

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 2013**

CN ASIA CORPORATION BHD
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UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2013

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31/03/2013 RM'000	Preceding Year Quarter Ended 31/03/2012 RM'000	Current Financial 3 Months Ended 31/03/2013 RM'000	Preceding Financial 3 Months Ended 31/03/2012 RM'000
Revenue	2,594	3,679	2,594	3,679
Cost of sales	(3,287)	(3,787)	(3,287)	(3,787)
Gross loss	(693)	(108)	(693)	(108)
Selling & distribution	(18)	(19)	(18)	(19)
Administrative expenses	(678)	(625)	(678)	(625)
Other operating expenses	(9)	(164)	(9)	(164)
Other operating income	6	-	6	-
Loss from operations	(1,392)	(916)	(1,392)	(916)
Finance cost	(115)	(111)	(115)	(111)
Share of losses of associated company	(13)	(14)	(13)	(14)
Loss before taxation	(1,520)	(1,041)	(1,520)	(1,041)
Taxation	-	-	-	-
Net loss after taxation for the period	(1,520)	(1,041)	(1,520)	(1,041)
Other comprehensive (expenses) / income	-	-	-	-
Total comprehensive loss for the period	<u>(1,520)</u>	<u>(1,041)</u>	<u>(1,520)</u>	<u>(1,041)</u>
Net loss for the period attributable to:-				
Equity holders of the Company	(1,520)	(1,041)	(1,520)	(1,041)
Minority interests	-	-	-	-
	<u>(1,520)</u>	<u>(1,041)</u>	<u>(1,520)</u>	<u>(1,041)</u>
Total comprehensive loss for the period attributable to:-				
Equity holders of the Company	(1,520)	(1,041)	(1,520)	(1,041)
Minority interests	-	-	-	-
	<u>(1,520)</u>	<u>(1,041)</u>	<u>(1,520)</u>	<u>(1,041)</u>
Loss per share (sen)				
- Basic	<u>(3.3)</u>	<u>(2.3)</u>	<u>(3.3)</u>	<u>(2.3)</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 2012 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 31/03/2013 RM'000	As At Preceding Financial Year Ended 31/12/2012 RM'000
ASSETS		
Non-current Assets		
<i>Property, plant & equipment</i>	27,899	28,169
<i>Intangible assets</i>	9	18
<i>Investment property</i>	380	380
<i>Interest in associated company</i>	16	29
<i>Goodwill on consolidation</i>	77	77
	<u>28,381</u>	<u>28,673</u>
Current Assets		
<i>Inventories</i>	3,826	4,155
<i>Amount due from customer for contract work</i>	1,670	1,075
<i>Trade and other receivables</i>	2,286	3,547
<i>Tax recoverable</i>	62	62
<i>Fixed deposit with licensed bank</i>	218	218
<i>Cash at banks and in hand</i>	526	1,014
	<u>8,588</u>	<u>10,071</u>
TOTAL ASSETS	<u><u>36,969</u></u>	<u><u>38,744</u></u>
EQUITY AND LIABILITIES		
Equity		
<i>Share capital</i>	45,382	45,382
<i>Reserves</i>	(18,567)	(17,047)
Shareholders' Equity	<u>26,815</u>	<u>28,335</u>
Liabilities		
Non-current Liabilities		
<i>Hire Purchase Payables</i>	28	49
	<u>28</u>	<u>49</u>
Current Liabilities		
<i>Trade and other payables</i>	1,288	2,465
<i>Amount owing to an associated company</i>	29	48
<i>Overdraft and short term borrowings</i>	8,809	7,847
<i>Taxation</i>	-	-
	<u>10,126</u>	<u>10,360</u>
TOTAL LIABILITIES	<u>10,154</u>	<u>10,409</u>
TOTAL EQUITY AND LIABILITIES	<u><u>36,969</u></u>	<u><u>38,744</u></u>
Net Assets Per Share (RM)	<u>0.59</u>	<u>0.62</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 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 2013

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Current Financial 3 Months Ended 31/03/2013 RM'000	Preceding Financial 3 Months Ended 31/03/2012 RM'000
Cash Flows From Operating Activities		
Loss Before Tax But After Minority Interest	(1,520)	(1,041)
Adjustments For:-		
Allowance for impairment of receivables	-	48
Amortisation of intangible assets	9	9
Depreciation of property, plant and equipment	270	298
Gain on foreign exchange - Unrealised	(1)	(46)
Interest expenses	115	110
Share of losses of associated company	13	14
	<u>406</u>	<u>433</u>
Operating Loss Before Working Capital Changes	(1,114)	(608)
Changes In Working Capital		
Net Decrease / (Increase) In Inventories	329	(1,428)
Net Increase In Amount Due For Contract Work	(595)	(245)
Net Decrease In Trade and Other Receivables	1,262	3,453
Net (Decrease) / Increase In Trade and Other Payables	(1,177)	1,108
Cash (Absorbed In) / Generated From Operations	<u>(1,295)</u>	<u>2,280</u>
Interest paid	(115)	(110)
Interest received	-	-
Net Cash (Used In) / Provided By Operating Activities	<u>(1,410)</u>	<u>2,170</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	-	(44)
Net Cash Used In Investing Activities	<u>-</u>	<u>(44)</u>
Cash Flows From Financing Activities		
Repayment to associated company	(19)	-
Net (repayment) / proceeds from bank borrowings	1,015	(710)
Net Cash Provided By / (Used In) Financing Activities	<u>996</u>	<u>(710)</u>
Net (Decrease) / Increase In Cash And Cash Equivalents	(414)	1,416
Effects of Exchange Rate Changes	-	(1)
Cash And Cash Equivalents At Beginning Of The Financial Year	(3,384)	(4,487)
Cash And Cash Equivalents At End Of The Financial Quarter	<u>(3,798)</u>	<u>(3,072)</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

CN ASIA CORPORATION BHD

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2013**

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 31/03/2013						
Balance at beginning of the period	45,382	3,492	-	8	(20,547)	28,335
Movement during the period (cumulative)						
- Loss for the period	-	-	-	-	(1,520)	(1,520)
Other comprehensive expenses	-	-	-	-	-	-
	-	-	-	-	(1,520)	(1,520)
Balance at end of the period	45,382	3,492	-	8	(22,067)	26,815
Preceding Year 3 Months						
Ended 31/03/2012						
Balance at 1 January 2011	45,382	3,492	631	(16)	(16,210)	33,279
Effect of transition to MFRS						
- Capital Reserve	-	-	(631)	-	631	-
- Deferred Taxation	-	-	-	-	593	593
	-	-	(631)	-	1,224	593
As restated	45,382	3,492	-	(16)	(14,986)	33,872
Total comprehensive expense	-	-	-	48	(4,006)	(3,958)
Balance at beginning of the period	45,382	3,492	-	32	(18,992)	29,914
Movement during the period (cumulative)						
- Loss for the period	-	-	-	-	(1,039)	(1,039)
- Effect of transition to MFRS	-	-	-	-	(2)	(2)
Other comprehensive expenses	-	-	-	-	(1,041)	(1,041)
	-	-	-	-	-	-
	-	-	-	-	(1,041)	(1,041)
Balance at end of the period	45,382	3,492	-	(16)	(20,033)	28,873

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 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 2013

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 2012. 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 2012.

The audited financial statements of the Group for the year ended 31 December 2012, which were prepared in accordance with MFRSs, are available upon request from the Company's registered office at Lot 7907, Batu 11, Jalan Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia.

MFRSs, Amendments to MFRSs and Interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following MFRSs, Amendments to MFRSs and Interpretations were issued but not yet effective and have not been applied by the Company :

MFRS, Amendments to MFRS and Interpretations	Effective for financial period beginning on or after
MFRS 3 : Business Combinations	1 January 2013
MFRS 10 : Consolidated Financial Statements	1 January 2013
MFRS 11 : Joint Arrangements	1 January 2013
MFRS 12 : Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 : Fair Value Measurement	1 January 2013
MFRS 119 : Employee Benefits (revised)	1 January 2013
MFRS 127 : Consolidated and Separate Financial Statements (Revised)	1 January 2013
MFRS 128 : Investments in Associates and Joint Ventures (revised)	1 January 2013
Amendments to MFRS 7 : Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 10 : Consolidated Financial Statements : Transition Guidance	1 January 2013
Amendments to MFRS 11 : Joint Arrangements : Transition Guidance	1 January 2013
Amendments to MFRS 12 : Disclosure of Interest in Other Entities : Transition Guidance	1 January 2013
Annual Improvements to IC Interpretations and MFRSs 2009 – 2011 Cycle	1 January 2013
Amendments to MFRS 101 : Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132 : Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 9 : Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015

The management anticipate that the adoption of the above MFRSs will not have significant impact on the financial position and financial performance of the Company.

The change of the financial reporting framework is not expected to have any significant impact on the financial position and performance 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.

Notes To The Quarterly Report For The First Financial Quarter Ended 31 March 2013 (cont'd)

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	2,587	7	-	-	2,594
Inter-segment revenue	-	-	15	(15)	-
Total revenue	<u>2,587</u>	<u>7</u>	<u>15</u>	<u>(15)</u>	<u>2,594</u>
Results					
Segment results	(1,329)	4	(58)	-	(1,383)
Unallocated expenses	-	-	-	-	(9)
Finance cost	(115)	-	-	-	(115)
Share of losses of associated company	-	-	-	-	(13)
Loss attributable to equity holders of the Company					<u>(1,520)</u>
Other information					
Segment assets	33,357	866	2,582	-	36,805
Unallocated assets	-	-	-	-	86
Tax assets	36	-	26	-	62
Investment in associated company	16	-	-	-	16
Consolidated total assets					<u>36,969</u>
Segment liabilities	1,298	4	15	-	1,317
Interest bearing liabilities	8,837	-	-	-	8,837
Deferred taxation liabilities	-	-	-	-	-
Consolidated total liabilities					<u>10,154</u>
Depreciation and amortisation	261	1	8	-	270
Amortisation of intangible assets	9	-	-	-	9

(b) By Geographical

	Malaysia RM'000	The People's Republic of China RM'000	Elimination RM'000	Consolidated RM'000
Revenue				
External revenue	2,594	-	-	2,594
Inter-segment revenue	15	-	(15)	-
Total revenue	<u>2,609</u>	<u>-</u>	<u>(15)</u>	<u>2,594</u>
Results				
Segment results	(1,373)	(10)	-	(1,383)
Unallocated expenses	-	-	-	(9)
Finance cost	(115)	-	-	(115)
Share of losses of associated company	-	-	-	(13)
Foreign exchange translation difference	-	-	-	-
Taxation	-	-	-	-
Loss attributable to equity holders of the Company				<u>(1,520)</u>
Other information				
Segment assets	36,229	576	-	36,805
Unallocated assets	-	-	-	86
Tax assets	62	-	-	62
Investment in associated company	16	-	-	16
Consolidated total assets				<u>36,969</u>
Segment liabilities	1,306	11	-	1,317
Interest bearing liabilities	8,837	-	-	8,837
Deferred taxation liabilities	-	-	-	-
Consolidated total liabilities				<u>10,154</u>
Depreciation and amortisation	263	7	-	270
Amortisation of intangible assets	9	-	-	9

Notes To The Quarterly Report For The First Financial Quarter Ended 31 March 2013 (cont'd)

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 31.03.2013 RM'000	Year Ended 31.12.2012 RM'000
In respect of corporate guarantee for credit facilities granted to a subsidiary company	9,418	9,511

12. Capital Commitments

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

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	

	Current Financial Quarter 31/03/2013 RM'000	Preceding Financial Quarter 31/03/2012 RM'000	Current Financial Year-To-Date 31/03/2013 RM'000	Preceding Financial Year-To-Date 31/03/2012 RM'000
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 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 RM1.0 million over the preceding corresponding quarter with the revenue of the group declined by 29% over the period. The reduction in revenue was mainly due to decline in sales of pressure vessels as compared to the preceding corresponding quarter.

2. Variation Of Results Against Preceding Quarter

The Group recorded a loss before taxation of RM1.5 million during the quarter as compared to a loss before taxation of RM0.3 million in the preceding quarter mainly due to a 59% reduction in revenue 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 Loss Before Taxation

	Current Financial Quarter 31/03/2013 RM'000	Preceding Financial Quarter 31/03/2012 RM'000	Current Financial Year-To-Date 31/03/2013 RM'000	Preceding Financial Year-To-Date 31/03/2012 RM'000
Loss 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	270	298	270	298
Interest expenses	115	110	115	110
(Gain) / Loss on foreign exchange				
- Unrealised	(1)	(46)	(1)	(46)
- Realised	(5)	152	(5)	152

6. Taxation

	Current Financial Quarter 31/03/2013 RM'000	Current Financial Year-To-Date 31/03/2013 RM'000
Based on results for the financial year-to-date	-	-

7. Corporate Proposal Status

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

8. Group Borrowings(i) Short TermSECURED

Hire Purchase	81
Bank Overdrafts	4,151
Bankers Acceptance	4,183
	<u>8,415</u>

UNSECURED

Bank Overdrafts	173
Bankers Acceptance	221
	<u>394</u>
Total Short Term Borrowings	<u>8,809</u>

(ii) Long TermSECURED

Hire Purchase	28
TOTAL GROUP BORROWINGS	<u>8,837</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. Loss Per Share

	Current Financial Quarter 31/03/2013 RM'000	Preceding Financial Quarter 31/03/2012 RM'000	Current Financial Year-To-Date 31/03/2013 RM'000	Preceding Financial Year-To-Date 31/03/2012 RM'000
Net loss after taxation for the period	(1,520)	(1,041)	(1,520)	(1,041)
Weighted average number of ordinary shares in issue ('000)	45,382	45,382	45,382	45,382
Basic loss per share (sen)	<u>(3.3)</u>	<u>(2.3)</u>	<u>(3.3)</u>	<u>(2.3)</u>

12. Realised and Unrealised Accumulated Losses

	As At End of Current Quarter 31/03/2013 RM'000	As At Preceding Financial Year Ended 31/12/2012 RM'000
Group and Subsidiary Companies		
Accumulated losses		
- Realised	(21,923)	(20,408)
- Unrealised	(1)	(9)
Associated Company		
- Realised	(143)	(130)
	<u>(22,067)</u>	<u>(20,547)</u>

BY ORDER OF THE BOARD

LIM PAIK GOOT
KOH MUI TEE
Company Secretaries
Selangor, 23 May 2013