

# ENVAIR HOLDING BERHAD (412406-T)

## QUARTERLY REPORT

On consolidated results for the fourth quarter ended 31 December 2012

The figures have not been audited.

### SUMMARY OF KEY FINANCIAL INFORMATION

|  | INDIVIDUAL QUARTER                                 |  | CUMULATIVE QUARTER                                 |   |
|--|--|--|--|---|
|  | Current<br>Year<br>Quarter<br>31.12.2012<br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br>31.12.2011<br>RM'000 | Current<br>Year<br>To Date<br>31.12.2012<br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>31.12.2011<br>RM'000 |
| Revenue  | 426  | 140  | 1,197  | 741   |
| Profit/(Loss) before tax   | 506  | (1,410)  | 65   | (3,407)   |
| Taxation   | 15   | -  | 15   | 5   |
| Profit/(Loss) for the period   | 521  | (1,410)  | 80   | (3,402)   |
| Profit/(Loss) attributable to ordinary<br>equity holders of the parent                 | 521  | (1,410)  | 80   | (3,402)   |
| Basic earnings/(loss) per share (sen)  | 0.44   | (1.19)   | 0.07   | (2.87)  |
| Proposed/Declared Dividend<br>per share (sen)  | N/A  | N/A  | N/A  | N/A   |
|  |  |  | As At End of<br>Current Quarter                    | As At Preceding<br>Financial<br>Year End                          |
| Net assets per share attributable<br>to ordinary equity holders of the<br>parent (sen) |  |  | 5.20   | 5.13  |

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011.

# ENVAIR HOLDING BERHAD

(Company No: 412406-T)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the 4th quarter ended 31 December 2012

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(These figures have not been audited)

|  | INDIVIDUAL QUARTER         |  | CUMULATIVE QUARTER         |   |
|--|----------------------------|--|----------------------------|---|
|  | CURRENT YEAR<br>QUARTER    | PRECEDING YEAR<br>CORRESPONDING<br>QUARTER | CURRENT YEAR TO<br>DATE    | PRECEDING YEAR<br>CORRESPONDING<br>PERIOD |
|  | 31 December 2012<br>RM'000 | 31 December 2011<br>RM'000                 | 31 December 2012<br>RM'000 | 31 December 2011<br>RM'000                |
| Revenue  | 426                        | 140  | 1,197                      | 741                                       |
| Operating expenses                               | (1,326)                    | (1,385)                                    | (1,848)                    | (3,259)                                   |
| Other operating income                           | 1,681                      | 121  | 1,705                      | 269                                       |
| Depreciation                                     | (135)                      | (150)                                      | (540)                      | (587)                                     |
| Finance costs                                    | (140)                      | (136)                                      | (449)                      | (571)                                     |
| Profit/(Loss) before taxation                    | 506                        | (1,410)                                    | 65                         | (3,407)                                   |
| Taxation   | 15                         | -  | 15                         | 5   |
| Profit/(Loss) after taxation                     | 521                        | (1,410)                                    | 80                         | (3,402)                                   |
| Other comprehensive income, net of tax           | -                          | -  | -                          | -   |
| Total comprehensive income/(loss) for the period | 521                        | (1,410)                                    | 80                         | (3,402)                                   |
| Earnings/(Loss) per share (sen)                  |                            |  |                            |   |
| (a) Basic  | 0.44                       | (1.19)                                     | 0.07                       | (2.87)                                    |

### 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.

# ENVAIR HOLDING BERHAD

(Company No: 412406-T)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the 4th quarter ended 31 December 2012

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

|   | Unaudited<br>As at<br>end<br>of current<br>quarter ended<br>31 December 2012<br>RM'000 | Audited<br>As at<br>preceding<br>financial<br>year ended<br>31 December 2011<br>RM'000 |
|---|--|--|
| <b>ASSETS</b>                             |  |  |
| <b>Non-Current Assets</b>                 |  |  |
| Property, plant and equipment             | 9,062  | 9,594  |
|   | <u>9,062</u>   | <u>9,594</u>   |
| <b>Current Assets</b>                     |  |  |
| Inventories                               | 1,723  | 2,628  |
| Trade receivables                         | 1,172  | 232  |
| Other receivables and prepaid expenses    | 598  | 850  |
| Tax recoverable                           | -  | 43   |
| Cash and bank balances                    | 21   | 82   |
| <b>Total Current Assets</b>               | <u>3,514</u>   | <u>3,835</u>   |
| <b>TOTAL ASSETS</b>                       | <u><u>12,576</u></u>   | <u><u>13,429</u></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                          | (16,429)   | (16,509)   |
| <b>Total Equity</b>                       | <u>6,168</u>   | <u>6,088</u>   |
| <b>Non-Current Liabilities</b>            |  |  |
| Borrowing (Secured)                       | 3,968  | 4,093  |
| Deferred tax liabilities                  | -  | 15   |
|   | <u>3,968</u>   | <u>4,108</u>   |
| <b>Current Liabilities</b>                |  |  |
| Trade payables                            | 307  | 321  |
| Other payables and accruals               | 427  | 627  |
| Amount owing to director                  | 461  | 528  |
| Borrowings : Bank overdrafts              | 912  | 902  |
| : Others                                  | 331  | 853  |
| Tax liabilities                           | 2  | 2  |
| <b>Total Current Liabilities</b>          | <u>2,440</u>   | <u>3,233</u>   |
| <b>Total Liabilities</b>                  | <u>6,408</u>   | <u>7,341</u>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>       | <u><u>12,576</u></u>   | <u><u>13,429</u></u>   |
| Net assets per share of RM0.10 each (sen) | <u>5.20</u>  | <u>5.13</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 2011 and the accompanying explanatory notes attached to the financial statements hereto.

# ENVAIR HOLDING BERHAD

(Company No: 412406-T)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the 4th quarter ended 31 December 2012

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(These figures have not been audited)

| Group   | Note | Attributable to equity holders of the Company |               |                        |                  | 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 2011   |      | 11,856  | 8,187         | 2,554                  | (13,107)         | 9,490        |
| Net loss for the year representing total comprehensive loss for the year        |      | -   | -             | -                      | (3,402)          | (3,402)      |
| <b>At 31 December 2011</b>  |      | <b>11,856</b>                                 | <b>8,187</b>  | <b>2,554</b>           | <b>(16,509)</b>  | <b>6,088</b> |
| <b>(Unaudited)</b>  |      |   |               |                        |                  |              |
| At 1 January 2012   |      | 11,856  | 8,187         | 2,554                  | (16,509)         | 6,088        |
| Net profit for the year representing total comprehensive income during the year |      | -   | -             | -                      | 80               | 80           |
| <b>At 31 December 2012</b>  |      | <b>11,856</b>                                 | <b>8,187</b>  | <b>2,554</b>           | <b>(16,429)</b>  | <b>6,168</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 2011 and the accompanying explanatory notes attached to the financial statements hereto.

# ENVAIR HOLDING BERHAD

(Company No: 412406-T)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the 4th quarter ended 31 December 2012

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(These figures have not been audited)

|   | Cumulative<br>Current<br>Year-to-date<br>31 December 2012<br>RM('000) | Preceding Year<br>Corresponding<br>Year-to-date<br>31 December 2011<br>RM('000) |
|---|---|---|
| <b>Cash Flows from Operating Activities</b>   |   |   |
| Cash receipts from customers  | 258   | 1,096   |
| Cash paid to suppliers and employees  | (342)   | (636)   |
| Cash used in operations   | (621)   | (45)  |
| Net cash from/(used in) operating activities  | <u>(705)</u>  | <u>415</u>  |
| <b>Cash Flows from Investing Activities</b>   |   |   |
| Purchase of property, plant and equipment   | (9)   | -   |
| Proceeds from disposal of property, plant and equipment   | -   | 101   |
| Net cash from/(used in) investing activities  | <u>(9)</u>  | <u>101</u>  |
| <b>Cash Flows from Financing Activities</b>   |   |   |
| Repayment of term loans   | (600)   | (319)   |
| Repayment of finance lease obligations  | (44)  | (126)   |
| Decrease in bank borrowings other than bank overdrafts and long term borrowings - current portion | (4)   | (70)  |
| Advance from shareholder  | 1,291   | -   |
| Net cash from/(used in) financing activities  | <u>643</u>  | <u>(515)</u>  |
| Net increase/(decrease) in cash and cash equivalents  | (71)  | 1   |
| Cash and cash equivalents at beginning of year  | (820)   | (821)   |
| Cash and cash equivalents at end of year  | <u>(891)</u>  | <u>(820)</u>  |
| <b>Cash and cash equivalents at end of year comprise:</b>   |   |   |
| Cash and bank balances  | 21  | 82  |
| Bank overdrafts   | (912)   | (902)   |
|   | <u>(891)</u>  | <u>(820)</u>  |

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.

# ENVAIR HOLDING BERHAD

(Company No: 412406-T)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the 4th quarter ended 31 December 2012

## NOTES

### A EXPLANATORY NOTES PURSUANT TO MFRS134 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 YEAR QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE | PRECEDING YEAR CORRESPONDING PERIOD |
|  | 31 December 2012     | 31 December 2011                     | 31 December 2012     | 31 December 2011                    |
|  | RM('000)             | RM('000)                             | RM('000)             | RM('000)                            |
| <b><u>Segment Revenue</u></b>  |                      |                                      |                      |                                     |
| Air Filtration System, Fast Moving Consumer Product & Ancillary Support Services | 426                  | 100                                  | 1,138                | 325                                 |
| Manufacturing  | -                    | 59                                   | 59                   | 506                                 |
| Total including inter-segment sales  | 426                  | 159                                  | 1,197                | 831                                 |
| Elimination of inter-segment sales   | -                    | (19)                                 | -                    | (90)                                |
| Total Revenue  | 426                  | 140                                  | 1,197                | 741                                 |

**Segment Profit/(Loss) Before Tax**

|  |       |         |       |         |
|--|-------|---------|-------|---------|
| Investment Holding   | 1,138 | (616)   | 737   | (1,873) |
| Air Filtration System, Fast Moving Consumer Product & Ancillary Support Services | (321) | (406)   | 319   | (487)   |
| Liquid Filtration System   | -     | (4)     | -     | (9)     |
| Manufacturing  | (296) | (384)   | (976) | (1,033) |
| Total Profit/(Loss) Before Tax   | 521   | (1,410) | 80    | (3,402) |

**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 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 31 December 2012.

**A15 Significant related party transactions**

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

**A16 Profit/(Loss) before taxation**

|   | INDIVIDUAL<br>QUARTER<br>31 December<br>2012<br>RM('000) | CUMULATIVE<br>QUARTER<br>31 December<br>2012<br>RM('000) |
|---|--|--|
| Profit/(Loss) before taxation is arrived at after charging/(crediting): |  |  |
| Audit fee   | 28   | 28   |
| Depreciation and amortisation   | 135  | 540  |
| Interest expenses   | 140  | 449  |
| Write down of inventories   | 574  | 574  |
| Bad debts written off   | 253  | 253  |
| Rental income   | -  | (24)   |
| Exceptional item:   |  |  |
| Waiver of amount owing to shareholder                                   | <u>(1,628)</u>   | <u>(1,628)</u>   |



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## Quarterly report on consolidated results for the 4th quarter ended 31 December 2012

### NOTES

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

##### B1 Review of performance

During the current quarter under review, the Group posted a revenue of RM426k, an improvement of approximately RM286k. The jump in the revenue mainly arose from steps undertaken by the Group to promote the sales of its air filtration business.

The Group reported a profit before tax of RM506k reversing a net loss of RM1,410k reported in the same quarter preceding year due to one-off income earned from waiver of amount owing to shareholder to ease the working capital of the Group. However, such gain was netted off by write down of inventories to their net realisable value as well as write off of other receivables.

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

|                          | Current<br>quarter<br>31 December<br>2012<br>RM'000 | Preceding<br>quarter<br>30 September<br>2012<br>RM'000 |
|--------------------------|---|--|
| Revenue                  | 426   | 356  |
| Profit/(Loss) before tax | 506   | (13)   |

Revenue for the current quarter stood at RM426k against RM356k registered in the preceding quarter, a growth of about 20%. The improvement in the revenue is mainly in the sale of air filtration system owing to the effort taken by management to promote its existing products.

The Group turned in RM506k in profit before tax, a turnaround from a loss before tax of RM13k recorded in the preceding quarter mainly boosted by the 20% hike in revenue as well as waiver obtained from a shareholder on the balance outstanding. However, such gain was offset by write down of inventories amounting to RM574k and bad debts written off in respect of other receivables totalling RM253k.

##### 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

A numerical reconciliation between the income tax credit and the product of accounting profit/(loss) multiplied by the statutory income tax rate is as follows:

|  | Current<br>Year to date<br>31 December<br>2012<br>RM'000 | Current<br>Year to date<br>31 December<br>2011<br>RM'000 |
|--|--|--|
| Profit/(Loss) before taxation                          | 65   | (3,407)  |
| Tax at the applicable statutory income tax rate of 25% | 16   | (852)  |
| Expenses not deductible for tax purposes               | 45   | 294  |
| Utilisation of previous year's unrecognised tax losses | (91)   | (1)  |
| Deferred tax assets not recognised                     | 15   | 554  |
| Income tax credit for the year                         | (15)   | (5)  |

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

**B8 Status of corporate proposal**

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 31 December 2012:

|                                     | As at<br>31 December<br>2012<br>RM'000 | As at<br>31 December<br>2011<br>RM'000 |
|-------------------------------------|--|--|
| Short-Term Borrowings:              |  |  |
| Bank Overdraft                      | 912                                    | 902                                    |
| Bankers Acceptance / Trust Receipts | 32                                     | 35                                     |
| Hire Purchase Creditors             | 78                                     | 90                                     |
| Term Loan (Secured)                 | 221                                    | 728                                    |
| Total                               | <u>1,243</u>                           | <u>1,755</u>                           |
| Non Current Borrowings:             |  |  |
| Hire Purchase Creditors             | 27                                     | 60                                     |
| Term Loan (Secured)                 | 3,968                                  | 4,033                                  |
| Total                               | <u>3,995</u>                           | <u>4,093</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 Earnings/(Loss) per share**

|  | Individual<br>quarter ended<br>31 December<br>2012 | Individual<br>quarter ended<br>31 December<br>2011 | Cumulative<br>quarter ended<br>31 December<br>2012 | Cumulative<br>quarter ended<br>31 December<br>2011 |
|--|--|--|--|--|
| <b>Basic Earnings/(Loss) Per Share</b> |  |  |  |  |
| Profit/(Loss) for the period (RM'000)  | 521  | (1,410)  | 80   | (3,402)  |
| Ordinary Shares in Issue('000)         | 118,556  | 118,556  | 118,556  | 118,556  |
| Basic Earnings/(Loss) Per Share (sen)  | <u>0.44</u>  | <u>(1.19)</u>                                      | <u>0.07</u>  | <u>(2.87)</u>                                      |

Basic earnings/(loss) 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  
31  
December  
2012  
RM '000

Total accumulated losses of the Company and its subsidiaries:

- Realised

(16,429)

- Unrealised

-

Total group accumulated losses as per consolidated accounts

(16,429)

**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

By Order Of The Board

Ezrul Ehsan Bin Ismail

Shah Alam

Selangor Darul Ehsan