

AUTOAIR HOLDINGS BERHAD (Company No. 414010-M)
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL INFORMATION
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2012
(Figures have not been audited)**

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

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134, Interim Reporting in Malaysia 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 2012.

The Group has adopted MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards. The transition to MFRS framework does not have any financial impact to the financial statement of the Group.

The accounting policies and methods of computation adopted by the Group in these condensed consolidated financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2012. In addition, the Group has adopted the new MFRS and IC Interpretations to be applied by all Entities other than Private Entities for the periods beginning on or after 1 January 2012. The adoption of the new MFRS does not have significant impact on the interim financial statements of the Group.

The Group has not adopted the new standards, amendments to published standards and interpretations that have been issued but not yet effective. These new standards, amendments to published standards and interpretations do not result in significant changes in accounting policies of the Group upon their initial application.

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 2012.

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. Dividend

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

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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 Ended 30.9.2012					
REVENUE					
External revenue		2,931			2,931
Inter-segment revenue	-	1,044		(1,044)	-
Total Revenue	-	3,975	-	(1,044)	2,931
RESULTS					
Segment result	(223)	3	(14)		(234)
Interest income					-
Finance costs					(48)
Loss before tax					(282)
Taxation					-
Net loss					(282)
Current Year-To-Date Ended 30.9.2011					
REVENUE					
External revenue		4,112	-	-	4,112
Inter-segment revenue	50	1,279	-	(1,329)	-
Total Revenue	50	5,391	-	(1,329)	4,112
RESULTS					
Segment result	16	(1,454)	(51)	-	(1,489)
Interest income					1
Finance costs					(115)
Loss before tax					(1,603)
Taxation					-
Net loss					(1,603)

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 30 September 2012 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 30.9.2012 RM'000	As at 30.9.2011 RM'000	As at 30.9.2012 RM'000	As at 30.9.2011 RM'000
In respect of corporate guarantees given by the Company to financial institutions for banking facilities granted to subsidiaries	-	-	1,404	3,952
Total:	-	-	1,404	3,952

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 performance of the Company and its principal subsidiaries

The Group's revenue for the current quarter was lower at RM2.931 million as compared to RM4.112 million recorded in the corresponding quarter last year as sales was affected by the intense competition in the market.

The Group's loss before tax for the current quarter was correspondingly lesser than RM0.282 million as compared with RM1.603 million registered in the preceding year's corresponding quarter as there were improvements in the gross margin levels.

The result for the current quarter have not been affected by any transaction or event of a material or unusual in nature which has arisen between 30 September 2012 and the date of this announcement.

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

The Group recorded a loss before tax of RM 0.282 million as compared to loss before tax of RM 3.742 million in the immediate preceding quarter.

B3. Prospects

Competition in the automotive air condition parts market remain intense and competitive throughout the year 2012 and will expect to remain so in the coming year.

Barring unforeseen circumstances, the performance of the Group is expected to be challenging for the coming year but can expect improvement by taking measures to increase revenue and reduce operating cost of the Manufacturing Division.

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		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Corresponding
	30.9.2012	30.9.2011	30.9.2012	30.9.2011
	RM'000	RM'000	RM'000	RM'000
Group				
Current tax	-	-	-	-
Deferred tax	-	-	-	-
	-	-	-	-

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	Secured RM'000	Unsecured RM'000	Total RM'000
(a) Current			
Bank overdrafts	706	-	706
Bankers' acceptances	-	1,203	1,203
Term loans	698	2,976	3,674
Hire purchase liabilities	3	-	3
Sub-total of current	1,407	4,179	5,586
(b) Non-current			
Term loans	-	-	-
Hire purchase liabilities	7	-	7
Sub-total of non-current	7	-	7
Total borrowings	1,414	4,179	5,593

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.

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B12. Dividends

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

B13. Profit/ (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		CUMULATIVE QUARTER	
	Current Year Quarter 30.9.2012	Preceding Year Corresponding Quarter 30.9.2011	Current Year To Date 30.9.2012	Preceding Year Corresponding Period 30.9.2011
Net profit/ (loss) for the period (RM'000)	(282)	(1,603)	(282)	(1,603)
Weighted average number of ordinary shares in issue ('000)	44,000	44,000	44,000	44,000
Basic profit/ (loss) per share (sen)	(0.6)	(3.6)	(0.6)	(3.6)

B14. Realised and unrealised retained profits/ accumulated losses

	As at 30.9.2012 RM'000	As at 30.6.12 RM'000
Total accumulated losses of the Company and its subsidiaries		
- Realised losses	(37,665)	(30,511)
- Unrealised losses	(282)	(7,154)
Less : Consolidation adjustments	7,852	7,852
Total group accumulated losses as per consolidated financial statements	<u>(30,095)</u>	<u>(29,813)</u>

B15. Notes for Statement of Comprehensive Income

	Current Year Quarter 30.09.2012 RM'000
Profit/(Loss) for the period is arrived at after crediting/(charging) the following:	
Interest Income	1
Other Income including investment Income	-
Interest Expenses	(48)
Depreciation and Amortization	(32)
Provision for and write off receivables	-
Provision for and write off inventories	-
Gain or loss on disposal of quoted or unquoted investments or properties	-
Impairment of assets	-
Foreign exchange gain /(loss)	(45)
Gain or loss on derivatives	-
Exceptional items (with details)	-
Reversal of Impairment loss for Development Cost	-

By Order of the Board

Company Secretaries

