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

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2005

	Individual		Cumulative	
	Current Year Quarter 30-Sep-05 (Unaudited) RM '000	Preceeding Year Quarter 30-Sep-04* (Unaudited) RM '000	Current Year To Date 30-Sep-05 (Unaudited) RM '000	Preceeding Year To Date 30-Sep-04* (Unaudited) RM '000
Revenue	59,257	N/A	185,845	N/A
Operating profit	10,365	N/A	36,678	N/A
Financing costs	(38)	N/A	(66)	N/A
Interest income	161	N/A	677	N/A
Share of profit of associate	-	N/A	0	N/A
Profit before taxation	10,488	N/A	37,289	N/A
Tax Expense	(2,927)	N/A	(9,459)	N/A
Profit after taxation	7,561	N/A	27,830	N/A
Minority interests	-	N/A	0	N/A
Net Profit for the period	7,561	N/A	27,830	N/A
Net Earnings per share(sen)	1.26	N/A	4.64	N/A

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

The notes set out on pages 5 to 11 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 BALANCE SHEETS
AS AT 30 SEPTEMBER 2005

	As at end of Current Year Quarter 30-Sep-05 (Unaudited)	As at preceeding Financial Year Ended 30-Sep-04*
	RM '000	RM '000
NON CURRENT ASSET		
PROPERTY, PLANT AND EQUIPMENT	67,429	N/A
INVESTMENT PROPERTIES	8,356	N/A
CAPITAL WORK IN PROGRESS	13	N/A
GOODWILL ARISING FROM CONSOLIDATION	123	N/A
	75,921	N/A
CURRENT ASSETS		
INVENTORIES & GOODS IN TRANSIT	29,329	N/A
TRADE & OTHER RECEIVABLES, DEPOSIT & PREPAYMENT	12,736	N/A
TAX RECOVERABLE	48	N/A
PROVISION FOR TAXATION	1,265	N/A
DEFERRED TAXATION	1,807	N/A
FIXED DEPOSITS & REPO	8,710	N/A
CASH IN BANK & CASH IN HAND	2,209	N/A
	56,104	N/A
LESS : CURRENT LIABILITIES		
TRADE PAYABLES & OTHER PAYABLES & ACCRUAL	21,691	N/A
DIVIDEND PAYABLE	10,800	
PROVISION & CONT. LIABILITIES	2,001	N/A
SHORT TERM BORROWINGS	355	N/A
BANK OVERDRAFT	2,319	
	37,166	N/A
NET CURRENT ASSETS / (LIABILITIES)	18,938	N/A
	94,859	N/A
CAPITAL AND RESERVES		
ORDINARY SHARE CAPITAL	60,000	N/A
RESERVES	20,132	N/A
FOREIGN CURRENCY TRANSLATION	(11)	N/A
SHAREHOLDERS' EQUITY	80,121	N/A
NON CURRENT LIABILITIES		
REFUNDABLE DEPOSIT	4,685	N/A
LONG TERM BORROWINGS	205	N/A
PROVISION FOR RETIREMENT BENEFIT	9,848	N/A
	94,859	N/A
Net Tangible Assets	79,998	N/A
Net Tangible Assets per share (RM)	0.13	N/A

* No comparative figures are available as it is the third quarterly report prepared by the Company to Bursa Malaysia Securities Berhad in compliance with the Listing Requirements.

The notes set out on pages 5 to 11 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
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2005

	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 January 2005	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	-	-	-	-	64		64
IPO expenses		(1,500)	-	-			(1,500)
Net profit for the period	-	-	-	-		27,830	27,830
Interim dividends	-	-	-	-		(10,800)	(10,800)
As at 30 September 2005	60,000	-	-	694	(11)	19,438	80,121

The notes set out on pages 5 to 11 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 CASH FLOW STATEMENT
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2005

	Unaudited RM'000
Cash flow from/(for) operating activities	
Profit before taxation	37,289
Adjustment for:	
Depreciation	3,310
Retirement benefits expenses	859
Gain on sale of property, plant and equipment	(280)
Property, plant and equipment written off	11
Bad debts written off	11
Unrealised loss on foreign exchange	81
Interest income	(677)
Interest paid	66
Operating profit before working capital changes	40,670
Changes in working capital	
Decrease in inventories	4,604
Decrease in receivables	298
Decrease in payables	(6,458)
Cash generated from/(for) operations	39,114
Interest income	677
Interest paid	(66)
Tax paid	(12,963)
Net cash generated from/(for) operating activities	26,762
Cash flows from/(for) investing activities	
Proceeds from disposal of property, plant and equipment	779
Purchase of property, plant and equipment	(12,219)
Expenses relating to IPO activities	(1,500)
Net cash outflow from investing activities	(12,940)
Cash flows from/(for) financing activities	
Repayment of short term borrowings	(1,854)
Proceed from bank borrowings	2,033
Dividend paid	(42,332)
	(42,153)
Net increase in cash and cash equivalent	**(28,331)**
Cash and cash equivalent at beginning of the period	35,985
Effect of foreign exchange rate changes on cash balances	417
Cash and cash equivalent at end of the period	**8,071**

Cash and cash equivalent included in the condensed consolidated cash flow statement comprise the following:

Cash at bank and in hand	2,209
Cash deposits with licensed banks	8,710
Bank overdraft	(2,319)
	8,600
Less Fixed deposits under lien	(529)
Cash and cash equivalents	**8,071**

The notes set on pages 5 to 11 form an integral part of, and
should be read in conjunction with, this interim financial report

NOTES TO THE <u>INTERIM FINANCIAL REPORT</u>
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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

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

See Note B12 for the Interim Dividend.

A8. Segmental Reporting

	Nine (9) months ended 30/09/05
Revenue	(RM'000)
Multi-level Marketing	174,777
Contract Manufacturing	10,777
Others	291
Total Revenue	185,845

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

There is no material event subsequent to the reporting period up to 21 November 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.

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 has been no material change to the contingent liabilities as at 21 November 2005.

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

B1. Review of Performance

For the reporting quarter, the Group's recorded revenue of RM59.26 million was contributed mainly from multi-level marketing sales of health care and consumer products and contract manufacturing. Accumulatively, the Group recorded revenue of RM185.85 million for the 9 months period ended 30 September 2005 ("cumulative quarter").

The Group achieved a profit before taxation ("PBT") and profit after taxation ("PAT") of RM10.49 million and RM7.56 million respectively for the reporting quarter. Accumulatively, the Group achieved a PBT and PAT of RM37.29 million and RM27.83 million for the cumulative quarters.

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

For the current quarter under review, the Group recorded a consolidated revenue of RM59.26 million and PBT of RM10.49 million as compared to RM56.94 million and PBT of RM 10.37 million in the preceding quarter. The increase in revenue was mainly attributed to higher sales in the "contract manufacturing" segments due to increase in sales order and gains in new customers from contract manufacturing. The increase in PBT was correspondent to the increase in revenue, however, the ratio is slightly decreased compared to preceding quarter, due to the charge out of the IPO expenses in the current quarter.

B3. Current Year Prospects

Malaysia's domestic economic growth for year 2005 is expected to be lower in the midst of high oil price, anticipating rising interest rate and moderate inflation.

The Group has made necessary preparations to face the expected challenge by embarking on aggressive marketing campaign to boost its distributors' productivity and introducing a consistent and systematic training programs so as to equip its distributors with the latest product information and sales techniques.

With the dedicated, efficient and trained distributors and workforce, the Board of Directors is cautious but optimistic that the Group will continue to perform profitably in the next quarter

B4. Variances from Profit Forecasts and Profit Guarantee

The group's actual PAT for the cumulative three quarters was lower then the forecasted PAT for the corresponding period due mainly to lower sales revenue. The affecting factors are:

Internal Factors:-

(a) Delay in the launch of certain new products

(b) Counter actions taken by the company to reduce the impact of price-cutting sales and to promote healthy sales practice.

(c) In the effort to promote long term healthy sales practices and improve the quality and productivity of its distributors, management increased the qualification for entitlements to certain commissions. This has affected the company's short term performance and correspondingly, in reducing the number of new recruitments.

External Factors:-

(a) Lower than expected economic conditions and purchasing power in Malaysia

(b) Intense competition of coffee-based products

(c) Lower than expected enlistment of new distributors.

In response, the management has taken the following action :-

(i) Conducting discussions with top sales leaders to provide them with better understanding of the necessity to implement healthy sales practices as stated in Internal Factors (b) and (c) above,

(ii) Setting up of more strategic distribution centres and sales points and increase market coverage and penetration,

(iii) To organize productivity drive campaigns with the objective of rewarding distributors and give recognition to their achievement,

(iv) Launching of business education programs for distributors to standardise business and training programs and to ensure conformity of the company's accepted business standards with the company's training objectives,

(v) To encourage aggressive tours and factory visits to gain confidence and inside awareness of the CNI Group and

(vi) To roll out a variety of new products as planned.

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	2,647	10,305
Under/(Over) provision in previous year	0	0
Transfer to/ (from) deferred taxation	280	(846)
Total	**2,927**	**9,459**

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 and/or properties, plant and equipment during the quarter under review.

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

There is no corporate proposal announced as at the date of this report.

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

Long term borrowings (Secured)	205

B10. Off Balance Sheet Financial Instruments

There were no material financial instruments with off balance sheet risk as at 21 November 2005 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

B11. Material Litigation

(i) Exclusive Mark (M) Sdn Bhd ("EM"), a wholly owned subsidiary of the Company 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 and taking of formal possession of Lot 172 by the relevant authorities.

The pretrial case management has been adjourned and is fixed for mention on 17 April 2006 pending settlement of the matter listed in (ii) below.

(ii) 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 has been adjourned for mention on 17 April 2006 pending settlement.

(iii) A suit was filed at the Kota Bahru High Court against CNI Enterprise (M) Sdn Bhd ("CNIE"), a wholly owned subsidiary of the Company by Mohammad Zamri Bin Wan Chik ("Zamri") on 5 February 2005 for alleged wrongful termination as CNIE's distributor and sales point operator. Zamri is seeking 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 filed its defence and counterclaim. 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.

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 has been determined based on shareholders registered in the record of depositors as at 30 September 2005. The payment date was 28 October 2005.

B13. Earnings Per Share

(a) Earnings 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-Sep-05	Curent Year To-date 30-Sep-05
	(RM'000)	(RM'000)
Profit after taxation and minortiy interest (RM)	7,561	27,830
Number of ordinary share	600,000,000	600,000,000
Basic earnings per ordinary share (sen)	**1.26**	**4.64**

(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.

By order of the Board,
CNI HOLDINGS BERHAD

Dato' (Dr) Koh Peng Chor
Group Executive Chairman & Chief Executive Officer
Date: 21 November 2005