

**CNI HOLDINGS BERHAD (181758-A)**  
(Incorporated in Malaysia under the Companies Act, 1965)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		2019	2018	2019	2018
		CURRENT QUARTER 30/06/2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2018 RM'000	CURRENT YEAR TO DATE 30/06/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2018 RM'000
Revenue	B 1	15,610	20,662	33,756	38,947
Direct operating costs		(9,577)	(12,091)	(18,848)	(19,369)
Gross profit		6,033	8,571	14,908	19,578
Other income		791	978	1,379	960
Operating costs		(8,852)	(7,845)	(18,630)	(18,775)
Finance costs		(99)	(14)	(202)	(35)
Share of results of an associate		(98)	(34)	(295)	2
(Loss)/Profit before taxation	B 2	(2,225)	1,656	(2,840)	1,730
Taxation	B 5	(21)	(280)	(53)	(349)
(Loss)/Profit for the financial period		(2,246)	1,376	(2,893)	1,381
Other comprehensive income		(28)	121	(101)	144
Total comprehensive income for the financial period		(2,274)	1,497	(2,994)	1,525
Profit/(Loss) attributable to:					
Owners of the company		(2,381)	1,163	(2,908)	1,151
Non-controlling interest		135	213	15	230
		(2,246)	1,376	(2,893)	1,381
Total comprehensive income attributable to:					
Owners of the company		(2,409)	1,284	(3,009)	1,295
Non-controlling interest		135	213	15	230
		(2,274)	1,497	(2,994)	1,525
Weighted average number of shares in issue		712,905	712,905	712,905	712,905
Loss per share (sen) - basic	B 10	(0.33)	0.16	(0.41)	0.16
- diluted	B 10	(0.33)	0.16	(0.41)	0.16

**Note 1:**

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.

**CNI HOLDINGS BERHAD (181758-A)**  
(Incorporated in Malaysia under the Companies Act, 1965)  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

	Note	Unaudited AS AT 30/06/2019 RM'000	Audited AS AT 31/12/2018 RM'000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment		34,998	34,290
Investment properties		2,550	2,550
Intangible asset		819	629
Investment in associate		1,636	1,931
Other Investment		500	500
Deferred tax asset		1,104	1,104
		41,607	41,004
<b>Current Assets</b>			
Intangible asset		380	380
Investment in preference shares		3,500	3,500
Inventories		14,341	14,140
Trade receivables		11,015	13,493
Other receivables, deposits and prepayments		4,310	2,516
Tax recoverable		124	11
Short-term investment		7,611	11,029
Cash and cash equivalents		7,139	10,126
		48,420	55,195
<b>TOTAL ASSETS</b>		90,027	96,199
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital		72,000	72,000
Treasury shares		(1,725)	(1,718)
Exchange translation reserve		(182)	(81)
Legal capital reserve		93	93
Retained earnings		392	3,300
<b>Total equity attributable to the Owners of the Company</b>		70,578	73,594
Non-controlling interest		1,704	1,689
<b>Total Equity</b>		72,282	75,283
<b>Non-current Liabilities</b>			
Finance lease liabilities	B 7	1,355	581
Retirement benefits		1,910	1,869
Deferred tax liabilities		945	945
		4,210	3,395
<b>Current Liabilities</b>			
Trade payables		4,339	3,935
Other payables, deposits and accruals		8,367	10,139
Finance lease liabilities	B 7	829	575
Dividend payable		-	2,137
Tax Payable		-	735
		13,535	17,521
<b>Total Liabilities</b>		17,745	20,916
<b>TOTAL EQUITY AND LIABILITIES</b>		90,027	96,199
Net assets per share attributable to owners of the Company (RM)		0.10	0.10

**Note:**

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.

**CNI HOLDINGS BERHAD (181758-A)**  
(Incorporated in Malaysia under the Companies Act, 1965)  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

	← Attributable to the Owners of the Company →				Distributable Retained Earnings	Non-Controlling interest	Total
	Issued Capital	Legal capital reserve	Treasury Shares	Exchange translation reserve			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as of 1 January 2019</b>	72,000	93	(1,718)	(81)	3,300	1,689	75,283
<b>Comprehensive income</b> (Loss)/Profit for the period	-	-	-	-	(2,908)	15	(2,893)
<b>Other comprehensive income</b> Foreign currency translation	-	-	-	(101)	-	-	(101)
Total comprehensive income for the period	-	-	-	(101)	(2,908)	15	(2,994)
<b>Transactions with Owners of the Company</b> Purchase of treasury shares	-	-	(7)	-	-	-	(7)
Total transactions with Owners of the Company	-	-	(7)	-	-	-	(7)
<b>Balance as of 30 June 2019</b>	72,000	93	(1,725)	(182)	392	1,704	72,282

	← Attributable to the Owners of the Company →				Distributable Retained Earnings	Non-Controlling interest	Total
	Issued Capital	Legal capital reserve	Treasury Shares	Exchange translation reserve			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as of 1 January 2018</b>	72,000	-	(1,699)	(672)	4,871	1,482	75,982
<b>Comprehensive income</b> (Loss)/Profit for the period	-	-	-	-	1,151	230	1,381
<b>Other comprehensive income</b> Foreign currency translation	-	-	-	144	-	-	144
Total comprehensive income for the period	-	-	-	144	1,151	230	1,525
<b>Transactions with Owners of the Company</b> Purchase of treasury shares	-	-	(11)	-	-	-	(11)
Total transactions with Owners of the Company	-	-	(11)	-	-	-	(11)
<b>Balance as of 30 June 2018</b>	72,000	-	(1,710)	(528)	6,022	1,712	77,496

**Note:**

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.

**CNI HOLDINGS BERHAD (181758-A)**  
**(Incorporated in Malaysia under the Companies Act, 1965)**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

	6 Months Ended 30/06/2019 RM'000	6 Months Ended 30/06/2018 RM'000
<b>Cash Flows from Operating Activities</b>		
(Loss)/Profit before tax	(2,840)	1,730
Adjustment for:		
Amortisation of intangible assets	62	91
Depreciation of property, plant and equipment	1,092	1,155
Interest expenses	178	-
Interest income	(654)	(198)
Reversal of inventories written down	(10)	(4)
Gain on disposal of property, plant and equipment	-	(5)
Property, plant and equipment written off	-	11
Provision for employee benefits expenses	-	(1,335)
Reversal of retirement benefit expense	41	37
Share of other comprehensive income of associate	295	(2)
Unrealised (gain)/loss on foreign exchange currency	(91)	73
Operating (loss)/profit before working capital changes	(1,927)	1,553
Inventories	(191)	(432)
Receivables	774	(802)
Payables	(1,368)	(4,816)
Cash used in operations	(2,712)	(4,497)
Interest paid	(178)	-
Interest received	654	198
Tax paid	(900)	(402)
Tax refund	-	28
Net cash used in operating activities	(3,136)	(4,673)
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(1,800)	(311)
Purchase of intangible assets	(252)	-
Withdrawal/(Drawdown) of short-term investments	3,418	1,912
Net cash generated from investing activities	1,366	1,601
<b>Cash Flows from Financing Activities</b>		
Purchase of treasury shares	(7)	(11)
Drawdown of finance lease liabilities	1,028	119
Dividend paid	(2,137)	-
Payment of retirement benefit expense	-	(475)
Net cash used in financing activities	(1,116)	(367)
<b>Net Decrease in Cash and Cash Equivalents</b>	(2,886)	(3,439)
<b>Foreign exchange differences</b>	(101)	144
<b>Cash and Cash Equivalents at beginning of period</b>	10,126	8,561
<b>Cash and Cash Equivalents at end of period</b>	7,139	5,266
Cash and Cash Equivalents at end of period comprise of the followings:-		
Cash and bank balances	7,139	5,266
	7,139	5,266

**Note :**

The Unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.

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

**A1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the reporting requirements outlined in the Malaysia Financial Reporting Standards ("MFRS") 134 - Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa”).

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

The interim financial statements of the Group have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”) and the Companies Act, 2016 in Malaysia.

**A2. Significant Accounting Policies**

The accounting policies and presentation adopted by the Group in this interim financial statements are consistent with these adopted for the audited financial statements of the Group for the financial year ended 31 December 2018.

**Effective for financial periods beginning on or after 1 January 2019**

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayment Feature with Negative Compensation
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Amendments to MFRS 119	Plan Amendments, Curtailment or Settlement

Annual Improvements to MFRSs 2015-2017 Cycle

**Effective for financial periods beginning on or after 1 January 2020**

Amendment to MFRS 2	Share-based Payment
Amendment to MFRS 3	Business Combinations
Amendment to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendment to MFRS 14	Regulatory Deferral-Accounts
Amendment to MFRS 101	Presentation of Financial Statements
Amendment to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to MFRS 134	Interim Financial Reporting
Amendment to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets

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

**A2. Significant Accounting Policies (Cont’d)**

**Effective for financial periods beginning on or after 1 January 2020 (Cont’d)**

Amendment to MFRS 138	Intangible Assets
Amendment to IC Interpretation 12	Service Concession Arrangements
Amendment to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendment to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendment to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendment to IC Interpretation 132	Intangible Assets – Web Site Costs

**Effective for financial periods beginning on or after 1 January 2021**

MFRS 17	Insurance Contracts
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**Effective date to be announced**

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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**MFRS 16, Leases**

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Company is currently assessing the impact of MFRS 16 and plan to adopt the new standards on the required effective date.

**A3. Auditors' Report**

There were no audit qualifications on the annual audited financial statements of the Group for the financial year ended 31 December 2018.

**A4. 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 major festivities such as Hari Raya Puasa and Chinese New Year. This pattern is in line with the forecast and expectation of the Group.

**A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134****A5. Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current quarter and financial year-to-date under review.

**A6. Material Changes in Estimates**

There were no changes in the estimate of amounts reported in the prior interim periods of the current financial year, or in previous years, which have material effect on the current quarter under review.

**A7. Changes in Debts and Equity Securities**

Save as disclosed below, there were no issuances, repurchases and repayment of debt and equity securities during the quarter ended 30 June 2019.

As at 30 June 2019, the number of treasury shares held was 7,357,100 CNI Shares.

**A8. Dividend Paid**

During the current quarter, a single tier interim dividend of 0.3 sen net per ordinary share in respect of the financial year ended 31 December 2018, amounted to RM2.14 million was paid on 12 April 2019.

**A9. Segmental Reporting**

The segmental revenue and results for the financial year-to-date under review are as follows:-

	Current quarter		Year to-date	
	Revenue	Results	Revenue	Results
	30/06/2019	30/06/2019	30/06/2019	30/06/2019
	RM'000	RM'000	RM'000	RM'000
Marketing and trading	11,347	(398)	25,068	712
Manufacturing	6,391	(1,907)	16,132	(2,280)
Others	669	142	1,372	37
Inter-segment elimination	(2,797)	(99)	(8,816)	(1,029)
	15,610	(2,262)	33,756	(2,560)
Share of loss of associates		(98)		(295)
Income tax		(21)		(53)
Non-controlling interests		135		15
Loss for the period		(2,246)		(2,893)

**A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134****A9. Segmental Reporting (Cont’d)**

The segmental revenue and results for the preceding year’s corresponding financial year-to-date are as follows:-

	Current quarter		Year to-date	
	Revenue	Results	Revenue	Results
	30/06/2018	30/06/2018	30/06/2018	30/06/2018
	RM’000	RM’000	RM’000	RM’000
Marketing and trading	13,644	137	27,313	(119)
Manufacturing	11,276	820	22,011	1,101
Others	691	370	1,462	288
Inter-segment elimination	(4,949)	150	(11,839)	228
	20,662	1,477	38,947	1,498
Share of profit of associates		(34)		2
Income tax		(280)		(349)
Non-controlling interests		213		230
Profit for the period		1,376		1,381

**A10. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current quarter under review.

**A11. Changes in Contingent Assets and Contingent Liabilities**

As at the date of this announcement, there were no material changes in contingent assets and contingent liabilities of the Group since the last audited financial statements for the financial year ended 31 December 2018.

**A12. Capital Commitment**

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

	<b>As at 30.06.2019 RM’000</b>
Capital expenditure approved and contracted for	1,149
Capital expenditure approved and not contracted for	4,430
	<u>5,579</u>

**A13. Subsequent Material Events**

There were no material events subsequent to the current quarter up to the date of the interim financial report.



**A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134****A14. Related Party Transactions**

Related party transactions were summarized as follows:

	<b>Current quarter RM’000</b>	<b>Cumulative quarter RM’000</b>
<b><u>CNI Corporation Sdn Bhd</u></b>		
Management fee paid and payable	60	132
IT and eCommerce related service	16	32
Trade purchase paid and payable	75	565
Commission receivable	9	27
<b><u>CNI Venture Sdn Bhd</u></b>		
Research and development expenditure paid and payable	34	93
<b><u>CNI China Co. Ltd</u></b>		
Sales received and receivable	-	400
<b><u>CNI IPHC</u></b>		
Trademark fee paid and payable	62	124
<b><u>Law Yang Ket</u></b>		
Sales development and marketing advisory paid and payable	13	27

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

**B1. Review of Performance**

(a) Results for current year quarter compared to corresponding quarter of the preceding year

The Group recorded revenue of RM15.61 million for the current quarter ended 30 June 2019 as compared to RM20.66 million in the previous year corresponding quarter, decreased by 24%.

	<b>Current year quarter</b>	<b>Preceding Year Corresponding quarter</b>	<b>Changes %</b>	<b>Current year-to-date</b>	<b>Preceding Year Corresponding quarter</b>	<b>Changes %</b>
	<b>30/06/2019</b>	<b>30/06/2018</b>		<b>30/06/2019</b>	<b>30/06/2018</b>	
	<b>RM'000</b>	<b>RM'000</b>		<b>RM'000</b>	<b>RM'000</b>	
Revenue	15,610	20,662	-24%	33,756	38,947	-13%
(Loss)/Profit Before Tax	(2,225)	1,656	>100%	(2,840)	1,730	>100%
(Loss)/Profit After Tax	(2,246)	1,376	>100%	(2,893)	1,381	>100%
(Loss)/Profit Attributable to Owners of the Company	(2,381)	1,163	>100%	(2,908)	1,151	>100%

The revenue from the marketing and trading segment decreased from RM27.31 million to RM25.07 million, a decrease of 9% as compared to the previous corresponding quarter. The decrease in revenue mainly due to festival season by multi-level marketing business. However, the results had improved due to lower operating expenses.

Revenue contribution from the manufacturing segment decreased from RM22.01 million to RM16.13 million, a decrease of 36% as compared to the previous corresponding quarter. This was mainly attributable to lower contribution from external sales. Hence the result of the manufacturing segment was lower in this quarter.

The others segment representing investment holding, retail of food and beverage businesses. The revenue decrease from RM1.46 million to RM1.37 million, a decrease of 7% as compared to the previous corresponding quarter.

(b) Results for Current YTD 2019 vs corresponding YTD 2018

The Group's revenue for the financial period ended 30 June 2019 was RM33.76 million, 13% lower than previous financial corresponding period. This was mainly due to lower sales.

The Group's loss after tax for the financial period ended 30 June 2019 was RM2.89 million.

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B2. Material Change in Loss before Taxation (“LBT”) of Current Quarter Compared with Immediate Preceding Quarter**

The Group’s LBT for the current quarter was RM2.23 million, compared to LBT of RM0.62 million in the immediate preceding quarter, mainly due to lower sales contribution.

	<b>Current quarter</b>	<b>Immediate Preceding quarter</b>	<b>Changes %</b>
	<b>30/06/2019</b>	<b>31/03/2019</b>	
	<b>RM’000</b>	<b>RM’000</b>	
Revenue	15,610	18,146	-14%
(Loss)/Profit Before Tax	(2,225)	(615)	>100%

**B3. Commentary on Prospects and Targets**

The Marketing & Trading Segment will consolidate its business venture and focus in strengthening the growth of its networking starting in Malaysia.

The Board will continue to be mindful of the operating cost and seek new opportunities to enhance operating efficiency and growth.

**B4. Profit Forecast and Profit Guarantee**

The Group has not issued or disclosed in any public documents any profit forecast or profit guarantee for the current quarter under review.

**B5. Income Tax Expense**

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

	<b>Current quarter</b>	<b>Year-to-date</b>
	<b>RM’000</b>	<b>RM’000</b>
Income Tax Expense	<u>21</u>	<u>53</u>

**B6. Corporate Proposals**

Save as disclosed below, there were no corporate proposals announced but not completed as at 16 August 2019 (the latest practicable date which is not earlier than 7 days from the date of this quarterly report).

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

**B6. Corporate Proposals (cont'd)**

At the 30<sup>th</sup> Annual General Meeting of the Company held on 14 June 2019, the resolution in respect of the following were approved by the shareholders of the Company:

- a) Proposed Renewal of Existing Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature;
- b) Proposed Renewal of Authority for the Company to Purchase its Own Shares; and
- c) Proposed Adoption of New Constitution in Substitution of Existing Constitution of the Company.

**B7. Group Borrowings and Debt Securities**

The details of the Group borrowings (denominated in Ringgit Malaysia and foreign currency) as at 30.06.2019 were as follow:

	<b>Total</b>
	<b>RM'000</b>
<u>Secured</u>	
Short-term borrowings	
Hire purchase payable	829
Long-term borrowings	
Hire purchase payable	1,355
	2,184

**B8. Material Litigation**

The Group is not engaged in any material litigation since the date of the last annual statement of financial position up to the date of issuance of this quarterly report.

**B9. Proposed Dividend**

There was no dividend proposed in the current quarter

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B10. Earnings per Share****(a) Earnings per share**

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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year to-date</b>	<b>Preceding Year Corresponding Period</b>
(Loss)/Profit attributable to the owners of the Company (RM'000)	(2,381)	1,163	(2,908)	1,151
Weighted average number of ordinary shares in issue ('000)	712,905	712,905	712,905	712,905
Basic (loss)/profit per share (sen)	(0.33)	0.16	(0.41)	0.16

**(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 financial period.

**B11. Loss for the period**

Loss before tax is arrived at after charging/ (crediting) the following items:

	<b>Current Quarter</b>	<b>Financial Year-to-date</b>
	<b>RM'000</b>	<b>RM'000</b>
Amortisation of intangible assets	5	62
Depreciation of property, plant and equipment	162	1,092
Interest expenses	75	178
Reversal of inventories written off	26	(10)
Interest income	(577)	(654)
Retirement benefit expense	21	41
Unrealised gain on foreign exchange	(10)	(91)

**B12. 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 22 August 2019.