



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

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENT  
FOR THE QUARTER ENDED 31 MARCH 2010

**PROTON HOLDINGS BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE QUARTER ENDED 31 MARCH 2010**

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	<b>31.03.10</b> <b>RM'000</b>	<b>31.03.09</b> <b>RM'000</b>	<b>31.03.10</b> <b>RM'000</b>	<b>31.03.09</b> <b>RM'000</b>
Revenue	2,263,311	1,401,978	8,232,952	6,486,570
Operating expenses	(2,416,369)	(1,936,041)	(8,280,913)	(7,104,728)
Other operating income	185,683	142,856	325,817	278,551
<b>Profit/(loss) before finance cost</b>	<b>32,625</b>	<b>(391,207)</b>	<b>277,856</b>	<b>(339,607)</b>
Finance cost	(3,484)	(3,478)	(11,607)	(14,408)
Share of results of associated and jointly controlled entities (net of tax)	7,889	21,121	18,770	34,814
<b>Profit/(loss) before taxation</b>	<b>37,030</b>	<b>(373,564)</b>	<b>285,019</b>	<b>(319,201)</b>
Taxation	(14,231)	50,595	(45,930)	17,395
<b>Profit/(loss) for the period</b>	<b>22,799</b>	<b>(322,969)</b>	<b>239,089</b>	<b>(301,806)</b>
Attributable to:				
Equity holders of the Company	22,799	(322,969)	239,089	(301,806)
Minority interest	-	-	-	-
	<b>22,799</b>	<b>(322,969)</b>	<b>239,089</b>	<b>(301,806)</b>
<b>Earnings/(loss) per share attributable to equity holders of the Company (sen):</b>				
Basic (sen)	4.2	(58.8)	43.5	(55.0)
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 MARCH 2010**

	Unaudited as at 31.03.10 RM'000	Audited as at 31.03.09 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	2,633,333	2,827,111
Goodwill	29,008	29,008
Intangible assets	549,944	431,668
Associated companies and jointly controlled entities	315,404	353,989
Deferred tax assets	12,849	5,727
Non-current investments	-	10,397
<b>Total Non-Current Assets</b>	<b>3,540,538</b>	<b>3,657,900</b>
<b>Current Assets</b>		
Inventories	1,217,660	1,395,081
Trade and other receivables	989,734	919,732
Tax recoverable	19,927	160,610
Investments	9,676	15,313
Cash, bank balances and deposits	1,651,577	913,850
<b>Total Current Assets</b>	<b>3,888,574</b>	<b>3,404,586</b>
Non-current assets held for disposal	86,781	36,412
<b>TOTAL ASSETS</b>	<b>7,515,893</b>	<b>7,098,898</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Company</b>		
Share capital	549,213	549,213
Reserves	4,803,257	4,552,327
<b>Total Equity</b>	<b>5,352,470</b>	<b>5,101,540</b>
<b>Non-current Liabilities</b>		
Long term borrowings	29,649	52,225
Other non-current liabilities	58,638	49,291
Deferred tax liabilities	10,740	12,243
<b>Total Non-Current Liabilities</b>	<b>99,027</b>	<b>113,759</b>
<b>Current Liabilities</b>		
Trade and other payables	1,705,045	1,381,459
Provisions	209,362	189,779
Taxation	7,753	6,322
Short term borrowings	142,236	306,039
<b>Total Current Liabilities</b>	<b>2,064,396</b>	<b>1,883,599</b>
<b>Total Liabilities</b>	<b>2,163,423</b>	<b>1,997,358</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,515,893</b>	<b>7,098,898</b>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>	<b>9.75</b>	<b>9.29</b>

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 MARCH 2010**

	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
<b>At 1 April 2008</b>	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	-	-	-	2,685	-	2,685
Profit for the year	-	-	-	-	(301,806)	(301,806)
Total recognised income and expense for the year	-	-	-	2,685	(301,806)	(299,121)
Dividend payable					(20,595)	(20,595)
<b>At 31 March 2009</b>	<b>549,213</b>	<b>475,617</b>	<b>2,362</b>	<b>(79,512)</b>	<b>4,153,860</b>	<b>5,101,540</b>
<b>At 1 April 2009</b>	549,213	475,617	2,362	(79,512)	4,153,860	5,101,540
Net income recognised directly into equity						
- foreign exchange difference in translating foreign operations	-	-	-	11,841	-	11,841
Profit for the year	-	-	-	-	239,089	239,089
Total recognised income and expense for the year	-	-	-	11,841	239,089	250,930
<b>At 31 March 2010</b>	<b>549,213</b>	<b>475,617</b>	<b>2,362</b>	<b>(67,671)</b>	<b>4,392,949</b>	<b>5,352,470</b>

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 MARCH 2010**

	<b>12 months ended</b>	<b>12 months ended</b>
	<b>31.03.10</b>	<b>31.03.09</b>
	<b>RM'000</b>	<b>RM'000</b>
CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	1,345,370	221,640
CASH FLOWS USED IN INVESTING ACTIVITIES	(472,210)	(642,371)
CASH FLOWS (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(163,182)	171,157
NET INCREASE/(DECREASED) IN CASH AND CASH EQUIVALENTS	<u>709,978</u>	<u>(249,574)</u>
EXCHANGE RATE EFFECTS	(2,173)	(24,982)
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>1,607,188</u></u>	<u><u>899,383</u></u>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash, bank balances and deposits	1,651,577	913,850
Restricted cash received under Automotive Development Fund	<u>(44,389)</u>	<u>(14,467)</u>
	<u><u>1,607,188</u></u>	<u><u>899,383</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 MARCH 2010

#### 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, other than as highlighted 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 a material impact on the Group's results and financial position are tested for sensitivity to changes in the underlying parameters.

The estimates and assumptions that have risks of causing significant adjustments to the carrying amounts of assets and liabilities are in the following areas:

- i) impairment of goodwill on the acquisition of subsidiary,
- ii) impairment of property, plant and equipment,
- iii) assessment of the recoverability of deferred tax assets,
- iv) depreciation of property, plant and equipment, and
- v) provisioning for inventory write down.

Other than as disclosed in Note 7, there were no other significant changes in estimates that have had a material effect in the current financial quarter under review.

#### 7. SIGNIFICANT ITEMS

The individually significant items for the current quarter are as follows:

	Current quarter
	RM'million
<u>Income Statement</u>	
Research & Development ("R&D") grant income	99
R&D expenditure written off	(118)
Allowance for inventory write-down	(59)
Allowance for doubtful debts	(22)
Reversal of prior years' provision for impairment of property, plant and machinery no longer required	47

## 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 year ended 31.3.2010			Consolidated RM'million
	Malaysia RM'million	Other countries RM'million	Eliminations RM'million	
<u>Revenue</u>				
Third party sales	7,020.7	1,212.3	-	8,233.0
Inter-segment sales	261.6	53.2	(314.8)	-
Total revenue	<u>7,282.3</u>	<u>1,265.5</u>	<u>(314.8)</u>	<u>8,233.0</u>
<u>Results</u>				
Segment operating profit	156.7	39.8	53.6	250.1
Interest expense				(11.6)
Interest income				27.7
Share of results of associated companies and jointly controlled entities (net of tax)	12.3	4.7	1.8	18.8
Income taxes of Company and its subsidiary companies				(45.9)
Net profit after tax				<u>239.1</u>

Included in third party sales from Malaysia are export sales of RM 498.1 million during the current financial year 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 grew by 8% compared to the last financial year and this was primarily driven by robust sales of the 3 core-models, Persona, Saga and Exora, resulting in an increase in domestic market share from 26% to 28% this year.

Arising from this, the Group achieved a profit before tax of RM285 million for the current year, which compares favourably to the loss of RM319 million recorded in the last financial year. This improvement in performance was largely attributable to introduction of more saleable models with better profit margins and write back of impairment of Property, plant and equipment no longer required, whilst the recognition of Research and Development (R&D) grant under the Second Economic Stimulus Package was effectively offset by R&D expenditure.

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

Group profit at RM37 million was 55% lower than RM83 million recorded in the immediate preceding quarter. The quarter-on-quarter decline in profit was substantially due to additional allowances for inventory write-down and doubtful debts, higher seasonal promotional expenses, as well as, higher R&D expenditure although partly offset by recognition of R&D grant.

All these were partly mitigated by the reversal of impairment of property, plant and equipment no longer required.

## 17. COMMENTARY ON PROSPECTS

The domestic car sales continued to grow in the first quarter of 2010 compared to the corresponding period last year and this trend is expected to prevail in calendar year 2010 due to better market sentiments and improving consumer confidence.

In line with the improved domestic market outlook, our prospects for growing sales volume and increasing market share are good, driven by the 3 core-models, as well as, the introduction of refreshers and new models planned during the financial year. The Group will continue to push for export volume in key markets through planned launches of its core models.

## 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

	<u>Current quarter</u> RM'000	<u>Current period to date</u> RM'000
<u>Taxation</u>		
Malaysia		
- current year provision	7,265	41,697
- over provision in respect of prior year	-	(3,406)
Outside Malaysia	<u>9,755</u>	<u>15,283</u>
	17,020	53,574
<u>Deferred Tax</u>		
Malaysia	(1,723)	(6,578)
Outside Malaysia	<u>(1,066)</u>	<u>(1,066)</u>
	<u>14,231</u>	<u>45,930</u>
Effective tax rate	38.4%	16.1%

The effective tax rate for the current financial quarter is higher than the statutory tax rate due to tax suffered by certain subsidiaries expressed as a percentage of the impaired Group profit and higher tax rate on profits earned by certain overseas subsidiaries.

For the year to date the effective tax rate is lower rate mainly due to utilisation of capital allowance, receipt of non-taxable income 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	Current period to date
	RM'000	RM'000
Total sales proceeds	-	5,337
Total loss on disposal	-	(19)

- (b) As at 31 March 2010, details of the Group's quoted and unquoted securities stated at a lower of cost or net realisable value are as follows:

	RM'000
<u>Quoted:</u>	
At cost	584
<u>Unquoted:</u>	
At cost/carrying value	9,092
	<u>9,676</u>

- (c) There were no 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 31.03.10 RM'000
<u>Long Term Borrowings:</u>	
Secured:	
Long term loans	29,649
Total Long Term Borrowings	<u>29,649</u>
<u>Short Term Borrowings:</u>	
Secured:	
Current portion of long term loans	19,766
Revolving credit	61,360
	<u>81,126</u>
Unsecured:	
Bridging loan	32,725
Revolving credit	28,385
	<u>61,110</u>
	<u>142,236</u>
<b>Total Borrowings</b>	<b><u>171,885</u></b>

The currency profile of borrowings is as follows:

	As at 31.03.10 RM'000
<u>Functional Currency</u>	
Ringgit Malaysia	2,690
Pounds Sterling	169,195
<b>Total</b>	<b><u>171,885</u></b>

### 23. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As at 17 May 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>152,496</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 17 May 2010 is unfavourable by approximately RM 0.2 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

There were no changes in the 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 March 2010.

	<u>Current</u> <u>quarter</u> RM'000	<u>Current period</u> <u>to date</u> RM'000
<u>Earnings per share</u>		
Net profit attributable to equity holders (RM'000)	22,799	239,089
Weighted average number of shares ('000)	549,213	549,213
Earnings per share (sen)	<u>4.2</u>	<u>43.5</u>

#### Diluted EPS

Diluted EPS is not applicable as at 31 March 2010 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 March 2010 are as follows:

	RM'million
Contracted for	309.6
Not contracted for	<u>2,871.8</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 24 May 2010.

BY ORDER OF THE BOARD  
MOHD NIZAMUDDIN MOKHTAR  
COMPANY SECRETARY