

CNI HOLDINGS BERHAD

(Company No. : 181758-A)

**CONDENSED CONSOLIDATED INCOME STATEMENTS (AMENDED)
FOR THE SECOND QUARTER ENDED 30 JUNE 2005**

	Individual		Cumulative	
	Current Year Quarter 30-Jun-05 (Unaudited) RM '000	Preceeding Year Quarter 30/06/2004* (Unaudited) RM '000	Current Year To Date 30-Jun-05 (Unaudited) RM '000	Preceeding Year To Date 30/06/2004* (Unaudited) RM '000
Revenue	56,943	N/A	126,587	N/A
Operating profit	10,159	N/A	26,310	N/A
Financing costs	(22)	N/A	(25)	N/A
Interest income	237	N/A	516	N/A
Share of profit of associate	-	N/A	0	N/A
Profit before taxation	10,374	N/A	26,801	N/A
Tax Expense	(1,955)	N/A	(6,532)	N/A
Profit after taxation	8,419	N/A	20,269	N/A
Minority interests	-	N/A	0	N/A
Net Profit for the period	8,419	N/A	20,269	N/A

Net Earnings per share(sen) 1.40 N/A 3.38 N/A

* No comparative figures are available as this is the second quarterly report prepared by the Company to Bursa Malaysia Securities Berhad in compliance with the listing requirement.

The notes set out on pages 5 to 12 form an integral part of, and should be read in conjunction with, this interim financial report

CNI HOLDINGS BERHAD

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**CONDENSED CONSOLIDATED BALANCE SHEETS (AMENDED)
FOR THE SECOND QUARTER ENDED 30 JUNE 2005**

	As at end of Current Year Quarter 30-Jun-05 (Unaudited) RM '000	As at preceding Financial Year Ended 30/06/2004* RM '000
NON CURRENT ASSET		
PROPERTY, PLANT AND EQUIPMENT	67,565	N/A
INVESTMENT PROPERTIES	8,356	N/A
CAPITAL WORK IN PROGRESS	9	N/A
GOODWILL ARISING FROM CONSOLIDATION	123	N/A
TAX ASSET	2,085	N/A
	78,138	N/A
CURRENT ASSETS		
INVENTORIES & GOODS IN TRANSIT	27,334	N/A
TRADE & OTHER RECEIVABLES, DEPOSIT & PREPAYMENT	13,824	N/A
TAX RECOVERABLE	48	N/A
FIXED DEPOSITS & REPO	2,610	N/A
CASH IN BANK & CASH IN HAND	4,097	N/A
	47,913	N/A
LESS : CURRENT LIABILITIES		
TRADE PAYABLES & OTHER PAYABLES & ACCRUAL	23,284	N/A
PROVISION FOR TAXATION	1,360	N/A
PROVISION & CONT. LIABILITIES	325	N/A
SHORT TERM BORROWINGS	1,859	N/A
	26,828	N/A
NET CURRENT ASSETS / (LIABILITIES)	21,085	N/A
	99,223	N/A
CAPITAL AND RESERVES		
ORDINARY SHARE CAPITAL	60,000	N/A
RESERVES	24,871	N/A
FOREIGN CURRENCY TRANSLATION	(38)	N/A
SHAREHOLDERS' EQUITY	84,833	N/A
NON CURRENT LIABILITIES		
REFUNDABLE DEPOSIT	4,634	N/A
LONG TERM BORROWINGS	195	N/A
PROVISION FOR RETIREMENT BENEFIT	9,561	N/A
	99,223	N/A
Net Tangible Assets	84,710	N/A
Net Tangible Assets per share (RM)	0.14	N/A

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The notes set out on pages 5 to 12 form an integral part of, and should be read in conjunction with, this interim financial report

CNI HOLDINGS BERHAD**(Company No. : 181758-A)****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (AMENDED)
FOR THE SECOND QUARTER ENDED 30-Jun-05**

		SHARE CAPITAL RM '000	SHARE PREMIUM RM '000	CAPITAL RESERVE RM '000	RESERVE ON CONSOLIDATION RM '000	TRANSLATION RESERVE RM '000	RETAINED PROFITS RM '000	TOTAL RM '000
GROUP								
As at	01-Jan-05	2,697	5,705	22,100	694	(75)	33,406	64,527
Issuance of bonus share		57,303	(4,205)	(22,100)	-	-	(30,998)	-
Foreign exchange translation difference		-	-	-	-	37	-	37
Net profit for the period		-	-	-	-	-	20,269	20,269
Interim dividends		-	-	-	-	-	-	-
As at	30-Jun-05	60,000	1,500	-	694	(38)	22,677	84,833

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CNI HOLDINGS BERHAD (Company No.: 181758-A)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT (AMENDED)
FOR THE SECOND QUARTER ENDED 30 JUNE 2005**

	Unaudited RM'000
Cash flow from operating activities	
Profit before taxation	26,801
Adjustment for:	
Non-cash items	2,460
Interest income	(516)
Interest paid	28
Operating profit before working capital changes	<u>28,773</u>
Changes in working capital	
Decrease in inventories	6,598
Increase in receivables	(790)
Decrease in payables	(6,613)
Cash generated from operations	<u>27,968</u>
Interest income	516
Interest paid	(28)
Tax paid	(7,689)
Net cash generated from operating activities	<u>20,767</u>
Cash flows from investing activities	
Proceeds from disposal of property, plant and equipment	642
Capital work-in-progress incurred	(9)
Purchase of property, plant and equipment	(10,887)
<i>Net cash outflow from investing activities</i>	(10,254)
Cash flows from financing activities	
Repayment of short term borrowings	(114)
Dividend paid	(42,332)
<i>Net cash outflow from financing activities</i>	(42,446)
Net increase in cash and cash equivalent	(31,933)
Cash and cash equivalent at beginning of the period	35,985
Effect of foreign exchange rate changes on cash balances	329
Cash and cash equivalent at end of the period	<u>4,381</u>
Cash and cash equivalent included in the condensed consolidated cash flow statement comprise the following:	
Cash at bank and in hand	4,097
Cash deposits with licensed banks	2,610
Bank overdraft	(1,797)
	<u>4,910</u>
Less: Fixed deposits under lien	(529)
Cash and cash equivalents	<u>4,381</u>

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**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2005.**

A. DISCLOSURE REQUIREMENTS AS PER FINANCIAL REPORTING STANDARDS (“FRS”) 134 (FORMERLY KNOWN AS MALAYSIAN ACCOUNTING STANDARDS BOARD (“MASB”) 26)

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with FRS 134: Interim Financial Reporting and Chapter 9 Part K of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2004.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the preparation of the consolidated pro-forma financial information presented in the prospectus of the company dated 28th June 2005.

A2. Audit Report of Preceding Annual Financial Statements

The auditors’ report of the annual financial statements of the Group for the financial year ended 31 December 2004 was not subject to any qualification.

A3. Seasonal or Cyclical Factors

There were no major seasonal or cyclical factors that affected operations.

A4. Unusual items affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual due to their nature, size or incidence during the quarter under review.

A5. Material Changes in Estimates

There were no material changes in estimate as compared to the preceding quarter.

A6. Debts and Equity Securities

Share Split

On 1 June 2005, the Company undertook a share split which involved a change in the par value of the company’s ordinary share from RM1.00 into RM0.10 each, by way of sub-division of the par value for each existing ordinary share of RM1.00 in

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the Company. Accordingly, the issued and paid-up share capital of the Company changed from RM2,697,000 comprising 2,697,000 ordinary shares of RM1.00 each to RM2,697,000 comprising 26,970,000 ordinary shares of RM0.10 each (“Share”).

Bonus Issue

On 2 June 2005, the Company allotted and issued 573,030,000 new Shares, credited as fully paid-up on the basis of 57,303 new Shares for every 2,697 existing Shares held by capitalising a total of RM57,303,000 from the revaluation reserves, share premium reserves and retained earnings of the Company.

On 4 August 2005, the entire issued and paid-up share capital of the company comprising 600,000,000 Shares were quoted on the Main Board of the Bursa Malaysia Securities Berhad.

A7. Dividend Paid

On 29 April 2005, the Company had paid an interim dividend of RM21.80 per ordinary share of RM1.00 each less 28% tax amounting to RM42,332,112 for the financial year ended 31 December 2004.

A8. Segmental Reporting

	Six (6) months ended 30/06/05 (RM'000)
Revenue	
Multi-level Marketing	120,078
Contract Manufacturing	6,313
Others	196
Total Revenue	<u><u>126,587</u></u>

A9. Valuations of Property, Plant and Equipment

The valuation of property, plant & equipment have been brought forward, without amendments from the audited financial statements for the financial year ended 31 December 2004.

A10. Event subsequent to the End of the Period

Save for those stated in note B8, there were no material events subsequent to the reporting period up to 22 August 2005 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) which have not been reflected in the financial statement for the quarter under review.

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A11. Change in Group / Capital Structure

There were no changes in the composition of the Company/Group including business combination, acquisition or disposal of subsidiaries and long term investment, restructuring & discontinuing operations during the quarter under review.

A12. Contingent Liabilities

Save as disclosed in the Company's Prospectus dated 28th June 2005, there were no material contingent liabilities as at 22 August 2005.

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B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B1. Review of Performance

During the reporting quarter, the Group's recorded revenue of RM56.94 million contributed mainly from multi-level marketing sales of health care and consumer products and contract manufacturing. Accumulatively, the Group recorded revenue of RM126.59 million for the 6 months period ended 30 June 2005 ("cumulative quarter").

The Group achieved a profit before taxation ("PBT") and profit after taxation ("PAT") of RM10.37 million and RM8.4 million respectively during the reporting quarter. Accumulatively, the Group achieved a PBT and PAT of RM26.80 million and RM20.27 million for the cumulative quarters.

B2. Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter

The group recorded a decrease in gross sales revenue and correspondingly the profit before tax mainly due to the following reasons:

- a) Increase in the selling prices for certain products effective from April 2005 resulting in higher sales in the previous quarter.
- b) Counter actions taken by the company to reduce the impact of price-cutting sales and to promote healthy sales practices
- c) Lesser promotional campaigns held in the current quarter in conjunction with (b) above.

B3. Current Year Prospects

The Group has embarked on aggressive marketing campaign to boost distributors' productivity and other counter measurements including the introduction of consistent and systematic training programs to keep the distributors abreast with new products information and the latest sales techniques. The management is of the opinion that its dedicated, efficient and trained distributors will work towards to sustain the growth of the company.

B4. Variances from Profit Forecasts and Profit Guarantee

Explanatory notes for the variance of actual results against the profit forecast are not applicable as these are only required to be presented in the fourth quarter report ending 31 December 2005.

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B5. Taxation

The breakdown of tax charge for the current quarter and financial year to date are as follows:

Tax charge	Current Quarter RM'000	Current Financial Year to Date RM'000
Current quarter/year provision	3,671	7,658
Under/(Over) provision in previous year	0	0
Transfer to/ (from) deferred taxation	(1,716)	(1,126)
Total	1,955	6,532

The effective tax rate of the Group is lower than the statutory tax rate mainly due to tax incentives enjoyed by certain subsidiary companies and utilization of unabsorbed losses brought forward.

B6. Sale of unquoted investment and/or properties

There were no disposals of investments during the quarter under review.

The gain and loss on disposal of fixed assets for the quarter under review amounted to RM290,020.16 and RM8,766.66 respectively.

B7. Purchase and Disposal of Quoted Securities

There was no purchase or disposal of quoted securities by the Group for the current quarter under review.

B8. Status of Corporate Proposal

On 4 August 2005, the Company was admitted to the official list of Bursa Malaysia Securities Berhad and the entire issued and paid-up Shares capital of the Company comprising of 600,000,000 ordinary shares of RM0.10 each were listed and quoted on the Main Board of the Bursa Malaysia Securities Berhad.

B9. Group Borrowings and Debt Securities (RM'000)

Long term borrowings (Secured) 195

B10. Off Balance Sheet Financial Instruments

There were no material financial instruments with off balance sheet risk as at 22 August 2005 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

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B11. Material Litigation

- (i) Exclusive Mark (M) Sdn Bhd, a wholly owned subsidiary of the Company (“EM”) had on 11 December 2003 filed a suit against Titular Roman Catholic Archbishop of Kuala Lumpur (“the Defendant”) for trespass on EM’s property known as Lot 172, Hicom-Glenmarie Industrial Park, Shah Alam (“Lot 172”) and commencement of construction thereon. Lot 172 is currently subject to compulsory acquisition by the Selangor State Government but EM has not received any notice from the relevant land office in respect of the award of compensation for or the taking of formal possession of Lot 172 by the relevant authorities.

The application for pretrial case management was filed and was due to be heard on 18 January 2005. However on the said date, the case was not listed. The case was however listed for mention together with the matter listed as (ii) below on 3 March 2005. The matter has been fixed for mention on 22 August 2005 together with the matter listed (ii) below.

According to EM’s solicitors, the outcome of this case is therefore dependent on the outcome of the matter disclosed under (ii) below.

- (ii) Further to the litigation matter in (i) above, EM had on 23 December 2003 filed an application for judicial review at the Shah Alam High Court in relation to the compulsory acquisition of Lot 172. The court had heard the application for leave of judicial review on 4 February 2004 and had granted EM leave for hearing of the substantive application.

The matter came up for mention on 3 March 2005. On the application of the Federal Counsel, the matter was adjourned to 22 August 2005 pending settlement between the parties. EM’s solicitors had also received the original letter of undertaking from the Land Administrator dated 10 December 2004 undertaking that no acquisition process or alienation of Lot 172 will be made pending the decision or such further order of the Shah Alam High Court.

The Directors are of the opinion that EM would be able to arrive at an amicable settlement with Pejabat Tanah dan Galian and the Land Administrator (Petaling).

- (iii) A suit was filed at the Kota Bahru High Court against CNI Enterprise (M) Sdn Bhd, a wholly owned subsidiary of the Company (“CNIE”) by Mohammad Zamri Bin Wan Chik (“Zamri”) on 5 February 2005 for his alleged wrongful termination as CNIE’s distributor and sales point operator. Zamri is seeking for a declaration that the said termination is null and void and is claiming for special damages amounting to RM16,238,812.32 general damages and exemplary damages from CNIE. Zamri’s application for an interlocutory injunction against CNIE to prohibit CNIE from terminating his appointment was heard on 1 March 2005 and dismissed with costs. CNIE has on 27 February 2005 filed its defence and counterclaim

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(which was subsequently amended on 11 March 2005 due to typographical errors) and sought for an injunction to restrain Zamri against (i) threatening its distributors; (ii) distributing its products and (iii) holding himself out as its distributor and sales point operator and counterclaiming for damages amounting to RM129,746.36, general damages, exemplary damages, interest and costs. Zamri's reply and defence to the counterclaim was received by CNIE's solicitors on 11 March 2005. The first case management was heard on 6 July 2005 and the learned Judge has given directions to the parties pertaining to the pre-trial preparations. The matter is fixed for the second pre-trial management on 23rd November 2005.

According to CNIE's solicitors, CNIE terminated Zamri's appointment on the grounds of breach of the Distributor's Rules and Regulations and CNIE has proof of the said breach. If the Court accepts the fact, the Zamri's claim would fail.

B12. Dividend

An interim dividend of 2.5 sen per share less 28% income tax has been declared on 22 August 2005, based on the existing share capital of 600,000,000 ordinary share of RM0.10 each.

In respect of deposited securities, entitlement to the interim dividend will be determined based on shareholders registered in the record of depositors as at 30 September 2005. The payment date is 28 October 2005.

B13. Earnings Per Share

(a) Earning per share

The basic earnings per share for the current quarter under review and cumulative year to-date are computed as follow:-

	Current Year Quarter 30-Jun-05	Curent Year To-date 30-Jun-05
	(RM000)	(RM000)
Profit after taxation and minority interest (RM)	8,419	20,269
Number of ordinary share	600,000,000	600,000,000
Basic earnings per ordinary share (sen)	1.40	3.38

(b) Diluted earnings per share

There are no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the current quarter.

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By order of the Board,
CNI HOLDINGS BERHAD

(Dr) Koh Peng Chor
Group Executive Chairman & Chief Executive Officer
Date: 20 September 2005