

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 2015**

CN ASIA CORPORATION BHD
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31/12/2015 RM'000	Preceding Year Quarter Ended 31/12/2014 RM'000	Current Financial Year Ended 31/12/2015 RM'000	Preceding Financial Year Ended 31/12/2014 RM'000
Revenue	3,087	2,968	13,114	15,593
Cost of sales	(2,436)	(2,158)	(14,443)	(15,846)
Gross profit / (loss)	<u>651</u>	<u>810</u>	<u>(1,329)</u>	<u>(253)</u>
Selling & distribution	(17)	(10)	(78)	(126)
Administrative expenses	(933)	(905)	(3,628)	(3,377)
Other operating expenses	(487)	(7)	(497)	(96)
Other operating income	28	91	29	324
Loss from operations	<u>(758)</u>	<u>(21)</u>	<u>(5,503)</u>	<u>(3,528)</u>
Finance cost	(188)	(205)	(735)	(710)
Share of loss of associated company	-	29	(12)	-
Loss before taxation	<u>(946)</u>	<u>(197)</u>	<u>(6,250)</u>	<u>(4,238)</u>
Taxation	-	-	-	-
Net loss after taxation for the period	<u>(946)</u>	<u>(197)</u>	<u>(6,250)</u>	<u>(4,238)</u>
Other comprehensive (expenses) / income				
Foreign exchange translation differences	14	71	85	88
Total comprehensive loss for the period	<u>(932)</u>	<u>(126)</u>	<u>(6,165)</u>	<u>(4,150)</u>
Net loss for the period attributable to:-				
Equity holders of the Company	(946)	(197)	(6,250)	(4,238)
Minority interests	-	-	-	-
	<u>(946)</u>	<u>(197)</u>	<u>(6,250)</u>	<u>(4,238)</u>
Total comprehensive loss for the period attributable to:-				
Equity holders of the Company	(932)	(126)	(6,165)	(4,150)
Minority interests	-	-	-	-
	<u>(932)</u>	<u>(126)</u>	<u>(6,165)</u>	<u>(4,150)</u>
Loss per share (sen)				
- Basic	<u>(2.1)</u>	<u>(0.4)</u>	<u>(13.8)</u>	<u>(9.3)</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 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 31/12/2015 RM'000	As At Preceding Financial Year Ended 31/12/2014 RM'000
ASSETS		
Non-current Assets		
<i>Property, plant & equipment</i>	26,136	27,494
<i>Interest in associated company</i>	17	29
<i>Goodwill on consolidation</i>	-	77
	26,153	27,600
Current Assets		
<i>Inventories</i>	3,910	3,962
<i>Amount due from customer for contract work</i>	708	1,938
<i>Trade and other receivables</i>	2,498	4,338
<i>Tax recoverable</i>	6	6
<i>Fixed deposit with licensed bank</i>	-	231
<i>Cash at banks and in hand</i>	410	389
	7,532	10,864
TOTAL ASSETS	33,685	38,464
EQUITY AND LIABILITIES		
Equity		
<i>Share capital</i>	45,382	45,382
<i>Reserves</i>	(28,082)	(21,917)
Shareholders' Equity	17,300	23,465
Liabilities		
Non-current Liabilities		
<i>Hire Purchase Payables</i>	396	488
	396	488
Current Liabilities		
<i>Trade and other payables</i>	4,076	2,482
<i>Amount owing to an associated company</i>	34	56
<i>Amount owing to a director</i>	-	-
<i>Overdraft and short term borrowings</i>	11,879	11,973
	15,989	14,511
TOTAL LIABILITIES	16,385	14,999
TOTAL EQUITY AND LIABILITIES	33,685	38,464
Net Assets Per Share (RM)	0.38	0.52

(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
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Current Financial Year Ended 31/12/2015 RM'000	Preceding Financial Year Ended 31/12/2014 RM'000
Cash Flows From Operating Activities		
Loss Before Tax But After Minority Interest	(6,250)	(4,238)
Adjustments For:-		
Allowance for impairment of receivables	-	18
Depreciation of property, plant and equipment	1,116	1,215
Development cost written off	158	-
Gain on foreign exchange - Unrealised	(14)	(85)
Impairment of goodwill on consolidation	77	-
Interest expenses	734	710
Interest income	(1)	(7)
Property, plant and equipment written off	55	-
Inventories written off	-	84
Loss / (Gain) on disposal of property, plant and equipment	173	(37)
Gain on disposal of investment property	-	(93)
Share of losses of associated company	12	-
	<u>2,310</u>	<u>1,805</u>
Operating Loss Before Working Capital Changes	(3,940)	(2,433)
Changes In Working Capital		
Inventories	52	909
Amount Due For Contract Work	1,230	1,501
Trade and Other Receivables	1,683	(280)
Bankers' acceptance	(664)	1,169
Trade and Other Payables	1,594	294
Cash (Used In) / Generated From Operations	<u>(45)</u>	<u>1,160</u>
Interest paid	(734)	(710)
Tax refunded	-	36
Interest received	1	7
Net Cash (Used In) / Generated From Operating Activities	<u>(778)</u>	<u>493</u>
Cash Flows From Investing Activities		
Capital Work-in-progress Incurred	-	(522)
Placement of pledged fixed deposits	-	(7)
Proceeds from disposal of property, plant & equipment	96	64
Proceeds from disposal of investment property	-	473
Purchase of property, plant and equipment (Note 1)	(56)	(274)
Net Cash Generated From / (Used In) Investing Activities	<u>40</u>	<u>(266)</u>
Cash Flows From Financing Activities		
Withdrawal of pledged fixed deposits	232	-
Net repayment to an associated company	(22)	(4)
Net payments of finance lease liabilities	(97)	(96)
Net Cash Generated From / (Used In) Financing Activities	<u>113</u>	<u>(100)</u>
Net (Decrease) / Increase In Cash And Cash Equivalents	(625)	127
Effects of Exchange Translation Differences on Cash and Cash Equivalent	71	29
Cash And Cash Equivalents At Beginning Of The Financial Year	(4,213)	(4,369)
Cash And Cash Equivalents At End Of The Financial Quarter	<u>(4,767)</u>	<u>(4,213)</u>

Note 1: Purchase of property, plant and equipment

The Group acquired property, plant and equipment with an aggregate cost of RM56K (2014: RM459K) 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 Financial Year					
Ended 31/12/2015					
Balance at beginning of the financial year	45,382	3,492	102	(25,511)	23,465
Movement during the financial year (cumulative)					
- Loss for the year	-	-	-	(6,250)	(6,250)
Other comprehensive expenses					
- Translation difference	-	-	85	-	85
	-	-	85	(6,250)	(6,165)
Balance at end of the financial year	45,382	3,492	187	(31,761)	17,300
Preceding Financial Year					
Ended 31/12/2014					
Balance at beginning of the financial year	45,382	3,492	14	(21,273)	27,615
Movement during the financial year (cumulative)					
- Loss for the year	-	-	-	(4,238)	(4,238)
Other comprehensive expenses					
- Translation difference	-	-	88	-	88
	-	-	88	(4,238)	(4,150)
Balance at end of the financial year	45,382	3,492	102	(25,511)	23,465

(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 Fourth Financial Quarter Ended 31 December 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 work: 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	13,100	14	-	-	13,114
Inter-segment revenue	-	-	60	(60)	-
Total revenue	<u>13,100</u>	<u>14</u>	<u>60</u>	<u>(60)</u>	<u>13,114</u>
Results					
Segment results	(5,042)	(176)	(285)	-	(5,503)
Finance cost	(735)	-	-	-	(735)
Share of losses of associated company	-	-	-	-	(12)
Loss attributable to equity holders of the Company					<u>(6,250)</u>
Other information					
Segment assets	30,701	488	2,473	-	33,662
Unallocated assets	-	-	-	-	-
Tax assets	-	-	6	-	6
Investment in associated company	-	-	-	-	17
Consolidated total assets					<u>33,685</u>
Segment liabilities	4,050	-	60	-	4,110
Interest bearing liabilities	12,275	-	-	-	12,275
Deferred taxation liabilities	-	-	-	-	-
Consolidated total liabilities					<u>16,385</u>
Capital expenditure	56	-	-	-	56
Depreciation and amortisation	1,081	3	32	-	1,116

Notes To The Quarterly Report For The Fourth Financial Quarter Ended 31 December 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	13,114	-	-	13,114
Inter-segment revenue	60	-	(60)	-
Total revenue	<u>13,174</u>	<u>-</u>	<u>(60)</u>	<u>13,114</u>
Results				
Segment results	(5,477)	(26)	-	(5,503)
Finance cost	(735)	-	-	(735)
Share of losses of associated company	-	-	-	(12)
Loss attributable to equity holders of the Company				<u>(6,250)</u>
Other information				
Segment assets	33,030	632	-	33,662
Unallocated assets	-	-	-	-
Tax assets	6	-	-	6
Investment in associated company	-	-	-	17
Consolidated total assets				<u>33,685</u>
Segment liabilities	4,110	-	-	4,110
Interest bearing liabilities	12,275	-	-	12,275
Deferred taxation liabilities	-	-	-	-
Consolidated total liabilities				<u>16,385</u>
Capital expenditure	56	-	-	56
Depreciation and amortisation	1,077	39	-	1,116

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 31.12.2015 RM'000	Year Ended 31.12.2014 RM'000
In respect of corporate guarantee for credit facilities granted to a subsidiary company	<u>11,113</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 31/12/2015 RM'000	Preceding Financial Quarter 31/12/2014 RM'000	Current Financial Year-To-Date 31/12/2015 RM'000	Preceding Financial Year-To-Date 31/12/2014 RM'000
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 Requirements1. Review Of Performance Of The Group

During the quarter under review, the Group recorded a loss before taxation of RM0.9 million as compared to a loss before taxation of RM0.2 million for the preceding corresponding quarter with a marginal increase in revenue recorded during the quarter. This was due to increase in other operating expenses by RM0.4 million which was contributed from the loss on disposal of certain property, plant and equipment, provision for impairment of goodwill on consolidation and written off of development cost incurred during the current quarter.

The loss before taxation of the Group for the current financial year-to-date increased to RM6.3 million as compared to a loss before taxation of RM4.2 million for the preceding corresponding financial year-to-date due to reduction in revenue by 16% during the financial year-to-date coupled with the loss on disposal of certain property, plant and equipment, provision for impairment of goodwill on consolidation and written off of development cost made during the financial year-to-date.

2. Variation Of Results Against Preceding Quarter

The Group registered a loss before taxation of RM0.9 million for the quarter as compared to a loss before taxation of RM1.5 million for the preceding quarter with a 7% increase in revenue during the quarter.

Notes To The Quarterly Report For The Fourth Financial Quarter Ended 31 December 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 Profit / (Loss) Before Taxation

	Current Financial Quarter 31/12/2015 RM'000	Preceding Financial Quarter 31/12/2014 RM'000	Current Financial Year-To-Date 31/12/2015 RM'000	Preceding Financial Year-To-Date 31/12/2014 RM'000
Loss before taxation is derived after charging / (crediting) amongs others, the following items:-				
Allowance for impairment of receivables	-	-	-	18
Depreciation of property, plant and equipment	278	331	1,116	1,215
Development cost written off	158	-	158	-
Impairment of goodwill on consolidation	77	-	77	-
Interest expenses	188	205	734	710
Interest income	(1)	(7)	(1)	(7)
Inventories written off	-	84	-	84
Property, plant and equipment written off	55	-	55	-
Loss / (Gain) on disposal of property, plant and equipment	173	-	173	(37)
Gain on disposal of investment property	-	-	-	(93)
(Gain) / Loss on foreign exchange				
- Unrealised	(6)	(83)	(14)	(85)
- Realised	29	(1)	29	65
	<u>29</u>	<u>(1)</u>	<u>29</u>	<u>65</u>

6. Taxation

	Current Financial Quarter 31/12/2015 RM'000	Current Financial Year-To-Date 31/12/2015 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 placee 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 an 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 31/12/2015 RM'000
(i) Short Term	
<u>SECURED</u>	
Hire Purchase	93
Bank Overdrafts	4,981
Bankers Acceptance	<u>5,974</u>
	11,048
<u>UNSECURED</u>	
Bank Overdrafts	196
Bankers Acceptance	<u>635</u>
	831
Total Short Term Borrowing	<u>11,879</u>
(ii) Long Term	
<u>SECURED</u>	
Hire Purchase	396
TOTAL GROUP BORROWINGS	<u>12,275</u>

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

Notes To The Quarterly Report For The Fourth Financial Quarter Ended 31 December 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. Profit / (Loss) Per Share

	Current Financial Quarter 31/12/2015 RM'000	Preceding Financial Quarter 31/12/2014 RM'000	Current Financial Year-To-Date 31/12/2015 RM'000	Preceding Financial Year-To-Date 31/12/2014 RM'000
Net loss after taxation for the period	(946)	(197)	(6,250)	(4,238)
Weighted average number of ordinary shares in issue ('000)	45,382	45,382	45,382	45,382
Basic profit / (loss) per share (sen)	<u>(2.1)</u>	<u>(0.4)</u>	<u>(13.8)</u>	<u>(9.3)</u>

12. Realised and Unrealised Accumulated Losses

	As At End of Current Quarter 31/12/2015 RM'000	As At Preceding Financial Year Ended 31/12/2014 RM'000
Company and Subsidiary Companies		
Total accumulated losses		
- Realised	24,994	(18,658)
- Unrealised	(14)	85
	<u>24,980</u>	<u>(18,573)</u>
Associated Company		
- Realised	(142)	(130)
	<u>24,838</u>	<u>(18,703)</u>
Less: Consolidation adjustments	(56,599)	(6,808)
Total consolidated accumulated losses	<u>(31,761)</u>	<u>(25,511)</u>

BY ORDER OF THE BOARD

LIM PAIK GOOT
KOH MUI TEE
Company Secretaries
Selangor, 26 February 2016