

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

	<b>Unaudited Year ended 31/12/2002 RM'000</b>	<b>Audited Year ended 31/12/2001 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net profit attributable to shareholders	476,623	449,958
Adjustments for investing and financing items and non-cash items:		
Tax	310,724	279,698
Minority interests	118,579	90,686
Profit retained in associates	(193,946)	(103,518)
Other investing and financing items and non-cash items	221,661	249,279
Operating profit before working capital changes	933,641	966,103
Increase in loans, advances and financing	(3,502,059)	(1,863,375)
Increase/(decrease) in deposits from customers and deposits and placements of banks and other financial institutions	5,725,870	(545,454)
Net changes in other working capital	(372,131)	272,209
Cash generated from/(utilised in) operations	2,785,321	(1,170,517)
Add/(Less) :		
Interest received	7,102	3,727
Interest paid	(328)	(403)
Income tax paid	(357,879)	(142,016)
Net cash flow from operating activities	<u>2,434,216</u>	<u>(1,309,209)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Dividends and interest received from investment securities	126,244	72,499
Dividends received from associates	15,614	11,134
Proceeds from sale of property, plant and equipment	10,893	4,217
Net cash flow from divestment of interest in a subsidiary and an associate	146,074	-
Issue of shares to minority shareholders of subsidiaries	295,085	46,241
Additional investment in an associate	(10,961)	(5,237)
Purchase, net of proceeds from sale, of investment securities	(2,297,555)	1,057,248
Purchase of property, plant and equipment	(88,860)	(54,469)
Payment to minority shareholders of a subsidiary in connection with its listing	(215,006)	-
Vesting of banking business to a subsidiary	-	575,231
Ex-gratia payment to shareholders of the banking business vested over	-	(29,422)
Net cash flow from investing activities	<u>(2,018,472)</u>	<u>1,677,442</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of shares	28,726	930
Net proceeds from borrowings	419,373	-
Payment of finance lease	(113)	(1,678)
Payment of cash dividends	(815,528)	(106,929)
Net cash flow from financing activities	<u>(367,542)</u>	<u>(107,677)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	48,202	260,556
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	2,790,057	2,529,501
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b><u>2,838,259</u></b>	<b><u>2,790,057</u></b>

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

**Disclosure requirements pursuant to Malaysian Accounting Standards Board No. 26**

**1. Basis of preparation and Accounting policies**

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.

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 year ended 31 December 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 26(v) and retained earnings as disclosed in the Condensed Consolidated Statement of Changes in Equity have been adjusted retrospectively to conform with the change in the accounting policy.

**2. 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.

**3. Seasonality or cyclicity of operations**

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

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

Items of unusual nature, size or incidence affecting assets, liabilities, equity, net income or cash flows of the interim financial report were as follows:

- (i) On 17 October 2002, the Company disposed its entire 48,300,000 ordinary shares of RM1.00 each representing the entire 60.0% equity interest in EON CMG Life Assurance Berhad to Tower Ed Sdn Bhd for a cash consideration of RM48.9 million, realising a gain of RM15.4 million at the Group level.
- (ii) On 11 November 2002, the Company divested a total of 19,095,508 ordinary shares of S\$1.00 each (Shares) representing approximately 7.9% equity interest in Cycle & Carriage Limited (CCL) pursuant to the Partial Offer by Jardine Strategic Holdings for a total cash consideration of RM194.8 million, realising a gain of RM20.2 million at the Group level. 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 13.2% equity interest.
- (iii) Following the completion of the EON Bank Berhad (EBB) Scheme of Arrangement, the Company holds 322,944,403 EON Capital Berhad (ECB) ordinary shares of RM1.00 each representing 46.6% of the issued and paid-up share capital of ECB resulting in a loss on dilution of equity interest of about RM16 million at the Group level.

The Company's interest in ECB which stood at 46.6% as at 31 December 2002 has reached 51.9% based on the level of acceptances as at the close of the Mandatory Offer (MO) on 28 January 2003. Upon completion of the exercise of the call and put options with RH Development Corporation Sdn Bhd (RHD) and Ceria Alam Sdn Bhd (CA) on 17 February 2003, the Company's interest in ECB was reduced to 50.1%. As such, the Company's investment in ECB is still accounted for as a subsidiary as at 31 December 2002.

**5. 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.

**6. Debt and equity securities**

During the current financial year, a total of 2,833,000 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 issuance of secured fixed rate bonds of RM300 million by a subsidiary as disclosed in Note 17 below, there was no other 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 financial year.

## 7. Dividends paid

The amount of dividends paid by the Company during the financial year were as follows :

	Gross per share Sen	Dividend net of 28% tax RM'000
Final dividend in respect of the 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 year ended 31 December 2002, paid on 11 October 2002 (2001 : 25 sen per share less 28% tax)	25	41,320
Special interim dividend in respect of the year ended 31 December 2002, paid on 30 December 2002 (2001 : Nil)	425	708,154
	<u>490</u>	<u>815,528</u>

## 8. Segmental reporting

	12 months ended			
	Revenue		Profit Before Tax	
	31/12/2002	31/12/2001	31/12/2002	31/12/2001
	RM'000	RM'000	RM'000	RM'000
Motor	5,680,442	5,964,957	302,530	380,936
Financial services	1,768,759	1,606,697	398,097	336,091
	7,449,201	7,571,654	700,627	717,027
Share of results of associates	-	-	193,946	103,518
Net gain/(loss) on divestment of interest in subsidiaries and an associate	-	-	11,353	(203)
Inter-segment revenue eliminations	(21,497)	(23,323)	-	-
	<u>7,427,704</u>	<u>7,548,331</u>	<u>905,926</u>	<u>820,342</u>

## 9. 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.

## 10. Subsequent events

Corporate exercise involving the listing of EON Bank Berhad

The Company has pursuant to its obligations under the Malaysian Code on Take-overs and Mergers, 1998 extended a MO to acquire 94,797,685 ECB ordinary shares of RM1.00 each (Shares) held by the minority shareholders of Kedah Cement Holdings Berhad (KCHB). Based on the level of acceptances as at the close of the MO on 28 January 2003, EON's equity interest in ECB increased from 46.6% to 51.9%.

EON has exercised its put options pursuant to the call and put option agreements with RHD and CA. The number of ECB Shares disposed to RHD and CA by EON is 7,936,786 Shares and 4,312,198 Shares respectively (Option Shares) for a total consideration of RM32.7 million. The sale and purchase of the Option Shares were completed on 17 February 2003. Upon completion of the exercise of the call and put options, EON holds 347,270,469 ECB Shares representing 50.1% of the issued and paid-up share capital of ECB.

## 11. Changes in the composition of the group

Changes in the composition of the Group are as disclosed in Note 4 above.

## 12. 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 31/12/2002 RM'000	As at 31/12/2001 RM'000
<b>Principal Amount</b>		
Direct credit substitutes	367,668	638,737
Certain transaction-related contingent items	433,477	460,392
Short term self-liquidating trade-related contingencies	145,343	147,326
Obligations under underwriting agreement	494,000	395,767
Irrevocable commitments to extend credit:		
- maturing within one year	4,055,722	3,619,158
- maturing more than one year	1,873,989	1,301,216
Foreign exchange related contracts (Note 18)	1,538,018	1,634,692
Others	366,655	861,383
Total	<u>9,274,872</u>	<u>9,058,671</u>

The credit equivalent which is calculated based on the credit conversion factors as specified by Bank Negara Malaysia guidelines for the above commitments and contingent liabilities is RM1,816,933,000. (31 December 2001 : RM1,767,542,000).

**Additional disclosure requirements pursuant to paragraph 9.22 of the KLSE Listing Requirements**

**13. Tax**

	3 months ended		12 months ended	
	31/12/2002	31/12/2001	31/12/2002	31/12/2001
	RM'000	RM'000	RM'000	RM'000
Tax comprises the following:				
Current tax	40,569	54,431	216,245	243,526
Share of associates' tax	11,165	9,016	84,515	43,359
	51,734	63,447	300,760	286,885
Under provision in prior years	2,837	1,466	11,267	1,466
Transferred from deferred tax	(1,303)	(8,653)	(1,303)	(8,653)
	53,268	56,260	310,724	279,698

The effective tax rate for the current financial year 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 CCL) mainly in respect of the expected expiry of tax losses prior to their utilisation.

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

Sale of unquoted investments for the current year was as disclosed in Note 4(i) above. There was no sale of properties for the current year.

**15. Purchase or disposal of quoted securities**

The following particulars on quoted securities (other than securities in existing subsidiaries and associates) do not include any investments undertaken by the financial institutions of the Group:-

	3 months ended 31/12/2002 RM'000	12 months ended 31/12/2002 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 31/12/2002 RM'000
(b) Total investments in quoted securities are as follows:		
(i) At cost		288,044
(ii) At carrying value / book value		288,044
(iii) At market value		242,495

Included in the investment in quoted securities is the Company's 13.2% interest in CCL as mentioned in Note 4(ii) above.

**16. Status of corporate proposals**

On 25 November 2002 and 24 December 2002, the Company announced the proposed capital repayment of up to EON's entire equity interest in CCL and ECB respectively at zero subscription cost to the shareholders of EON (Proposed Capital Repayment).

The Proposed Capital Repayment is conditional upon the following:-

- (i) the approval of the Securities Commission and Foreign Investment Committee;
- (ii) the approval of the shareholders of EON at an extraordinary general meeting to be convened;
- (iii) the sanction of the Malaysian High Court; and
- (iv) the approval of any other relevant authorities, if applicable.

## 17. Group borrowings and debt securities

	As at 31/12/2002 RM'000
Bankers acceptances (short-term borrowings, unsecured)	130,997
Bonds (long-term borrowings, secured)	288,481
	419,478

On 12 December 2002, a subsidiary issued RM300 million nominal amount of secured fixed rate bonds at a discount in three tranches:

- (a) 5.25% RM50 million nominal value secured fixed rate 3 year bonds, maturing on 12 December 2005;
- (b) 6.00% RM100 million nominal value secured fixed rate 5 year bonds, maturing on 12 December 2007; and
- (c) 6.75% RM150 million nominal value secured fixed rate 7 year bonds, maturing on 12 December 2009

## 18. Financial instruments with off balance sheet risk of the banking group as at 31 December 2002

Value of contracts of financial instruments of the banking group with off-balance sheet risk classified by remaining periods to maturity or next repricing date (whichever is earlier) are as follows:

	Principal Amount RM'000	1 month or less RM'000	> 1 - 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000
Foreign exchange related contracts					
- Forward	1,538,018	780,609	463,306	272,887	21,216

The banking group does not have any transaction in respect of interest rate, equity and commodity related contracts. Foreign exchange 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 31 December 2002, the amount of contracts which were not hedged and, hence, exposed to market risk was RM4,852,080 (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 banking group has a gain position. As at 31 December 2002, the amount of credit risk, measured in terms of the cost to replace the profitable contracts was RM3,218,403 (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 foreign exchange related contracts

Outstanding foreign exchange related contracts at the balance sheet date are valued based on the applicable spot rates ruling at that date adjusted for the applicable premium or discount to maturity. Gains or losses are recognised in the period or year they arise.

## 19. 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 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 EBB pursuant to a vesting order in respect of the merger of the businesses of OBB and EBB.

Full trial was held on 19 January 2003 and 20 January 2003, and the submission has been fixed on 8 April 2003. On 26 June 2002, EBB's solicitors filed an application to strike out the case and the Court has on 26 January 2003 postponed its decision in view of the trial.

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.

- (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. On 11 November 2002, the Court allowed the appeal for a Summary Judgement by MIMB with costs in the cause but further ordered the execution of the judgement be stayed until disposal of the counterclaim. In respect of the counterclaim, MIMB has filed its defence and the Court has fixed 5 March 2003 for Case Management.

The solicitors acting for MIMB are of the opinion that the suit is defensible.

## **20. Profit before tax for the current quarter compared to the immediate preceding quarter**

The Group recorded a higher profit before tax of RM261.8 million for the current quarter, up 25.6% from RM208.4 million reported in the preceding quarter. This increase was substantially due to higher pre-tax profits from EON Bank group arising mainly from lower general allowance for doubtful debts. Also included in the Group's current quarter's earnings is a net gain of RM12.2 million arising from the divestment of interest in subsidiaries and an associate.

## **21. Review of performance for the current financial year compared to the preceding year**

For the financial year ended 31 December 2002, the Group recorded a profit before tax of RM905.9 million on a Group revenue of RM7,427.7 million, an increase of 10.4% in pre-tax profits and a decrease of 1.6% in revenue.

### **MOTOR**

Total industry volume for passenger car sales in 2002 recorded a growth of about 10% to 359,934 units from 327,447 units sold in the previous year. The Company's new car sales, however, decreased from 135,578 units to 127,859 units in 2002 due to increased competition resulting in a decline in market share from 41% to 36%. The profits of the Group's motor operations declined by 20.5% to RM302.5 million in 2002 due to higher marketing and promotional costs and, lower sales volume.

### **FINANCIAL SERVICES**

The Group's financial services sector registered higher pre-tax profits of RM398.1 million, up 18.4% from 2001 due to lower allowances for loan loss, higher net operating income on a larger loan base and higher fee and commission income, partly offset by higher allowance for diminution in value of investment securities.

### **SHARE OF RESULTS OF ASSOCIATES**

Share of results of associates increased significantly to RM193.9 million, up 87.4% from 2001 due primarily to the improved performance of CCL group. CCL recorded higher pre-tax profits with stronger trading profits in Astra and an improved foreign exchange position due to the strengthening of the Rupiah currency which more than offset the decline in profits from the Singapore motor operations. CCL group results were only equity accounted for eleven months due to the partial divestment of 7.91% interest in November 2002.

## **22. Prospects**

Mixed consumer sentiment in anticipation of AFTA and recent global tensions will continue to impact the automotive market and put pressure on sales volume and margins. The Company is continuing to negotiate with PROTON on the distributorship status and hopes to resolve it to the mutual satisfaction of both parties by the end of the year.

The financial services sector is expected to achieve a moderate growth in 2003 as the fundamentals of the Malaysian economy remain positive.

The proposed reorganisation of the Company's interest in ECB is scheduled to be completed during the year. Upon completion of this exercise, the banking group's earnings will no longer form part of the Group's results. With the cessation of equity accounting of CCL group results with effect from December 2002, the Group's earnings in 2003 will only comprise profits from the Malaysian motor operations and the banking group up to the date of completion of the proposed reorganisation.

## **23. Profit forecast / profit guarantee**

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

## 24. Dividends

The Board of Directors is pleased to recommend a final gross dividend of 40 sen per share less 28% tax (2001 - 40 sen per share less 28% tax) in respect of the financial year ended 31 December 2002 which is proposed to be paid on 12 June 2003, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company. This would amount to a total of 490 sen per share less 28% tax (2001 - 65 sen per share less 28% tax) in respect of the financial year ended 31 December 2002.

NOTICE IS HEREBY GIVEN that the Final Gross Dividend of 40 sen per share less 28% tax will be payable on 12 June 2003, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company, to depositors registered in the Records of Depositors at the close of business on 30 May 2003.

A Depositor shall qualify for entitlement only in respect of :

- Shares transferred to the Depositor's Securities Account on or before 4.00 p.m. on 30 May 2003 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.

## 25. 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 financial year.

	3 months ended		12 months ended	
	31/12/2002	31/12/2001	31/12/2002	31/12/2001
Net profit attributable to shareholders (RM'000)	154,109	109,261	476,623	449,958
Weighted average number of ordinary shares in issue	230,187,156	228,555,156	229,441,156	228,491,990
Basic earnings per share (sen)	66.95	47.80	207.73	196.92

### (b) Diluted earnings per share

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 financial year.

	3 months ended		12 months ended	
	31/12/2002	31/12/2001	31/12/2002	31/12/2001
Net profit attributable to shareholders (RM'000)	154,109	109,261	476,623	449,958
Minority interests' share of net profits of a subsidiary	(1,596)	(938)	(5,618)	(2,253)
Diluted net profit attributable to shareholders	152,513	108,323	471,005	447,705
Weighted average number of ordinary shares in issue	230,187,156	228,555,156	229,441,156	228,491,990
Diluted earnings per share (sen)	66.26	47.39	205.28	195.94

Diluted net profit attributable to shareholders has been adjusted for the increase in minority interests' 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 year.

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.

**Other disclosures****26. Notes to the balance sheet**

	As At 31/12/2002 RM'000	As At 31/12/2001 RM'000
<b>(i) Investments</b>		
Money market instruments	3,107,712	1,082,440
Non money market instruments	<u>1,547,183</u>	<u>1,133,436</u>
	<u>4,654,895</u>	<u>2,215,876</u>
The maturity structure of the money market instruments are as follows:		
Maturity within one year	866,531	935,901
Maturity more than one year	<u>2,241,181</u>	<u>146,539</u>
	<u>3,107,712</u>	<u>1,082,440</u>
<b>(ii) Loans, advances and financing</b>		
Gross loans, advances and financing	22,061,295	19,012,622
Less : Allowance for bad and doubtful debts and financing, and interest in suspense	<u>(1,487,630)</u>	<u>(1,624,840)</u>
Net loans, advances and financing	<u>20,573,665</u>	<u>17,387,782</u>
The maturity structure of gross loans, advances and financing are as follows:		
Maturity within one year	6,692,893	6,271,871
Maturity more than one year	<u>15,368,402</u>	<u>12,740,751</u>
	<u>22,061,295</u>	<u>19,012,622</u>
<b>(iii) Receivables</b>		
Trade receivables	106,824	150,975
Other receivables, deposits and prepayments:		
- non-banking group	21,503	57,815
- banking group	<u>1,047,264</u>	<u>893,416</u>
	<u>1,175,591</u>	<u>1,102,206</u>
<b>(iv) Deposits from customers</b>		
Demand deposits and savings deposits	3,493,528	2,887,063
Fixed deposits	<u>14,725,826</u>	<u>14,155,538</u>
	<u>18,219,354</u>	<u>17,042,601</u>
The maturity structure of fixed deposits are as follows:		
Maturity within one year	13,574,278	11,799,926
Maturity more than one year	<u>1,151,548</u>	<u>2,355,612</u>
	<u>14,725,826</u>	<u>14,155,538</u>
<b>(v) Payables</b>		
Proposed dividend	-	-
Trade payables	187,729	229,611
Other payables		
- non-banking group	200,962	179,309
- banking group	383,084	331,100
Amount due to Cagamas Berhad	<u>841,980</u>	<u>1,200,403</u>
	<u>1,613,755</u>	<u>1,940,423</u>

**27. Annual General Meeting**

The Annual General Meeting of the Company will be held on Thursday, 29 May 2003.

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

Shah Alam, 26 February 2003