

CNI HOLDINGS BERHAD (181758-A)
(Incorporated in Malaysia under the Companies Act, 1965)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		2019	2018	2019	2018
		CURRENT QUARTER 31/03/2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2018 RM'000	CURRENT YEAR TO DATE 31/03/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2018 RM'000
Revenue	B 1	18,146	18,285	18,146	18,285
Direct operating costs		(9,271)	(7,278)	(9,271)	(7,278)
Gross profit		8,875	11,008	8,875	11,008
Other income		588	(18)	588	(18)
Operating costs		(9,778)	(10,931)	(9,778)	(10,931)
Finance costs		(103)	(21)	(103)	(21)
Share of results of an associate		(197)	36	(197)	36
(Loss)/Profit before taxation	B 2	(615)	74	(615)	74
Taxation	B 5	(32)	(69)	(32)	(69)
(Loss)/Profit for the financial period		(647)	5	(647)	5
Other comprehensive income		(73)	22	(73)	22
Total comprehensive income for the financial period		(720)	27	(720)	27
Profit/(Loss) attributable to:					
Owners of the company		(782)	(12)	(782)	(12)
Non-controlling interest		135	17	135	17
		(647)	5	(647)	5
Total comprehensive income attributable to:					
Owners of the company		(855)	10	(855)	10
Non-controlling interest		135	17	135	17
		(720)	27	(720)	27
Weighted average number of shares in issue		712,905	712,905	712,905	712,905
Loss per share (sen) - basic	B 10	(0.11)	(0.00)	(0.11)	(0.00)
- diluted	B 10	(0.11)	(0.00)	(0.11)	(0.00)

Note 1:

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.

CNI HOLDINGS BERHAD (181758-A)
(Incorporated in Malaysia under the Companies Act, 1965)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2019

Note	Unaudited AS AT 31/03/2019 RM'000	Audited AS AT 31/12/2018 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	34,244	34,290
Investment properties	2,550	2,550
Intangible asset	705	629
Investment in associate	1,734	1,931
Other Investment	500	500
Deferred tax asset	1,104	1,104
	40,837	41,004
Current Assets		
Intangible asset	380	380
Investment in preference shares	3,500	3,500
Inventories	15,647	14,140
Trade receivables	11,358	13,493
Other receivables, deposits and prepayments	1,722	2,516
Tax recoverable	0	11
Short-term investment	9,762	11,029
Cash and cash equivalents	8,885	10,126
	51,254	55,195
TOTAL ASSETS	92,091	96,199
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	72,000	72,000
Treasury shares	(1,725)	(1,718)
Exchange translation reserve	(154)	(81)
Legal capital reserve	93	93
Retained earnings	2,518	3,300
Total equity attributable to the owners of the Company	72,732	73,594
Non-controlling interest	1,824	1,689
Total Equity	74,556	75,283
Non-current Liabilities		
Finance lease liabilities	480	581
Retirement benefits	1,889	1,869
Deferred tax liabilities	945	945
	3,314	3,395
Current Liabilities		
Trade payables	4,849	3,935
Other payables, deposits and accruals	6,415	10,139
Finance lease liabilities	565	575
Dividend payable	2,137	2,137
Tax Payable	255	735
	14,221	17,521
Total Liabilities	17,535	20,916
TOTAL EQUITY AND LIABILITIES	92,091	96,199
Net assets per share attributable to owners of the Company (RM)	0.10	0.10

Note:

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.

CNI HOLDINGS BERHAD (181758-A)
(Incorporated in Malaysia under the Companies Act, 1965)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

	← Attributable to the Owners of the Company →				Distributable Retained Earnings	Non-Controlling interest	Total
	Issued Capital	Legal capital reserve	Treasury Shares	Exchange translation reserve			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as of 1 January 2019	72,000	93	(1,718)	(81)	3,300	1,689	75,283
Comprehensive income							
(Loss)/Profit for the period	-	-	-	-	(782)	135	(647)
Other comprehensive income							
Foreign currency translation	-	-	-	(73)	-	-	(73)
Total comprehensive income for the period	-	-	-	(73)	(782)	135	(720)
Transactions with owners							
Purchase of treasury shares	-	-	(7)	-	-	-	(7)
Total transactions with owners	-	-	(7)	-	-	-	(7)
Balance as of 31 March 2019	72,000	93	(1,725)	(154)	2,518	1,824	74,556

	← Attributable to the Owners of the Company →				Distributable Retained Earnings	Non-Controlling interest	Total
	Issued Capital	Legal capital reserve	Treasury Shares	Exchange translation reserve			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as of 1 January 2018	72,000	-	(1,699)	(672)	4,871	1,482	75,982
Comprehensive income							
Defined benefit plan actuarial gain	-	-	-	-	-	-	-
(Loss)/Profit for the period	-	-	-	-	(12)	17	5
Other comprehensive loss							
Foreign currency translation	-	-	-	23	-	(1)	22
Total comprehensive income for the period	-	-	-	23	(12)	16	27
Transactions with owners							
Purchase of treasury shares	-	-	(11)	-	-	-	(11)
Total transactions with owners	-	-	(11)	-	-	-	(11)
Balance as of 31 March 2018	72,000	0	(1,710)	(649)	4,859	1,498	75,998

Note:

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.

CNI HOLDINGS BERHAD (181758-A)
(Incorporated in Malaysia under the Companies Act, 1965)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

	3 Months Ended 31/03/2019 RM'000	3 Months Ended 31/03/2018 RM'000
Cash Flows from Operating Activities		
(Loss)/Profit before tax	(615)	74
Adjustment for:		
Amortisation of intangible assets	57	81
Depreciation of property, plant and equipment	930	548
Interest expenses	103	21
Interest income	(77)	(143)
Reversal of inventories written off	(17)	(68)
Gain on disposal of property, plant and equipment	-	(6)
Property, plant and equipment written off	-	11
Provision for employee benefits expenses	-	17
Retirement benefit expense	20	20
Share of other comprehensive income of associate	197	(36)
Unrealised (gain)/loss on foreign exchange currency	(81)	249
	<hr/>	<hr/>
Operating profit before working capital changes	517	769
Inventories	(1,490)	(1,124)
Receivables	3,010	3,955
Payables	(2,810)	(5,818)
	<hr/>	<hr/>
Cash used in operations	(773)	(2,218)
Interest paid	(103)	(21)
Interest received	77	143
Tax paid	(501)	(47)
Tax refund	-	28
	<hr/>	<hr/>
Net cash used in operating activities	(1,300)	(2,115)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(884)	(44)
Purchase of intangible assets	(133)	(12)
Proceeds from disposal of property, plant and equipment	-	6
Withdrawal/(Drawdown) of short-term investments	1,267	(564)
	<hr/>	<hr/>
Net cash generated from/(used in) investing activities	250	(614)
Cash Flows from Financing Activities		
Purchase of treasury shares	(7)	(11)
(Repayment)/Drawdown of finance lease liabilities	(111)	276
Payment of retirement benefit expense	0	(475)
	<hr/>	<hr/>
Net cash used in financing activities	(118)	(210)
Net Decrease in Cash and Cash Equivalents	(1,168)	(2,939)
Foreign exchange differences	(73)	23
Cash and Cash Equivalents at beginning of period	10,126	8,561
	<hr/>	<hr/>
Cash and Cash Equivalents at end of period	8,885	5,645
	<hr/>	<hr/>
Cash and Cash Equivalents at end of period comprise of the followings:-		
Cash and bank balances	8,885	5,645
	<hr/>	<hr/>
	8,885	5,645
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Note :

The Unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.

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

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the reporting requirements outlined in the Malaysia Financial Reporting Standards ("MFRS") 134 - Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa”).

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

The interim financial statements of the Group have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”) and the Companies Act, 2016 in Malaysia.

A2. Significant Accounting Policies

The accounting policies and presentation adopted by the Group in this interim financial statements are consistent with these adopted for the audited financial statements of the Group for the financial year ended 31 December 2018.

Effective for financial periods beginning on or after 1 January 2019

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayment Feature with Negative Compensation
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Amendments to MFRS 119	Plan Amendments, Curtailment or Settlement

Annual Improvements to MFRSs 2015-2017 Cycle

Effective for financial periods beginning on or after 1 January 2020

Amendment to MFRS 2	Share-based Payment
Amendment to MFRS 3	Business Combinations
Amendment to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendment to MFRS 14	Regulatory Deferral-Accounts
Amendment to MFRS 101	Presentation of Financial Statements
Amendment to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to MFRS 134	Interim Financial Reporting
Amendment to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets

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

A2. Significant Accounting Policies (Cont’d)

Effective for financial periods beginning on or after 1 January 2020 (Cont’d)

Amendment to MFRS 138	Intangible Assets
Amendment to IC Interpretation 12	Service Concession Arrangements
Amendment to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendment to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendment to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendment to IC Interpretation 132	Intangible Assets – Web Site Costs

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts
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Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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MFRS 16, Leases

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The adoption of this new MFRS did not have any significant effect on the financial statements of the Group.

A3. Auditors' Report

There were no audit qualifications on the annual audited financial statements of the Group for the financial year ended 31 December 2018.

A4. Seasonal or Cyclical Factors

The Group’s performance is affected by seasonal or cyclical factors on quarter-to-quarter basis; the demand may be skewed towards major festivities such as Hari Raya Puasa and Chinese New Year. This pattern is in line with the forecast and expectation of the Group.

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

Unaudited Financial Results of the Group for First Quarter Ended 31 March 2019

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

A5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current quarter and financial year-to-date under review.

A6. Material Changes in Estimates

There were no changes in the estimate of amounts reported in the prior interim periods of the current financial year, or in previous years, which have material effect on the current quarter under review.

A7. Changes in Debts and Equity Securities

Save as disclosed below, there were no issuances, repurchases and repayment of debt and equity securities during the quarter ended 31 March 2019.

During the financial period, the Company bought back from the open market 100,000 ordinary shares of the Company (“CNI Shares”) at an average buy-back price of RM0.075 per share. The total consideration paid, including transaction costs, was RM7,555 and it was financed by internally generated funds. The CNI Shares bought back were being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

As at 31 March 2019, the number of treasury shares held was 7,357,100 CNI Shares.

A8. Dividend Paid

There were no dividends paid during the current quarter and financial year-to-date under review.

A9. Segmental Reporting

The segmental revenue and results for the financial year-to-date under review are as follows:-

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

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134**A9. Segmental Reporting (Cont’d)**

The segmental revenue and results for the preceding year’s corresponding financial year-to-date are as follows:-

	Current quarter		Year to-date	
	Revenue	Results	Revenue	Results
	31/03/2018	31/03/2018	31/03/2018	31/03/2018
	RM’000	RM’000	RM’000	RM’000
Marketing and trading	13,671	(255)	13,671	(255)
Manufacturing	10,735	281	10,735	281
Others	769	(190)	769	(190)
Inter-segment elimination	(6,890)	202	(6,890)	202
	18,285	38	18,285	38
Share of profit of associates		36		36
Income tax		(69)		(69)
Non-controlling interests		(17)		(17)
Loss for the period		(12)		(12)

A10. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter under review.

A11. Changes in Contingent Assets and Contingent Liabilities

As at the date of this announcement, there were no material changes in contingent assets and contingent liabilities of the Group since the last audited financial statements for the financial year ended 31 December 2018.

A12. Capital Commitment

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

	As at 31.03.2019 RM’000
Capital expenditure approved and contracted for	1,485
Capital expenditure approved and not contracted for	4,094
	<u>5,579</u>

A13. Subsequent Material Events

There were no material events subsequent to the current quarter up to the date of the interim financial report.

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

A14. Related Party Transactions

Related party transactions were summarized as follows:

	Current quarter RM’000	Cumulative quarter RM’000
<u>CNI Corporation Sdn Bhd</u>		
Management fee paid and payable	72	72
IT and eCommerce related service	16	16
Trade purchase paid and payable	490	490
Commission receivable	18	18
<u>CNI Venture Sdn Bhd</u>		
Research and development expenditure paid and payable	59	59
<u>CNI China Co. Ltd</u>		
Sales received and receivable	400	400
<u>CNI IPHC</u>		
Trademark fee paid and payable	62	62
<u>Law Yang Ket</u>		
Sales development and marketing advisory paid and payable	14	14

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

B1. Review of Performance

(a) Results for current year quarter compared to corresponding quarter of the preceding year

The Group recorded revenue of RM18.15 million for the current quarter ended 31 March 2019 as compared to RM18.29 million in the previous year corresponding quarter, decreased by 1%.

	Current year quarter	Preceding Year Corresponding quarter	Changes %	Current year-to-date	Preceding Year Corresponding quarter	Changes %
	31/03/2019	31/03/2018		31/03/2019	31/03/2018	
	RM'000	RM'000		RM'000	RM'000	
Revenue	18,146	18,285	-1%	18,146	18,285	-1%
(Loss)/Profit Before Tax	(615)	74	>100%	(615)	74	>100%
(Loss)/Profit After Tax	(647)	5	>100%	(647)	5	>100%
(Loss)/Profit Attributable to Ordinary Equity Holders of the Parent	(782)	(12)	>100%	(782)	(12)	>100%

The revenue from the marketing and trading segment increased from RM13.67 million to RM13.72 million, an increase of 0.37% as compared to the previous corresponding quarter. The increase in revenue mainly derived from sales achieved by multi-level marketing business. However, the results had improved due to lower operating expenses.

Revenue contribution from the manufacturing segment decreased from RM10.74 million to RM9.74 million, a decrease of 9.26% as compared to the previous corresponding quarter. This was mainly attributable to lower contribution from internal and as well as external sales. Hence the result of the manufacturing segment was lower in this quarter.

The others segment representing investment holding, retail of food and beverage businesses. The revenue remains at RM0.70 million for current quarter. Results for the current quarter improved compared to the corresponding quarter mainly due to lower operating expenses.

(b) Results for Current YTD 2019 vs corresponding YTD 2018

The Group's revenue for the financial period ended 31 March 2019 was RM18.15 million, 1% lower than previous financial corresponding period. This was mainly due to lower sales.

The Group's loss after tax for the financial period ended 31 March 2019 was RM0.65 million.

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

B2. Material Change in Loss before Taxation (“PBT”) of Current Quarter Compared with Immediate Preceding Quarter

The Group’s LBT for the current quarter was RM0.62 million, compared to PBT of RM0.93 million in the immediate preceding quarter, mainly due to lower sales contribution.

	Current quarter	Immediate Preceding quarter	Changes %
	31/03/2019	31/12/2018	
	RM’000	RM’000	
Revenue	18,146	24,522	-26%
(Loss)/Profit Before Tax	(615)	928	-166%

B3. Commentary on Prospects and Targets

The Marketing & Trading Segment will consolidate its business venture and focus in strengthening the growth of its networking starting in Malaysia.

The Board will continue to be mindful of the operating cost and seek new opportunities to enhance operating efficiency and growth.

B4. Profit Forecast and Profit Guarantee

The Group has not issued or disclosed in any public documents any profit forecast or profit guarantee for the current quarter under review.

B5. Income Tax Expense

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

	Current quarter	Year-to-date
	RM’000	RM’000
Income Tax Expense	<u>32</u>	<u>32</u>

B6. Corporate Proposals

Save as disclosed below, there were no corporate proposals announced but not completed as at 23 May 2019 (the latest practicable date which is not earlier than 7 days from the date of this quarterly report).

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

B6. Corporate Proposals (cont'd)

On 1 April 2019, the Board had announced that the Company intends to seek its shareholders' approval for the following proposals at the forthcoming Annual General Meeting of the Company:

- a) Proposed Renewal of Existing Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature;
- b) Proposed Renewal of Authority for the Company to Purchase its Own Shares; and
- c) Proposed Adoption of New Constitution in Substitution of Existing Constitution of the Company.

B7. Group Borrowings and Debt Securities

The details of the Group borrowings (denominated in Ringgit Malaysia and foreign currency) as at 31.03.2019 were as follow:

	Total
	RM'000
<u>Secured</u>	
Short-term borrowings	
Hire purchase payable	565
Long-term borrowings	
Hire purchase payable	480
	1,045

B8. Material Litigation

The Group is not engaged in any material litigation since the date of the last annual statement of financial position up to the date of issuance of this quarterly report.

B9. Proposed Dividend

During the current quarter, the Board had declared a single tier interim dividend of 0.3 sen net per ordinary share, amounting to RM2.14 million in respect of the financial year ended 31 December 2018 which has been paid on 12 April 2019

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**B10. Earnings per Share****(a) Earnings per share**

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year to-date	Preceding Year Corresponding Period
Loss attributable to the owners of the Company (RM'000)	(782)	(12)	(782)	(12)
Weighted average number of ordinary shares in issue ('000)	712,905	712,905	712,905	712,905
Basic loss per share (sen)	(0.11)	(0.00)	(0.11)	(0.00)

(b) Diluted earnings per share

There were no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the financial period.

B11. Loss for the period

Loss before tax is arrived at after charging/ (crediting) the following items:

	Current Quarter	Financial Year-to-date
	RM'000	RM'000
Amortisation of intangible assets	57	57
Depreciation of property, plant and equipment	930	930
Interest expenses	103	103
Reversal of inventories written off	(17)	(17)
Interest income	(77)	(77)
Retirement benefit expense	20	20
Unrealised gain on foreign exchange	(81)	(81)

B12. Authorised for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 May 2019.