

RAYA INTERNATIONAL BERHAD(412406-T)

QUARTERLY REPORT

On consolidated results for the forth quarter ended 31 December 2014

The figures have not been audited.

SUMMARY OF KEY FINANCIAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31.12.2014 RM'000	Quarter Ended 31.12.2013 RM'000	Year Ended 31.12.2014 RM'000	Year Ended 31.12.2013 RM'000
Revenue	<u>1,710</u>	<u>649</u>	<u>2,852</u>	<u>2,424</u>
Profit/(Loss) before tax	(755)	391	(1,524)	351
Taxation	-	(262)	-	(262)
Profit/(Loss) for the period	<u>(755)</u>	<u>129</u>	<u>(1,524)</u>	<u>89</u>
Profit/(Loss) attributable to ordinary equity holders of the parent	(755)	129	(1,524)	89
Basic earnings/(loss) per share (sen)	(0.62)	0.11	(1.25)	0.08
Proposed/Declared Dividend per share (sen)	N/A	N/A	N/A	N/A

RAYA INTERNATIONAL BERHAD

(Company No: 412406-T)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the 4th quarter ended 31 December 2014

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31 December 2014 RM'000	QUARTER ENDED 31 December 2013 RM'000	YEAR ENDED 31 December 2014 RM'000	YEAR ENDED 31 December 2013 RM'000
Revenue	1,710	649	2,852	2,424
Operating expenses	(2,449)	(628)	(3,679)	(1,849)
Other operating income	-	752	122	835
Depreciation	37	(136)	(335)	(563)
Finance costs	(53)	(246)	(484)	(496)
Profit/(Loss) before taxation	<u>(755)</u>	<u>391</u>	<u>(1,524)</u>	<u>351</u>
Taxation	-	(262)	-	(262)
Profit/(Loss) after taxation	<u>(755)</u>	<u>129</u>	<u>(1,524)</u>	<u>89</u>
Other comprehensive income, net of tax	-	174	-	174
Total comprehensive income/(loss) for the period	<u><u>(755)</u></u>	<u><u>303</u></u>	<u><u>(1,524)</u></u>	<u><u>263</u></u>
Earnings/(Loss) per share (sen)				
(a) Basic	<u><u>(0.62)</u></u>	<u><u>0.11</u></u>	<u><u>(1.25)</u></u>	<u><u>0.08</u></u>

Notes:

The Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

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Quarterly report on consolidated results for the 4th quarter ended 31 December 2014

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited As at 31 December 2014 RM'000	Audited As at 31 December 2013 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	8,344	8,626
Deferred tax assets	195	195
Goodwill on consolidation	96	96
Total Non-Current Assets	<u>8,635</u>	<u>8,917</u>
Current Assets		
Inventories	754	975
Trade receivables	4,239	2,851
Other receivables and prepaid expenses	174	486
Tax recoverable	15	43
Cash and bank balances	644	45
Total Current Assets	<u>5,826</u>	<u>4,400</u>
TOTAL ASSETS	<u>14,461</u>	<u>13,317</u>
EQUITY AND LIABILITIES		
Capital and Reserves		
Issued capital	13,042	11,856
Share premium reserve	8,765	8,187
Revaluation reserve	2,727	2,727
Accumulated loss	(17,871)	(16,347)
Equity Attributable to Owners of the Company	<u>6,663</u>	<u>6,423</u>
Non-controlling interests	2	2
Total Equity	<u>6,665</u>	<u>6,425</u>
Non-Current Liabilities		
Borrowing (Secured)	3,850	3,981
Deferred tax liabilities	4	4
Total Non-Current Liabilities	<u>3,854</u>	<u>3,985</u>
Current Liabilities		
Trade payables	2,552	687
Other payables and accruals	398	370
Borrowings : Bank overdrafts	693	797
: Others	182	200
Amount owing to directors	115	851
Tax liabilities	2	2
Total Current Liabilities	<u>3,942</u>	<u>2,907</u>
Total Liabilities	<u>7,796</u>	<u>6,892</u>
TOTAL EQUITY AND LIABILITIES	<u>14,461</u>	<u>13,317</u>
Net asset per share of RM0.10 each (sen)	<u>5.48</u>	<u>5.42</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 2013 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)

	Attributable to equity holders of the Company				Total	Non-Controlling Interests	Total Equity
	Share Capital	Share Premium	Reserve on Revaluation	Accumulated Loss			
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Year ended 31 December 2014							
At 1 January 2014	11,856	8,187	2,727	(16,347)	6,423	2	6,425
Issuance of ordinary shares pursuant to Private Placement	1,186	711			1,897	-	1,897
Private Placement expenses	-	(133)	-	-	(133)	-	(133)
Net loss for the year representing total comprehensive income for the year	-	-	-	(1,524)	(1,524)	-	(1,524)
At 31 December 2014	13,042	8,765	2,727	(17,871)	6,663	2	6,665
Year ended 31 December 2013							
At 1 January 2013	11,856	8,187	2,554	(16,436)	6,161	-	6,161
Profit for the year	-	-	-	89	89	-	89
Other comprehensive income for the year, net of tax	-	-	174	-	174	-	174
Total comprehensive income for the year	-	-	174	89	263	-	263
Transaction with owners:							
Acquisition of subsidiary	-	-	-	-	-	2	2
At 31 December 2013	11,856	8,187	2,728	(16,347)	6,424	2	6,426

Note :

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

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Quarterly report on consolidated results for the 4th quarter ended 31 December 2014

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(These figures have not been audited)

	FINANCIAL QUARTER ENDED	
	31 December 2014 RM('000)	31 December 2013 RM('000)
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	(1,524)	351
Adjustments for:		
Impairment loss on receivables	21	156
Bad debts written off	-	1
Deposits written off	400	-
Depreciation of property, plant and equipment	335	563
Finance costs	484	496
Inventories written off/down	85	108
Waiver of director's/shareholder's advance	(37)	(831)
Operating profit/(loss) before working capital changes	(236)	844
Net change in current assets	(1,324)	(962)
Net change in current liabilities	1,157	989
Cash generated from/(used in) operations	(403)	871
Interest paid	(484)	(496)
Tax refund	28	-
Net cash from/(used in) operating activities	(859)	375
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(53)	(1)
Acquisition of investment in subsidiary	-	(92)
Net cash used in investing activities	(53)	(93)
Cash Flows From Financing Activities		
Repayment of term loans	(105)	(57)
Repayment of finance lease obligations	(44)	(60)
Proceeds from issuance of ordinary shares pursuant to Private Placement	1,897	-
Private Placement expenses	(133)	-
Net cash from/(used in) financing activities	1,615	(117)
Net increase in cash and cash equivalents	703	165
Cash and cash equivalents at beginning of year	(752)	(917)
Cash and cash equivalents at end of year	(49)	(752)
Cash and cash equivalents at end of year comprise:		
Cash and bank balances	644	45
Bank overdraft	(693)	(797)
	(49)	(752)

The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

RAYA INTERNATIONAL BERHAD

(formerly known as ENVAIR HOLDING BERHAD)

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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 2013. 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 2013.

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 2013 except for the adoption of Amendments to Standards and Issue Committee (IC) Interpretations effective as follows:

Effective for financial periods beginning on or after 1 January 2014:

Amendments to MFRS 10, 12 and 127	Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation
Amendments to MFRS 136	Impairment of Assets (Amendments relating to Recoverable Amounts Disclosures for Non-Financial Assets)
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

MFRS and amendments to MFRSs issued but not yet effective for the current financial year

Effective for financial periods beginning on or after 1 July 2014:

Amendments to MFRS 119	Employee Benefits (Amendments relating to Defined Benefit Plans: Employee Contributions)
Annual Improvements to MFRSs	2010-2012 Cycle
Annual Improvements to MFRSs	2011-2013 Cycle

Effective for financial periods beginning on or after 1 January 2016:

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants

Effective for financial periods beginning on or after 1 January 2017:

MFRS 15 Revenue from Contracts with Customers

Effective for financial periods beginning on or after 1 January 2018:

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

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 Auditors' report of preceding annual financial statements

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

A4 Seasonality or cyclical

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 31 December 2014 RM('000)	QUARTER ENDED 31 December 2013 RM('000)	YEAR ENDED 31 December 2014 RM('000)	YEAR ENDED 31 December 2013 RM('000)
Segment Revenue				
Air Filtration System, Fast Moving Consumer Product & Ancillary Support Services, General Trading	1,710	649	2,552	2,424
Manufacturing	-	-	300	-
Total including inter-segment sales	1,710	649	2,852	2,424
Elimination of inter-segment sales	-	-	-	-
Total Revenue	1,710	649	2,852	2,424

BUSINESS SEGMENTS	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED	QUARTER ENDED	YEAR ENDED	YEAR ENDED
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	RM('000)	RM('000)	RM('000)	RM('000)
<u>Segment Loss Before Tax</u>				
Investment Holding	(297)	(54)	(363)	375
Air Filtration System, Fast Moving Consumer Product & Ancillary Support Services, General Trading	(458)	183	(1,122)	1,131
Liquid Filtration System	-	-	-	(2)
Manufacturing	-	-	(39)	(1,415)
Total Loss Before Tax	(755)	129	(1,524)	89

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 other than on 5 February 2015, Raya Consumable Sdn Bhd, a wholly owned subsidiary of Raya International Berhad, entered into a Sale and Purchase Agreement with Ibronx Sdn. Bhd., to dispose of one parcel of freehold land together with corner three storey office block annexed to single storey warehouse building for a total consideration for RM8.3 million. The disposal is subject to certain approvals.

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 December 2014, 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 2014.

A15 Significant related party transactions

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

A16 Profit/(Loss) before taxation

	INDIVIDUAL QUARTER	INDIVIDUAL QUARTER
	31 December 2014	31 December 2013
	RM('000)	RM('000)

Profit/(Loss) is arrived at after charging/(crediting) the following items:

(a) Other income (interest income)	N/A	N/A
(b) Depreciation and amortisation	(37)	142
(c) Impairment loss on receivables	N/A	N/A
(d) Bad debts written off	N/A	N/A
(e) Provision for inventories	N/A	N/A
(f) Inventories written off/down	85	108
(g) (Gain)/Loss on disposal of quoted/unquoted investments	N/A	N/A
(h) (Gain)/Loss on disposal of assets	N/A	N/A
(i) Impairment of goodwill on consolidation	N/A	N/A
(k) Foreign exchange (gain)/loss	N/A	N/A
(l) Loss on derivatives	N/A	N/A
(m) Interest expenses	53	33
(n) Unusual items	N/A	N/A

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NOTES

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

B1 Review of performance

Revenue of the Group increased by RM1,061k to RM1,710k in the current quarter from RM649k recorded in the corresponding quarter in 2013 due to higher sales recorded from the filtration products as well as from the general trading activities.

The profitability of the Group slipped into the red from the profit of RM391k reported in the corresponding quarter in the preceding year to a loss position of RM755k for the current quarter due to higher operating expenses incurred namely deposits written off as well as reduction in the waiver from the director or shareholder.

B2 Variation of results against preceding quarter

	Current quarter 31 December 2014 RM'000	Preceding quarter 30 September 2014 RM'000
Revenue	1,710	232
Loss before tax	(755)	(927)

The Group posted a higher revenue of RM1,710k in the current quarter as compared to RM232k achieved in the preceding quarter which represents a 637% increase. The jump in revenue is mainly due to higher sales recorded from its filtration products and general trading activities.

Net loss for the current quarter was reduced by 172k compared to the preceding quarter. This was mainly due to the higher revenue recorded in the current quarter. However, the reduction was partially netted off by higher operating expenses incurred namely deposits written off.

B3 Prospects for current financial year

The Company is optimistic in its general trading activities but expects to face challenges in its filtration activities for the coming financial year. The management will review its strategies and business operations with a view to improve future operations.

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 unutilised tax losses to set off the tax payable.

B6 Unquoted investments and properties

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

The status of the announced disposal of the Group's property is as follow:

Raya Consumable Sdn. Bhd. (formerly known as Quest Filter Sdn. Bhd.), a wholly-owned subsidiary of the Group, had accepted an offer from a third party for the purchase of its property at a purchase price of RM8.5 million which is conditional upon the approval of the Board and Shareholders of the Group and/or from any other relevant authorities as may be required. The disposal was approved by the shareholders of Raya. However, on 30 June 2014, the Company received a notification from said third party via its lawyer to terminate the Sale and Purchase Agreement (SPA) based on the ground that the Conditions Precedent were not fulfilled within the stipulated period of six (6) months from the date of the SPA. In October 2014, the SPA had been mutually terminated.

B7 Quoted and marketable securities

The Group does not hold any quoted or marketable securities as at 31 December 2014. There were no purchases or disposals of quoted securities for the current quarter.

B8 Status of corporate proposal

In September 2014, the Company completed its private placement exercise of 11,855,580 new ordinary shares of RM0.10 each in the Company which represents approximately ten percent (10%) of its existing issued and paid up share capital of the Company at RM0.16 per share and the shares were listed on the ACE Market of Bursa Securities on 30 September 2014.

The utilisation of proceeds from the above private placement is as follows:

	Amount Approved RM('000)	Utilisation as at 31.12.2014 RM('000)	Balance Unutilised RM('000)
I WORKING EXPENDITURE	1,764	1,184	580
II EXPENSES RELATING TO THE PRIVATE PLACEMENT	133	133	-
	<u>1,897</u>	<u>1,317</u>	<u>580</u>

B9 Group borrowings and debt securities

The following are the bank borrowings of the Group as at 31 December 2014:

	As at 31 December 2014 RM'000	As at 31 December 2013 RM'000
Short-Term Borrowings:		
Bank Overdraft	693	797
Hire Purchase Creditors	-	26
Term Loan (Secured)	<u>182</u>	<u>174</u>
Total	<u>875</u>	<u>997</u>
Non Current Borrowings:		
Hire Purchase Creditors	-	18
Term Loan (Secured)	<u>3,850</u>	<u>3,963</u>
Total	<u>3,850</u>	<u>3,981</u>

B10 Material litigation

As at the date of this report, the Group has no material litigation which 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 quarter ended 31 December 2014	Individual quarter ended 31 December 2013	Cumulative quarter ended 31 December 2014	Cumulative quarter ended 31 December 2013
Basic Earnings/(Loss) Per Share				
Profit/(Loss) for the period (RM'000)	(755)	129	(1,524)	89
Weighted Average Number of Ordinary Shares in Issue('000)	121,706	118,556	121,706	118,556
Basic earnings/(loss) per share (sen)	<u>(0.62)</u>	<u>0.11</u>	<u>(1.25)</u>	<u>0.08</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 loss per share.

B13 Realised and Unrealised Profits

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 31 December 2014 RM '000	As at 31 December 2013 RM '000
Total accumulated profits/(losses) of the Company and its subsidiaries:		
- Realised	(19,176)	(17,652)
- Unrealised	<u>366</u>	<u>366</u>
	(18,810)	(17,286)
Add: Consolidation adjustments	<u>939</u>	<u>939</u>
Total group accumulated losses as per consolidated accounts	<u>(17,871)</u>	<u>(16,347)</u>

By Order Of The Board

Tan Seng Hu
Managing Director
Kuala Lumpur
Date: 27 February 2015