

PERUSAHAAN OTOMOBIL NASIONAL BERHAD

UNAUDITED FINANCIAL RESULTS

FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2002



The Board of Directors are pleased to announce the financial results of the Group for the quarter ended 30 September 2002.

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UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2002

	Individual Period		Unaudited Cumulative Period	
	Current Quarter <u>30.09.2002</u> RM'000	Preceding Year Corresponding Quarter <u>30.09.2001</u> RM'000	Current Period To Date <u>30.09.2002</u> RM'000	Preceding Year Corresponding Period <u>30.09.2001</u> RM'000
Revenue	2,560,907	2,890,229	5,337,870	5,297,308
Operating expenses	(2,185,771)	(2,584,540)	(4,618,536)	(4,806,469)
Other operating income	67,659	53,254	114,390	77,918
Profit from operations	442,795	358,943	833,724	568,757
Finance cost	(8,987)	(12,856)	(20,104)	(23,883)
Share of results of associated and jointly controlled entities	9,663	7,014	22,753	9,961
Profit before taxation	443,471	353,101	836,373	554,835
Taxation	(94,940)	(112,051)	(194,994)	(166,677)
Profit after taxation	348,531	241,050	641,379	388,158
Minority interest	(3,250)	(4,132)	(6,508)	(5,346)
Net profit attributable to shareholders	<u>345,281</u>	<u>236,918</u>	<u>634,871</u>	<u>382,812</u>
Earnings per share				
- basic	62.9 sen	43.6 sen	115.9 sen	70.5 sen
- diluted	62.8 sen	N/A	115.7 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>30.09.2002</u> RM'000	Audited As at <u>31.03.2002</u> RM'000
<b>CURRENT ASSETS</b>		
Inventories	740,473	720,207
Trade and other receivables	895,515	807,406
Short term investments	164,551	184,987
Deposits, bank and cash balances	4,142,036	3,639,942
	<u>5,942,575</u>	<u>5,352,542</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	2,128,177	1,830,225
Provisions	106,306	120,665
Taxation	277,917	280,367
Short term borrowings	175,809	218,981
Dividend	43,935	-
	<u>2,732,144</u>	<u>2,450,238</u>
<b>NET CURRENT ASSETS</b>	<b>3,210,431</b>	<b>2,902,304</b>
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	1,973,186	1,737,834
Associated & jointly controlled companies	110,976	91,021
Other long term investments	6,276	6,276
	<u>2,090,438</u>	<u>1,835,131</u>
<b>NON CURRENT LIABILITIES</b>		
Long term liabilities	496,066	509,821
Deferred taxation	84,565	84,565
	<u>580,631</u>	<u>594,386</u>
	<u>4,720,238</u>	<u>4,143,049</u>
<b>FINANCED BY:</b>		
Share capital	549,193	543,144
Reserves	4,118,540	3,553,433
	<u>4,667,733</u>	<u>4,096,577</u>
Shareholders' funds	4,667,733	4,096,577
Minority interests	52,505	46,472
	<u>4,720,238</u>	<u>4,143,049</u>
Net Tangible Assets per share (RM)	<u>8.50</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.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 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			(12,783)		(12,783)
Net profit attributable to shareholders				382,812	382,812
Dividends for the financial year				(40,704)	(40,704)
At 30 September 2001	<u>542,716</u>	<u>429,359</u>	<u>(324,485)</u>	<u>2,730,618</u>	<u>3,378,208</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			(68,897)		(68,897)
Net profit attributable to shareholders				634,871	634,871
Dividends for the financial year				(43,935)	(43,935)
At 30 September 2002	<u>549,193</u>	<u>475,477</u>	<u>(379,720)</u>	<u>4,022,783</u>	<u>4,667,733</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 30 SEPTEMBER 2002

	Current period <u>To Date</u>
	<u>30.09.2002</u>
	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Profit before taxation	836,373
Adjustments for:	
Depreciation	131,499
Interest expense	20,104
Interest Income	(55,914)
Share of profits of associated and Joint Venture companies	(22,753)
Realised gain on investments	(5,520)
Provisions for diminution in short term investments	17,781
Other Non-cash items	(28,443)
Other Non-operating items	(14)
	<hr/>
Operating profit before changes in working capital	893,113
Changes in working capital:	
Net change in current assets	(73,529)
Net change in current liabilities	244,653
	<hr/>
Cash generated from operations	1,064,237
Taxation paid	(194,407)
Net interest received	30,721
	<hr/>
Net cash flow from operating activities	900,551
	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Net inflow from equity investments	8,175
Other capital investments	(366,839)
	<hr/>
Net cash flow used in investing activities	(358,664)
	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Issuance of share capital	49,117
Bank borrowings	(61,629)
Term loans	(35,609)
	<hr/>
Net cash flow from financing activities	(48,121)
	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	493,766
EXCHANGE RATE EFFECTS	5,349
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL PERIOD	3,609,027
	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	4,108,142
	<hr/> <hr/>

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.

**PERUSAHAAN OTOMOBIL NASIONAL BERHAD**

**NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 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 years, the final dividend was accrued as a liability when proposed by the Board of Directors. In compliance with MASB Standard No. 19 on "Events After the Balance Sheet Date" the accounting policy has been accounted for retrospectively. The effects on the consolidated retained profits and net tangible assets per share are as follows:

Group retained profit:	RM Million
At 31 March 2001, as previously reported:	2,347.8
Add: Proposed final dividend	40.7
	<hr/>
At 31 March 2001, as restated	2,388.5
	<hr/> <hr/>
The Group net tangible assets per share increase from RM5.54 to RM5.62.	
At 31 March 2002, as previously reported:	3,388.4
Add: Proposed final dividend	43.4
	<hr/>
At 31 March 2002, as restated	3,431.8
	<hr/> <hr/>
The Group net tangible assets per share increase from RM7.46 to RM7.54.	

## 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 30 September 2002.

## 4 INDIVIDUALLY SIGNIFICANT ITEMS

The individually significant item for the quarter ended 30 September 2002 is as follows:

	RM Million
Research and development expenditure	145.1
Purchase of property, plant and equipment	367.2

## 5 CHANGES IN ESTIMATES

The financial statements for the quarter ended 30 September 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 <u>to date</u> 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	(17,793)
Unsecured	(17,816)

## 7 DIVIDENDS

No dividend was paid by the Company between 31 March 2002 and 30 September 2002.

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 is declared. The dividend is payable on 17 January 2003 to shareholders on Register of Members and Record of Depositors at close of business on 20 December 2002.

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 Register of Members and Record of Depositors at close of business on 4 October 2002.

## 8 SEGMENTAL INFORMATION

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

	Current period to date			
	<u>Malaysia</u> RM Million	<u>Other countries</u> RM Million	<u>Eliminations</u> RM Million	<u>Consolidated</u> RM Million
<u>Revenue</u>				
External Sales	4,970.9	367.0	-	5,337.9
Inter-company sales	1,889.4	185.6	(2,075.0)	-
Total Revenue	<u>6,860.3</u>	<u>552.6</u>	<u>(2,075.0)</u>	<u>5,337.9</u>
<u>Result</u>				
Segment operating profit	610.2	20.0	147.6	777.8
Interest expense				(20.1)
Interest income				55.9
Share of net profits of associated companies & jointly controlled entities	14.4	5.2		19.6
Income taxes of Company & subsidiary companies				(191.8)
Net profit after tax				<u>641.4</u>

## 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

In August 2002, the Company subscribed for 36 million new ordinary shares of £1 each arising from the rights issue by Lotus Group International Limited ("Lotus"), a subsidiary company. With this

subscription, the Company's interest in Lotus has increased from 80% to 95.66%. There is no material effect of the acquisition to the interim financial statements.

## 11 SUBSEQUENT EVENTS

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.

## 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, favourable business conditions for the period under review resulted in higher sales volume recorded in the current period. Sales increased by 5.4% from 119,502 units in the corresponding period of the previous year to 126,001 units in the current period.

At the group level, operating profit before tax was RM 836.4 million compared to RM 554.8 million for the corresponding period last year. The increase was mainly due to better results recorded by the Company and Proton Edar Sdn Bhd resulting from the strong performance of the domestic automotive sector, and improved performance of the overseas subsidiary particularly Lotus Group International Ltd.

## 14 QUARTERLY RESULTS COMPARISON

The Group recorded a profit before tax of RM443.5 million in the current quarter as compared to RM 392.9 million in the previous quarter. The increase in profits was mainly due to slightly lower research and development expenditure.

## 15 PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The strong performance of the first six months of the financial year is due to continuous demand for new cars in the mid to lower segment. However, recent global events have created uncertainty among consumers and this may impact the performance of the second half of the financial year.

## 16 VARIANCE OF ACTUAL AND FORECAST PROFIT

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

## 17 TAXATION

	Current <u>quarter</u> RM'000	Current period <u>to date</u> RM'000
Taxation for the current period to date comprise of:		
Current taxation	93,096	191,827
Share of taxation in associated companies	1,566	2,889
Share of taxation in a jointly controlled company	278	278
	<u>          </u>	<u>          </u>

	<u>94,940</u>	<u>194,994</u>
Effective tax rate	21.4%	23.3%

The lower effective rate for the current quarter and current period to date is mainly due to the incentives on reinvestment allowances and 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	40,709	68,229
Total disposals	54,859	76,404
Total profit on disposal	1,973	5,520

b) As at 30 September 2002, the Group's quoted securities are as follows:

	RM'000
At cost	191,138
At carrying value	164,551
At market value	167,001

## 20 GROUP BORROWINGS AND DEBT SECURITIES

The Group borrowings as at 30 September 2002 are as follows:

	<u>Total</u> RM'000	<u>Amount denominated in foreign 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	<u>(18,529)</u>			
	<u>254,067</u>			
Secured:				
Long term loans	291,664	47,451		2,642
Portion repayable within twelve months	<u>(49,701)</u>	<u>(7,670)</u>		<u>(1,100)</u>

	241,963	39,781		1,542
Finance lease and hire purchase creditors				
- secured	137	23		
Portion repayable within twelve months	(101)	(17)		
	36	6		
	496,066	39,787		1,542
Short Term Liabilities:				
Unsecured:				
Current portion of long term loans	18,529			
Short term loans	63,386	10,680		
Bankers acceptance	6,165			
Bank overdrafts	33,895	5,711		
	121,975	16,391		
Secured:				
Current portion of long term loans	49,701	7,670		1,100
Short term loans	4,133		2,000	
	175,809	24,061	2,000	1,100

## 21 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As at 7<sup>th</sup> November 2002, being the latest practicable date, the outstanding notional principal amount of the Group off balance sheet financial instruments as follows:

	<u>Total</u>	<u>Less than</u>	<u>6 months</u>	<u>Maturity</u>
	RM'000	<u>6 months</u>	<u>to 1 year</u>	<u>More than</u>
		RM'000	RM'000	<u>1 year</u>
				RM'000
Foreign exchange contracts	428,224	389,415	13,027	25,782
Interest rate swaps	6,849	6,849		
Cap & Floor transactions	237,400		237,400	

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 7 November 2002 is unfavourable by approximately RM2,509,000.

## 21 OFF BALANCE SHEET FINANCIAL INSTRUMENTS (CONTINUED)

A subsidiary entered into an interest rate swap agreement to reduce the impact of changes in interest rates on its borrowings. The agreement effectively fixed the interest rate exposure of the subsidiary to 7.2%. An interest rate cap and floor transaction is also in place to cover the listed debts of a subsidiary which is fixed between 5.1% and 6.95%. The net position of the Group as a result of the above transactions as at 7<sup>th</sup> November 2002 is unfavourable by approximately RM 2,462,000.

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 material litigation 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)	345,281	634,871
Weighted average no of shares ('000)	549,056	547,901
Basic EPS	62.9 sen	115.9 sen
 Fully Diluted EPS		
Weighted average no of shares ('000)	549,056	547,901
Add: No of shares under options ('000)	3,893	3,893
Less: Shares under options that would have been issue at Fair value ('000)	<u>(3,430)</u>	<u>(3,111)</u>
No of shares used to compute diluted EPS ('000)	<u>549,519</u>	<u>548,683</u>
Fully diluted EPS	62.8 sen	115.7 sen

24 CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment not provided for in the financial statements as at 30 September 2002 is as follows:

	RM Million	
Authorised by Directors and contracted		1,113.3
Authorised by Directors and not contracted	<u>3,056.0</u>	
	<u>4,169.3</u>	

BY ORDER OF THE BOARD

NIK ALIENA SALWANEE NIK MOHAMED  
COMPANY SECRETARY

11 November 2002  
Shah Alam