

EDARAN OTOMOBIL NASIONAL BERHAD

(119767 - X)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2003

The Board of Directors is pleased to announce the unaudited financial results of the Group for the interim financial period ended 30 September 2003.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	3 months ended		9 months ended	
		30/9/2003	30/9/2002	30/9/2003	30/9/2002
		(As restated)		(As restated)	
		Unaudited		Unaudited	
		RM'000	RM'000	RM'000	RM'000
Revenue		1,213,706	1,816,299	3,962,850	5,875,762
Operating expenses		(1,108,386)	(1,667,857)	(3,595,030)	(5,441,985)
Other operating income		58,085	19,710	75,379	52,399
Profit from operations		163,405	168,152	443,199	486,176
Finance cost		(5,217)	(7)	(16,599)	(25)
Share of results of associates		5,375	40,232	16,529	157,950
Net gain on disposal of an investment		8,147	-	9,332	-
Profit before tax		171,710	208,377	452,461	644,101
Tax	13	(45,683)	(69,459)	(127,160)	(215,993)
Profit after tax		126,027	138,918	325,301	428,108
Minority interests		(47,959)	(32,369)	(120,075)	(82,324)
Net profit attributable to shareholders		78,068	106,549	205,226	345,784
		-	-	-	-
		sen	sen	sen	sen
Earnings per share:	25				
- Basic	(a)	33.27	46.42	88.24	150.87
- Diluted	(b)	33.03	45.56	88.24	148.69

The Condensed Consolidated Income Statements should be read in conjunction with the Group's annual financial report for the financial year ended 31 December 2002.

EDARAN OTOMOBIL NASIONAL BERHAD
CONDENSED CONSOLIDATED BALANCE SHEET

	Note	Unaudited As At 30/9/2003	Audited As At 31/12/2002 (As restated)
	26	RM'000	RM'000
ASSETS			
Cash and bank balances and deposits with financial institutions		3,802,462	2,838,259
Dealing securities		219,518	954,842
Investments	(i)	4,587,781	4,654,895
Loans, advances and financing	(ii)	21,428,710	20,573,665
Inventories		383,084	534,070
Receivables	(iii)	974,585	1,175,591
Statutory deposits with Bank Negara Malaysia		975,131	865,213
Associates		149,039	137,933
Property, plant and equipment		472,943	458,016
Deferred tax assets		137,695	144,393
		<u>33,130,948</u>	<u>32,336,877</u>
LIABILITIES			
Deposits from customers	(iv)	21,414,676	18,219,354
Deposits and placements of banks and other financial institutions		6,208,698	7,262,140
Obligations on securities sold under repurchase agreements		217,036	1,168,396
Bills and acceptances payable		298,390	155,565
Taxation		86,465	121,798
Payables	(v)	1,292,283	1,613,755
Amounts due to associates		14,340	9,807
Borrowings		290,024	419,478
Provisions for liabilities and charges		25,371	25,309
Deferred tax liabilities		4,088	3,877
		<u>29,851,371</u>	<u>28,999,479</u>
SHARE CAPITAL		238,633	231,423
RESERVES		<u>1,929,872</u>	<u>2,045,270</u>
SHAREHOLDERS' FUNDS		<u>2,168,505</u>	<u>2,276,693</u>
MINORITY INTERESTS		<u>1,111,072</u>	<u>1,060,705</u>
		<u>3,279,577</u>	<u>3,337,398</u>
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		<u>33,130,948</u>	<u>32,336,877</u>
		-	-
		RM	RM
Net tangible assets per share		<u>9.09</u>	<u>9.84</u>

The Condensed Consolidated Balance Sheet should be read in conjunction with the Group's annual financial report for the financial year ended 31 December 2002.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Note</u>	<u>Non-distributable</u>				<u>Distributable</u>		<u>Total</u> RM'000
		<u>Share</u> <u>Capital</u> RM'000	<u>Share</u> <u>Premium</u> RM'000	<u>Statutory</u> <u>Reserves</u> RM'000	<u>Currency</u> <u>Translation</u> <u>Reserves</u> RM'000	<u>Other</u> <u>Reserves</u> RM'000	<u>Retained</u> <u>Earnings</u> RM '000	
(Unaudited)								
At 1 January 2003		231,423	387,939	223,243	54,454	43,665	1,265,092	2,205,816
Change in accounting policy	1	-	-	-	-	-	70,877	70,877
Restated balance		231,423	387,939	223,243	54,454	43,665	1,335,969	2,276,693
Movements in equity during the period								
Share of associates' reserves		-	-	-	100	-	-	100
Reserve on consolidation		-	-	-	-	-	4,581	4,581
Currency translation differences		-	-	-	21	-	-	21
Reserves realised on divestment of interest in an investment *		-	-	-	(51,510)	(43,665)	129,993	34,818
Net gains/(losses) not recognised in income statement		-	-	-	(51,389)	(43,665)	134,574	39,520
Net profit for the year		-	-	-	-	-	205,226	205,226
Transfer to statutory reserve		-	-	-	-	-	-	-
Dividends for the year	7	-	-	-	-	-	(400,986)	(400,986)
Issue of shares - exercise of share options	6	7,210	40,842	-	-	-	-	48,052
At 30 June 2003		238,633	428,781	223,243	3,065	-	1,274,783	2,168,505
At 1 January 2002								
At 1 January 2002		228,590	362,046	214,199	59,977	66,639	1,555,422	2,486,873
Change in accounting policy	1	-	-	-	-	-	59,214	59,214
Restated balance		228,590	362,046	214,199	59,977	66,639	1,614,636	2,546,087
Movements in equity during the period								
Share of associates' reserves		-	-	-	12,643	5,302	1,523	19,468
Goodwill on consolidation written off		-	-	-	-	-	(975)	(975)
Currency translation differences		-	-	-	14,158	-	-	14,158
Net gains/(losses) not recognised in income statement		-	-	-	26,801	5,302	548	32,651
Net profit for the year		-	-	-	-	-	345,784	345,784
Transfer to statutory reserve		-	-	-	-	-	-	-
Dividends for the year		-	-	-	-	-	(107,363)	(107,363)
Issue of shares - exercise of share options	6	966	5,877	-	-	-	-	6,843
At 30 September 2002		229,556	367,923	214,199	86,778	71,941	1,853,605	2,824,002

* These reserves are in respect of the Group's residual equity interest in Cycle & Carriage Ltd.

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's annual financial report for the financial year ended 31 December 2002.

EDARAN OTOMOBIL NASIONAL BERHAD
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited 9 months ended 30/9/2003 RM'000	Unaudited 9 months ended 30/9/2002 (As restated) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit attributable to shareholders	205,226	345,784
Adjustments for investing and financing items and non-cash items:		
Tax	127,160	160,836
Minority interests	120,075	64,131
Profit retained in associates	(16,529)	(84,600)
Other investing and financing items and non-cash items	74,135	334,527
Operating profit before working capital changes	510,067	820,678
Increase in loans, advances and financing	(1,056,109)	(3,053,334)
Increase in deposits from customers and deposits and placements of banks and other financial institutions	2,141,880	4,469,180
Net changes in other working capital	(129,808)	(27,801)
Cash generated from operations	1,466,030	2,208,723
Add/(Less) :		
Interest received	1,429	11,283
Interest paid	(10,343)	(25)
Income tax paid	(180,301)	(262,757)
Net cash flow from operating activities	<u>1,276,815</u>	<u>1,957,224</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends and interest received from investment securities	157,087	62,019
Dividends received from associates	8,423	15,153
Proceeds from sale of property, plant and equipment	4,122	4,256
Purchases, net of proceeds from sale of investment securities	(186,885)	(1,367,495)
Issue of shares to minority shareholders of subsidiaries	-	7,007
Acquisition of additional shares in a subsidiary	(65,126)	-
Additional investment in an associate	(7,983)	(5,596)
Purchase of property, plant and equipment	(53,474)	(45,115)
Net cash flow from investing activities	<u>(143,836)</u>	<u>(1,329,771)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of shares	48,052	6,843
Repayment of borrowings	(130,997)	-
Payment of finance lease	(1,063)	(84)
Payment of cash dividends	(84,768)	(66,054)
Net cash flow from financing activities	<u>(168,776)</u>	<u>(59,295)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 964,203	 568,158
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	2,838,259	2,790,057
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>3,802,462</u>	<u>3,358,215</u>

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 2002.

EDARAN OTOMOBIL NASIONAL BERHAD
EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

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 2002.

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 2002 except for the adoption of new MASB Standards applicable to the Group with effect from 1 January 2003.

The adoption of these new standards have no material effects on the interim financial statements for the period ended 30 September 2003 except for the effect of applying the MASB Standard No. 25 "Income Tax". In compliance with MASB 25, the Group changed its accounting policy in respect of the measurement and recognition of deferred tax assets and/or liabilities. The change in accounting policy has been applied retrospectively.

The effects of the change on the Group's prior year/periods financial statements are as follows :

	As previously reported RM '000	Adjustments RM '000	As restated RM '000
<u>As at 31 December 2002</u>			
Deferred tax assets	-	144,393	144,393
Deferred tax liabilities	3,220	657	3,877
Retained earnings	1,265,092	70,877	1,335,969
Minority interests	987,846	72,859	1,060,705
<u>As at 31 March 2003</u>			
Deferred tax assets	-	144,393	144,393
Deferred tax liabilities	3,057	657	3,714
Retained earnings	1,327,109	75,665	1,402,774
Minority interests	957,412	68,071	1,025,483
<u>For the quarter ended 30 September 2002</u>			
- Net profit for the quarter	97,045	9,504	106,549
- Earnings per share (sen)			
- Basic	42.28	4.14	46.42
- Diluted	41.55	4.01	45.56
<u>For the period ended 30 September 2002</u>			
- Net profit for the period	322,514	23,270	345,784
- Earnings per share (sen)			
- Basic	140.72	10.15	150.87
- Diluted	138.96	9.73	148.69

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

There were no items of unusual nature, size or incidence affecting assets, liabilities, equity, net income or cash flows of the interim financial report except as disclosed below:

- (a) The Company's interest in EON Capital Berhad (ECB) which stood at 46.6% as at 31 December 2002 was increased to 50.1% upon completion of the conditional mandatory offer in connection with the listing of ECB and the exercise of the call and put option agreements with RH Development Corporation Sdn Bhd (RHD) and Ceria Alam Sdn Bhd (CA) on 17 February 2003.
- (b) The Company had divested its entire equity interest in Cycle & Carriage Ltd (CCL) via the dividends in specie of CCL shares to the shareholders of EON (Dividends in Specie of CCL shares) and the disposal of the residual shares in the market.

5. Changes in estimates

There were 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 interim financial period, a total of 7,210,000 new ordinary shares were issued by virtue of the exercise of the Employee's Share Option Scheme.

Other than the above, there were 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 during the current interim financial period.

7. Dividends paid

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

	Gross per share	Dividend net of 28% tax
	Sen	RM'000
Final dividend in respect of the year ended 31 December 2002, paid on 12 June 2003 (2002 : 40 sen per share less 28% tax)	40.00	66,650
Dividend in Specie of CCL shares equivalent to RM1.9582 per share less 28% tax, completed on 9 August 2003 (2002: Nil) (see note below)	195.82	299,973
Interim dividend in respect of the year ending 31 December 2003, paid on 10 October 2003 (2002 : 25 sen per share less 28% tax)	6.00	10,309
Special Interim dividend in respect of the year ending 31 December 2003, paid on 10 October 2003 (2002 : 425 sen per share less 28% tax)	14.00	24,054
	<u>255.82</u>	<u>400,986</u>

Note

Pursuant to the Dividends in Specie of CCL shares, shareholders of EON who hold more than 50,000 ordinary shares of RM1.00 each in EON ("EON Shares") received their entitlement in the form of CCL shares on the basis of 127 CCL shares for every 1,000 EON Shares held.

EON shareholders who hold up to and including 50,000 EON Shares received cash in lieu of their entitlement value of CCL shares ("Cash Entitlement"). The quantum of the Cash Entitlement is RM1.9582 per EON share, less income tax of 28%. The calculation of the cash entitlement was based on the five day weighted average market price of CCL shares traded on the Singapore Exchange Securities Trading Limited as at 8 August 2003 of S\$5.1851 per share and at the exchange rate of S\$1.00 to RM2.1410.

8. Segmental reporting

	9 months ended			
	Revenue		Profit Before Tax	
	30/9/2003	30/9/2002	30/9/2003	30/9/2002
	RM'000	RM'000	RM'000	RM'000
Motor	2,571,675	4,540,351	90,402	229,650
Financial services	1,400,550	1,354,746	336,198	256,501
	3,972,225	5,895,097	426,600	486,151
Share of results of associates	-	-	16,529	157,950
Net gain on disposal of an investment	-	-	9,332	-
Inter-segment revenue eliminations	(9,375)	(19,335)	-	-
	3,962,850	5,875,762	452,461	644,101
	-	-	-	-

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

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 current interim period.

11. Changes in the composition of the group

There was no change in the composition of the Group other than as disclosed in Note 4 (a) 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 30/9/2003		As at 31/12/2002	
	Principal Amount	Credit Equivalent	Principal Amount	Credit Equivalent
	RM'000	RM'000	RM'000	RM'000
Principal Amount				
Direct credit substitutes	436,567	436,567	367,668	367,668
Certain transaction-related contingent items	513,594	256,797	433,477	216,739
Short term self-liquidating trade-related contingencies	166,635	33,327	145,343	29,069
Obligations under underwriting agreement	605,632	302,816	494,000	247,000
Irrevocable commitments to extend credit:				
- maturing within one year	4,374,961	-	4,055,722	-
- maturing more than one year	1,953,830	976,915	1,873,989	936,994
Foreign exchange related contracts	2,592,239	39,554	1,538,018	19,463
Others	250,675	-	366,655	-
Total	10,894,133	2,045,976	9,274,872	1,816,933
	-	-	-	-

The credit equivalent is arrived at using the credit conversion factors as per Bank Negara Malaysia guidelines.

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

13. Tax

	3 months ended		9 months ended	
	30/9/2003	30/9/2002 (As restated)	30/9/2003	30/9/2002 (As restated)
	RM'000	RM'000	RM'000	RM'000
Tax comprises the following:				
Current tax	32,667	59,638	121,560	175,676
Share of associates' tax	1,600	15,223	5,104	73,350
Transferred from /(to) deferred tax	11,486	(13,832)	6,911	(41,463)
	45,753	61,029	133,575	207,563
(Over)/under provision in prior years	(70)	8,430	(6,415)	8,430
	45,683	69,459	127,160	215,993
	-	-	-	-

The effective tax rate of the Group for the current interim financial period was higher than the statutory tax rate due to certain charges and provisions not allowable for tax purposes.

14. Sale of unquoted investments and/or properties

There were no sales of unquoted investments and properties for the current interim financial period.

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 30/9/2003 RM'000	9 months ended 30/9/2003 RM'000
(a) Total purchases and disposal of quoted securities are as follows:		
(i) Total purchase consideration	-	-
(ii) Total sale proceeds / redemptions	42,797	49,540
(iii) Total profit/loss arising from disposals	8,147	9,332

The abovementioned represents the disposal of the residual shares in CCL subsequent to the dividends in Specie of CCL shares.

	As at 30/9/2003 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	6,604

16. Status of corporate proposals

- (i) The Company has substantially completed the negotiations with Proton Edar Sdn Bhd on the Super Dealership Agreement and an appropriate announcement will be made once the Agreement is concluded.
- (ii) On 6 November 2003, the Company announced that an application has been submitted to the Securities Commission for a proposed extension of time of 6 months, i.e. up to 21 May 2004 for the proposed dividend in specie, proposed capital repayment and upliftment of moratorium on the shares of EON Capital Berhad.

17. Group borrowings and debt securities

As at
30/9/2003
RM'000
290,024

Bonds (long-term borrowings, secured)

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 12 November 2003

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	2,561,856	1,317,874	733,475	508,651	1,856

The banking group does not have any interest rate, equity and commodity related contracts as at 12 November 2003. 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 12 November 2003, the amount of contracts of the Group which were not hedged and, hence, exposed to market risk was RM7,172,177 (31 December 2002: RM4,852,080).

Credit risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Group has a gain position. As at 12 November 2003, the amount of credit risk of the Group, measured in terms of the cost to replace the profitable contracts was RM9,894,573 (31 December 2002: RM3,218,403). 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

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

On 19 May 2003, the Court dismissed the Plaintiff's action with costs on the grounds that the Plaintiff did not have a valid cause of action and failed to prove his loss. The plaintiff has filed a Notice of Appeal against the Court's decision.

- (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. Further Case Management fixed on 10 November 2003 for mention has been postponed to 17 February 2004.

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's profit before tax of RM171.7 million was higher than the immediate preceding quarter by 21.7% substantially due to higher contribution from the financial services sector resulting from higher non-interest income which was partly offset by higher loan loss provisions. Also included in the Group's current quarter's earnings is a net gain of RM8.1 million arising from the disposal of the residual shares in CCL subsequent to the dividend in specie of the CCL shares.

21. Review of performance for the current interim financial period compared to the corresponding period in the preceding year

The Group recorded a profit before tax of RM452.5 million on a Group revenue of RM3,962.9 million for the nine months ended 30 September 2003, lower by 29.8% and 32.6% respectively compared to the corresponding period in the preceding year. This was primarily due to weaker contributions from the motor sector arising from lower sales volume and lower margins, and the effect of the cessation of equity accounting for the Group's share of Cycle & Carriage Ltd group's results following the divestment of its interest in November 2002. These were partly offset by higher earnings from the financial services sector.

Motor

Earnings from the Group's motor operations was 60.6% lower than the corresponding period in 2002. Proton's total sales volume fell by 25.9% to 124,511 units for the period ended 30 September 2003 from 167,955 units recorded last year as a result of the strong competition from the other marques and the slow down arising from the impending implementation of AFTA. Accordingly, Proton's market share dropped to 50.5% from 60.5% last year.

EON's market share fell to 24.4% for the period ended 30 September 2003 against 36.3% in the corresponding period last year due to the aggressive network expansion of PROTON's distributor which now jointly markets all Proton models previously sold exclusively by EON as well as constraints in supply of certain models.

Financial services

The Group's financial services sector registered higher pre-tax profits of RM336.2 million, up 31.1% from 2002 due mainly to lower net interest suspended, higher non-interest income and lower provision for loan losses. These were partly offset by financing cost of bonds issued by ECB in December 2002.

22. Prospects

The passenger car market is not expected to improve for the remaining period of the year as consumers defer purchases in anticipation of tariff adjustments expected to be announced prior to 1 January 2004. The Board expects the remaining period of the year to be challenging for the motor sector in view of the difficult trading conditions in which the Company operates. Accordingly, contributions from the motor sector are expected to be lower in the remaining period of the year.

The Company has substantially completed negotiations with Proton Edar on the Super Dealership Agreement and an announcement will be made once the agreement is signed. In the meantime, the Company is actively pursuing distribution rights and dealerships of other marques to enhance its earnings base.

The banking and financial services sector is expected to remain highly competitive and interest margins will continue to come under pressure. To maintain the stability in its underlying profitability in the coming quarter, the banking group will continue to focus on prudent management of its assets and liabilities and better management of risk. Barring unforeseen circumstances, the banking group is confident of sustaining the current level of performance for the rest of 2003.

23. Profit forecast / profit guarantee

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

24. Dividends

During the current interim financial period, a total gross dividend of 216 sen per share less 28% tax (2002:450 sen per share less 28% tax) in respect of the financial year ending 31 December 2003 was declared by the Company.

No further dividend is recommended for the quarter under review.

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 period.

	3 months ended		9 months ended	
	30/9/2003	30/9/2002 (As restated)	30/9/2003	30/9/2002 (As restated)
Net profit attributable to shareholders (RM'000)	78,068	106,549	205,226	345,784
Weighted average number of ordinary shares in issue	234,655,490	229,510,823	232,580,267	229,192,490
Basic earnings per share (sen)	33.27	46.42	88.24	150.87

(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 period.

	3 months ended		9 months ended	
	30/9/2003	30/9/2002 (As restated)	30/9/2003	30/9/2002 (As restated)
Net profit attributable to shareholders (RM'000)	78,068	106,549	205,226	345,784
Minority interests' share of net profits of a subsidiary	0	(1,984)	0	(4,999)
Diluted net profit attributable to shareholders	78,068	104,565	205,226	340,785
Weighted average number of ordinary shares in issue	234,655,490	229,510,823	232,580,267	229,192,490
Adjustment for share option	1,690,000	-	-	-
Weighted average number of ordinary shares in issue for diluted earnings per share	236,345,490	229,510,823	232,580,267	229,192,490
Diluted earnings per share (sen)	33.03	45.56	88.24	148.69

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 prior year corresponding period assuming full conversion of share options of the subsidiary's ESOS at the beginning of the period.

Except for the current quarter ended 30 Sept 2003, 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 30/9/2003 RM'000	As At 31/12/2002 RM'000
(i) Investments		
Money market instruments	3,433,175	3,107,712
Non money market instruments	<u>1,154,606</u>	<u>1,547,183</u>
	<u>4,587,781</u>	<u>4,654,895</u>
The maturity structure of the money market instruments are as follows:		
Maturity within one year	1,123,698	866,531
Maturity more than one year	<u>2,309,477</u>	<u>2,241,181</u>
	<u>3,433,175</u>	<u>3,107,712</u>
(ii) Loans, advances and financing		
Gross loans, advances and financing	22,990,865	22,061,295
Less : Allowance for bad and doubtful debts and financing, and interest in suspense	<u>(1,562,155)</u>	<u>(1,487,630)</u>
Net loans, advances and financing	<u>21,428,710</u>	<u>20,573,665</u>
	-	-
The maturity structure of gross loans, advances and financing are as follows:		
Maturity within one year	6,535,301	6,692,893
Maturity more than one year	<u>16,455,564</u>	<u>15,368,402</u>
	<u>22,990,865</u>	<u>22,061,295</u>
(iii) Receivables		
Trade receivables	97,094	106,824
Other receivables, deposits and prepayments:		
- non-banking group	52,357	21,503
- banking group	<u>825,134</u>	<u>1,047,264</u>
	<u>974,585</u>	<u>1,175,591</u>
	-	-
(iv) Deposits from customers		
Demand deposits and savings deposits	3,630,648	3,493,528
Fixed deposits	<u>17,784,028</u>	<u>14,725,826</u>
	<u>21,414,676</u>	<u>18,219,354</u>
	-	-
The maturity structure of fixed deposits are as follows:		
Maturity within one year	16,825,467	13,574,278
Maturity more than one year	<u>958,561</u>	<u>1,151,548</u>
	<u>17,784,028</u>	<u>14,725,826</u>
	-	-
(v) Payables		
Trade payables	212,809	187,729
Other payables		
- non-banking group	94,580	200,962
- banking group	<u>349,342</u>	<u>383,083</u>
Dividend payable	34,363	-
Amount due to Cagamas Berhad	<u>601,189</u>	<u>841,981</u>
	<u>1,292,283</u>	<u>1,613,755</u>
	-	-

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