

PERUSAHAAN OTOMOBIL NASIONAL BERHAD

UNAUDITED FINANCIAL RESULTS

FOR THE FIRST QUARTER ENDED 30 JUNE 2003

The Board of Directors are pleased to announce the financial results of the Group for the first quarter ended 30 June 2003.

Index	Page
Condensed Consolidated Income Statements	3
Condensed Consolidated Balance Sheet	4
Condensed Consolidated Statement of Changes in Equity	5
Condensed Consolidated Cash Flow Statement	6
Notes to Financial Information	
1) Accounting policies	7
2) Status of audit qualification	7
3) Seasonal or cyclical factors	7
4) Individually significant items	7
5) Changes in estimates	8
6) Changes in equity and long term debts	8
7) Dividends	8
8) Segmental information	8-9
9) Property, plant & equipment	9
10) Changes in the composition of the Group	9
11) Subsequent events	9
12) Contingent liabilities and contingent assets	9
13) Performance review	9
14) Quarterly results comparison	9
15) Prospects for the rest of the financial year	10
16) Variance of actual and forecast profit	10
17) Taxation	10
18) Sale of unquoted investments and properties	10
19) Quoted securities	10
20) Group borrowings and debt securities	11
21) Off balance sheet financial instruments	11
22) Changes in material litigation	12
23) Earnings per share	12
24) Capital commitments	12
25) Status of corporate proposal	12

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2003

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	<u>Current quarter</u> 30.06.2003 RM'000	<u>Preceding year corresponding quarter</u> 30.06.2002 RM'000	<u>Current year to date</u> 30.06.2003 RM'000	<u>Unaudited Preceding year corresponding period</u> 30.06.2002 RM'000
Revenue	1,943,888	2,776,963	1,943,888	2,776,963
Operating expenses	(1,814,413)	(2,432,766)	(1,814,413)	(2,432,766)
Other operating income	59,431	46,731	59,431	46,731
Profit from operations	188,906	390,928	188,906	390,928
Finance cost	(10,204)	(11,117)	(10,204)	(11,117)
Share of results of associated and jointly controlled entities	8,606	13,090	8,606	13,090
Profit before taxation	187,308	392,901	187,308	392,901
Taxation	(25,250)	(100,054)	(25,250)	(100,054)
Profit after taxation	162,058	292,847	162,058	292,847
Minority interest	(3,942)	(3,258)	(3,942)	(3,258)
Net profit attributable to shareholders	<u>158,116</u>	<u>289,589</u>	<u>158,116</u>	<u>289,589</u>
Earnings per share				
- basic	28.8 sen	53.0 sen	28.8 sen	53.0 sen
- diluted	N/A	52.9 sen	N/A	52.9 sen

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31st March 2003.

PERUSAHAAN OTOMOBIL NASIONAL BERHAD
CONDENSED CONSOLIDATED BALANCE SHEETS

	Unaudited as at <u>30.06.2003</u> RM'000	Audited as at <u>31.03.2003</u> RM'000
CURRENT ASSETS		
Inventories	906,473	835,486
Trade and other receivables	938,310	852,498
Short term investments	191,819	166,435
Deposits, bank and cash balances	3,625,051	3,793,257
	<u>5,661,653</u>	<u>5,647,676</u>
CURRENT LIABILITIES		
Trade and other payables	1,654,221	1,692,241
Provisions	257,989	264,838
Taxation	168,330	206,453
Short term borrowings	720,442	507,376
	<u>2,800,982</u>	<u>2,670,908</u>
NET CURRENT ASSETS	2,860,671	2,976,768
NON CURRENT ASSETS		
Property, plant and equipment	2,503,589	2,256,884
Associated & jointly controlled companies	155,803	149,690
Other long term investments	6,276	6,276
	<u>2,665,668</u>	<u>2,412,850</u>
NON CURRENT LIABILITIES		
Long term liabilities	212,490	222,268
Deferred taxation	10,250	18,894
	<u>222,740</u>	<u>241,162</u>
	<u>5,303,599</u>	<u>5,148,456</u>
FINANCED BY:		
Share capital	549,213	549,213
Reserves	4,694,453	4,543,279
	<u>5,243,666</u>	<u>5,092,492</u>
Shareholders' funds	5,243,666	5,092,492
Minority interests	59,933	55,964
	<u>5,303,599</u>	<u>5,148,456</u>
Net Tangible Assets per share (RM)	<u>9.55</u>	<u>9.27</u>

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31st March 2003.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2003

	<u>Issued and fully paid ordinary shares</u>		<u>Non- distributable Goodwill & foreign exchange translation</u>	<u>Distributable</u>	
	<u>Nominal value of RM1 each RM'000</u>	<u>Share premium RM'000</u>	<u>RM'000</u>	<u>Retained earnings RM'000</u>	<u>Total RM'000</u>
At 1 April 2002	543,144	432,409	(310,823)	3,431,847	4,096,577
Issued under ESOS	5,738				5,738
Premium on shares issued		40,830			40,830
Currency translations			(37,819)		(37,819)
Net profit attributable to shareholders				289,589	289,589
At 30 June 2002	<u>548,882</u>	<u>473,239</u>	<u>(348,642)</u>	<u>3,721,436</u>	<u>4,394,915</u>
At 1 April 2003 (as previously reported)	549,213	475,617	(413,389)	4,482,969	5,094,410
Prior year adjustments (Note 1)				(1,918)	(1,918)
As restated	<u>549,213</u>	<u>475,617</u>	<u>(413,389)</u>	<u>4,481,051</u>	<u>5,092,492</u>
Currency translations			(6,942)		(6,942)
Net profit attributable to shareholders				158,116	158,116
At 30 June 2003	<u>549,213</u>	<u>475,617</u>	<u>(420,331)</u>	<u>4,639,167</u>	<u>5,243,666</u>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st March 2003.

PERUSAHAAN OTOMOBIL NASIONAL BERHAD

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2003

Current year
to date
30.06.2003

	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	187,308
Adjustments for:	
Depreciation	78,023
Interest expense	10,204
Interest Income	(28,473)
Share of profits of associated and joint venture companies	(8,606)
Realised gain on disposal of investments	(1,250)
Write back of diminution in short term investments	(9,548)
Other non-cash & non operating items	3,015
	<hr/>
Operating profit before changes in working capital	230,673
Changes in working capital:	
Net change in current assets	(118,986)
Net change in current liabilities	(65,889)
	<hr/>
Cash generated from operations	45,798
Taxation paid	(81,638)
Net interest received	11,466
	<hr/>
Net cash flow used in operating activities	(24,374)
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net outflow from equity investments	(13,048)
Net outflow from other capital investments	(324,099)
	<hr/>
Net cash flow used in investing activities	(337,147)
	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES	
Net inflow from bank borrowings	190,896
Net outflow from term loans	(28,598)
	<hr/>
Net cash flow generated from financing activities	162,298
	<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(199,223)
EXCHANGE RATE EFFECTS	3,542
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	3,719,613
	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER	3,523,932
	<hr/> <hr/>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31st March 2003. No comparative figure is available as this is the first year of MASB 26 implementation.

PERUSAHAAN OTOMOBIL NASIONAL BERHAD

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2003

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 2003. 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 2003 except for the new relevant approved accounting standards issued by MASB which become operative for the financial year ended 31 March 2004. (MASB 25 and MASB 27 to MASB 30)

The adoptions of MASB 29 resulted in prior year adjustments in respect of amounts payable for short term employees benefits in the form of accumulated compensated absences. This obligation was not provided for prior to the adoption of MASB 29. The changes in accounting policies have been applied retrospectively and comparatives have been restated for the financial ended 31 March 2003 only. Comparatives prior to 31 March 2003 cannot be reasonably determined and is not expected to be material. Therefore, no comparatives were presented.

The effects of changes in accounting policies are as follows:

	Retained profits RM '000	Minority interest RM '000	Trade & other payables RM '000
At 1 April 2003, as previously reported	4,482,969	56,009	1,690,278
Effects of adopting MASB 29	(1,918)	(45)	1,963
At 1 April 2003, as restated	<u>4,481,051</u>	<u>55,964</u>	<u>1,692,241</u>

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 June 2003.

4 INDIVIDUALLY SIGNIFICANT ITEMS

The individually significant item for the quarter ended 30 June 2003 is as follows:

	RM Million
Purchase of property, plant and equipment	325.0
R&D expenditure	146.7
Depreciation	78.0

5 CHANGES IN ESTIMATES

There were no changes in estimates that have a material effect in the current quarter. The Company continued to adopt the accelerated depreciation policy announced in the last financial year.

6 CHANGES IN EQUITY AND LONG TERM DEBTS

Current year
to date

	RM'000
Repayment of long term loan as follows:	
Secured	(19,064)
Hire purchase & finance lease	(132)
Unsecured	(9,402)

There are no new issues of equity or long term borrowings in the current quarter.

7 DIVIDENDS

a) Dividend paid

Final Dividend

No final dividend was paid in the current quarter.

Interim Dividend

No interim dividend was paid in the current quarter

b) Dividend proposed or declared

No dividend is proposed in the current quarter.

c) Total dividend

The total dividend declared and proposed in respect of financial year ending 31 March 2004 is nil.

8 SEGMENTAL INFORMATION

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

	<u>Current year to date</u>			
	<u>Malaysia</u>	<u>Other</u>	<u>Eliminations</u>	<u>Consolidated</u>
	RM Million	countries RM Million	RM Million	RM Million
<u>Revenue</u>				
External Sales	1,710.1	233.8	-	1,943.9
Inter-segment sales	45.0	51.0	(96.0)	-
Total Revenue	<u>1,755.1</u>	<u>284.8</u>	<u>(96.0)</u>	<u>1,943.9</u>

8. SEGMENTAL INFORMATION (continued)

Result

Segment operating profit	161.8	8.8	(25.2)	145.4
Unallocated income				16.0
Interest expense				(10.2)
Interest income				27.6
Share of net profits of associated companies & jointly controlled entities	2.9	3.8		6.7

Income taxes of Company & subsidiary companies	(23.4)
Net profit after tax	<u>162.1</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

On 6 May 2003, a wholly owned subsidiary company, Proton Tanjung Malim Sdn. Bhd. was incorporated with a paid-up capital of RM2.

11 SUBSEQUENT EVENTS

On 3 July 2003, Proton Edar Sdn. Bhd., a wholly-owned subsidiary of PROTON BERHAD has set up a company in Singapore, Proton Singapore Pte Ltd with subscriber's shares of SGD 2.

On 5 August 2003, the Company subscribed for 1.8 million shares at RM 1 each which represents 51% of the issued and paid up capital of a new subsidiary, Miyazu Malaysia Sdn. Bhd. The company will commence its operations in August 2003.

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 Group level, operating profit before tax was RM 187.3 million compared to RM 392.9 million for the corresponding period last year. The lower profit was mainly due to a reduction in the Group revenue from RM 2.8 billion to RM 1.9 billion.

At the Company level, sales reduced from 65,039 units in the previous corresponding quarter to 47,726 units in the current quarter. This was attributed to the anticipated weaker domestic demand.

14 QUARTERLY RESULTS COMPARISON

The Group recorded a profit before tax of RM187.3 million in the current quarter as compared to RM 259.2 million in the previous quarter. The lower profit was mainly due to lower sales recorded in the current quarter.

15 PROSPECTS FOR THE REST OF THE FINANCIAL YEAR

Consumer sentiment is expected to remain weak as the domestic market edges closer to AFTA with potential buyers deferring purchases in the hope of better deals after 31 December 2004.

The Company will continue to respond to this competitive environment by introducing new innovative variants and new models.

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 year to date</u> RM'000
	Current taxation		
	Arising in Malaysia	29,945	29,945
	Arising outside Malaysia	2,065	2,065
		<hr/>	<hr/>
		32,010	32,010
	Deferred tax	(8,644)	(8,644)
	Share of taxation in associated & jointly controlled companies	1,884	1,884
		<hr/>	<hr/>
		25,250	25,250
		<hr/> <hr/>	<hr/> <hr/>
	Effective tax rate	13%	13%

Lower effective tax rate for the current quarter and current year to date is mainly due to deferred tax and incentives. The incentive mainly comprises of claims for reinvestment allowances and double deduction on research and development expenditure and promotion of exports.

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 year to date</u> RM'000
Total purchases	28,709	28,709
Total disposals	12,873	12,873
Total gain on disposal	1,250	1,250

b) As at 30 June 2003, the Group's quoted securities are as follows:

	RM'000
At cost	200,062
At carrying value	191,819
At market value	194,616

20 GROUP BORROWINGS AND DEBT SECURITIES

The Group borrowings as at 30 June 2003 are as follows:

	<u>Total</u> RM'000	<u>Amount denominated in foreign currencies included in the borrowings</u> £'000
Long Term Liabilities:		
Unsecured:		
Long term loans	263,195	
Portion repayable within twelve months	(50,705)	
	<hr/>	
	212,490	
Secured:		
Long term loans	259,544	41,332
Portion repayable within twelve months	(259,544)	(41,332)

	-	-
	212,490	-
Short Term Liabilities:		
Unsecured:		
Current portion of long term loans	50,705	
Short term loans	309,074	
Bank overdrafts	101,119	16,103
	460,898	16,103
Secured:		
Current portion of long term loans	259,544	41,332
	720,442	57,435

21 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As at 22 August 2003, 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	362,163	344,910	14,640	2,613
Interest rate cap & floor contracts	239,682	239,682		

The Group enters into forward foreign exchange contracts as a hedge against anticipated foreign currency 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 22 August 2003 is favourable by approximately RM8,901,000.

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 22 August 2003 is unfavourable by approximately RM 656,000.

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 quarter under review.

23 EARNINGS PER SHARE

	<u>Current</u>	<u>Current year</u>
	<u>quarter</u>	<u>to date</u>
<u>Basic EPS</u>		
Net profit attributable to shareholders (RM'000)	158,116	158,116
Weighted average no of shares ('000)	549,213	549,213
Basic EPS (sen)	28.8	28.8

Fully diluted EPS

The Employees' Share Options Scheme, the only options that may have a potential dilution effect expired on 10 March 2003. Therefore, no fully diluted EPS is applicable at 30 June 2003.

24 CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment not provided for in the financial statements as at 30 June 2003 is as follows:

	RM Million	
Authorised by Directors and contracted		545.1
Authorised by Directors and not contracted	5,603.9	
	<u>6,149.0</u>	

25 STATUS OF CORPORATE PROPOSAL

There were no changes to the status of the corporate proposal reported in the last financial statements except that four companies were formed under the name of Proton Holdings Berhad, Proton Hartanah Sdn. Bhd, Proton Marketing Sdn. Bhd and Proton Capital Sdn. Bhd with subscriber's shares of RM2 each.

BY ORDER OF THE BOARD

YEAP KOK LEONG
COMPANY SECRETARY

29 August 2003
Shah Alam