

CNI HOLDINGS BERHAD

(Company No. : 181758-A)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**For the Third Quarter Ended 30 September 2007**

	Individual Period		Cumulative Period	
	30-Sep-07 Unaudited RM '000	30-Sep-06 Unaudited RM '000	30-Sep-07 Unaudited RM '000	30-Sep-06 Unaudited RM '000
Continuing Operations				
Revenue	45,640	50,534	138,924	157,138
Operating profit	7,293	9,390	21,333	31,839
Financing costs	(1)	(59)	(111)	(193)
Interest income	245	193	640	377
Share of profit of associate	-	-	-	-
Profit before tax	7,537	9,524	21,862	32,023
Taxation	(1,564)	(2,296)	(5,606)	(8,183)
Profit for the period	5,973	7,228	16,256	23,840
Attributable to :				
Shareholders of the Company	5,973	7,228	16,256	23,840
Minority interests	-	-	-	-
Profit after tax for the period	5,973	7,228	16,256	23,840
Earnings per share(sen)				
Basic	0.83	1.00	2.26	3.31
Diluted	NA	NA	NA	NA

Notes :-

1) NA denotes "Not Applicable"

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 30 September 2007

	Unaudited As at 30/9/2007 RM '000	Audited As at 31/12/2006 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	52,974	56,707
Investment properties	9,965	9,965
Capital work in progress	0	0
Intangible assets	2	2
Deferred tax assets	1,997	1,912
	<u>64,938</u>	<u>68,586</u>
Current assets		
Inventories	22,495	22,839
Receivables	21,147	15,109
Assets for sale	0	5,259
Other investment	15,911	15,048
Tax assets	205	0
Cash and bank balances	14,721	17,867
	<u>74,479</u>	<u>76,122</u>
TOTAL ASSETS	<u>139,417</u>	<u>144,708</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
Share capital	72,000	72,000
Treasury shares	(641)	-527
Other reserves	12	702
Retained earnings	25,123	21,291
Total equity	<u>96,494</u>	<u>93,466</u>
Non-current liabilities		
Borrowings	208	215
Hire purchase payable	0	0
Retirement benefit obligation	12,370	11,422
Deferred tax liabilities	1,497	1,389
	<u>14,075</u>	<u>13,026</u>
Current liabilities		
Payables	24,055	23,614
Dividend payable	5,247	7,874
Current tax payables	(1,987)	131
Provision & cont. Liabilities	1,228	182
Hire purchase payable	0	0
Borrowings	3	469
Liability directly associated with assets held for sale	0	4,549
Bank overdraft	302	1,397
	<u>28,848</u>	<u>38,216</u>
Total liabilities	<u>42,923</u>	<u>51,242</u>
TOTAL EQUITY AND LIABILITES	<u>139,417</u>	<u>144,708</u>
Net Assets	96,494	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
(Company No. : 181758-A)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Third Quarter Ended 30 September 2007

	Share Capital RM '000	Treasury Share RM '000	Reserves				Total Equity RM '000
			Non Distributable Reserve on Consolidation RM '000	Translation Reserve RM '000	Distributable Retained Earnings 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				3		3	
Net profit for the period					16,256	16,256	
Issuance of bonus share	-				-	-	
Purchase of Treasury Share		(114)				(114)	
Interim dividends					(13,118)	(13,118)	
As at 30-Sep-07	72,000	(641)	-	12	25,123	96,494	

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 Third Quarter Ended 30 September 2007

	Third quarter ended	
	30-Sep-07 RM'000 (Unaudited)	31-Dec-06 RM'000 (Audited)
Net cash generated from operating activities	15,080	32,989
Net cash used in investing activities	3,657	(16,256)
Net cash used for financing activities	(20,766)	(7,661)
Net increase in cash and cash equivalent	(2,029)	9,072
Effects of foreign exchange rate changes	(23)	288
Cash and cash equivalent at beginning of financial period	16,471	7,115
Effects of exchange rate changes on cash and cash equivalents	0	(5)
Cash and cash equivalent at end of financial period	14,419	16,470

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

	As at 30-Sep-07 RM'000	As at 31-Dec-06 RM'000
Cash and bank balances	14,721	17,867
Bank overdraft	(302)	(1,397)
Cash and cash equivalents	14,419	16,470

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 Third Quarter Ended 30 September 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 195,900 of the Company's issued ordinary shares from the open market at an average purchase price of RM0.40 per share. The total consideration paid was RM78,909 including transaction costs and it was financed by internally generated funds. The shares repurchased were being held as treasury shares in accordance with Section 6A of the Companies Act 1965.

As at 30 September 2007, the number of treasury share held is 1,378,200 ordinary shares.

A7. Dividend Paid

Please refer to explanatory note B12.

A8. Segmental Reporting

	Current Quarter	Year to-date
	30-Sep-07	30-Sep-07
Revenue	(RM'000)	(RM'000)
Multilevel Marketing	42,465	127,839
Contract Manufacturing	2,988	10,643
Investment Holding	124	362
E-commerce	62	80
Total Revenue	<u>45,639</u>	<u>138,924</u>

A9. Valuations of Property, Plant and Equipment

The property, plant and equipment have been brought forward without any amendment 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 below, there were no material events subsequent to the reporting period up to 16 November 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 Third Quarter Ended 30 September 2007

The repurchased of 52,600 of the Company's issued ordinary shares from the open market at an average purchase price of RM0.39 per share. The repurchased transaction was financed by internally generated funds and the cumulative shares repurchased of 1,430,800 are being held as treasury shares.

A11. Change in Group / Capital Structure

On 26 September 2007, the Company subscribed for 999,998 new ordinary shares of RM1.00 each in its wholly-owned subsidiary, Infuso Sdn Bhd (formerly known as Famous Paradise Sdn Bhd) at a total cash consideration of RM999,998.00.

Other than the above, there were no other material 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 below, there were no contingent liabilities as at 16 November 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.

A13. Capital Commitments

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

	Year to-date 30-Sep-07 (RM'000)
In respect of capital expenditure approved and contracted for :-	
Purchase of property, plant and equipment	1,005
Acquisition of service apartment	36
	<hr/> 1,041 <hr/>

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 RM45.6 million as compared to RM50.5 million in the preceding year corresponding quarter, contributed mainly from multilevel marketing sales of health care and consumer products and contract manufacturing. Accumulatively, the Group recorded revenue of RM138.9 million for the 9 months period ended 30 September 2007 ("cumulative quarter").

The Group achieved a profit before taxation ("PBT") and profit after taxation ("PAT") of RM7.5 million and RM6.0 million respectively for the reporting quarter, compared to RM9.5 million and RM7.2 million respectively in the preceding year corresponding quarter. Accumulatively, the Group achieved a PBT and PAT of RM21.9 million and RM16.3 million respectively for the cumulative quarters.

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 RM7.5 million, compared to RM7.1 millions in the immediate preceding quarter. The PBT was higher compared to preceding quarter, mainly due to the gain on disposal of RM2.3 million receivable from the Company's wholly-owned subsidiary, Exclusive Mark (M) Sdn Bhd in relation to the compulsory acquisition of Lot 172.

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. The management expects the Group to achieve expected results for the remaining period of current financial year under normal business environment.

B4. Variances from Profit Forecasts

Not applicable.

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Unaudited Financial Results of the Group for the Third Quarter Ended 30 September 2007

B5. Taxation

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

	Current Quarter 30-Sep-07 RM'000	Year to-date 30-Sep-07 RM'000
Current quarter/year provision	1,595	5,690
Transfer to/(from) deferred taxation	(32)	(84)
	<u>1,564</u>	<u>5,606</u>

B6. Sale of unquoted investment and/or properties

The gain on disposal of property for the current quarter was amounted to RM 2.3 million.

Other than the above, there were no other sales of unquoted investments and/or properties during the quarter under review.

B7. Purchase and Disposal of Quoted Securities

(a) The dealings in quoted securities for the current quarter and for the financial period ended 30 September 2007 are as follows:

	Current quarter RM'000	Year-to-date RM'000
Total purchases at cost	232	838
Total disposal proceeds	366	879
Total gain on disposal	33	85

(b) The details of the investment in quoted shares, excluding subsidiaries and associates, as at 30 September 2007 are set out below:

	RM'000
Total investment at cost	402
Total investment at book value	402
Total investment at market value	372

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Unaudited Financial Results of the Group for the Third Quarter Ended 30 September 2007

B8. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 16 November 2007 (the latest practicable date which is not earlier than 7 days from the date of this quarterly report).

B9. Group Borrowings and Debt Securities

	Current Year to-date 30/09/07 (RM'000)
Short term borrowing (Secured)	3
Long term borrowing (Secured)	208
	<u>211</u>

B10. Off Balance Sheet Financial Instruments

There were no material financial instruments with off balance sheet risk as at 16 November 2007 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

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:

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

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Unaudited Financial Results of the Group for the Third Quarter Ended 30 September 2007

with the 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. The Learned Senior Assistant Registrar has on 10 September 2007 allowed CNIE's application and the Plaintiff's claim for special damages be amended to RM295,000.00. The Plaintiff has filed a Notice of Appeal against the Senior Assistant Registrar's decision and the appeal has been fixed to be heard on 16 January 2008. The case management is fixed to be heard on 11 December 2007.

B12. Dividend Payable

An interim dividend of 1 sen per share less income tax for the financial year ending 31 December 2007 has been declared on 28 August 2007. The interim dividend net of income tax of RM5,246,827 was paid on 17 October 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 30-Sep-07	Curent Year To-date 30-Sep-07
Profit attributable to the equity holders of the Parent (RM'000)	5,973	16,256
Weighted average number of ordinary share ('000)	719,229	719,229
Basic earnings per ordinary share (sen)	0.83	2.26

(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: 16 November 2007