

PROTON Holdings Berhad
(Company No. 623177-A)



ANNUAL REPORT **2006**

ourHERITAGE

ourBRANDS

ourFUTURE



c o n t e n t s

PROTON Holdings Berhad

1	Corporate Mantra & Core Values	74	Statement on Corporate Governance
2	Financial Calendar	87	Additional Compliance Information
3	Key Financial Indicators	88	Statement on Internal Control
4	Summary of Financial Highlights for Five Years	92	Risk Management
6	Corporate Profile	94	Calendar of Events 2005-2006
8	Awards & Recognition	102	Statutory Financial Statements
10	Corporate Information	177	Shareholdings Statistics
12	Group Operations	180	Properties Owned by PROTON Group
14	Profile of Directors	187	Share Price and Volume Traded
22	Senior Management	188	Notice of Annual General Meeting
26	Chairman's Statement	190	Statement Accompanying the Notice of Annual General Meeting Form of Proxy
36	An Interview with the Managing Director		
46	Operations Review		

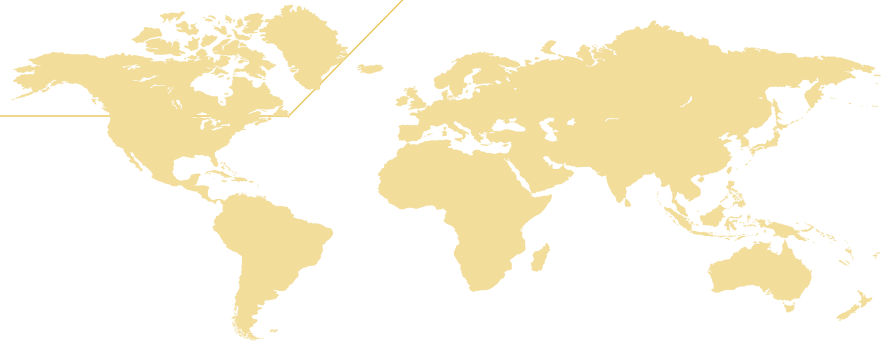


THE PROTON WAY

PROTON employees are dedicated to the Group's long-term success. Every PROTON employee shall operate under the Group's shared values and rely on these values to guide their behaviour with each other and the customers. These values form the foundation of how we work and conduct business.



Corporate Mantra & Core Values



CORE ideology

AUDACIOUS GOAL

Driving Malaysia's transformation into a leader in technology and quality.

VIVID DESCRIPTION

We deliver innovative and superior quality products and services. Our brands inspire confidence and pride.

PURPOSE

We are a passionate group of people working together, creating exhilarating products and services for global markets, synonymous with great styling, innovation and leading technology.

CORE values

QUALITY

We make products that work first time, every time.

CUSTOMER FOCUS

Customers are the source of our income. We deliver on our promises to customers' satisfaction.

INNOVATION

We challenge convention, always seeking new and better ways to do things. We view change as opportunity.

TEAMWORK

We trust, respect and share knowledge to foster teamwork at the workplace.

SPEED

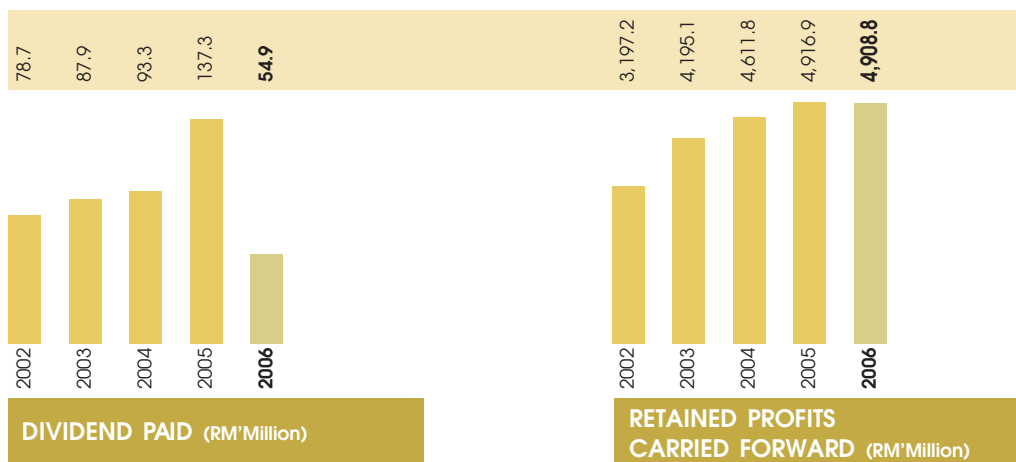
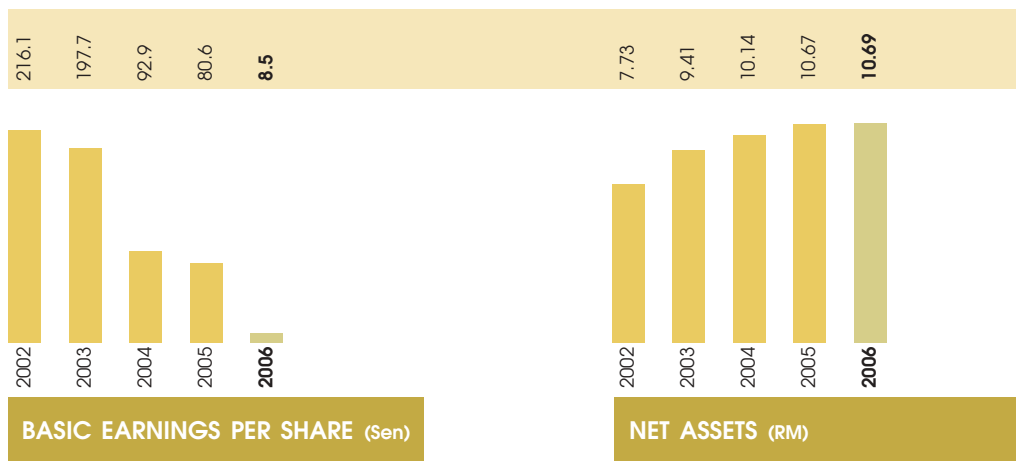
We have a "can-do" attitude and will not rest until the problem is solved. We have an inherent sense of urgency in everything we do.

CARING

As a responsible corporate citizen, we invest in safety, health and the environment.

EVENTS	DATE
Unaudited First (1st) Quarter results for the period ended 30 June 2005	30/08/2005
Second (2nd) Annual General Meeting	28/09/2005
Entitlement date for the tax exempt final dividend of 10% for the financial year ended 31 March 2005	07/10/2005
Payment of the tax exempt final dividend of 10% for the financial year ended 31 March 2005	28/10/2005
Unaudited Second (2nd) Quarter results for the period ended 30 September 2005	29/11/2005
Unaudited Third (3rd) Quarter results for the period ended 31 December 2005	27/02/2006
Unaudited Fourth (4th) Quarter results for the period ended 31 March 2006	30/05/2006
Third (3rd) Annual General Meeting	08/09/2006
Extraordinary General Meeting	08/09/2006
Entitlement date for the tax exempt final dividend of 5 sen for the financial year ended 31 March 2006	14/09/2006
Payment of the tax exempt final dividend of 5 sen for the financial year ended 31 March 2006	18/10/2006





4 SUMMARY OF FINANCIAL HIGHLIGHTS FOR FIVE YEARS

PROTON HOLDINGS BERHAD

BALANCE SHEET AS AT 31 MARCH

(RM Million)	2006	2005 (restated)	2004 (restated)	2003 (restated)	2002 (restated)
Current Assets					
Inventories	1,389.0	967.1	795.8	813.6	689.4
Receivables	1,244.0	1,403.2	930.0	822.5	871.5
Short term investments	212.0	201.5	182.0	166.4	185.0
Deposits, bank and cash balances	1,586.0	2,454.7	2,877.4	3,713.7	3,591.8
	4,431.0	5,026.5	4,785.2	5,516.2	5,337.7
Current Liabilities					
Payables	2,324.2	2,207.4	1,900.5	2,438.4	2,231.1
Taxation	16.9	2.6	140.3	192.3	272.2
	2,341.1	2,210.0	2,040.8	2,630.7	2,503.3
Net current assets	2,089.9	2,816.5	2,744.4	2,885.5	2,834.4
Property, plant and equipment	3,330.9	3,313.3	2,908.4	2,221.4	1,703.1
Associated companies	155.7	162.0	170.1	146.9	89.3
Jointly controlled entities	249.9	255.4	110.7	75.2	59.0
Other long term investments	10.4	6.3	6.3	6.3	6.3
Long term liabilities	(101.0)	(760.7)	(447.4)	(222.3)	(509.8)
Minority interest	0.0	(0.3)	0.0	(1.6)	(1.5)
Deferred tax assets	105.8	38.4	45.5	25.7	(10.0)
Goodwill	29.0	29.0	29.0	29.0	29.0
	5,870.6	5,859.9	5,567.0	5,166.1	4,199.8
Shareholders' Funds					
Share capital	549.2	549.2	549.2	549.2	543.1
Other reserves	412.7	393.8	406.0	421.8	459.5
Retained profits	4,908.7	4,916.9	4,611.8	4,195.1	3,197.2
	5,870.6	5,859.9	5,567.0	5,166.1	4,199.8

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH

(RM Million)	2006	2005	2004	2003	2002
Revenue	7,796.9	8,483.3	6,361.2	9,133.5	10,169.2
Profit before taxation	28.1	412.3	576.7	1,326.9	1,495.7
Profit after taxation	46.7	442.4	510.3	1,086.0	1,173.7
Retained profit attributable to shareholders	4,963.6	5,054.2	4,705.1	4,283.0	3,275.9
Dividend	(54.9)	(137.3)	(93.3)	(87.9)	(78.7)
Retained profit carried forward	4,908.7	4,916.9	4,611.8	4,195.1	3,197.2

SHARE INFORMATION

	2006	2005	2004	2003	2002
Per share					
Basic earnings (sen)	8.5	80.6	92.9	197.7	216.1
Tax-exempt dividend paid	10.0	25.0	17.0	16.0	14.5
Net assets	10.69	10.67	10.14	9.41	7.73
Issued share capital	549,213	549,213	549,213	549,213	543,144

* Comparatives have been restated to conform with current year's presentation and prior year adjustment arising from certain changes in accounting policies.