

**CNI HOLDINGS BERHAD**

(Company no. : 181758-A)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT****For the Fourth Quarter Ended 31 December 2008**

	Individual Period		Cumulative Period	
	31-Dec-08 Unaudited RM '000	31-Dec-07 Unaudited RM '000	31-Dec-08 Unaudited RM '000	31-Dec-07 Unaudited RM '000
<b>Continuing Operations</b>				
Revenue	41,125	41,191	182,028	180,115
Operating profit	2,860	5,836	23,209	27,178
Financing costs	(9)	(7)	(56)	(127)
Interest income	324	188	814	828
Share of profit of associate	-	-	-	-
Profit before tax	3,175	6,017	23,967	27,879
Taxation	(633)	(1,707)	(6,266)	(7,313)
Profit for the period	2,542	4,310	17,701	20,566
<b>Attributable to :</b>				
Shareholders of the Company	2,542	4,310	17,701	20,566
Minority interests	(11)	-	(11)	-
Profit after tax for the period	2,553	4,310	17,712	20,566
Earnings per share(sen)				
Basic	0.35	0.60	2.47	2.86
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 2007 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 DECEMBER 2008

	<b>Unaudited As at 31/12/2008 RM '000</b>	<b>Audited As at 31/12/2007 RM '000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	51,702	53,239
Capital work in progress	0	0
Investment properties	9,085	9,935
Intangible assets	98	2
Other intangible assets	25	30
Deferred tax assets	1,980	1,965
	<u>62,890</u>	<u>65,171</u>
<b>Current assets</b>		
Inventories	28,048	22,528
Receivables	8,070	6,070
Other receivables, deposits & prepayment	4,667	4,534
Short term investment	2,589	6,143
Tax assets	2,320	2,124
Cash and bank balances	40,823	31,287
	<u>86,517</u>	<u>72,686</u>
<b>TOTAL ASSETS</b>	<b><u>149,407</u></b>	<b><u>137,857</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders</b>		
Share capital	72,000	72,000
Treasury shares	(986)	(764)
Other reserves	20	29
Retained earnings	41,014	29,679
	<u>112,048</u>	<u>100,944</u>
Minority Interest	139	0
<b>Total equity</b>	<b>112,187</b>	<b>100,944</b>
<b>Non-current liabilities</b>		
Borrowings	173	180
Retirement benefit obligation	13,884	12,678
Deferred tax liabilities	1,737	1,605
	<u>15,794</u>	<u>14,463</u>
<b>Current liabilities</b>		
Trade Payables	2,843	4,398
Other Payables	16,436	16,896
Dividend payable	0	0
Current tax payables	1,541	847
Provision & cont. Liabilities	600	284
Borrowings	6	25
	<u>21,426</u>	<u>22,450</u>
Total liabilities	<u>37,220</u>	<u>36,913</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>149,407</u></b>	<b><u>137,857</u></b>
		0
Net Assets	112,187	100,944
Net Assets per share (RM)	0.16	0.14

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

31 December 2007 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 Fourth Quarter Ended 31 December 2008

	← Non Distributable				→ Distributable		Total Equity RM '000
	Share Capital RM '000	Treasury Share RM '000	Reserve on Consolidation RM '000	Translation Reserve RM '000	Retained Earnings RM '000	Minority Interest RM '000	
As at 1 January 2007	72,000	(527)		9	21,985		93,467
Foreign exchange translation difference				20			20
Net profit for the period					20,811		20,811
Purchase of Treasury Share		(237)					(237)
Interim dividends					(13,118)		(13,118)
<b>As at 31-Dec-07</b>	<b>72,000</b>	<b>(764)</b>	<b>-</b>	<b>29</b>	<b>29,678</b>		<b>100,943</b>
<b>As at 1 January 2008</b>	<b>72,000</b>	<b>(764)</b>	<b>-</b>	<b>29</b>	<b>29,678</b>		<b>100,943</b>
Foreign exchange translation difference				(9)			(9)
Net profit for the period					17,712	139	17,851
Purchase of Treasury Share		(222)					(222)
Interim dividends					(6,376)		(6,376)
<b>As at 31-Dec-08</b>	<b>72,000</b>	<b>(986)</b>	<b>-</b>	<b>20</b>	<b>41,014</b>	<b>139</b>	<b>112,187</b>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2007 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 Fourth Quarter Ended 31 December 2008**

	<b>Fourth quarter ended</b>	
	<b>31-Dec-08</b>	<b>31-Dec-07</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Net cash generated from operating activities	14,804	36,619
Net cash used in investing activities	1,111	2,188
Net cash used for financing activities	<u>(6,403)</u>	<u>(26,019)</u>
Net increase in cash and cash equivalent	9,512	12,788
Effects of foreign exchange rate changes	24	2,024
Cash and cash equivalent at beginning of financial period	31,287	16,471
Effects of exchange rate changes on cash and cash equivalents	<u>0</u>	<u>0</u>
Cash and cash equivalent at end of financial period	<u><u>40,823</u></u>	<u><u>31,283</u></u>

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

	<b>As at</b>	<b>As at</b>
	<b>31-Dec-08</b>	<b>31-Dec-07</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	4,452	31,283
Cash deposits with licensed banks	<u>36,371</u>	<u>0</u>
<b>Cash and cash equivalents</b>	<u><u>40,823</u></u>	<u><u>31,283</u></u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

**CNI Holdings Berhad** (Company No : 181758-A)

Unaudited Financial Results of the Group for the Fourth Quarter Ended 31 December 2008

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**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 2007.

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 2007.

**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 2007.

**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.

## **CNI Holdings Berhad** (Company No : 181758-A)

Unaudited Financial Results of the Group for the Fourth Quarter Ended 31 December 2008

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### **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 180,200 of the Company's issued ordinary shares from the open market at an average purchase price of RM0.20 per share. The total consideration paid was RM36,205.09 including transaction costs and it was financed by interenally generated funds. The shares repurchased were being held as treasury shares in accordance with Section 6A of the Companies Act, 1965.

As at 31 December 2008, the number of treasury share held is 2,453,800 ordinary shares.

### **A7. Dividend Paid**

Please refer to Explanatory Note B12.

### **A8. Segmental Information**

The segmental information of the Group for the current quarter and year-to-date was summarised as below: -

	<b>Current Quarter</b>		<b>Year to-date</b>	
	<b>Revenue</b>	<b>Result</b>	<b>Revenue</b>	<b>Result</b>
	<b>31-Dec-08</b>	<b>31-Dec-08</b>	<b>31-Dec-08</b>	<b>31-Dec-08</b>
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue				
Marketing	36,858	2,281	163,896	18,671
Manufacturing	12,800	817	53,177	5,973
Investment holding	2,003	175	8,717	(160)
Food and beverage outlets	788	(422)	1,437	(1,227)
Inter-segment elimination	(11,041)	299	(44,917)	(48)
	<u>41,408</u>	<u>3,117</u>	<u>182,310</u>	<u>23,209</u>
Finance costs		24		(56)
Interest income		34		814
Taxation		(633)		(6,266)
Minority Interest		11		11
Profit for the period		<u>2,553</u>		<u>17,712</u>

### **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 2007.

**CNI Holdings Berhad** (Company No : 181758-A)

Unaudited Financial Results of the Group for the Fourth Quarter Ended 31 December 2008

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**A10. Events Subsequent to the End of the Period**

There were no material events subsequent to the reporting period up to 26 February 2009 (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.

**A11. Change in Group / Capital Structure**

On 4 November 2008, the Company subscribed for 499,000 new ordinary shares of RM1.00 each in its wholly-owned subsidiary, Regal Effect Sdn Bhd at a total cash consideration of RM499,000.00.

On 22 October 2008 and 12 November 2008, the Company subscribed for 350,000 new ordinary shares of RM1.00 each, representing 70% of the issued and paid-up share capital of Lotus Supplies Sdn Bhd at a total cash consideration of RM350,000.00.

Other than the above, there were no 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 26 February 2009:

- (a) Corporate guarantees of RM30.5 millions for banking facilities granted to its subsidiaries.
- (b) Special damage claim of RM295,000 by a former distributor and sale point operator of a subsidiary company for alleged wrongful termination.

**CNI Holdings Berhad** (Company No : 181758-A)Unaudited Financial Results of the Group for the Fourth Quarter Ended 31 December 2008

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**A13. Capital Commitments**

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

	Year to-date 31-Dec-08 (RM'000)
<b>In respect of capital expenditure approved and contracted for:-</b>	
Purchase of property, plant and equipment	215
Acquisition of service apartment	36
	<u>251</u>

**A14. Significant Related Party Transactions**

The significant related party transactions for the current year-to-date were summarised as below: -

<b>Related Parties</b>	<b>Amount RM'000</b>
<b><u>CNI Corporation Sdn Bhd</u></b>	
Rental revenue received and receivable	(847)
Management fee paid and payable	508
<b><u>CNI Venture Sdn Bhd</u></b>	
Rental revenue received and receivable	(116)
Research and development expenditure paid and payable	558
<b><u>Citra Nusa Insancemerlang Investment Co.</u></b>	
Patent fee paid and payable	80
<b><u>PC Marketing Sdn Bhd</u></b>	
Rental charge paid and payable	84
<b><u>CNI Enterprise (India) Pvt. Ltd.</u></b>	
Sales received and receivable	(102)
<b><u>Leader Regent Inc</u></b>	
Sales received and receivable	(6,294)



**CNI Holdings Berhad** (Company No : 181758-A)

Unaudited Financial Results of the Group for the Fourth Quarter Ended 31 December 2008

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<b><u>CNI IPHC</u></b>	
Trademark fee paid and payable	199
<b><u>CNI Hong Kong Ltd.</u></b>	
Sales received and receivable	(1,043)
Purchases paid and payable	139
<b><u>CNI (China) Co Ltd (formerly known as Qingdao CNI Food Products Co Ltd)</u></b>	
Purchase paid and payable	682
<b><u>Yayasan CNI</u></b>	
Rental revenue received and receivable	(29)
<b><u>Sepang Goldcoast Sdn Bhd</u></b>	
Sales received and receivable	(134)
<b><u>CNI Global Inc</u></b>	
Sales received and receivable	(443)

*Note: Amount in bracket indicated revenue income*

These transactions have been entered into in the normal course of business and have been established on commercial terms.

**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 RM41.1million as compared to RM41.2million 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 RM182 million for the 12 months period ended 31 December 2008 ("cumulative quarter").

The Group achieved a profit before taxation ("PBT") and profit after taxation ("PAT") of RM3.2 million and RM2.5 million respectively for the reporting quarter, compared to RM6.0 million and RM4.3 million respectively in the preceding year corresponding quarter. Accumulatively, the Group achieved a PBT and PAT of RM24 million and RM17.7 million respectively for the cumulative quarters.

**CNI Holdings Berhad** (Company No : 181758-A)

Unaudited Financial Results of the Group for the Fourth Quarter Ended 31 December 2008

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**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 RM3.2 million, compared to RM6.0 millions in the immediate preceding quarter. The PBT was lower compared to preceding quarter mainly due to increase in costs of sales, marketing and promotion expenses incurred for the current quarter.

**B3. Prospects**

The Group remains positive of the prospect for the current year even though we have faced with a very competitive market that consistently churns out a number of new market players. We believe that our fundamentals are still strong as multilevel marketing industry is resilient against the economy downturn. CNI is selling fast moving consumer goods which are necessities and used daily by consumers despite the poor economy.

While we strengthen our sales force with in-depth product knowledge and constant training in accordance to our CNI values and ethical sales practices, the Group has had to examine the prospect of growing its distributors' base. CNI is able to provide employment opportunities.

Besides looking out to add new products, we believe in enhancing the existing products by upgrading the technology and improving its quality. Joining forces with other research facilities, we will also look into improving taste, packaging, tools and aids of all the product ranges.

Expansion of the retail business with additional outlets, plus prospective partnerships and licensing will be part of the Group's strategic plans as we move with the times.

Improving the e-services of the e-commerce business will be a major factor in setting up a new framework and structure to synchronise and support the Group's business.

On the course of building CNI brand and presence locally and regionally, the Group will concentrate on establishing and positioning CNI as one of the bigger MLM players in the industry. Tactical preparation and allotment of the marketing budget will be charted out to ensure the Group's direction and business focus will not be in vain.

**B4. Variances from Profit Forecasts**

Not applicable.

**CNI Holdings Berhad** (Company No : 181758-A)

Unaudited Financial Results of the Group for the Fourth Quarter Ended 31 December 2008

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**B5. Taxation**

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

	<b>Current Quarter 31-Dec-08 RM'000</b>	<b>Year to-date 31-Dec-08 RM'000</b>
Current quarter/year provision	603	6,251
Transfer to/(from) deferred taxation	29	15
	<u>632</u>	<u>6,266</u>

**B6. Sale of unquoted investment and/or properties**

There were no 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 31 December 2008 are as follows:

	Current quarter RM'000	Year-to-date RM'000
Total purchases at cost	290	1759
Total disposal proceeds	162	1675
Total loss on disposal	(128)	(84)

(b) There is no investment in quoted shares, excluding subsidiaries and associates, as at 31 December 2008.

**B8. Status of Corporate Proposals**

There were no corporate proposals announced but not completed as at 26 February 2009 (the latest practicable date which is not earlier than 7 days from the date of this quarterly report).

**B9. Group Borrowings and Debt Securities**

	<b>Current Year to-date 31-Dec-08 (RM'000)</b>
Short term borrowing (Secured)	<u>6</u>
Long term borrowing (Secured)	<u>173</u>
	<u>179</u>

## **CNI Holdings Berhad** (Company No : 181758-A)

Unaudited Financial Results of the Group for the Fourth Quarter Ended 31 December 2008

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### **B10. Off Balance Sheet Financial Instruments**

There were no material financial instruments with off balance sheet risk as at 26 February 2009 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

### **B11. Material Litigation**

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.

### **B12. Dividend Payable**

The Board of Directors has declared an interim dividend of 1.8 sen per share less 25% income tax for the financial year ended 31 December 2008 on 26 February 2009. The interim dividend will be paid on 2 April 2009 to the depositors registered in the Record of Depositors at the close of business on 19 March 2009.

### **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:-

	<b>Current Quarter 31-Dec-08</b>	<b>Current Year To-date 31-Dec-08</b>
Profit attributable to the equity holders of the Parent (RM'000)	2,542	17,700
Weighted average number of ordinary share ('000)	717,871	717,871
<b>Basic earnings per ordinary share (sen)</b>	<b>0.35</b>	<b>2.47</b>

#### **(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.

**CNI Holdings Berhad** (Company No : 181758-A)

Unaudited Financial Results of the Group for the Fourth Quarter Ended 31 December  
2008

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By order of the Board,  
**CNI HOLDINGS BERHAD**

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**Dato' Koh Peng Chor**  
Group Executive Chairman & Chief Executive Officer  
Date: 26 February 2009