

EDARAN OTOMOBIL NASIONAL BERHAD

(119767 - X)
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE PERIOD ENDED 31 MARCH 2007**

The Board of Directors is pleased to announce the unaudited financial results of the Group for the financial period ended 31 March 2007.

CONDENSED CONSOLIDATED INCOME STATEMENTS

| | Note | 3 months ended | | 3 months ended | |
|---|------|----------------|----------------|----------------|----------------|
| | | 31/03/2007 | 31/03/2006 | 31/03/2007 | 31/03/2006 |
| | | Unaudited | | Unaudited | |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | 427,319 | 617,548 | 427,319 | 617,548 |
| Operating expenses | | (426,433) | (616,091) | (426,433) | (616,091) |
| Other operating income | | 4,249 | 4,006 | 4,249 | 4,006 |
| Profit from operations | | 5,135 | 5,463 | 5,135 | 5,463 |
| Finance cost | | (2) | (448) | (2) | (448) |
| Share of results of jointly controlled entities | | 7,293 | 872 | 7,293 | 872 |
| Share of results of associates | | 151 | 443 | 151 | 443 |
| Profit before tax | | 12,577 | 6,330 | 12,577 | 6,330 |
| Tax | 13 | (1,456) | (2,156) | (1,456) | (2,156) |
| Profit after tax | | 11,121 | 4,174 | 11,121 | 4,174 |
| Profit attributable to equity holders | | 11,121 | 4,174 | 11,121 | 4,174 |
| | | - | - | - | - |
| | | sen | sen | sen | sen |
| Earnings per share: | 25 | | | | |
| - Basic | (a) | 4.47 | 1.68 | 4.47 | 1.68 |
| - Diluted | (b) | 4.47 | 1.68 | 4.47 | 1.68 |

The Condensed Consolidated Income Statements should be read in conjunction with the Group's annual financial report for the financial year ended 31 December 2006.

EDARAN OTOMOBIL NASIONAL BERHAD
CONDENSED CONSOLIDATED BALANCE SHEET

| | Unaudited As At 31/03/2007 RM'000 | Audited As At 31/12/2006 RM'000 |
|---|--|--|
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 244,584 | 248,411 |
| Investments | 5,179 | 5,179 |
| Jointly controlled entities | 94,900 | 97,469 |
| Associates | 43,375 | 45,626 |
| Deferred tax assets | 7,497 | 7,182 |
| | 395,535 | 403,867 |
| CURRENT ASSETS | | |
| Inventories | 239,140 | 305,941 |
| Receivables | 149,020 | 187,899 |
| Amounts due from jointly controlled entities | 584 | 52 |
| Tax recoverable | 6,619 | 8,411 |
| Cash and bank balances and deposits with financial institutions | 474,564 | 228,969 |
| | 869,927 | 731,272 |
| Non-current assets held for sale | 13,652 | 13,652 |
| | 883,579 | 744,924 |
| CURRENT LIABILITIES | | |
| Payables | 195,603 | 74,913 |
| Amounts due to jointly controlled entities/associates | 24,345 | 25,725 |
| Taxation | 396 | 438 |
| Provisions for liabilities and charges | 10,372 | 10,187 |
| | 230,716 | 111,263 |
| NET CURRENT ASSETS | 652,863 | 633,661 |
| NON-CURRENT LIABILITIES | | |
| Deferred tax liabilities | 8,583 | 8,600 |
| Provision for retirement benefits | 7,004 | 6,747 |
| Long-term lease payables | 411 | 584 |
| | 15,998 | 15,931 |
| | 1,032,400 | 1,021,597 |
| SHARE CAPITAL | 248,993 | 248,993 |
| RESERVES | 783,407 | 772,604 |
| EQUITY ATTRIBUTABLE TO EQUITY HOLDERS | 1,032,400 | 1,021,597 |
| | - | - |
| | RM | RM |
| Net assets per share attributable to equity holders | 4.15 | 4.10 |

The Condensed Consolidated Balance Sheet should be read in conjunction with the Group's annual financial report for the financial year ended 31 December 2006.

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 2007 | | 248,993 | 8,367 | 2,012 | 762,225 | 1,021,597 |
| Movements in equity during the period | | | | | | |
| Share of associates' reserves | | | | (318) | | (318) |
| Net losses not recognised in income statement | | - | - | (318) | - | (318) |
| Net profit attributable to equity holders | | | | | 11,121 | 11,121 |
| Total income and expenses for the period | | - | - | (318) | 11,121 | 10,803 |
| At 31 March 2007 | | 248,993 | 8,367 | 1,694 | 773,346 | 1,032,400 |
| (Unaudited) | | | | | | |
| At 1 January 2006 | | 248,993 | 8,367 | 4,617 | 789,237 | 1,051,214 |
| Movements in equity during the period | | | | | | |
| Translation of a foreign associate | | | | | | - |
| Share of associates' reserves | | | | 750 | | 750 |
| | | | | | | - |
| Net losses not recognised in income statement | | - | - | 750 | - | 750 |
| Net profit attributable to equity holders | | | | | 4,174 | 4,174 |
| Total income and expenses for the period | | - | - | 750 | 4,174 | 4,924 |
| At 31 March 2006 | | 248,993 | 8,367 | 5,367 | 793,411 | 1,056,138 |

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 2006.

EDARAN OTOMOBIL NASIONAL BERHAD
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | Unaudited 3 months ended 31/03/2007 RM'000 | Unaudited 3 months ended 31/03/2006 RM'000 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Profit attributable to equity holders | 11,121 | 4,174 |
| Adjustments for investing and financing items and non-cash items: | | |
| Tax | 1,456 | 2,156 |
| Share of results of jointly controlled entities | (7,293) | (872) |
| Share of results of associates | (151) | (443) |
| Depreciation | 4,866 | 5,451 |
| Other investing and financing items and non-cash items | (2,132) | 335 |
| Operating profit before working capital changes | 7,867 | 10,801 |
| Net changes in working capital | 226,317 | (277,146) |
| Cash generated from/(used in) operations | 234,184 | (266,345) |
| Add/(Less) : | | |
| Interest received | 2,140 | 1,532 |
| Interest paid | (2) | (448) |
| Income tax paid, net of refund | (38) | (9,760) |
| Net cash flow from operating activities | <u>236,284</u> | <u>(275,021)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Dividends received | 10,174 | 60 |
| Proceeds from sale of property, plant and equipment | 777 | 3,767 |
| Purchase of property, plant and equipment | (1,385) | (7,971) |
| Net cash flow from investing activities | <u>9,566</u> | <u>(4,144)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Payment of finance lease | - | 79,035 |
| Payment of cash dividends | (255) | (408) |
| Net cash flow from financing activities | <u>(255)</u> | <u>78,627</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | 245,595 | (200,538) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | 228,969 | 377,469 |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | <u>474,564</u> | <u>176,931</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 2006.

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 2006.

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 2006 .

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 financial year.

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 financial year 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 expense / (credit)

Deferred tax

Under/(Over) provision in prior years

Tax expense / (credit)

| 3 months ended | | 3 months ended | |
|----------------|------------|----------------|------------|
| 31/03/2007 | 31/03/2006 | 31/03/2007 | 31/03/2006 |
| RM'000 | RM'000 | RM'000 | RM'000 |
| 1,788 | (3,931) | 1,788 | (2,636) |
| (332) | 624 | (332) | 1,895 |
| 1,456 | (3,307) | 1,456 | (741) |
| - | (74) | - | (58) |
| 1,456 | (3,381) | 1,456 | (799) |

The effective tax rate for the current interim period was lower than the statutory tax rate due mainly to availability of unabsorbed tax losses.

14. Sale of unquoted investments and/or properties

There were no sales of unquoted investments and properties for the current interim financial period.

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
31/03/2007
RM'000

| |
|--------------|
| 338 |
| <u>521</u> |
| <u>1,741</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 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 22 May 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 | 6,129 | 172 |
| Euro | 1,969 | 9,111 |

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 higher profit before tax ("PBT") of RM12.6 million for the current quarter compared to RM8.7 million in the preceding quarter mainly attributable to the provision for stock write down, partly offset by a write back of impairment allowance and net gain on disposal of property taken up in the preceding quarter.

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

The Group's revenue of RM427.5 million for the 3 months ended 31 March 2007 was lower by 31% compared to the corresponding period in 2006 due to lower vehicle sales and lower service throughput.

Despite lower revenue, the Group recorded a higher PBT of RM12.6 million, an increase of 99% compared to the corresponding period in 2006 of RM6.3 million. This was mainly due to the significant reduction in overheads arising from the cost rationalisation measures conducted in year 2006. In addition, there was a write back of RM3.2M underutilised stock provision in the subsidiaries as well as higher earnings from the Mitsubishi joint venture arising from the Group's aggressive strategies to reduce stock levels during the current quarter.

22. Prospects

The total industry volume was lower in the current quarter (104,950 units) by 8.2% compared to the corresponding quarter in the preceding year (123,951 units). Total Proton market share declined to 28.3%, a reduction of 28% and EON's market share declined by 4% to 9%.

In view of the uncertainty surrounding the Proton business, the Group expects the sales of Proton vehicles to remain adversely affected by competitive pressure. Consequently, the Group will continue to maintain its intensive cost saving measures for greater efficiency.

Going forward, the Board expects the market will continue to be 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 by the weighted average number of ordinary shares in issue during the year.

| | | 3 months ended | | 3 months ended | |
|---|----------|----------------|-------------|----------------|-------------|
| | | 31/03/2007 | 31/03/2006 | 31/03/2007 | 31/03/2006 |
| Profit attributable to equity holders | (RM'000) | 11,121 | 4,174 | 11,121 | 4,174 |
| 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) | 4.47 | 1.68 | 4.47 | 1.68 |

(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, 29 May 2007