

# EDARAN OTOMOBIL NASIONAL BERHAD

(119767 - X)  
(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 JUNE 2007

The Board of Directors is pleased to announce the unaudited financial results of the Group for the financial period ended 30 June 2007.

### CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	3 months ended		6 months ended	
		30/06/2007	30/06/2006	30/06/2007	30/06/2006
		Unaudited		Unaudited	
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>		<b>390,852</b>	<b>388,451</b>	<b>818,171</b>	<b>1,005,999</b>
Operating expenses		(389,321)	(393,284)	(815,754)	(1,009,375)
Other operating income		5,611	3,296	9,860	7,302
Profit from operations		7,142	(1,537)	12,277	3,926
Finance cost		(2)	(346)	(4)	(794)
Share of results of jointly controlled entities		8,643	2,807	15,936	3,679
Share of results of associates		1,515	2,572	1,666	3,015
Write back of allowance for impairment of investment in an associate		8,225	-	8,225	-
<b>Profit before tax</b>		<b>25,523</b>	<b>3,496</b>	<b>38,100</b>	<b>9,826</b>
Tax	13	(2,128)	(566)	(3,584)	(2,722)
<b>Profit after tax</b>		<b>23,395</b>	<b>2,930</b>	<b>34,516</b>	<b>7,104</b>
<b>Profit attributable to equity holders</b>		<b>23,395</b>	<b>2,930</b>	<b>34,516</b>	<b>7,104</b>
		<b>sen</b>	<b>sen</b>	<b>sen</b>	<b>sen</b>
Earnings per share:	25				
- Basic	(a)	9.40	1.18	13.86	2.85
- Diluted	(b)	9.40	1.18	13.86	2.85

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**

	<b>Unaudited As At 30/06/2007 RM'000</b>	<b>Audited As At 31/12/2006 RM'000</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	230,461	235,136
Prepaid lease	13,091	13,275
Investments	5,179	5,179
Jointly controlled entities	101,494	97,469
Associates	52,169	45,626
Deferred tax assets	7,670	7,182
	410,064	403,867
<b>CURRENT ASSETS</b>		
Inventories	240,462	305,941
Receivables	154,841	187,899
Amounts due from jointly controlled entities/ an associate	572	52
Tax recoverable	4,663	8,411
Cash and bank balances and deposits with financial institutions	460,582	228,969
	861,120	731,272
Non-current assets held for sale	13,652	13,652
	874,772	744,924
<b>CURRENT LIABILITIES</b>		
Payables	179,749	74,913
Amounts due to jointly controlled entities/ an associate	22,571	25,725
Taxation	453	438
Provisions for liabilities and charges	11,048	10,187
	213,821	111,263
	660,951	633,661
<b>NET CURRENT ASSETS</b>		
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	8,585	8,600
Provision for retirement benefits	7,228	6,747
Long-term lease payables	238	584
	16,051	15,931
	<b>1,054,964</b>	<b>1,021,597</b>
SHARE CAPITAL	248,993	248,993
RESERVES	805,971	772,604
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS</b>	<b>1,054,964</b>	<b>1,021,597</b>
	-	-
	<b>RM</b>	<b>RM</b>
Net assets per share attributable to equity holders	4.24	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
<b>(Unaudited)</b>						
<b>At 1 January 2007</b>		<b>248,993</b>	<b>8,367</b>	<b>2,012</b>	<b>762,225</b>	<b>1,021,597</b>
Movements in equity during the period						
Share of associates' reserves				(1,149)		(1,149)
Net losses not recognised in income statement		-	-	(1,149)	-	(1,149)
Net profit attributable to equity holders					34,516	34,516
Total income and expenses for the period		-	-	(1,149)	34,516	33,367
<b>At 30 June 2007</b>		<b>248,993</b>	<b>8,367</b>	<b>863</b>	<b>796,741</b>	<b>1,054,964</b>
<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 period						
Share of associates' reserves				(1,109)		(1,109)
Net losses not recognised in income statement		-	-	(1,109)	-	(1,109)
Net profit attributable to equity holders					7,104	7,104
Total income and expenses for the period		-	-	(1,109)	7,104	5,995
Dividends		-	-	-	(32,269)	(32,269)
<b>At 30 June 2006</b>		<b>248,993</b>	<b>8,367</b>	<b>3,508</b>	<b>764,072</b>	<b>1,024,940</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 2006.

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

	<b>Unaudited 6 months ended 30/06/2007 RM'000</b>	<b>Unaudited 6 months ended 30/06/2006 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit attributable to equity holders	34,516	7,104
Adjustments for investing and financing items and non-cash items:		
Tax	3,584	2,722
Share of results of jointly controlled entities	(15,936)	(3,679)
Share of results of associates	(1,666)	(3,015)
Depreciation	7,930	11,285
Other investing and financing items and non-cash items	(13,310)	754
Operating profit before working capital changes	15,118	15,171
Net changes in working capital	203,188	(274,355)
Cash generated from/(used in) operations	218,306	(259,184)
Add/(Less) :		
Interest received	5,983	2,683
Interest paid	(4)	(794)
Income tax paid, net of refund	(320)	(10,026)
Net cash flow from operating activities	<u>223,965</u>	<u>(267,321)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Dividends received	10,318	205
Proceeds from sale of property, plant and equipment	2,131	6,047
Purchase of property, plant and equipment	(4,374)	(13,992)
Net cash flow from investing activities	<u>8,075</u>	<u>(7,740)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payment of finance lease	(427)	(820)
Payment of cash dividends	-	(32,269)
Net cash flow from financing activities	<u>(427)</u>	<u>(33,089)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	231,613	(308,150)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	228,969	377,469
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b><u>460,582</u></b>	<b><u>69,319</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 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 except for the adoption of the following new / revised FRS :

(i) FRS 17: Leases

The adoption of the revised FRS 117 has resulted in a restrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid lease payments and are amortised on straight-line basis over the lease term. Prior to 1 January 2007, leasehold land were classified as property, plant and equipment which were stated at cost less accumulated depreciation and impairment losses.

Upon the adoption of the revised FRS 117 at 1 January 2007, the unamortised amounts of leasehold land are retained as the surrogate carrying amounts of prepaid lease payments as allowed by the transitional provisions of FRS 117. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and comparative amounts as at 31 December 2006 have been restated as follows:

	As previously reported RM '000	Reclassification RM '000	As restated RM '000
<u>Balance sheet</u>			
<u>As at 31 December 2006 (audited)</u>			
Property, plant and equipment	248,411	(13,275)	235,136
Prepaid lease	-	13,275	13,275
	<u>248,411</u>	<u>-</u>	<u>248,411</u>

**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 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 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

Deferred tax

Under/(Over) provision in prior years

Tax expense

3 months ended		6 months ended	
30/06/2007	30/06/2006	30/06/2007	30/06/2006
RM'000	RM'000	RM'000	RM'000
2,299	347	4,087	717
(171)	219	(503)	2,005
2,128	566	3,584	2,722
-	-	-	-
2,128	566	3,584	2,722

The effective tax rate for the current interim period was lower than the statutory tax rate mainly attributable to non taxable income.

## 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.

As at  
30/06/2007  
RM'000

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

(i) At cost

(ii) At carrying value / book value

(iii) At market value

338

521

1,741

## 16. Status of corporate proposals

On 8 June 2007, the Company's wholly owned subsidiary, EON Properties Sdn Bhd had entered into a Sale and Purchase Agreement with Hicom Indungan Sdn Bhd, to dispose approximately 26.03 acres of freehold land held under title no.HS(D) 224504, Lot No. PT 470, Bandar Glenmarie, District of Petaling Jaya, State of Selangor together with an industrial complex and related ancillary buildings erected thereon for a total cash consideration of RM67.0 M.

On 23 June 2007, the Company has obtained the shareholders' approvals for the above transaction.

The transaction is expected to be completed by 20 December 2007.

## 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 August 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	367,060	10,477
Euro	80	380

## 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 reported a higher profit before tax of RM25.5 million for the current quarter (preceding quarter: RM12.6 million). This was mainly attributable to the write back for impairment of investment in an associate of RM8.2 million and lower overhead from the continuous cost savings initiatives.

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

The Group's revenue of RM818.2 million for the 6 months ended 30 June 2007 was lower by 19% compared to the corresponding period in 2006 due to lower vehicle sales.

Amidst the declining Proton sales, vehicle margins also declined by 29% compared to the corresponding period in 2006.

Despite lower sales and margins from the core Proton business, the Group recorded a substantially higher profit before tax of RM38.1 million (YTD June 2006: RM9.8 million). The continuous cost savings initiatives including the initiatives implemented in the 3rd quarter of 2006 have assisted in cushioning the impact of declining volume and vehicle margins.

In addition, the increase in profit before tax was also due to higher profits from the Mitsubishi business and the write back for impairment of investment in an associate.

## 22. Prospects

The total industry volume declined by 11.1% in the current period (220,739 units) compared to the corresponding period in last year (248,406 units). Total Proton market share declined from 32.7% to 27.4%, a reduction of 5.3%. EON's market share declined from 10.5% to 8.5%, a decrease of 2.0%.

While the Proton business remains challenging and competitive, and the new model launches are expected to increase sales, the Group continues to maintain its intensive cost saving measures to sustain its profitability.

Barring unforeseen circumstances and given the above, the Board expects the Group to maintain the current performance.

## 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		6 months ended	
	30/06/2007	30/06/2006	30/06/2007	30/06/2006
Profit attributable to equity holders (RM'000)	23,395	2,930	34,516	7,104
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)	9.40	1.18	13.86	2.85

### (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 August 2007