

PROTON HOLDINGS BERHAD
(FOR PERUSAHAAN OTOMOBIL NASIONAL BERHAD)

UNAUDITED FINANCIAL RESULTS

FOR THE FOURTH QUARTER ENDED 31 MARCH 2004

The Board of Directors is pleased to announce the unaudited financial results of Perusahaan Otomobil Nasional Berhad ('Proton Berhad') for the fourth quarter ended 31 March 2004. Subsequent to the Group reorganisation exercise on 5th April 2004, the holding company and reporting entity of the Group is now Proton Holdings Berhad.

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PROTON HOLDINGS BERHAD
(FOR PERUSAHAAN OTOMOBIL NASIONAL BERHAD)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2004

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	<u>Current quarter</u>	<u>Restated Preceding year corresponding quarter</u>	<u>Current year to date</u>	<u>Restated Preceding year corresponding period</u>
	<u>31.03.2004</u>	<u>31.03.2003</u>	<u>31.03.2004</u>	<u>31.03.2003</u>
	RM'000	RM'000	RM'000	RM'000
Revenue	1,463,713	2,005,713	6,470,347	9,267,996
Operating expenses	(1,277,720)	(1,794,576)	(6,120,544)	(8,132,580)
Other operating income	36,780	41,965	233,931	215,672
Profit from operations	<u>222,773</u>	<u>253,102</u>	<u>583,734</u>	<u>1,351,088</u>
Finance cost	(8,951)	(8,641)	(37,127)	(38,378)
Share of results of associated and jointly controlled entities	13,671	12,784	45,386	47,268
Profit before taxation	<u>227,493</u>	<u>257,245</u>	<u>591,993</u>	<u>1,359,978</u>
Taxation	(33,685)	20,144	(70,917)	(242,221)
Profit after taxation	<u>193,808</u>	<u>277,389</u>	<u>521,076</u>	<u>1,117,757</u>
Minority interest	(2,259)	(1,702)	(11,005)	(10,233)
Net profit attributable to shareholders	<u>191,549</u>	<u>275,687</u>	<u>510,071</u>	<u>1,107,524</u>
Earnings per share				
- basic	34.9 sen	50.2 sen	92.9 sen	201.9 sen
- diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Income Statements should be read in conjunction with the Proton Berhad Annual Financial Report for the year ended 31st March 2003.

PROTON HOLDINGS BERHAD
(FOR PERUSAHAAN OTOMOBIL NASIONAL BERHAD)

CONDENSED CONSOLIDATED BALANCE SHEETS

	Unaudited as at <u>31.03.2004</u> RM'000	Restated as at <u>31.03.2003</u> RM'000
CURRENT ASSETS		
Inventories	821,925	835,486
Trade and other receivables	941,836	852,498
Short term investments	184,698	166,435
Deposits, bank and cash balances	2,989,220	3,793,257
	<u>4,937,679</u>	<u>5,647,676</u>
CURRENT LIABILITIES		
Trade and other payables	1,521,996	1,692,241
Provisions	240,230	264,838
Taxation	143,383	206,453
Short term borrowings	173,134	507,376
	<u>2,078,743</u>	<u>2,670,908</u>
NET CURRENT ASSETS	2,858,936	2,976,768
NON CURRENT ASSETS		
Property, plant and equipment	2,940,315	2,256,884
Associated & jointly controlled companies	198,225	149,690
Other long term investments	6,276	6,276
Deferred tax assets	47,252	27,404
	<u>3,192,068</u>	<u>2,440,254</u>
NON CURRENT LIABILITIES		
Long term liabilities	447,430	222,268
Deferred tax liabilities	1,023	1,023
	<u>448,453</u>	<u>223,291</u>
	<u>5,602,551</u>	<u>5,193,731</u>
FINANCED BY:		
Share capital	549,213	549,213
Reserves	4,988,774	4,587,908
	<u>5,537,987</u>	<u>5,137,121</u>
Shareholders' funds	5,537,987	5,137,121
Minority interests	64,564	56,610
	<u>5,602,551</u>	<u>5,193,731</u>
Net Tangible Assets per share (RM)	<u>10.08</u>	<u>9.35</u>

The Condensed Consolidated Balance Sheets should be read in conjunction with the Proton Berhad Annual Financial Report for the year ended 31st March 2003.

PROTON HOLDINGS BERHAD
(FOR PERUSAHAAN OTOMOBIL NASIONAL BERHAD)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2004

	<u>Issued and fully paid ordinary shares</u>		<u>Non- distributable Goodwill & foreign exchange translation</u>	<u>Distributable</u>	
	<u>Nominal value of RM1 each RM'000</u>	<u>Share premium RM'000</u>	<u>RM'000</u>	<u>Retained earnings RM'000</u>	<u>Total RM'000</u>
At 1 April 2002 (as previously reported)	543,144	432,409	(310,823)	3,431,847	4,096,577
Prior year adjustments				74,180	74,180
As restated	<u>543,144</u>	<u>432,409</u>	<u>(310,823)</u>	<u>3,506,027</u>	<u>4,170,757</u>
Issued under ESOS	6,069				6,069
Premium on shares issued		43,208			43,208
Currency translations			(80,967)		(80,967)
Goodwill written off			(21,599)		(21,599)
Net profit attributable to shareholders				1,107,524	1,107,524
Dividend for the financial year				(87,871)	(87,871)
At 31 March 2003	<u>549,213</u>	<u>475,617</u>	<u>(413,389)</u>	<u>4,525,680</u>	<u>5,137,121</u>
At 1 April 2003 (as previously reported)	549,213	475,617	(413,389)	4,482,969	5,094,410
Prior year adjustments				42,711	42,711
As restated	<u>549,213</u>	<u>475,617</u>	<u>(413,389)</u>	<u>4,525,680</u>	<u>5,137,121</u>
Currency translations			(15,839)		(15,839)
Net profit attributable to shareholders				510,071	510,071
Dividend for the financial year				(93,366)	(93,366)
At 31 March 2004	<u>549,213</u>	<u>475,617</u>	<u>(429,228)</u>	<u>4,942,385</u>	<u>5,537,987</u>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Proton Berhad Annual Financial Report for the year ended 31st March 2003.

PROTON HOLDINGS BERHAD
(FOR PERUSAHAAN OTOMOBIL NASIONAL BERHAD)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

	Current year to date <u>31.03.2004</u>	Preceding year to date <u>31.03.2003</u>
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	591,993	1,359,978
Adjustments for:		
Depreciation	329,383	402,929
Interest expense	37,127	38,378
Interest Income	(107,542)	(117,028)
Share of profits of associated and joint venture companies	(45,386)	(47,268)
Realised gain on disposal of investments	(12,388)	1,694
(Write back of)/provisions for diminution in short term investments	(17,791)	8,985
Other non-cash & non operating items	44,674	90,687
	<u>820,070</u>	<u>1,738,355</u>
Operating profit before changes in working capital		
Changes in working capital:		
Net change in current assets	1,847	171,201
Net change in current liabilities	(303,513)	(361,462)
	<u>518,404</u>	<u>1,548,094</u>
Cash generated from operations		
Taxation paid	(163,952)	(356,534)
Net interest received	71,016	74,349
	<u>425,468</u>	<u>1,265,909</u>
Net cash flow generated from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Net inflow/(outflow) from equity investments	9,640	(28,366)
Net outflow from other capital investments	(1,002,832)	(1,006,211)
	<u>(993,192)</u>	<u>(1,034,577)</u>
Net cash flow used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	-	49,277
Net outflow from bank borrowings	(118,614)	(14,288)
Net outflow from term loans	(388,816)	(69,710)
Dividend paid	(93,366)	(87,871)
	<u>(600,796)</u>	<u>(122,592)</u>
Net cash flow used in financing activities		
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,168,520)	108,740
EXCHANGE RATE EFFECTS	8,684	1,846
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	<u>3,719,613</u>	<u>3,609,027</u>
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR (Note 26)	<u>2,559,777</u>	<u>3,719,613</u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Proton Berhad Annual Financial Report for the year ended 31st March 2003.

PROTON HOLDINGS BERHAD
(FOR PERUSAHAAN OTOMOBIL NASIONAL BERHAD)

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2004

1 ACCOUNTING POLICIES

The Quarterly Consolidated Financial Statements have been prepared in accordance with MASB 26 Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Berhad, and should be read in conjunction with the Proton Berhad financial statements for the year ended 31 March 2003. The accounting policies, method of computation and basis of consolidation adopted for the interim financial reports are consistent with those adopted for the annual financial statements for the year ended 31 March 2003 except for the new relevant approved accounting standards issued by MASB which became operative for the financial year ended 31 March 2004. (MASB 25 and MASB 27 to MASB 30)

The adoption of MASB 29 resulted in prior year adjustments in respect of amounts payable for short term employees benefits in the form of accumulated compensated absences. This obligation was not provided for prior to the adoption of MASB 29. The changes in accounting policies have been applied retrospectively and comparatives have been restated for the financial ended 31 March 2003.

Under MASB 25, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences when it is probable that the Group has sufficient taxable profit to be utilised. The changes in accounting policies have been applied retrospectively and comparatives have been restated.

The effects of changes in accounting policies are as follows:

	Retained <u>profits</u> RM'000	Minority <u>interest</u> RM'000
At 1 April 2003, as previously reported	4,482,969	56,009
Effects of adopting MASB 29	(1,918)	(45)
Effects of adopting MASB 25	44,629	646
At 1 April 2003, as restated	<u>4,525,680</u>	<u>56,610</u>

Following the Group restructuring, Proton Holdings Berhad became the holding company of the current Proton Berhad Group on 5th April 2004. The change in structure was effected by a share for share swap such that Proton Berhad shareholders held Proton Holdings Berhad shares in the same proportion after the reorganisation. This reorganisation will, going forward, be accounted by Proton Holdings Berhad using merger accounting.

2 STATUS OF AUDIT QUALIFICATION

The preceding audited annual financial statements of Proton Berhad were not subject to any qualification.

3 SEASONAL OR CYCLICAL FACTORS

The businesses of the Group were not materially affected by any seasonal or cyclical fluctuation during the quarter ended 31 March 2004.

4 INDIVIDUALLY SIGNIFICANT ITEMS

The individually significant item for the period ended 31 March 2004 is as follows:

	Current <u>Quarter</u> RM Million	Current year <u>to date</u> RM Million
Purchase of property, plant and equipment	447.8	1,059.0
R&D expenditure	79.6	542.9
Depreciation	98.8	329.4

5 CHANGES IN ESTIMATES

There were no significant changes of estimates in the current quarter. The Company continued to adopt the accelerated depreciation policy described last financial year. The Company also has reclassified the trade receivables due from certain subsidiaries to long term receivables. In accordance with MASB 6, the exchange differences arising from the translation were charged directly to equity.

6 CHANGES IN EQUITY AND LONG TERM DEBTS

	<u>Current quarter</u> RM'000	<u>Current year to date</u> RM'000
Repayment of long term loan are as follows:		
Secured	-	(306,975)
Hire purchase & finance lease	-	(145)
Unsecured	-	(50,329)

Issue of new long term loan are as follow:

Secured	-	277,500
Hire purchase & finance lease	14	14

The new term loan was obtained by an overseas subsidiary, denominated in Pounds Sterling and secured against the parent's cash deposit in a bank in Malaysia (Note 26).

7 DIVIDENDS

a) Dividend paid

Interim Dividend

An interim tax exempt dividend of 5.0 sen (2003: 8.0 sen paid on 17 January 2003) per share in respect of the current financial year ended 31 March 2004 was paid on 16 January 2004 to shareholders on the Register of Members and Record of Depositors at the close of business on 19 December 2003.

b) Dividend proposed or declared

No dividend is declared or proposed in this quarter.

c) Total dividend

The total dividend declared and paid in respect of financial year ended 31 March 2004 is 5.0 sen per share.

8 SEGMENTAL INFORMATION

Analysis of the Group's revenue and results by geographical locations are as follows:

	<u>Current year to date</u>			
	<u>Malaysia</u> RM Million	<u>Other countries</u> RM Million	<u>Eliminations</u> RM Million	<u>Consolidated</u> RM Million
<u>Revenue</u>				
External Sales	5,664.1	806.2	-	6,470.3
Inter-segment sales	154.7	372.2	(526.9)	-
Total Revenue	<u>5,818.8</u>	<u>1,178.4</u>	<u>(526.9)</u>	<u>6,470.3</u>

8 SEGMENTAL INFORMATION (Continued)

Result

Segment operating profit	367.8	30.1	39.9	437.8
Unallocated income				38.4
Interest expense				(37.1)
Interest income				107.5
Share of net profits of associated companies & jointly controlled entities	4.3	26.2		30.5
Income taxes of Company & subsidiary companies				(56.0)
Net profit after tax				<u>521.1</u>

9 PROPERTY, PLANT & EQUIPMENT

There is no change on the revaluation of property, plant and equipment since the previous annual financial statements.

10 CHANGES IN THE COMPOSITION OF THE GROUP

The joint venture agreement between Proton Edar Sdn. Bhd. a wholly owned subsidiary and Bumiputra-Commerce Finance Berhad has become unconditional on 20 February 2004. The joint venture entity, Proton Commerce Sdn. Bhd. had commenced its operation in March 2004. Other change in the composition of the Group is disclosed in Note 25.

11 SUBSEQUENT EVENTS

Except as disclosed in Note 25, there is no material subsequent event since the end of last quarter to the date of issue of this quarterly report.

12 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There is no material change in contingent liabilities and assets since the last annual financial statements to the date of issue of this quarterly report.

13 PERFORMANCE REVIEW

The Group recorded profit before tax of RM 592.0 million on a Group revenue of RM 6.5 billion for the current financial year as compared to RM 1,360.0 million profit before tax and RM 9.3 billion revenue in the last corresponding year. The lower profit of 56% was mainly due to the lower sales by 30%.

At the Company level, sales fell by 29.4% from 216,083 units in the previous corresponding year to 152,648 units in the current period due to weaker domestic demand and intense competition.

The contribution of Proton Edar Sdn. Bhd., a principal subsidiary of Proton was lower compared to the previous corresponding year mainly due to higher incentive given to boost sales and lower optional accessories sales. Another principal subsidiary, Lotus Group International recorded a small profit in this financial year.

14 QUARTERLY RESULTS COMPARISON

The Group recorded a profit before tax of 227.5 million in the current quarter as compared to a loss before tax RM 51.5 million in the previous quarter. The profit was mainly due to higher revenue of 7% and lower research and development cost.

15 PROSPECTS FOR THE NEXT FINANCIAL YEAR

Demand for the domestic market has started to increase based on orders received from our distributor. The higher demand and the launch of new models are expected to have a positive impact on the performance of the Group.

16 VARIANCE OF ACTUAL AND FORECAST PROFIT

The Company did not issue any profit forecast or profit guarantee during the year.

17 TAXATION

	<u>Current quarter</u> RM'000	<u>Current year to date</u> RM'000
Current taxation		
Arising in Malaysia	9,056	75,294
Arising outside Malaysia	(1,196)	530
	<u>7,860</u>	<u>75,824</u>
Deferred tax	18,621	(19,847)
Share of taxation in associated & jointly controlled companies	7,204	14,940
	<u>33,685</u>	<u>70,917</u>
Effective tax rate	15%	12%

Lower effective tax rate for the current quarter and current year to date is due to utilisation of tax incentives. The incentives comprise of claims for double deduction on research and development expenditure and promotion of exports.

18 SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

There was no disposal of unquoted investments in the current period.

Details of the profit from the disposal of properties are as follows:

	<u>Current quarter</u> RM'000	<u>Current year to date</u> RM'000
Properties owned by Proton Cars (UK) Ltd	4,503	45,721
Properties owned by Proton Properties Sdn. Bhd	-	1,079

19 QUOTED SECURITIES

a) Total purchases and disposals of quoted securities for the current quarter and year to date are as follows:

	<u>Current quarter</u> RM'000	<u>Current year to date</u> RM'000
Total purchases	23,899	122,955
Total disposals	26,725	125,201
Total gain on disposal	4,062	12,388

b) As at 31 March 2004, the Group's quoted securities are as follows:

	<u>RM'000</u>
At cost	181,980
At carrying value	181,980
At market value	196,075

20 GROUP BORROWINGS AND DEBT SECURITIES

The Group borrowings as at 31 March 2004 are as follows:

	<u>Total</u> RM'000	<u>Amount denominated in foreign</u> <u>currencies included in the borrowings</u>	
		SGD'000	£'000
Long Term Liabilities:			
Unsecured:			
Long term loans	222,268		
Portion repayable within twelve months	(52,342)		
	<u>169,926</u>		
Secured:			
Long term loans	277,500		40,000
Portion repayable within twelve months	-		-
	<u>277,500</u>		<u>40,000</u>
Secured:			
Leasing & Hire purchase creditors	14	6	
Portion repayable within twelve months	(10)	(4)	
	<u>4</u>	<u>2</u>	
	<u>447,430</u>	<u>2</u>	<u>40,000</u>
Short Term Liabilities:			
Unsecured:			
Current portion of long term loans	52,342		
Short term loans	228		
Bank overdrafts	120,564		17,379
	<u>173,134</u>		<u>17,379</u>
	<u>620,564</u>	<u>2</u>	<u>57,379</u>

21 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As at 20 May 2004, being the latest practicable date, the outstanding notional principal amount of the Group off balance sheet financial instruments as follows:

	<u>Total</u> RM'000	<u>Maturity</u>		
		<u>Less than</u> <u>6 months</u> RM'000	<u>6 months</u> <u>to 1 year</u> RM'000	<u>More than</u> <u>1 year</u> RM'000
Foreign exchange contracts	999,542	998,632	910	-

The Group enters into forward foreign exchange contracts as a hedge against anticipated foreign currency accounts payable and receivable. The contract exchange rates are used on the settlement of the payables and receivables. The net position to the Group as at 20 May 2004 is unfavourable by approximately RM34,062,000.

The contracts are executed with creditworthy financial institutions. The Directors are of the view that the possibility of non-performance by these financial institutions is remote on the basis of their respective financial strength.

22 CHANGES IN MATERIAL LITIGATION

There was no new material litigation in the period under review.

23 EARNINGS PER SHARE

	<u>Current quarter</u>	<u>Current year to date</u>
<u>Basic EPS</u>		
Net profit attributable to shareholders (RM'000)	191,549	510,071
Weighted average no of shares ('000)	549,213	549,213
Basic EPS (sen)	34.9	92.9

Fully diluted EPS

The Employees' Share Options Scheme, the only options that may have a potential dilution effect expired on 10 March 2003. Therefore, no fully diluted EPS is applicable at 31 March 2004.

24 CAPITAL COMMITMENTS

Capital commitment for property, plant and equipment not provided for in the financial statements as at 31 March 2004 is as follows:

	RM Million
Authorised by Directors and contracted	653.6
Authorised by Directors and not contracted	4,580.6
	<u>5,234.2</u>

25 STATUS OF CORPORATE PROPOSAL

Pursuant to the Corporate Reorganisation exercise announced on May 27, 2003, Proton Holdings Berhad has on April 16, 2004, assumed the listing status of Perusahaan Otomobil Nasional Berhad on the Main Board of the Bursa Malaysia Securities Berhad.

26 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of:

	RM Million
Bank and cash balances	2,989.2
Overdraft	(120.5)
Restricted cash (Note 6)	(308.9)
	<u>2,559.8</u>

BY ORDER OF THE BOARD

YEAP KOK LEONG
COMPANY SECRETARY

25 May 2004
Shah Alam