

# CNI HOLDINGS BERHAD

(Company no. : 181758-A)

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT For the First Quarter Ended 31 March 2009

	Individual Period		Cumulative Period	
	31-Mar-09 Unaudited RM '000	31-Mar-08 Unaudited RM '000	31-Mar-09 Unaudited RM '000	31-Mar-08 Unaudited RM '000
<b>Continuing Operations</b>				
Revenue	41,094	44,643	41,094	44,643
Operating profit	4,714	7,046	4,714	7,046
Financing costs	(8)	(16)	(8)	(16)
Interest income	228	232	228	232
Share of profit of associate	-	-	-	-
Profit before tax	4,934	7,262	4,934	7,262
Taxation	(1,254)	(2,117)	(1,254)	(2,117)
Profit for the period	3,680	5,145	3,680	5,145
<b>Attributable to :</b>				
Shareholders of the Company	3,685	5,145	3,685	5,145
Minority interests	(5)	-	(5)	-
Profit after tax for the period	3,680	5,145	3,680	5,145
Earnings per share(sen)				
Basic	0.51	0.72	0.51	0.72
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 2008 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 2009

	<b>Unaudited As at 31/03/2009 RM '000</b>	<b>Audited As at 31/12/2008 RM '000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	49,399	51,703
Capital work in progress	0	0
Investment properties	9,043	9,043
Intangible assets	98	98
Other intangible assets	2,447	25
Deferred tax assets	2,485	2,481
	<u>63,472</u>	<u>63,350</u>
<b>Current assets</b>		
Inventories	27,941	27,689
Receivables	7,033	8,080
Other receivables, deposits & prepayment	4,671	4,795
Short term investment	2,615	31
Tax assets	1,661	1,647
Cash and bank balances	34,225	43,928
	<u>78,146</u>	<u>86,170</u>
<b>TOTAL ASSETS</b>	<b><u>141,618</u></b>	<b><u>149,520</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders</b>		
Share capital	72,000	72,000
Treasury shares	(989)	(986)
Other reserves	(8)	(5)
Retained earnings	34,261	40,263
	<u>105,264</u>	<u>111,272</u>
Minority Interest	133	138
<b>Total equity</b>	<b>105,397</b>	<b>111,410</b>
<b>Non-current liabilities</b>		
Borrowings	167	152
Retirement benefit obligation	14,248	13,911
Deferred tax liabilities	1,729	1,729
	<u>16,144</u>	<u>15,792</u>
<b>Current liabilities</b>		
Trade Payables	3,880	4,429
Other Payables	14,264	15,696
Current tax payables	1,742	1,698
Provision & contingent Liabilities	186	467
Borrowings	5	28
	<u>20,077</u>	<u>22,318</u>
Total liabilities	<u>36,220</u>	<u>38,110</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>141,617</u></b>	<b><u>149,520</u></b>
		0
Net Assets	105,397	111,410
Net Assets per share (RM)	0.15	0.16

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 1st Quarter Ended 31 March 2009**

	← 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 2008	72,000	(764)		29	29,679		100,944
Foreign exchange translation difference				(34)			(34)
Net profit for the period					16,961	138	17,099
Purchase of Treasury Share		(222)					(222)
Interim dividends					(6,377)		(6,377)
<b>As at</b>	<b>72,000</b>	<b>(986)</b>	<b>0</b>	<b>(5)</b>	<b>40,263</b>	<b>138</b>	<b>111,410</b>
As at 1 January 2009	72,000	(986)	0	(5)	40,263	138	111,410
Foreign exchange translation difference				(3)			(3)
Net profit for the period					3,685	(5)	3,680
Purchase of Treasury Share		(3)					(3)
Interim dividends					(9,687)		(9,687)
<b>As at</b>	<b>72,000</b>	<b>(989)</b>	<b>0</b>	<b>(8)</b>	<b>34,261</b>	<b>133</b>	<b>105,397</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 2008 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 2009**

	<b>First quarter ended</b>	
	<b>31-Mar-09</b>	<b>31-Mar-08</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Net cash generated from operating activities	6,859	3,918
Net cash used in investing activities	(6,920)	(15,858)
Net cash used for financing activities	(9,694)	(6)
Net decrease in cash and cash equivalent	<u>(9,755)</u>	<u>(11,946)</u>
Effects of foreign exchange rate changes	51	13
Cash and cash equivalent at beginning of financial period	43,929	31,286
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>34,225</u></u>	<u><u>19,353</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-Mar-09</b>	<b>31-Mar-08</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	6,705	10,129
Cash deposits with licensed banks	<u>27,520</u>	<u>9,224</u>
<b>Cash and cash equivalents</b>	<u><u>34,225</u></u>	<u><u>19,353</u></u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 2008.

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 2008.

**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 2008.

**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 2009

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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 13,000 of the Company's issued ordinary shares from the open market at an average purchase price of RM0.22 per share. The total consideration paid was RM2,903.86 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 March 2009, the number of treasury share held is 2,466,800 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: -

	Current Quarter		Year to-date	
	Revenue 31-Mar-09 (RM'000)	Result 31-Mar-09 (RM'000)	Revenue 31-Mar-09 (RM'000)	Result 31-Mar-09 (RM'000)
Revenue				
Marketing & Trading	38,796	3,591	38,796	3,591
Manufacturing	12,124	1,000	12,124	1,000
Investment holding	15,041	13,212	15,041	13,212
Food and beverage outlets	620	(577)	620	(577)
Inter-segment elimination	(25,487)	(13,050)	(25,487)	(13,050)
	<u>41,094</u>	<u>4,176</u>	<u>41,094</u>	<u>4,176</u>
Finance costs		(56)		(56)
Interest income		814		814
Taxation		(1,254)		(1,254)
Minority Interest		5		5
Profit for the period		<u>3,685</u>		<u>3,685</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 2008.

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

Unaudited Financial Results of the Group for the First Quarter Ended 31 March 2009

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

Save as disclosed below and in Note B8, there were no material events subsequent to the reporting period up to 28 May 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.

On 15 May 2009 and 19 May 2009, the Company subscribed 2 new ordinary shares of RM1.00 each at par for cash, representing 100% of the issued and paid-up share capital of Symplesoft eSolutions Sdn Bhd.

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

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 28 May 2009:

- (a) Special damage claim of RM295,000 by a former distributor and sale point operator of a subsidiary company for alleged wrongful termination.

### **A13. Capital Commitments**

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

	Year to-date 31-Mar-09 (RM'000)
<b>In respect of capital expenditure approved and contracted for:-</b>	
Purchase of property, plant and equipment	155
Acquisition of computer software	491
Acquisition of service apartment	36
	<hr/>
	682

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Unaudited Financial Results of the Group for the First Quarter Ended 31 March 2009

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### **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	(197)
Management fee paid and payable	118
<b><u>CNI Venture Sdn Bhd</u></b>	
Rental revenue received and receivable	(29)
Research and development expenditure paid and payable	126
<b><u>Citra Nusa Insancemerlang Investment Co.</u></b>	
Patent fee paid and payable	21
<b><u>PC Marketing Sdn Bhd</u></b>	
Rental charge paid and payable	21
<b><u>Leader Regent Inc</u></b>	
Sales received and receivable	(1,258)
<b><u>CNI IPHC</u></b>	
Trademark fee paid and payable	54
<b><u>CNI Hong Kong Ltd.</u></b>	
Sales received and receivable	(72)
<b><u>Sepang Goldcoast Sdn Bhd</u></b>	
Sales received and receivable	(29)

*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.



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Unaudited Financial Results of the Group for the First Quarter Ended 31 March 2009

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**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 RM44.6million in the preceding year corresponding quarter. The Group revenue were mainly contributed by 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 RM4.9 million and RM3.7 million respectively for the reporting quarter, compared to RM7.3 million and RM5.1 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 PAT of RM3.7 million, compared to RM3.2 million in the immediate preceding quarter. The higher PAT compared to preceding quarter was mainly due to stock written down in preceding quarter.

**B3. Prospects**

The Group's management will focus on streamlining its resources and increasing productivity across the board. Ensuring adequate resources on par with the highest efficacy will be an important concern. Developing new products whilst concurrently keeping costs in check and improving efficiency will be part of our major operational concerns.

Strategizing on building up the CNI brand and presence locally and regionally, the Group will persist on establishing and positioning CNI as one of the leaders in the direct selling industry.

Improvement of services, accessibility and reaching out to its consumers as well as margin augmentation will be our continuous effort in making CNI as an innovative and resourceful company in the country.

**B4. Variances from Profit Forecasts**

Not applicable.

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

Unaudited Financial Results of the Group for the First Quarter Ended 31 March 2009

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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-Mar-09 RM'000</b>	<b>Year to-date 31-Mar-09 RM'000</b>
Current quarter/year provision	1,250	1,250
Transfer to/(from) deferred taxation	4	4
	<u>1,254</u>	<u>1,254</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) There is no investment in quoted shares, excluding subsidiaries and associates, as at 31 March 2009.

### **B8. Status of Corporate Proposals**

Save as disclosed below, there were no corporate proposals announced but not completed as at 28 May 2009 (the latest practicable date which is not earlier than 7 days from the date of this quarterly report):-

On 4 May 2009, the Board announced that the Company proposes to seek approval from its shareholders at the forthcoming Annual General Meeting on the following:-

- (a) renewal of shareholders' mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature;
- (b) shareholders' mandate for the Company and its subsidiaries to enter into new recurrent related party transactions of a revenue or trading nature; and
- (c) renewal of authority for the purchase by the Company of its own ordinary shares.

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Unaudited Financial Results of the Group for the First Quarter Ended 31 March 2009

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**B9. Group Borrowings and Debt Securities**

	<b>Year to-date 31-Mar-09 (RM'000)</b>
Short term borrowing (Secured)	5
Long term borrowing(Secured)	167
	<hr/> <hr/> <u>172</u>

**B10. Off Balance Sheet Financial Instruments**

There were no material financial instruments with off balance sheet risk as at 28 May 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 has been paid on 2 April 2009 to the depositors registered in the Record of Depositors at the close of business on 19 March 2009.

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Unaudited Financial Results of the Group for the First Quarter Ended 31 March 2009

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**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-Mar-09</b>	<b>Current Year to-date 31-Mar-09</b>
Profit attributable to the equity holders of the Parent (RM'000)	3,685	3,685
Weighted average number of ordinary share ('000)	717,700	717,700
<b>Basic earnings per ordinary share (sen)</b>	<b>0.51</b>	<b>0.51</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.

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

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**Dato' Koh Peng Chor**  
Group Executive Chairman & Chief Executive Officer  
Date: 28 May 2009