

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

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2010**

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FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2010**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31/03/2010 RM'000	Preceding Year Quarter Ended 31/03/2009 RM'000	Current Financial 3 Months Ended 31/03/2010 RM'000	Preceding Financial 3 Months Ended 31/03/2009 RM'000
Revenue	4,006	4,607	4,006	4,607
Operating Expenses	(4,722)	(5,134)	(4,722)	(5,134)
Other operating income	(48)	-	(48)	-
Loss from operations	<u>(764)</u>	<u>(527)</u>	<u>(764)</u>	<u>(527)</u>
Finance cost	(116)	(87)	(116)	(87)
Depreciation and amortisation	(324)	(351)	(324)	(351)
Share of losses of associated company	-	(22)	-	(22)
Loss before taxation	<u>(1,204)</u>	<u>(987)</u>	<u>(1,204)</u>	<u>(987)</u>
Taxation	2	2	2	2
Net loss after taxation for the period	<u>(1,202)</u>	<u>(985)</u>	<u>(1,202)</u>	<u>(985)</u>
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	<u><u>(1,202)</u></u>	<u><u>(985)</u></u>	<u><u>(1,202)</u></u>	<u><u>(985)</u></u>
Net loss for the period attributable to:-				
Equity holders of the Company	(1,202)	(985)	(1,202)	(985)
Minority interests	-	-	-	-
	<u><u>(1,202)</u></u>	<u><u>(985)</u></u>	<u><u>(1,202)</u></u>	<u><u>(985)</u></u>
Total comprehensive loss for the period attributable to:-				
Equity holders of the Company	(1,202)	(985)	(1,202)	(985)
Minority interests	-	-	-	-
	<u><u>(1,202)</u></u>	<u><u>(985)</u></u>	<u><u>(1,202)</u></u>	<u><u>(985)</u></u>
Earnings per share (sen)				
- Basic	<u><u>(2.6)</u></u>	<u><u>(2.2)</u></u>	<u><u>(2.6)</u></u>	<u><u>(2.2)</u></u>
- Fully diluted	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2009)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2010**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At End of Current Quarter 31/03/2010 RM'000	As At Preceding Financial Year Ended 31/12/2009 RM'000
ASSETS		
Non-current Assets		
<i>Property, plant & equipment</i>	24,407	24,667
<i>Prepaid land lease payments</i>	6,808	6,829
<i>Intangible assets</i>	122	131
<i>Investment property</i>	380	380
<i>Capital work-in-progress</i>	225	225
<i>Goodwill on consolidation</i>	136	136
	32,078	32,368
Current Assets		
<i>Inventories</i>	5,884	5,186
<i>Amount due from customer for contract work</i>	2,200	2,784
<i>Trade and other receivables</i>	5,921	3,574
<i>Short term deposit with licensed bank</i>	200	200
<i>Cash at banks and in hand</i>	1,037	2,498
	15,242	14,242
TOTAL ASSETS	47,320	46,610
EQUITY AND LIABILITIES		
Equity		
<i>Share capital</i>	45,382	45,382
<i>Reserves</i>	(9,281)	(8,079)
Shareholders' Equity	36,101	37,303
Liabilities		
Non-current Liabilities		
<i>Hire Purchase Payables</i>	303	344
<i>Deferred Taxation</i>	599	601
	902	945
Current Liabilities		
<i>Trade and other payables</i>	1,917	2,489
<i>Overdraft and short term borrowings</i>	8,400	5,873
<i>Taxation</i>	-	-
	10,317	8,362
TOTAL LIABILITIES	11,219	9,307
TOTAL EQUITY AND LIABILITIES	47,320	46,610
Net Assets Per Share (RM)	0.80	0.82

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009)

UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2010

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Current Financial 3 Months Ended 31/03/2010 RM'000	Preceding Financial 3 Months Ended 31/03/2009 RM'000
Cash Flows From Operating Activities		
Loss Before Tax But After Minority Interest	(1,204)	(987)
Adjustments For:-		
Non cash items	372	373
Non-operating items	116	87
	488	460
Operating Loss Before Working Capital Changes	(716)	(527)
Changes In Working Capital		
Net Change In Current Assets	(2,428)	3,158
Net Change In Current Liabilities	(570)	(2,023)
Cash (Used In) / Generated From Operations	(3,714)	608
Interest paid	(116)	(87)
Net Cash (Used In) / Generated From Operating Activities	(3,830)	521
Cash Flows From Investing Activities		
Capital Work-in-progress Incurred	-	(151)
Other investment	(34)	(8)
Net Cash Used In Investing Activities	(34)	(159)
Cash Flows From Financing Activities		
Advance to associated company	(83)	-
Bank borrowings	1,520	533
Net Cash Generated From Financing Activities	1,437	533
Net (Decrease) / Increase In Cash And Cash Equivalents	(2,427)	895
Cash And Cash Equivalents At Beginning Of The Financial Year	(1,029)	(37)
Cash And Cash Equivalents At End Of The Financial Quarter	(3,456)	858

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2010**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL (RM'000)	SHARE PREMIUM (RM'000)	CAPITAL RESERVE (RM'000)	TRANSLATION RESERVE (RM'000)	ACCUMULATED LOSSES (RM'000)	TOTAL SHAREHOLDERS' FUND (RM'000)
Current Year 3 Months						
<u>Ended 31/03/2010</u>						
Balance at beginning of the year	45,382	3,492	631	37	(12,239)	37,303
Movement during the year (cumulative)						
- Loss for the period	-	-	-	-	(1,202)	(1,202)
Balance at end of the period	<u>45,382</u>	<u>3,492</u>	<u>631</u>	<u>37</u>	<u>(13,441)</u>	<u>36,101</u>
Preceding Year 3 Months						
<u>Ended 31/03/2009</u>						
Balance at beginning of the year	45,382	3,492	631	37	(12,339)	37,203
Movement during the year (cumulative)						
- Loss for the period	-	-	-	-	(985)	(985)
Balance at end of the period	<u>45,382</u>	<u>3,492</u>	<u>631</u>	<u>37</u>	<u>(13,324)</u>	<u>36,218</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009)

CN ASIA CORPORATION BHD
(Company No: 399442-A)
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Notes To The Quarterly Report For The First Financial Quarter Ended 31 March 2010

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 Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2009. The same accounting policies and methods of computation are followed in the interim financial statements as compared with the audited financial statements for the year ended 31 December 2009 except for the adoption the following new and revised FRSSs, IC Interpretations and Amendments to FRSSs and IC Interpretations which were effective for financial periods beginning 1 January 2010:-

Revised FRSSs, IC Interpretations and Amendments	
FRS 4	: Insurance Contracts
FRS 7	: Financial Instruments: Disclosure
FRS 101	: Presentation of Financial Statements (revised)
FRS 123	: Borrowing Cost (revised)
FRS 139	: Financial Instruments: Recognition and Measurement
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	
Amendments to FRS 2	: Share-based Payments: Vesting Conditions and Cancellations
Amendments to FRS 5	: Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 8	: Operating Segments
Amendments to FRS 107	: Cash Flow Statements
Amendments to FRS 108	: Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to FRS 110	: Events after the Reporting Period
Amendments to FRS 116	: Property, Plant and Equipment
Amendments to FRS 117	: Leases
Amendments to FRS 118	: Revenue
Amendments to FRS 119	: Employee Benefits
Amendments to FRS 120	: Accounting for Government Grants and Disclosure of Government Assistance
Amendments to FRS 123	: Borrowing Costs
Amendments to FRS 127	: Consolidated and Separate Financial Statements
Amendments to FRS 128	: Investment in Associates
Amendments to FRS 129	: Financial Reporting in Hyperinflationary Economies
Amendments to FRS 131	: Interests in Joint Ventures
Amendments to FRS 132	: Financial Instruments: Presentation
Amendments to FRS 134	: Interim Financial Reporting
Amendments to FRS 136	: Impairment of Assets
Amendments to FRS 138	: Intangible Assets
Amendments to FRS 139	: Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosure and IC Interpretation 9 Reassessment of Embedded Derivatives
Amendments to FRS 140	: Investment Property
Amendments to FRSSs 'Improvements to FRSSs (2009)'	
IC Interpretation 9	: Reassessment of Embedded Derivatives
IC Interpretation 10	: Interim Financial Reporting and Impairment
IC Interpretation 11	: FRS 2 – Group and Treasury Share Transactions
IC Interpretation 13	: Customer Loyalty Programmes
IC Interpretation 14	: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Notes To The Quarterly Report For The First Financial Quarter Ended 31 March 2010 (cont'd)

The adoption of the new and revised FRSs, IC Interpretations and Amendments are expected to have no significant effect on the financial statements of the Group and the Company except for the adoption of FRS 7, 101 and 139, the principal effects of the changes in presentation and methods of computation in the accounting policies are set out below:-

FRS 7 Financial Instruments: Disclosure

Prior to the adoption of FRS 7, the disclosures for financial instruments were based on the requirements of the original FRS 132 Financial Instruments: Disclosure and Presentation. With the adoption of FRS 7, financial assets and financial liabilities are disclosed in the statement of financial position based on their respective classifications. Additional disclosures regarding fair value measurements are required in the year end financial statements.

FRS 101 Presentation of Financial Statements (revised)

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consist of an income statement, a balance sheet, a cash flow, a statement of changes in equity and notes to the financial statements. With the adoption of the revised FRS 101, the components of the interim financial report presented consist of a statement of comprehensive income, a statement of financial position, a statement of cash flow, a statement of changes in equity and notes to the financial statements.

FRS 139 Financial Instruments: Recognition and Measurement

Prior to the adoption of FRS 139, financial derivatives were recognized on their settlement dates. Outstanding derivatives at the date of balance sheet were not recognized. With the adoption of FRS 139, all financial assets and financial liabilities, including derivatives, are recognized at contract dates when, and only when, the group becomes a party to the contractual provisions of the instruments. The recognition, de-recognition and measurement are applied prospectively and the comparative information are not restated. This standard does not have any material impact on the financial position and results of the Group.

Standards and interpretations issued but not yet effective

At the date of authorization of these financial statements, the following new FRSs, Interpretations, Amendments to FRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:-

Revised FRSs, IC Interpretations and Amendments	Effective for financial periods beginning on or before
FRS 1 : First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 : Business Combinations (revised)	1 July 2010
FRS 127 : Consolidated and Separate Financial Statements (amended)	1 July 2010
Amendments to FRS 2 : Share-based Payment	1 July 2010
Amendments to FRS 5 : Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 138 : Intangible Assets	1 July 2010
IC Interpretation 12 : Service Concession Arrangements	1 July 2010
IC Interpretation 15 : Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16 : Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 : Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters (Amendments to FRS 1)	1 January 2011
Improving Disclosures about Financial Instruments (Amendments to FRS 7)	1 January 2011

The new FRSs, Interpretations, Amendments to FRSs and Interpretations above are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application.

(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.

Notes To The Quarterly Report For The First Financial Quarter Ended 31 March 2010 (cont'd)(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

There was no dividend paid during the financial year-to-date.

(h) Segmental Information(i) **By Activities**

	Manufacturing and marketing of tanks,engineering, transportable containers for hazardous chemicals and fabrication works RM'000	Investment holdings RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External revenue	4,006	-	-	4,006
Inter-segment revenue	-	15	(15)	-
Total revenue	<u>4,006</u>	<u>15</u>	<u>(15)</u>	<u>4,006</u>
Results				
Segment results	(1,026)	(53)	-	(1,079)
Unallocated expenses	-	-	-	(9)
Finance cost	(116)	-	-	(116)
Share of losses of associated company	-	-	-	-
Taxation	-	-	-	2
Profit attributable to equity holders of the Company				<u>(1,202)</u>
Other information				
Segment assets	44,402	2,598	-	47,000
Unallocated assets	-	-	-	258
Tax assets	36	26	-	62
Consolidated total assets				<u>47,320</u>
Segment liabilities	1,902	15	-	1,917
Interest bearing liabilities	8,703	-	-	8,703
Deferred taxation liabilities	-	599	-	599
Consolidated total liabilities				<u>11,219</u>
Capital expenditure	34	-	-	34
Depreciation and amortisation	<u>316</u>	<u>8</u>	<u>-</u>	<u>324</u>

Notes To The Quarterly Report For The First Financial Quarter Ended 31 March 2010 (cont'd)

(h) Segmental Information (Cont'd)(ii) By Geographical

	Malaysia RM'000	The People's Republic of China RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External revenue	4,006	-	-	4,006
Inter-segment revenue	15	-	(15)	-
Total revenue	<u>4,021</u>	<u>-</u>	<u>(15)</u>	<u>4,006</u>
Results				
Segment results	(1,068)	(11)	-	(1,079)
Unallocated expenses	-	-	-	(9)
Finance cost	(116)	-	-	(116)
Share of losses of associated company	-	-	-	-
Taxation	-	-	-	2
Profit attributable to equity holders of the Company				<u>(1,202)</u>
Other information				
Segment assets	46,126	874	-	47,000
Unallocated assets	-	-	-	258
Tax assets	62	-	-	62
Consolidated total assets				<u>47,320</u>
Segment liabilities	1,916	1	-	1,917
Interest bearing liabilities	8,703	-	-	8,703
Deferred taxation liabilities	599	-	-	599
Consolidated total liabilities				<u>11,219</u>
Capital expenditure	34	-	-	34
Depreciation and amortisation	<u>317</u>	<u>7</u>	<u>-</u>	<u>324</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.

(k) Changes In The Composition

There were no changes in the composition of the company for the current quarter and financial year-to-date.

(l) Changes In Contingent Liabilities And Contingent Assets

	Period Ended 31.03.2010 RM'000	Year Ended 31.12.2009 RM'000
Contingent liabilities		
- In respect of corporate guarantee for credit facilities granted to a subsidiary company	<u>7,552</u>	<u>8,870</u>
Contingent assets		
- In respect of deferred tax benefit not provided for	<u>10,729</u>	<u>10,729</u>

*Notes To The Quarterly Report For The First Financial Quarter Ended 31 March 2010 (cont'd)***B Explanatory Notes Required By Bursa Malaysia Securities Listing Requirements****1. Review Of Performance Of The Group**

During the quarter under review, the Group recorded a loss before taxation of RM1.2 million as compared to a loss of RM1.0 million for the preceding year corresponding quarter as a result of 13% reduction in turnover during the quarter.

2. Variation Of Results Against Preceding Quarter

The Group registered a loss before taxation of RM1.2 million for the quarter as compared to a profit before taxation of RM491K for the preceding quarter mainly due to low volume of business during the first quarter of the year.

3. Current Year Prospects

The Directors are of the view that the current financial year will be challenging to the Group due to fierce competition and the strengthening of Malaysian Ringgit against the foreign currencies which in turn will affect the Group's competitiveness in the export market in particular.

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 31/03/2010 RM'000	Current Financial Year-To-Date 31/03/2010 RM'000
The taxation is in respect of:-		
Transferred from deferred taxation	2	2
	<u>2</u>	<u>2</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	437
Bank Overdrafts	4,351
Bankers Acceptance	3,369
	<u>8,157</u>
<u>UNSECURED</u>	
Bank Overdrafts	142
Bankers Acceptance	101
	<u>243</u>
Total Short Term Borrowings	<u>8,400</u>
(ii) Long Term	
<u>SECURED</u>	
Hire Purchase	303
TOTAL GROUP BORROWINGS	<u>8,703</u>

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

*Notes To The Quarterly Report For The First Financial Quarter Ended 31 March 2010 (cont'd)*10. Financial Instruments

As a result of adoption of FRS 139: Financial instruments: Recognition and Measurement, foreign currency forward contracts which were previously treated as off balance sheet financial instruments have now been recognised in the balance sheet as derivative instruments as follows:-

	Notional amount as at Quarter ended 31.03.2010 RM'000
Foreign currency forward contract - less than 1 year	
At contract notional value	681
At fair value	(653)
Fair value gain	<u>28</u>

11. Material Litigation

There was no material litigation against the Group as at the date of this report.

12. Dividend

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

13. Earnings Per Share

	Current Financial Quarter 31/03/2010 RM'000	Preceding Financial Quarter 31/03/2009 RM'000	Current Financial Year-To-Date 31/03/2010 RM'000	Preceding Financial Year-To-Date 31/03/2009 RM'000
Net loss for the period attributable to equity holders of the Company	(1,202)	(985)	(1,202)	(985)
Weighted average number of ordinary shares in issue ('000)	45,382	45,382	45,382	45,382
Basic earnings per share (sen)	<u>(2.6)</u>	<u>(2.2)</u>	<u>(2.6)</u>	<u>(2.2)</u>

BY ORDER OF THE BOARD

LIM PAIK GOOT
KOH MUI TEE
Company Secretaries
Selangor, 31 May 2010