

**EDARAN OTOMOBIL NASIONAL BERHAD**

(119767 - X)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

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

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	Note	3 months ended		12 months ended	
		31/12/2006	31/12/2005	31/12/2006	31/12/2005
		Unaudited		Unaudited	Audited
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>		<b>409,126</b>	<b>953,823</b>	<b>1,834,885</b>	<b>3,094,103</b>
Operating expenses		(428,909)	(934,191)	(1,884,257)	(3,018,110)
Other operating income		13,334	6,095	28,604	16,713
Profit from operations		(6,449)	25,727	(20,768)	92,706
Finance cost		(6)	(449)	(810)	(1,342)
Share of results of jointly controlled entities		4,969	1,338	12,243	6,675
Share of results of associates		2,187	274	5,757	3,215
Write back of allowance for impairment of investment in an associate		8,042	-	8,042	-
Gain on disposal of an investment		-	-	-	579
<b>Profit before tax</b>		<b>8,743</b>	<b>26,890</b>	<b>4,464</b>	<b>101,833</b>
Tax	13	3,381	(7,863)	799	(22,963)
<b>Profit after tax</b>		<b>12,124</b>	<b>19,027</b>	<b>5,263</b>	<b>78,870</b>
<b>Profit attributable to equity holders</b>		<b>12,124</b>	<b>19,027</b>	<b>5,263</b>	<b>78,870</b>
		-	-	-	-
		<b>sen</b>	<b>sen</b>	<b>sen</b>	<b>sen</b>
Earnings per share:	25				
- Basic	(a)	4.87	7.64	2.11	31.68
- Diluted	(b)	4.87	7.64	2.11	31.68

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**

	<b>Unaudited As At 31/12/2006 RM'000</b>	<b>Audited As At 31/12/2005 RM'000</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	248,411	302,661
Investments	5,179	6,454
Jointly controlled entities	97,469	88,366
Associates	45,626	39,806
Deferred tax assets	7,182	10,515
	<b>403,867</b>	<b>447,802</b>
<b>CURRENT ASSETS</b>		
Non-current assets held for sale	13,652	-
Inventories	305,941	421,602
Receivables	187,899	350,427
Amounts due from jointly controlled entities	52	747
Tax recoverable	8,411	272
Cash and bank balances and deposits with financial institutions	228,969	377,469
	<b>744,924</b>	<b>1,150,517</b>
<b>CURRENT LIABILITIES</b>		
Payables	74,913	484,422
Amounts due to jointly controlled entities	25,725	20,101
Taxation	438	10,274
Provisions for liabilities and charges	10,187	12,176
	<b>111,263</b>	<b>526,973</b>
<b>NET CURRENT ASSETS</b>	<b>633,661</b>	<b>623,544</b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	8,600	10,038
Provision for retirement benefits	6,747	9,604
Long-term lease payables	584	490
	<b>15,931</b>	<b>20,132</b>
	<b>1,021,597</b>	<b>1,051,214</b>
SHARE CAPITAL	248,993	248,993
RESERVES	772,604	802,221
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS</b>	<b>1,021,597</b>	<b>1,051,214</b>
	-	-
	<b>RM</b>	<b>RM</b>
Net assets per share attributable to equity holders	<b>4.10</b>	<b>4.22</b>

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
<b>(Unaudited)</b>						
<b>At 1 January 2006</b>		<b>248,993</b>	<b>8,367</b>	<b>4,617</b>	<b>789,237</b>	<b>1,051,214</b>
Movements in equity during the year						
Share of associates' reserves				(2,605)		(2,605)
Net losses not recognised in income statement		-	-	(2,605)	-	(2,605)
Net profit attributable to equity holders					5,263	5,263
Total income and expenses for the year		-	-	(2,605)	<b>5,263</b>	<b>2,658</b>
Dividends	7				(32,275)	(32,275)
<b>At 31 December 2006</b>		<b>248,993</b>	<b>8,367</b>	<b>2,012</b>	<b>762,225</b>	<b>1,021,597</b>
<b>(Audited)</b>						
<b>At 1 January 2005</b>		<b>248,993</b>	<b>8,367</b>	<b>5,694</b>	<b>902,191</b>	<b>1,165,245</b>
Movements in equity during the year						
Share of associates' reserves				(1,077)		(1,077)
Net losses not recognised in income statement		-	-	(1,077)	-	(1,077)
Net profit attributable to equity holders					78,870	78,870
Total income and expenses for the year		-	-	(1,077)	78,870	77,793
Dividends		-	-	-	(191,824)	(191,824)
<b>At 31 December 2005</b>		<b>248,993</b>	<b>8,367</b>	<b>4,617</b>	<b>789,237</b>	<b>1,051,214</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 2005.

**EDARAN OTOMOBIL NASIONAL BERHAD**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>Unaudited 12 months ended 31/12/2006 RM'000</b>	<b>Audited 12 months ended 31/12/2005 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit attributable to equity holders	5,263	78,870
Adjustments for investing and financing items and non-cash items:		
Tax	(799)	22,963
Share of results of jointly controlled entities	(12,243)	(6,675)
Share of results of associates	(5,757)	(3,215)
Depreciation	22,452	19,826
Other investing and financing items and non-cash items	975	7,620
Operating profit before working capital changes	9,891	119,389
Net changes in working capital	(156,708)	(77,503)
Cash generated from/(used in) operations	(146,817)	41,886
Add/(Less) :		
Interest received	4,714	9,724
Interest paid	(810)	(1,342)
Income tax paid, net of refund	(15,268)	(29,669)
Net cash flow from operating activities	<u>(158,181)</u>	<u>20,599</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Dividends received	8,720	26,585
Proceeds from sale of property, plant and equipment	52,997	3,956
Proceeds from sale of investment securities	-	7,834
Investment in a jointly controlled entity	-	(28,800)
Purchase of property, plant and equipment	(17,855)	(17,124)
Net cash flow from investing activities	<u>43,862</u>	<u>(7,549)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payment of finance lease	(1,906)	(1,599)
Payment of cash dividends	(32,275)	(191,824)
Net cash flow from financing activities	<u>(34,181)</u>	<u>(193,423)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(148,500)	(180,373)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	377,469	557,842
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b><u>228,969</u></b>	<b><u>377,469</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 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 year ended 31 December 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	Reclassification	As restated
	RM '000	RM '000	RM '000
<u>Income Statement for the 3 months ended 31 December 2005</u>			
Profit before tax	27,438	(548)	26,890
Tax	8,411	(548)	7,863
Profit after tax	19,027	-	19,027
<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**

During the current financial year, the Group incurred a cost of RM61.2 million as part of the rationalization exercise in relation to the voluntary staff separation (VSS) and network realignment exercise as well as provision for stock write down to clear long ageing multibrand stocks.

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

## 11. Changes in the composition of the group

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

## 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

Tax comprises the following:

Current tax expense / (credit)

Deferred tax

Under/(Over) provision in prior years

Tax expense / (credit)

3 months ended		12 months ended	
31/12/2006	31/12/2005	31/12/2006	31/12/2005
RM'000	RM'000	RM'000	RM'000
(3,931)	8,999	(2,636)	30,720
624	(904)	1,895	(1,742)
(3,307)	8,095	(741)	28,978
(74)	(232)	(58)	(6,015)
(3,381)	7,863	(799)	22,963

The effective tax rate for the current financial year was lower than the statutory tax rate due mainly to the group tax relief and non-taxable gain on sale of property, plant and equipment, partly offset by unrecognised tax losses.

## 14. Sale of unquoted investments and/or properties

There were no sales of unquoted investment during the current financial year. Gain on disposal of properties is as follows:

	3 months ended	12 months ended
	31/12/2006	31/12/2006
	RM'000	RM'000
Gain from disposal of properties	11,428	18,218

## 15. Purchase or disposal of quoted securities

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

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

(i) At cost

(ii) At carrying value / book value

(iii) At market value

As at  
31/12/2006  
RM'000

338
521
1,704

## 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

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 16 February 2007, 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	418,517	12,283
Euro	1,609	7,456

## 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 recorded a profit before tax of RM8.7 million for the current quarter compared to a loss before tax of RM14.1 million for the preceding quarter due primarily to the voluntary staff separation (VSS) cost for Proton business of approximately RM27.8 million taken up in the preceding quarter.

In the current quarter, the Group implemented a VSS and a network realignment exercise for the multibrand businesses. The VSS and realignment cost as well as provision for stock write down were however fully offset by the write back of provision for impairment of investment in an associate, higher gain on disposal of properties and lower overheads.

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

The Group recorded a profit before tax of RM4.5 million for the year ended 31 December 2006 compared to RM101.8 million in 2005. Excluding the VSS and organization realignment costs, the Group's profit before tax of RM41.3 million was lower by 59% compared to 2005 primarily due to lower Proton car sales as well as provision for stock write down for long ageing multibrand stocks.

## 22. Prospects

Given the sluggish industry outlook, the Board expects the Group's business to remain challenging. The Group has streamlined its resources and network and will continue to rationalise its operations as well as undertake other 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 and final dividend is recommended for the current financial year (2005 : 23 sen per share less 28% tax). However, the Board of Directors is pleased to recommend a special gross dividend of 137 sen per share less 27% tax in respect of the financial year ended 31 December 2006 which is subject to shareholders' approval at the forthcoming Annual General meeting of the Company.

## 25. Earnings per share

### (a) Basic earnings per share

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

	3 months ended		12 months ended	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Profit attributable to equity holders (RM'000)	12,124	19,027	5,263	78,870
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)	4.87	7.64	2.11	31.68

### (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, 23 February 2007