

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

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
For the Fourth Quarter Ended 31 December 2010

	Individual Period		Cumulative Period	
	31-Dec-10 Unaudited RM '000	31-Dec-09 Unaudited RM '000	31-Dec-10 Unaudited RM '000	31-Dec-09 Unaudited RM '000
Continuing Operations				
Revenue	32,550	37,022	134,445	158,379
Operating profit	(64)	1,302	2,767	9,677
Financing costs	(6)	(5)	(22)	(29)
Interest income	263	167	855	694
Share of profit of associate	-	-	-	-
Profit before tax	193	1,464	3,600	10,342
Taxation	454	(747)	(948)	(3,637)
Profit for the period	647	717	2,652	6,705
Attributable to :				
Shareholders of the Company	609	673	2,515	6,645
Minority interests	38	44	137	60
Profit after tax for the period	647	717	2,652	6,705
Earnings per share (sen)				
Basic	0.09	0.09	0.35	0.93
Diluted	NA	NA	NA	NA

Notes :-

1) NA denotes "Not Applicable"

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 2010

	Unaudited As at 31/12/2010 RM '000	Audited As at 31/12/2009 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	45,595	46,944
Investment properties	9,380	9,113
Investment in associate company	18	-
Investment in unquoted share	2,500	500
Goodwill	98	98
Other intangible assets	2,772	2,695
Deferred tax assets	2,949	3,222
	<u>63,313</u>	<u>62,572</u>
Current assets		
Inventories	16,777	20,415
Trade receivables	9,105	9,980
Other receivables, deposits and prepayments	3,272	4,022
Investments	27,177	2,082
Tax assets	790	1,106
Cash and bank balances	12,907	40,836
	<u>70,028</u>	<u>78,441</u>
TOTAL ASSETS	<u>133,341</u>	<u>141,013</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
Share capital	72,000	72,000
Treasury shares	(1,302)	(1,113)
Other reserves	6	7
Retained earnings	35,261	37,061
	<u>105,965</u>	<u>107,955</u>
Minority interest	338	201
Total equity	106,303	108,156
Non-current liabilities		
Borrowings	114	116
Retirement benefits	14,778	14,997
Deferred tax liabilities	2,239	2,457
	<u>17,131</u>	<u>17,570</u>
Current liabilities		
Trade Payables	1,972	1,879
Other Payables, deposits and accruals	9,252	12,804
Taxation	(1,711)	172
Provision and contingent liabilities	392	249
Borrowings	2	32
Bank overdraft	-	151
	<u>9,907</u>	<u>15,287</u>
Total liabilities	<u>27,038</u>	<u>32,857</u>
TOTAL EQUITY AND LIABILITIES	<u>133,341</u>	<u>141,013</u>
Net Assets	106,303	108,156
Net Assets per share (RM)	0.15	0.15

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 2010**

	Share Capital RM '000	← Non Distributable → Treasury Share RM '000	Translation Reserve RM '000	Distributable Retained Earnings RM '000	Minority Interest RM '000	Total Equity RM '000
As at 1 January 2009	72,000	(986)	(5)	40,263	138	111,410
Foreign exchange translation difference	-	-	12	-	-	12
Total comprehensive income for the period	-	-	-	6,485	63	6,548
Purchase of Treasury Share	-	(127)	-	-	-	(127)
Interim dividends	-	-	-	(9,687)	-	(9,687)
As at 31-Dec-09	72,000	(1,113)	7	37,061	201	108,156
As at 1 January 2010						
As previously stated	72,000	(1,113)	7	37,061	201	108,156
Effect of changes in accounting policies - FRS139	-	-	-	(13)	-	(13)
As at 01-Jan.10 (restated and adjusted)	72,000	(1,113)	7	37,048	201	108,143
Foreign exchange translation difference	-	-	(1)	-	-	(1)
Total comprehensive income for the period	-	-	-	2,515	137	2,652
Purchase of Treasury Share	-	(189)	-	-	-	(189)
Interim dividends	-	-	-	(4,302)	-	(4,302)
As at 31-Dec-10	72,000	(1,302)	6	35,261	338	106,303

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 Fourth Quarter Ended 31 December 2010

	Fourth quarter ended	
	31-Dec-10 RM'000 (Unaudited)	31-Dec-09 RM'000 (Unaudited)
Net cash generated from operating activities	7,126	11,695
Net cash used in investing activities	(3,205)	(8,556)
Net cash used in financing activities	<u>(4,523)</u>	<u>(9,718)</u>
Net decrease in cash and cash equivalent	(602)	(6,579)
Effects of foreign exchange rate changes	1	(19)
Cash and cash equivalent at beginning of financial period	<u>40,685</u>	<u>43,928</u>
Cash and cash equivalent at end of financial period	<u>40,084</u>	<u>37,330</u>

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

	As at 31-Dec-10 RM'000	As at 31-Dec-09 RM'000
Cash and bank balances	12,907	37,475
Readily convertible unit trusts with insignificant changes in value	<u>27,177</u>	<u>-</u>
	40,084	37,475
Overdraft	-	(145)
Cash and cash equivalents	<u>40,084</u>	<u>37,330</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.

CNI Holdings Berhad (Company No : 181758-A)

Unaudited Financial Results of the Group for the Fourth Quarter Ended 31 December 2010

NOTES TO THE INTERIM FINANCIAL REPORT

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

A1. Basis of Preparation

The interim financial report is unaudited and 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the annual audited financial statements of the Group for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

A2. Accounting Policies

The accounting policies applied are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2009 except for the adoption of new standards, amendments to standards and IC interpretations that are mandatory for the Group for the financial year beginning 1 January 2010. The adoption of these standards, amendments and interpretations do not have a material impact on the interim financial information of the Group. The principal effects of the changes in presentation, changes in methods of computation and in accounting policies resulting from the adoption of the new and revised FRSS, IC Interpretations and Amendments are set out below:

- (a) Presentation of financial statements (FRS 101 (revised) “Presentation of financial statements”)

The revised standard prohibits the presentation of items of income and expenses (that is ‘non-owner changes in equity’) in the statement of changes in equity, requiring ‘non-owner changes in equity’ to be presented separately from owner changes in equity. All ‘non-owner changes in equity’ are required to be shown in a statement of comprehensive income which can be presented as a single statement or two statements (comprising the income statement and statement of comprehensive income). The Group has elected to present the statement of comprehensive income in one statement.

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- (b) Financial assets (FRS 139 “Financial instruments: Recognition and Measurement”)
The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity, and available-for-sale. The classification depends on the nature of the asset and the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition. Set out below are the major changes in classifications of financial assets of the Group:

(i) Available-for-sale financial assets

Non-current investments, previously measured at cost and subject to impairment, are now classified as available-for-sale financial assets. These are initially measured at fair value plus transaction costs and subsequently, at fair value.

Changes in the fair values of available-for-sale debt securities denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income. If there is any objective evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in profit or loss, is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

Changes in fair values of available-for-sale equity securities are recognised in other comprehensive income, together with the related currency translation differences. A significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the asset is impaired. If any such evidence exists, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in profit or loss, is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are reversed through other comprehensive income and not through profit or loss.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss.

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(ii) Loans and receivables

Non-current receivables, previously measured at invoice amount and subject to impairment, are now classified as loans and receivables and measured at fair value plus transaction costs initially and subsequently, at amortised cost using the effective interest method.

When loans and receivables are impaired, the carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. Impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(iii) Fair value through profit or loss

Derivative financial instruments were not previously recognised in the financial statements on inception. These are now recognised and measured at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value with changes in fair value recognised in profit or loss at each reporting date.

The Group has applied the new policies in relation to the financial instruments above in accordance with the transitional provisions in FRS 139 by recognising and re-measuring all financial assets and financial liabilities as at 1 January 2010 as appropriate. The related adjustments to the previous carrying amounts are made to the opening retained earnings. Comparatives are not restated.

The adoption of other interpretations and revisions to existing FRSs, IC Interpretations and Amendments mandatory for annual periods beginning on or after 1 January 2010 did not result in significant changes in the reported profit or equity or on the disclosures in the financial statements.

A3. Auditors' Report on Preceding Annual Financial Statements

There was no audit qualification on the auditors' report of the Company's audited financial statements for the financial year ended 31 December 2009.

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Unaudited Financial Results of the Group for the Fourth Quarter Ended 31 December 2010

A4. 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.

A5. 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.

A6. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the fourth quarter ended 31 December 2010.

A7. Debts and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review.

A8. Outstanding derivatives

The Group had not entered into any type of derivatives in the current quarter that was not disclosed in the preceding year's annual financial statements.

A9. Fair value changes of financial liabilities

As at 31 December 2010, the Group does not have any financial liabilities measured at fair value through profit or loss.

A10. Dividends Paid

No dividends were paid during the quarter under review.

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Unaudited Financial Results of the Group for the Fourth Quarter Ended 31 December 2010

A11. 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-Dec-10 (RM'000)	Result 31-Dec-10 (RM'000)	Revenue 31-Dec-10 (RM'000)	Result 31-Dec-10 (RM'000)
Revenue				
Marketing & Trading	28,562	514	121,750	5,273
Manufacturing	8,947	152	40,285	1,624
Investment holding	1,254	(231)	9,817	3,311
Food and beverage outlets	1,332	(548)	4,821	(2,343)
Inter-segment elimination	(7,545)	306	(42,228)	(4,265)
	32,550	193	134,445	3,600
Taxation		454		(948)
Minority Interest		(38)		(137)
Profit for the period		609		2,515

A12. 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 2009.

A13. Events Subsequent to the End of the Period

There were no material events subsequent to the reporting period up to 17 February 2011 (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.

A14. 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.

On 18 October 2010 and 20 December 2010, the Company subscribed 500,000 and 100,000 new ordinary shares of RM1.00 each respectively in its wholly-owned subsidiary, Infuso Sdn Bhd for a total consideration of RM500,000 and RM100,000 respectively.

On 18 October 2010 and 20 December 2010, the Company subscribed 2,000,000 and 100,000 new ordinary shares of RM1.00 each respectively in its wholly-owned

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Unaudited Financial Results of the Group for the Fourth Quarter Ended 31 December 2010

subsidiary, Regal Effect Sdn. Bhd. for a total consideration of RM2,000,000 and RM100,000 respectively.

A15. Contingent Liabilities

As at the date of this announcement, there were no material contingent liabilities and contingent assets incurred by the Group which, upon becoming enforceable, may have a material impact on the financial position of the Group.

A16. Capital Commitments

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

	Year to-date 31-Dec-10 (RM'000)
In respect of capital expenditure approved and contracted for :-	
Purchase of property, plant and equipment	164
Acquisition of computer software	26
	<u>190</u>

A17. Related Party Transactions

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

Related Parties	Amount (RM)
<u>CNI Corporation Sdn Bhd</u>	
Rental revenue received and receivable	(197,950)
Management fee paid and payable	342,436
Sales received and receivable	(14,841)
IT and eCommerce related services	(792,620)

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CNI Venture Sdn Bhd

Rental revenue received and receivable	(116,400)
Sales received and receivable	(9,112)
Research and development expenditure paid and payable	425,962
Provision of microbiological test received and receivable	(1,276)

Citra Nusa Insancemerlang Investment Co.

Patent fee paid and payable	77,906
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PC Marketing Sdn Bhd

Rental charge paid and payable	84,000
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CNI Enterprise (India) Private Ltd.

Sales received and receivable	(3,650)
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Leader Regent Inc

Sales received and receivable	(4,037,561)
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CNI IPHC

Trademark fee paid and payable	192,819
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CNI Hong Kong Ltd.

Purchase paid and payable	82,352
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CNI (China) Co. Ltd.

Purchase of goods and raw material	529,119
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Yayasan CNI

Rental revenue received and receivable	(2,400)
Sales received and receivable	(95,540)
IT and eCommerce related services	(7,795)

Sepang Goldcoast Sdn Bhd

Sales received and receivable	(177,944)
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Fortune Venture Inc

Sales received and receivable	(3,308,402)
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These transactions have been entered into in the normal course of business and have been established on commercial terms.

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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 RM32.6 million as compared to RM37.0 million in the preceding year corresponding quarter. The Group revenue were mainly contributed by sale and distribution of health care and consumer products, and contract manufacturing. Accumulatively, the Group recorded revenue of RM134.4 million for the 12 months period ended 31 December 2010 ('cumulative quarter').

The Group achieved a profit before taxation ("PBT") and profit after taxation ("PAT") of RM0.19 million and RM0.65 million respectively for the reporting quarter, compared to RM1.46 million and RM0.72 million respectively in the preceding year corresponding quarter. Accumulatively, the Group achieved a PBT and PAT of RM3.60 million and RM2.65 million respectively for the cumulative 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 RM0.65 million, compared to PAT of RM0.72 million in the immediate preceding quarter mainly due to lower sales recorded

B3. Prospects

The Direct Selling industry is expected to further improve with the support from the Malaysian Government. This development will continue to have positive impact on the industry as Malaysia will be position as the Regional Hub for direct selling. The key performance indicator for 2012 is expected to be RM10 billion of sales turnover according to the projection by the Ministry.

Based on the positive outlook, the Management is very optimistic about its direct selling business and is constantly looking for new ways and method for improvements. Newly improved channels of sales such as the *electronic Sales Point* ("eSP") concept which maximizes efficiency and effectiveness for market penetration has been implemented in the second quarter of 2010. 35 new eSP has been set up as at 31 December 2010. The company will continue to improve and expand its distribution channel in objective to generate higher revenue.

Several new products have also been launched in the current quarter include categories in health supplement, personal care and exclusive range.

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Unaudited Financial Results of the Group for the Fourth Quarter Ended 31 December 2010

Barring any unforeseen circumstances, the Board expects the Group's financial performance to remain positive for the remainder of the year.

B4. Variances from Profit Forecasts

Not applicable as the Group did not publish any profit forecast and profit guarantee.

B5. Realised and Unrealised Profits

	Unaudited Year to-date 31-Dec-10 RM'000	Audited Year to-date 31-Dec-09 RM'000
Total group retained profits as per consolidated accounts		
- Realised profit	35,579	36,873
- Unrealised (loss)/profit	(318)	188
- Total	<u>35,261</u>	<u>37,061</u>

B6. Taxation

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

	Current Quarter 31-Dec-10 RM'000	Year to-date 31-Dec-10 RM'000
Current quarter / year	(586)	893
Transfer from deferred taxation	132	55
	<u>(454)</u>	<u>948</u>

B7. Sale of unquoted investment and/or properties

There were no sales of unquoted investments and/or properties during the quarter under review.

B8. Purchase and Disposal of Quoted Securities

There is no investment in quoted shares, excluding subsidiaries and associates, during the quarter under review.

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Unaudited Financial Results of the Group for the Fourth Quarter Ended 31 December 2010

B9. Status of Corporate Proposals

There were no corporate proposals announced as at 17 February 2011 (the latest practicable date which is not earlier than 7 days from the date of this quarterly report).

B10. Group Borrowings and Debt Securities

	Year to-date 31-Dec-10 (RM'000)
Short term borrowing (Secured)	2
Long term borrowing (Secured)	114
	<hr/> <hr/> 116

B11. Off Balance Sheet Financial Instruments

There were no material financial instruments with off balance sheet risk as at 17 February 2011 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

B12. 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.

B13. Dividend Payable

The Board of Directors has declared an interim dividend of 0.61 sen per ordinary share less 25% income tax for the financial year ended 31 December 2010 on 24 February 2011. The interim dividend will be paid on 15 April 2011 to the depositors registered in the Record of Depositors at the close of business on 18 March 2011.

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Unaudited Financial Results of the Group for the Fourth Quarter Ended 31 December 2010

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-Dec-10	Current Year to-date 31-Dec-10
Profit attributable to the equity holders of the Parent (RM'000)	609	2,515
Weighted average number of ordinary share ('000)	716,158	716,756
Basic earnings per ordinary share (sen)	0.09	0.35

(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 & CEO
Date: 24 February 2011