

**EDARAN OTOMOBIL NASIONAL BERHAD**

(119767 - X)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

The Board of Directors is pleased to announce the unaudited financial results of the Group for the financial year ended 31 December 2005.

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	Note	3 months ended		12 months ended	
		31/12/05	31/12/04	31/12/05	31/12/04
		Unaudited		Unaudited	Audited
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>		<b>953,823</b>	<b>796,525</b>	<b>3,094,103</b>	<b>3,901,173</b>
Operating expenses		(934,191)	(789,682)	(3,018,110)	(3,638,130)
Other operating income		6,095	5,193	16,713	30,697
Profit from operations		25,727	12,036	92,706	293,740
Finance cost		(449)	(37)	(1,342)	(31,916)
Share of results of jointly controlled entities		1,779	3,642	9,152	15,029
Share of results of associates		381	259	7,549	5,156
Net gain on disposal of investments		-	-	579	18,519
<b>Profit before tax</b>		<b>27,438</b>	<b>15,900</b>	<b>108,644</b>	<b>300,528</b>
Tax	13	(8,411)	(4,167)	(29,774)	(86,251)
Profit after tax		19,027	11,733	78,870	214,277
Minority interests		-	-	-	(66,250)
<b>Net profit attributable to shareholders</b>		<b>19,027</b>	<b>11,733</b>	<b>78,870</b>	<b>148,027</b>
		-	-	-	-
		<b>sen</b>	<b>sen</b>	<b>sen</b>	<b>sen</b>
Earnings per share:	25				
- Basic	(a)	7.64	4.71	31.68	59.71
- Diluted	(b)	7.64	4.71	31.68	59.71

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**

	<b>Unaudited As At 31/12/05 RM'000</b>	<b>Audited As At 31/12/2004 RM'000</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	302,661	306,848
Investments	6,454	13,709
Jointly controlled entities	88,366	62,624
Associates	39,806	49,360
Deferred tax assets	10,515	8,794
	447,802	441,335
<b>CURRENT ASSETS</b>		
Inventories	421,602	211,526
Receivables	350,427	256,440
Amounts due from jointly controlled entities	747	-
Tax recoverable	272	885
Cash and bank balances and deposits with financial institutions	377,469	557,842
	<u>1,150,517</u>	<u>1,026,693</u>
<b>CURRENT LIABILITIES</b>		
Payables	484,422	242,903
Amounts due to jointly controlled entities	20,101	15,884
Taxation	10,274	15,857
Provisions for liabilities and charges	12,176	8,852
	<u>526,973</u>	<u>283,496</u>
<b>NET CURRENT ASSETS</b>	623,544	743,197
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	10,038	10,059
Provision for retirement benefits	9,604	8,172
Long-term lease payables	490	1,056
	20,132	19,287
	<u>1,051,214</u>	<u>1,165,245</u>
SHARE CAPITAL	248,993	248,993
RESERVES	802,221	916,252
<b>SHAREHOLDERS' FUNDS</b>	<u>1,051,214</u>	<u>1,165,245</u>
	-	-
	<b>RM</b>	<b>RM</b>
Net tangible assets per share	<u>4.22</u>	<u>4.68</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 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	
<b>(Unaudited)</b>							
<b>At 1 January 2005</b>		<b>248,993</b>	<b>8,367</b>	<b>-</b>	<b>5,694</b>	<b>902,191</b>	<b>1,165,245</b>
Movements in equity during the period							
Share of associates' reserves					(1,058)		(1,058)
Currency translation differences					(19)		(19)
Net loss not recognised in the income statement		-	-	-	(1,077)	-	(1,077)
Net profit for the period						78,870	78,870
Dividends	7					(191,824)	(191,824)
<b>At 31 December 2005</b>		<b>248,993</b>	<b>8,367</b>	<b>-</b>	<b>4,617</b>	<b>789,237</b>	<b>1,051,214</b>
<b>(Audited)</b>							
<b>At 1 January 2004</b>		<b>244,714</b>	<b>461,978</b>	<b>302,412</b>	<b>3,842</b>	<b>1,244,716</b>	<b>2,257,662</b>
Movements in equity during the period							
Share of associates' reserves					1,836		1,836
Currency translation differences					16		16
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						(2,020)	(2,020)
Net gain/(loss) not recognised in the income statement		-	-	(332,224)	1,852	(94,966)	(425,338)
Net profit for the period						148,027	148,027
Transfer to statutory reserve				29,812		(29,812)	-
Dividends						(215,047)	(215,047)
Issue of shares							
- exercise of share options		4,279	21,899				26,178
- bonus issue		626,237	(475,510)			(150,727)	-
Cancellation of bonus shares		(626,237)				-	(626,237)
<b>At 31 December 2004</b>		<b>248,993</b>	<b>8,367</b>	<b>-</b>	<b>5,694</b>	<b>902,191</b>	<b>1,165,245</b>

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**

	<b>Unaudited 12 months ended 31/12/05 RM'000</b>	<b>Audited 12 months ended 31/12/04 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net profit attributable to shareholders	78,870	148,027
Adjustments for investing and financing items and non-cash items:		
Tax	29,774	86,251
Minority interests	-	66,250
Profits retained in associates	(7,549)	(5,156)
Profits retained in jointly controlled entities	(9,152)	(15,029)
Depreciation	19,826	35,809
Other investing and financing items and non-cash items	7,620	81,363
Operating profit before working capital changes	119,389	397,515
Increase in loans, advances and financing	-	(668,797)
Increase in deposits from customers and deposits and placements of banks and other financial institutions	-	320,496
Net changes in other working capital	(77,503)	(601,530)
Cash generated from/(used in) operations	41,886	(552,316)
Add/(Less) :		
Interest received	9,724	8,723
Interest paid	(1,342)	(165)
Income tax paid, net of refund	(29,669)	(27,900)
Net cash flow from operating activities	<u>20,599</u>	<u>(571,658)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Dividends and interest received from investment securities	102	94,279
Dividends received from associates and jointly controlled entities	26,483	26,891
Proceeds from sale of property, plant and equipment	3,956	4,407
Proceeds from divestment of interest in an associate	-	48,135
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	754,780
Purchase of property, plant and equipment	(17,124)	(52,373)
Cash and cash equivalents of ECB group excluded following the distribution of the shares.	-	(4,231,972)
Net cash flow from investing activities	<u>(7,549)</u>	<u>(3,356,963)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of shares	-	26,178
Proceeds from borrowings	-	843,079
Payment of interest on bonds	-	(9,336)
Payment of finance lease	(1,599)	(1,782)
Payment of cash dividends	(191,824)	(73,471)
Payment of incidental costs in connection with the distribution of shares in ECB	-	(2,020)
Net cash flow from financing activities	<u>(193,423)</u>	<u>782,648</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(180,373)	(3,145,973)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	557,842	3,703,815
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b><u>377,469</u></b>	<b><u>557,842</u></b>

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's Balance Sheets are as follows :

	As previously reported RM '000	Reclassificati on to jointly controlled entity RM '000	As restated 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

**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 current financial year.

**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 financial statements of the current financial year.

**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 financial year.

**7. Dividends paid**

Dividends paid by the Company during the current financial year were as follows:

	Gross per share Sen	Dividend net of 28% tax 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 ended 31 December 2005, paid on 14 October 2005.	5	8,964
	107	191,824

## 8. Segment reporting

	12 months ended			
	Revenue		Profit Before Tax	
	31/12/05	31/12/04	31/12/05	31/12/04
	RM'000	RM'000	RM'000	RM'000
Motor	3,094,103	2,982,163	91,364	70,629
Share of results of jointly controlled entities	-	-	9,152	15,029
Share of results of associates	-	-	7,549	5,156
Net gain on disposal of investments			579	18,519
	3,094,103	2,982,163	108,644	109,333
<u>Discontinued operations</u>				
Financial services*	-	925,757	-	191,195
Inter-segment revenue eliminations	-	(6,747)	-	-
	3,094,103	3,901,173	108,644	300,528

\* 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 financial year that have not been reflected in the financial statements for the current financial year.

## 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 financial year.

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

## 13. Tax

	3 months ended		12 months ended	
	31/12/05	31/12/04	31/12/05	31/12/04
	RM'000	RM'000	RM'000	RM'000
Tax comprises the following:				
Current tax	8,999	5,718	30,720	90,851
Share of jointly controlled entities' tax	441	1,093	2,477	4,255
Share of associates' tax	107	706	4,334	1,704
Deferred tax	(904)	(3,315)	(1,742)	(6,140)
	8,643	4,202	35,789	90,670
Over provision in prior years	(232)	(35)	(6,015)	(4,419)
	8,411	4,167	29,774	86,251

The effective tax rate for the current quarter (31%) was higher than the statutory tax rate due primarily to unrecognised tax losses whilst the effective tax rate for the year was close to the statutory tax rate. Excluding the adjustments for over provision in prior years, the effective tax rate for the year was higher (33%) due to 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 financial year. Gain on disposal of a property is as follows:

	3 months ended 31/12/05 RM'000	12 months ended 31/12/05 RM'000
Gain from disposal of property	-	164

## 15. Purchase or disposal of quoted securities

	3 months ended 31/12/05 RM'000	12 months ended 31/12/05 RM'000
(a) Total purchases and disposal of quoted securities are as follows:		
(i) Total purchase consideration	-	-
(ii) Total sale proceeds / redemptions	-	7,834
(iii) Total profit/(loss) arising from disposals	-	579
		As at 31/12/05 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		1,293

## 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 current financial year.

## 18. Financial instruments with off balance sheet risk

The Group does not have any off balance sheet financial instruments that are of a material nature as at 15 February 2006.

## 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 RM27.4 million for the current quarter was 14% lower than the preceding quarter due to lower earnings from the non-Proton business, lower share of earnings from associates as well as higher campaign and promotions costs. These were partly offset by higher Proton sales of 20,986 units compared to 16,294 units in the preceding quarter.

## 21. Review of performance for the current financial year compared to the preceding year

The Group recorded revenue of RM3,094.1 million and profit before tax of RM108.6 million for the year ended 31 December 2005, lower by 21% and 64% respectively compared to 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 RM18.5 million taken up in 2004.

Excluding ECB group and the net gain on disposal of L&C, the Group revenue and profit before tax were in fact higher by 4% and 24% respectively. Non-Proton vehicle sales were higher with the commencement of the Mitsubishi business during the year. The Group profit before tax was higher due to the voluntary staff separation costs of RM13.7M taken up in 2004 and write-back of certain provisions partly offset by lower interest and other income.

## 22. Prospects

Malaysian Automotive Association has forecasted passenger car market to grow at 3% to 413,000 units (2005: 400,835 units). Going forward, more stringent approval terms for hire purchase financing as well as higher fuel prices are expected to dampen demand for vehicles.

The Board expects the Group's business to remain challenging amidst difficult trading conditions.

## 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 financial year are as follows:

### Interim dividend

An interim dividend of 5 sen per share less 28% tax (2004: 10 sen per share less 28% tax).

### Proposed final dividend

The Board of Directors is pleased to recommend a final gross dividend of 18 sen per share less 28% tax (2004 - 18 sen per share less 28% tax) in respect of the financial year ended 31 December 2005 which is proposed to be paid on 22 June 2006, subject to shareholders' approval at the forthcoming Annual General meeting of the Company. This would amount to a total of 23 sen per share less 28% tax (2004 - 28 sen per share less 28% tax) in respect of the financial year ended 31 December 2005.

NOTICE IS HEREBY GIVEN that the Final Dividend of 18 sen per share less 28% tax will be payable on 22 June 2006, to depositors registered in the Records of Depositors at the close of business on 31 May 2006.

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 31 May 2006 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		12 months ended	
	31/12/05	31/12/04	31/12/05	31/12/04
Net profit attributable to shareholders (RM'000)	19,027	11,733	78,870	148,027
Weighted average number of ordinary shares in issue	248,992,823	248,992,823	248,992,823	247,930,406
Basic earnings per share (sen)	7.64	4.71	31.68	59.71

### (b) Diluted earnings per share

Diluted earnings per share is not calculated as the Company's Employees' Share Option Scheme (ESOS) expired on 5 October 2004. Prior to its expiry, conversion of share options under ESOS were anti-dilutive.

BY ORDER OF THE BOARD  
NOOR AZWAH SAMSUDIN  
Company Secretary

Shah Alam, 22 February 2006