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

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 30 SEPTEMBER 2007

The Board of Directors hereby announce the financial results of the Group for the second quarter ended 30 September 2007.

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#### PROTON HOLDINGS BERHAD UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2007

	Individua	l Period	Cumulativ	e Period
	30.09.2007 RM'000	30.09.2006 RM'000	30.09.2007 RM'000	30.09.2006 RM'000
Revenue Operating expenses Other operating income	1,306,821 (1,335,900) 34,355	1,274,811 (1,543,197) 38,913	2,449,231 (2,558,995) 70,110	2,693,191 (3,079,038) 66,378
Profit/(Loss) before finance cost Finance cost Share of results of associated and jointly controlled entities (net of tax)	5,276 (4,529) 4,204	(229,473) (11,361) 355	(39,654) (8,292)	(319,469) (19,982)
Profit/(Loss) before taxation Taxation Profit/(Loss) for the period	4,951 (1,445) 3,506	(240,479) (9,864) (250,343)	6,050 (41,896) (1,352) (43,248)	3,435 (336,016) 27,023 (308,993)
Attributable to: Equity holders of the parent Minority interest	3,506 	(250,343)	(43,248)	(308,993)
Earnings per share attributable to equity holders of the Company (sen): Basic (sen) Diluted (sen)	0.6 N/A	(45.6) N/A	(7.9) N/A	(56.3) 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 30 SEPTEMBER 2007

	Unaudited as at 30.09.2007	Audited as at 31.03.2007 (restated) RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment Prepaid lease payment Goodwill Intangible assets Associated companies and jointly controlled entities Non-current investments	3,218,491 10,598 29,008 214,490 361,319 10,397	3,168,782 10,657 29,008 169,075 393,308 10,397
Total Non-Current Assets	3,844,303	
Current Assets Inventories Trade and other receivables Tax recoverable Current investments Cash, bank balances and deposits	1,344,751 978,810 71,902 30,734 769,740	3,781,227 1,273,612 1,015,957 176,048 73,448 626,475
Total Current Assets	3,195,937	3,165,540
TOTAL ASSETS	7,040,240	6,946,767
EQUITY AND LIABILITIES  Equity Attributable to Equity Holders of the Company Share capital Reserves	549,213	549,213
Total Equity	4,642,961	4,681,375
Non-current Liabilities  Long term borrowings	5,192,174	5,230,588
Other non-current liabilities Deferred tax liabilities	331,633 109,792	76,150 105,487
Total Non-Current Liabilities	745	754
Current Liabilities	442,170_	182,391
Trade and other payables Provisions Taxation Short term borrowings	1,106,605 189,719 2,224 107,348	1,171,073 196,067 2,222 164,426
Total Current Liabilities		
Total Liabilities	1,405,896	1,533,788
	1,848,066	1,716,179
TOTAL EQUITY AND LIABILITIES	7,040,240	6,946,767
Net assets per share attributable to equity holders of the Company (RM)	9.45	9.52

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 PERIOD ENDED 30 SEPTEMBER 2007

	Share <u>capital</u> RM'000	Capital reserve RM'000	Foreign exchange reserves RM'000	Retained profits RM '000	Total <u>equity</u> RM'000
	549,213	475,617	(62,882)	4,908,704	5,870,652
Net expense recognised directly into equity - foreign exchange difference in translating foreign operations Loss for the period Final dividend for the financial year ended 31 March 2006	4: 1 1	1 1 3	(18,776)	(308,993)	(18,776) (308,993) (27,461)
l otal recognised income and expense for the period  At 30 September 2006	549,213	475,617	(18,776)	(336,454) <b>4,572,250</b>	(355,230) <b>5,515,422</b>
	549,213	475,617	(85,952)	4,291,710	5,230,588
Net income recognised directly into equity - foreign exchange difference in translating foreign operations Loss for the period			4,834	(43.248)	4,834
Total recognised income and expense for the period  At 30 September 2007	549,213	475,617	4,834 (81,118)	(43,248) <b>4,248,462</b>	(38,414)

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 PERIOD ENDED 30 SEPTEMBER 2007

	6 months ended 30.09.2007 RM'000	6 months ended 30.09.2006
CASH FLOWS GENERATED FROM/(USED IN) OPERATING ACTIVITIES	166,173	<b>RM'000</b> (118,612)
CASH FLOWS USED IN INVESTING ACTIVITIES	(214,275)	(278,402)
CASH FLOWS GENERATED FROM FINANCING ACTIVITIES	250,012	116,124
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	201,910	(280,890)
EXCHANGE RATE EFFECTS	1,174	(1,954)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	471,464	693,191
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	674,548	410,347
CASH AND CASH EQUIVALENTS COMPRISE: Cash, bank balances and deposits Bank overdrafts Restricted cash received under Auto Development Fund Fixed deposits pledged as security	769,740 (48,858) (46,334)	923,811 (183,269) - (330,195)
	674,548	410,347

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 – 30 SEPTEMBER 2007

#### 1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

The Quarterly Consolidated Financial Statements are unaudited and have been prepared in accordance with 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 audited 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 an understanding of 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 audited 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 that are effective for accounting period 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. The impact of the revised FRSs on the financial statements of the Group is set out below:

		Reclassification	
	Previously	under	
	stated	FRS 117	Reclassified
	RM'000	RM'000	RM'000
At 31 March 2007			
Property, plant and equipment	3,179,439	(10,657)	3,168,782
Prepaid lease payments		10,657	10,657

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 financial quarter under review.

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

Except as disclosed in Note 6, there were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the 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 financial quarter under review.

#### 6. INDIVIDUALLY SIGNIFICANT ITEMS

The individually significant items for the financial quarter under review are as follows:

	Current
A STATE OF THE STA	quarter
Income Statement	RM'million
Gain on disposal of land	6.6
Write back of provision for prior years' project development costs now no longer required	46.2

#### 7. DEBT AND EQUITY SECURITIES

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

	Current quarter RM'000	Current year to date RM'000
Drawdown of unsecured long term loan Repayment of unsecured long term loan	188,060	207,605 (10,999)

#### 8. DIVIDENDS

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

#### 9. SEGMENTAL REPORTING

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

		<u>Financial period e</u>	nded 30.09.2007	
	Malaysia	Other countries	Eliminations	Consolidated
	RM'million	RM'million	RM'million	RM'million
Revenue				
Third Party sales	1,895.1	554.1		2,449.2
Inter-segment sales	84.3	13.8	(98.1)	
Total revenue	1,979.4	567.9	(98.1)	2,449.2
Result				
Segment operating loss	(57.2)	(9.6)	12.5	(54.3)
Interest expense		(*)		(8.3)
Interest income				14.7
Share of results net of tax of				57 7515
associated companies and				
jointly controlled entities	6.3	3.8	(4.0)	6.1
Income taxes of Company and			()	(1.4)
subsidiary companies				(11)
Net loss after tax			-	(43.2)
25/10			=	(40.2)

Included in third party sales from Malaysia are export sales of RM137.8 million during the financial period 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

Perusahaan Otomobil Nasional Sdn Bhd ('PONSB'), a wholly-owned subsidiary company of PROTON had completed a conditional sale and purchase agreement with Tracoma Holdings Berhad ('Tracoma') to acquire from Tracoma the remaining 49% equity interest in PT Proton Tracoma Motors ('PTPTM') with all the conditions precedent being fully discharged. PTPTM has now become a wholly-owned subsidiary of PONSB with effective from 10 August 2007. On 29 October 2007, PTPTM has changed its name to 'PT Proton Cikarang Indonesia'.

#### 12. SUBSEQUENT EVENTS

There are no significant subsequent events between the end of the current financial quarter and the date of this announcement.

#### 13. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are no changes in the contingent liabilities of the Group since the last annual balance sheet date to the date of this announcement.

#### 14. PERFORMANCE REVIEW

The Group has shown improvement in performance, registering a positive profit before tax of RM5.0 million compared to a loss before tax of RM240.5 million recorded in the corresponding quarter in the last financial year.

The improved result was achieved on the back of only a 2% increase in revenue compared to the corresponding quarter in FY06/07 demonstrating improvement in margin, partly attributable to the impact of 1.5 month of 'Persona' sales recorded in the current quarter .

Additionally, recorded improvements were also driven by operating cost reductions and write back of provision for prior year's project development costs now no longer required.

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

The Group registered a marginal profit before tax of RM5.0 million compared to a loss before tax of RM46.8 million recorded in the preceding quarter. The improvement was mainly due to higher sales volume registered and the write back of provision for claims on prior years' project development costs now no longer required in the current quarter.

#### 16. COMMENTARY ON PROSPECTS

The Malaysian automotive industry environment is expected to remain challenging as the total Passenger Car ("PC") industry volume (PC TIV) for first 9 month of 2007 declined by 3% compared to the corresponding period last year. The domestic macroeconomic and industry related factors such as lower trade-in values and strict financing terms coupled with seasonal slowdown towards year end are expected to continue to limit year-on-year growth in PC TIV. However on a positive note, PC TIV has shown month-on-month improvement since mid-2007.

Despite a challenging domestic environment, encouraging market response for the 'Persona' model has positioned PROTON to record further improvements as shown by PC market share trend, moving from 26.5% in the preceding quarter to 33.1% in the current quarter. This trend is expected to be strengthened with the anticipated introduction of a new entry level sedan for the domestic market in early 2008.

On the international business front, despite uncertainties on global growth driven by the sub-prime turmoil, the Group is continuing to focus on growing its export volumes in its core markets and ensuring the successful execution of the Jinhua Youngman Automobile Manufacturing Co. Ltd technology and vehicle sale transactions. On market expansion overseas, PROTON has made significant inroads in Iran. In Asean, another core export market, the Group has also launched Proton cars in Thailand on 28 November 2007. These will complement the improvements in the domestic market.

Hence with a stronger domestic order book, an anticipated launch of a new entry level model, aggressive stance on exports and continued execution of cost reduction initiatives will hold the Group in good stead for the rest of the financial year.

#### 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	Current quarter RM'000	Current year to date RM'000
Malaysia Outside Malaysia	1,268 174	2,542 (1,234)
Deferred tax written off	1,442	1,308
Effective tax rate	<u>1,445</u> = 29.2%	-3.2%

The higher effective tax rate as compared to Malaysian tax rate of 26% was mainly due to tax of separately assessed income of Perusahaan Otomobil Nasional Sdn. Bhd. while the current year to date taxation arising outside Malaysia is attributable to Proton Cars (UK) Ltd, due to tax refund previously paid.

# 19. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

As at 30 September 2007, details of the Group disposal of land is as follows:

	Current quarter RM'000	Current year to date RM'000
Total disposal	13,445	13,445
Gain on disposal	6,655	6,655

There were no disposal of unquoted investments for the financial quarter under review.

#### 20 QUOTED SECURITIES

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

		Current quarter	Current year to date
	Total disposal	RM'000	RM'000
		2,810	42,714
	Gain on disposals	368	1,390
(b)	As at 30 September 2007, details of the Group's quoted sec	curities are as follows:	
	At cost		RM'000
	At carrying value / book value		30,734
	At market value		30,734
	At Hainet Value		31,372
GROU	IP BORROWINGS AND DEDT SECURITIES		

# 21 GROUP BORROWINGS AND DEBT SECURITIES

Lang Tarre D	Total RM'000
Long Term Borrowings: Unsecured	
Long term loans	
Total Long Term Borrowings	331,633
Total 2011g Total Bollowings	331,633
Short Term Borrowings:	
Unsecured:	
Banker acceptances and revolving credit	58,490
Bank overdrafts	48,858
Total Dames	107,348
Total Borrowings	438,981
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### 21 GROUP BORROWINGS AND DEBT SECURITIES (continued)

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

Functional Currency	Ringgit Malaysia RM'000	Pounds Sterling RM'000	Total RM'000
Ringgit Malaysia	293,231	186	293,231
Pounds Sterling		145,750	145,750
Total	293,231	145,750	438,981

#### 22 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As at 23 November 2007, being the latest practicable date prior to this announcement, the outstanding notional principal amount of the Group foreign exchange contract is RM 68.1 million, all maturing within the next 6 months.

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 23 November 2007 is favourable by approximately RM2.3 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/(loss) per share is calculated by dividing the net profit/(loss) attributable to equity holders of the parent by the weighted average number of ordinary shares in issue as at 30 September 2007.

	Current	Current year
	quarter	to date
	RM'000	RM'000
Earnings/(loss) per share  Net profit/(loss) attributable to equity holders (RM'000)  Weighted average number of shares ('000)  Earnings/(loss) per share (sen)	3,506 549,213 0.6	(43,248) 549,213 (7.9)

#### Diluted EPS

Diluted EPS is not applicable as at 30 September 2007 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 30 September 2007 are as follows:

Authorised by Directors and contracted Authorised by Directors and not contracted	RM Million
	306.2
	2,216.6
	2,522.8

## 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 on 30 November 2007.

BY ORDER OF THE BOARD MOHD NIZAMUDDIN MOKHTAR COMPANY SECRETARY

Shah Alam, 30 November 2007