

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 2011**

UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31/03/2011 RM'000	Preceding Year Quarter Ended 31/03/2010 RM'000	Current Financial 3 Months Ended 31/03/2011 RM'000	Preceding Financial 3 Months Ended 31/03/2010 RM'000
Revenue	2,664	4,006	2,664	4,006
Operating Expenses	(3,775)	(4,722)	(3,775)	(4,722)
Other operating income	-	(48)	-	(48)
Loss from operations	(1,111)	(764)	(1,111)	(764)
Finance cost	(107)	(116)	(107)	(116)
Depreciation and amortisation	(307)	(324)	(307)	(324)
Share of losses of associated company	-	-	-	-
Loss before taxation	(1,525)	(1,204)	(1,525)	(1,204)
Taxation	2	2	2	2
Net loss after taxation for the period	(1,523)	(1,202)	(1,523)	(1,202)
Other comprehensive income / (expenses)				
Foreign exchange translation differences	-	-	-	-
Total comprehensive loss for the period	(1,523)	(1,202)	(1,523)	(1,202)
Net loss for the period attributable to:-				
Equity holders of the Company	(1,523)	(1,202)	(1,523)	(1,202)
Minority interests	-	-	-	-
	(1,523)	(1,202)	(1,523)	(1,202)
Total comprehensive loss for the period attributable to:-				
Equity holders of the Company	(1,523)	(1,202)	(1,523)	(1,202)
Minority interests	-	-	-	-
	(1,523)	(1,202)	(1,523)	(1,202)
Earnings per share (sen)				
- Basic	(3.4)	(2.6)	(3.4)	(2.6)
- Fully diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2010)

UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
 FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2011

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At End of Current Quarter 31/03/2011 RM'000	As At Preceding Financial Year Ended 31/12/2010 RM'000
ASSETS		
Non-current Assets		
Property, plant & equipment	30,181	30,475
Intangible assets	84	94
Investment property	380	380
Capital work-in-progress	130	130
Goodwill on consolidation	136	136
	<u>30,911</u>	<u>31,215</u>
Current Assets		
Inventories	5,191	5,686
Amount due from customer for contract work	-	1,337
Trade and other receivables	3,348	3,358
Short term deposit with licensed bank	205	205
Cash at banks and in hand	1,179	1,675
	<u>9,923</u>	<u>12,261</u>
TOTAL ASSETS	<u><u>40,834</u></u>	<u><u>43,476</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	45,382	45,382
Reserves	(13,626)	(12,103)
Shareholders' Equity	<u>31,756</u>	<u>33,279</u>
Liabilities		
Non-current Liabilities		
Hire Purchase Payables	168	213
Deferred Taxation	592	594
	<u>760</u>	<u>807</u>
Current Liabilities		
Trade and other payables	1,780	3,007
Overdraft and short term borrowings	6,538	6,383
Taxation	-	-
	<u>8,318</u>	<u>9,390</u>
TOTAL LIABILITIES	<u>9,078</u>	<u>10,197</u>
TOTAL EQUITY AND LIABILITIES	<u><u>40,834</u></u>	<u><u>43,476</u></u>
Net Assets Per Share (RM)	<u>0.70</u>	<u>0.73</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010)

UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2011

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Current Financial 3 Months Ended 31/03/2011 RM'000	Preceding Financial 3 Months Ended 31/03/2010 RM'000
Cash Flows From Operating Activities		
Loss Before Tax But After Minority Interest	(1,525)	(1,204)
Adjustments For:-		
Non cash items	414	372
Non-operating items	107	116
	521	488
Operating Loss Before Working Capital Changes	(1,004)	(716)
Changes In Working Capital		
Net Change In Current Assets	1,786	(2,428)
Net Change In Current Liabilities	(1,220)	(570)
Cash Absorbed In Operations	(438)	(3,714)
Interest paid	(107)	(116)
Net Cash Used In Operating Activities	(545)	(3,830)
Cash Flows From Investing Activities		
Capital Work-in-progress Incurred	-	-
Other investment	(4)	(34)
Net Cash Used In Investing Activities	(4)	(34)
Cash Flows From Financing Activities		
Advance to associated company	(57)	(83)
Bank borrowings	666	1,520
Net Cash Used In Financing Activities	609	1,437
Net Decrease In Cash And Cash Equivalents	60	(2,427)
Effects of Exchange Rate Changes	-	-
Cash And Cash Equivalents At Beginning Of The Financial Year	(2,989)	(1,029)
Cash And Cash Equivalents At End Of The Financial Quarter	(2,929)	(3,456)

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2011**

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 Ended 31/03/2011						
Balance at beginning of the year	45,382	3,492	631	(16)	(16,210)	33,279
Movement during the year (cumulative)						
- Loss for the period	-	-	-	-	(1,523)	(1,523)
Other comprehensive expenses						
- Foreign exchange translation differences	-	-	-	-	-	-
	-	-	-	-	(1,523)	(1,523)
Balance at end of the period	45,382	3,492	631	(16)	(17,733)	31,756
Preceding Year 3 Months Ended 31/03/2010						
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)
Other comprehensive expenses						
	-	-	-	-	-	-
	-	-	-	-	(1,202)	(1,202)
Balance at end of the period	45,382	3,492	631	37	(13,441)	36,101

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010)

CN ASIA CORPORATION BHD
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Notes To The Quarterly Report For The First Financial Quarter Ended 31 March 2011

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 2010. 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 2010 except for the adoption of the following new and revised FRSs, IC Interpretations and Amendments to FRSs and IC Interpretations which were effective for financial periods beginning 1 July 2010 and 1 January 2011:-

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
IC Interpretation 4 : Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18 : Transfers of Assets from Customers	1 January 2011
Amendments to FRS 1 : First-time Adoption of Financial Reporting Standard - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters - Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2 : Group Cash-settled Share Based Payment Transactions	1 January 2011
Amendments to FRS 7 : Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments	1 January 2011
Improvements to FRSs (2010)	1 January 2011

The adoption of the new and revised FRSs, Interpretations, Amendments to FRSs and Interpretations above are expected to have no significant effect on the financial statements of the Group and the Company.

(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.

However, due to the economic slowdown, the oil and gas major retail business has been adversely affected. Thus the Group's current year operations were not significantly affected by seasonal and cyclical factors as prior year.

(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.

Notes To The Quarterly Report For The First Financial Quarter Ended 31 March 2011 (cont'd)

(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	2,664	-	-	2,664
Inter-segment revenue	-	60	(60)	-
Total revenue	<u>2,664</u>	<u>60</u>	<u>(60)</u>	<u>2,664</u>
Results				
Segment results	(1,357)	(52)	-	(1,409)
Unallocated expenses	-	-	-	(9)
Finance cost	(107)	-	-	(107)
Taxation	-	-	-	2
Loss attributable to equity holders of the Company				<u>(1,523)</u>
Other information				
Segment assets	37,985	2,567	-	40,552
Unallocated assets	-	-	-	220
Tax assets	36	26	-	62
Consolidated total assets				<u>40,834</u>
Segment liabilities	1,764	16	-	1,780
Interest bearing liabilities	6,706	-	-	6,706
Deferred taxation liabilities	-	592	-	592
Consolidated total liabilities				<u>9,078</u>
Capital expenditure	4	-	-	4
Depreciation and amortisation	<u>299</u>	<u>8</u>	<u>-</u>	<u>307</u>

(ii) By Geographical

	Malaysia RM'000	The People's Republic of China RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External revenue	2,664	-	-	2,664
Inter-segment revenue	15	-	(15)	-
Total revenue	<u>2,679</u>	<u>-</u>	<u>(15)</u>	<u>2,664</u>
Results				
Segment results	(1,400)	(9)	-	(1,409)
Unallocated expenses	-	-	-	(9)
Finance cost	(107)	-	-	(107)
Taxation	-	-	-	2
Loss attributable to equity holders of the Company				<u>(1,523)</u>
Other information				
Segment assets	39,817	735	-	40,552
Unallocated assets	-	-	-	220
Tax assets	62	-	-	62
Consolidated total assets				<u>40,834</u>
Segment liabilities	1,779	1	-	1,780
Interest bearing liabilities	6,706	-	-	6,706
Deferred taxation liabilities	592	-	-	592
Consolidated total liabilities				<u>9,078</u>
Capital expenditure	4	-	-	4
Depreciation and amortisation	<u>301</u>	<u>6</u>	<u>-</u>	<u>307</u>

Notes To The Quarterly Report For The First Financial Quarter Ended 31 March 2011 (cont'd)

(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 31.03.2011 RM'000	Year Ended 31.12.2010 RM'000
Contingent liabilities		
- In respect of corporate guarantee for credit facilities granted to a subsidiary company	7,503	7,671
Contingent assets		
- In respect of deferred tax assets not provided for	11,528	11,528

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

During the quarter under review, the Group recorded a loss before taxation of RM1.5 million as compared to a loss before taxation of RM1.2 million for the preceding year corresponding quarter as a result of 33% reduction in turnover during the quarter under review.

2. Variation Of Results Against Preceding Quarter

The Group registered a loss before taxation of RM1.5 million for the quarter as compared to a loss before taxation of RM728K 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. In view of the scenario, the Board foresee that the global economic slowdown will continue to affect the Group's performance 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 31/03/2011 RM'000	Current Financial Year-To-Date 31/03/2011 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.

Notes To The Quarterly Report For The First Financial Quarter Ended 31 March 2011 (cont'd)

9. Group Borrowings

(i) Short Term

RM'000

SECURED

Hire Purchase	135
Bank Overdrafts	3,929
Bankers Acceptance	2,023
	<u>6,087</u>

UNSECURED

Bank Overdrafts	179
Bankers Acceptance	272
	<u>451</u>

Total Short Term Borrowings

6,538

(ii) Long Term

SECURED

Hire Purchase	168
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TOTAL GROUP BORROWINGS

6,706

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

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.

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 31/03/2011 RM'000	Preceding Financial Quarter 31/03/2010 RM'000	Current Financial Year-To-Date 31/03/2011 RM'000	Preceding Financial Year-To-Date 31/03/2010 RM'000
Net (loss) / profit for the period attributable to equity holders of the Company	(1,523)	(1,202)	(1,523)	(1,202)
Weighted average number of ordinary shares in issue ('000)	45,382	45,382	45,382	45,382
Basic earnings per share (sen)	<u>(3.4)</u>	<u>(2.6)</u>	<u>(3.4)</u>	<u>(2.6)</u>

14. Realised and Unrealised Accumulated Losses

	As at Quarter Ended 31.03.2011 RM'000
Accumulated losses	
- Realised	(17,767)
- Unrealised	34
	<u>(17,733)</u>

BY ORDER OF THE BOARD

LIM PAIK GOOT
KOH MUI TEE
Company Secretaries
Selangor, 23 May 2011