

Conair Corp.
ANNUAL DISCLOSURE STATEMENT
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

1. Name of the issuer and its predecessor (if any).

Conair Corp. ("Conair", the "Company", "We", "Us", "Issuer")

Item 2. Address of the issuer's principal executive offices.

Principal Executive Offices: 246 Broadway
Garden City Park, NY 11040
Telephone: 516-294-8860
Facsimile: 516-294-8869
Website: theconairgroup.com

Investor Relations Officers: None

Item 3. Security Information

A. Trading symbol: CNGA

Exact title and class: Conair, common stock

CUSIP: 255888100

Par or Stated Value: \$.01

Total shares authorized, 10,000,000 and outstanding, 5,847,742 as of: September 30, 2018

B. Preferred -- None

C. Transfer Agent: Continental Stock Transfer & Trust Company

1 State Street, 30th Floor

New York, NY 10004

Telephone: 212-509-4000

<http://www.continentalstock.com>

cstmail@continentalstock.com

There are no trading suspension orders issued by the SEC on the Company's securities. Of the 5,851,492 common shares outstanding at September 30, 2018, approximately 992,000 shares are fully tradable in the open market without restrictions. All other shares are either restricted securities under Rule 144 or "control securities" owned by officers, directors and/or affiliated persons.

Item 4. Issuance History

[Need information on stock issuances for the two years ending September 30, 2018.]

Item 5. Financial Statements

The unaudited financial statements for year ended September 30, 2018 follow this page.

CONAIR CORP. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Year Ended September 30, 2018

CONAIR CORP. AND SUBSIDIARIES

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Margolin, Winer & Evens LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Conair Corp. and Subsidiaries
Garden City Park, New York

We have reviewed the accompanying consolidated financial statements of Conair Corp. and Subsidiaries (the "Company"), which comprise the consolidated balance sheet as of September 30, 2018, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Margolin, Winer & Evens LLP

Garden City, New York
December 28, 2018

CONAIR CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET (Unaudited)

September 30,	2018	2018
ASSETS		
Current Assets:		
Cash	\$ 1,039,661	\$ 1,218,568
Accounts receivable (net of allowance for doubtful accounts of \$40,000)	858,719	22,000
Inventory - materials	16,000	
Costs and estimated earnings in excess of billings on uncompleted contracts	124,660	911,487
Prepaid expenses and other assets	29,674	5,546
		53,976
		122,133
Total Current Assets	2,068,714	2,333,710
Marketable Securities - long-term	1,400,000	
Property, Plant and Equipment, at cost:		7,875
Land	40,300	
Building and improvements	287,078	
Automobiles and trucks	700,745	
Office equipment and fixtures	268,052	
Less accumulated depreciation	1,296,175	
	1,251,753	
Property, Plant and Equipment - net	44,422	2,341,585
Deferred Tax Asset	31,000	
		58,689
		809,503
		334,359
Total Assets	\$ 3,544,136	\$ 3,544,136
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses		
Due to related party		
Billings in excess of costs and estimated earnings on uncompleted contracts		
Payroll and other taxes payable		
Income taxes payable		
Deferred revenue		
Total Current Liabilities		2,333,710
Long-term Liabilities -		
Security deposit		7,875
Total Liabilities		2,341,585
Stockholders' Equity:		
Common stock, \$.01 par value, 10,000,000 shares authorized, 5,888,892 shares issued and outstanding		
Additional paid-in capital		
Retained earnings		
Total Stockholders' Equity		1,202,551
Total Liabilities and Stockholders' Equity		\$ 3,544,136

See independent accountants' review report.
The accompanying notes are an integral part of this statement.

CONAIR CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)

Year Ended September 30,

2018

Contract and Service Revenue Earned	\$ 4,725,594
Cost of Contract and Service Revenue Earned:	
Materials	805,073
Subcontractors	675,455
Direct labor	1,134,786
Payroll taxes, union benefits and insurance	365,948
Truck expenses and repairs	146,109
Other expenses	23,686
Total Cost of Contract and Service Revenue Earned	3,151,057
Gross Profit	1,574,537
Selling, General and Administrative Expenses - including interest expense of \$5,186	1,228,404
Other Income:	
Rental income	47,398
Interest and other	35,182
Income Before Provision for Income Taxes	428,713
Provision for Income Taxes:	
Current	55,000
Deferred	149,000
Total Provision for Income Taxes	204,000
Net Income	\$ 224,713
Income Per Share - Basic	\$ 0.038
Weighted Average Number of Shares Outstanding - Basic	5,847,742

See independent accountants' review report.

The accompanying notes are an integral part of this statement.

CONAIR CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (Unaudited)

Year Ended September 30, 2018

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL
Balance - October 1, 2017	\$ 58,401	\$ 790,783	\$ 109,646	\$ 958,830
Stock-based Compensation	288	18,720	-	19,008
Net Income	-	-	224,713	224,713
Balance - September 30, 2018	<u>\$ 58,689</u>	<u>\$ 809,503</u>	<u>\$ 334,359</u>	<u>\$ 1,202,551</u>

*See independent accountants' review report.
The accompanying notes are an integral part of this statement.*

CONAIR CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

<i>Year Ended September 30,</i>	2018
Cash Flows from Operating Activities:	
Net income	\$ 224,713
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	9,529
Bad debt expense	7,559
Deferred income taxes	149,000
Stock-based compensation	19,008
(Increase) decrease in operating assets:	
Accounts receivable	275,017
Inventory	600
Costs and estimated earnings in excess of billings on uncompleted contracts	(84,304)
Prepaid expenses and other assets	61,368
Prepaid income taxes	773
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	(467,924)
Billings in excess of costs and estimated earnings on uncompleted contracts	74,979
Payroll and other taxes payable	1,179
Income taxes payable	53,976
Deferred service contract revenue	76,577
Net Cash Provided by Operating Activities	<u>402,050</u>
Cash Flows from Investing Activities:	
Purchase of marketable securities	(300,000)
Purchase of equipment	(4,486)
Net Cash Used in Investing Activities	<u>(304,486)</u>
Cash Flows from Financing Activities:	
Due from related party	(95,500)
Principal repayments of note payable - stockholder	(24,325)
Net Cash Used in Financing Activities	<u>(119,825)</u>
Net Decrease in Cash	(22,261)
Cash - beginning of year	1,061,922
Cash - end of year	\$ 1,039,661
Supplemental Disclosure of Cash Flow Information:	
Cash paid during the year for interest	\$ 5,186
Cash paid during the year for income taxes	-

See independent accountants' review report.

The accompanying notes are an integral part of this statement.

CONAIR CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of business - Conair Corp. and its wholly owned subsidiaries (the "Company") service and install commercial air conditioning systems principally in the New York metropolitan area. Conair Franchise Development Corp. ("FDC") was formed as a wholly owned subsidiary of Conair Corp. during 2017 to explore potential franchise development opportunities.

Principles of consolidation - The consolidated financial statements include the accounts of Conair Corp. and its wholly owned subsidiaries, Conair Weather Service, Inc. ("CWS"), Airvel Air-Conditioning Corp. ("AAC"), Safecon Systems, Inc., and FDC. All significant intercompany balances and transactions have been eliminated.

Cash - At times, the Company maintains cash balances with a financial institution in an amount that exceeds the federal government's deposit insurance.

Accounts receivable - Trade accounts receivable are reported on the balance sheet at their outstanding principal balance net of an estimated allowance for doubtful accounts.

Sales terms usually provide for payment within 30 days of invoice date. An allowance for doubtful accounts is provided based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are charged against the allowance (written-off) when substantially all collection efforts cease. Recoveries of accounts receivable previously charged off are recorded when received. Bad debt expense for the year ended September 30, 2018 aggregated approximately \$8,000.

The Company's sales arrangements generally do not provide for interest on past due accounts.

Retainages included in accounts receivable are approximately \$139,000.

Accounts receivable include approximately \$328,000 in amounts outstanding over ninety days, net of an allowance for doubtful accounts of \$40,000.

Inventory - Inventory is stated at the lower of cost (first-in, first-out) and net realizable value.

Property, plant and equipment - Depreciation is provided over the estimated useful lives of the depreciable assets which range from five to thirty-three years principally by application of the straight-line method.

Maintenance and repairs are charged to expense when incurred. Betterments and major renewals or replacements are capitalized.

Income taxes - The Company accounts for income taxes in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, "Income Taxes," pursuant to which deferred taxes are determined based on the differences between the financial statement and tax

See independent accountants' review report.

CONAIR CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

basis of assets and liabilities, using enacted tax rates, as well as any net operating loss or tax credit carryforwards expected to reduce taxes payable in future years.

The Company files consolidated federal, state and local income tax returns.

The Company follows the provisions pertaining to uncertain tax positions of FASB ASC 740, and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

On December 22, 2017, the U.S. federal government enacted the Tax Cuts and Jobs Act (the "Act"). The Act makes major changes to the U.S. corporate income tax law, including reducing the corporate income tax rate to 21% (from 35%) and allowing for the immediate expensing of certain qualified property. The Act also provides that when tax rates change during a taxpayer's tax year the tax for that year is computed using a blended tax rate (24.25% for the Company's year ended September 30, 2018). FASB ASC 740 requires deferred tax assets and liabilities to be measured at the enacted tax rates expected to apply when temporary differences are to be realized or settled. Because a change in tax law is accounted for in the period of enactment, the Company has remeasured its deferred tax assets and liabilities as of December 31, 2017 based upon the new 21% tax rate. The effect of the rate change has been recorded as a component of the income tax provision relating to continuing operations during the year ended September 30, 2018.

Income per share - Income per common share is presented in accordance with FASB ASC 260, "Earnings Per Share." Basic income per common share is computed using the weighted average number of common shares outstanding during the period.

Revenue and cost recognition - Revenue from construction contracts is recognized on the percentage-of-completion method, measured by the percentage of costs incurred to date to total estimated costs for each contract. For the year ended September 30, 2018, revenue from construction contracts approximated \$3,054,000.

Contract costs include all direct materials and labor costs and all other direct and indirect costs related to contract performance. Provisions for estimated losses on uncompleted contracts are made in the period in which the losses are determined. Changes in job performance, job conditions, estimated profitability and final contract settlements are recognized in the period in which the revisions are determined and may result in revisions to costs and income in the next year.

The asset, "Costs and estimated earnings in excess of billings on uncompleted contracts," represents revenue recognized in excess of amounts billed. The liability, "Billings in excess of costs and estimated earnings on uncompleted contracts," represents billings in excess of revenue recognized.

Service contract revenue, which excludes sales tax, is recognized on a straight-line basis over the contract period. Deferred revenue represents billings in advance of the performance period. Incremental direct costs resulting from the sale of such contracts are not material and are expensed currently. Additional revenue from the sale of parts and service primarily to customers under service contracts,

See independent accountants' review report.

CONAIR CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

which excludes sales tax, is recognized upon installation. For the year ended September 30, 2018, service contract and parts revenue approximated \$1,672,000.

Fair value of financial instruments - FASB ASC 825, "Financial Instruments," requires certain entities to disclose the fair value of certain financial instruments in their financial statements. The Company estimates that the fair value of its cash, accounts receivable, accounts payable and accrued expenses, payroll and other taxes payable, due to related party, and income taxes payable, approximate their carrying amounts due to the short maturity of these instruments. See Note 3 concerning fair value of marketable securities.

Share-based compensation - The Company accounts for stock grants and vesting to non-employees in accordance with ASC Topic 505-50 "Equity-Based Payments to Non-Employees" and accordingly the value of the stock compensation to non-employees is based upon the measurement date as determined as the earlier of a) the date at which a commitment for performance is reached with the counterparty, or b) at the date at which the necessary performance to earn the equity instruments is complete. The Company values the compensation in the form of shares of stock issued to non-employees based on the fair value of the stock, as the value is more readily measurable than the fair value of the consideration of services received. The expense is recognized on a straight-line basis over the performance period.

Comprehensive income - FASB ASC 220, "Comprehensive Income," established standards for reporting and display of comprehensive income and its components in a full set of general-purpose financial statements. Comprehensive income includes net income and other comprehensive income. Comprehensive income is defined as the change in net assets of a business enterprise during a period from transactions and other events and circumstances from nonowner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The difference between the cost and fair value of the Company's marketable securities at September 30, 2018 is insignificant. Accordingly, comprehensive income (loss) has not been reported.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates used in preparing these financial statements include those assumed in computing profit percentages and percent complete under the percentage-of-completion revenue recognition method, and estimating valuation reserves on deferred tax assets. It is at least reasonably possible that the estimates used will change within the next year.

Accounting standard not yet adopted - In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* (Topic 606) which supersedes existing US GAAP revenue recognition requirements, including most industry-specific revenue recognition guidance. The core principle of the ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to

See independent accountants' review report.

CONAIR CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

be entitled to receive in exchange for those goods or services. To achieve that core principle, an entity will be required to apply the following five steps:

- identify the contract(s) with the customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and
- recognize revenue when (or as) the entity satisfies a performance obligation.

In addition, there are revised criteria relating to the accounting for incremental costs to obtain or costs to fulfill a customer contract that are not otherwise addressed in other accounting standards. The ASU also requires enhanced disclosures that are intended to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The ASU allows for a full retrospective or a modified retrospective approach and for public entities is effective for annual reporting periods beginning after December 15, 2017, as modified by ASU 2015-14. Early application is permitted for reporting periods beginning after December 15, 2016. The Company is currently evaluating the effects the provisions of ASU 2014-09 will have on its financial statements.

Subsequent events - The Company has evaluated events and transactions for potential recognition or disclosure through December 28, 2018, the date the financial statements were available to be issued.

2. INCOME TAXES

The provision for income taxes for the year ended September 30, 2018 consists of:

	<u>Federal</u>	<u>State and Local</u>	<u>Total</u>
Current	\$ -	\$ 55,000	\$ 55,000
Deferred	<u>149,000</u>	<u>-</u>	<u>149,000</u>
	<u>\$ 149,000</u>	<u>\$ 55,000</u>	<u>\$ 204,000</u>

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate due to the following for the year ended September 30, 2018:

See independent accountants' review report.

CONAIR CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Income tax expense at federal statutory rate (24.25%)	\$	105,000
State and local taxes net of federal tax benefit		44,000
Permanent differences		5,000
Impact of federal rate change		53,000
Temporary differences		<u>(3,000)</u>
Provision for income taxes	\$	<u>204,000</u>

The approximate tax effect of temporary differences is as follows:

Deferred tax assets:		
Allowance for doubtful accounts	\$	15,000
Property, plant and equipment		3,000
Other		<u>13,000</u>
Deferred tax assets		31,000
Deferred tax liabilities		<u>-</u>
Net deferred tax assets	\$	<u>31,000</u>

In assessing the realizability of deferred tax assets management considers whether it is more likely than not that some portion or all of the deferred tax assets and liabilities will be realized. The ultimate realization is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible or operating loss carryforwards are available. Management considers the Company's past performance and the scheduled timing of the reversals of deferred tax assets and liabilities in making this assessment.

Tax years ended September 30, 2015 through 2018 remain subject to examination for federal, New York State and New York City purposes.

3. MARKETABLE SECURITIES

The Company accounts for its marketable securities in accordance with FASB ASC 320, "Investments - Debt and Equity Securities." The Company's marketable securities have been classified as securities available for sale and are reported at their approximate fair value. Fair value of municipal and corporate debt securities is based on quoted prices in markets that are not active or other inputs that are observable

See independent accountants' review report.

CONAIR CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

or are corroborated by observable market data (Level 2 of the fair value hierarchy established under FASB ASC 820, "Fair Value Measurement").

Municipal bond debt securities from the State and City of New York are adjustable rate bonds and represent 100% of the total marketable securities as of September 30, 2018. The total cost of the municipal debt securities approximates their fair value as of September 30, 2018 and no unrealized holding gain or loss has been recognized.

The Company has classified its debt securities that mature after one year from the balance sheet date as non-current. The contractual maturities of the Company's debt securities as of September 30, 2018 are as follows:

Due after six years but within ten years	\$ 200,000
Due after fifteen years	<u>1,200,000</u>
	<u>\$ 1,400,000</u>

During the year ended September 30, 2018, there were no sales or maturities of marketable securities. Realized gains and losses are determined on the basis of sales price less original cost or amortized cost determined on a first-in, first-out basis. No realized gains or losses were recorded in the year ended September 30, 2018.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Company's financial position and results of operations.

4. NOTE PAYABLE - STOCKHOLDER

During 2011, the Company borrowed approximately \$712,000 from one of its two principal stockholders/officers. The unsecured note bore interest at a rate of 1.95% per annum and the remaining balance of approximately \$24,000 was paid in full during the year ended September 30, 2018. Interest expense aggregated approximately \$100 for the year ended September 30, 2018.

5. DUE TO RELATED PARTY

During 2015 and 2014, the Company borrowed an aggregate \$125,000 from an entity related to its two principal stockholders/officers. The amounts borrowed do not call for interest. As of September 30, 2018, the amount outstanding was \$22,000 and the Company anticipates repaying these advances in weekly payments of \$1,500, based upon available cash flows of the Company, with \$22,000 expected to be repaid in the year ending September 30, 2019.

See independent accountants' review report.

CONAIR CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

6. RENTALS UNDER OPERATING LEASE

The Company is the lessor of commercial space under an operating lease that expires February 28, 2019. Rent income for the year ended September 30, 2018 was approximately \$47,000.

Minimum future rentals to be received on this noncancelable lease for the year ended September 30, 2019 are approximately \$22,000.

7. 401(K) PLAN

The Company has a 401(k) plan covering substantially all employees not covered by union sponsored plans. Contributions to the 401(k) plan are at the discretion of the Board of Directors. Contributions to the 401(k) plan for the year ended September 30, 2018 were approximately \$6,000.

8. PENSION AND WELFARE BENEFITS

The Company is obligated under a multiemployer union pension plan, Metal Trades Branch Local Union 638 Pension Fund, under the collective bargaining agreement terms that cover its union-represented employees. The risks of participating in multiemployer plans differ from those of single-employer plans in the following respects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, then the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Company chooses to stop participating in the multiemployer plan, then it may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Company's participation in the plan for the year ended September 30, 2018, is outlined in the table below.

Pension Fund	EIN	Pension Protection Act Zone Status 2018	FIP/RP Status Pending/ Implemented	Contributions 2018	Surcharge Imposed	Collective Bargaining Agreement Exp. Date
001	13-2541630	Green	None	\$ 72,000	No	6/30/21

See independent accountants' review report.

CONAIR CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Unless otherwise noted, the most recent Pension Protection Act zone status available in 2018 is for the plan's year-end at June 30, 2018. There have been no significant changes that affect the comparability of the 2018 and 2017 contributions. The Company's contributions to the plan for the year ended September 30, 2018 represent less than 5% of the total contributions to the plan.

Estimates used in determining funded status and plan contributions are based on numerous assumptions as well as asset values that continually change. The plan's certified zone status under the Pension Protection Act of 2006 was "Green" for the plan year ended June 30, 2018, based on the plan actuary's determination that the plan's funded ratio was over 80% at July 1, 2017. The plan has not sought or received an amortization extension under Section 304(d) of ERISA. The Company currently has no intention of withdrawing from the plan. However, should the Company decide to withdraw from the plan, the withdrawal liability could be significant. Accordingly, as circumstances evolve, amounts recorded in the financial statements relating to this plan could have a material adverse effect on the Company's financial condition and results of operations.

The Company also contributes to a multiemployer welfare plan for the benefit of current employees covered by the collective bargaining agreement. The welfare plan provides various benefits including, but not limited to, healthcare benefits to eligible current employees. There were no changes to the welfare plan that affected comparability of the Company's contributions from the prior year. Contributions to the plan for the year ended September 30, 2018 amounted to approximately \$125,000.

9. MAJOR CUSTOMERS

One customer accounted for approximately 11% of revenue for the year ended September 30, 2018. As of September 30, 2018, three customers combined represented approximately 67% of the Company's net accounts receivable.

10. SURETY BONDS

The Company has executed general indemnity agreements in favor of a surety in order to obtain surety bonds for its construction contracts.

The two principal stockholders have guaranteed obligations that may arise under the construction surety bonds.

CONAIR CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

11. COSTS AND ESTIMATED EARNINGS ON UNCOMPLETED CONTRACTS

Costs and estimated earnings on uncompleted contracts as of September 30, 2018 are approximately as follows:

Costs incurred on uncompleted contracts	\$	6,225,000
Estimated earnings		<u>1,578,000</u>
		7,803,000
Less: Billings to date		<u>8,589,000</u>
	\$	<u>(786,000)</u>

Included in the accompanying balance sheet under the following captions:

Costs and estimated earnings in excess of billings on uncompleted contracts	\$	125,000
Billings in excess of costs and estimated earnings on uncompleted contracts		<u>(911,000)</u>
	\$	<u>(786,000)</u>

12. STOCK-BASED COMPENSATION

During April 2018, the Company entered into two separate consulting agreements where the Company has agreed to grant each party 25,200 shares of restricted stock in exchange for services provided to the Company for one year. During July 2018, the Company entered into an additional consulting agreement where the Company has agreed to grant the consultant 14,400 shares of restricted stock in exchange for services provided to the Company for one year. The agreements may be terminated by either the Company or the consultant with thirty days written notice. During 2018, the Company issued 28,800 shares in aggregate to the consultants. The fair value of the restricted stock is estimated by the market price of the Company's common stock at the date of grant and is being amortized over the one year term of the agreements. The Company has recorded approximately \$19,000 in expense for the year ended September 30, 2018 which is included in selling, general and administrative expenses.

See independent accountants' review report.

CONAIR CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

13. LITIGATION

The Company, from time to time, is subject to routine claims and lawsuits in the ordinary course of business. In the opinion of management the ultimate disposition of these claims will not have a material adverse effect on the Company.

14. SUBSEQUENT EVENT

During October 2018, FDC entered into a consulting agreement (the "Agreement") with a third party who will provide various franchise services in exchange for twenty percent of substantially all franchise related revenues earned by FDC and twenty percent of any proceeds from the sale of substantially all of the stock or assets of FDC ("a Sale"). The Agreement shall continue until the occurrence of a Sale, termination by mutual agreement, or termination by either party upon material breach of the Agreement by the other party, as defined.

Conair Corp.
ANNUAL DISCLOSURE STATEMENT
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

Item 6. Describe the Issuer's Business, Products and Services

A. Business of Issuer

Conair Corp. and its wholly-owned subsidiaries are in the business of installing and servicing commercial air conditioning, heating, refrigeration and ventilation systems ("HVAC").

Company Subsidiaries

Conair Weather Services, Inc. – wholly-owned subsidiary
Airvel Air Conditioning Corp. – wholly-owned subsidiary
Safecon Systems, Inc. – wholly-owned subsidiary

B. Date and State (or Jurisdiction) of Incorporation: January 24, 1964, New York

C. Primary and secondary SIC code;

3585 – Refrigeration and Heating

D. The issuer's fiscal year end date: September 30, 2018

E. Principal products or services, and their markets:

The Company and its subsidiaries are in the business of sales and service for commercial HVAC systems. The Company was established in 1964 and its business was, and is, commercial HVAC systems. CNGA established Conair Weather Service in 1969 to provide services to its clients. Airvel Air Conditioning was established in 1947 and acquired by us in 1988. This acquisition allowed Conair to expand our business and brought long term clientele to our already growing client base.

Safecon Systems was formed in 1995 in response to the Montreal Protocol on Substances that Deplete the Ozone Layer ("Protocol"). The Protocol regulates the manufacture of chemicals that damage the ozone layer and at the same time encourages member nations to search for other ozone friendly alternatives.

Because refrigerants used in HVAC systems were on the regulated list, Mr. Stransky, the Company's CEO, saw a need to develop a product in line with the requirements of the Protocol. Mr. Stransky invented a line of refrigerant conservation devices, received 3 U.S. Patents which expired in 2014, and started Safecon Systems to sell the devices.

In calendar 2019, the Company may expand its revenue base through franchising operations of its name, logo and business.

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Intellectual Property

Patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts, including their duration:

Conair company logo is pending its trademark approval.

Government Regulation

Conair adheres to the rules and regulations dictated in the USA for handling refrigerant gases.

Employees

The Company has approximately 30 update full-time employees, approximately 20% of which are represented by a union.

Item 7. Describe the Issuer's Facilities

The Company owns a 10,000 square foot commercial office space and leases a portion of the space to a non-industry related entity. The lease expires February 28, 2019.

Item 8. Officers, Directors and Control Persons

A. Directors and Executive Officers

Barry Stransky, President and Chairman, Control Person

Barry Stransky, age 56 update, has served as Chairman, Chief Executive Officer and President of the Company since 1993. He has been a full-time employee since 1983.

2. Control Person

Mark Stransky is a control person and a former officer and director from 1993 – 2016. Mark Stransky is the brother of Barry Stransky.

B. Legal/disciplinary history

Please identify whether any of the executive officers and directors have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses); None
2. The entry of an order, judgment or decree, not subsequently reversed, suspended or vacated by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities or banking activities; None

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3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended or vacated; None
4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activity; None

C. Beneficial Shareholders

Provide a list of the name, address and shareholdings of all persons beneficially owning more than five percent (5%) of any class of the issuer's equity securities.

As of September 30, 2018, (a) all persons or groups known by the Company to be the beneficial owners of 5% or more of its outstanding Common Stock and (b) all the Company's directors and executive officers as a group.

Title of Class	Name of Beneficial Owner	Number of Shares	Approx. Percent
Common Stock	Barry Stransky	2,874,000	49%
Common Stock	Mark Stransky	2,000,000	34%
Common Stock	All officers and directors as a group (one person)	2,874,000	49%

Item 9. Third Party Providers

The following are the name, address, telephone number and email address of each of the outside providers listed below that advise the Company on matters relating to operations, business development and disclosure:

Legal Counsel

Steven Morse, Esq.
Morse & Morse, PLLC
1400 Old Country Road, Ste. 302
Westbury, NY 11590
Telephone: 516.487.1446
Website: www.morseandmorse.com
Email: morgold@aol.com

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Accountant

Preparation of the Company's financial statements is the responsibility of the Company's management. The Company's independent accounting firm, Margolin, Winer & Evens LLP ("MWE") was responsible for reviewing the years end September 30, 2018 and 2017 consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. They did not audit the consolidated financial statements nor verify the accuracy or completeness of the information provided by management.

MWE is licensed in the State of New York and registered with the Public Company Accounting Oversight Board ("PCAOB"). Fees for professional review-related services rendered by MWE for review of the Company's annual financial statements for the years ended September 30, 2018 and 2017 totaled approximately \$_____ and \$32,000, respectively. For the fiscal years ended September 30, 2018 there was approximately \$10,000 in non-review fees billed for tax and limited consulting services by MWE.

Accountant contact information:

Margolin, Winer & Evens LLP
400 Garden City Plaza
Garden City, NY
Telephone: (516) 747-2000
Attn: Michael McVetty
E-mail: mmcvetty@mellp.com

All Other Fees

The Company does not utilize the services of any third party investor relations consultant or other advisor.

Item 10. Issuer's Certifications

I, Barry Stransky, CEO, Chairman of the Board and President, certify that:

1. We have reviewed this annual disclosure statement of Conair Corp.;
2. Based on our knowledge, this annual disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on our knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all

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material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

DATE: December __, 2018

/s/ Barry Stransky, Chief Executive Officer