

PROTON HOLDINGS BERHAD  
UNAUDITED FINANCIAL RESULTS  
FOR THE FOURTH QUARTER ENDED 31 MARCH 2005



The Board of Directors are pleased to announce the unaudited financial results of the Group for the fourth quarter ended 31 March 2005

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PROTON HOLDINGS BERHAD

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2005

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	<u>Current quarter</u>	<u>Quarter ended</u>	<u>Year ended</u>	<u>Year ended</u>
	<u>31.03.2005</u>	<u>31.03.2004</u>	<u>31.03.2005</u>	<u>31.03.2004</u>
	RM'000	RM'000	RM'000	RM'000
Revenue	2,245,032	1,447,985	8,496,808	6,361,233
Operating expenses	(2,121,935)	(1,271,499)	(7,873,646)	(6,044,365)
Other operating income	36,364	36,365	148,340	231,666
Profit from operations	159,461	212,851	771,502	548,534
Finance cost	(12,208)	(8,992)	(46,739)	(37,127)
Share of results of associated and jointly controlled entities	18,233	19,411	55,129	65,008
Profit before taxation	165,486	223,270	779,892	576,415
Taxation	138,225	(32,635)	30,127	(66,344)
Profit after taxation	303,711	190,635	810,019	510,071
Minority interest	0	0	0	0
Net profit attributable to shareholders	<u>303,711</u>	<u>190,635</u>	<u>810,019</u>	<u>510,071</u>
Earnings per share				
- basic	55.3 sen	34.7 sen	147.5 sen	92.9 sen
- diluted	N/A	N/A	N/A	N/A

The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2004.

PROTON HOLDINGS BERHAD

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	As at 31.03.2005 RM'000	As at 31.03.2004 RM'000
<b>CURRENT ASSETS</b>		
Inventories	979,851	794,170
Trade and other receivables	1,302,515	900,836
Short term investments	201,535	184,698
Deposits, bank and cash balances	2,458,217	2,878,682
	<u>4,942,118</u>	<u>4,758,386</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	1,682,034	1,465,092
Provisions	239,888	237,636
Taxation	2,828	140,272
Short term borrowings	227,921	173,134
	<u>2,152,671</u>	<u>2,016,134</u>
<b>NET CURRENT ASSETS</b>	<b>2,789,447</b>	<b>2,742,252</b>
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	3,312,993	2,906,062
Associated & jointly controlled companies	419,695	284,588
Other long term investments	6,286	6,286
Deferred tax assets	49,021	47,252
	<u>3,787,995</u>	<u>3,244,188</u>
<b>NON CURRENT LIABILITIES</b>		
Long term liabilities	745,426	447,430
Deferred taxation	1,075	1,023
	<u>746,501</u>	<u>448,453</u>
	<u>5,830,941</u>	<u>5,537,987</u>
<b>FINANCED BY:</b>		
Share capital	549,213	549,213
Reserves	5,281,728	4,988,774
Shareholders' funds	5,830,941	5,537,987
Minority interests	0	0
	<u>5,830,941</u>	<u>5,537,987</u>
Net Tangible Assets per share (RM)	<u>10.62</u>	<u>10.08</u>

The Unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 March 2004.

PROTON HOLDINGS BERHAD

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2005

	<u>Issued and fully paid ordinary shares</u>		<u>Non- distributable Goodwill &amp; 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 2003	549,213	475,617	(413,389)	4,525,680	5,137,121
Currency translations			(15,839)		(15,839)
Net profit attributable to shareholders				510,071	510,071
Dividend for the year				(93,366)	(93,366)
At 31 March 2004	<u>549,213</u>	<u>475,617</u>	<u>(429,228)</u>	<u>4,942,385</u>	<u>5,537,987</u>
At 1 April 2004	549,213	475,617	(429,228)	4,942,385	5,537,987
Currency translations			(12,184)		(12,184)
Goodwill written off (Note 4)			(367,578)		(367,578)
Net profit attributable to shareholders				810,019	810,019
Dividend for the year				(137,303)	(137,303)
At 31 March 2005	<u>549,213</u>	<u>475,617</u>	<u>(808,990)</u>	<u>5,615,101</u>	<u>5,830,941</u>

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 March 2004.

PROTON HOLDINGS BERHAD

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2005

	Note	Year ended <u>31.03.2005</u>	Year ended <u>31.03.2004</u>
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		576,636	424,238
CASH FLOWS FROM INVESTING ACTIVITIES		(1,234,377)	(994,645)
CASH FLOWS FROM FINANCING ACTIVITIES		(241,152)	(600,796)
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(898,893)</u>	<u>(1,171,203)</u>
EXCHANGE RATE EFFECTS		639	8,684
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		<u>2,478,679</u>	<u>3,641,198</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	26	<u><u>1,580,425</u></u>	<u><u>2,478,679</u></u>

The Unaudited Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2004

PROTON HOLDINGS BERHAD

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 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 2004. 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 2004 except for the new MASB approved accounting standards in Malaysia which become operative for the financial year ended 31 March 2005 (FRS 120 'Accounting for Government Grants and Disclosure of Government Assistance' and FRS 201 'Property Development Activities'). There was no material effect on the adoption of the new standards to the financial statements.

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 2005.

4 INDIVIDUALLY SIGNIFICANT ITEMS

The individually significant items for the quarter and year ended 31 March 2005 are as follows:

	<u>Current quarter</u> RM Million	<u>Year ended 31.03.05</u> RM Million
Investment in jointly controlled entities	-	510.2
R&D expenditure incurred by Perusahaan Otomobil Nasional Sdn. Bhd. and Lotus Group	135.3	483.3
Depreciation for the Group	87.5	327.0
Net book value of assets written-off arising from a fire at the Medium Volume Factory (Note 12)	33.2	33.2
Group purchase of property, plant and equipment	251.9	758.5

The jointly controlled entities are Proton Commerce Sdn Bhd, MV Augusta SpA and PT Proton Tracoma.

The effect of the investment in MV Augusta SpA in December 2004 is as follows:

	RM Million
Investment cost	367.6
Goodwill written off against reserves	367.6

5 CHANGES IN ESTIMATES

There were no significant changes in estimates of amounts reported in the current quarter and current year to date.

6 CHANGES IN EQUITY AND LONG TERM DEBTS

	<u>Current quarter</u> RM'000	<u>Year ended</u> RM'000
Repayment of long term loan as follows:		
Unsecured	-	52,342
New long-term loan obtained is as follows:		
Secured by fixed deposits	-	344,155

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 2004 and 31 March 2005.

Interim Dividend

A first interim tax exempt dividend of 15.0 sen (2004: 5.0 sen was paid on 16 January 2004 by Perusahaan Otomobil Nasional Bhd) per share in respect of the current year ended 31 March 2005 was paid on 28 October 2004 to shareholders on the Register of Members and Record of Depositors at the close of business on 8 October 2004.

A second interim tax exempt dividend of 10.0 sen per share in respect of the current year ended 31 March 2005 was paid on 30 March 2005 to shareholders on the Register of Members and Record of Depositors at the close of business on 9 March 2005.

b) Dividends proposed or declared

At the date of the issue of the financial statements, no dividend is declared or proposed in this quarter.

c) Total dividends

The total dividends declared and paid in respect of financial year ended 31 March 2005 is 25.0 sen per share.

## 8 SEGMENTAL INFORMATION

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

	Current year 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	7,313.1	1,183.7	-	8,496.8
Inter-segment sales	115.5	280.1	(395.6)	-
Total Revenue	<u>7,428.6</u>	<u>1,463.8</u>	<u>(395.6)</u>	<u>8,496.8</u>
<u>Result</u>				
Segment operating profit	816.4	(44.3)	(90.0)	682.1
Unallocated expense				(11.6)
Unallocated income				8.4
Interest expense				(46.7)
Interest income				92.6
Share of net profits of associated companies & jointly controlled entities	19.9	20.7		40.6
Income taxes of Company & subsidiary companies				44.6
Net profit after tax				<u>810.0</u>

## 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. Companies in which the Group has a majority equity interest but have joint venture arrangements, have been previously consolidated. These companies have now been equity accounted for, in order to comply with FRS 131 'Financial Reporting of Interests in Joint Ventures'. These companies are Proton Parts Centre Sdn Bhd, Miyazu (M) Sdn Bhd, MV Agusta SpA and PT Proton Tracoma.

## 11 SUBSEQUENT EVENTS

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

## 12 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

Arising from a fire at the Medium Volume Factory in December 2004, the Group has received RM15 million and also a proposal for a balance of RM40 million from the insurers towards the replacement cost of the equipment and business disruption. The balance receivable has not been recognised in the financial statements.

### 13 PERFORMANCE REVIEW

At the Group level, the cumulative operating profit before tax was RM779.9 million on Group revenue of RM8.5 billion for the current financial year compared to RM576.4 million and RM6.4 billion respectively in the corresponding period last year. The higher profit was mainly due to a 34% increase in sales.

The contribution from Perusahaan Otomobil Nasional Sdn Bhd and Proton Edar Sdn. Bhd. the principal subsidiaries of the Group were significantly higher in the current year due to higher production and sales volume.

Lotus Group International Ltd. recorded a loss before tax of RM 47million in the current year mainly due to provision for redundancy benefits arising from an internal reorganisation in its engineering business.

### 14 QUARTERLY RESULTS COMPARISON

There is no significant change to the Group profit before tax in the current quarter as compared to the previous quarter.

In the corresponding quarter of the previous year, the Group recorded a profit before tax of RM223.3 million on the back of RM1.4 billion sales. The lower current quarter profit was mainly due to higher components cost.

### 15 PROSPECTS FOR THE NEXT FINANCIAL YEAR

The domestic motor industry, after experiencing a growth of 20% in 2004, is expected to record a lower growth and possible consolidation in 2005. In addition, higher component costs and intense competition are expected to have an adverse impact on margins.

The Group will continue to focus on export growth, quality improvement, introduction of new models and efficiency improvement to mitigate the impact of a slowing domestic market and higher cost of raw materials.

### 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>	<u>Current year to date</u>
	RM'000	RM'000
Current taxation		
Arising in Malaysia	37,253	105,807
Over provision in respect of prior years	(152,564)	(152,564)
Arising outside Malaysia	2,112	3,797
	<u>(113,199)</u>	<u>(42,960)</u>
Deferred tax	(29,564)	(1,722)
Share of taxation in associated & jointly controlled companies	4,538	14,555
	<u>(138,225)</u>	<u>(30,127)</u>
Effective tax rate	(84%)	(4%)

The negative effective tax rate for the current quarter and current year is mainly due to reversal of over provision in prior years and double deduction of research and development expenditure and promotion of exports in Perusahaan Otomobil Nasional Sdn. Bhd.

18 SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

Total profit from disposals of unquoted 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
Short term investments	1,040	1,410

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	65,332	190,496
Total disposals	67,313	167,459
Total gain on disposal	6,567	9,020

b) As at 31 March 2005, the Group's quoted securities are as follows:

	RM'000
At cost	120,152
At carrying value	112,975
At market value	112,975

20 GROUP BORROWINGS AND DEBT SECURITIES

The Group borrowings as at 31 March 2005 are as follows:

	Total RM'000
Long Term Liabilities:	
Unsecured:	
Long term loans	169,926
Portion repayable within 12 months	(54,436)
	<u>115,490</u>
Secured	
Long term loans	629,936
Portion repayable within 12 months	-
	<u>629,936</u>
Total Long Term Loan	<u><u>745,426</u></u>
Short Term Liabilities:	
Unsecured:	
Current portion of long term loans	54,436
Short term loans	-
Banker acceptances	1,410
Bank overdrafts	172,075
	<u>227,921</u>
Total Short Term Loan	<u>227,921</u>
Total Borrowings	<u><u>973,347</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>Functional Currency</u>	RM'000	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	171,337		344,155		
Pound Sterling		392,433	8,316	52,705	4,401
	_____	_____	_____	_____	_____
Total	171,337	392,433	352,471	52,705	4,401
	=====	=====	=====	=====	=====

## 21 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As at 24 May 2005, being the latest practicable date, the outstanding notional principal amount of the Group off balance sheet financial instruments are as follows:

	<u>Total</u>	<u>Maturity</u>	
		<u>Less than 6 months</u>	<u>6 months to 1 year</u>
	RM'000	RM'000	RM'000
Foreign exchange contracts	407,124	356,978	50,146

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 24 May 2005 is unfavourable by approximately RM11,727,000.

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

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.

## 23 EARNINGS PER SHARE

	<u>Current quarter</u>	<u>Year ended 31.03.05</u>
<u>Basic EPS</u>		
Net profit attributable to shareholders (RM'000)	303,711	810,019
Weighted average no of shares ('000)	549,213	549,213
Basic EPS (sen)	55.3	147.5

### Fully diluted EPS

No fully diluted EPS is applicable at 31 March 2005.

24 CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment not provided for in the financial statements as at 31 March 2005 is as follows:

	RM Million
Authorised by Directors and contracted	923.6
Authorised by Directors and not contracted	2,654.6
	<hr/>
	3,578.2
	<hr/> <hr/>

25 STATUS OF CORPORATE PROPOSAL

There were no corporate proposals made during the quarter.

26 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the financial year comprise of:

	RM Million
Deposits, bank and cash balances	2,458.2
Bank overdrafts	(172.1)
Fixed deposits pledged as security	(705.7)
	<hr/>
	1,580.4
	<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 which were previously treated as subsidiaries and hence consolidated, have now been equity accounted for in order to comply with FRS 131 'Financial Reporting of Interests in Joint Ventures'. These companies are Proton Parts Centre Sdn Bhd, Miyazu (M) Sdn Bhd, MV Agusta SpA and PT Proton Tracoma.

BY ORDER OF THE BOARD

YEAP KOK LEONG  
COMPANY SECRETARY

31 May 2005  
Shah Alam