

PROTON HOLDINGS BERHAD (623177-A)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2008

The Board of Directors hereby announce the financial results of the Group for the period ended 31 March 2008.

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PROTON HOLDINGS BERHAD
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	31.03.08 RM'000	31.3.2007 RM'000	31.03.08 RM'000	31.3.2007 RM'000
Revenue	1,724,620	1,256,377	5,628,797	4,911,841
Operating expenses	(1,772,425)	(1,308,135)	(5,799,670)	(5,636,335)
Other operating income	236,957	44,250	329,332	136,882
Profit/(Loss) before finance cost	189,152	(7,508)	158,459	(587,612)
Finance cost	(3,474)	(6,351)	(17,112)	(35,541)
Share of results of associated and jointly controlled entities (net of tax)	7,406	3,758	20,871	5,024
Profit/(Loss) before taxation	193,084	(10,101)	162,218	(618,129)
Taxation	43,319	11,016	40,651	28,596
Profit/(Loss) for the period	<u>236,403</u>	<u>915</u>	<u>202,869</u>	<u>(589,533)</u>
Attributable to:				
Equity holders of the parent	236,403	915	202,869	(589,533)
Minority interest	-	-	-	-
	<u>236,403</u>	<u>915</u>	<u>202,869</u>	<u>(589,533)</u>
Earnings/(Loss) per share attributable to equity holders of the Company (sen):				
Basic (sen)	43.0	0.2	36.9	(107.3)
Diluted (sen)	N/A	N/A	N/A	N/A

The unaudited condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2007 and the accompanying explanatory notes attached to the interim financial statements.

PROTON HOLDINGS BERHAD
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 31 MARCH 2008

	Unaudited as at 31.03.08 RM'000	Audited as at 31.03.2007 (restated) RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	3,134,131	3,168,782
Prepaid land lease payments	10,063	10,657
Goodwill	29,008	29,008
Intangible assets	274,216	169,075
Associated companies and jointly controlled entities	358,090	393,308
Non-current investments	10,397	10,397
Total Non-Current Assets	<u>3,815,905</u>	<u>3,781,227</u>
Current Assets		
Inventories	1,090,344	1,273,612
Trade and other receivables	1,022,219	1,015,957
Tax recoverable	115,297	176,048
Current investments	20,822	73,448
Cash, bank balances and deposits	1,226,047	626,475
Total Current Assets	<u>3,474,729</u>	<u>3,165,540</u>
TOTAL ASSETS	<u>7,290,634</u>	<u>6,946,767</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	549,213	549,213
Reserves	4,893,801	4,681,375
Total Equity	<u>5,443,014</u>	<u>5,230,588</u>
Non-current Liabilities		
Long term borrowings	130,884	76,150
Other non-current liabilities	99,589	105,487
Deferred tax liabilities	2,439	754
Total Non-Current Liabilities	<u>232,912</u>	<u>182,391</u>
Current Liabilities		
Trade and other payables	1,316,755	1,171,073
Provisions	182,769	196,067
Taxation	1,578	2,222
Short term borrowings	113,606	164,426
Total Current Liabilities	<u>1,614,708</u>	<u>1,533,788</u>
Total Liabilities	<u>1,847,620</u>	<u>1,716,179</u>
TOTAL EQUITY AND LIABILITIES	<u>7,290,634</u>	<u>6,946,767</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>9.91</u>	<u>9.52</u>

The unaudited condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the financial year ended 31 March 2007 and the accompanying explanatory notes attached to the interim financial statements.

PROTON HOLDINGS BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2008

	Share capital RM'000	Capital reserve RM'000	Revaluation reserve RM'000	Foreign exchange reserves RM'000	Retained profits RM'000	Total equity RM'000
At 1 April 2006	549,213	475,617	-	(62,882)	4,908,704	5,870,652
Net expense recognised directly into equity	-	-	-	(23,070)	-	(23,070)
- foreign exchange difference in translating foreign operations	-	-	-	-	(589,533)	(589,533)
Loss for the year	-	-	-	-	(27,461)	(27,461)
Final dividend for the financial year ended 31 March 2006	-	-	-	-	(616,994)	(640,064)
Total recognised income and expense for the year	549,213	475,617	-	(85,952)	4,291,710	5,230,588
At 31 March 2007						
At 1 April 2007	549,213	475,617	-	(85,952)	4,291,710	5,230,588
Net income recognised directly into equity	-	-	-	7,194	-	7,194
- foreign exchange difference in translating foreign operations	-	-	2,363	-	-	2,363
Business combination	-	-	-	-	202,869	202,869
Profit for the year	-	-	-	-	202,869	202,869
Total recognised income and expense for the year	549,213	475,617	2,363	7,194	202,869	212,426
At 31 March 2008						
At 31 March 2008	549,213	475,617	2,363	(78,758)	4,494,579	5,443,014

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2007 and the accompanying explanatory notes attached to the interim financial statements.

PROTON HOLDINGS BERHAD
UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

	Year ended 31.03.08 RM'000	Year ended 31.3.2007 RM'000
CASH FLOWS GENERATED FROM/(USED IN) OPERATING ACTIVITIES	1,028,830	(96,592)
CASH FLOWS USED IN INVESTING ACTIVITIES	(427,186)	(272,991)
CASH FLOWS GENERATED FROM FINANCING ACTIVITIES	100,960	141,367
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>702,604</u>	<u>(228,216)</u>
EXCHANGE RATE EFFECTS	(92)	6,488
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	471,464	693,192
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	<u><u>1,173,976</u></u>	<u><u>471,464</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash, bank balances and deposits	1,226,047	626,475
Bank overdrafts	(6,728)	(104,810)
Restricted cash received under Auto Development Fund	<u>(45,343)</u>	<u>(50,201)</u>
	<u><u>1,173,976</u></u>	<u><u>471,464</u></u>

The unaudited condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2007 and the accompanying explanatory notes attached to the interim financial statements.

PROTON HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2008

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

The Quarterly Consolidated Financial Statements are unaudited and have been prepared in accordance with Financial Reporting Standard ("FRS") 134: Interim Financial Reporting and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

The Quarterly Consolidated Financial Statements should be read in conjunction with the Group's annual financial statements for the financial year ended 31 March 2007. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the changes in the financial position and performance of the Group since the financial year ended 31 March 2007.

The significant accounting policies, methods of computation and basis of consolidation adopted by the Group in the interim financial statements are consistent with those used in the preparation of the annual financial statements for the financial year ended 31 March 2007, except for the change in accounting policy arising from the adoption of FRS 117: 'Leases' and FRS 124: 'Related Party Disclosure' which are revised FRSs issued by MASB and are effective for accounting periods beginning on or after 1 October 2006.

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards.

FRS 117 : Leases

Prior to 1 April 2007, leasehold land was classified as Property, plant and equipment and stated at cost less accumulated depreciation and impairment losses. On the adoption of FRS117, lease of land has resulted in the reclassification of leasehold land from Property, plant and equipment to Prepaid land lease payments.

The impact of the adoption of FRS117 on the financial statements of the Group is set out below:

	As previously reported 31.03.2007 RM'000	Reclassification upon adoption of FRS 117 RM'000	As restated 31.03.2007 RM'000
At 31 March 2007			
Property, plant and equipment	3,179,439	(10,657)	3,168,782
Prepaid land lease payments	-	10,657	10,657
	<u> </u>	<u> </u>	<u> </u>

The adoption of FRS 124 does not have any significant financial impact on the quarterly results of the Group.

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The preceding audited annual financial statements were not subject to any qualification.

3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The businesses of the Group were not materially affected by any seasonal or cyclical factors during the current financial quarter under review.

4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current financial quarter under review.

5. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. In order to enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters.

There were no significant changes in estimates that have had a material effect in the current financial quarter under review.

6. INDIVIDUALLY SIGNIFICANT ITEM

The individually significant item for the current financial quarter under review is as follows:

<u>Income Statement</u>	Note	<u>Current quarter</u> RM'million
Sale of rights for use of Intellectual Property Rights ("IPR")	(a)	32
Research & Development ("R&D") grant	(b)	194

(a) This relates to the sale of rights for use of IPR to export market.

(b) The Government of Malaysia has set up the National Automotive Policy ("NAP") for the purpose of, amongst others, promoting a competitive and viable automotive sector; becoming a regional hub for the manufacturing, assembling and distribution of vehicles; and enhancing value-added and local capabilities.

One of the policy thrusts of NAP is for the Government to provide support and incentives based on sustainable economic contribution. The level of support will be co-related to the level of economic contribution and value add. In this context, the NAP promotes large scale manufacturing concerns with extensive R&D activities, exports and high industry linkages with high value added activities. The support will come in the form of access to the Industrial Adjustments Fund and R&D grants which is available to all automotive companies that meet these guidelines.

During the current quarter, Perusahaan Otomobil Nasional Sdn Bhd ("PONSB"), a wholly-owned subsidiary of Proton Holdings Berhad ("PROTON"), as a full-fledged automotive manufacturer has met with these stringent requirements and has applied for this facility provided for under the NAP.

The grant has been recognised as other operating income in the Income Statements.

7. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayment of debts and equity securities during the current financial quarter under review other than disclosed below:

	<u>Current quarter</u> RM'000	<u>Current year to date</u> RM'000
Settlement of government loan	(193,782)	(193,782)
Drawdown of unsecured long term loan	-	83,005
Deferment of government loan	-	47,879

8. DIVIDENDS

No dividend is recommended for the current financial quarter under review.

9. SEGMENTAL REPORTING

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

	Financial year ended 31.3.2008			Consolidated RM'million
	Malaysia RM'million	Other countries RM'million	Eliminations RM'million	
Revenue				
Third Party sales	4,621.8	1,007.0	-	5,628.8
Inter-segment sales	117.4	30.6	(148.0)	-
Total revenue	<u>4,739.2</u>	<u>1,037.7</u>	<u>(148.0)</u>	<u>5,628.8</u>
Results				
Segment operating profit/(loss)	148.0	(20.8)	-	127.1
Interest expense				(17.1)
Interest income				31.4
Share of results net of tax of associated companies and jointly controlled entities	14.4	12.7	(6.3)	20.9
Income taxes of Company and subsidiary companies				40.7
Net profit after tax				<u>202.9</u>

Included in third party sales from Malaysia are export sales of RM334.6 million during the current financial quarter under review.

10. PROPERTY, PLANT & EQUIPMENT

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

11. CHANGES IN THE COMPOSITION OF THE GROUP

- a) On 5 February 2008, PROTON announced that through its wholly-owned subsidiary, Proton Marketing Sdn Bhd, a wholly-owned subsidiary company in Thailand, Proton Motors (Thailand) Co. Ltd with a paid up capital of 100 million Baht divided into 20 million shares of 5 Baht each was incorporated.
- b) Further to the announcement made on 31 March 2008 on the proposal to strike-off and liquidate through members' voluntary liquidation selected subsidiary companies of PROTON, there are no further developments to the proposal.

Other than the above, there are no changes to the composition of the Group in the quarter under review.

12. SUBSEQUENT EVENTS

On 15 May 2008, PROTON announced that Lotus Body Engineering Limited, a wholly-owned subsidiary of Lotus Group International Limited which in turn is a wholly-owned subsidiary of PROTON, entered into a Share Purchase Agreement with Jeremy Holden, Richard Williams, Robert Dorny-Smith and Peter Bullivant-Clark for the purchase of the entire issued and paid up share capital of Holden Lightweight Structures Limited comprising 100,000 ordinary shares of GBP0.01 for a cash consideration of GBP100,000 ("Acquisition").

The Acquisition would not have any effect on the issued and paid up share capital and the shareholding structure of PROTON, nor will it have any material effect on the consolidated earnings or net assets of PROTON for the financial year ending 31 March 2009. The Acquisition which is not subject to the approval of the shareholders of PROTON nor any regulatory authorities was completed on 15 May 2008.

Other than the above, there are no other significant subsequent events between the end of the current financial quarter under review and the date of this announcement.

13. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

As at the date of issue of this quarterly report, there were no material changes in contingent liabilities as disclosed in the Annual Financial Report for the year ended 31 March 2007.

14. PERFORMANCE REVIEW

The Group registered a year to date profit before taxation ("PBT") of RM162 million which is an improvement of RM780 million compared to the loss before tax of RM618 million incurred in the previous financial year.

This improved profitability is largely attributable to the introduction of new models with higher profit margins, increasing sales volume, savings from Group-wide cost reduction initiatives, income from sale of rights for use of IPR relating to a vehicle platform in China market and recognition of R&D grant under the NAP.

15. MATERIAL CHANGE IN PROFIT BEFORE TAXATION OF CURRENT QUARTER COMPARED TO PRECEDING QUARTER

The Group recorded a PBT of RM193 million for the current quarter which is significantly higher than RM11 million recorded in the preceding quarter.

The improved PBT is primarily driven by better product mix, in particular from higher sales of the Saga and Persona, coupled with income from sale of rights for use of IPR and recognition of the R&D grant.

16. COMMENTARY ON PROSPECTS

The domestic passenger car sales continued to grow in the 1st quarter of 2008 compared to the corresponding period last year and the Malaysian Automotive Association (MAA) forecasts an increase in total passenger car industry volume of 4.5% for the calendar year 2008.

In line with improved domestic market outlook, our prospects for improving sales volume and market share growth are good, particularly for PROTON's best selling models, the Saga and Persona.

On the international business front, despite the challenging environment plagued by high fuel prices, the Group is focusing on markets where the demands for our fuel efficient vehicles are strong. Sales of vehicles to China and the Asean region have been encouraging thus far.

For the current financial year, the Group is actively exploring into new markets, not only to grow its export volumes but also to derive income from the development and licensing of technology, following the successful completion of the sale of rights for use of IPR to a local assembler in China. The Group will continue its effort for improvement in quality, production efficiency and cost management to mitigate the pressure of increase in raw materials price. This, together with the prospects of growth in the domestic market share, would enhance the Group's performance for the year ending 31 March 2009.

17. PROFIT FORECAST

The Group did not issue any profit forecast or profit guarantee in respect of the current financial quarter under review.

18. INCOME TAX EXPENSE

	Current quarter	Current year to date
	RM'000	RM'000
<u>Current</u>		
Malaysia - Provision	4,710	4,487
- Over provision in respect of prior years	(44,351)	(40,263)
Outside Malaysia - Refund	(3,217)	(4,458)
	<u>(42,858)</u>	<u>(40,234)</u>
<u>Deferred</u>		
Malaysia	(461)	(417)
	<u>(43,319)</u>	<u>(40,651)</u>
Effective tax rate	-22.4%	-25.1%

18. INCOME TAX EXPENSE (CONTINUED)

The effective tax rate for the current quarter is a negative rate of 22.4% mainly due to reversal of over provision for taxation in prior years whereas the refund of tax outside Malaysia is in respect of refund of tax previously paid by Lotus Group International Ltd.

The year to date negative effective tax rate of 25.1% arose mainly from the reversal of over provision of tax in respect of prior years while the refund of tax outside Malaysia relates to refund of tax previously paid by oversea subsidiaries.

The reversal of the over provision of tax arose following the settlement of various issues in dispute with the Inland Revenue Board and hence the write-back of RM44 million provision no longer required.

19. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

As at 31 March 2008, details of the Group disposal of land is as follows:

	Current quarter	Current year to date
	RM'000	RM'000
Gain on disposal	<u>11,006</u>	<u>17,661</u>

There were no disposal of unquoted investments for the current quarter.

20. QUOTED SECURITIES

(a) Total purchases and disposals of quoted securities for the current financial quarter under review and year to date are as follows:

	Current quarter	Current year to date
	RM'000	RM'000
Total sale proceeds	654	54,304
Total (loss)/profit on disposal	(106)	1,678

(b) As at 31 March 2008, details of the Group's quoted securities are as follows:

At cost	RM'000
At carrying value / book value	21,890
At market value	21,686
	<u>22,025</u>

21. GROUP BORROWINGS AND DEBT SECURITIES

	Total RM'000
<u>Long Term Borrowings:</u>	
Unsecured:	
Long term loans	130,884
Total Long Term Borrowings	<u>130,884</u>
Unsecured:	
Current portion of long term loans	38,310
Banker acceptances and revolving credit	68,568
Bank overdrafts	6,728
	<u>113,606</u>
Total Borrowings	<u>244,490</u>

21. GROUP BORROWINGS AND DEBT SECURITIES (CONTINUED)

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

Functional Currency	Ringgit	Pounds	Total
	Malaysia	Sterling	
	RM'000	RM'000	RM'000
Ringgit Malaysia	48,845	-	48,845
Pounds Sterling	-	195,645	195,645
Total	48,845	195,645	244,490

22. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As at 21 May 2008, being the latest practicable date prior to this announcement, the outstanding notional principal amount of the Group off-balance sheet financial instruments are as follows:

	Total	Maturity		
		Less than 6 months	6 months to 1 year	More than 1 year
	RM'000	RM'000	RM'000	RM'000
Foreign exchange contracts	76,766.1	72,193.4	4,572.7	-

The Group enters into forward foreign exchange contracts as a hedge against anticipated foreign currency accounts payable and receivable. The contract exchange rates are used on the settlement of the payables and receivables. The net position to the Group as at 21 May 2008 is favourable by approximately RM1.0 million.

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.

23. CHANGES IN MATERIAL LITIGATION

There are no changes in material litigation since the last announcement made.

24. EARNINGS PER SHARE ("EPS")

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue as at 31 March 2008.

	Current quarter	Current year to date
	RM'000	RM'000
<u>Earnings per share</u>		
Net profit attributable to equity holders (RM'000)	236,403	202,869
Weighted average number of shares ('000)	549,213	549,213
Earnings per share (sen)	43.0	36.9

Diluted EPS

Diluted EPS is not applicable as at 31 March 2008 as there are no dilutive potential ordinary shares.

25. CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment not provided for in the financial statements as at 31 March 2008 are as follows:

	RM Million
Authorised by Directors and contracted	134.7
Authorised by Directors and not contracted	2,481.7
	<u>2,616.4</u>

26. STATUS OF CORPORATE PROPOSALS

The Group does not have any corporate proposals announced but not completed at the date of this report.

27. AUTHORISED FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 26 May 2008.

BY ORDER OF THE BOARD
MOHD NIZAMUDDIN MOKHTAR
COMPANY SECRETARY

Shah Alam, 26 May 2008