

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 2016**

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31/03/2016 RM'000	Preceding Year Quarter Ended 31/03/2015 RM'000	Current Financial 3 Months Ended 31/03/2016 RM'000	Preceding Financial 3 Months Ended 31/03/2015 RM'000
Revenue	5,337	5,567	5,337	5,567
Cost of sales	(4,573)	(5,864)	(4,573)	(5,864)
Gross profit / (loss)	<u>764</u>	<u>(297)</u>	<u>764</u>	<u>(297)</u>
Selling & distribution	(59)	(13)	(59)	(13)
Administrative expenses	(953)	(889)	(953)	(889)
Other operating expenses	(59)	(23)	(59)	(23)
Other operating income	-	-	-	-
Loss from operations	<u>(307)</u>	<u>(1,222)</u>	<u>(307)</u>	<u>(1,222)</u>
Finance cost	(192)	(193)	(192)	(193)
Share of loss of associated company	-	(7)	-	(7)
Loss before taxation	<u>(499)</u>	<u>(1,422)</u>	<u>(499)</u>	<u>(1,422)</u>
Taxation	-	-	-	-
Net loss after taxation for the period	<u>(499)</u>	<u>(1,422)</u>	<u>(499)</u>	<u>(1,422)</u>
Other comprehensive (expenses) / income				
Foreign exchange translation differences	36	38	36	38
Total comprehensive loss for the period	<u>(463)</u>	<u>(1,384)</u>	<u>(463)</u>	<u>(1,384)</u>
Net loss for the period attributable to:-				
Equity holders of the Company	(499)	(1,422)	(499)	(1,422)
Minority interests	-	-	-	-
	<u>(499)</u>	<u>(1,422)</u>	<u>(499)</u>	<u>(1,422)</u>
Total comprehensive loss for the period attributable to:-				
Equity holders of the Company	(463)	(1,384)	(463)	(1,384)
Minority interests	-	-	-	-
	<u>(463)</u>	<u>(1,384)</u>	<u>(463)</u>	<u>(1,384)</u>
Loss per share (sen)				
- Basic	<u>(1.1)</u>	<u>(3.1)</u>	<u>(1.1)</u>	<u>(3.1)</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 2015 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 31/03/2016 RM'000	As At Preceding Financial Year Ended 31/12/2015 RM'000
ASSETS		
Non-current Assets		
<i>Property, plant & equipment</i>	25,991	26,163
<i>Interest in associated company</i>	16	16
<i>Goodwill on consolidation</i>	-	-
	26,007	26,179
Current Assets		
<i>Inventories</i>	2,443	3,915
<i>Amount due from customer for contract work</i>	658	708
<i>Trade and other receivables</i>	1,767	2,314
<i>Tax recoverable</i>	6	6
<i>Cash at banks and in hand</i>	302	421
	5,176	7,364
TOTAL ASSETS	31,183	33,543
EQUITY AND LIABILITIES		
Equity		
<i>Share capital</i>	45,382	45,382
<i>Reserves</i>	(28,579)	(28,116)
Shareholders' Equity	16,803	17,266
Liabilities		
Non-current Liabilities		
<i>Hire Purchase Payables</i>	371	396
	371	396
Current Liabilities		
<i>Trade and other payables</i>	2,744	3,968
<i>Amount owing to an associated company</i>	34	34
<i>Amount owing to a director</i>	-	-
<i>Overdraft and short term borrowings</i>	11,231	11,879
	14,009	15,881
TOTAL LIABILITIES	14,380	16,277
TOTAL EQUITY AND LIABILITIES	31,183	33,543
Net Assets Per Share (RM)	0.37	0.38

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 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 3 Months Ended 31/03/2016 RM'000	Preceding Financial 3 Months Ended 31/03/2015 RM'000
Cash Flows From Operating Activities		
Loss Before Tax But After Minority Interest	(499)	(1,422)
Adjustments For:-		
Depreciation of property, plant and equipment	249	279
(Gain) / Loss on foreign exchange - Unrealised	-	1
Interest expenses	192	193
Share of losses of associated company	-	7
	441	480
Operating Loss Before Working Capital Changes	(58)	(942)
Changes In Working Capital		
Inventories	1,472	904
Amount Due For Contract Work	50	579
Trade and Other Receivables	547	664
Trade and Other Payables	(1,223)	(321)
Cash Generated From Operations	788	884
Interest paid	(192)	(193)
Net Cash Generated From Operating Activities	596	691
Cash Flows From Investing Activities		
Purchase of property, plant and equipment (<i>Note 1</i>)	(4)	(41)
Net Cash Used In Investing Activities	(4)	(41)
Cash Flows From Financing Activities		
Net (repayment) / drawdown of bankers' acceptance	(329)	611
Net repayment to an associated company	-	(11)
Net payments of finance lease liabilities	(23)	(27)
Net Cash (Used In) / Generated From Financing Activities	(352)	573
Net Increase In Cash And Cash Equivalents	240	1,223
Effects of Exchange Translation Differences on Cash and Cash Equivalent	(40)	25
Cash And Cash Equivalents At Beginning Of The Financial Year	(4,755)	(4,213)
Cash And Cash Equivalents At End Of The Financial Quarter	(4,555)	(2,965)

Note 1: Purchase of property, plant and equipment

The Group acquired property, plant and equipment with an aggregate cost of RM4K (2015: RM41K) of which NIL (2015: NIL) 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 2015 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 31/03/2016					
Balance at beginning of the financial year	45,382	3,492	187	(31,795)	17,266
Movement during the financial year (cumulative)					
- Loss for the year	-	-	-	(499)	(499)
Other comprehensive expenses					
- Translation difference	-	-	36	-	36
	-	-	36	(499)	(463)
Balance at end of the financial year	45,382	3,492	223	(32,294)	16,803
Preceding Financial Year					
Ended 31/03/2015					
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	-	-	-	(1,422)	(1,422)
Other comprehensive expenses					
- Translation difference	-	-	38	-	38
	-	-	38	(1,422)	(1,384)
Balance at end of the financial year	45,382	3,492	140	(26,933)	22,081

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 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 2016

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 2015.

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 2015.

2. Qualification Of Financial Statements

The auditors expressed a qualified opinion on the preceding annual financial statements of their doubt about the Group's ability to continue as going concerns in view of the accumulated losses and the net current liabilities position of the Group.

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	5,337	-	-	-	5,337
Inter-segment revenue	-	-	15	(15)	-
Total revenue	<u>5,337</u>	<u>-</u>	<u>15</u>	<u>(15)</u>	<u>5,337</u>
Results					
Segment results	(225)	(1)	(81)	-	(307)
Finance cost	(192)	-	-	-	(192)
Share of losses of associated company	-	-	-	-	-
Loss attributable to equity holders of the Company					<u>(499)</u>
Other information					
Segment assets	28,269	487	2,405	-	31,161
Unallocated assets	-	-	-	-	-
Tax assets	-	-	6	-	6
Investment in associated company	-	-	-	-	16
Consolidated total assets					<u>31,183</u>
Segment liabilities	2,720	2	56	-	2,778
Interest bearing liabilities	11,602	-	-	-	11,602
Deferred taxation liabilities	-	-	-	-	-
Consolidated total liabilities					<u>14,380</u>
Capital expenditure	4	-	-	-	4
Depreciation and amortisation	241	-	8	-	249

Notes To The Quarterly Report For The First Financial Quarter Ended 31 March 2016 (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	5,337	-	-	5,337
Inter-segment revenue	15	-	(15)	-
Total revenue	<u>5,352</u>	<u>-</u>	<u>(15)</u>	<u>5,337</u>
Results				
Segment results	(307)	-	-	(307)
Finance cost	(192)	-	-	(192)
Share of losses of associated company	-	-	-	-
Loss attributable to equity holders of the Company				<u>(499)</u>
Other information				
Segment assets	30,455	706	-	31,161
Unallocated assets	-	-	-	-
Tax assets	6	-	-	6
Investment in associated company	-	-	-	16
Consolidated total assets				<u>31,183</u>
Segment liabilities	2,761	17	-	2,778
Interest bearing liabilities	11,602	-	-	11,602
Deferred taxation liabilities	-	-	-	-
Consolidated total liabilities				<u>14,380</u>
Capital expenditure	4	-	-	4
Depreciation and amortisation	249	-	-	249

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 31.03.2016 RM'000	Year Ended 31.12.2015 RM'000
In respect of corporate guarantee for credit facilities granted to a subsidiary company	<u>11,554</u>	<u>11,853</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 31/03/2016 RM'000	Preceding Financial Quarter 31/03/2015 RM'000	Current Financial Year-To-Date 31/03/2016 RM'000	Preceding Financial Year-To-Date 31/03/2015 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 RM0.5 million as compared to a loss before taxation of RM1.4 million for the preceding corresponding quarter despite a slight reduction in revenue recorded during the quarter. The improved results was due to the reduce in raw material cost, better margin on project executed and the continuous cost control measures undertaken by the Group during the current quarter.

2. Variation Of Results Against Preceding Quarter

The Group registered a loss before taxation of RM0.5 million for the quarter as compared to a loss before taxation of RM0.9 million for the preceding quarter with a 73% increase in revenue during the quarter.

Notes To The Quarterly Report For The First Financial Quarter Ended 31 March 2016 (cont'd)

3. Current Year Prospects

The Directors are of the view that the global economic turmoil and fierce competition coupled with the uncertain local economic outlook 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 since its first announcement on 29 May 2015 ("First Announcement"), the Company will be due for submission of a plan to regularise its financial condition ("Regularisation Plan") by 28 May 2016. 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 31/03/2016 RM'000	Preceding Financial Quarter 31/03/2015 RM'000	Current Financial Year-To-Date 31/03/2016 RM'000	Preceding Financial Year-To-Date 31/03/2015 RM'000
Loss before taxation is derived after charging / (crediting) amongs others, the following items:-				
Depreciation of property, plant and equipment	249	279	249	279
Interest expenses	192	193	192	193
(Gain) / Loss on foreign exchange				
- Unrealised	-	1	-	1
- Realised	53	16	53	16

6. Taxation

	Current Financial Quarter 31/03/2016 RM'000	Current Financial Year-To-Date 31/03/2016 RM'000
Based on results for the financial year-to-date	-	-

7. Corporate Proposal Status

(i) 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 29 April 2016, in reference to the announcements dated 22 May 2015, 27 May 2015, 29 May 2015 and 15 June 2015 in relation to the Proposals and the First Announcement, the Board announced that after due consideration, the Board has decided to abort the Proposals.

(ii) Regularisation Plan

On 29 April 2016, in relation to the First Announcement and the various subsequent announcement made pursuant to the requirements under PN 17 ("Announcement"), the Board announced that the Company has appointed TA Securities Holdings Berhad as its Principal Adviser to formulate a regularisation plan which will not result in a significant change in the business direction or policy of the Company. The necessary announcement will be made in due course.

8. Group Borrowings

	As At End of Current Quarter 31/03/2016 RM'000
(i) Short Term	
<u>SECURED</u>	
Hire Purchase	94
Bank Overdrafts	4,667
Bankers Acceptance	5,869
	<u>10,630</u>
<u>UNSECURED</u>	
Bank Overdrafts	190
Bankers Acceptance	411
	<u>601</u>
Total Short Term Borrowings	<u>11,231</u>
(ii) Long Term	
<u>SECURED</u>	
Hire Purchase	371
TOTAL GROUP BORROWINGS	<u>11,602</u>

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

Notes To The Quarterly Report For The First Financial Quarter Ended 31 March 2016 (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 31/03/2016 RM'000	Preceding Financial Quarter 31/03/2015 RM'000	Current Financial Year-To-Date 31/03/2016 RM'000	Preceding Financial Year-To-Date 31/12/2015 RM'000
Net loss after taxation for the period	(499)	(1,422)	(499)	(1,422)
Weighted average number of ordinary shares in issue ('000)	45,382	45,382	45,382	45,382
Basic profit / (loss) per share (sen)	<u>(1.1)</u>	<u>(3.1)</u>	<u>(1.1)</u>	<u>(3.1)</u>

12. Realised and Unrealised Accumulated Losses

	As At End of Current Quarter 31/03/2016 RM'000	As At Preceding Financial Year Ended 31/12/2015 RM'000
Company and Subsidiary Companies		
Total accumulated losses		
- Realised	(25,221)	(24,729)
- Unrealised	-	1
	<u>(25,221)</u>	<u>(24,728)</u>
Associated Company		
- Realised	(143)	(143)
	<u>(25,364)</u>	<u>(24,871)</u>
Less: Consolidation adjustments	(6,930)	(6,924)
Total consolidated accumulated losses	<u><u>(32,294)</u></u>	<u><u>(31,795)</u></u>

BY ORDER OF THE BOARD

LIM PAIK GOOT
KOH MUI TEE
Company Secretaries
Selangor, 13 May 2016