

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		2020	2019	2020	2019
		CURRENT QUARTER 31/03/2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2019 RM'000	CURRENT YEAR TO DATE 31/03/2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2019 RM'000
Revenue	B1	16,168	18,146	16,168	18,146
Direct operating costs		(8,577)	(9,271)	(8,577)	(9,271)
Gross profit		7,591	8,875	7,591	8,875
Other income		508	588	508	588
Operating costs		(8,843)	(9,778)	(8,843)	(9,778)
Finance costs		(119)	(103)	(119)	(103)
Share of results of an associate		-	(197)	-	(197)
Loss before taxation	B2	(863)	(615)	(863)	(615)
Taxation	B5	(137)	(32)	(137)	(32)
Loss for the financial period		(1,000)	(647)	(1,000)	(647)
Other comprehensive income		160	(73)	160	(73)
Total comprehensive income for the financial period		(840)	(720)	(840)	(720)
(Loss)/Profit attributable to:					
Owners of the Company		(890)	(782)	(890)	(782)
Non-controlling interest		(110)	135	(110)	135
		(1,000)	(647)	(1,000)	(647)
Total comprehensive income attributable to:					
Owners of the Company		(730)	(855)	(730)	(855)
Non-controlling interest		(110)	135	(110)	135
		(840)	(720)	(840)	(720)
Weighted average number of shares in issue ('000)		712,905	712,905	712,905	712,905
(Loss)/earnings per share (sen) - basic	B10	(0.12)	(0.11)	(0.12)	(0.11)
- diluted	B10	(0.12)	(0.11)	(0.12)	(0.11)

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 2019 and the accompanying explanatory notes attached to this interim financial report.

CNI HOLDINGS BERHAD (198901004452)(181758-A)
(Incorporated in Malaysia under the Companies Act, 1965)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2020

Note	Unaudited AS AT 31/03/2020 RM'000	Audited AS AT 31/12/2019 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	35,154	35,385
Investment properties	2,550	2,550
Intangible asset	917	773
Other Investment	500	500
Deferred tax asset	858	873
	39,979	40,081
Current Assets		
Investment in preference shares	3,500	3,500
Inventories	15,596	14,175
Trade receivables	11,857	11,258
Other receivables, deposits and prepayments	2,620	2,626
Tax recoverable	144	64
Short-term investment	7,935	7,219
Cash and cash equivalents	7,109	8,569
	48,761	47,411
TOTAL ASSETS	88,740	87,492
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	72,000	72,000
Treasury shares	(1,725)	(1,725)
Exchange translation reserve	32	(128)
Legal capital reserve	178	178
Accumulated Loss	(2,800)	(1,910)
Total equity attributable to the Owners of the Company	67,685	68,415
Non-controlling interest	1,435	1,545
Total Equity	69,120	69,960
Non-current Liabilities		
Finance lease liabilities	B7 1,554	1,311
Retirement benefits	1,957	1,944
Deferred tax liabilities	445	445
	3,956	3,700
Current Liabilities		
Trade payables	4,932	4,237
Other payables, deposits and accruals	9,921	8,348
Finance lease liabilities	B7 811	1,189
Tax Payable	-	58
	15,664	13,832
Total Liabilities	19,620	17,532
TOTAL EQUITY AND LIABILITIES	88,740	87,492
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 2019 and the accompanying explanatory notes attached to this interim financial report.

CNI HOLDINGS BERHAD (198901004452)(181758-A)
(Incorporated in Malaysia under the Companies Act, 1965)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	← Attributable to the Owners of the Company →					Distributable Retained Earnings/	Non-Controlling	Total	
	Non-distributable			Exchange translation	(Accumulated loss)				interest
	Share Capital	Legal capital reserve	Treasury Shares						
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Balance as of 1 January 2020	72,000	178	(1,725)	(128)	-	1,910	1,545	69,960	
Comprehensive income									
Loss for the period	-	-	-	-	(890)	-	110	(1,000)	
Other comprehensive income									
Foreign currency translation	-	-	-	160	-	-	-	160	
Total comprehensive income for the period	-	-	-	160	(890)	-	(110)	(840)	
Transactions with Owners of the Company									
Purchase of treasury shares	-	-	-	-	-	-	-	-	
Reservation of legal capital reserve	-	-	-	-	-	-	-	-	
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	
Total transactions with Owners of the Company	-	-	-	-	-	-	-	-	
Balance as of 31 March 2020	<u>72,000</u>	<u>178</u>	<u>(1,725)</u>	<u>32</u>	<u>(2,800)</u>	<u>-</u>	<u>1,435</u>	<u>69,120</u>	

	← Attributable to the Owners of the Company →					Distributable Retained Earnings	Non-Controlling interest	Total	
	Non-distributable			Exchange translation reserve	RM'000				RM'000
	Share Capital	Legal capital reserve	Treasury Shares						
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Balance as of 1 January 2019	72,000	93	(1,718)	(81)	3,300	-	1,689	75,283	
Comprehensive income									
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	-	
Share of other comprehensive income of an associate	-	-	-	-	-	-	-	-	
(Loss)/Profit for the period	-	-	-	-	(782)	-	135	(647)	
Other comprehensive income									
Foreign currency translation	-	-	-	(73)	-	-	-	(73)	
Total comprehensive income for the period	-	-	-	(73)	(782)	-	135	(720)	
Transactions with Owners of the Company									
Realization of reserves on disposal of subsidiary	-	-	-	-	-	-	-	-	
Purchase of treasury shares	-	-	(7)	-	-	-	-	(7)	
Total transactions with Owners of the Company	-	-	(7)	-	-	-	-	(7)	
Share of other comprehensive income reserve	-	-	-	-	-	-	-	0	
Balance as of 31 March 2019	<u>72,000</u>	<u>93</u>	<u>(1,725)</u>	<u>(154)</u>	<u>2,518</u>	<u>-</u>	<u>1,824</u>	<u>74,556</u>	

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 2019 and the accompanying explanatory notes attached to this interim financial report.

CNI HOLDINGS BERHAD (198901004452)(181758-A)
(Incorporated in Malaysia under the Companies Act, 1965)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	3 Months Ended 31/03/2020 RM'000	3 Months Ended 31/03/2019 RM'000
Cash Flows from Operating Activities		
Loss before tax	(863)	(615)
Adjustment for:		
Amortisation of intangible assets	32	57
Depreciation of property, plant and equipment	538	930
Interest expenses	119	103
Interest income	(87)	(77)
Inventories written down	(9)	(17)
Provision of retirement benefit expense	13	20
Share of other comprehensive income of associate	-	197
Unrealised gain on foreign exchange currency	(298)	(81)
	<u>(555)</u>	<u>517</u>
Operating (loss)/profit before working capital changes	(555)	517
Inventories	(1,412)	(1,490)
Receivables	(295)	3,010
Payables	2,268	(2,810)
	<u>6</u>	<u>(773)</u>
Cash generated from/(used in) operations	6	(773)
Interest paid	(119)	(103)
Interest received	87	77
Tax paid	(260)	(501)
	<u>(286)</u>	<u>(1,300)</u>
Net cash used in operating activities	(286)	(1,300)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(307)	(884)
Purchase of investment property	-	-
Purchase of other investment	-	-
Purchase of intangible assets	(176)	(133)
Proceeds from disposal of property, plant and equipment	-	-
Proceeds from disposal of intangible assets	-	-
Withdrawal of short-term investments	(716)	1,267
Net cash (used in)/generating from investing activities	(1,199)	250
Cash Flows from Financing Activities		
Purchase of treasury shares	-	(7)
Repayment of finance lease liabilities	(135)	(111)
	<u>(135)</u>	<u>(118)</u>
Net cash used in financing activities	(135)	(118)
Net Decrease in Cash and Cash Equivalents	(1,620)	(1,168)
Foreign exchange differences	160	(73)
Cash and Cash Equivalents at beginning of period	8,569	10,126
Cash and Cash Equivalents at end of period	<u>7,109</u>	<u>8,885</u>
Cash and Cash Equivalents at end of period comprise of the followings:-		
Cash and bank balances	7,109	8,885
	<u>7,109</u>	<u>8,885</u>

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 2019 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 2019 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 these interim financial statements are consistent with those adopted for the audited financial statements of the Group for the financial year ended 31 December 2019.

Effective for financial periods beginning on or after 1 January 2020

Amendment to MFRS 9, and MFRS7	Interest Rate Benchmark Reform
Amendment to MFRS 3	Business Combinations
Amendment to MFRS 101 And MFRS 108	Definition of material

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 2	Share-based Payment
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendments to MFRS 14	Regulatory Deferral Accounts
Amendment to MFRS 134	Interim Financial Reporting
Amendment to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
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

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 2021

MFRS 17 Insurance Contracts

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 101 Classification of Liabilities as Current or Non-Current

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

A3. Auditors' Report

There were no audit qualifications on the annual audited financial statements of the Group for the financial year ended 31 December 2019.

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.

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

There were no issuances, repurchases and repayment of debt and equity securities during the quarter ended 31 March 2020.

A8. Dividend Paid

There were no dividends paid during the current quarter under review.

CNI Holdings Berhad (Company No.: 198901004452 (181758-A))

Unaudited Financial Results of the Group for First Quarter Ended 31 March 2020

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134**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
	31/03/2020	31/03/2020	31/03/2020	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Marketing and trading	11,939	(8)	11,939	(8)
Manufacturing	6,733	(1,034)	6,733	(1,034)
Others	653	(112)	654	(112)
Inter-segment elimination	(3,157)	291	(3,157)	291
	16,168	(863)	16,168	(863)
Income tax		(137)		(137)
Non-controlling interests		110		110
Loss for the period		(890)		(890)

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
	31/03/2019	31/03/2019	31/03/2019	31/03/2019
	RM'000	RM'000	RM'000	RM'000
Marketing and trading	13,721	1,110	13,721	1,110
Manufacturing	9,741	(373)	9,741	(373)
Others	703	(105)	703	(105)
Inter-segment elimination	(6,019)	(1,050)	(6,019)	(1,050)
	18,146	(418)	18,146	(418)
Share of results of an associate		(197)		(197)
Income tax		(32)		(32)
Non-controlling interests		(135)		(135)
Loss for the period		(782)		(782)

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 2019.

CNI Holdings Berhad (Company No.: 198901004452 (181758-A))Unaudited Financial Results of the Group for First Quarter Ended 31 March 2020

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134**A12. Capital Commitment**

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

	As at 31.03.2020 RM’000
Capital expenditure approved and contracted for	325
Capital expenditure approved and not contracted for	1,726
	<u>2,051</u>

A13. Subsequent Material Events

Save as disclosed below, there were no material events subsequent to the current quarter up to the date of the interim financial report.

During the current quarter, the Coronavirus outbreak (“COVID-19”) had become a global pandemic event which adversely affected the worldwide economic condition with the strict imposition of travel restrictions, constraints on the movement of people and the suspension of many business operation to curb the spread of COVID-19. The Group and the Company anticipated a knock-on-effect of COVID-19, on the Malaysian overall economy which will affect the financial results of the Group and of the Company for the financial year ending 2020, pertaining to manufacturing and marketing and trading segments in meeting customers demand and sales’ targets.

The Group and the Company will continue to pay close attention to the development of, and the disruption to their business activities caused by prolonged effect of COVID-19 which resulted in the Movement Control Order (“MCO”) imposed by local authorities and will evaluate its impact on the financial position, cash flows and operating results of the Group and the Company.

A14. Related Party Transactions

Related party transactions were summarized as follows:

	Current quarter RM’000	Cumulative quarter RM’000
<u>CNI Corporation Sdn Bhd</u>		
Management fee paid and payable	66	66
Trade purchase paid and payable	350	350
Commission receivable	34	34
<u>CNI Venture Sdn Bhd</u>		
Research and development expenditure paid and payable	44	44
<u>CNI IPHC</u>		
Trademark fee paid and payable	62	62
<u>Yee Kee Bing</u>		
Provision of consultancy and management services	120	120

CNI Holdings Berhad (Company No.: 198901004452 (181758-A))

Unaudited Financial Results of the Group for First Quarter Ended 31 March 2020

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 RM16.17 million for the current quarter ended 31 March 2020 as compared to RM18.15 million in the previous year corresponding quarter, decreased by 11%.

	Current year quarter	Preceding Year Corresponding quarter	Changes %	Current year-to-date	Preceding Year Corresponding quarter	Changes %
	31/03/2020	31/03/2019		31/03/2020	31/03/2019	
	RM'000	RM'000		RM'000	RM'000	
Revenue	16,168	18,146	-11%	16,168	18,146	-11%
Loss Before Tax	(863)	(615)	-40%	(863)	(615)	-40%
Loss After Tax	(1,000)	(647)	-55%	(1,000)	(647)	-55%
Loss Attributable to Owners of the Company	(890)	(782)	-14%	(890)	(782)	-14%

The revenue from the marketing and trading segment decreased from RM13.72 million to RM11.94 million, a decrease of 13% as compared to the previous corresponding quarter. The decrease in revenue, was due to the COVID-19 outbreak and implementation of the Movement Control Order (“MCO”) imposed by the authorities.

Revenue contribution from the manufacturing segment decreased from RM9.74 million to RM6.73 million, a decrease of 31% as compared to the previous corresponding quarter. This was mainly attributable to low export sales and no production of non-essential products.

Revenue contribution from the other segments i.e. investment holding, retail of food and beverage businesses were RM0.65 million.

(b) Results for Current YTD 2020 vs corresponding YTD 2019

The Group’s revenue for the financial period ended 31 March 2020 was RM16.17 million, 11% lower than previous financial corresponding period. This was mainly due to lower sales.

The Group’s loss after tax for the financial period ended 31 March 2020 was RM1.00 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 RM0.86 million, compared to PBT of RM0.18 million in the immediate preceding quarter, mainly due to higher operating costs.

	Current quarter	Immediate Preceding quarter	Changes %
	31/03/2020	31/12/2019	
	RM’000	RM’000	
Revenue	16,168	16,203	0%
(Loss)/Profit Before Tax	(863)	184	>100%

B3. Commentary on Prospects and Targets

The ongoing COVID-19 pandemic outbreak and the containment measures have posed an unprecedented challenge to the global economy. Malaysia has implemented a movement control order on 18 March 2020 to 9 June 2020. Economic activities in many of our export markets have also been adversely affected by the pandemic.

Consequently, our manufacturing, marketing & trading segment were impacted. Weak and cautious consumer spending is expected to persist through the rest of year.

Nevertheless, during this challenging time, we do see opportunity in recruiting new members into our direct selling business as people look for alternatives to earn supplemental incomes.

We expect economic activities will take a prolonged period to normalise. In the quarters ahead (post MCO period), we will continue our new business strategy that was adopted during the MCO, i.e. an aggressive adoption of internet technology across the board in the way we and our CBOs do the business.

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. Taxation

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

	Current quarter	Year-to-date
	RM’000	RM’000
Taxation	137	137

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**B6. Corporate Proposals**

There were no corporate proposals announced but not completed as at 13 May 2020 (the latest practicable date which is not earlier than 7 days from the date of this quarterly report).

B7. Group Borrowings and Debt Securities

The details of the Group borrowings (denominated in Ringgit Malaysia and foreign currency) as at 31.03.2020 were as follow:

	Total
	RM'000
<u>Secured</u>	
Short-term borrowings	
Lease liabilities	811
Long-term borrowings	
Lease liabilities	1,554
	2,356

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.

**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:

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year to-date	Preceding Year Corresponding Period
Loss attributable to the owners of the Company (RM'000)	(890)	(782)	(890)	(782)
Weighted average number of ordinary shares in issue ('000)	712,905	712,905	712,905	712,905
Basic (loss)/earnings per share (sen)	(0.12)	(0.11)	(0.12)	(0.11)

CNI Holdings Berhad (Company No.: 198901004452 (181758-A))

Unaudited Financial Results of the Group for First Quarter Ended 31 March 2020

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

B10. Earnings per Share (Cont'd)

(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:

	Current Quarter RM'000	Financial Year-to-date RM'000
Amortisation of intangible assets	32	32
Depreciation of property, plant and equipment	538	538
Interest expenses	119	119
Reversal of inventories written down	(9)	(9)
Interest income	(87)	(87)
Provision of retirement benefit expense	13	13
Unrealised gain on foreign exchange	(298)	(298)

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 20 May 2020.