

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

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**  
**For the First Quarter Ended 31 March 2011**

	<b>Individual Period</b>		<b>Cumulative Period</b>	
	31-Mar-11 Unaudited RM '000	31-Mar-10 Unaudited RM '000	31-Mar-11 Unaudited RM '000	31-Mar-10 Unaudited RM '000
<b>Continuing Operations</b>				
Revenue	32,412	37,252	32,412	37,252
Operating profit	1,424	1,500	1,424	1,500
Financing costs	(5)	(6)	(5)	(6)
Interest income	141	177	141	177
Profit before tax	1,559	1,671	1,559	1,671
Taxation	(292)	(634)	(292)	(634)
Profit for the period	1,268	1,037	1,268	1,037
<b>Attributable to :</b>				
Equity holders of the parent	1,256	1,012	1,256	1,012
Minority interests	11	25	11	25
Profit after tax for the period	1,268	1,037	1,268	1,037
Earnings per share (sen)				
Basic	0.18	0.14	0.18	0.14
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 2010 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 March 2011

	<b>Unaudited As at 31/03/2011 RM '000</b>	<b>Audited As at 31/12/2010 RM '000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	46,395	45,430
Investment properties	9,380	9,380
Investment in associate company	3	3
Investment in unquoted share	2,500	2,500
Other intangible assets	2,733	2,938
Deferred tax assets	3,276	3,342
	<u>64,287</u>	<u>63,594</u>
<b>Current assets</b>		
Inventories	18,288	16,777
Trade receivables	8,977	9,407
Other receivables, deposits and prepayments	4,075	2,806
Investments	27,324	24,162
Tax assets	680	2,029
Cash and bank balances	12,425	15,923
	<u>71,768</u>	<u>71,104</u>
<b>TOTAL ASSETS</b>	<b><u>136,055</u></b>	<b><u>134,697</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders</b>		
Share capital	72,000	72,000
Treasury shares	(1,320)	(1,302)
Other reserves	(22)	(15)
Retained earnings	33,024	35,044
	<u>103,682</u>	<u>105,727</u>
Minority interest	353	342
<b>Total equity</b>	<b>104,035</b>	<b>106,069</b>
<b>Non-current liabilities</b>		
Borrowings	107	86
Retirement benefits	15,012	14,778
Deferred tax liabilities	2,280	2,280
	<u>17,400</u>	<u>17,144</u>
<b>Current liabilities</b>		
Trade payables	2,848	2,145
Other payables, deposits and accruals	9,976	9,137
Dividend payables	3,276	0
(Tax recoverable) / Provision for taxation	(1,714)	24
Provision and contingent liabilities	143	150
Borrowings	91	28
	<u>14,620</u>	<u>11,484</u>
Total liabilities	<u>32,020</u>	<u>28,628</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>136,055</u></b>	<b><u>134,697</u></b>
<b>Net Assets</b>	<b>104,035</b>	<b>106,303</b>
<b>Net Assets per share (RM)</b>	<b>0.15</b>	<b>0.15</b>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 First Quarter Ended 31 March 2011**

	Share Capital RM '000	←— Treasury Share RM '000	Non Distributable Reserve on Consolidation RM '000	—→ Translation Reserve RM '000	Distributable Retained Earnings RM '000	Minority Interest RM '000	Total Equity RM '000
As at 1 January 2010	72,000	(1,113)	-	7	37,048	201	108,143
Foreign exchange translation difference				(22)			(22)
Total comprehensive income for the period					2,298	141	2,439
Purchase of Treasury Share		(189)					(189)
Interim dividends					(4,302)		(4,302)
<b>As at 31-Dec-10</b>	<u>72,000</u>	<u>(1,302)</u>	<u>-</u>	<u>(15)</u>	<u>35,044</u>	<u>342</u>	<u>106,069</u>
As at 1 January 2011	72,000	(1,302)	-	(15)	35,044	342	106,069
Foreign exchange translation difference				(7)			(7)
Total comprehensive income for the period					1,256	11	1,267
Purchase of Treasury Share		(18)					(18)
Interim dividends					(3,276)		(3,276)
<b>As at 31-Mar-11</b>	<u>72,000</u>	<u>(1,320)</u>	<u>-</u>	<u>(22)</u>	<u>33,024</u>	<u>353</u>	<u>104,035</u>

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 accompanying explanatory notes attached to the interim financial statements

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

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**For the First Quarter Ended 31 March 2011**

	First quarter ended	
	31-Mar-11 RM'000 (Unaudited)	31-Mar-10 RM'000 (Unaudited)
Net cash generated from operating activities	1,497	2,728
Net cash (used in) / generated from investing activities	(1,814)	3,309
Net cash used in financing activities	(25)	(4,315)
Net (decrease)/increase in cash and cash equivalent	(342)	1,722
Effect of exchange rate changes	5	(9)
Cash and cash equivalent at beginning of financial period	40,086	37,144
Cash and cash equivalent at end of financial period	39,749	38,857

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

	As at 31-Mar-11 RM'000	As at 31-Mar-10 RM'000
Cash and bank balances	12,425	38,857
Highly liquid investment in unit trust	27,324	-
<b>Cash and cash equivalents</b>	<b>39,749</b>	<b>38,857</b>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 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 2010 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 2010.

**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 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 first quarter ended 31 March 2011.

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Unaudited Financial Results of the Group for the First Quarter Ended 31 March 2011

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### A7. Debts and Equity Securities

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review:-

The Company bought back from the open market, 100,000 ordinary shares of RM0.10 each of the Company ("CNI Shares") at an average buy-back price of RM0.183 per share. The total consideration paid, including transaction costs, was RM18,370.40 and it was financed by internally generated funds. The CNI Shares bought back were being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 March 2011, the number of treasury shares held was 3,941,600 CNI Shares.

### 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 March 2011, 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.

### 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-Mar-11 (RM'000)	Result 31-Mar-11 (RM'000)	Revenue 31-Mar-11 (RM'000)	Result 31-Mar-11 (RM'000)
Revenue				
Marketing & Trading	29,462	1,422	29,462	1,422
Manufacturing	10,134	485	10,134	485
Investment holding	1,339	(24)	1,339	(24)
Food and beverage outlets	1,254	(552)	1,254	(552)
Inter-segment elimination	(9,777)	228	(9,777)	228
	<u>32,412</u>	<u>1,559</u>	<u>32,412</u>	<u>1,559</u>
Taxation		(292)		(292)
Minority Interest		(11)		(11)
Profit/(Loss) for the period		<u>1,256</u>		<u>1,256</u>

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

Unaudited Financial Results of the Group for the First Quarter Ended 31 March 2011

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### **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 2010.

### **A13. Events Subsequent to the End of the Period**

There were no material events subsequent to the reporting period up to 20 May 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.

### **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-Mar-11 (RM'000)
<b>In respect of capital expenditure approved and contracted for :-</b>	
Purchase of property, plant and equipment	190
Acquisition of computer software	31
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	<u>221</u>

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

Unaudited Financial Results of the Group for the First Quarter Ended 31 March 2011

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### **A17. Related Party Transactions**

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

<b>Related Parties</b>	<b>Amount (RM)</b>
<b><u>CNI Corporation Sdn Bhd</u></b>	
Rental revenue received and receivable	(35,700)
Management fee paid and payable	82,928
<b><u>CNI Venture Sdn Bhd</u></b>	
Rental revenue received and receivable	(29,100)
Sales received and receivable	(428)
Research and development expenditure paid and payable	107,424
Provision of microbiological test received and receivable	(812)
<b><u>Citra Nusa Insancemerlang Investment Co.</u></b>	
Patent fee paid and payable	18,504
<b><u>PC Marketing Sdn Bhd</u></b>	
Rental charge paid and payable	21,000
<b><u>Leader Regent Inc</u></b>	
Sales received and receivable	(1,027,926)
<b><u>CNI IPHC</u></b>	
Trademark fee paid and payable	46,421
<b><u>CNI (China) Co. Ltd.</u></b>	
Purchase of goods and raw material	98,988
<b><u>Yayasan CNI</u></b>	
Sales received and receivable	(63,962)
<b><u>Sepang Goldcoast Sdn Bhd</u></b>	
Sales received and receivable	(31,882)
<b><u>Fortune Venture Inc</u></b>	
Sales received and receivable	(409,359)

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 First Quarter Ended 31 March 2011

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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 RM32.4 million as compared to RM37.2 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 achieved a profit before taxation ("PBT") and profit after taxation ("PAT") of RM1.6 million and RM1.3 million respectively for the reporting quarter, compared to RM1.7 million and RM1.0 million respectively in the preceding year corresponding 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 RM1.3 million, compared to RM1.0 million in the immediate preceding quarter. There is no material change in the Quarterly Results.

**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 of Domestic Trade, Co-operatives and Consumerism.

Based on the positive outlook, the Management is optimistic about its direct selling business and is constantly looking for new ways and method for improvements.

The Group will make continuous efforts to develop and introduce new and upgraded products 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.

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

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

Unaudited Financial Results of the Group for the First Quarter Ended 31 March 2011

**B4. Variances from Profit Forecasts**

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

**B5. Realised and Unrealised Profits/Losses**

	Current quarter ended 31 March 2011  RM'000	Immediate preceding quarter ended 31 Dec 2010  RM'000
Total retained profits of the Group:-		
- Realised	1,283	1,358
- Unrealised	(16)	(321)
Total share of retained profits from associated companies:-		
- Realised	(11)	-
- Unrealised	-	-
Total group retained profits as per consolidated accounts	1,256	1,037

**B6. Taxation**

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

	Current Quarter 31-Mar-11 RM'000	Year to-date 31-Mar-11 RM'000
Current quarter / year	(292)	(292)
Transfer from/(to) deferred taxation	-	-
	<u>(292)</u>	<u>(292)</u>

**B7. Sale of unquoted investment and/or properties**

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

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

Unaudited Financial Results of the Group for the First Quarter Ended 31 March 2011

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### **B8. Purchase and Disposal of Quoted Securities**

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

### **B9. Status of Corporate Proposals**

Save as disclosed below, there were no corporate proposals announced but not completed as at 20 May 2011 (the latest practicable date which is not earlier than 7 days from the date of this quarterly report):-

On 26 April 2011, the Board had announced that the Company proposes to seek approval from its shareholders at the forthcoming Annual General Meeting on the following:-

- (a) Renewal of Shareholder Mandate and New Shareholder Mandate for recurrent related party transactions of a revenue or trading nature;
- (b) Renewal of Share Buy-back Authority; and
- (c) Amendment to the Articles of Association of the Company.

### **B10. Group Borrowings and Debt Securities**

	<b>Year to-date 31-Mar-11 (RM'000)</b>
Short term borrowing (Secured)	-
Long term borrowing (Secured)	107
	<u>107</u>

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

There were no material financial instruments with off balance sheet risk as at 20 May 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.

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

Unaudited Financial Results of the Group for the First Quarter Ended 31 March 2011

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### **B13. Dividend Payable**

During the financial quarter ended 31 March 2011, the Board had declared an 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 which has been paid on 15 April 2011.

### **B14. 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:-

	<b>Current Quarter 31-Mar-11</b>	<b>Current Year to-date 31-Mar-11</b>
Profit attributable to the equity holders of the Parent (RM'000)	1,256	1,256
Weighted average number of ordinary share ('000)	716,058	716,058
<b>Basic earnings per ordinary share (sen)</b>	<b>0.18</b>	<b>0.18</b>

#### **(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**

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**Dato' Koh Peng Chor**  
Group Executive Chairman & CEO  
Date: 26 May 2011