



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

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENT
FOR THE QUARTER ENDED 31 DECEMBER 2009**

PROTON HOLDINGS BERHAD
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED 31 DECEMBER 2009

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	31.12.09 RM'000	31.12.08 RM'000	31.12.09 RM'000	31.12.08 RM'000
Revenue	2,013,533	1,548,206	5,969,641	5,109,529
Operating expenses	(2,009,033)	(1,634,013)	(5,864,544)	(5,168,237)
Other operating income	75,024	27,318	140,133	110,758
Profit/(loss) before finance cost	79,525	(58,489)	245,230	52,050
Finance cost	(2,180)	(3,302)	(8,123)	(11,380)
Share of results of associated and jointly controlled entities (net of tax)	5,614	846	10,881	13,693
Profit/(loss) before taxation	82,958	(60,945)	247,988	54,363
Taxation	(3,280)	(13,729)	(31,699)	(33,200)
Profit/(loss) for the period	79,678	(74,674)	216,290	21,163
Attributable to:				
Equity holders of the Company	79,678	(74,674)	216,290	21,163
Minority interest	-	-	-	-
	79,678	(74,674)	216,290	21,163
Earnings/(loss) per share attributable to equity holders of the Company (sen):				
Basic (sen)	14.5	(13.6)	39.4	3.9
Diluted (sen)	N/A	N/A	N/A	N/A

The unaudited condensed consolidated income statement should be read in conjunction with the audited financial statement for the financial year ended 31 March 2009 and the accompanying explanatory notes attached to the interim financial statement.

PROTON HOLDINGS BERHAD
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2009

	Unaudited as at 31.12.09 RM'000	Audited as at 31.03.09 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	2,653,054	2,827,111
Investment properties	10,049	-
Goodwill	29,008	29,008
Intangible assets	599,315	431,668
Associated companies and jointly controlled entities	355,547	353,989
Deferred tax assets	10,118	5,727
Non-current investments	5,632	10,397
Total Non-Current Assets	<u>3,662,723</u>	<u>3,657,900</u>
Current Assets		
Inventories	1,244,242	1,395,081
Trade and other receivables	875,833	919,732
Tax recoverable	19,755	160,610
Investments	9,706	15,313
Cash, bank balances and deposits	1,495,465	913,850
Total Current Assets	<u>3,645,001</u>	<u>3,404,586</u>
Non-current assets held for disposal	32,033	36,412
TOTAL ASSETS	<u>7,339,757</u>	<u>7,098,898</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	549,213	549,213
Reserves	4,812,180	4,552,327
Total Equity	<u>5,361,393</u>	<u>5,101,540</u>
Non-current Liabilities		
Long term borrowings	38,591	52,225
Other non-current liabilities	91,010	49,291
Deferred tax liabilities	11,701	12,243
Total Non-Current Liabilities	<u>141,302</u>	<u>113,759</u>
Current Liabilities		
Trade and other payables	1,461,493	1,381,459
Provisions	204,921	189,779
Taxation	20,772	6,322
Short term borrowings	149,876	306,039
Total Current Liabilities	<u>1,837,062</u>	<u>1,883,599</u>
Total Liabilities	<u>1,978,364</u>	<u>1,997,358</u>
TOTAL EQUITY AND LIABILITIES	<u>7,339,757</u>	<u>7,098,898</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>9.76</u>	<u>9.29</u>

The unaudited condensed consolidated balance sheet should be read in conjunction with the audited financial statement for the financial year ended 31 March 2009 and the accompanying explanatory notes attached to the interim financial statement.

PROTON HOLDINGS BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 2009

	Share capital RM'000	Capital reserve RM'000	Asset revaluation reserve RM'000	Foreign exchange reserves RM'000	Retained earnings RM '000	Total equity RM'000
At 1 April 2008	549,213	475,617	2,362	(82,197)	4,476,261	5,421,256
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	-	-	-	-	(20,595)	(20,595)
Total recognised income and expense for the period	-	-	-	(33,891)	21,163	(12,728)
Dividend payable	-	-	-	-	-	-
At 31 December 2008	549,213	475,617	2,362	(116,088)	4,476,829	5,387,933
At 1 April 2009	549,213	475,617	2,362	(79,512)	4,153,860	5,101,540
Net income recognised directly into equity	-	-	-	43,563	-	43,563
- foreign exchange difference in translating foreign operations	-	-	-	-	216,290	216,290
Profit for the period	-	-	-	-	-	-
Total recognised income and expense for the period	-	-	-	43,563	216,290	259,853
At 31 December 2009	549,213	475,617	2,362	(35,949)	4,370,150	5,361,393

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statement for the financial year ended 31 March 2009 and the accompanying explanatory notes attached to the interim financial statement.

PROTON HOLDINGS BERHAD
UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 31 DECEMBER 2009

	9 months ended	9 months ended
	31.12.09	31.12.08
	RM'000	RM'000
CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	897,670	265,297
CASH FLOWS USED IN INVESTING ACTIVITIES	(309,730)	(386,354)
CASH FLOWS (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(137,138)	124,856
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>450,803</u>	<u>3,799</u>
EXCHANGE RATE EFFECTS	9,494	(19,340)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	899,383	1,173,939
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR	<u><u>1,359,680</u></u>	<u><u>1,158,398</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash, bank balances and deposits	1,495,465	1,172,760
Fixed deposits pledged as security	(110,784)	-
Restricted cash received under Automotive Development Fund	<u>(25,001)</u>	<u>(14,362)</u>
	<u><u>1,359,680</u></u>	<u><u>1,158,398</u></u>

The unaudited condensed consolidated cash flow statement should be read in conjunction with the audited financial statement for the financial year ended 31 March 2009 and the accompanying explanatory notes attached to the interim financial statement.

PROTON HOLDINGS BERHAD

NOTES TO THE FINANCIAL STATEMENT – 31 DECEMBER 2009

1. BASIS OF PREPARATION

The interim financial statement has been prepared in accordance with Financial Reporting Standard ("FRS") 134: Interim Financial Reporting and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The unaudited interim financial statement should be read in conjunction with the Group's audited annual financial statement for the financial year ended 31 March 2009. These explanatory notes attached to the interim financial statement provides 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 2009.

2. ACCOUNTING POLICIES

The accounting policies, methods of computation and basis of consolidation applied in this interim financial statement are consistent with those used in preparation of the audited financial statement for the financial year ended 31 March 2009.

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENT

The annual audited financial statement for the financial year ended 31 March 2009 was 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 flow 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 a material impact on 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

A Research and Development (R&D) grant amounting to RM44 million was included in the income statement for the current financial quarter under review.

8. DEBT AND EQUITY SECURITIES

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

9. DIVIDENDS

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

10. SEGMENTAL REPORTING

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

	Financial period ended 31.12.2009			Consolidated RM'million
	Malaysia RM'million	Other countries RM'million	Eliminations RM'million	
Revenue				
Third party sales	5,188.8	780.8	-	5,969.6
Inter-segment sales	146.7	39.7	(186.4)	-
Total revenue	<u>5,335.5</u>	<u>820.5</u>	<u>(186.4)</u>	<u>5,969.6</u>
Results				
Segment operating profit/(loss)	210.6	39.4	(34.1)	215.9
Interest expense				(8.1)
Interest income				29.4
Share of results of associated companies and jointly controlled entities (net of tax)	6.1	2.5	2.3	10.9
Income taxes of Company and its subsidiary companies				<u>(31.7)</u>
Net profit after tax				<u>216.3</u>

Included in third party sales from Malaysia are export sales of RM215 million during the current financial period under review.

11. PROPERTY, PLANT & EQUIPMENT

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

12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group in the financial quarter under review.

13. SUBSEQUENT EVENTS

There were 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 Statement for the financial year ended 31 March 2009.

15. PERFORMANCE REVIEW

PROTON's domestic sales volume increased by 3% compared to the corresponding period last year and this was primarily driven by sales of the Exora. This was achieved against a contraction in the domestic total industry volume (TIV) and as a result PROTON's domestic market share grew from 26% to 28% this year.

Despite the decline in domestic TIV and challenging economic conditions, the Group achieved a profit before tax of RM248 million which was more than 4 times higher compared to the profit recorded in the corresponding period last year. This improvement in performance was derived largely from domestic sales volume growth and better profit margins on the strength of sales of the Exora, Persona and Saga.

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

Group profit at RM83 million was 18% lower than RM101 million recorded in the immediate preceding quarter. The decrease in profit was due to decline in domestic sales volume and higher promotional costs required to drive sales towards the end of the calendar year.

17. COMMENTARY ON PROSPECTS

The Malaysian Automotive Association (MAA) reported a marginal decrease in domestic TIV of 2% in 2009 compared to 2008, after contracting 9.7% in the first half of the calendar year. This was mainly due to improvement in the second half, particularly in the fourth quarter. MAA expects growth to return in 2010 due to the anticipated economic recovery and improving consumer confidence. In line with this, the MAA forecasts a growth in domestic TIV of 2.4% for the calendar year 2010.

The improved domestic market outlook and the strong growth for Multi Purpose Vehicles ('MPV') augurs well for PROTON's near term prospects for increasing sales and market share. Internationally, prospects for continued growth in sales volume are also encouraging with planned launches of its core models in key markets.

18. PROFIT FORECAST

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

19. INCOME TAX EXPENSE

	Current quarter	Current period to date
	RM'000	RM'000
<u>Taxation</u>		
Malaysia		
- current year provision	6,975	34,432
- over provision in respect of prior year	(3,406)	(3,406)
Outside Malaysia	1,739	5,528
	<u>5,308</u>	<u>36,554</u>
<u>Deferred Tax</u>		
Malaysia	(2,028)	(4,855)
	<u>3,280</u>	<u>31,699</u>
Effective tax rate	4.0%	12.8%

The effective tax rate for the current financial quarter and for the year to date is lower than the statutory tax rate mainly due to the utilisation of brought forward capital allowances and reversal of over provision of tax in respect of prior year.

20. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

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

	Current quarter RM'000	Current period to date RM'000
Total sales proceeds	1,438	5,336
Total profit/(loss) on disposal	<u>14</u>	<u>(19)</u>

- (b) As at 31 December 2009, details of the Group's quoted and unquoted securities stated at a lower of cost and net realisable value are as follows:

	RM'000
<u>Quoted:</u>	
At cost	584
<u>Unquoted:</u>	
At cost/carrying value	<u>9,122</u>
	<u>9,706</u>

- (c) Other than the above, there were no other disposal of properties and non-current investments outside the ordinary course of business for the current financial quarter under review.

21. SALE OF QUOTED SECURITIES

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

22. GROUP BORROWINGS AND DEBT SECURITIES

	As at 31.12.09 RM'000
<u>Long Term Borrowings:</u>	
Secured:	
Long term loans	38,591
Total Long Term Borrowings	<u>38,591</u>
<u>Short Term Borrowings:</u>	
Secured:	
Current portion of long term loans	23,010
Revolving credit	<u>59,577</u>
	82,587
Unsecured:	
Bridging loan	34,210
Revolving credit	<u>33,078</u>
	67,288
	<u>149,876</u>
Total Borrowings	<u>188,467</u>

The currency profile of borrowings is as follows:

	As at 31.12.09 RM'000
<u>Functional Currency</u>	
Ringgit Malaysia	-
Pounds Sterling	<u>188,467</u>
Total	<u>188,467</u>

23. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As at 12 February 2010, 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>Maturity period</u> <u>less than 6</u> <u>months</u> RM'000
Foreign exchange contracts	<u>45,877</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 12 February 2010 is favourable by approximately RM0.1 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 strengths.

24. CHANGES IN MATERIAL LITIGATION

As reported in the Group's annual financial statements for the year ended 31 March 2009, a subsidiary company has issued notice of termination of an associated company on 11 July 2006 to the subsidiary company's joint venture partner ('Respondent'). The subsidiary company's joint venture partner is disputing the termination. The amount claimed cannot be quantified due to the nature of damages being claimed which can only be ascertained from evidence produced during the arbitration process. According to the Joint Venture Contract ('JV Contract'), disputes must be referred to arbitration. The subsidiary has filed the Statement of Case with the Singapore International Arbitration Centre on 31 January 2008. The Respondent subsequently produced a Memorandum allegedly signed by the subsidiary company 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 company 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.

The Respondent had on 11 June 2008 filed an action in China seeking damages for the unlawful termination of the JV Contract by the Subsidiary company. The subsidiary company has accordingly filed its objection to the action in China on the basis that the Chinese court has no jurisdiction to hear any matters in relation the JV. This is supported by the tribunal awards on jurisdiction and on the valid termination of the JV. The objection is pending examination by the Chinese court.

On 19 June 2009, the arbitration tribunal further ordered the Respondent to pay the subsidiary company all its legal costs relating to the jurisdiction proceedings, in the total sum of S\$424,058.

Since the date of the last announcement, on 2 February 2010, the arbitration tribunal issued a final award stating that the JV Contract was validly terminated. No finding was made as to damages. The tribunal has directed parties to submit all costs in respect of the final proceedings.

Other than above, there were no changes in the other material litigations since the last announcement.

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 2009.

	<u>Current quarter</u> RM'000	<u>Current period to date</u> RM'000
<u>Earnings per share</u>		
Net profit attributable to equity holders (RM'000)	79,678	216,290
Weighted average number of shares ('000)	549,213	549,213
Earnings per share (sen)	<u>14.5</u>	<u>39.4</u>

Diluted EPS

Diluted EPS is not applicable as at 31 December 2009 as there are no dilutive potential ordinary shares.

26. CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment and intangible assets approved by the Board but not provided for in the financial statements as at 31 December 2009 are as follows:

	RM'million
Contracted for	151.3
Not contracted for	<u>3,070.3</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 statement was authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 19 February 2010.

BY ORDER OF THE BOARD
MOHD NIZAMUDDIN MOKHTAR
COMPANY SECRETARY

Shah Alam, 19 February 2010