

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 2014**

CN ASIA CORPORATION BHD
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UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2014

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31/03/2014 RM'000	Preceding Year Quarter Ended 31/03/2013 RM'000	Current Financial 3 Months Ended 31/03/2014 RM'000	Preceding Financial 3 Months Ended 31/03/2013 RM'000
Revenue	5,818	2,594	5,818	2,594
Cost of sales	(6,267)	(3,287)	(6,267)	(3,287)
Gross loss	<u>(449)</u>	<u>(693)</u>	<u>(449)</u>	<u>(693)</u>
Selling & distribution	(4)	(18)	(4)	(18)
Administrative expenses	(666)	(678)	(666)	(678)
Other operating expenses	(49)	(9)	(49)	(9)
Other operating income	36	6	36	6
Loss from operations	<u>(1,132)</u>	<u>(1,392)</u>	<u>(1,132)</u>	<u>(1,392)</u>
Finance cost	(165)	(115)	(165)	(115)
Share of profit of associated company	(17)	(13)	(17)	(13)
Loss before taxation	<u>(1,314)</u>	<u>(1,520)</u>	<u>(1,314)</u>	<u>(1,520)</u>
Taxation	-	-	-	-
Net loss after taxation for the period	<u>(1,314)</u>	<u>(1,520)</u>	<u>(1,314)</u>	<u>(1,520)</u>
Other comprehensive (expenses) / income				
Foreign exchange translation differences	18	-	18	-
Total comprehensive loss for the period	<u><u>(1,296)</u></u>	<u><u>(1,520)</u></u>	<u><u>(1,296)</u></u>	<u><u>(1,520)</u></u>
Net loss for the period attributable to:-				
Equity holders of the Company	(1,314)	(1,520)	(1,314)	(1,520)
Minority interests	-	-	-	-
	<u><u>(1,314)</u></u>	<u><u>(1,520)</u></u>	<u><u>(1,314)</u></u>	<u><u>(1,520)</u></u>
Total comprehensive loss for the period attributable to:-				
Equity holders of the Company	(1,296)	(1,520)	(1,296)	(1,520)
Minority interests	-	-	-	-
	<u><u>(1,296)</u></u>	<u><u>(1,520)</u></u>	<u><u>(1,296)</u></u>	<u><u>(1,520)</u></u>
Loss per share (sen)				
- Basic	<u><u>(2.9)</u></u>	<u><u>(3.3)</u></u>	<u><u>(2.9)</u></u>	<u><u>(3.3)</u></u>
- Fully diluted	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2013 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 31/03/2014 RM'000	As At Preceding Financial Year Ended 31/12/2013 RM'000
ASSETS		
Non-current Assets		
<i>Property, plant & equipment</i>	27,743	27,694
<i>Intangible assets</i>	-	-
<i>Investment property</i>	-	-
<i>Non-current assets held for resale</i>	380	380
<i>Interest in associated company</i>	12	29
<i>Goodwill on consolidation</i>	77	77
	28,212	28,180
Current Assets		
<i>Inventories</i>	3,772	4,956
<i>Amount due from customer for contract work</i>	1,907	3,439
<i>Trade and other receivables</i>	5,007	3,992
<i>Amount owing by an associated company</i>	-	-
<i>Tax recoverable</i>	42	42
<i>Fixed deposit with licensed bank</i>	224	224
<i>Cash at banks and in hand</i>	406	628
	11,358	13,281
TOTAL ASSETS	39,570	41,461
EQUITY AND LIABILITIES		
Equity		
<i>Share capital</i>	45,382	45,382
<i>Reserves</i>	(19,063)	(17,767)
Shareholders' Equity	26,319	27,615
Liabilities		
Non-current Liabilities		
<i>Hire Purchase Payables</i>	582	418
	582	418
Current Liabilities		
<i>Trade and other payables</i>	1,805	2,188
<i>Amount owing to an associated company</i>	23	60
<i>Overdraft and short term borrowings</i>	10,841	11,180
<i>Taxation</i>	-	-
	12,669	13,428
TOTAL LIABILITIES	13,251	13,846
TOTAL EQUITY AND LIABILITIES	39,570	41,461
Net Assets Per Share (RM)	0.58	0.61

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 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 2014**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Current Financial 3 Months Ended 31/03/2014 RM'000	Preceding Financial 3 Months Ended 31/03/2013 RM'000
Cash Flows From Operating Activities		
Loss Before Tax But After Minority Interest	(1,314)	(1,520)
Adjustments For:-		
Allowance for impairment of receivables	18	-
Amortisation of intangible assets	-	9
Depreciation of property, plant and equipment	287	270
Gain on foreign exchange - Unrealised	(2)	(1)
Interest expenses	163	115
Gain on disposal of property, plant and equipment	(37)	-
Share of losses of associated company	17	13
	<u>446</u>	<u>406</u>
Operating Loss Before Working Capital Changes	<u>(868)</u>	<u>(1,114)</u>
Changes In Working Capital		
Inventories	1,184	329
Amount Due For Contract Work	1,532	(595)
Trade and Other Receivables	(1,033)	1,262
Bankers' acceptance	(639)	1,035
Trade and Other Payables	(382)	(1,177)
Cash Used In Operations	<u>(206)</u>	<u>(260)</u>
Interest paid	(163)	(115)
Net Cash Used In Operating Activities	<u>(369)</u>	<u>(375)</u>
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant & equipment	64	-
Purchase of property, plant and equipment (<i>Note 1</i>)	(178)	-
Net Cash Used In Investing Activities	<u>(114)</u>	<u>-</u>
Cash Flows From Financing Activities		
Net repayment to associated company	(37)	(19)
Net payments of finance lease liabilities	(20)	(20)
Net Cash Used In Financing Activities	<u>(57)</u>	<u>(39)</u>
Net Decrease In Cash And Cash Equivalents	(540)	(414)
Effects of Exchange Translation Differences on Cash and Cash Equivalent	20	-
Cash And Cash Equivalents At Beginning Of The Financial Year	(4,369)	(3,384)
Cash And Cash Equivalents At End Of The Financial Quarter	<u>(4,889)</u>	<u>(3,798)</u>

Note 1: Purchase of property, plant and equipment

The Group acquired property, plant and equipment with an aggregate cost of RM363K of which RM185K was acquired by means of finance lease and the balance was made by cash payments.

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 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 Financial Year						
Ended 31/03/2014						
Balance at beginning of the period	45,382	3,492	-	14	(21,273)	27,615
Movement during the period (cumulative)						
- Loss for the period	-	-	-	-	(1,314)	(1,314)
Other comprehensive expenses	-	-	-	-	-	-
- Translation difference	-	-	-	18	-	18
	-	-	-	18	(1,314)	(1,296)
Balance at end of the period	45,382	3,492	-	32	(22,587)	26,319
Preceding Financial Year						
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

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 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 2014

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 2013. 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 2013 except for the adoption of the following Amendments to MFRSs with a date of initial applications on 1 January 2014:-

MFRS 10	Consolidated Financial Statements: Investment Entities
MFRS 12	Disclosure of Interests in Other Entities: Investment Entities
MFRS 127	Separate Financial Statements: Investment Entities
MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting

The adoption of the above Amendments to MFRSs do not have any material financial impact on the Group.

The audited financial statements of the Group for the year ended 31 December 2013, 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 9 : Financial Instruments (IFRS 9 issued by IASB in November 2009))
MFRS 9 : Financial Instruments (IFRS 9 issued by IASB in October 2010))
MFRS 9 : Financial Instruments (Hedge Accounting and Amendments to MFRS 7, MFRS 9 & MFRS 139))
MFRS 9 : Financial Instruments: Mandatory Effective Date of MFRS 9, MFRS 7 and MFRS 139 (Amendment to MFRS 9 and MFRS 7))
Amendments to MFRS 119 : Defined Benefits Plans - Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014

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.

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 2014 (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	5,806	12	-	-	5,818
Inter-segment revenue	-	-	15	(15)	-
Total revenue	<u>5,806</u>	<u>12</u>	<u>15</u>	<u>(15)</u>	<u>5,818</u>
Results					
Segment results	(1,089)	8	(51)	-	(1,132)
Finance cost	(165)	-	-	-	(165)
Share of losses of associated company	-	-	-	-	(17)
Loss attributable to equity holders of the Company					<u>(1,314)</u>
Other information					
Segment assets	36,002	889	2,548	-	39,439
Unallocated assets	-	-	-	-	77
Tax assets	36	-	6	-	42
Investment in associated company	12	-	-	-	12
Consolidated total assets					<u>39,570</u>
Segment liabilities	1,798	3	27	-	1,828
Interest bearing liabilities	11,423	-	-	-	11,423
Deferred taxation liabilities	-	-	-	-	-
Consolidated total liabilities					<u>13,251</u>
Capital expenditure	363	-	-	-	363
Depreciation and amortisation	277	2	8	-	287

(b) By Geographical

	Malaysia RM'000	The People's Republic of China RM'000	Elimination RM'000	Consolidated RM'000
Revenue				
External revenue	5,818	-	-	5,818
Inter-segment revenue	15	-	(15)	-
Total revenue	<u>5,833</u>	<u>-</u>	<u>(15)</u>	<u>5,818</u>
Results				
Segment results	(1,126)	(6)	-	(1,132)
Finance cost	(165)	-	-	(165)
Share of losses of associated company	-	-	-	(17)
Loss attributable to equity holders of the Company				<u>(1,314)</u>
Other information				
Segment assets	38,893	546	-	39,439
Unallocated assets	-	-	-	77
Tax assets	42	-	-	42
Investment in associated company	12	-	-	12
Consolidated total assets				<u>39,570</u>
Segment liabilities	1,816	12	-	1,828
Interest bearing liabilities	11,423	-	-	11,423
Deferred taxation liabilities	-	-	-	-
Consolidated total liabilities				<u>13,251</u>
Capital expenditure	363	-	-	363
Depreciation and amortisation	279	8	-	287

Notes To The Quarterly Report For The First Financial Quarter Ended 31 March 2014 (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 31.03.2014 RM'000	Year Ended 31.12.2013 RM'000
In respect of corporate guarantee for credit facilities granted to a subsidiary company	<u>11,305</u>	<u>13,602</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>			
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 a director, Mr Ho Cheng San, is also a director and has substantial financial interest			
	Current Financial Quarter 31/03/2014 RM'000	Preceding Financial Quarter 31/03/2013 RM'000	Current Financial Year-To-Date 31/03/2014 RM'000	Preceding Financial Year-To-Date 31/03/2013 RM'000
Rental of premises paid to				
- Crystal Bond Sdn Bhd	24	24	24	24
- Marvellous Production Sdn Bhd	<u>84</u>	<u>84</u>	<u>84</u>	<u>84</u>

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 RM1.3 million as compared to a loss before taxation of RM1.5 million over the preceding corresponding quarter. The slight improvement of results as oppose to a 124% increase in total revenue during the period was mainly due to lower margin on projects executed during the period coupled with increase in raw material pricing as a result of weakening of Malaysian Ringgit against other major foreign currencies.

2. Variation Of Results Against Preceding Quarter

The Group registered a loss before taxation of RM1.3 million for the quarter as compared to a profit before taxation of RM1.0 million for the preceding quarter despite a 21% increase in volume of business as a result of lower margin on projects executed and increased raw material pricing resulted from the weakening of Malaysian currency against other foreign currencies during the quarter under review.

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 Loss Before Taxation

	Current Financial Quarter 31/03/2014 RM'000	Preceding Financial Quarter 31/03/2013 RM'000	Current Financial Year-To-Date 31/03/2014 RM'000	Preceding Financial Year-To-Date 31/03/2013 RM'000
Loss before taxation is derived after charging / (crediting) amongs others, the following items:-				
Allowance for impairment of receivables	18	-	18	-
Amortisation of intangible assets	-	9	-	9
Depreciation of property, plant and equipment	287	270	287	270
Interest expenses	163	115	163	115
Gain on disposal of property, plant and equipment	(37)	-	(37)	-
(Gain) / Loss on foreign exchange				
- Unrealised	(2)	(1)	(2)	(1)
- Realised	<u>33</u>	<u>(5)</u>	<u>33</u>	<u>(5)</u>

Notes To The Quarterly Report For The First Financial Quarter Ended 31 March 2014 (cont'd)

6. Taxation

	Current Financial Quarter 31/03/2014 RM'000	Current Financial Year-To-Date 31/03/2014 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 31/03/2014 RM'000
(i) Short Term	
<u>SECURED</u>	
Hire Purchase	81
Bank Overdrafts	5,099
Bankers Acceptance	5,023
	<u>10,203</u>
<u>UNSECURED</u>	
Bank Overdrafts	196
Bankers Acceptance	442
	<u>638</u>
Total Short Term Borrowings	<u>10,841</u>
(ii) Long Term	
<u>SECURED</u>	
Hire Purchase	582
TOTAL GROUP BORROWINGS	<u>11,423</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 31/03/2014 RM'000	Preceding Financial Quarter 31/03/2013 RM'000	Current Financial Year-To-Date 31/03/2014 RM'000	Preceding Financial Year-To-Date 31/03/2013 RM'000
Net loss after taxation for the period	(1,314)	(1,520)	(1,314)	(1,520)
Weighted average number of ordinary shares in issue ('000)	45,382	45,382	45,382	45,382
Basic loss per share (sen)	<u>(2.9)</u>	<u>(3.3)</u>	<u>(2.9)</u>	<u>(3.3)</u>

12. Realised and Unrealised Accumulated Losses

	As At End of Current Quarter 31/03/2014 RM'000	As At Preceding Financial Year Ended 31/12/2013 RM'000
Group and Subsidiary Companies		
Accumulated losses		
- Realised	(22,438)	(21,155)
- Unrealised	(2)	12
Associated Company		
- Realised	(147)	(130)
Total consolidated accumulated losses	<u>(22,587)</u>	<u>(21,273)</u>

BY ORDER OF THE BOARD

LIM PAIK GOOT
KOH MUI TEE
Company Secretaries
Selangor, 27 May 2014