

PERUSAHAAN OTOMOBIL NASIONAL BERHAD

UNAUDITED FINANCIAL RESULTS

FOR THE FOURTH QUARTER ENDED 31 MARCH 2003

The Board of Directors are pleased to announce the financial results of the Group for the fourth quarter ended 31 March 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	7
6) Changes in equity and long term debts	7
7) Dividends	8
8) Segmental information	8
9) Property, plant & equipment	8
10) Changes in 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 next financial year	9
16) Variance of actual and forecast profit	9
17) Taxation	9-10
18) Sale of unquoted investments and properties	10
19) Quoted securities	10
20) Group borrowings and debt securities	10-11
21) Off balance sheet financial instruments	11
22) Changes in material litigation	11
23) Earnings per share	12
24) Capital commitments	12
25) Status of corporate proposal	12

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	<u>Current quarter</u> 31.03.2003 RM'000	<u>Unaudited Preceding year corresponding quarter</u> 31.03.2002 RM'000	<u>Unaudited Current year to date</u> 31.03.2003 RM'000	<u>Audited Preceding year corresponding period</u> 31.03.2002 RM'000
Revenue	2,005,713	2,608,690	9,267,996	10,307,663
Operating expenses	(1,792,613)	(2,136,440)	(8,130,616)	(8,952,165)
Other operating income	41,964	53,400	215,671	174,130
Profit from operations	255,064	525,650	1,353,051	1,529,628
Finance cost	(8,641)	(10,548)	(38,378)	(44,376)
Share of results of associated and jointly controlled entities	12,784	11,404	47,268	26,568
Profit before taxation	259,207	526,506	1,361,941	1,511,820
Taxation write back / (charged)	49,425	(158,109)	(212,940)	(374,600)
Profit after taxation	308,632	368,397	1,149,001	1,137,220
Minority interest	(1,477)	(7,424)	(10,008)	(15,189)
Net profit attributable to shareholders	307,155	360,973	1,138,993	1,122,031
Earnings per share				
- basic	55.9 sen	66.5 sen	207.6 sen	206.7 sen
- diluted	N/A	N/A	N/A	N/A

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

PERUSAHAAN OTOMOBIL NASIONAL BERHAD
CONDENSED CONSOLIDATED BALANCE SHEETS

	Unaudited as at <u>31.03.2003</u> RM'000	Audited as at <u>31.03.2002</u> RM'000
CURRENT ASSETS		
Inventories	835,486	720,207
Trade and other receivables	840,924	894,012
Short term investments	166,435	184,987
Deposits, bank and cash balances	3,793,257	3,639,942
	<u>5,636,102</u>	<u>5,439,148</u>
CURRENT LIABILITIES		
Trade and other payables	1,690,278	1,830,225
Provisions	264,838	207,271
Taxation	194,879	280,367
Short term borrowings	507,376	218,981
	<u>2,657,371</u>	<u>2,536,844</u>
NET CURRENT ASSETS	2,978,731	2,902,304
NON CURRENT ASSETS		
Property, plant and equipment	2,256,884	1,737,834
Associated & jointly controlled companies	149,690	91,021
Other long term investments	6,276	6,276
	<u>2,412,850</u>	<u>1,835,131</u>
NON CURRENT LIABILITIES		
Long term liabilities	222,268	509,821
Deferred taxation	18,894	84,565
	<u>241,162</u>	<u>594,386</u>
	<u>5,150,419</u>	<u>4,143,049</u>
FINANCED BY:		
Share capital	549,213	543,144
Reserves	4,545,197	3,553,433
	<u>5,094,410</u>	<u>4,096,577</u>
Shareholders' funds	5,094,410	4,096,577
Minority interests	56,009	46,472
	<u>5,150,419</u>	<u>4,143,049</u>
Net Tangible Assets per share (RM)	<u>9.28</u>	<u>7.54</u>

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2003

	<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				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>
Issued under ESOS	428				428
Premium on shares issued		3,050			3,050
Currency translations			879		879
Net profit attributable to shareholders				1,122,031	1,122,031
Dividends for the financial year				(78,694)	(78,694)
At 31 March 2002	<u>543,144</u>	<u>432,409</u>	<u>(310,823)</u>	<u>3,431,847</u>	<u>4,096,577</u>
At 1 April 2002 (as previously reported)	543,144	432,409	(310,823)	3,388,395	4,053,125
Prior year adjustment				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 ESOS	6,069				6,069
Premium on shares issued		43,209			43,209
Currency translations			(80,968)		(80,968)
Goodwill written off			(21,599)		(21,599)
Net profit attributable to shareholders				1,138,993	1,138,993
Dividends for the financial year				(87,871)	(87,871)
At 31 March 2003	<u>549,213</u>	<u>475,618</u>	<u>(413,390)</u>	<u>4,482,969</u>	<u>5,094,410</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 2002.

PERUSAHAAN OTOMOBIL NASIONAL BERHAD

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003

	Current year to date <u>31.03.2003</u>	Preceding year to date <u>31.03.2002</u>
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,361,941	1,511,820
Adjustments for:		
Depreciation	402,929	317,711
Interest expense	38,378	44,376
Interest Income	(117,028)	(92,829)
Share of profits of associated and joint venture companies	(47,268)	(26,568)
Realised loss/(gain) on investments	1,694	(8,259)
Provisions for /(write back) of diminution in short term investments	8,985	(21,515)
Other non-cash items	60,340	109,157
Other non-operating items	(9,041)	(292)
Operating profit before changes in working capital	<u>1,700,930</u>	<u>1,833,601</u>
Changes in working capital:		
Net change in current assets	210,694	232,864
Net change in current liabilities	(363,425)	(50,181)
Cash generated from operations	1,548,199	2,016,284
Taxation paid	(356,534)	(273,342)
Net interest received	74,349	27,508
Net cash flow from operating activities	<u>1,266,014</u>	<u>1,770,450</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net outflow from equity investments	(28,364)	(7,179)
Net outflow from other capital investments	(1,006,212)	(273,656)
Net cash flow used in investing activities	<u>(1,034,576)</u>	<u>(280,835)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	49,278	3,478
Net outflow from bank borrowings	(14,288)	23,730
Net outflow from term loans	(69,710)	(94,828)
Dividend paid	(87,871)	(78,694)
Net cash flow used in financing activities	<u>(122,591)</u>	<u>(146,314)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	108,847	1,343,301
EXCHANGE RATE EFFECTS	1,740	971
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	<u>3,609,027</u>	<u>2,264,755</u>
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR	<u>3,719,614</u>	<u>3,609,027</u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31st March 2002.

PERUSAHAAN OTOMOBIL NASIONAL BERHAD

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2003

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 ended 31 March 2003. (MASB 17 to MASB 24)

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 March 2003.

4 INDIVIDUALLY SIGNIFICANT ITEMS

The individually significant item for the quarter ended 31 March 2003 is as follows:

	RM Million
Purchase of property, plant and equipment	501.2
Depreciation & assets written off *	291.9
<i>(* includes RM105 million for accelerated depreciation)</i>	

5 CHANGES IN ESTIMATES

During the quarter ended 31 March 2003, the group has accelerated the depreciation of certain assets in the current factory located in Shah Alam due to a projected decline in production volume.

6 CHANGES IN EQUITY AND LONG TERM DEBTS

	Current year <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	6,069
Share premium	43,209
Repayment of long term loan as follows:	
Secured	(51,238)
Hire purchase & finance lease	(656)
Unsecured	(17,816)

7 DIVIDENDS

a) Dividend paid

Final Dividend

No final dividend was paid in the current quarter.

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 ended 31 March 2003 was paid on 17 January 2003 to shareholders on the Register of Members and Record of Depositors at the close of business on 20 December 2002.

b) Dividend proposed or declared

A final tax exempt dividend of 12.0 sen (2002:8.0 sen) per share in respect of financial year ended 31 March 2003 is proposed. The dividend is payable on 23 October 2003 to shareholders on the Register of Members and Record of Depositors at the close of business on 3 October 2003.

c) Total dividend

The total dividend declared and proposed in respect of financial year ended 31 March 2003 is 20.0 sen per share comprising of paid interim dividend of 8.0 sen per share and proposed final dividend of 12.0 sen per share.

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> RM Million	<u>Other countries</u> RM Million	<u>Eliminations</u> RM Million	<u>Consolidated</u> RM Million
<u>Revenue</u>				
External Sales	8,491.0	777.0	-	9,268.0
Inter-segment sales	97.1	297.5	(394.6)	-
Total Revenue	<u>8,588.1</u>	<u>1,074.5</u>	<u>(394.6)</u>	<u>9,268.0</u>
<u>Result</u>				
Segment operating profit	1,068.1	5.3	162.6	1,236.0
Interest expense				(38.4)
Interest income				117.0
Share of net profits of associated companies & jointly controlled entities	26.2	13.8		40.0
Income taxes of Company & subsidiary companies				(205.6)
Net profit after tax				<u>1,149.0</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 8 November 2002, the Group has subscribed for 49% of the total registered capital in an associated company Goldstar Proton Automobiles Co. Ltd.

11 SUBSEQUENT EVENTS

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

On 27 May 2003, with the release of the unaudited fourth quarter results, the Company will announce a proposed group reorganisation exercise. The details are as per the announcement.

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 9.9% from 239,783 units in the corresponding year to 216,083 units in the current financial year. However, pre-tax profits increased to RM 934.9 million mainly due to lower provisions, more favourable yen exchange rate and component cost reduction.

At the Group level, operating profit before tax was RM 1,362 million compared to RM 1,512 million for the corresponding period last year. The lower profit was mainly due to a reduction in the Group revenue from RM 10.3 billion to RM 9.3 billion.

14 QUARTERLY RESULTS COMPARISON

The Group recorded a profit before tax of RM259.2 million in the current quarter as compared to RM 266.4 million in the previous quarter. The lower profit was mainly due to the accelerated depreciation charged during the current quarter.

15 PROSPECTS FOR THE NEXT FINANCIAL YEAR

Consumer sentiment is expected to remain weak due to the current global uncertainties and this may impact the car sales for the next 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 year <u>to date</u> RM'000
Taxation comprises:		
Current taxation	12,899	271,296
Deferred tax	(65,671)	(65,671)
Share of taxation in associated companies	3,235	6,795
Share of taxation in a jointly controlled company	112	520
	<u>(49,425)</u>	<u>212,940</u>
Effective tax rate	(19%)	16%

17 TAXATION (CONTINUED)

The low current taxation for the current quarter and current year to-date is due principally to higher claims for reinvestment allowances and double deduction on research and development expenditure and promotion of exports.

The negative effective tax rate for the current quarter and lower effective tax rate for the current year to-date is due to the write back of deferred tax during the current quarter. The write back is due to the charge made during the current quarter for accelerated depreciation which has reduced the deferred tax provision.

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:

	Current quarter RM'000	Current year to date RM'000
Total purchases	20,049	104,968
Total disposals	29,409	114,535
Total (loss) on disposal	(5,201)	(1,694)

b) As at 31 March 2003, the Group's quoted securities are as follows:

	RM'000
At cost	184,226
At carrying value	166,435
At market value	169,210

20 GROUP BORROWINGS AND DEBT SECURITIES

The Group borrowings as at 31 March 2003 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	272,597			
Portion repayable within twelve months	(50,329)			
	<u>222,268</u>			
Secured:				
Long term loans	265,718	43,110		2,079
Portion repayable within twelve months	(265,718)	(43,110)		(2,079)
	<u>-</u>	<u>-</u>		<u>-</u>
Finance lease and hire purchase creditors				
- secured	126	21		
Portion repayable within twelve months (included in creditors)	(126)	(21)		
	<u>-</u>	<u>-</u>		
	<u>222,268</u>	<u>-</u>		<u>-</u>

20 GROUP BORROWINGS AND DEBT SECURITIES (CONTINUED)

	<u>Total</u> RM'000	<u>Amount denominated in foreign currencies included in the borrowings</u>		
		£'000	AUD'000	USD'000
Short Term Liabilities:				
Unsecured:				
Current portion of long term loans	50,329			
Short term loans	113,112			
Bank overdrafts	73,644	12,314		
	<u>237,085</u>	<u>12,314</u>		
Secured:				

Current portion of long term loans	265,718	43,110		2,079
Short term loans	4,573		2,000	
	<u>507,376</u>	<u>55,424</u>	<u>2,000</u>	<u>2,079</u>

21 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As at 20 May 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>
	<u>RM'000</u>	<u>6 months</u>	<u>to 1 year</u>	<u>More than</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>1 year</u>
				<u>RM'000</u>
Foreign exchange contracts	357,370	323,679	27,689	6,002
Interest rate cap & floor contracts	248,002	248,002		

The Group enters into forward foreign exchange contracts as a hedge against forecasted 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 20 May 2003 is favourable by approximately RM12,369,000.

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 20 May 2003 is unfavourable by approximately RM 1,171,000.

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</u>	<u>Current year</u>
	<u>quarter</u>	<u>to date</u>
<u>Basic EPS</u>		
Net profit attributable to shareholders (RM'000)	307,155	1,138,993
Weighted average no of shares ('000)	549,202	548,547
Basic EPS (sen)	55.9	207.6

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 31 March 2003.

24 CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment not provided for in the financial statements as at 31 March 2003 is as follows:

	RM Million	
Authorised by Directors and contracted		3,305.7
Authorised by Directors and not contracted	1,207.9	
	<u>4,513.6</u>	

25 STATUS OF CORPORATE PROPOSAL

The corporate proposal is as disclosed in Note 11.

BY ORDER OF THE BOARD

NIK ALIENA SALWANEE NIK MOHAMED
COMPANY SECRETARY

27 May 2003
Shah Alam