

EDARAN OTOMOBIL NASIONAL BERHAD

(119767 - X)
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE PERIOD ENDED 31 MARCH 2006**

The Board of Directors is pleased to announce the unaudited financial results of the Group for the financial period ended 31 March 2006.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	3 months ended		3 months ended	
		31/03/06	31/03/05	31/03/06	31/03/05
		Unaudited		Unaudited	
		RM'000	RM'000	RM'000	RM'000
Revenue		617,548	679,026	617,548	679,026
Operating expenses		(616,091)	(659,440)	(616,091)	(659,440)
Other operating income		4,006	4,538	4,006	4,538
Profit from operations		5,463	24,124	5,463	24,124
Finance cost		(448)	(32)	(448)	(32)
Share of results of jointly controlled entities		872	1,336	872	1,336
Share of results of associates		443	1,804	443	1,804
Profit before tax		6,330	27,232	6,330	27,232
Tax	13	(2,156)	(7,590)	(2,156)	(7,590)
Profit after tax		4,174	19,642	4,174	19,642
Profit attributable to equity holders of the parent		4,174	19,642	4,174	19,642
		-	-	-	-
		sen	sen	sen	sen
Earnings per share:	25				
- Basic	(a)	1.68	7.89	1.68	7.89
- Diluted	(b)	1.68	7.89	1.68	7.89

The Condensed Consolidated Income Statements should be read in conjunction with the Group's annual financial report for the financial year ended 31 December 2005.

**EDARAN OTOMOBIL NASIONAL BERHAD
CONDENSED CONSOLIDATED BALANCE SHEET**

	Unaudited As At 31/03/06 RM'000	Audited As At 31/12/2005 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	289,708	302,661
Investments	6,454	6,454
Jointly controlled entities	92,664	88,366
Associates	40,938	39,806
Deferred tax assets	8,707	10,515
	438,471	447,802
CURRENT ASSETS		
Inventories	617,899	421,602
Receivables	266,730	350,427
Amounts due from jointly controlled entities	279	747
Tax recoverable	272	272
Cash and bank balances and deposits with financial institutions	176,931	377,469
	1,062,111	1,150,517
Non-current assets held for sale	13,633	-
	1,075,744	1,150,517
CURRENT LIABILITIES		
Payables	330,066	484,422
Amounts due to jointly controlled entities	14,844	20,101
Taxation	883	10,274
Provisions for liabilities and charges	12,125	12,176
Borrowings	79,035	-
	436,953	526,973
NET CURRENT ASSETS	638,791	623,544
NON-CURRENT LIABILITIES		
Deferred tax liabilities	10,017	10,038
Provision for retirement benefits	10,006	9,604
Long-term lease payables	1,101	490
	21,124	20,132
	1,056,138	1,051,214
SHARE CAPITAL	248,993	248,993
RESERVES	807,145	802,221
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	1,056,138	1,051,214
	-	-
	RM	RM
Net assets per share attributable to equity holders of the parent	4.24	4.22

The Condensed Consolidated Balance Sheet should be read in conjunction with the Group's annual financial report for the financial year ended 31 December 2005.

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>Currency Translation Reserves</u> RM'000		<u>Retained Earnings</u> RM '000
(Unaudited)						
At 1 January 2006		248,993	8,367	4,617	789,237	1,051,214
Movements in equity during the period						
Share of associates' reserves				750		750
Income/(expenses) recognised directly in equity		-	-	750	-	750
Net profit for the period					4,174	4,174
Total income and expenses recognised for the period		-	-	750	4,174	4,924
At 31 March 2006		248,993	8,367	5,367	793,411	1,056,138
(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				112		112
Income/(expenses) recognised directly in equity		-	-	112	-	112
Net profit for the period					19,642	19,642
Total income and expenses recognised for the period		-	-	112	19,642	19,754
At 31 March 2005		248,993	8,367	5,806	921,833	1,184,999

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 2005.

EDARAN OTOMOBIL NASIONAL BERHAD
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited 3 months ended 31/03/06 RM'000	Unaudited 3 months ended 31/03/05 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit attributable to equity holders of the parent	4,174	19,642
Adjustments for investing and financing items and non-cash items:		
Tax	2,156	7,590
Share of results of jointly controlled entities	(872)	(1,336)
Share of results of associates	(443)	(1,804)
Depreciation	5,451	4,918
Other investing and financing items and non-cash items	335	(315)
Operating profit before working capital changes	10,801	28,695
Net changes in other working capital	(277,146)	(106,750)
Cash generated from/(used in) operations	(266,345)	(78,055)
Add/(Less) :		
Interest received	1,532	2,235
Interest paid	(448)	(33)
Income tax paid	(9,760)	(6,662)
Net cash flow from operating activities	<u>(275,021)</u>	<u>(82,515)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends received	60	1,432
Proceeds from sale of property, plant and equipment	3,767	189
Investment in a jointly controlled entity	-	(6,720)
Purchase of property, plant and equipment	(7,971)	(2,155)
Net cash flow from investing activities	<u>(4,144)</u>	<u>(7,254)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	79,035	-
Payment of finance lease	(408)	(555)
Net cash flow from financing activities	<u>78,627</u>	<u>(555)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(200,538)	(90,324)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	377,469	557,842
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>176,931</u>	<u>467,518</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 2005.

**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 2005.

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 2005 except for the adoption of the new/revised FRS that are applicable to the Group with effect from 1 January 2006.

The adoption of the new/revised FRS do not have a significant impact to the Group except for the following FRS:

(i) FRS 5: Non-current assets held for sale and Discontinued operations

Certain land and buildings have been reclassified as "Non-current assets held for sale" pursuant to FRS 5 which requires an asset to be classified as "Held for Sale" if its carrying amount will be recovered principally through a sale transaction rather than through continuing use, and stated at the lower of their carrying amount and fair value less costs to sell.

Prior to the adoption of FRS 5, these assets were included in property, plant and equipment.

The reclassification to non-current assets held for sale does not have any impact to the Group's results for the period ended 31 March 2006.

(ii) FRS 101: Presentation of Financial Statements

The Group's share of results (before tax) and share of taxes of jointly controlled entities and associates which were previously presented as 2 separate lines have now been presented as one line item, i.e. net of tax to comply with FRS 101.

The effects of the change in presentation on the Group's prior period's Income Statements are as follows :

	As previously reported	Reclassificati on	As restated
	RM '000	RM '000	RM '000
<u>Income Statement for the 3 months ended 31 March 2005</u>			
Profit before tax	29,809	(2,577)	27,232
Tax	10,167	(2,577)	7,590
Profit after tax	19,642	-	19,642
<u>Income Statement for the year ended 31 December 2005</u>			
Profit before tax	108,644	(6,811)	101,833
Tax	29,774	(6,811)	22,963
Profit after tax	78,870	-	78,870

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 interim financial period.

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 interim financial period.

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

No dividend was paid in the current interim financial period.

8. Segment reporting

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

There was no change in the composition of the Group during the current interim financial period.

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

Tax comprises the following:

Current tax
Deferred tax

3 months ended		3 months ended	
31/03/06	31/03/05	31/03/06	31/03/05
RM'000	RM'000	RM'000	RM'000
370	5,810	370	5,810
1,786	1,780	1,786	1,780
<u>2,156</u>	<u>7,590</u>	<u>2,156</u>	<u>7,590</u>

The effective tax rate for the current interim financial period was higher than the statutory tax rate due mainly to expenses not deductible for tax purposes and unrecognised tax losses.

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 properties is as follows:

	3 months ended 31/03/06 RM'000	3 months ended 31/03/06 RM'000
Gain from disposal of properties	<u>393</u>	<u>393</u>

15. Purchase or disposal of quoted securities

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

(b) Total investments in quoted securities are as follows:

(i) At cost

(ii) At carrying value / book value

(iii) At market value

As at
31/03/06
RM'000

<u>338</u>
<u>521</u>
<u>1,477</u>

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)	<u>79,035</u>

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 18 May 2006, 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	71,634	2,346
Euro	60	276

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 RM6.3 million for the current quarter was 77% lower than the preceding quarter due primarily to lower Proton vehicle sales which fell by 44% to 11,787 units from 20,986 units sold in the preceding quarter. Sales in the preceding quarter was supported by aggressive campaigns which ended in December 2005.

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

The Group's revenue of RM617.5 million and profit before tax of RM6.3 million for the 3 months ended 31 March 2006 were lower by 9% and 77% respectively compared to the corresponding period in 2005. Profit before tax was substantially lower due to lower earnings from the Proton business arising from reduced vehicle sales and lower margins. The Company's Proton sales fell in tandem with the decline in total Proton sales. The softer market conditions also resulted in lower than expected sales of the Mitsubishi and Inokom/Hyundai vehicles.

The above as well as lower interest income and write-back of certain provisions in 2005 contributed to lower earnings for the period under review.

22. Prospects

Whilst prices of locally assembled cars have come down generally with the reduction in duties under the National Automotive Policy (NAP), the price differential between the national and non-national cars have also narrowed, further intensifying competition faced by the Proton marque. Vehicle sales in the initial weeks following the announcement of the NAP was slow as customers waited for further price reductions.

Higher interest rates, more stringent approval terms for hire purchase financing, declining used car prices and higher fuel prices are expected to dampen vehicle sales.

The Board expects the trading conditions for all the marques distributed and retailed by the Group to remain very challenging.

23. Profit forecast / profit guarantee

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

24. Dividends

No interim dividend is recommended for the current interim financial period.

25. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

	3 months ended		3 months ended	
	31/03/06	31/03/05	31/03/06	31/03/05
Profit attributable to equity holders of the parent (RM'000)	4,174	19,642	4,174	19,642
Weighted average number of ordinary shares in issue	248,992,823	248,992,823	248,992,823	248,992,823
Basic earnings per share (sen)	1.68	7.89	1.68	7.89

(b) Diluted earnings per share

Diluted earnings per share is not calculated as the Company does not have any dilutive potential ordinary shares.

BY ORDER OF THE BOARD
NOOR AZWAH SAMSUDIN
Company Secretary

Shah Alam, 25 May 2006