



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

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

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

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	<u>30.09.11</u>	<u>30.09.10</u>	<u>30.09.11</u>	<u>30.09.10</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>CONTINUING OPERATIONS:</u>				
Revenue	2,263,272	2,240,509	4,496,617	4,530,396
Operating expenses	(2,283,188)	(2,214,741)	(4,578,206)	(4,435,537)
Other operating income	60,639	50,405	134,822	83,892
Profit before finance cost	40,723	76,173	53,233	178,751
Finance cost	(7,514)	(2,136)	(13,860)	(4,133)
Share of results of associated and jointly controlled entities (net of tax)	2,209	7,228	8,151	11,296
Profit before taxation and zakat	35,418	81,265	47,524	185,914
Zakat	(7,113)	-	(7,113)	-
Taxation	(12,750)	(15,346)	(20,303)	(35,314)
Profit for the period	15,555	65,919	20,108	150,600
<u>OTHER COMPREHENSIVE INCOME:</u>				
Translation of foreign operations	84	1,298	4,638	1,111
Available-for-sale financial assets net fair value gains	-	-	4,218	-
Transfer to profit and loss on derecognition of available-for-sale financial assets	-	-	(4,218)	-
Total comprehensive income	15,639	67,217	24,746	151,711
Profit for the period attributable to:				
Equity holders of the Company	15,555	65,919	20,108	150,600
Minority interests	-	-	-	-
	15,555	65,919	20,108	150,600
Total comprehensive income attributable to:				
Equity holders of the Company	15,639	67,217	24,746	151,711
Minority interests	-	-	-	-
	15,639	67,217	24,746	151,711
Earnings per share attributable to equity holders of the Company (sen):				
Basic (sen)	2.8	12.0	3.7	27.4
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 SEPTEMBER 2011

	Unaudited as at 30.09.11 RM'000	Audited as at 31.03.11 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	2,588,490	2,529,861
Goodwill	29,008	29,008
Intangible assets	1,175,737	877,395
Associated companies and jointly controlled entities	370,115	366,729
Deferred tax assets	16,563	16,740
Total Non-Current Assets	4,179,913	3,819,733
Current Assets		
Inventories	1,054,000	1,207,071
Trade and other receivables	1,560,467	1,320,760
Tax recoverable	5,171	8,769
Available-for-sale financial assets	4,493	4,541
Cash, bank balances and deposits	1,313,967	1,293,033
Total Current Assets	3,938,098	3,834,174
TOTAL ASSETS	8,118,011	7,653,907
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	549,213	549,213
Reserves	4,841,083	4,857,527
Total Equity	5,390,296	5,406,740
Non-current Liabilities		
Long term borrowings	881,198	9,746
Other non-current liabilities	29,246	28,245
Deferred tax liabilities	8,258	8,186
Total Non-Current Liabilities	918,702	46,177
Current Liabilities		
Trade and other payables	1,567,653	1,683,137
Provisions	161,043	143,519
Taxation	2,430	12,868
Short term borrowings	77,887	361,466
Total Current Liabilities	1,809,013	2,200,990
Total Liabilities	2,727,715	2,247,167
TOTAL EQUITY AND LIABILITIES	8,118,011	7,653,907
Net assets per share attributable to equity holders of the Company (RM)	9.81	9.84

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 SEPTEMBER 2011

	Attributable to equity holders of the Company ----->						Total equity RM'000
	Share capital RM'000	Capital reserve RM'000	Asset revaluation reserve RM'000	Non-distributable Available-for-sale reserve RM'000	Foreign exchange reserves RM'000	Retained earnings RM'000	
At 1 April 2011	549,213	475,617	-	-	(62,072)	4,443,982	5,406,740
Profit for the period	-	-	-	-	-	20,108	20,108
Other comprehensive income for the period to 30 September 2011	-	-	-	-	4,638	-	4,638
- Foreign exchange differences	-	-	-	-	-	-	-
- 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)
Total profit and comprehensive income for the period	-	-	-	-	4,638	20,108	24,746
Dividends payable for the financial year ended 31 March 2011	-	-	-	-	-	(41,190)	(41,190)
At 30 September 2011	549,213	475,617	-	-	(57,434)	4,422,900	5,390,296
At 1 April 2010	549,213	475,617	2,362	-	(66,995)	4,367,981	5,328,178
Changes in equity for the period to 30 September 2010:	-	-	-	-	1,111	150,600	151,711
Total profit and comprehensive income for the period	-	-	-	-	-	(82,382)	(82,382)
Dividends paid	-	-	-	-	-	-	-
At 30 September 2010	549,213	475,617	2,362	-	(65,884)	4,436,199	5,397,507

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 SEPTEMBER 2011

	6 months ended	6 months ended
	30.09.11	30.09.10
	RM'000	RM'000
CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	72,564	60,568
CASH FLOWS USED IN INVESTING ACTIVITIES	(549,455)	(433,847)
CASH FLOWS GENERATED FROM FINANCING ACTIVITIES	573,716	30,963
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>96,825</u>	<u>(342,316)</u>
EXCHANGE RATE EFFECTS	(2,794)	8,992
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>1,307,648</u></u>	<u><u>1,272,787</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash, bank balances and deposits	1,313,967	1,315,036
Fixed deposits pledged as security	-	(25,000)
Restricted cash received under Automotive Development Fund	<u>(6,319)</u>	<u>(17,249)</u>
	<u><u>1,307,648</u></u>	<u><u>1,272,787</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
Improvements to IC Interpretation 9	Scope of IC 9 and Revised FRS3

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 relevant to the Group that 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

During the Annual General Meeting (AGM) held on 15 September 2011, the Directors approved the payment of a final dividend of 10 sen (2010 : 20 sen) per share, less tax at 25% on 549,213,002 ordinary shares amounting RM41,190,975 in respect of financial year ended 31 March 2011. The dividends were subsequently paid in October 2011.

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:

30 SEPTEMBER 2011	PROTON		LOTUS	INVESTMENT	ELIMINATION	TOTAL
	Manufacturing RM'million	Selling & Distribution RM'million	Manufacturing & Distribution RM'million	HOLDING & OTHERS RM'million	RM'million	RM'million
Revenue						
External sales	90.2	4,107.6	298.1	1.6	(0.9)	4,496.6
Inter-segment sales	3,449.4	-	30.3	-	(3,479.7)	-
Total revenue	<u>3,539.6</u>	<u>4,107.6</u>	<u>328.4</u>	<u>1.6</u>	<u>(3,480.6)</u>	<u>4,496.6</u>
Results						
Segment operating profits/(losses)	<u>146.2</u>	<u>51.7</u>	<u>(129.9)</u>	<u>(14.1)</u>	<u>(0.7)</u>	<u>53.2</u>

Total profit for reportable segments	53.2
Interest expense	(13.9)
Share of results of associated companies and jointly controlled entities (net of tax)	8.2
Profit before taxation and zakat	<u>47.5</u>
Income taxes and zakat of Company and its subsidiary companies	(27.4)
Net profit after taxation and zakat	<u>20.1</u>

30 SEPTEMBER 2010	PROTON		LOTUS	INVESTMENT	ELIMINATION	TOTAL
	Manufacturing RM'million	Selling & Distribution RM'million	Manufacturing & Distribution RM'million	HOLDING & OTHERS RM'million	RM'million	RM'million
Revenue						
External sales	248.9	3,940.9	340.5	3.0	(2.9)	4,530.4
Inter-segment sales	3,529.7	-	21.0	-	(3,550.7)	-
Total revenue	<u>3,778.6</u>	<u>3,940.9</u>	<u>361.5</u>	<u>3.0</u>	<u>(3,553.6)</u>	<u>4,530.4</u>
Results						
Segment operating profits/(losses)	<u>167.7</u>	<u>108.1</u>	<u>(49.6)</u>	<u>20.4</u>	<u>(67.8)</u>	<u>178.8</u>

Total profit for reportable segments	178.8
Interest expense	(4.1)
Share of results of associated companies and jointly controlled entities (net of tax)	11.2
Profit before taxation	<u>185.9</u>
Income taxes of Company and its subsidiary companies	(35.3)
Net profit after taxation	<u>150.6</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

On 2 November 2011, the Group through its wholly owned subsidiary, Lotus Advance Technologies Sdn Bhd ("LAT"), has acquired an additional 15% equity interest in Miyazu (Malaysia) Sdn Bhd ("Miyazu") and upon completion of the acquisition, LAT will hold 66% of the issued and paid up capital of Miyazu.

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 September 2011 are as follows:

	RM '000
Contracted for	440,422
Not contracted for	<u>2,085,588</u>

PROTON HOLDINGS BERHAD (623177-A)

(Incorporated in Malaysia)

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

16. PERFORMANCE REVIEW

The Group's profit before taxation for the six months period ended 30 September 2011 of RM47 million was lower than the profit of RM185 million recorded in the corresponding period last financial year. The lower profit was largely attributed to higher expenses incurred by Lotus Group International Limited ('LGIL'), which is in line with the Group's effort in achieving LGIL's long term business transformation plans.

The higher expenses at LGIL, however, was partially offset by an increase in PROTON's domestic sales volume, approximately 2% higher in the first six months of the financial period as compared to the corresponding six months financial period last year.

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

The Group registered a higher profit before taxation of RM35 million as compared to RM12 million recorded in the immediate preceding quarter. In the current quarter, the Group experienced a higher total sales volume as compared to the immediate preceding quarter sales volume, driven by stronger demand for PROTON's higher margin models, namely the Exora and Inspira.

18. COMMENTARY ON PROSPECTS

The Malaysian domestic passenger car sales recorded a lower volume in the first nine months of 2011 compared to the corresponding period last year. According to the Malaysian Automotive Association (MAA), the decline in TIV for September was mainly due to shorter working month but market condition was originally expected to normalise in October. However, the upward trend is unlikely to be strong for the rest of calendar year 2011 due to seasonal slowdown towards year end, and the impact of the floods in Thailand, which has disrupted both CKD/ CBU as well as parts supply from Thailand in November.

Given the challenging environment, PROTON will remain cautious and at the same time intensify its marketing activities. The scheduled launches of new variants for the Exora, as well as the launching the P3-21A are expected to boost both PROTON's domestic and international sales volume and market share.

In Indonesia, the Exora Star recently won an award from MobilMotor magazine's ICOTY (Indonesian Car of the Year) under the Best Small MPV 2011 category, defeating cars like the Honda Freed and the Nissan Grand Livina. The Exora Star was also awarded the "Best Budget MPV 2011" earlier this year. These recognitions have helped to boost PROTON's sales in Indonesia as well as attracting reputable parties to join PROTON's dealership network which will help to further extend PROTON's sales and service coverage in Indonesia.

PROTON was also a dominant force in 2011 in motorsports, clinching the coveted Asia Pacific Rally Championship Manufacturer's and Driver's titles after winning the APRC Rally of China. PROTON's victorious season also saw it become the first car manufacturer to win all eight major individual titles in the championship: the overall FIA APRC manufacturer's title; FIA APRC driver's title; the FIA APRC Teams Trophy; the FIA Asia Cup driver's title; and the FIA Pacific Cup driver's title. PROTON's Group N 1600cc two-wheel drive Satria Neo meanwhile, helped to clinch the remaining three titles that included the manufacturer's title in the FIA APRC Rally Cup for two-wheel drive category; the FIA APRC Rally Cup two-wheel drive driver's title; and FIA APRC Junior Cup driver's title. The successful motorsports campaign has opened up opportunities for PROTON to generate new revenue lines to leverage on its growing popularity, especially among motorsports followers. In addition to creating new revenue stream through merchandising, the successful motorsports campaign has also increased PROTON's global awareness and the demand for R3 products, as well as renewing customers' interest on all Proton product range.

There were several favourable milestones achieved recently by LGIL, namely; the successful bid for a GBP10.4 million grant from the United Kingdom Government, the amicable settlement with 1Malaysia Racing Team that will see LGIL becoming the sole owner of the Lotus name in Formula One; and the successful opening of the first official Lotus showroom in China. To date, Lotus China's book order has exceeded 300 units, and with more showrooms plan to be opened across China, LGIL is confident that the sales volume will increase further.

19. PROFIT FORECAST

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

20. TAXATION AND ZAKAT

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	7,169	9,615
Outside Malaysia	<u>(1,775)</u>	<u>3,918</u>
	5,394	13,533
<u>Deferred Tax</u>		
Malaysia	-	-
Outside Malaysia	<u>7,356</u>	<u>6,770</u>
Total taxation and deferred tax expenses	<u>12,750</u>	<u>20,303</u>
Zakat	<u>7,113</u>	<u>7,113</u>
	<u><u>19,863</u></u>	<u><u>27,416</u></u>
Effective tax rate	36.0%	42.7%

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 are making losses and higher tax rate on profit earned by certain overseas subsidiaries.

21. 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
Total profit on disposal	<u>-</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.

22. SALE OF QUOTED SECURITIES

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

23. CORPORATE PROPOSALS

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

24. GROUP BORROWINGS AND DEBT SECURITIES

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

	RM'000
<u>Long Term Borrowings:</u>	
Secured:	
Long term loans	881,198
Total Long Term Borrowings	<u>881,198</u>
<u>Short Term Borrowings:</u>	
Secured:	
Current portion of long term loans	44,744
Unsecured:	
Bankers' acceptances	23,946
Revolving credit	9,197
Total Short Term Borrowings	<u>77,887</u>
Total Borrowings	<u><u>959,085</u></u>

25. REALISED AND UNREALISED PROFITS DISCLOSURE

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

	As at 30.09.2011 RM'000
Total retained profits/(accumulated losses) of PROTON and its subsidiaries:	
- realised	4,351,994
- unrealised	(143,762)
Total share of retained profits/(accumulated losses) from associated companies:	
- realised	59,987
- unrealised	(843)
Total share of retained profits/(accumulated losses) from jointly controlled entities:	
- realised	82,461
- unrealised	2,731
Consolidation adjustment	70,332
Total Group retained profits as per consolidated accounts	<u>4,422,900</u>

26. DERIVATIVE FINANCIAL INSTRUMENTS

The outstanding forward foreign currency contracts as at 30 September 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	702,605	29,251	4/10/11 - 7/10/11

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.

27. CHANGES IN MATERIAL LITIGATION

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

28. DIVIDEND

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

29. 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 September 2011.

	<u>Current quarter</u> RM'000	<u>Current year to date</u> RM'000
Net profit attributable to equity holders (RM'000)	15,555	20,108
Weighted average number of shares ('000)	549,213	549,213
Earnings per share (sen)	<u>2.8</u>	<u>3.7</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, 29 November 2011