

# RAYA INTERNATIONAL BERHAD(412406-T)

(formerly known as ENVAIR HOLDING BERHAD)

## QUARTERLY REPORT

On consolidated results for the second quarter ended 30 June 2013

The figures have not been audited.

### SUMMARY OF KEY FINANCIAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30.6.2013 RM'000	Quarter Ended 30.6.2012 RM'000	Period Ended 30.6.2013 RM'000	Period Ended 30.6.2012 RM'000
Revenue	565	373	1,145	415
Profit/(Loss) before tax	121	6	82	(428)
Income tax expense	-	-	-	-
Profit/(Loss) for the period	121	6	82	(428)
Profit/(Loss) attributable to ordinary equity holders of the parent	121	6	82	(428)
Basic earnings/(loss) per share (sen)	0.10	0.01	0.07	(0.36)
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.

# RAYA INTERNATIONAL BERHAD

(formerly known as ENVAIR HOLDING BERHAD)

(Company No: 412406-T)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the 2nd quarter ended 30 June 2013

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30 June 2013 RM'000	QUARTER ENDED 30 June 2012 RM'000	PERIOD ENDED 30 June 2013 RM'000	PERIOD ENDED 30 June 2012 RM'000
Revenue	565	373	1,145	415
Operating expenses	(205)	(136)	(644)	(391)
Other operating income	12	6	83	24
Depreciation	(142)	(135)	(285)	(270)
Finance costs	(109)	(102)	(217)	(206)
<b>Profit/(Loss) before taxation</b>	<u>121</u>	<u>6</u>	<u>82</u>	<u>(428)</u>
Income tax expense	-	-	-	-
<b>Profit/(Loss) after taxation</b>	<u>121</u>	<u>6</u>	<u>82</u>	<u>(428)</u>
<b>Other comprehensive income, net of tax</b>	-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>	<u>121</u>	<u>6</u>	<u>82</u>	<u>(428)</u>
<b>Earnings/(Loss) per share (sen)</b>				
(a) Basic	<u>0.10</u>	<u>0.01</u>	<u>0.07</u>	<u>(0.36)</u>

### Notes:

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

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## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(These figures have not been audited)

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>Period ended 30 June 2013</b>						
At 1 January 2013		11,856	8,187	2,554	(16,436)	6,161
Net profit for the period representing total comprehensive income for the period		-	-	-	82	82
At 30 June 2013		<u>11,856</u>	<u>8,187</u>	<u>2,554</u>	<u>(16,354)</u>	<u>6,243</u>
<b>Period ended 30 June 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		-	-	-	(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 Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

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## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited As at 30 June 2013 RM'000	Audited As at 31 December 2012 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	8,729	9,014
Deferred tax assets	463	463
<b>Total Non-Current Assets</b>	<u>9,192</u>	<u>9,477</u>
<b>Current Assets</b>		
Inventories	1,384	1,770
Trade receivables	2,186	1,185
Other receivables and prepaid expenses	688	660
Tax recoverable	-	43
Cash and bank balances	17	12
<b>Total Current Assets</b>	<u>4,275</u>	<u>3,670</u>
<b>TOTAL ASSETS</b>	<u><u>13,467</u></u>	<u><u>13,147</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
Share capital	11,856	11,856
Share premium reserve	8,187	8,187
Revaluation reserve	2,554	2,554
Accumulated loss	(16,354)	(16,436)
<b>Total Equity</b>	<u>6,243</u>	<u>6,161</u>
<b>Non-Current Liabilities</b>		
Borrowings (Secured)	4,320	4,064
Deferred tax liabilities	9	9
<b>Total Non-Current Liabilities</b>	<u>4,329</u>	<u>4,073</u>
<b>Current Liabilities</b>		
Trade payables	312	317
Other payables and accruals	665	1,333
Amounts owing to directors	977	98 *
Borrowings : Bank overdrafts	850	929
: Others	89	234
Tax liabilities	2	2
<b>Total Current Liabilities</b>	<u>2,895</u>	<u>2,913</u>
<b>Total Liabilities</b>	<u>7,224</u>	<u>6,986</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>13,467</u></u>	<u><u>13,147</u></u>
Net assets per share of RM0.10 each (sen)	<u>5.27</u>	<u>5.20</u>

\* Reclassified for comparative purposes

**Note :**

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

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## Quarterly report on consolidated results for the 2nd quarter ended 30 June 2013

### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(These figures have not been audited)

	Period ended 30 June 2013 RM'000	Period ended 30 June 2012 RM'000
<b>Cash Flows From Operating Activities</b>		
Profit/(Loss) before taxation	82	(428)
Adjustments for:		
Depreciation of property, plant and equipment	285	270
Finance costs	217	206
Operating profit before working capital changes	<u>584</u>	<u>48</u>
Net change in current assets	(545)	(335)
Net change in current liabilities	262	1,052
Cash generated from operations	<u>301</u>	<u>765</u>
Interest paid	(217)	(206)
Net cash from operating activities	<u>84</u>	<u>559</u>
<b>Cash Flows From Financing Activities</b>		
Repayment of term loans	-	(610)
Repayment of finance lease obligations	-	(17)
Decrease in bank borrowings other than bank overdrafts and long term borrowings - current portion	-	(4)
Net cash used in financing activities	<u>-</u>	<u>(631)</u>
Net change in cash and cash equivalents	84	(72)
Cash and cash equivalents at beginning of year	<u>(917)</u>	<u>(819)</u>
Cash and cash equivalents at end of year	<u>(833)</u>	<u>(891)</u>
<b>Cash and cash equivalents at end of year comprise:</b>		
Cash and bank balances	17	14
Bank overdrafts	<u>(850)</u>	<u>(905)</u>
	<u>(833)</u>	<u>(891)</u>

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

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## Quarterly report for the 2nd quarter ended 30 June 2013

### NOTES

#### A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134

##### 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 1 July 2012*

Amendments to MFRS 101	Presentation of Financial Statements (Amendments relating to Presentation of items of Other Comprehensive Income)
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###### *Effective for financial periods beginning on or after 1 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
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
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 1 January 2014*

Amendments to MFRS 10, MFRS 11 and MFRS 12	Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

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

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

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group upon their initial application.

**A3 Audit report of preceding audited financial statements**

The audit 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	
	QUARTER ENDED	QUARTER ENDED	PERIOD ENDED	PERIOD ENDED
	30 June	30 June	30 June	30 June
	2013	2012	2013	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	565	354	1,145	357
Manufacturing	-	19	-	59
Total including inter-segment sales	565	373	1,145	416
Elimination of inter-segment sales	-	-	-	(1)
Total Revenue	565	373	1,145	415
<b><u>Segment Profit/(Loss) Before Tax</u></b>				
Investment Holding	(95)	(114)	(176)	(278)
Air Filtration System, Fast Moving				
Consumer Product & Ancillary				
Support Services	216	334	410	306
Liquid Filtration System	(1)	-	(2)	-
Manufacturing	1	(214)	(150)	(456)
Total Profit/(Loss) Before Tax	121	6	82	(428)

**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 30 June 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 30 June 2013.

**A15 Significant related party transactions**

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

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

	INDIVIDUAL QUARTER 30 June 2013 RM'000	INDIVIDUAL QUARTER 30 June 2012 RM'000
The following items have been charged/(credited) in arriving at the profit/(loss) before taxation:		
Depreciation and amortisation	142	135
Interest expenses	109	105
Rental income	-	(18)



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### NOTES

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

##### B1 Review of performance

Revenue for the current quarter of RM565k was higher by 51.5% compared to the corresponding quarter in 2012. The higher sales in the Air Filtration products achieved was due to higher selling prices as well as sales of higher quality products.

The Group recorded a jump in profit before tax by RM115k on the back of strong sales generated. The sales of higher quality products with higher margins have contributed to the substantial increase in the profit before tax during the current quarter with other operating costs being maintained at the same level as that of previous quarter.

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

	Quarter Ended 30 June 2013 RM'000	Quarter Ended 31 March 2013 RM'000
Revenue	565	580
Profit/(Loss) before tax	121	(39)

Revenue slipped marginally by RM15k from RM580k reported for the preceding quarter ended 31 March 2013 to RM565k achieved in the current quarter under review. The revenue arose mainly from the sales of the inventories of its filtration products.

The Group recorded a pre-tax profit of RM121k during the current quarter reversing the pre-tax loss of RM39k in the preceding quarter ended 31 March 2013 mainly due to sales of filtration products of higher quality with higher margin.

##### 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.

##### 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 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 30 June 2013. There were no purchases or disposals of quoted securities for the current quarter.

**B8 Status of corporate proposal**

There were no corporate proposals undertaken or announced during the quarter under review.

**B9 Group borrowings and debt securities**

The following are the bank borrowings of the Group as at 30 June 2013:

	As at 30 June 2013 RM'000	As at 30 June 2012 RM'000
Short-Term Borrowings:		
Bank Overdraft	850	905
Bankers Acceptance / Trust Receipts	-	32
Hire Purchase Creditors	89	105
Total	<u>939</u>	<u>1,042</u>
Non Current Borrowings:		
Hire Purchase Creditors	14	28
Term Loan (Secured)	4,306	4,151
Total	<u>4,320</u>	<u>4,179</u>

**B10 Material litigation**

Subsequent to year 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 well as the manner of service of the Writ and Statement of Claim as it was not done properly. However, during the current quarter, the Company's application to set aside the judgement in Default granted to Dato' Sri Ung Eng Huat by the Kuala Lumpur High Court on 13 December 2012 was disallowed by the Kuala Lumpur High Court on 4 June 2013. The Company does not expect any immediate financial or operational impact as a director/principal shareholder has paid the entire sum claimed for and on behalf of the Company on 5 June 2013. As such, Dato's Sri Ung Eng Huat has withdrawn the Winding-Up Petition on the same date.

**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 2013	Individual quarter ended 30 June 2012	Cumulative quarter ended 30 June 2013	Cumulative quarter ended 30 June 2012
<b>Basic Earnings/(Loss) Per Share</b>				
Profit/(Loss) for the period (RM'000)	121	6	82	(428)
Ordinary Shares in Issue('000)	118,556	118,556	118,556	118,556
Basic Earnings/(Loss) Per Share (sen)	<u>0.10</u>	<u>0.01</u>	<u>0.07</u>	<u>(0.36)</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/(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 30.6.2013 RM '000	AS AT 31.12.2012 RM '000
Total accumulated profit/(losses) of the Company and its subsidiaries:		
- Realised	(17,713)	(17,795)
- Unrealised	454	454
	<u>(17,259)</u>	<u>(17,341)</u>
Add: Consolidation adjustments	905	905
Total group accumulated losses as per consolidated accounts	<u>(16,354)</u>	<u>(16,436)</u>

By order of the Board

Ezrul Ehsan Bin Ismail  
Executive Director  
Kuala Lumpur  
Date: 30 August 2013