

EDARAN OTOMOBIL NASIONAL BERHAD

(119767 - X)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE PERIOD ENDED 30 JUNE 2005**

The Board of Directors is pleased to announce the unaudited financial results of the Group for the interim financial period ended 30 June 2005.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	3 months ended		6 months ended	
		30/06/05	30/06/04	30/06/05	30/06/04
		Unaudited		Unaudited	
		RM'000	RM'000	RM'000	RM'000
Revenue		682,693	1,152,877	1,361,719	2,286,706
Operating expenses		(670,048)	(1,028,753)	(1,329,488)	(2,051,390)
Other operating income		2,868	(1,041)	7,406	20,357
Profit from operations		15,513	123,083	39,637	255,673
Finance cost		(107)	(17,239)	(139)	(31,836)
Share of results of jointly controlled entity		(290)	-	(290)	-
Share of results of associates		4,184	4,497	9,901	8,181
Profit before tax		19,300	110,341	49,109	232,018
Tax	13	(2,030)	(32,675)	(12,197)	(72,000)
Profit after tax		17,270	77,666	36,912	160,018
Minority interests		-	(31,327)	-	(66,250)
Net profit attributable to shareholders		17,270	46,339	36,912	93,768
		sen	sen	sen	sen
Earnings per share:	25				
- Basic	(a)	6.94	18.66	14.82	37.96
- Diluted	(b)	6.94	18.65	14.82	37.86

The Condensed Consolidated Income Statements should be read in conjunction with the Group's annual financial report for the financial year ended 31 December 2004.

EDARAN OTOMOBIL NASIONAL BERHAD
CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited As At 30/06/05 RM'000	Audited As At 31/12/2004 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	303,590	306,848
Investments	13,709	13,709
Jointly controlled entity	28,508	-
Associates	112,306	111,984
Deferred tax assets	8,027	8,794
	466,140	441,335
CURRENT ASSETS		
Inventories	604,900	211,526
Receivables	234,704	256,440
Tax recoverable	1,188	885
Cash and bank balances and deposits with financial institutions	130,079	557,842
	970,871	1,026,693
CURRENT LIABILITIES		
Payables	252,376	242,903
Amounts due to associates	19,164	15,884
Taxation	12,653	15,857
Provisions for liabilities and charges	10,620	8,852
Borrowings	104,000	-
	398,813	283,496
NET CURRENT ASSETS	572,058	743,197
NON-CURRENT LIABILITIES		
Deferred tax liabilities	10,060	10,059
Provision for retirement benefits	8,907	8,172
Long-term lease payables	577	1,056
	19,544	19,287
	1,018,654	1,165,245
SHARE CAPITAL	248,993	248,993
RESERVES	769,661	916,252
SHAREHOLDERS' FUNDS	1,018,654	1,165,245
	RM	RM
Net tangible assets per share	4.09	4.68

The Condensed Consolidated Balance Sheet should be read in conjunction with the Group's annual financial report for the financial year ended 31 December 2004.

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>Retained Earnings</u> RM '000
(Unaudited)							
At 1 January 2005		248,993	8,367	-	5,694	902,191	1,165,245
Movements in equity during the period							
Share of associates' reserves					(643)		(643)
Net loss not recognised in the income statement		-	-	-	(643)	-	(643)
Net profit for the period						36,912	36,912
Dividends	7					(182,860)	(182,860)
At 30 June 2005		248,993	8,367	-	5,051	756,243	1,018,654
(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)
Incidental costs in connection with the distribution of EON Capital Berhad shares						(62)	(62)
Net loss not recognised in the income statement		-	-	-	(322)	(62)	(384)
Net profit for the period						93,768	93,768
Transfer to statutory reserve				29,812		(29,812)	-
Dividends						(39,376)	(39,376)
Issue of shares							
- exercise of share options		3,870	21,577				25,447
At 30 June 2004		248,584	483,555	332,224	3,520	1,269,234	2,337,117

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 2004.

EDARAN OTOMOBIL NASIONAL BERHAD
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited 6 months ended 30/06/05 RM'000	Unaudited 6 months ended 30/06/04 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit attributable to shareholders	36,912	93,768
Adjustments for investing and financing items and non-cash items:		
Tax	12,197	72,000
Minority interests	-	66,250
Profit retained in associates	(9,901)	(8,181)
Losses retained in jointly controlled entity	290	-
Depreciation	9,847	24,618
Other investing and financing items and non-cash items	558	116,854
Operating profit before working capital changes	49,903	365,309
Increase in loans, advances and financing	-	(642,502)
Decrease in deposits from customers and deposits and placements of banks and other financial institutions	-	(144,224)
Net changes in other working capital	(359,665)	(532,731)
Cash generated from/(used in) operations	(309,762)	(954,148)
Add/(Less) :		
Interest received	2,924	945
Interest paid	(139)	(85)
Income tax paid, net of refund	(10,831)	(34,097)
Net cash flow from operating activities	<u>(317,808)</u>	<u>(987,385)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends and interest received from investment securities	101	94,150
Dividends received from associates	4,842	5,012
Proceeds from sale of property, plant and equipment	606	2,975
Investment in a jointly controlled entity	(28,800)	-
Additional investment in an associate	-	(1,110)
Deposit paid in connection with the acquisition of an investment ^	-	(11,900)
Proceeds from sale of investment securities, net of purchases	-	752,042
Purchase of property, plant and equipment	(6,980)	(40,682)
Net cash flow from investing activities	<u>(30,231)</u>	<u>800,487</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of shares	-	25,447
Proceeds from borrowings	104,000	843,079
Payment of interest on bonds	-	(9,336)
Payment of finance lease	(864)	(1,188)
Payment of cash dividends	(182,860)	(55,565)
Payment of incidental costs in connection with the distribution of shares in EON Capital Berhad	-	(62)
Net cash flow from financing activities	<u>(79,724)</u>	<u>802,375</u>
 NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	 (427,763)	 615,477
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	557,842	3,703,815
 CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	 <u>130,079</u>	 <u>4,319,292</u>
 <u>Represented by:</u>		
Cash and cash equivalents of the banking group *	-	3,767,252
Cash and cash equivalents included in non-banking assets	130,079	552,040
	<u>130,079</u>	<u>4,319,292</u>

^ This was in respect of deposit paid by the banking group in connection with the proposed acquisition of Leong & Company Sdn Bhd in 2004.

* Prior to the distribution of shares in EON Capital Berhad to shareholders in July 2004.

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 2004.

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 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 2004.

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 2004.

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.

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

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 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 2004, paid on 22 June 2005.	18	32,269
Final special dividend in respect of the year ended 31 December 2004, paid on 22 June 2005.	84	150,591
	102	182,860

8. Segment reporting

	6 months ended			
	Revenue		Profit Before Tax	
	30/06/05	30/06/04	30/06/05	30/06/04
	RM'000	RM'000	RM'000	RM'000
Motor	1,361,719	1,367,696	39,498	32,642
Share of results of jointly controlled entity	-	-	(290)	-
Share of results of associates	-	-	9,901	8,181
	1,361,719	1,367,696	49,109	40,823
<u>Discontinued operations</u>				
Financial services*	-	925,757	-	191,195
Inter-segment revenue eliminations	-	(6,747)	-	-
	1,361,719	2,286,706	49,109	232,018

* These were in respect of the results of EON Capital Berhad (ECB) group prior to the distribution of ECB shares to the shareholders in July 2004. Subsequent to that, the Group's activities are focused on the motor sector.

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 12 July 2005, the Company announced that Mitsubishi Motors Malaysia Sdn Bhd ("MMM"), a joint venture company between EON Berhad ("EON") and Mitsubishi Corporation, has appointed EON Auto Mart Sdn Bhd, a wholly-owned subsidiary of EON to sell Mitsubishi Motors products and local spare parts distributed by MMM in Malaysia and to provide after sales services to Mitsubishi Motors products.

11. Changes in the composition of the group

On 8 March 2005, 29 April 2005 and 21 June 2005, the Company subscribed for 6,720,000, 3,360,000 and 18,720,000 new ordinary shares of RM1.00 each in MMM respectively, representing 48% equity interest in MMM.

12. Commitments and contingent liabilities

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

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

13. Tax

	3 months ended		6 months ended	
	30/06/05	30/06/04	30/06/05	30/06/04
	RM'000	RM'000	RM'000	RM'000
Tax comprises the following:				
Current tax	6,829	37,091	12,639	76,638
Share of associates' tax	1,519	1,234	4,096	2,640
Deferred tax	(1,009)	(1,266)	771	(2,894)
	7,339	37,059	17,506	76,384
Over provision in prior years	(5,309)	(4,384)	(5,309)	(4,384)
	2,030	32,675	12,197	72,000

The effective tax rates for the current quarter and financial year-to-date were lower than the statutory tax rate due to adjustments for over provision in prior years. Excluding these, the effective tax rates were higher resulting from unrecognised tax losses and expenses not deductible 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

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

	As at 30/06/05 RM'000
(b) Total investments in quoted securities are as follows:	
(i) At cost	7,593
(ii) At carrying value / book value	7,776
(iii) At market value	7,344

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's borrowings, denominated in Ringgit Malaysia, as at the end of the current interim financial period are as follows:

	RM '000
<u>Short-term</u>	
Bankers' acceptance (unsecured)	104,000

18. Financial instruments with off balance sheet risk

Forward foreign exchange contracts are entered into by the Group in currencies other than the functional currency to manage exposure to fluctuations in foreign currency exchange rates on specific transactions. Foreign currency transactions that are hedged by forward foreign exchange contracts are accounted for at their contracted rates.

As at 17 August 2005, the Group had entered into the following outstanding foreign currency contracts with maturity of less than one month:

	Contract amount	
	Foreign currency (' 000)	Ringgit equivalent (RM '000)
Japanese Yen	295,422	10,031

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 RM19.3 million for the current quarter was 35.3% lower than the preceding quarter. This was due mainly to lower earnings from Proton sales, lower interest income, higher advertising and promotion expenses as well as the inclusion of certain non-recurring expenses in the current quarter.

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

The Group recorded revenue of RM1,361.7 million and profit before tax of RM49.1 million for the half year ended 30 June 2005, lower by 40.5% and 78.8% respectively compared to the corresponding period in 2004. This was entirely due to the results of ECB group which were excluded from July 2004 following the distribution of ECB shares to the shareholders.

Excluding ECB group, the Group's revenue was close to that recorded in the corresponding period in 2004 of RM1,360.9 million as lower Proton sales were effectively offset by higher Inokom/Hyundai and Audi sales.

The passenger car market registered a growth of 6.3% to 190,120 units in the first half of 2005 attributable mainly to higher sales of the Perodua and non-national cars. Proton car sales, however, were lower by 2.4% and market share fell from 43.5% to 40.0%. EON's Proton sales were 6.4% lower at 29,610 units compared to 31,621 units sold in the corresponding period in 2004.

The Group's profit before tax (excluding ECB group of RM191.2 million) was 20.3% higher resulting from the various profit improvement initiatives and cost reduction measures implemented since 2004.

22. Prospects

Malaysian Institute of Economic Research has further revised downwards its GDP growth forecast for 2005 from 5.4% to 5.1% due to concerns over the global impact of higher oil prices.

Growth in the automotive sector remains strong supported by the launch of new models at competitive pricing and attractive financing terms. Accordingly, Malaysian Automotive Association has revised upwards its 2005 forecast of the total industry volume by 4% to 520,000 units and passenger car market at 399,500 units for 2005 (2004: 380,568 units).

The Group's operating conditions are expected to be difficult with keen competition resulting in volume and margins coming under pressure. The successful introduction of the new Audi A4 B7 model by Euromobil Sdn Bhd in June 2005, together with the launch of the Mitsubishi models in July 2005 will further enhance its multi-brand business.

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 declare an interim gross dividend of 5 sen per share less 28% tax (2004 - 10 sen per share less 28% tax) in respect of the financial year ending 31 December 2005 which is proposed to be paid on 14 October 2005.

NOTICE IS HEREBY GIVEN that the Interim Dividend of 5 sen per share less 28% tax will be payable on 14 October 2005, to depositors registered in the Records of Depositors at the close of business on 16 September 2005.

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 16 September 2005 in respect of ordinary transfers.

(b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities 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 period.

	3 months ended		6 months ended	
	30/06/05	30/06/04	30/06/05	30/06/04
Net profit attributable to shareholders (RM'000)	17,270	46,339	36,912	93,768
Weighted average number of ordinary shares in issue	248,992,823	248,275,156	248,992,823	247,034,656
Basic earnings per share (sen)	6.94	18.66	14.82	37.96

(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 Employees' Share Option Scheme.

	3 months ended		6 months ended	
	30/06/05	30/06/04	30/06/05	30/06/04
Net profit attributable to shareholders (RM'000)	17,270	46,339	36,912	93,768
Weighted average number of ordinary shares in issue	248,992,823	248,275,156	248,992,823	247,034,656
Adjustment for share option	-	250,000	-	607,000
Weighted average number of ordinary shares in issue for diluted earnings per share	248,992,823	248,525,156	248,992,823	247,641,656
Diluted earnings per share (sen)	6.94	18.65	14.82	37.86

Diluted earnings per share is not calculated for the current interim financial period as the Company's ESOS expired on 5 October 2004.

BY ORDER OF THE BOARD
NOOR AZWAH SAMSUDIN
Company Secretary

Shah Alam, 24 August 2005