

# ENVAIR HOLDING BERHAD

(Company No: 412406-T)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the 4th quarter ended 31 December 2011

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
Revenue	140	455	739	7,084
Operating expenses	(1,385)	(3,224)	(2,973)	(11,948)
Other operating income	121	(18)	269	72
Depreciation	(150)	(160)	(587)	(624)
Finance costs	(136)	(106)	(574)	(473)
<b>Loss before taxation</b>	<b>(1,410)</b>	<b>(3,053)</b>	<b>(3,126)</b>	<b>(5,889)</b>
Taxation	-	2	-	2
<b>Loss after taxation</b>	<b>(1,410)</b>	<b>(3,051)</b>	<b>(3,126)</b>	<b>(5,887)</b>
Other comprehensive income, net of tax	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>(1,410)</b>	<b>(3,051)</b>	<b>(3,126)</b>	<b>(5,887)</b>
<b>Loss per share (sen)</b>				
(a) Basic	(1.19)	(2.57)	(2.64)	(4.97)

**Notes:**

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the annual audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the financial statements hereto.

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## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited As at 31 December 2011 RM'000	Audited As at 31 December 2010 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	9,594	10,204
	<u>9,594</u>	<u>10,204</u>
<b>Current Assets</b>		
Inventories	2,677	3,262
Trade receivables	454	1,193
Other receivables and prepaid expenses	906	3,243
Tax recoverable	-	43
Cash and bank balances	80	130
<b>Total Current Assets</b>	<u>4,117</u>	<u>7,871</u>
<b>TOTAL ASSETS</b>	<u>13,711</u>	<u>18,075</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
Issued capital	11,856	11,856
Share premium reserve	8,187	8,187
Revaluation reserve	2,554	2,554
Accumulated loss	(16,233)	(13,107)
<b>Total Equity</b>	<u>6,364</u>	<u>9,490</u>
<b>Non-Current and Deferred Liabilities</b>		
Borrowing (Secured)	4,800	4,026
Deferred tax liabilities	19	19
	<u>4,819</u>	<u>4,045</u>
<b>Current Liabilities</b>		
Trade payables	321	440
Other payables and accruals	1,060	1,486
Amount owing to director	98	256
Borrowings : Bank overdraft	900	951
: Others	147	1,405
Tax liabilities	2	2
<b>Total Current Liabilities</b>	<u>2,528</u>	<u>4,540</u>
<b>Total Liabilities</b>	<u>7,347</u>	<u>8,585</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>13,711</u>	<u>18,075</u>
Net assets per share of RM0.10 each (sen)	<u>5.37</u>	<u>8.00</u>

**Note :**

The condensed consolidated statement of financial position should be read in conjunction with the annual audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the financial statements hereto.

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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group	Note	Attributable to equity holders of the Company Non Distributable				Total
		Share Capital	Share Premium	Reserve on Revaluation	Accumulated Loss	
		RM'000	RM'000	RM'000	RM'000	RM'000
<b>(Audited)</b>						
At 1 January 2010		10,778	8,187	2,554	(7,220)	14,299
Issuance of shares during the year		1,078	-	-	-	1,078
Total comprehensive loss for the year		-	-	-	(5,887)	(5,887)
<b>At 31 December 2010</b>		<b>11,856</b>	<b>8,187</b>	<b>2,554</b>	<b>(13,107)</b>	<b>9,490</b>
<b>(Unaudited)</b>						
At 1 January 2011		11,856	8,187	2,554	(13,107)	9,490
Total comprehensive loss for the year		-	-	-	(3,126)	(3,126)
<b>At 31 December 2011</b>		<b>11,856</b>	<b>8,187</b>	<b>2,554</b>	<b>(16,233)</b>	<b>6,364</b>

**Note :**

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the financial statements hereto.

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## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Cumulative Current Year-to-date 31 December 2011 RM('000)	Preceding Year Corresponding Year-to-date 31 December 2010 RM('000)
<b>Cash Flows from Operating Activities</b>		
Cash receipts from customers	1,133	7,483
Cash paid to suppliers and employees	(501)	(7,342)
Cash from operations	(248)	(228)
Income taxes paid	-	13
Net cash from/(used in) operating activities	<u>384</u>	<u>(74)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	-	(66)
Proceeds from disposal of property, plant and equipment	101	-
Net cash from/(used in) investing activities	<u>101</u>	<u>(66)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issuance of shares	-	1,078
Uplift of fixed deposits pledged to financial institution		2,198
Addition of term loans	974	-
Repayment of finance lease obligations	(113)	-
Decrease in bank borrowings other than bank overdrafts and long term borrowings - current portion	(1,345)	(2,710)
Net cash from/(used in) financing activities	<u>(484)</u>	<u>566</u>
Net increase in cash and cash equivalents	1	426
Cash and cash equivalents at beginning of year	(821)	(1,247)
Cash and cash equivalents at end of year	<u>(820)</u>	<u>(821)</u>
<b>Cash and cash equivalents at end of year comprise:</b>		
Cash and bank balances	80	130
Bank overdrafts	(900)	(951)
	<u>(820)</u>	<u>(821)</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

# ENVAIR HOLDING BERHAD

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## Quarterly report on consolidated results for the 4th quarter ended 31 December 2011

### NOTES

#### A EXPLANATORY NOTES PURSUANT TO FRS134 INTERIM FINANCIAL REPORTING

##### A1 Accounting Policies and Basic of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the Financial Reporting Standard ("FRS")134 - Interim Financial Reporting and Chapter 9, Part K Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Securities Exchange") for the ACE Market, and should be read in conjunction with the Group's annual audited financial statements for the financial year ended 31 December 2010. The accounting policies and methods of computation adopted by the Group in the interim unaudited financial statements are consistent with those adopted for the financial year ended 31 December 2010.

##### A2 Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2010 except for the adoption of the following new FRS, Amendments to FRSs and Interpretations that are effective for the financial periods beginning on or after 1 July 2010 and 1 January 2011:

Effective for financial periods beginning on or after 1 July 2010:

- FRS 1: First-time Adoption of Financial Reporting Standards
- FRS 3: Business Combinations (Revised)
- FRS 127: Consolidated and Separate Financial Statements (Amended)
- Amendments to FRS 2: Share-based Payment
- Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138: Intangible Assets
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 12: Service Concession Arrangements
- IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17: Distributions of Non-cash Assets to Owners

Effective for financial periods beginning on or after 1 January 2011:

- Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters
- Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions
- Amendments to FRS 7: Improving Disclosures about Financial Instruments
- Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"
- IC Interpretation 4: Determining whether an Arrangement contains a Lease
- IC Interpretation 18: Transfers of Assets from Customers

The adoption of the above mentioned FRS, Amendments to FRS and Interpretation will have no material impact on the financial statements of the Group.

***New and Revised FRSs, IC Interpretations and Amendments issued but are not yet effective for the Group's Current Quarter Report.***

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") has issued a new MASB accounting framework, the Malaysian Financial Reporting Standards ("MFRS"), Improvement to MFRs and IC Interpretations. The MFRS framework and IC Interpretations are to be applied by all Entitled Other Than Private Entities for annual periods beginning on or after 1 January 2012. The change of the financial reporting framework is not expected to have any significant impact on the financial position and performance of the Group and the Company.

##### A3 Auditors' report

The auditors' report of the preceding annual financial statements was not subject to any qualification.

##### A4 Seasonality or cyclicity of interim operations

The Group's interim operations were not affected by seasonal or cyclical factors.

**A5 Unusual items**

During the quarter under review, there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence.

**A6 Changes in estimates**

There were no major changes in the estimates of amounts reported in prior interim periods of the current financial year or in prior financial years that have had a material effect on the results in the quarter review.

**A7 Issuance, cancellations, repurchases, resale and repayments of debt and equity securities**

There were no major issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the quarter under review.

**A8 Dividend**

No dividend has been declared or paid during the period under review.

**A9 Segment reporting**

BUSINESS SEGMENTS	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	RM('000)	RM('000)	RM('000)	RM('000)
<b><u>Segment Revenue</u></b>				
Investment Holding	-	150	-	150
Air Filtration System, Fast Moving Consumer Product & Ancillary Support Services	100	106	323	572
Liquid Filtration System	-	-	-	5,773
Manufacturing	59	246	506	1,730
Total including inter-segment sales	159	502	829	8,225
Elimination of inter-segment sales	(19)	(47)	(90)	(1,141)
Total Revenue	140	455	739	7,084

**Segment Loss Before Tax**

Investment Holding	(616)	(1,022)	(1,597)	(1,475)
Air Filtration System, Fast Moving Consumer Product & Ancillary Support Services	(406)	(866)	(487)	(2,215)
Liquid Filtration System	(4)	(249)	(9)	(351)
Manufacturing	(384)	(871)	(1,033)	(1,803)
Unallocated Cost/ Elimination	-	(45)	-	(45)
Total Loss Before Tax	(1,410)	(3,053)	(3,126)	(5,889)

**A10 Valuation of property, plant and equipment**

There has been no revaluation of property, plant and equipment during the financial quarter under review.

**A11 Subsequent material events**

There were no other material events subsequent to the end of the quarter under review which is likely to substantially affect the results of the operations of the Group for the quarter under review.

**A12 Changes in the composition of the Group**

There has been no material change in the composition of the Group during the quarter under review.

**A13 Changes in contingent liabilities or contingent assets**

As at 31 December 2011, the Group is contingently liable for corporate guarantees issued to financial institutions for banking facilities extended to certain subsidiaries amounting to RM7,733,000.

**A14 Capital commitments**

The Group does not have any capital commitment as at 31 December 2011.

**A15 Significant related party transactions**

There were no significant related party transactions during the quarter under review.

**A16 Notes to the Statements of Comprehensive Income**

	INDIVIDUAL QUARTER 31 December 2011 RM('000)	CUMULATIVE QUARTER 31 December 2011 RM('000)
Loss before taxation is arrived at after charging/(crediting):		
Depreciation and amortisation	150	587
Allowance for doubtful debts	796	1,307
Bad debts written off	-	27
Interest expenses	136	574
Bad debts recovered	(102)	(115)
Gain on disposal of property, plant and equipment	-	(78)

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### NOTES

#### B ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS (APPENDIX 9B)

##### B1 Analysis of performance

The Group posted a 69% decrease in revenue for the current financial quarter as compared to that achieved in the same quarter preceding year. The lower sales recorded is mainly due to poorer demand in the Group's product owing to the competitiveness in the filtration products. For the current financial year, the Group recorded a 90% decrease in revenue as compared to last year which is also a result of lower sales of filtration products due to lower trading activities. Additionally, the investment holding segment saw a drop of RM150k in revenue as the Company had not charged any management fee. The significant drop in liquid filtration and manufacturing segments is a result of the completion of projects secured by a former subsidiary company in 2010.

The Group's loss before tax has dropped by almost 54% for the current quarter as compared to preceding year quarter as a result of lower expenses incurred namely reduction in salaries by RM119k as well as allowance for doubtful debts by RM1.6million. As compared to last year, the loss before tax has also improved by 47% mainly due to drop in allowance for doubtful debts by RM1.5million, directors' remuneration by RM164k and staff costs by RM571k in the air filtration, liquid filtration and manufacturing segments.

##### B2 Variation of results against preceding quarter

	Current quarter 31 December 2011 RM'000	Preceding quarter 30 September 2011 RM'000
Revenue	140	283
Loss before tax	(1,410)	(900)

The decrease in revenue for the current quarter as compared to the preceding quarter of 51% is mainly due to the decrease in sales of filtration products in view of the tight competition in this industry.

The Group's loss before tax of RM1,410,000 for the current quarter was higher as compared to the previous quarter of RM900,000 mainly due to the additional allowance for doubtful debts of RM795,957 made for the current quarter.

##### B3 Prospects for current financial year

The management is aware of the poor financial results of the Group and are deliberating on the viability of the existing business of the Group and are considering options available to improve its long term and sustainable future growth. The Group wish to venture into the oil and gas in the future.

##### B4 Profit forecast and profit guarantee

Not applicable as the Group has not previously provided a profit forecast in a public document or a profit guarantee.

##### B5 Taxation

No taxation was provided in the financial statements as the Group incurred losses during the quarter under review.

##### B6 Unquoted investments and properties

There were no disposal of unquoted investments or properties during the period under review.

##### B7 Quoted and marketable securities

The Company/Group does not hold any quoted or marketable securities as at 31 December 2011. There were no purchases or disposals of quoted securities for the current quarter.



**B8 Status of corporate proposals**

- i) On 18 October 2011, the Group (via its wholly owned subsidiary, Vokes Air (M) Sdn. Bhd.) entered into Joint Marketing Agreement with Resscom Petroleum Sdn. Bhd. for the distribution and trading of lubricant, diesel and liquidified petroleum gas whereby Vokes Air (M) Sdn. Bhd. agrees to pay 5% of the gross profit generated from the products as stipulated in the Agreement, to Resscom Petroleum Sdn. Bhd.
- ii) The Group had on 28 October 2011 announced that it has received an offer from ZAI Corporate Finance Ltd (London Investment Bank) to subscribe up to 30% of the ordinary shares in the Company.
- iii) The Group had on 31 October 2011 announced that it has received a Letter of Intent from An Hong Shenzhen, a company incorporated in the People's Republic of China to purchase two million barrels of light crude oil monthly over a period of sixty months.

As at this date of the report, there is no further development on the above.

**B9 Group borrowings and debt securities**

The following are the bank borrowings of the Group as at 31 December 2011:

	As at 31 December 2011 RM'000	As at 31 December 2010 RM'000
Short-Term Borrowings:		
Bank Overdraft	900	951
Bankers Acceptance / Trust Receipts	35	1,053
Hire Purchase Creditors	111	165
Term Loan (Secured)	-	187
Total	<u>1,046</u>	<u>2,356</u>
Non Current Borrowings:		
Hire Purchase Creditors	38	97
Term Loan (Secured)	4,762	3,929
Total	<u>4,800</u>	<u>4,026</u>

**B10 Material litigation**

As at the date of this report, the Group has no material litigation which might materially and adversely affect the position or business of the Group.

**B11 Dividends**

The Directors do not recommend the payment of a dividend in respect of the current financial year.

**B12 Loss per share ("LPS")**

	Individual quarter ended 31 December 2011	Individual quarter ended 31 December 2010	Cumulative quarter ended 31 December 2011	Cumulative quarter ended 31 December 2010
<b>Basic LPS</b>				
Loss for the period (RM'000)	(1,410)	(3,051)	(3,126)	(5,887)
Ordinary Shares in Issue('000)	118,556	118,556	118,556	118,556
Basic LPS (sen)	<u>(1.19)</u>	<u>(2.57)</u>	<u>(2.64)</u>	<u>(4.97)</u>

Basic LPS is calculated by dividing the net loss for the period under review by the weighted average number of ordinary shares in issue during the period.

The Company does not have any financial instrument in issue or other contract that may entitle its holder to ordinary share which may dilute its basic LPS.

**B13 Realised and Unrealised Profits**

As at  
31  
December  
2011  
RM '000

Total accumulated losses of the Company and its subsidiaries:  
- Realised  
- Unrealised  
Total group accumulated losses as per consolidated accounts

(16,214)  
(19)

(16,233)

**B14 Authorisation For Issue**

The Interim Financial Statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 29 February 2012.

By Order Of The Board  
Mohd Anuar Bin Mohd Hanadzlah

Shah Alam  
Selangor Darul Ehsan