



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

UNAUDITED CONDENSED CONSOLIDATED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 JUNE 2011

**PROTON HOLDINGS BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER ENDED 30 JUNE 2011**

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	<u>30.06.11</u>	<u>30.06.10</u>	<u>30.06.11</u>	<u>30.06.10</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b><u>CONTINUING OPERATIONS:</u></b>				
Revenue	2,233,345	2,289,887	2,233,345	2,289,887
Operating expenses	(2,295,018)	(2,220,797)	(2,295,018)	(2,220,797)
Other operating income	74,183	33,489	74,183	33,489
<b>Profit before finance cost</b>	<b>12,510</b>	<b>102,579</b>	<b>12,510</b>	<b>102,579</b>
Finance cost	(6,346)	(1,997)	(6,346)	(1,997)
Share of results of associated and jointly controlled entities (net of tax)	5,943	4,067	5,943	4,067
<b>Profit before taxation</b>	<b>12,107</b>	<b>104,649</b>	<b>12,107</b>	<b>104,649</b>
Taxation	(7,553)	(19,968)	(7,553)	(19,968)
<b>Profit for the period</b>	<b>4,554</b>	<b>84,681</b>	<b>4,554</b>	<b>84,681</b>
<b><u>OTHER COMPREHENSIVE INCOME:</u></b>				
Translation of foreign operations	1,771	(1,298)	1,771	(1,298)
<b>Total comprehensive income</b>	<b>6,325</b>	<b>83,383</b>	<b>6,325</b>	<b>83,383</b>
Profit for the period attributable to:				
Equity holders of the Company	4,554	84,681	4,554	84,681
Minority interests	-	-	-	-
	<b>4,554</b>	<b>84,681</b>	<b>4,554</b>	<b>84,681</b>
Total comprehensive income attributable to:				
Equity holders of the Company	6,325	83,383	6,325	83,383
Minority interests	-	-	-	-
	<b>6,325</b>	<b>83,383</b>	<b>6,325</b>	<b>83,383</b>
<b>Earnings per share attributable to equity holders of the Company (sen):</b>				
Basic (sen)	0.8	15.4	0.8	15.4
Diluted (sen)	N/A	N/A	N/A	N/A

The unaudited condensed consolidated income statement should be read in conjunction with the audited financial statement for the financial year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statement.

**PROTON HOLDINGS BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2011**

	Unaudited as at 30.06.11 RM'000	Audited as at 31.03.11 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	2,529,146	2,529,861
Goodwill	29,008	29,008
Intangible assets	973,015	877,395
Associated companies and jointly controlled entities	369,000	366,729
Deferred tax assets	18,461	16,740
<b>Total Non-Current Assets</b>	<b>3,918,630</b>	<b>3,819,733</b>
<b>Current Assets</b>		
Inventories	1,284,882	1,207,071
Trade and other receivables	1,419,154	1,320,760
Tax recoverable	5,067	8,769
Available-for-sales financial assets	4,495	4,541
Cash, bank balances and deposits	1,413,260	1,293,033
<b>Total Current Assets</b>	<b>4,126,858</b>	<b>3,834,174</b>
<b>TOTAL ASSETS</b>	<b>8,045,488</b>	<b>7,653,907</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Company</b>		
Share capital	549,213	549,213
Reserves	4,863,852	4,857,527
<b>Total Equity</b>	<b>5,413,065</b>	<b>5,406,740</b>
<b>Non-current Liabilities</b>		
Long term borrowings	667,378	9,746
Other non-current liabilities	32,602	28,245
Deferred tax liabilities	7,887	8,186
<b>Total Non-Current Liabilities</b>	<b>707,867</b>	<b>46,177</b>
<b>Current Liabilities</b>		
Trade and other payables	1,659,533	1,683,137
Provisions	157,354	143,519
Taxation	11,528	12,868
Short term borrowings	96,141	361,466
<b>Total Current Liabilities</b>	<b>1,924,556</b>	<b>2,200,990</b>
<b>Total Liabilities</b>	<b>2,632,423</b>	<b>2,247,167</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>8,045,488</b>	<b>7,653,907</b>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>	<b>9.86</b>	<b>9.84</b>

The unaudited condensed consolidated balance sheet should be read in conjunction with the audited financial statement for the financial year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statement.

**PROTON HOLDINGS BERHAD  
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 JUNE 2011**

	Attributable to equity holders of the Company						
	Non-distributable			Distributable			
	Share capital RM'000	Capital reserve RM'000	Asset revaluation reserve RM'000	Available-for-sale reserve RM'000	Foreign exchange reserves RM'000	Retained earnings RM'000	Total equity RM'000
<b>At 1 April 2011</b>	549,213	475,617	-	-	(62,072)	4,443,982	5,406,740
Profit for the period	-	-	-	-	-	4,554	4,554
<b>Other comprehensive income for the period to 30 June 2011</b>	-	-	-	-	1,771	-	1,771
- Foreign exchange differences	-	-	-	-	-	-	-
- Realisation of assets revaluation reserve	-	-	-	-	-	-	-
- Available-for-sale financial assets	-	-	-	4,218	-	-	4,218
- Transfer to statements of comprehensive income on derecognition of Available-for-sale financial assets	-	-	-	(4,218)	-	-	(4,218)
<b>Total profit and comprehensive income for the financial year</b>	-	-	-	-	1,771	4,554	6,325
Dividends paid	-	-	-	-	-	-	-
<b>At 30 June 2011</b>	549,213	475,617	-	-	(60,301)	4,448,536	5,413,065
<b>At 1 April 2010</b>	549,213	475,617	2,362	-	(66,995)	4,367,981	5,328,178
Changes in equity for the period to 30 June 2010:	-	-	-	-	(1,298)	84,679	83,381
Total comprehensive income for the period	-	-	2,362	-	(68,293)	4,452,660	5,411,559
<b>At 30 June 2010</b>	549,213	475,617	2,362	-	-	4,452,660	5,411,559

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statement for the financial year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statement.

**PROTON HOLDINGS BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE QUARTER ENDED 30 JUNE 2011**

	<b>3 months ended</b>	<b>3 months ended</b>
	<b>30.06.11</b>	<b>30.06.10</b>
	<b>RM'000</b>	<b>RM'000</b>
CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	4,772	138,934
CASH FLOWS USED IN INVESTING ACTIVITIES	(223,189)	(168,312)
CASH FLOWS GENERATED FROM/(USED IN) FINANCING ACTIVITIES	384,779	(32,052)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>166,362</u>	<u>(61,430)</u>
EXCHANGE RATE EFFECTS	2,762	4,328
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL PERIOD	1,213,617	1,606,111
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	<u><u>1,382,741</u></u>	<u><u>1,549,009</u></u>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash, bank balances and deposits	1,413,260	1,594,285
Fixed deposits pledged as security	(25,000)	(25,000)
Restricted cash received under Automotive Development Fund	<u>(5,519)</u>	<u>(20,276)</u>
	<u><u>1,382,741</u></u>	<u><u>1,549,009</u></u>

The unaudited condensed consolidated cash flow statement should be read in conjunction with the audited financial statement for the financial year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statement.

**PROTON HOLDINGS BERHAD (623177-A)**

(Incorporated in Malaysia)

**PART A: EXPLANATORY NOTES PURSUANT TO FRS 134**

**1. BASIS OF PREPARATION**

The interim financial statements, other than for financial instruments, have been prepared under the historical cost convention. Certain financial instruments have been carried at fair value in accordance to FRS 139 Financial Instruments: Recognition and Measurement.

The interim financial statement are unaudited and has been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statement should be read in conjunction with the audited financial statements for the financial year ended 31 March 2011. These explanatory notes attached to the interim financial statement provides 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 2011.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted are consistent with those of the audited financial statement for the financial year ended 31 March 2011, except for the adoption of the following new Financial Reporting Standards ('FRSs'), Amendments to FRSs and IC Interpretations that are effective for the financial period from 1 April 2011.

On 1 April 2011, the Group adopted the following FRSs:

FRS 3	Business Combinations (revised)
FRS 127	Consolidated and Separate Financial Statements
Amendment to FRS 7	Improving Disclosures about Financial Statements
Amendment to FRS 132	Financial Instruments: Presentation
Amendment to FRS 138	Intangible Assets
Amendment to FRS 1, FRS 3, FRS 7, FRS 101, FRS 121, FRS128, FRS 131, FRS 132, FRS 134 and FRS 139	Improvements to FRSs (2010)
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interpretation 17	Distributions on Non-cash Assets to Owners
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

The adoption of the above FRSs, Amendments to FRSs and IC Interpretations did not have any effect on the financial performance, position or presentation of financials of the Group, other than the disclosures under the Amendments to FRS 7.

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

At the date of authorisation of these interim financial statements, the following FRS, IC Interpretations and Amendments to IC Interpretation were issued but not yet effective and have not been applied by the Group:

FRSs, IC Interpretation and Amendments to IC Interpretation		Effective for annual periods beginning on or after
FRS 124	Related party disclosures	1 January 2012
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirements	1 July 2011

## 3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The annual audited financial statement for the financial year ended 31 March 2011 was not subject to any qualification.

## 4. SEASONAL OR CYCLICAL FACTORS

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

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

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

## 6. 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 a material impact on the Group's results and financial position are tested for sensitivity to changes in the underlying parameters.

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

## 7. SIGNIFICANT ITEMS

There were no significant items reported in the current financial period under review.

## 8. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayment of debts and equity securities during the current financial period under review.

## 9. DIVIDENDS PAID

There were no dividends proposed and declared during the current financial quarter under review.

## 10. SEGMENTAL REPORTING

Segmental information is presented in respect of the Group's reportable segments which are based on internal reports regularly reviewed by the entity's Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

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

	<u>PROTON</u>		<u>LOTUS</u>	<u>INVESTMENT</u>	<u>ELIMINATION</u>	<u>TOTAL</u>
	Manufacturing RM'million	Selling & Distribution RM'million	Manufacturing & Distribution RM'million	<u>HOLDING &amp; OTHERS</u> RM'million	RM'million	RM'million
<b>30 JUNE 2011</b>						
<u>Revenue</u>						
External sales	40.3	2,034.2	158.2	0.7	-	2,233.3
Inter-segment sales	1,907.1	-	13.5	-	(1,920.6)	-
Total revenue	<u>1,947.4</u>	<u>2,034.2</u>	<u>171.7</u>	<u>0.7</u>	<u>(1,920.6)</u>	<u>2,233.3</u>

Total profit for reportable segments						12.5
Interest expense						(6.3)
Share of results of associated companies and jointly controlled entities (net of tax)						5.9
Profit before taxation and zakat						<u>12.1</u>
Income taxes and zakat of Company and its subsidiary companies						(7.6)
Net profit after taxation and zakat						<u>4.5</u>

	<u>PROTON</u>		<u>LOTUS</u>	<u>INVESTMENT</u>	<u>ELIMINATION</u>	<u>TOTAL</u>
	Manufacturing RM'million	Selling & Distribution RM'million	Manufacturing & Distribution RM'million	<u>HOLDING &amp; OTHERS</u> RM'million	RM'million	RM'million
<b>30 JUNE 2010</b>						
<u>Revenue</u>						
External sales	142.7	1,960.2	187.0	-	-	2,289.9
Inter-segment sales	1,874.3	-	6.6	-	(1,880.9)	-
Total revenue	<u>2,017.0</u>	<u>1,960.2</u>	<u>193.6</u>	<u>-</u>	<u>(1,880.9)</u>	<u>2,289.9</u>

Total profit for reportable segments						102.6
Interest expense						(2.0)
Share of results of associated companies and jointly controlled entities (net of tax)						4.1
Profit before taxation						<u>104.7</u>
Income taxes of Company and its subsidiary companies						(20.0)
Net profit after taxation						<u>84.7</u>



**11. PROPERTY, PLANT & EQUIPMENT**

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

**12. MATERIAL SUBSEQUENT EVENTS**

The Board is not aware of any material event or transaction during the current financial period under review to the date of this announcement, which affects substantially the results of the operations of the Group.

**13. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group in the financial period under review.

**14. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

There were no material changes to the contingent liabilities as disclosed in the Audited Financial Statement for the financial year ended 31 March 2011.

**15. CAPITAL COMMITMENTS**

Capital commitments for property, plant and equipment and intangible assets approved by the Board but not provided for in the financial statements as at 30 June 2011 are as follows:

	RM '000
Contracted for	421,179
Not contracted for	<u>1,544,557</u>

**16. SUBSEQUENT EVENTS**

There were no other material events subsequent to the end of the current financial period under review that requires disclosure of adjustments to the unaudited interim financial statements.

**PROTON HOLDINGS BERHAD (623177-A)**

(Incorporated in Malaysia)

**PART A: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**17. PERFORMANCE REVIEW**

In the current quarter, the Group's profit before taxation of RM12 million is lower than the profit of RM105 million recorded in the corresponding period last financial year. The decline in profit is largely attributed by higher expenses incurred by Lotus Group International Limited ('LGIL') in the current quarter, which is in line with the Group's effort in achieving LGIL's long term business transformation plans.

The higher spending at LGIL, however, is partially offset by a higher revenue from an increase in PROTON's domestic sales volume, which was approximately 3% higher in the current quarter as compared to the corresponding period last year.

**18. MATERIAL CHANGE IN THE RESULTS OF CURRENT QUARTER AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER**

The Group registered a profit before taxation of RM12 million compared to RM80 million recorded in the immediate preceding quarter. In the current quarter, the Group experienced a lower overall sales volume, mainly due to normalisation in the trend of customers' demand for the Inspira. The Group also saw a drop in the financing approval rates by local financial institutions in June 2011, as a result of the Hire Purchase Act 1967 ('HPA') amendment implemented in the same month.

**19. COMMENTARY ON PROSPECTS**

The Malaysia Automotive Association ('MAA') has cut its forecast TIV for the domestic market for 2011 from 618,000 earlier to 608,000 currently. Despite this modest cut, the current forecast for 2011 is still projected to be higher than TIV recorded in 2010. Sales of vehicles in Malaysia are expected to pick up in the second half of 2011, boosted by planned launches of new models and improved overall buyer sentiment's in the domestic market.

As for PROTON, the Group will intensify its sales and marketing activities for the current products offerings, to increase sales volume, as well as to increase the Group's income from after sales related products and services.

PROTON will continue to invest in the development of new technologies and will strive to improve operational efficiencies to sustain earnings while remaining cautious of the volatility in the global markets, particularly, the anticipated volatility of foreign exchange and fluctuations in fuel and raw materials prices.

**20. PROFIT FORECAST**

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

## 21. INCOME TAX EXPENSE

Income tax expense comprises of the following:

	<u>Current quarter</u> RM'000	<u>Current year to date</u> RM'000
<u>Taxation</u>		
Current year provision		
Malaysia	2,446	2,446
Outside Malaysia	5,693	5,693
	<u>8,139</u>	<u>8,139</u>
<u>Deferred Tax</u>		
Outside Malaysia	(586)	(586)
	<u>7,553</u>	<u>7,553</u>
Effective tax rate	62.4%	62.4%

The effective tax rate for the current financial quarter is higher than the statutory tax rate due to no tax credit recognised from the subsidiaries which making loss and higher tax rate on profits earned by certain overseas subsidiaries.

## 22. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

(a) Total disposal of unquoted securities for the current financial period under review are as follows:

	<u>Current quarter</u> RM'000	<u>Current year to date</u> RM'000
Total sales proceeds	4,308	4,308
Total profit on disposal	<u>4,218</u>	<u>4,218</u>

(b) There were no other disposal of properties and non-current investments outside the ordinary course of business for the current financial period under review.

## 23. SALE OF QUOTED SECURITIES

There were no purchases or disposals of quoted securities for the current financial period under review.

## 24. CORPORATE PROPOSALS

There were no corporate proposals announced but not completed at the date of this announcement.

## 25. GROUP BORROWINGS AND DEBT SECURITIES

Particulars of Group's borrowings as at 30 June 2011 are as follows:

	RM'000
<u>Long Term Borrowings:</u>	
Secured:	
Long term loans	667,378
Total Long Term Borrowings	<u>667,378</u>
Unsecured:	
Bankers' acceptances	3,997
Revolving credit	92,144
	<u>96,141</u>
<b>Total Borrowings</b>	<b><u>763,519</u></b>

The borrowings are denominated as follows:

	RM'000
<u>Functional Currency</u>	
Ringgit Malaysia	3,997
Pounds Sterling	759,522
<b>Total</b>	<b><u>763,519</u></b>

## 26. REALISED AND UNREALISED PROFITS DISCLOSURE

Total Group's realised and unrealised profits are as follows:

As at  
30.06.2011  
RM'000

Total retained profits/(accumulated losses) of PROTON and its subsidiaries:

- realised	4,301,384
- unrealised	(121,639)

Total share of retained profits/(accumulated losses) from associated companies:

- realised	61,438
- unrealised	(578)

Total share of retained profits/(accumulated losses) from jointly controlled entities:

- realised	82,506
- unrealised	2,765

Consolidation adjustment

**122,660**

Total Group retained profits as per consolidated accounts

**4,448,536**

## 27. DERIVATIVE FINANCIAL INSTRUMENTS

The outstanding forward foreign currency contracts as at 30 June 2011 were as follows:

<u>Currency</u>	<u>Contract Amounts '000</u>	<u>Equivalent Amount in RM'000</u>	<u>Expiry Dates</u>
<u>Payables</u>			
Japanese Yen	2,200,000	82,597	4/07/11 - 5/08/11

Forward foreign exchange contracts are entered into with licensed banks to hedge certain portion of the Group's payables and receivables from exchange rates movements. As the exchange rates are pre-determined under such contracts, in the event of exchange rates movement, exposure to opportunity gain/(loss) is expected. Given that the contracts are entered into licensed banks, we are of the view that credit risk and counterparty risk are minimal. Apart from a small fee payable to the banks there are no cash requirements for the forward contracts.

## 28. CHANGES IN MATERIAL LITIGATION

There were no other changes in the material litigations since the last announcement.

## 29. DIVIDEND

The Board does not recommend any interim dividend declared for the financial period ended 30 June 2011.

### 30. EARNINGS PER SHARE ("EPS")

#### Basic EPS

The basic earnings per share is calculated on the net profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares as at 30 June 2011.

	<u>Current quarter</u> RM'000	<u>Current year to date</u> RM'000
Net profit attributable to equity holders (RM'000)	4,554	4,554
Weighted average number of shares ('000)	549,213	549,213
Earnings per share (sen)	<u>0.8</u>	<u>0.8</u>

#### Diluted EPS

Diluted EPS is not applicable as at 31 March 2011 as there are no dilutive potential ordinary shares.

BY ORDER OF THE BOARD  
SUHLA AL ASRI  
COMPANY SECRETARY  
Shah Alam, 26 August 2011