

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 2012**

CN ASIA CORPORATION BHD
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FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31/03/2012 RM'000	Preceding Year Quarter Ended 31/03/2011 RM'000	Current Financial 3 Months Ended 31/03/2012 RM'000	Preceding Financial 3 Months Ended 31/03/2011 RM'000
Revenue	3,679	2,664	3,679	2,664
Cost of sales	(3,787)	(3,249)	(3,787)	(3,249)
Gross loss	(108)	(585)	(108)	(585)
Selling & distribution	(19)	(37)	(19)	(37)
Administrative expenses	(625)	(690)	(625)	(690)
Other operating expenses	(164)	(104)	(164)	(104)
Other operating income	-	-	-	-
Loss from operations	(916)	(1,416)	(916)	(1,416)
Finance cost	(111)	(109)	(111)	(109)
Share of losses of associated company	(14)	-	(14)	-
Loss before taxation	(1,041)	(1,525)	(1,041)	(1,525)
Taxation	2	2	2	2
Net loss after taxation for the period	(1,039)	(1,523)	(1,039)	(1,523)
Other comprehensive income / (expenses)	-	-	-	-
Total comprehensive loss for the period	(1,039)	(1,523)	(1,039)	(1,523)
Net loss for the period attributable to:-				
Equity holders of the Company	(1,039)	(1,523)	(1,039)	(1,523)
Minority interests	-	-	-	-
	(1,039)	(1,523)	(1,039)	(1,523)
Total comprehensive loss for the period attributable to:-				
Equity holders of the Company	(1,039)	(1,523)	(1,039)	(1,523)
Minority interests	-	-	-	-
	(1,039)	(1,523)	(1,039)	(1,523)
Earnings per share (sen)				
- Basic	(2.3)	(3.4)	(2.3)	(3.4)
- 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 2011 and the accompanying explanatory notes attached to the interim financial statements.)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At End of Current Quarter 31/03/2012 RM'000	As At Preceding Financial Year Ended 31/12/2011 RM'000
ASSETS		
Non-current Assets		
<i>Property, plant & equipment</i>	29,687	29,941
<i>Intangible assets</i>	47	56
<i>Investment property</i>	380	380
<i>Interest in associated company</i>	14	28
<i>Goodwill on consolidation</i>	77	77
	<u>30,205</u>	<u>30,482</u>
Current Assets		
<i>Inventories</i>	4,462	3,034
<i>Amount due from customer for contract work</i>	538	293
<i>Trade and other receivables</i>	2,333	5,786
<i>Tax recoverable</i>	62	62
<i>Fixed deposit with licensed bank</i>	211	211
<i>Cash at banks and in hand</i>	791	828
	<u>8,397</u>	<u>10,214</u>
TOTAL ASSETS	<u><u>38,602</u></u>	<u><u>40,696</u></u>
EQUITY AND LIABILITIES		
Equity		
<i>Share capital</i>	45,382	45,382
<i>Reserves</i>	(17,093)	(16,054)
Shareholders' Equity	<u>28,289</u>	<u>29,328</u>
Liabilities		
Non-current Liabilities		
<i>Hire Purchase Payables</i>	71	87
<i>Deferred Taxation</i>	584	586
	<u>655</u>	<u>673</u>
Current Liabilities		
<i>Trade and other payables</i>	3,500	2,392
<i>Overdraft and short term borrowings</i>	6,158	8,303
<i>Taxation</i>	-	-
	<u>9,658</u>	<u>10,695</u>
TOTAL LIABILITIES	<u>10,313</u>	<u>11,368</u>
TOTAL EQUITY AND LIABILITIES	<u><u>38,602</u></u>	<u><u>40,696</u></u>
Net Assets Per Share (RM)	<u>0.62</u>	<u>0.65</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.)

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UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2012

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Current Financial 3 Months Ended 31/03/2012 RM'000	Preceding Financial 3 Months Ended 31/03/2011 RM'000
Cash Flows From Operating Activities		
Loss Before Tax But After Minority Interest	(1,041)	(1,525)
Adjustments For:-		
Allowance for impairment of receivables	48	-
Amortisation of intangible assets	9	9
Depreciation of property, plant and equipment	298	299
Gain on foreign exchange - Unrealised	(46)	(34)
Interest expenses	110	107
Share of losses of associated company	14	-
	433	381
Operating Loss Before Working Capital Changes	(608)	(1,144)
Changes In Working Capital		
Net (Increase) / Decrease In Inventories	(1,428)	495
Net (Increase) / Decrease In Amount Due For Contract Work	(245)	1,337
Net Decrease In Trade and Other Receivables	3,453	101
Net Increase / (Decrease) In Trade and Other Payables	1,108	(1,227)
Cash Generated From / (Absorbed In) Operations	2,280	(438)
Interest paid	(110)	(107)
Interest received	-	-
Net Cash Provided By / (Used In) Operating Activities	2,170	(545)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(44)	(4)
Net Cash Used In Investing Activities	(44)	(4)
Cash Flows From Financing Activities		
Repayment to associated company	-	(57)
Net (repayment) / proceeds from bank borrowings	(710)	666
Net Cash (Used In) / Provided By Financing Activities	(710)	609
Net Increase In Cash And Cash Equivalents	1,416	60
Effects of Exchange Rate Changes	(1)	-
Cash And Cash Equivalents At Beginning Of The Financial Year	(4,487)	(2,989)
Cash And Cash Equivalents At End Of The Financial Quarter	(3,072)	(2,929)

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.)

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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)	TRANSLATION RESERVE (RM'000)	ACCUMULATED LOSSES (RM'000)	TOTAL SHAREHOLDERS' FUND (RM'000)
Current Year 3 Months						
<u>Ended 31/03/2012</u>						
Balance at beginning of the year	45,382	3,492	631	32	(20,209)	29,328
Movement during the year (cumulative)						
- Loss for the period	-	-	-	-	(1,039)	(1,039)
Other comprehensive expenses	-	-	-	-	-	-
	-	-	-	-	(1,039)	(1,039)
Balance at end of the period	45,382	3,492	631	32	(21,248)	28,289
Preceding Year 3 Months						
<u>Ended 31/03/2011</u>						
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	-	-	-	-	-	-
	-	-	-	-	(1,523)	(1,523)
Balance at end of the period	45,382	3,492	631	(16)	(17,733)	31,756

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.)

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Notes To The Quarterly Report For The First Financial Quarter Ended 31 March 2012

PART A: Selected Explanatory Notes Pursuant To Malaysian Financial Reporting Standards ("MFRS") 134

1. Basis of Preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 *Interim Financial Reporting* and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group as at and for the year ended 31 December 2011. The accounting policies applied by the Group in these condensed consolidated interim financial statements are consistent with the audited financial statements of the Group for the financial year ended 31 December 2011.

The audited financial statements of the Group for the year ended 31 December 2011, which were prepared in accordance with FRS, are available upon request from the Company's registered office at Lot 7907, Batu 11, Jalan Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia.

These interim financial statements are the Group's first MFRS interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements for the year ending 31 December 2012 and MFRS1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

The adoption of the MFRSs and Amendments do not have significant effect on the financial statements of the Group and of the Company.

2. Qualification Of Financial Statements

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

3. Seasonal And Cyclical Factors

The business operations of the Group were not significantly affected by any seasonal and cyclical factors in the current quarter and financial year-to-date.

4. 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 incidents.

5. 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.

6. Changes In Equity

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

7. Dividend Paid

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

8. Segmental Information

(a) By Activities

	Manufacturing and marketing of tanks, engineering and fabrication works RM'000	Repairing and renting of transportable containers for hazardous chemicals RM'000	Investment holdings and others RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External revenue	3,679	-	-	-	3,679
Inter-segment revenue	-	-	15	(15)	-
Total revenue	<u>3,679</u>	<u>-</u>	<u>15</u>	<u>(15)</u>	<u>3,679</u>
Results					
Segment results	(830)	(26)	(52)	-	(908)
Unallocated expenses	-	-	-	-	(9)
Finance cost	(110)	-	-	-	(110)
Share of losses of associated company	-	-	-	-	(14)
Taxation	-	-	-	-	2
Loss attributable to equity holders of the Company					<u>(1,039)</u>

Notes To The Quarterly Report For The First Financial Quarter Ended 31 March 2012 (cont'd)

	Manufacturing and marketing of tanks, engineering and fabrication works RM'000	Repairing and renting of transportable containers for hazardous chemicals RM'000	Investment holdings and others RM'000	Elimination RM'000	Consolidated RM'000
Other information					
Segment assets	34,240	1,551	2,612	-	38,403
Unallocated assets	-	-	-	-	123
Tax assets	36	-	26	-	62
Investment in associated company	14	-	-	-	14
Consolidated total assets					<u>38,602</u>
Segment liabilities	3,477	6	17	-	3,500
Interest bearing liabilities	6,229	-	-	-	6,229
Deferred taxation liabilities	-	-	584	-	584
Consolidated total liabilities					<u>10,313</u>
Capital expenditure	44	-	-	-	44
Depreciation and amortisation	<u>284</u>	<u>15</u>	<u>8</u>	<u>-</u>	<u>307</u>

(b) By Geographical

	Malaysia RM'000	The People's Republic of China RM'000	Elimination RM'000	Consolidated RM'000
Revenue				
External revenue	3,679	-	-	3,679
Inter-segment revenue	<u>15</u>	<u>-</u>	<u>(15)</u>	<u>-</u>
Total revenue	<u>3,694</u>	<u>-</u>	<u>(15)</u>	<u>3,679</u>
Results				
Segment results	(900)	(8)	-	(908)
Unallocated expenses	-	-	-	(9)
Finance cost	(110)	-	-	(110)
Share of losses of associated company	-	-	-	(14)
Taxation	-	-	-	<u>2</u>
Loss attributable to equity holders of the Company				<u>(1,039)</u>
Other information				
Segment assets	37,759	644	-	38,403
Unallocated assets	-	-	-	123
Tax assets	62	-	-	62
Investment in associated company	14	-	-	14
Consolidated total assets				<u>38,602</u>
Segment liabilities	3,499	1	-	3,500
Interest bearing liabilities	6,229	-	-	6,229
Deferred taxation liabilities	584	-	-	584
Consolidated total liabilities				<u>10,313</u>
Capital expenditure	44	-	-	44
Depreciation and amortisation	<u>301</u>	<u>6</u>	<u>-</u>	<u>307</u>

9. 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.

10. Changes In The Composition

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

11. Changes In Contingent Liabilities

	Period Ended 31.03.2012 RM'000	Year Ended 31.12.2011 RM'000
In respect of corporate guarantee for credit facilities granted to a subsidiary company	<u>8,188</u>	<u>7,868</u>

12. Capital Commitments

There were no capital expenditure approved and contracted for in the current quarter and the financial year-to-date.

Notes To The Quarterly Report For The First Financial Quarter Ended 31 March 2012 (cont'd)

13. Significant Related Party Transactions

The Group has the following significant transaction with related parties during the financial quarter and financial year-to-date:-

<u>Company</u>	<u>Relationship</u>	<u>Current Financial Quarter 31/03/2012 RM'000</u>	<u>Preceding Financial Quarter 31/03/2011 RM'000</u>	<u>Current Financial Year-To-Date 31/03/2012 RM'000</u>	<u>Preceding Financial Year-To-Date 31/03/2011 RM'000</u>
Crystal Bond Sdn Bhd	A company in which a director, Mr Ho Cheng San, is also a director and has substantial financial interest				
Marvellous Production Sdn Bhd	A company in which Mdm. Hoo Shet Wan, the sister of a director, Mr Ho Cheng San, has substantial financial interest				
Rental of premises paid to					
- Crystal Bond Sdn Bhd		24	24	24	24
- Marvellous Production Sdn Bhd		84	84	84	84

PART B: Explanatory Notes Required By Bursa Malaysia Securities Main Market Listing Requirements

1. Review Of Performance Of The Group

The Group's current quarter revenue of RM3.7 million, which was 100% contributed from manufacturing sector, was 38% higher than the Group's revenue for the preceding year corresponding quarter of RM2.7 million. Likewise, the Group's loss before taxation for the quarter recorded at RM1.0 million representing a 32% improvement over the preceding year corresponding quarter.

2. Variation Of Results Against Preceding Quarter

The Group reported a loss before taxation of RM1.0 million for the quarter as compared to a loss before taxation of RM0.2 million over the preceding quarter with the Group's revenue for the quarter reduced by 12% over the preceding quarter.

3. Current Year Prospects

The Directors are of the view that the current financial year will be challenging to the Group due to volatility of global steel prices and fierce competition. However, the Group will continue to undertake precautionary measures and manage its cost exposure to enhance 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. Additional Disclosure on Profit Before Taxation

	<u>Current Financial Quarter 31/03/2012 RM'000</u>	<u>Preceding Financial Quarter 31/03/2011 RM'000</u>	<u>Current Financial Year-To-Date 31/03/2012 RM'000</u>	<u>Preceding Financial Year-To-Date 31/03/2011 RM'000</u>
Profit before taxation is derived after taking into consideration of the following:-				
Allowance for impairment of receivables	48	-	48	-
Amortisation of intangible assets	9	9	9	9
Depreciation of property, plant and equipment	298	299	298	299
Interest expenses	110	107	110	107
(Gain) / Loss on foreign exchange				
- Unrealised	(46)	(34)	(46)	(34)
- Realised	152	140	152	140

6. Taxation

	<u>Current Financial Quarter 31/03/2012 RM'000</u>	<u>Current Financial Year-To-Date 31/03/2012 RM'000</u>
The taxation is in respect of:-		
Transferred from deferred taxation	2	2
	2	2

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.

Notes To The Quarterly Report For The First Financial Quarter Ended 31 March 2012 (cont'd)

7. Corporate Proposal Status

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

8. Group Borrowings(i) Short Term

RM'000

SECURED

Hire Purchase
Bank Overdrafts
Bankers Acceptance

98
3,767
1,863
5,728

UNSECURED

Bank Overdrafts
Bankers Acceptance

96
334
430

Total Short Term Borrowings

6,158

(ii) Long TermSECURED

Hire Purchase

71

TOTAL GROUP BORROWINGS

6,229

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

9. Material Litigation

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

10. Dividend

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

11. Earnings Per Share

	Current Financial Quarter 31/03/2012 RM'000	Preceding Financial Quarter 31/03/2011 RM'000	Current Financial Year-To-Date 31/03/2012 RM'000	Preceding Financial Year-To-Date 31/03/2011 RM'000
Net loss after taxation for the period	(1,039)	(1,523)	(1,039)	(1,523)
Weighted average number of ordinary shares in issue ('000)	45,382	45,382	45,382	45,382
Basic earnings per share (sen)	<u>(2.3)</u>	<u>(3.4)</u>	<u>(2.3)</u>	<u>(3.4)</u>

12. Realised and Unrealised Accumulated Losses

	As at Quarter Ended 31.03.2012 RM'000
Accumulated losses	
- Realised	(21,296)
- Unrealised	48
	<u>(21,248)</u>

BY ORDER OF THE BOARD

LIM PAIK GOOT
KOH MUI TEE
Company Secretaries
Selangor, 21 May 2012