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

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2009

PROTON HOLDINGS BERHAD
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2009

	Individual Period		Cumulative Period	
	31.3.09 RM'000	**31.3.08 RM'000**	**31.3.09 RM'000**	**31.3.08 RM'000**
Revenue	1,401,978	1,717,418	6,486,570	5,621,594
Operating expenses	(1,587,837)	(1,781,739)	(6,756,525)	(5,808,984)
Provision for impairment of property, plant and equipment and inventory write-down	(360,317)	-	(360,317)	-
Other operating income	141,894	236,294	277,590	328,671
(Loss)/Profit before finance cost	**(404,282)**	**171,973**	**(352,682)**	**141,281**
Finance cost	(2,518)	(4,298)	(13,448)	(17,936)
Share of results of associated and jointly controlled entities (net of tax)	14,865	7,507	28,558	20,971
(Loss)/Profit before taxation	**(391,935)**	**175,182**	**(337,572)**	**144,316**
Taxation	50,435	42,288	17,235	40,235
(Loss)/Profit for the period	**(341,500)**	**217,470**	**(320,337)**	**184,551**
Attributable to:				
Equity holders of the Company	(341,500)	217,470	(320,337)	184,551
Minority interest	-	-	-	-
	(341,500)	**217,470**	**(320,337)**	**184,551**
(Loss)/Earnings per share attributable to equity holders of the Company (sen):				
Basic (sen)	(62.2)	39.6	(58.3)	33.6
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 MARCH 2009

	Unaudited as at 31.3.09 RM'000	Audited as at 31.03.08 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	2,806,309	3,150,446
Prepaid land lease payments	-	24,031
Goodwill	29,008	29,008
Intangible assets	452,470	275,192
Associated companies and jointly controlled entities	348,189	358,190
Deferred tax assets	5,728	-
Non-current investments	10,397	10,397
Total Non-Current Assets	**3,652,101**	**3,847,264**
Current Assets		
Inventories	1,395,004	1,100,286
Trade and other receivables	922,341	984,487
Tax recoverable	154,273	114,479
Investments	15,313	20,822
Cash, bank balances and deposits	913,850	1,226,010
Total Current Assets	**3,400,781**	**3,446,084**
Non-current assets held for disposal	36,412	-
TOTAL ASSETS	**7,089,294**	**7,293,348**
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	549,213	549,213
Reserves	4,532,951	4,872,043
Total Equity	**5,082,164**	**5,421,256**
Non-current Liabilities		
Long term borrowings	52,225	130,884
Other non-current liabilities	58,995	99,589
Deferred tax liabilities	12,243	2,439
Total Non-Current Liabilities	**123,463**	**232,912**
Current Liabilities		
Trade and other payables	1,363,427	1,337,462
Provisions	211,951	186,556
Taxation	2,250	1,556
Short term borrowings	306,039	113,606
Total Current Liabilities	**1,883,667**	**1,639,180**
Total Liabilities	**2,007,130**	**1,872,092**
TOTAL EQUITY AND LIABILITIES	**7,089,294**	**7,293,348**
Net assets per share attributable to equity holders of the Company (RM)	**9.25**	**9.87**

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 MARCH 2009

	Share capital RM'000	Capital reserve RM'000	Fair value of previously held interest in a piecemeal acquisition RM'000	Foreign exchange reserves RM'000	Retained profits RM '000	Total equity RM'000
At 1 April 2007	**549,213**	**475,617**	**-**	**(85,952)**	**4,291,710**	**5,230,588**
Net income recognised directly into equity						
- foreign exchange difference in translating foreign operations	-	-	-	3,755	-	3,755
Arising from business combination	-	-	2,362			2,362
Loss for the year	-	-	-	-	184,551	184,551
Total recognised income and expense for the year	-	-	2,362	3,755	184,551	190,668
At 31 March 2008	**549,213**	**475,617**	**2,362**	**(82,197)**	**4,476,261**	**5,421,256**
At 1 April 2008	**549,213**	**475,617**	**2,362**	**(82,197)**	**4,476,261**	**5,421,256**
Net income recognised directly into equity						
- foreign exchange difference in translating foreign operations	-	-	-	1,840	-	1,840
Profit for the year	-	-	-	-	(320,337)	(320,337)
Total recognised income and expense for the year	-	-	-	1,840	(320,337)	(318,497)
Dividend paid	-	-	-		(20,595)	(20,595)
At 31 March 2009	**549,213**	**475,617**	**2,362**	**(80,357)**	**4,135,329**	**5,082,164**

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 MARCH 2009

	12 months ended 31.3.09 RM'000	12 months ended 31.3.08 RM'000
CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	368,406	843,611
CASH FLOWS USED IN INVESTING ACTIVITIES	(771,274)	(433,802)
CASH FLOWS GENERATED FROM FINANCING ACTIVITIES	144,778	294,485
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(258,090)	704,294
EXCHANGE RATE EFFECTS	(16,378)	(1,819)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	1,173,939	471,464
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR	899,471	1,173,939
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash, bank balances and deposits	913,850	1,226,010
Bank overdrafts	-	(6,728)
Restricted cash received under Automotive Development Fund	(14,379)	(45,343)
	899,471	1,173,939

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 MARCH 2009

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 statements 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, other than as disclosed in Note 7.

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

The significant items for the current financial quarter under review are as follows:

	Note	Current quarter RM'million
Income Statement		
Research & Development ("R&D") grant	(a)	81
Provision for impairment of property, plant and equipment ("PPE") and inventory write-down relating to certain models	(b)	(360)

(a) The Government of Malaysia has set up the National Automotive Policy ("NAP") and one of the policy thrusts of NAP is to provide support and incentives based on sustainable economic contribution. The support will be in the form of access to the Industrial Adjustments Fund and Research and Development ("R&D") grant.

Perusahaan Otomobil Nasional Sdn Bhd, a wholly owned subsidiary company of PROTON, being a full fledged automotive manufacturer has complied with the requirements and applied for the facility provided for under NAP.

R&D grant amounting to RM62 million was approved on 30 March 2009, whilst the balance has been submitted for approval. This was awarded for expenditure incurred in respect of qualifying work done up to 31 March 2009.

(b) The softening of the automotive industry in the second half of the financial year has resulted in a contraction in the domestic and export markets. Arising from this, an impairment assessment was conducted by subsidiary companies.

The projections used for the impairment assessment of PPE reflect the subsidiary companies' expectation of the usage, revenue growth, operating costs and margins for each production plant based on past experience and current assessment of market share, expectation of market and industry growth. The impairment assessment indicates that the carrying values of PPE as well as the inventory specifically relating to certain models impacted by volume contraction may not be recoverable. Accordingly, an impairment of PPE and inventory write-down totalling RM360 million is provided.

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

An interim dividend of 5 sen (2007 : Nil) per ordinary share less tax at 25% in respect of the financial year ended 31 March 2009 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:

	Financial year ended 31.3.2009			
	Malaysia RM'million	Other countries RM'million	Eliminations RM'million	Consolidated RM'million
Revenue				
Third Party sales	5,689.6	797.0	-	6,486.6
Inter-segment sales	121.6	47.2	(168.8)	-
Total revenue	5,811.2	844.2	(168.8)	6,486.6
Results				
Segment operating profit/(loss)	80.8	(102.3)	-	(21.5)
Interest expense				(13.4)
Interest income				29.0
Share of results of associated companies and jointly controlled entities (net of tax)	19.6	5.3	3.7	28.6
Provision for impairment of PPE and inventory write-down relating to certain models				(360.3)
Income taxes of Company and its subsidiary companies				17.2
Net loss after tax				(320.4)

Included in third party sales from Malaysia are export sales of RM317.3 million during the current financial year 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) On 2 February 2009, Proton Holdings Berhad ("PROTON") announced the liquidation of Proton Cars Benelux Limited, a 99% owned subsidiary of Proton Marketing Sdn Bhd, a wholly owned subsidiary of PROTON, through Members' Voluntary Liquidation. Proton Cars Benelux Limited has not commenced operations since its incorporation on 30 October 1998.

The liquidation is not expected to have a material impact on the share capital, shareholdings of the substantial shareholders of PROTON as well as the net assets per share and gearing of the PROTON Group for the financial year ended 31 March 2009.

b) On 6 March 2009, PROTON announced the liquidation of the following entities through Members' Voluntary Liquidation:

(i) Proton Edar Ventures Sdn Bhd, wholly owned subsidiary of Proton Edar Sdn Bhd ('PESB'), which in turn, is a wholly owned subsidiary of Proton Marketing Sdn Bhd ('PMSB'), which in turn, is a wholly owned subsidiary of PROTON;

(ii) Proton Edar Resources Sdn Bhd, wholly owned subsidiary of PESB, which in turn is a wholly owned subsidiary of PMSB, which in turn is a wholly owned subsidiary of PROTON; and

(iii) Proton Capital Sdn Bhd, a wholly owned subsidiary of PROTON.

The above subsidiaries have ceased operations and hence the liquidation is not expected to have a material impact on the share capital, shareholdings of the substantial shareholders of PROTON as well as, the net assets per share and gearing for the PROTON Group financial year ended 31 March 2009.

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

13. SUBSEQUENT EVENTS

On 8 May 2009, PROTON announced that its wholly owned subsidiary, PESB signed a Master Dealership Agreement with Edaran Otomobil Nasional Berhad ("EON"), for the purpose of rationalising the sales and distribution network between PESB and EON with the objective of improving, developing and strengthening the Distribution and Service Dealer Network as well as, allowing parties to rationalise and achieve the cost reduction objectives ("Proposed Rationalisation").

Under the terms of the Agreement, PESB agrees to appoint EON as a sales and service dealer for PESB on a non-exclusive basis, inclusive of the following:

(a) the right to undertake the promotion and sale of PROTON marque vehicles and as a sales, service and spare parts ("3S") dealer; and

(b) the right to carry out maintenance and repair services for PROTON vehicles; and

(c) any other conditions which may be imposed by PROTON from time to time.

The appointment is for a period of five (5) years commencing 1 July 2009.

The Proposed Rationalisation is not expected to have any material impact on the share capital, shareholdings of the substantial shareholders of PROTON and the net assets per share and gearing of the PROTON Group for the financial year ending 31 March 2010.

Other than the above, there are no other 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 softening of the automotive industry arising from the global financial crisis has adversely affected the performance of the Group for the second half of the financial year.

Arising from this, an impairment assessment was conducted by certain subsidiary companies. The projections used for the impairment assessment reflect the subsidiary companies' expectation of revenue growth, operating costs and margins based on past experience and current assessment of the market share, expectation of market and industry growth. The impairment assessment indicates that the recoverable amounts of PPE and inventory relating to certain models impacted by volume contraction are below their carrying values. Accordingly, an impairment of PPE as well as, inventory write-down totalling RM360 million has been included in the loss before tax of RM338 million for the year which compares unfavourably to the profit of RM144 million recorded in the corresponding period last year.

In addition, the results of the second half of the financial year has been adversely affected by the accelerated amortisation of certain dies and jigs and increased component and raw material costs arising from higher foreign currency exchange rates, particularly, the Japanese Yen and the USD.

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

The Group registered a loss before tax of RM392 million for the current quarter compared to the loss of RM61 million recorded in the immediate preceding quarter. The substantial increase in loss is mainly due to provision for impairment of PPE and inventory write-down relating to certain models impacted by volume contraction totalling RM360 million and to a lesser extent, lower domestic sales volume.

17. COMMENTARY ON PROSPECTS

The global automotive industry for 2009 is expected to be adversely affected as evidenced by the decline in the domestic and international car sales in the first quarter of 2009. This trend is expected to prevail in calendar year 2009 and intense competition from other marques is expected to impact sales volume and margins.

In response to the challenging business environment, the Group has taken several initiatives to increase its sales volume through the rationalisation of the distribution network as well as, investments in refreshers and new models, including the new MPV.

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
Taxation			
Malaysia	- (over)/provision	(7,137)	21,297
	- over provision in respect of prior years	(42,629)	(42,629)
Outside Malaysia		(881)	(221)
		(50,647)	(21,553)
Deferred Tax			
Malaysia		(11)	(314)
Outside Malaysia		223	4,632
		(50,435)	(17,235)
Effective tax rate		12.9%	5.1%

The negative tax charge for the current quarter is mainly due to the write back of tax over provided by a subsidiary following settlement of the tax disputes on treatment of certain items.

The negative tax charge for the current year to date is mainly due to the above write back reduced by tax suffered and provision for deferred tax by certain subsidiaries.

20. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

(a) Total disposal 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	-	4,439
Total loss on disposal	-	(44)

(b) As at 31 March 2009, details of the Group's disposal of land is as follows:

Gain on disposal	4,361	4,361

(c) As at 31 March 2009, details of the Group's unquoted securities are as follows:

	RM'000
At cost	16,397
At carrying value / book value	15,313

(d) Other than the above, there are no other 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 31.3.09 RM'000
Long Term Borrowings:	
Secured:	
Long term loans	52,225
Total Long Term Borrowings	52,225
Short Term Borrowings:	
Secured:	
Current portion of long term loans	15,668
Revolving credit	33,767
	49,435
Unsecured:	
Current portion of long term loans	47,750
Bridging loan	36,595
Bankers' acceptances and revolving credit	172,259
	256,605
	306,039
Total Borrowings	**358,264**

The currency profile of borrowings is as follows:

	As at 31.3.09 RM'000
Functional Currency	
Ringgit Malaysia	189,196
Pounds Sterling	169,068
Total	**358,264**

23. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As at 22 May 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:

	Maturity: Less than 6 months RM'000	Maturity: 6 months to 1 year RM'000	Total RM'000
Foreign exchange contracts	89,984	-	89,984

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 22 May 2009 is unfavourable by approximately RM2.1 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

(a) As reported in the Group's annual financial statements for the year ended 31 March 2008, a subsidiary company has issued notice of termination of the joint venture ("JV") Company on 11 July 2006 to the subsidiary's partner in the joint venture. The subsidiary's partner (Respondent) is disputing the termination. Amount claimed cannot be quantified at present due to damages claimed which can only be ascertained from evidence produced during the arbitration process. The subsidiary has filed the Statement of Case with the Singapore International Arbitration Centre on 31 January 2008. The Respondent has produced a Memorandum allegedly signed by the subsidiary and the Respondent dated the same date as the JV contract which allegedly states that the forum for settling of disputes should be the Chinese courts and not arbitration. The subsidiary maintains that the Memorandum is a forgery. The arbitration tribunal has stated that it has jurisdiction to hear the matter challenging its jurisdiction and this will be by way of a full hearing involving witnesses and evidence.

Since the date of the last announcement, the subsidiary had obtained an injunction to stop the Respondent from continuing proceedings at the Chinese courts and submit itself to arbitration. On 5 May 2009, the arbitration tribunal has ordered that:

(a) it has jurisdiction to hear and decide the Respondent's challenge over the arbitration and claim that a Chinese court should have jurisdiction over the arbitration and/or matter raised is rejected; and

(b) it has jurisdiction over this arbitration and all matters submitted under the dispute resolution provision stated in the JV Contract, which includes but not limited to the subsidiary's claims under the notice of arbitration and the Respondent's claim that this arbitration should be terminated or suspended is rejected.

The arbitration tribunal will now proceed with the substantive hearing to decide on the termination of the JV company.

(b) A vendor has commenced arbitration proceedings against two wholly owned subsidiaries. The claim against one of the subsidiaries is RM19.3 million whilst the amount claimed against the other subsidiary amounted to RM14.2 million. Both of the subsidiaries are defending the claims.

Other than the above, there are no changes in other 2 material litigations and no new litigations since the last announcement made.

25. EARNINGS/(LOSS) PER SHARE ("EPS")

Basic earnings/(loss) 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 March 2009.

	Current quarter RM'000	Current period to date RM'000
Loss per share		
Net loss attributable to equity holders (RM'000)	(341,500)	(320,337)
Weighted average number of shares ('000)	549,213	549,213
Loss per share (sen)	(62.2)	(58.3)

Diluted EPS

Diluted EPS is not applicable as at 31 March 2009 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 March 2009 are as follows:

	RM'million
Contracted for	182.6
Not contracted for	2,418.1

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 29 May 2009.

BY ORDER OF THE BOARD
MOHD NIZAMUDDIN MOKHTAR
COMPANY SECRETARY

Shah Alam, 29 May 2009