

PROTON HOLDINGS BERHAD
UNAUDITED FINANCIAL RESULTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2005

The Board of Directors are pleased to announce the financial results of the Group for the first quarter ended 30 June 2005

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PROTON HOLDINGS BERHAD

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2005

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	<u>Current quarter</u>	<u>Preceding year corresponding quarter Restated</u>	<u>Current year to date</u>	<u>Unaudited Preceding year corresponding period Restated</u>
	<u>30.06.2005</u>	<u>30.06.2004</u>	<u>30.06.2005</u>	<u>30.06.2004</u>
	RM'000	RM'000	RM'000	RM'000
Revenue	2,054,296	1,921,224	2,054,296	1,921,224
Operating expenses	(2,117,741)	(1,752,253)	(2,117,741)	(1,752,253)
Other operating income	59,898	23,316	59,898	23,316
(Loss)/profit from operations	(3,547)	192,287	(3,547)	192,287
Finance costs	(10,263)	(8,230)	(10,263)	(8,230)
Share of results of associated and jointly controlled entities	9,513	14,205	9,513	14,205
(Loss)/profit before taxation	(4,297)	198,262	(4,297)	198,262
Taxation	(8,364)	(31,795)	(8,364)	(31,795)
(Loss)/profit after taxation	(12,661)	166,467	(12,661)	166,467
Minority interest	309	0	309	0
Net (loss)/profit attributable to shareholders	<u>(12,352)</u>	<u>166,467</u>	<u>(12,352)</u>	<u>166,467</u>
(Loss)/earnings per share				
- basic	(2.2 sen)	30.3 sen	(2.2 sen)	30.3 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 31 March 2005.

PROTON HOLDINGS BERHAD

CONDENSED CONSOLIDATED BALANCE SHEETS

	Unaudited as at <u>30.06.2005</u> RM'000	Audited as at <u>31.03.2005</u> RM'000
CURRENT ASSETS		
Inventories	1,104,362	967,080
Trade and other receivables	1,316,325	1,403,154
Short term investments	210,343	201,535
Deposits, bank and cash balances	2,118,474	2,454,718
	<u>4,749,504</u>	<u>5,026,487</u>
CURRENT LIABILITIES		
Trade and other payables	1,543,701	1,753,807
Provisions	238,155	239,888
Taxation	877	2,624
Short term borrowings	249,130	227,921
	<u>2,031,863</u>	<u>2,224,240</u>
NET CURRENT ASSETS	2,717,641	2,802,247
NON-CURRENT ASSETS		
Property, plant and equipment	3,331,257	3,313,352
Associated & jointly controlled companies	421,657	417,420
Other long term investments	6,276	6,276
Deferred tax assets	50,490	38,479
	<u>3,809,680</u>	<u>3,775,527</u>
NON-CURRENT LIABILITIES		
Long term liabilities	701,105	745,426
Deferred taxation	1,170	1,074
	<u>702,275</u>	<u>746,500</u>
	<u>5,825,046</u>	<u>5,831,274</u>
FINANCED BY:		
Share capital	549,213	549,213
Reserves	5,275,833	5,281,728
Shareholders' funds	5,825,046	5,830,941
Minority interests	0	333
	<u>5,825,046</u>	<u>5,831,274</u>
Net Tangible Assets per share (RM)	<u>10.61</u>	<u>10.62</u>

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 March 2005.

PROTON HOLDINGS BERHAD

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2005

	<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 2004	549,213	475,617	(429,228)	4,942,385	5,537,987
Currency translations			(7,866)		(7,866)
Net profit attributable to shareholders				166,467	166,467
At 30 June 2004	<u>549,213</u>	<u>475,617</u>	<u>(437,094)</u>	<u>5,108,852</u>	<u>5,696,588</u>
At 1 April 2005	549,213	475,617	(808,990)	5,615,101	5,830,941
Currency translations			6,457		6,457
Net loss attributable to shareholders				(12,352)	(12,352)
At 30 June 2005	<u>549,213</u>	<u>475,617</u>	<u>(802,533)</u>	<u>5,602,749</u>	<u>5,825,046</u>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 March 2005.

PROTON HOLDINGS BERHAD

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2005

		Current year <u>to date</u>	Preceding year <u>to date</u> Restated
	Note	<u>30.06.2005</u>	<u>30.06.2004</u>
		RM'000	RM'000
CASH FLOWS (USED IN) / GENERATED FROM OPERATING ACTIVITIES		(254,092)	179,633
CASH FLOWS USED IN INVESTING ACTIVITIES		(95,259)	(209,798)
CASH FLOWS (USED IN) / GENERATED FROM FINANCING ACTIVITIES		(10,424)	430,847
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(359,775)	400,682
EXCHANGE RATE EFFECTS		2,474	(684)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR		<u>1,576,925</u>	<u>2,447,972</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	26	<u><u>1,219,624</u></u>	<u><u>2,847,970</u></u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2005

PROTON HOLDINGS BERHAD

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2005

1 ACCOUNTING POLICIES

The Quarterly Consolidated Financial Statements have been prepared in accordance with FRS 134 Interim Financial Reporting and the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's financial statements for the year ended 31 March 2005. 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 2005.

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 2005.

4 INDIVIDUALLY SIGNIFICANT ITEMS

The individually significant items for the quarter ended 30 June 2005 are as follows:

	<u>Current quarter and current year to date</u> RM Million
<u>Income Statement</u>	
R&D expenditure	136.9
Depreciation	79.2
Allowance for doubtful debts	91.0
Allowance for doubtful debts for amount due from/ advances to a jointly controlled entity	45.5
<u>Balance Sheet</u>	
Purchases of property, plant and equipment	100.4
Advances to a jointly controlled entity	23.3

5 CHANGES IN ESTIMATES

None.

6 CHANGES IN EQUITY AND LONG TERM DEBTS

	<u>Current quarter and current year to date</u> RM'000
Repayment of unsecured long term loan.	10,169

Other than as disclosed above, there was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the quarter under review.

7 DIVIDENDS

a) Dividends paid

Final Dividend

No final dividend was paid between 1 April 2005 and 30 June 2005.

Interim Dividend

No interim dividend was paid between 1 April 2005 and 30 June 2005.

b) Dividends proposed or declared

Except as disclosed in the audited annual financial statements for the year ended 31 March 2005, no additional dividend is proposed or declared in this quarter.

c) Total dividends

The total dividend declared and paid in respect of financial year ending 31 March 2006 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>Inter-</u>	<u>Consolidated</u>
	RM Million	countries	segment	RM Million
		RM Million	RM Million	
<u>Revenue</u>				
Third party sales	1,698.4	355.9	0	2,054.3
Inter-segment sales	36.8	27.3	(64.1)	0
Total Revenue	<u>1,735.2</u>	<u>383.2</u>	<u>(64.1)</u>	<u>2,054.3</u>
<u>Result</u>				
Segment operating profit/(loss)	4.9	(42.9)	8.8	(29.2)
Unallocated income				4.5
Interest expense				(10.3)
Interest income				21.2
Share of net profits of associated companies & jointly controlled entities	3.8	2.6	0	6.4
Income taxes of Company & subsidiary companies				(5.3)
Net loss after tax				<u>(12.7)</u>

Included in third party sales from Malaysia are export sales of RM38.4 million during the quarter.

9 PROPERTY, PLANT & EQUIPMENT

There are no changes to the valuation of property, plant and equipment since the previous annual financial statements.

10 CHANGES IN THE COMPOSITION OF THE GROUP

There are no changes to the composition of the Group in the current quarter.

11 SUBSEQUENT EVENTS

There were no material subsequent events between the end of first quarter and the date of this announcement.

12 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Except as disclosed in Note 22, there is no material change in contingent assets and contingent liabilities since the last annual financial statements to the date of the issue of this quarterly report.

In the normal course of business, there are certain legal claims against the Group. However, the Directors are of the opinion that the claims are not expected to have a material adverse impact on the Group's financial statements or position.

13 PERFORMANCE REVIEW

At the Group level, the loss before tax was RM4.3 million for the current financial period compared to RM198.3 million profit before tax in the corresponding period last year. The loss was mainly due to higher allowances for doubtful debts. As anticipated in the last quarter, the performance was also affected by higher components cost and reduction in sales volume.

The contribution from a principal subsidiary of the Group was lower in the current quarter due to reduced sales and intense competition.

Another principal subsidiary recorded a loss in the current quarter mainly due higher allowances for doubtful debts and reduced margin resulting from higher component costs.

The Group recorded an unrealised foreign exchange gain of RM22.5 million arising from the revaluation of Euro70 million loan.

14 QUARTERLY RESULTS COMPARISON

The Group recorded a loss before tax of RM4.3 million in the current quarter as compared to a profit before tax of RM165.5 million in the previous quarter and RM198.3 million in the previous year corresponding quarter. The loss was mainly due to higher allowances for doubtful debts and higher component costs.

15 PROSPECTS FOR THE REST OF THE FINANCIAL YEAR

The Group expects the higher component cost arising from higher steel and oil prices to have an adverse impact on margins. Intense competition in the both domestic and exports market is expected to put additional pressures on Group sales.

The Group will continue to focus on defending the domestic market shares while promoting export growth. Continuous effort are also directed at improving quality, enhancing cost competitiveness and introduction of new models to mitigate the impact of increasing competition and higher costs.

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 and current year to date</u>
	RM'000
Current taxation	
Arising in Malaysia	16,900
Arising outside Malaysia	315
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	17,215
Deferred tax	(11,915)
Share of taxation in associated & jointly controlled companies	3,064
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	8,364
	<hr/> <hr/>
Effective tax rate	(195%)

The high effective tax rate for the current quarter (compared to the statutory rate of 28%) is mainly due to the current tax charged for separately assessed interest income in Perusahaan Otomobil Nasional Sdn Bhd. There is no group tax relief available in Malaysia.

18 SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

Total profit from disposals of unquoted securities and properties for the current quarter, and year to date, are as follows:

	<u>Current quarter and current year to date</u>
	RM'000
Short term investments	744
Properties owned by a subsidiary company	9,429

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 and current year to date</u>
	RM'000
Total purchases	27,952
Total disposals	21,859
Total gain on disposal	1,507

b) As at 30 June 2005, the Group's quoted securities are as follows:

	RM'000
At cost	125,861
At carrying value	118,374
At market value	118,374

20 GROUP BORROWINGS AND DEBT SECURITIES

The Group borrowings as at 30 June 2005 are as follows:

	Total RM'000
Long Term Liabilities:	
Unsecured:	
Long term loans	159,757
Portion repayable within 12 months	(54,842)
	<u>104,915</u>
Secured	
Long term loans	596,190
Portion repayable within 12 months	0
	<u>596,190</u>
Total Long Term Borrowings	<u><u>701,105</u></u>
Short Term Liabilities:	
Unsecured:	
Current portion of long term loans	54,842
Banker acceptances	1,153
Bank overdrafts	193,135
	<u>249,130</u>
Total Short Term Borrowings	<u>249,130</u>
Total Borrowings	<u><u>950,235</u></u>

The details of the borrowings denominated in respective currencies are as follows:

	Ringgit	Pound				
	<u>Malaysia</u>	<u>Sterling</u>	<u>EUR</u>	<u>USD</u>	<u>Others</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Functional Currency</u>						
Ringgit Malaysia	160,910	0	321,650	0	0	482,560
Pound Sterling	0	440,290	5,367	8,380	13,638	467,675
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u><u>160,910</u></u>	<u><u>440,290</u></u>	<u><u>327,017</u></u>	<u><u>8,380</u></u>	<u><u>13,638</u></u>	<u><u>950,235</u></u>

21 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As at 25 August 2005, 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>Maturity</u>
	RM'000	6 months	6 months
		RM'000	to 1 year
			RM'000
Foreign exchange contracts	593,037	510,097	82,940

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 25 August 2005 is unfavourable by approximately RM6,314,000.

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

In the previous quarter, a supplier had obtained a judgement in default against a subsidiary company for RM 12.2 million after failing to reach a formal agreement. Management had obtained legal opinion that the claims are without basis and action has been taken to set aside the judgement.

During the quarter under review, the subsidiary was successful in setting aside the judgement in default. The subsidiary is finalising and filing its defence against the said claim.

23 (LOSS)/EARNINGS PER SHARE

	<u>Current quarter and</u> <u>current year to date</u>
<u>Loss per share</u>	
Net loss attributable to shareholders (RM'000)	(12,352)
Weighted average no of shares ('000)	549,213
Loss per share (sen)	(2.2)

Diluted EPS

Diluted EPS is not applicable at 30 June 2005 as there are no dilutive potential ordinary shares.

24 CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment not provided for in the financial statements as at 30 June 2005 are as follows:

Authorised by Directors and contracted	RM Million 498.0
Authorised by Directors and not contracted	3,114.0
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	3,612.0
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25 STATUS OF CORPORATE PROPOSALS

Not Applicable.

26 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of quarter comprises of:

	RM Million
Deposits, bank and cash balances	2,118.4
Bank overdrafts	(193.1)
Fixed deposits pledged as security	(705.7)
	<hr/>
	1,219.6
	<hr/> <hr/>

27 COMPARATIVES

Comparatives have been restated in respect of companies where the Group has a majority equity interest but have joint venture arrangements relating to governance and control. These companies that were previously treated as subsidiaries and hence consolidated, have now been equity accounted for.

BY ORDER OF THE BOARD

YEAP KOK LEONG
COMPANY SECRETARY

30 August 2005
Shah Alam