

# ENVAIR HOLDING BERHAD(412406-T)

## QUARTERLY REPORT

On consolidated results for the first quarter ended 31 March 2013

The figures have not been audited.

### SUMMARY OF KEY FINANCIAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year Corresponding	Current Year	Preceding Year Corresponding
	Quarter	Quarter	To Date	
	31.3.2013	31.3.2012	31.3.2013	31.3.2012
	RM'000	RM'000	RM'000	RM'000
Revenue	580	42	580	42
Loss before tax	(39)	(434)	(39)	(434)
Taxation	-	-	-	-
Loss for the period	(39)	(434)	(39)	(434)
Loss attributable to ordinary equity holders of the parent	(39)	(434)	(39)	(434)
Basic loss per share (sen)	(0.03)	(0.37)	(0.03)	(0.37)
Proposed/Declared Dividend per share (sen)	N/A	N/A	N/A	N/A

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012.

# ENVAIR HOLDING BERHAD

(Company No: 412406-T)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the 1st quarter ended 31 March 2013

## 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 March 2013 RM'000	31 March 2012 RM'000	31 March 2013	31 March 2012 RM'000
Revenue	580	42	580	42
Operating expenses	(439)	(255)	(439)	(255)
Other operating income	71	18	71	18
Depreciation	(143)	(135)	(143)	(135)
Finance costs	(108)	(104)	(108)	(104)
<b>Loss before taxation</b>	<b>(39)</b>	<b>(434)</b>	<b>(39)</b>	<b>(434)</b>
Taxation	-	-	-	-
<b>Loss after taxation</b>	<b>(39)</b>	<b>(434)</b>	<b>(39)</b>	<b>(434)</b>
Other comprehensive income, net of tax	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>(39)</b>	<b>(434)</b>	<b>(39)</b>	<b>(434)</b>
<b>Loss per share (sen)</b>				
(a) Basic	(0.03)	(0.37)	(0.03)	(0.37)

**Notes:**

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the annual audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the financial statements hereto.



# ENVAIR HOLDING BERHAD

(Company No. 412408-T)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the 1st quarter ended 31 March 2013

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(These figures have not been audited)

Group	Note	Attributable to equity holders of the Company				Total
		Share Capital	Non Distributable		Accumulated Loss	
			Share Premium	Reserve on Revaluation		
		RM'000	RM'000	RM'000	RM'000	RM'000
<b>Quarter ended 31 March 2012</b>						
At 1 January 2012		11,856	8,187	2,554	(16,509)	6,088
Net loss for the period representing total comprehensive loss for the period		-	-	-	(434)	(434)
At 31 March 2012		11,856	8,187	2,554	(16,943)	5,654
<b>Quarter ended 31 March 2013</b>						
At 1 January 2013		11,856	8,187	2,554	(16,436)	6,161
Net loss for the period representing total comprehensive loss for the period		-	-	-	(39)	(39)
At 31 March 2013		11,856	8,187	2,554	(16,475)	6,122

**Note :**

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the annual audited financial statements for the financial year ended 31 December 2012 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 1st quarter ended 31 March 2013

### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(These figures have not been audited)

	3 months ended 31 March 2013 RM('000)	3 months ended 31 March 2012 RM('000)
<b>Cash Flows From Operating Activities</b>		
Loss before taxation	(39)	(434)
Adjustment for:		
Depreciation of property, plant and equipment	143	135
Finance costs	108	105
Operating profit/(loss) before working capital changes	212	(194)
Net change in current assets	(275)	136
Net change in current liabilities	211	730
Cash generated from operations	148	672
Interest paid	(108)	(105)
Net cash from operating activities	40	567
<b>Cash Flows From Financing Activities</b>		
Repayment of term loans	-	(630)
Repayment of finance lease obligations	-	(11)
Decrease in bank borrowings other than bank overdrafts and long term borrowings - current portion	-	(4)
Net cash used in financing activities	-	(645)
Net increase/(decrease) in cash and cash equivalents	40	(78)
Cash and cash equivalents at beginning of year	(917)	(820)
Cash and cash equivalents at end of year	(877)	(898)
<b>Cash and cash equivalents at end of year comprise:</b>		
Cash and bank balances	14	25
Bank overdrafts	(891)	(923)
	(877)	(898)

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 1st quarter ended 31 March 2013

### NOTES

#### A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING

##### A1 Basis of preparation

The interim financial report has been prepared in accordance with MFRS 134, Interim Financial Reporting and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market.

This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2012. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial year ended 31 December 2012.

##### A2 Significant accounting policies

The significant accounting policies and methods adopted by the Group in the preparation of this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2012. The Directors anticipate that the application of the following MFRSs issued by the Malaysian Accounting Standards Board ("MASB"), which are mandatory and will be effective for the financial periods as stated below, when adopted will have no material impact on the financial statements of the Group and of the Company, except as disclosed below:

*Effective for financial periods beginning on or after 1st July 2012*

Amendments to MFRS 101                      Presentation of Items of Other Comprehensive Income

*Effective for financial periods beginning on or after 1st January 2013*

MFRS 3	Business Combinations
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (revised)
MFRS 127	Consolidated and Separate Financial Statements (revised)
MFRS 128	Investments in Associates and Joint Ventures (revised)
Amendments to MFRS 1	First-time Adoption of MFRS - Government Loans
Amendments to MFRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance
Annual Improvements to IC Interpretations and MFRSs 2009 - 2011 Cycle	

*Effective for financial periods beginning on or after 1st January 2014*

Amendments to MFRS 132                      Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

*Effective for financial periods beginning on or after 1st January 2015*

Amendments to MFRS 9                      Mandatory Effective Date of MFRS 9 and Transition Disclosures

*MFRS 9: Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities*

This MFRS replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss (FVTPL). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in other comprehensive income (OCI). There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity.

The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

The Group will quantify the effect of adopting this MFRS when the full standard is issued.

#### *MFRS 10: Consolidated Financial Statements*

This MFRS introduces a single control model to identify a parent-subsiary relationship. This control model is based on the elements of power, returns and the link between power and returns. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements.

The Group has re-evaluated its involvement with investors under the new control model and based on its reassessment, the Group concluded that there is no change in the structure of the Group.

#### *MFRS 13: Fair Value Measurement*

This MFRS aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 Financial instruments: Disclosures, but apply to all assets and liabilities measured at fair value, not just financial ones.

The application of this new Standard will result in more extensive disclosures in the financial statements.

#### *Amendment to MFRS 101: Presentation of Items of Other Comprehensive Income*

These amendments require that items of other comprehensive income be distinguished into those that will never be reclassified to profit or loss and those that may be reclassified to profit or loss when specified conditions in the applicable MFRSs are met.

The adoption of this amendment affects presentation only and has no financial impact on the Group's financial statements.

#### **A3 Auditors' report of preceding annual financial statements**

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

#### **A4 Seasonality or cyclicity**

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 Material 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 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 Dividends**

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

**A9 Segment information**

BUSINESS SEGMENTS	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	RM('000)	RM('000)	RM('000)	RM('000)
<b><u>Segment Revenue</u></b>				
Air Filtration System, Fast Moving Consumer Product & Ancillary Support Services	580	3	580	3
Manufacturing	-	40	-	40
Total including inter-segment sales	580	43	580	43
Elimination of inter-segment sales	-	(1)	-	(1)
Total Revenue	580	42	580	42
<b><u>Segment Profit/(Loss) Before Tax</u></b>				
Investment Holding	(79)	(164)	(79)	(164)
Air Filtration System, Fast Moving Consumer Product & Ancillary Support Services	192	(28)	192	(28)
Liquid Filtration System	(1)	-	(1)	-
Manufacturing	(151)	(242)	(151)	(242)
Total Loss Before Tax	(39)	(434)	(39)	(434)

**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 Contingencies**

As at 31 March 2013, 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 March 2013.

**A15 Significant related party transactions**

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



**A16 Loss before taxation**

INDIVIDUAL QUARTER 31 March 2013 RM('000)	CUMULATIVE QUARTER 31 March 2012 RM('000)
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The following items have been charged/(credited) in arriving at the loss before taxation:

Depreciation and amortisation	143	135
Interest expenses	108	104
Rental income	-	(18)

# ENVAIR HOLDING BERHAD

(Company No: 412406-T)

(Incorporated in Malaysia)

## Quarterly report on consolidated results for the 1st quarter ended 31 March 2013

### NOTES

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

##### B1 Review of performance

The Group registered a revenue of RM580k for the current quarter under review, a marked improvement of RM538k as compared to that recorded in the preceding year corresponding quarter. The substantial jump in the revenue is mainly due to aggressive steps undertaken by the Group to promote the sales of its air filtration business which is in line with the intention of the management to reduce its inventory level for most of its products.

Despite the significant leap shown in the revenue of the Group, the Group suffered a loss before tax of RM39k mainly due to lower margin made. However, the loss before tax for the current quarter has declined by RM395k mainly due to the increase in revenue as well as lower operating expenses incurred.

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

	Current quarter 31 March 2013 RM'000	Preceding quarter 31 December 2012 RM'000
Revenue	580	426
Profit/(Loss) before tax	(39)	506

Revenue rose from RM426k reported in the preceding quarter to RM580k achieved in the current quarter under review mainly due to aggressive efforts undertaken by management to clear the inventories of its filtration products.

Despite the surge in the revenue, the Group made a loss before taxation of RM39k as compared to a profit before taxation in the preceding quarter. The income in the preceding quarter was boosted by a one-off income namely waiver of advance from a shareholder that was not replicated in the first quarter of 2013. However, the reduction in operating expenses for the current quarter under review especially the substantial decrease in write down of inventories and bad debts written off have helped cushioned the impact from the one-off income.

##### B3 Prospects for current financial year

The Board is 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 in the coming 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 taxation has been provided in the financial statements as the Group incurred losses during the quarter under review and the corresponding quarter of the preceding year.

##### B6 Unquoted investments and properties

There were no acquisitions or disposals of unquoted investments or properties during the financial quarter under review.

**B7 Quoted and marketable securities**

The Group does not hold any quoted or marketable securities as at 31 March 2013. 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 approval from the shareholders of the Company.

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 March 2013:

	As at 31 March 2013 RM'000	As at 31 March 2012 RM'000
Short-Term Borrowings:		
Bank Overdraft	891	923
Bankers Acceptance / Trust Receipts	-	31
Hire Purchase Creditors	89	101
Total	<u>980</u>	<u>1,055</u>
Non Current Borrowings:		
Hire Purchase Creditors	14	38
Term Loan (Secured)	4,219	4,131
Total	<u>4,233</u>	<u>4,169</u>

**B10 Material litigation**

Subsequent to period end, a Winding-Up Petition pursuant to Section 218(1)(e) of the Companies Act, 1965 together with a copy of the Affidavit Verifying Petition ("the said Winding-Up Petition") have been served on the Company by a former shareholder/director of the Company, demanding the payment of the total outstanding sum owing by the Company amounting to RM835,445. The Company disputed this amount as based on the accounting records, the accumulated advances received as at 31st December 2012 stood at RM582,000. According to management, there was a previous agreement for the said advance to be returned upon the Company obtaining approval for its private placement exercise from Bursa Malaysia Securities Berhad (Bursa Securities). To date, no submission has been made to Bursa Securities. The Company is also disputing the manner of service of the Writ and Statement of Claim as it was not done properly. The Company does not expect any further financial or operational impact as a principal shareholder has given a written irrevocable undertaking to the Company to pay the entire sum claimed and replace the said advance in the event that the Company is denied by the court to set aside its application to strike out the judgment.

**B11 Dividends**

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

**B12 Loss per share**

	Individual quarter ended 31 March 2013	Individual quarter ended 31 March 2012	Cumulative quarter ended 31 March 2013	Cumulative quarter ended 31 March 2012
<b>Basic Loss Per Share</b>				
Loss for the period (RM'000)	(39)	(434)	(39)	(434)
Ordinary Shares in Issue('000)	118,556	118,556	118,556	118,556
Basic Loss Per Share (sen)	<u>(0.03)</u>	<u>(0.37)</u>	<u>(0.03)</u>	<u>(0.37)</u>

Basic loss 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 earnings/(loss) per share.

**B13 Realised and Unrealised Profits/(Losses)**

Supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad are as follow:

	AS AT END OF CURRENT YEAR QUARTER 31.3.2013 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31.12.2013 RM '000
Total accumulated profit/(losses) of the Company and its subsidiaries:		
- Realised	(17,834)	(17,795)
- Unrealised	454	454
	<u>(17,380)</u>	<u>(17,341)</u>
Add: Consolidation adjustments	905	905
Total group accumulated losses as per consolidated accounts	<u>(16,475)</u>	<u>(16,436)</u>

By Order Of The Board

Ezrul Ehsan Bin Ismail  
Executive Director  
Kuala Lumpur  
Date: 31st May 2013