

EDARAN OTOMOBIL NASIONAL BERHAD

(119767 - X)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2006**

The Board of Directors is pleased to announce the unaudited financial results of the Group for the financial period ended 30 September 2006.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	3 months ended		9 months ended	
		30-09-06	30-09-05	30-09-06	30-09-05
		Unaudited		Unaudited	
		RM'000	RM'000	RM'000	RM'000
Revenue		419,760	778,561	1,425,759	2,140,280
Operating expenses		(445,973)	(754,431)	(1,455,348)	(2,083,919)
Other operating income		7,968	3,212	15,270	10,618
Profit from operations		(18,245)	27,342	(14,319)	66,979
Finance cost		(10)	(754)	(804)	(893)
Share of results of jointly controlled entities		3,595	1,442	7,274	5,337
Share of results of associates		555	1,321	3,570	2,941
Profit before tax		(14,105)	29,930	(4,279)	74,943
Tax	13	140	(6,999)	(2,582)	(15,100)
Profit after tax		(13,965)	22,931	(6,861)	59,843
Profit attributable to equity holders of the parent		(13,965)	22,931	(6,861)	59,843
		-	-	-	-
		sen	sen	sen	sen
Earnings per share:	25				
- Basic	(a)	(5.61)	9.21	(2.76)	24.03
- Diluted	(b)	(5.61)	9.21	(2.76)	24.03

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 30-09-06 RM'000	Audited As At 31-12-05 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	259,024	302,661
Investments	6,454	6,454
Jointly controlled entities	99,010	88,366
Associates	42,233	39,806
Deferred tax assets	8,840	10,515
	415,561	447,802
CURRENT ASSETS		
Inventories	521,614	421,602
Receivables	158,821	350,427
Amounts due from jointly controlled entities	97	747
Tax recoverable	3,727	272
Cash and bank balances and deposits with financial institutions	194,026	377,469
	878,285	1,150,517
Non-current assets held for sale	29,532	-
	907,817	1,150,517
CURRENT LIABILITIES		
Payables	261,493	484,422
Amounts due to jointly controlled entities	18,428	20,101
Taxation	507	10,274
Provisions for liabilities and charges	10,404	12,176
	290,832	526,973
NET CURRENT ASSETS	616,985	623,544
NON-CURRENT LIABILITIES		
Deferred tax liabilities	9,634	10,038
Provision for retirement benefits	10,699	9,604
Long-term lease payables	1,101	490
	21,434	20,132
	1,011,112	1,051,214
SHARE CAPITAL	248,993	248,993
RESERVES	762,119	802,221
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	1,011,112	1,051,214
	-	-
	RM	RM
Net assets per share attributable to equity holders of the parent	4.06	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				(966)		(966)
Income/(expenses) recognised directly in equity		-	-	(966)	-	(966)
Net profit for the period					(6,861)	(6,861)
Total income and expenses recognised for the period		-	-	(966)	(6,861)	(7,827)
Dividends	7				(32,275)	(32,275)
At 30 September 2006		248,993	8,367	3,651	750,101	1,011,112
(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)
Income/(expenses) recognised directly in equity		-	-	(1,450)	-	(1,450)
Net profit for the period					59,843	59,843
Total income and expenses recognised for the period		-	-	(1,450)	59,843	58,393
Dividends		-	-	-	(191,824)	(191,824)
At 30 September 2005		248,993	8,367	4,244	770,210	1,031,814

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 6 months ended 30-09-06 RM'000	Unaudited 6 months ended 30-09-05 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit attributable to equity holders of the parent	(6,861)	59,843
Adjustments for investing and financing items and non-cash items:		
Tax	2,582	15,100
Share of results of jointly controlled entities	(7,274)	(5,337)
Share of results of associates	(3,570)	(2,941)
Depreciation	16,899	14,731
Other investing and financing items and non-cash items	<u>(9,605)</u>	<u>1,537</u>
Operating profit before working capital changes	(7,829)	82,933
Net changes in other working capital	<u>(134,782)</u>	<u>(264,429)</u>
Cash generated used in operations	<u>(142,611)</u>	<u>(181,496)</u>
Add/(Less) :		
Interest received	3,297	1,903
Interest paid	(804)	(893)
Income tax paid	<u>(14,514)</u>	<u>(20,865)</u>
Net cash flow from operating activities	<u>(154,632)</u>	<u>(201,351)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends received	205	16,970
Proceeds from sale of property, plant and equipment	24,148	3,524
Proceeds from sale of investment securities	-	7,834
Investment in a jointly controlled entity	-	(28,800)
Purchase of property, plant and equipment	<u>(19,653)</u>	<u>(12,511)</u>
Net cash flow from investing activities	<u>4,700</u>	<u>(12,983)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	-	65,000
Payment of finance lease	(1,236)	(460)
Payment of cash dividends	<u>(32,275)</u>	<u>(182,860)</u>
Net cash flow from financing activities	<u>(33,511)</u>	<u>(118,320)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(183,443)	(332,654)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	377,469	557,842
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>194,026</u>	<u>225,188</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 30 September 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 30 September 2005</u>			
Profit before tax	32,097	(2,167)	29,930
Tax	9,166	(2,167)	6,999
Profit after tax	22,931	-	22,931
<u>Income Statement for the 6 months ended 30 September 2005</u>			
Profit before tax	81,206	(6,263)	74,943
Tax	21,363	(6,263)	15,100
Profit after tax	59,843	-	59,843
<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

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 2005, paid on 22 June 2006.	18	32,275

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

Over provision in prior years

3 months ended		9 months ended	
30-09-06	30-09-05	30-09-06	30-09-05
RM'000	RM'000	RM'000	RM'000
578	9,082	1,295	21,721
(734)	(1,609)	1,271	(838)
(156)	7,473	2,566	20,883
16	(474)	16	(5,783)
(140)	6,999	2,582	15,100

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	9 months ended
	30-09-06	30-09-06
	RM'000	RM'000
Gain from disposal of properties	5,845	6,790

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
30-09-06
RM'000

338
521
1,694

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 interim financial period.

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 15 November 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	276,093	8,581
Euro	52	237

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. B118

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

The Group recorded a loss before tax of RM14.1 million for the current quarter compared to a profit before tax of RM3.5M for the preceding quarter due primarily to the voluntary staff separation (VSS) cost of about RM27.8 million taken up in the current quarter. The Group implemented a VSS exercise in August 2006 and closed a total of 9 sales and 3 after sales branches.

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

The Group recorded a loss before tax of RM4.3 million for the nine months ended 30 September 2006 as opposed to a profit before tax of RM74.9 million for the corresponding period in 2005 mainly due to the VSS cost as mentioned above.

Excluding the VSS cost, the Group's profit before tax of RM23.5 million was lower by 69% primarily due to lower Proton car sales in 2006. Proton's market share declined by 6% to 32% in 2006 and EON's market share dropped from 15% to 10%.

22. Prospects

Weak consumer sentiment as a result of higher fuel prices and interest rates, lower trade-in values for used cars, tightening credit, and intense competition is expected to continue to weigh down the automotive sector.

Taking the current environmental factors, the Malaysian Automotive Association in its recent forecast revised the total industry volume (TIV) for passenger cars for 2006 to 368,000 units, 9% down from the earlier forecast of 413,000 units.

Amidst the difficult operating environment, the Group has streamlined its resources and will continue to rationalise its operations as well as undertake other cost reduction measures for greater efficiency.

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		9 months ended	
	30-09-06	30-09-05	30-09-06	30-09-05
Profit attributable to equity holders of the parent (RM'000)	(13,965)	22,931	(6,861)	59,843
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)	(5.61)	9.21	(2.76)	24.03

(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
NORZALILI MOHD YUSOF
Company Secretary

Shah Alam, 22 November 2006