

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR SECOND QUARTER ENDED 30 JUNE 2013**

	Note	Individual Period		Cumulative Period	
		30.06.2013	30.06.2012	30.06.2013	30.06.2012
		Unaudited RM '000	Unaudited RM '000	Unaudited RM '000	Unaudited RM '000
<b>Continuing Operations</b>					
<b>Operating revenue</b>		27,299	29,542	52,629	58,804
Direct operating costs		(11,609)	(12,228)	(21,648)	(24,465)
Gross profit		15,690	17,314	30,981	34,339
Other operating revenue	B4	407	150	953	608
Other operating costs		(15,975)	(16,559)	(31,147)	(32,990)
Finance costs		(2)	(2)	(4)	(4)
Depreciation & amortisation		(550)	(660)	(1,168)	(1,333)
		(430)	244	(385)	621
Share of losses of associate		(18)	-	(39)	-
<b>Profit before taxation</b>		(448)	244	(424)	621
Taxation		(198)	(227)	(461)	(340)
<b>Profit net of taxation</b>		(647)	17	(884)	281
<b>Other comprehensive income</b>					
Defined benefit plan actuarial gain		-	-	1,338	-
Foreign currency translation		(69)	(87)	(96)	(88)
<b>Total comprehensive income for the period</b>		(715)	(70)	358	193
<b>Profit attributable to :</b>					
Equity holders of the Company		(598)	62	(722)	310
Non-controlling interest		(48)	(45)	(163)	(29)
		(647)	17	(884)	281

**CNI HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR SECOND QUARTER ENDED 30 JUNE 2013 (Continued)**

**Total comprehensive income**  
**attributable to :**

Equity holders of the Company	(666)	(25)	521	222
Non-controlling interest	(48)	(45)	(163)	(29)
	<u>(715)</u>	<u>(70)</u>	<u>358</u>	<u>193</u>
Earnings per share (sen)				
Basic	(0.08)	0.01	(0.10)	0.04
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 financial year ended 31 December 2012 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 JUNE 2013**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30.06.2013</b>	<b>31.12.2012</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	40,994	42,123
Investment properties	2,250	2,250
Investment in associate company	556	595
Investment in unquoted shares	2,000	2,000
Other intangible assets	2,375	2,742
Goodwill	725	725
Deferred tax assets	3,701	3,738
	<b>_____</b>	<b>_____</b>
	52,601	54,173
<b>Current assets</b>		
Inventories	18,803	18,587
Trade receivables	8,063	8,869
Other receivables, deposits and prepayments	4,729	3,799
Investments	32,545	29,362
Tax assets	1,540	1,906
Cash and bank balances	12,322	9,800
	<b>_____</b>	<b>_____</b>
	78,002	72,323
Non-current assets held for sale	265	5,465
	<b>_____</b>	<b>_____</b>
<b>TOTAL ASSETS</b>	<b>130,868</b>	<b>131,961</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	(1,613)	(1,602)
Defined benefit plan actuarial gain	1,338	-
Retained earnings	30,037	32,931
Other reserves	(290)	(194)
	<b>_____</b>	<b>_____</b>
	101,472	103,135
<b>Non-controlling interest</b>	912	1,075
	<b>_____</b>	<b>_____</b>
<b>Total Equity</b>	<b>102,384</b>	<b>104,210</b>
	<b>_____</b>	<b>_____</b>

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2013 (Continued)**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30.06.2013</b>	<b>31.12.2012</b>
	<b>RM '000</b>	<b>RM '000</b>
	<b>_____</b>	<b>_____</b>
<b>Non-current liabilities</b>		
Borrowings	35	38
Retirement benefits	10,518	11,595
Deferred tax liabilities	1,401	1,401
	<b>_____</b>	<b>_____</b>
	11,954	13,034
	<b>_____</b>	<b>_____</b>
<b>Current liabilities</b>		
Trade payables	4,067	2,435
Other payables, deposits and accruals	12,218	12,078
Provision for taxation	196	8
Provision and contingent liabilities	29	161
Borrowings	20	35
	<b>_____</b>	<b>_____</b>
	16,530	14,717
	<b>_____</b>	<b>_____</b>
Total liabilities	28,484	27,751
	<b>_____</b>	<b>_____</b>
<b>TOTAL EQUITY AND LIABILITES</b>	<b>130,868</b>	<b>131,961</b>
	<b>_____</b>	<b>_____</b>
<b>Net Assets</b>	102,384	104,210
	0.14	0.15

*The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the explanatory notes attached to the interim financial statements.*

## CNI HOLDINGS BERHAD

(Company No : 181758-A)

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2012

	← Non Distributable →				Distributable		Total Equity
	Share Capital	Treasury Shares	Translation Reserve	Fair Value Adjustment Reserve	Retained Earnings	Non-controlling Interest	
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>As at 1 January 2012</b>	72,000	(1,335)	(88)	(13)	33,778	850	105,192
<b>Comprehensive income</b>							
Profit for the year	-	-	-	-	1,301	25	1,326
<b>Other comprehensive income</b>							
Crystallisation of fair value adjustment reserve	-	-	-	13	-	-	13
Foreign currency translation	-	-	(106)	-	-	-	(106)
<b>Total comprehensive income for the year</b>	-	-	(106)	13	1,301	25	1,233
<b>Transactions with owners</b>							
Purchase of Treasury Shares	-	(267)	-	-	-	-	(267)
Acquisition of subsidiary companies	-	-	-	-	-	200	200
Interim dividends	-	-	-	-	(2,148)	-	(2,148)
Total transactions with owners	-	(267)	-	-	(2,148)	200	(2,215)
<b>As at 31 December 2012</b>	72,000	(1,602)	(194)	-	32,931	1,075	104,210

## CNI HOLDINGS BERHAD

(Company No : 181758-A)

### UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2013 (Continued)

	← Non Distributable →				Distributable		Total Equity
	Share Capital	Treasury Shares	Translation Reserve	Fair Value Adjustment Reserve	Retained Earnings	Non-controlling Interest	
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>As at 1 January 2013</b>	72,000	(1,602)	(194)	-	32,931	1,075	104,210
<b>Comprehensive income</b>							
Profit for the year	-	-	-	-	(722)	(163)	(885)
<b>Other comprehensive income</b>							
Defined benefit plan actuarial gain	-	-	-	1,338	-	-	1,338
Foreign currency translation	-	-	(96)	-	-	-	(96)
<b>Total comprehensive income for the year</b>	-	-	(96)	1,338	(722)	(163)	357
<b>Transactions with owners</b>							
Purchase of Treasury Shares	-	(11)	-	-	-	-	(11)
Interim dividends	-	-	-	-	(2,172)	-	(2,172)
Total transactions with owners	-	(11)	-	-	(2,172)	-	(2,183)
<b>As at 30 June 2013</b>	72,000	(1,613)	(290)	1,338	30,037	912	102,384

*The condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the explanatory notes attached to the interim financial statements*

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2013**

	<b>30.06.2013</b>	<b>30.06.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	(424)	621
Adjustments for:-		
Amortisation of intangible assets	205	238
Depreciation of property, plant and equipment	1,700	1,953
Unrealised loss on foreign exchange	16	(37)
Loss on disposal of property, plant and equipment	27	39
Property, plant and equipment written off	16	349
Share of results of associated company	39	-
Inventories written off	52	38
Retirement benefits expense	261	323
Provision for employee benefits	(132)	94
Interest expenses	4	30
Investment income	(385)	(359)
Interest revenue	(53)	(50)
Operating profit before working capital changes	<u>1,622</u>	<u>3,239</u>
Increase in inventories	(268)	(837)
Increase in receivables	(422)	(27)
Increase/(Decrease) in payables	1,753	(4,427)
Cash generated from/(used in) operations	<u>2,685</u>	<u>(2,052)</u>
<b>Cash Flows from Operating Activities</b>		
Interest paid	(4)	(30)
Interest received	53	50
Tax paid	130	(425)
Net cash generated from/(used in) operating activities	<u>2,864</u>	<u>(2,457)</u>

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2013**

	<b>RM'000</b> <b>(Unaudited)</b>	<b>RM'000</b> <b>(Unaudited)</b>
<b>Cash Flows from Investing Activities</b>		
Investment income	385	359
Purchase of property, plant and equipment	(419)	(1,814)
Purchase of intangible assets	(59)	(68)
Proceeds from disposal of property, plant and equipment	8	42
Proceeds from disposal of investment property	5,200	900
Investment in associate companies	-	(16)
Acquisition of unquoted shares	-	(150)
Net cash generated from/(used in) investing activities	<u>5,115</u>	<u>(747)</u>
<b>Cash Flows from Financing Activities</b>		
Repayment of term loans	(16)	(15)
Purchase of treasury shares	(11)	(256)
Repayment of hire purchase liabilities	(2)	(1)
Dividend paid	(2,172)	(2,148)
Net cash used in financing activities	<u>(2,201)</u>	<u>(2,420)</u>
Effect of exchange rate changes	(78)	(98)
Net decrease in cash and cash equivalent	5,700	(5,722)
Cash and cash equivalent at beginning of the financial year	39,162	37,989
Cash and cash equivalent at end of the financial year	<u>44,862</u>	<u>32,267</u>

*The condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the explanatory notes attached to the interim financial statement*



**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**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 requirements of MFRS 134: Interim Financial Reporting, issued by the Malaysian Accounting Standards Board (“MASB”), International Accounting Standard (“IAS”) 34: Interim Financial Reporting, issued by the International Accounting Standard Board (“IASB”) and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

These financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012. The explanatory notes attached to the 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 financial year ended 31 December 2012.

**A2. Significant Accounting Policies**

**MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective**

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and Issues Committee (“IC”) Interpretations were issued but not yet effective and have not been applied by the Group:

		<b>For financial periods beginning on or after</b>
<u>New MFRS</u>		
MFRS 9	Financial Instruments	1 January 2015
<u>Amendments/Improvements MFRS</u>		
MFRS 10	Consolidated Financial Statements	1 January 2013 and 1 January 2014
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013 and 1 January 2014
MFRS 127	Separate Financial Statements	1 January 2014
MFRS 132	Financial Instruments : Presentation	1 January 2013 and 1 January 2014

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

Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2013

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### **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 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 quarter and cumulative period ended 30 June 2013.

### **A5. Changes in Estimates**

There were no material changes in estimates that have had any material effect in the quarter and cumulative period ended 30 June 2013.

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

Save as disclosed below, there were no issuances, repurchases and repayments of debt and equity securities during the quarter and cumulative period ended 30 June 2013:

As at 30 June 2013, the number of treasury shares held was 6,134,000 CNI Shares.

### **A7. Fair Value Changes of Financial Liabilities**

As at 30 June 2013, the Group does not have any financial liabilities measured at fair value through profit or loss.

### **A8. Dividends Paid**

During the current quarter ended 30 June 2013, the interim dividend of RM0.004 per ordinary share less 25% income tax in respect of the financial year ended 31 December 2012, amounting to RM2,141,598 was paid on 18 April 2013.

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

Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2013

**A9. Segmental Information**

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

Business Segment	Current quarter		Year to-date	
	Revenue	Result	Revenue	Result
	30.06.13	30.06.13	30.06.13	30.06.13
	RM'000	RM'000	RM'000	RM'000
Marketing and trading	24,266	811	47,758	1,511
Manufacturing	11,337	(370)	20,825	(863)
Investment holding	5,070	3,798	6,167	3,756
Retail - Food and beverage	427	(17)	854	(1)
Inter-segment elimination	(13,801)	(4,653)	(22,975)	(4,788)
	<u>27,299</u>	<u>(430)</u>	<u>52,629</u>	<u>(385)</u>
Share of losses of associate		(18)		(39)
Taxation		(198)		(461)
Non-controlling interest		48		163
Loss for the period		<u>(598)</u>		<u>(722)</u>

Business Segment	Previous Year Corresponding Quarter		Previous Year to-date	
	Revenue	Result	Revenue	Result
	30.06.12	30.06.12	30.06.12	30.06.12
	RM'000	RM'000	RM'000	RM'000
Marketing and trading	27,187	1,295	54,774	2,915
Manufacturing	9,837	(783)	19,328	(1,192)
Investment holding	5,467	4,202	6,621	4,130
Retail - Food and beverage	603	(179)	1,416	(547)
Inter-segment elimination	(13,552)	(4,291)	(23,335)	(4,685)
	<u>29,542</u>	<u>244</u>	<u>58,804</u>	<u>621</u>
Taxation		(227)		(340)
Non-controlling interest		45		29
Profit for the period		<u>62</u>		<u>310</u>

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

Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2013

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### **A10. Valuation of Property, Plant and Equipment**

Property, plant and equipment 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 2012.

Investment properties are stated at fair value as at 31 December 2012. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

### **A11. Subsequent Events**

Save as disclosed below, there were no material events subsequent to the reporting period up to 26 August 2013 (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 current quarter under review and financial year to-date.

The Company's indirect wholly-owned subsidiary, CNI Global (Malaysia) Sdn Bhd (Formerly known as Regal Effect Sdn Bhd) ("CNIG") transferred the entire shareholding in Tunas Citarasa Sdn Bhd ("TCSB") comprising of 649,250 ordinary shares of RM1.00 each, representing 49% of the issued and paid-up capital of TCSB to the Company's wholly-owned subsidiary, Infuso Sdn Bhd for RM649,250 only .

### **A12. Changes in Composition of the Group**

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 current quarter under review and financial year to-date.

### **A13. 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 2012.

**CNI Holdings Berhad** (Company No.: 181758-A)Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2013

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**A14. Capital Commitments**

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

	<b>As at 30.06.2013 RM '000</b>
<b>Capital expenditure approved and contracted for:</b>	
Purchase of property, plant and equipment	12
Acquisition of computer software	93
	<hr/> 105 <hr/>

**A15. Related Party Disclosures**

Related party transactions were summarised 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	28	57
Management fee paid and payable	67	133
IT and eCommerce related service	100	200
<b><u>CNI Venture Sdn Bhd</u></b>		
Rental revenue received and receivable	29	58
Sales received and receivable	2	2
Research and development expenditure paid and payable	116	216
<b><u>Citra Nusa Insancemerlang Investment Co.</u></b>		
Patent fee paid and payable	18	37
<b><u>PC Marketing Sdn Bhd</u></b>		
Rental charge paid and payable	23	46
<b><u>Leader Regent Inc</u></b>		
Sales received and receivable	107	282

**CNI Holdings Berhad** (Company No.: 181758-A)Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2013

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**A15. Related Party Disclosures** (Continued)

	<b>Current quarter RM '000</b>	<b>Cumulative period RM '000</b>
<b><u>CNI IPHC</u></b>		
Trademark fee paid and payable	46	92
<b><u>CNI Hong Kong Limited</u></b>		
Purchase of goods	27	50
<b><u>CNI (China) Co. Ltd.</u></b>		
Purchase of goods and raw material	167	237
Sales received and receivable	69	267
<b><u>Sepang Goldcoast Sdn Bhd</u></b>		
Sales received and receivable	45	71
Rental revenue received and receivable	60	120
<b><u>Fortune Venture Inc</u></b>		
Sales received and receivable	778	1,191
<b><u>Golden Palm Tree Resort &amp; Spa Sdn Bhd</u></b>		
Sales received and receivable	5	8

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 Second Quarter Ended 30 June 2013

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

#### B1. Operating Segment Review

##### (a) Results for Second Quarter

The Group recorded revenue of RM27.3 million for the current quarter ended 30 June 2013 as compared to RM29.5 million in the previous year corresponding quarter, showed decrease of 7%.

Business Segment	Quarter Ended				Increase/(Decrease)			
	Revenue		Result		Revenue		Result	
	30.06.13	30.06.12	30.06.13	30.06.12	RM'000	%	RM'000	%
Marketing and trading	24,266	27,187	811	1,295	(2,921)	-11%	(484)	-37%
Manufacturing	11,337	9,837	(370)	(783)	1,500	15%	413	53%
Investment holding	5,070	5,467	3,798	4,202	(397)	-7%	(404)	-10%
Retail - Food and beverage	427	603	(17)	(179)	(176)	-29%	162	90%

The revenue of the marketing and trading segment has decreased from RM27.2 million to RM24.3 million, a decrease of 11% as compared to the previous corresponding quarter. The decrease in revenue was mainly due to lower revenue from both direct selling and trading businesses. In line with the decreased sales, the result for the second quarter has declined by 37%. Furthermore, the investment into a new enhanced commission scheme to be introduced in third quarter of 2013 has raised the level of expenses.

On the other hand, the manufacturing segment revenue has increased from RM9.8million to RM11.3million as compared to the corresponding quarter last year due to more overseas orders were received. With the sales improvement and lower spending in marketing activities, the result has improved by 53%.

The revenue of investment holdings business segment has decreased from RM5.5million to RM5.1million. The decline of revenue in the investment holdings business segment is resulted from the disposal of investment properties where rental derived.

The revenue of retail – food and beverages segment has decreased from RM0.6million to RM0.4million. Although the revenue has decreased but this segment was managed to achieve better result as compared to the corresponding quarter last year due to closure of loss making outlets.

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

Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2013

### B1. Operating Segment Review (Continued)

#### (b) Results for Financial Year-to-date

The Group recorded revenue of RM 52.6 million for the financial period ended 30 June 2013 as compared to RM58.8 million in the previous year, showing a decrease of 11%. The Group Loss Before Tax (“LBT”) for the financial period ended 30 June 2013 was RM0.4 million, representing a decrease of 166% as compared to the PBT RM0.6 million in the previous period ended 30 June 2012.

The decline in sales revenue and loss position for the period ended 30 June 2013 was attributable to the similar reasons stated in previous section.

Business Segment	Year to date ended				Increase/(Decrease)			
	Revenue		Result		Revenue		Result	
	30.06.13	30.06.12	30.06.13	30.06.12				
	RM'000	RM'000	RM'000	RM'000	RM'000	%	RM'000	%
Marketing and trading	47,758	54,774	1,511	2,915	(7,016)	-13%	(1,404)	-48%
Manufacturing	20,825	19,328	(863)	(1,192)	1,497	8%	329	28%
Investment holding	6,167	6,621	3,756	4,130	(454)	-7%	(374)	-9%
Retail - Food and beverage	854	1,416	(1)	(547)	(562)	-40%	546	100%

### B2 Material Change in Profit Before Taxation (“PBT”) of Current Quarter Compared with Preceding Quarter

The Group’s LBT for the current quarter was RM448,000, a decrease of 1759% from the profit before tax of RM27,000 compared with preceding quarter. The Group has turned into loss position from a small net profit position because group revenue has decreased by 8% while most operating cost remains intact.

### B3 Commentary on Prospects and Targets

Direct selling shall remain the core business of the group. The group is confident of its research and development capabilities to continuously develop new and market oriented products to meet the local demand of its members and customers as well as serving its trading export market.

The group is strengthening its effort to a possible roll out of its Thailand operation in the last quarter of 2013. This new market, when fully operational, will further drive the group’s business and strengthen the group’s financial performance. The company has also developed a more aggressive incentive model to its members and the new model has been rolled out in July 2013. This new incentive model is aim to further expand the new membership recruitment drive as well as to elevate sales productivity.



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

Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2013

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### B3 Commentary on Prospects and Targets (Continued)

The Group's manufacturing arm remains committed to expand and widen its local and export market via external contracts manufacturing and international trading in its drive for continuous growth. In turn, this will enhance its plant optimization to achieve maximum cost optimization.

Barring any unforeseen circumstances, the Board expects the Group's financial performance to remain resilient for the remainder of the year 2013.

### B4. Other Operating Income

	<b>Current Quarter 30.06.2013 RM '000</b>	<b>Previous Year Corresponding Quarter 30.06.2012 RM '000</b>
Interest income	36	21
Forex (loss)/gain	(26)	(52)
Other income	397	181
	<hr/> 407	<hr/> 150

### B5. Realised and Unrealised Profits

	<b>As at 30.06.2013 RM '000</b>	<b>As at 31.12.2012 RM '000</b>
Total retained profits of the group		
- Realised profits	68,143	72,491
- Unrealised profits/(losses)	3,447	3,122
	<hr/> 71,590	<hr/> 75,613
Total share of retained earnings from associate company		
- Realised	(229)	(191)
Less: Consolidation adjustments	(41,324)	(42,491)
Total retained profits as per statement of financial position	<hr/> 30,037	<hr/> 32,931

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

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### 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	198	461

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### B7. Corporate Proposals

Save as disclosed below, there were no corporate proposals announced but not completed as at 26 August 2013 (the latest practicable date which is not earlier than 7 days from the date of this quarterly report).

At 24<sup>th</sup> Annual General Meeting of the Company held on 20 June 2013, the resolutions in respect of the following were approved by the shareholders of the Company:-

- (a) Ordinary Resolution - Renewal of shareholder mandate and new shareholder mandate for recurrent related party transactions of a revenue or trading nature; and
- (b) Ordinary Resolution - Renewal of share buy-back authority.

### B8. Group Borrowings and Debt Securities

The details of the Group borrowings (denominated in Ringgit Malaysia) as at the reporting date were as follow:

	<b>As at 30.06.2013 RM '000</b>
<b><u>Secured</u></b>	
Short term borrowings	20
Long term borrowings	35
	<hr/> 55 <hr/>

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

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**B9. Material Litigation**

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

**B10. Proposed Dividend**

There was no dividend proposed in the current quarter.

**B11. Earnings Per Share**

**(a) Earnings per share**

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

	<b>Current quarter 30.06.2013</b>	<b>Year to Date 30.06.2013</b>
Profit attributable to the equity holders of the parent (RM'000)	(598)	(722)
Weighted average number of ordinary share ('000)	713,866	713,901
Basic earnings per ordinary share (sen)	<u>(0.08)</u>	<u>(0.10)</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 financial period.

**B12. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the financial year ended 31 December 2012 was unqualified.

**B13. 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 August 2013.