

CNI HOLDINGS BERHAD (198901004452)
(Incorporated in Malaysia under the Companies Act, 1965)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		2019	2018	2019	2018
		CURRENT QUARTER 30/09/2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2018 RM'000	CURRENT YEAR TO DATE 30/09/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2018 RM'000
Revenue	B1	16,757	22,779	50,513	61,726
Direct operating costs		(8,562)	(6,742)	(27,410)	(26,111)
Gross profit		8,195	16,037	23,103	35,615
Other income		383	1,257	1,762	2,217
Operating costs		(10,302)	(16,534)	(28,932)	(35,309)
Finance costs		(130)	(38)	(332)	(73)
Share of results of an associate		(91)	152	(386)	154
(Loss)/Profit before taxation	B2	(1,945)	874	(4,785)	2,604
Taxation	B5	(193)	(581)	(246)	(930)
(Loss)/Profit for the financial period		(2,138)	293	(5,031)	1,674
Other comprehensive income		64	(199)	(37)	(55)
Total comprehensive income for the financial period		(2,074)	94	(5,068)	1,619
Profit/(Loss) attributable to:					
Owners of the Company		(2,015)	191	(4,923)	1,342
Non-controlling interest		(123)	102	(108)	332
		(2,138)	293	(5,031)	1,674
Total comprehensive income attributable to:					
Owners of the Company		(1,951)	(8)	(4,960)	1,287
Non-controlling interest		(123)	102	(108)	332
		(2,074)	94	(5,068)	1,619
shares in issue ('000)		712,905	712,905	712,905	712,905
(Loss)/earnings per share (sen) - basic	B10	(0.28)	0.03	(0.69)	0.19
	B10	(0.28)	0.03	(0.69)	0.19

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 (198901004452)
(Incorporated in Malaysia under the Companies Act, 1965)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

Note	Unaudited AS AT 30/09/2019 RM'000	Audited AS AT 31/12/2018 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	34,625	34,290
Investment properties	2,550	2,550
Intangible asset	787	629
Investment in an associate	1,545	1,931
Other Investment	500	500
Deferred tax asset	1,104	1,104
	41,111	41,004
Current Assets		
Intangible asset	380	380
Investment in preference shares	3,500	3,500
Inventories	13,239	14,140
Trade receivables	9,340	13,493
Other receivables, deposits and prepayments	3,955	2,516
Tax recoverable	618	11
Short-term investment	7,063	11,029
Cash and cash equivalents	8,078	10,126
	46,173	55,195
TOTAL ASSETS	87,284	96,199
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	72,000	72,000
Treasury shares	(1,725)	(1,718)
Exchange translation reserve	(118)	(81)
Legal capital reserve	93	93
(Accumulated loss)/Retained earnings	(1,623)	3,300
Total equity attributable to the Owners of the Company	68,627	73,594
Non-controlling interest	1,374	1,689
Total Equity	70,001	75,283
Non-current Liabilities		
Finance lease liabilities	1,284	581
Retirement benefits	1,931	1,869
Deferred tax liabilities	945	945
	4,160	3,395
Current Liabilities		
Trade payables	3,749	3,935
Other payables, deposits and accruals	8,548	10,139
Finance lease liabilities	826	575
Dividend payable	-	2,137
Tax Payable	-	735
	13,123	17,521
Total Liabilities	17,283	20,916
TOTAL EQUITY AND LIABILITIES	87,284	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 (198901004452)
(Incorporated in Malaysia under the Companies Act, 1965)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	← Attributable to the Owners of the Company →						Non-Controlling interest	Total	
	← Non-distributable →				Distributable Retained Earnings/ (Accumulated loss)				
	Share Capital	Legal capital reserve	Treasury Shares	Exchange translation reserve					
RM'000	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 for the period	-	-	-	-	(4,923)	(108)	(5,031)		
Other comprehensive income									
Foreign currency translation	-	-	-	(37)	-	-	(37)		
Total comprehensive income for the period	-	-	-	(37)	(4,923)	(108)	(5,068)		
Transactions with Owners of the Company									
Purchase of treasury shares	-	-	(7)	-	-	-	(7)		
Dividend paid to non-controlling interest	-	-	-	-	-	(207)	(207)		
Total transactions with Owners of the Company	-	-	(7)	-	-	(207)	(214)		
Balance as of 30 September 2019	72,000	93	(1,725)	(118)	(1,623)	1,374	70,001		

	← Attributable to the Owners of the Company →						Non-Controlling interest	Total	
	← Non-distributable →				Distributable Retained Earnings				
	Share Capital	Legal capital reserve	Treasury Shares	Exchange translation reserve					
RM'000	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									
Profit for the period	-	-	-	-	1,342	332	1,674		
Other comprehensive income									
Foreign currency translation	-	-	-	(55)	-	-	(55)		
Total comprehensive income for the period	-	-	-	(55)	1,342	332	1,619		
Transactions with Owners of the Company									
Purchase of treasury shares	-	-	(19)	-	-	-	(19)		
Total transactions with Owners of the Company	-	-	(19)	-	-	-	(19)		
Balance as of 30 September 2018	72,000	-	(1,718)	(727)	6,213	1,814	77,582		

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 (198901004452)
(Incorporated in Malaysia under the Companies Act, 1965)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	9 Months Ended 30/09/2019 RM'000	9 Months Ended 30/09/2018 RM'000
Cash Flows from Operating Activities		
(Loss)/Profit before tax	(4,785)	2,604
Adjustment for:		
Amortisation of intangible assets	94	101
Depreciation of property, plant and equipment	2,380	1,432
Interest expenses	332	73
Interest income	(703)	(259)
Inventories written down	25	111
Gain on disposal of property, plant and equipment	-	(6)
Property, plant and equipment written off	-	11
Provision of retirement benefit expense	62	67
Share of other comprehensive income of associate	386	(154)
Unrealised (gain)/loss on foreign exchange currency	67	212
	(2,142)	4,192
Operating (loss)/profit before working capital changes	(2,142)	4,192
Inventories	876	(1,754)
Receivables	2,647	(490)
Payables	(1,777)	(3,158)
	(396)	(1,210)
Cash used in operations	(396)	(1,210)
Interest paid	(332)	(73)
Interest received	703	259
Tax paid	(1,588)	(763)
Tax refund	-	-
	(1,613)	(1,787)
Net cash used in operating activities	(1,613)	(1,787)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(2,715)	(243)
Purchase of other investment	-	(500)
Purchase of intangible assets	(252)	(47)
Withdrawal of short-term investments	3,966	2,484
Net cash generated from investing activities	999	1,694
Cash Flows from Financing Activities		
Purchase of treasury shares	(7)	(19)
Drawdown/(Repayment) of finance lease liabilities	954	(37)
Dividend paid to non-controlling interest	(207)	-
Dividend paid	(2,137)	-
Payment of retirement benefit expense	-	(1,858)
	(1,397)	(1,914)
Net cash used in financing activities	(1,397)	(1,914)
Net Decrease in Cash and Cash Equivalents	(2,011)	(2,007)
Foreign exchange differences	(37)	(55)
Cash and Cash Equivalents at beginning of period	10,126	8,561
Cash and Cash Equivalents at end of period	8,078	6,499
Cash and Cash Equivalents at end of period comprise of the followings:-		
Cash and bank balances	8,078	6,499
	8,078	6,499

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 Group is currently assessing the impact of MFRS 16 and plan to adopt the new standards on the required effective date.

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.

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 30 September 2019.

As at 30 September 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 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
	30/09/2019	30/09/2019	30/09/2019	30/09/2019
	RM'000	RM'000	RM'000	RM'000
Marketing and trading	14,235	223	39,303	935
Manufacturing	5,792	(1,483)	21,924	(3,763)
Others	672	322	2,044	359
Inter-segment elimination	(3,942)	(916)	(12,758)	(1,930)
	16,757	(1,854)	50,513	(4,399)
Share of result of an associate		(91)		(386)
Income tax		(193)		(246)
Non-controlling interests		123		108
Loss for the period		(2,015)		(4,923)

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
	30/09/2018	30/09/2018	30/09/2018	30/09/2018
	RM’000	RM’000	RM’000	RM’000
Marketing and trading	16,758	7,272	44,071	8,050
Manufacturing	12,404	1,104	34,415	2,205
Others	698	(198)	2,160	90
Inter-segment elimination	(7,081)	(7,456)	(18,920)	(7,895)
	22,779	722	61,726	2,450
Share of results of an associate		152		154
Income tax		(581)		(930)
Non-controlling interests		(102)		(332)
Profit for the period		191		1,342

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 30.09.2019 RM’000
Capital expenditure approved and contracted for	605
Capital expenditure approved and not contracted for	4,974
	<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	77	209
Trade purchase paid and payable	59	724
Commission receivable	13	39
<u>CNI Venture Sdn Bhd</u>		
Research and development expenditure paid and payable	39	132
<u>CNI China Co. Ltd</u>		
Sales received and receivable	-	400
<u>CNI IPHC</u>		
Trademark fee paid and payable	62	186
<u>Yee Kee Bing</u>		
Provision of consultancy and management services	60	60

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 RM16.76 million for the current quarter ended 30 September 2019 as compared to RM22.78 million in the previous year corresponding quarter, decreased by 26%.

	Current year quarter	Preceding Year Corresponding quarter	Changes %	Current year-to-date	Preceding Year Corresponding quarter	Changes %
	30/09/2019	30/09/2018		30/09/2019	30/09/2018	
	RM'000	RM'000		RM'000	RM'000	
Revenue	16,757	22,779	-26%	50,513	61,726	-18%
(Loss)/Profit Before Tax	(1,945)	874	>100%	(4,785)	2,604	>100%
(Loss)/Profit After Tax	(2,138)	293	>100%	(5,031)	1,674	>100%
(Loss)/Profit Attributable to Owners of the Company	(2,015)	191	>100%	(4,923)	1,342	>100%

The revenue from the marketing and trading segment decreased from RM16.76 million to RM14.24 million, a decrease of 15% as compared to the previous corresponding quarter. The decrease in revenue mainly due to lower sales generated by the marketing and trading business. Hence the results of the marketing and trading segment was low in this quarter.

Revenue contribution from the manufacturing segment decreased from RM12.40 million to RM5.79 million, a decrease of 53% as compared to the previous corresponding quarter. This was mainly attributable to lower contribution from 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 remain at RM0.70 million.

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

The Group's revenue for the financial period ended 30 September 2019 was RM50.51 million, 18% lower than previous financial corresponding period. This was mainly due to lower sales.

The Group's loss after tax for the financial period ended 30 September 2019 was RM5.03 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 (“LBT”) of Current Quarter Compared with Immediate Preceding Quarter

The Group’s LBT for the current quarter was RM1.95 million, compared to LBT of RM2.23 million in the immediate preceding quarter, mainly due to increase in sales contribution.

	Current quarter	Immediate Preceding quarter	Changes %
	30/09/2019	30/06/2019	
	RM’000	RM’000	
Revenue	16,757	15,610	7%
Loss Before Tax	(1,945)	(2,225)	-13%

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. Taxation

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

	Current quarter	Year-to-date
	RM’000	RM’000
Taxation	<u>193</u>	<u>246</u>

B6. Corporate Proposals

There were no corporate proposals announced but not completed as at 20 November 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**B7. Group Borrowings and Debt Securities**

The details of the Group borrowings (denominated in Ringgit Malaysia and foreign currency) as at 30.09.2019 were as follow:

	Total
	RM'000
<u>Secured</u>	
Short-term borrowings	
Hire purchase payable	826
Long-term borrowings	
Hire purchase payable	1,284
	2,110

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

There was no dividend proposed in the current quarter

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)/Profit attributable to the owners of the Company (RM'000)	(2,015)	191	(4,923)	1,342
Weighted average number of ordinary shares in issue ('000)	712,905	712,905	712,905	712,905
Basic (loss)/earnings per share (sen)	(0.28)	0.03	(0.69)	0.19

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

B10. Earnings per Share (Cont'd)

(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 RM'000	Financial Year-to-date RM'000
Amortisation of intangible assets	32	94
Depreciation of property, plant and equipment	1,288	2,380
Interest expenses	154	332
Inventories written off	35	25
Interest income	(49)	(703)
Provision of retirement benefit expense	21	62
Unrealised loss on foreign exchange	158	67

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 27 November 2019.