

CN ASIA CORPORATION BHD (Company No.: 399442-A)
(Incorporated in Malaysia)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008**

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CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 30/09/2008 RM'000	Preceding Year Quarter Ended 30/09/2007 RM'000	Current Year 9 Months Ended 30/09/2008 RM'000	Preceding Year 9 Months Ended 30/09/2007 RM'000
Revenue	7,122	6,022	20,776	21,316
Operating Expenses	(6,580)	(5,039)	(18,767)	(19,022)
Other operating income	-	23	-	46
Profit from operations	<u>542</u>	<u>1,006</u>	<u>2,009</u>	<u>2,340</u>
Finance cost	(130)	(161)	(418)	(483)
Depreciation and amortisation	(363)	(352)	(1,045)	(1,075)
Loss on disposal of property, plant & equipment	-	(285)	-	(285)
Share of losses of associated company	-	-	(31)	(25)
Profit before taxation and minority interests (MI)	<u>49</u>	<u>208</u>	<u>515</u>	<u>472</u>
Taxation	-	1	4	5
Profit after taxation before MI	<u>49</u>	<u>209</u>	<u>519</u>	<u>477</u>
Minority interests	-	-	-	-
Net profit for the period attributable to members of the company	<u>49</u>	<u>209</u>	<u>519</u>	<u>477</u>
Earnings per share (sen)				
- Basic	<u>0.1</u>	<u>0.5</u>	<u>1.1</u>	<u>1.1</u>
- Fully diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
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CONDENSED CONSOLIDATED BALANCE SHEET

	As At End of Current Quarter 30/09/2008 RM'000	As At Preceding Financial Year Ended 31/12/2007 RM'000
ASSETS		
Non-current Assets		
<i>Property, plant & equipment</i>	25,723	24,752
<i>Prepaid land lease payments</i>	6,933	6,995
<i>Intangible assets</i>	280	89
<i>Investment property</i>	380	380
<i>Investment in associated company</i>	-	31
<i>Capital work-in-progress</i>	748	1,872
<i>Goodwill on consolidation</i>	136	136
	<u>34,200</u>	<u>34,255</u>
Current Assets		
<i>Inventories</i>	8,147	8,629
<i>Trade and other receivables</i>	7,277	11,649
<i>Cash at banks and in hand</i>	872	1,384
	<u>16,296</u>	<u>21,662</u>
TOTAL ASSETS	<u><u>50,496</u></u>	<u><u>55,917</u></u>
EQUITY AND LIABILITIES		
Equity		
<i>Share capital</i>	45,382	45,382
<i>Reserves</i>	(8,386)	(8,678)
Shareholders' Equity	<u>36,996</u>	<u>36,704</u>
Liabilities		
Non-current Liabilities		
<i>Hire Purchase Payables</i>	1,162	1,765
<i>Deferred Taxation</i>	610	615
	<u>1,772</u>	<u>2,380</u>
Current Liabilities		
<i>Amount due to customer for contract work</i>	-	855
<i>Trade and other payables</i>	4,963	7,198
<i>Overdraft and short term borrowings</i>	6,765	8,780
<i>Taxation</i>	-	-
	<u>11,728</u>	<u>16,833</u>
TOTAL LIABILITIES	<u>13,500</u>	<u>19,213</u>
TOTAL EQUITY AND LIABILITIES	<u><u>50,496</u></u>	<u><u>55,917</u></u>
Net Assets Per Share (RM)	<u><u>0.82</u></u>	<u><u>0.81</u></u>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Year 9 Months Ended 30/09/2008 RM'000	Preceding Year 9 Months Ended 30/09/2007 RM'000
Cash Flows From Operating Activities		
Profit Before Tax But After Minority Interest	515	472
Adjustments For:-		
Non cash items	1,157	1,100
Non-operating items	418	728
	1,575	1,828
Operating Profit Before Working Capital Changes	2,090	2,300
Changes In Working Capital		
Net Change In Current Assets	4,410	(8,902)
Net Change In Current Liabilities	(2,287)	(215)
Cash Generated From / (Used In) Operations	4,213	(6,817)
Interest paid	(418)	(443)
Net Cash Generated From / (Used In) Operating Activities	3,795	(7,260)
Cash Flows From Investing Activities		
Deferred expenditure incurred	(234)	-
Capital Work-in-progress Incurred	(748)	-
Proceeds from disposal of property, plant & equipment	-	645
Other investment	(479)	(979)
Net Cash Used In Investing Activities	(1,461)	(334)
Cash Flows From Financing Activities		
Withdrawal of pledged fixed deposits	-	1,124
Bank borrowings	(1,759)	3,289
Dividend Paid	(227)	(227)
Income Tax Paid	(1)	-
Net Cash (Used In) / Generated From Financing Activities	(1,987)	4,186
Net Increase / (Decrease) In Cash And Cash Equivalents	347	(3,408)
Cash And Cash Equivalents At Beginning Of The Year	(2,058)	(684)
Cash And Cash Equivalents At End Of The Financial Quarter	(1,711)	(4,092)

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007)

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UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL (RM'000)	SHARE PREMIUM (RM'000)	CAPITAL RESERVE (RM'000)	ACCUMULATED LOSSES (RM'000)	TOTAL SHAREHOLDERS' FUND (RM'000)
Current Year 9 Months					
<u>Ended 30/09/2008</u>					
Balance at beginning of the year	45,382	3,492	631	(12,801)	36,704
Movement during the year (cumulative)					
- Profit for the period	-	-	-	519	519
- Final dividend paid for financial year ended 31 December 2007	-	-	-	(227)	(227)
Balance at end of the period	45,382	3,492	631	(12,509)	36,996
Preceding Year 9 Months					
<u>Ended 30/09/2007</u>					
Balance at beginning of the year	45,382	3,492	631	(13,502)	36,003
Movement during the year (cumulative)					
- Profit for the period	-	-	-	477	477
- Final dividend paid for financial year ended 31 December 2006	-	-	-	(227)	(227)
Balance at end of the period	45,382	3,492	631	(13,252)	36,253

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007)

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Notes To The Quarterly Report For The Third Financial Quarter Ended 30 September 2008

A Selected Explanatory Notes Pursuant To FRS 134

(a) Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of FRS 134 Interim Financial Reporting and the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2007. The same accounting policies and methods of computation are followed in the interim financial statements as compared with the annual financial statements for the year ended 31 December 2007.

(b) Qualification Of Financial Statements

There was no qualification on audit report of preceding annual financial statements.

(c) Seasonal And Cyclical Factors

The operations of the Group is traditionally seasonal and cyclical in nature whereby it is closely linked to the oil majors retail business which normally experience low period in the first quarter and peak during the fourth quarter of the year.

There has been no significant changes in this factors over the years.

(d) Items Of An Unusual Nature

There was no item affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence.

(e) Changes In Estimates Reported

There was no changes in estimates reported in prior interim periods of the current financial year or prior financial year, which have a material effect in the current interim period.

(f) Changes In Equity

There were no issuances, cancellation, repurchase, resale and repayments of debts and equity securities for the current financial year-to-date.

(g) Dividend Paid

During the financial year-to-date, the Company paid a first and final tax exempt dividend of 0.5 sen per share amounting to RM226,912.50 in respect of the financial year ended 31 December 2007.

(h) Segmental Information - By Activities

	Turnover RM'000	Profit/(Loss) Before Income Tax RM'000	Assets Employed RM'000
Manufacturing and marketing of skid tanks, pressure vessels, transportable containers for hazardous chemicals and fabrication works	20,776	645	47,681
Investment holdings	-	(130)	2,815
	<u>20,776</u>	<u>515</u>	<u>50,496</u>

(i) Valuation Of Property, Plant And Equipment

There were no amendments in the valuation of property, plant and equipment brought forward from the previous annual financial statements.

(j) Material Subsequent Events

There were no material events subsequent to the end of the quarter reported on that have not been reflected in the financial statements for the period.

Notes To The Quarterly Report For The Third Financial Quarter Ended 30 September 2008 (cont'd)(k) Changes In The Composition

During the financial year-to-date, the Company's wholly-owned subsidiary, Chip Ngai Engineering Works Sdn Bhd ("CNEW") had fully paid-up the entire register share capital in Zhuhai CN Engineering Works Company Limited ("ZCN") of USD300,000. The result of ZCN for the financial year-to-date has no material effect on the entire results of the Group for financial quarter ended 30 September 2008.

(l) Changes In Contingent Liabilities And Contingent Assets

	Quarter Ended 30.09.2008 RM'000	Year Ended 31.12.2007 RM'000
Contingent liabilities		
- In respect of corporate guarantee for credit facilities granted to a subsidiary company	<u>6,656</u>	<u>13,431</u>
Contingent assets		
- In respect of deferred tax benefit not provided for	<u>6,007</u>	<u>6,007</u>

B Explanatory Notes Required By Bursa Malaysia Securities Listing Requirements1. Review Of Performance Of The Group

During the quarter under review, the profit of the Group has reduced from RM208K to RM49K over the preceding corresponding quarter despite of an increase in turnover by 18% over the period. This was mainly due to a 40% price increase in steel material over the period.

However, for the current financial year to-date, the Group achieved a 9% growth in profit with a marginal reduction in turnover as compared to the preceding corresponding financial year-to-date. This was mainly due to 13% reduction in interest expense during the current financial year-to-date as compared to the preceding corresponding financial year-to-date.

2. Variation Of Results Against Preceding Quarter

The Group's profit before taxation for the quarter has reduced from RM363K to RM49K over the preceding quarter. Despite a 5% increase in total turnover, there was a 60% reduction in sales volume of high margin product over the preceding quarter. In addition, the weakening of Ringgit Malaysia against other foreign currencies and the further price escalation in steel material by 15% during the period has also cause the increase in the production cost.

3. Current Year Prospects

Barring any unforeseen circumstances, in view of the tide economic situation and the cost control measures being undertaken by the Company, the Directors are cautiously optimistic that the Group's performance will be at least maintained for the current financial year.

4. Variance Of Actual Profit From Forecast Profit And Shortfall In Profit Guarantee

There is no profit forecast provided in any public document.

5. Taxation

	Current Financial Quarter 30/09/2008 RM'000	Current Financial Year-To-Date 30/09/2008 RM'000
The taxation is in respect of:-		
Taxation for the year	(1)	(1)
Transferred from deferred taxation	1	5
	<u>-</u>	<u>4</u>

The deferred taxation was in respect of timing difference arising from the surplus on revaluation of leasehold land held as property, plant and equipment of one of its wholly-owned subsidiary company.

6. Profit / (Loss) on Sales Of Unquoted Investments And/Or Properties

There were no profits or losses on any sales of unquoted investments and/or properties respectively for the current quarter and financial year-to-date.

7. Purchase Or Disposal Of Quoted Securities

There were no purchases or disposals of quoted securities by all companies for the current quarter and financial year-to-date.

8. Corporate Proposal Status

There was no corporate proposal announced but not completed at the date of this report.

9. Group Borrowings

	RM'000
(i) Short Term	
<u>SECURED</u>	
Hire Purchase	757
Bank Overdrafts	2,391
Bankers Acceptance	3,034
	<u>6,182</u>
<u>UNSECURED</u>	
Bank Overdrafts	192
Bankers Acceptance	391
	<u>583</u>

*Notes To The Quarterly Report For The Third Financial Quarter Ended 30 September 2008 (cont'd)*9. Group Borrowings (Cont')

Total Short Term Borrowings Brought Down	RM'000 6,765
(ii) Long Term	
<u>SECURED</u>	
Hire Purchase	1,162
TOTAL GROUP BORROWINGS	7,927

There was no foreign currency borrowings included in the above balances.

10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risks at the date of this report.

11. Material Litigation

At the date of this report, there were no changes in material litigation, including the status of pending material litigation in respect of the wholly-owned subsidiary company, CNEW since the last financial quarter ended 30 June 2008 as disclosed in the last quarterly report for the first financial quarter ended 30 June 2008.

12. Dividend

There was no interim dividend declared during the current quarter and financial year-to-date.

13. Earnings Per Share

	Current Financial Quarter 30/09/2008 RM'000	Preceding Financial Quarter 30/09/2007 RM'000	Current Financial Year-To-Date 30/09/2008 RM'000	Preceding Financial Year-To-Date 30/09/2007 RM'000
Net profit for the period attributable to members of the company	49	209	519	477
Weighted average number of ordinary shares in issue ('000)	45,382	45,382	45,382	45,382
Basic earnings per share (sen)	<u>0.1</u>	<u>0.5</u>	<u>1.1</u>	<u>1.1</u>

BY ORDER OF THE BOARD

KOH MUI TEE

Company Secretary

Selangor, 19 November 2008