

PROTON HOLDINGS BERHAD
UNAUDITED FINANCIAL RESULTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2004

The Board of Directors are pleased to announce the financial results of the Group for the first quarter ended 30 June 2004.

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PROTON HOLDINGS BERHAD

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2004

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	<u>Current quarter</u>	<u>Preceding year corresponding quarter</u>	<u>Current year to date</u>	<u>Unaudited Preceding year corresponding period</u>
	<u>30.06.2004</u>	<u>30.06.2003</u>	<u>30.06.2004</u>	<u>30.06.2003</u>
	RM'000	RM'000	RM'000	RM'000
Revenue	1,959,379	1,943,888	1,959,379	1,943,888
Operating expenses	(1,775,547)	(1,814,413)	(1,775,547)	(1,814,413)
Other operating income	23,891	59,431	23,891	59,431
Profit from operations	207,723	188,906	207,723	188,906
Finance cost	(8,237)	(10,204)	(8,237)	(10,204)
Share of results of associated and jointly controlled entities	6,278	8,606	6,278	8,606
Profit before taxation	205,764	187,308	205,764	187,308
Taxation	(33,294)	(25,250)	(33,294)	(25,250)
Profit after taxation	172,470	162,058	172,470	162,058
Minority interest	(6,003)	(3,942)	(6,003)	(3,942)
Net profit attributable to shareholders	<u>166,467</u>	<u>158,116</u>	<u>166,467</u>	<u>158,116</u>
Earnings per share				
- basic	30.3 sen	28.8 sen	30.3 sen	28.8 sen
- diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31st March 2004.

PROTON HOLDINGS BERHAD

CONDENSED CONSOLIDATED BALANCE SHEETS

	Unaudited as at <u>30.06.2004</u> RM'000	Audited as at <u>31.03.2004</u> RM'000
CURRENT ASSETS		
Inventories	846,122	821,925
Trade and other receivables	1,142,443	944,554
Short term investments	182,057	181,980
Deposits, bank and cash balances	3,420,114	2,989,220
	<u>5,590,736</u>	<u>4,937,679</u>
CURRENT LIABILITIES		
Trade and other payables	1,677,459	1,521,996
Provisions	245,913	240,230
Taxation	148,003	143,383
Short term borrowings	649,356	173,134
	<u>2,720,731</u>	<u>2,078,743</u>
NET CURRENT ASSETS	2,870,005	2,858,936
NON CURRENT ASSETS		
Property, plant and equipment	2,976,387	2,940,315
Associated & jointly controlled companies	302,929	198,225
Other long term investments	6,276	6,276
Deferred tax assets	47,114	47,252
	<u>3,332,706</u>	<u>3,192,068</u>
NON CURRENT LIABILITIES		
Long term liabilities	434,540	447,430
Deferred taxation	1,023	1,023
	<u>435,563</u>	<u>448,453</u>
	<u>5,767,148</u>	<u>5,602,551</u>
FINANCED BY:		
Share capital	549,213	549,213
Reserves	5,147,375	4,988,774
Shareholders' funds	5,696,588	5,537,987
Minority interests	70,560	64,564
	<u>5,767,148</u>	<u>5,602,551</u>
Net Tangible Assets per share (RM)	<u>10.37</u>	<u>10.08</u>

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31st March 2004.

PROTON HOLDINGS BERHAD

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 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 2003	549,213	475,617	(413,389)	4,525,680	5,137,121
Currency translations			(6,942)		(6,942)
Net profit attributable to shareholders				158,116	158,116
At 30 June 2003	<u>549,213</u>	<u>475,617</u>	<u>(420,331)</u>	<u>4,683,796</u>	<u>5,288,295</u>
At 1 April 2004	549,213	475,617	(429,228)	4,942,385	5,537,987
Currency translations			(7,866)		(7,866)
Net profit attributable to shareholders				166,467	166,467
At 30 June 2004	<u>549,213</u>	<u>475,617</u>	<u>(437,094)</u>	<u>5,108,852</u>	<u>5,696,588</u>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st March 2004.

PROTON HOLDINGS BERHAD

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2004

	Note	Current year to date 30.06.2004	Preceding year to date 30.06.2003
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		205,764	187,308
Adjustments for:			
Depreciation		78,248	78,023
Interest expense		8,237	10,204
Interest Income		(16,620)	(28,473)
Share of profits of associated and joint venture companies		(6,278)	(8,606)
Realised gain on investments		(1,330)	(146)
Allowance for/(Write back) of diminution in short term investments		4,479	(15,914)
Other non-cash & non operating items		11,435	3,015
Operating profit before changes in working capital		283,935	225,411
Changes in working capital:			
Net change in current assets		(254,212)	(118,986)
Net change in current liabilities		153,575	(65,889)
Cash generated from operations		183,298	40,536
Taxation paid		(12,880)	(81,638)
Net interest received		13,482	11,466
Net cash flow from/(used in) operating activities		183,900	(29,636)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net outflow from equity investments		(103,226)	(7,786)
Net outflow from other capital investments		(114,915)	(324,099)
Net cash flow used in investing activities		(218,141)	(331,885)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net inflow from bank borrowings		440,625	190,896
Net outflow from term loans		(9,778)	(28,598)
Net cash flow generated from financing activities		430,847	162,298
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		396,606	(199,223)
EXCHANGE RATE EFFECTS		(918)	3,542
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR		2,559,776	3,719,613
CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER	26	2,955,464	3,523,932

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31st March 2004

PROTON HOLDINGS BERHAD

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2004

1 ACCOUNTING POLICIES

The Quarterly Consolidated Financial Statements have been prepared in accordance with MASB 26 Interim Financial Reporting and the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's financial statements for the year ended 31 March 2004. 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 2004 except for the new relevant approved accounting standards issued by MASB which become operative for the financial year ended 31 March 2005. (MASB 31 to MASB 32). There were no effect on the adoption of the new standards to the financial statements.

2 STATUS OF AUDIT QUALIFICATION

The preceding audited annual financial statements 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 30 June 2004.

4 INDIVIDUALLY SIGNIFICANT ITEMS

The individually significant item for the quarter ended 30 June 2004 is as follows:

	Current quarter and current year <u>to date</u>
	RM Million
Additional investment in jointly controlled entity	100.0
R&D expenditure	117.7
Depreciation	78.3

5 CHANGES IN ESTIMATES

There were no changes in estimates that have a material effect in the current quarter

6 CHANGES IN EQUITY AND LONG TERM DEBTS

	Current quarter and current year <u>to date</u> RM'000
Repayment of long term loan as follows:	
Unsecured	(9,778)

There are no new issues of equity or long term borrowings in the current quarter.

7 DIVIDENDS

a) Dividend paid

Final Dividend

No final dividend was paid in the current quarter.

Interim Dividend

No interim dividend was paid in the current quarter

b) Dividend proposed or declared

An interim tax exempt dividend of 15.0 sen (2004: 5.0 sen was paid on 16 January 2004 by Perusahaan Otomobil Nasional Bhd) per share in respect of the current financial year ending 31 March 2005 is declared. The dividend is payable on 28 October 2004 to shareholders on Register of Members and Record of Depositors at the close of business on 8 October 2004.

c) Total dividend

The total dividend declared to-date in respect of financial year ending 31 March 2005 is 15.0 sen per share.

8 SEGMENTAL INFORMATION

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

	Current year to date			
	<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	1,730.4	229.0	-	1,959.4
Inter-segment sales	15.2	87.2	(102.4)	-
Total Revenue	<u>1,745.6</u>	<u>316.2</u>	<u>(102.4)</u>	<u>1,959.4</u>
<u>Result</u>				
Segment operating profit	182.5	(10.5)	19.9	191.9
Unallocated expense				(1.1)
Interest expense				(8.2)
Interest income				16.9
Share of net profits of associated companies & jointly controlled entities	1.7	3.6		5.3
Income taxes of Company & subsidiary companies				<u>(32.3)</u>
Net profit after tax				<u>172.5</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

Pursuant to the Corporate Reorganisation exercise announced on 27 May 2003, Proton Holdings Berhad has on 5 April 2004, became the holding company of Perusahaan Otomobil Nasional Sdn. Bhd (formerly Perusahaan Otomobil Nasional Berhad). Proton Holdings Berhad also has assumed the listing status of Perusahaan Otomobil Nasional Sdn. Bhd. on 16 April 2004 on the Main Board of Bursa Malaysia Berhad.

11 SUBSEQUENT EVENTS

On 5 July 2004, Perusahaan Otomobil Nasional Sdn. Bhd., a wholly owned subsidiary of PROTON Holdings Berhad subscribed for 51% of the issued and paid up capital of a new subsidiary, PT PROTON Tracoma Motors, a company incorporated in Indonesia for the amount of USD1.274 million.

On 7 July 2004, PROTON Capital Sdn. Bhd., a wholly owned subsidiary of PROTON Holdings Berhad entered into an investment agreement for the subscription of 55% equity in MV Augusta Motor S.p.A. for a sum of EUR 70 million. The investment is subject to certain regulatory and other approvals.

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

At the Group level, operating profit before tax was RM 205.8 million compared to RM 187.3 million for the corresponding quarter last year. The higher profit was mainly due to a lower Research & Development expenditure.

The results of Perusahaan Otomobil Nasional Sdn Bhd, a principal subsidiary declined due to a slight reduction in sales from 47,726 units in the previous corresponding quarter to 46,808 units in the current quarter.

The contribution from Proton Edar Sdn. Bhd., another principal subsidiary of the group was higher in the current quarter due to improved sales.

14 QUARTERLY RESULTS COMPARISON

The Group recorded a profit before tax of RM205.8 million in the current quarter as compared to RM 227.5 million in the previous quarter. Although sales were higher at 49,743 units compared to 35,046 units in the last quarter, the profit was lower due to higher Research & Development expenditure.

15 PROSPECTS FOR THE REST OF THE FINANCIAL YEAR

According to the Malaysian Automotive Association forecast, the domestic passenger car market is expected to grow by 7% in 2004. This is also reflected in the higher sales of Proton cars of 42,907 units in the first quarter of the current financial year.

The improved demand is 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	Current quarter and current year <u>to date</u>
		RM'000
	Current taxation	
	Arising in Malaysia	31,594
	Arising outside Malaysia	537
		<hr/>
		32,131
	Deferred tax	138
	Share of taxation in associated & jointly controlled companies	1,025
		<hr/>
		33,294
		<hr/> <hr/>
	Effective tax rate	16%

Lower effective tax rate for the current quarter is mainly due to claims for double deduction on research and development expenditure and promotion of exports.

18 SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

Total profit from disposals of unquoted securities for the current quarter and year to date are as follows:

	Current quarter and current year <u>to date</u>
	RM'000
Short term investments	5

19 QUOTED SECURITIES

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

	Current quarter and current year <u>to date</u>
	RM'000
Total purchases	9,862
Total disposals	7,802
Total gain on disposal	1,325

b) As at 30 June 2004, the Group's quoted securities are as follows:

	RM'000
At cost	99,104
At carrying value	94,625
At market value	94,625

20 GROUP BORROWINGS AND DEBT SECURITIES

The Group borrowings as at 30 June 2004 are as follows:

	Total RM'000	Amount denominated in foreign currencies included in the borrowings	
		SGD'000	£'000
Long Term Liabilities:			
Unsecured:			
Long term loans	212,490		
Portion repayable within twelve months	(52,733)		
	<u>159,757</u>		
Secured:			
Long term loans	274,780		40,000
Portion repayable within twelve months	-		-
	<u>274,780</u>		<u>40,000</u>
Secured:			
Leasing & Hire purchase creditors	13	6	
Portion repayable within twelve months	(10)	(5)	
	<u>3</u>	<u>1</u>	
	<u>434,540</u>	<u>1</u>	<u>40,000</u>
Short Term Liabilities:			
Unsecured:			
Current portion of long term loans	52,733		
Short term loans	440,853		
Bank overdrafts	155,770		22,676
	<u>649,356</u>		<u>22,676</u>
	<u>1,083,896</u>	<u>1</u>	<u>62,676</u>

21 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

	RM'000
Foreign exchange contracts	480,810

All contracts mature within 6 months

The Group enters into forward foreign exchange contracts as a hedge against anticipated foreign currency accounts payable and receivable. The contract exchange rates were used on the settlement of the payables and receivables. The net position to the Group as at 20 August 2004 is unfavourable by approximately RM 496,000.

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 quarter under review.

23 EARNINGS PER SHARE

Current quarter
and current year
to date

Basic EPS

Net profit attributable to shareholders (RM'000)	166,467
Weighted average no of shares ('000)	549,213
Basic EPS (sen)	30.3

Fully diluted EPS

No fully diluted EPS is applicable at 30 June 2004.

24 CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment not provided for in the financial statements as at 30 June 2004 is as follows:

	RM Million
Authorised by Directors and contracted	901.1
Authorised by Directors and not contracted	4,783.7
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	5,684.8
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25 STATUS OF CORPORATE PROPOSAL

There is no change to the status of corporate proposal since the last quarterly report.

26 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of quarter comprises of:

	RM Million
Deposits, bank and cash balances	3,420.1
Bank overdrafts	(155.7)
Fixed deposit pledges as securities	(308.9)
	<hr/>
	2,955.5
	<hr/> <hr/>

BY ORDER OF THE BOARD

YEAP KOK LEONG
COMPANY SECRETARY

26 August 2004
Shah Alam