

ENVAIR HOLDING BERHAD

(Company No: 412406-T)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the 2nd quarter ended 30 June 2012

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
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
Revenue	373	170	415	316
Operating expenses	(136)	(219)	(391)	(658)
Other operating income	6	89	24	108
Depreciation	(135)	(147)	(270)	(294)
Finance costs	(102)	(183)	(206)	(288)
Profit/(Loss) before taxation	6	(290)	(428)	(816)
Taxation	-	-	-	-
Profit/(Loss) after taxation	6	(290)	(428)	(816)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income/(loss) for the period	6	(290)	(428)	(816)
Earning/(Loss) per share (sen)				
(a) Basic	0.01	(0.24)	(0.36)	(0.69)

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 2011 and the accompanying explanatory notes attached to the financial statements hereto.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(These figures have not been audited)

Group	Attributable to equity holders of the Company					Total
	Non Distributable					
	Share	Share	Reserve on	Accumulated		
	Capital	Premium	Revaluation	Loss		
	Note	RM'000	RM'000	RM'000	RM'000	RM'000
(Audited)						
At 1 January 2011		10,778	8,187	2,554	(13,107)	8,412
Issuance of shares during the year		1,078	-	-	-	1,078
Total comprehensive loss for the year		-	-	-	(3,402)	(3,402)
At 31 December 2011		<u>11,856</u>	<u>8,187</u>	<u>2,554</u>	<u>(16,509)</u>	<u>6,088</u>
(Unaudited)						
At 1 January 2012		11,856	8,187	2,554	(16,509)	6,088
Total comprehensive loss for the period		-	-	-	(428)	(428)
At 30 June 2012		<u>11,856</u>	<u>8,187</u>	<u>2,554</u>	<u>(16,937)</u>	<u>5,660</u>

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 2011 and the accompanying explanatory notes attached to the financial statements hereto.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(These figures have not been audited)

	Cumulative Current Year-to-date 30 June 2012 RM('000)	Preceding Year Corresponding Year-to-date 31 December 2011 RM('000)
Cash Flows from Operating Activities		
Cash receipts from customers	266	1,096
Cash paid to suppliers and employees	633	(636)
Cash used in operations	(340)	(44)
Net cash from operating activities	559	416
Cash Flows from Investing Activities		
Proceeds from disposal of property, plant and equipment	-	101
Net cash from investing activities	-	101
Cash Flows from Financing Activities		
Repayment of term loans	(610)	(319)
Repayment of finance lease obligations	(17)	(126)
Decrease in bank borrowings other than bank overdrafts and long term borrowings - current portion	(4)	(70)
Net cash used in financing activities	(631)	(515)
Net increase/(decrease) in cash and cash equivalents	(72)	2
Cash and cash equivalents at beginning of period	(819)	(821)
Cash and cash equivalents at end of period	(891)	(819)
Cash and cash equivalents at end of period comprise:		
Cash and bank balances	14	83
Bank overdrafts	(905)	(902)
	(891)	(819)

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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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 Malaysian Financial Reporting Standard ("MFRS")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 2011. 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 2011.

A2 Changes in Accounting Policies

Since the previous audited financial statements as at 31 December 2011 were issued, the Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the Malaysian Accounting Standards Board ("MASB") with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standard ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board ("IASB"). The following are the newly-issued accounting framework - MFRS and IC Interpretations ("IC Int.") to be applied by all Entities Other Than Private Entities for the financial period beginning on 1 January 2012:

MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards

MFRS 2: Share-based Payment

MFRS 3: Business Combinations

MFRS 5: Non-current Assets Held for Sale and Discontinued Operations

MFRS 7: Financial Instruments: Disclosures

MFRS 8: Operating Segments

MFRS 101: Presentation of Financial Statements

MFRS 107: Statement of Cash Flows

MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors

MFRS 110: Events after the Reporting Period

MFRS 112: Income Taxes

MFRS 116: Property, Plant and Equipment

MFRS 118: Revenue

MFRS 119: Employee Benefits

MFRS 121: The Effects of Changes in Foreign Exchange Rates

MFRS 124: Related Party Disclosures

MFRS 127: Consolidated and Separate Financial Statements

MFRS 128: Investment in Associates

MFRS 132: Financial Instruments: Presentation

MFRS 133: Earnings Per Share

MFRS 134: Interim Financial Reporting

MFRS 136: Impairment of Assets

MFRS 137: Provisions, Contingent Liabilities and Contingent Assets

MFRS 138: Intangible Assets

MFRS 139: Financial Instruments: Recognition and Measurement

Improvements to MFRSs

The adoption of the above will have no material impact on the financial statements of the Group.

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	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	YEAR	CORRESPONDING	TO DATE	CORRESPONDING
	QUARTER	QUARTER		PERIOD
	30 June	30 June	30 June	30 June
2012	2011	2012	2011	
	RM('000)	RM('000)	RM('000)	RM('000)
<u>Segment Revenue</u>				
Air Filtration System, Fast Moving				
Consumer Product & Ancillary				
Support Services	354	87	357	190
Manufacturing	19	85	59	172
Total including inter-segment sales	373	172	416	362
Elimination of inter-segment sales	-	(2)	(1)	(46)
Total Revenue	373	170	415	316
<u>Segment Loss Before Tax</u>				
Investment Holding	(114)	(94)	(278)	(330)
Air Filtration System, Fast Moving				
Consumer Product & Ancillary				
Support Services	334	39	306	(9)
Liquid Filtration System	-	(2)	-	(3)
Manufacturing	(214)	(233)	(456)	(474)
Total Loss Before Tax	6	(290)	(428)	(816)

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 30 June 2012, 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 30 June 2012.

A15 Significant related party transactions

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

A16 Profit before taxation

	INDIVIDUAL QUARTER 30 June 2012 RM('000)	CUMULATIVE QUARTER 30 June 2012 RM('000)
Profit before taxation is arrived at after charging/(crediting):		
Depreciation and amortisation	135	270
Interest expense	102	206
Rental income	<u>(18)</u>	<u>(24)</u>

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

B1 Review of performance

The Group recorded a 119% increase in revenue for the current financial quarter as compared to that achieved in the same quarter preceding year. The increase in the revenue is a result of the increase in billings for the consumer products division.

The Group made a turnaround from a loss position in the preceding year quarter to a profit position during the current quarter under review. This is due to increase in bilings and lower operating cost incurred. The lower operating expenses were mainly due to lower salaries paid for current quarter.

B2 Variation of results against preceding quarter

	Current quarter 30 June 2012 RM'000	Preceding quarter 31 March 2012 RM'000
Revenue	373	42
Profit/(Loss) before tax	6	(434)

Revenue saw a significant rise of about eight fold as compared to the preceding quarter mainly due to the increase in revenue from the consumer products division.

Additionally, the Group made a profit before tax of RM6,000 for the current quarter as compared to a loss of RM434,000 suffered in the previous quarter primarily due to the better performance achieved in consumer products division.

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 has also entered into a joint collaboration to venture into the oil and gas services sector. The Group expects that the proposed collaboration will contribute positively to the earnings of the Group for the next financial year subject to the approval of the relevant authority.

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 provision for income tax has been made during the current quarter as the Group has sufficient unabsorbed tax losses to off-set against its current quarter's profit.

B6 Unquoted investments and properties

There were no disposals 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 30 June 2012. There were no purchases or disposals of quoted securities for the current quarter.

B8 Status of corporate proposals

On 18 October 2011, the Company proposed to undertake a private placement of up to 35,566,740 new ordinary shares of RM0.10 each in the Company, representing up to thirty percent of the existing issued and paid up share capital of the Company. The Proposed Private Placement is subject to the approvals from the shareholders of the Company and relevant authorities.

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 30 June 2012:

	As at 30 June 2012 RM'000	As at 30 June 2011 RM'000
Short-Term Borrowings:		
Bank Overdraft	905	920
Bankers Acceptance / Trust Receipts	32	30
Hire Purchase Creditors	105	141
Term Loan (Secured)	-	-
Total	<u>1,042</u>	<u>1,091</u>
Non Current Borrowings:		
Hire Purchase Creditors	28	49
Term Loan (Secured)	4,151	5,084
Total	<u>4,179</u>	<u>5,133</u>

B10 Material litigation

There was no pending material litigation as at the date of this report.

B11 Dividends

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

B12 Earnings/(Loss) per share

	Individual quarter ended 30 June 2012	Individual quarter ended 30 June 2011	Cumulative quarter ended 30 June 2012	Cumulative quarter ended 30 June 2011
Basic Earnings/(Loss) Per Share				
Earnings/(Loss) for the period (RM'000)	6	(290)	(428)	(816)
Ordinary Shares in Issue('000)	118,556	118,556	118,556	118,556
Basic Earnings/(Loss) Per Share (sen)	<u>0.01</u>	<u>(0.24)</u>	<u>(0.36)</u>	<u>(0.69)</u>

Basic earning/(loss) per share is calculated by dividing the net profit/(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 earnings/(loss) per share.

B13 Realised and Unrealised Profits

As at
30
June
2012
RM '000

Total accumulated losses of the Company and its subsidiaries:

- Realised

(16,922)

- Unrealised

(15)

Total group accumulated losses as per consolidated accounts

(16,937)

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 30 August 2012.

By Order Of The Board
Ezrul Ehsan Bin Ismail

Shah Alam
Selangor Darul Ehsan