

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

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2013**

**CN ASIA CORPORATION BHD**  
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**FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2013**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31/12/2013 RM'000	Preceding Year Quarter Ended 31/12/2012 RM'000	Current Financial Year Ended 31/12/2013 RM'000	Preceding Financial Year Ended 31/12/2012 RM'000
Revenue	4,788	6,356	18,414	20,392
Cost of sales	(2,798)	(5,102)	(15,468)	(17,860)
Gross profit	1,990	1,254	2,946	2,532
Selling & distribution	(18)	(37)	(105)	(126)
Administrative expenses	(739)	(585)	(2,852)	(2,497)
Other operating expenses	(46)	(911)	(71)	(1,065)
Other operating income	6	8	7	8
Profit / (Loss) from operations	1,193	(271)	(75)	(1,148)
Finance cost	(189)	(112)	(621)	(408)
Share of profit of associated company	29	15	-	1
Profit / (Loss) before taxation	1,033	(368)	(696)	(1,555)
Taxation	-	(5)	-	-
Net profit / (loss) after taxation for the period	1,033	(373)	(696)	(1,555)
Other comprehensive (expenses) / income	-	-	-	(24)
Total comprehensive profit / (loss) for the period	1,033	(373)	(696)	(1,579)
Net profit / (loss) for the period attributable to:-				
Equity holders of the Company	1,033	(373)	(696)	(1,555)
Minority interests	-	-	-	-
	1,033	(373)	(696)	(1,555)
Total comprehensive profit / (loss) for the period attributable to:-				
Equity holders of the Company	1,033	(373)	(696)	(1,579)
Minority interests	-	-	-	-
	1,033	(373)	(696)	(1,579)
Profit / (Loss) per share (sen)				
- Basic	2.3	(0.8)	(1.5)	(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 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 31/12/2013 RM'000	As At Preceding Financial Year Ended 31/12/2012 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
<i>Property, plant &amp; equipment</i>	27,724	28,169
<i>Intangible assets</i>	-	18
<i>Investment property</i>	-	380
<i>Non-current assets held for resale</i>	380	-
<i>Interest in associated company</i>	29	29
<i>Goodwill on consolidation</i>	77	77
	28,210	28,673
<b>Current Assets</b>		
<i>Inventories</i>	4,956	4,155
<i>Amount due from customer for contract work</i>	3,439	1,075
<i>Trade and other receivables</i>	3,344	3,547
<i>Amount owing by an associated company</i>	-	-
<i>Tax recoverable</i>	42	62
<i>Fixed deposit with licensed bank</i>	224	218
<i>Cash at banks and in hand</i>	628	1,014
	12,633	10,071
<b>TOTAL ASSETS</b>	40,843	38,744
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
<i>Share capital</i>	45,382	45,382
<i>Reserves</i>	(17,737)	(17,047)
<b>Shareholders' Equity</b>	27,645	28,335
<b>Liabilities</b>		
<b>Non-current Liabilities</b>		
<i>Hire Purchase Payables</i>	418	49
	418	49
<b>Current Liabilities</b>		
<i>Trade and other payables</i>	1,540	2,465
<i>Amount owing to an associated company</i>	60	48
<i>Overdraft and short term borrowings</i>	11,180	7,847
<i>Taxation</i>	-	-
	12,780	10,360
<b>TOTAL LIABILITIES</b>	13,198	10,409
<b>TOTAL EQUITY AND LIABILITIES</b>	40,843	38,744
<b>Net Assets Per Share (RM)</b>	0.61	0.62

(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 FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2013**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	Current Financial Year Ended 31/12/2013 RM'000	Preceding Financial Year Ended 31/12/2012 RM'000
<b>Cash Flows From Operating Activities</b>		
Loss Before Tax But After Minority Interest	(696)	(1,555)
Adjustments For:-		
Allowance for impairment of receivables	39	41
Bad debts written off	-	193
Allowance for impairment of property, plant and equipment	-	652
Amortisation of intangible assets	19	37
Depreciation of property, plant and equipment	1,117	1,212
Loss / (Gain) on foreign exchange - Unrealised	9	9
Interest expenses	619	402
Interest income	(7)	(6)
Loss on disposal of property, plant and equipment	26	102
Share of losses of associated company	-	(1)
Translation adjustment	(32)	-
	<u>1,790</u>	<u>2,641</u>
Operating Profit Before Working Capital Changes	<u>1,094</u>	<u>1,086</u>
<b>Changes In Working Capital</b>		
Net Increase In Inventories	(801)	(1,124)
Net Increase In Amount Due For Contract Work	(2,364)	(783)
Net Decrease In Trade and Other Receivables	138	2,013
Net (Decrease) / Increase In Trade and Other Payables	(925)	122
	<u>(2,858)</u>	<u>1,314</u>
Cash (Absorbed In) / Generated From Operations	<u>(2,858)</u>	<u>1,314</u>
Interest paid	(619)	(402)
Interest received	7	6
	<u>(3,470)</u>	<u>918</u>
Net Cash (Used In) / Provided By Operating Activities	<u>(3,470)</u>	<u>918</u>
<b>Cash Flows From Investing Activities</b>		
Placement of pledged fixed deposits	(7)	(6)
Proceeds from disposal of property, plant & equipment	62	-
Deposit received from disposal of investment property	38	-
Purchase of property, plant and equipment	(730)	(156)
	<u>(637)</u>	<u>(162)</u>
Net Cash Used In Investing Activities	<u>(637)</u>	<u>(162)</u>
<b>Cash Flows From Financing Activities</b>		
Net repayment from / (to) associated company	12	(1)
Net proceeds from bank borrowings	3,102	372
	<u>3,114</u>	<u>371</u>
Net Cash Provided By Financing Activities	<u>3,114</u>	<u>371</u>
Net (Decrease) / Increase In Cash And Cash Equivalents	(993)	1,127
Effects of Exchange Rate Changes	8	(24)
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>(4,369)</u>	<u>(3,384)</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 FOURTH FINANCIAL QUARTER ENDED-31 DECEMBER 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)
<b>Current Financial Year</b>						
<b>Ended 31/12/2013</b>						
Balance at beginning of the year	45,382	3,492	-	8	(20,547)	28,335
Movement during the period (cumulative)						
- Loss for the year	-	-	-	-	(696)	(696)
Other comprehensive expenses	-	-	-	-	-	-
- Translation reserve	-	-	-	6	-	6
	-	-	-	6	(696)	(690)
Balance at end of the year	45,382	3,492	-	14	(21,243)	27,645
<b>Preceding Financial Year</b>						
<b>Ended 31/12/2012</b>						
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 year	45,382	3,492	-	32	(18,992)	29,914
Movement during the period (cumulative)						
- Loss for the year	-	-	-	-	(1,555)	(1,555)
- Effect of transition to MFRS	-	-	-	-	-	-
	-	-	-	-	(1,555)	(1,555)
Other comprehensive expenses	-	-	-	(24)	-	(24)
	-	-	-	(24)	(1,555)	(1,579)
Balance at end of the year	45,382	3,492	-	8	(20,547)	28,335

(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.)

**CN ASIA CORPORATION BHD**  
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**Notes To The Quarterly Report For The Fourth Financial Quarter Ended 31 December 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 MRFSS 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 Fourth Financial Quarter Ended 31 December 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
<b>Revenue</b>					
External revenue	18,374	40	-	-	18,414
Inter-segment revenue	-	-	60	(60)	-
<b>Total revenue</b>	<b>18,374</b>	<b>40</b>	<b>60</b>	<b>(60)</b>	<b>18,414</b>
<b>Results</b>					
Segment results	113	24	(224)	-	(87)
Unallocated expenses	-	-	-	-	(19)
Finance cost	(621)	-	-	-	(621)
Share of losses of associated company	-	-	-	-	-
Foreign exchange translation difference	-	-	-	-	31
Taxation	-	-	-	-	-
Loss attributable to equity holders of the Company					<b>(696)</b>
<b>Other information</b>					
Segment assets	37,222	884	2,589	-	40,695
Unallocated assets	-	-	-	-	77
Tax assets	36	-	6	-	42
Investment in associated company	29	-	-	-	29
<b>Consolidated total assets</b>					<b>40,843</b>
Segment liabilities	1,565	3	32	-	1,600
Interest bearing liabilities	11,598	-	-	-	11,598
Deferred taxation liabilities	-	-	-	-	-
<b>Consolidated total liabilities</b>					<b>13,198</b>
Capital expenditure	730	-	-	-	730
Depreciation and amortisation	1,072	13	32	-	1,117
Amortisation of intangible assets	19	-	-	-	19

## (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	18,414	-	-	18,414
Inter-segment revenue	60	-	(60)	-
<b>Total revenue</b>	<b>18,474</b>	<b>-</b>	<b>(60)</b>	<b>18,414</b>
<b>Results</b>				
Segment results	(35)	(52)	-	(87)
Unallocated expenses	-	-	-	(19)
Finance cost	(621)	-	-	(621)
Share of losses of associated company	-	-	-	-
Foreign exchange translation difference	-	-	-	31
Taxation	-	-	-	-
Loss attributable to equity holders of the Company				<b>(696)</b>
<b>Other information</b>				
Segment assets	40,131	564	-	40,695
Unallocated assets	-	-	-	77
Tax assets	42	-	-	42
Investment in associated company	29	-	-	29
<b>Consolidated total assets</b>				<b>40,843</b>
Segment liabilities	1,593	7	-	1,600
Interest bearing liabilities	11,598	-	-	11,598
Deferred taxation liabilities	-	-	-	-
<b>Consolidated total liabilities</b>				<b>13,198</b>
Capital expenditure	730	-	-	730
Depreciation and amortisation	1,087	30	-	1,117
Amortisation of intangible assets	19	-	-	19

*Notes To The Quarterly Report For The Fourth Financial Quarter Ended 31 December 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

	Year Ended 31.12.2013 RM'000	Year Ended 31.12.2012 RM'000
In respect of corporate guarantee for credit facilities granted to a subsidiary company	<u>13,602</u>	<u>9,511</u>

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>	Current Financial Quarter 31/12/2013 RM'000	Preceding Financial Quarter 31/12/2012 RM'000	Current Financial Year-To-Date 31/12/2013 RM'000	Preceding Financial Year-To-Date 31/12/2012 RM'000
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	96	96
- Marvellous Production Sdn Bhd		<u>84</u>	<u>84</u>	<u>336</u>	<u>336</u>

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

1. Review Of Performance Of The Group

During the quarter under review, the Group recorded a profit before taxation of RM1.0 million as compared to a loss before taxation of RM0.4 million over the preceding corresponding quarter despite a 25% decrease in total revenue. This was mainly due to higher margin on projects executed during the period especially from the fabrication of pressure vessels as compared to the preceding corresponding quarter.

For the financial year-to-date, the Group recorded a loss before taxation of RM0.7 million as compared to a loss before taxation of RM1.6 million in the preceding year corresponding period despite a 10% lower in revenue recorded during the financial year-to-date. This was mainly due to higher margin on projects executed during the financial year to-date especially from pressure vessels and dish head business.

2. Variation Of Results Against Preceding Quarter

The Group registered a profit before taxation of RM1.0 million for the quarter as compared to a profit before taxation of RM1.2 million for the preceding quarter despite a 22% decrease in volume of business due to increased margin on projects executed during the quarter especially from the fabrication of pressure vessels.

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 Group will continue to undertake precautionary measures and manage its cost exposure to enhance its 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 / (Loss) Before Taxation

	Current Financial Quarter 31/12/2013 RM'000	Preceding Financial Quarter 31/12/2012 RM'000	Current Financial Year-To-Date 31/12/2013 RM'000	Preceding Financial Year-To-Date 31/12/2012 RM'000
Profit / (Loss) before taxation is derived after taking into consideration of the following:-				
Allowance for impairment of receivables	39	41	39	41
Allowance for impairment of property, plant and equipment	-	652	-	652
Bad debts written off	-	48	-	193
Amortisation of intangible assets	-	9	19	37
Depreciation of property, plant and equipment	295	305	1,117	1,212
Interest expenses	187	114	619	402
Interest income	(7)	(6)	(7)	(6)
Property, plant and equipment written off	26	102	26	102
(Gain) / Loss on foreign exchange				
- Unrealised	10	74	9	9
- Realised	-	(7)	(32)	31



## Notes To The Quarterly Report For The Fourth Financial Quarter Ended 31 December 2013 (cont'd)

6. Taxation

	Current Financial Quarter 31/12/2013 RM'000	Current Financial Year-To-Date 31/12/2013 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

	As At End of Current Quarter 31/12/2013 RM'000
<b>(i) Short Term</b>	
<b>SECURED</b>	
Hire Purchase	79
Bank Overdrafts	4,816
Bankers Acceptance	5,896
	<u>10,791</u>
<b>UNSECURED</b>	
Bank Overdrafts	181
Bankers Acceptance	208
	<u>389</u>
Total Short Term Borrowings	<u>11,180</u>
<b>(ii) Long Term</b>	
<b>SECURED</b>	
Hire Purchase	418
<b>TOTAL GROUP BORROWINGS</b>	<u>11,598</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. Profit / (Loss) Per Share

	Current Financial Quarter 31/12/2013 RM'000	Preceding Financial Quarter 31/12/2012 RM'000	Current Financial Year-To-Date 31/12/2013 RM'000	Preceding Financial Year-To-Date 31/12/2012 RM'000
Net profit / (loss) after taxation for the period	1,033	(373)	(696)	(1,555)
Weighted average number of ordinary shares in issue ('000)	45,382	45,382	45,382	45,382
Basic profit / (loss) per share (sen)	<u>2.3</u>	<u>(0.8)</u>	<u>(1.5)</u>	<u>(3.4)</u>

12. Realised and Unrealised Accumulated Losses

	As At End of Current Quarter 31/12/2013 RM'000	As At Preceding Financial Year Ended 31/12/2012 RM'000
<b>Group and Subsidiary Companies</b>		
Accumulated losses		
- Realised	(21,122)	(20,408)
- Unrealised	9	(9)
Associated Company		
- Realised	(130)	(130)
Total consolidated accumulated losses	<u>(21,243)</u>	<u>(20,547)</u>

BY ORDER OF THE BOARD

LIM PAK GOOT  
KOH MUI TEE  
Company Secretaries  
Selangor, 26 February 2014