

EDARAN OTOMOBIL NASIONAL BERHAD

(119767 - X)

(Incorporated in Malaysia)

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

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

CONDENSED CONSOLIDATED INCOME STATEMENTS

| | Note | 3 months ended | | 9 months ended | |
|---|------|----------------|----------------|------------------|------------------|
| | | 30/09/05 | 30/09/04 | 30/09/05 | 30/09/04 |
| | | Unaudited | | Unaudited | |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | 778,561 | 817,942 | 2,140,280 | 3,104,648 |
| Operating expenses | | (754,431) | (796,988) | (2,083,919) | (2,848,378) |
| Other operating income | | 3,791 | 5,147 | 11,197 | 25,504 |
| Profit from operations | | 27,921 | 26,101 | 67,558 | 281,774 |
| Finance cost | | (754) | (43) | (893) | (31,879) |
| Share of results of jointly controlled entities | | 2,123 | 3,883 | 7,373 | 11,387 |
| Share of results of associates | | 2,807 | 4,220 | 7,168 | 4,897 |
| Net gain on disposal of investments | | - | 18,449 | - | 18,449 |
| Profit before tax | | 32,097 | 52,610 | 81,206 | 284,628 |
| Tax | 13 | (9,166) | (10,084) | (21,363) | (82,084) |
| Profit after tax | | 22,931 | 42,526 | 59,843 | 202,544 |
| Minority interests | | - | - | - | (66,250) |
| Net profit attributable to shareholders | | 22,931 | 42,526 | 59,843 | 136,294 |
| | | - | - | - | - |
| | | sen | sen | sen | sen |
| Earnings per share: | 25 | | | | |
| - Basic | (a) | 9.21 | 17.10 | 24.03 | 55.05 |
| - Diluted | (b) | 9.21 | 17.10 | 24.03 | 55.01 |

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 30/09/05 RM'000 | Audited As At 31/12/2004 RM'000 |
|---|--|--|
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 302,633 | 306,848 |
| Investments | 6,454 | 13,709 |
| Jointly controlled entities | 86,236 | 62,624 |
| Associates | 47,391 | 49,360 |
| Deferred tax assets | 9,606 | 8,794 |
| | 452,320 | 441,335 |
| CURRENT ASSETS | | |
| Inventories | 525,536 | 211,526 |
| Receivables | 295,923 | 256,440 |
| Tax recoverable | 922 | 885 |
| Cash and bank balances and deposits with financial institutions | 225,188 | 557,842 |
| | 1,047,569 | 1,026,693 |
| CURRENT LIABILITIES | | |
| Payables | 342,829 | 242,903 |
| Amounts due to associates | 18,102 | 15,884 |
| Taxation | 10,961 | 15,857 |
| Provisions for liabilities and charges | 11,184 | 8,852 |
| Borrowings | 65,000 | - |
| | 448,076 | 283,496 |
| NET CURRENT ASSETS | 599,493 | 743,197 |
| NON-CURRENT LIABILITIES | | |
| Deferred tax liabilities | 10,032 | 10,059 |
| Provision for retirement benefits | 9,165 | 8,172 |
| Long-term lease payables | 802 | 1,056 |
| | 19,999 | 19,287 |
| | 1,031,814 | 1,165,245 |
| SHARE CAPITAL | 248,993 | 248,993 |
| RESERVES | 782,821 | 916,252 |
| SHAREHOLDERS' FUNDS | 1,031,814 | 1,165,245 |
| | - | - |
| | RM | RM |
| Net tangible assets per share | 4.14 | 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 | | | | | (1,450) | | (1,450) |
| Net loss not recognised in the income statement | | - | - | - | (1,450) | - | (1,450) |
| Net profit for the period | | | | | | 59,843 | 59,843 |
| Dividends | 7 | | | | | (191,824) | (191,824) |
| At 30 September 2005 | | 248,993 | 8,367 | - | 4,244 | 770,210 | 1,031,814 |
| (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 loss 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 | | | | | | (215,047) | (215,047) |
| Issue of shares | | | | | | | |
| - exercise of share options | | 4,073 | 21,739 | | | | 25,812 |
| - bonus issue | | 626,237 | (475,510) | | | (150,727) | - |
| Cancellation of bonus shares | | (626,237) | | | | - | (626,237) |
| At 30 September 2004 | | 248,787 | 8,207 | - | 3,520 | 890,163 | 1,150,677 |

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 9 months ended 30/09/05 RM'000 | Unaudited 9 months ended 30/09/04 RM'000 |
|--|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net profit attributable to shareholders | 59,843 | 136,294 |
| Adjustments for investing and financing items and non-cash items: | | |
| Tax | 21,363 | 82,084 |
| Minority interests | - | 66,250 |
| Profits retained in associates | (7,168) | (4,897) |
| Profits retained in jointly controlled entities | (7,373) | (11,387) |
| Depreciation | 14,731 | 30,042 |
| Other investing and financing items and non-cash items | 1,537 | 97,550 |
| Operating profit before working capital changes | 82,933 | 395,936 |
| Increase in loans, advances and financing | - | (642,502) |
| Increase in deposits from customers and deposits and placements of banks and other financial institutions | - | 320,496 |
| Net changes in other working capital | (264,429) | (560,913) |
| Cash generated from/(used in) operations | (181,496) | (486,983) |
| Add/(Less) : | | |
| Interest received | 1,903 | 4,609 |
| Interest paid | (893) | (128) |
| Income tax paid, net of refund | (20,865) | (33,449) |
| Net cash flow from operating activities | (201,351) | (515,951) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Dividends and interest received from investment securities | 101 | 94,151 |
| Dividends received from associates | 16,869 | 14,874 |
| Proceeds from sale of property, plant and equipment | 3,524 | 3,655 |
| Investment in a jointly controlled entity | (28,800) | - |
| Additional investment in an associate | - | (1,110) |
| Proceeds from sale of investment securities, net of purchases | 7,834 | 754,746 |
| Purchase of property, plant and equipment | (12,511) | (47,242) |
| Cash and cash equivalents of ECB group excluded following the distribution of the shares. | | (4,231,973) |
| Net cash flow from investing activities | (12,983) | (3,412,899) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from issuance of shares | - | 25,812 |
| Proceeds from borrowings | 65,000 | 843,079 |
| Payment of interest on bonds | - | (9,336) |
| Payment of finance lease | (460) | (1,482) |
| Payment of cash dividends | (182,860) | (55,565) |
| Payment of incidental costs in connection with the distribution of shares in ECB | | (2,315) |
| Net cash flow from financing activities | (118,320) | 800,193 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | (332,654) | (3,128,657) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | 557,842 | 3,703,815 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 225,188 | 575,158 |

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 Financial Reporting Standard 134 (formerly known as Malaysian Accounting Standard Board 26)

1. Basis of preparation and Accounting policies

The interim financial report is prepared in accordance with the Financial Reporting Standard (FRS) 134 on 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.

Comparatives have been reclassified in respect of a company in which the Group has equity interest of 40% but has joint venture arrangement relating to governance and control. This company that was previously treated as an associate has now been reclassified as jointly controlled entity. The reclassification does not have any impact to the profit before tax and net profit attributable to shareholders as the Group will continue to equity account for the investment under FRS 131 on Interest in Joint Ventures.

The effects of the reclassification on the Group's prior year/periods Balance Sheets are as follows :

| | As previously reported | Reclassification to jointly controlled entity | As restated |
|---|---------------------------|---|-------------|
| | RM '000 | RM '000 | RM '000 |
| <u>Balance Sheet as at 31 December 2004</u> | | | |
| Associates | 111,984 | (62,624) | 49,360 |
| Jointly controlled entities | - | 62,624 | 62,624 |
| <u>Balance Sheet as at 31 March 2005</u> | | | |
| Associates | 113,804 | (62,577) | 51,227 |
| Jointly controlled entities | 6,720 | 62,577 | 69,297 |
| <u>Balance Sheet as at 30 June 2005</u> | | | |
| Associates | 112,306 | (65,428) | 46,878 |
| Jointly controlled entities | 28,508 | 65,428 | 93,936 |

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 |
| Interim dividend in respect of the year ending 31 December 2005, paid on 14 October 2005. | 5 | 8,964 |

8. Segment reporting

| | 9 months ended | | | |
|---|----------------|-----------|-------------------|----------|
| | Revenue | | Profit Before Tax | |
| | 30/09/05 | 30/09/04 | 30/09/05 | 30/09/04 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Motor | 2,140,280 | 2,185,638 | 66,665 | 58,700 |
| Share of results of jointly controlled entities | - | - | 7,373 | 11,387 |
| Share of results of associates | - | - | 7,168 | 4,897 |
| Net gain on disposal of investments | - | - | - | 18,449 |
| | 2,140,280 | 2,185,638 | 81,206 | 93,433 |
| <u>Discontinued operations</u> | | | | |
| Financial services* | - | 925,757 | - | 191,195 |
| Inter-segment revenue eliminations | - | (6,747) | - | - |
| | 2,140,280 | 3,104,648 | 81,206 | 284,628 |

* 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

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 financial period.

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 Mitsubishi Motors Malaysia Sdn Bhd (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 | | 9 months ended | |
|---|----------------|----------|----------------|----------|
| | 30/09/05 | 30/09/04 | 30/09/05 | 30/09/04 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Tax comprises the following: | | | | |
| Current tax | 9,082 | 8,495 | 21,721 | 85,133 |
| Share of jointly controlled entities' tax | 683 | 1,142 | 2,036 | 3,162 |
| Share of associates' tax | 1,484 | 378 | 4,227 | 998 |
| Deferred tax | (1,609) | 69 | (838) | (2,825) |
| | 9,640 | 10,084 | 27,146 | 86,468 |
| Over provision in prior years | (474) | - | (5,783) | (4,384) |
| | 9,166 | 10,084 | 21,363 | 82,084 |

The effective tax rate for the current quarter (28.6%) was comparable to the statutory tax rate whilst the effective tax rate for the financial year-to-date (26.3%) was lower than the statutory tax rate due to adjustments for over provision in prior years. Excluding these, the effective tax rate was higher arising 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 investment during the current interim financial period. Gain on disposal of a property is as follows:

| | 3 months ended 30/09/05 RM'000 | 9 months ended 30/09/05 RM'000 |
|--------------------------------|--------------------------------------|--------------------------------------|
| Gain from disposal of property | 164 | 164 |

15. Purchase or disposal of quoted securities

| | 3 months ended 30/09/05 RM'000 | 9 months ended 30/09/05 RM'000 |
|---|---|---|
| (a) Total purchases and disposal of quoted securities are as follows: | | |
| (i) Total purchase consideration | - | - |
| (ii) Total sale proceeds / redemptions | 7,834 | 7,834 |
| (iii) Total profit/(loss) arising from disposals | 579 | 579 |
| | | As at 30/09/05 RM'000 |
| (b) Total investments in quoted securities are as follows: | | |
| (i) At cost | | 338 |
| (ii) At carrying value / book value | | 521 |
| (iii) At market value | | 1,350 |

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) | 65,000 |

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 22 November 2005, the Group had entered into the following outstanding foreign currency contracts with maturity of less than three months:

| | Contract amount | |
|--------------|-------------------------|------------------------------|
| | Foreign currency ('000) | Ringgit equivalent (RM '000) |
| Japanese Yen | 640,711 | 20,948 |
| Euro | 100 | 446 |

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 RM32.1 million for the current quarter was 66.3% higher than the preceding quarter due to higher Proton sales at 16,294 units compared to 14,584 units in the preceding quarter as well as improved earnings from the non-Proton businesses.

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

The Group recorded revenue of RM2,140.3 million and profit before tax of RM81.2 million for the nine months ended 30 September 2005, lower by 31% and 72% respectively compared to the corresponding period in 2004. This was entirely due to the exclusion of ECB group from July 2004 following the distribution of ECB shares to the shareholders and the net gain on disposal of investment in Leong & Company Sdn Bhd (L&C) of RM18.4 million taken up in 2004.

Excluding ECB group and the net gain on disposal of L&C, the Group revenue was marginally (1.8%) lower whilst profit before tax was 13.3% higher. Lower Proton sales were mitigated by higher sales of the non-Proton marques with the commencement of the Mitsubishi vehicles from July 2005. The Group profit before tax was higher due to write-back of certain provisions and lower overheads partly offset by lower interest and other income.

22. Prospects

The change in duty structure under the National Automotive Policy (NAP) Framework announced recently is not expected to have an immediate impact on car prices. Malaysian Automotive Association has maintained its 2005 forecast of the total industry volume at 520,000 units and passenger car market at 399,500 units (2004: 380,568 units).

Based on the current promotional activities undertaken by the Group and barring any unforeseen circumstances, the Board expects the Group performance for the next quarter to be similar to that of the current quarter.

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 financial period are as follows:

Interim dividend

An interim dividend of 5 sen per share less 28% tax.

No further dividend is recommended for the current quarter.

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 | |
|---|----------------|-------------|----------------|-------------|
| | 30/09/05 | 30/09/04 | 30/09/05 | 30/09/04 |
| Net profit attributable to shareholders (RM'000) | 22,931 | 42,526 | 59,843 | 136,294 |
| Weighted average number of ordinary shares in issue | 248,992,823 | 248,659,490 | 248,992,823 | 247,576,267 |
| Basic earnings per share (sen) | 9.21 | 17.10 | 24.03 | 55.05 |

(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 (ESOS).

| | 3 months ended | | 9 months ended | |
|--|----------------|-------------|----------------|-------------|
| | 30/09/05 | 30/09/04 | 30/09/05 | 30/09/04 |
| Net profit attributable to shareholders (RM'000) | 22,931 | 42,526 | 59,843 | 136,294 |
| Weighted average number of ordinary shares in issue | 248,992,823 | 248,659,490 | 248,992,823 | 247,576,267 |
| Adjustment for share option | - | - | - | 188,000 |
| Weighted average number of ordinary shares in issue for diluted earnings per share | 248,992,823 | 248,659,490 | 248,992,823 | 247,764,267 |
| Diluted earnings per share (sen) | 9.21 | 17.10 | 24.03 | 55.01 |

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, 29 November 2005