

PERUSAHAAN OTOMOBIL NASIONAL BERHAD

UNAUDITED FINANCIAL RESULTS

FOR THE THIRD QUARTER ENDED 31 DECEMBER 2002



The Board of Directors are pleased to announce the financial results of the Group for the third quarter ended 31 December 2002.

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PERUSAHAAN OTOMOBIL NASIONAL BERHAD

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2002

	Individual Period		Unaudited Cumulative Period	
	Current Quarter <u>31.12.2002</u>	Preceding Year Corresponding Quarter <u>31.12.2001</u>	Current Period To Date <u>31.12.2002</u>	Preceding Year Corresponding Period <u>31.12.2001</u>
	RM'000	RM'000	RM'000	RM'000
Revenue	1,924,413	2,401,665	7,262,283	7,698,973
Operating expenses	(1,719,467)	(2,009,256)	(6,338,004)	(6,815,725)
Other operating income	59,317	42,812	173,707	120,730
Profit from operations	264,263	435,221	1,097,986	1,003,978
Finance cost	(9,633)	(9,945)	(29,737)	(33,828)
Share of results of associated and jointly controlled entities	11,731	5,203	34,484	15,164
Profit before taxation	266,361	430,479	1,102,733	985,314
Taxation	(67,371)	(49,814)	(262,365)	(216,491)
Profit after taxation	198,990	380,665	840,368	768,823
Minority interest	(2,023)	(2,419)	(8,531)	(7,765)
Net profit attributable to shareholders	196,967	378,246	831,837	761,058
Earnings per share				
- basic	35.9 sen	69.7 sen	151.7 sen	140.2 sen
- diluted	N/A	N/A	151.5 sen	N/A

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> March 2002.

PERUSAHAAN OTOMOBIL NASIONAL BERHAD  
CONDENSED CONSOLIDATED BALANCE SHEETS

	Unaudited As at <u>31.12.2002</u> RM'000	Audited As at <u>31.03.2002</u> RM'000
<b>CURRENT ASSETS</b>		
Inventories	747,058	720,207
Trade and other receivables	768,395	894,012
Short term investments	169,462	184,987
Deposits, bank and cash balances	3,868,297	3,639,942
	<u>5,553,212</u>	<u>5,439,148</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	1,672,159	1,830,225
Provisions	234,946	207,271
Taxation	233,446	280,367
Short term borrowings	360,106	218,981
Dividend	43,935	-
	<u>2,544,592</u>	<u>2,536,844</u>
<b>NET CURRENT ASSETS</b>	3,008,620	2,902,304
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	2,044,451	1,737,834
Associated & jointly controlled companies	118,463	91,021
Other long term investments	6,276	6,276
	<u>2,169,190</u>	<u>1,835,131</u>
<b>NON CURRENT LIABILITIES</b>		
Long term liabilities	258,869	509,821
Deferred taxation	84,565	84,565
	<u>343,434</u>	<u>594,386</u>
	<u>4,834,376</u>	<u>4,143,049</u>
<b>FINANCED BY:</b>		
Share capital	549,193	543,144
Reserves	4,230,639	3,553,433
Shareholders' funds	4,779,832	4,096,577
Minority interests	54,544	46,472
	<u>4,834,376</u>	<u>4,143,049</u>
Net Tangible Assets per share (RM)	<u>8.70</u>	<u>7.54</u>

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> March 2002.

PERUSAHAAN OTOMOBIL NASIONAL BERHAD

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2002

	<u>Issued and fully paid ordinary shares</u>		<u>Non- distributable</u>	<u>Distributable</u>	
	Nominal value of <u>RM1 each</u> RM'000	Share <u>premium</u> RM'000	Goodwill & foreign exchange <u>translation</u> RM'000	Retained <u>earnings</u> RM'000	<u>Total</u> RM'000
At 1 April 2001 (as previously reported)	542,716	429,359	(311,702)	2,347,806	3,008,179
Prior year adjustment (Note 1)				40,704	40,704
As restated	<u>542,716</u>	<u>429,359</u>	<u>(311,702)</u>	<u>2,388,510</u>	<u>3,048,883</u>
Currency translations			(7,646)		(7,646)
Net profit attributable to shareholders				761,058	761,058
Dividends for the financial year				(78,694)	(78,694)
At 31 December 2001	<u>542,716</u>	<u>429,359</u>	<u>(319,348)</u>	<u>3,070,874</u>	<u>3,723,601</u>
At 1 April 2002 (as previously reported)	543,144	432,409	(310,823)	3,388,395	4,053,125
Prior year adjustment (Note 1)				43,452	43,452
As restated	<u>543,144</u>	<u>432,409</u>	<u>(310,823)</u>	<u>3,431,847</u>	<u>4,096,577</u>
Issued under Perusahaan Otomobil Nasional Berhad Employees' Share Option Scheme	6,049				6,049
Premium on shares issued		43,068			43,068
Currency translations			(88,229)		(88,229)
Goodwill written off			(21,599)		(21,599)
Net profit attributable to shareholders				831,837	831,837
Dividends for the financial year				(87,871)	(87,871)
At 31 December 2002	<u>549,193</u>	<u>475,477</u>	<u>(420,651)</u>	<u>4,175,813</u>	<u>4,779,832</u>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> March 2002.

PERUSAHAAN OTOMOBIL NASIONAL BERHAD

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2002

	Current period <u>To Date</u>
	<u>31.12.2002</u>
	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Profit before taxation	1,102,733
Adjustments for:	
Depreciation	198,466
Interest expense	29,737
Interest Income	(85,961)
Share of profits of associated and Joint Venture companies	(34,484)
Realised gain on investments	(3,507)
Provisions for diminution in short term investments	15,318
Other Non-cash items	(30,907)
Other Non-operating items	(641)
Operating profit before changes in working capital	<u>1,190,754</u>
Changes in working capital:	
Net change in current assets	136,822
Net change in current liabilities	(185,548)
Cash generated from operations	1,142,028
Taxation paid	(305,266)
Net interest received	56,031
Net cash flow from operating activities	<u>892,793</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Net outflow from equity investments	(13,081)
Net outflow from other capital investments	(504,497)
Net cash flow used in investing activities	<u>(517,578)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Issuance of share capital	49,117
Net outflow from bank borrowings	(104,167)
Net outflow from term loans	(60,606)
Dividend paid	(43,935)
Net cash flow used in financing activities	<u>(159,591)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	215,624
EXCHANGE RATE EFFECTS	6,504
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL PERIOD	<u>3,609,027</u>
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	<u><u>3,831,155</u></u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> March 2002. No comparative figure is available as this is the first year of MASB 26 implementation.

**PERUSAHAAN OTOMOBIL NASIONAL BERHAD**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002**

1 ACCOUNTING POLICIES

The Quarterly Consolidated Financial Statements have been prepared in accordance with MASB 26 Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Kuala Lumpur Stock Exchange, and should be read in conjunction with the Group's financial statements for the year ended 31 March 2002. The accounting policies, method of computation and basis of consolidation adopted for the interim financial reports are consistent with those adopted for the annual financial statements for the year ended 31 March 2002 except for the new relevant approved accounting standards issued by MASB which become operative for the financial year ending 31 March 2003. (MASB 17 to MASB 24)

In the previous financial reporting, the warranty provision was reported based on the amount payable to the distributors and it was netted off against the amount receivable from the supplier. In compliance with MASB Standard No. 20 on "Provisions, Contingent Assets and Contingent Liabilities" the provision was reclassified to receivable and payable accordingly. The accounting policy has been accounted for retrospectively and the effects to the consolidated Balance Sheet are as follows:

Increase to the Group provisions and receivables:

	RM Million
As at 31 March 2002	86.6
As at 30 June 2002	97.2
As at 30 September 2002	100.2

The reclassification has no effect on the Group net tangible assets per share.

## 2 STATUS OF AUDIT QUALIFICATION

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

## 3 SEASONAL OR CYCLICAL FACTORS

The businesses of the Group were not materially affected by any seasonal or cyclical fluctuation during the quarter ended 31 December 2002.

## 4 INDIVIDUALLY SIGNIFICANT ITEMS

The individually significant item for the quarter ended 31 December 2002 is as follows:

	RM Million
Purchase of property, plant and equipment	149.6
Research and development expenditure	74.5

## 5 CHANGES IN ESTIMATES

Except as disclosed in Note 1, the financial statements for the quarter ended 31 December 2002 are not materially affected by any changes in estimates reported in the previous quarter.

## 6 CHANGES IN EQUITY AND LONG TERM DEBTS

	Current period to date RM'000
Increase in ordinary shares of RM 1.00 each issued under Perusahaan Otomobil Nasional Berhad Employees' Share Option Scheme as follows:	

Share capital	6,049
Share premium	43,068

Repayment of long term loan as follows:

Secured	(42,790)
Unsecured	(17,816)

## 7 DIVIDENDS

### a) Dividend paid

#### Final Dividend

The shareholders have approved a final tax exempt dividend of 8.0 sen (2001: 7.5 sen, paid on 17 October 2001) per share at the last Annual General Meeting held on 26 September 2002 in respect of the financial year ended 31 March 2002. The dividend was paid on 24 October 2002 to shareholders on the Register of Members and Record of Depositors at close of business on 4 October 2002.

#### Interim Dividend

An interim tax exempt dividend of 8.0 sen (2002: 7.0 sen, paid on 18 January 2002) per share in respect of the current financial year ending 31 March 2003 was paid on 17 January 2003 to shareholders on the Register of Members and Record of Depositors at close of business on 20 December 2002.

### b) Dividend proposed or declared

Except as disclosed in the Quarter 2 release, no further dividend is declared or proposed in this quarter in respect of financial year ending 31 March 2003

## 8 SEGMENTAL INFORMATION

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

	<u>Current period to date</u>			
	<u>Malaysia</u>	<u>Other</u>	<u>Eliminations</u>	<u>Consolidated</u>
	RM Million	countries	RM Million	RM Million
<u>Revenue</u>				

External Sales	6,696.1	566.2	-	7,262.3
Inter-segment sales	69.1	215.0	(284.1)	-
	<u>6,765.2</u>	<u>781.2</u>	<u>(284.1)</u>	<u>7,262.3</u>
<u>Result</u>				
Segment operating profit	826.2	12.2	173.7	1,012.1
Interest expense				(29.7)
Interest income				85.9
Share of net profits of associated companies & jointly controlled entities	21.5	9.0		30.5
Income taxes of Company & subsidiary companies				(258.4)
Net profit after tax				<u>840.4</u>

The revenue elimination in the previous two quarters was reported based on the inter-company sales. In compliance with MASB 22 on "Segment Reporting", the elimination are restated as inter-segment sales. The restated figures are as follows:

	<u>Malaysia</u> RM Million	<u>Other countries</u> RM Million	<u>Eliminations</u> RM Million
<u>Year to date – June 2002</u>			
Inter-company sales (reported)	882.2	40.3	(922.5)
Inter-segment sales (restated)	23.6	38.6	(62.2)
<u>Year to date – September 2002</u>			
Inter-company sales (reported)	1,889.4	185.6	(2,075.0)
Inter-segment sales (restated)	48.3	178.1	(226.4)

## 9 PROPERTY, PLANT & EQUIPMENT

There is no change on the revaluation of property, plant and equipment since the previous annual financial statements.

## 10 CHANGES IN THE COMPOSITION OF THE GROUP

On 21 October 2002, the Company acquired the remaining 4.34% of interest in Lotus Group International Limited ("Lotus") comprising of 2,000,000 ordinary shares of £1.00 each from ACBN Holdings SA for a consideration of £3.66m. Simultaneously with the acquisition, Mr. Victor Kiam Min Hon who held one (1) ordinary share as a nominee of PROTON transferred the same to the Company. With this acquisition and transfer Lotus becomes a wholly owned subsidiary of PROTON.

## 11 SUBSEQUENT EVENTS

No material event has arisen in the interval between the end of the current quarter and the date of this release to affect substantially the results of the Group for the current reporting period.

## 12 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There is no material change in contingent liabilities and assets since the last annual financial statements to the date of issue of this quarterly report.

## 13 PERFORMANCE REVIEW

At the company level, sales reduced by 3.7% from 176,460 units in the corresponding period of the previous year to 169,967 units in the current period.

At the group level, operating profit before tax was RM 1,102.7 million compared to RM 985.3 million for the corresponding period last year. The increase was mainly due to the improved performance of Lotus Group International Ltd.

#### 14 QUARTERLY RESULTS COMPARISON

The Group recorded a profit before tax of RM266.4 million in the current quarter as compared to RM 443.5 million in the previous quarter. The lower profit was mainly due to a reduction in domestic car sales.

#### 15 PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The current global uncertainties will continue to impact consumer sentiment and this may affect car sales in the remaining quarter.

#### 16 VARIANCE OF ACTUAL AND FORECAST PROFIT

The Company did not issue any profit forecast or profit guarantee during the year.

#### 17 TAXATION

	<u>Current quarter</u> RM'000	<u>Current period to date</u> RM'000
Taxation for the current period to date comprise of:		
Current taxation	66,570	258,397
Share of taxation in associated companies	671	3,560
Share of taxation in a jointly controlled company	130	408
	<u>67,371</u>	<u>262,365</u>
Effective tax rate	25.3%	23.8%

The lower effective rate for the current quarter and current period to date is mainly due to the incentives on reinvestment allowances and double deduction on research and development expenditure.

#### 18 SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

The Group did not dispose any unquoted investment and properties during the current quarter and current financial year-to-date.

#### 19 QUOTED SECURITIES

a) Total purchases and disposals of quoted securities for the current quarter and year to date are as follows:

	<u>Current quarter</u> RM'000	<u>Current period to date</u> RM'000
Total purchases	16,690	84,919
Total disposals	14,242	85,126
Total (loss)/profit on disposal	(2,013)	3,507

b) As at 31 December 2002, the Group's quoted securities are as follows:

	RM'000
At cost	193,586

At carrying value	169,462
At market value	172,070

## 20 GROUP BORROWINGS AND DEBT SECURITIES

The Group borrowings as at 31 December 2002 are as follows:

	<u>Total</u> RM'000	<u>Amount denominated in foreign</u> <u>currencies included in the borrowings</u>		
		£'000	AUD'000	USD'000
Long Term Liabilities:				
Unsecured:				
Long term loans	272,596			
Portion repayable within twelve months	(18,529)			
	<u>254,067</u>			
Secured:				
Long term loans	278,762	44,277		2,363
Portion repayable within twelve months	(273,960)	(44,277)		(1,100)
	<u>4,802</u>	<u>0</u>		<u>1,263</u>
Finance lease and hire purchase creditors				
- secured	6	1		
Portion repayable within twelve months	(6)	(1)		
	<u>0</u>	<u>0</u>		
	<u>258,869</u>	<u>0</u>		<u>1,263</u>
Short Term Liabilities:				
Unsecured:				
Current portion of long term loans	18,529			
Short term loans	19,249	3,159		
Bankers acceptance	6,915			
Bank overdrafts	37,142	6,096		
	<u>81,835</u>	<u>9,255</u>		
Secured:				
Current portion of long term loans	273,960	44,277		1,100
Current portion of finance lease	6	1		
Short term loans	4,305		2,000	
	<u>360,106</u>	<u>53,533</u>	<u>2,000</u>	<u>1,100</u>

## 21 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As at 18 February 2003, being the latest practicable date, the outstanding notional principal amount of the Group off balance sheet financial instruments as follows:

	<u>Total</u> RM'000	<u>Maturity</u>		
		<u>Less than</u> <u>6 months</u> RM'000	<u>6 months</u> <u>to 1 year</u> RM'000	<u>More than</u> <u>1 year</u> RM'000
Foreign exchange contracts	336,394	292,548	33,266	10,580
Interest rate Cap & Floor contracts	243,080		243,080	

The Group enters into forward foreign exchange contracts as a hedge against forecasted foreign accounts payable and receivable. The contract exchange rates were used on the settlement of the

payables and receivables. The net position to the Group as at 18 February 2003 is favourable by approximately RM6,172,000.

A subsidiary entered into an interest rate cap and floor transaction to cover its listed debts which is fixed between 5.1% and 6.95%. The net position of the Group as a result of the above transaction as at 18 February 2003 is unfavourable by approximately RM 1,395,000.

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.

## 22 CHANGES IN MATERIAL LITIGATION

There was no new material litigation in the period under review. There were also no changes in the status of the arbitration reported in the last financial statements.

## 23 EARNINGS PER SHARE

	<u>Current quarter</u>	<u>Current period to date</u>
Basic EPS		
Net profit attributable to shareholders (RM'000)	196,967	831,837
Weighted average no of shares ('000)	549,193	548,333
Basic EPS	35.9 sen	151.7 sen
Fully Diluted EPS		
Weighted average no of shares ('000)	549,193	548,333
Add: No of shares under options ('000)	3,893	3,893
Less: Shares under options that would have been issued at fair value ('000)	<u>(4,138)</u>	<u>(3,278)</u>
No of shares used to compute diluted EPS ('000)	<u>548,948</u>	<u>548,948</u>
Fully diluted EPS	Not Applicable	151.5 sen

## 24 CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment not provided for in the financial statements as at 31 December 2002 is as follows:

	RM Million	
Authorised by Directors and contracted		934.1
Authorised by Directors and not contracted	<u>2,986.2</u>	
	<u><u>3,920.3</u></u>	

## 25 STATUS OF CORPORATE PROPOSAL

None

BY ORDER OF THE BOARD

NIK ALIENA SALWANEE NIK MOHAMED  
COMPANY SECRETARY

24 February 2003  
Shah Alam