

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 2014**

CN ASIA CORPORATION BHD
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FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2014

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31/12/2014 RM'000	Preceding Year Quarter Ended 31/12/2013 RM'000	Current Financial Year Ended 31/12/2014 RM'000	Preceding Financial Year Ended 31/12/2013 RM'000
Revenue	2,968	4,788	15,593	18,414
Cost of sales	(2,171)	(2,801)	(15,859)	(15,471)
Gross profit / (loss)	<u>797</u>	<u>1,987</u>	<u>(266)</u>	<u>2,943</u>
Selling & distribution	(10)	(18)	(126)	(105)
Administrative expenses	(897)	(739)	(3,369)	(2,852)
Other operating expenses	78	(98)	(11)	(123)
Other operating income	7	31	240	32
(Loss) / Profit from operations	<u>(25)</u>	<u>1,163</u>	<u>(3,532)</u>	<u>(105)</u>
Finance cost	(205)	(189)	(710)	(621)
Share of profit of associated company	29	29	-	-
(Loss) / Profit before taxation	<u>(201)</u>	<u>1,003</u>	<u>(4,242)</u>	<u>(726)</u>
Taxation	-	-	-	-
Net (loss) / profit after taxation for the period	<u>(201)</u>	<u>1,003</u>	<u>(4,242)</u>	<u>(726)</u>
Other comprehensive (expenses) / income				
Foreign exchange translation differences	71	-	88	6
Total comprehensive (loss) / profit for the period	<u>(130)</u>	<u>1,003</u>	<u>(4,154)</u>	<u>(720)</u>
Net (loss) / profit for the period attributable to:-				
Equity holders of the Company	(201)	1,003	(4,242)	(726)
Minority interests	-	-	-	-
	<u>(201)</u>	<u>1,003</u>	<u>(4,242)</u>	<u>(726)</u>
Total comprehensive (loss) / profit for the period attributable to:-				
Equity holders of the Company	(130)	1,003	(4,154)	(720)
Minority interests	-	-	-	-
	<u>(130)</u>	<u>1,003</u>	<u>(4,154)</u>	<u>(720)</u>
(Loss) / Profit per share (sen)				
- Basic	<u>(0.4)</u>	<u>2.2</u>	<u>(9.3)</u>	<u>(1.6)</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 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 31/12/2014 RM'000	As At Preceding Financial Year Ended 31/12/2013 RM'000
ASSETS		
Non-current Assets		
<i>Property, plant & equipment</i>	27,503	27,694
<i>Non-current assets held for resale</i>	-	380
<i>Interest in associated company</i>	29	29
<i>Goodwill on consolidation</i>	77	77
	27,609	28,180
Current Assets		
<i>Inventories</i>	3,950	4,956
<i>Amount due from customer for contract work</i>	1,938	3,439
<i>Trade and other receivables</i>	4,337	3,992
<i>Tax recoverable</i>	6	42
<i>Fixed deposit with licensed bank</i>	231	224
<i>Cash at banks and in hand</i>	389	628
	10,851	13,281
TOTAL ASSETS	38,460	41,461
EQUITY AND LIABILITIES		
Equity		
<i>Share capital</i>	45,382	45,382
<i>Reserves</i>	(21,921)	(17,767)
Shareholders' Equity	23,461	27,615
Liabilities		
Non-current Liabilities		
<i>Hire Purchase Payables</i>	488	418
	488	418
Current Liabilities		
<i>Trade and other payables</i>	2,482	2,188
<i>Amount owing to an associated company</i>	56	60
<i>Amount owing to a director</i>	-	-
<i>Overdraft and short term borrowings</i>	11,973	11,180
	14,511	13,428
TOTAL LIABILITIES	14,999	13,846
TOTAL EQUITY AND LIABILITIES	38,460	41,461
Net Assets Per Share (RM)	0.52	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
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Current Financial Year Ended 31/12/2014 RM'000	Preceding Financial Year Ended 31/12/2013 RM'000
Cash Flows From Operating Activities		
Loss Before Tax But After Minority Interest	(4,242)	(726)
Adjustments For:-		
Allowance for impairment of receivables	18	39
Amortisation of intangible assets	-	19
Depreciation of property, plant and equipment	1,176	1,117
(Gain) / Loss on foreign exchange - Unrealised	(85)	12
Interest expenses	710	621
Interest income	(7)	(7)
Inventories written off	-	3
(Gain) / Loss on disposal of property, plant and equipment	(37)	26
Gain on disposal of investment property	(93)	-
	<u>1,682</u>	<u>1,830</u>
Operating (Loss) / Gain Before Working Capital Changes	(2,560)	1,104
Changes In Working Capital		
Inventories	1,006	(804)
Amount Due For Contract Work	1,501	(2,364)
Trade and Other Receivables	(279)	(483)
Bankers' acceptance	1,169	2,735
Trade and Other Payables	294	(278)
Cash Generated From / (Used In) Operations	<u>1,131</u>	<u>(90)</u>
Interest paid	(710)	(621)
Tax refunded	36	21
Interest received	7	7
Net Cash Generated From / (Used In) Operating Activities	<u>464</u>	<u>(683)</u>
Cash Flows From Investing Activities		
Capital Work-in-progress Incurred	(522)	-
Placement of pledged fixed deposits	(7)	(7)
Proceeds from disposal of property, plant & equipment	64	62
Proceeds from disposal of investment property	473	-
Purchase of property, plant and equipment (<i>Note 1</i>)	(274)	(240)
Net Cash Used In Investing Activities	<u>(266)</u>	<u>(185)</u>
Cash Flows From Financing Activities		
Net repayment (to) / from an associated company	(4)	12
Net payments of finance lease liabilities	(96)	(123)
Net Cash Used In Financing Activities	<u>(100)</u>	<u>(111)</u>
Net Increase / (Decrease) In Cash And Cash Equivalents	98	(979)
Effects of Exchange Translation Differences on Cash and Cash Equivalent	58	(6)
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>(4,213)</u>	<u>(4,369)</u>

Note 1: Purchase of property, plant and equipment

The Group acquired property, plant and equipment with an aggregate cost of RM459K (2013: RM730K) of which RM185K (2013: RM490K) 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)	TRANSLATION RESERVE (RM'000)	ACCUMULATED LOSSES (RM'000)	TOTAL SHAREHOLDERS' FUND (RM'000)
Current Financial Year					
Ended 31/12/2014					
Balance at beginning of the period	45,382	3,492	14	(21,273)	27,615
Movement during the period (cumulative)					
- Loss for the period	-	-	-	(4,242)	(4,242)
Other comprehensive expenses	-	-	-	-	-
- Translation difference	-	-	88	-	88
	-	-	88	(4,242)	(4,154)
Balance at end of the period	45,382	3,492	102	(25,515)	23,461
Preceding Financial Year					
Ended 31/12/2013					
Balance at beginning of the period	45,382	3,492	8	(20,547)	28,335
Movement during the period (cumulative)					
- Loss for the period	-	-	-	(726)	(726)
Other comprehensive expenses	-	-	-	-	-
- Translation difference	-	-	6	-	6
	-	-	6	(726)	(720)
Balance at end of the period	45,382	3,492	14	(21,273)	27,615

(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 Fourth Financial Quarter Ended 31 December 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 Fourth Financial Quarter Ended 31 December 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	15,564	29	-	-	15,593
Inter-segment revenue	-	-	60	(60)	-
Total revenue	<u>15,564</u>	<u>29</u>	<u>60</u>	<u>(60)</u>	<u>15,593</u>
Results					
Segment results	(3,240)	(72)	(220)	-	(3,532)
Finance cost	(710)	-	-	-	(710)
Share of losses of associated company	-	-	-	-	-
Loss attributable to equity holders of the Company					<u>(4,242)</u>
Other information					
Segment assets	35,003	749	2,596	-	38,348
Unallocated assets	-	-	-	-	77
Tax assets	-	-	6	-	6
Investment in associated company	-	-	-	-	29
Consolidated total assets					<u>38,460</u>
Segment liabilities	2,430	3	105	-	2,538
Interest bearing liabilities	12,461	-	-	-	12,461
Deferred taxation liabilities	-	-	-	-	-
Consolidated total liabilities					<u>14,999</u>
Capital expenditure	981	-	-	-	981
Depreciation and amortisation	1,138	6	32	-	1,176

(b) By Geographical

	Malaysia RM'000	The People's Republic of China RM'000	Elimination RM'000	Consolidated RM'000
Revenue				
External revenue	15,593	-	-	15,593
Inter-segment revenue	60	-	(60)	-
Total revenue	<u>15,653</u>	<u>-</u>	<u>(60)</u>	<u>15,593</u>
Results				
Segment results	(3,499)	(33)	-	(3,532)
Finance cost	(710)	-	-	(710)
Share of losses of associated company	-	-	-	-
Loss attributable to equity holders of the Company				<u>(4,242)</u>
Other information				
Segment assets	37,767	581	-	38,348
Unallocated assets	-	-	-	77
Tax assets	6	-	-	6
Investment in associated company	-	-	-	29
Consolidated total assets				<u>38,460</u>
Segment liabilities	2,538	-	-	2,538
Interest bearing liabilities	12,461	-	-	12,461
Deferred taxation liabilities	-	-	-	-
Consolidated total liabilities				<u>14,999</u>
Capital expenditure	981	-	-	981
Depreciation and amortisation	1,150	26	-	1,176

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 31.12.2014 RM'000	Year Ended 31.12.2013 RM'000
In respect of corporate guarantee for credit facilities granted to a subsidiary company	<u>12,648</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.

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

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 31/12/2014 RM'000	Preceding Financial Quarter 31/12/2013 RM'000	Current Financial Year-To-Date 31/12/2014 RM'000	Preceding Financial Year-To-Date 31/12/2013 RM'000
Rental of premises paid to				
- Crystal Bond Sdn Bhd	24	24	96	96
- Marvellous Production Sdn Bhd	84	84	336	336

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 RM201K as compared to a profit before taxation of RM1.0 million over the preceding corresponding quarter due to a 38% reduction in revenue and a 21% increase in administrative expenses coupled with low margin on projects executed during the period under review. The reduction in revenue during the quarter was mainly caused by delay in commencement of major projects.

For the financial year-to-date, the Group recorded a loss before taxation of RM4.2 million as compared to a loss before taxation of RM0.7 million in the preceding year corresponding period due to lower revenue and lower margin on projects executed during the financial year-to-date. The Group's performance was further impact by the increase in administrative expenses as well as weakening of Malaysia Ringgit against other major foreign currencies.

2. Variation Of Results Against Preceding Quarter

The Group registered a loss before taxation of RM201K for the quarter as compared to a loss before taxation of RM331K for the preceding quarter despite a 26% reduction in volume of business 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 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 31/12/2014 RM'000	Preceding Financial Quarter 31/12/2013 RM'000	Current Financial Year-To-Date 31/12/2014 RM'000	Preceding Financial Year-To-Date 31/12/2013 RM'000
(Loss) / Profit before taxation is derived after charging / (crediting) among others, the following items:-				
Allowance for impairment of receivables	-	39	18	39
Amortisation of intangible assets	-	-	-	19
Depreciation of property, plant and equipment	292	295	1,176	1,117
Interest expenses	205	189	710	621
Interest income	(7)	(7)	(7)	(7)
Inventories written off	-	3	-	3
Property, plant and equipment written off	-	26	-	26
Gain on disposal of property, plant and equipment	-	-	(37)	-
Gain on disposal of investment property	-	-	(93)	-
(Gain) / Loss on foreign exchange				
- Unrealised	(83)	13	(85)	12
- Realised	(1)	14	65	(18)

6. Taxation

	Current Financial Quarter 31/12/2014 RM'000	Current Financial Year-To-Date 31/12/2014 RM'000
Based on results for the financial year-to-date	-	-

7. Corporate Proposal Status

(i) Memorandum of Understanding

In relation to the Framework Agreement entered between CN Asia Capital Sdn Bhd, a wholly-owned subsidiary of the Company, and KenMakmur Holdings Sdn Bhd for the proposed production of liquified petroleum gas and condensate from the nature gas supplied by the Rakushechnoye Oil/Gas Field ("Framework Agreement"), the Company on 23 September 2014 announced that the Parties to the Framework Agreement had collectively agreed not to extend the timeframe for the execution of the subject matter to the Framework Agreement which therefore resulted in the lapse of the Framework Agreement.

The lapse of the Framework Agreement will not have any effect on the earnings per share and net assets per share of the Company.

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

7. Corporate Proposal Status (cont'd)

(ii) Proposed Private Placement

On 7 October 2014, M& A Securities Sdn Bhd on behalf of the Company had announced that Bursa Malaysia Securities Berhad ("Bursa Securities") vide its letter dated 7 October 2014, approved the listing and quotation for up to 4,538,200 new ordinary shares of RM1.00 each in CN Asia Corporation Bhd to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Securities subject to the terms and condition stipulated therein.

The Proposed Private Placement will enable CN Asia to raise additional fund for its working capital requirements including the repayment of its bank borrowings and the day-to-day operations and administrative expenses of the Group.

8. Group Borrowings

	As At End of Current Quarter 31/12/2014 RM'000
(i) Short Term	
<u>SECURED</u>	
Hire Purchase	98
Bank Overdrafts	4,409
Bankers Acceptance	6,953
	<u>11,460</u>
<u>UNSECURED</u>	
Bank Overdrafts	193
Bankers Acceptance	320
	<u>513</u>
Total Short Term Borrowings	<u>11,973</u>
(ii) Long Term	
<u>SECURED</u>	
Hire Purchase	488
TOTAL GROUP BORROWINGS	<u>12,461</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) / Profit Per Share

	Current Financial Quarter 31/12/2014 RM'000	Preceding Financial Quarter 31/12/2013 RM'000	Current Financial Year-To-Date 31/12/2014 RM'000	Preceding Financial Year-To-Date 31/12/2013 RM'000
Net (loss) / profit after taxation for the period	(201)	1,003	(4,242)	(726)
Weighted average number of ordinary shares in issue ('000)	45,382	45,382	45,382	45,382
Basic (loss) / profit per share (sen)	<u>(0.4)</u>	<u>2.2</u>	<u>(9.3)</u>	<u>(1.6)</u>

12. Realised and Unrealised Accumulated Losses

	As At End of Current Quarter 31/12/2014 RM'000	As At Preceding Financial Year Ended 31/12/2013 RM'000
Group and Subsidiary Companies		
Accumulated losses		
- Realised	(25,300)	(21,155)
- Unrealised	(85)	12
Associated Company		
- Realised	(130)	(130)
Total consolidated accumulated losses	<u>(25,515)</u>	<u>(21,273)</u>

BY ORDER OF THE BOARD

LIM PAK GOOT
KOH MUI TEE
Company Secretaries
Selangor, 17 February 2015