

EDARAN OTOMOBIL NASIONAL BERHAD

(119767 - X)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE YEAR ENDED
31 DECEMBER 2003**

The Board of Directors is pleased to announce the unaudited financial results of the Group for the financial year ended 31 December 2003.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	3 months ended		12 months ended	
		31/12/2003	31/12/2002	31/12/2003	31/12/2002
		(As restated)		(As restated)	
		Unaudited	Unaudited	Unaudited	Audited
		RM'000	RM'000	RM'000	RM'000
Revenue		1,024,201	1,551,942	4,987,051	7,427,704
Operating expenses		(908,945)	(1,339,726)	(4,503,982)	(6,780,907)
Other operating income		13,265	3,463	88,644	55,862
Profit from operations		128,521	215,679	571,713	702,659
Finance cost		(5,120)	(1,383)	(21,719)	(1,408)
Share of results of associates		3,819	35,996	20,348	193,946
Net gain on disposal of investments		-	12,157	9,339	11,353
Profit before tax		127,220	262,449	579,681	906,550
Tax	13	(26,294)	(75,546)	(153,454)	(291,539)
Profit after tax		100,926	186,903	426,227	615,011
Minority interests		(43,716)	(43,777)	(163,791)	(126,101)
Net profit attributable to shareholders		57,210	143,126	262,436	488,910
		sen	sen	sen	sen
Earnings per share:	25				
- Basic	(a)	23.45	62.18	111.47	213.09
- Diluted	(b)	23.36	61.77	111.47	210.50

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 31/12/2003	Audited As At 31/12/2002 (As restated)
	26	RM'000	RM'000
ASSETS			
Cash and bank balances and deposits with financial institutions		3,703,815	2,838,259
Dealing securities		161,168	954,842
Investments	(i)	4,459,460	4,654,895
Loans, advances and financing	(ii)	21,288,355	20,573,665
Inventories		357,928	534,070
Receivables	(iii)	990,261	1,175,591
Tax recoverable		49,086	13,257
Statutory deposits with Bank Negara Malaysia		898,361	865,213
Associates		151,539	137,933
Property, plant and equipment		474,792	458,016
Deferred tax assets		137,896	144,393
		<u>32,672,661</u>	<u>32,350,134</u>
LIABILITIES			
Deposits from customers	(iv)	20,522,860	18,219,354
Deposits and placements of banks and other financial institutions		5,594,009	7,262,140
Obligations on securities sold under repurchase agreements		402,119	1,168,396
Bills and acceptances payable		1,114,764	155,565
Taxation		76,669	135,055
Payables	(v)	1,219,129	1,619,310
Amounts due to associates		11,825	9,807
Borrowings		290,563	419,478
Provisions for liabilities and charges		18,154	25,309
Deferred tax liabilities		10,119	3,877
		<u>29,260,211</u>	<u>29,018,291</u>
SHARE CAPITAL		244,714	231,423
RESERVES		<u>2,012,948</u>	<u>2,039,715</u>
SHAREHOLDERS' FUNDS		<u>2,257,662</u>	<u>2,271,138</u>
MINORITY INTERESTS		<u>1,154,788</u>	<u>1,060,705</u>
		<u>3,412,450</u>	<u>3,331,843</u>
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		<u>32,672,661</u>	<u>32,350,134</u>
		RM	RM
Net tangible assets per share		<u>9.23</u>	<u>9.81</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.

EDARAN OTOMOBIL NASIONAL BERHAD

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Note	Non-distributable					Distributable	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserves RM'000	Currency		Retained Earnings RM '000	
				Translation Reserves RM'000	Other Reserves RM'000		
(Unaudited)							
At 1 January 2003	231,423	387,939	223,243	54,454	43,665	1,265,092	2,205,816
Prior year adjustments	1	-	-	-	-	65,322	65,322
Restated balance	231,423	387,939	223,243	54,454	43,665	1,330,414	2,271,138
Movements in equity during the period							
Share of associates' reserves	-	-	-	843	-	(153)	690
Reserve on consolidation	-	-	-	-	-	4,582	4,582
Currency translation differences	-	-	-	55	-	-	55
Reserves realised on divestment of interest in an investment *	-	-	-	(51,510)	(43,665)	129,993	34,818
Incidental costs in connection with the dividend in specie of CCL shares	-	-	-	-	-	(2,401)	(2,401)
Net (losses)/gains not recognised in income statement	-	-	-	(50,612)	(43,665)	132,021	37,744
Net profit for the year	-	-	-	-	-	262,436	262,436
Transfer to statutory reserve	-	-	79,169	-	-	(79,169)	-
Dividends	7	-	-	-	-	(400,986)	(400,986)
Issue of shares	-	-	-	-	-	-	-
- exercise of share options	6	13,291	74,039	-	-	-	87,330
At 31 December 2003	244,714	461,978	302,412	3,842	-	1,244,716	2,257,662
(Audited)							
At 1 January 2002	228,590	362,046	214,199	59,977	66,639	1,555,422	2,486,873
Prior year adjustments	1	-	-	-	-	53,035	53,035
Restated balance	228,590	362,046	214,199	59,977	66,639	1,608,457	2,539,908
Movements in equity during the period							
Share of associates' reserves	-	-	-	8,284	3,220	1,499	13,003
Goodwill on consolidation written off	-	-	-	-	-	(975)	(975)
Currency translation differences	-	-	-	17,094	-	-	17,094
Reserves realised on partial divestment of interest in an associate	-	-	-	(30,901)	(26,194)	57,095	-
Reserve realised on dilution of interest in a subsidiary	-	-	(29,290)	-	-	29,290	-
Net (losses)/gains not recognised in income statement	-	-	(29,290)	(5,523)	(22,974)	86,909	29,122
Net profit for the year	-	-	-	-	-	488,910	488,910
Transfer to statutory reserve	-	-	38,334	-	-	(38,334)	-
Dividends	-	-	-	-	-	(815,528)	(815,528)
Issue of shares	-	-	-	-	-	-	-
- exercise of share options	-	2,833	25,893	-	-	-	28,726
At 31 December 2002	231,423	387,939	223,243	54,454	43,665	1,330,414	2,271,138

* These reserves were in respect of the 13.1% equity interest in Jardine Cycle & Carriage Ltd (formerly known as Cycle & Carriage Ltd (CCL) retained by the Group after the completion of the partial divestment in the previous year.

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 12 months ended 31/12/2003	Audited 12 months ended 31/12/2002 (As restated)
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit attributable to shareholders	262,436	488,910
Adjustments for investing and financing items and non-cash items:		
Tax	153,454	291,539
Minority interests	163,791	126,101
Profit retained in associates	(20,348)	(193,946)
Depreciation	50,229	54,178
Other investing and financing items and non-cash items	33,583	167,483
Operating profit before working capital changes	643,145	934,265
Increase in loans, advances and financing	(1,218,085)	(3,502,059)
Increase in deposits from customers and deposits and placements of banks and other financial institutions	635,375	5,725,870
Net changes in other working capital	973,186	(372,756)
Cash generated from operations	1,033,621	2,785,320
Add/(Less) :		
Interest received	1,698	7,102
Interest paid	(1,006)	(327)
Income tax paid	(236,305)	(357,879)
Net cash flow from operating activities	<u>798,008</u>	<u>2,434,216</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends and interest received from investment securities	226,842	126,244
Dividends received from associates	10,266	15,614
Proceeds from sale of property, plant and equipment	5,861	10,893
Proceeds from sales, net of purchases of investment securities	153,896	(2,297,555)
Net cash flow from divestment of interest in a subsidiary and an associate	-	146,074
Issue of shares by a subsidiary to its minority shareholders	-	295,085
Acquisition of additional shares in a subsidiary	(65,126)	-
Additional investment in an associate	(8,583)	(10,961)
Purchase of property, plant and equipment	(70,522)	(88,860)
Payment to minority shareholders of a subsidiary in connection with its listing	-	(215,006)
Net cash flow from /(used in) investing activities	<u>252,634</u>	<u>(2,018,472)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of shares	87,330	28,726
Net proceeds from borrowings	-	419,373
Repayment of borrowings	(130,997)	-
Payment of interest on bonds	(18,750)	-
Payment of finance lease	(1,137)	(113)
Payment of cash dividends	(119,131)	(815,528)
Payment of incidental costs in connection with the dividend in specie of CCL shares.	(2,401)	-
Net cash flow used in financing activities	<u>(185,086)</u>	<u>(367,542)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	865,556	48,202
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	2,838,259	2,790,057
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>3,703,815</u>	<u>2,838,259</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 FINANCIAL REPORT

Disclosure requirements pursuant to Malaysian Accounting Standards Board No. 26

1. Basis of preparation and Accounting policies

The financial report is prepared in accordance with the Malaysian Accounting Standards Board (MASB) No. 26 (Financial Reporting) and paragraph 9.22 of the Listing Requirements of Malaysia Securities Exchange Berhad, 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 year ended 31 December 2003 except for the effect of applying the MASB Standard No. 25 "Income Tax" and the MASB Standard No.29 "Employee benefits".

In compliance with MASB 25 and MASB 29, the Group changed its accounting policies in respect of the measurement and recognition of deferred tax assets and/or liabilities, and the recognition of obligations in respect of accumulating compensated absences in the period in which the associated services are rendered by the employees respectively. These changes in accounting policies have been accounted for retrospectively.

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

	As previously reported RM '000	Adjustments pursuant to MASB 25 RM '000	Adjustments pursuant to MASB 29 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	(5,555)	1,330,414
Payables	1,613,755	-	5,555	1,619,310
Minority interests	987,846	72,859	-	1,060,705
<u>For the quarter ended 31 December 2002</u>				
- Net profit for the quarter	154,109	(11,607)	624	143,126
- Earnings per share (sen)				
- Basic	66.95	(5.04)	0.27	62.18
- Diluted	66.26	(4.76)	0.27	61.77
<u>For the year ended 31 December 2002</u>				
- Net profit for the year	476,623	11,663	624	488,910
- Earnings per share (sen)				
- Basic	207.73	5.09	0.27	213.09
- Diluted	205.28	4.95	0.27	210.50

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 equity 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 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 changes 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 13,291,000 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 financial year.

7. Dividends paid

The amount of dividends paid by the Company during the financial year 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	66,650
Dividend in Specie of CCL shares equivalent to RM1.9582 per share less 28% tax, distributed on 9 August 2003 (2002: Nil) (see note below)	196	299,973
Interim dividend in respect of the year ended 31 December 2003, paid on 10 October 2003 (2002 : 25 sen per share less 28% tax)	6	10,309
Special interim dividend in respect of the year ended 31 December 2003, paid on 10 October 2003 (2002 : 425 sen per share less 28% tax)	14	24,054
	<u>256</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. Segment reporting

	12 months ended			
	Revenue		Profit Before Tax	
	31/12/2003	31/12/2002	31/12/2003	31/12/2002
	RM'000	RM'000	RM'000	RM'000
Motor	3,135,858	5,680,442	99,463	303,154
Financial services	1,862,020	1,768,759	450,531	398,097
	4,997,878	7,449,201	549,994	701,251
Share of results of associates	-	-	20,348	193,946
Net gain on disposal of investments			9,339	11,353
Inter-segment eliminations	(10,827)	(21,497)	-	-
	<u>4,987,051</u>	<u>7,427,704</u>	<u>579,681</u>	<u>906,550</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

Issuance of Subordinated Notes

On 21 January 2004, EON Bank Berhad (EBB), effectively a 50.10% subsidiary of the Company, issued USD225 million (equivalent to RM855 million) nominal value Subordinated Notes ('Notes') with a fixed coupon rate of 5.375% per annum payable semi-annually in arrears in July and January each year (subject to the revision of interest as explained below) which would mature on 21 January 2014.

The Bank may, at its option, but subject to the prior approval from Bank Negara Malaysia, redeem all of the Notes, at any time on or after the fifth (5) year from the Issue Date at the principal amount together with accrued interest. Should the Bank decide not to exercise its call option on the fifth (5) year from the Issue Date, the coupon rate will be revised to be equivalent to 3.95% above the US Treasury Rate per annum from the beginning of the sixth (6) year to the final maturity date.

The Notes are rated Baa3 by Moody's Investors Service Limited and BB+ by Fitch Ratings Ltd and listed on the Luxembourg Stock Exchange. The net proceeds arising from the issuance of the Notes would be utilised for general banking purposes.

The Notes constitute unsecured liabilities of the Bank and are subordinated to all deposit liabilities and all other liabilities, except those liabilities, which by their terms rank equally in rights of payment with the Notes. The Notes qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of the Bank.

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 31/12/2003		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	382,039	382,039	367,668	367,668
Certain transaction-related contingent items	679,048	339,524	433,477	216,739
Short term self-liquidating trade-related contingencies	177,572	35,514	145,343	29,069
Obligations under underwriting agreement	609,450	304,725	494,000	247,000
Irrevocable commitments to extend credit:	-	-	-	-
- maturing within one year	4,575,807	-	4,055,722	-
- maturing more than one year	1,637,414	818,707	1,873,989	936,994
Foreign exchange related contracts	1,454,540	31,907	1,538,018	19,463
Others	252,268	-	366,655	-
Total	9,768,138	1,912,416	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 MSEB Listing Requirements

13. Tax

	3 months ended		12 months ended	
	31/12/2003	31/12/2002 (As restated)	31/12/2003	31/12/2002 (As restated)
	RM'000	RM'000	RM'000	RM'000
Tax comprises the following:				
Current tax	36,074	40,568	159,226	216,245
Share of associates' tax	700	11,165	5,804	84,515
Deferred tax expense/(income)	5,828	20,976	12,739	(20,488)
	42,602	72,709	177,769	280,272
(Over)/under provision in prior years	(16,308)	2,837	(24,315)	11,267
	26,294	75,546	153,454	291,539

The effective tax rate of the Group 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 financial 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 31/12/2003 RM'000	12 months ended 31/12/2003 RM'000
(a) Total purchases and disposal of quoted securities are as follows:		
(i) Total purchase consideration	-	-
(ii) Total sale proceeds / redemptions	-	49,547
(iii) Total profit/loss arising from disposals	-	9,339

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

	As at 31/12/2003 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	7,250

16. Status of corporate proposals

- (i) On 21 November 2003, the Company announced that the Securities Commission has approved the extension of time of 6 months i.e., up to 21 May 2004 for the proposed dividends in specie, proposed capital repayment and upliftment of moratorium on the shares of EON Capital Berhad.
- (ii) On 21 November 2003, the Company announced that its wholly-owned subsidiary, Euromobil Sdn Bhd's Letter of Appointment with AUDI AG has been extended to 31 March 2004. Further, on 19 February 2004, the Company also announced that Euromobil Sdn Bhd's Letter of Intent with Volkswagen AG has been extended to 31 December 2004.
- (iii) On 12 December 2003, the Company announced that its wholly-owned subsidiary, EONMOBIL Sdn Bhd has been appointed as the mega vehicle sales dealer by Hyundai-Berjaya Sdn Bhd for the promotion and sale including after-sales service of motor vehicle known as "INOKOM ATOS" and/or such vehicle types as mutually agreed from time to time.

17. Group borrowings and debt securities

	As at 31/12/2003 RM'000
Bonds (long-term borrowings, secured)	290,563

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 18 February 2004

Value of contracts of financial instruments of the banking group with off-balance sheet risk classified by remaining years to maturity or 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					
- Forward	2,690,273	1,140,244	660,658	772,867	116,504

The banking group does not have any interest rate, equity and commodity related contracts as at 18 February 2004. 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 18 February 2004, the amount of contracts of the Group which were not hedged and, hence, exposed to market risk was RM7,719,709 (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 18 February 2004, the amount of credit risk of the Group, measured in terms of the cost to replace the profitable contracts was RM17,810,410 (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 or year 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 a borrower on 14 September 2000 against OBB alleging that OBB had unlawfully and fraudulently conspired with the Receivers and Managers to cheat and defraud the borrower. The borrower is claiming for general damages of RM15.0 million. 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 10 March 2003, the Court dismissed the Order 33 application (Preliminary Objections) filed by the Receivers & Managers, and fixed the date for full trial of the case on 9 August 2005.

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

- (iii) A Writ of Summons was filed by a borrower and a guarantor on 24 June 1999 against Malaysian International Merchant Bankers Berhad (MIMB) claiming for loss of profits of RM15.0 million, damages, interest and cost and a declaration for the discharge of the guarantor. This legal action arose as a result of MIMB withholding drawdown of the facility.

The Summons for Direction to set the matter down for trial on 15 January 2004 has been postponed to 27 February 2004 pending the negotiations for an amicable settlement between the parties.

In the event the trial proceed, the solicitors acting for MIMB are of the opinion that the suit is defensible.

- (iv) A Writ of Summons was filed by 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 17 February 2004 for mention has been postponed to 30 March 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 RM127.2 million for the current quarter was lower than the preceding quarter by 25.9% mainly due to lower contribution from the motor sector arising from lower new car sales and lower earnings from the financial services sector. The financial services sector's lower earnings were mainly attributable to the one-off dealing securities gain recorded in the preceding quarter partly offset by lower loan loss provisions. In addition, the Group's pre-tax profits for the preceding quarter were higher due to the inclusion of 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 financial year compared to the preceding year

The Group recorded a profit before tax of RM579.7 million on a Group revenue of RM4,987.1 million for the year ended 31 December 2003, lower by 36.1% and 32.9% respectively compared to the preceding year. A lower contribution from the motor sector and lower share of associates' results arising from the partial divestment of interest in CCL in November 2002 were partly offset by higher earnings from the financial services sector.

Motor

Earnings from the Group's motor operations of RM99.5 million was 67.2% lower than 2002 resulting from the decline in new car sales volume which fell 43.6% to 72,092 units from 127,859 units recorded in 2002.

Total passenger car market fell 11.1% to 319,847 units from 359,934 units recorded in the preceding year due to the significantly lower volume of Proton cars sold. Strong competition from the other marques as well as consumers deferring purchases in anticipation of lower prices following the implementation of AFTA and new model launches by Proton in 2004 contributed to the decline in Proton sales volume.

EON's sales volume was further affected by the aggressive network expansion of Proton's distributor which now jointly markets all Proton models previously sold exclusively by EON. In addition, the Company also faced supply constraints of certain models.

Financial services

The Group's financial services sector registered higher pre-tax profits of RM450.5 million, up 13.2% from 2002 due mainly to lower net interest suspended and higher non-interest income, partly offset by financing cost of bonds issued by ECB in December 2002.

22. Prospects

According to Malaysian Institute of Economic Research, Malaysia's GDP is expected to improve from an estimated 4.9% in 2003 to about 5.7% in 2004, driven by improving exports, domestic consumption and private investments.

Motor

The Malaysian Automotive Association has forecasted the total industry volume for passenger car for 2004 of 334,000 units, 4.4% up from 319,847 units in 2003 based on a clear government direction over AFTA policy and the strong economic growth forecast. Proton car sales are therefore, expected to grow in tandem with the improving economy as well as the anticipated roll-out of new models by PROTON.

However, the Company's Proton business will continue to be affected by the network expansion of Proton's distributor and possible constraints in supply. Accordingly, the Company's sales of Proton cars are expected to be lower than last year.

The Group will continue to pursue new business opportunities to expand its earnings base and implement various ongoing cost cutting initiatives to remain competitive. In the meantime, the Company will work towards finalising the Super Dealership Agreement with Proton Edar.

Financial services

The banking industry is expected to further strengthen with improvement in asset quality supported by a favourable economic outlook in 2004. Competition in retail and commercial middle market is anticipated to remain stiff. The banking group will continue to concentrate on its core banking business with emphasis on efficient and effective delivery of services to its customers.

The issuance of the Notes in January 2004 has substantially strengthened the Bank's capital base which would enable the banking group to further expand its lending business. Barring any unforeseen circumstances, the banking group is expected to achieve a satisfactory growth in 2004.

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 22 sen per share less 28% tax (2002 - 40 sen per share less 28% tax) in respect of the financial year ended 31 December 2003 which is proposed to be paid on 14 June 2004, subject to shareholders' approval at the forthcoming Annual General meeting of the Company. This would amount to a total of 238 sen per share less 28% tax (2002 - 490 sen per share less 28% tax) in respect of the financial year ended 31 December 2003.

NOTICE IS HEREBY GIVEN that the Final Gross Dividend of 22 sen per share less 28% tax will be payable on 14 June 2004, 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 21 May 2004.

A Depositor shall qualify for entitlement only in respect of:

- (a) Shares transferred to the Depositor's Securities Account on or before 4:00pm on 21 May 2004 in respect of ordinary transfers.
- (b) Shares bought on the Malaysia Securities Exchange Berhad on a cum entitlement basis according to the Rules of the Malaysia Securities Exchange Berhad.

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	
	31/12/2003	31/12/2002 (As restated)	31/12/2003	31/12/2002 (As restated)
Net profit attributable to shareholders (RM'000)	57,210	143,126	262,436	488,910
Weighted average number of ordinary shares in issue	243,966,823	230,187,156	235,426,906	229,441,156
Basic earnings per share (sen)	23.45	62.18	111.47	213.09

(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	
	31/12/2003	31/12/2002 (As restated)	31/12/2003	31/12/2002 (As restated)
Net profit attributable to shareholders (RM'000)	57,210	143,126	262,436	488,910
Minority interests' share of net profits of a subsidiary	-	(937)	-	(5,936)
Diluted net profit attributable to shareholders	57,210	142,189	262,436	482,974
Weighted average number of ordinary shares in issue	243,966,823	230,187,156	235,426,906	229,441,156
Adjustment for share option	896,000	-	-	-
Weighted average number of ordinary shares in issue for diluted earnings per share	244,862,823	230,187,156	235,426,906	229,441,156
Diluted earnings per share (sen)	23.36	61.77	111.47	210.50

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

Except for the current quarter ended 31 December 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 31/12/2003 RM'000	As At 31/12/2002 RM'000
(i) Investments		
Money market instruments	3,310,479	3,107,712
Non money market instruments	<u>1,148,981</u>	<u>1,547,183</u>
	<u>4,459,460</u>	<u>4,654,895</u>
The maturity structure of the money market instruments are as follows:		
Maturity within one year	1,030,133	866,531
Maturity more than one year	<u>2,280,346</u>	<u>2,241,181</u>
	<u>3,310,479</u>	<u>3,107,712</u>
(ii) Loans, advances and financing		
Gross loans, advances and financing	22,550,008	22,061,295
Less : Allowance for bad and doubtful debts and financing, and interest in suspense	<u>(1,261,653)</u>	<u>(1,487,630)</u>
Net loans, advances and financing	<u>21,288,355</u>	<u>20,573,665</u>
	-	-
The maturity structure of gross loans, advances and financing are as follows:		
Maturity within one year	6,141,842	6,692,893
Maturity more than one year	<u>16,408,166</u>	<u>15,368,402</u>
	<u>22,550,008</u>	<u>22,061,295</u>
(iii) Receivables		
Trade receivables	78,584	106,824
Other receivables, deposits and prepayments:		
- non-banking group	22,798	21,503
- banking group	<u>888,879</u>	<u>1,047,264</u>
	<u>990,261</u>	<u>1,175,591</u>
	-	-
(iv) Deposits from customers		
Demand deposits and savings deposits	3,732,761	3,493,528
Fixed deposits	<u>16,790,099</u>	<u>14,725,826</u>
	<u>20,522,860</u>	<u>18,219,354</u>
	-	-
The maturity structure of fixed deposits are as follows:		
Maturity within one year	15,927,456	13,574,278
Maturity more than one year	<u>862,643</u>	<u>1,151,548</u>
	<u>16,790,099</u>	<u>14,725,826</u>
(v) Payables		
Trade payables	176,480	187,729
Other payables		
- non-banking group	69,071	206,517
- banking group	401,410	383,083
Amount due to Cagamas Berhad	<u>572,168</u>	<u>841,981</u>
	<u>1,219,129</u>	<u>1,619,310</u>
	-	-

BY ORDER OF THE BOARD
NOOR AZWAH SAMSUDIN
Company Secretary

Shah Alam, 25 February 2004