

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011**

	<b>Individual period</b>		<b>Cumulative Period</b>	
	<b>30-Sep-11 Unaudited RM '000</b>	<b>30-Sep-10 Unaudited RM '000</b>	<b>30-Sep-11 Unaudited RM '000</b>	<b>30-Sep-10 Unaudited RM '000</b>
<b>Continuing Operations</b>				
Revenue	28,984	30,215	95,612	101,895
Operating profit/(loss)	(437)	(29)	2,492	2,831
Financing costs	(14)	(5)	(19)	(16)
Interest income	26	237	81	592
Profit/(loss) before tax	(425)	203	2,554	3,407
Taxation	-	(58)	(930)	(1,401)
Total comprehensive income for the period	(425)	145	1,624	2,006
<b>Total comprehensive income attributable to :</b>				
Equity holders of the Company	(450)	104	1,533	1,907
Minority interest	25	41	91	99
	(425)	145	1,624	2,006
Earnings/(loss) per share (sen)				
Basic	(0.06)	0.01	0.22	0.27
Diluted	NA	NA	NA	NA

Notes :-

1) NA denotes "Not Applicable"

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the explanatory notes attached to the interim financial statements.*

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2011**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30-Sep-11</b>	<b>31-Dec-10</b>
	<b>RM '000</b>	<b>RM '000</b>
	<b>_____</b>	<b>_____</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	45,532	45,430
Investment properties	9,380	9,380
Investment in associate company	3	3
Investment in unquoted shares	2,250	2,500
Other intangible assets	2,630	2,937
Deferred tax assets	3,298	3,342
	<b>_____</b>	<b>_____</b>
	63,093	63,594
<b>Current assets</b>		
Inventories	19,760	16,778
Trade receivables	8,705	9,407
Other receivables, deposits and prepayments	4,623	2,806
Investments	23,290	24,162
Tax assets	2,219	2,029
Cash and bank balances	12,175	15,923
	<b>_____</b>	<b>_____</b>
	70,772	71,105
	<b>_____</b>	<b>_____</b>
<b>TOTAL ASSETS</b>	<b>133,865</b>	<b>134,699</b>
	<b>_____</b>	<b>_____</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	72,000	72,000
Treasury shares	(1,335)	(1,302)
Other reserves	(68)	(15)
Retained earnings	33,300	35,044
	<b>_____</b>	<b>_____</b>
	103,897	105,727
<b>Minority interest</b>	433	342
	<b>_____</b>	<b>_____</b>
<b>Total Equity</b>	<b>104,330</b>	<b>106,069</b>
	<b>_____</b>	<b>_____</b>

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2011 (Continued)**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30-Sep-11</b>	<b>31-Dec-10</b>
	<b>RM '000</b>	<b>RM '000</b>
	<b>_____</b>	<b>_____</b>
<b>Non-current liabilities</b>		
Borrowings	94	86
Retirement benefits	14,904	14,778
Deferred tax liabilities	1,944	2,280
	<b>_____</b>	<b>_____</b>
	16,942	17,144
	<b>_____</b>	<b>_____</b>
<b>Current liabilities</b>		
Trade payables	2,394	2,145
Other payables, deposits and accruals	10,119	9,137
Provision for taxation	-	24
Provision and contingent liabilities	80	150
Borrowings	-	30
	<b>_____</b>	<b>_____</b>
	12,593	11,486
	<b>_____</b>	<b>_____</b>
Total liabilities	29,535	28,630
	<b>_____</b>	<b>_____</b>
<b>TOTAL EQUITY AND LIABILITES</b>	<b>133,865</b>	<b>134,699</b>
	<b>_____</b>	<b>_____</b>
<b>Net Assets</b>	104,330	106,069
<b>Net Assets per share (RM)</b>	0.15	0.15

*The Condensed Consolidated Statements of Financial Positions should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the explanatory notes attached to the interim financial statements.*

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011**

	← Non Distributable →				Distributable		Total Equity RM '000
	Share Capital RM '000	Treasury Shares RM '000	Translation Reserve RM '000	Revaluation Reserve RM '000	Retained Earnings RM '000	Minority Interest RM '000	
As at 1 January 2010	72,000	(1,113)	6	-	37,048	201	108,142
Foreign exchange translation difference	-	-	(8)		-	-	(8)
Total comprehensive income for the year	-	-	-		2,298	141	2,439
Revaluation reserve				(13)			(13)
Purchase of Treasury Shares	-	(189)	-		-	-	(189)
Interim dividends	-	-	-		(4,302)	-	(4,302)
<b>As at 31 December 2010</b>	<b>72,000</b>	<b>(1,302)</b>	<b>(2)</b>	<b>(13)</b>	<b>35,044</b>	<b>342</b>	<b>106,069</b>
As at 1 January 2011	72,000	(1,302)	(2)	(13)	35,044	342	106,069
Foreign exchange translation difference	-	-	(53)		-	-	(53)
Total comprehensive income for the period	-	-	-		1,533	91	1,624
Purchase of Treasury Shares	-	(33)	-		-	-	(33)
Interim dividends	-	-	-		(3,277)	-	(3,277)
<b>As at 30 June 2011</b>	<b>72,000</b>	<b>(1,335)</b>	<b>(55)</b>	<b>(13)</b>	<b>33,300</b>	<b>433</b>	<b>104,330</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 2010 and the explanatory notes attached to the interim financial statements.

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011**

	<b>Third quarter ended</b>	
	<b>30-Sep-11</b>	<b>30-Sep-10</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Net cash generated from operating activities	1,785	5,294
Net cash used in investing activities	(3,006)	(2,027)
Net cash used in financing activities	(3,332)	(4,516)
Net decrease in cash and cash equivalent	<u>(4,553)</u>	<u>(1,249)</u>
Effect of exchange rate changes	(67)	(15)
Cash and cash equivalent at beginning of the financial period	40,086	40,685
Cash and cash equivalent at end of the financial period	<u>35,466</u>	<u>39,421</u>

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

	<b>Second quarter ended</b>	
	<b>30-Sep-11</b>	<b>30-Sep-10</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	12,175	35,575
Cash deposits with licensed banks	-	3,890
Overdraft	-	(44)
Highly liquid investments in unit trusts	23,290	-
	<u>35,465</u>	<u>39,421</u>

The condensed Consolidated Statement of Cash Flows should be *read in conjunction with the audited financial statements for the year ended 31 December 2010 and the explanatory notes attached to the interim financial statements.*

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

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

**A1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2010.

**A2. Accounting Policies**

The accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010. The adoption of revised FRSS, Amendments to FRSS, Issues Committee (“IC”) Interpretations and Technical Releases (“TR”) for the current financial period does not have significant financial impact on the Group

**A3. Comments about Seasonal or Cyclical Factors**

The Group’s performance is affected by seasonal or cyclical factors on quarter-to-quarter basis; the demand may be skewed towards the major festivities such as Hari Raya Puasa and Chinese New Year. This pattern is in line with the forecast and expectation of the Group.

**A4. Unusual Items Due to Their Nature, Size or Incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial year-to-date.

**A5. Changes in Estimates**

There were no material changes in estimates that have had any material effect on the financial year-to-date results.

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

### Unaudited Financial Results of the Group for the Third Quarter Ended 30 September 2011

#### **A6. Debts and Equity Securities**

Save as disclosed below, there were no issuances, repurchases and repayments of debt and equity securities during the financial year-to-date ended 30 September 2011:

The Company repurchased from the open market, 200,000 ordinary shares of RM0.10 each in the Company (“CNI Shares”) at an average price of RM0.16 per share. The total consideration paid, including transaction costs, was RM33,087.00 and it was financed by internally generated funds.

The CNI Shares repurchased were being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. As at 30 September 2011, the total shares repurchased, all of which are held as treasury shares, amounted to 4,041,600 CNI Shares. None of the treasury shares held were resold or cancelled during the financial year-to-date.

#### **A7. 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.

#### **A8. Fair Value Changes of Financial Liabilities**

As at 30 September 2011, the Group does not have any financial liabilities measured at fair value through profit or loss.

#### **A9. Dividends Paid**

During the financial period ended 30 September 2011, the interim dividend of 0.61 sen per ordinary share less 25% income tax in respect of the financial year ended 31 December 2010, amounting to RM3,275,946 was paid on 15 April 2011.

There were no dividends declared and paid during the current quarter.

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

Unaudited Financial Results of the Group for the Third Quarter Ended 30 September 2011

### A10. Segmental Information

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

	Current quarter		Year to-date	
	Revenue	Result	Revenue	Result
	30-Sep-11	30-Sep-11	30-Sep-11	30-Sep-11
	RM'000	RM'000	RM'000	RM'000
<u>Segment</u>				
Marketing and trading	25,932	2,406	85,246	6,319
Manufacturing	9,116	(198)	31,504	1,331
Investment holding	1,210	91	8,337	4,452
Food and beverage	923	(462)	3,486	(1,441)
Inter-segment elimination	(8,197)	(2,262)	(32,961)	(8,108)
	<u>28,984</u>	<u>(425)</u>	<u>95,612</u>	<u>2,553</u>
Taxation		-		(930)
Profit/(loss) for the period		<u>(425)</u>		<u>1,622</u>

### A11. Valuations of Property, Plant and Equipment

The property, plant and equipment, which are stated at cost less accumulated depreciation and accumulated impairment losses, if any, have been brought forward without amendments from the audited financial statements for the financial year ended 31 December 2010.

### A12. Material Subsequent Events

Save as disclosed below, there were no material events subsequent to the current quarter up to 24 November 2011 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

#### Acquisition of a Subsidiary, Bright Way Avenue Sdn Bhd (“BWA”)

The Company’s wholly-owned subsidiary, Exclusive Mark (M) Sdn Bhd (“EM”) had on 31 October 2011 acquired 304,587 ordinary shares of RM1.00 each in Bright Way Avenue Sdn Bhd (“BWA”) for a total cash consideration of RM2.00 only. As a result of this acquisition, the entire issued and paid-up share capital of BWA of RM554,587.00 comprising 304,587 ordinary shares of RM1.00 each and 250,000 Redeemable Convertible Class A Preference Shares of RM1.00 each is held by EM.



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

Unaudited Financial Results of the Group for the Third Quarter Ended 30 September 2011

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### **A12. Material Subsequent Events (Cont'd)**

#### Acquisition of a Subsidiary, Sierra Edge Sdn Bhd

The Company's wholly-owned subsidiary, Symplesoft Sdn Bhd had on 14 November 2011 acquired 60 ordinary shares of RM1.00 each, representing 60% of the issued and paid-up capital of Sierra Edge Sdn Bhd for a total cash consideration of RM200,000.00 only.

### **A13. Changes in Composition of the Group**

Save as disclosed below, there were no material changes in the composition of the Group including business combination, acquisition or disposal of subsidiaries and long-term investment, restructuring & discontinuing operations during the financial year-to-date:

#### Incorporation of an Associated Company, Creative Network International (Thailand) Co., Ltd. ("CNI Thailand")

On 7 July 2011, CNI Thailand was incorporated in Thailand. The Company's wholly-owned subsidiary, CNI Enterprise (M) Sdn Bhd ("CNIE") had then contributed THB980,000 (Thai Baht Nine Hundred Eighty Thousand Only) to the issued and paid-up share capital of CNI Thailand. With that, the Group holds an effective equity interest of 49% in CNI Thailand.

#### Incorporation of a Subsidiary, One Biotech Co., Ltd. ("One Biotech")

On 13 September 2011, One Biotech was incorporated in the Republic of China (Taiwan). One Biotech is a joint venture company between Exclusive Mark (M) Sdn Bhd ("EM") (a wholly-owned subsidiary of the Company) and Jean, Chuen-Jiang with equity participation of 70% and 30% respectively.

EM had then contributed TWD10,500,000 (Taiwanese New Dollars Ten Million Five Hundred Thousand Only) to the registered capital of One Biotech. With that, the Group holds an effective equity interest of 70% in the joint venture company.

### **A14. Contingent Assets and Contingent Liabilities**

There were no material contingent assets and no changes in the contingent liabilities since 31 December 2010.

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

Unaudited Financial Results of the Group for the Third Quarter Ended 30 September 2011

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### **A15. Capital Commitments**

The outstanding capital commitments as at the end of the financial period were as follows:

	<b>As at 30/9/2011 RM '000</b>
<b>Capital expenditure approved and contracted for:</b>	
Purchase of property, plant and equipment	72
Acquisition of computer software	8
	<hr/> 79 <hr/>

### **A16. Related Party Disclosures**

Significant related party transactions are as follows:

	<b>Current quarter RM '000</b>	<b>Cumulative period RM '000</b>
<b><u>CNI Corporation Sdn Bhd</u></b>		
Rental revenue received and receivable	40	116
Management fee paid and payable	85	252
IT and eCommerce related service	121	364
<b><u>CNI Venture Sdn Bhd</u></b>		
Rental revenue received and receivable	29	87
Sales received and receivable	-	1
Research and development expenditure paid and payable	97	334
Provision of microbiological test received and receivable	1	2
<b><u>Citra Nusa Insancemerlang Investment Co.</u></b>		
Patent fee paid and payable	18	55
<b><u>PC Marketing Sdn Bhd</u></b>		
Rental charge paid and payable	21	63

**CNI Holdings Berhad** (Company No.: 181758-A)Unaudited Financial Results of the Group for the Third Quarter Ended 30 September 2011

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**A16. Related Party Disclosures (Cont'd)**

	<b>Current quarter RM '000</b>	<b>Cumulative period RM '000</b>
<b><u>Leader Regent Inc</u></b>		
Sales received and receivable	504	2,222
<b><u>CNI IPHC</u></b>		
Trademark fee paid and payable	45	137
<b><u>CNI Hong Kong Limited</u></b>		
Purchase of goods	20	69
<b><u>CNI (China) Co.Ltd.</u></b>		
Purchase of goods and raw material	374	568
Sales received and receivable	181	181
<b><u>Sepang Goldcoast Sdn Bhd</u></b>		
Sales received and receivable	57	104
<b><u>Fortune Venture Inc</u></b>		
Sales received and receivable	791	2,442
<b><u>Golden Palm Tree Resort &amp; Spa Sdn Bhd</u></b>		
Sales received and receivable	24	28
Purchase of hotels and related services	-	18
<b><u>Global Business Network Sdn Bhd</u></b>		
Sales received and receivable	-	2

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

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

Unaudited Financial Results of the Group for the Third Quarter Ended 30 September 2011

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

**B1. Performance Review**

For the reporting quarter, the Group's recorded revenue of RM28.9 million as compared to RM30.2 million in the preceding year corresponding quarter. The Group revenue was mainly contributed by sale and distribution of health care and consumer products, and contract manufacturing.

The Group recorded revenue of RM95.6 million for the financial period ended 30 September 2011.

The Group incurred a loss of before tax and loss after tax of RM0.4 million for the reporting quarter, compared to the profit before tax ("PBT") and profit after tax ("PAT") of RM0.2 million and RM0.1 million respectively in the preceding year corresponding quarter.

The Group achieved a PBT and PAT of RM2.6 million and RM1.6 million respectively for the financial period ended 30 September 2011.

**B2. Material Changes in Profit Before Tax of Current Quarter Compared with Immediate Preceding Quarter**

For the current quarter under review, the Group recorded a loss of RM0.4 million, compared to the profit before tax ("PBT") of RM0.2 million in the immediate preceding quarter. The decrease in PBT was mainly due to decline in sales revenue.

**B3. Commentary on Prospects and Targets**

In accordance with the Ministry of Domestic Trade, Co-operatives and Consumerism, the direct selling industry is expected to reach a turnover of RM10 billion by year 2012. The Government's effort in supporting the industry growth will continue to bring a positive impact to the overall healthy development of the industry in Malaysia.

The management shall continue to focus on its direct sales core business in Malaysia, Singapore and Brunei and also looking into the opportunities of expanding its business into the neighboring countries such as Thailand.

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

Unaudited Financial Results of the Group for the Third Quarter Ended 30 September 2011

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### **B3. Commentary on Prospects and targets (Cont'd)**

The Group will make continuous efforts to develop and introduce new and upgraded products in its direct sales operation with an even higher level of methodology technology or know-how and are expected to further contribute to the Group's total revenue in the future.

The manufacturing for export sales in the regional market is expected to increase due to new demand of the coffee based products.

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**

	<b>As at 30-Sep-11 RM '000</b>	<b>As at 31-Dec-10 RM '000</b>
Total retained profits of the group		
- Realised profits	57,297	59,182
- Unrealised losses	(109)	(366)
	<hr/> 57,187	<hr/> 58,816
Less: Consolidation adjustments	(23,887)	(23,772)
	<hr/> 33,300	<hr/> 35,044
Total retained profits as per statement of financial position	<hr/> 33,300	<hr/> 35,044

### **B6. Income Tax Expenses**

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

	<b>Current quarter RM '000</b>	<b>Year to-date RM '000</b>
Current quarter/ year to-date	-	930
	<hr/>	<hr/>

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

Unaudited Financial Results of the Group for the Third Quarter Ended 30 September 2011

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### **B7. Sale of Unquoted Investment and/or Properties**

There was no sale of unquoted investments and/or properties since the last financial year end.

### **B8. Quoted Securities**

There was no purchase or disposal of quoted securities for the current quarter and financial year-to-date.

### **B9. Corporate Proposals**

There were no corporate proposals announced but not completed as at 24 November 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**

The details of the Group borrowings as at the end of the reporting period were as follow:

	<b>As at 30-Sep-11 RM '000</b>
<b><u>Secured</u></b>	
Short term borrowings	-
Long term borrowings	94
	<hr/>
	94
	<hr/>

### **B11. Off Balance Sheet Financial Instruments**

There were no material off balance sheet financial instruments as at 24 November 2011 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

### **B12. Material Litigation**

There was no material litigation against the Group as at the reporting date.

### **B13. Proposed Dividend**

There was no dividend proposed in the current quarter and the previous corresponding quarter.

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

Unaudited Financial Results of the Group for the Third Quarter Ended 30 September 2011

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### **B14. Earnings/Loss Per Share**

#### **(a) Earnings/Loss per share**

The basic earnings per share for the current quarter and financial year-to-date are computed as follow:

	<b>quarter 30-Sep-11 RM'000</b>	<b>30-Sep-11 RM'000</b>
Profit/(Loss) attributable to the equity holders of the parent (RM'000)	(450)	1,533
Weighted average number of ordinary share ('000)	716,058	716,092
Basic earnings/(loss) per ordinary share (sen)	<u>(0.06)</u>	<u>0.22</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.

### **B15. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the financial year ended 31 December 2010 was unqualified.

### **B16. Authorised for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 November 2011.