

CNI HOLDINGS BERHAD

(Company no. : 181758-A)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**For the Second Quarter Ended 30 June 2009**

	Individual Period		Cumulative Period	
	30-Jun-09	30-June-08	30-Jun-09	30-June-08
	Unaudited	Unaudited	Unaudited	Unaudited
	RM '000	RM '000	RM '000	RM '000
Continuing Operations				
Revenue	41,315	47,253	82,409	91,897
Operating profit	2,740	6,570	7,454	13,615
Financing costs	(8)	(15)	(16)	(31)
Interest income	125	298	353	531
Share of profit of associate	-	-	-	-
Profit before tax	2,857	6,853	7,791	14,115
Taxation	(988)	(1,678)	(2,242)	(3,795)
Profit for the period	1,869	5,175	5,549	10,320
Attributable to :				
Shareholders of the Company	1,875	5,175	5,560	10,320
Minority interests	(6)	-	(11)	-
Profit after tax for the period	1,869	5,175	5,549	10,320
Earnings per share(sen)				
Basic	0.26	0.72	0.77	1.44
Diluted	NA	NA	NA	NA

Notes :-

1) NA denotes "Not Applicable"

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements

CNI HOLDINGS BERHAD

(Company no. : 181758-A)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 JUNE 2009

	Unaudited As at 30/06/2009 RM '000	Audited As at 31/12/2008 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	49,169	51,703
Capital work in progress	0	0
Investment properties	9,043	9,043
Intangible assets	98	98
Other intangible assets	2,405	25
Deferred tax assets	2,331	2,481
	<u>63,046</u>	<u>63,350</u>
Current assets		
Inventories	25,085	27,689
Receivables	6,997	8,080
Other receivables, deposits & prepayment	4,966	4,795
Short term investment	3,063	31
Tax assets	1,698	1,647
Cash and bank balances	38,158	43,928
	<u>79,967</u>	<u>86,170</u>
TOTAL ASSETS	<u>143,013</u>	<u>149,520</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
Share capital	72,000	72,000
Treasury shares	(1,050)	(986)
Other reserves	(3)	(5)
Retained earnings	36,136	40,263
	<u>107,083</u>	<u>111,272</u>
Minority Interest	127	138
Total equity	107,210	111,410
Non-current liabilities		
Borrowings	160	152
Retirement benefit obligation	14,585	13,911
Deferred tax liabilities	1,729	1,729
	<u>16,474</u>	<u>15,792</u>
Current liabilities		
Trade Payables	2,303	4,429
Other Payables	15,421	15,696
Dividend payable	0	0
Current tax payables	1,384	1,698
Provision & cont. Liabilities	210	467
Borrowings	5	28
Liability directly associated with assets held for sale	0	0
Bank overdraft	6	0
	<u>19,329</u>	<u>22,318</u>
Total liabilities	<u>35,803</u>	<u>38,110</u>
TOTAL EQUITY AND LIABILITIES	<u>143,013</u>	<u>149,520</u>
		0
Net Assets	107,210	111,410
Net Assets per share (RM)	0.15	0.16

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements

CNI HOLDINGS BERHAD

(Company no. : 181758-A)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 2nd Quarter Ended 30 June 2009

	←	Non Distributable	→	Distributable			
	Share Capital RM '000	Treasury Share RM '000	Reserve on Consolidation RM '000	Translation Reserve RM '000	Retained Earnings RM '000	Minority Interest RM '000	Total Equity RM '000
As at 1 January 2008	72,000	(764)		29	29,679		100,944
Foreign exchange translation difference				(34)			(34)
Net profit for the period					16,961	138	17,099
Purchase of Treasury Share		(222)					(222)
Interim dividends					(6,377)		(6,377)
As at 31-Dec-08	72,000	(986)	-	(5)	40,263	138	111,410
As at 1 January 2009	72,000	(986)	-	(5)	40,263	138	111,410
Foreign exchange translation difference				2			2
Net profit for the period					5,560	(11)	5,549
Purchase of Treasury Share		(64)					(64)
Interim dividends					(9,687)		(9,687)
As at 30-Jun-09	72,000	(1,050)	-	(3)	36,136	127	107,210

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 Second Quarter Ended 30 June 2009

	Second quarter ended	
	30-Jun-09	30-Jun-08
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	12,021	12,089
Net cash used in investing activities	(8,254)	(20,057)
Net cash used for financing activities	(9,701)	(6,389)
Net increase in cash and cash equivalent	(5,934)	(14,357)
Effects of foreign exchange rate changes	158	10
Cash and cash equivalent at beginning of financial period	43,928	31,287
Effects of exchange rate changes on cash and cash equivalents	0	0
Cash and cash equivalent at end of financial period	<u>38,152</u>	<u>16,940</u>

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

	As at	As at
	30-Jun-09	30-Jun-08
	RM'000	RM'000
Cash and bank balances	11,606	10,995
Cash deposits with licensed banks	26,552	5,945
Bank Overdrafts	(6)	0
Cash and cash equivalents	<u>38,152</u>	<u>16,940</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE INTERIM FINANCIAL REPORT

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

A1. Basis of Preparation

The interim financial report has been prepared in accordance with the reporting requirements outlined in the Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2008.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2008.

A2. Audit Report on Preceding Annual Financial Statements

There was no audit qualification on the audit report of the Company’s audited financial statements for the financial year ended 31 December 2008.

A3. Seasonal or Cyclical Factors

The group’s performance is affected by seasonal or cyclical events on quarter-to-quarter basis; the demand may be skewed towards the major festivities such as Hari Raya Puasa and Chinese New Year, which normally occur at the beginning and end of the calendar year. This pattern is in line with the forecast and expectation of the Group.

A4. Unusual items affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence during the quarter under review.

A5. Material Changes in Estimates

There were no material changes in estimate as compared to the preceding quarter or previous financial year.

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Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2009

A6. Debts and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review except for the repurchased of 213,300 of the Company's issued ordinary shares from the open market at an average purchase price of RM0.29 per share. The total consideration paid was RM61,641.53 including transaction costs and it was financed by interenally generated funds. The shares repurchased were being held as treasury shares in accordance with Section 6A of the Companies Act, 1965.

As at 30 June 2009, the number of treasury share held is 2,680,100 ordinary shares.

A7. Dividend Paid

On 2 April 2009, the company had paid an interim dividend of 1.8 sen per share less 25% income tax which amounted to RM9,686,698.11 in respect of the financial year ended 31 December 2008.

A8. Segmental Information

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

	Current Quarter		Year to-date	
	Revenue	Result	Revenue	Result
	30-Jun-09	30-Jun-09	30-Jun-09	30-Jun-09
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue				
Marketing & Trading	37,801	2,719	76,597	6,530
Manufacturing	9,840	495	21,964	1,505
Investment holding	1,948	543	16,988	13,945
Food and beverage outlets	900	(609)	1,521	(1,269)
Inter-segment elimination	(9,174)	(291)	(34,661)	(12,920)
	<u>41,315</u>	<u>2,857</u>	<u>82,409</u>	<u>7,791</u>
Taxation		(988)		(2,242)
Minority Interest		6		11
Profit for the period		<u>1,875</u>		<u>5,560</u>

A9. Valuations of Property, Plant and Equipment

The property, plant and equipment, which are stated at revalued amounts, have been brought forward without amendments from the audited financial statements for the financial year ended 31 December 2008.

CNI Holdings Berhad (Company No : 181758-A)

Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2009

A10. Events Subsequent to the End of the Period

Save as disclosed below, there were no material events subsequent to the reporting period up to 26 August 2009 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report), which have not been reflected, in the financial statements for the quarter under review:

The repurchased of 224,100 of the Company's issued ordinary shares from the open market at an average purchase price of RM0.27 per share. The repurchased transaction was financed by internally generated funds and the cumulative shares repurchased of 2,904,200 are being held as treasury shares.

A11. Change in Group / Capital Structure

Save as disclosed below, 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 15 May 2009 and 19 May 2009, the Company's wholly-owned subsidiary, Symplesoft Sdn Bhd (formerly known as Key Elite Sdn Bhd) subscribed and acquired 2 ordinary shares of RM1.00 each in Symplesoft eSolutions Sdn Bhd ("SESB") representing 100% of the issued and paid-up share capital of SESB, at a total cash consideration of RM2.00.

A12. Contingent Liabilities

Save as disclosed below, there were no contingent liabilities as at 26 August 2009:

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

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A13. Capital Commitments

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

	Year to-date 30-Jun-09 (RM'000)
In respect of capital expenditure approved and contracted for:-	
Purchase of property, plant and equipment	32
Acquisition of computer software	489
Acquisition of service apartment	36
	<hr/> <u>557</u>

A14. 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	(398,004)
Management fee paid and payable	233,370
<u>CNI Venture Sdn Bhd</u>	
Rental revenue received and receivable	(58,200)
Research and development expenditure paid and payable	229,079
Provision of microbiological test received and receivable	(2,074)
<u>Citra Nusa Insancemerlang Investment Co.</u>	
Patent fee paid and payable	43,147
<u>PC Marketing Sdn Bhd</u>	
Rental charge paid and payable	42,000
<u>CNI Enterprise (India) Private Ltd.</u>	
Sales received and receivable	(3,355)
<u>Leader Regent Inc</u>	
Sales received and receivable	(2,822,836)

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Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2009

CNI IPHC

Trademark fee paid and payable 107,756

CNI Hong Kong Ltd.

Sales received and receivable (116,993)

**CNI (China) Co. Ltd. (Formerly known
as Qingdao CNI Food Products Co. Ltd.)**

Supply and procurement of goods and raw
material to CNIE 136,419

Yayasan CNI

Rental revenue received and receivable (14,400)

Sales received and receivable (9,339)

Sepang Goldcoast Sdn Bhd

Sales received and receivable (47,210)

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

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Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2009

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

B1. Review of Performance

For the reporting quarter, the Group's recorded revenue of RM41.3 million as compared to RM47.2 million in the preceding year corresponding quarter, contributed mainly from multilevel marketing sales of health care and consumer products and contract manufacturing. Accumulatively, the Group recorded revenue of RM82.4 million for the 6 months period ended 30 June 2009 ("cumulative quarter").

The Group achieved a profit before taxation ("PBT") and profit after taxation ("PAT") of RM2.86 million and RM1.87 million respectively for the reporting quarter, compared to RM6.85 million and RM5.18 million respectively in the preceding year corresponding quarter. Accumulatively, the Group achieved a PBT and PAT of RM7.79 million and RM5.55 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 RM1.87 million, compared to RM3.68 million in the immediate preceding quarter. The lower PAT compared to preceding quarter was mainly due to higher incentive and promotion as well as stock and bad debts written off. Stock written off due to obsolescence was approximately RM200,000.

B3. Prospects

In line with the Group's continuous effort to improve accessibility and reaching out to consumers, CNI will be launching Value Customer program in the coming month. In conjunction with Value Customer program, Retail Centre would be introduced for the convenience of CNI value customers as well as distributors to obtain CNI products and services. To further enhance service to customers and provide brand new experience with CNI, an Experience Center will be constructed at the Group HQ.

The Group is also leveraging on its food and beverage outlets, Otak-otak Place, to synergise with the strategy of Value Customer expansion plan. In addition, the Group is also embarking on licensing of Otak-otak Place which will offer both business opportunity and products of the Group to consumers.

The Group will continue to focus on streamlining its resources and increasing productivity across the board.

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Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2009

B4. Variances from Profit Forecasts

Not applicable.

B5. Taxation

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

	Current Quarter	Year to-date
	30-Jun-09	30-Jun-09
	RM'000	RM'000
Current quarter	834	2,092
Transfer to/(from) deferred taxation	154	150
	<u>988</u>	<u>2,242</u>

B6. Sale of unquoted investment and/or properties

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

B7. Purchase and Disposal of Quoted Securities

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

B8. Status of Corporate Proposals

Save as disclosed below, there were no corporate proposals announced but not completed as at 26 August 2009 (the latest practicable date which is not earlier than 7 days from the date of this quarterly report):-

At the Annual General Meeting of the Company held on 25 June 2009, the shareholders of the Company approved the resolutions pertaining to the following:-

- (a) renewal of shareholders' mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature;
- (b) shareholders' mandate for the Company and its subsidiaries to enter into new recurrent related party transactions of a revenue or trading nature; and

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(c) renewal of authority for the purchase by the Company of its own ordinary shares.

B9. Group Borrowings and Debt Securities

	Year to-date 31-Mar-09 (RM'000)
Short term borrowing (Secured)	5
Long term borrowing(Secured)	160
	<hr/> <hr/> 165

B10. Off Balance Sheet Financial Instruments

There were no material financial instruments with off balance sheet risk as at 26 August 2009 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

B11. Material Litigation

Neither the Company nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the Group's financial position or business, and the Directors are not aware of any proceedings, pending or threatened, against the Company and/or any of its subsidiaries or of any facts likely to give rise to any proceedings which may materially and adversely affect the Group's financial position or business.

B12. Dividend Payable

There was no dividend declared for the current financial period.

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:-

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Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2009

	Current Quarter 30-Jun-09	Current Year to-date 30-Jun-09
Profit attributable to the equity holders of the Parent (RM'000)	1,875	5,560
Weighted average number of ordinary share ('000)	717,593	717,593
Basic earnings per ordinary share (sen)	0.26	0.77

(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: 26 August 2009