



Your Right Choice Always!

AUTOAIR HOLDINGS BERHAD

(Company No. 414010-M)



2001 ANNUAL REPORT



REGISTRATION NO.: 1093A

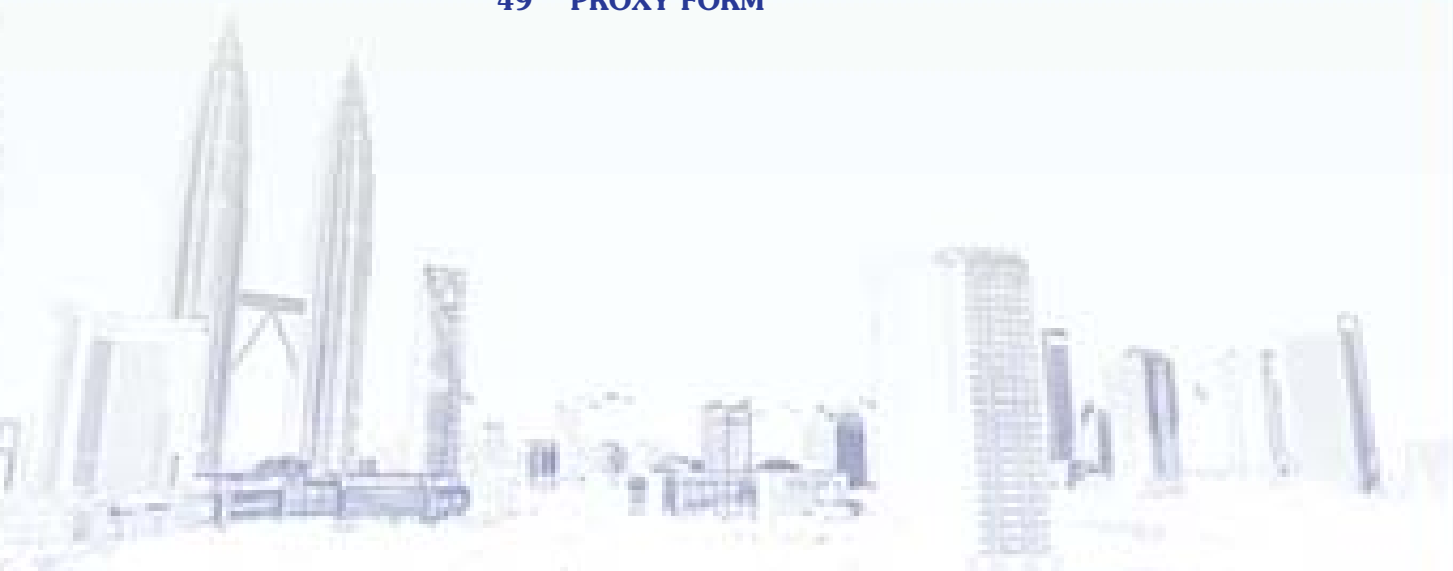


CERTIFICATE NO.: 0104208-A



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting of Autoair Holdings Berhad will be held at Dewan Perdana, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Friday, 28th December 2001, at 9.30 a.m. for the transaction of the following business:-

AGENDA

1. To receive and adopt the Audited Accounts for the year ended 30th June 2001 together with the Reports of the Directors and the Auditors thereon. (Resolution 1)
2. To approve the increase in Directors' fees from RM 15,000.00 to RM 27,000.00 in respect of the year ended 30th June 2001. (Resolution 2)
3. To re-elect the following Directors who retire pursuant to the Company's Articles of Association and paragraph 7.28 of the KLSE Listing Requirements and, being eligible, offer themselves for re-election:-

(a) Mr. You Kook Sing	(Article 107)	(Resolution 3)
(b) Encik Azam bin Azman	(Article 107)	(Resolution 4)
(c) Mr. Yeaw Kok Sing	(Paragraph 7.28)	(Resolution 5)
4. To re-appoint Messrs. Moore Stephens as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 6)
5. As Special Business:-
To consider and, if thought fit, to pass the following resolutions:-

(a) Ordinary Resolution

Authority to allot shares pursuant to Section 132D of the Companies Act, 1965

"THAT subject always to the Companies Act 1965, Articles of Association of the Company and approvals of the relevant governmental/regulatory bodies where such approvals shall be necessary, the Directors be and are hereby authorized and empowered pursuant to Section 132D of the Companies Act, 1965 to issue and allot shares in the Company and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Kuala Lumpur Stock Exchange."

(Resolution 7)

(b) Special Resolution

Proposed Adoption of new Articles of Association

"THAT the new Articles of Association of the Company as set out in the Appendix "A" attached herewith be adopted in substitution for and to the exclusion of all existing Articles of Association thereof."

(Resolution 8)

6. To transact any other business for which due notice shall have been received.

BY ORDER OF THE BOARD,

CHOW CHOOI YOONG (MAICSA 0772574)

HAZLINA BT HARUN (LS 03078)

Secretaries

Kuala Lumpur
5 December, 2001

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

NOTES:-

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy may but need not be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
3. In the case of a corporate body, the proxy appointed must be in accordance with the Memorandum and Articles of Association, and the instrument appointing a proxy shall be given under the Company's Common Seal or under the hand of an officer or attorney duly authorised.
4. The Form of Proxy must be deposited at the Company's Registered Office at Lot 4.100, Tingkat 4, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time set for the meeting or any adjournment thereof.

5. Explanatory Notes On Special Business

(a) Resolution pursuant to Section 132D of the Companies Act, 1965

Resolution No. 7 proposed under item 5(a), if passed, will give the Directors of the Company from the date of the above General Meeting, authority to allot and issue ordinary shares from the unissued capital of the Company being for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority will unless revoked or varied by the Company in General Meeting, expire at the next Annual General Meeting.

(b) Special Resolution In Relation to the Proposed Adoption of New Articles of Association

The proposed adoption of the new Articles of Association of the Company is primarily to adopt a revised set of Articles of which is consistent with the KLSE Listing Requirements, the Securities Industry (Central Depositories Act) 1991 and the Rules of the Malaysian Central Depository Sdn. Bhd.

Resolution No. 8 proposed under item 5(b), if passed, will bring the Articles of Association of the Company in line with the recent amendments to the KLSE Listing Requirements particularly the requirements contained in Chapter 7 and to be consistent with the Securities Industry (Central Depositories Act) 1991 and the Rules of the Malaysian Central Depository Sdn. Bhd.



STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.28(2) of the Listing Requirements of the Kuala Lumpur Stock Exchange)

1. Directors who are standing for re-election at the Fifth Annual General Meeting of the Company

Pursuant to Article 107 of the Company's Articles of Association

- (i) Mr. You Kook Sing
- (ii) Encik Azam bin Azman

Pursuant to paragraph 7.28 of the KLSE Listing Requirements

Mr. Yeaw Kok Sing

2. Details of attendance of Directors at Board Meetings

There were three Board Meetings held during the financial year ended 30 June 2001. Details of attendance of the Directors are set out on page 16 of the Annual Report.

3. Place, Date and Time of Board Meetings

All Board Meetings during the financial year ended 30 June 2001 were held at the Corporate Head Office at Lot 1735, Batu 29, Jalan KL-Ipoh, 44300 Batang Kali, Selangor Darul Ehsan. The date and time of the Board Meetings held were as follows:-

<u>Date of Meetings</u>	<u>Time</u>
30th October 2000	From 12.00 noon to 1.15 p.m.
26th February 2001	From 10.30 a.m. to 11.55 a.m.
22th May 2001	From 11.30 a.m. to 1.15 p.m.

4. Further details of Directors who are standing for re-election

Further details of Directors who are standing for re-election are set out in the Directors' profile and Statement of Directors' Shareholdings appearing on pages 9 to 11 and page 45 respectively of the Annual Report.

CORPORATE INFORMATION



BOARD OF DIRECTORS

Haji Mokatar Rudin bin Wan Yusof
(Chairman)

Yeaw Kok Sing
(Group Managing Director)

Tan Po Moi
(Executive Director)

Yeaw Kok Ho
(Executive Director)

You Kook Sing
(Executive Director)

Haji Abdul Rashid bin Mohd. Yusoff
(Executive Director)

Azam bin Azman
(Non-Executive Director)

Chai Moi Kim
(Independent Non-Executive Director)

Tan Loy Fatt
(Independent Non-Executive Director)

AUDIT COMMITTEE

Chai Moi Kim
(Chairman - Independent Non-Executive Director)

Yeaw Kok Sing
(Member – Group Managing Director)

Tan Loy Fatt
(Member – Independent Non-Executive Director)

COMPANY SECRETARIES

Chow Chooi Yoong
(MAICSA 0772574)

Hazlina bt Harun
(LS 03078)

AUDITORS

Messrs. Moore Stephens
Public Accountants

REGISTERED OFFICE

Lot 4.100, Tingkat 4,
Wisma Central, Jalan Ampang,
50450 Kuala Lumpur.
Tel : 03-21619733
Fax: 03-21628157

SHARE REGISTRAR

Insurban Corporate Services Sdn. Bhd.
149-B, Jalan Aminuddin Baki,
Taman Tun Dr. Ismail,
60000 Kuala Lumpur.
Tel : 03-77295529
Fax: 03-77285948

PRINCIPAL BANKERS

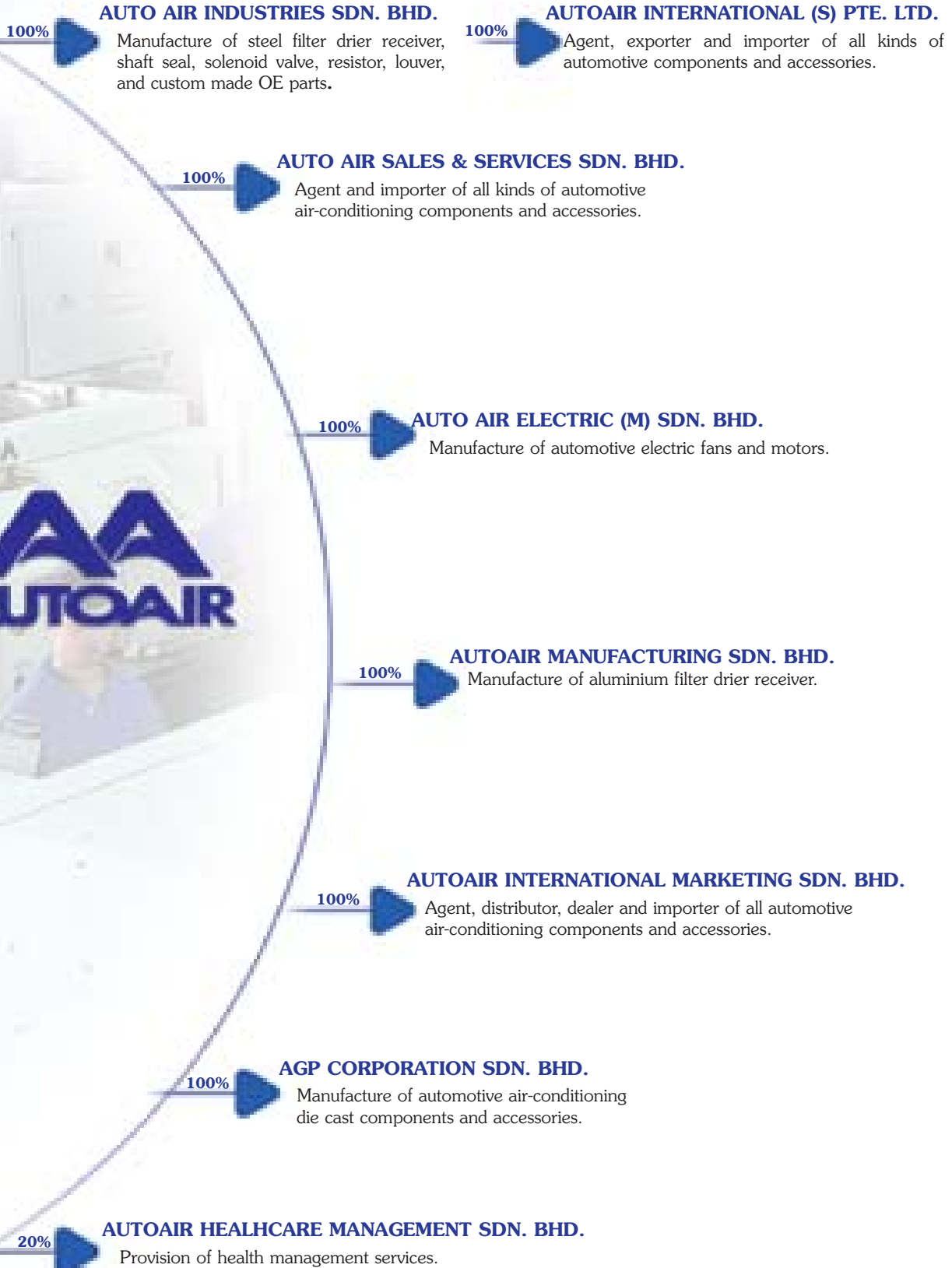
Alliance Bank Malaysia Berhad
Bumiputra-Commerce Bank Berhad

STOCK EXCHANGE

The Second Board of the Kuala Lumpur Stock Exchange



GROUP STRUCTURE





Chairman
Tuan Haji Mokatar Rudin bin Wan Yusof

"On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report and Financial Statement of the Group for the financial year ended 30 June 2001."

FINANCIAL PERFORMANCE

For the financial year under review, the Group achieved a turnover of RM31.5 million, maintaining the sales level of RM31.5 million in the previous year. Profit before tax was recorded at RM2.1 million for the financial year ended 30 June 2001 as opposed to RM4.3 million in 2000, representing a decrease of 51%.

REVIEW OF OPERATIONS

Despite the uncertainties in global economies and extremely competitive business environment, the Group is able to maintain its turnover in this financial year.

The drop in profit before taxation was mainly attributed to the general increase in overhead, lower amortisation of reserve in consolidation and additional staff were recruited to form project team in upgrading quality and technologies to develop products for expansion. In addition, the gross profit margin was lower due to price competition.

During the year, the Group was accredited with MS ISO 9001. In addition, the Group has extended its existing plant and created additional production space of approximately 4,200 square meters. This serves as a multi-purpose outfit where the operations are tailored towards capturing the oversea market demand and also, facilitate the enhancement of present production capabilities and the pursuit of new product line.



DEALERS CONFIDENCE & SUPPORT



**ISO 9001 CERTIFICATION OPENING SPEECH
BY GROUP MANAGING DIRECTOR**



PRODUCTS ORIENTATION & FACTORY VISIT



STRATEGY AND PROSPECTS

The general slowdown in global economies have posed increasing pressure to automotive industry. China's entry into the World Trade Organisation (WTO) and the Asean Free Trade Area (AFTA) agreement on tariff and trade due in the year 2003 will also inevitably intensify challenges to the Group.

In order to thrive on the increasingly competitive environment, the Group will strengthen its products and models base in automotive air-conditioning system that will broaden its profit base and stimulate continuous growth. Our management, in line with their plan to obtain recognition in international automotive industry and gain customers' confidence, have set the mission to achieve QS9000 accreditation in the year of 2002. With the continued programs to develop R & D capabilities, the Group will keep up its position as one of the leading corporation in the automotive air-conditioning industry. In addition, the Group will enhance its cost competitiveness by its endless efforts and innovations to increase productivity. As Autoair's products have achieved superior quality, the Group will be able to continue broadening its customers base in the coming year.

The Group has, over the past years, acquired the trust of its clients and has familiarised itself with the prevailing international scenes, thereby strengthening its competitive edge in the industry. With the Group's established global marketing network, which is built over many years and founded on its reliability, quality and services. Autoair is able to position itself ahead, and the reliability of "Autoair" products would not be easily emulated.

Barring unforeseen circumstances, the Directors will endeavor to maintain profitable results for the year to come.

DIVIDEND

In view of the Group's working capital requirement, the Directors of the Company do not recommend any dividend for the financial year ended 30 June 2001.

ACKNOWLEDGEMENT

I would like to take this opportunity to express my sincere appreciation to my fellow Board members for their wise counsel given during the year. I wish to once again record my thanks and appreciation to the management and staff for their invaluable contributions, dedications and hard work in ensuring the continued growth and commitment towards world class corporation.

I would also like to express my sincere thanks to the shareholders, business partners, valued customers, suppliers, bankers and regulatory authorities for their support, faith and confident in the Group.

TUAN HAJI MOKATAR RUDIN BIN WAN YUSOF

Chairman
3 December, 2001



MANAGEMENT DEDICATION & COMMITMENT



AUTOAIR GATHERING DAY

PROFILE OF DIRECTORS

Haji Mokatar Rudin bin Wan Yusof (Non-Executive Chairman/Non-Independent Director), aged 51, a Malaysian, was appointed as Non-Executive Chairman of Autoair Holdings Berhad ("AHB") on 1 October 1997.

He graduated in 1974 with a B. Applied Sc. In Land Surveying from Western Australian Institute of Technology (now known as Curtin University of Technology), Australia. He then started off as a Trainee Land Surveyor with the Survey Department in Selangor. His last posting in the government sector was as Superintendent of Lands, Sabah. In 1979, he joined Jurukur Sepakat Sdn. Bhd. as a Director until 1985, before founded Jurukur Permata Malaysia which he partnered until today. He is on the board of Hexagon Berhad and several other private companies. He was a Member of House Representatives, Parliament of Malaysia from 1995 until 1999.

Haji Mokatar Rudin has a direct shareholding of 910,000 ordinary shares and 606,666 warrants in AHB. Haji Mokatar Rudin has no family relationship with any other directors or major shareholders of AHB, has no conflict of interests with AHB and has no convictions for offences within the past 10 years.

Yeaw Kok Sing (Group Managing Director and Audit Committee Member), aged 44, a Malaysian, is the founder of the AHB Group, was appointed to the Board on 1 October 1997, and is currently the Managing Director of the Group and is a member of the Audit Committee of AHB.

Upon the completion of his secondary education, Mr. Yeaw joined J & E Marketing Sdn. Bhd., a trading company dealing in electrical home appliances, in 1977 as a Marketing Executive. In 1982, he moved to Kennex Electronic Marketing Co., a trading company specialising in auto accessories, where he served as a Senior Marketing Executive before starting his own sole proprietorship, William Enterprise, in 1985. William Enterprise specialised in trading of automotive accessories and automotive air-conditioning parts. In 1986, he started Unicla Trading & Air Cond Services, which is a trading and servicing company in automotive air-conditioning parts, a partnership involved in marketing automotive air conditioning components, services and car accessories. Seeing an opportunity in the market due to the small number of local air-conditioning component manufacturers, Mr. Yeaw then turned his attention to the manufacturing of components in 1989 with the inception of Auto Air Industries Sdn. Bhd. and subsequently the rest of the Group. He holds directorships in several other private limited companies in the AHB Group of companies.

Yeaw Kok Sing has a direct shareholdings of 6,006,036 ordinary shares and 2,332 warrants in AHB. He also has an indirect shareholdings of 3,198,234 ordinary shares and 1,000 warrants in AHB. Yeaw Kok Sing is a brother of Yeaw Kok Ho and You Kook Sing who are Executive Directors of AHB. Yeaw Kok Sing is also the husband of Tan Po Moi who is an Executive Director of AHB. Yeaw Kok Sing has no conflict of interests with AHB and has no convictions for offences within the past 10 years.

Tan Po Moi (Executive Director), aged 39, a Malaysian, was appointed to the Board on 1 October 1997, and is currently the Executive Director of the Group.

Ms. Tan started her career in 1980 with Swee Chong Leong Sdn. Bhd. as an Accounts computer supervisor upon completion of her City & Guild computer programming course at Tuanku Abdul Rahman College. In 1982, she joined Unicla Sales and Services Sdn. Bhd., a company specialising in automotive air-conditioning servicing, as a Customer Service Executive until 1985. She then started Unicla Trading & Air Cond Services, which is a trading and servicing company in automotive air conditioning parts in 1986, a partnership involved in marketing automotive air conditioning components, services and car accessories, until 1989, when she became one of the founding members of Auto Air Industries Sdn. Bhd. and subsequently, the rest of the Group. She holds directorships in several other private limited companies in the AHB Group of companies.

Tan Po Moi has a direct shareholdings of 3,198,234 ordinary shares and 1,000 warrants in AHB. She also has an indirect shareholdings of 6,006,036 ordinary shares and 2,332 warrants in AHB. Tan Po Moi is the wife of Yeaw Kok Sing who is the Group Managing Director of AHB. Tan Po Moi has no conflict of interests with AHB and has no convictions for offences within the past 10 years.

PROFILE OF DIRECTORS (cont'd)

Yeaw Kok Ho (Executive Director), aged 50, a Malaysian, was appointed to the Board on 1 October 1997, and is currently the Executive Director of the Group.

Mr. Yeaw completed his secondary education in 1969, when he joined Yik Seng Hardware Sdn. Bhd. as Co-ordinator. Yik Seng Hardware Sdn. Bhd. is a trading company in hardware for construction building material. In 1982, he left and was self-employed as an Engineering Contractor specifically metal work contractor, before joining Auto Air Industries Sdn. Bhd. in 1989 as one of the pioneers of the company, and assumed the post of Factory Manager, then promoted as General Manager and currently as Production Executive Director. He holds directorships in several other private limited companies in the AHB Group of companies.

Yeaw Kok Ho does not hold any shares in AHB, has no conflict of interests with AHB and has no convictions for offences within the past 10 years. He is a brother of Yeaw Kok Sing and You Kook Sing who are the Group Managing Director and Executive Director of AHB respectively.

You Kook Sing (Executive Director), aged 53, a Malaysian, was appointed to the Board on 1 October 1997, and is currently the Executive Director of the Group.

Upon the completion of his secondary education, Mr. You joined Lim Boon Aik Construction Sdn. Bhd, a building construction company in 1966, where he served for 22 years until 1988, when he left as Site Manager. In 1989, he joined Auto Air Industries Sdn. Bhd. as one of the pioneer staff, and assumed the post of Executive Director. He holds directorship in one of the subsidiary companies in the AHB Group of companies.

You Kook Sing does not hold any shares in AHB, has no conflict of interests with AHB and has no convictions for offences within the past 10 years. He is a brother of Yeaw Kok Sing and Yeaw Kok Ho who are the Group Managing Director and Executive Director of AHB respectively.

Haji Abdul Rashid bin Mohd. Yusoff (Executive Director), aged 46, a Malaysian, was appointed to the Board on 1 October 1997, and is currently the Chief Operating Officer of the Group.

After his local pre-university studies, Haji Abdul Rashid proceeded to Institut Teknologi Mara and graduated with a Diploma in Accountancy. Upon the completion of his studies, Haji Abdul Rashid joined the audit firm, Hanafiah Raslan & Mohamad, for four years, and left in 1982 as an Audit Senior. He joined an investment holding company namely Rumpun Hijau Corporation Sdn. Bhd. (formerly known as KK Industries Sdn. Bhd.) as an Assistant Accountant until 1985, and then joined Patco Malaysia Berhad, a subsidiary of Rumpun Hijau Capital Berhad (formerly known as Len Brothers Rubber Products Industries Berhad), which specialises in manufacturing of condenser and evaporator, assembly of compressor and trading of air-conditioner parts, as Group Financial Controller in 1986. In 1989, Haji Abdul Rashid was promoted to General Manager, and became Managing Director in 1995. In 1996, he was transferred to the head office, Rumpun Hijau Capital Berhad as Chief Operating Officer. In October 2000, he was appointed as Group Chief Operating Officer of AHB Group and is responsible for overseeing the financial and operation functions of the Group. In September 2000, he was appointed as an independent director in Auto Industries Ventures Berhad and resigned w.e.f. 1st October 2001.

Haji Abdul Rashid has a direct shareholdings of 407,000 ordinary shares and 171,333 warrants in AHB. He has also an indirect shareholdings of 3,285,035 ordinary shares and 2,191,739 warrants in AHB. Haji Abdul Rashid has no family relationship with any other directors or substantial shareholders of AHB, has no conflict of interests with AHB and has no convictions for offences within the past 10 years.

Chai Moi Kim (Independent Non-Executive Director and Chairman of Audit Committee), aged 43, a Malaysian, was appointed to the Board on 1 October 1997, and is currently the Independent Non-Executive Director of the Group and is the Chairman of the Audit Committee of AHB.

Mr. Chai started his career as an articled clerk with an established local audit firm in 1980, and subsequently worked with several other established audit firms including an international audit firm till 1988. He left for the FACB Group of companies in 1989, where he was the group accountant. In 1992, Mr. Chai joined MBf Holdings Berhad as senior manager in the Corporate Department, where he served until 1994. He then joined Nat Business Sdn. Bhd., a management services and consultancy firm, as a management consultant. In 1995, he left to set up his own audit practice, Kim & Co., whereby he is still practicing his profession there. Mr. Chai is a member of the Malaysian Association of Certified Public Accountants, Malaysian Institute of Accountants and Malaysian Institute of Taxation.

Mr. Chai does not hold any shares in AHB. He has no family relationship with any other directors or substantial shareholders of AHB, has no conflict of interests with AHB and has no convictions for offences within the past 10 years.

PROFILE OF DIRECTORS (cont'd)

Tan Loy Fatt (Independent Non-Executive Director and Audit Committee Member), aged 47, a Malaysian, was appointed to the Board on 15 May 1999 as an Independent Non-Executive Director and is a member of the Audit Committee of AHB.

Mr. Tan graduated in 1976 with a B.Sc. in Mechanical Engineering from the University of Manitoba, Canada. He then spent 9 years in the Malaysian Armed Forces, rising from the rank of Captain to the rank of Major. In 1985, he joined the Soon Seng Group of companies as a Factory Manager, where he served until 1989, when he joined U.C.M. Industrial Corporation Berhad as Chief Factory Manager. In 1992, he was appointed Deputy General Manager, then General Manager of Mah Sing Plastic Industries Sdn. Bhd., where he stayed until 1994. For two years he ventured into property related business on self-employment, and joined the Group in 1996 as General Manager of Auto Air Industries Sdn. Bhd. He was in charge of the overall manufacturing division. He resigned from Auto Air Industries Sdn. Bhd. in 1998.

Mr. Tan Loy Fatt does not hold any shares in AHB. He has no family relationship with any other directors or substantial shareholders of AHB, has no conflict of interests with AHB and has no convictions for offences within the past 10 years.

Azam bin Azman (Non-Executive Director), aged 33, a Malaysian, was appointed to the Board on 20 October 1998 as a Non-Executive Director of the Group.

Encik Azam was a Public Bank scholar and commenced his career with the Bank in 1989. He joined HSBC Group in 1992 and was trained in Hong Kong until 1993. He was later posted to HSBC Securities Services and two years later, he served the Bank's Corporate Banking Department. Encik Azam joined Gadek Asset Management Sdn. Bhd. in 1997 as an Analyst for private equity investments. He was part of the team that moved to Phileo Asset Management Sdn. Bhd. in 1998 after Phileo Allied Bank's acquisition of Gadek Asset Management. His last position was Manager Private Equity with Phileo Asset Management. He is currently with Opus Capital Sdn. Bhd. holding the position of Senior Vice President since 2000. Encik Azam read accountancy at the University of East London, England and obtained a Bachelor of Arts (Honours) degree in Accounting and Finance. He is also an associate member of Institut Bank-Bank Malaysia (IBBM).

Encik Azam does not hold any shares in AHB, has no family relationship with any other director or substantial shareholder of AHB; has no conflict of interest with AHB and has no convictions for offences within the past 10 years.

REQUIREMENT RELATING TO COMPOSITION OF THE BOARD OF DIRECTORS - "INDEPENDENT DIRECTOR"

The Company will be taking steps to comply with paragraph 15.02 of the KLSE Listing Requirements in respect of the composition of the Board of Directors relating to independent directors before the KLSE deadline for compliance on 31 December 2001.



AUDIT COMMITTEE REPORT

ESTABLISHMENT AND COMPOSITION

The Audit Committee of Autoair Holdings Berhad ("the Company") was established by a Board Resolution on 8 October 1997 as a Sub-Committee of the Board.

For the financial year ended 30 June 2001, the Committee comprises the following three directors:-

Chairman

Chai Moi Kim (Independent Non-Executive Director)
(MIA Member)

Members

Tan Loy Fatt (Independent Non-Executive Director)
Yeaw Kok Sing (Group Managing Director)

TERMS OF REFERENCE

MEMBERSHIP

1. The Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than three members, of whom the majority shall be independent, not being:
 - (a) an executive director of the Company or any related corporation;
 - (b) an officer or one who has been an officer within the last two years of the Company or any related corporation;
 - (c) a major shareholder of the Company or any related corporation;
 - (d) a relative of an executive director, officer or major shareholder of the Company or its related corporation, being a spouse, parent, brother, sister, child (including adopted or step child) and the spouse of such brother, sister or child;
 - (e) a nominee or representative of an executive director or major shareholder of the Company or any related corporation;
 - (f) a professional adviser of the Company or any related corporation;
 - (g) a person who has engaged in a transaction with the Company within the last two years for a value exceeding RM 250,000;
 - (h) a person having a relationship that, in the opinion of the directors, would interfere with the exercise of independent judgement in carrying out the duties of the Committee.
2. The Committee shall include at least one person who is a member of the Malaysian Institute of Accountants or alternatively a person who must have at least 3 years' working experience and have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967 or is a member of one of the associations specified in Part II of the said Schedule.
3. No alternate director shall be appointed as a member of the Committee.
4. The members of the Committee shall elect from among their number a Chairman who is non-executive and independent, as defined above.
5. If one or more members of the Committee resign, die or for any other reason cease to be a member with the result that the Listing Requirements of the Kuala Lumpur Stock Exchange are breached, the Board shall, within three months of the event, appoint such number of new members as may be required to correct the breach.
6. The Board shall review the term of office of Committee members no less than once every three years.

AUDIT COMMITTEE REPORT (cont'd)

AUTHORITY

The Committee is authorized by the Board, in accordance with the procedures to be determined by the Board (if any) and at the cost of the Company, to:

- (a) investigate any activity within the Committee's terms of reference;
- (b) have resources which are reasonably required to enable it to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company and its subsidiaries ("the Group");
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- (e) obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary;
- (f) convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

FUNCTIONS

The functions of the Committee shall be to review the following and report the same to the Board:-

External Audit and Financial Reporting

- (a) Any matters concerning the appointment and dismissal of the external auditor and the audit fee.
- (b) The nature and scope of the audit by the external auditors before commencement.
- (c) The external auditors' audit report, areas of concern arising from the audit and any other matters the external auditors may wish to discuss (in the absence of management if necessary).
- (d) Any financial information for publication, including quarterly and annual financial statements, before submission to the Board, focusing particularly on:-
 - (i) any changes in accounting policies and practices;
 - (ii) significant and unusual events;
 - (iii) significant adjustments arising from the audit;
 - (iv) the going concern assumption; and
 - (v) compliance with accounting standards and other legal requirements.
- (e) The external auditor's management letter and management's response.
- (f) Extent of cooperation and assistance given by employees to external auditors.

Internal Audit and Internal Controls

- (a) Review the adequacy of the scope, functions and resources of internal audit function, and that it has the necessary authority to carry out its work.
- (b) Review the effectiveness of internal control system including the internal audit programme and results of the internal audit procedures and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function.
- (c) Review any appraisal or assessment of the performance of members of the internal audit function.
- (d) Approve any appointment or termination of senior staff members of the internal audit .
- (e) To be informed of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his or her reasons for resigning.
- (f) The Committee shall oversee all internal audit functions and is authorized to commission investigations to be conducted by internal audit as it deems fit.
- (g) The Head of Internal Audit shall report directly to the Committee and shall have direct access to the Chairman of the Committee.
- (h) All proposals by management regarding the appointment, transfer or dismissal of the Head of Internal Audit shall require the prior approval of the Committee.

Other Related Areas

- (a) The propriety of any related party transactions and conflict of interest situations that may arise within the Company or the Group.
- (b) Any other matters as directed by the Board.

AUDIT COMMITTEE REPORT (cont'd)

QUORUM FOR MEETINGS

The quorum shall be formed only if there is a majority of members present at the meeting who are independent directors.

MEETINGS

The Audit Committee shall meet at least four times a year.

The Audit Committee met five times during the financial year ended 30 June 2001. The details of attendance at the Audit Committee's meetings held during the financial year are as follows:-

Audit Committee Member	Attendance at the Committee Meetings held from 1/7/2000 to 30/6/2001
Chai Moi Kim (Chairman) (Independent Non-Executive Director)	Attended all meetings
Tan Loy Fatt (Member) (Independent Non-Executive Director)	Attended all meetings
Yeaw Kok Sing (Member) (Group Managing Director)	Attended all meetings

The Company's Group Chief Operating Officer, Group Financial Controller, Head of Internal Audit and a representative from the external auditors were invited to attend all the meetings.

The Company Secretary shall be the Secretary of the Committee.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 30 JUNE 2001

The Audit Committee carried out its duties in accordance with its Terms of Reference. During the financial year ended 30 June 2001, the activities of the Audit Committee included the following:-

- (a) review the quarterly financial results and announcements of the Company and the Group for the financial quarters ended 30/6/2000, 30/9/2000, 31/12/2000 and 31/3/2001 prior to submission to the Board of Directors for consideration and approval;
- (b) review the year end financial statements ended 30 June 2000;
- (c) review the external auditors' reports for the financial year ended 30 June 2000 in relation to audit and accounting issues arising from the audit;
- (d) approve the establishment of Internal Audit Department and appointment of Head of Internal Audit in May 2001;
- (e) review and approve the Internal Audit Charter which establishes and identifies the purpose, scope, authority and responsibility of the Internal Audit Department;
- (f) review and approve Group Internal Audit Plan for the year 2001.

INTERNAL AUDIT FUNCTION

The internal audit function of the Company was commenced in May 2001. The internal audit function encompasses the examination and evaluation the adequacy, effectiveness, efficiency and integrity of financial and operational systems of controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group. The internal audit function is to ensure a regular review of the adequacy and integrity of the Group's internal control systems. Internal audit reports to be prepared by the Head of Internal Audit together with responses by management to be circulated to all members of the Audit Committee. All internal audit reports to be reviewed by the Audit Committee, to be discussed and approved at Audit Committee Meetings.

DIRECTORS' RESPONSIBILITY STATEMENT & REMUNERATION OF DIRECTORS

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors' are required under Paragraph 15.27(a) of the KLSE Listing Requirements to issue a statement explaining their responsibility in the preparation of the annual financial statements.

The Directors are required by the Companies Act 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the profit and loss of the Company and of the Group for the financial year .

Following discussions with the external auditors, the Directors consider that the Company uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgements and estimates, and that all accounting standards which they consider applicable have been followed during the preparation of the financial statements.

The Directors are responsible for ensuring that the Company keeps proper accounting records and that such records are disclosed with reasonable accuracy to ensure that the financial statements comply with the Companies Act, 1965. They have the general responsibility for taking such steps to safeguard the assets of the Group and to detect and prevent fraud as well as other irregularities.

REMUNERATION OF DIRECTORS

The details of the Directors' remuneration for the financial year ended 30 June 2001 are as follows:-

(a) Analysis of aggregate remuneration of Directors categorised into appropriate components:-

	Fees	Salaries	Bonus & Incentives	Benefits- in-Kind	Others	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Executive Directors	90	841	185	58	253	1,427
Non-Executive Directors	12	-	-	-	-	12

(b) Analysis of Directors' remuneration categorised in successive band of RM50,000:-

Range of remuneration (per annum)	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	4
RM100,001 to RM150,000	1	-
RM200,001 to RM250,000	2	-
RM350,001 to RM400,000	1	-
RM500,001 to RM550,000	1	-

OTHER INFORMATION

BOARD MEETINGS AND ATTENDANCE

The number of Directors' Meetings and Attendance for the financial year ended 30 June 2001 are as follows:-

Directors	Number of Board Meetings	
	Held	Attended
Haji Mokatar Rudin bin Wan Yusof	3	2
Yeaw Kok Sing	3	3
Tan Po Moi	3	3
Yeaw Kok Ho	3	3
You Kook Sing	3	3
Haji Abdul Rashid bin Mohd. Yusoff	3	3
Azam bin Azman	3	3
Chai Moi Kim	3	3
Tan Loy Fatt	3	3

UTILISATION OF PROCEEDS

The Company did not make any corporate proposal to raise proceed during the financial year ended 30 June 2001.

SHARE BUY-BACK

The Company did not make any share buy-back during the financial year ended 30 June 2001.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

No options, warrants or convertible securities were exercised in the financial year ended 30 June 2001.

AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

During the financial year ended 30 June 2001, the Company did not sponsor any ADR or GDR programme.

IMPOSITION OF SANCTIONS/PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

NON AUDIT FEE

No non audit fees were paid to external auditors for the financial year ended 30 June 2001.

VARIATION IN RESULTS

There was no material variance between the audited results for the financial year ended 30 June 2001 and the unaudited results previously announced.

PROFIT GUARANTEE

The Company did not issue any profit guarantee during the financial year ended 30 June 2001.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries which involve directors' and major shareholders' interests either still subsisting at the end of the financial year ended 30 June 2001 or entered into since the end of the previous financial year.



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 30th June, 2001.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holdings and provision of management services. The principal activities of the subsidiaries are disclosed in note 4 to the financial statements. There have been no significant changes in the nature of these activities during the year.

RESULTS	GROUP RM	COMPANY RM
Net profit for the year	<u>2,014,297</u>	<u>12,445</u>

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year and the Directors do not recommend any dividend payment for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the year other than those stated in the financial statements and the notes thereto.

BAD AND DOUBTFUL DEBTS

Before the income statement and balance sheet of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and, the making of provisions for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the income statement and balance sheet of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report there does not exist:-

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT (cont'd)

No contingent liability or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors:-

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES

During the financial year, no new issue of shares was made by the Company.

SHARE OPTIONS

No options were granted to any parties during the financial year to take up unissued shares of the Company.

As at end of the financial year, the Company has 10,830,487 unexercised warrants 2000/2005. Each warrant 2000/2005 entitles the holder to subscribe for 1 new ordinary share of RM1/- each in the Company at any time not exceeding 18th May, 2005 at the subscription price of RM3.60.

DIRECTORS OF THE COMPANY

The Directors in office since the date of the last report are:-

TUAN HAJI MOKATAR RUDIN BIN WAN YUSOF
YEAU KOK SING
TAN PO MOI (F)
YEAU KOK HO
YOU KOOK SING
TUAN HAJI ABDUL RASHID BIN MOHD. YUSOFF
CHAI MOI KIM
AZAM BIN AZMAN
TAN LOY FATT

DIRECTORS' REPORT (cont'd)

The interest of those who were directors at year end in the shares and warrants of the Company during the year are as follows:-

	Number of Ordinary Shares of RM1/- Each			
	At 1.7.00	Bought	Sold	At 30.6.01
Direct Interest				
Tuan Haji Mokatar Rudin bin Wan Yusof	910,000	-	-	910,000
Yeaw Kok Sing	6,006,036	-	-	6,006,036
Tan Po Moi	2,748,234	-	-	2,748,234
Tuan Haji Abdul Rashid bin Mohd. Yusoff	2,407,000	-	-	2,407,000
Indirect Interest				
Yeaw Kok Sing *	2,748,234	-	-	2,748,234
Tan Po Moi #	6,006,036	-	-	6,006,036
Tuan Haji Abdul Rashid bin Mohd. Yusoff **	1,285,035	-	-	1,285,035

	Number of Warrants 2000/2005			
	At 1.7.00	Bought	Sold	At 30.6.01
Direct Interest				
Tuan Haji Mokatar Rudin bin Wan Yusof	606,666	-	-	606,666
Tuan Haji Abdul Rashid bin Mohd. Yusoff	1,605,072	-	(100,000)	1,505,072
Yeaw Kok Sing	-	2,332	-	2,332
Tan Po Moi	-	1,000	-	1,000
Indirect Interest				
Tuan Haji Abdul Rashid bin Mohd. Yusoff **	858,000	-	-	858,000
Yeaw Kok Sing *	-	1,000	-	1,000
Tan Po Moi #	-	2,332	-	2,332

* Shares/Warrants held by his wife, Tan Po Moi.

Shares/Warrants held by her husband, Yeaw Kok Sing.

** Shares/Warrants held through a company in which Tuan Haji Abdul Rashid bin Mohd. Yusoff, has substantial interest.

In accordance with Article 107 of the Company's Articles of Association and paragraph 7.28 of the Listing Requirements of the Kuala Lumpur Stock Exchange, Mr. You Kook Sing, Encik Azam bin Azman and Mr. Yeaw Kok Sing retire from the board at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the Directors' remuneration and benefit-in-kind disclosed in note 23 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS

- (a) On 1st August, 2000, the Company subscribed for additional 99,998 ordinary shares of RM1/- each at par for cash in its wholly-owned subsidiary, Auto Air Sales & Services Sdn. Bhd., a company incorporated in Malaysia.
- (b) On 24th October, 2000, the Company acquired 300,000 ordinary shares of RM1/- each representing 20% of the enlarged issued and paid-up ordinary share capital of Autoair Healthcare Management Sdn. Bhd. (formerly known as Prize Resource Product Sdn. Bhd.), a company incorporated in Malaysia, for a cash consideration of RM300,000/.

AUDITORS

The auditors, Messrs. Moore Stephens, have expressed their willingness to continue in office.

On Behalf of the Board



YEAU KOK SING



TUAN HAJI ABDUL RASHID
BIN MOHD. YUSOFF

KUALA LUMPUR
25 OCTOBER 2001

STATEMENT BY DIRECTORS

We, the undersigned, being two of the Directors of the Company, state that in the opinion of the Directors, the accompanying financial statements as set out on pages 24 to 43, are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30th June, 2001 and of the results of the operations, changes in equity and cash flows of the Group and of the Company for the year ended on that date.

On Behalf of the Board



YEAW KOK SING



TUAN HAJI ABDUL RASHID
BIN MOHD.YUSOFF

KUALA LUMPUR
25 OCTOBER 2001

STATUTORY DECLARATION

I, Yeaw Kok Sing, being the Director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 24 to 43 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at

Kuala Lumpur in the Federal Territory

this 25th day of October 2001

Before me



NO.147A. 1ST FLOOR
JLN. TUANKU ABD. RAHMAN
50100 K.LUMPUR



YEAW KOK SING

REPORT OF THE AUDITORS TO THE MEMBERS OF AUTOAIR HOLDINGS BERHAD

We have audited the financial statements set out on pages 24 to 43.

The preparation of the financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with the approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:-

(a) the financial statements which have been prepared under the historical cost convention, are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:-

- (i) the matters required by Section 169 of the Companies Act, 1965, to be dealt with in the financial statements of the Group and of the Company; and
- (ii) the state of affairs of the Group and of the Company as at 30th June, 2001 and of the results of the operations, changes in equity and cash flows of the Group and of the Company for the year ended on that date;


and

(b) the accounting and other records and the registers required by the Companies Act, 1965, to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' report of the subsidiary for which we have not acted as auditors, as indicated in note 4 to the financial statements, being financial statements that are included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Section 174(3) of the Companies Act, 1965.



MOORE STEPHENS
CHARTERED ACCOUNTANTS
(AF.0282)



AU TAI WEE
1551/01/03 (J)
PARTNER

KUALA LUMPUR
25 OCTOBER 2001

BALANCE SHEETS AS AT 30TH JUNE, 2001

	NOTE	GROUP		COMPANY	
		2001 RM	2000 RM	2001 RM	2000 RM
NON-CURRENT ASSETS					
Property, plant and equipment	2	40,777,437	38,613,895	-	-
Capital work-in-progress	3	949,715	1,898,549	-	-
Investment in subsidiaries	4	-	-	21,549,343	21,449,345
Investment in associated company	5	181,937	-	300,000	-
Quoted investments	6	55,075	54,700	-	-
Long term receivable	7	55,760	41,820	-	-
Goodwill on consolidation	8	5,832	11,363	-	-
Intangible assets	9	-	9,120	-	-
		42,025,756	40,629,447	21,849,343	21,449,345
CURRENT ASSETS					
Stocks	10	9,762,358	9,054,052	-	-
Trade debtors	11	7,694,706	6,411,490	-	-
Other debtors, deposits and prepayments	12	659,335	269,789	58,647	-
Amount owing by subsidiaries	13	-	-	8,906,664	8,806,079
Cash at banks and in hand		173,789	353,985	3,138	3,059
		18,290,188	16,089,316	8,968,449	8,809,138
CURRENT LIABILITIES					
Trade creditors		5,341,899	4,648,718	-	-
Other creditors and accruals	14	3,106,349	1,899,203	64,156	40,943
Amount owing to subsidiaries	13	-	-	564,881	19,728
Amount owing to directors	15	-	68,384	-	2
Bank borrowings	16	2,387,379	4,483,495	-	-
Taxation		336,020	359,125	-	21,500
		11,171,647	11,458,925	629,037	82,173
NET CURRENT ASSETS					
		7,118,541	4,630,391	8,339,412	8,726,965
		49,144,297	45,259,838	30,188,755	30,176,310
CAPITAL AND RESERVES					
Share capital	17	25,000,000	25,000,000	25,000,000	25,000,000
Reserves	18	19,984,602	18,131,980	5,188,755	5,176,310
SHAREHOLDERS' EQUITY		44,984,602	43,131,980	30,188,755	30,176,310
NON-CURRENT LIABILITIES					
Hire purchase creditors	19	84,024	162,501	-	-
Term loans	20	3,508,271	1,050,157	-	-
Deferred taxation	21	567,400	915,200	-	-
		4,159,695	2,127,858	-	-
		49,144,297	45,259,838	30,188,755	30,176,310

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements

INCOME STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2001

	NOTE	GROUP		COMPANY	
		2001 RM	2000 RM	2001 RM	2000 RM
OPERATING REVENUE	22	31,478,499	31,504,924	122,759	227,209
COST OF SALES		(24,254,093)	(23,675,584)	-	-
GROSS OPERATING PROFIT		7,224,406	7,829,340	122,759	227,209
OTHER OPERATING REVENUE		444,633	911,962	-	-
DISTRIBUTION COSTS		(876,447)	(803,048)	-	-
ADMINISTRATIVE COSTS		(3,808,932)	(3,081,026)	(80,645)	(71,195)
OTHER OPERATING COSTS		(263,524)	(18,885)	-	-
		(4,948,903)	(3,902,959)	(80,645)	(71,195)
PROFIT FROM OPERATIONS		2,720,136	4,838,343	42,114	156,014
FINANCE COSTS		(526,644)	(526,802)	(1,116)	(29)
SHARE OF RESULTS OF ASSOCIATED COMPANY		(118,063)	-	-	-
PROFIT BEFORE TAXATION	23	2,075,429	4,311,541	40,998	155,985
TAXATION	24	(61,132)	(635,014)	(28,553)	(49,096)
NET PROFIT FOR THE YEAR		2,014,297	3,676,527	12,445	106,889
EARNINGS PER SHARE (SEN)	25				
- BASIC		8.1	14.7		
- FULLY DILUTED		8.1	14.6		

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE, 2001

	ISSUED & PAID-UP SHARE CAPITAL	SHARE PREMIUM	RESERVE ON CONSOLIDATION	TRANSLATION RESERVE	RETAINED PROFITS	TOTAL SHAREHOLDERS' EQUITY
GROUP						
At 1.7.99	25,000,000	4,426,482	815,500	136	9,866,962	40,109,080
Currency translation differences	-	-	-	(109)	-	(109)
Net profit for the year	-	-	-	-	3,676,527	3,676,527
Amortisation	-	-	(653,518)	-	-	(653,518)
At 30.6.00	25,000,000	4,426,482	161,982	27	13,543,489	43,131,980
Currency translation differences	-	-	-	307	-	307
Net profit for the year	-	-	-	-	2,014,297	2,014,297
Amortisation	-	-	(161,982)	-	-	(161,982)
At 30.6.01	25,000,000	4,426,482	-	334	15,557,786	44,984,602
COMPANY						
At 1.7.99	25,000,000	4,426,482	-	-	642,939	30,069,421
Net profit for the year	-	-	-	-	106,889	106,889
At 30.6.00	25,000,000	4,426,482	-	-	749,828	30,176,310
Net profit for the year	-	-	-	-	12,445	12,445
At 30.6.01	25,000,000	4,426,482	-	-	762,273	30,188,755

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

CASH FLOW STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2001

NOTE	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit Before Taxation	2,075,429	4,311,541	40,998	155,985
Adjustments for:-				
Amortisation of reserve on consolidation	(161,982)	(653,518)	-	-
Amortisation of goodwill	5,531	3,031	-	-
Bad debts recovered	(11,922)	-	-	-
Bad debts written off	76	-	-	-
Depreciation of property, plant and equipment	3,343,582	3,251,733	-	-
Dividend revenue	(575)	(715)	-	-
Gain on disposal of property, plant and equipment	(38,848)	(81,985)	-	-
Gain on disposal of quoted shares	-	(2,101)	-	-
Intangible assets written off	10,094	-	-	-
Interest expenses	425,894	449,880	42	-
Interest revenue	(552)	(3,739)	-	(167,209)
Provision for doubtful debts	210,683	-	-	-
Provision for obsolete and slow-moving stocks no longer required	(9,356)	-	-	-
Share of losses in associated company	118,063	-	-	-
Stocks written off	9,356	-	-	-
Unrealised loss/(gain) on foreign exchange	2,153	(5,919)	-	-
Operating Profit/(Loss) Before Working Capital Changes	5,977,626	7,268,208	41,040	(11,224)
Increase in stocks	(708,306)	(2,805,557)	-	-
(Increase)/Decrease in trade and other receivables	(1,742,436)	2,686,950	(100,585)	4,620
Increase/(Decrease) in trade and other payables	2,033,246	817,077	568,364	(22,040)
Cash Generated From/ (Used In) Operations	5,560,130	7,966,678	508,819	(28,644)
Interest paid	(425,894)	(449,880)	(42)	-
Interest received	552	3,739	-	167,209
Income tax paid	(640,793)	(1,947,266)	(108,700)	(90,596)
Net Cash Generated From Operating Activities Carried Down	4,493,995	5,573,271	400,077	47,969

CASH FLOW STATEMENTS (cont'd)

FOR THE YEAR ENDED 30TH JUNE, 2001

	NOTE	GROUP		COMPANY	
		2001 RM	2000 RM	2001 RM	2000 RM
Net Cash Generated From Operating Activities Brought Down		4,493,995	5,573,271	400,077	47,969
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of subsidiaries, net of cash acquired		-	(109,816)	-	-
Capital work-in-progress incurred		(2,984,706)	(3,227,381)	-	-
Deferred expenditure incurred		(974)	(3,997)	-	-
Dividend received		575	613	-	-
Proceeds from disposal of property, plant and equipment		164,699	254,609	-	-
Proceeds from disposal of quoted shares		-	10,901	-	-
Purchase of property, plant and equipment	26	(1,689,435)	(5,476,826)	-	-
Purchase of investment in associated company		(300,000)	-	(300,000)	-
Purchase of investment in subsidiary companies		-	-	(99,998)	(110,000)
Purchase of quoted investment		(375)	-	-	-
Net Cash Used In Investing Activities		(4,810,216)	(8,551,897)	(399,998)	(110,000)
CASH FLOWS FROM FINANCING ACTIVITIES					
(Repayment)/drawdown of bills payable		(931,677)	931,677	-	-
Payment to hire purchase creditors		(226,280)	(552,062)	-	-
Proceeds from term loans		2,875,420	-	-	-
Repayment of term loans		(400,943)	(215,883)	-	-
Net Cash Generated From Financing Activities		1,316,520	163,732	-	-
Effects on exchange rate changes on cash and cash equivalents		-	5,919	-	-
Translation reserve		307	(109)	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,000,606	(2,809,084)	79	(62,031)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		(3,036,447)	(227,363)	3,059	65,090
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	27	(2,035,841)	(3,036,447)	3,138	3,059

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30TH JUNE, 2001

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Group and of the Company are prepared under the historical cost convention.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the balance sheet date. The financial statements of the subsidiaries acquired or disposed during the year are included in the Group's financial statements based on the acquisition method from the effective date of acquisition or up to the effective date of disposal respectively. All inter-company balances and significant transactions have been eliminated on consolidation.

Goodwill or reserve on consolidation represents the difference between the consideration paid for the shares in the subsidiaries and the values of attributable net assets acquired as applicable.

Goodwill or reserve on consolidation is amortised through the income statement over a period of 3 years.

(c) Associated Company

An associated company is defined as a company, not being a subsidiary, in which the Group has a long term equity interest of between 20% to 50% and in whose financial and operating policy decisions the Group exercises significant influence.

The Group's interest in associated company is stated at cost plus adjustments for post-acquisition changes in the Group's share of net assets of the associated company. The Group's share of post-acquisition results of the associated company is accounted for using the equity method of accounting in the income statement.

The Group's share of post-acquisition losses is restricted to the carrying value of the investment in that associated company. Should the associated company subsequently reports profits, the Group will resume the recognition of its share of profits after its share of the profits fully eliminates its share of losses previously not recognised.

Where audited financial statements of the associated company are not co-terminous with those of the Group, the share of results is based on the unaudited management financial statements made up to the financial year end of the Group.

(d) Investments

Investment in subsidiaries and associated company are stated at cost and provision is made for any permanent diminution in value determined on an individual basis.

Other quoted and unquoted investments are stated at cost and are only written down when there is a permanent diminution in the value of the investments.

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation except for freehold land which is not amortised.

All other property, plant and equipment are depreciated on the straight line method to write off the cost of the assets over their estimated useful lives.



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30TH JUNE, 2001

The principal annual rates used for this purpose are:-

Buildings	2%
Plant and machinery, factory equipment and moulds	10%
Renovation, electrical installation and signboard	10%
Furniture and fittings, office equipment and computers	10%
Motor vehicles	20%

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

(f) Capital Work-In-Progress

Capital work-in-progress consists of expenditure incurred on construction of property, plant and equipment which take a substantial period of the time to be ready for their intended uses. This expenditure is stated at cost and no depreciation is provided. Upon completion, the cost will be transferred to property, plant and equipment.

(g) Debtors

Known bad debts are written off and specific provision is made for those debts considered to be doubtful of collection.

(h) Intangible Assets

In previous year, preliminary and pre-operating expenses are deferred and written off in the first full year of operation.

However, the Interpretation Bulletin IB-1 issued by the Malaysian Accounting Standards Board in December, 2000, requires that any expenditure which do not meet the criteria of an asset should be expensed off as and when they are incurred. Pursuant thereto, the Group and the Company changed their accounting policy to comply with the requirement of this bulletin.

Arising therefrom, adjustments have been made to write off the remaining costs of these expenses against the income statements for the year instead of a prior year adjustment as the amounts involved are immaterial.

(i) Stocks

Stocks are stated at the lower of cost and net realisable value and are determined on the first-in-first-out basis. Costs include the actual cost of materials and incidentals in bringing the stocks into store and for finished goods, they include labour and an appropriate proportion of production overheads.

In arriving at net realisable value due allowance has been made for all obsolete and slow-moving stocks.

(j) Capitalisation of Borrowing Costs

Borrowing costs in respect of expenditure incurred on acquisition of property, plant and equipment which require a substantial period of time to prepare them for their intended use are capitalised.

(k) Hire Purchase

Cost of property, plant and equipment acquired under the hire purchase instalment plans are capitalised and depreciated in accordance with the Group's and the Company's policy on depreciation of property, plant and equipment. The hire purchase obligations are included in creditors and the related financing charges are allocated to the income statement over the period of the respective agreements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30TH JUNE, 2001

(l) Foreign Currencies

(i) Transactions in foreign currencies

Transactions in foreign currencies are translated into Ringgit Malaysia at the rates of exchange ruling at the time of the transaction and where settlement had not taken place by 30th June, 2001 at the approximate rates ruling as at that date. All gains and losses on exchange are included in the income statement.

(ii) Translation of foreign currency financial statement

Assets, liabilities and revenue reserves of foreign subsidiaries are translated into Ringgit Malaysia at the rates of exchange as at the financial year end. Income and expense items are translated at the average rate of exchange for the year. The translation differences arising therefrom are recorded as movement in translation reserve.

The principal exchange rates (denominated in units of Ringgit Malaysia per foreign currency) used in translating foreign currency amounts are as follows:-

	2001	2000
	RM	RM
Taiwanese Dollars	0.1110	-
US Dollars	3.7980	3.7700
Singapore Dollars	2.0830	2.1670
Japanese Yen	0.0300	0.0035

(m) Long Term Receivable

This is a life insurance scheme for eligible management employees who have completed the minimum qualifying period of 3 years of continuous service.

Annual premium on the life insurance policies are paid by the Group and are reflected as long term receivables in the financial statements. These premiums will be refunded upon retirement or resignation of the staff involved.

(n) Revenue Recognition

Sales are recognised when goods are delivered or services are performed.

Dividend revenue from quoted investments is recognised on receipt basis.

Rental and interest revenue are recognised on receivable basis.

(o) Deferred Taxation

Provision is made by using the liability method for deferred taxation in respect of all material timing differences except where it is thought reasonable that the tax effects of such deferrals will continue in the foreseeable future. Deferred tax benefits are only recognised where there is a reasonable expectation of realisation in the near future.

(p) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and bank balances, demand deposits, bank overdrafts and highly liquid investments that are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value.



NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30TH JUNE, 2001

2. PROPERTY, PLANT AND EQUIPMENT

GROUP	FREEHOLD LAND RM	BUILDINGS RM	PLANT & MACHINERY, FACTORY EQUIPMENT & MOULDS RM	RENOVATION, ELECTRICAL INSTALLATION & SIGNBOARD RM	FURNITURE & FITTINGS, OFFICE EQUIPMENT & COMPUTERS RM	MOTOR VEHICLES RM	TOTAL RM
COST							
At 1.7.00	5,815,352	9,750,213	29,926,340	1,801,418	777,312	2,370,848	50,441,483
Additions	-	182,876	835,529	242,497	117,402	321,131	1,699,435
Transfer from capital work- in- progress	-	2,543,690	1,389,850	-	-	-	3,933,540
Disposals	-	-	(2,394)	-	-	(218,270)	(220,664)
At 30.6.01	5,815,352	12,476,779	32,149,325	2,043,915	894,714	2,473,709	55,853,794
ACCUMULATED DEPRECIATION							
At 1.7.00	-	374,032	9,322,742	615,340	218,467	1,297,007	11,827,588
Charge for the year	-	183,612	2,476,949	184,328	82,101	416,592	3,343,582
Disposals	-	-	(738)	-	-	(94,075)	(94,813)
At 30.6.01	-	557,644	11,798,953	799,668	300,568	1,619,524	15,076,357
NET BOOK VALUE							
At 30.6.01	5,815,352	11,919,135	20,350,372	1,244,247	594,146	854,185	40,777,437
At 30.6.00	5,815,352	9,376,181	20,603,598	1,186,078	558,845	1,073,841	38,613,895
Depreciation charge for the year ended 30.6.00	-	174,278	2,419,655	129,155	68,475	460,170	3,251,733

(a) Certain freehold land and buildings with net book value totalling RM14,889,926/- (2000 : RM14,905,120/-) have been pledged to licensed banks for banking facilities granted to the subsidiaries.

(b) Included in the above property, plant and equipment are assets acquired under the hire purchase instalment plans as follows:-

	GROUP	
	2001 RM	2000 RM
COST		
Plant and machinery	-	800,000
Motor vehicles	799,865	736,183
	<u>799,865</u>	<u>1,536,183</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30TH JUNE, 2001

	GROUP	
	2001 RM	2000 RM
NET BOOK VALUE		
Plant and machinery	-	466,667
Motor vehicles	264,107	349,473
	<u>264,107</u>	<u>816,140</u>

3. CAPITAL WORK-IN-PROGRESS

	GROUP	
	2001 RM	2000 RM
At cost:		
At beginning of the year	1,898,549	1,180,676
Additions	2,984,706	3,227,381
Transfer to property, plant and equipment	(3,933,540)	(2,509,508)
At end of the year	<u>949,715</u>	<u>1,898,549</u>

This is in respect of expenditure incurred on properties under construction and acquisition of machinery.

The balance as at year end is in respect of full cost incurred on acquisition of machinery which is still pending rectification and commissioning by the supplier. Upon completion of the rectification and commissioning, the cost of this machinery will be transferred to property, plant and equipment.

4. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2001 RM	2000 RM
Unquoted shares, at cost	<u>21,549,343</u>	<u>21,449,345</u>

The particulars of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activity
		2001	2000	
Auto Air Electric (M) Sdn. Bhd.	Malaysia	100%	100%	Manufacturing of automotive electric fans and motors
Autoair Manufacturing Sdn. Bhd.	Malaysia	100%	100%	Manufacturing of automotive components and accessories
Auto Air Industries Sdn. Bhd.	Malaysia	100%	100%	Manufacturing of automotive air-conditioning components and accessories
Autoair International Marketing Sdn. Bhd.	Malaysia	100%	100%	Dormant
AGP Corporation Sdn. Bhd.	Malaysia	100%	100%	Manufacturing of automotive air-conditioning die cast components and accessories

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30TH JUNE, 2001

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activity
		2001	2000	
Auto Air Sales & Services Sdn. Bhd.	Malaysia	100%	100%	Agent and importers of all kinds of automotive air-conditioning components and accessories
@ # Autoair International (Singapore) Pte. Ltd .	Singapore	100%	100%	Dormant

The financial statements of this subsidiary are not audited by the Company's auditors.

@ Interest held through Auto Air Industries Sdn. Bhd.

5. INVESTMENT IN ASSOCIATED COMPANY

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Unquoted shares, at cost	300,000	-	300,000	-
Share of post acquisition losses	(118,063)	-	-	-
	<u>181,937</u>	<u>-</u>	<u>300,000</u>	<u>-</u>
Represented by:-				
Share of net assets	<u>181,937</u>	<u>-</u>	<u>-</u>	<u>-</u>

The associated company is:-

Name Of Company	Country of Incorporation	Equity 2001	Interest 2000	Principal Activity
Autoair Healthcare Management Sdn. Bhd. (Formerly known as Prize Resource Product Sdn. Bhd.)	Malaysia	20%	-	Provision of health management services

The financial statements of the associated company are not audited by the Company's auditors.

6. QUOTED INVESTMENTS

	GROUP	
	2001 RM	2000 RM
Quoted shares, at cost		
At beginning of the year	54,700	63,500
Add: Additions	375	-
Less: Disposal	-	(8,800)
At end of the year	<u>55,075</u>	<u>54,700</u>
Market value of quoted shares	<u>26,723</u>	<u>24,360</u>

As at 30th June, 2001, the carrying value of quoted investments have exceeded their aggregate market value by RM28,352/-(2000 : RM30,340/-). No provision has been made for permanent diminution in value as the Directors are of the opinion that there is no permanent impairment in the value of these investments and that these investments are intended to be held for long term.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30TH JUNE, 2001

7. LONG TERM RECEIVABLE

This is in respect of premium paid for life insurance policy of eligible employees.

8. GOODWILL ON CONSOLIDATION

	GROUP	
	2001 RM	2000 RM
At cost:		
At beginning of the year	11,363	4,396
Additions during the year	-	9,998
	11,363	14,394
Less: Amortisation	(5,531)	(3,031)
At end of the year	5,832	11,363

9. INTANGIBLE ASSETS

	GROUP	
	2001 RM	2000 RM
At cost:		
Preliminary expenses	4,350	4,350
Pre-operating expenses	5,687	4,770
Currency translation differences	57	-
	10,094	9,120
Less: Amount written off	(10,094)	-
	-	9,120

10. STOCKS

	GROUP	
	2001 RM	2000 RM
At cost:		
Stocks-in-transit	93,891	139,162
Raw materials	3,855,730	4,270,546
Work-in-progress	3,264,977	2,345,721
Finished goods	2,998,234	2,758,453
	10,212,832	9,513,882
Less: Provision for obsolete and slow-moving stocks	(450,474)	(459,830)
	9,762,358	9,054,052

The provision for obsolete and slow-moving stocks of RM450,474/- (2000 : RM459,831/-) is in respect of full cost of certain stocks of work-in-progress.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30TH JUNE, 2001

11. TRADE DEBTORS

	GROUP	
	2001 RM	2000 RM
Total outstanding	7,905,389	6,411,490
Less: Provision for doubtful debts	(210,683)	-
	7,694,706	6,411,490

12. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Income tax recoverable	288,971	80,215	58,647	-
Other debtors, deposits and prepayments	370,364	189,574	-	-
	659,335	269,789	58,647	-

13. AMOUNT OWING BY/(TO) SUBSIDIARIES

These amounts are non-trade in nature, unsecured, interest free and have no fixed term of repayment except for amount owing by subsidiaries amounted to RM8,168,058/- (2000: RM8,367,900/-) which is subject to interest at the rate of 0.75% (2000 : 2.5%) per annum.

14. OTHER CREDITORS AND ACCRUALS

Included in other creditors and accruals are amounts owing to hire purchase creditors totalling RM59,481/- (2000 : RM197,284/-).

15. AMOUNT OWING TO DIRECTORS

These balances are non-trade in nature, unsecured, interest free and are payable on demand.

16. BANK BORROWINGS

	GROUP	
	2001 RM	2000 RM
Term loans repayable within 12 months (note 20)		
- secured	94,804	84,079
- unsecured	82,945	77,307
	177,749	161,386
Bank overdrafts		
- secured	2,183,843	3,390,432
- unsecured	25,787	-
	2,209,630	3,390,432
Bills payable, secured	-	931,677
	2,387,379	4,483,495

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30TH JUNE, 2001

The bank overdrafts bear interest at 8.30% (2000 : bank overdrafts and bills payable bear interest at rates ranging from 8.30% to 8.75%) per annum and are secured by fixed charges on certain freehold land and buildings of the Group and supported by corporate guarantees of the Company.

The terms of repayment and interest rates and securities pledged in respect of the secured and unsecured term loans are disclosed in note 20 to the financial statements.

17. SHARE CAPITAL

	GROUP/COMPANY	
	2001	2000
	RM	RM
Authorised:		
100,000,000 ordinary shares of RM1/- each	100,000,000	100,000,000
Issued and fully paid:		
25,000,000 ordinary shares of RM1/- each	25,000,000	25,000,000

As at year end, the number of unexercised warrants 2000/2005 of the Company was 10,830,487. The exercise price of these warrants is at RM3.60 per new ordinary share of the Company.

18. RESERVES

	GROUP		COMPANY	
	2001	2000	2001	2000
	RM	RM	RM	RM
NON-DISTRIBUTABLE				
Share premium	4,426,482	4,426,482	4,426,482	4,426,482
Reserve on consolidation	-	161,982	-	-
Translation reserve	334	27	-	-
DISTRIBUTABLE				
* Retained profits	15,557,786	13,543,489	762,273	749,828
	19,984,602	18,131,980	5,188,755	5,176,310
* RETAINED BY:				
The Company	762,273	749,828		
Subsidiaries	14,913,576	12,793,661		
Associated company	(118,063)	-		
	15,557,786	13,543,489		

19. HIRE PURCHASE CREDITORS

	GROUP	
	2001	2000
	RM	RM
Gross instalments	193,672	472,509
Less: Interest in suspense	(50,167)	(112,724)
	143,505	359,785
Payable within 1 year, included in other creditors and accruals (note 14)	(59,481)	(197,284)
Payable after 1 year but not later than 5 years	84,024	162,501

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30TH JUNE, 2001

20. TERM LOANS

	GROUP	
	2001 RM	2000 RM
Repayable within 12 months (note 16)		
- secured	94,804	84,079
- unsecured	82,945	77,307
	177,749	161,386
Repayable after 12 months		
- secured	3,361,642	825,519
- unsecured	146,629	224,638
	3,508,271	1,050,157
	<u>3,686,020</u>	<u>1,211,543</u>

The term loans are repayable in 24 equal quarterly instalments, 60 equal monthly instalments and 120 equal monthly instalments and bear interest at 8.30% (2000 : ranging from 8.30% to 8.75%) per annum. The secured term loans are secured by fixed charges on certain freehold land and buildings of the Group and supported by corporate guarantees of the Company.

The unsecured term loan is supported by a corporate guarantee of the Company.

21. DEFERRED TAXATION

	GROUP	
	2001 RM	2000 RM
At beginning of the year	915,200	994,100
Transfer to income statement (note 24)	(347,800)	(78,900)
	<u>567,400</u>	<u>915,200</u>
At end of the year	<u>567,400</u>	<u>915,200</u>

This is in respect of taxation effect on timing differences arising from:-

	GROUP	
	2001 RM	2000 RM
Capital allowances claimed on property, plant and equipment in excess of their depreciation charge	652,900	3,245,500
Provision for obsolete stocks	-	(129,000)
Unabsorbed capital allowances	(85,500)	(290,300)
Unutilised reinvestment allowances	-	(1,911,000)
	<u>567,400</u>	<u>915,200</u>

The estimated deferred tax liability/(benefits) arising from timing differences not provided in the financial statements are as follows:-

	GROUP	
	2001 RM	2000 RM
Capital allowances claimed on property, plant and equipment in excess of their depreciation charge	2,888,000	-
Provision for obsolete stocks	(126,000)	-
Unabsorbed capital allowances	(356,000)	-
Unutilised reinvestment allowances	(3,027,000)	-
	<u>(621,000)</u>	<u>-</u>

The estimated unabsorbed capital allowances and unutilised reinvestment allowances are subject to agreement by the Inland Revenue Board and are not available for set-off within the Group.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30TH JUNE, 2001

22. OPERATING REVENUE

Revenue comprises the followings:-

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Interest revenue	-	-	62,759	167,209
Management fee received and receivable	-	-	60,000	60,000
Sales of goods	31,478,499	31,504,924	-	-
	<u>31,478,499</u>	<u>31,504,924</u>	<u>122,759</u>	<u>227,209</u>

23. PROFIT BEFORE TAXATION

(a) Profit before taxation is arrived at after charging/(crediting):-

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Amortisation of goodwill	5,531	3,031	-	-
Auditors' remuneration	41,940	40,800	3,000	3,000
Bad debts written off	76	-	-	-
Depreciation of property, plant and equipment	3,343,582	3,251,733	-	-
Directors' remuneration				
- Directors of the Company				
- fees	102,000	90,000	27,000	15,000
- other emoluments	1,278,617	955,299	-	-
Intangible assets written off	10,094	-	-	-
Interest expense				
- term loans	249,306	115,170	-	-
- bank overdrafts	105,791	237,037	42	-
- others	70,797	97,673	-	-
Provision for doubtful debts	210,683	-	-	-
Provision for obsolete and slow-moving stocks no longer required	(9,356)	-	-	-
Stocks written off	9,356	-	-	-
(Gain)/Loss on foreign exchange				
- realised	(77,204)	(57,829)	-	-
- unrealised	2,153	(5,919)	-	-
Amortisation of reserve on consolidation	(161,982)	(653,518)	-	-
Bad debts recovered	(11,922)	-	-	-
Dividend revenue	(575)	(715)	-	-
Gain on disposal of property, plant and equipment	(38,848)	(81,985)	-	-
Gain on disposal of quoted shares	-	(2,101)	-	-
Interest revenue	(552)	(3,739)	-	-
Rental of premises	(111,800)	(24,000)	-	-
	<u>(111,800)</u>	<u>(24,000)</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30TH JUNE, 2001

During the year, certain directors of the Company received other benefit which is not included in the Directors' remuneration and the estimated monetary value of this benefit amounted to RM57,850/- (2000 : RM57,750/-).

(b) Employees Information

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Staff costs	6,363,809	4,483,807	-	-

The number of employees of the Group and of the Company as at the financial year end was 330 (2000 : 307) and Nil (2000 : Nil) respectively.

24. TAXATION

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Based on results for the year	389,000	468,000	17,000	44,000
Underprovision in prior year	19,932	245,914	11,553	5,096
	408,932	713,914	28,553	49,096
Transfer from deferred taxation (note 21)	(347,800)	(78,900)	-	-
	61,132	635,014	28,553	49,096

The relatively lower effective tax rate applicable to the profits of the Group for the current financial year is mainly due to the availability of reinvestment allowance claimed under Schedule 7A of the Income Tax Act, 1967 and certain profits being exempted from tax under the pioneer status applicable to its subsidiaries.

The higher effective tax rate of the Company is mainly due to tax on non-business revenue.

The Group has estimated unutilised reinvestment allowances of RM10,809,000/- (2000 : RM6,920,000/-) under Schedule 7A of the Income Tax Act, 1967 available for set-off against future taxable business profits, subject to agreement by the Inland Revenue Board.

The Group has estimated unabsorbed capital allowances of RM2,262,800/- (2000 : RM1,765,000/-) available for set-off against future taxable profits, subject to agreement by the Inland Revenue Board.

The Company has estimated tax credit of RM203,000/- (2000 : RM123,000/-) under Section 108 of the Income Tax Act, 1967 to frank the future payment of dividends of approximately RM522,000/- (2000 : RM316,000/-) without incurring additional tax liability, subject to agreement by Inland Revenue Board.

The Group and the Company have tax exempt income account of approximately RM15,415,500/- (2000 : RM15,270,200/-) and RM409,000/- (2000 : RM409,000/-) respectively available for distribution by way of tax exempt dividend, subject to agreement by the Inland Revenue Board. These tax exempt income are in respect of pioneer profits, reinvestment allowances utilised against taxable business profits and chargeable income for the year ended 30th June, 1999 of which the tax is waived in accordance with the Income Tax (Amendment) Act, 1999.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30TH JUNE, 2001

25. EARNINGS PER SHARE

The basic earnings per share of the Group is calculated by dividing the Group's net profit for the year of RM2,014,297/- (2000 : RM3,676,527/-) by the weighted average number of ordinary shares in issue during the year of 25,000,000 (2000 : 25,000,000) ordinary shares of RM1/- each.

There is no dilution effect on the earnings per share for the year based on the adjusted net profit after taxation of RM3,383,000/- and on the adjusted weighted average number of ordinary shares issued and issuable of 35,830,487 shares.

The fully diluted earnings per share for the year ended 30th June, 2000 had been calculated based on the adjusted net profit after taxation of RM3,840,000/- and on the adjusted weighted average number of ordinary shares issued and issuable of 26,246,248 shares.

The adjusted net profit after taxation and weighted average number of ordinary shares in issue used for the calculation of fully diluted earnings per share are based on the assumption that all outstanding warrants 2000/2005 (2000 : all warrants 2000/2005 issued during the year) have been exercised at the beginning of the year (2000 : fully exercised on their issue date) and the proceeds from the exercise of warrants 2000/2005 are assumed to be utilised to defray all outstanding bank borrowings at the beginning of the year (2000 : on the issue date of the warrants 2000/2005) and balance placed in interest bearing fixed deposits, at interest rate of 4.25% per annum (2000 : 4.60% per annum).

26. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment with aggregate costs of RM1,699,435/- (2000 : RM5,500,426/-) of which RM10,000/- (2000 : RM23,600/-) was acquired by means of hire purchase. Cash payment of RM1,689,435/- (2000 : RM5,476,826/-) were made to purchase property, plant and equipment.

27. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Cash at banks and in hand	173,789	353,985	3,138	3,059
Bank overdrafts	(2,209,630)	(3,390,432)	-	-
	<u>(2,035,841)</u>	<u>(3,036,447)</u>	<u>3,138</u>	<u>3,059</u>

28. CONTINGENT LIABILITIES - UNSECURED

	COMPANY	
	2001 RM	2000 RM
In respect of corporate guarantees for credit facilities granted to subsidiaries	<u>5,895,256</u>	<u>5,533,652</u>

29. SIGNIFICANT INTER-COMPANY TRANSACTIONS

Significant inter-company transactions for the year are as follows:-

	COMPANY	
	2001 RM	2000 RM
Interest received from subsidiaries	(62,759)	(167,209)
Management fee charged to a subsidiary	<u>(60,000)</u>	<u>(60,000)</u>

The Directors are of the opinion that the above transactions have been entered in the normal course of business and have been established under terms mutually agreed upon between the parties concerned.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30TH JUNE, 2001

30. SEGMENTAL INFORMATION - BY ACTIVITY

	MANUFACTURING & MARKETING OF AUTOMOTIVE COMPONENTS & ACCESSORIES RM	INVESTMENT HOLDINGS RM	OTHERS RM	ELIMINATIONS RM	CONSOLIDATED RM
2001					
REVENUE					
External sales	31,478,499	-	-	-	31,478,499
Inter-company sales	3,439,709	122,759	-	(3,562,468)	-
Total revenue	34,918,208	122,759	-	(3,562,468)	31,478,499
RESULTS					
Profit/(Loss) before taxation	2,275,253	(81,761)	(118,063)	-	2,075,429
Taxation	(32,579)	(28,553)	-	-	(61,132)
Profit/(Loss) after taxation	2,242,674	(110,314)	(118,063)	-	2,014,297
OTHER INFORMATION					
Gross assets	59,841,803	185,075	95	-	60,026,973
Gross liabilities	(14,356,365)	(64,156)	(7,401)	-	(14,427,922)
Capital expenditure	1,699,435	-	-	-	-
Depreciation	3,343,582	-	-	-	-
Amortisation of reserve on consolidation	(161,982)	-	-	-	-
Amortisation of goodwill	3,333	-	2,198	-	-
Interest expenses	425,894	-	-	-	-
2000					
REVENUE					
External sales	31,504,924	-	-	-	31,504,924
Inter-company sales	3,373,755	227,209	-	(3,600,964)	-
Total revenue	34,878,679	227,209	-	(3,600,964)	31,504,924
RESULTS					
Profit/(Loss) before taxation	4,382,765	(71,224)	-	-	4,311,541
Taxation	(585,918)	(49,096)	-	-	(635,014)
Profit/(Loss) after taxation	3,796,847	(120,320)	-	-	3,676,527

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30TH JUNE, 2001

	MANUFACTURING & MARKETING OF AUTOMOTIVE COMPONENTS & ACCESSORIES RM	INVESTMENT HOLDINGS RM	OTHERS RM	ELIMINATIONS RM	CONSOLIDATED RM
OTHER INFORMATION					
Gross assets	56,632,787	3,059	2,702	-	56,638,548
Gross liabilities	(12,244,141)	(60,673)	(7,644)	-	(12,312,458)
Capital expenditure	5,500,426	-	-	-	-
Depreciation	3,251,733	-	-	-	-
Amortisation of reserve on consolidation	(653,518)	-	-	-	-
Amortisation of goodwill	833	-	2,198	-	-
Interest expenses	449,880	-	-	-	-

As the Group operates within one geographical segment, geographical segment analysis is not applicable.

31. REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

(a) Registered Office

Lot 4-100, Tingkat 4, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur.

(b) Principal Place of Business

Lot 1735, Batu 29, Jalan KL- Ipoh, Serendah, 44300 Batang Kali, Selangor Darul Ehsan.

ANALYSIS OF SHAREHOLDINGS AS AT 9TH NOVEMBER 2001

SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000/-
Issued and fully paid-up capital	:	RM 25,000,000/-
Class of Shares	:	Ordinary shares of RM1/- each
Voting rights	:	1 vote per share
No. of Shareholders	:	1,248

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
Less than 1,000	20	1.60	2,872	0.01
1,000 to 10,000	1,141	91.43	2,902,664	11.61
10,001 to 100,000	72	5.77	1,857,303	7.43
100,001 to less than 5% of issued shares	10	0.80	4,272,856	17.09
5% and above of issued shares	5	0.40	15,964,305	63.86
	1,248	100.00	25,000,000	100.00

LIST OF THIRTY LARGEST SHAREHOLDERS

Name	No. of Shares Held	%
1. Cartaban Nominees (Asing) Sdn. Bhd. <i>Dexia BQ Intl Lux for Pan Asia Special Opportunities Fund</i>	3,475,000	13.90
2. Imbas Cekap Sdn. Bhd.	3,285,035	13.14
3. Perdana Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Yeaw Kok Sing</i>	3,246,036	12.98
4. Tan Po Moi	3,198,234	12.79
5. Yeaw Kok Sing	2,760,000	11.04
6. Haji Mokatar Rudin bin Wan Yusof	910,000	3.64
7. Future Security Planners Sdn. Bhd.	685,872	2.74
8. Chow Tuck	564,652	2.26
9. Chin Yap Tek @ Chin Yap Lek	519,405	2.08
10. Hong Leong Finance Berhad <i>Pledged Securities for Abdul Manaf bin Hj Draman</i>	408,000	1.63
11. Haji Abdul Rashid bin Mohd Yusoff	407,000	1.63
12. Bless Way (Malaysia) Sdn. Bhd.	302,000	1.21
13. Lin Tang-Ming	189,000	0.76
14. Chua Chee Kwong	148,000	0.59
15. Mawar Rimbun Sdn. Bhd.	147,579	0.59
16. Takechi Shiro	98,000	0.39
17. Sim Hui Leng	76,000	0.30
18. Lee Hee Hwak	74,000	0.30
19. First Look Corporation Sdn. Bhd.	70,000	0.28
20. Yeoh Kean Hua	66,000	0.26
21. Tan Kiam Beng	64,000	0.26
22. Mak Ah Juan @ Mak Chiong Yean	63,000	0.25
23. Low Yock Gan	63,000	0.25
24. Pua Yan Tat	57,000	0.23
25. Ang Yew Chai	56,000	0.22
26. Hui Lai Lian	52,000	0.21
27. SJ Sec Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Abdul Manaf bin Hj. Draman</i>	50,000	0.20
28. PAB Nominee (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Low Kok Meng (SMF -Balakong)</i>	45,000	0.18
29. Lee Kay Chong	44,000	0.18
30. Heng Ah Lik	36,000	0.14
	21,159,813	84.64

ANALYSIS OF SHAREHOLDINGS (cont'd)
AS AT 9TH NOVEMBER 2001

SUBSTANTIAL SHAREHOLDERS AS AT 9 NOVEMBER 2001

(As Shown in the Register of Substantial Shareholders)

Name of Substantial Shareholders	No. of Ordinary Shares of RM1/- Each			
	Direct	%	Indirect	%
Yeaw Kok Sing	6,006,036	24.02	3,198,234	12.79
Tan Po Moi	3,198,234	12.79	6,006,036	24.02
Haji Abdul Rashid bin Mohd. Yusoff	407,000	1.63	3,285,035	13.14
Pan Asia Special Opportunities Fund	3,475,000	13.90	-	-
Imbas Cekap Sdn. Bhd.	3,285,035	13.14	-	-
Tagor Hasibuan bin Maskhud Hasibuan	-	-	3,285,035	13.14

STATEMENT OF DIRECTORS' SHAREHOLDINGS AS AT 9 NOVEMBER 2001

Directors' Name	No. of Ordinary Shares of RM1/- Each			
	Direct	%	Indirect	%
Haji Mokatar Rudin bin Wan Yusof	910,000	3.64	-	-
Yeaw Kok Sing	6,006,036	24.02	3,198,234	12.79
Tan Po Moi	3,198,234	12.79	6,006,036	24.02
Haji Abdul Rashid bin Mohd. Yusoff	407,000	1.63	3,285,035	13.14

Directors' Name	No. of Warrants 2000/2005			
	Direct	%	Indirect	%
Haji Mokatar Rudin bin Wan Yusof	606,666	5.6	-	-
Yeaw Kok Sing	2,332	0.02	1,000	0.01
Tan Po Moi	1,000	0.01	2,332	0.02
Haji Abdul Rashid bin Mohd. Yusoff	171,333	1.58	2,191,739	20.24

Save as disclosed above, none of the other directors has any interest in shares/warrants in the Company or its related corporations as at the above date.

LIST OF THIRTY LARGEST WARRANT HOLDERS

Name	No. of Warrants Held	%
1. Cartaban Nominees (Asing) Sdn. Bhd. <i>Dexia BQ Intl Lux for Pan Asia Special Opportunities Fund</i>	2,241,666	20.70
2. Imbas Cekap Sdn. Bhd.	2,191,739	20.24
3. Future Security Planners Sdn. Bhd.	658,184	6.08
4. Haji Mokatar Rudin bin Wan Yusof	606,666	5.60
5. Chow Tuck	496,434	4.58
6. Hong Leong Finance Berhad <i>Pledged Securities Account for Abdul Manaf bin Hj Draman</i>	242,000	2.23
7. Haji Abdul Rashid bin Mohd Yusoff	171,333	1.58
8. Hong Leong Finance Berhad <i>Pledged Securities Account for Chantika Holdings Sdn. Bhd.</i>	130,000	1.20
9. Bless Way (Malaysia) Sdn. Bhd.	119,333	1.10
10. Mawar Rimbun Sdn. Bhd.	101,000	0.93
11. Lee Hee Hwak	82,000	0.76
12. Choong Yee Chean	81,000	0.75
13. Lau Yew Foo	77,000	0.71
14. Takechi Shiro	65,333	0.60
15. SJ Sec Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Abdul Manaf bin Hj. Draman</i>	62,666	0.58
16. TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chong Yoon Fook</i>	50,000	0.46
17. TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chia Chu Foo</i>	46,000	0.42
18. Ong Hock Heng	46,000	0.42
19. Tan Kiam Beng	42,666	0.39
20. Leow Hong Yen	41,000	0.38
21. Pua Yan Tat	40,000	0.37
22. Zamzam bin Ajis	35,000	0.32
23. Low Yock Gan	34,333	0.32
24. Lee Kok Peng	28,000	0.26
25. Mayban Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Calvin Tan Yan Chin</i>	27,000	0.25
26. Soh Chin Lye	26,000	0.24
27. Chuah Tiong Pan	26,000	0.24
28. Wong Ling May	25,000	0.23
29. Tan Lee Leng	24,000	0.22
30. Mayban Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chong Shuk Mui</i>	23,000	0.21
	<u>7,840,353</u>	<u>72.39</u>

LIST OF PROPERTIES

Location	Description	Land Area	Existing Use	Tenure	Estimated Age of Buildings (Years)	Net Book Value (RM'000)	Date of Acquisition
1. Lot 1735 & 1736 Batu 29, Jalan KL- Ipoh, 44300 Batang Kali, Selangor.	Industrial land with factory building cum office and warehouse	2.2 hectares	Office and factory building	Freehold	4	13,333	22/7/94
2. No. 42, Jalan Sesama, Taman Perusahaan Batu Caves, 68100 Batu Caves, Selangor.	Corner terrace, 4-storey factory lot	477.2 sq.m	Factory lot rentad out	Freehold	11	1,005	21/9/90
3. No. 53, Jalan Sesama, Taman Perusahaan Batu Caves, 68100 Batu Caves, Selangor.	Intermediate terrace, 3-storey factory lot	209.0 sq.m	Factory lot rentad out	Freehold	11	548	29/8/89
4. No. 61, Jalan Sesama, Taman Perusahaan Batu Caves, 68100 Batu Caves, Selangor.	End terrace, 3-storey factory lot	217.4 sq.m	Factory lot rented out	Freehold	11	574	19/1/96
5. 73, Jalan Kamunting 1A, Seksyen BS2, Bukit Sentosa, 48300 Rawang, Selangor.	Corner terrace, Single storey factory lot	308.8 sq.m	Vacant, for future expansion	Freehold	4	284	3/9/93
6. 24, Jalan Batu 3/3C, Mukim Batu, Batu 6½, Jalan Ipoh, 68100 Kuala Lumpur.	Intermediate 4 1/2-storey shopoffice	222.9 sq.m	Shop office rented out	Leasehold, 99 years. Expiring 24 May 2075	1	1,990	16/9/95

Revaluation Policy

The Group does not adopt a revaluation policy.



NOTES

AUTOAIR HOLDINGS BERHAD

(COMPANY NO: 414010-M)
Incorporated In Malaysia

PROXY FORM

I/We
(FULL NAME IN BLOCK LETTERS)

of
(ADDRESS)

being a member(s) of **AUTOAIR HOLDINGS BERHAD** hereby appoint.....

.....
(FULL NAME)

of
(ADDRESS)

or failing him/her,.....
(FULL NAME)

of
(ADDRESS)

as my/our proxy to vote for me/us and on my/our behalf at the Fifth (5th) Annual General Meeting of the Company to be held at Dewan Perdana, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Friday, 28 December 2001, at 9.30 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below :

NO.	RESOLUTIONS	FOR	AGAINST
1.	Adoption of Audited Accounts and Reports		
2.	Approval of Directors' Fee		
3.	Re-election of Mr. You Kook Sing as Director		
4.	Re-election of Encik Azam bin Azman as Director		
5.	Re-election of Mr. Yeaw Kok Sing as Director		
6.	Re-appointment of Messrs. Moore Stephens as Auditors		
7.	To authorise the Directors under Section 132D of the Companies Act, 1965 to allot and issue shares in the Company.		
8.	Proposed Adoption of new Articles of Association		

Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If no instruction as to voting is given, the Proxy will vote or abstain from voting at his discretion.

Dated this _____ day of _____ 2001

NO. OF SHARES HELD

.....
Signature/Seal of Shareholder(s)

NOTES:-

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy may but need not be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
3. In the case of a corporate body, the proxy appointed must be in accordance with the Memorandum and Articles of Association, and the instrument appointing a proxy shall be given under the Company's Common Seal or under the hand of an officer or attorney duly authorised.
4. The Form of Proxy must be deposited at the Company's Registered Office at Lot 4.100, Tingkat 4, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time set for the meeting or any adjournment thereof.