

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

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR SECOND QUARTER ENDED 30 JUNE 2014**

	Note	Individual period		Cumulative Period	
		30.06.2014	30.06.2013	30.06.2014	30.06.2013
		Unaudited RM '000	Unaudited RM '000	Unaudited RM '000	Unaudited RM '000
<b>Operating revenue</b>		20,168	27,299	44,454	52,629
Direct operating costs		(8,710)	(11,609)	(18,903)	(21,648)
Gross profit		11,458	15,690	25,551	30,981
Other operating revenue	B4	363	407	982	953
Other operating costs		(13,918)	(15,975)	(28,402)	(31,147)
Finance costs		(1)	(2)	(1)	(4)
Depreciation & amortisation		(582)	(550)	(1,151)	(1,168)
		(2,680)	(430)	(3,021)	(385)
Share of results of associates		(447)	(18)	(537)	(39)
<b>Loss before taxation</b>		(3,127)	(448)	(3,558)	(424)
Taxation		186	(199)	87	(460)
<b>Loss net of taxation</b>		(2,941)	(647)	(3,471)	(884)
<b>Other comprehensive income/(loss)</b>					
Defined benefit plan actuarial gain		-	-	-	1,338
Foreign currency translation		(15)	(68)	(38)	(96)
<b>Total comprehensive (loss)/income for the period</b>		(2,956)	(715)	(3,509)	358
<b>Loss attributable to :</b>					
Equity holders of the Company		(2,847)	(599)	(3,198)	(721)
Non-controlling interests		(94)	(48)	(273)	(163)
		(2,941)	(647)	(3,471)	(884)

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

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER  
 COMPREHENSIVE INCOME  
 FOR SECOND QUARTER ENDED 30 JUNE 2014 (Continued)**

	Individual period		Cumulative Period	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	Unaudited	Unaudited	Unaudited	Unaudited
	RM '000	RM '000	RM '000	RM '000
<b>Total comprehensive (loss)/income</b>				
<b>attributable to :</b>				
Equity holders of the Company	(2,862)	(667)	(3,236)	521
Non-controlling interests	(94)	(48)	(273)	(163)
	<u>(2,956)</u>	<u>(715)</u>	<u>(3,509)</u>	<u>358</u>
Earnings per share (sen)				
Basic	(0.40)	(0.08)	(0.45)	(0.10)
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 2013 and the explanatory notes attached to the interim financial statements.*

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

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2014**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30.06.2014</b>	<b>31.12.2013</b>
	<b>RM '000</b>	<b>RM '000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	38,978	39,260
Investment properties	2,076	2,076
Investment in associate company	4,283	4,002
Investment in unquoted shares	1,254	1,254
Investment in preference share	3,500	-
Other intangible assets	2,182	2,716
Goodwill	925	925
Deferred tax assets	3,086	3,090
	<b>56,284</b>	<b>53,323</b>
<b>Current assets</b>		
Inventories	17,215	16,515
Trade receivables	8,263	15,623
Other receivables, deposits and prepayments	4,713	4,240
Investments	22,380	26,879
Tax assets	1,076	727
Cash and bank balances	6,576	6,871
	<b>60,223</b>	<b>70,855</b>
Non-current assets held for sale	-	1,375
<b>TOTAL ASSETS</b>	<b>116,507</b>	<b>125,553</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	72,000	72,000
Treasury shares	(1,651)	(1,640)
Retained earnings	25,836	31,175
Other reserves	(267)	(229)
	<b>95,918</b>	<b>101,306</b>
<b>Non-controlling interests</b>	<b>570</b>	<b>843</b>
<b>Total Equity</b>	<b>96,488</b>	<b>102,149</b>

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

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2014 (Continued)**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30.06.2014</b>	<b>31.12.2013</b>
	<b>RM '000</b>	<b>RM '000</b>
	<b>_____</b>	<b>_____</b>
<b>Non-current liabilities</b>		
Borrowings	6	8
Retirement benefits	6,605	7,238
Deferred tax liabilities	709	899
	<b>_____</b>	<b>_____</b>
	7,320	8,145
	<b>_____</b>	<b>_____</b>
<b>Current liabilities</b>		
Trade payables	3,086	3,981
Other payables, deposits and accruals	9,600	11,153
Provision for taxation	-	50
Provision and contingent liabilities	-	45
Borrowings	13	30
	<b>_____</b>	<b>_____</b>
	12,699	15,259
	<b>_____</b>	<b>_____</b>
Total liabilities	20,019	23,404
	<b>_____</b>	<b>_____</b>
<b>TOTAL EQUITY AND LIABILITES</b>	<b>116,507</b>	<b>125,553</b>
	<b>_____</b>	<b>_____</b>
<b>Net Assets</b>	96,488	102,149
	0.135	0.143

*The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 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 YEAR ENDED 31 DECEMBER 2013**

	← Non Distributable →			Distributable		Total Equity
	Share Capital	Treasury Shares	Translation Reserve	Retained Earnings	Non-controlling Interests	
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>As at 1 January 2013</b>	72,000	(1,602)	(211)	34,211	1,006	105,404
<b>Comprehensive income</b>						
Loss for the year	-	-	-	(651)	(163)	(814)
<b>Other comprehensive income</b>						
Defined benefit plan actuarial gain	-	-	-	(214)	-	(214)
Foreign currency translation	-	-	(18)	-	-	(18)
Total comprehensive income for the year	-	-	(18)	(865)	(163)	(1,046)
<b>Transactions with owners</b>						
Purchase of Treasury Shares	-	(38)	-	-	-	(38)
Dividends	-	-	-	(2,141)	-	(2,141)
Dividend paid to non-controlling interests	-	-	-	(30)	-	(30)
Total transactions with owners	-	(38)	-	(2,171)	-	(2,209)
<b>As at 31 December 2013</b>	72,000	(1,640)	(229)	31,175	843	102,149

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

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 JUNE 2014**

	← Non Distributable →			Distributable		
	Share Capital	Treasury Shares	Translation Reserve	Retained Earnings	Non-controlling Interests	Total Equity
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>As at 1 January 2014</b>	72,000	(1,640)	(229)	31,175	843	102,149
<b>Comprehensive income</b>						
Loss for the period	-	-	-	(3,198)	(273)	(3,471)
<b>Other comprehensive income</b>						
Defined benefit plan actuarial gain	-	-	-	-	-	-
Foreign currency translation	-	-	(38)	-	-	(38)
Total comprehensive income for the period	-	-	(38)	(3,198)	(273)	(3,509)
<b>Transactions with owners</b>						
Purchase of treasury shares	-	(11)	-	-	-	(11)
Interim dividends	-	-	-	(2,141)	-	(2,141)
Total transactions with owners	-	(11)	-	(2,141)	-	(2,152)
<b>As at 30 June 2014</b>	72,000	(1,651)	(267)	25,836	570	96,488

*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 2013 and the explanatory notes attached to the interim financial statements*

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

	<b>30.06.2014</b>	<b>30.06.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash Flows from Operating Activities</b>		
Loss before taxation	(3,558)	(424)
Adjustments for:-		
Amortisation of intangible assets	257	205
Bad debts (recovered)/written off	(110)	296
Depreciation of property, plant and equipment	1,491	1,700
Gain on disposal of non-current assets held for sale	(246)	-
Loss on disposal of property, plant and equipment	180	27
Interest expenses	2	4
Interest revenue	(61)	(53)
Inventories written off	87	52
Investment income	(443)	(385)
Property, plant and equipment written off	86	16
Provision for employee benefits	(90)	(132)
Retirement benefits expense	167	261
Share of loss of associated companies	537	39
Unrealised loss on foreign exchange	59	16
Operating profit before working capital changes	<u>(1,642)</u>	<u>1,622</u>
Increase in inventories	(759)	(268)
Decrease/(Increase) in receivables	4,245	(422)
(Decrease)/Increase in payables	(291)	1,753
Cash generated from operations	<u>1,553</u>	<u>2,685</u>
<b>Cash Flows from Operating Activities</b>		
Interest paid	(2)	(4)
Interest received	61	53
Tax paid	(578)	130
Net cash from operating activities	<u>1,034</u>	<u>2,864</u>

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2014 (Continued)**

	<b>30.06.2014</b>	<b>30.06.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash Flows from Investing Activities</b>		
Investment income	443	385
Purchase of property, plant and equipment	(1,380)	(419)
Purchase of intangible assets	(44)	(59)
Proceeds from disposal of property, plant and equipment	114	8
Proceeds from disposal of investment property	-	5,200
Proceeds from disposal of non-current assets held for sale	1,622	-
Investment in associate companies	(818)	-
Investment in preference share	(3,500)	-
Net cash (used in)/from investing activities	<u>(3,563)</u>	<u>5,115</u>
<b>Cash Flows from Financing Activities</b>		
Repayment of term loans	(17)	(16)
Purchase of treasury shares	(11)	(11)
Repayment of hire purchase liabilities	(2)	(2)
Dividend paid	(2,141)	(2,172)
Net cash used in financing activities	<u>(2,171)</u>	<u>(2,201)</u>
Effect of exchange rate changes	71	(78)
Net (decrease)/increase in cash and cash equivalent	(4,629)	5,700
Cash and cash equivalent at beginning of the financial period	33,585	39,162
Cash and cash equivalent at end of the financial period	<u>28,956</u>	<u>44,862</u>

*The condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the explanatory notes attached to the interim financial statement*



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

Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2014

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**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”) 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 2013. 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 2013.

**A2. Significant Accounting Policies**

**MFRSs and Amendments to MFRSs issued but not yet effective**

At the date of authorisation of these interim financial statements, the following MFRSs and Amendments to MFRSs were issued but not yet effective and have not been applied by the Group:

		<b>Effective for financial periods beginning on or after</b>
<u>New MFRS</u>		
MFRS 9	Financial Instruments	To be announced by the MASB
<u>Amendments/Improvements to MFRSs</u>		
MFRS 2	Share-based Payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 7	Financial Instruments: Disclosures	Applies when MFRS 9 is applied
MFRS 8	Operating Segments	1 July 2014
MFRS 9	Financial Instruments	To be announced by the MASB

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

Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2014

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### **A2. Significant Accounting Policies (Continued)**

#### **MFRSs and Amendments to MFRSs issued but not yet effective (Continued)**

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

<u>Amendments/Improvements to MFRSs (Con't)</u>		<b>Effective for financial periods beginning on or after</b>
MFRS 11	Joint Arrangements	1 January 2016
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 14	Regulatory Deferral Accounts	1 January 2016
MFRS 116	Property, Plant and Equipment	1 July 2014 and 1 January 2016
MFRS 119	Employee Benefits	1 July 2014
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 138	Intangible Assets	1 July 2014 and 1 January 2016
MFRS 140	Investment Property	1 July 2014

### **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 2014.

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

There were no material changes in estimates that have had any material effect in the current quarter and cumulative period ended 30 June 2014.

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

Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2014

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### 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 2014:

As at 30 June 2014, the number of treasury shares held was 6,488,100 CNI Shares.

### A7. Fair Value Changes of Financial Liabilities

As at 30 June 2014, 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 2014, a single tier interim dividend of RM0.003 per ordinary shares in respect of the financial year ended 31 December 2013, amounted to RM2,140,536 was paid on 17 April 2014.

### 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
	30.06.14	30.06.14	30.06.14	30.06.14
	RM'000	RM'000	RM'000	RM'000
Marketing and trading	18,594	(664)	40,676	(391)
Manufacturing	8,446	(528)	17,672	(710)
Investment holding	2,521	1,409	3,493	1,469
Retail - Food and beverage	381	8	759	(3)
Inter-segment elimination	(9,774)	(2,905)	(18,146)	(3,386)
	20,168	(2,680)	44,454	(3,021)
Share of results of associates		(447)		(537)
Income tax expense		186		87
Non-controlling interest		94		273
Loss for the period/year		(2,847)		(3,198)

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

Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2014

**A9. Segmental Information (Continued)**

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

<b>Business Segment</b>	<b>Previous Year Corresponding Quarter</b>		<b>Previous Year to-date</b>	
	<b>Revenue</b>	<b>Result</b>	<b>Revenue</b>	<b>Result</b>
	<b>30.06.13</b>	<b>30.06.13</b>	<b>30.06.13</b>	<b>30.06.13</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Marketing and trading	24,266	811	47,758	1,511
Manufacturing	11,337	(370)	20,825	(863)
Investment holding	5,070	3,799	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 results of associates		(18)		(39)
Income tax expense		(199)		(460)
Non-controlling interest		48		163
Loss for the period/year		<u>(599)</u>		<u>(721)</u>

**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 2013.

Investment properties are stated at fair value as at 31 December 2013. 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.

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

Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2014

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### **A11. Subsequent Events**

There were no material events subsequent to the reporting period up to 15 August 2014 (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.

### **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 period 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 2013.

### **A14. Capital Commitments**

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

	<b>As at 30.06.2014 RM '000</b>
<b>Capital expenditure approved and contracted for:</b>	
Purchase of property, plant and equipment	22
Acquisition of computer software	253
	<hr/>
	274
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**CNI Holdings Berhad** (Company No.: 181758-A)Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2014

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**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	34	64
Management fee paid and payable	49	110
IT and eCommerce related service	85	185
<b><u>CNI Venture Sdn Bhd</u></b>		
Rental revenue received and receivable	31	60
Research and development expenditure paid and payable	85	182
<b><u>Citra Nusa Insancemerlang Investment Company</u></b>		
Patent fee paid and payable	20	39
<b><u>PC Marketing Sdn Bhd</u></b>		
Rental charge paid and payable	26	46
<b><u>Leader Regent Inc</u></b>		
Sales received and receivable	266	530

**CNI Holdings Berhad** (Company No.: 181758-A)Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2014

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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	49	98
<b><u>CNI Hong Kong Limited</u></b>		
Purchase of goods	7	12
<b><u>CNI (China) Co. Ltd.</u></b>		
Purchase of goods and raw material	44	128
<b><u>Sepang Goldcoast Sdn Bhd</u></b>		
Sales received and receivable	60	78
Rental revenue received and receivable	60	120
IT and eCommerce related service	4	8
<b><u>Fortune Venture Inc</u></b>		
Sales received and receivable	293	2,150
<b><u>Golden Palm Tree Resort &amp; Spa Sdn Bhd</u></b>		
Sales received and receivable	5	11
<b><u>Qingdao Mark Foods Co., Ltd</u></b>		
Sales received and receivable	84	84

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 2014

### 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 RM20.2 million for the current quarter ended 30 June 2014 as compared to RM27.3 million in the previous year corresponding quarter, showed a decrease of 26%.

Business Segment	Quarter Ended				Increase/(Decrease)			
	Revenue		Result		Revenue		Result	
	30.06.14	30.06.13	30.06.14	30.06.13	RM'000	%	RM'000	%
Marketing and trading	18,593	24,266	(664)	811	(5,673)	-23%	(1,475)	-182%
Manufacturing	8,445	11,337	(528)	(370)	(2,892)	-26%	(158)	-43%
Investment holding	2,521	5,070	1,409	3,799	(2,549)	-50%	(2,390)	-63%
Retail - Food and beverage	381	427	8	(17)	(46)	-11%	25	147%

The revenue of the marketing and trading segment has decreased from RM24.3 million to RM18.6 million, a decrease of 23% as compared to the previous corresponding quarter. The decrease in revenue was mainly derived from lower revenue from direct selling business. Consequently, the result of marketing and trading segment has turned into loss position.

Sales revenue from manufacturing segment has decreased from RM11.3 million to RM8.4 million, a decrease of 26% as compared to the previous corresponding quarter. The segment result has declined by 43% mainly due to decline in gross profit and most of the operating costs remain intact.

The decline of revenue in the investment holdings business segment is resulted from lower rental income and lower dividend income as well as management fee from subsidiaries. The lower rental income in line with disposal of investment properties last year and the decreased in management fee in line with lower sales achieved by subsidiaries.

The result of retail - food and beverages segment has increased by 147% as compared to the previous corresponding quarter due to lower operating cost incurred.



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

### Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2014

#### B1. Operating Segment Review (Continued)

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

The Group recorded revenue of RM44.5 million for the financial period ended 30 June 2014 as compared to RM52.6 million in the previous financial period, showing a decrease of 15%. The Group Loss Before Tax (“LBT”) for the financial period ended 30 June 2014 have expanded to RM3.6 million as compared to the LBT of RM0.4 million in the previous financial period ended 30 June 2013.

The decline in sales revenue and higher LBT for the financial period ended 30 June 2014 as compared to the last corresponding financial period was attributable to the lower revenue and profit contribution from direct selling and manufacturing businesses.

Business Segment	Year to date ended				Increase/(Decrease)			
	Revenue		Result		Revenue		Result	
	30.06.14	30.06.13	30.06.14	30.06.13				
	RM'000	RM'000	RM'000	RM'000	RM'000	%	RM'000	%
Marketing and trading	40,676	47,758	(391)	1,511	(7,082)	-15%	(1,902)	-126%
Manufacturing	17,672	20,825	(710)	(863)	(3,153)	-15%	153	18%
Investment holding	3,493	6,167	1,469	3,756	(2,674)	-43%	(2,287)	-61%
Retail - Food and beverage	758	854	(3)	(1)	(96)	-11%	(2)	-200%

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

The Group’s LBT for the current quarter was RM3.1 million an increase of RM2.7 million from the LBT of RM0.4 million compared with preceding quarter. The loss has increased significantly mainly due to most of the operating costs remain intact while the sales revenue of the Group especially from marketing and trading segment was decreased. The losses shared from associates is also one of the factors contributed to greater loss before tax.

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### **B3 Commentary on Prospects and Targets**

The outlook for the group in the remaining two quarters of 2014 shall remain stable. The group will continue putting in the necessary efforts and strategies to ensure its KPIs are met and business to remain profitable.

For MLM segment, the sales performance was impacted by lower in flow rate of new customers. The emergence of fake coffee has also created a slower demand of the fast moving products. To counter such unfriendly impact, the company had recently launched a unique and high value beauty range to spur higher sales purchase demand. The group will continue actively sourcing new markets such as Thailand and China to gain revenue and profit growth objective.

For the manufacturing segment, the Group will continue its commitment in the enhancement and innovation of its products development capabilities, streamlining its product process to achieve higher efficiency. Placing more emphasis in overseas markets and export sales, the Board of Directors believe will strengthen the Group's performance going forward.

### **B4. Other Operating Income**

	<b>Current Quarter</b>	<b>Previous Year Corresponding Quarter</b>
	<b>30.06.2014</b>	<b>30.06.2013</b>
	<b>RM '000</b>	<b>RM '000</b>
Interest income	40	36
Gain/(loss) on foreign exchange	9	(26)
Other income	314	397
	<hr/>	<hr/>
	363	407
	<hr/>	<hr/>

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### B5. Realised and Unrealised Profits

	<b>As at 30.06.2014 RM '000</b>	<b>As at 31.12.2013 RM '000</b>
Total retained profits of the group		
- Realised profits	63,650	61,960
- Unrealised profits	4,394	4,454
	<hr/> 68,044	<hr/> 66,414
Total share of retained earnings from associate company		
- Realised	(702)	(165)
Less: Consolidation adjustments	(41,506)	(35,074)
Total retained profits as per statement of financial position	<hr/> 25,836	<hr/> 31,175

### B6. Income Tax Expenses

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

	<b>Current quarter RM '000</b>	<b>Period to-date RM '000</b>
Current quarter/ period to-date	<hr/> (186)	<hr/> (87)

### B7. Corporate Proposals

Save as disclosed below, there were no corporate proposals announced but not completed as at 15 August 2014 (the latest practicable date which is not earlier than 7 days from the date of this quarterly report).

At 25<sup>th</sup> Annual General Meeting of the Company held on 19 June 2014, the Ordinary Resolutions in respect of the following were approved by the shareholders of the Company:-

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

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### 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 30.06.2014 RM '000</b>
<b><u>Secured</u></b>	
Short term borrowings	13
Long term borrowings	6
	<hr/> <b>19</b> <hr/>

### B9. 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.

### 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 30.06.2014</b>	<b>Period to Date 30.06.2014</b>
Loss attributable to the equity holders of the parent (RM'000)	(2,847)	(3,198)
Weighted average number of ordinary share ('000)	713,512	713,547
Basic earnings per ordinary share (sen)	<hr/> <b>(0.40)</b> <hr/>	<hr/> <b>(0.45)</b> <hr/>

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**B11. Earnings Per Share** (Continued)

**(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 2013 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 21 August 2014.