

AUTOAIR HOLDINGS BERHAD (Company No. 414010-M)
(Incorporated in Malaysia)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2013
(Figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2013 RM'000	Preceding Year Corresponding Quarter 31.12.2012 RM'000 As restated	Current Year To Date 31.12.2013 RM'000	Preceding Year Corresponding Period 31.12.2012 RM'000 As restated
Revenue	2,198	3,360	5,689	6,291
Cost of sales	(1,512)	(2,748)	(4,231)	(5,117)
Gross Profit	686	612	1,458	1,174
Operating Expenses	(562)	(689)	(1,160)	(1,441)
Operating income	6	91	6	47
Finance Cost	(12)	(21)	(27)	(69)
Profit / (Loss) before tax	118	(7)	277	(289)
Income tax expense	-	-	-	-
Net profit / (loss) for the period	118	(7)	277	(289)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	118	(7)	277	(289)
Loss attributable to :				
Equity holders of the Company	118	(7)	277	(289)
Non-controlling interests	-	-	-	-
	118	(7)	277	(289)
Total comprehensive loss attributable to :				
Equity holders of the Company	118	(7)	277	(289)
Non-controlling interests	-	-	-	-
	118	(7)	277	(289)
Loss per share attribute to :				
Equity holders of the Company				
- Basic (Sen)	0.27	(0.02)	0.63	(0.7)
- Diluted (Sen)	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report of the Group for the year ended 30 June 2013)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT 31.12.2013 RM'000	AUDITED AS AT 30.6.2013 RM'000	UNAUDITED AS AT 01.7.2012 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	15,639	16,561	18,576
	<u>15,639</u>	<u>16,561</u>	<u>18,576</u>
Current assets			
Property development costs	-	-	-
Inventories	5,048	5,656	6,018
Trade and other receivables	5,730	4,032	6,420
Tax recoverable	58	57	105
Deposit with financial institutions	130	130	130
Cash and bank balances	2,297	1,117	832
	<u>13,263</u>	<u>10,992</u>	<u>13,505</u>
	<u>28,902</u>	<u>27,553</u>	<u>32,081</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	44,000	44,000	44,000
Share premium	42	42	42
Reserves	(28,006)	(28,283)	(27,535)
Shareholders' equity	<u>16,036</u>	<u>15,759</u>	<u>16,507</u>
Non-current liabilities			
Hire purchase liabilities	106	99	7
Long term borrowings	-	-	-
	<u>106</u>	<u>99</u>	<u>7</u>
Current liabilities			
Trade and other payables	8,467	7,395	9,595
Amount owing to directors	3	-	-
Bank overdrafts	5	-	1,251
Hire purchase liabilities	7	25	3
Short term borrowings	4,268	4,268	4,711
Tax payable	10	7	7
	<u>12,760</u>	<u>11,695</u>	<u>15,567</u>
Total liabilities	<u>12,866</u>	<u>11,794</u>	<u>15,574</u>
TOTAL EQUITY AND LIABILITIES	<u>28,902</u>	<u>27,553</u>	<u>32,081</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>0.36</u>	<u>0.36</u>	<u>0.38</u>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report of the Group for the year ended 30 June 2013)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to equity holders of the Company →				Shareholders' Equity
	Share Capital	Distributable	Fair Value Reserve	Retained Losses	
		Share Premium			
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2013	44,000	42	2,244	(30,527)	15,759
Total comprehensive profit for the period	-	-	-	277	277
At 31 December 2013	44,000	42	2,244	(30,250)	16,036
At 1 July 2012	44,000	42	2,244	(29,786)	16,500
Total comprehensive loss for the period	-	-	-	(289)	(289)
At 30 December 2012	44,000	42	2,244	(30,075)	16,211

(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 2013)

AUTOAIR HOLDINGS BERHAD (Company No. 414010-M)

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2013**

(Figures have not been audited)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	CUMULATIVE PERIOD ENDED	CORRESPONDING CUMULATIVE PERIOD ENDED
	31.12.2013	31.12.2012
	RM'000	RM'000
Cash flow from operating activities		
Profit / (Loss) for the period	277	(289)
Adjustments for non-cash flow items:		
Depreciation	922	1,009
Finance cost (net of interest income)	27	69
Others	711	(31)
Operating profit before changes in working capital	<u>1,937</u>	<u>758</u>
Net change in current assets	(1,090)	323
Net change in current liabilities	<u>1,075</u>	<u>(371)</u>
Cash flow from operations	1,922	710
Finance cost paid	(27)	-
Taxes refunded / (paid)	2	(5)
Net cash from operating activities	<u>1,897</u>	<u>705</u>
Cash flow from investing activities		
Additions to property, plant and equipment	-	(49)
Increase in reserves	-	296
Others	-	(14)
Net cash from investing activities	<u>0</u>	<u>233</u>
Cash flow from financing activities		
Drawdown of borrowings	-	-
Repayment of borrowings	(11)	(45)
Interest payment	-	(69)
Net cash used in financing activities	<u>(11)</u>	<u>(114)</u>
Net increase in cash and cash equivalents	1,886	824
Cash and cash equivalents at beginning of the quarter	406	(418)
Cash and cash equivalents at end of the quarter	<u><u>2,292</u></u>	<u><u>406</u></u>
Cash and cash equivalents comprises:		
Cash and bank balances	2,297	680
Fixed deposits with a licensed bank	-	-
Bank overdrafts	(5)	(274)
	<u>2,292</u>	<u>406</u>
Less : Fixed deposits pledged	-	-
	<u><u>2,292</u></u>	<u><u>406</u></u>

(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 2013)

AUTOAIR HOLDINGS BERHAD (Company No. 414010-M)
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NOTES TO THE FINANCIAL INFORMATION
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2013
(Figure 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 2013.

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 2013. 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 adoption of the MFRSs and Amendments to MFRSs that came into effect on 1 January 2013 did not have any significant impact on the unaudited condensed consolidated financial statements 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 2013.

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 estimate 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.

A8. Segment Information

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

	Investment holdings	Manufacturing and marketing of automotive component	Property development	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Current Year-To-Date Ended 31.12.13					
REVENUE					
External revenue	-	5,689	-	-	5,689
Inter-segment revenue	-	2,226	-	(2,226)	-
	-	7,915	-	(2,226)	5,689
RESULTS					
Segment result	(154)	456	-	-	302
interest income					-
Finance costs					(27)
Loss before tax					277
Taxation					-
Net loss					277
Current Year-To-Date Ended 31.12.12					
REVENUE					
External revenue	-	6,292	-	-	6,292
Inter-segment revenue	-	1,833	-	(1,833)	-
	-	8,125	-	(1,833)	6,292
RESULTS					
Segment result	(366)	199	(53)	-	(220)
interest income					-
Finance costs					(69)
Loss before tax					(289)
Taxation					-
Net loss					(289)

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 20 February 2014 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 31.12.2013 RM'000	As at 31.12.2012 RM'000	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
In respect of corporate guarantees given by the Company to financial institutions for banking facilities granted to subsidiaries	-	-	3,070	889
Total :	-	-	3,070	889

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 principle subsidiaries

The Group's revenue for the current quarter was lower at RM2.20 million as compared to RM3.36 million recorded in the corresponding quarter last year mainly due to lower sales from the export market.

Despite the lower revenue, the Group was able to improve its results to record profit before tax of RM118,000 for the current quarter against loss before tax of RM7,000, which is an increase of approximately 1500% over the preceding year's corresponding quarter. The increase in profitability was due to higher operating margins, increase productivity and higher selling price.

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

The Group revenue of RM2.20 million recorded in 2Q14 was lower than that of RM3.49 million in 1Q14 mainly due to lower sales contributed from the export market compared to the 1Q14. Hence, the Group's PBT of RM118,000 in 2Q14 is therefore a bit lower than the RM159,000 recorded in 1Q14.

B3. Prospects

The operating environment of the automotive industry locally and globally continues to be challenging. However, the operational strategies implemented have been encouraging as the manufacturing division has begun to turnaround its earlier operational loss position and the Group is continuously identifying new source of revenues and income streams to enhance the performance of the Group. The Group is cautiously optimistic that its performance will continue in the forthcoming quarters.

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 Quarter 31.12.2013 RM'000	Preceding Year Corresponding Quarter 31.12.2012 RM'000	Current Year To Date 31.12.2013 RM'000	Preceding Year Corresponding Period 31.12.2012 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	5	-	5
Bankers' acceptances	-	1,203	1,203
Term loans	40	3,025	3,065
Hire purchase liabilities	7	-	7
Sub-total of current	47	4,228	4,275
(b) Non-current			
Term loans	-	-	-
Hire purchase liabilities	106	-	106
Sub-total of non-current	106	-	106
Total borrowings	153	4,228	4,381

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. Earnings/loss per share

The basic earnings/loss per share of the Group is calculated by dividing the profit/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 31.12.2013	Preceding Year Corresponding Quarter 31.12.2012	Current Year To Date 31.12.2013	Preceding Year Corresponding Period 31.12.2012
Net profit/(loss) for the period (RM'000)	118	(7)	277	(289)
Weighted average number of ordinary shares in issue ('000)	44,000	44,000	44,000	44,000
Basic earnings/(loss) per share (sen)	0.27	(0.02)	0.6	(0.7)

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B14. Realised and unrealised retained profits / accumulated losses

	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Total accumulated losses of the Company and its subsidiaries		
- Realised losses	(40,305)	(37,638)
- Unrealised profits/(losses)	277	(289)
Less : Consolidated adjustments	9,778	7,852
Total Group accumulated losses as per consolidated financial statements	<u>(30,250)</u>	<u>(30,075)</u>

B15. Notes for Statement of Comprehensive income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2013 RM'000	Preceding Year Corresponding Quarter 31.12.2012 RM'000	Current Year To Date 31.12.2013 RM'000	Preceding Year Corresponding Period 31.12.2012 RM'000
Loss for the period is arrived at after crediting / (charging) the followings :				
Interest income	-	-	-	-
Other Income including investment income	-	57	-	58
Interest Expenses	(12)	(20)	(27)	(65)
Depreciation and Amortization	(445)	(474)	(922)	(1,042)
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)	12	(33)	(6)	(12)
Gain or loss on derivatives	-	-	-	-
Exceptional items (Corporate Advisory fees)	-	(66)	-	66

By Order of the Board

Company Secretary