

CNI HOLDINGS BERHAD

(Company No. : 181758-A)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**For the First Quarter Ended 31 March 2007**

	Individual Period		Cumulative Period	
	31-Mar-07 Unaudited RM '000	31-Mar-06 Unaudited RM '000	31-Mar-07 Unaudited RM '000	31-Mar-06 Unaudited RM '000
Continuing Operations				
Revenue	45,730	52,855	45,730	52,855
Operating profit	7,130	11,158	7,130	11,158
Financing costs	(65)	(68)	(65)	(68)
Interest income	208	66	208	66
Share of profit of associate	-	-	-	-
Profit before tax	7,273	11,156	7,273	11,156
Taxation	(2,031)	(2,730)	(2,031)	(2,730)
Profit for the period	5,242	8,426	5,242	8,426
Attributable to :				
Shareholders of the Company	5,242	8,426	5,242	8,426
Minority interests	-	-	-	-
Profit after tax for the period	5,242	8,426	5,242	8,426
Earnings per share(sen)				
Basic	0.73	1.17	0.73	1.17
Diluted	NA	NA	NA	NA

Notes :-

1) NA denotes "Not Applicable"

2) EPS for first quarter ended 31 March 2006 was restated based on 720,000,000 ordinary shares of RM0.10 each.

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements

CNI HOLDINGS BERHAD

(Company No. : 181758-A)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 MARCH 2007

	Unaudited As at 31/3/2007 RM '000	Audited As at 31/12/2006 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	56,181	56,707
Investment properties	9,965	9,965
Capital work in progress	0	0
Intangible assets	2	2
Deferred tax assets	1,886	1,912
	<u>68,034</u>	<u>68,586</u>
Current assets		
Inventories	21,862	22,839
Receivables	14,893	15,109
Assets for sale	5,059	5,259
Other investment	12,203	15,048
Tax assets	205	0
Cash and bank balances	16,675	17,867
	<u>70,897</u>	<u>76,122</u>
TOTAL ASSETS	<u>138,931</u>	<u>144,708</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
Share capital	72,000	72,000
Treasury shares	-560	-527
Other reserves	676	702
Retained earnings	18,662	21,291
Total equity	<u>90,778</u>	<u>93,466</u>
Non-current liabilities		
Borrowings	0	215
Hire purchase payable	19	0
Retirement benefit obligation	11,665	11,422
Deferred tax liabilities	4,304	1,389
	<u>15,988</u>	<u>13,026</u>
Current liabilities		
Payables	21,685	23,614
Dividend payable	0	7,874
Current tax payables	(5,018)	131
Provision & cont. Liabilities	1,498	182
Hire purchase payable	4	0
Borrowings	409	569
Liability directly associated with assets held for sale	4,147	4,549
Bank overdraft	9,440	1,397
	<u>32,165</u>	<u>38,316</u>
Total liabilities	<u>48,153</u>	<u>51,342</u>
TOTAL EQUITY AND LIABILITES	<u>138,931</u>	<u>144,808</u>
Net Assets	90,778	93,466
Net Assets per share (RM)	0.13	0.13

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31

December 2006 and the accompanying explanatory notes attached to the interim financial statements

CNI HOLDINGS BERHAD

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the First Quarter Ended 31 March 2007

	Share Capital RM '000	Treasury Share RM '000	Reserves		Retained Earnings RM '000	Total Equity RM '000
			Non distributable Reserve on Consolidation RM '000	Translation Reserve RM '000		
As at 1 January 2006	60,000		694	(127)	22,286	82,853
As previously reported						-
Effects of adopting FRS 3			(694)		694	-
	60,000	-	-	(127)	22,980	82,853
Foreign exchange translation difference				136		136
Net profit for the period					25,359	25,359
Issuance of bonus share	12,000				(12,000)	-
Purchase of treasury Share		(527)				(527)
Interim dividends					(14,354)	(14,354)
As at 31-Dec-06	72,000	(527)	-	9	21,985	93,467
As at 1 January 2007	72,000	(527)	-	9	21,985	93,467
Foreign exchange translation difference				(27)		(27)
Net profit for the period					5,242	5,242
Issuance of bonus share	-				-	-
Purchase of treasury Share		(33)				(33)
Interim dividends					(7,871)	(7,871)
As at 31-Mar-07	72,000	(560)	-	(18)	19,356	90,778

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements

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

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the First Quarter Ended 31 March 2007

	First quarter ended	
	31-Mar-07 RM'000 (Unaudited)	31-Dec-06 RM'000 (Audited)
Net cash generated from operating activities	4,982	32,989
Net cash used in investing activities	(610)	(16,256)
Net cash used for financing activities	(16,456)	(7,661)
Net increase in cash and cash equivalent	(12,084)	9,072
Effects of foreign exchange rate changes	4	288
Cash and cash equivalent at beginning of financial period	19,315	7,115
Effects of exchange rate changes on cash and cash equivalents		(5)
Cash and cash equivalent at end of financial period	<u>7,235</u>	<u>16,470</u>

Cash and cash equivalent at the end of the financial period comprise the following:

	As at	As at
	31-Mar-07 RM'000	31-Dec-06 RM'000
Cash and bank balances	16,675	17,867
Bank overdraft	(9,440)	(1,397)
Cash and cash equivalents	<u>7,235</u>	<u>16,470</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (“FRS”) 134

A1. Basis of Preparation

The interim financial report has been prepared in accordance with the reporting requirements outlined in the Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting and Paragraph 9.22 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 2006.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2006.

A2. Audit Report on Preceding Annual Financial Statements

There was no audit qualification on the audit report of the Company’s audited financial statements for the financial year ended 31 December 2006.

A3. Seasonal or Cyclical Factors

The group’s performance is affected by seasonal or cyclical events on quarter-to-quarter basis; the demand may be skewed towards the major festivities such as Hari Raya Puasa and Chinese New Year, which normally occur at the beginning and end of the calendar year. This pattern is in line with the forecast and expectation of the Group.

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows 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 or previous financial year.

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Unaudited Financial Results of the Group for the First Quarter Ended 31 March 2007

A6. Debts and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review except for the repurchased of 63,000 of the Company's issued ordinary shares from the open market at an average price of RM0.52 per share. The total consideration paid for the repurchase including transaction costs was RM32,666 and this was financed by internally generated funds. The shares repurchased were being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

As at 31 March 2007, the number of treasury share held is 1,182,300 ordinary shares.

A7. Dividend Paid

On 19 January 2007, the Company had paid an interim dividend of RM0.015 per share of RM0.10 each less 27% tax, which amounted to RM7,873,684 in respect of the financial year ended 31 December 2006.

A8. Segmental Reporting

	Current Quarter	Year to-date
	31-Mar-07	31-Mar-07
	(RM'000)	(RM'000)
Revenue		
Multilevel Marketing	42,278	42,278
Contract Manufacturing	3,315	3,315
Investment Holding	123	123
E-commerce	14	14
Total Revenue	45,730	45,730

A9. Valuations of Property, Plant and Equipment

The property, plant and equipment, which are stated at revalued amounts, have been brought forward without amendments from the audited financial statements for the financial year ended 31 December 2006.

A10. Events Subsequent to the End of the Period

Save as disclosed in B8, there were no material events subsequent to the reporting period up to 23 May 2007 (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 statements for the quarter under review.

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Unaudited Financial Results of the Group for the First Quarter Ended 31 March 2007

A12. 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.

A13. Contingent Liabilities

Save as disclosed below, there were no contingent liabilities as at 23 May 2007:

- (a) Additional tax liabilities of RM652,393 imposed by Inland Revenue Board for Year of Assessment 1996 to 2000 not accounted for in the financial statements pending appeal by the subsidiary company.
- (b) Corporate guarantees of RM30.5 millions for banking facilities granted to its subsidiaries.

A14. Capital Commitments

The outstanding capital commitments at the end of the current quarter are as follows:

	Year to-date
	31-Mar-07
	(RM'000)
In respect of capital expenditure approved and contracted for :-	
Purchase of property, plant and equipment	939
Acquisition of service apartment	36
	<u>975</u>

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Unaudited Financial Results of the Group for the First Quarter Ended 31 March 2007

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

For the reporting quarter, the Group's recorded revenue of RM45.7 million as compared to RM52.9 million in the preceding year corresponding quarter, contributed mainly from multilevel marketing sales of health care and consumer products and contract manufacturing.

The Group achieved a profit before taxation ("PBT") and profit after taxation ("PAT") of RM7.3 million and RM5.2 million respectively for the reporting quarter, compared to RM11.2 million and RM8.4 million respectively in the preceding year corresponding quarter.

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

For the current quarter under review, the Group recorded a PBT of RM7.3 million, compared to RM4.3 millions in the immediate preceding quarter. The PBT was higher compared to preceding quarter, mainly due to stock written off, impairment loss of properties and marketing & promotion expenses incurred in the preceding quarter.

B3. Prospects

The Group will continue with its marketing strategies to introduce new, unique, quality and upgraded wellness products. The Group also will be focusing on products segmentation and selling strategy while conducting regular and feasible promotion and campaigns.

In view of the availability and capacity of the Group's existing facilities, the Group will be expanding its contract manufacturing business on premium products for local and overseas markets.

The Group has initiated on a strategic brand-building exercise to further strengthen its competitive edge in the Food and Beverage business, namely for its popular coffee product series. This branding exercise will include changes to the brand architecture, product line extensions, packaging and image redesigns, as well as related promotions and campaigns.

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In line with the Group's image as a progressive and innovative company, the Group will be rolling out its e-commerce platform and strategies to its distributors this year. This e-commerce platform is expected to enhance the Group's overall service and efficiency level, whilst at the same time, provide more opportunities for its business partners to earn a higher income.

B4. Variances from Profit Forecasts

Not applicable.

B5. Taxation

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

	Current Quarter	Year to-date
	31-Mar-07	31-Mar-07
	RM'000	RM'000
Current quarter/year provision	4,921	4,921
Transfer to/(from) deferred taxation	(2,890)	(2,890)
	<u>2,031</u>	<u>2,031</u>

B6. Sale of unquoted investment and/or properties

Save as disclosed below, there were no sales of investments and/or properties during the quarter under review:

On 16 February 2007, Creative Network International (S) Pte Ltd had entered into an option with Specvision Holdings Pte Ltd for the disposal of a property bearing postal address No. 18 Kaki Bukit Place, Eunos Techpark, Singapore 416196 comprised in Certificate of Title Vol 554 Folio 158 for a total consideration of S\$2.3 million. The said disposal has been completed on 11 May 2007.

B7. Purchase and Disposal of Quoted Securities

(a) The dealings in quoted securities for the current quarter and for the financial period ended 31 March 2007 are as follows:

	Current quarter RM'000	Year-to-date RM'000
Total purchases at cost	266	266
Total disposal proceeds	200	200
Total gain on disposal	21	21

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Unaudited Financial Results of the Group for the First Quarter Ended 31 March 2007

(b) The details of the investment in quoted shares, excluding subsidiaries and associates, as at 31 March 2007 are set out below:

	RM'000
Total investment at cost	446
Total investment at book value	446
Total investment at market value	465

B8. Status of Corporate Proposals

Save as disclosed below, there were no incomplete corporate proposals announced since 23 May 2007 (the latest practicable date which is not earlier than 7 days from the date of this quarterly report):

On 15 May 2007, the Board announced that the Company proposes to seek approvals from its shareholders at the forthcoming Annual General Meeting (“AGM”) of the Company on the following:

- 1) shareholders’ mandate for the recurrent related party transactions of a revenue or trading nature to be entered into by the Company and/or its subsidiaries from the period commencing from the conclusion of the forthcoming AGM to the date of the next AGM;
- 2) renewal of authority for share buy-back of up to 10% of the Company’s issued and paid-up share capital; and
- 3) amendments to the Articles of Association of the Company.

B9. Group Borrowings and Debt Securities

	Current Year to-date 31/03/07 (RM'000)
Short term borrowing (Secured)	413
Long term borrowing (Secured)	19
	<u>432</u>

B10. Off Balance Sheet Financial Instruments

There were no material financial instruments with off balance sheet risk as at 23 May 2007 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

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Unaudited Financial Results of the Group for the First Quarter Ended 31 March 2007

B11. Material Litigation

Save as disclosed below, neither the Company nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the Group's financial position or business, and the Directors are not aware of any proceedings, pending or threatened, against the Company and/or any of its subsidiaries or of any facts likely to give rise to any proceedings which may materially and adversely affect the Group's financial position or business:

- (i) Exclusive Mark (M) Sdn Bhd ("EM"), a wholly-owned subsidiary of the Company, had on 11 December 2003 filed a suit against the Titular Roman Catholic Archbishop of Kuala Lumpur ("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 the taking of formal possession of Lot 172 by the relevant authorities. The matter has been fixed for mention on 5 July 2007 pending settlement of the matter listed in item (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 Shah Alam High Court had on 4 February 2004 granted EM leave for hearing of the substantive application. EM had obtained an order to amend the Order 53 Statement to include a claim for general damages and special damages of RM10,313,983.57 for, inter alia, loss of the use of Lot 172 and the cost of renovating their existing warehouse. The matter has been fixed for mention on 5 July 2007.
- (iii) A suit was filed at the Kota Bahru High Court by Mohammad Zamri bin Wan Chik ("Plaintiff") against CNI Enterprise (M) Sdn Bhd ("CNIE") on 5 February 2005 for the Plaintiff's alleged wrongful termination as CNIE's distributor and sales point operator. The Plaintiff 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. The Plaintiff'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. The Court has granted the order for the Plaintiff's application to amend the Writ and Statement of Claim on 16 January 2006 with costs to be borne by the Plaintiff. CNIE has filed an inter-partes application for an interim injunction against the Plaintiff to, amongst others, restrain him from selling CNIE's products. The Court has on 18 July 2006 granted the order for the said injunction against the Plaintiff on condition that a sum of RM250,000.00 be deposited with the Court to fortify CNIE's undertaking as to damages. CNIE has since deposited the said amount with the

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Court on 25 July 2006. On 26 February 2007, CNIE has filed an application to strike out the frivolous portion of the Plaintiff's Statement of Claim and the matter is fixed to be heard on 14 May 2007. On 14 May 2007, the Court decided to hear the matter by written submission and has fixed the matter for decision on 25 June 2007. The case management is fixed to be heard on 4 July 2007.

B12. Dividend Payable

The board did not declare any interim dividend for the current quarter 31 March 2007.

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 Quarter 31-Mar-07	Curent Year To-date 31-Mar-07
Profit attributable to the equity holders of the Parent (RM'000)	5,242	5,242
Weighted average number of ordinary share ('000)	719,535	719,535
Basic earnings per ordinary share (sen)	<u>0.73</u>	<u>0.73</u>

(b) Diluted earnings per share

There were 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' Koh Peng Chor
Group Executive Chairman & Chief Executive Officer
Date: 23 May 2007