

AUTOAIR HOLDINGS BERHAD (Company No. 414010-M)
(Incorporated in Malaysia)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2009
(Figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER (Q2)		CUMULATIVE QUARTER (6 months)	
	Current Year Quarter 31.12.2009 RM'000	Preceding Year Corresponding Quarter 31.12.2008 RM'000	Current Year To Date 31.12.2009 RM'000	Preceding Year Corresponding Period 31.12.2008 RM'000
Revenue	4,214	5,208	8,333	11,958
Cost of sales	(4,612)	(5,673)	(9,725)	(11,473)
Gross (loss)/profit	(398)	(465)	(1,392)	485
Operating expenses	(1,047)	(2,427)	(1,810)	(3,392)
Other operating income	256	146	310	408
Loss from operations	(1,189)	(2,746)	(2,892)	(2,499)
Finance costs	(372)	(384)	(762)	(805)
Loss before tax	(1,561)	(3,130)	(3,654)	(3,304)
Income tax expense	(67)	(10)	(75)	(43)
Net loss	(1,628)	(3,140)	(3,729)	(3,347)
Attributable to :				
Equity holders of the Company	(1,628)	(3,140)	(3,729)	(3,347)
Minority interest	-	-	-	-
Net loss	(1,628)	(3,140)	(3,729)	(3,347)
Loss per share (sen):				
- Basic	(3.7)	(7.1)	(8.5)	(7.6)
- Diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report of the Group for the year ended 30 June 2009)

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CONDENSED CONSOLIDATED BALANCE SHEET

	UNAUDITED AS AT 31.12.2009 RM'000	AUDITED AS AT 30.06.2009 RM'000
ASSETS		
Non-current asset		
Property, plant and equipment	24,328	26,400
	24,328	26,400
Current assets		
Property development costs	6,274	6,213
Inventories	9,993	11,637
Non-current assets held for sale	9,095	9,095
Trade and other receivables	6,085	6,815
Tax recoverable	107	75
Cash and bank balances	315	384
	31,869	34,219
TOTAL ASSETS	56,197	60,619
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	44,000	44,000
Share premium	42	42
Accumulated losses	(14,478)	(10,749)
Shareholders' equity	29,564	33,293
Non-current liabilities		
Hire purchase liabilities	28	37
Long term borrowings	8,680	9,979
Deferred tax liabilities	272	217
	8,980	10,233
Current liabilities		
Trade and other payables	7,904	6,495
Bank overdrafts	2,878	4,258
Hire purchase liabilities	18	65
Short term borrowings	6,822	6,264
Tax payable	31	11
	17,653	17,093
Total liabilities	26,633	27,326
TOTAL EQUITY AND LIABILITIES	56,197	60,619
Net assets per share attributable to equity holders of the Company (RM)	0.67	0.76

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report of the Group for the year ended 30 June 2009)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to equity holders of the Company →			Shareholders' Equity
	Share Capital	Non-Distributable Share Premium	Accumulated Losses	
	RM'000	RM'000	RM'000	
At 1 July 2009	44,000	42	(10,749)	33,293
Net loss for the period	-	-	(3,729)	(3,729)
At 31 December 2009	44,000	42	(14,478)	29,564
At 1 July 2008	44,000	42	(2,638)	41,404
Net loss for the period	-	-	(3,347)	(3,347)
At 31 December 2008	44,000	42	(5,985)	38,057

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report of the Group for the year ended 30 June 2009)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	CURRENT YEAR TO DATE 6 MONTHS ENDED 31.12.2009 RM'000	CORRESPONDING YEAR TO DATE 6 MONTHS ENDED 31.12.2008 RM'000
Net cash from operating activities	1,968	594
Net cash from investing activities	140	136
Net cash used in financing activities	(797)	(1,484)
Net increase/(decrease) in cash and cash equivalents	1,311	(754)
Cash and cash equivalents at beginning of the quarter	(3,874)	(3,343)
Cash and cash equivalents at end of the quarter	(2,563)	(4,097)
Cash and cash equivalents comprises:		
Cash and bank balances	315	352
Bank overdrafts	(2,878)	(4,449)
	(2,563)	(4,097)

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report of the Group for the year ended 30 June 2009)

**NOTES TO THE FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 DECEMBER 2009**
(Figures have not been audited)

(A) IN COMPLIANCE WITH FINANCIAL REPORTING STANDARD (FRS) 134

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with FRS 134 - Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the audited financial statements for the year ended 30 June 2009.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 30 June 2009 other than the Group had adopted the new and revised Financial Reporting Standard ("FRS") that become mandatory for the current financial period. The adoption of the new and revised FRSs does not result in significant changes in accounting policies of the Group.

A2. Qualified audit report

There was no qualification in the auditors' report on the Group's preceding audited annual financial statements for the year ended 30 June 2009.

A3. Seasonal or cyclical factors

The Group's operations for the current quarter and financial year to date are not significantly affected by seasonal or cyclical factors.

A4. Unusual item affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the current quarter and financial year to date.

A5. Changes in estimates

There were no changes in the estimates of amounts reported in the prior financial years which have a material effect in the current quarter or the financial year to date.

A6. Issuance or repayment of debt and equity securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares for the current quarter and financial year to date.

A7. Dividends

There was no dividend paid in the current quarter and the financial year to date.

A8. Segment information

Segment information is presented in respect of the Group's business segment:

	Investment holdings RM'000	Manufacturing and marketing of automotive components RM'000	Property development RM'000	Eliminations RM'000	Consolidated RM'000
Current Year-To-Date 6 months ended Ended 31.12.2009					
REVENUE					
External revenue	-	8,333	-	-	8,333
Inter-segment revenue	-	3,610	-	(3,610)	-
Total Revenue	-	11,943	-	(3,610)	8,333
RESULTS					
Segment result	(139)	(2,720)	(34)		(2,893)
Interest income					1
Finance costs					(762)
Loss before tax					(3,654)
Income tax expense					(75)
Net loss					(3,729)

A8. Segment information (continued)

	Investment holdings RM'000	Manufacturing and marketing of automotive components RM'000	Property development RM'000	Eliminations RM'000	Consolidated RM'000
Preceding Year-To-Date 6 months ended Ended 31.12.2008					
REVENUE					
External revenue	-	11,958	-	-	11,958
Inter-segment revenue	-	4,543	-	(4,543)	-
Total Revenue	-	16,501	-	(4,543)	11,958
RESULTS					
Segment result	(21)	(1,392)	(1,092)		(2,505)
Interest income					6
Finance costs					(805)
Loss before tax					(3,304)
Income tax expense					(43)
Net loss					(3,347)

The Group's operations are solely based in Malaysia.

A9. Valuation of property, plant and equipment

The carrying value of property, plant and equipment has been brought forward without amendment from the previous annual financial statements.

A10. Material events subsequent to the end of the period

There were no material events as at 23 February 2010 that have not been reflected in the financial statements for the current quarter and financial year to date.

A11. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter and financial year to date.

A12. Contingent liabilities

Save as disclosed below, there were no contingent liabilities or assets since the last annual Balance Sheet date.

	GROUP		COMPANY	
	As at 31.12.2009 RM'000	As at 31.12.2008 RM'000	As at 31.12.2009 RM'000	As at 31.12.2008 RM'000
1) In respect of corporate guarantees given by the Company to financial institutions for banking facilities granted to subsidiaries:	-	-	18,440	20,012
2) In respect of disputed claim	-	836	-	-
Total:	-	836	18,440	20,012

A13. Capital commitments

There are no capital expenditure approved and contracted for as at the end of the current quarter.

(B) ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of performance of the Company and its principal subsidiaries

Group's revenue for the current quarter was lower at RM 4,214 million as compared with RM 5,208 million recorded in the corresponding quarter last year.

Group's loss before tax for the current quarter was correspondingly lower at RM 1.561 million as compared with RM 3.13 million registered in the preceding year's corresponding quarter. The decrease of loss before tax was mainly due to loss on disposal of RM1.087 million on a parcel of vacant land in Banting that recorded in the corresponding quarter last year.

The results for the current quarter have not been affected by any transaction or event of a material or unusual in nature which has arisen between 31 December 2009 and the date of this announcement.

B2. Material changes in the current quarter results compared with the immediate preceding quarter

The Group recorded a lower loss before tax of RM 1.561 million as compared with the loss before tax of RM 2.093 million in the immediate preceding quarter. This was mainly due to a higher revenue and some gains of disposal of plant and equipment recorded in the current quarter.

B3. Prospects

Barring any unforeseen circumstances, the performance of the group is expected to improve for the remaining period of the year.

B4. Profit forecast or profit guarantee

The Group did not issue any profit forecast or profit guarantee for the current quarter and financial year to date.

B5. Income tax expense

	INDIVIDUAL QUARTER (Q2)		CUMULATIVE QUARTER (6 months)	
	Current Year Quarter 31.12.2009 RM'000	Preceding Year Corresponding Quarter 31.12.2008 RM'000	Current Year To Date 31.12.2009 RM'000	Preceding Year Corresponding Period 31.12.2008 RM'000
Group				
Estimated income tax payable	(12)	(10)	(20)	(43)
Deferred tax	(55)	-	(55)	-
	(67)	(10)	(75)	(43)

The effective tax rates for the current and previous quarter is higher than the statutory tax rate mainly due to the losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries, and certain expenses which are not deductible for tax purposes.

B6. Sale of unquoted investments and/or properties

There was no disposal of unquoted investment and/or properties during the current quarter and financial year to date.

B7. Purchase / disposal of quoted securities

There was no purchase or disposal of quoted securities during the current quarter and financial year to date.

B8. Status of corporate proposals

There were no corporate proposals announced from the date of the last quarter report to the date of this announcement.

B9. Group borrowings and debt securities

Group borrowings as at 31.12.2009	Secured RM'000	Unsecured RM'000	Total RM'000
(a) Current			
Bank overdrafts	2,878	-	2,878
Bankers' acceptances	1,952	-	1,952
Term loans	2,620	2,250	4,870
Hire purchase liabilities	18	-	18
Sub-total of current	7,468	2,250	9,718
(b) Non-current			
Term loans	8,680	-	8,680
Hire purchase liabilities	28	-	28
Sub-total of non-current	8,708	-	8,708
Total borrowings	16,176	2,250	18,426

The above Group borrowings are all denominated in Ringgit Malaysia.

B10. Off balance sheet financial instruments

The Group does not have any financial instruments with off balance sheet risk as at the date of this report.

B11. Material litigation

As at the date of this announcement, there was no material litigation against the Group.

B12. Dividends

No dividend has been recommended for the current quarter and financial year to date.

B13. Loss per share

The basic loss per share of the Group is calculated by dividing the loss for the relevant periods by the weighted average number of ordinary shares in issue during the period.

	INDIVIDUAL QUARTER (Q2)		CUMULATIVE QUARTER (6 months)	
	Current Year Quarter 31.12.2009	Preceding Year Corresponding Quarter 31.12.2008	Current Year To Date 31.12.2009	Preceding Year Corresponding Period 31.12.2008
Net loss for the period (RM'000)	(1,628)	(3,140)	(3,729)	(3,347)
Weighted average number of ordinary shares in issue ('000)	44,000	44,000	44,000	44,000
Basic loss per share (sen)	(3.7)	(7.1)	(8.5)	(7.6)