

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

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2012**

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**(Incorporated in Malaysia)**

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**FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2012**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 30/06/2012 RM'000	Preceding Year Quarter Ended 30/06/2011 RM'000	Current Financial 6 Months Ended 30/06/2012 RM'000	Preceding Financial 6 Months Ended 30/06/2011 RM'000
Revenue	4,462	2,233	8,141	4,897
Cost of sales	(4,353)	(2,836)	(8,140)	(6,085)
Gross profit / (loss)	<u>109</u>	<u>(603)</u>	<u>1</u>	<u>(1,188)</u>
Selling & distribution	(31)	(31)	(50)	(68)
Administrative expenses	(633)	(651)	(1,258)	(1,341)
Other operating expenses	36	(22)	(128)	(126)
Other operating income	-	-	-	-
Loss from operations	<u>(519)</u>	<u>(1,307)</u>	<u>(1,435)</u>	<u>(2,723)</u>
Finance cost	(102)	(121)	(213)	(230)
Share of losses of associated company	-	(18)	(14)	(18)
Loss before taxation	<u>(621)</u>	<u>(1,446)</u>	<u>(1,662)</u>	<u>(2,971)</u>
Taxation	2	2	4	4
Net loss after taxation for the period	<u>(619)</u>	<u>(1,444)</u>	<u>(1,658)</u>	<u>(2,967)</u>
Other comprehensive income / (expenses)	-	-	-	-
Total comprehensive loss for the period	<u><u>(619)</u></u>	<u><u>(1,444)</u></u>	<u><u>(1,658)</u></u>	<u><u>(2,967)</u></u>
Net loss for the period attributable to:-				
Equity holders of the Company	(619)	(1,444)	(1,658)	(2,967)
Minority interests	-	-	-	-
	<u><u>(619)</u></u>	<u><u>(1,444)</u></u>	<u><u>(1,658)</u></u>	<u><u>(2,967)</u></u>
Total comprehensive loss for the period attributable to:-				
Equity holders of the Company	(619)	(1,444)	(1,658)	(2,967)
Minority interests	-	-	-	-
	<u><u>(619)</u></u>	<u><u>(1,444)</u></u>	<u><u>(1,658)</u></u>	<u><u>(2,967)</u></u>
Earnings per share (sen)				
- Basic	<u>(1.4)</u>	<u>(3.2)</u>	<u>(3.7)</u>	<u>(6.5)</u>
- Fully diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

(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**

	<b>As At End of Current Quarter 30/06/2012 RM'000</b>	<b>As At Preceding Financial Year Ended 31/12/2011 RM'000</b>
<b>ASSETS</b>		
Non-current Assets		
<i>Property, plant &amp; equipment</i>	29,404	29,941
<i>Intangible assets</i>	37	56
<i>Investment property</i>	380	380
<i>Interest in associated company</i>	14	28
<i>Goodwill on consolidation</i>	77	77
	29,912	30,482
Current Assets		
<i>Inventories</i>	4,681	3,034
<i>Amount due from customer for contract work</i>	173	293
<i>Trade and other receivables</i>	1,525	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>	880	828
	7,532	10,214
<b>TOTAL ASSETS</b>	<b>37,444</b>	<b>40,696</b>
<b>EQUITY AND LIABILITIES</b>		
Equity		
<i>Share capital</i>	45,382	45,382
<i>Reserves</i>	(17,712)	(16,054)
<b>Shareholders' Equity</b>	<b>27,670</b>	<b>29,328</b>
Liabilities		
Non-current Liabilities		
<i>Hire Purchase Payables</i>	89	87
<i>Deferred Taxation</i>	582	586
	671	673
Current Liabilities		
<i>Trade and other payables</i>	3,781	2,392
<i>Overdraft and short term borrowings</i>	5,322	8,303
<i>Taxation</i>	-	-
	9,103	10,695
<b>TOTAL LIABILITIES</b>	<b>9,774</b>	<b>11,368</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>37,444</b>	<b>40,696</b>
<b>Net Assets Per Share (RM)</b>	<b>0.61</b>	<b>0.65</b>

(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 SECOND FINANCIAL QUARTER ENDED 30 JUNE 2012**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	<b>Current Financial 6 Months Ended 30/06/2012 RM'000</b>	<b>Preceding Financial 6 Months Ended 30/06/2011 RM'000</b>
Cash Flows From Operating Activities		
Loss Before Tax But After Minority Interest	(1,662)	(2,971)
Adjustments For:-		
Allowance for impairment of receivables	97	-
Amortisation of intangible assets	19	19
Depreciation of property, plant and equipment	602	596
Gain on foreign exchange - Unrealised	(62)	(34)
Interest expenses	208	227
Share of losses of associated company	14	18
	878	826
Operating Loss Before Working Capital Changes	(784)	(2,145)
Changes In Working Capital		
Net (Increase) / Decrease In Inventories	(1,647)	500
Net (Increase) / Decrease In Amount Due For Contract Work	120	1,337
Net Decrease / (Increase) In Trade and Other Receivables	4,235	(50)
Net Increase / (Decrease) In Trade and Other Payables	1,389	(1,234)
Cash Generated From / (Absorbed In) Operations	3,313	(1,592)
Interest paid	(208)	(227)
Interest received	-	-
Net Cash Provided By / (Used In) Operating Activities	3,105	(1,819)
Cash Flows From Investing Activities		
Capital Work-in-progress Incurred	(42)	-
Purchase of additional investment in associated company	-	(49)
Purchase of property, plant and equipment	(23)	(4)
Net Cash Used In Investing Activities	(65)	(53)
Cash Flows From Financing Activities		
Repayment to associated company	(9)	(9)
Net (repayment) / proceeds from bank borrowings	(364)	1,138
Net Cash (Used In) / Provided By Financing Activities	(373)	1,129
Net Increase In Cash And Cash Equivalents	2,667	(743)
Effects of Exchange Rate Changes	-	-
Cash And Cash Equivalents At Beginning Of The Financial Year	(4,487)	(2,989)
Cash And Cash Equivalents At End Of The Financial Quarter	(1,820)	(3,732)

(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**  
**FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2012**

**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)
<b>Current Year 6 Months</b>						
<b><u>Ended 30/06/2012</u></b>						
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	-	-	-	-	(1,658)	(1,658)
Other comprehensive expenses	-	-	-	-	-	-
	-	-	-	-	(1,658)	(1,658)
Balance at end of the period	45,382	3,492	631	32	(21,867)	27,670
<b>Preceding Year 6 Months</b>						
<b><u>Ended 30/06/2011</u></b>						
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	-	-	-	-	(2,967)	(2,967)
Other comprehensive expenses	-	-	-	-	-	-
	-	-	-	-	(2,967)	(2,967)
Balance at end of the period	45,382	3,492	631	(16)	(19,177)	30,312

(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 Second Financial Quarter Ended 30 June 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
<b>Revenue</b>					
External revenue	8,126	15	-	-	8,141
Inter-segment revenue	-	-	30	(30)	-
Total revenue	<u>8,126</u>	<u>15</u>	<u>30</u>	<u>(30)</u>	<u>8,141</u>
<b>Results</b>					
Segment results	(1,268)	(44)	(104)	-	(1,416)
Unallocated expenses	-	-	-	-	(19)
Finance cost	(213)	-	-	-	(213)
Share of losses of associated company	-	-	-	-	(14)
Taxation	-	-	-	-	4
Loss attributable to equity holders of the Company					<u>(1,658)</u>

## Notes To The Quarterly Report For The Second Financial Quarter Ended 30 June 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
<b>Other information</b>					
Segment assets	33,113	1,536	2,605	-	37,254
Unallocated assets	-	-	-	-	114
Tax assets	36	-	26	-	62
Investment in associated company	14	-	-	-	14
Consolidated total assets					<u>37,444</u>
Segment liabilities	3,750	5	26	-	3,781
Interest bearing liabilities	5,411	-	-	-	5,411
Deferred taxation liabilities	-	-	582	-	582
Consolidated total liabilities					<u>9,774</u>
Capital expenditure	23	-	-	-	23
Depreciation and amortisation	<u>569</u>	<u>36</u>	<u>16</u>	<u>-</u>	<u>621</u>

**(b) By Geographical**

	Malaysia RM'000	The People's Republic of China RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue</b>				
External revenue	8,141	-	-	8,141
Inter-segment revenue	<u>30</u>	<u>-</u>	<u>(30)</u>	<u>-</u>
Total revenue	<u>8,171</u>	<u>-</u>	<u>(30)</u>	<u>8,141</u>
<b>Results</b>				
Segment results	(1,395)	(21)	-	(1,416)
Unallocated expenses	-	-	-	(19)
Finance cost	(213)	-	-	(213)
Share of losses of associated company	-	-	-	(14)
Taxation	-	-	-	4
Loss attributable to equity holders of the Company				<u>(1,658)</u>
<b>Other information</b>				
Segment assets	36,616	638	-	37,254
Unallocated assets	-	-	-	114
Tax assets	62	-	-	62
Investment in associated company	14	-	-	14
Consolidated total assets				<u>37,444</u>
Segment liabilities	3,773	8	-	3,781
Interest bearing liabilities	5,411	-	-	5,411
Deferred taxation liabilities	582	-	-	582
Consolidated total liabilities				<u>9,774</u>
Capital expenditure	23	-	-	23
Depreciation and amortisation	<u>609</u>	<u>12</u>	<u>-</u>	<u>621</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 30.06.2012 RM'000	Year Ended 31.12.2011 RM'000
In respect of corporate guarantee for credit facilities granted to a subsidiary company	<u>5,751</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 Second Financial Quarter Ended 30 June 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>			
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			
	<u>Current Financial Quarter 30/06/2012 RM'000</u>	<u>Preceding Financial Quarter 30/06/2011 RM'000</u>	<u>Current Financial Year-To-Date 30/06/2012 RM'000</u>	<u>Preceding Financial Year-To-Date 30/06/2011 RM'000</u>
Rental of premises paid to				
- Crystal Bond Sdn Bhd	24	24	48	48
- Marvellous Production Sdn Bhd	84	84	168	168

**PART B: Explanatory Notes Required By Bursa Malaysia Securities Main Market Listing Requirements**1. Review Of Performance Of The Group

During the current quarter under review, the Group's turnover has been doubled up as compared to the preceding year corresponding quarter from RM2.2 million to RM4.5 million. As a result of the increased sales, the Group's loss before taxation for the quarter decreased by 57% to RM0.6 million as compared to a loss before taxation of RM1.4 million recorded in the preceding year corresponding quarter.

For the financial year-to-date, the Group recorded a loss before taxation of RM1.7 million as compared to a loss before taxation of RM3.0 million in the preceding year corresponding period. This is mainly attributed to the increase in turnover by 66% from RM4.9 million in the preceding year financial-year-to-date to RM8.1 million for the current financial year-to-date.

2. Variation Of Results Against Preceding Quarter

The Group registered a loss before taxation of RM0.6 million for the quarter as compared to a loss before taxation of RM1.0 million for the preceding quarter as a result of 21% increase in volume of business during the quarter.

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 low profit margin in the export market. 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 30/06/2012 RM'000</u>	<u>Preceding Financial Quarter 30/06/2011 RM'000</u>	<u>Current Financial Year-To-Date 30/06/2012 RM'000</u>	<u>Preceding Financial Year-To-Date 30/06/2011 RM'000</u>
Profit before taxation is derived after taking into consideration of the following:-				
Allowance for impairment of receivables	49	-	97	-
Amortisation of intangible assets	10	10	19	19
Depreciation of property, plant and equipment	304	297	602	596
Interest expenses	98	120	208	227
(Gain) / Loss on foreign exchange				
- Unrealised	(16)	-	(62)	(34)
- Realised	(87)	-	65	140

6. Taxation

	<u>Current Financial Quarter 30/06/2012 RM'000</u>	<u>Current Financial Year-To-Date 30/06/2012 RM'000</u>
The taxation is in respect of:-		
Transferred from deferred taxation	2	4
	<u>2</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.



## Notes To The Quarterly Report For The Second Financial Quarter Ended 30 June 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	92
Bank Overdrafts	2,515
Bankers Acceptance	2,178
	<u>4,785</u>

UNSECURED

Bank Overdrafts	185
Bankers Acceptance	352
	<u>537</u>
Total Short Term Borrowings	<u>5,322</u>

(ii) **Long Term**SECURED

Hire Purchase	89
TOTAL GROUP BORROWINGS	<u>5,411</u>

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 30/06/2012 RM'000	Preceding Financial Quarter 30/06/2011 RM'000	Current Financial Year-To-Date 30/06/2012 RM'000	Preceding Financial Year-To-Date 30/06/2011 RM'000
Net loss after taxation for the period	(619)	(1,444)	(1,658)	(2,967)
Weighted average number of ordinary shares in issue ('000)	45,382	45,382	45,382	45,382
Basic earnings per share (sen)	<u>(1.4)</u>	<u>(3.2)</u>	<u>(3.7)</u>	<u>(6.5)</u>

12. Realised and Unrealised Accumulated Losses

	As at Quarter Ended 30.06.2012 RM'000
Accumulated losses	
- Realised	(21,929)
- Unrealised	62
	<u>(21,867)</u>

BY ORDER OF THE BOARD

LIM PAIK GOOT  
KOH MUI TEE  
Company Secretaries  
Selangor, 02 August 2012