, other than net cash/(borrowings)	260,720	322,857	301,834	198,873	210,154
Net cash/(borrowings)	31,079	11,420	89,715	(128,215)	(111,202)
Net operating assets #	574,306	613,105	664,154	369,289	373,809
Share capital	97,836	97,836	98,033	100,745	100,745
Reserves #	476,470	515,269	566,121	268,544	273,064
Shareholders' funds and capital employed #	574,306	613,105	664,154	369,289	373,809

Net asset value per share (RM) #	5.87	6.27	6.77	3.67	3.71
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## Consolidated Cash Flow Statements

Net cash flows from operating activities	(68,473)	(12,391)	96,274	140,985	20,467
Net cash flows from investing activities	4,042	20,908	9,334	(42,811)	7,427
Net cash flows from financing activities	(22,666)	(28,176)	(27,313)	(156,494)	(51,012)

Net cash flows per share from operating activities (RM)	(0.7)	(0.1)	1.0	1.4	0.2
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## Key Ratios

Gearing	na	na	na	35%	30%
Interest cover (times)	1,712	262	17,562	152	8
Dividend cover (times)	2.4	2.5	2.0	0.1	1.4
Dividend payout	42%	39%	49%	1,318%	73%
Return on shareholders' funds #	13.0%	12.1%	9.0%	4.7%	4.0%

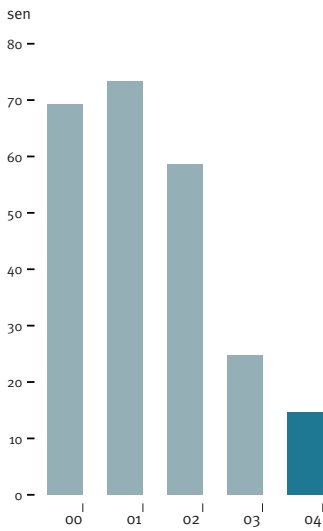
na - not applicable

# - The 2000 and 2001 data were not audited to the extent that these figures have been adjusted retrospectively on adoption of FRS 112 "Income Taxes", which was adopted in the financial year ended 31 December 2003.

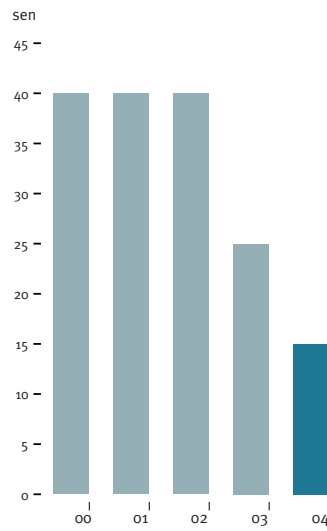
### Notes :

- Earnings per share is computed based on the net profit attributable to shareholders divided by the weighted average number of shares in issue.
- Gross dividend per share represents the dividend declared and dividend proposed per share for the financial year.
- Net asset value per share is computed based on shareholders' funds divided by the number of shares in issue at the end of the financial year.
- Net cash flows per share from operating activities is computed based on the net cash flows from operating activities divided by the weighted average number of shares in issue.
- Gearing is computed based on net borrowings divided by shareholders' funds.
- Interest cover is computed based on profit before interest expense and tax expense divided by interest expense.
- Dividend cover is based on the net profit attributable to shareholders divided by net dividend declared and dividend proposed for the financial year.
- Dividend payout is based on net dividend declared and dividend proposed for the financial year divided by net profit attributable to shareholders.
- Return on shareholders' funds is computed based on net profit attributable to shareholders divided by average shareholders' funds.
- Included in 2003 gross dividend was a special gross interim dividend of 417 sen per share.

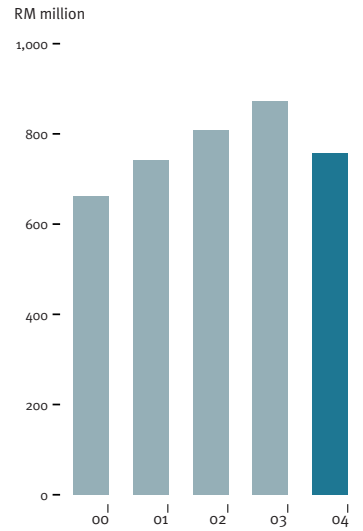
# FINANCIAL CHARTS



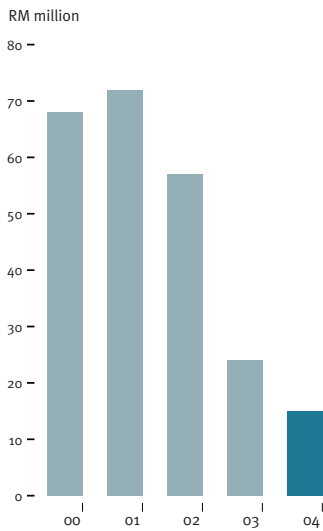
Earnings per share



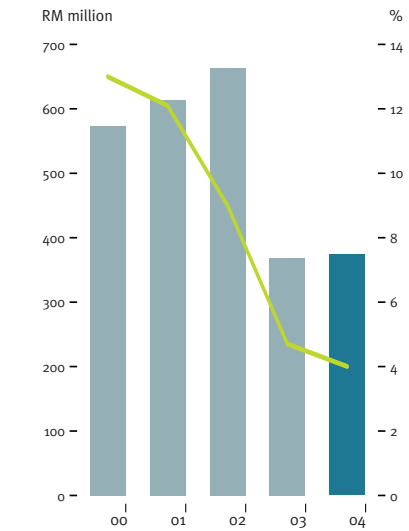
Gross dividend per share \*



Revenue

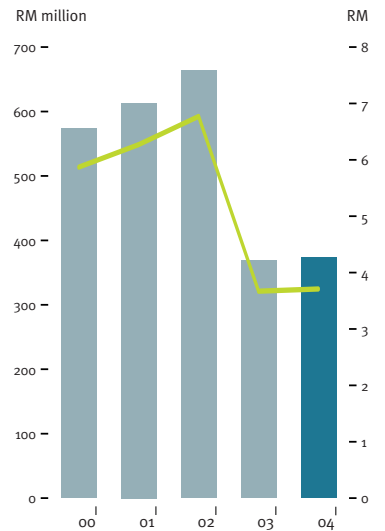


Net profit attributable to shareholders



Shareholders' funds

— Return on average shareholders' funds (%)



Capital employed

— Net asset value per share (RM)

\* excluding special interim dividend

# GROUP PROPERTIES

As at 31 December 2004

Location of Property	Description	Approximate Age of Building Years	Land Area sq. ft.	Land Tenure	Net Book Value RM'000
1 Lot 7, Jalan 219, Federal Highway, Petaling Jaya, Selangor.	Vehicle showroom, service centre, parts retail and office.	15	43,560	Leasehold (expire in the year 2057)	3,583
2 Lot 9, Jalan 219, Federal Highway, Petaling Jaya, Selangor.	Vehicle showroom, vehicle assembly plant and office.	12	75,359	Leasehold (expire in the year 2058)	2,872
3 Lot 11, Jalan 219, Federal Highway, Petaling Jaya, Selangor.	Vehicle showroom, vehicle assembly plant and office.	16	151,361	Leasehold (expire in the year 2058)	6,504
4 Lot 11, Jalan 225, Petaling Jaya, Selangor.	Vehicle assembly plant and office.	12	123,580	Leasehold (expire in the year 2065)	1,739
5 Lot 13, Jalan 225, Petaling Jaya, Selangor.	CKD packs and vehicle storage yard.	10	179,903	Leasehold (expire in the year 2067)	5,173
6 Lot 20, Jalan 225, Petaling Jaya, Selangor.	Corporate head office and vehicle showroom.	14	108,900	Leasehold (expire in the year 2067)	12,755
7 Lot 358, Jalan 225, Petaling Jaya, Selangor.	Service centre, parts retail and office.	9	105,841	Leasehold (expire in the year 2071)	11,783
8 Lot 765, Jalan Padang Jawa, Mukim Bukit Raja, Shah Alam, Selangor.	Vehicle storage yard, pre-delivery inspection centre and office.	21	195,748	Freehold	2,081
9 Lot 1, Jalan Perusahaan Satu, Kawasan Perusahaan Batu Caves, Batu Caves, Selangor.	Service centre, parts retail and office.	8	178,118	Leasehold (expire in the year 2074)	5,688
10 Lot 421, Jalan Sekudai, Johor Bahru, Johor.	Vehicle showroom, service centre, parts retail and office.	13	222,417	Freehold	10,514
11 Lot 24, Section 63, Jalan Padungan, Kuching, Sarawak.	Vehicle showroom and office.	32	25,176	Leasehold (expire in the year 2036)	99

Location of Property	Description	Approximate Age of Building Years	Land Area sq. ft.	Land Tenure	Net Book Value RM'ooo
12 Lot 1261, Section 66, Jalan Tenaga, Kuching, Sarawak.	Vehicle showroom, service centre, parts retail and office.	22	95,530	Leasehold (expire in the year 2038)	634
13 48, Jalan Toh Puan Chah, Ipoh, Perak.	Premises rented out.	43	1,760	Freehold	286
14 75, Jalan Kuala Kangsar, Ipoh, Perak.	MB Autohaus, vehicle showroom, service centre, parts retail and office.	1	100,144	Freehold	4,640
15 No. 37A, Lot 82, Jalan Kamunting, Tanah Rata, Cameron Highlands, Pahang.	Holiday bungalow.	28	50,570	Leasehold (expire in the year 2037)	46
16 Lot 1250, Batu 3 1/2 Jalan Pantai Si-Rusa, Port Dickson, Negeri Sembilan.	Holiday bungalow.	20	42,852	Freehold	447
17 Lot 12347, Mukim Dengkil, Daerah Sepang, Selangor.	Vacant site.	NA	1,944,534	Leasehold (expire in the year 2092)	7,852
18 H.S. (D) 183242, PT No. 44583, Mutiara Damansara, Selangor.	Site earmarked for development into MB Autohaus.	NA	63,227	Freehold	14,169
19 No. 366, Jalan Tuanku Abdul Rahman, Kuala Lumpur.	Vehicle showroom and office.	31	6,551	Freehold	3,816
20 Lot 19, Jalan 51A/219, Petaling Jaya, Selangor.	Site under development into MB Autohaus.	NA	102,996	Leasehold (expire in the year 2066)	10,215
21 No. 214, Jalan Ampang, Kuala Lumpur.	Vehicle showroom and office.	4	46,881	Leasehold improvement on rented property (lease expire in the year 2010)	416

All properties are stated at cost less accumulated depreciation.

# SHAREHOLDING STATISTICS

## Analysis of Shareholdings by Range Groups as at 8 March 2005

Size of Shareholdings	No. of Shares	% Over Total Shares	No. of Holders	% Over Total Shareholders
1 - 99	1,941	0.00	110	3.19
100 - 1,000	1,315,695	1.31	1,639	47.56
1,001 - 10,000	5,141,981	5.10	1,519	44.08
10,001 - 100,000	3,731,382	3.70	152	4.41
100,001 - 5,037,224	10,425,101	10.35	24	0.70
5,037,225 and above	80,128,400	79.54	2	0.06
	100,744,500	100.00	3,446	100.00

## Thirty Largest Shareholders as at 8 March 2005

No.	Investor Name/Beneficiary Name	No. of Shares	%
1	HDM Nominees (Asing) Sdn Bhd (DBS Vickers Secs (S) Pte Ltd for Jardine Cycle & Carriage Limited)	59,543,000	59.10
2	Employees Provident Fund Board	20,585,400	20.43
3	CIMSEC Nominees (Tempatan) Sdn Bhd (CIMB for Sh Mohd Nasimuddin Kamal bin Sh Md Amin (PB))	2,272,000	2.26
4	Sh Mohd Nasimuddin Kamal bin Sh Md Amin	1,520,000	1.51
5	Gan Teng Siew Realty Sdn Berhad	924,100	0.92
6	Mikdavid Sdn Bhd	764,900	0.76
7	Gemas Bahru Estates Sdn Bhd	667,700	0.66
8	Amanah Raya Nominees (Tempatan) Sdn Bhd (Amanah Saham Wawasan 2020)	461,300	0.46
9	Bank Simpanan Nasional	293,000	0.29
10	Bank Simpanan Nasional	293,000	0.29
11	Bank Simpanan Nasional	293,000	0.29
12	Bank Simpanan Nasional	293,000	0.29
13	Bank Simpanan Nasional	293,000	0.29
14	Bank Simpanan Nasional	293,000	0.29
15	Kumpulan Wang Simpanan Guru-guru	255,680	0.25
16	Citicorp Nominees (Asing) Sdn Bhd (CBNY for DFA Emerging Markets Fund)	249,800	0.25
17	Wong Yee Kiat	226,200	0.22
18	Alliancegroup Nominees (Tempatan) Sdn Bhd (Pheim Asset Management Sdn Bhd for Employees Provident Fund)	187,800	0.19
19	Key Development Sdn Berhad	183,000	0.18
20	ECM Libra Securities Nominees (Tempatan) Sdn Bhd (Petroliam Nasional Berhad)	169,000	0.17
21	HDM Nominees (Tempatan) Sdn Bhd (UOB Kay Hian Pte Ltd for Johore (Masai) Plantation Sdn Bhd)	160,000	0.16
22	Citicorp Nominees (Asing) Sdn Bhd (UBS AG Hong Kong for Chua Thomas Jacob @ Lee Thomas Jacob)	149,000	0.15
23	Menteri Kewangan Malaysia (Section 29 (SICDA))	133,521	0.13
24	ECM Libra Securities Nominees (Tempatan) Sdn Bhd (Petroleum Research Fund)	119,000	0.12
25	Kuala Lumpur City Nominees (Tempatan) Sdn Bhd (KLCS Asset Management Sdn Bhd for Rin Kei Mei)	113,100	0.11
26	RHB Nominees (Asing) Sdn Bhd (GK Goh SPL for Goh Geok Ling (1A/30221))	111,000	0.11
27	Amanah Raya Nominees (Tempatan) Sdn Bhd (AUTB Dana Bakti)	86,700	0.09
28	BIMB Securities Sdn Bhd (IVT (Do1) for Dato' Dr Abdul Halim Ismail (IVT2))	80,500	0.08
29	Bumiputra-Commerce Trustee Berhad (Amanah Saham Darul Iman)	73,000	0.07
30	Amanah Raya Berhad (Kumpulan Wang Am)	70,000	0.07
		90,863,701	90.19

**Substantial Shareholders** as at 8 March 2005

No.	Name	No. of Shares	%
1	Jardine Cycle & Carriage Limited	59,543,000	59.10
2	Employees Provident Fund Board	20,773,200	20.62
		80,316,200	79.72

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 37th Annual General Meeting of the Company will be held at Concorde Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday, 9 May 2005 at 4.30 p.m., for the following purposes:

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2004 together with the Reports of the Directors and the Auditors thereon. (Resolution 1)
2. To approve the payment of a final dividend of 10 sen per share less income tax for the financial year ended 31 December 2004 as recommended by the Directors. (Resolution 2)
3. To approve the payment of Directors' fees of up to RM660,000 for the financial year ending 31 December 2005 (2004 : RM650,000). (Resolution 3)
4. To re-elect the following Directors retiring pursuant to Article 98 of the Articles of Association of the Company:  
Datuk Hassan Abas (Resolution 4)  
Tan Sri Abdul Rashid Hussain (Resolution 5)  
Syed Zaid bin Syed Jaffar Albar (Resolution 6)
5. To elect Cheah Kim Teck, who is retiring pursuant to Article 103 of the Articles of Association of the Company. (Resolution 7)
6. To re-elect Dato' Sulaiman bin Sujak, who is over the age of 70 years and retiring pursuant to Section 129 of the Companies Act 1965 ("Act"). (Resolution 8)
7. To re-appoint the Auditors and to authorise the Directors to fix their remuneration. (Resolution 9)
8. To transact any other ordinary business of which due notice shall be given.

## As Special Business:

9. To consider and, if thought fit, to pass the following Ordinary Resolution:  
"THAT the Directors of the Company be and are hereby authorised, pursuant to Section 132D of the Act, to issue shares in the Company at any time subject to Section 132D(3) of the Act and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10 percent of the issued share capital of the Company for the time being."  
(Resolution 10)

10. To consider and, if thought fit, to pass the following Ordinary Resolution:
- (i) “THAT, subject to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be given to the Cycle & Carriage Bintang Berhad Group to renew and extend the scope of the proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature with related parties which are necessary for the day to day operations and not more favourable to the related parties than those generally available to the public (“Proposed Shareholders' Mandate”) and are not to the detriment of the minority shareholders as set out in Section 2.3 of the Circular and that the authority conferred by this resolution shall commence immediately upon the passing of this resolution;
  - (ii) THAT such Proposed Shareholders' Mandate is subject to annual renewal and such approval shall continue to be in force until:
    - (a) the conclusion of the next Annual General Meeting of the Company following this Annual General Meeting, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
    - (b) the expiration of the period within which the next Annual General Meeting after the date is required to be held pursuant to section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Act); or
    - (c) revoked or varied by resolution passed by the shareholders in general meeting;whichever is the earlier.
  - (iii) THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the renewal of the Proposed Shareholders' Mandate;
  - (iv) THAT the estimates given of the recurrent related party transactions (“Recurrent Related Party Transactions”) specified in Section 2.3.2 of the Circular being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amounts thereof provided always that such amount or amounts comply with the procedures set out in Section 2.4 of the Circular; and
  - (v) THAT disclosure is made in the annual report of a breakdown of the aggregate value of Recurrent Related Party Transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year with particulars of the types of recurrent transactions made and the names of the related parties involved in each type of the Recurrent Related Party Transactions made and their relationships with the Company.” (Resolution 11)

# NOTICE OF ANNUAL GENERAL MEETING

## Closure of Books

NOTICE IS ALSO HEREBY GIVEN THAT the Register of Members will be closed from 1 June 2005 to 2 June 2005, both dates inclusive to determine shareholders' entitlement to the dividend payment. The dividend, if approved, will be paid on 24 June 2005 to shareholders whose names appear in the Register of Members and Record of Depositors on 31 May 2005.

FURTHER NOTICE IS HEREBY GIVEN THAT a Depositor shall qualify for the dividend entitlement only in respect of:

- (a) shares deposited into the Depositor's Securities Account before 12.30 p.m. on 27 May 2005 in respect of shares which are exempted from mandatory deposit;
- (b) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 31 May 2005 in respect of ordinary transfers; or
- (c) shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

Joshua Lariston Knightley Chetwode  
Yeap Kok Leong  
Company Secretaries

Kuala Lumpur, 15 April 2005

## Notes:

1. A Member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or in the case of a corporation, to appoint a representative to attend and vote in his place. A proxy need not be a Member of the Company.
2. The Form of Proxy must be signed by the appointor or his attorney duly authorised in writing or if the appointor is a corporation either under common seal or under the hand of an attorney or an officer duly authorised.
3. In the event the Member duly executes the Form of Proxy but does not name any proxy, such Member shall be deemed to have appointed the Chairman of the meeting as his proxy.
4. Any alterations in the Form of Proxy must be initialled.
5. To be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company at 20th Floor, East Wing, Plaza Permata, Jalan Kampar, Off Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia, not less than 48 hours before the time for holding the meeting or adjourned meeting.
6. Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

## Explanatory Notes on Ordinary Business:

Explanatory note on Resolution 3 of the Agenda -

Directors' fees approved for the financial year 2004 was RM652,000. The actual Directors' fees for Non-Executive Directors paid during the financial year 2004 was RM650,000. The Directors' fees proposed for the financial year 2005 are calculated based on the number of scheduled Board and Committee meetings for 2005 and assuming that all Non-Executive Directors will hold office until the end of the financial year. This resolution is to facilitate payment of Directors' fees on current financial year basis. In the event the Directors' fees proposed is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

## Explanatory Notes on Special Business:

Explanatory note on Resolution 10 of the Agenda -

The Ordinary Resolution 10 proposed pursuant to Section 132D of the Act, if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total 10 percent of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

Explanatory note on Resolution 11 of the Agenda -

For further information on Ordinary Resolution 11, please refer to the Circular to Shareholders dated 15 April 2005 accompanying the Company's Annual Report for the year ended 31 December 2004.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad  
- Particulars of Directors seeking election/re-election at the Annual General Meeting.

<b>Name</b>	Datuk Hassan Abas	Tan Sri Abdul Rashid Hussain
<b>Age</b>	51 years old	58 years old
<b>Nationality</b>	Malaysian	Malaysian
<b>Qualification</b>	Degree in Accounting and Finance from the University of Lancaster	London Stock Exchange Examination
<b>Position on the Board</b>	Non-Independent Non-Executive Director	Independent Non-Executive Director
<b>Date first appointed to the Board</b>	12 May 1993	26 October 1993
<b>Membership of Board Committee</b>	Audit Committee and Remuneration Committee	Chairman of Nomination Committee and Audit Committee and a member of Remuneration Committee
<b>Working experience</b>	Previously, Managing Director of Landmarks Berhad	Former Executive Chairman of the RHB Group of Companies
<b>Occupation</b>	Deputy Chairman of Peremba (Malaysia) Sdn Bhd	Businessman
<b>Other directorships of public companies in Malaysia</b>	None	None
<b>Securities holdings in the Company and its subsidiaries</b>	None	None
<b>Family relationship with any director and/or substantial shareholder of the Company</b>	None	None
<b>Conflict of interest</b>	None	None
<b>Convictions for offences within the past 10 years other than traffic offences</b>	None	None
<b>Attendance at Board meeting</b>	4/4 (100%)	3/4 (75%)

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad  
- Particulars of Directors seeking election/re-election at the Annual General Meeting. *(continued)*

<b>Name</b>	Syed Zaid bin Syed Jaffar Albar	Cheah Kim Teck
<b>Age</b>	50 years old	53 years old
<b>Nationality</b>	Malaysian	Singaporean
<b>Qualification</b>	L.L.B. Barrister-at Law, Lincolns's Inn	Master's degree in Marketing from the University of Lancaster, United Kingdom
<b>Position on the Board</b>	Independent Non-Executive Director	Non-Independent Non-Executive Director
<b>Date first appointed to the Board</b>	31 December 2001	2 February 2005
<b>Membership of Board Committee</b>	Audit Committee	None
<b>Working experience</b>	Legal practice	Prior to joining Jardine Cycle & Carriage Group, he has held several senior marketing positions in multinational companies, namely McDonald's Restaurant, Kentucky Fried Chicken and Coca-cola
<b>Occupation</b>	Managing Partner of Albar & Partners	Chief Executive Officer of the Jardine Cycle & Carriage Group's motor operations excluding those held by PT Astra International
<b>Other directorships of public companies in Malaysia</b>	Malaysian Pacific Industries Berhad Narra Industries Berhad Malaysia Building Society Berhad	None
<b>Securities holdings in the Company and its subsidiaries</b>	None	None
<b>Family relationship with any director and/ or substantial shareholder of the Company</b>	None	None
<b>Conflict of interest</b>	None	None
<b>Convictions for offences within the past 10 years other than traffic offences</b>	None	None
<b>Attendance at Board meeting</b>	4/4 (100%)	Not applicable

Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad  
 - Particulars of Directors seeking election/re-election at the Annual General Meeting. *(continued)*

<b>Name</b>	Dato' Sulaiman bin Sujak
<b>Age</b>	71 years old
<b>Nationality</b>	Malaysian
<b>Qualification</b>	Graduate of Royal Air Force College, Cranwell, England
<b>Position on the Board</b>	Independent Non-Executive Director
<b>Date first appointed to the Board</b>	24 February 2003
<b>Membership of Board Committee</b>	Nomination Committee
<b>Working experience</b>	Previously, advisor (now known as Assistant Governor) of Bank Negara Malaysia, Commercial Director of Kumpulan Guthrie Berhad and Deputy Chairman of Malaysian Airline System Berhad
<b>Occupation</b>	Former executive director and adviser of HSBC Bank Malaysia Berhad
<b>Other directorships of public companies in Malaysia</b>	HSBC Bank Malaysia Berhad FACB Industries Incorporated Berhad Nationwide Express Courier Services Berhad
<b>Securities holdings in the Company and its subsidiaries</b>	None
<b>Family relationship with any director and/ or substantial shareholder of the Company</b>	None
<b>Conflict of interest</b>	None
<b>Convictions for offences within the past 10 years other than traffic offences</b>	None
<b>Attendance at Board meeting</b>	4/4 (100%)

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# PROXY FORM

Cycle & Carriage Bintang Berhad (7378-D) (Incorporated in Malaysia)

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member/members of CYCLE & CARRIAGE BINTANG BERHAD hereby appoint \_\_\_\_\_

of \_\_\_\_\_

or whom failing \_\_\_\_\_

of \_\_\_\_\_

to vote for me/us on my/our behalf at the Annual General Meeting to be held at Concorde Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday, 9 May 2005 at 4.30 p.m. and at any adjournment of such meeting.

(Should you desire to direct your proxy to vote on the Resolutions set out in the Notice of Meeting and summarised below, please indicate with an "X" in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.)

Ordinary Business	For	Against
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		
Ordinary Resolution 8		
Ordinary Resolution 9		
Special Business		
Ordinary Resolution 10		
Ordinary Resolution 11		

Number of shares held	
-----------------------	--

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2005

\_\_\_\_\_  
Signature of Member or Common Seal

## Notes:

1. A Member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or in the case of a corporation, to appoint a representative to attend and vote in his place. A proxy need not be a Member of the Company.
2. The Form of Proxy must be signed by the appointor or his attorney duly authorised in writing or if the appointor is a corporation either under common seal or under the hand of an attorney or an officer duly authorised.
3. In the event the Member duly executes the Form of Proxy but does not name any proxy, such Member shall be deemed to have appointed the Chairman of the meeting as his proxy.
4. Any alterations in the Form of Proxy must be initialled.
5. To be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company at 20th Floor, East Wing, Plaza Permata, Jalan Kampar, Off Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia, not less than 48 hours before the time for holding the meeting or adjourned meeting.
6. Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

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**Cycle & Carriage Bintang Berhad**  
20th Floor, East Wing  
Plaza Permata, Jalan Kampar  
Off Jalan Tun Razak  
50400 Kuala Lumpur  
Malaysia

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