

EDARAN OTOMOBIL NASIONAL BERHAD

(119767 - X)
(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2002

The Board of Directors is pleased to announce the unaudited results of the Group for the second quarter ended 30 June 2002.

CONSOLIDATED INCOME STATEMENT

	2nd Quarter		Cumulative Period	
	Current Year Quarter 30/6/2002 RM'000	Preceding Year Corresponding Quarter 30/6/2001 RM'000	Current Year To date 30/6/2002 RM'000	Preceding Year Corresponding Period 30/6/2001 RM'000
1 (a) Revenue	2,051,280	1,775,118	4,059,463	3,575,227
(b) Investment income	3,391	40,931	4,523	48,065
(c) Other income	6,272	2,690	12,021	6,469
2 (a) Profit/(loss) before finance cost, depreciation and amortisation, exceptional items, income tax, minority interests and extraordinary items	176,637	175,423	345,039	364,417
(b) Finance cost	(9)	(126)	(18)	(263)
(c) Depreciation and amortisation	(13,513)	(15,810)	(27,015)	(30,593)
(d) Exceptional items	-	-	-	-
(e) Profit/(loss) before income tax, minority interests and extraordinary items	163,115	159,487	318,006	333,561
(f) Share of profits and losses of associated companies	81,927	19,895	117,718	31,734
(g) Profit/(loss) before income tax, minority interests and extraordinary items	245,042	179,382	435,724	365,295
(h) Income tax	(108,281)	(71,174)	(174,165)	(139,287)
(i) (i) Profit/(loss) after income tax before deducting minority interests	136,761	108,208	261,559	226,008
(ii) Less minority interests	(17,272)	(13,179)	(36,090)	(31,772)
(j) Pre-acquisition profit/(loss), if applicable	-	-	-	-
(k) Net profit/(loss) from ordinary activities attributable to members of the company	119,489	95,029	225,469	194,236
(l) (i) Extraordinary items	-	-	-	-
(ii) Less minority interests	-	-	-	-
(iii) Extraordinary items attributable to members of the company	-	-	-	-
(m) Net profit/(loss) attributable to members of the company	119,489	95,029	225,469	194,236
3 Earnings per share based on 2(m) above after deducting any provision for preference dividends, if any:-				
(a) Basic (sen)	52.11	41.60	98.44	85.02
Weighted average number of ordinary shares	229,323,156	228,458,823	229,033,323	228,457,656
(b) Fully diluted (sen)	51.58	41.46	97.45	84.66
Weighted average number of ordinary shares	229,323,156	228,458,823	229,033,323	228,457,656

CONSOLIDATED BALANCE SHEET

	Note 23	As At End of Current Quarter 30/6/2002 RM'000	As At Preceding Financial Year End 31/12/2001 RM'000
ASSETS			
Cash and bank balances and deposits with financial institutions		2,317,937	2,790,057
Dealing securities		1,096,530	664,517
Investments	(i)	4,123,382	2,215,876
Loans, advances and financing	(ii)	19,611,739	17,387,782
Inventories		607,278	603,775
Receivables	(iii)	1,044,426	1,102,206
Statutory deposits with Bank Negara Malaysia		796,173	697,919
Associates		539,356	453,265
Property, plant and equipment		437,218	435,188
		<u>30,574,039</u>	<u>26,350,585</u>
LIABILITIES			
Deposits from customers	(iv)	16,491,890	17,042,601
Deposits and placements of banks and other financial institutions		6,841,467	2,713,023
Obligation on securities sold under repurchase agreement		684,462	24,002
Bills and acceptances payable		698,482	920,624
Taxation		190,500	253,085
Payables	(v)	1,957,712	1,940,423
Amounts due to associates		12,204	11,627
Provisions for liabilities and charges		15,255	22,115
Provision for retirement benefits		13,508	12,784
Deferred taxation		5,744	5,744
		<u>26,911,224</u>	<u>22,946,028</u>
SHARE CAPITAL		229,423	228,590
RESERVES	(vi)	<u>2,458,234</u>	<u>2,258,283</u>
SHAREHOLDERS' FUNDS		<u>2,687,657</u>	<u>2,486,873</u>
LIFE ASSURANCE FUND		143,408	130,265
MINORITY INTERESTS		<u>831,750</u>	<u>787,419</u>
		<u>975,158</u>	<u>917,684</u>
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		<u>30,574,039</u>	<u>26,350,585</u>
Net tangible assets per share (RM)		<u>11.71</u>	<u>10.88</u>

NOTES

1. Accounting Policies

The quarterly financial statements have been prepared using the same accounting policies, methods of computation and basis of consolidation as those used in the preparation of the most recent audited annual financial statements except for the adoption of new Malaysian Accounting Standards Board (MASB) standards applicable to the Group with effect from 1 January 2002.

The adoption of these new standards have no material effects on the financial statements for the six months ended 30 June 2002 except for the effect of applying the MASB Standard No. 19 (Events After Balance Sheet Date). In accordance with MASB 19, the final dividend can only be recognised as a liability when the obligation to pay is established. Accordingly, the comparative figures of the proposed dividend and retained earnings in Note 23(v) and Note 23(vi) respectively have been adjusted retrospectively to conform with the change in the accounting policy.

2. Exceptional Items

There were no exceptional items for the current quarter and financial year to-date.

3. Extraordinary Items

There were no extraordinary items for the current quarter and financial year to-date.

4. Income Tax

Income tax comprises the following:

Current tax

Share of associated companies' tax

2nd Quarter		Cumulative Period	
Current Year Quarter 30/6/2002	Preceding Year Corresponding Quarter 30/6/2001	Current Year To date 30/6/2002	Preceding Year Corresponding Period 30/6/2001
RM'000	RM'000	RM'000	RM'000
62,299	64,243	116,038	127,084
45,982	6,931	58,127	12,203
108,281	71,174	174,165	139,287

The effective tax rate was higher than the statutory tax rate due to certain charges and provisions not allowable for tax purposes as well as an additional provision relating to Astra (an associate of Cycle & Carriage Limited group) mainly in respect of the expected expiry of tax losses prior to their utilisation.

5. Sale Of Unquoted Investments And/Or Properties

There were no sale of unquoted investments nor properties for the current quarter and financial year-to-date.

6. Purchase Or Disposal Of Quoted Securities

The following particulars on quoted securities do not include any investments undertaken by the financial institutions of the Group:-

	Current Year Quarter 30/6/2002 RM'000	Current Year To date 30/6/2002 RM'000
(a) Total purchases and disposal of quoted securities are as follows:		
(i) Total purchase consideration	-	-
(ii) Total sale proceeds / redemptions	2,979	2,979
(iii) Total profit/loss arising from disposals	-	-
		As at 30/6/2002 RM'000
(b) Total investments in quoted securities are as follows:		
(i) At cost		7,257
(ii) At carrying value / book value		7,257
(iii) At market value		8,187

7. Changes In The Composition Of The Group

There were no changes in the composition of the Group for the current financial year to-date.

8. Status Of Corporate Proposals

All the approvals on the Proposed Corporate Exercises to facilitate the listing of EON Bank group have been obtained except for the following:-

- (a) the Kuala Lumpur Stock Exchange for the admission to the Official List and the listing and quotation of the entire issued and paid-up share capital of EON Capital Berhad (ECB) in place of Kedah Cement Holdings Berhad (KCHB); and
- (b) the High Court, for the sanctions of the High Court in relation to the Proposed KCHB Scheme of Arrangement and the Proposed EBB Scheme of Arrangement.

The Company had on 1 July 2002 announced the proposed disposal of its entire equity interest in EON CMG Life Assurance Berhad and this is still pending the approval of the Foreign Investment Committee.

The Company had on 12 July 2002 announced the proposed disposal of its 21.13% equity stake in CCL and this is still pending shareholders' approval at an Extraordinary General Meeting to be convened.

9. Issuance Or Repayment Of Debt And Equity Securities

During the current financial year to-date, a total of 833,000 new ordinary shares were issued by virtue of the exercise of the Employees' Share Option Scheme which came into effect on 6 October 1999.

Other than the above, there were no issuance and/or repayment of debt and equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares for the current financial year.

10. Group Borrowings And Debt Securities

There were no borrowings nor debt securities at the end of this reporting period.

11. Commitments And Contingent Liabilities Of The Banking Group

There were no material commitments and contingent liabilities at the date of this report other than those of the banking group as disclosed below. No material losses are anticipated as these amounts arose in the normal course of business of the banking group in which the group makes various commitments and incurs certain contingent liabilities with legal recourse to its customers.

Risk Weighted Exposures of the banking group are as follows:

	As at 30/6/2002 RM'000	As at 31/12/2001 RM'000
Principal Amount		
Direct credit substitutes	518,982	638,737
Certain transaction related contingent items	447,283	460,392
Short term self-liquidating trade-related contingencies	172,700	147,326
Obligations under underwriting agreement	515,787	395,767
Irrevocable commitments to extend credit:		
- maturing within one year	3,574,887	3,619,158
- maturing more than one year	1,441,972	1,301,216
Foreign exchange related contracts	1,670,853	1,634,692
Miscellaneous	427,830	861,383
Total	<u>8,770,294</u>	<u>9,058,671</u>

The credit equivalent which is calculated based on the credit conversion factor as per Bank Negara Malaysia guidelines for the above commitments and contingent liabilities is RM1,774,585,000. (31 December 2001 : RM1,767,542,000).

12. Financial Instruments With Off Balance Sheet Risk Of The Banking Group As At 30 June 2002

Values of contracts classified by remaining periods to maturity / next repricing date (whichever is earlier) are as follows:

	Principal Amount	1 month or less	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months
	RM'000	RM'000	RM'000	RM'000	RM'000
Foreign exchange related contracts:					
- Forwards	1,670,853	804,470	415,685	431,608	19,090

Foreign exchange, interest rate and equity and commodity related contracts are subject to market risk and credit risk.

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 30 June 2002, the amount of contracts which were not hedged and, hence, exposed to market risk was RM5,054,949 (31 December 2001 : RM6,470,615).

Credit risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Bank has a gain position. As at 30 June 2002, the amount of credit risk, measured in terms of the cost to replace the profitable contracts was RM1,248,807 (31 December 2001 : RM3,252,307). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Accounting policy on forward foreign exchange contracts

Open forward exchange contracts are valued at forward rates as at balance sheet date, applicable to their respective dates of maturity and unrealised losses and gains are recognised in the income statement for the year.

13. Material Litigation

Save as disclosed below, the Group does not have any material litigation which would have a material adverse effect on the financial position of the Group:-

- (i) A Writ of Summons was filed on 3 January 2000 by a guarantor ("Plaintiff") against Oriental Bank Berhad (OBB) for RM135.9 million for wrongful and inequitable enlistment of his name in the Credit Tip-Off Services by OBB. This legal suit has been transferred to EON Bank Berhad (EBB) pursuant to a vesting order in respect of the merger of the businesses of OBB and EBB.

Defence has been filed by EBB's solicitors and the hearing date for case management has been postponed several times and is now fixed for 30 September 2002.

The solicitors acting for EBB are of the opinion that the suit is defensible as OBB was acting in its normal course of business.

- (ii) A Writ of Summons was filed by Malaysian International Merchant Bankers Berhad (MIMB) on 17 December 1998 against a Borrower and three guarantors for RM21.4 million being outstanding banking facilities granted plus interest thereon. On 10 April 2000, the High Court granted the order to the Borrower to amend its Statement of Defence and to add the counterclaim for RM70.2 million against MIMB.

The Borrower was wound up by a third party and MIMB had on 15 April 2002 filed the Proof of Debt. The legal action against the guarantors continues, and the next hearing date is on 2 October 2002.

With respect to the counterclaim, MIMB has filed its defence and the matter is awaiting trial. The solicitors acting for MIMB are of the opinion that the counterclaim is unsustainable.

14. Segmental Reporting

	Cumulative Period					
	Revenue		Profit/(Loss) Before Tax		Total Assets	
	Current Year To date 30/6/2002	Preceding Year Corresponding Period 30/6/2001	Current Year To date 30/6/2002	Preceding Year Corresponding Period 30/6/2001	Current Year To date 30/6/2002	Preceding Year Corresponding Period 30/6/2001
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Motor	3,191,470	2,801,001	165,218	186,293	1,772,402	1,691,405
Banking & financial services	881,560	784,258	152,788	147,268	28,591,670	22,703,400
	4,073,030	3,585,259	318,006	333,561	30,364,072	24,394,805
Share of associates' results			117,718	31,734		
Inter-segment eliminations	(13,567)	(10,032)	-	-	(329,389)	(655,469)
Carrying value of investments in associates	-	-	-	-	539,356	414,859
	4,059,463	3,575,227	435,724	365,295	30,574,039	24,154,195

15. Profit Before Taxation For The Current Quarter Compared To The Immediate Preceding Quarter

The Group recorded a higher profit before tax of RM245.0 million for the current quarter, up 28.5% from RM190.7 million reported in the immediate preceding quarter. The increase was substantially due to higher contribution from Cycle & Carriage Ltd (CCL) group from unrealised forex gains as well as increased trading profits of its Indonesian associate, Astra.

16. Review Of Performance For The Current Year To-date Compared To The Preceding Year Corresponding Period

For the half year ended 30 June 2002, the Group recorded a profit before tax of RM435.7 million on a Group revenue of RM4,059.5 million, an increase of 19.3% and 13.5% in pre-tax profits and revenue respectively.

MOTOR

Total industry volume for passenger car sales in the first half of the year recorded a growth of 21.4% to 182,738 units from 150,557 units sold in the corresponding period of 2001. The Company sold 70,765 units in the first half of 2002 against 63,765 units in the same period last year, an increase of 11%. The higher sales volume was delivered on the back of improved consumer confidence, lower cost of financing and intensive marketing.

Despite a higher volume, higher sales campaign and promotional costs resulted in erosion of margins and decline in pre-tax earnings by 11.3% to RM165.2 million for the period under review.

BANKING AND FINANCIAL SERVICES

The Group's banking and financial services sector registered a marginal increase in pre-tax profits to RM152.8 million in the first half year of 2002 from RM147.3 million recorded in the corresponding period.

ASSOCIATES

Share of associates results increased to RM117.7 million for the first half of 2002 from RM31.7 million recorded in the corresponding period in 2001. This resulted mainly from increased contributions from CCL group arising from the appreciation of the Rupiah currency against the US Dollar compared to a depreciation of the currency in the corresponding period in 2001 and, higher trading profits from Astra. These were partly offset by lower trading performance of the Singapore motor operations.

17. Subsequent Events

There has not arisen in the interval between the end of this reporting period and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group for the current financial year to-date in which this report is made.

18. Seasonality / Cyclicity Of Operations

The business operations of the Group are not materially affected by seasonal or cyclical fluctuations.

19. Prospects

Bank Negara Malaysia announced a GDP growth of 3.8% for the second quarter of 2002 and is expected to review upwards the official full year growth target of 3.5%.

The Malaysian Automotive Association (MAA) has revised the full year growth in total industry volume for passenger cars to 9% for 2002 from its earlier forecast of 4%. Attractive financing packages and higher marketing expenses by car distributors are expected to continue to sustain demand in the automotive industry for the second half of the year.

While passenger cars sales is expected to grow in 2002, greater competition in the automotive sector supported by significant discounting and promotions is expected to dampen margins.

The banking and financial services sector is expected to maintain its satisfactory performance for the second half of the year.

CCL group's trading performance for the second half of the year is expected to be satisfactory. However, the value of the Rupiah currency will continue to have a major influence on Astra and the group's overall performance.

Taking into account the above factors and barring any unforeseen circumstances, the Board of Directors expects the Group's overall performance for the second half of 2002 to be satisfactory.

20. Profit Forecast / Profit Guarantee

The Group neither made any profit forecast nor issued any profit guarantee.

21. Dividend

The Board is pleased to declare an interim dividend of 25 sen per share less 28% tax (2001 - 25 sen per share less 28% tax) in respect of the financial year ending 31 December 2002 which is proposed to be paid on 11 October 2002.

22. Notice Of Dividend Entitlement And Payment

NOTICE IS HEREBY GIVEN that the Interim Dividend of 25 sen per share less 28% tax will be payable on 11 October 2002 to depositors registered in the Records of Depositors at the close of business on 27 September 2002.

A Depositor shall qualify for entitlement only in respect of :

- Shares transferred to the Depositor's Securities Account on or before 12.30 p.m. on 27 September 2002 in respect of ordinary transfers.
- Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

23. Notes To The Balance Sheet

	As At 30/6/2002 RM'000	As At 31/12/2001 RM'000
(i) Investments		
Money market instruments	2,946,129	1,082,440
Non money market instruments	1,177,253	1,133,436
	<u>4,123,382</u>	<u>2,215,876</u>
The maturity structure of the money market instruments are as follows:		
Maturity within one year	1,232,900	935,901
Maturity more than one year	1,713,229	146,539
	<u>2,946,129</u>	<u>1,082,440</u>
(ii) Loans, Advances And Financing		
Gross loans, advances and financing	21,205,455	19,012,622
Less : Allowance for bad and doubtful debts and financing, and interest in suspense	(1,593,716)	(1,624,840)
Net loans, advances and financing	<u>19,611,739</u>	<u>17,387,782</u>
The maturity structure of gross loans, advances and financing are as follows:		
Maturity within one year	6,420,078	6,271,871
Maturity more than one year	14,785,377	12,740,751
	<u>21,205,455</u>	<u>19,012,622</u>

	As At 30/6/2002 RM'000	As At 31/12/2001 RM'000
(iii) Receivables		
Receivables consist of:		
Trade receivables	142,493	150,975
Other receivables, deposits and prepayments	46,311	57,815
Other receivables of the banking group	855,622	893,416
	<u>1,044,426</u>	<u>1,102,206</u>
(iv) Deposits From Customers		
Demand deposits and savings deposits	2,776,723	2,887,063
Fixed deposits	13,715,167	14,155,538
	<u>16,491,890</u>	<u>17,042,601</u>
The maturity structure of fixed deposits are as follows:		
Maturity within one year	11,913,228	11,799,926
Maturity more than one year	1,801,939	2,355,612
	<u>13,715,167</u>	<u>14,155,538</u>
(v) Payables		
Payables consist of:		
Proposed dividend	-	-
Trade payables	396,779	229,611
Other payables	183,572	179,309
Other payables of the banking group	329,112	331,100
Amount due to Cagamas Berhad	1,048,249	1,200,403
	<u>1,957,712</u>	<u>1,940,423</u>
(vi) Reserves		
Reserves consist of:		
Share premium	367,120	362,046
Statutory reserve	214,199	214,199
Other reserves	70,071	66,639
Currency translation differences	92,084	59,977
Retained earnings	1,714,760	1,555,422
	<u>2,458,234</u>	<u>2,258,283</u>

BY ORDER OF THE BOARD
MUSA BIN HAJI MOHD DAHAN
Company Secretary

Shah Alam, 28 August 2002