



CN ASIA CORPORATION BHD

(Company No.: 399442-A)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2018**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 Months Ended 31.03.2018 RM'000	3 Months Ended 31.03.2017 RM'000	3 Months Ended 31.03.2018 RM'000	3 Months Ended 31.03.2017 RM'000
Revenue	4,698	4,489	4,698	4,489
Cost of sales	(3,417)	(3,229)	(3,417)	(3,229)
Gross profit	1,281	1,260	1,281	1,260
Selling and distribution expenses	(45)	(62)	(45)	(62)
Administrative expenses	(857)	(892)	(857)	(892)
Other operating expenses	(15)	(2)	(15)	(2)
Other income	211	280	211	280
Profit from operations before impairment and interest	575	584	575	584
Finance costs	(12)	(4)	(12)	(4)
Profit before tax	563	580	563	580
Tax expense	(50)	-	(50)	-
Profit after tax for the period	513	580	513	580
Other comprehensive loss, net of tax that may be reclassified subsequently to profit and loss				
Foreign currency translation differences	(4)	(5)	(4)	(5)
Total comprehensive income for the period	<u>509</u>	<u>575</u>	<u>509</u>	<u>575</u>
Net profit for the period attributable to: -				
Owners of the Company	513	580	513	580
Non-controlling interests	-	-	-	-
	<u>513</u>	<u>580</u>	<u>513</u>	<u>580</u>
Total comprehensive income for the period attributable to: -				
Owners of the Company	509	575	509	575
Non-controlling interests	-	-	-	-
	<u>509</u>	<u>575</u>	<u>509</u>	<u>575</u>
Earnings per share (sen)				
- Basic	<u>1.1</u>	<u>1.3</u>	<u>1.1</u>	<u>1.3</u>
- Diluted	<u>1.1</u>	<u>1.3</u>	<u>1.1</u>	<u>1.3</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	As At End of Current Quarter 31.03.2018 RM'000	As At Preceding Financial Year Ended 31.12.2017 RM'000
ASSETS		
Non-current Assets		
<i>Property, plant and equipment</i>	11,131	11,307
<i>Other investment</i>	-	-
<i>Deferred tax assets</i>	685	685
	<u>11,816</u>	<u>11,992</u>
Current Assets		
<i>Inventories</i>	3,723	4,051
<i>Amount owing by contract customer</i>	458	834
<i>Trade and other receivables</i>	4,740	3,709
<i>Current tax asset</i>	6	6
<i>Fixed deposits with licensed banks</i>	23,241	23,030
<i>Cash and bank balances</i>	1,980	969
	<u>34,148</u>	<u>32,599</u>
TOTAL ASSETS	<u><u>45,964</u></u>	<u><u>44,591</u></u>
EQUITY AND LIABILITIES		
Equity		
<i>Share capital</i>	38,385	38,385
<i>Reserves</i>	2,543	2,034
Shareholders' Equity	<u>40,928</u>	<u>40,419</u>
Liabilities		
Non-current Liability		
<i>Finance lease liabilities</i>	170	197
	<u>170</u>	<u>197</u>
Current Liabilities		
<i>Trade and other payables</i>	3,285	3,099
<i>Short-term borrowings</i>	1,362	676
<i>Current tax liabilities</i>	219	200
	<u>4,866</u>	<u>3,975</u>
TOTAL LIABILITIES	<u>5,036</u>	<u>4,172</u>
TOTAL EQUITY AND LIABILITIES	<u><u>45,964</u></u>	<u><u>44,591</u></u>
Net Assets Per Share (RM)	<u><u>0.90</u></u>	<u><u>0.89</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 2017 and the accompanying explanatory notes attached to the interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2018**

	← 3 Months Ended →	
	31.03.2018	31.03.2017
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit Before Tax	563	580
Adjustments For:-		
Depreciation of property, plant and equipment	174	188
Loss / (Gain) on foreign exchange - Unrealised	12	(1)
Interest expenses	12	4
Interest income	(211)	(278)
	(13)	(87)
Operating Profit Before Working Capital Changes	550	493
Changes In Working Capital		
Inventories	328	(775)
Amount owing by contract customer	376	-
Trade and other receivables	(1,043)	(1,718)
Trade and other payables	186	(2,043)
Cash Generated From / (Used In) Operations	397	(4,043)
Interest paid	(12)	(4)
Tax Paid	(31)	-
Net Cash Generated From / (Used In) Operating Activities	354	(4,047)
Cash Flows From Investing Activities		
Interest received	211	278
Purchase of property, plant and equipment	-	(13)
Net Cash Generated From Investing Activities	211	265
Cash Flows From Financing Activities		
Net proceeds / (repayments) of bankers' acceptance	684	(1,225)
Net repayments of finance lease liabilities	(25)	(24)
Net Cash Generated From / (Used In) Financing Activities	659	(1,249)
Net Increase / (Decrease) In Cash And Cash Equivalents	1,224	(5,031)
Effects of Change in Foreign Exchange Differences	(2)	(3)
Cash And Cash Equivalents At Beginning Of The Financial Year	13,499	19,251
Cash And Cash Equivalents At End Of The Financial Period	14,721	14,217
Cash and cash equivalents at end of the financial period comprise:		
Fixed deposits with licensed banks	23,241	22,653
Cash and bank balances	1,980	1,076
Bank overdrafts	-	(12)
	25,221	23,717
Less: Deposits pledged as security	(10,500)	(9,500)
	14,721	14,217

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2018**

	-----Attributable to owners of the Company-----				
	-----Non-distributable -----			Distributable	
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	RETAINED EARNINGS/ ACCUMULATED LOSSES RM'000	TOTAL EQUITY RM'000
Current financial period ended 31 March 2018					
At 1 January 2018	38,385	-	241	1,793	40,419
Movement during the period (cumulative)					
- Profit for the period	-	-	-	513	513
Other comprehensive loss					
- Foreign currency translation difference	-	-	(4)	-	(4)
Total comprehensive (loss) / income for the period	-	-	(4)	513	509
At 31 March 2018	38,385	-	237	2,306	40,928
Preceding financial period ended 31 March 2017					
At 1 January 2017	45,382	3,492	266	(9,748)	39,392
Reclassification pursuant to S618(2) of CA2016 (Note 1)	3,492	(3,492)	-	-	-
	48,874	-	266	(9,748)	39,392
Movement during the period (cumulative)					
- Profit for the period	-	-	-	580	580
Other comprehensive loss					
- Foreign currency translation difference	-	-	(5)	-	(5)
Total comprehensive (loss) / income for the period	-	-	(5)	580	575
At 31 March 2017	48,874	-	261	(9,168)	39,967

Note 1: Pursuant to the Companies Act, 2016 ("CA2016") which came into effect on 31 January 2017, the credit amounts in the share premium account had been transferred to the share capital account. The Group may exercise its right to utilise the credit amounts transferred from the share premium account within 24 months after the commencement of the CA2016.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.)

**Notes To The Condensed Consolidated Interim Financial Statements
For The First Financial Quarter Ended 31 March 2018**

Part A: Explanatory Notes Pursuant To MFRS 134

1. Corporate information

CN ASIA CORPORATION BHD is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”).

2. Basis of preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134 *Interim Financial Reporting* and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Securities. 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 for the financial year ended 31 December 2017.

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 2017 except for the adoption of the following MFRSs, Amendments to MFRSs and IC Interpretations that are applicable to the Group effective 1 January 2018:-

MFRS 9: Financial Instruments (IFRS 9 as issued by IASB in July 2014)
MFRS 15: Revenue from Contracts with Customers
MFRS 16: Clarifications to MFRS 15
Annual Improvements to MFRS Standards 2014-2016 Cycle
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration

The adoption of the above MFRSs, Amendments to MFRSs and IC Interpretations do not have any material impact to the Group’s financial statements.

3. Auditors’ report on preceding annual financial statements

The auditor’s report of the Group’s annual audited financial statements of the preceding financial year was not subject to any qualification.

4. Comments on 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.

5. Items of an unusual nature

There was no item affecting assets, liabilities, equity, net income, or cash flows that are unusual due to their nature, size or incidence.

6. Material changes in estimates

There were 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.

**Notes To The Condensed Consolidated Interim Financial Statements
For The First Financial Quarter Ended 31 March 2018 (Cont'd)**

Part A: Explanatory Notes Pursuant To MFRS 134 (Cont'd)

7. Debts and equity securities

There were no issuances, cancellation, repurchase, resale and repayments of debts and equity securities for the current financial year-to-date.

8. Dividend paid

There was no dividend paid during the financial year-to-date.

9. Segmental information

For management purposes, the Group is organised into business units based on their products and services provided. The Group's main business segments are as follows: -

- (a) Manufacturing
Manufacture tanks and related products, engineering and fabrication works.
- (b) Construction
Construction as sub-contractors related to civil engineering works.
- (c) Investment
Investment holdings and comprise companies providing management services and dormant companies.

Business segments

	Manufacturing RM'000	Construction RM'000	Investment RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External revenue	4,299	399	-	-	4,698
Inter-segment revenue	-	-	15	(15)	-
Total revenue	<u>4,299</u>	<u>399</u>	<u>15</u>	<u>(15)</u>	<u>4,698</u>
Results					
Segment results	370	70	(76)	-	364
Finance costs	(12)	-	-	-	(12)
Interest income	211	-	-	-	211
Profit before tax	<u>569</u>	<u>70</u>	<u>(76)</u>	<u>-</u>	<u>563</u>
Tax expense	(50)	-	-	-	(50)
Profit after tax	<u>519</u>	<u>70</u>	<u>(76)</u>	<u>-</u>	<u>513</u>
Assets					
Segment assets	<u>45,253</u>	<u>458</u>	<u>253</u>	<u>-</u>	<u>45,964</u>
Liabilities					
Segment liabilities	<u>4,958</u>	<u>-</u>	<u>78</u>	<u>-</u>	<u>5,036</u>
Included in the measure of segment assets					
Capital expenditure	199	-	-	-	199
Depreciation	<u>175</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>174</u>

**Notes To The Condensed Consolidated Interim Financial Statements
For The First Financial Quarter Ended 31 March 2018 (Cont'd)**

Part A: Explanatory Notes Pursuant To MFRS 134 (cont'd)

Segmental information (Cont'd)

Geographical information

	Malaysia RM'000	Republic of China RM'000	Elimination RM'000	Consolidated RM'000
Revenue				
External revenue	4,698	-	-	4,698
Inter-segment revenue	15	-	(15)	-
Total revenue	<u>4,713</u>	<u>-</u>	<u>(15)</u>	<u>4,698</u>
Results				
Segment results	364	-	-	364
Finance costs	(12)	-	-	(12)
Interest income	211	-	-	211
Profit before tax	<u>563</u>	<u>-</u>	<u>-</u>	<u>563</u>
Tax expense	(50)	-	-	(50)
Profit after tax	<u>513</u>	<u>-</u>	<u>-</u>	<u>513</u>
Assets				
Segment assets	<u>45,723</u>	<u>241</u>	<u>-</u>	<u>45,964</u>
Liabilities				
Segment liabilities	<u>5,036</u>	<u>-</u>	<u>-</u>	<u>5,036</u>
Included in the measure of segment assets				
Capital expenditure	199	-	-	199
Depreciation	<u>174</u>	<u>-</u>	<u>-</u>	<u>174</u>

10. Trade and other receivables

	Current Quarter Ended 31.03.2018 RM'000	Financial Year Ended 31.12.2017 RM'000
Trade receivables		
Non-related parties	4,325	3,273
Other receivables, deposits and prepayments		
Other receivables	28	20
Deposits	139	142
Prepayments	248	274
	<u>415</u>	<u>436</u>
Total trade and other receivables	<u>4,740</u>	<u>3,709</u>

**Notes To The Condensed Consolidated Interim Financial Statements
For The First Financial Quarter Ended 31 March 2018 (Cont'd)**

Part A: Explanatory Notes Pursuant To MFRS 134 (Cont'd)

Trade and other receivables (Cont'd)

The trade receivables of the Group as at the end of the current quarter amounted to RM4.3 million can be analysed as follows: -

	Within credit period	Exceeding credit period			Total
	Neither past due nor impaired	1 to 30 days past due but not impaired	31 to 60 days past due but not impaired	> 60 days past due but not impaired	
Trade receivables (RM'000)	3,700	412	45	168	4,325
% of total trade receivables (%)	86	10	1	4	100

The Group's normal trade credit term granted to its customers ranges from 30 to 90 days. For the current financial quarter ended 31 March 2018, the trade receivables that are past due for more than 60 days amount to RM0.2 million, representing 4% of the total trade receivables of the Group. These receivables are not impaired as they are creditworthy receivables.

11. Material subsequent events

There was no material event subsequent to the end of the current quarter reported on that has not been reflected in the financial statements for the period.

12. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter and financial year-to-date.

13. Changes in contingent liabilities

	Current Quarter Ended 31.03.2018 RM'000	Financial Year Ended 31.12.2017 RM'000
<u>Secured</u>		
Bankers' guarantee issued in favour of third parties	238	177
	238	177

14. Capital commitments

There was no capital expenditure approved and contracted for in the current quarter and the financial year-to-date.

15. Significant related party transactions

There were no significant transactions entered into between the Group and other related parties during the current quarter under review.

**Notes To The Condensed Consolidated Interim Financial Statements
For The First Financial Quarter Ended 31 March 2018 (Cont'd)**

Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities

1. Performance review

	Individual Quarter				Cumulative Quarter			
	3 Months Ended	3 Months Ended	Changes		3 Months Ended	3 Months Ended	Variance	
	31.03.2018	31.03.2017	Amount		31.03.2018	31.03.2017	Amount	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	4,698	4,489	209	5	4,698	4,489	209	5
Profit before interest and tax	575	584	(9)	(2)	575	584	(9)	(2)
Profit before tax	563	580	(17)	(3)	563	580	(17)	(3)
Profit after tax	513	580	(67)	(12)	513	580	(67)	(12)
Profit attributable to owners of the Company	513	580	(67)	(12)	513	580	(67)	(12)

The Group's revenue for the current quarter increased marginally by RM0.2 million or 5% as compared to a revenue of RM4.5 million recorded in the preceding year corresponding quarter. The increase was mainly attributable to collective increase in revenue from storage tanks, LPG vessels, road tankers and mechanical and engineering by RM1.7 million and offset with collective decrease in revenue from pressure vessels and metal forming services by RM1.5 million.

Despite a 5% increase in revenue, there is no material fluctuation in the Group's profit before tax for the current quarter as compared to the preceding year corresponding quarter. This is mainly due to decrease in other operating income during the current quarter by 25% as compared to the corresponding quarter last year.

2. Comments on results against the immediate preceding quarter

	3 Months Current Quarter	3 Months Preceding Quarter	Variance	
	31.03.2018	31.12.2017	Amount	%
	RM'000	RM'000	RM'000	%
Revenue	4,698	4,321	377	9
Profit before interest and tax	575	467	108	23
Profit before tax	563	452	111	25
Profit after tax	513	419	94	22
Profit attributable to owners of the Company	513	419	94	22

The Group's revenue for the current quarter of RM4.7 million was 9% higher than the preceding quarter, mainly due to increase in revenue from storage tanks and LPG vessels during the quarter under review.

As a result of the increased revenue during the current quarter, the Group's profit before tax recoded at RM0.6 million, representing a 25% increase as compared to RM0.5 million recorded in the preceding quarter.

**Notes To The Condensed Consolidated Interim Financial Statements
For The First Financial Quarter Ended 31 March 2018 (Cont'd)**

Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities (Cont'd)

3. Commentary of prospects

The Directors foresee the continued uncertainty in the global economic situation and the volatility of Malaysian Ringgit will be challenging to the Group. Nevertheless, the Group will continue its effort to enhance the revenue and profits of the Group.

Barring unforeseen circumstances, the Directors are cautiously optimistic that the Group's performance will remain sustainable for the current financial year.

4. Profit forecast or profit guarantee

Not applicable as no profit forecast was announced or disclosed in any public document.

5. Tax expense

	Individual Quarter		Cumulative Quarter	
	3 Months Ended 31.03.2018 RM'000	3 Months Ended 31.03.2017 RM'000	3 Months Ended 31.03.2018 RM'000	3 Months Ended 31.03.2017 RM'000
Income tax - Current year	50	-	50	-

The tax for the current quarter was in respect of tax provided on interest revenue earned from placement of fixed deposits. The Group's effective tax rate for the quarter was lower than the statutory tax rate mainly due to utilisation of previously unrecognised deferred tax assets.

6. Status of corporate proposals

Except for the following disclosures, there were no corporate proposals that has been announced by the Company and not completed as at the date of this quarterly report. The status of utilisation of proceeds of RM36,682,500 from the Proposed Disposals as at 8 May 2018 is as follows: -

Purpose	Proposed	Actual	Deviation*	Balance		Intended time
	utilisation	utilisation		unutilised	%	
	RM'000	RM'000	RM'000	RM'000		frame for
i Real property gains tax	1,100	(1,700)	600	-	-	2 months
ii Repayment of bank borrowings	11,786	(11,786)	-	-	-	3 months
iii Relocation and construction costs	6,000	(199)	-	5,801	97	36 months
iv Pledge to secure banking facilities	5,000	(5,000)	-	-	-	12 months
v Working capital	11,797	(11,125)	(672)	-	-	12 months
vi To defray estimated expenses for the Proposed Disposals	1,000	(1,072)	72	-	-	1 month
	<u>36,683</u>	<u>30,882</u>	<u>-</u>	<u>5,801</u>		

* The excess expenses on the Disposals are reallocated from working capital.

**Notes To The Condensed Consolidated Interim Financial Statements
For The First Financial Quarter Ended 31 March 2018 (Cont'd)**

Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities (Cont'd)

7. Group borrowings

	Current Quarter Ended 31.03.2018 RM'000	Financial Year Ended 31.12.2017 RM'000
<u>SECURED</u>		
Short term		
Finance lease liabilities	103	101
Bankers' acceptance	1,259	575
	1,362	676
Long term		
Finance lease liabilities	170	197
Total Borrowings	1,532	873

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

7. Material litigation

There was no pending material litigation against the Group at the date of this report.

8. Dividend

There was no interim dividend declared during the current quarter and financial year-to-date.

9. Earnings per share

	Individual Quarter		Cumulative Quarter	
	3 Months Ended 31.03.2018 RM'000	3 Months Ended 31.03.2017 RM'000	3 Months Ended 31.03.2018 RM'000	3 Months Ended 31.03.2017 RM'000
Profit after tax for the period	513	580	513	580
Weighted average number of ordinary shares in issue ('000)	45,382	45,382	45,382	45,382
Earnings per share (sen)				
- Basic	1.1	1.3	1.1	1.3
- Diluted	1.1	1.3	1.1	1.3

**Notes To The Condensed Consolidated Interim Financial Statements
For The First Financial Quarter Ended 31 March 2018 (Cont'd)**

Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities (Cont'd)

10. Additional disclosure on profit before tax

	Individual Quarter		Cumulative Quarter	
	3 Months Ended 31.03.2018 RM'000	3 Months Ended 31.03.2017 RM'000	3 Months Ended 31.03.2018 RM'000	3 Months Ended 31.03.2017 RM'000
Profit before tax is derived after charging/(crediting) amongst others, the following items: -				
Depreciation of property, plant and equipment	174	188	174	188
Interest expenses	12	4	12	4
Interest income	(211)	(278)	(211)	(278)
Loss / (Gain) on foreign exchange				
- Unrealised	12	(1)	12	(1)
- Realised	1	1	1	1

11. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 15 May 2018.

BY ORDER OF THE BOARD

**LIM PAIK GOOT (MIA 13304)
WONG CHOOI FUN (MAICSA 7027549)
GOH CHOOI WOAN (MAICSA 7056110)
Company Secretaries
Selangor, 15 May 2018**