

Trade and other Receivables

Trade and other receivables which are normally settled within 30 to 90 days are recognised initially at fair value subsequently at amortised cost using the effective interest method, less allowance for impairment.

An allowance for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance for impairment is recognised in the statement of comprehensive income. When the asset becomes uncollectible, it is written off against the allowance account.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at bank with financial institutions that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in values. For the purposes of the statement of cash flows, cash and cash equivalents are shown net of bank overdraft.

Trade and other Payables

Trade and other payables which are normally settled within 30 to 90 days. They are initially measured at fair value, subsequently at amortised cost using the effective interest method.

3.21 Borrowing Costs

All borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest that the Group incurred in connection with the borrowing of funds.

4. PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and providing management services. The principal activities of the subsidiary companies are disclosed in Note 8 to the financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

Group

	Balance as at 1.1.12	Addition	(Written off)	Translation adjustment	Balance as at 31.12.12
At Cost	RM	RM	RM	RM	RM
Long term leasehold land	7,162,083	-	-	-	7,162,083
Buildings	7,228,000	-	-	-	7,228,000
Plant and machinery	34,670,931	66,718	(350,407)	(8,418)	34,378,824
Motor vehicles	1,064,326	-	-	-	1,064,326
Furniture, fittings and equipment	2,231,157	96,243	(534,994)	-	1,792,406
Capital work in progress	129,528	43,636	-	-	173,164
	<u>52,486,025</u>	<u>206,597</u>	<u>(885,401)</u>	<u>(8,418)</u>	<u>51,798,803</u>

	Balance as at 1.1.12	Charge for the year	(Written off)	Translation adjustment	Balance as at 31.12.12
Accumulated Depreciation/ Amortisation	RM	RM	RM	RM	RM
Long term leasehold land	499,681	83,282	-	-	582,963
Buildings	344,191	86,047	-	-	430,238
Plant and machinery	19,389,600	929,543	(340,999)	3,133	19,981,277
Motor vehicles	877,578	37,350	-	-	914,928
Furniture, fittings and equipment	1,433,872	75,883	(441,633)	-	1,068,122
Capital work in progress	-	-	-	-	-
	<u>22,544,922</u>	<u>1,212,105</u>	<u>(782,632)</u>	<u>3,133</u>	<u>22,977,528</u>

	Balance as at 1.1.12	Impairment loss for the year	Balance as at 31.12.12
Accumulated Impairment Loss	RM	RM	RM
Long term leasehold land	-	-	-
Buildings	-	-	-
Plant and machinery	-	651,836	651,836
Motor vehicles	-	-	-
Furniture, fittings and equipment	-	-	-
Capital work in progress	-	-	-
	<u>-</u>	<u>651,836</u>	<u>651,836</u>

	Net Book Value		Depreciation Charge	
	2012	2011	2012	2011
	RM	RM	RM	RM
Long term leasehold land	6,579,120	6,662,402	83,282	83,281
Buildings	6,797,762	6,883,809	86,047	86,048
Plant and machinery	13,745,711	15,281,331	929,543	897,410
Motor vehicles	149,398	186,748	37,350	46,688
Furniture, fittings and equipment	724,284	797,285	75,883	79,723
Capital work in progress	173,164	129,528	-	-
	<u>28,169,439</u>	<u>29,941,103</u>	<u>1,212,105</u>	<u>1,193,150</u>

Included in property, plant and equipment are the following that were acquired under hire purchase arrangements :-

	2012		2011	
	Cost	Net Book Value	Cost	Net Book Value
	RM	RM	RM	RM
Plant and machinery	-	-	1,433,102	1,187,749
Motor vehicles	550,300	98,095	550,300	122,619
Furniture, fittings and equipment	14,720	13,493	-	-
Capital work in progress	36,087	36,087	-	-
	<u>601,107</u>	<u>147,675</u>	<u>1,983,402</u>	<u>1,310,368</u>

The leasehold land and buildings are pledged to financial institutions for banking facilities granted to the Group as mentioned in note 24 to the financial statement.

6. INTANGIBLE ASSETS

	Group	
	2012	2011
	RM	RM
Development costs		
At cost:		
At 1st January/31st December	409,378	409,378
Accumulated amortisation:		
At 1st January	353,150	315,666
Amortisation during the year	37,484	37,484
At 31st December	<u>(390,634)</u>	<u>(353,150)</u>
	<u>18,744</u>	<u>56,228</u>

The Directors are in the opinion that the future economic benefits of the research and development expenditure can be determined with reasonable certainty and accordingly, have capitalised these expenditure.

7. INVESTMENT PROPERTY

	Group	
	2012	2011
	RM	RM
Long term leasehold land, at fair value	380,000 =====	380,000 =====
(i)	The long term leasehold land of the Group has unexpired lease period of more than 50 years.	
(ii)	The leasehold land was revalued by the Directors based on independent professional valuers on the open market value basis dated 31st December 2012.	
(iii)	As at the reporting date, the title of the leasehold land has yet to be issued by the relevant authority.	
(iv)	Direct operating expenses from investment property is RM1,392 (2011 : RM1,392).	

8. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2012	2011
	RM	RM
Unquoted shares, at cost	28,298,215	28,298,215
Less : Impairment loss	(13,881,754)	(13,881,754)
	----- 14,416,461 =====	----- 14,416,461 =====

The Company carried out a review of the recoverable amount on its investment in subsidiaries during the financial year. The recoverable amount was based on the net asset value of the subsidiaries.

The subsidiary companies are :-

Name Direct Subsidiary	Place of Incorporation	Effective Interest		Principal activities
		2012 %	2011 %	
Asia Tank Containers (Malaysia) Sdn.Bhd.	Malaysia	100	100	Manufacturing, repairing and renting of transportable containers for hazardous chemicals
Chip Ngai Engineering Works Sdn.Bhd.("CNEW")	Malaysia	100	100	Manufacturing of tanks and related products, specialized engineering and fabrication works
CN Asia Capital Sdn.Bhd.	Malaysia	100	100	Investment holding (Dormant)
Douwin Sdn.Bhd.("DSB")	Malaysia	100	100	Investment holding
Subsidiary company of CNEW				
*Zhuhai CN Engineering Works Co., Ltd	People's Republic of China	100	100	Manufacturing and trading of tanks for specialised industries

* Audited by other firm of Chartered Accountants.

9. INVESTMENT IN AN ASSOCIATED COMPANY

Cost	Group	
	2012 RM	2011 RM
Unquoted shares in Malaysia, at cost	159,301	159,301
Share of post acquisition losses	(129,764)	(131,066)
	<u>29,537</u>	<u>28,235</u>
Represented by :		
Group's share of net assets other than goodwill	<u>29,537</u>	<u>28,235</u>

- a) The associated company which is incorporated in Malaysia, is as follows :-

Name	Place of Incorporation	Effective Interest		Principal activities
		2012 %	2011 %	
PICN Engineering Sdn. Bhd.	Malaysia	49	49	Fabrication and trading of tanks for specialized industries

10. GOODWILL ON CONSOLIDATION

	Group	
	2012 RM	2011 RM
Goodwill on consolidation	136,126	136,126
Less : Impairment loss	(59,517)	(59,517)
	<u>76,609</u>	<u>76,609</u>

11. INVENTORIES

At cost	Group	
	2012 RM	2011 RM
Raw materials	1,056,752	881,487
Work-in-progress	1,944,913	1,153,582
Finished goods	571,260	421,108
Consumables	582,267	577,866
	<u>4,155,192</u>	<u>3,034,043</u>

12. TRADE RECEIVABLES

	Group	
	2012	2011
	RM	RM
Total amount outstanding	2,978,544	5,251,854
Less :		
Allowance for impairment of receivables		
At 1st January	(259,637)	(29,637)
Allowance during the year	(40,572)	(230,000)
Bad debt written off	244,000	-
At 31st December	(56,209)	(259,637)
	-----	-----
	2,922,335	4,992,217
	=====	=====

The credit terms of trade receivables range from 30 to 90 days. Other credit terms are assessed and approved on a case by case basis.

Included in trade receivables is retention sums amounting to RM308,000 (2011: RM1,220,659) in respect of completed contract works.

The currency exposure profile for trade receivables is as follows:-

	Group	
	2012	2011
	RM	RM
Ringgit Malaysia	2,626,793	1,229,755
Euro Dollar	-	279,257
Singapore Dollar	295,542	64,365
US Dollar	-	3,418,840
	-----	-----
	2,922,335	4,992,217
	=====	=====

13. AMOUNT OWING BY CONTRACT CUSTOMERS

	Group	
	2012	2011
	RM	RM
Aggregate cost incurred to date	3,557,173	4,141,525
Add: Attributable profit	498,268	712,502
	<u>4,055,441</u>	<u>4,854,027</u>
Less: Progress billings	(2,980,000)	(4,561,250)
	<u>1,075,441</u>	<u>292,777</u>
	=====	=====
Represented by:		
Amount owing by contract customers	1,075,441	292,777
	=====	=====

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Other receivables	234,751	383,112	-	-
Deposits	140,203	140,103	1,000	1,000
Prepayments	250,118	270,328	-	-
	<u>625,072</u>	<u>793,543</u>	<u>1,000</u>	<u>1,000</u>
	=====	=====	=====	=====

15. AMOUNT OWING BY/(TO) AN ASSOCIATED COMPANY**Group**

This amount is non-trade in nature, unsecured, interest free and repayable upon demand.

16. AMOUNT OWING BY SUBSIDIARY COMPANIES

	Company	
	2012	2011
	RM	RM
Total amount outstanding	20,030,779	20,137,079
Less :		
Allowance for impairment of subsidiary companies	(1,582,800)	(1,582,800)
	18,447,979	18,554,279

This amount is non-trade in nature, unsecured, interest free and repayable upon demand.

17. FIXED DEPOSIT PLACED WITH LICENSED BANK**Group**

The fixed deposit has been pledged to a financial institution for banking facilities granted to the Group as mentioned in note 24.

18. CASH AND BANK BALANCES

The currency exposure profile is as follows :-

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Cash in hand				
- Ringgit Malaysia	5,005	6,154	-	-
- Euro Dollar	63	63	-	-
- Renminbi	1,139	5,435	-	-
- Singapore Dollar	1,872	-	-	-
- US Dollar	27	27	-	-
- Indonesian Rupiah	-	217	-	-
- HK Dollar	208	208	-	-
- South African Rand - ZAR	291	291	-	-
Balance carried forward	8,605	12,395	-	-

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Balance brought forward	8,605	12,395	-	-
Bank balances				
- Ringgit Malaysia	650,263	323,831	38,848	1,289
- Euro Dollar	723	1,539	-	-
- Renminbi	2,467	4,142	-	-
- Seychelles Rupee	60,396	135,005	-	-
- US Dollar	291,682	350,951	-	-
	1,005,531	815,468	38,848	1,289
	<u>1,014,136</u>	<u>827,863</u>	<u>38,848</u>	<u>1,289</u>
	=====	=====	=====	=====

19. SHARE CAPITAL

	Group and Company	
	2012	2011
	RM	RM
Ordinary shares of RM1 each :-		
Authorised		
At 1st January/31st December	50,000,000	50,000,000
	=====	=====
Issued and fully paid		
At 1st January/31st December	45,382,500	45,382,500
	=====	=====

20. RESERVES

	Group		Company	
	2012	Restated 2011	2012	2011
	RM	RM	RM	RM
Non-Distributable				
Share premium	3,491,965	3,491,965	3,491,965	3,491,965
Translation reserve	7,947	31,822	-	-
	3,499,912	3,523,787	3,491,965	3,491,965
Distributable				
Accumulated losses	(20,547,499)	(18,991,983)	(15,958,909)	(15,886,967)
	<u>(17,047,587)</u>	<u>(15,468,196)</u>	<u>(12,466,944)</u>	<u>(12,395,002)</u>
	=====	=====	=====	=====

21. HIRE PURCHASE PAYABLES

	Group	
	2012	2011
	RM	RM
Total principal outstanding	130,104	213,011
Less : Repayable within the next twelve months shown under current liabilities	(81,105)	(126,066)
	<u>48,999</u>	<u>86,945</u>
Repayable after the next twelve months	=====	=====
Represented by :		
Minimum hire purchase payments :		
- Within one year	86,124	135,989
- After one year but not more than five years	50,743	89,468
	<u>136,867</u>	<u>225,457</u>
Less: Future interest charges	(6,763)	(12,446)
	<u>130,104</u>	<u>213,011</u>
Present value of hire purchase liabilities	=====	=====

22. TRADE PAYABLES

The credit terms of trade payables range from 30 to 90 days.

The currency exposure profile for trade payables is as follows:-

	Group	
	2012	2011
	RM	RM
Ringgit Malaysia	2,038,034	1,562,939
US Dollar	2,195	31,735
	<u>2,040,229</u>	<u>1,594,674</u>
	=====	=====

23. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Other payables	268,544	605,438	4,541	1,340
Accrual	157,676	142,111	10,600	10,600
	<u>426,220</u>	<u>747,549</u>	<u>15,141</u>	<u>11,940</u>
	=====	=====	=====	=====

24. SHORT TERM BORROWINGS

	Group	
	2012	2011
	RM	RM
Secured		
Bank overdrafts	4,397,752	5,134,525
Bankers' acceptance	3,022,000	2,640,000
	<u>7,419,752</u>	<u>7,774,525</u>
	=====	=====
Unsecured		
Bank overdrafts	-	180,106
Bankers' acceptance	347,000	223,000
	<u>347,000</u>	<u>403,106</u>
	<u>7,766,752</u>	<u>8,177,631</u>
	=====	=====

The secured and unsecured banker's acceptance of the Group bear effective interest at rates ranging from 3.56% to 4.10% (2011: 3.53% to 4.16%) per annum.

The bank overdraft of the Group bear effective interest at rates ranging from 6.53% to 10.73% (2011 : 7.21% to 9.43%) per annum.

The secured short term borrowings of the Group are secured by :-

- i) First party legal charge over CNEW's leasehold land and buildings
- ii) Third party charge over DSB's leasehold land
- iii) Negative pledge over CNEW's assets
- iv) Specific debenture over properties and fixtures and fittings attached to the properties owned by CNEW
- v) First party security deposit of RM200,000 placed by CNEW
- vi) Corporate guarantee by the Company

25. REVENUE**Group**

Revenue represents invoiced value of goods sold net of discounts and returns and services rendered.

	Group		Company	
	2012	2011	2012	2011
This represent :	RM	RM	RM	RM
Sales of goods	18,024,400	10,143,251	-	-
Contract revenue	2,326,064	3,357,777	-	-
Tank rental revenue	42,320	58,294	-	-
Management fee	-	-	60,000	60,000
	<u>20,392,784</u>	<u>13,559,322</u>	<u>60,000</u>	<u>60,000</u>
	=====	=====	=====	=====

26. LOSS BEFORE TAXATION

	Group		Company	
	2012	2011	2012	2011
This is stated after charging :-	RM	RM	RM	RM
Allowance for impairment of receivable	40,572	230,000	-	-
Allowance for impairment of subsidiary companies	-	-	-	1,582,800
Amortisation of intangible assets	37,484	37,484	-	-
Amortisation of long term leasehold land	83,282	83,280	-	-
Auditors' remuneration	41,900	43,637	10,000	10,000
Bad debt written off	192,915	-	-	-
Depreciation of property, plant and equipment	1,128,823	1,109,870	-	-
Directors' fees	67,500	72,000	67,500	72,000
Directors' remuneration	438,587	392,891	-	-
Empty cylinder rental	8,928	4,824	-	-
Impairment loss on investment in subsidiary companies	-	-	-	13,881,754
Impairment loss on goodwill	-	59,517	-	-
Impairment loss on property, plant and equipment	651,836	-	-	-

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Interest expenses on :				
- Hire purchase	11,756	27,992	-	-
- BA and TR interest	126,465	126,508	-	-
- Overdraft interest	262,275	342,021	-	-
Loss on foreign exchange				
- Unrealised	11,341	17,635	-	-
- Realised	19,442	80,186	-	-
Property, plant and equipment written off	102,769	13,978	-	-
Rental of office equipment	22,116	23,268	-	-
Rental of premises	445,800	445,800	-	-
Share of results of associated company	(1,302)	20,765	-	-
Write down of inventories	-	19,000	-	-
Staff costs	2,343,837	2,017,189	-	-
	=====	=====	=====	=====
And crediting :-				
Gain on foreign exchange				
- realised	-	77,383	-	-
- unrealised	1,591	124,301	-	-
Interest income	6,235	6,065	-	-
	=====	=====	=====	=====
Staff costs				
Salaries and wages	2,086,158	1,804,633	-	-
Contributions to defined contribution plan	181,863	166,144	-	-
Social security contribution	18,556	15,801	-	-
Other benefits	57,260	30,611	-	-
	-----	-----	-----	-----
	2,343,837	2,017,189	-	-
	=====	=====	=====	=====

The number of employees (excluding directors) of the Group and the Company as at the end of the year was 61 (2011 : 50) and Nil (2011 : Nil) respectively.

DIRECTORS' REMUNERATION	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Executive				
Salaries and other emoluments	391,643	350,843	-	-
Pension costs - defined contribution plans	46,944	42,048	-	-
Fees	12,000	12,000	12,000	12,000
	<u>450,587</u>	<u>404,891</u>	<u>12,000</u>	<u>12,000</u>
	=====	=====	=====	=====

During the year, a director has the benefit of using the Group's motor vehicle, which is not included in directors' remuneration, the estimated value of which amounted to RM25,000 (2011 : RM25,000).

Non-Executive	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
- Fees	55,500	60,000	55,500	60,000
	<u>55,500</u>	<u>60,000</u>	<u>55,500</u>	<u>60,000</u>
	=====	=====	=====	=====

The Directors' remuneration during the financial year ended 31st December 2012 fall within the following bands :-

Range of remuneration RM	No. of Executive Directors	No. of Non-Executive Directors
Below 50,000	-	4
150,001 and 200,000	-	-
200,001 and 250,000	2	-
Total	<u>2</u>	<u>4</u>
	=====	=====

27. TAXATION

Reconciliation between taxation and the product of accounting loss multiplied by the applicable tax rate is as follows :-

	Group		Company	
	2012	Restated 2011	2012	2011
	RM	RM	RM	RM
Loss before taxation	(1,555,516)	(4,006,562)	(71,942)	(15,545,500)
Tax at Malaysian statutory tax rate of 25% (2010 : 25%)	(388,879)	(1,001,640)	(17,986)	(3,886,375)
Non allowable expenses	137,083	51,789	17,986	3,886,375
Deferred tax asset not recognised	252,646	949,851	-	-
Double deduction expenses	(850)	-	-	-
	-	-	-	-

The Group and the Company have potential deferred tax assets not taken up in the financial statements under the liability method in respect of the following deductible temporary differences :-

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Unabsorbed capital allowances	3,773,860	3,058,180	-	-
Unutilised tax losses	15,710,320	16,909,390	19,000	19,000
	19,484,180	19,967,570	19,000	19,000

The above deferred tax assets are available indefinitely to offset against future taxable profit of the Group and of the Company in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset future taxable profit as the Group and the Company have a recent history of losses.

The Company has tax exempt profit of approximately RM754,000 (2011 : RM754,000) towards the payment of tax exempt dividends and based on the estimated tax credit available, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of net dividends of approximately RM171,000 (2011 : RM171,000) out of its future profit without incurring additional tax liability.

The Malaysian Budget 2008 introduced a single tier dividend system with effect from year of assessment 2008. As such, the Company is given an irrevocable option to disregard the balance of dividend franking credit that is available in order to switch to the new single tier system from the year of assessment 2008. Upon such election, the Company will only be allowed to distribute single tier exempt dividend (without tax credit attached) to shareholders and the recipient of the dividend will not be able to claim tax credit as in the previous imputation system. As at the end of the financial year, the Company has not elected to switch to the single tier tax system.

28. DEFERRED TAXATION

Presented after appropriate off setting as follows :-

	Group	
	2012	2011
	RM	RM
Deferred tax assets	(3,447,730)	(3,095,300)
Deferred tax liabilities	3,447,730	3,095,300
	-----	-----
	-	-
	=====	=====

The components of deferred tax (assets)/liabilities are as follows:

	Group	
	2012	2011
	RM	RM
Deferred tax assets		
Deductible temporary differences in respect of expenses	(5,200)	(10,200)
Unutilised tax losses	(313,400)	(212,300)
Unabsorbed capital and industrial building allowances	(847,430)	(581,900)
Unutilised reinvestment allowance	(2,281,700)	(2,290,900)
	-----	-----
	(3,447,730)	(3,095,300)
	=====	=====
Deferred tax liabilities		
Differences between the carrying amount of property, plant and equipment and its tax base	3,442,630	3,081,200
Taxable temporary differences in respect of expenses	5,100	14,100
	-----	-----
	3,447,730	3,095,300
	=====	=====

29. LOSS PER ORDINARY SHARE

Basic loss per ordinary share :-

The basic loss per ordinary share for the financial year has been calculated based on the consolidated loss after tax dividend by the weighted average number of ordinary shares outstanding (adjusted for treasury shares) during the financial year.

	Group	
	2012	Restated 2011
	RM	RM
Consolidated loss after tax	(1,555,516) =====	(4,006,562) =====
Weighted average number of ordinary shares outstanding	45,382,500 =====	45,382,500 =====
Basic loss per ordinary share (sen)	(3.43) =====	(8.83) =====

30. SEGMENTAL REPORTING

- (i) Segment information is presented in respect of the Group's business and geographical segments. The primary segment information is in respect of business segments as the Group risk and rates of return are affected predominantly by differences in the products it produces, while the secondary information is reported geographically.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise finance cost and corporate administration expenses.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

- (ii) The inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.
- (iii) Primary reporting format - Business Segment

The Group's operations comprise the following main business segments :

Manufacturing	Manufacturing tanks & related products, engineering works & fabrication works
Trading	Repairing and renting of transportable containers for hazardous chemicals
Investment	Investment holdings

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other segment information by business segments :

(a) By Activities

2012	Manufacturing tanks and related products engineering works and fabrication works	Repairing and renting of transportable containers for hazardous chemicals	Investment holdings and others	Elimination	Consolidation
Revenue	RM	RM	RM	RM	RM
External sales	20,146,464	246,320	-	-	20,392,784
Inter-segment sales	-	36,000	60,000	(96,000)	-
Total	20,146,464	282,320	60,000	(96,000)	20,392,784
Results					
Segment results (external)	(218,314)	(717,643)	(175,053)	-	(1,111,010)
Unallocated expenses	-	-	-	-	(37,484)
Interest expense	(408,324)	-	-	-	(408,324)
Foreign exchange translation difference	-	-	-	-	(23,875)
Share of results of associated company	-	-	-	-	1,302
Loss attributable to equity holders					(1,579,391)

2012	Manufacturing tanks and related products engineering works and fabrication works	Repairing and renting of transportable containers for hazardous chemicals	Investment holdings and others	Elimination	Consolidation
	RM	RM	RM	RM	RM
Other information					
Segment assets	35,075,646	861,018	2,622,455	-	38,559,119
Unallocated assets	-	-	-	-	95,353
Tax assets	36,273	-	26,409	-	62,682
Investment in associated company	29,537	-	-	-	29,537
Consolidated total assets					<u>38,746,691</u>
Segment liabilities	2,493,938	3,723	17,261	-	2,514,922
Interest bearing liabilities	7,896,856	-	-	-	<u>7,896,856</u>
Consolidated total liabilities					<u>10,411,778</u>
Capital expenditure	206,597	-	-	-	206,597
Impairment loss on property, plant and equipment	651,836	-	-	-	651,836
Depreciation and amortisation	1,108,876	71,511	31,718	-	1,212,105
Amortisation of intangible assets	37,484	-	-	-	37,484
Non-cash expenses other than depreciation and amortisation	-	-	-	-	347,597
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

Restated 2011	Manufacturing tanks and related products engineering works and fabrication works	Repairing and renting of transportable containers for hazardous chemicals	Investment holdings and others	Elimination	Consolidation
Revenue	RM	RM	RM	RM	RM
External sales	13,501,028	58,294	-	-	13,559,322
Inter-segment sales	-	-	60,000	(60,000)	-
Total	13,501,028	58,294	60,000	(60,000)	13,559,322
Results					
Segment results (external)	(3,079,005)	(129,099)	(243,688)	-	(3,451,792)
Unallocated expenses	-	-	-	-	(37,484)
Interest expense	(496,521)	-	-	-	(496,521)
Foreign exchange translation difference	-	-	-	-	47,915
Share of results of associated company	-	-	-	-	(20,765)
Loss attributable to equity holders					(3,958,647)
Other information					
Segment assets	36,280,119	1,576,103	2,616,693	-	40,472,915
Unallocated expenses	-	-	-	-	132,837
Tax assets	36,273	-	26,409	-	62,682
Investment in associated company	28,235	-	-	-	28,235
Consolidated total assets					40,696,669

Restated 2011	Manufacturing tanks and related products engineering works and fabrication works	Repairing and renting of transportable containers for hazardous chemicals	Investment holdings and others	Elimination	Consolidation
	RM	RM	RM	RM	RM
Segment liabilities	2,371,499	6,164	14,060	-	2,391,723
Interest bearing liabilities	8,390,642	-	-	-	8,390,642
Consolidated total liabilities					<u>10,782,365</u>
Capital expenditure	107,399	-	-	-	107,399
Depreciation and amortisation	1,071,725	89,707	31,718	-	1,193,150
Amortisation of intangible assets	37,484	-	-	-	37,484
Non cash expenses other than depreciation and amortisation	-	-	-	-	280,613
	=====	=====	=====	=====	=====

In determining the geographical segments of the Group, sales are based on the country in which the customer is located. There are no sales between segments. Total assets and capital expenditure are determined based on where the assets are located.

(b) By Geographical Segment

	Malaysia	The People's Republic of China	Elimination	Consolidated
2012	RM	RM	RM	RM
Revenue				
External revenue	20,392,784	-	-	20,392,784
Inter-segment revenue	96,000	-	(96,000)	-
Total revenue	<u>20,488,784</u>	<u>-</u>	<u>(96,000)</u>	<u>20,392,784</u>
Results				
Segment results	(1,070,931)	(40,079)	-	(1,111,010)
Unallocated expenses	-	-	-	(37,484)
Interest expenses	(408,324)	-	-	(408,324)
Foreign exchange translation difference	-	-	-	(23,875)
Share of result of associated company	-	-	-	1,302
Loss attributable to equity holders				<u>(1,579,391)</u>
Other information				
Segment assets	37,972,965	586,154	-	38,559,119
Unallocated assets	-	-	-	95,353
Tax assets	62,682	-	-	62,682
Investment in associated company	29,537	-	-	29,537
Consolidated total assets				<u>38,746,691</u>
Segment liabilities	2,503,266	11,656	-	2,514,922
Interest bearing liabilities	7,896,856	-	-	7,896,856
Consolidated total liabilities				<u>10,411,778</u>

(b) By Geographical Segment

	Malaysia	The People's Republic of China	Elimination	Consolidated
2012	RM	RM	RM	RM
Capital expenditure	206,597	-	-	206,597
Impairment loss on property, plant and equipment	651,836	-	-	651,836
Depreciation and amortisation	1,183,706	28,399	-	1,212,105
Amortisation of intangible assets	37,484	-	-	37,484
Non cash expenses other than depreciation and amortisation	-	-	-	347,597
	=====	=====	=====	=====
Restated 2011				
Revenue				
External revenue	13,559,322	-	-	13,559,322
Inter-segment revenue	60,000	-	(60,000)	-
	-----	-----	-----	-----
Total revenue	13,619,322	-	(60,000)	13,559,322
	=====	=====	=====	=====
Results				
Segment results	(3,394,377)	(57,415)	-	(3,451,792)
Unallocated expenses	-	-	-	(37,484)
Interest expenses	(496,521)	-	-	(496,521)
Foreign exchange translation difference	-	47,915	-	47,915
Share of result of associated company	-	-	-	(20,765)

Loss attributable to equity holders				(3,958,647)
				=====
Other information				
Segment assets	39,820,511	652,404	-	40,472,915
Unallocated assets	-	-	-	132,837
Tax assets	62,682	-	-	62,682
Investment in associated company	28,235	-	-	28,235

Consolidated total assets				40,696,669
				=====

(b) By Geographical Segment

	Malaysia	The People's Republic of China	Elimination	Consolidated
Restated 2011	RM	RM	RM	RM
Segment liabilities	2,390,667	1,056	-	2,391,723
Interest bearing liabilities	8,390,642	-	-	8,390,642
Consolidated total liabilities				<u>10,782,365</u>
Capital expenditure	107,399	-	-	107,399
Depreciation and amortisation	1,168,653	24,497	-	1,193,150
Amortisation of intangible assets	37,484	-	-	37,484
Non cash expenses other than depreciation and amortisation	-	-	-	280,613
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

31. CONTINGENT LIABILITIES

	2012	2011
Group	RM	RM
Banker's guarantee in favour of third parties	<u>546,484</u>	<u>384,204</u>
Company		
Corporate guarantee for credit facilities granted to a subsidiary company	<u>9,510,819</u>	<u>9,198,726</u>

The fair value of the corporate guarantees is estimated to be insignificant as the subsidiary companies have the ability to generate sufficient cash flows from their operation to finance their continuing operations and repay the bank borrowings.

32. FINANCIAL INSTRUMENTS**a) Financial risk management policies**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The main risks and corresponding management policies arising from the Group's normal course of business are as follows :-

i) Interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statement of financial position. It will affect the Group's income or the value of its holdings of financial instruments.

The Group's exposures to interest rate risk for changes in interest rates mainly arise from its short term borrowings and term loans. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The Group's policy is to obtain the most favorable interest rates available for its borrowings and term loans.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's loss net of tax would have been RM19,417 higher/lower, arising mainly as a result of higher/lower interest expense on floating rate loans and borrowings.

ii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk mostly on its sales and purchases that are denominated in a currency other than the functional currency of the Group. The currency giving rise to this risk is primarily Euro Dollar, Singapore Dollar, US Dollar and Seychelles Rupee.

Based on carrying amounts as at the reporting date, foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below :-

	Euro Dollar	Singapore Dollar	US Dollar	Seychelles Rupee	Total
31st December 2012	RM	RM	RM	RM	RM
Financial Assets	786	297,414	291,682	60,396	650,278
Financial Liabilities	-	-	(2,195)	-	(2,195)
	-----	-----	-----	-----	-----
Net exposure	786	297,414	289,487	60,396	648,083
	=====	=====	=====	=====	=====

	Euro Dollar	Singapore Dollar	US Dollar	Seychelles Rupee	Total
31st December 2011	RM	RM	RM	RM	RM
Financial Assets	280,859	64,365	3,769,818	135,005	4,250,047
Financial Liabilities	-	-	(31,735)	-	(31,735)
Net exposure	280,859	64,365	3,738,083	135,005	4,218,312

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after tax to a reasonable possible change in the Euro Dollar, US Dollar, Singapore Dollar and Seychelles Rupee exchange rate against the functional currency of the Group, with all other variables held constant.

	2012	2011
	RM	RM
Appreciation of Euro Dollar against RM by 5%	39	25,180
Depreciation of Euro Dollar against RM by 5%	(39)	(25,180)
Appreciation of US Dollar against RM by 5%	14,475	186,006
Depreciation of US Dollar against RM by 5%	(14,475)	(186,006)
Appreciation of Singapore Dollar against RM by 5%	14,871	3,165
Depreciation of Singapore Dollar against RM by 5%	(14,871)	(3,165)
Appreciation of Seychelles Rupee against RM by 5%	3,020	6,762
Depreciation of Seychelles Rupee against RM by 5%	(3,020)	(6,762)

iii) Liquidity Risk

The Group manages liquidity risk by maintaining sufficient working funds to enable them to meet their normal operating commitments.

The table below analyses the maturity profile of the financial liabilities (including derivative financial liabilities) of the Group based on contractual undiscounted cash flows.

	On demand or less than 1 year	More than 1 year but not later than 5 years	Total
	RM	RM	RM
<u>At 31st December 2012</u>			
Trade and other payables	2,466,449	-	2,466,449
Hire purchase payable	81,105	48,999	130,104
Short term borrowings	7,766,752	-	7,766,752
Amount owing to an associated company	48,473	-	48,473
	-----	-----	-----
	10,362,779	48,999	10,411,778
	=====	=====	=====
<u>At 31st December 2011</u>			
Trade and other payables	2,342,223	-	2,342,223
Hire purchase payable	126,066	86,945	213,011
Short term borrowings	8,177,631	-	8,177,631
Amount owing to an associated company	49,500	-	49,500
	-----	-----	-----
	10,695,420	86,945	10,782,365
	=====	=====	=====

iv) **Credit Risk**

a) Financial assets that are neither past due nor impaired

Bank balances are neither past due nor impaired. Bank balances are placed with reputable banks and financial institutions. Trade receivables that are neither past due nor impaired are substantially due from companies with a good collection track record with the Group.

b) Financial assets that are past due and/or impaired

The ageing analysis of trade receivables of the Group are as follows :

	Gross RM	Individual Impairment RM	Net RM
2012			
Not past due	1,112,214	-	1,112,214
Past due 1 – 30 days	423,866	-	423,866
Past due 31 – 60 days	113,474	-	113,474
Past due 61 – 90 days	-	-	-
Past due over 90 days	1,328,990	(56,209)	1,272,781
	-----	-----	-----
	2,978,544	(56,209)	2,922,335
	=====	=====	=====

2011	Gross RM	Individual Impairment RM	Net RM
Not past due	1,984,131	-	1,984,131
Past due 1 – 30 days	1,647,757	-	1,647,757
Past due 31 – 60 days	8,505	-	8,505
Past due 61 – 90 days	30,833	-	30,833
Past due over 90 days	1,580,628	(259,637)	1,320,991
	-----	-----	-----
	5,251,854	(259,637)	4,992,217
	=====	=====	=====

The movements in the allowance for impairment losses of trade receivables during the year were as follows:-

	2012 RM	2011 RM
At 1st January	259,637	29,637
Allowance during the year	40,572	230,000
Bad debt written off	(244,000)	-
	-----	-----
At 31st December	56,209	259,637
	=====	=====

Receivables that are neither past due nor impaired

Trade receivable that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

At the end of the reporting period, the Group has trade receivables amounting to RM1,810,121 (2011 : RM3,008,086) that are past due but not impaired. These receivables are creditworthy debtors with good payment records in the past. Directors are of the view that the balance due can be fully recovered in the near future.

v) Capital Risk

The Group's objective in managing capital is to safeguard the Group's ability to continue as a going concern.

Management monitors capital based on gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as short term borrowings plus trade and other payables plus amount owing to an associated company, hire purchase payables plus term loans less cash and cash equivalents.

Total capital is calculated as equity plus net debt.

	Group	
	2012	Restated 2011
	RM	RM
Net debt	9,397,642	9,954,502
Total equity	28,334,913	29,914,304
Total capital	----- 37,732,555 =====	----- 39,868,806 =====
Gearing ratio	24.91% =====	24.97% =====

b) Fair Values

The methods and assumptions used to estimate the fair value of each class of financial instruments are as follows :-

i) Cash and bank balances, trade and other receivables and payables, amount owing by subsidiary companies

The carrying amounts approximate fair values due to the relatively short term maturity of these financial assets and liabilities.

ii) Short term borrowings and hire purchase payables

The carrying amounts of these financial liabilities are reasonable approximation of fair values due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

c) Fair Value Hierarchy

As at 31st December 2012, there were no financial instruments carried at fair values.

33. EXPLANATION OF TRANSITION TO MFRSs

As stated in note 2.1, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in note 2 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31st December 2012, the comparative information presented in these financial statements for the financial year ended 31st December 2011 and in the preparation of the opening MFRS statement of financial position at 1st January 2011 (the Group's date of transition to MFRSs).

The transition to MFRSs does not have financial impact to the separate financial statements of the Company.

In preparing the opening consolidated statement of financial position at 1st January 2011, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous FRSs. An explanation of how the transition from previous FRSs to MFRSs has effected the Group's financial position and, financial performance is set out as follows :

Property, plant and equipment – Deemed cost exemption

Under FRSs, the Group measured its leasehold land and building at valuation. The last valuation was carried out on 28th December 2007 based on independent professional valuation on the open market value basis.

Upon transition to MFRSs, the Group elected to apply the optional exemption to use that previous revaluation as deemed cost under MFRSs. The revaluation reserve of RM630,860 and deferred taxation of RM593,500 at 1st January 2011 were reclassified to accumulated losses.

The impact arising from the change is summarised as follows :-

	FRS	Effect of transition to MFRS	MFRS
<u>Group</u>	RM	RM	RM
Consolidated statement of financial position			
<u>Equity</u>			
At 1st January 2011			
Accumulated losses	(16,209,781)	1,224,360	(14,985,421)
Revaluation reserve	630,860	(630,860)	-
<u>Non current liabilities</u>			
Deferred taxation	593,500	(593,500)	-
	=====	=====	=====
Consolidated statement of comprehensive income			
At 1st January 2011			
Taxation	7,200	(7,200)	-
	=====	=====	=====

34. RELATED PARTY DISCLOSURES

For the purpose of the financial statements of the Group and of the Company, a party is considered related to the Group and the Company if :-

- (a) directly or indirectly, the party controls, is controlled by, or is under common control within the Group;
- (b) the party is member of the key management personnel of the Group and of the Company; or
- (c) the party is a close member of the family or any individual referred to in (a) or (b) above.

The Group has a related party relationship with :-

- (a) its subsidiary and related companies;
- (b) the directors who are the key management personnel; and
- (c) the companies in which a Director has substantial interest

(i) Significant transactions with subsidiary company is as follows:

	Company	
	2012	2011
	RM	RM
Subsidiary company		
Management fees	60,000 =====	60,000 =====

(ii) Significant transactions with related parties are as follows:-

	Group	
	2012	2011
	RM	RM
A company in which a Director, Ho Cheng San has substantial interest		
Crystal Bond Sdn.Bhd. Rental of premises	96,000	96,000
A company in which Hoo Shet Wan, the sister of Ho Cheng San has substantial interest		
Marvellous Production Sdn.Bhd. Rental of premises	336,000 =====	336,000 =====

(iii) Compensation of key management personnel:-

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of entity, including any Director of the Company.

The remuneration of the key management personnel are as follows:-

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Short term employee benefits	458,700	422,400	67,500	72,000
Post-employment benefits	47,387	42,491	-	-
	-----	-----	-----	-----
	506,087	464,891	67,500	72,000
	=====	=====	=====	=====

The Directors are of the opinion that the above transactions were carried out on terms and conditions not materially different from those obtainable in transactions with unrelated parties.

35. DISCLOSURE OF REALISED OR UNREALISED ACCUMULATED LOSSES

	Group		Company	
	2012	Restated 2011	2012	2011
	RM	RM	RM	RM
Group and subsidiaries company				
Accumulated losses				
- realised	(20,407,985)	(18,967,583)	(15,958,909)	(15,886,967)
- unrealised	(9,750)	106,666	-	-
Associated company				
- realised	(129,764)	(131,066)	-	-
	-----	-----	-----	-----
Total consolidated accumulated losses	(20,547,499)	(18,991,983)	(15,958,909)	(15,886,967)
	=====	=====	=====	=====

The disclosure of realised and unrealised profit or losses is solely complied in accordance to the Malaysian Institute of Accountants Guidance of Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements.

The disclosure of realised and unrealised profits and losses is solely for the purposes of disclosure requirements of Bursa Securities Malaysia Berhad Listing Requirements.

Company No.

399442 A

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**CN ASIA CORPORATION BHD.
(Incorporated in Malaysia)**

FINANCIAL STATEMENTS – 31ST DECEMBER 2012

**STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965**

We, HO CHENG SAN and LEE LAM, being two of the directors of CN ASIA CORPORATION BHD., do hereby state on behalf of the directors that, in our opinion the financial statements set out on pages 9 to 66 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirement of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31ST DECEMBER 2012 and of the results, changes in equity and cash flows of the Group and of the Company for the year ended on that date.

The information set out in Note 35 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed at Selangor this day of 24 APR 2013

On behalf of the Board



HO CHENG SAN



LEE LAM

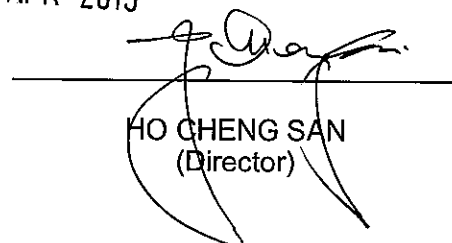
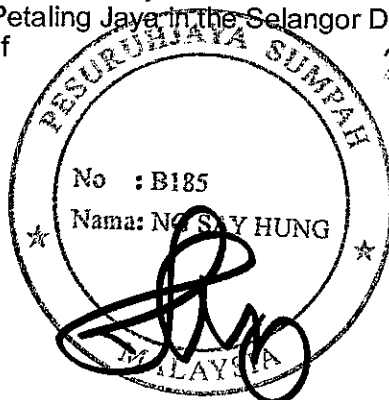
**STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, HO CHENG SAN, being the director primarily responsible for the financial management of CN ASIA CORPORATION BHD., do solemnly and sincerely declare that the financial statements set out on pages 9 to 66 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared at Petaling Jaya in the Selangor D.E.
this day of

24 APR 2013

Before me,



HO CHENG SAN
(Director)

No. 9-3, Jalan PJS 8/4,
Bandar Sunway, 46150
Petaling Jaya, Selangor D.E.