

EDARAN OTOMOBIL NASIONAL BERHAD

(119767 - X)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2004**

The Board of Directors is pleased to announce the unaudited financial results of the Group for the interim financial period ended 30 September 2004.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	3 months ended		9 months ended	
		30/09/04	30/09/03	30/09/04	30/09/03
		Unaudited		Unaudited	
		RM'000	RM'000	RM'000	RM'000
Revenue		817,942	1,213,706	3,104,648	3,962,850
Operating expenses		(796,988)	(1,108,386)	(2,848,378)	(3,595,030)
Other operating income		5,147	58,085	25,504	75,379
Profit from operations		26,101	163,405	281,774	443,199
Finance cost		(43)	(5,217)	(31,879)	(16,599)
Share of results of associates		8,103	5,375	16,284	16,529
Net gain on disposal of investments		18,449	8,147	18,449	9,332
Profit before tax		52,610	171,710	284,628	452,461
Tax	13	(10,084)	(45,683)	(82,084)	(127,160)
Profit after tax		42,526	126,027	202,544	325,301
Minority interests		-	(47,959)	(66,250)	(120,075)
Net profit attributable to shareholders		42,526	78,068	136,294	205,226
		sen	sen	sen	sen
Earnings per share:	25				
- Basic	(a)	17.10	33.27	55.05	88.24
- Diluted	(b)	17.10	33.03	55.01	88.24

The Condensed Consolidated Income Statements should be read in conjunction with the Group's annual financial report for the financial year ended 31 December 2003.

EDARAN OTOMOBIL NASIONAL BERHAD
CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited As At 30/09/04 RM'000	Audited * As At 31/12/2003 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	307,450	298,600
Investments	14,208	16,190
Associates	119,723	151,539
Deferred tax assets	5,958	5,772
CURRENT ASSETS		
Inventories	263,023	357,928
Receivables	217,155	101,382
Tax recoverable	17,847	43,892
Cash and bank balances and deposits with financial institutions	575,158	411,634
	1,073,183	914,836
CURRENT LIABILITIES		
Payables	302,818	244,971
Amounts due to associates	16,114	11,825
Taxation	21,564	5,659
Provisions for liabilities and charges	7,945	6,862
	348,441	269,317
NET CURRENT ASSETS	724,742	645,519
<u>DISCONTINUED OPERATIONS</u>		
BANKING ASSETS		
Cash and bank balances and deposits with financial institutions		3,292,181
Dealing securities		161,168
Investments		4,443,270
Loans, advances and financing		21,288,355
Statutory deposits with Bank Negara Malaysia		898,361
Receivables		888,879
Tax recoverable		5,194
Deferred tax assets		132,124
Property, plant and equipment		176,192
		31,285,724
BANKING LIABILITES		
Deposits from customers		20,522,860
Deposits and placements of banks and other financial institutions		5,594,009
Obligations on securities sold under repurchase agreements		402,119
Bills and acceptances payable		1,114,764
Taxation		71,010
Payables		973,578
Provision for retirement benefits		2,605
Borrowings		290,563
		28,971,508
NET BANKING ASSETS		2,314,216
	1,172,081	3,431,836

EDARAN OTOMOBIL NASIONAL BERHAD
CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited As At 30/09/04 RM'000	Audited * As At 31/12/2003 RM'000
SHARE CAPITAL	248,787	244,714
RESERVES	901,890	2,012,948
SHAREHOLDERS' FUNDS	<u>1,150,677</u>	<u>2,257,662</u>
MINORITY INTERESTS	-	1,154,788
NON-CURRENT LIABILITIES		
Deferred tax liabilities	10,549	10,119
Provision for retirement benefits	9,480	8,687
Long-term lease payables	1,375	580
	21,404	19,386
	<u>1,172,081</u>	<u>3,431,836</u>
	-	-
	RM	RM
Net tangible assets per share	<u>4.63</u>	<u>9.23</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 2003.

* The comparative figures have been reclassified to conform with current year's presentation. The change in presentation was made as the Company no longer holds any equity interest in EON Capital Berhad and as such, is not required to comply with Bank Negara Malaysia/GP8 - Guidelines on the Specimen Financial Statements for the Banking Industry.

EDARAN OTOMOBIL NASIONAL BERHAD

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Note</u>	<u>Non-distributable</u>				<u>Distributable</u>		<u>Total</u> RM'000
		<u>Share Capital</u> RM'000	<u>Share Premium</u> RM'000	<u>Statutory Reserves</u> RM'000	<u>Currency Translation Reserves</u> RM'000	<u>Other Reserves</u> RM'000	<u>Retained Earnings</u> RM '000	
(Unaudited)								
At 1 January 2004		244,714	461,978	302,412	3,842	-	1,244,716	2,257,662
Movements in equity during the period								
Share of associates' reserves					(322)		-	(322)
Effects on the distribution of EON Capital Berhad (ECB) shares			(332,224)				(92,946)	(425,170)
Incidental costs in connection with the distribution of ECB shares							(2,315)	(2,315)
Net losses not recognised in the income statement		-	-	(332,224)	(322)	-	(95,261)	(427,807)
Net profit for the period							136,294	136,294
Transfer to statutory reserve				29,812			(29,812)	-
Dividends	7						(215,047)	(215,047)
Issue of shares								
- exercise of share options	6	4,073	21,739					25,812
- bonus issue	6	626,237	(475,510)				(150,727)	-
Cancellation of bonus shares	6	(626,237)					-	(626,237)
At 30 September 2004		248,787	8,207	-	3,520	-	890,163	1,150,677

(Unaudited)								
At 1 January 2003		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					100		-	100
Reserve on consolidation							4,581	4,581
Currency translation differences					21		-	21
Reserves realised on partial divestment of interest in an investment*					(51,510)	(43,665)	129,993	34,818
Net (losses)/gains not recognised in income statement		-	-	-	(51,389)	(43,665)	134,574	39,520
Net profit for the period							205,226	205,226
Dividends							(400,986)	(400,986)
Issue of shares								
- exercise of share options		7,210	40,842					48,052
At 30 September 2003		238,633	428,781	223,243	3,065	-	1,269,228	2,162,950

* These reserves were in respect of the Group's residual interest in Jardine Cycle & Carriage Ltd (formerly known as Cycle & Carriage Ltd) 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 2003.

EDARAN OTOMOBIL NASIONAL BERHAD
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited 9 months ended 30/09/04 RM'000	Unaudited 9 months ended 30/09/03 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit attributable to shareholders	136,294	205,226
Adjustments for investing and financing items and non-cash items:		
Tax	82,084	127,160
Minority interests	66,250	120,075
Profit retained in associates	(16,284)	(16,529)
Depreciation	30,042	37,301
Other investing and financing items and non-cash items	97,550	36,834
Operating profit before working capital changes	395,936	510,067
Increase in loans, advances and financing	(642,502)	(1,056,109)
Increase in deposits from customers and deposits and placements of banks and other financial institutions	320,496	2,141,880
Net changes in other working capital	(560,913)	(129,808)
Cash generated from/(used in) operations	(486,983)	1,466,030
Add/(Less) :		
Interest received	4,609	1,429
Interest paid	(128)	(994)
Income tax paid, net of refund	(33,449)	(180,301)
Net cash flow from/(used in) operating activities	<u>(515,951)</u>	<u>1,286,164</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends and interest received from investment securities	94,151	157,087
Dividends received from associates	14,874	8,423
Proceeds from sale of property, plant and equipment	3,655	4,122
Acquisition of additional shares in a subsidiary	-	(65,126)
Additional investment in an associate	(1,110)	(7,983)
Proceeds from sale of investment securities, net of purchases	754,746	(186,885)
Purchase of property, plant and equipment	(47,242)	(53,474)
Cash and cash equivalents of EON Capital group excluded following the distribution of the shares.	(4,231,973)	
Net cash flow used in investing activities	<u>(3,412,899)</u>	<u>(143,836)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of shares	25,812	48,052
Proceeds from issuance of Subordinated Notes	843,079	-
Repayment of borrowings	-	(130,997)
Payment of interest on bonds	(9,336)	(9,349)
Payment of finance lease	(1,482)	(1,063)
Payment of cash dividends	(55,565)	(84,768)
Payment of incidental costs in connection with the distribution of shares in EON Capital Berhad	(2,315)	-
Net cash flow from/ (used in) financing activities	<u>800,193</u>	<u>(178,125)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(3,128,657)	964,203
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	3,703,815	2,838,259
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>575,158</u>	<u>3,802,462</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 2003.

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 Bursa Malaysia Listing Requirements, and should be read in conjunction with the Group's annual financial report for the year ended 31 December 2003.

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 2003.

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 other than as disclosed below:

- (a) The distribution of EON Capital Berhad (ECB) shares to the shareholders via dividend in specie and capital repayment which was completed on 14 July 2004.
- (b) The disposals of the Company's entire equity interest in Leong & Co. Sdn Bhd (L&C) and MCIC Holdings Sdn Bhd (MCIC) which were completed on 1 September 2004 and 30 September 2004 respectively.

5. Changes in estimates

There were no material change in estimates of amounts reported 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 4,073,000 new ordinary shares were issued by virtue of the exercise of the Employee's Share Option Scheme.

Pursuant to the capital repayment of ECB shares to the shareholders, a total of 626,237,823 ordinary shares were issued as bonus shares and immediately cancelled. The credits arising from the cancellation were applied towards the distribution of ECB shares under the capital repayment exercise.

Other than the above and the issuance of the Subordinated Notes by ECB group prior to the distribution of ECB shares to the shareholders, 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

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 2003, paid on 14 June 2004.	22	39,376
Dividend in specie of ECB shares on the basis of 28.1 ECB shares for every 100 EON Shares held, paid on 14 July 2004.	88	157,765
Interim dividend in respect of the year ending 31 December 2004, paid on 8 October 2004.	10	17,906
	120	215,047

8. Segment reporting

	9 months ended			
	Revenue		Profit Before Tax	
	30/09/04	30/09/03	30/09/04	30/09/03
	RM'000	RM'000	RM'000	RM'000
Motor	2,185,638	2,571,675	58,700	90,402
Share of results of associates	-	-	16,284	16,529
Net gain on disposal of investments			18,449	9,332
	2,185,638	2,571,675	93,433	116,263
<u>Discontinued operations</u>				
Financial services (see Note 11)	925,757	1,400,550	191,195	336,198
Inter-segment revenue eliminations	(6,747)	(9,375)	-	-
	3,104,648	3,962,850	284,628	452,461
	-	-	-	-

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

On 15 November 2004, the Company entered into a joint venture agreement with Mitsubishi Corporation (MC) to establish a new joint venture company to exclusively distribute motor vehicles, vehicle components, spare parts and accessories designed and/or manufactured by Mitsubishi Motors Corporation and/or its affiliates.

11. Changes in the composition of the group

Following the distribution of ECB shares and the disposal of the Company's entire 30% interest in L&C, ECB group and L&C ceased to be a subsidiary and an associate of the Company on 7 July 2004 and 30 September 2004 respectively.

Accordingly, the results of ECB group and L&C no longer form part of the Group's earnings with effect from July 2004 and October 2004 respectively.

12. Commitments and contingent liabilities

There were no material commitments and contingent liabilities as at the end of the interim reporting period.

Additional disclosure requirements pursuant to paragraph 9.22 of the Bursa Malaysia Listing Requirements

13. Tax

	3 months ended		9 months ended	
	30/09/04	30/09/03	30/09/04	30/09/03
	RM'000	RM'000	RM'000	RM'000
Tax comprises the following:				
Current tax	8,495	32,667	85,133	121,560
Share of associates' tax	1,520	1,600	4,160	5,104
Deferred tax income	69	11,486	(2,825)	6,911
	10,084	45,753	86,468	133,575
Over provision in prior years	-	(70)	(4,384)	(6,415)
	10,084	45,683	82,084	127,160
	-	-	-	-

The effective tax rate of the Group for the current and preceding year quarters were lower than the statutory tax rate due to tax exempt income while the effective tax rate of the Group for the current year-to-date was slightly higher due to certain charges and provisions not allowable for tax purposes.

14. Sale of unquoted investments and/or properties

Other than the sale of investments in L&C and MCIC as disclosed in Note 4, there were no sales of unquoted investments and properties for the current interim financial period.

	3 months ended 30/09/04	9 months ended 30/09/04
	RM'000	RM'000
Total profit arising from disposals	18,449	18,449

15. Purchase or disposal of quoted securities

There were no purchases or disposal of quoted securities for the current interim financial period.

	3 months ended 30/09/04 RM'000	9 months ended 30/09/04 RM'000
(a) Total purchases and disposal of quoted securities are as follows:		
(i) Total purchase consideration	-	-
(ii) Total sale proceeds / redemptions	-	-
(iii) Total profit/loss arising from disposals	-	-
		As at 30/09/04 RM'000
(b) Total investments in quoted securities are as follows:		
(i) At cost		7,590
(ii) At carrying value / book value		7,773
(iii) At market value		8,378

16. Status of corporate proposals

The Group does not have any corporate proposals announced but not completed at the date of this report.

17. Group borrowings and debt securities

The Group does not have any borrowings and debt securities as at the end of the interim reporting period.

18. Financial instruments with off balance sheet risk

As at the date of this report, the Group does not have any financial instruments with off balance sheet risk.

19. Material litigation

As at the date of this report, the Group does not have any material litigation which would have a material adverse effect on the financial position of the Group.

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

The Group's profit before tax of RM52.6M for the current quarter was 52.3% lower than the preceding quarter primarily due to the results of ECB group which were no longer consolidated from July 2004. This was partly offset by the gain on disposal of investment in L&C as well as improved earnings from higher vehicle sales.

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

The Group recorded profit before tax of RM284.6 million on a Group revenue of RM3,104.6 million for the nine months ended 30 September 2004, lower by 37.1% and 27.1% respectively compared to the corresponding period in 2003 due substantially to the exclusion of the results of ECB group from July 2004.

Excluding the earnings of ECB group, Group's profit before tax of RM93.4M was 20% lower due to lower Proton new car sales volume which fell by 16.6% to 50,101 units and lower average margin per car arising from changes in the sales mix. These were partly offset by lower overheads and gain from disposal of investment in L&C.

Total passenger car market registered a growth of 13.4% to 279,509 units for the nine months ended 30 September 2004 led by strong sales of the non-national marques which grew by 63.4% while national cars registered a slower growth of 5.7%. Proton car sales of 124,609 units were close to 124,511 units sold in the corresponding period of 2003. However, market share fell from 51% to 45%.

The Company's sale of Proton cars continue to be affected by production and supply constraints.

22. Prospects

Malaysian Institute of Economic Research has revised the GDP growth forecast for 2004 to 7.2%, up from the earlier forecast of 6.7% on account of the strong economic performance during the first half of the year.

Whilst the positive economic outlook, low interest rates and aggressive marketing strategies will continue to support passenger car sales, sales towards the end of the year could be affected if issues over tariff uncertainty re-surface.

The Company's Proton sales will continue to be affected by production and supply constraints as well as increasing competition from the other marques.

The strategic alliance with MC will further enhance the Group's position as a key industry player. Whilst it is not expected to have any effects on earnings for the current year, it is expected to contribute positively to the future earnings of the Group.

The Group will continue to pursue new distributorships/dealerships of other marques in line with its strategy to remain as a dominant player in the automotive industry as well as undertake various profit improvement plans to enhance its earnings.

23. Profit forecast / profit guarantee

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

24. Dividends

Total dividends paid/declared for the current interim period are as follows:

(a) Dividend in specie and capital repayment of ECB shares

The distribution of ECB shares via dividend in specie on the basis of 28.1 ECB shares for every 100 EON shares held and capital repayment on the basis of 111.5 ECB shares for every 100 EON shares held.

(b) Interim dividend

An interim dividend of 10 sen per share less 28% tax.

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	
	30/09/04	30/09/03	30/09/04	30/09/03
Net profit attributable to shareholders (RM'000)	42,526	78,068	136,294	205,226
Weighted average number of ordinary shares in issue	248,659,490	234,655,490	247,576,267	232,580,267
Basic earnings per share (sen)	17.10	33.27	55.05	88.24

(b) Diluted earnings per share

Diluted 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 adjusted for dilutive shares issueable in respect of share options under the Company's ESOS.

	3 months ended		9 months ended	
	30/09/04	30/09/03	30/09/04	30/09/03
Net profit attributable to shareholders (RM'000)	42,526	78,068	136,294	205,226
Weighted average number of ordinary shares in issue	248,659,490	234,655,490	247,576,267	232,580,267
Adjustment for share option	-	1,690,000	188,000	-
Weighted average number of ordinary shares in issue for diluted earnings per share	248,659,490	236,345,490	247,764,267	232,580,267
Diluted earnings per share (sen)	17.10	33.03	55.01	88.24

For the current quarter and year-to-date ended 30 September 2003, the weighted average number of ordinary shares in issue were not adjusted as the conversion of share options under the Company's ESOS would be anti-dilutive.

BY ORDER OF THE BOARD
NOOR AZWAH SAMSUDIN
Company Secretary

Shah Alam, 29 November 2004