

# EDARAN OTOMOBIL NASIONAL BERHAD

(119767 - X)

(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2008

The Board of Directors is pleased to announce the unaudited financial results of the Group for the financial period ended 30 September 2008.

### CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	3 months ended		6 months ended	
		30/9/2008	30/9/2007	30/9/2008	30/9/2007
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>		<b>721,948</b>	<b>473,344</b>	<b>1,384,254</b>	<b>864,196</b>
Operating expenses		(712,569)	(467,923)	(1,367,685)	(857,244)
Other operating income		1,913	3,858	5,738	9,469
Profit from operations		11,292	9,279	22,307	16,421
Finance cost		(2)	(1)	(2)	(3)
Share of results of jointly controlled entities		9,258	5,862	15,874	14,505
Share of results of associates		584	590	1,127	2,105
Write back of allowance for impairment of investment in an associate		-	-	-	8,225
<b>Profit before tax</b>		<b>21,132</b>	<b>15,730</b>	<b>39,306</b>	<b>41,253</b>
Tax	19	(5,332)	(807)	(8,083)	(2,935)
<b>Profit after tax</b>		<b>15,800</b>	<b>14,923</b>	<b>31,223</b>	<b>38,318</b>
<b>Profit attributable to equity holders</b>		<b>15,800</b>	<b>14,923</b>	<b>31,223</b>	<b>38,318</b>
		<b>sen</b>	<b>sen</b>	<b>sen</b>	<b>sen</b>
Earnings per share:	27				
- Basic	(a)	6.35	5.99	12.54	15.39
- Diluted	(b)	6.35	5.99	12.54	15.39

The Condensed Consolidated Income Statements should be read in conjunction with the Group's annual financial report for the financial period ended 31 March 2008.

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

	<b>Unaudited As At 30/9/2008 RM'000</b>	<b>Audited As At 31/3/2008 RM'000</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	176,705	180,657
Investment properties	18,530	18,530
Prepaid lease	11,020	11,167
Investments	5,075	5,075
Jointly controlled entities	99,515	105,435
Associates	57,786	50,368
Deferred tax assets	3,983	3,521
	<b>372,614</b>	<b>374,753</b>
<b>CURRENT ASSETS</b>		
Inventories	232,761	291,367
Receivables	137,325	134,913
Amounts due from holding company	1	-
Amounts due from jointly controlled entities/ an associate	1,201	1,169
Amounts due from other related companies	3,206	18
Tax recoverable	-	4,015
Cash and bank balances and deposits with financial institutions	114,393	383,519
	<b>488,887</b>	<b>815,001</b>
<b>CURRENT LIABILITIES</b>		
Payables	171,599	266,252
Amounts due to jointly controlled entities/ an associate	22,704	22,270
Amounts due to other related companies	163	-
Taxation	8,059	6,530
Provisions for liabilities and charges	5,886	4,995
	<b>208,411</b>	<b>300,047</b>
<b>NET CURRENT ASSETS</b>	<b>280,476</b>	<b>514,954</b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	6,370	2,091
Provision for retirement benefits	8,421	7,845
	14,791	9,936
	<b>638,299</b>	<b>879,771</b>
SHARE CAPITAL	248,993	248,993
RESERVES	389,306	630,778
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS</b>	<b>638,299</b>	<b>879,771</b>
	<b>RM</b>	<b>RM</b>
Net assets per share attributable to equity holders	2.56	3.53

The Condensed Consolidated Balance Sheet should be read in conjunction with the Group's annual financial report for the financial period ended 31 March 2008.

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>Revaluation Reserves</u> RM'000	<u>Retained Earnings</u> RM '000	
<b>(Unaudited)</b>							
<b>At 1 April 2008</b>		<b>248,993</b>	<b>8,367</b>	<b>2,460</b>	<b>1,380</b>	<b>618,571</b>	<b>879,771</b>
Movements in equity during the period							-
Share of associates' reserves		-	-	1,172	-	-	1,172
Net profit not recognised in income statement		-	-	1,172	-	-	1,172
Net profit attributable to equity holders						31,223	31,223
Total income and expenses for the period		-	-	<b>1,172</b>	-	<b>31,223</b>	<b>32,395</b>
Dividends						(273,867)	(273,867)
<b>At 30 September 2008</b>		<b>248,993</b>	<b>8,367</b>	<b>3,632</b>	<b>1,380</b>	<b>375,927</b>	<b>638,299</b>
<b>(Unaudited)</b>							
<b>At 1 April 2007</b>		<b>248,993</b>	<b>8,367</b>	<b>1,694</b>	-	<b>773,346</b>	<b>1,032,400</b>
Movements in equity during the period							
Share of associates' reserves		-	-	214	-	-	214
Net losses not recognised in income statement		-	-	214	-	-	214
Net profit attributable to equity holders						38,318	38,318
Total income and expenses for the period		-	-	214	-	38,318	38,532
Dividends		-	-	-	-	(249,018)	(249,018)
<b>At 30 September 2007</b>		<b>248,993</b>	<b>8,367</b>	<b>1,908</b>	-	<b>562,646</b>	<b>821,914</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's annual financial report for the financial period ended 31 March 2008.

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

	<b>Unaudited 6 months ended 30/9/2008 RM'000</b>	<b>Unaudited 6 months ended 30/9/2007 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit attributable to equity holders	31,223	38,318
Adjustments for investing and financing items and non-cash items:		
Tax	8,083	2,935
Share of results of jointly controlled entities	(15,874)	(14,505)
Share of results of associates	(1,127)	(2,105)
Depreciation	6,493	6,653
Other investing and financing items and non-cash items	(1,849)	(11,691)
Operating profit before working capital changes	26,949	19,605
Net changes in working capital	(42,466)	56,028
Cash generated from/(used in) operations	(15,517)	75,633
Add/(Less) :		
Interest received	4,783	6,614
Interest paid	(2)	(3)
Income tax paid, net of refund	1,278	(854)
Net cash flow from/(used in) operating activities	<u>(9,458)</u>	<u>81,390</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Dividends received	24,076	13,986
Proceeds from sale of property, plant and equipment	265	2,206
Proceeds from sale of investment securities	-	768
Proceeds from sale of associate company	516	-
Additional investment in associate company	(7,733)	-
Additional investment in unquoted companies	-	(7)
Purchase of property, plant and equipment	(2,616)	(3,341)
Net cash flow from investing activities	<u>14,508</u>	<u>13,612</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payment of finance lease	(309)	(599)
Payment of cash dividends	(273,867)	(249,018)
Net cash flow used in financing activities	<u>(274,176)</u>	<u>(249,617)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(269,126)	(154,615)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	383,519	474,564
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b><u>114,393</u></b>	<b><u>319,949</u></b>
	-	-

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Group's annual financial report for the financial period ended 31 March 2008.

**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**

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 statements for the financial period ended 31 March 2008.

**2. Changes in accounting policies**

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 financial period ended 31 March 2008 except for the adoption of the following new/revised Financial Reporting Standards (FRS):

FRS 107 Cash Flow Statements

FRS 111 Construction Contracts

FRS 112 Income Taxes

FRS 118 Revenue

FRS 120 Accounting for Government Grants and Disclosure of Government Assistance

FRS 121 Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates

FRS 134 Interim Financial Reporting

FRS 137 Provisions, Contingent Liabilities and Contingent Assets

The adoption of FRS 107, 112, 118, 134 and FRS 137 does not have significant financial impact on the Group's financial statements. FRS 111, 120 and Amendment to FRS 121 are not applicable to the Group's operations.

**3. 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.

**4. Seasonality or cyclicity of operations**

The business operations of the Group were not materially affected by seasonal or cyclical fluctuations.

**5. Items of unusual nature, size or incidence**

There was no item of unusual nature, size or incidence affecting assets, liabilities, equity, net income or cash flows of the current interim financial period.

**6. Changes in estimates**

There was no material change in estimates of amounts reported in prior financial years that has a material effect on the financial statements of the current interim financial period.

**7. Debt and equity securities**

There was 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.

**8. Dividends paid**

Dividends paid by the Company during the current financial period were as follows:

	Sen	RM'000
- Special tax exempt dividend of RM1.00 per share in respect of the financial year ending 31 March 2009, paid on 25 July 2008.	100.0	248,993
- Final dividend of 13.5 sen per share less tax at 26% in respect of the financial period ended 31 March 2008, paid on 30 September 2008.	13.5	24,874
	<u>113.5</u>	<u>273,867</u>

**9. Segmental reporting**

The Group's activities are focused on the motor sector.

**10. Property, plant and equipment**

There was 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.

#### **11. Subsequent events**

There has not arisen any material event subsequent to the end of the current interim financial period that has not been reflected in the financial statements for the current interim financial period.

#### **12. Changes in the composition of the group**

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

#### **13. Changes in contingent assets or contingent liabilities**

There was no material change in contingent assets or contingent liabilities since the last balance sheet date as at 31 March 2008.

#### **14. Capital commitments**

There was no material capital commitment as at the end of the current interim financial period.

### **Additional disclosure requirements pursuant to paragraph 9.22 of the Bursa Malaysia Listing Requirements**

#### **15. Review of performance**

Total Industry Volume (TIV) for the 9 months ended 30 September 2008 was higher at 429,913 units (9 months ended 30 September 2007: 358,234 units). The TIV for passenger car segment also registered higher at 334,818 units, an increase of 20.6% from 277,657 units recorded in year 2007. Accordingly, Proton market share in the passenger car segment increased from 29.6% to 33.4% with EON's market share increasing from 9.1% to 11.0%.

The Group's revenue of RM721.9 million for the second quarter ended 30 September 2008 was higher than the corresponding quarter in 2007 of RM473.3 million by RM248.6 million or 52.5%. This was mainly due to higher Proton and Mitsubishi vehicles sales.

Accordingly, the Group's profit before tax was higher at RM21.1 million for the second quarter ended 30 September 2008 compared to RM15.7 million achieved in the same quarter of 2007. Despite the Group's revenue increased by 52.5%, its profit before tax registered a growth of 34.3% partly due to the sales of lower margin models.

The Group's revenue of RM1,384.3 million for the six months ended 30 September 2008 improved over the revenue of RM864.2 million registered in the same period of 2007, mainly due to higher Proton and Mitsubishi vehicles sales.

However, the Group recorded a lower profit before tax of RM39.3 million for the current six months period (YTD 30 September 2007: RM41.3 million) mainly due to a write back of allowance for impairment of investment in an associated company of RM8.2 million in the same period of 2007. Excluding the write back, the Group's profit before tax of RM39.3 million for the current six months period will be higher than the Group's profit before tax registered in the same period last year of RM33.1 million. The higher Group's profit before tax was contributed by higher sales of Proton vehicles and higher earnings from Mitsubishi business.

#### **16. Profit before tax for the current quarter compared to the immediate preceding quarter**

The Group reported a higher profit before tax of RM21.1 million for the current quarter as compared to preceding quarter of RM18.2 million. This was mainly attributed to higher sales units for Proton and Mitsubishi vehicles.

#### **17. Prospects**

The market environment of the motor industry for the remaining period of the current financial year is expected to be challenging in view of the economic uncertainties. The Group has intensified its efforts to improve the efficiencies of its sales and service networks.

Barring unforeseen circumstances, the Board expects the Group's results to remain profitable for the financial year ending 31 March 2009.

#### **18. Profit forecast / profit guarantee**

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

## 19. Tax

Tax comprises the following:  
Current tax expense / (credit)  
Deferred tax

Under/(Over) provision in prior years  
Tax expense

3 months ended		6 months ended	
30/9/2008	30/9/2007	30/9/2008	30/9/2007
RM'000	RM'000	RM'000	RM'000
912	607	4,266	2,906
4,420	219	3,817	48
5,332	826	8,083	2,954
-	(19)	-	(19)
5,332	807	8,083	2,935

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

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

There was no sale of unquoted investments for the current interim financial period.

## 21. Purchase or disposal of quoted securities

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

As at  
30/9/2008  
RM'000

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

(i) At cost	338
(ii) At carrying value / book value	521
(iii) At market value	1,083

## 22. Status of corporate proposals

(I) Notice of Mandatory Offer (Notice) from Aseambankers Malaysia Berhad dated 1 November 2007, on behalf of HICOM Holdings Berhad (HICOM), effectively a 100% owned subsidiary of DRB-HICOM Berhad to acquire 125,989,923 ordinary shares of RM1.00 each in EON not already owned by HICOM as at the date of the said Notice at a cash consideration of RM2.10 per EON share.

On 13 May 2008, Bursa Securities had granted EON an extension of time to comply with the public shareholding spread requirement pursuant to Paragraph 8.15 of the Listing Requirements of one year from the date of the EGM to be convened for the withdrawal of listing or one year from 1 July 2008 whichever is earlier.

On 30 June 2008, the Proposed de-listing was not approved by the Company's shareholders at the EGM held on the said date.

(II) Memorandum of Understanding (MOU) between EON and Proton Holdings Berhad (PROTON) on the rationalisation of distribution network and service centres.

On 2 May 2008, EON announced that the Company had signed a MOU with PROTON to cooperate and negotiate in good faith towards formalising the rationalisation of distribution network and service centres.

On 30 October 2008, EON announced that EON and PROTON had mutually agreed that the MOU will be extended for a further three (3) months commencing from 2 November 2008. Discussion between both parties are still on-going towards possible collaboration for the rationalisation of the existing PROTON-EON distribution networks and service centres.

## 23. Group borrowings and debt securities

The Group does not have any borrowings and debt securities as at the end of the current financial period.

## 24. Off balance sheet financial instruments

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 17 November 2008, the Group had entered into the following outstanding foreign currency contracts:

	Contract amount		Expiry Dates
	Foreign currency ('000)	Ringgit equivalent (RM '000)	
Japanese Yen	848,934	32,780	21/11/2008 - 9/12/2008
Euro	1,660	7,633	20/11/2008 - 27/2/2009

## 25. 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.

## 26. Dividends

The Board of Directors does not recommend any dividend for the current quarter under review (30 September 2007: Nil).

The total net dividend per share declared and paid to date, for the financial year ending 31 March 2009 was RM1.00 per share.

## 27. Earnings per share

### (a) Basic earnings per share

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

		3 months ended		6 months ended	
		30/9/2008	30/9/2007	30/9/2008	30/9/2007
Profit attributable to equity holders	(RM'000)	15,800	14,923	31,223	38,318
Number of ordinary shares in issue		248,992,823	248,992,823	248,992,823	248,992,823
Basic earnings per share	(sen)	6.35	5.99	12.54	15.39

### (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  
CAROL CHAN CHOY LIN  
Company Secretaries

Shah Alam, 24 November 2008