



**PROTON HOLDINGS BERHAD (623177-A)**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2008**

**PROTON HOLDINGS BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE QUARTER ENDED 31 DECEMBER 2008**

	Individual Period		Cumulative Period	
	31.12.08 RM'000	31.12.07 RM'000	31.12.08 RM'000	31.12.07 RM'000
Revenue	1,537,271	1,454,945	5,084,592	3,904,176
Operating expenses	(1,634,207)	(1,468,250)	(5,168,688)	(4,027,245)
Other operating income	38,253	22,267	135,696	92,377
<b>(Loss)/Profit before finance cost</b>	<b>(58,683)</b>	<b>8,962</b>	<b>51,600</b>	<b>(30,692)</b>
Finance cost	(3,108)	(5,346)	(10,930)	(13,638)
Share of results of associated and jointly controlled entities (net of tax)	846	7,414	13,693	13,463
<b>(Loss)/Profit before taxation</b>	<b>(60,945)</b>	<b>11,030</b>	<b>54,363</b>	<b>(30,867)</b>
Taxation	(13,729)	(701)	(33,200)	(2,052)
<b>(Loss)/Profit for the period</b>	<b>(74,674)</b>	<b>10,329</b>	<b>21,163</b>	<b>(32,919)</b>
Attributable to:				
Equity holders of the Company	(74,674)	10,329	21,163	(32,919)
Minority interest	-	-	-	-
	<b>(74,674)</b>	<b>10,329</b>	<b>21,163</b>	<b>(32,919)</b>
<b>(Loss)/Earnings per share attributable to equity holders of the Company (sen):</b>				
Basic (sen)	(13.6)	1.9	3.9	(6.0)
Diluted (sen)	N/A	N/A	N/A	N/A

The unaudited condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.

**PROTON HOLDINGS BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**  
**AS AT 31 DECEMBER 2008**

	Unaudited as at 31.12.08 RM'000	Audited as at 31.03.08 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	3,065,828	3,150,446
Prepaid land lease payments	-	24,031
Goodwill	29,008	29,008
Intangible assets	360,078	275,192
Associated companies and jointly controlled entities	342,723	358,190
Non-current investments	10,397	10,397
<b>Total Non-Current Assets</b>	<b>3,808,034</b>	<b>3,847,264</b>
<b>Current Assets</b>		
Inventories	1,391,344	1,100,286
Trade and other receivables	776,236	984,487
Tax recoverable	94,814	114,479
Investments	15,450	20,822
Cash, bank balances and deposits	1,172,760	1,226,010
<b>Total Current Assets</b>	<b>3,450,604</b>	<b>3,446,084</b>
Non-current assets held for disposal	45,179	-
<b>TOTAL ASSETS</b>	<b>7,303,817</b>	<b>7,293,348</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Company</b>		
Share capital	549,213	549,213
Reserves	4,838,720	4,872,043
<b>Total Equity</b>	<b>5,387,933</b>	<b>5,421,256</b>
<b>Non-current Liabilities</b>		
Long term borrowings	55,253	130,884
Other non-current liabilities	83,510	99,589
Deferred tax liabilities	7,426	2,439
<b>Total Non-Current Liabilities</b>	<b>146,189</b>	<b>232,912</b>
<b>Current Liabilities</b>		
Trade and other payables	1,316,223	1,337,462
Provisions	182,109	186,556
Taxation	10,502	1,556
Dividend payable	20,595	-
Short term borrowings	240,266	113,606
<b>Total Current Liabilities</b>	<b>1,769,695</b>	<b>1,639,180</b>
<b>Total Liabilities</b>	<b>1,915,884</b>	<b>1,872,092</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,303,817</b>	<b>7,293,348</b>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>	<b>9.81</b>	<b>9.87</b>

The unaudited condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the financial year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.

**PROTON HOLDINGS BERHAD  
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31 DECEMBER 2008**

	Share capital RM'000	Capital reserve RM'000	Fair value of interest in a previously held piecemeal acquisition RM'000	Foreign exchange reserves RM'000	Retained profits RM '000	Total equity RM'000
<b>At 1 April 2007</b>	<b>549,213</b>	<b>475,617</b>	<b>-</b>	<b>(85,952)</b>	<b>4,291,710</b>	<b>5,230,588</b>
Net expense recognised directly into equity	-	-	-	922	-	922
- foreign exchange difference in translating foreign operations	-	-	-	-	(32,919)	(32,919)
Loss for the period	-	-	-	-	-	-
Total recognised income and expense for the period	-	-	-	922	(32,919)	(31,997)
<b>At 31 December 2007</b>	<b>549,213</b>	<b>475,617</b>	<b>-</b>	<b>(85,030)</b>	<b>4,258,791</b>	<b>5,198,591</b>
<b>At 1 April 2008</b>	<b>549,213</b>	<b>475,617</b>	<b>2,362</b>	<b>(82,197)</b>	<b>4,476,261</b>	<b>5,421,256</b>
Net income recognised directly into equity	-	-	-	(33,891)	-	(33,891)
- foreign exchange difference in translating foreign operations	-	-	-	-	21,163	21,163
Profit for the period	-	-	-	-	-	-
Total recognised income and expense for the period	-	-	-	(33,891)	21,163	(12,728)
Dividend payable	-	-	-	-	(20,595)	(20,595)
<b>At 31 December 2008</b>	<b>549,213</b>	<b>475,617</b>	<b>2,362</b>	<b>(116,088)</b>	<b>4,476,829</b>	<b>5,387,933</b>

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.

**PROTON HOLDINGS BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**  
**FOR THE QUARTER ENDED 31 DECEMBER 2008**

	<b>9 months ended</b> <b>31.12.08</b> <b>RM'000</b>	<b>9 months ended</b> <b>31.12.07</b> <b>RM'000</b>
CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	265,297	434,077
CASH FLOWS USED IN INVESTING ACTIVITIES	(386,354)	(345,226)
CASH FLOWS GENERATED FROM FINANCING ACTIVITIES	124,856	362,944
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>3,799</u>	<u>451,795</u>
EXCHANGE RATE EFFECTS	(19,340)	275
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	1,173,939	471,464
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	<u><u>1,158,398</u></u>	<u><u>923,534</u></u>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash, bank balances and deposits	1,172,760	984,971
Bank overdrafts	-	(16,607)
Restricted cash received under Automotive Development Fund	<u>(14,362)</u>	<u>(44,830)</u>
	<u><u>1,158,398</u></u>	<u><u>923,534</u></u>

The unaudited condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.

## PROTON HOLDINGS BERHAD

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2008

#### 1. BASIS OF PREPARATION

The Quarterly Consolidated Financial Statements are unaudited and have been prepared in accordance with Financial Reporting Standard ("FRS") 134: Interim Financial Reporting and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

The Quarterly Consolidated Financial Statements should be read in conjunction with the Group's annual financial statements for the financial year ended 31 March 2008. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the changes in the financial position and performance of the Group since the financial year ended 31 March 2008.

#### 2. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2008 except for the adoption of the following revised Financial Reporting Standards ("FRS") and Issues Committee Interpretations ("IC Interpretation") that are effective for the Group's financial statement commencing 1 April 2008:

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	The Effects of Changes in Foreign Exchange Rates - Net Investment in Foreign Operation
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' s Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities Arising from Participating in Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 " Financial Reporting in Hyperinflationary Economies"
IC Interpretation 8	Scope of FRS 2 - "Share-based Payment"

The adoption of the above FRSs and IC Interpretations does not have any significant financial impact to the Group.

#### 3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

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

#### 4. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The businesses of the Group were not materially affected by any seasonal or cyclical factors during the current financial quarter under review.

#### 5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current financial quarter under review.

## 6. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. In order to enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters.

There were no significant changes in estimates that have had a material effect in the current financial quarter under review.

## 7. SIGNIFICANT ITEMS

There were no significant items that have a material effect on the current quarter's results.

## 8. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayment of debts and equity securities during the current financial quarter.

## 9. DIVIDENDS

### (a) Dividend paid

The Directors approved an interim dividend of 5 sen (2007 : Nil) per ordinary share less tax at 25% in respect of the financial year ending 31 March 2009. The dividend was paid on 14 January 2009.

### (b) Dividend proposed and declared

There were no dividends proposed and declared during the current financial quarter.

## 10. SEGMENTAL REPORTING

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

	<u>Financial period ended 31.12.2008</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>				
Third Party sales	4,433.7	650.9	-	5,084.6
Inter-segment sales	86.8	26.3	(78.3)	-
Total revenue	<u>4,520.5</u>	<u>677.2</u>	<u>(78.3)</u>	<u>5,084.6</u>
<u>Results</u>				
Segment operating profit/(loss)	62.5	(33.3)	-	29.2
Interest expense				(10.9)
Interest income				22.4
Share of results of associated companies and jointly controlled entities (net of tax)	9.6	4.6	(0.5)	13.7
Income taxes of Company and its subsidiary companies				<u>(33.2)</u>
Net profit after tax				<u>21.1</u>

Included in third party sales from Malaysia are export sales of RM128.6 million during the current financial period under review.

## 11. PROPERTY, PLANT & EQUIPMENT

There are no changes to the valuation of property, plant and equipment since the previous annual financial statements.

## **12. CHANGES IN THE COMPOSITION OF THE GROUP**

- a) Further to the announcement made on 31 March 2008 on the proposal to strike-off and liquidate through members' voluntary liquidation certain subsidiary companies of PROTON both locally and overseas, the status of liquidation process of the said companies is as follows:
- (i) Auto Compound and Distribution Centre Sdn Bhd ('ACDC') and Lotus Cars Asia Pacific Sdn Bhd ('Lotus Cars'), wholly owned subsidiaries of Proton Marketing Sdn Bhd ('PMSB') (which in turn is a wholly owned subsidiary of PROTON) have been dissolved on 22 October 2008. ACDC and Lotus Cars had not commenced operations since incorporation,
  - (ii) Proton Corporation Sdn Bhd, a wholly owned subsidiary of PMSB had been dissolved on 2 December 2008,
  - (iii) Smith and Sons Motors Limited and Proton Cars Direct Limited, wholly owned subsidiaries of Proton Cars (UK) Ltd and Proton Cars (Europe) Limited, a jointly controlled entity of PMSB had been dissolved on 12 January 2009, and
  - (iv) Proton Cars Benelux Limited ('Benelux'), a 99% owned subsidiary of PMSB has been placed under Members' Voluntary Liquidation on 2 February 2009. Benelux has not commenced operations since incorporation.

The strike-off and voluntary liquidation have no material impact on the results, balance sheet and cash flow of the Group.

Other than the above, there are no other changes in the composition of the Group in the quarter under review.

## **13. SUBSEQUENT EVENTS**

There are no significant subsequent events between the end of the current financial quarter and the date of this announcement that have not been reflected in the interim report.

## **14. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

As at the date of issue of this quarterly report, there were no material changes in contingent liabilities as disclosed in the Audited Financial Statements for the financial year ended 31 March 2008.

## **15. PERFORMANCE REVIEW**

The Group's profit before tax of RM54 million for the 9 months compares favourably to the deficit of RM31 million recorded in the corresponding period last year.

This improvement in profitability is substantially attributable to profits recorded in the first half of the financial year arising mainly from PROTON's increased domestic sales volume, better margins and lower discounts.

## **16. MATERIAL CHANGE IN THE RESULTS OF CURRENT QUARTER AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER**

The current quarter's performance is impacted by the financial and economic crisis which resulted in a contraction in the passenger car market by 23% compared to the immediate preceding quarter. PROTON's domestic sales volume declined by 15% compared to the immediate preceding quarter. Additionally, the higher foreign currency exchange rates, particularly the Japanese Yen and USD has resulted in increased raw material and component cost.

Arising from this, the Group recorded a loss before tax of RM61 million for the current quarter compared to the profit before tax of RM57 million recorded in the immediate preceding quarter.



## 17. COMMENTARY ON PROSPECTS

The Malaysian automotive industry is expected to face increasingly challenging conditions due to the ongoing global financial and economic crisis.

Although the total industry volume (TIV) for January to September 2008 grew by 20% compared to the corresponding period last year, car sales for the final quarter declined by 23% compared to the previous quarter. This trend is expected to continue into calendar year 2009 reflecting slower economic growth and unfavourable consumer sentiment.

The financial crisis and its impact on the global car market and appreciation in foreign currency rates would continue to impact the Group's profitability.

To face these challenges, the Group will intensify its efforts to strengthen the distribution network and increase its domestic market share by investing in product refreshers and new models.

## 18. PROFIT FORECAST

The Group did not issue any profit forecast or profit guarantee in respect of the financial period under review.

## 19. INCOME TAX EXPENSE

	Current quarter	Current period to date
	RM'000	RM'000
<u>Taxation</u>		
Malaysia	13,158	28,430
Outside Malaysia	270	660
	<u>13,428</u>	<u>29,090</u>
<u>Deferred Tax</u>		
Malaysia	(475)	(303)
Outside Malaysia	776	4,413
	<u>13,729</u>	<u>33,200</u>
Effective tax rate	-22.5%	61.1%

The negative effective tax rate for the current quarter reflects principally tax suffered by certain subsidiaries on profits which could not be relieved by losses from other Group companies.

The higher effective tax rate for current year to date as compared with statutory tax rate is due to tax suffered by certain subsidiaries expressed as a percentage of the impaired Group profit.

## 20. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

(a) Total disposals of unquoted securities for the current financial quarter and financial period to date are as follows:

	Current quarter	Current period to date
	RM'000	RM'000
Total sales proceeds	1,222	4,439
Total profit/(loss) on disposal	<u>19</u>	<u>(44)</u>

(b) As at 31 December 2008, details of the Group's unquoted securities are as follows:

At cost	16,397
At carrying value / book value	<u>15,450</u>

(c) There was no disposal of properties and non-current investments outside the ordinary course of business for the current financial quarter and financial period to date.

## 21. SALE OF QUOTED SECURITIES

There was no disposal of quoted securities for the current financial quarter and financial period to date.

## 22. GROUP BORROWINGS AND DEBT SECURITIES

	As at 31.12.08 RM'000
<u>Long Term Borrowings:</u>	
Secured:	
Long term loans	55,253
<b>Total Long Term Borrowings</b>	<b>55,253</b>
<u>Short Term Borrowings:</u>	
Secured:	
Current portion of long term loans	10,046
Revolving credit	27,179
	<u>37,225</u>
Unsecured:	
Current portion of long term loans	47,879
Bridging loan	34,754
Bankers' acceptances and revolving credit	120,408
	<u>203,041</u>
	<u>240,266</u>
<b>Total Borrowings</b>	<b><u>295,519</u></b>

The currency profile of borrowings is as follows:

	As at 31.12.08 RM'000
<u>Functional Currency</u>	
Ringgit Malaysia	140,159
Pounds Sterling	155,360
<b>Total</b>	<b><u>295,519</u></b>

## 23. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As at 20 February 2009, being the latest practicable date prior to this announcement, the outstanding notional principal amount of the Group off-balance sheet financial instruments, representing foreign exchange contracts is as follows:

	<u>Less than 6</u> <u>months</u> RM'000	<u>Maturity</u> <u>6 months</u> <u>to 1 year</u> RM'000	<u>Total</u> RM'000
Foreign exchange contracts	<u>112,660</u>	<u>17,979</u>	<u>130,639</u>

The Group enters into forward foreign exchange contracts as a hedge against anticipated foreign currency accounts payables and receivables. The contracted exchange rates are used for the settlement of the related payables and receivables. The net position to the Group as at 20 February 2009 is unfavourable by approximately RM7.6 million.

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.

## 24. CHANGES IN MATERIAL LITIGATION

There are no changes in material litigation since the last announcement made.

**25. EARNINGS PER SHARE ("EPS")**

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue as at 31 December 2008.

	<u>Current quarter</u>	<u>Current period to date</u>
	RM'000	RM'000
<u>Earnings per share</u>		
Net (loss)/profit attributable to equity holders (RM'000)	(74,674)	21,163
Weighted average number of shares ('000)	549,213	549,213
(Loss)/Earnings per share (sen)	<u>(13.6)</u>	<u>3.9</u>

**Diluted EPS**

Diluted EPS is not applicable as at 31 December 2008 as there are no dilutive potential ordinary shares.

**26. CAPITAL COMMITMENTS**

Capital commitments for property, plant and equipment approved by the Board but not provided for in the financial statements as at 31 December 2008 are as follows:

	RM'million
Contracted for	272.8
Not contracted for	<u>2,282.7</u>

**27. STATUS OF CORPORATE PROPOSALS**

The Group does not have any corporate proposals announced but not completed at the date of this report.

**28. AUTHORISED FOR ISSUE**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 27 February 2009.

BY ORDER OF THE BOARD  
MOHD NIZAMUDDIN MOKHTAR  
COMPANY SECRETARY

Shah Alam, 27 February 2009