

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 2015**

CN ASIA CORPORATION BHD
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UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2015

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 30/06/2015 RM'000	Preceding Year Quarter Ended 30/06/2014 RM'000	Current Financial 6 Months Ended 30/06/2015 RM'000	Preceding Financial 6 Months Ended 30/06/2014 RM'000
Revenue	1,587	2,775	7,154	8,593
Cost of sales	(2,979)	(4,222)	(8,843)	(10,489)
Gross loss	<u>(1,392)</u>	<u>(1,447)</u>	<u>(1,689)</u>	<u>(1,896)</u>
Selling & distribution	(10)	(85)	(23)	(89)
Administrative expenses	(849)	(859)	(1,738)	(1,525)
Other operating expenses	7	(21)	(16)	(70)
Other operating income	1	197	1	233
Loss from operations	<u>(2,243)</u>	<u>(2,215)</u>	<u>(3,465)</u>	<u>(3,347)</u>
Finance cost	(150)	(169)	(343)	(334)
Share of loss of associated company	(5)	(12)	(12)	(29)
Loss before taxation	<u>(2,398)</u>	<u>(2,396)</u>	<u>(3,820)</u>	<u>(3,710)</u>
Taxation	-	-	-	-
Net loss after taxation for the period	<u>(2,398)</u>	<u>(2,396)</u>	<u>(3,820)</u>	<u>(3,710)</u>
Other comprehensive (expenses) / income				
Foreign exchange translation differences	12	34	50	52
Total comprehensive loss for the period	<u>(2,386)</u>	<u>(2,362)</u>	<u>(3,770)</u>	<u>(3,658)</u>
Net loss for the period attributable to:-				
Equity holders of the Company	(2,398)	(2,396)	(3,820)	(3,710)
Minority interests	-	-	-	-
	<u>(2,398)</u>	<u>(2,396)</u>	<u>(3,820)</u>	<u>(3,710)</u>
Total comprehensive loss for the period attributable to:-				
Equity holders of the Company	(2,386)	(2,362)	(3,770)	(3,658)
Minority interests	-	-	-	-
	<u>(2,386)</u>	<u>(2,362)</u>	<u>(3,770)</u>	<u>(3,658)</u>
Loss per share (sen)				
- Basic	<u>(5.3)</u>	<u>(5.3)</u>	<u>(8.4)</u>	<u>(8.2)</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 2014 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 30/06/2015 RM'000	As At Preceding Financial Year Ended 31/12/2014 RM'000
ASSETS		
Non-current Assets		
<i>Property, plant & equipment</i>	26,993	27,494
<i>Interest in associated company</i>	17	29
<i>Goodwill on consolidation</i>	77	77
	<u>27,087</u>	<u>27,600</u>
Current Assets		
<i>Inventories</i>	3,307	3,962
<i>Amount due from customer for contract work</i>	708	1,938
<i>Trade and other receivables</i>	4,149	4,338
<i>Tax recoverable</i>	6	6
<i>Fixed deposit with licensed bank</i>	-	231
<i>Cash at banks and in hand</i>	434	389
	<u>8,604</u>	<u>10,864</u>
TOTAL ASSETS	<u><u>35,691</u></u>	<u><u>38,464</u></u>
EQUITY AND LIABILITIES		
Equity		
<i>Share capital</i>	45,382	45,382
<i>Reserves</i>	(25,687)	(21,917)
Shareholders' Equity	<u>19,695</u>	<u>23,465</u>
Liabilities		
Non-current Liabilities		
<i>Hire Purchase Payables</i>	442	488
	<u>442</u>	<u>488</u>
Current Liabilities		
<i>Trade and other payables</i>	3,922	2,482
<i>Amount owing to an associated company</i>	37	56
<i>Amount owing to a director</i>	-	-
<i>Overdraft and short term borrowings</i>	11,595	11,973
	<u>15,554</u>	<u>14,511</u>
TOTAL LIABILITIES	<u>15,996</u>	<u>14,999</u>
TOTAL EQUITY AND LIABILITIES	<u><u>35,691</u></u>	<u><u>38,464</u></u>
Net Assets Per Share (RM)	<u><u>0.43</u></u>	<u><u>0.52</u></u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 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 2015

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Current Financial 6 Months Ended 30/06/2015 RM'000	Preceding Financial 6 Months Ended 30/06/2014 RM'000
Cash Flows From Operating Activities		
Loss Before Tax But After Minority Interest	(3,820)	(3,710)
Adjustments For:-		
Allowance for impairment of receivables	-	18
Depreciation of property, plant and equipment	558	587
Loss / (Gain) on foreign exchange - Unrealised	2	(2)
Interest expenses	342	331
Gain on disposal of property, plant and equipment	-	(37)
Gain on disposal of investment property	-	(93)
Share of losses of associated company	12	29
	914	833
Operating Loss Before Working Capital Changes	(2,906)	(2,877)
Changes In Working Capital		
Inventories	655	1,145
Amount Due For Contract Work	1,230	1,493
Trade and Other Receivables	189	1,084
Bankers' acceptance	(139)	(1,324)
Trade and Other Payables	1,440	(447)
Cash Generated From / (Used In) Operations	469	(926)
Interest paid	(342)	(331)
Tax refunded	-	36
Net Cash Generated From / (Used In) Operating Activities	127	(1,221)
Cash Flows From Investing Activities		
Capital Work-in-progress Incurred	-	(522)
Proceeds from disposal of property, plant & equipment	-	64
Proceeds from disposal of investment property	-	473
Purchase of property, plant and equipment (<i>Note 1</i>)	(41)	(203)
Net Cash Used In Investing Activities	(41)	(188)
Cash Flows From Financing Activities		
Withdrawal of pledged fixed deposits	231	-
Net repayment to an associated company	(19)	(60)
Net advance from a director	-	1,553
Net payments of finance lease liabilities	(53)	(45)
Net Cash Generated From Financing Activities	159	1,448
Net Increase In Cash And Cash Equivalents	245	39
Effects of Exchange Translation Differences on Cash and Cash Equivalent	33	53
Cash And Cash Equivalents At Beginning Of The Financial Year	(4,213)	(4,369)
Cash And Cash Equivalents At End Of The Financial Quarter	(3,935)	(4,277)

Note 1: Purchase of property, plant and equipment

The Group acquired property, plant and equipment with an aggregate cost of RM41K (2014: RM388K) of which NIL (2014: 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 2014 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)	TRANSLATION RESERVE (RM'000)	ACCUMULATED LOSSES (RM'000)	TOTAL SHAREHOLDERS' FUND (RM'000)
Current Year 6 Months					
Ended 30/06/2015					
Balance at beginning of the period	45,382	3,492	102	(25,511)	23,465
Movement during the period (cumulative)					
- Loss for the period	-	-	-	(3,820)	(3,820)
Other comprehensive expenses					
- Translation difference	-	-	50	-	50
	-	-	50	(3,820)	(3,770)
Balance at end of the period	45,382	3,492	152	(29,331)	19,695
Preceding Year 6 Months					
Ended 30/06/2014					
Balance at beginning of the period	45,382	3,492	14	(21,273)	27,615
Movement during the period (cumulative)					
- Loss for the period	-	-	-	(3,710)	(3,710)
Other comprehensive expenses					
- Translation difference	-	-	52	-	52
	-	-	52	(3,710)	(3,658)
Balance at end of the period	45,382	3,492	66	(24,983)	23,957

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 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 2015

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 2014.

The significant 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 2014.

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	7,147	7	-	-	7,154
Inter-segment revenue	-	-	30	(30)	-
Total revenue	<u>7,147</u>	<u>7</u>	<u>30</u>	<u>(30)</u>	<u>7,154</u>
Results					
Segment results	(3,344)	-	(121)	-	(3,465)
Finance cost	(343)	-	-	-	(343)
Share of losses of associated company	-	-	-	-	(12)
Loss attributable to equity holders of the Company					<u>(3,820)</u>
Other information					
Segment assets	32,224	735	2,632	-	35,591
Unallocated assets	-	-	-	-	77
Tax assets	-	-	6	-	6
Investment in associated company	-	-	-	-	17
Consolidated total assets					<u>35,691</u>
Segment liabilities	3,871	3	85	-	3,959
Interest bearing liabilities	12,037	-	-	-	12,037
Deferred taxation liabilities	-	-	-	-	-
Consolidated total liabilities					<u>15,996</u>
Capital expenditure	41	-	-	-	41
Depreciation and amortisation	539	3	16	-	558

Notes To The Quarterly Report For The Second Financial Quarter Ended 30 June 2015 (cont'd)

(b) By Geographical

	Malaysia RM'000	The People's Republic of China RM'000	Elimination RM'000	Consolidated RM'000
Revenue				
External revenue	7,154	-	-	7,154
Inter-segment revenue	30	-	(30)	-
Total revenue	<u>7,184</u>	<u>-</u>	<u>(30)</u>	<u>7,154</u>
Results				
Segment results	(3,444)	(21)	-	(3,465)
Finance cost	(343)	-	-	(343)
Share of losses of associated company	-	-	-	(12)
Loss attributable to equity holders of the Company				<u>(3,820)</u>
Other information				
Segment assets	34,988	603	-	35,591
Unallocated assets	-	-	-	77
Tax assets	6	-	-	6
Investment in associated company	-	-	-	17
Consolidated total assets				<u>35,691</u>
Segment liabilities	3,959	-	-	3,959
Interest bearing liabilities	12,037	-	-	12,037
Deferred taxation liabilities	-	-	-	-
Consolidated total liabilities				<u>15,996</u>
Capital expenditure	41	-	-	41
Depreciation and amortisation	540	18	-	558

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 30.06.2015 RM'000	Year Ended 31.12.2014 RM'000
In respect of corporate guarantee for credit facilities granted to a subsidiary company	<u>10,959</u>	<u>12,648</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

During the financial year-to-date, the Group has the following significant transaction with the following related parties, in which a director of the Company, Mr Ho Cheng San is also a director and has substantial financial interest:-

	Current Financial Quarter 30/06/2015 RM'000	Preceding Financial Quarter 30/06/2014 RM'000	Current Financial Year-To-Date 30/06/2015 RM'000	Preceding Financial Year-To-Date 30/06/2014 RM'000
Rental of premises paid to				
- Crystal Bond Sdn Bhd	24	24	48	48
- Marvellous Production Sdn Bhd	<u>84</u>	<u>84</u>	<u>168</u>	<u>168</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, there has been no material changes in the loss before taxation as compared to the preceding corresponding quarter despite a 43% reduction in revenue recorded during the quarter.

The loss before taxation of the Group for the current financial year-to-date increased to RM3.8 million as compared to a loss before taxation of RM3.7 million for the preceding corresponding financial year-to-date due to reduction in revenue by 17% and a 14% increase in administrative expenses during the financial year-to-date.

2. Variation Of Results Against Preceding Quarter

The Group registered a loss before taxation of RM2.4 million for the quarter as compared to a loss before taxation of RM1.4 million for the preceding quarter with a 71% reduction in volume of business during the quarter. This was mainly due to aggressive competition and the unfavorable global outlook and performance of the oil and gas industry.

Notes To The Quarterly Report For The Second Financial Quarter Ended 30 June 2015 (cont'd)

3. Current Year Prospects

The Directors are of the view that the global economic turmoil and fierce competition coupled with the uncertain outlook of the oil and gas industry will be challenging to the Group for the current financial year. The Group will continue to focus on its core business and undertake precautionary measures and manage its cost exposure to enhance its performance for the current financial year.

As an Affected Listed Issuer pursuant to Paragraph 2.1(e) of the Practice Note 17 ("PN17") of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company has a timeframe of 12 months from the date of the first announcement on 29 May 2015 ("First Announcement") to submit a plan to regularise the financial condition of the Company ("Regularisation Plan"). The necessary announcement will be made in due course.

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 30/06/2015 RM'000	Preceding Financial Quarter 30/06/2014 RM'000	Current Financial Year-To-Date 30/06/2015 RM'000	Preceding Financial Year-To-Date 30/06/2014 RM'000
(Loss) / Profit before taxation is derived after charging / (crediting) among others, the following items:-				
Allowance for impairment of receivables	-	-	-	18
Depreciation of property, plant and equipment	279	300	558	587
Interest expenses	149	168	342	331
Gain on disposal of property, plant and equipment	-	-	-	(37)
Gain on disposal of investment property	-	(93)	-	(93)
(Gain) / Loss on foreign exchange				
- Unrealised	1	-	2	(2)
- Realised	(7)	21	9	54
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

6. Taxation

	Current Financial Quarter 30/06/2015 RM'000	Current Financial Year-To-Date 30/06/2015 RM'000
Based on results for the financial year-to-date	<u> </u>	<u> </u>

7. Corporate Proposal Status

(i) Proposed Private Placement

On 6 April 2015, the Proposed Private Placement as approved by Bursa Malaysia Securities Berhad ("Bursa Securities") vide its letter lapsed. The Company was not able to secure any place for the Proposed Private Placement due to unforeseen and unfavourable market condition prior to the expiry of Bursa Securities' approval. As such, the Company has decided not to proceed with the Proposed Private Placement.

(ii) Proposed Multiple Proposals (I) Proposed Par Value Reduction; (II) Proposed Rights Issue with Warrants; (III) Proposed Diversification; (IV) Proposed Acquisition; (V) Proposed ESOS; and (VI) Proposed IASC (The "Proposals")

On 15 June 2015, in reference to the announcements dated 22 May 2015, 27 May 2015 and 29 May 2015 in relation to the Proposals and the First Announcement, M&A Securities Sdn Bhd, on behalf of the Board, announced that after due consideration, the Board has decided to defer the Proposals, in light of the Company being classified as and affected listed issuer pursuant to Paragraph 2.1(e) of PN17 of the Main Market Listing requirements of Bursa Malaysia Securities Berhad.

Further details of the Proposals and the status of the Company's Regularisation Plan will be announced in due course.

8. Group Borrowings

	As At End of Current Quarter 30/06/2015 RM'000
(i) Short Term	
<u>SECURED</u>	
Hire Purchase	91
Bank Overdrafts	4,179
Bankers Acceptance	6,924
	<u> </u>
	11,194
<u>UNSECURED</u>	
Bank Overdrafts	190
Bankers Acceptance	211
	<u> </u>
	401
Total Short Term Borrowings	<u> </u>
	11,595
(ii) Long Term	
<u>SECURED</u>	
Hire Purchase	442
TOTAL GROUP BORROWINGS	<u> </u>
	12,037

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

Notes To The Quarterly Report For The Second Financial Quarter Ended 30 June 2015 (cont'd)

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) / Profit Per Share

	Current Financial Quarter 30/06/2015 RM'000	Preceding Financial Quarter 30/06/2014 RM'000	Current Financial Year-To-Date 30/06/2015 RM'000	Preceding Financial Year-To-Date 30/06/2014 RM'000
Net loss after taxation for the period	(2,398)	(2,396)	(3,820)	(3,710)
Weighted average number of ordinary shares in issue ('000)	45,382	45,382	45,382	45,382
Basic loss per share (sen)	<u>(5.3)</u>	<u>(5.3)</u>	<u>(8.4)</u>	<u>(8.2)</u>

12. Realised and Unrealised Accumulated Losses

	As At End of Current Quarter 30/06/2015 RM'000	As At Preceding Financial Year Ended 31/12/2014 RM'000
Company and Subsidiary Companies		
Total accumulated losses		
- Realised	(22,357)	(18,658)
- Unrealised	2	85
	<u>(22,355)</u>	<u>(18,573)</u>
Associated Company		
- Realised	(142)	(130)
	<u>(22,497)</u>	<u>(18,703)</u>
Less: Consolidation adjustments	(6,834)	(6,808)
Total consolidated accumulated losses	<u>(29,331)</u>	<u>(25,511)</u>

BY ORDER OF THE BOARD

LIM PAIK GOOT
KOH MUI TEE
Company Secretaries
Selangor, 27 August 2015