



EON's emphasis on customer satisfaction is reflected in the continuous training provided to employees and dealers.

Human Resource

Human resources were strengthened in line with EON's commitment to providing excellent customer service and meeting their expectations.

Staff training continued to be given top priority in the Company, with training programmes geared towards better equipping employees with the knowledge and skills required to enhance their productivity. A total of 305 internal training programmes were conducted in 2002. In addition, employees were also sent for external training in more specialised areas.

Akademi Saga continued to play a pivotal role in the training of the Company's service personnel to ensure high standards of technical competency. In 2002, a total of 4,288 participants from the EON Service Centres and Franchise Service Dealers were trained. Akademi Saga also extended its training services and facilities to 207 participants from various ministries, private companies, government technical training institutes, fleet owners and PROTON's overseas distributors.

A regionalised Product Knowledge Training on the Proton Waja 1.8 was conducted for EON sales representatives and its Sales Dealers. Akademi Saga's Technical Instructors also visited EON Service Centres and Franchise Service Dealers at their workshops under a Field Service Technical Training programme.

Akademi Saga currently has 20 full-time trainees under a two-year Apprenticeship Programme in automotive competency to provide continued support to EON Service Centres and its Service Dealers.

Equally important was maintaining a harmonious relationship between the Company and the Union. No industrial disputes were recorded during the year under review.

The Company also recognised the contributions and loyalty of 189 long serving employees at a 10-Year Service Awards Ceremony held in September 2002.

Management Information Services

The competitive edge that EON possesses is attributed to the use of information technology (IT) in its operations. The Company focused on leveraging its current investments and supporting new business developments.

This includes extending the online link with the Road Transport Department (RTD) and Royal Customs and Excise Department for vehicle registration and excise duty payments respectively to its branches and nationwide network of sales dealers. The new system has also helped the RTD enhance security in the registration of new vehicles.

The Company's system capabilities and functions were also enhanced to enable dealers to check on stocks, allocations and to capture invoices, thus enhancing operational efficiency for both EON and its dealers. The consolidation of data and reports has allowed for faster and better-informed management decision making.





Building long-term relationships makes it possible to offer better financial services and products to meet evolving customer needs.

In the area of customer service, the implementation of a customer call tracking system to support EON's Customer Hotline, has enabled its customer service representatives to view and capture details of customer enquiries and monitor the assistance rendered.

IT will continue to play a key role in the organisation's efforts to improve business competitiveness and customer service.

EON Trading Sdn Bhd (ETSB)

The sale of car accessories and car care products within the Group and external markets generated revenue of RM78.5 million and pre-tax profits of RM17.0 million in 2002.

Automotive Conversion Engineering Sdn Bhd (ACE)

ACE, a subsidiary specialising in the modification and conversion of Proton cars, posted a higher revenue and pre-tax profits of RM11.0 million and RM3.6 million, against RM8.5 million and RM3.2 million respectively in 2001. The improved performance was substantially due to the conversion of the Proton Perdana Executive exclusively for use in the 13th Non-Aligned Movement (NAM) Summit held in Kuala Lumpur in February 2003.

BANKING AND FINANCIAL SERVICES

EON Capital Berhad group (ECB group)

Pursuant to the EON Bank Berhad (EBB) Scheme of Arrangement and Amalgamation between EBB and its shareholders under Section 176 of the Companies Act, 1965, EBB and its subsidiaries became wholly owned subsidiaries of ECB on 2 December 2002. ECB was listed on the Main Board of the Kuala Lumpur Stock Exchange on 23 December 2002.

Contributions from the ECB group amounted to RM401.3 million representing a 17.5 per cent increase over 2001. This was achieved through lower loan loss provisions, higher fee and commission income, and higher net operating income on a larger loan base partly offset by higher provision for diminution in value of investment securities. As at 31 December 2002, total shareholders' funds of the ECB group were RM1.8 billion whilst the total assets amounted to RM30.6 billion.

Total net loans, advances and financing of the ECB group amounted to RM20.6 billion as at 31 December 2002; representing an 18.3 per cent increase over the RM17.4 billion recorded at the end of 2001. The net non-performing loans ratio of the ECB group has reduced from 5.7 per cent in 2001 to 4.9 per cent in 2002.



Proton Parts Centre in Glenmarie stocks a wide range of parts.



Comfort and quality are top priorities at Ikeda group.

ASSOCIATES

Proton Parts Centre Sdn Bhd (PPC)

PPC, an associate principally engaged in the warehousing and distribution of motor vehicle spare parts, generated revenue and pre-tax profits of RM212.4 million and RM38.7 million in 2002, reflecting a 12.4 per cent and 16.8 per cent increase respectively.

Ikeda I.O.M Holdings (M) Sdn Bhd (Ikeda)

Ikeda group, principally involved in the assembling and manufacturing of car seats, seat paddings, steering wheels and car interior parts, registered a revenue of RM442.2 million in 2002, marginally down from RM452.6 million recorded in 2001.

SRT-EON Security Services Sdn Bhd

The company, principally engaged in the provision of security services recorded a revenue of RM28.5 million, up 10 per cent from RM25.9 million in 2001, and a pre-tax profit of RM1.3 million from the RM0.3 million in the previous year. This was achieved following the restructuring and reorganisation of its operations during the year under review to expand its services.

Leong & Company Sdn Bhd

The company, a stock-broking firm, saw its performance in 2002 adversely affected by the bearish sentiments affecting the stock market which resulted in the Kuala Lumpur Composite Index dropping from 696 at 31 December 2001 to a low of 616 in December 2002. The company recorded a lower loss of RM0.25 million compared to RM5 million in 2001.

Cycle & Carriage Ltd, Singapore (CCL)

The Company's equity interest in CCL group was reduced to 13.1 per cent following the partial divestment of its interests in November 2002. Accordingly, the CCL group's results were only equity accounted for 11 months in 2002.

CCL group's contribution to the Group pre-tax earnings amounted to RM162.5 million with stronger trading profits in PT Astra and an improved foreign exchange position due to the strengthening of the Rupiah currency that more than offset the decline in profits from the Singapore motor operations.

MOVING FORWARD

Moving forward, the proposed distribution of the entire shareholding in ECB and CCL to EON shareholders would result in the Group concentrating on the core business of the automotive sector. Accordingly, EON will seek to expand its opportunities in the sales and after sales service of both national and non-national cars.

The recent signing of the MoA with Proton Edar has resulted in EON continuing to sell the Proton cars within the framework of a super dealer arrangement. The MoA is a win-win formula for all parties and reaffirms EON's commitment to remain as a major player in the national car project.



EON will maintain a network of sales branches and franchised sales dealers dedicated to the Proton marque. With this arrangement, the combined resources of both EON and Proton Edar operating under a single Proton network corporate identity will offer Proton customers a wider network in sales and after sales support. The sale of Proton cars will continue to form the backbone of the Group's activities and will be the main income generator.

EON's vast after sales network of branches and franchise service dealers meanwhile, will operate on a multi-brand basis to cater to both the Proton and non-Proton marques.

The move to sell other marques like Audi and Volkswagen will see EON expanding its automotive business. Capitalising on its vast network and experience built over the last 18 years, the Group will spare no effort to consolidate its position as a major player in the automotive industry.

Much of this will be accomplished by providing excellent customer service and after sales service, an area that the Group will continue to invest in to ensure that its services and products are superior, competitive and attractive.

Datuk Adzmi bin Abdul Wahab

Managing Director