



Contents

- 02** Notice Of Annual General Meeting
- 04** Statement Accompanying The Notice Of Annual General Meeting
- 05** Corporate Information
- 06** Group Structure
- 07** Chairman's Statement
- 09** Profile Of Directors
- 13** Statement On Corporate Governance
- 19** Statement On Internal Control
- 21** Audit Committee Report
- 25** Other Disclosure Information
- 26** Statement Of Directors' Responsibility
- 27** Reports And Financial Statements
- 79** List Of Properties
- 80** Analysis Of Shareholdings
- 82** Analysis Of Warrantholdings
- 85** Proxy Form

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of Autoair Holdings Berhad will be held at Bilik Perdana, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 21 December 2004, at 9.30 a.m. for the transaction of the following business:-

AGENDA

1. To receive and adopt the Audited Financial Statements for the year ended 30 June 2004 together with the Reports of the Directors and the Auditors thereon. (Resolution 1)
2. To approve the Directors' fees of RM52,250/- (2003 : RM52,708/-) in respect of the year ended 30 June 2004. (Resolution 2)
3. To re-elect the following Directors who retire pursuant to the Company's Articles of Association and, being eligible, offer themselves for re-election:-
 - (a) Haji Abdul Rashid bin Mohd. Yusoff (Article 92) (Resolution 3)
 - (b) Mr. Chai Moi Kim (Article 92) (Resolution 4)
 - (c) Mr. How Kim Leong @ Low Kim Leong (Article 97) (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 as Ordinary Resolutions:-

(a) Ordinary Resolution 1
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 authorised and empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting 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 Bursa Malaysia Securities Berhad."

(Resolution 7)

Notice Of Annual General Meeting (cont'd)

(b) Ordinary Resolution 2

Authority to allot shares pursuant to the Employees' Share Option Scheme

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company from time to time under the Employees' Share Option Scheme as approved by an ordinary resolution passed at the Extraordinary General Meeting of the Company held on 1 November 2002 provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

(Resolution 8)

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

BY ORDER OF THE BOARD,

CHOW CHOOI YOONG
HAZLINA BT HARUN

Secretaries

Kuala Lumpur
29 November 2004

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) Resolution pursuant to Employees' Share Option Scheme

Resolution No. 8 proposed under item 5(b), if passed, will empower the Directors of the Company to allot and issue shares to those employees who have exercised their options under the Employees' Share Option Scheme.

Statement Accompanying

The Notice of Annual General Meeting

(Pursuant to Paragraph 8.28(2) of the Listing Requirements of the Bursa Malaysia Securities Berhad)

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

- | | |
|--|--------------|
| (a) Haji Abdul Rashid bin Mohd. Yusoff | (Article 92) |
| (b) Mr. Chai Moi Kim | (Article 92) |
| (c) Mr. How Kim Leong @ Low Kim Leong | (Article 97) |

2. Details of attendance of Directors at Board Meetings

Details of attendance of Directors at Board Meetings held during the financial year ended 30 June 2004 are set out on page 13 of the Annual Report.

3. Place, Date and Time of the Eighth Annual General Meeting

The Eighth Annual General Meeting of the Company will be held at Bilik Perdana, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 21 December 2004, at 9.30 a.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 on pages 11 to 12 of the Annual Report.



Corporate Information

BOARD OF DIRECTORS

Leow Bock Lim (Chairman)

Yeaw Kok Sing (Group Managing Director)

Tan Po Moi (Executive Director)

Yeaw Kok Ho (Executive Director)

How Kim Leong @ Low Kim Leong (Executive Director)

Haji Abdul Rashid bin Mohd. Yusoff (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)

REMUNERATION COMMITTEE

Yeaw Kok Sing
(Chairman - Group Managing Director)

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

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

NOMINATION COMMITTEE

Tan Loy Fatt
(Chairman - Independent Non-Executive Director)

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

Leow Bock Lim
(Member – Independent Non-Executive Chairman)

COMPANY SECRETARIES

Chow Chooi Yoong (MAICSA 0772574)

Hazlina bt Harun (LS 03078)

AUDITORS

Messrs. Moore Stephens
Chartered Accountants
8A Jalan Sri Semantan Satu,
Damansara Heights,
50490 Kuala Lumpur.

REGISTERED OFFICE

Lot 4.100, Tingkat 4,
Wisma Central, Jalan Ampang,
50450 Kuala Lumpur.
Tel : 03-2161 9733
Fax : 03-2162 8157

SHARE REGISTRAR

Insurban Corporate Services Sdn. Bhd.
149-B, Jalan Aminuddin Baki,
Taman Tun Dr. Ismail,
60000 Kuala Lumpur.
Tel : 03-7729 5529
Fax : 03-7728 5948

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
Bank Industri & Teknologi Malaysia Berhad
Bumiputra-Commerce Bank Berhad

STOCK EXCHANGE

The Second Board of the Bursa Malaysia Securities Berhad ("Bursa Malaysia")

Group Structure



Chairman's Statement

On behalf of the Board of Directors, I am pleased to present this Annual Report and Financial Statements of the Group for the financial year ended 30 June 2004.

FINANCIAL PERFORMANCE

For the financial year under review, the Group recorded a revenue of RM31.4 million representing a decrease of 4.0% as compared with a revenue of RM32.7 million for the year ended 30 June 2003. A net loss of RM 0.5 million was incurred by the Group for the financial year ended 30 June 2004 as compared with a net profit of RM0.2 million in the previous year.

REVIEW OF OPERATIONS

In the calendar year 2003, the implementation of AFTA created some uncertainties in the automotive industry and confusion to consumers which resulted in lower demand for new vehicles.

Furthermore, the delay in the launching of new car models by manufacturers also affected our revenue. Consequently, the Group incurred a net loss for the financial year; this was mainly attributed to a decrease in revenue, as a result of lower volume of vehicles sold in automotive industry towards the end of 2003.

During the financial year, the Group continued to invest in plant & machinery and to upgrade R & D facilities in order to cater for various product models and to increase capacity for the manufacturing of hose & fitting assemblies and fan motors. This investment helped the Group to improve its products quality and to meet customers' demand.

CORPORATE DEVELOPMENT

On 8 April 2004, the Company disposed of its entire 20% equity interest represented by 300,000 Ordinary Shares in Autoair Healthcare Management Sdn Bhd., a company principally engaged in the provision of healthcare management services.

The disposal is part of the Company's plan to divest its investment in non-core business so as to reserve its resources for enhancing its core business in the manufacturing and the distribution of automotive components and accessories.

Chairman's Statement (cont'd)

DIVIDEND

In view of the need to retain funds for the Group's working capital requirement, the Board does not recommend any dividend for the financial year ended 30 June 2004.

PROSPECTS

Following the announcement by the Government of new tariffs for motor vehicles, the uncertainty prevailing in the automotive industry was lifted; the domestic demand for new vehicles has increased and this will translate into an overall increase in revenue for the Group.

In relation to this, the Group's performance in the new financial year is expected to strengthen and enhance further on the anticipated launching of new cars in the market. In addition, the products developed for OEM customers are expected to take off, namely for product ranges in hose & fitting assemblies and fan motors and this will contribute positively towards the Group.

ACKNOWLEDGEMENT

I note with regret the resignation of Mr. You Kook Sing and Mr. Sha Thiam Fook from our Board. On behalf of my colleagues on the Board I would like to express our appreciation to them for their valued contribution to the Group. At the same time, I would like to take this opportunity to extend our warm welcome to Mr. How Kim Leong @ Low Kim Leong who joined our Board as Executive Director and Chief Financial Officer during the financial year.

On behalf of the Board, I would like to express our sincere thanks and appreciation to the management and staff for their untiring commitment, perseverance and dedication in pursuing the Group's vision to continuously be the best in Malaysia and also in the region.

I wish to record my thanks to my fellow directors for their stewardship and look forward to their invaluable contribution to the Group. I would also like to take this opportunity to record my appreciation to our shareholders, business partners, valued customers, suppliers, bankers and regulatory authorities for their continuing support and confidence in the Group.

Leow Bock Lim

Chairman

29 November 2004



Profile of Directors

Leow Bock Lim (*Independent Non-Executive Chairman*)

Aged 62, a Malaysian, was appointed to the Board of Autoair Holdings Berhad ("AHB") on 16 October 2002 as an Independent Non-Executive Chairman. He is also a member of the Nomination Committee of AHB.

Mr. Leow is a retired banker who has had over 35 years of banking experience in various local and foreign banks. He is an Associate of The Institute of Chartered Secretaries & Administrators and an Associate of The Institute of Canadian Bankers. He began his career with the OCBC Bank in 1960. In 1962, he left to join United Malayan Banking Corporation as an Operations Officer. Mr. Leow held various operational and treasury positions in The Chase Manhattan Bank between 1966 to 1970. From 1971 to 1972, he served as the Chief Operating Officer of Oriental Bank. Mr. Leow was the Head of Treasury of The Bank of Nova Scotia from 1973 to 1977. He joined the Security Pacific Asian Bank in 1978 and was its Country Head for 12 years. In 1994, he joined Alliance Bank as its Senior Vice President and served as its Head of Treasury and International Banking Division, prior to his retirement in 2000. Currently, Mr. Leow also sits on the Board of Chuan Huat Resources Berhad, Disccomp Berhad and Kumpulan Belton Berhad.

Mr. Leow does not have any family relationship with any other directors or substantial shareholders of AHB and has no conflict of interests with the Company. He has no convictions for offences within the past 10 years.

Yeaw Kok Sing (*Group Managing Director*)

Aged 47, a Malaysian, is the founder of the AHB Group. He was appointed to the Board on 1 October 1997 and is currently the Managing Director of the Group. He is also a member of the Audit Committee and the Chairman of the Remuneration 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 Autoair 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 is the brother of Yeaw Kok Ho who is an Executive Director 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.

Profile of Directors (cont'd)

Tan Po Moi *(Executive Director)*

Aged 42, 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 a Computer Programmer 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 Autoair 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 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 no convictions for offences within the past 10 years.

Yeaw Kok Ho *(Executive Director)*

Aged 53, 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. trades in hardware for construction building materials. In 1982, he left and was self-employed as an Engineering Contractor specialised as metal work contractor, before joining Autoair 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 has no conflict of interests with AHB and has no convictions for offences within the past 10 years. He is the brother of Yeaw Kok Sing who is the Group Managing Director of AHB.

Profile of Directors (cont'd)

Haji Abdul Rashid bin Mohd. Yusoff (Non-Executive Director)

Aged 49, a Malaysian, was appointed to the board on 1 October 1997 and is currently the Non-Executive Director 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. as an Assistant Accountant until 1985, and then joined Patco Malaysia Berhad, a subsidiary of Rumpun Hijau Capital 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 become Managing Director in 1995. In 1996, he was transferred to the head office, Rumpu Hijau Capital Berhad as Chief Operating Officer. In September 2000, he was appointed as an Independent Director in Auto Industries Ventures Berhad and resigned on 1 October 2001. 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. On 1 March 2004, Haji Abdul Rashid was redesignated as Non-Executive Director of the Group.

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)

Aged 46, a Malaysian, was appointed to the Board on 1 October 1997 and is currently the Independent Non-Executive Director of the Group, Chairman of the Audit Committee, a member of Nomination and Remuneration Committees 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 until 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. In 1995, he left to set up his own audit practice, Kim & Co. Mr. Chai is a member of the Malaysian Institute of Certified Public Accountants, Malaysian Institute of Accountants and Malaysian Institute of Taxation. Mr. Chai also sits on the Board of CAM Resources Berhad and Widetech (Malaysia) Berhad.

Mr. Chai 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)

Aged 54, a Malaysian, was appointed to the Board on 15 May 1999 as an Independent Non-Executive Director. He is a member of the Audit and Remuneration Committees and Chairman of the Nomination Committees 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 Autoair Industries Sdn. Bhd.. He was in charge of the overall manufacturing division. He resigned from Autoair Industries Sdn. Bhd. in 1998.

Mr. Tan 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.

How Kim Leong @ Low Kim Leong (Executive Director)

Aged 37, a Malaysian, was appointed on the Board on 1 April 2004 and is currently the Chief Financial Officer of the Group.

Mr. How is a Chartered Accountant by profession and is a member of the Malaysian Institute of Accountants. He started his career as an articled clerk with Arthur Andersen & Co. in 1988 where he was trained and gained vast experience in auditing, corporate finance and business advisory services. He left as an experienced audit senior in 1993. From 1993 to 1998, he was attached with Tropicana Golf and Country Resort Berhad, a wholly owned subsidiary of Dijaya Corporation Berhad, as a Financial Manager. In 1998, he left for Autoair Holdings Berhad where he served as Group Financial Controller until 2002. Having gained experience in financial areas, he moved to Palmgold Corporation Sdn Bhd in 2002 and worked as Deputy General Manager of Business Development section, prior to resuming his present position in Autoair Holdings Berhad.

Mr. How has no family relationship with any other directors or substantial shareholders of AHB, has no conflict of interest with AHB and has no convictions for offences within the past 10 years.

Statement On Corporate Governance

The Board is fully committed to promote the highest standards of corporate governance and to ensure that the principles and best practices in corporate governance, as set out in the Malaysian Code on Corporate Governance ("the Code"), are practised and adopted as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value.

This Statement illustrates the extent of which the Board has embodied and applied the principles and best practices of the Code.

BOARD RESPONSIBILITIES

The Board has the overall responsibility for corporate governance, strategic direction and overseeing the investment and business of the Group. The Board's other primary duties also include regular oversee of the Group's business operations and performance and to ensure that an effective infrastructure and internal controls exist to measure and manage business risks.

In discharging its fiduciary duties, the Board is assisted by a number of Board Committees, namely the Audit Committee, Remuneration Committee and Nomination Committee, which operate within the approved Terms of Reference. These Committees have authority to, inter alia, examine particular issues and report to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board. The Terms of Reference of the Audit Committee is included in the Audit Committee Report on pages 21 to 24 of this Annual Report.

BOARD PROCEDURE

The Board meets at least four times a year, with additional meeting convened when necessary. During the financial year ended 30 June 2004, five (5) meetings were held.

The number of board meetings held and attendance of the directors for the financial year ended 30 June 2004 are as follows:

Directors	Attendance at the Board Meetings Attended / Held
Leow Bock Lim	4/5
Yeaw Kok Sing	5/5
Tan Po Moi	5/5
Yeaw Kok Ho	5/5
You Kook Sing (Resigned on 26.10.2004)	5/5
Haji Abdul Rashid Bin Mohd. Yusoff	3/5
Chai Moi Kim	5/5
Tan Loy Fatt	5/5
Sha Thiam Fook (Resigned on 26.10.2004)	5/5
How Kim Leong @ Low Kim Leong (Appointed on 01.04.2004)	1/1*

* reflect the number of meeting attended/held during the period the director held office

The Board is fully aware of, and acts on specifically reserved matters for decision to ensure that the direction and control of the Group is firmly in its hand. Such matters, outlined in the Group's Authority Limits, clearly establish the authority of the Board and the management.

Statement On Corporate Governance (cont'd)

BOARD STRUCTURE AND BALANCE

The Board currently consists of:

- Three Independent Non-Executive Directors
- The Group Managing Director
- Three Executive Directors
- One Non-Independent Non-Executive Director

The Company is led and managed by a capable and experienced Board comprising members with a wide range of business, financial, banking, technical experience and expertise. This mix of skills and experience is vital for the successful direction and growth of the Group. A brief profile of each Director is presented on pages 9 to 12 of this Annual Report.

There is a clear division of responsibilities between the Chairman and the Group Managing Director to maintain a balance of power and authority. In order to ensure this balance, the positions of the Chairman and the Group Managing Director are held by separate members of the Board and their respective roles are clearly defined. The Chairman is primarily responsible for ensuring Board effectiveness and conduct whilst the Group Managing Director oversees the daily business operation of the Group, implementation of the Board policies and decision, and making of operational decisions. The Group Managing Director is the most appropriate person to head the operations of the Group as he is the founder and has the requisite knowledge and experience in managing the core business of the Group.

There is also a balance in the Board as reflected by the presence of Independent Non-Executive Directors with the necessary calibre to carry sufficient weight in the Board decisions. All the Independent Non-Executive Directors are independent of management and are free from any relationship that could materially interfere with the exercise of their independent judgement.

The presence of Independent Non-Executive Directors is particularly important in corporate accountability as they provide unbiased and independent view, advice and judgement to take account of the interest, not only of the Group, but also of the shareholders, employees, customers, suppliers and the community. The Board has appointed Mr. Tan Loy Fatt as the Senior Independent Non-Executive Director to whom any concerns regarding the Group may be conveyed.

SUPPLY OF INFORMATION

The Board is kept updated on the Company's activities and operations on a regular basis. During Board meetings, management provides further details on each matter or supplementary information, where necessary. All proceedings from the Board meetings are minuted and signed by the Chairman of the meeting.

All Directors have access to the advice and services of the Company Secretary who ensures that all statutory obligations as well as obligations arising from the listing rules of the Bursa Malaysia or other regulatory requirements are met. The Directors can seek for independent professional advice where necessary, to the extent that it is pertinent to the discharge of their duties as directors, is for the benefit of the Company and in appropriate circumstances.

APPOINTMENTS TO THE BOARD

The Nomination Committee comprises the following members:

Tan Loy Fatt (Chairman)	Independent Non-Executive Director
Chai Moi Kim	Independent Non-Executive Director
Leow Bock Lim	Independent Non-Executive Chairman

Statement On Corporate Governance (cont'd)

APPOINTMENTS TO THE BOARD (cont'd)

The Committee is empowered by its terms of reference which had been approved by the Board to perform the following primary functions:

- a) recommend to the Board, candidates for all directorship to be filled by the shareholders or the Board;
- b) consider, in making its recommendations, candidates for directorship proposed by the Group Managing Director and, with the bounds of practicability, by any senior executive or any Director or shareholder;
- c) recommend to the Board, Directors to fill the seats on the Board Committees;
- d) review annually the required mix of skills and experience and other qualities of Directors including core competencies of Non-Executive Directors; and
- e) implement a process to assess annually the effectiveness of the Board, the committees of the Board and the contribution of each individual Director.

The Committee held two meetings during the financial year.

The appointment of the new Executive Director was approved by the Board, after having considered the recommendation of the Committee. The Company Secretary ensures that all appointments are properly made, all necessary information is obtained, as well as all legal and regulatory requirements are met. There is an induction programme in place for the new Director.

The Committee annually reviews the required mix of skills, experience and other qualities of the directors to ensure that the Board is functioning effectively and efficiently. The Committee has initiated a process of evaluation to be carried out annually. The evaluation process includes assessing the effectiveness of the Board as a whole, the committees of the Board and to assess the contribution of each individual Director.

DIRECTORS' TRAINING

All Directors have successfully completed the Mandatory Accreditation Programme. During the year, the Directors also attended other Bursa Malaysia Securities Berhad ("Bursa Malaysia") accredited Continuing Education Programme for directors of public listed companies. Apart from these trainings, the Group encourages its Directors to attend training programmes on a continuous basis to enhance their understanding and to keep abreast with current developments.

RE-ELECTION OF DIRECTORS

Any Director appointed during the year is required under the Company's Articles of Association to retire and seek re-election by shareholders at the following Annual General Meeting immediately after his appointment. All Directors including the Group Managing Director shall retire from office once at least in three (3) years but shall be eligible for re-election at each Annual General Meeting. The election of a director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meeting attendance and their shareholdings in the Company of each Director standing for election are furnished in a separate statement accompanying the Notice of the Annual General Meeting.

DIRECTORS' REMUNERATION

i) Level and Make-up of Remuneration

The Company is guided by the objective as recommended by the Code to determine the remuneration for Directors so as to ensure that the Company attracts and retains the Directors needed to run the Company successfully. For Executive Directors, the components of remuneration are structured so as to link rewards to the responsibilities, commitment, contribution, corporate and individual performance, experience and expertise of Directors. In the case of Non-Executive Directors, the level of remuneration reflects their experience and level of responsibilities.

Statement On Corporate Governance (cont'd)

DIRECTORS' REMUNERATION (cont'd)

ii) Remuneration Committee

The Remuneration Committee comprises the following members:

Yeaw Kok Sing (Chairman)	Group Managing Director
Tan Loy Fatt	Independent Non-Executive Director
Chai Moi Kim	Independent Non-Executive Director

The Committee is empowered by its terms of reference which had been approved by the Board to perform the following primary functions:

- recommend to the Board the remuneration of Executive Directors in all forms;
- to determine the level of remuneration that should be sufficient to attract and retain the Directors needed to run the Company successfully; and
- ensure the remuneration for Executive Directors is linked to corporate and individual performance, responsibilities, commitment, contribution, experience and expertise.

Executive Directors should play no part in decisions of their own remuneration.

The Board as a whole determines the remuneration packages of the Non-Executive Directors, including the Non-Executive Chairman with individual Directors abstaining from decisions in respect of their own remuneration.

The Committee held one meeting during the financial year.

iii) Directors' Remuneration

Aggregate remuneration of Directors categorised into appropriate components for the financial year ended 30 June 2004 are as follows:

	Fees RM'000	Salaries RM'000	Bonus & Incentives RM'000	Benefits-in- kind RM'000	Others RM'000	Total RM'000
Executive Directors	96	773	2	45	309	1,225
Non-Executive Directors	31	-	-	-	-	31

The number of Directors of the Company who served during the financial year and whose total remuneration from the Group falling within the respective bands are as follows:

Range of Remuneration: -	Number of Directors	
	Executive	Non-Executive
Below RM50,000	1	5
RM50,001 to RM100,000	1	-
RM150,001 to RM200,000	1	-
RM350,001 to RM400,000	1	-
RM500,001 to RM550,000	1	-

The Remuneration of the Executive Directors is inclusive of the remuneration of a director who was appointed on 1 April 2004 and a director who was redesignated as a Non-Executive Director on 1 March 2004.

Statement On Corporate Governance (cont'd)

SHAREHOLDERS AND INVESTOR RELATIONS

The Board recognizes the importance of transparency and accountability to its shareholders and maintains an effective communication policy that enables both the Board and the management to communicate effectively with its shareholders and the public.

Accordingly, the Board communicates information on the operations, activities and performance of the Group on a timely manner through the following:

- The Annual Report which contains the financial and operational review of the Group's business, corporate information, financial statements and information on the Board and Audit Committee;
- Various announcements made to Bursa Malaysia which includes the announcement of quarterly results of the Group; and
- The Company's website at www.autoairgroup.com

While the Group endeavours to provide as much information as possible to its shareholders and other stakeholders, it is also conscious of the legal and regulatory framework governing the release of material and price-sensitive information.

THE ANNUAL GENERAL MEETING ("AGM")

Annual General Meeting serves as the principal forum for communicating with the shareholders of the Company and to gather their views. Notice of the AGM and Annual Report are sent to shareholders 21 days prior to the meeting. At the AGM, the Board presents the progress and performance of the Group as contained in the Annual Report and shareholders are encouraged to participate and are given every opportunity to raise question or seek more information during the meeting. During the AGM, the Chairman and the Board members respond to queries and undertake to provide sufficient information on issues and concerns raised by the shareholders. The Board has ensured that an explanatory statement will accompany each item of special business included in the notice of meeting on the effects of the proposed resolution. The external auditors are also present to provide their professional and independent clarification on issues and concerns raised by the shareholders.

ACCOUNTABILITY AND AUDIT

i) Financial Reporting

The Board is aware of its responsibilities to shareholders and the requirement to provide a balanced and comprehensive assessment of the Group's financial performance and prospects primarily through the annual report and quarterly financial statements. Before releasing to the Bursa Malaysia, the quarterly financial results are reviewed by the Audit Committee and approved by the Board of Directors. The details of the Company's and the Group's financial position are included in the Financial Statements of the Annual Report. The Statement of Directors' Responsibility in Respect of the Financial Statements is set out on page 26 of this Annual Report.

ii) Internal Control

The Board of Directors acknowledges its responsibilities for the Company's system of internal controls covering not only financial controls but also organizational, operational and compliance controls as well as risk management to safeguard shareholders' investment and the Group's assets.

Information on the Group's internal control is further elaborated in the Statement on Internal Control as set out on pages 19 to 20 of this Annual Report.

Statement On Corporate Governance (cont'd)

ACCOUNTABILITY AND AUDIT (cont'd)

iii) Relationship With the Auditors

The Company's external auditors, Messrs. Moore Stephens, have continued to report to members of the Company on their findings which are included as part of the Company's financial report with respect to each year's audit on the statutory financial statements. The Company has established and maintained a transparent relationship with the Company's external auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

This statement is made in accordance with a resolution of the Board of Directors dated 27 October 2004.

Statement On Internal Control

INTRODUCTION

Paragraph 15.27 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad requires the Board to make a statement about the state of internal control of the listed entity as a Group.

The Board of Autoair Holdings Berhad is committed to continuously improve the Group's system of internal control and is pleased to provide the following Statement.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group's system of internal control and its effectiveness to safeguard the shareholders' investment and the Group's assets. This includes reviewing the strategic direction, financial, operational and compliance controls and the risk management.

It should be noted that the system of internal control is designed to manage and control risks appropriately rather than eliminating the risk of failure to achieve business objectives. Accordingly, these internal controls systems can only provide reasonable and not absolute assurance against material misstatement or loss or the occurrence of unforeseeable circumstances.

Following the publication of the Statement on Internal Control: Guidance for Directors of Public Listed Companies (" the Internal Control Guidance "), the Board confirms that there is an on-going process of identifying, evaluating and managing all significant risks faced by the Company and that this process is regularly reviewed by the Board so as to be in accordance with the Internal Control Guidance.

Effective internal control system is essential to ensure that the affairs and management of the Group are conducted responsibly with clear lines of control and accountability. The rationale of the system of internal control is to enable the Group to achieve its corporate objective within acceptable risk profile and the effectiveness of internal control has to be viewed in such context since elimination of risk is not absolutely assured.

RISK MANAGEMENT

Risk management is now recognised as an integral part of good management practice that strengthens the business planning processes, thereby providing opportunities for consistent quality returns to stakeholders.

The Board undertakes quarterly review in identifying, evaluating and managing significant risks faced by the Group. This process includes updating the system of internal control when there are changes in the business environment on key commercial and financial risks faced by the Group's business activities together with more general risks such as those relating to compliance with laws and regulations. The monitoring arrangements in place give reasonable assurance that the structure on control and operations is appropriate to the Group's situation at an acceptable level of risk throughout the Group's business.

The management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal control to mitigate and control such risks. Thus, internal control mechanisms are embedded in the Group's work processes.

Statement On Internal Control (cont'd)

INTERNAL AUDIT FUNCTION

The Audit Committee reviewed and approved the internal audit plan, which was developed on half yearly basis. Significant risks areas identified and controls put in place were reviewed by the internal audit function and findings were reported to the Audit Committee. Detailed risk events identified together with the appropriate measures, efforts and controls were highlighted and discussed in the Audit Committee meeting and the Board meeting.

The Group's internal audit function provides continuous improvement to the control and risk management procedures. The status of implementation of the agreed actions are followed up by the Head of Internal Audit to ensure that satisfactory control is maintained.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from risk management and internal audit, the other key elements of internal control of the Group are as follows:

- a) Specific responsibilities have been delegated to the relevant Board Committee, all of which have formalised terms of reference. These committees have the authority to examine all matters within their scope and report back to the Board with their recommendations.
- b) The Group has an appropriate organizational structure with clearly defined lines of responsibility and delegation of authority which enables adequate monitoring of the activities and ensures effective flow of information across the Group.
- c) There are strategic planning and annual budgeting for key areas of business, which are approved by the Board.
- d) The Group continues to review and update the Standard Operating Procedures for key processes. This is being continuously monitored and reviewed for effective management of the Group's operations.
- e) Authority Limits provide a sound framework of authority and accountability within the organisation and to facilitate quality and timely corporate decision making at the appropriate level in the organisation's hierarchy.
- f) Departmental meetings are held to identify, discuss, evaluate and resolve operational and financial issues.
- g) The management submits a monthly management report directly to the Group Managing Director detailing inter-alia performance, operational problem and suggestion for improvement. Through this, Group performance is closely monitored, risks are identified in a timely manner and their implications are assessed, control procedures are re-evaluated and corrective actions are agreed and implemented.
- h) Appointment of suitable employees with the required qualification and experience to fulfil their responsibilities and provision of continuous training and development for the employees.

CONCLUSION

The Board is of the view that at this juncture, the system of internal control is adequate and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

Notwithstanding this, the Board is cognizant of the importance of maintaining appropriate controls at all times and will continue to review and enhance the effectiveness, adequacy and integrity of the Group's system of internal control.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Internal Control for the inclusion in the Annual Report of the Group for the financial year ended 30 June 2004 and reported to the Board that the Statement appropriately reflects the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

This Statement is made in accordance with a resolution of the Board of Directors dated 21 October 2004.

Audit Committee Report

ESTABLISHMENT AND COMPOSITION

The Audit Committee of Autoair Holdings Berhad ("the Company") was established on 8 October 1997.

For the financial year ended 30 June 2004, the Audit 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 Audit 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 corporations;
 - (g) a person who has engaged in a transaction with the Company within the last two years for a value exceeding RM250,000/- and
 - (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 I of the First 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 numbers 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 Bursa Malaysia 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)

TERMS OF REFERENCE (cont'd)

Authority

The Committee is authorised 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 or 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; and
- (f) convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

Duties

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

- (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;
 - v) compliance with accounting standards and other legal requirements;
- (e) the external auditor's management letter and management's response;
- (f) to do the following where an internal audit function exists:-
 - i) 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;
 - ii) review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
 - iii) review any appraisal or assessment of the performance of members of the internal audit function;
 - iv) approve any appointment or termination of senior staff members of the internal audit function;
 - v) inform itself of resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
- (g) to consider the major findings of internal audit work and management's response;
- (h) extent of co-operation and assistance given by the employees;
- (i) the propriety of any related party transactions and conflict of interest situations that may arise within the Company or the Group; and
- (j) any other matters as directed by the Board.

Audit Committee Report (cont'd)

TERMS OF REFERENCE (cont'd)

Overseeing the Internal Audit Function

- (a) The Committee shall oversee all internal audit functions and is authorized to commission investigations to be conducted by internal audit as it deems fit.
- (b) The Head of Internal Audit shall report directly to the Committee and shall have direct access to the Chairman of the Committee.
- (c) All proposals by management regarding the appointment, transfer or dismissal of the Head of Internal Audit shall require the prior approval of the Committee.

Quorum for Meetings

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

Attendance at Meetings

The Head of Finance, the Head of Internal Audit, and a representative of the External Auditors shall normally attend meetings. Other Board members and employees may attend any particular meeting only at the Audit Committee's invitation, specific to the relevant meeting. However, at least once a year the Committee shall meet with the External Auditors without executive Board members present.

Frequency of Meetings

The Chairman shall call for meetings, to be held not less than four times a year. The External Auditors may request a meeting if they consider one necessary.

Proceedings of Meetings

- 1) A member may at any time and the Secretary shall on the requisition of a member summons a meeting of the Audit Committee by giving the members not less than seven days notice thereof unless such requirements is waived.
- 2) In the absence of the Chairman, the Committee shall appoint one of its members present to chair the meeting.
- 3) A resolution put to vote shall be decided by a majority of the members present, each member having one vote.
- 4) The books containing the minutes of proceedings of any meeting of the Audit Committee shall be kept at the registered office of the Company and shall be opened to the inspection of any board member.

Reporting Procedures

- 1) The Company Secretary shall be the Secretary of the Committee. He shall record attendance of all members and invitees and take minutes to record the proceedings of every meeting of the Committee. All minutes of meetings shall be circulated to every member of the Board.
- 2) The Committee shall prepare an annual report to the Board that provides a summary of the activities of the Committee for inclusion in the Company's annual report.
- 3) The Committee shall assist the Board in preparing the following for publication in the Company's annual report:-
 - (a) Statement on the Company's application of the principles set out in Part 1 of the Malaysian Code on Corporate Governance;
 - (b) Statement on the extent of compliance with the Best Practices set out in Part 2 of the Malaysian Code on Corporate Governance, specifying reasons for any areas of non-compliance (if any) and the alternatives adopted in such areas;
 - (c) Statement on the Board's responsibility for preparing the annual audited accounts; and
 - (d) Statement about the state of internal control of the Group.
- 4) The Committee may report any breaches of the Listing Requirements, which have not been satisfactorily resolved, to the Bursa Malaysia.

Audit Committee Report (cont'd)

AUDIT COMMITTEE MEETINGS

The Audit Committee met five times during the financial year ended 30 June 2004. The details of Audit Committee's meetings held and attended by the Committee during the financial year are as follows:-

Audit Committee Member	Attendance at the Committee Meetings held from 1/7/2003 to 30/06/2004
Chai Moi Kim <i>(Independent Non-Executive Director)</i>	Attended 5 out of 5 meetings
Yeaw Kok Sing <i>(Group Managing Director)</i>	Attended 5 out of 5 meetings
Tan Loy Fatt <i>(Independent Non-Executive Director)</i>	Attended 5 out of 5 meetings

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 30 JUNE 2004

During the financial year 30 June 2004, the activities of the Audit Committee included the following:-

- (a) review of the quarterly financial results and announcements for the financial quarters ended 30/6/2003, 30/9/2003, 31/12/2003 and 31/3/2004 prior to submission to the Board of Directors for consideration and approval;
- (b) review of the audited financial statements for the financial year ended 30 June 2003;
- (c) review of the external auditors' reports for the financial year ended 30 June 2003 in relation to audit and accounting issues arising from the audit;
- (d) consider the nomination of the external auditors for recommendation to the Board for re-appointment;
- (e) review and approve the Group Internal Audit Planning Memorandum for the year of 2004;
- (f) review of the internal audit and risk management reports of the Group; and
- (g) review of the disclosure statements on compliance of the Malaysian Code of Corporate Governance and the state of internal control.

INTERNAL AUDIT FUNCTION

The Audit Committee is supported by the internal audit department. The main role of the department is to undertake regular and systematic review of the systems of controls of the Group so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively.

The internal audits cover the following:

- (a) review and report on the extent of the Group's compliance with the provision set out under the Malaysian Code on Corporate Governance;
- (b) review of the risk management report on the risk profile of the Group and the adequacy and integrity of internal control system to manage these risks;
- (c) ensure the risk profile are continually updated in line with the changes in the business environment and continuous monitoring of controls; and
- (d) review and appraise the adequacy, effectiveness and reliability of internal control systems, policies and procedures.

Other Disclosure Information

UTILISATION OF PROCEEDS

The Company did not make any corporate proposal to raise proceed during the financial year ended 30 June 2004.

SHARE BUY-BACK

The Company did not make any share buy-back during the financial year ended 30 June 2004.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

No options, warrants or convertible securities were exercised in the financial year ended 30 June 2004.

AMERICAN DEPOSITORY RECEIPT (“ADR”) OR GLOBAL DEPOSITORY RECEIPT (“GDR”) PROGRAMME

During the financial year ended 30 June 2004, 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 2004.

VARIATION IN RESULTS

There was no material variance between the audited results for the financial year ended 30 June 2004 and the unaudited results previously announced.

PROFIT GUARANTEE

The Company did not issue any profit guarantee pertaining to the financial year ended 30 June 2004.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiary companies which involve directors' and major shareholders' interests either still subsisting at the end of the financial year ended 30 June 2004 or entered into since the end of the previous financial year.

Statement Of Directors' Responsibility

In Respect Of The Financial Statement

The Board of Directors is required under Paragraph 15.27 (a) of the Listing Requirements of Bursa Malaysia Securities Berhad to issue a statement explaining their responsibility for preparing the annual audited financial statements .

The Directors are required to ensure that the financial statements for each financial year are properly drawn up in accordance with the provisions of the Companies Act , 1965 and it complies with the standards issued by MASB to give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and the results and cash flows of the Group and the Company for the financial year .

In preparing these financial statements, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable accounting standards have been followed; and
- prepared the financial statements on the going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company and to ensure that the financial statements comply with the Companies Act, 1965. The Directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities .

This Statement is made in accordance with a resolution of the Board of Directors dated 21 October 2004.



Report And Financial Statements

For The Year Ended 30 June 2004

- 28 Directors' Report
- 34 Statement By Directors
- 34 Statutory Declaration
- 35 Report Of The Auditors To The Members
- 36 Balance Sheets
- 38 Income Statements
- 39 Statements Of Changes In Equity
- 41 Cash Flow Statements
- 44 Notes To The Financial Statements

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 30 June 2004.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and providing management services. The principal activities of the subsidiaries are referred to in note 5 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 loss for the year	<u>(474,198)</u>	<u>(180,805)</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.

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 provision for doubtful debts, and have satisfied themselves that there were no known bad debts and that no provision for doubtful debts is required.

At the date of this report, the Directors are not aware of any circumstances which would require the writing off of bad debts or a provision for doubtful debts in the financial statements of the Group and of the Company.

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.

Directors' Report (cont'd)

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.

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 except as mentioned in note 26(a)(ii) to the financial statements.
- (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.

WARRANTS 2000/2005

The warrants 2000/2005 are constituted by a Deed Poll dated 12 April 2000. Each Warrant 2000/2005 entitles the holder to subscribe for one new ordinary share of RM1/- each. The exercise price which at 30 June 2004 was RM2.25 per share. The exercise period for Warrants 2000/2005 will expire on 18 May 2005.

Directors' Report (cont'd)

WARRANTS 2000/2005 (cont'd)

None of the warrants 2000/2005 has been exercised during the year and as at 30 June 2004, the number of unexercised warrants 2002/2005 was 17,328,779 (2003 : 17,328,779).

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Group's ESOS was approved by the Securities Commission ("SC") on 4 June 2002, and shall be in force for a period of 5 years commencing from 31 January 2003.

The ESOS was approved by the shareholders at an Extraordinary General Meeting held on 1 November 2002.

The main features of the ESOS are:-

- (a) eligible persons are employees and executive directors of the Group who have served for at least a continuous period of 12 months and have attained the age of 18 years prior to the Date of Offer. The Date of Offer being the date when an offer in writing is made to eligible employees to participate in ESOS. The eligibility for participation in the ESOS shall be at the discretion of the Option Committee appointed by the Board of Directors;
- (b) the maximum amount of shares available under ESOS shall not be more than ten percent of the issued and paid-up ordinary share capital of the Company at any point of time during the existence of ESOS;
- (c) not more than fifty percent of the shares available under the ESOS shall be allocated in aggregate to executive directors and senior management;
- (d) not more than ten percent of the shares available under the ESOS would be allocated to any individual executive director or eligible employee, who either singly or collectively through his/her associates holds twenty percent or more of the issued and paid-up share capital of the Company;
- (e) no option shall be granted for less than 1,000 shares nor exceed the Maximum Allowable Amount to any eligible employee. The option may be exercised in full or in such lesser number of ordinary shares provided that the number shall be in multiples of 1,000;
- (f) the ESOS subscription price for each ordinary share shall be based on the average of the mean market quotation of the shares of the Company as shown in the Daily Official List issued by the Bursa Malaysia Securities Berhad for the five market days preceding the Date of Offer, provided that a discount, if any, of not more than ten percent from the weighted average market price is allowed or at the par value of the shares of the Company, whichever is higher; and
- (g) the ordinary shares to be allotted upon exercise of the option will, upon allotment and issue, rank pari passu in all respect with the existing issued and paid-up ordinary shares of the Company.

During the financial year, the following events occurred pursuant to ESOS:-

- (i) 3,228,000 share options were granted to eligible employees; and
- (ii) 250,000 options lapsed due to resignations of eligible employees.

Directors' Report (cont'd)

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (cont'd)

The summary of the above movements and the number of share options under ESOS as at the financial year end are as follows:-

Tranche	Date Granted	Exercise Price Per Share RM	Number of Share Options				
			At 1.7.03	Granted	Exercised	Lapsed Due to Resignation	At 30.6.04
1	13.11.03	1.00	-	3,228,000	-	(250,000)	2,978,000

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of option holders and their holdings pursuant to Section 169(11) of the Companies Act, 1965, except for information of employees who were granted options of above 400,000 shares each.

Other than the Directors' options disclosed below, no other employees were granted more than 400,000 options each under ESOS.

DIRECTORS OF THE COMPANY

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

YEAU KOK SING

TAN PO MOI (F)

YEAU KOK HO

YOU KOOK SING

(Resigned on 26.10.04)

HAJI ABDUL RASHID BIN MOHD. YUSOFF

CHAI MOI KIM

TAN LOY FATT

LEOW BOCK LIM

SHA THIAM FOOK

(Resigned on 26.10.04)

HOW KIM LEONG @ LOW KIM LEONG

(Appointed on 1.4.04)

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

(a) Shareholdings in the Company

	Number of Ordinary Shares of RM1/- Each			
	At 1.7.03	Bought	Sold	At 30.6.04
Direct Interest				
Yeaw Kok Sing	9,609,658	-	-	9,609,658
Tan Po Moi	5,901,822	-	-	5,901,822
Haji Abdul Rashid bin Mohd. Yusoff	267,200	-	(260,000)	7,200

Directors' Report (cont'd)

DIRECTORS OF THE COMPANY (cont'd)

	Number of Ordinary Shares of RM1/- Each			
	At 1.7.03	Bought	Sold	At 30.6.04
Indirect Interest				
Yeaw Kok Sing *	5,901,822	-	-	5,901,822
Tan Po Moi **	9,609,658	-	-	9,609,658
Haji Abdul Rashid bin Mohd. Yusoff ***	5,256,056	-	-	5,256,056

(b) Warrants in the Company

	Number of Warrants 2000/2005			
	At 1.7.03	Bought	Sold	At 30.6.04
Direct Interest				
Haji Abdul Rashid bin Mohd. Yusoff	274,133	-	-	274,133
Yeaw Kok Sing	3,731	-	-	3,731
Tan Po Moi	1,600	-	-	1,600
Indirect Interest				
Haji Abdul Rashid bin Mohd. Yusoff ***	3,506,782	-	-	3,506,782
Yeaw Kok Sing *	1,600	-	-	1,600
Tan Po Moi **	3,731	-	-	3,731

(c) Share Options Pursuant to ESOS

	Number of Options Over Ordinary Shares of RM1/- Each				
	At 1.7.03	Granted	Exercised	At 30.6.04	Exercised Price
Direct Interest					
Haji Abdul Rashid bin Mohd Yusoff	-	340,000	-	340,000	1.00
Yeaw Kok Sing	-	440,000	-	440,000	1.00
Tan Po Moi	-	440,000	-	440,000	1.00
Yeaw Kok Ho	-	420,000	-	420,000	1.00
You Kook Sing	-	340,000	-	340,000	1.00
Indirect Interest					
Yeaw Kok Sing *	-	440,000	-	440,000	1.00
Tan Po Moi **	-	440,000	-	440,000	1.00

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

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

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

Directors' Report (cont'd)

DIRECTORS OF THE COMPANY (cont'd)

By virtue of their interest in the shares of the Company, the Directors as disclosed above are also deemed to have an interest in the shares of the subsidiaries to the extent of the shareholdings of the Company.

In accordance with Article 92 of the Company's Articles of Association Mr. Chai Moi Kim and Tuan Haji Abdul Rashid Bin Mohd. Yusoff retire from the board at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

In accordance with Article 97 of the Company's Articles of Association, Mr. How Kim Leong @ Low Kim Leong retires from the board at the forthcoming annual general meeting and being eligible offers himself 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 benefits-in-kind disclosed in 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 other than ESOS disclosed in the financial statements.

SIGNIFICANT EVENTS

Significant events arising during the year referred to in this report are set out in note 35 to the financial statements.

AUDITORS

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

On Behalf of the Board

YEAU KOK SING

HAJI ABDUL RASHID BIN MOHD. YUSOFF

KUALA LUMPUR
27 October 2004

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 36 to 78, 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 30 June 2004 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

HAJI ABDUL RASHID BIN MOHD. YUSOFF

KUALA LUMPUR
27 October 2004

Statutory Declaration

I, Yew 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 36 to 78 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 27 day of October 2004
Before me

YEAW KOK SING

Report Of The Auditors

To The Members Of **AUTOAIR HOLDINGS BERHAD**
And Its Subsidiaries (Incorporated in Malaysia)

We have audited the financial statements set out on pages 36 to 78.

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 have been prepared 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, 2004 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' reports of the subsidiaries for which we have not acted as auditors, as indicated in note 5 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
1551/01/05 (J)
PARTNER

KUALA LUMPUR
27 October 2004

Balance Sheets

As At 30 June 2004

	NOTE	GROUP		COMPANY	
		2004 RM	2003 RM	2004 RM	2003 RM
NON-CURRENT ASSETS					
Property, plant and equipment	3	47,625,788	44,005,569	-	-
Capital work-in-progress	4	180,800	6,188,159	-	-
Investment in subsidiaries	5	-	-	26,649,343	26,649,343
Investment in associated company	6	-	109,224	-	300,000
Quoted investments	7	5,085	5,085	-	-
Goodwill on consolidation	8	1,530	3,198	-	-
		<u>47,813,203</u>	<u>50,311,235</u>	<u>26,649,343</u>	<u>26,949,343</u>
CURRENT ASSETS					
Inventories	9	11,066,488	12,137,834	-	-
Trade receivables	10	8,739,380	7,176,745	-	-
Other receivables, deposits and prepayments	11	635,121	617,993	2,987	1,000
Tax assets	12	516,143	224,321	21,192	6,142
Amount owing by subsidiaries	13	-	-	17,706,679	17,576,371
Fixed deposits with a licensed bank	14	381,653	368,000	-	-
Cash at banks and in hand		752,932	381,060	11,119	25,221
		<u>22,091,717</u>	<u>20,905,953</u>	<u>17,741,977</u>	<u>17,608,734</u>
CURRENT LIABILITIES					
Trade payables	15	4,925,160	5,124,877	-	-
Other payables, accruals and provision	16	2,019,152	2,080,744	116,325	100,077
Hire purchase payables	17	56,531	53,933	-	-
Bank overdrafts - secured	18	2,049,521	2,313,186	-	-
Other bank borrowings	19	4,558,884	3,508,010	-	-
Taxation		-	67,145	-	-
		<u>13,609,248</u>	<u>13,147,895</u>	<u>116,325</u>	<u>100,077</u>
NET CURRENT ASSETS					
		<u>8,482,469</u>	<u>7,758,058</u>	<u>17,625,652</u>	<u>17,508,657</u>
		<u>56,295,672</u>	<u>58,069,293</u>	<u>44,274,995</u>	<u>44,458,000</u>

Balance Sheets

As At 30 June 2004 (cont'd)

	NOTE	GROUP		COMPANY	
		2004 RM	2003 RM	2004 RM	2003 RM
CAPITAL AND RESERVES					
Share capital	20	44,000,000	44,000,000	44,000,000	44,000,000
Reserves	21	1,623,393	2,099,881	274,995	458,000
SHAREHOLDERS' EQUITY		45,623,393	46,099,881	44,274,995	44,458,000
NON-CURRENT LIABILITIES					
Hire purchase payables	17	186,409	242,940	-	-
Term loans	22	7,647,670	8,602,272	-	-
Deferred tax liabilities	23	2,838,200	3,124,200	-	-
		10,672,279	11,969,412	-	-
		<u>56,295,672</u>	<u>58,069,293</u>	<u>44,274,995</u>	<u>44,458,000</u>

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

Income Statements

For The Year Ended 30 June 2004

	NOTE	GROUP		COMPANY	
		2004 RM	2003 RM	2004 RM	2003 RM
OPERATING REVENUE	24	31,384,925	32,731,635	136,332	181,249
COST OF SALES	25	(27,019,162)	(27,184,256)	-	-
GROSS OPERATING PROFIT		4,365,763	5,547,379	136,332	181,249
OTHER OPERATING REVENUE		373,513	443,228	-	-
DISTRIBUTION COSTS		(718,634)	(630,533)	-	-
ADMINISTRATIVE COSTS		(3,785,022)	(3,810,223)	(149,203)	(139,445)
OTHER OPERATING COSTS		(101,627)	(234,443)	(152,790)	(9,565)
		(4,605,283)	(4,675,199)	(301,993)	(149,010)
PROFIT/(LOSS) FROM OPERATIONS		133,993	1,315,408	(165,661)	32,239
FINANCE COSTS		(922,225)	(853,159)	(15,372)	(14,588)
SHARE OF RESULTS OF ASSOCIATED COMPANY		30,681	1,766	-	-
(LOSS)/PROFIT BEFORE TAXATION	26	(757,551)	464,015	(181,033)	17,651
TAXATION	27	283,353	(220,525)	228	(16,258)
NET (LOSS)/PROFIT FOR THE YEAR		(474,198)	243,490	(180,805)	1,393
(LOSS)/EARNINGS PER ORDINARY SHARE (SEN)	28	(1.08)	0.56		

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 30 June 2004

	ISSUED & PAID-UP SHARE CAPITAL RM	SHARE PREMIUM RM	TRANSLATION RESERVE RM	RETAINED PROFITS RM	TOTAL SHAREHOLDERS' EQUITY RM
GROUP					
At 1.7.02	25,000,000	4,426,482	90	13,676,588	43,103,160
Currency translation differences	-	-	(79)	-	(79)
Share issue expenses incurred	-	(126,690)	-	-	(126,690)
Net loss/expense not recognised in the income statement	-	(126,690)	(79)	-	(126,769)
Issuance of shares pursuant to:-					
- Private placements	2,500,000	380,000	-	-	2,880,000
- Bonus issue	16,500,000	(4,636,000)	-	(11,864,000)	-
	19,000,000	(4,256,000)	-	(11,864,000)	2,880,000
Net profit for the year	-	-	-	243,490	243,490
At 30.6.03	44,000,000	43,792	11	2,056,078	46,099,881
Currency translation differences	-	-	(90)	-	(90)
Share issue expenses incurred	-	(2,200)	-	-	(2,200)
Net loss/expense not recognised in the income statement	-	(2,200)	(90)	-	(2,290)
Net profit for the year	-	-	-	(474,198)	(474,198)
At 30.6.04	44,000,000	41,592	(79)	1,581,880	45,623,393

Statements Of Changes in Equity

For The Year Ended 30 June 2004 (cont'd)

	ISSUED & PAID-UP SHARE CAPITAL RM	SHARE PREMIUM RM	TRANSLATION RESERVE RM	RETAINED PROFITS RM	TOTAL SHAREHOLDERS' EQUITY RM
Company					
At 1.7.02	25,000,000	4,426,482	-	12,276,815	41,703,297
Issuance of shares pursuant to					
- Private placements	2,500,000	380,000	-	-	2,880,000
- Bonus Issue	16,500,000	(4,636,000)	-	(11,864,000)	-
	19,000,000	(4,256,000)	-	(11,864,000)	2,880,000
Share issue expenses incurred *	-	(126,690)	-	-	(126,690)
Net profit for the year	-	-	-	1,393	1,393
At 30.6.03	44,000,000	43,792	-	414,208	44,458,000
Share issue expenses incurred *	-	(2,200)	-	-	(2,200)
Net loss for the year	-	-	-	(180,805)	(180,805)
At 30.6.04	44,000,000	41,592	-	233,403	44,274,995

* Represents net loss/expense not recognised in the income statement.

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 30 June 2004

	NOTE	GROUP		COMPANY	
		2004 RM	2003 RM	2004 RM	2003 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit Before Taxation		(757,551)	464,015	(181,033)	17,651
Adjustments for:-					
Allowance for diminution in value of quoted investments		-	22,316	-	-
Allowance for slow-moving inventories		296,805	101,771	-	-
Allowance for slow-moving inventories no longer required		-	(62,793)	-	-
Amortisation of leasehold land		16,229	16,229	-	-
Amortisation of goodwill on consolidation		1,668	4,167	-	-
Bad debts written off		-	23,766	-	9,565
Depreciation of property, plant and equipment		4,964,545	4,657,980	-	-
Long term receivables written off		-	69,700	-	-
(Gain)/Loss on disposal of an associated company		(7,305)	-	152,790	-
Loss on disposal of freehold land and building		40,453	119,194	-	-
Dividend revenue		(15)	(135)	-	-
Gain on disposal of property, plant and equipment		(209,753)	(28,757)	-	-
Gain on disposal of quoted investments		-	(6,300)	-	-
Interest expenses		857,421	763,607	12,648	12,359
Interest revenue		(17,178)	(1,676)	(16,332)	(61,249)
Property, plant and equipment written off		4,285	-	-	-
Provision for employee benefits		29,000	-	-	-
Share of results of associated company		(30,681)	(1,766)	-	-
Operating Profit/(Loss) Before Working Capital Changes		5,187,923	6,141,318	(31,927)	(21,674)
Decrease/(Increase) in inventories		774,541	(1,972,477)	-	-
(Increase)/Decrease in trade and other receivables		(1,579,763)	(467,099)	(1,987)	20,320
(Decrease)/Increase in trade and other payables		(290,309)	(2,203,570)	16,248	17,157
Cash generated from/(used in) Operations Carried Down		4,092,392	1,498,172	(17,666)	15,803

Cash Flow Statements

For The Year Ended 30 June 2004 (cont'd)

NOTE	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Cash Generated From/(Used In)				
Operations brought down	4,092,392	1,498,172	(17,666)	15,803
Interest paid	(857,421)	(763,607)	(12,648)	(12,359)
Interest received	3,525	1,676	16,332	61,249
Income tax refunded	-	104,390	-	28,610
Income tax paid	(361,614)	(175,916)	(14,822)	(1,729)
Net Cash Generated From/(Used In)				
Operating Activities	2,876,882	664,715	(28,804)	91,574

CASH FLOWS FROM INVESTING ACTIVITIES

Capital work-in-progress incurred	(487,247)	(3,833,193)	-	-
Dividend received	15	103	-	-
Incidental costs incurred on disposal of freehold land and building	(5,000)	(12,826)	-	-
Incidental costs incurred on disposal of an associated company	(3,696)	-	(3,696)	-
Placement of fixed deposits	-	(368,000)	-	-
Proceeds from disposal of an associated company	150,906	-	150,906	-
Proceeds from disposal of freehold land and building	500,000	460,000	-	-
Proceeds from disposal of property, plant and equipment	239,500	180,200	-	-
Proceeds from disposal of quoted investments	-	29,800	-	-
Purchase of property, plant and equipment	29 (2,675,872)	(4,974,660)	-	-
Repayments from subsidiaries	-	-	3,308,125	11,253,741
Advances to subsidiaries	-	-	(3,438,433)	(9,028,643)
Subscription of shares in a subsidiary	-	-	-	(5,000,000)
Net Cash (Used In)/Generated From Investing Activities	(2,281,394)	(8,518,576)	16,902	(2,774,902)
Balance carried down	595,488	(7,853,861)	(11,902)	(2,683,328)

Cash Flow Statements

For The Year Ended 30 June 2004 (cont'd)

	NOTE	GROUP		COMPANY	
		2004 RM	2003 RM	2004 RM	2003 RM
Balance brought down		595,488	(7,853,861)	(11,902)	(2,683,328)
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of bankers' acceptance		12,577,000	14,760,000	-	-
Repayments of bankers' acceptance		(12,163,000)	(12,697,000)	-	-
Payments to hire purchase payables		(53,933)	(10,437)	-	-
Proceeds from issuance of shares		-	2,880,000	-	2,880,000
Proceeds from term loans		1,437,568	4,634,634	-	-
Repayments to subsidiary		-	-	-	(49,575)
Repayments of term loans		(1,755,296)	(799,284)	-	-
Share issue expenses incurred		(2,200)	(126,690)	(2,200)	(126,690)
Net Cash Generated From/(Used In) Financing Activities		40,139	8,641,223	(2,200)	2,703,735
Translation reserve		635,627	787,362	(14,102)	20,407
		(90)	(79)	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		635,537	787,283	(14,102)	20,407
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		(1,932,126)	(2,719,409)	25,221	4,814
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	30	(1,296,589)	(1,932,126)	11,119	25,221

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

Notes To The Financial Statements

30 June 2004

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. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on Second Board of the Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Lot 4.100, Tingkat 4, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur.

The principal place of business of the Company is located at Lot 1735, Batu 29, Jalan KL-Ipoh, Serendah, 44300 Batang Kali, Selangor Darul Ehsan.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 27 October 2004.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Group and the Company are consistent with those adopted in previous years except for the adoption of new applicable accounting standards as follows:-

Retrospective application

MASB 29 : Employee Benefits

No prior year adjustments is recognised as there is no material impact on the prior year's financial statements.

Arising from adoption of this new standard, the accounting policy on employee benefits is disclosed in note 2(n) to the financial statements.

The effect of changes in accounting policy on employee benefits on the current year's results is an increase in net loss of the Group of RM29,000/-.

(a) Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the respective accounting policies as set out below. Certain freehold land and buildings of a subsidiary are stated in the Group's financial statements at values reflecting the effective acquisition costs to the Group (group cost) of these assets.

(b) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all of its subsidiaries made up to the end of the financial year.

Intragroup balances, transactions and resulting unrealised profits are eliminated on consolidation. Unrealised losses are eliminated on consolidation unless cost cannot be recovered. Consolidated financial statements reflect external transactions only.

The financial statements of subsidiaries acquired or disposed of during the financial year are included in the consolidated financial statements based on the acquisition method from the effective date of acquisition or up to the effective date of disposal respectively.

Notes To The Financial Statements

30 June 2004 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Goodwill or Reserve on Consolidation

Goodwill or reserve on consolidation represents the difference between the purchase consideration and the fair value of the Group's share of net assets of the subsidiary at the date of acquisition.

Goodwill or reserve on consolidation is amortised over a period of 3 years or the expected useful life, whichever is shorter. Goodwill on consolidation is written down when there is an impairment in their carrying value.

(d) Subsidiary

A subsidiary is defined as a company in which the Group has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiaries, which are eliminated on consolidation, are stated at cost less accumulated impairment losses, if any, in the Company's financial statements. Impairment loss is recognised on individual basis. The difference between net disposal proceeds and its carrying amount is charged or credited to income statement upon disposal of the investment.

(e) Associated Company

An associated company is defined as a company, not being a subsidiary, in which the Group has a long term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associated companies are stated at cost less accumulated impairment loss, if any, in the Company's financial statements.

The Group's interest in an associated company is stated at cost plus adjustments for postacquisition 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 consolidated 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 to recognise its share of profits after its share of the profits equals to its share of losses previously not recognised.

(f) Property, Plant and Equipment and Depreciation

In the subsidiary's financial statements, certain freehold land and buildings are stated at valuation less accumulated depreciation and accumulated impairment losses, if any, except for freehold land which is not depreciated. Additions subsequent to the date of the last valuation exercise are stated at cost less accumulated depreciation and accumulated impairment losses, if any. All other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

In the consolidated financial statements, all property, plant and equipment are stated at the Group's cost less accumulated depreciation and accumulated impairment losses, if any.

Property, plant and equipment, except for freehold land which is not depreciated, 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

30 June 2004 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Property, Plant and Equipment and Depreciation (cont'd)

The principal annual rates used for this purpose are:-

Leasehold land	Over remaining lease period of 73.92 years
Buildings	2%
Plant, machinery and factory equipment	10%
Furniture, fittings and office equipment	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.

(g) Impairment of Assets

The carrying amounts of assets other than inventories, assets arising from construction contracts, deferred tax assets, assets arising from employee benefits and financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of net selling price and the value in use, which is measured by reference to discounted future cash flows. An impairment loss is recognised whenever the carrying amount of an item of assets exceeds its recoverable amount.

An impairment loss is recognised as an expense in the income statement. Any subsequent reversal of impairment loss due to an increase in recoverable amount is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior years. The reversal of impairment loss is recognised as revenue in the income statements.

(h) Capital Work-In-Progress

Capital work-in-progress consists of expenditure including borrowing costs 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.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value and are determined on the first-in-first-out basis. Cost include the actual cost of purchases and incidentals in bringing the inventories into store and for manufactured goods, they include labour and appropriate proportion of production overheads.

In arriving at net realisable value, due allowance has been made for all obsolete and slowmoving inventories.

(j) Capitalisation of Borrowing Costs

Borrowing costs in respect of expenditure incurred on acquisition of property, plant and equipment is capitalised during the period when activities to plan, develop and construct these assets are undertaken. Capitalisation of borrowing costs ceases when the property, plant and equipment are ready for their intended use.

Notes To The Financial Statements

30 June 2004 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) 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, 2004, at the approximate rates ruling as at that date or at the contracted rate where applicable. All gains and losses on exchange are included in the income statement.

(ii) Translation of foreign currency financial statements

Financial statements of foreign entities are translated at year end exchange rates with respect to assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are taken to reserves.

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

	2004 RM	2003 RM
Australian Dollars	2.6100	2.5285
Japanese Yen	0.0349	0.0317
New Taiwan Dollars	0.1129	0.1098
Singapore Dollars	2.2139	2.1631
US Dollars	3.7994	3.7994

(l) Hire Purchase

Hire purchase instalment plans are agreements whereby the lender conveys to the hirer, in return for a series of instalment payments, the rights to use the assets which involved with an option for hirer to purchase the assets upon full settlement of the instalment payments.

Cost of property, plant and equipment acquired under the hire purchase instalment plans are capitalised as property, plant and equipment and depreciated in accordance with the Group's policy on depreciation of property, plant and equipment. The related finance charges are allocated to the income statement over the period of the instalment plans based on the sum-of-digit method so as to produce a constant periodic rate of interest charges on the remaining balance of the liability. The total outstanding instalment payments after deducting the unexpired finance charges representing the present value of hire purchase liabilities, are included in liabilities.

(m) Taxation

Taxation in the income statement represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the year and any adjustments recognised in the year for current tax of prior years.

Notes To The Financial Statements

30 June 2004 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Taxation (cont'd)

Deferred tax is recognised, using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled.

Deferred tax is recognised in equity when it relates to items recognised directly in equity. When deferred tax arises from business combination that is an acquisition, the deferred tax is included in the resulting goodwill or negative goodwill.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxation authority to offset or when it is probable that future taxable income will be available against which the assets can be utilised.

(n) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries and bonuses are recognised as an expenses in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.

(iii) Equity Compensation Benefits

The Employees' Share Option Scheme allows the Group's employees to acquire shares in the Company. No compensation cost or obligation is recognised when the options are exercised, equity is increased by the amount of the proceeds received.

(o) Revenue Recognition

Revenue from sales of goods and services are recognised when goods are delivered or services are performed respectively.

Dividend revenue is recognised when the right to receive the dividend is established.

Management fee and rental revenue are recognised on receivable basis.

Interest revenue is recognised on a time proportion basis that reflects the effective yield of the asset.

(p) Exceptional Items

Exceptional items relate to items of revenue and expenses within profit or loss from ordinary activities which are of such size, nature or incidence that their disclosure is relevant to explain the performance of the Company.

Notes To The Financial Statements

30 June 2004 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Cash and Cash Equivalents

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

(r) Financial Instruments

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, losses and gains relating to financial instruments classified as assets or liabilities are reported as expense or revenue. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The recognised financial instruments comprise cash and cash equivalents, fixed deposits, trade and other receivables, trade and other payables, other non-current investments, interest bearing borrowings and ordinary shares. These instruments are recognised in the financial statements when a contract or contractual arrangement has been entered into with the counter-parties.

The unrecognised financial instruments comprise financial guarantees given to financial institutions and a third party supplier for subsidiaries' banking and credit facilities and derivative financial instruments such as foreign exchange forward contracts. The financial guarantees would be recognised as liabilities when obligations to pay the counter-parties are assessed as being probable. The derivatives are recognised only when underlying transactions occur or when settle.

(i) Pledged Fixed Deposits with A Licensed Bank

Pledged fixed deposits with a licensed bank are stated at cost.

(ii) Receivables

Receivables are stated at cost less allowance for doubtful debts, if any, which are the anticipated realisable values. Known bad debts are written off and specific allowance is made for those debts considered to be doubtful of collection.

(iii) Payables

Payables are stated at cost which are the fair values of the considerations to be paid in the future for goods and services received.

(iv) Other Non-Current Investments

Non-current investments other than investments in subsidiaries and associated company are stated at cost less allowance for diminution in value, if any.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

Notes To The Financial Statements

30 June 2004 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Financial Instruments (cont'd)

(v) Interest Bearing Bank Borrowings

The interest bearing bank borrowings include bank overdrafts, hire purchase payables, bankers' acceptance and term loans are stated at the amount of proceeds received, net of transaction costs.

(vi) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction, other than in the context of a business combination, are accounted for as deduction from equity, net of tax. Equity transaction costs comprise only those external costs directly attributable to the equity transaction which would otherwise have been avoided. Costs of issuing equity securities in connection with a business combination are included in the cost of acquisition.

(vii) Derivative Financial Instruments

Derivative financial instruments such as foreign exchange forward contracts are not recognised in the financial statements on inception.

The underlying foreign currency assets or liabilities are translated at their respective hedged exchange rate and all exchange gains or losses are recognised as revenue or expense in the income statement in the same period as the exchange differences on the underlying hedged items. Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transaction, at which time they are included in the measurement of such transactions.

3. PROPERTY, PLANT AND EQUIPMENT

GROUP	FREEHOLD LAND RM	LONG TERM LEASEHOLD LAND RM	BUILDINGS RM	PLANT, MACHINERY & FACTORY EQUIPMENT RM	FURNITURE, FITTINGS & OFFICE EQUIPMENT RM	MOTOR VEHICLES RM	TOTAL RM
COST							
At 1.7.03	4,299,992	1,199,579	12,850,953	41,744,938	4,386,592	2,968,103	67,450,157
Additions	-	-	-	2,218,527	111,799	345,546	2,675,872
Transfer from capital work- in-progress (note 4)	-	-	-	6,494,606	-	-	6,494,606
Disposals	(303,637)	-	(266,363)	-	(3,700)	(678,350)	(1,252,050)
Written off	-	-	-	(5,838)	(359)	-	(6,197)
At 30.6.04	3,996,355	1,199,579	12,584,590	50,452,233	4,494,332	2,635,299	75,362,388

Notes To The Financial Statements

30 June 2004 (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

GROUP	FREEHOLD LAND RM	LONG TERM LEASEHOLD LAND RM	BUILDINGS RM	PLANT, MACHINERY & FACTORY EQUIPMENT RM	FURNITURE, FITTINGS & OFFICE EQUIPMENT RM	MOTOR VEHICLES RM	TOTAL RM
ACCUMULATED DEPRECIATION							
At 1.7.03	-	32,458	1,035,219	18,564,669	1,755,211	2,057,031	23,444,588
Charge for the year	-	16,229	253,024	4,030,393	391,810	289,318	4,980,774
Disposals	-	-	(34,547)	-	(2,187)	(650,116)	(686,850)
Written off	-	-	-	(1,897)	(15)	-	(1,912)
At 30.6.04	-	48,687	1,253,696	22,593,165	2,144,819	1,696,233	27,736,600
NET BOOK VALUE							
At 30.6.04	3,996,355	1,150,892	11,330,894	27,859,068	2,349,513	939,066	47,625,788
At 30.6.03	4,299,992	1,167,121	11,815,734	23,180,269	2,631,381	911,072	44,005,569
Depreciation charge for the year ended 30.6.03	-	16,229	257,068	3,668,981	387,958	343,973	4,674,209

- (a) The Group's long term leasehold land has an unexpired lease period of more than 50 years.
- (b) Property, plant and equipment pledged as securities for borrowing facilities granted to the subsidiaries as mentioned in note 19 to the financial statements are as follows:-

	GROUP	
	2004 RM	2003 RM
Freehold land	3,823,520	4,127,157
Long term leasehold land	1,150,892	1,167,121
Buildings	11,226,975	11,709,400
Plant, machinery and factory equipment	15,728,371	10,379,363
	<u>31,929,758</u>	<u>27,383,041</u>

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

	GROUP	
	2004 RM	2003 RM
MOTOR VEHICLES		
Cost	432,642	496,324
Net book value	<u>331,931</u>	<u>450,303</u>

Notes To The Financial Statements

30 June 2004 (cont'd)

4. CAPITAL WORK-IN-PROGRESS

	GROUP	
	2004 RM	2003 RM
At cost:		
At beginning of the year	6,188,159	2,453,974
Additions during the year	487,247	3,833,193
Transfer to property, plant and equipment (note 3)	(6,494,606)	(99,008)
At end of the year	<u>180,800</u>	<u>6,188,159</u>

The capital work-in-progress is in respect of progress payments made for construction of plant and machinery of RM180,800/- (2003 : RM5,858,159/-) and full cost incurred on acquisition of certain plant and machinery of Nil (2003 : RM330,000/-) which are still pending commissioning by the supplier.

There was no borrowing cost capitalised in the capital work-in-progress for the year.

In previous financial year, capital work-in-progress amounting to RM5,596,125/- was pledged as securities for banking facilities granted to a wholly owned subsidiary.

5. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2004 RM	2003 RM
Unquoted shares, at cost		
At beginning of the year	26,649,343	21,649,343
Additions during the year	-	5,000,000
At end of the year	<u>26,649,343</u>	<u>26,649,343</u>

The particulars of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activity
		2004	2003	
Autoair 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

Notes To The Financial Statements

30 June 2004 (cont'd)

5. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activity
		2004	2003	
Autoair Industries Sdn. Bhd.	Malaysia	100%	100%	Manufacturing of automotive air-conditioning components and accessories
Autoair International Marketing Sdn. Bhd.	Malaysia	100%	100%	Agents, distributors, dealers, importers and exporters of all automotive air-conditioning components and accessories
AGP Corporation Sdn. Bhd.	Malaysia	100%	100%	Manufacturing of automotive air-conditioning die cast components and accessories
Autoair Sales & Services Sdn. Bhd.	Malaysia	100%	100%	Agent and importers of all kinds of automotive air-conditioning components and accessories
# Autoair Technologies Sdn. Bhd. (formerly known as Uchida Technologies Sdn. Bhd.)	Malaysia	100%	100%	Manufacturing of automotive air conditioning hose and fittings, accumulators, components and accessories
Held through Autoair Industries Sdn. Bhd.				
# Autoair International (Singapore) Pte. Ltd.	Singapore	100%	100%	Dormant

The financial statements of these subsidiaries are not audited by the Company's auditors.

Notes To The Financial Statements

30 June 2004 (cont'd)

6. INVESTMENT IN ASSOCIATED COMPANY

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Unquoted shares, at cost				
At beginning of the year	300,000	300,000	300,000	300,000
Less: Disposal	(300,000)	-	(300,000)	-
At end of the year	-	300,000	-	300,000
Share of post acquisition results				
At beginning of the year	(190,776)	(192,542)	-	-
Add: Addition	30,681	1,766	-	-
Less: Disposal	160,095	-	-	-
At end of the year	-	(190,776)	-	-
	<u>-</u>	<u>109,224</u>	<u>-</u>	<u>300,000</u>
Represented by:-				
Share of net assets	-	109,224	-	-

The associated company was:-

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activity
		2004	2003	
Autoair Healthcare Management Sdn. Bhd.	Malaysia	-	20%	Provision of health management services

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

7. QUOTED INVESTMENTS

	GROUP	
	2004 RM	2003 RM
At cost:		
Quoted investments in Malaysia		
At beginning of the year	27,401	50,901
Less: Disposal during the year	-	(23,500)
	<u>27,401</u>	<u>27,401</u>
Less: Allowance for diminution in value	(22,316)	(22,316)
At end of the year	<u>5,085</u>	<u>5,085</u>
Market value of quoted investments	<u>5,789</u>	<u>5,485</u>

Notes To The Financial Statements

30 June 2004 (cont'd)

8. GOODWILL ON CONSOLIDATION

	GROUP	
	2004 RM	2003 RM
Goodwill on consolidation, at cost:	21,597	21,597
Less: Accumulated amortisation		
At beginning of the year	18,399	14,232
Amortisation during the year	1,668	4,167
At end of the year	(20,067)	(18,399)
	1,530	3,198

9. INVENTORIES

	GROUP	
	2004 RM	2003 RM
At cost:		
Raw materials	6,106,233	5,931,996
Work-in-progress	2,334,832	3,055,843
Finished goods	3,369,995	3,723,933
	11,811,060	12,711,772
Less: Allowance for slow-moving inventories	(744,572)	(573,938)
	11,066,488	12,137,834

The allowance for slow-moving inventories has been provided on full cost of certain identifiable finished goods.

10. TRADE RECEIVABLES

The Group's normal trade credit term ranges from 30 to 120 days.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor.

The currency exposure profile is disclosed in note 36 to the financial statements.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Other receivables	306,417	225,445	1,987	-
Deposits	40,577	27,676	1,000	1,000
Prepayments	288,127	364,872	-	-
	635,121	617,993	2,987	1,000

The currency exposure profile is disclosed in note 36 to the Financial Statements.

Notes To The Financial Statements

30 June 2004 (cont'd)

12. TAX ASSETS

This is in respect of tax paid in advance to the Inland Revenue Board.

13. AMOUNT OWING BY SUBSIDIARIES

	COMPANY	
	2004 RM	2003 RM
Autoair International Marketing Sdn. Bhd.	2,255,590	1,737,773
Autoair Industries Sdn. Bhd.	3,941,222	3,367,656
Autoair Electric (M) Sdn. Bhd.	3,271,038	4,585,519
Autoair Sales & Services Sdn. Bhd.	1,772,564	1,433,434
Autoair Manufacturing Sdn. Bhd.	1,480,107	2,442,630
AGP Corporation Sdn. Bhd.	144,591	137,900
Autoair Technologies Sdn. Bhd. (formerly known as Uchida Technologies Sdn. Bhd.)	4,841,567	3,871,459
	<u>17,706,679</u>	<u>17,576,371</u>

These amounts are non-trade in nature, unsecured, interest free and have no fixed term of repayment. In previous financial year, amounts owing by certain subsidiaries totalling RM8,168,058/- were subject to interest at the rate of 0.75% per annum.

14. FIXED DEPOSITS WITH A LICENSED BANK

The fixed deposits with a licensed bank are pledged as securities for banking facilities granted to a subsidiary as disclosed in note 19 to the financial statements.

The maturity profile and effective interest rates are disclosed in note 36 to the financial statements.

15. TRADE PAYABLES

The normal trade credit term granted to the Group ranges from 30 to 120 days.

The currency exposure profile is disclosed in note 36 to the financial statements.

16. OTHER PAYABLES, ACCRUALS AND PROVISION

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Other payables	754,911	378,146	-	-
Accruals	1,225,041	1,682,198	116,325	100,077
Refundable deposits	10,200	20,400	-	-
Provision for employee benefits	29,000	-	-	-
	<u>2,019,152</u>	<u>2,080,744</u>	<u>116,325</u>	<u>100,077</u>

Notes To The Financial Statements

30 June 2004 (cont'd)

17. HIRE PURCHASE PAYABLES

	GROUP	
	2004 RM	2003 RM
Total instalment payments	272,602	344,162
Less: Future finance charges	(29,662)	(47,289)
Present value of hire purchase liabilities	<u>242,940</u>	<u>296,873</u>
Payable within 1 year		
Total instalment payments	69,600	71,560
Less: Future finance charges	(13,069)	(17,627)
Present value of hire purchase liabilities	56,531	53,933
Payable after 1 year but not later than 5 years		
Total instalment payments	203,002	272,602
Less: Future finance charges	(16,593)	(29,662)
Present value of hire purchase liabilities	<u>186,409</u>	<u>242,940</u>
Present value of hire purchase liabilities	<u>242,940</u>	<u>296,873</u>

The maturity profile and effective interest rates are disclosed in note 36 to the financial statements.

18. BANK OVERDRAFTS - SECURED

The bank overdrafts bear interest at rates of 7.50% (2003 : 7.50% to 7.90%) per annum.

The securities pledged for the secured bank overdrafts are disclosed in note 19 to the financial statements.

The maturity profile and effective interest rates are disclosed in note 36 to the financial statements.

19. OTHER BANK BORROWINGS

	GROUP	
	2004 RM	2003 RM
Term loans repayable within 1 year (note 22)		
- secured	1,799,884	1,119,188
- unsecured	-	43,822
	1,799,884	1,163,010
Bankers' acceptance		
- secured	2,668,000	2,219,000
- unsecured	91,000	126,000
	<u>2,759,000</u>	<u>2,345,000</u>
	<u>4,558,884</u>	<u>3,508,010</u>

Notes To The Financial Statements

30 June 2004 (cont'd)

19. OTHER BANK BORROWINGS (cont'd)

The bankers' acceptance bear interest at rates ranging from 2.95% to 3.15% (2003 : 2.95% to 3.15%) per annum.

The term loans, bank overdrafts and bankers' acceptance facilities are secured and supported as follows:-

- i. fixed charges on certain landed properties of the subsidiary to the extent of RM15,750,000/- (2003 : RM15,750,000/-);
- ii. specific debenture of RM2,999,000/- and RM12,600,000/- (2003 : RM2,999,000/- and RM12,600,000/-) over the machinery and equipment financed by the term loan;
- iii. specific debenture of RM12,600,000/- (2003 : RM12,600,000/-) over the existing plant and machinery owned by a subsidiary;
- iv. fixed deposits of a wholly owned subsidiary; and
- v. corporate guarantees of the Company.

The terms of repayment and interest rates in respect of the term loans are disclosed in note 22 to the financial statements.

The maturity profile and effective interest rates are disclosed in note 36 to the financial statements.

20. I. SHARE CAPITAL

	GROUP/COMPANY	
	2004	2003
	RM	RM
Ordinary shares of RM1/- each		
Authorised:		
100,000,000 ordinary shares	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid:		
At beginning of the year	44,000,000	25,000,000
Allotted during the year		
Private placements	-	2,500,000
Bonus issue	-	16,500,000
	<u>-</u>	<u>19,000,000</u>
At end of the year	<u>44,000,000</u>	<u>44,000,000</u>

II. WARRANT 2000/2005

The warrants 2000/2005 are constituted by a Deed Poll dated 12 April 2000. Each Warrant 2000/2005 entitles the holder to subscribe for one new ordinary share of RM1/- each at an exercise price of which at 30 June 2004 was RM2.25 per share. The exercise period for Warrants 2000/2005 will expire on 18 May 2005.

At 30 June 2004, the number of unexercised warrants 2000/2005 was 17,328,779 (2003 : 17,328,779).

Notes To The Financial Statements

30 June 2004 (cont'd)

20. III. EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Group's ESOS was approved by the Securities Commission ("SC") on 4 June 2002, and shall be in force for a period of 5 years commencing from 31 January 2003.

The ESOS was approved by the shareholders at an Extraordinary General Meeting held on 1 November 2002.

The main features of the ESOS are:-

- (a) eligible persons are employees and executive directors of the Group who have served for at least a continuous period of 12 months and have attained the age of 18 years prior to the Date of Offer. The Date of Offer being the date when an offer in writing is made to eligible employees to participate in ESOS. The eligibility for participation in the ESOS shall be at the discretion of the Option Committee appointed by the Board of Directors;
- (b) the maximum amount of shares available under ESOS shall not be more than ten percent of the issued and paid-up ordinary share capital of the Company at any point of time during the existence of ESOS;
- (c) not more than fifty percent of the shares available under the ESOS shall be allocated in aggregate to executive directors and senior management;
- (d) not more than ten percent of the shares available under the ESOS would be allocated to any individual executive director or eligible employee, who either singly or collectively through his/her associates holds twenty percent or more of the issued and paid-up share capital of the Company;
- (e) no option shall be granted for less than 1,000 shares nor exceed the Maximum Allowable Amount to any eligible employee. The option may be exercised in full or in such lesser number of ordinary shares provided that the number shall be in multiples of 1,000;
- (f) the ESOS subscription price for each ordinary share shall be based on the average of the mean market quotation of the shares of the Company as shown in the Daily Official List issued by the Bursa Malaysia Securities Berhad for the five market days preceding the Date of Offer, provided that a discount, if any, of not more than ten percent from the weighted average market price is allowed or at the par value of the shares of the Company, whichever is higher; and
- (g) the ordinary shares to be allotted upon exercise of the option will, upon allotment and issue, rank pari passu in all respect with the existing issued and paid-up ordinary shares of the Company.

During the financial year, the following events occurred pursuant to the ESOS:-

- (i) 3,228,000 share options were granted to eligible employees; and
- (ii) 250,000 share options lapsed due to resignations of eligible employees.

Notes To The Financial Statements

30 June 2004 (cont'd)

20. III. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (cont'd)

The summary of the above movements and the number of share options under ESOS options as at the financial year end are as follows:-

Tranche	Date Granted	Exercise Price Per Share RM	←-----Number of Share Options-----→				
			At 1.7.03	Granted	Exercised	Lapsed Due to Resignation	At 30.6.04
1	13.11.03	1.00	-	3,228,000	-	(250,000)	2,978,000

21. RESERVES

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
NON-DISTRIBUTABLE				
Share premium	41,592	43,792	41,592	43,792
Translation reserve	(79)	11	-	-
DISTRIBUTABLE				
Retained profits	1,581,880	2,056,078	233,403	414,208
	<u>1,623,393</u>	<u>2,099,881</u>	<u>274,995</u>	<u>458,000</u>

22. TERM LOANS

	GROUP	
	2004 RM	2003 RM
Repayable within 1 year (note 19)		
- secured	1,799,884	1,119,188
- unsecured	-	43,822
	1,799,884	1,163,010
Repayable after 1 year		
- secured	7,647,670	8,602,272
	<u>9,447,554</u>	<u>9,765,282</u>

The term loans are repayable in 72, 84 and 120 equal monthly instalments and bear interest at rates ranging from 5.00% to 7.50% (2003 : 5.00% to 7.90%) per annum.

The securities pledged for the term loans are disclosed in note 19 to the financial statements.

The maturity profile and effective interest rates are disclosed in note 36 to the financial statements.

Notes To The Financial Statements

30 June 2004 (cont'd)

23. DEFERRED TAX LIABILITIES

	GROUP	
	2004 RM	2003 RM
At beginning of the year	3,124,200	3,201,100
Transfers income statement (note 27)	<u>(286,000)</u>	<u>(76,900)</u>
At end of the year	<u>2,838,200</u>	<u>3,124,200</u>

This is in respect of deferred tax liabilities/(assets) arising from temporary differences as follows:-

	GROUP	
	2004 RM	2003 RM
Differences between carrying amount of property, plant and equipment and its tax base	4,995,900	4,335,000
Deductible temporary differences in respect of expenses	(436,600)	(391,900)
Fair value adjustment on freehold land and building	236,200	275,800
Unabsorbed capital allowances	(1,930,300)	(1,094,700)
Unabsorbed industrial building allowances	(12,000)	-
Unrelieved tax losses	<u>(15,000)</u>	<u>-</u>
	<u>2,838,200</u>	<u>3,124,200</u>

The estimated net deferred tax assets arising from temporary differences not recognised in the financial statements are as follows:-

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Differences between carrying amount of property, plant and equipment and its tax base	29,200	19,400	-	-
Deductible temporary differences in respect of expenses	(26,000)	(22,400)	-	-
Unabsorbed capital allowances	(49,600)	(26,700)	(26,700)	(26,700)
Unrelieved tax losses	(12,300)	-	(1,000)	-
Unabsorbed industrial building allowances	<u>(3,000)</u>	<u>(3,000)</u>	<u>-</u>	<u>-</u>
Net deferred tax assets not recognised	<u>(61,700)</u>	<u>(32,700)</u>	<u>(27,700)</u>	<u>(26,700)</u>

The estimated unrelieved tax losses, unabsorbed capital allowances and unabsorbed industrial building 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

30 June 2004 (cont'd)

24. OPERATING REVENUE

Operating revenue comprises the following:-

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Interest revenue	-	-	16,332	61,249
Management fee received and receivable	-	-	120,000	120,000
Sale of goods	31,384,925	32,731,635	-	-
	<u>31,384,925</u>	<u>32,731,635</u>	<u>136,332</u>	<u>181,249</u>

25. COST OF SALES

This is in respect of cost directly attributable to the sale of goods.

26. (LOSS)/PROFIT BEFORE TAXATION

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

(i) Directors' remuneration

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Paid and payable to executive directors				
Yeaw Kok Sing, Tan Po Moi, Yeaw Kok Ho, You Kook Sing and How Kim Leong @ Low Kim Leong (Appointed on 1.4.04)				
Haji Abdul Rashid Bin Mohd. Yusoff (Re-designated on 1.3.04)				
- Directors' fees	96,250	100,000	21,250	25,000
- Other emoluments	1,084,383	1,049,048	-	-
- Estimated monetary value of benefits-in-kind	45,025	35,600	-	-

Notes To The Financial Statements

30 June 2004 (cont'd)

26. (LOSS)/PROFIT BEFORE TAXATION (cont'd)

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Payable to non-executive directors				
Leow Bock Lim, Sha Thiam Fook, Chai Moi Kim and Tan Loy Fatt Haji Abdul Rashid Bin Mohd. Yusoff (Re-designated on 1.3.04)				
- Directors' fees	31,000	27,708	31,000	27,708
Haji Mokatar Rudin Bin Wan Yusof, (Resigned on 9.10.02),				
- Directors' fees				
- overprovision in prior year	(1,250)	-	(1,250)	-

(ii) Exceptional items

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
(Gain)/Loss on disposal of an associated company	(7,305)	-	152,790	-
Loss on disposal of freehold land and building	40,453	119,194	-	-

(iii) Other items

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Allowance for diminution in value of quoted investments	-	22,316	-	-
Provision for employee benefits	29,000	-	-	-
Allowance for slow-moving inventories	296,805	101,771	-	-

Notes To The Financial Statements

30 June 2004 (cont'd)

26. (LOSS)/PROFIT BEFORE TAXATION (cont'd)

(iii) Other items

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Allowance for slow-moving inventories no longer required	-	(62,793)	-	-
Amortisation of goodwill on consolidation	1,668	4,167	-	-
Amortisation of leasehold land	16,229	16,229	-	-
Auditors' remuneration				
- current year	51,656	47,645	4,200	3,000
- under/(over)provision in prior year	3,000	(970)	1,200	-
Bad debts written off	-	23,766	-	9,565
Depreciation of property, plant and equipment	4,964,545	4,657,980	-	-
Long term receivables written off	-	69,700	-	-
Interest expense				
- hire purchase	17,567	2,317	-	-
- term loans	623,451	513,423	-	-
- bank overdrafts	131,867	140,814	12,648	12,359
- bankers' acceptance	84,536	21,605	-	-
- others	-	85,448	-	-
Property, plant and equipment written off	4,285	-	-	-
Gain on foreign exchange				
- realised	(49,490)	(273,111)	-	-
Dividend revenue	(15)	(135)	-	-
Gain on disposal of property, plant and equipment	(209,753)	(28,757)	-	-
Gain on disposal of quoted investments	-	(6,300)	-	-
Interest revenue	(17,178)	(1,676)	-	-
Rental of premises	(62,250)	(106,800)	-	-

Notes To The Financial Statements

30 June 2004 (cont'd)

26. (LOSS)/PROFIT BEFORE TAXATION (cont'd)

(b) Employees Information

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Staff costs	<u>7,812,136</u>	<u>7,295,898</u>	<u>-</u>	<u>-</u>

The number of employees of the Group and of the Company as at the financial year end was 366 (2003 : 380) and Nil (2003 : Nil) respectively.

27. TAXATION

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Based on results for the year	6,210	278,000	-	16,300
Deferred taxation relating to the origination and reversal of temporary differences (note 23)	<u>(286,000)</u>	<u>(76,900)</u>	<u>-</u>	<u>-</u>
	(279,790)	201,100	-	16,300
(Overprovision)/Underprovision in prior year	<u>(3,563)</u>	<u>19,425</u>	<u>(228)</u>	<u>(42)</u>
Tax (credit)/ Expense	<u>(283,353)</u>	<u>220,525</u>	<u>(228)</u>	<u>16,258</u>

Reconciliation of tax expense and accounting profit:-

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Accounting profit/(loss)	<u>(757,551)</u>	<u>464,015</u>	<u>(181,033)</u>	<u>17,651</u>
Tax at the Malaysia statutory income tax rate of 28%	(212,100)	129,900	(50,700)	4,900
Tax effect of different tax rates in Republic of Singapore	700	(2,330)	-	-
Tax effect on non-deductible expenses	126,500	143,700	49,700	11,400
Tax effect of lower tax rate of Malaysian subsidiaries with issued and paid-up capital of RM2.5 million and below	(84,070)	(87,400)	-	-
Deductible temporary differences in respect of expenses	<u>-</u>	<u>(16,700)</u>	<u>-</u>	<u>-</u>
Balance carried down	(168,970)	167,170	(1,000)	16,300

Notes To The Financial Statements

30 June 2004 (cont'd)

27. TAXATION (cont'd)

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Balance brought down	(168,970)	167,170	(1,000)	16,300
Deferred tax assets not recognised in prior years	-	21,900	-	-
Tax effect of non-taxable revenue	(30,700)	(2,700)	-	-
Deferred tax assets not recognised during the year	29,000	7,630	1,000	-
Utilisation of previously unrecognised unrelieved tax losses	(21,420)	-	-	-
Adjustment on deferred taxation arising from waiver of Real Property Gain Tax upon disposal of freehold land and building	(32,000)	-	-	-
Underprovision/ (Overprovision) in prior years				
- income tax	(3,563)	19,425	(228)	(42)
- deferred tax	(55,700)	7,100	-	-
Tax (credit)/ Expense	(283,353)	220,525	(228)	16,258

Subject to agreement by the Inland Revenue Board:

(i)

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Unrelieved tax losses	135,200	-	3,600	-
Unabsorbed capital allowances	7,256,900	4,463,500	95,000	95,000
	7,392,100	4,463,500	98,600	95,000

(ii) the Group has estimated unutilised reinvestment allowances of RM20,820,900/- (2003: RM16,214,000/-) under Schedule 7A of the Income Tax Act, 1967 available for set-off against future taxable business profits;

(iii) the Group has estimated unabsorbed industrial building allowances of RM53,500/- (2003: RM33,500/-) available for set-off against future taxable profits;

(iv) the Company has estimated tax credit of RM1,421,000/- (2003 : RM1,406,000/-) under Section 108 of the Income Tax Act, 1967 to frank future payment of dividends of approximately RM3,654,000/- (2003 : RM3,615,000/-) without incurring additional tax liability; and

Notes To The Financial Statements

30 June 2004 (cont'd)

27. TAXATION (cont'd)

- (v) the Company has tax exempt income account of approximately RM8,856,600/- (2003: RM8,856,600/-) available for distribution by way of tax exempt dividend. These tax exempt income are in respect of tax exempt dividend income received from subsidiaries and chargeable income for the year ended 30 June 1999 of which the income tax had been waived in accordance with the Income Tax (Amendment) Act, 1999.

The estimated unrelieved tax losses, unabsorbed capital allowances, unabsorbed industrial building allowances and unutilised reinvestment allowances are not available for set-off within the Group.

28. (LOSS)/EARNINGS PER ORDINARY SHARE

Basic

The basic loss per ordinary share of the Group is calculated by dividing the Group's net loss for the year of RM474,198 by the number of ordinary shares in issue during the year of 44,000,000 ordinary shares of RM1/- each.

The basic earnings per ordinary share of the Group in prior year is calculated by dividing the Group's net profit for the year of RM243,490/- by the weighted average number of ordinary shares in issue during the year of 43,514,521 ordinary shares of RM1/- each.

Diluted

The diluted earnings per ordinary share is not presented in the financial statements as the effect of the assumed subscriptions for new ordinary shares by the warrant and ESOS option holders is anti-dilutive.

29. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment with aggregate cost of RM2,675,872/- (2003 : RM5,274,660/-) which are satisfied by the following:-

	GROUP	
	2004 RM	2003 RM
Hire purchase financing	-	300,000
Cash payments	2,675,872	4,974,660
	<u>2,675,872</u>	<u>5,274,660</u>

30. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Fixed deposits with a licensed bank	381,653	368,000	-	-
Cash at banks and in hand	752,932	381,060	11,119	25,221
Bank overdrafts	(2,049,521)	(2,313,186)	-	-
	<u>(914,936)</u>	<u>(1,564,126)</u>	<u>11,119</u>	<u>25,221</u>
Less: Fixed deposits pledged to a licensed bank	(381,653)	(368,000)	-	-
	<u>(1,296,589)</u>	<u>(1,932,126)</u>	<u>11,119</u>	<u>25,221</u>

Notes To The Financial Statements

30 June 2004 (cont'd)

31. CONTINGENT LIABILITIES - UNSECURED

	COMPANY	
	2004 RM	2003 RM
In respect of corporate guarantees given to financial institutions and a third party supplier for banking and credit facilities granted to subsidiaries:-		
Outstanding as at year end	<u>14,256,075</u>	<u>14,457,604</u>

32. CAPITAL COMMITMENTS

	GROUP	
	2004 RM	2003 RM
Capital expenditure approved and contracted for	<u>134,700</u>	<u>982,404</u>

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant intra-group transactions are as follows:-

	COMPANY	
	2004 RM	2003 RM
Management fee received and receivable from subsidiary:-		
Autoair Industries Sdn. Bhd.	(29,000)	(120,000)
Autoair Technologies Sdn. Bhd. (formerly known as Uchida Technologies Sdn. Bhd.)	(12,000)	-
Autoair International Marketing Sdn. Bhd.	(33,000)	-
Autoair Electric (M) Sdn. Bhd.	(12,000)	-
Autoair Sales & Services Sdn. Bhd.	(21,000)	-
Autoair Manufacturing Sdn. Bhd.	(13,000)	-
Interest revenue received and receivable from subsidiaries:-		
Autoair Industries Sdn. Bhd.	(5,580)	(21,649)
Autoair Electric (M) Sdn. Bhd.	(10,296)	(37,870)
AGP Corporation Sdn. Bhd.	<u>(456)</u>	<u>(1,730)</u>

The above transactions have been entered into in the normal course of business under terms mutually agreed upon between the parties concerned.

Notes To The Financial Statements

30 June 2004 (cont'd)

34. SEGMENT ANALYSIS

Segment information is presented in respect of the Group's business. As the Group operates within one geographical segment, geographical segment analysis is not applicable.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets, liabilities and expenses.

Segment assets and liabilities do not include tax assets and tax liabilities respectively.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one accounting period.

Inter-segment revenue which are eliminated upon consolidation are based on terms mutually agreed upon between the parties concerned.

(i) Major Segment By Activity

	MANUFACTURING & MARKETING OF AUTOMOTIVE COMPONENTS & ACCESSORIES RM	INVESTMENT HOLDING RM	OTHER OPERATIONS RM	ELIMINATIONS RM	CONSOLIDATED RM
2004					
REVENUE					
External revenue	31,384,925	-	-	-	31,384,925
Inter-segment revenue	-	120,000	-	(120,000)	-
Total revenue	31,384,925	120,000	-	(120,000)	31,384,925
RESULTS					
Segment result	76,107	(28,243)	(3,173)	-	44,691
Dividend revenue					15
Gain on disposal of an associated company					7,305
Interest revenue					17,178
Interest expense					(857,421)
Share of results of associated company	-	-	30,681	-	30,681
Income taxes					283,353
Net profit					(474,198)

Notes To The Financial Statements

30 June 2004 (cont'd)

34. SEGMENT ANALYSIS (cont'd)

(i) Major Segment By Activity

	MANUFACTURING & MARKETING OF AUTOMOTIVE COMPONENTS & ACCESSORIES RM	INVESTMENT HOLDING RM	OTHER OPERATIONS RM	ELIMINATIONS RM	CONSOLIDATED RM
2004					
OTHER INFORMATION					
Segment assets	68,966,741	44,401,305	-	(44,360,922)	69,007,124
Unallocated corporate assets					381,653
Tax assets					516,143
Consolidated total assets					<u>69,904,920</u>
Segment liabilities	24,529,175	116,325	5,491	(17,706,679)	6,944,312
Unallocated corporate liabilities					14,499,015
Deferred tax liabilities					<u>2,838,200</u>
Consolidated total liabilities					<u>24,281,527</u>
Capital expenditure	3,163,119	-	-	-	3,163,119
Amortisation of goodwill on consolidation	1,668	-	-	-	1,668
Amortisation of leasehold land	16,229	-	-	-	16,229
Depreciation of property, plant and equipment	4,964,545	-	-	-	4,964,545
Significant non-cash expenses other than depreciation					
Provision for employee benefit	29,000	-	-	-	29,000
Allowance for slow-moving inventories	296,805	-	-	-	296,805

Notes To The Financial Statements

30 June 2004 (cont'd)

34. SEGMENT ANALYSIS (cont'd)

(i) Major Segment By Activity (cont'd)

	MANUFACTURING & MARKETING OF AUTOMOTIVE COMPONENTS & ACCESSORIES RM	INVESTMENT HOLDING RM	OTHER OPERATIONS RM	ELIMINATIONS RM	CONSOLIDATED RM
2003					
REVENUE					
External revenue	32,731,635	-	-	-	32,731,635
Inter-segment revenue	-	120,000	-	(120,000)	-
Total revenue	32,731,635	120,000	-	(120,000)	32,731,635
RESULTS					
Segment result	1,189,728	17,651	10,366	-	1,217,745
Dividend revenue					135
Gain on disposal of quoted investments					6,300
Interest revenue					1,676
Interest expense					(763,607)
Share of results of associated company	-	-	1,766	-	1,766
Income taxes					(220,525)
Net profit					243,490
OTHER INFORMATION					
Segment assets	70,478,195	44,268,062	-	(44,230,614)	70,515,643
Unallocated corporate assets					368,000
Investment in associated company	-	-	109,224	-	109,224
Tax assets					224,321
Consolidated total assets					71,217,188
Segment liabilities	24,679,687	100,077	2,228	(17,576,371)	7,205,621
Taxation					67,145
Unallocated corporate liabilities					14,720,341
Deferred tax liabilities					3,124,200
Consolidated total liabilities					25,117,307

Notes To The Financial Statements

30 June 2004 (cont'd)

34. SEGMENT ANALYSIS (cont'd)

(i) Major Segment By Activity (cont'd)

	MANUFACTURING & MARKETING OF AUTOMOTIVE COMPONENTS & ACCESSORIES RM	INVESTMENT HOLDING RM	OTHER OPERATIONS RM	ELIMINATIONS RM	CONSOLIDATED RM
2003					
Capital expenditure	9,107,853	-	-	-	9,107,853
Amortisation of goodwill on consolidation	4,167	-	-	-	4,167
Amortisation of leasehold land	16,229	-	-	-	16,229
Depreciation of property, plant and equipment	4,657,980	-	-	-	4,657,980
Significant non-cash expenses other than depreciation					
Allowance for diminution in value of quoted investments	-	22,316	-	-	22,316
Allowance for slow-moving inventories	101,771	-	-	-	101,771
Bad debts written off	23,766	-	-	-	23,766
Long term receivables written off	69,700	-	-	-	69,700

35. SIGNIFICANT EVENTS

On 8 April 2004, the Company announced that the Company together with all the existing shareholders of Autoair Healthcare Management Sdn. Bhd. ("AHM") has entered into a sale of shares agreement in relation to the disposal of the entire paid up capital of 1,500,000 ordinary shares of RM1/- each in AHM for a total consideration of RM754,529/-. In connection to this, the Company has thereby disposed its entire 20% equity interest represented by 300,000 ordinary shares in AHM for a total consideration of RM150,906/-.

Notes To The Financial Statements

30 June 2004 (cont'd)

36. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies

The Group is exposed to a variety of risks in the normal course of business. The Group's risk management seeks to minimize the potential adverse effects from these exposures. The management reviews and agrees policies for managing each of these risks are as follows:-

(i) Foreign Exchange Risk

The Group is exposed to foreign currency risk as a result of its normal trade activities when the currency denomination differs from its functional currency.

Certain foreign exchange transactions are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts to limit exposure on foreign currency receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currencies.

The net unhedged financial assets and financial liabilities of the Group as at 30 June 2004 that are not denominated in its functional currency are as follows:-

	United States Dollar RM	New Taiwan Dollar RM	Australian Dollar RM	Singapore Dollar RM	Japanese Yen RM	Total RM
Functional currency of the Group						
2004						
Trade Receivables						
Ringgit						
Malaysia	289,702	-	-	8,879	622,530	921,111
Other Receivables, Deposits and Prepayments						
Ringgit						
Malaysia	17,025	-	494	-	-	17,519
Cash At Banks and In Hand						
Ringgit						
Malaysia	195,814	-	-	-	103,721	299,535
Trade Payables						
Ringgit						
Malaysia	1,047,405	352,460	269	4,136	379,730	1,784,000
Other Payables						
Ringgit						
Malaysia	8,019	-	-	2,060	5,708	15,787

Notes To The Financial Statements

30 June 2004 (cont'd)

36. FINANCIAL INSTRUMENTS (cont'd)

	United States Dollar RM	New Taiwan Dollar RM	Australian Dollar RM	Singapore Dollar RM	Japanese Yen RM	Total RM
Functional currency of the Group						
2003						
Trade Receivables						
Ringgit						
Malaysia	1,450,556	-	-	21,100	204,186	1,675,842
Other Receivables, Deposits and Prepayments						
Ringgit						
Malaysia	293,367	-	-	-	-	293,367
Cash At Banks and In Hand						
Ringgit						
Malaysia	158,961	-	-	-	-	158,961
Trade Payables						
Ringgit						
Malaysia	2,341,563	170,503	1,322	-	364,774	2,878,162
Other Payables						
Ringgit						
Malaysia	10,977	-	-	-	5,708	16,685

As at balance sheet date, the Group has entered into forward foreign exchange contracts with the following nominal/notional amounts and maturities:-

Hedged Item	Currency	Average		Total Nominal/ Notional Amounts	Within 1 Year
		Contract Rate	Rate		
		RM	RM		
2004					
GROUP					
Export sales	United States Dollar			3,8170	1,832,175
Import purchases	Japanese Yen			0.0351	(140,400)

Notes To The Financial Statements

30 June 2004 (cont'd)

36. FINANCIAL INSTRUMENTS (cont'd)

The net unrecognised gain on the Group as at 30 June 2004 on forward contracts used to hedge foreign currency sales and import purchases amounted to RM7,663/- (2003: Nil). This net exchange gains are deferred until the related sales proceeds are received and import purchases made.

(ii) Interest Rate Risk

The Group's exposure to interest rate risk relates to interest bearing financial assets and financial liabilities.

- Interest bearing financial assets

Fixed deposits are short term in nature and are placed to satisfy conditions for borrowing facilities granted to the Group.

- Interest bearing financial liabilities

Interest bearing financial liabilities include hire purchase payables, bank overdrafts, term loans and bankers' acceptance.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets.

The effective interest rates at balance sheet date and the periods in which the financial liabilities reprice or mature, whichever is earlier, are as follows:-

	Effective Interest Rate %	Total RM	←----- Maturities -----→		
			Within 1 Year RM	1 - 5 Years RM	After 5 Years RM
2004					
GROUP					
Financial Asset					
Fixed deposits with licensed bank	3.70	381,653	381,653	-	-
Financial Liabilities					
Hire purchase payables	5.63 - 6.19	242,940	56,531	186,409	-
Term loans	5.00 - 7.50	9,447,554	1,799,884	7,057,389	590,281
Bank overdrafts	7.50	2,049,521	2,049,521	-	-
Bankers' acceptance	2.95 - 3.15	2,759,000	2,759,000	-	-

Notes To The Financial Statements

30 June 2004 (cont'd)

36. FINANCIAL INSTRUMENTS (cont'd)

	Effective Interest Rate %	Total RM	←----- Maturities -----→		
			Within 1 Year RM	1 - 5 Years RM	After 5 Years RM
2003					
GROUP					
Financial Asset					
Fixed deposits with licensed bank	3.70	368,000	368,000	-	-
Financial Liabilities					
Hire purchase payables	5.63 - 10.49	296,873	53,933	242,940	-
Term loans	5.00 - 7.50	9,765,282	1,163,010	6,707,645	1,894,627
Bank overdrafts	7.50	2,313,186	2,313,186	-	-
Bankers' acceptance	3.00 - 3.15	2,345,000	2,345,000	-	-
COMPANY					
Financial Asset					
Amount owing by subsidiaries	0.75	8,168,058	8,168,058	-	-

(iii) Market Risk

The Group's principal exposure to market risk arises from the quoted investments held for long term purposes. As the amount held is not significant, exposure to market risk is minimal.

(iv) Credit Risk

The Group's exposure to credit risk arises from its receivables and the maximum risk associated with recognised financial assets is the carrying amounts as presented in the balance sheet.

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

The Group does not have any significant exposure to any individual customer.

(v) Liquidity and Cash Flow Risks

The Company actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met.

Notes To The Financial Statements

30 June 2004 (cont'd)

36. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair Values

The methods and assumptions used to estimate the fair value of the following classes of financial assets and liabilities are as follows:-

- (i) Fixed Deposits, Cash and Cash Equivalents, Trade and Other Receivables and Payables

The carrying amounts approximate fair values due to the relatively short term maturity of these financial assets and liabilities.

- (ii) Quoted Investments

The fair values of quoted investments is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

- (iii) Borrowings

The carrying amounts of short term loans and bankers' acceptance approximate fair values due to the relatively short term maturity of these financial liabilities.

The carrying amounts of long term floating rate loans approximate their fair values.

The fair value of hire purchase and fixed rate term loan are estimated using discounted cash flow analysis, based on current lending rates for similar types of lending and borrowing arrangements.

- (iv) Forward Foreign Exchange Contracts

The fair values of forward exchange contracts are the amounts that would be payable or receivable on termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and forward exchange rate as the balance sheet date applied to a contract of similar quantum and maturity profile.

The carrying amounts of the Group and the Company's financial assets and liabilities at balance sheet date approximate their fair values except as follows:-

	GROUP	
	Carrying Amount RM	Fair Value RM
2004		
Financial Asset		
Quoted investments	5,085	5,789
Financial Liabilities		
Term loans	9,447,554	9,427,306
Hire purchase payables	242,940	245,673

Notes To The Financial Statements

30 June 2004 (cont'd)

36. FINANCIAL INSTRUMENTS (cont'd)

	Carrying Amount RM	GROUP Fair Value RM
2003		
Financial Asset		
Quoted investments	5,085	5,485
Financial Liabilities		
Term loans	9,765,282	9,761,509
Hire purchase payables	296,873	297,590

The nominal/notional amount and fair value of financial instruments not recognised in the balance sheets are as follows:-

	Note	GROUP		COMPANY	
		Nominal/ Notional Amount RM	Fair Value RM	Nominal/ Notional Amount RM	Fair Value RM
2004					
Forward foreign exchange contracts		1,691,775	1,684,112	-	-
Contingent liabilities	31	<u>-</u>	<u>-</u>	<u>14,256,075</u>	<u>-*</u>
2003					
Contingent liabilities	31	<u>-</u>	<u>-</u>	<u>14,457,604</u>	<u>-*</u>

* It is not practical to estimate the fair value of the contingent liabilities reliably due to uncertainties of timing, costs and eventual outcome.

List Of Properties

As At 30 June 2004

	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	7	13,379	22/7/94
2.	No. 42, Jalan Sesama, Taman Perusahaan Batu Caves, 68100 Batu Caves, Selangor.	4-storey factory lot	477.2 sq.m	Factory lot rented out	Freehold	14	973	21/9/90
3.	73, Jalan Kamunting 1A, Seksyen BS2, Bukit Sentosa, 48300 Rawang, Selangor.	Single storey factory lot	308.8 sq.m	Vacant, for future expansion	Freehold	7	277	3/9/93
5.	24, Jalan 3/3C, Mukim Batu, Batu 6 1/2, Jalan Ipoh, 68100 Kuala Lumpur.	4 1/2-storey shopoffice	222.9 sq.m	Office	Leasehold, 99 years, Expiring 24 May 2075	4	1,849	16/9/95

Revaluation Policy

The Group does not adopt a revaluation policy.

Analysis Of Shareholdings

As At 27 October 2004

SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000/-
Issued and fully paid-up capital	:	RM44,000,000/-
Class of Shares	:	Ordinary shares of RM1/- each
Voting rights	:	1 vote per ordinary share
No. of Shareholders	:	1,931

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Share Held	%
Less than 100 shares	10	0.52	426	0.00
100 - 1,000	266	13.78	239,336	0.54
1,001 - 10,000	1,447	74.93	5,590,052	12.71
10,001 - 100,000	188	9.73	4,582,243	10.41
100,001 to less than 5% of issued shares	16	0.83	6,820,407	15.50
5% and above of issued shares	4	0.21	26,767,536	60.84
	1,931	100.00	44,000,000	100.00

SUBSTANTIAL SHAREHOLDERS

(As shown in the Register of Substantial Shareholders)

Name of Substantial Shareholders	No. of Ordinary Shares of RM1/-Each			
	Direct	%	Indirect	%
Yeaw Kok Sing	9,609,658	21.84	*5,901,822	13.41
Tan Po Moi	5,901,822	13.41	**9,609,658	21.84
Haji Abdul Rashid bin Mohd. Yusoff	7,200	0.02	#5,256,056	11.95
Imbas Cekap Sdn. Bhd.	5,256,056	11.95	-	-
Tagor Hasibuan bin Maskhud Hasibuan	-	-	#5,256,056	11.95
Galactrans Sdn. Bhd.	6,000,000	13.64	-	-
Takechi Shiro	256,800	0.58	@6,000,000	13.64

* Shares held by his wife, Tan Po Moi

** Shares held by her husband, Yeaw Kok Sing

Deemed interest by virtue of his substantial interest in Imbas Cekap Sdn. Bhd.

@ Deemed interest by virtue of his substantial interest in Galactrans Sdn. Bhd.

STATEMENT OF DIRECTORS' SHAREHOLDING

Directors' Name	No. of Ordinary Shares of RM1/-Each			
	Direct	%	Indirect	%
Yeaw Kok Sing	9,609,658	21.84	*5,901,822	13.41
Tan Po Moi	5,901,822	13.41	**9,609,658	21.84
Haji Abdul Rashid bin Mohd. Yusoff	7,200	0.02	#5,256,056	11.95

* Shares held by his wife, Tan Po Moi

** Shares held by her husband, Yeaw Kok Sing

Deemed interest by virtue of his substantial interest in Imbas Cekap Sdn. Bhd.

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

Analysis Of Shareholdings

As At 27 October 2004 (cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS

Name	No. of Shares Held	%
1. Yeaw Kok Sing	9,609,658	21.84
2. Galactrans Sdn. Bhd.	6,000,000	13.64
3. Tan Po Moi	5,901,822	13.41
4. Imbas Cekap Sdn. Bhd.	5,256,056	11.95
5. Low Yock Gan	1,167,200	2.65
6. Mawar Rimbun Sdn. Bhd.	1,066,485	2.42
7. Future Security Planners Sdn. Bhd.	831,495	1.89
8. Chow Tuck	781,600	1.78
9. Mokatar Rudin bin Wan Yusof	684,200	1.56
10. Bless Way (Malaysia) Sdn. Bhd.	483,200	1.10
11. Takechi Shiro	256,800	0.58
12. Mawar Rimbun Sdn. Bhd.	218,527	0.50
13. Lee Boon Been	210,000	0.48
14. Public Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Lau Sie Kwong	200,000	0.45
15. Mayban Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Choo Cheang Hung	187,400	0.43
16. HDM Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Leou Thiam Lai	187,200	0.42
17. Lin Tang-Ming	154,400	0.35
18. Lee Hee Hwak	150,000	0.34
19. HLB Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Abdul Manaf bin Hj Draman	127,700	0.29
20. Lee Kok Peng	114,200	0.26
21. Yeoh Kean Hua	96,000	0.22
22. Cheng Ka Jern	86,000	0.20
23. Yu Tung-Han	83,500	0.19
24. Chai Nam Chin	80,000	0.18
25. Chua Chew Guan	80,000	0.18
26. Lee Kay Chong	72,000	0.16
27. Yeow Thit Sang	70,000	0.16
28. Pua Yan Tat	67,000	0.15
29. Tan Kar Pin	67,000	0.15
30. Gan Chin Lai	62,000	0.14
	<u>34,351,443</u>	<u>78.07</u>

Analysis Of Warrantholdings

As At 27 October 2004

WARRANTS 2000/2005

No. of warrants 2000/2005 issued	:	17,328,779
No. of warrants 2000/2005 outstanding	:	17,328,779
Class of Securities	:	Warrants 2000/2005 ("Warrants")
Voting rights	:	1 vote per Warrant
No. of Warrant holders	:	1,334

ANALYSIS BY SIZE OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrant holders	%	No. of Warrants Held	%
Less than 100	97	7.27	4,991	0.03
100 - 1,000	71	5.32	50,755	0.30
1,001 - 10,000	935	70.09	3,485,540	20.11
10,001 - 100,000	214	16.04	5,888,852	33.98
100,001 to less than 5% of issued warrants	16	1.20	4,391,859	25.34
5% and above of issued warrants	1	0.08	3,506,782	20.24
	<u>1,334</u>	<u>100.00</u>	<u>17,328,779</u>	<u>100.00</u>

Note: Each Warrant 2000/2005 entitles the holder to subscribe for 1 new ordinary share of RM1/- each in the Company.

LIST OF THIRTY LARGEST WARRANT HOLDERS

Name	No. of Warrants Held	%
1. Imbas Cekap Sdn. Bhd.	3,506,782	20.24
2. Future Security Planners Sdn. Bhd.	843,094	4.87
3. Chow Tuck	705,566	4.07
4. Low Yock Gan	527,533	3.05
5. Ang Huat Keat	380,600	2.20
6. Abdul Rashid bin Mohd Yusoff	274,133	1.58
7. Chai Kim Fah	214,100	1.24
8. HLB Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Chantika Holdings Sdn. Bhd.	208,000	1.20
9. OSK Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Lau Sie Kwong	165,000	0.95
10. Mawar Rimbun Sdn. Bhd.	161,600	0.93
11. Wong Sin Hong	154,300	0.89
12. Koo Sang Shien	154,000	0.89
13. Lee Hee Hwak	137,000	0.79
14. Mokatar Rudin bin Wan Yusof	130,000	0.75
15. Lee Kok Peng	122,400	0.71

Analysis Of Warrantholdings

As At 27 October 2004 (cont'd)

LIST OF THIRTY LARGEST WARRANT HOLDERS (cont'd)

Name	No. of Warrants Held	%
16. Chong Chee Kiong	110,000	0.63
17. Takechi Shiro	104,533	0.60
18. Mayban Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Chai Fui Leong	100,000	0.58
19. Suffian bin Othman @ Heng Fok Boon	100,000	0.58
20. TA Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Soo Siew Seng	100,000	0.58
21. Tay Lay Koon	97,100	0.56
22. Hoo Kim Hua	96,000	0.55
23. Choong Yee Chean	95,000	0.55
24. Soo Siew Seng	95,000	0.55
25. Fong Ten Pau	90,000	0.52
26. Tan Kim Hooi	87,300	0.50
27. Yusoo bin Abd Ghani	80,000	0.46
28. Pang Hon Seng	77,000	0.44
29. RHB Nominees (Asing) Sdn. Bhd. Artradis Barracuda Fund	75,000	0.43
30. TA Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Chia Chu Foo	73,600	0.42
	<u>9,064,641</u>	<u>52.31</u>

Note

This page has been intentionally left blank

Proxy Form



I/We _____
(FULL NAME IN BLOCK LETTERS)

NRIC/Company No.: _____ CDS Account No.: _____
(FOR NOMINEE COMPANIES ONLY)

of _____
(ADDRESS)

being a member(s) of AUTOAIR HOLDINGS BERHAD hereby appoint _____
(FULL NAME)

of _____
(ADDRESS)

or failing him/her, _____
(FULL NAME)

of _____
(ADDRESS)

or failing him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Eighth Annual General Meeting of the Company to be held at Bilik Perdana, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, on Tuesday, 21 December 2004, at 9.30 a.m. and at any adjournment thereof. (* strike out whichever is not desired)

My/Our proxy is to vote as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
1.	Adoption of Audited Financial Statements and Reports		
2.	Approval of Directors' Fees		
3.	Re-election of Haji Abdul Rashid bin Mohd. Yusoff as director		
4.	Re-election of Mr. Chai Moi Kim as director		
5.	Re-election of Mr. How Kim Leong @ Low Kim Leong as director		
6.	Re-appointment of Messrs. Moore Stephens as Auditors		
7.	Resolution pursuant to Section 132D of the Companies Act, 1965		
8.	Resolution pursuant to the Employees' Share Option Scheme		

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 _____ 2004

No. of Shares Held	
--------------------	--

Signature

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.

fold here

Stamp/Setem

The Company Secretary

AUTOAIR HOLDINGS BERHAD

(Company No 414010-M)

Lot 4.100, Tingkat 4, Wisma Central,
Jalan Ampang, 50450 Kuala Lumpur
Malaysia

fold here