

**EDARAN OTOMOBIL NASIONAL BERHAD**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

**9 months ended**  
**30/9/2002**  
**RM'000**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net profit attributable to shareholders	322,514
Adjustments for non-cash items, investing & financing items :	
Income tax	184,106
Minority interest	64,131
Share of net profits and losses of associates	(84,600)
Other non-cash items, investing & financing items	334,527
Operating profit before working capital changes	820,678
Increase in loans, advances and financing	(2,994,493)
Increase in deposits and placements of customers & financial institutions	4,469,180
Net changes in other working capital	(27,801)
Cash generated from operations	2,267,564
Add (Less) :	
Interest paid	(25)
Interest received	11,283
Income taxes paid	(262,757)
Net Cash Provided By Operating Activities	2,016,065

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Dividends received from associates	15,153
Dividends and interest received from other investments	3,178
Proceeds from sale of property, plant & equipment	4,256
Issue of shares to minority interests of subsidiaries	7,007
Additional investment in an associate	(5,596)
Purchase of investment securities, net of proceeds from sales	(1,367,495)
Purchase of property, plant & equipment	(45,115)
Net Cash Used In Investing Activities	(1,388,612)

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Proceeds from issuance of shares	6,843
Payment of finance lease	(84)
Payment of cash dividends	(66,054)
Net Cash Used In Financing Activities	(59,295)

NET INCREASE IN CASH & CASH EQUIVALENTS 568,158

CASH AND CASH EQUIVALENTS AS AT 1 JANUARY 2002 2,790,057

**CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER 2002** **3,358,215**

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Group's annual financial report for the year ended 31 December 2001.

**EDARAN OTOMOBIL NASIONAL BERHAD**  
**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT**

**1. Basis of preparation**

The interim financial report is prepared in accordance with the Malaysian Accounting Standards Board (MASB) No. 26 (Interim Financial Reporting) and paragraph 9.22 of the Listing Requirements of Kuala Lumpur Stock Exchange, and should be read in conjunction with the Group's annual financial report for the year ended 31 December 2001.

**2. Accounting policies**

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31 December 2001 except for the adoption of new MASB Standards applicable to the Group with effect from 1 January 2002.

The adoption of these new standards have no material effects on the interim financial statements for the nine months ended 30 September 2002 except for the effect of applying the MASB Standard No. 19 (Events After the Balance Sheet Date). In accordance with MASB No. 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 in Note 27(v) and retained earnings as disclosed in the Statement of Changes in Equity have been adjusted retrospectively to conform with the change in the accounting policy.

**3. Audit report of the preceding annual financial statements**

The audit report of the Group's preceding audited annual financial statements did not contain any qualification.

**4. Seasonality or cyclicity of interim operations**

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

**5. Items of unusual nature, size or incidence**

There was no item of unusual nature, size or incidence affecting assets, liabilities, equity, net income or cash flows of the interim financial report.

**6. Changes in estimates**

There was no material change in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years that have a material effect on the interim financial statements.

**7. Debt and equity securities**

During the current interim financial period, a total of 966,000 new ordinary shares of RM1.00 each in the Company 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 was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities and, no share buy-backs, shares held as treasury shares and resale of treasury shares for the interim financial period.

**8. Income tax**

Income tax comprises the following:

Current tax

Share of associated companies' tax

Under provision in prior years

3 months ended		9 months ended	
30/9/2002	30/9/2001	30/9/2002	30/9/2001
RM'000	RM'000	RM'000	RM'000
59,638	62,011	175,676	189,095
15,223	22,140	73,350	34,343
74,861	84,151	249,026	223,438
8,430	-	8,430	-
83,291	84,151	257,456	223,438

The effective tax rate for the current interim financial period 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.

**9. Sale of unquoted investments and/or properties**

There was no sale of unquoted investments nor properties for the current interim financial period.

**10. Property, plant and equipment**

There is no revaluation of property, plant and equipment brought forward from the previous audited annual financial statements as the Group does not adopt a revaluation policy on its property, plant and equipment.

## 11. 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:-

	3 months ended 30/9/2002 RM'000	9 months ended 30/9/2002 RM'000
(a) Total purchases and disposal of quoted securities are as follows:		
(i) Total purchase consideration	-	-
(ii) Total sale proceeds / redemptions	-	2,979
(iii) Total profit/loss arising from disposals	-	-
		As at 30/9/2002 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		6,643

## 12. Changes in the composition of the group

There was no change in the composition of the Group during the reporting period. Subsequent to the end of the reporting period, the Company:

- disposed its entire 48,300,000 ordinary shares of RM1.00 each in EON CMG Life Assurance Berhad representing 60% equity interest on 17 October 2002; and
- divested a total of 19,095,508 ordinary shares of S\$1.00 each (Shares) in Cycle & Carriage Limited (CCL) representing approximately 7.91% equity interest pursuant to the Partial Offer by Jardine Strategic Holdings which closed on 1 November 2002. The remaining balance of Shares held by the Company in CCL which was not disposed via the Partial Offer, amounts to 31,830,668 Shares, which represents approximately 13.18% equity interest.

## 13. Status of corporate proposals

The sanctions of the High Court for the EON Bank Berhad (EBB) Scheme of Arrangement and the Kedah Cement Holdings Berhad Scheme of Arrangement have been obtained. The conditional agreement dated 21 January 2002 is now unconditional.

On 28 August 2002, the Company announced the proposed reorganisation of its banking business, which is to be held through EON Capital Berhad upon completion of the Proposed EBB Scheme of Arrangement. The Company has submitted the application to Bank Negara Malaysia (BNM) and is pending BNM's approval.

On 18 November 2002, the Company announced the Proposed Amendments to the existing bye-laws of the Employees' Share Option Scheme of EON (Proposed ESOS Amendments). The Proposed ESOS Amendments are subject to the approval of the shareholders of EON at an Extraordinary General Meeting to be convened.

## 14. Group borrowings and debt securities

There was no borrowing nor debt security at the end of this interim financial period.

## 15. 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 30/9/2002 RM'000	As at 31/12/2001 RM'000
<b>Principal Amount</b>		
Direct credit substitutes	536,238	638,737
Transaction-related contingent items	413,140	460,392
Short term self-liquidating trade-related contingencies	160,830	147,326
Obligations under underwriting agreement	409,000	395,767
Irrevocable commitments to extend credit:		
- maturing within one year	3,851,637	3,619,158
- maturing more than one year	1,878,088	1,301,216
Foreign exchange related contracts	1,443,177	1,634,692
Miscellaneous	332,342	861,383
Total	9,024,452	9,058,671

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 RM1,990,502,000. (31 December 2001 : RM1,767,542,000).

#### 16. Financial instruments with off balance sheet risk of the banking group as at 30 September 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	1,374,776	419,247	458,750	476,694	20,085
- Swaps	68,401	68,401	-	-	-

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 September 2002, the amount of contracts which were not hedged and, hence, exposed to market risk was RM7,968,533 (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 September 2002, the amount of credit risk, measured in terms of the cost to replace the profitable contracts was RM1,161,721 (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.

#### 17. 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 full trial has been fixed on 19 and 20 January 2003. EBB's application to strike off the Plaintiff's statement of claim, which was filed on 26 June 2002, was heard on 11 November 2002. At the hearing of the application, both parties were instructed to file written submissions within thirty days, with the date for a decision fixed on 26 January 2003.

The solicitors acting for EBB are of the opinion that the suit is defensible as the bank was acting in its normal course of business and the Plaintiff has no basis for the claim.

- (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 for wrongfully terminating the credit facilities of the Borrower.

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 hearing date, which was fixed on 2 October 2002, was adjourned to 11 November 2002. At the hearing, MIMB's Summary Judgement was upheld but the judge ordered the execution of the judgement be stayed until disposal of the counterclaim. The judge also instructed the Defendants' solicitors to file the application for Case Management by 25 November 2002 and to serve the sealed copy of the Amended Defence and Counterclaim by 11 December 2002.

The solicitors acting for MIMB are of the opinion that the defendant's counterclaim is unsustainable.

## 18. Segmental reporting

	9 months ended			
	Revenue		Profit Before Tax	
	30/9/2002	30/9/2001	30/9/2002	30/9/2001
	RM'000	RM'000	RM'000	RM'000
Motor operations	4,540,802	4,406,935	229,650	290,449
Banking & financial services	1,354,295	1,230,023	256,501	225,530
	5,895,097	5,636,958	486,151	515,979
Share of associates' results	-	-	157,950	99,534
Inter-segment eliminations	(19,335)	(16,086)	-	-
	5,875,762	5,620,872	644,101	615,513

## 19. Profit before taxation for the current quarter compared to the immediate preceding quarter

The Group recorded a lower profit before tax of RM208.4 million for the current quarter, down 15.0% from RM245.0 million reported in the immediate preceding quarter. This decrease was substantially due to lower contribution from Cycle & Carriage Limited (CCL) group arising from unrealised forex losses in the current quarter against unrealised forex gains in the preceding quarter and, lower trading profits of its Indonesian associate, Astra. The Company also contributed lower profits arising from lower vehicle sales volume and higher sales campaign and promotional costs.

## 20. Review of performance for the current year to-date compared to the preceding year corresponding period

For the nine months ended 30 September 2002, the Group recorded a profit before tax of RM644.1 million on a Group revenue of RM5,875.8 million, an increase of 4.6% and 4.5% in pre-tax profits and revenue respectively.

### MOTOR OPERATIONS

Total industry volume for passenger car sales for the nine months to 30 September 2002 recorded a growth of 16.2% to 277,498 units from 238,826 units sold in the corresponding period of 2001. The Company's new car sales, however, increased only marginally from 100,229 units to 100,837 units for the period. Accordingly, its market share declined from 42% to 36% due to increased competition from the other national car distributors. The Group's motor operations profits declined by 20.9% to RM229.7 million in the current period substantially due to higher sales campaign and promotional costs.

### BANKING AND FINANCIAL SERVICES

The Group's banking and financial services sector registered higher pre-tax profits of RM256.5 million for the nine months ended 30 September 2002, up 13.7% from RM225.5 million in the corresponding period last year attributed mainly to higher net operating income on a larger loan base, higher services and other fee based income and lower loan loss provisions.

### ASSOCIATES

Share of associates results increased to RM158.0 million for the nine months ended 30 September 2002 from RM99.5 million reported in the corresponding period in 2001. The improved performance was due mainly to increased contributions from CCL group arising from higher trading profits from Astra, and unrealised forex gains in the current period against unrealised forex losses in the corresponding period last year. These were partly offset by lower trading performance of the Singapore motor operations.

## 21. Subsequent events

Other than as disclosed in Note 12 above, there has not arisen any events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

## 22. Prospects

The government has maintained the growth forecast for 2002 at 4-5% as targeted in the 2002 Budget proposals and is expected to continue the expansionary fiscal and monetary policies to achieve this growth for the rest of the year.

The low interest regime continued to provide a conducive environment for passenger car sales which remained strong for the first eight months of the year before declining by 19% in September due to expectations of lower car prices prior to the National Budget announcement on 20 September 2002. While current favourable credit conditions are expected to sustain passenger car sales for the last quarter of the year, intense competition in the automotive sector will result in reduced margins.

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

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

### 23. Profit forecast / profit guarantee

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

### 24. Earnings per share

#### (a) Basic earnings per share

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

	3 months ended		9 months ended	
	30/9/2002	30/9/2001	30/9/2002	30/9/2001
Net profit attributable to shareholders (RM'000)	97,045	146,461	322,514	340,697
Weighted average number of ordinary shares in issue	229,510,823	228,497,490	229,192,490	228,470,934
Basic earnings per share (sen)	42.28	64.10	140.72	149.12

#### (b) Fully diluted earnings per share

Fully diluted earnings per share is calculated by dividing the diluted net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

	3 months ended		9 months ended	
	30/9/2002	30/9/2001	30/9/2002	30/9/2001
Net profit attributable to shareholders (RM'000)	97,045	146,461	322,514	340,697
Minority interest's share of net profits of a subsidiary	(1,674)	(500)	(4,022)	(1,314)
Diluted net profit attributable to shareholders	95,371	145,961	318,492	339,383
Weighted average number of ordinary shares in issue	229,510,823	228,497,490	229,192,490	228,470,934
Fully diluted earnings per share (sen)	41.55	63.88	138.96	148.55

Diluted net profit attributable to shareholders has been adjusted for the increase in minority interest's percentage share of a subsidiary's net profits for the year assuming full conversion of share options under the subsidiary's ESOS at the beginning of the period.

The weighted average number of ordinary shares in issue is not adjusted as the conversion of share options under the Company's ESOS would be anti-dilutive.

### 25. Dividends

The amount of dividends paid/declared by the Company during the reporting period were as follows :

	Gross per share Sen	Dividend net of 28% tax RM'000
Final dividend in respect of the financial year ended 31 December 2001, paid on 11 June 2002 (2000 : 40 sen per share less 28% tax)	40	66,054
Interim dividend in respect of the financial year ending 31 December 2002, paid on 11 October 2002 (2001 : 25 sen per share less 28% tax)	25	41,309
	<u>65</u>	<u>107,363</u>

The Board of Directors is pleased to declare a special interim dividend of 425 sen per share less 28% tax (2001 - Nil) in respect of the financial year ending 31 December 2002 which is proposed to be paid on 30 December 2002. This would amount to a total interim dividend of 450 sen per share less 28% tax (2001 - 25 sen per share less 28% tax) in respect of the financial year ending 31 December 2002.

### 26. Notice Of Dividend Entitlement And Payment

NOTICE IS HEREBY GIVEN that the Special Interim Dividend of 425 sen per share less 28% tax will be payable on 30 December 2002 to depositors registered in the Records of Depositors at the close of business on 20 December 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 20 December 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.

## 27 Notes to the balance sheet

	As At 30/9/2002 RM'000	As At 31/12/2001 RM'000
<b>(i) Investments</b>		
Money market instruments	2,242,590	1,082,440
Non money market instruments	<u>1,307,501</u>	<u>1,133,436</u>
	<u>3,550,091</u>	<u>2,215,876</u>
The maturity structure of the money market instruments are as follows:		
Maturity within one year	1,038,880	935,901
Maturity more than one year	<u>1,203,710</u>	<u>146,539</u>
	<u>2,242,590</u>	<u>1,082,440</u>
<b>(ii) Loans, advances and financing</b>		
Gross loans, advances and financing	21,749,920	19,012,622
Less : Allowance for bad and doubtful debts and financing, and interest in suspense	<u>(1,660,917)</u>	<u>(1,624,840)</u>
Net loans, advances and financing	<u>20,089,003</u>	<u>17,387,782</u>
The maturity structure of gross loans, advances and financing are as follows:		
Maturity within one year	5,373,836	6,271,871
Maturity more than one year	<u>16,376,084</u>	<u>12,740,751</u>
	<u>21,749,920</u>	<u>19,012,622</u>
	-	-
<b>(iii) Receivables</b>		
Trade receivables	131,629	150,975
Other receivables, deposits and prepayments	49,130	57,815
Other receivables of the banking group	<u>867,070</u>	<u>893,416</u>
	<u>1,047,829</u>	<u>1,102,206</u>
<b>(iv) Deposits from customers</b>		
Demand deposits and savings deposits	3,299,344	2,887,063
Fixed deposits	<u>14,170,325</u>	<u>14,155,538</u>
	<u>17,469,669</u>	<u>17,042,601</u>
The maturity structure of fixed deposits are as follows:		
Maturity within one year	12,719,661	11,799,926
Maturity more than one year	<u>1,450,664</u>	<u>2,355,612</u>
	<u>14,170,325</u>	<u>14,155,538</u>
<b>(v) Payables</b>		
Proposed dividend	41,309	-
Trade payables	239,792	229,611
Other payables	202,751	179,309
Other payables of the banking group	412,007	331,100
Amount due to Cagamas Berhad	<u>831,264</u>	<u>1,200,403</u>
	<u>1,727,123</u>	<u>1,940,423</u>

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

Shah Alam, 25 November 2002