



**CN ASIA CORPORATION BHD**

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2018**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 Months Ended 31.12.2018 RM'000	3 Months Ended 31.12.2017 RM'000	12 Months Ended 31.12.2018 RM'000	12 Months Ended 31.12.2017 RM'000
Revenue	4,637	4,321	20,348	20,075
Cost of sales	(3,454)	(3,274)	(15,516)	(15,196)
Gross profit	1,183	1,047	4,832	4,879
Selling and distribution expenses	(25)	(20)	(158)	(141)
Administrative expenses	(786)	(793)	(3,483)	(3,378)
Other operating expenses	(95)	11	(117)	(301)
Other income	208	222	854	958
Profit from operations before interest and tax	485	467	1,928	2,017
Finance costs	(19)	(16)	(68)	(37)
Profit before tax	466	451	1,860	1,980
Tax expense	(50)	(33)	(238)	(159)
Profit after tax for the period	416	418	1,622	1,821
Other comprehensive loss, net of tax that may be reclassified subsequently to profit and loss				
Foreign currency translation differences	-	(12)	(9)	(25)
Capital reduction expenditure	-	(769)	-	(769)
Total comprehensive income for the period	416	(363)	1,613	1,027
Net profit for the period attributable to: -				
Owners of the Company	416	418	1,622	1,821
Non-controlling interests	-	-	-	-
	416	418	1,622	1,821
Total comprehensive income for the period attributable to: -				
Owners of the Company	416	(363)	1,613	1,027
Non-controlling interests	-	-	-	-
	416	(363)	1,613	1,027
Earnings per share (sen)				
- Basic	0.92	0.92	3.57	4.01
- Diluted	0.92	0.92	3.57	4.01

(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 DECEMBER 2018**

	<b>As At Current Financial Year Ended 31.12.2018 RM'000</b>	<b>As At Preceding Financial Year Ended 31.12.2017 RM'000</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
<i>Property, plant and equipment</i>	10,996	11,307
<i>Other investment</i>	-	-
<i>Deferred tax assets</i>	685	685
	<u>11,681</u>	<u>11,992</u>
<b>Current Assets</b>		
<i>Inventories</i>	5,142	4,051
<i>Amount owing by contract customer</i>	1,091	834
<i>Trade and other receivables</i>	2,549	3,709
<i>Current tax asset</i>	7	6
<i>Fixed deposits with licensed banks</i>	23,878	23,030
<i>Cash and bank balances</i>	1,821	969
	<u>34,488</u>	<u>32,599</u>
<b>TOTAL ASSETS</b>	<u><u>46,169</u></u>	<u><u>44,591</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
<i>Share capital</i>	38,385	38,385
<i>Reserves</i>	3,132	2,034
<b>Shareholders' Equity</b>	<u>41,517</u>	<u>40,419</u>
<b>Liabilities</b>		
<b>Non-current Liability</b>		
<i>Finance lease liabilities</i>	317	197
	<u>317</u>	<u>197</u>
<b>Current Liabilities</b>		
<i>Trade and other payables</i>	1,741	3,099
<i>Contract liabilities</i>	623	-
<i>Short-term borrowings</i>	1,936	676
<i>Current tax liabilities</i>	35	200
	<u>4,335</u>	<u>3,975</u>
<b>TOTAL LIABILITIES</b>	<u>4,652</u>	<u>4,172</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>46,169</u></u>	<u><u>44,591</u></u>
<b>Net Assets Per Share (RM)</b>	<u><u>0.91</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 FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2018**

	← 12 Months Ended →	
	31.12.2018	31.12.2017
	RM'000	RM'000
<b>Cash Flows From Operating Activities</b>		
Profit Before Tax	1,860	1,981
Adjustments For:-		
Allowance for impairment on inventories	101	105
Allowance for impairment on property, plant and equipment	-	128
Depreciation of property, plant and equipment	729	754
Loss / (Gain) on foreign exchange - Unrealised	3	(30)
Gain on disposal of property, plant and equipment	(14)	-
Interest expenses	68	36
Interest income	(841)	(903)
Property, plant and equipment written off	-	64
Reversal of impairment loss on trade receivable	-	(20)
	46	134
Operating Profit Before Working Capital Changes	1,906	2,115
Changes In Working Capital		
Inventories	299	(1379)
Amount owing by contract customer	(257)	(834)
Trade and other receivables	523	(1,780)
Trade and other payables	(1,357)	(1,286)
Contract liabilities	(750)	
Cash Generated From / (Used In) Operations	364	(3,164)
Interest paid	(68)	(36)
Tax Paid	(404)	-
Net Cash Used In Operating Activities	(108)	(3,200)
<b>Cash Flows From Investing Activities</b>		
Capital expenditure incurred	(36)	(199)
Capital reduction expenditure incurred	-	(769)
Deferred expenditure incurred	-	(253)
Interest received	841	903
Proceeds from disposal of property, plant and equipment	106	-
Purchase of property, plant and equipment	(479)	(120)
Tax paid on gain on disposal of property, plant and equipment	-	(351)
Net Cash Generated From/(Used In) Investing Activities	432	(789)
<b>Cash Flows From Financing Activities</b>		
Placement of pledged fixed deposits	-	(1,000)
Net proceeds / (repayments) of bankers' acceptance	700	(650)
Net proceeds / (repayments) of finance lease liabilities	179	(97)
Net Cash Generated From / (Used In) Financing Activities	879	(1,747)
Net Increase / (Decrease) In Cash And Cash Equivalents	1,203	(5,736)
Effects of Change in Foreign Exchange Differences	(3)	(16)
Cash And Cash Equivalents At Beginning Of The Financial Year	13,499	19,251
Cash And Cash Equivalents At End Of The Financial Year	14,699	13,499

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2018 (CONT'D)**

	← 12 Months Ended →	
	31.12.2018	31.12.2017
	RM'000	RM'000
Cash and cash equivalents at end of the financial year comprise:		
Fixed deposits with licensed banks	23,878	23,030
Cash and bank balances	1,821	969
Bank overdrafts	(500)	-
	<u>25,199</u>	<u>23,999</u>
Less: Deposits pledged as security	(10,500)	(10,500)
	<u>14,699</u>	<u>13,499</u>

(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 FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2018**

	-----Attributable to owners of the Company-----				
	-----Non-distributable -----		Distributable		TOTAL EQUITY RM'000
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	RETAINED EARNINGS/ ACCUMULATED LOSSES RM'000	
<b>Current financial year ended 31 December 2018</b>					
At 31 December 2017	38,385	-	241	1,793	40,419
Impact arising from adoption of: - MFRS 15	-	-	-	(515)	(515)
At 1 January 2018	38,385	-	241	1,278	39,904
Movement during the year (cumulative)					
- Profit for the year	-	-	-	1,622	1,622
Other comprehensive loss - Foreign currency translation difference	-	-	(9)	-	(9)
Total comprehensive (loss) / income for the year	-	-	(9)	1,622	1,613
At 31 December 2018	38,385	-	232	2,900	41,517
<b>Preceding financial year ended 31 December 2017</b>					
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 year (cumulative)					
- Profit for the year	-	-	-	1,821	1,821
Other comprehensive loss - Foreign currency translation difference	-	-	(25)	-	(25)
- Capital reduction expenditure	-	-	-	(769)	(769)
Total comprehensive (loss) / income for the year	-	-	(25)	1,052	1,027
Capital reduction	(10,489)	-	-	10,489	-
At 31 December 2017	38,385	-	241	1,793	40,419

Note 1: Pursuant to the Companies Act, 2016 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 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 Fourth Financial Quarter Ended 31 December 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  
MFRS 2: Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)  
MFRS 140: Transfers of Investment Property (Amendments to MFRS 140)

The adoption of the above MFRSs, Amendments to MFRSs and IC Interpretations do not have any material impact to the Group’s interim financial statements upon their initial application, other than as disclosed below:-

**MFRS 15 Revenue from Contracts with Customers**

MFRS 15 requires an entity to recognise revenue to depict the transfer of promised goods or services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

The Group apply MFRS 15 using the modified retrospective approach by recognising its cumulative effect of the adoption to the retained profits as at 1 January 2018 on contracts which were on-going before 1 January 2018, and that the comparatives will not be restated. The impact from the adoption of MFRS 15 in the current financial period has been demonstrated in the Condensed Interim Statement of Changes in Equity.

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

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

*Basis of preparation - MFRS 15 Revenue from Contracts with Customers (Cont'd)*

The impact of adopting MFRS 15 to opening balances are as follows: -

**Statement of financial position as at 1 January 2018**

	<b>As previously reported RM'000</b>	<b>Impact of change in accounting policies Retrospective adjustments – MFRS 15 RM'000</b>	<b>After adjustments RM'000</b>
<b>Assets</b>			
Inventories	4,051	1,491	5,542
Trade and other receivables	3,709	(633)	3,076
Impact to assets	<u>7,760</u>	<u>858</u>	<u>8,618</u>
<b>Liabilities</b>			
Contract liabilities	-	1,373	1,373
Impact to liabilities	<u>-</u>	<u>1,373</u>	<u>1,373</u>
<b>Equity</b>			
Reserves	<u>2,034</u>	<u>(515)</u>	<u>1,519</u>

**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 Fourth Financial Quarter Ended 31 December 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 mechanical and engineering works.
- (c) Investment  
Investment holdings and comprise companies providing management services and dormant companies.

**Business segments**

	<b>Manufacturing RM'000</b>	<b>Construction RM'000</b>	<b>Investment RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>					
External revenue	16,510	3,838	-	-	20,348
Inter-segment revenue	-	-	60	(60)	-
Total revenue	<u>16,510</u>	<u>3,838</u>	<u>60</u>	<u>(60)</u>	<u>20,348</u>
<b>Results</b>					
Segment results	786	673	(372)	-	1,087
Finance costs	(68)	-	-	-	(68)
Interest income	841	-	-	-	841
Profit before tax	<u>1,559</u>	<u>673</u>	<u>(372)</u>	<u>-</u>	<u>1,860</u>
Tax expense	(231)	-	(7)	-	(238)
Profit after tax	<u>1,328</u>	<u>673</u>	<u>(379)</u>	<u>-</u>	<u>1,622</u>
<b>Assets</b>					
Segment assets	<u>44,362</u>	<u>1,492</u>	<u>315</u>	<u>-</u>	<u>46,169</u>
<b>Liabilities</b>					
Segment liabilities	<u>3,967</u>	<u>642</u>	<u>43</u>	<u>-</u>	<u>4,652</u>
<b>Included in the measure of segment assets</b>					
Capital expenditure	515	-	-	-	515
Depreciation	<u>735</u>	<u>-</u>	<u>(6)</u>	<u>-</u>	<u>729</u>

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

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

*Segmental information (Cont'd)*

**Geographical information**

	<b>Malaysia RM'000</b>	<b>Republic of China RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>				
External revenue	20,348	-	-	20,348
Inter-segment revenue	60	-	(60)	-
Total revenue	<u>20,408</u>	<u>-</u>	<u>(60)</u>	<u>20,348</u>
<b>Results</b>				
Segment results	1,080	7	-	1,087
Finance costs	(68)	-	-	(68)
Interest income	841	-	-	841
Profit before tax	<u>1,853</u>	<u>7</u>	<u>-</u>	<u>1,860</u>
Tax expense	(238)	-	-	(238)
Profit after tax	<u>1,615</u>	<u>7</u>	<u>-</u>	<u>1,622</u>
<b>Assets</b>				
Segment assets	<u>45,932</u>	<u>237</u>	<u>-</u>	<u>46,169</u>
<b>Liabilities</b>				
Segment liabilities	<u>4,652</u>	<u>-</u>	<u>-</u>	<u>4,652</u>
<b>Included in the measure of segment assets</b>				
Capital expenditure	515	-	-	515
Depreciation	<u>729</u>	<u>-</u>	<u>-</u>	<u>729</u>

**10. Trade and other receivables**

	<b>Financial Year Ended 31.12.2018 RM'000</b>	<b>Financial Year Ended 31.12.2017 RM'000</b>
Trade receivables		
Non-related parties	2,080	3,273
Other receivables, deposits and prepayments		
Other receivables	142	20
Deposits	139	142
Prepayments	188	274
	<u>469</u>	<u>436</u>
Total trade and other receivables	<u>2,549</u>	<u>3,709</u>

**Notes To The Condensed Consolidated Interim Financial Statements  
For The Fourth Financial Quarter Ended 31 December 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 RM2.1 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)	903	41	331	805	2,080
% of total trade receivables (%)	43	2	16	39	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 December 2018, the trade receivables that are past due for more than 60 days amounted to RM0.8 million, representing 39% of the total trade receivables of the Group. These receivables are not impaired as they are creditworthy receivables, out of which RM0.4 million are retention sum withheld for ongoing projects.

**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**

	<b>Financial Year Ended 31.12.2018 RM'000</b>	<b>Financial Year Ended 31.12.2017 RM'000</b>
<b><u>Secured</u></b>		
Bankers' guarantee issued in favour of third parties	131	177
	131	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 Fourth Financial Quarter Ended 31 December 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		12 Months Ended	12 Months Ended	Variance	
	31.12.2018 RM'000	31.12.2017 RM'000	Amount RM'000	%	31.12.2018 RM'000	31.12.2017 RM'000	Amount RM'000	%
Revenue	4,637	4,321	316	7	20,348	20,075	273	1
Profit before interest and tax	485	467	18	4	1,928	2,017	(89)	(4)
Profit before tax	466	451	15	3	1,860	1,980	(120)	(6)
Profit after tax	416	418	(2)	0	1,622	1,821	(199)	(11)
Profit attributable to owners of the Company	416	418	(2)	0	1,622	1,821	(199)	(11)

The Group's revenue for the current quarter increased by 7% as compared to the preceding year corresponding quarter. The adoption of MFRS 15 has resulted in net increase of revenue by RM1.1 million during the quarter. The revenue from mechanical and engineering, storage tanks, LPG and pressure vessels collectively decreased by RM0.8 million as a result of slowdown in overseas contract supply. Whereas revenue from road tanker increased by RM1.2 million mainly due to the impact of applying MFRS 15 during the quarter. Accordingly, the Group's profit before tax for the current quarter increased by 4%.

For the current financial year-to-date, a marginal fluctuation in the Group's revenue and profit before tax were observed as compared to the preceding financial year-to-date. The revenue from mechanical and engineering, representing a 204% increase over the preceding financial year-to-date, rose by RM2.6 million against the dropped in all other revenue stream.

**2. Comments on results against the immediate preceding quarter**

	3 Months Current Quarter	3 Months Preceding Quarter	Variance	
	31.12.2018 RM'000	30.09.2018 RM'000	Amount RM'000	%
Revenue	4,637	5,434	(797)	(15)
Profit before interest and tax	485	279	206	74
Profit before tax	466	259	207	80
Profit after tax	416	151	265	175
Profit attributable to owners of the Company	416	151	265	175

The Group's revenue for the current quarter was 15% lower than the preceding quarter, after taken in the net increase in revenue of RM1.1 million resulted from the impact of adopting MFRS 15 during the quarter. There was a sign of overall slowdown in the local and overseas market performance. However, the Group's profit before tax increased by 175% as compared to the preceding quarter mainly caused by the impact of adopting the MFRS 15 during the quarter.

**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.

**Notes To The Condensed Consolidated Interim Financial Statements**

**For The Fourth Financial Quarter Ended 31 December 2018 (Cont'd)**

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

*Commentary of prospects (Cont'd)*

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. Revenue**

**(a) Disaggregation of revenue from contracts with customers**

Revenue is disaggregated by the Group's major products and services into the category of products transferred at a point in time as per the table below:-

	Year Ended 31.12.2018		Year Ended 31.12.2017	
	As reported under MFRS 118 RM'000	MFRS 15 adjustments RM'000	As reported under MFRS 15 RM'000	As reported under MFRS 118 RM'000
Major products and services				
Manufacturing	15,441	1,069	16,510	20,075

The Group has adopted MFRS 15 using the modified retrospective approach. This means that the cumulative impact arising from the adoption will be recognised in retained earnings as at 1 January 2018 and comparatives are not restated.

**(b) Impacts of applying MFRS 15**

The impacts of adopting MFRS 15 on the Group's statement of financial position as at 31 December 2018 are as per the table below:-

	Impact of change in accounting policies		
	As reported under MFRS 118 RM'000	MFRS 15 adjustments RM'000	As reported under MFRS 15 RM'000
<b>Assets</b>			
Inventories	4,376	766	5,142
Trade and other receivables	2,863	(314)	2,549
Impact to assets	7,239	452	7,691
<b>Liabilities</b>			
Contract liabilities	-	623	623
Impact to liabilities	-	623	623
<b>Equity</b>			
Reserves	2,788	344	3,132

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

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

**6. Tax expense**

	Individual Quarter		Cumulative Quarter	
	3 Months Ended 31.12.2018 RM'000	3 Months Ended 31.12.2017 RM'000	12 Months Ended 31.12.2018 RM'000	12 Months Ended 31.12.2017 RM'000
Income tax				
– Current year	(50)	(33)	(200)	(200)
– Underprovided in prior year	-	-	(38)	-
	<u>(50)</u>	<u>(33)</u>	<u>(238)</u>	<u>(200)</u>
Real property gains tax previously overprovided	-	-	-	41
	<u>(50)</u>	<u>(33)</u>	<u>(238)</u>	<u>(159)</u>

The tax expense 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.

**7. 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.

**(i) Proposed Disposals**

The status of utilisation of proceeds of RM36,682,500 from the Proposed Disposals as at 19 February, 2019 is as follows: -

Purpose	Proposed utilisation	Actual utilisation	Deviation*	Balance unutilised		Intended time frame for utilisation
	RM'000	RM'000		RM'000	RM'000	
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	(235)	-	5,765	96	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>30,918</u>	<u>-</u>	<u>5,765</u>		

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

On 14 January 2019, the Company had announced that the Tenancy Agreements entered by its subsidiary companies with the owner, LTK Properties Sdn Bhd has been extended for an additional tenor of one (1) year. As such, the intended time frame for utilisation of item (iii) above shall be extended in due course.

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

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

*Status of corporate proposals (Cont'd)*

**(ii) Proposed Private Placement**

On 22 January 2019, M& A Securities Sdn Bhd ("M&A"), on behalf of the Company, had announced that CN Asia Corporation Bhd ("CN Asia") proposes to implement a private placement of up to 4,538,200 new ordinary shares in CN Asia ("Placement Shares"), representing approximately ten percent (10%) of the total number of issued shares in CN Asia to independent third party investor(s) to be identified ("Proposed Private Placement").

Subsequently, M&A had on 15 February 2019 submitted the additional listing application for the listing and quotation for the Placement Shares on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") to be issued pursuant to the Proposed Private Placement.

On 19 February 2019, M&A, on behalf of the Company, had announced that Bursa Securities had vide its letter dated 18 February 2019, approved the listing and quotation for up to 4,538,200 Placement Shares to be issued pursuant to the Proposed Private Placement subject to the terms and conditions stipulated therein.

The Proposed Private Placement will enable CN Asia to raise additional fund for the purposes to undertake overhaul of certain key machinery before it is installed in the new manufacturing facility of the Group in conjunction with the relocation plan of the Group.

**8. Group borrowings**

	<b>As at Financial Year Ended 31.12.2018 RM'000</b>	<b>As at Financial Year Ended 31.12.2017 RM'000</b>
<u>SECURED</u>		
Short term		
Bank overdraft	500	-
Finance lease liabilities	161	101
Bankers' acceptance	1,275	575
	<hr/>	<hr/>
	1,936	676
Long term		
Finance lease liabilities	317	197
Total Borrowings	<hr/>	<hr/>
	2,253	873

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.

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

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

**11. Earnings per share**

	Individual Quarter		Cumulative Quarter	
	3 Months Ended 31.12.2018 RM'000	3 Months Ended 31.12.2017 RM'000	12 Months Ended 31.12.2018 RM'000	12 Months Ended 31.12.2017 RM'000
Profit after tax for the period	416	418	1,622	1,821
Weighted average number of ordinary shares in issue ('000)	45,382	45,382	45,382	45,382
Earnings per share (sen)				
- Basic	0.92	0.92	3.57	4.01
- Diluted	0.92	0.92	3.57	4.01

**12. Additional disclosure on profit before tax**

	Individual Quarter		Cumulative Quarter	
	3 Months Ended 31.12.2018 RM'000	3 Months Ended 31.12.2017 RM'000	12 Months Ended 31.12.2018 RM'000	12 Months Ended 31.12.2017 RM'000
Profit before tax is derived after charging/(crediting) amongst others, the following items: -				
Allowance for impairment on inventories	101	(2)	101	105
Allowance for impairment on property, plant and equipment	-	(3)	-	128
Depreciation of property, plant and equipment	192	188	729	754
Interest expenses	19	15	68	36
Property, plant and equipment written off	-	-	-	64
Gain on disposal of PPE	-	-	(14)	-
(Gain) / Loss on foreign exchange				
- Unrealised	(4)	8	3	(30)
- Realised	(2)	(9)	10	(2)
Interest income	(209)	(207)	(841)	(903)
Reversal of impairment loss on trade receivable	-	(20)	-	(20)

**13. Authorisation for issue**

The interim financial statements were authorised for issue by the Board of on 26 February 2019.

**BY ORDER OF THE BOARD**

**LIM PAIK GOOT (MIA 13304)**  
**WONG CHOOI FUN (MAICSA 7027549)**  
**GOH CHOOI WOAN (MAICSA 7056110)**  
Company Secretaries  
Selangor, 26 February 2019