

**CNI HOLDINGS BERHAD**

(Company no. : 181758-A)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT****For the First Quarter Ended 31 Mar 2008**

	Individual Period		Cumulative Period	
	31-Mar-08 Unaudited RM '000	31-Mar-07 Unaudited RM '000	31-Mar-08 Unaudited RM '000	31-Mar-07 Unaudited RM '000
<b>Continuing Operations</b>				
Revenue	44,643	45,730	44,643	45,730
Operating profit	7,046	7,130	7,046	7,130
Financing costs	(16)	(65)	(16)	(65)
Interest income	232	208	232	208
Share of profit of associate	-	-	-	-
Profit before tax	7,262	7,273	7,262	7,273
Taxation	(2,117)	(2,031)	(2,117)	(2,031)
Profit for the period	5,145	5,242	5,145	5,242
<b>Attributable to :</b>				
Shareholders of the Company	5,145	5,242	5,145	5,242
Minority interests	-	-	-	-
Profit after tax for the period	5,145	5,242	5,145	5,242
Earnings per share(sen)				
Basic	0.72	0.73	0.72	0.73
Diluted	NA	NA	NA	NA

Notes :-

1) NA denotes "Not Applicable"

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements

**CNI HOLDINGS BERHAD**

(Company no. : 181758-A)

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**

As at 31 MAR 2008

	<b>Unaudited As at 31/3/2008 RM '000</b>	<b>Audited As at 31/12/2007 RM '000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	53,616	53,239
Investment properties	9,935	9,935
Intangible assets	2	2
Other intangible assets	30	30
Deferred tax assets	1,948	1,965
	<u>65,531</u>	<u>65,171</u>
<b>Current assets</b>		
Inventories	21,916	22,528
Receivables	8,321	6,401
Other receivables, deposits & prepayment	7,636	4,203
Short term investment	21,303	6,143
Tax assets	2,124	2,124
Cash and bank balances	19,353	31,287
	<u>80,653</u>	<u>72,686</u>
<b>TOTAL ASSETS</b>	<b><u>146,184</u></b>	<b><u>137,857</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders</b>		
Share capital	72,000	72,000
Treasury shares	(892)	(764)
Other reserves	60	29
Retained earnings	28,448	29,679
<b>Total equity</b>	<u>99,616</u>	<u>100,944</u>
<b>Non-current liabilities</b>		
Borrowings	195	180
Retirement benefit obligation	12,981	12,678
Deferred tax liabilities	1,605	1,605
	<u>14,781</u>	<u>14,463</u>
<b>Current liabilities</b>		
Trade Payables	4,945	4,398
Other Payables	17,517	16,896
Dividend payable	6,376	0
Current tax payables	2,614	847
Provision & cont. Liabilities	331	284
Borrowings	4	25
	<u>31,787</u>	<u>22,450</u>
Total liabilities	<u>46,568</u>	<u>36,913</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>146,184</u></b>	<b><u>137,857</u></b>
Net Assets	99,616	100,944
Net Assets per share (RM)	0.14	0.14

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements

**CNI HOLDINGS BERHAD**

(Company no. : 181758-A)

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****For the First Quarter Ended 31 Mar 2008**

	Share Capital RM '000	←—Non Distributable —→		Distributable Retained Earnings RM '000	Total Equity RM '000
		Treasury Share RM '000	Translation Reserve RM '000		
<b>As at 1 January 2007</b>	72,000	(527)	9	21,985	93,467
Foreign exchange translation difference			20		20
Net profit for the period				20,812	20,812
Purchase of Treasury Share		(237)			(237)
Interim dividends				(13,118)	(13,118)
<b>As at 31-Dec-07</b>	<b>72,000</b>	<b>(764)</b>	<b>29</b>	<b>29,679</b>	<b>100,944</b>
<b>As at 1 January 2008</b>	72,000	(764)	29	29,679	100,944
Foreign exchange translation difference			31		31
Net profit for the period				5,145	5,145
Purchase of Treasury Share		(128)			(128)
Interim dividends				(6,376)	(6,376)
<b>As at 31-Mar-08</b>	<b>72,000</b>	<b>(892)</b>	<b>60</b>	<b>28,448</b>	<b>99,616</b>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements

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

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**For the First Quarter Ended 31 Mar 2008**

	First quarter ended	
	31-Mar-08 RM'000 (Unaudited)	31-Mar-07 RM'000 (Unaudited)
Net cash generated from operating activities	3,918	4,982
Net cash used in investing activities	(15,858)	(610)
Net cash used for financing activities	(6)	(16,456)
Net increase in cash and cash equivalent	(11,946)	(12,084)
Effects of foreign exchange rate changes	13	4
Cash and cash equivalent at beginning of financial period	31,286	19,315
Cash and cash equivalent at end of financial period	<u>19,353</u>	<u>7,235</u>

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

	As at 31-Mar-08 RM'000	As at 31-Mar-07 RM'000
Cash and bank balances	10,129	16,675
Cash deposits with licensed banks	9,224	(9,440)
<b>Cash and cash equivalents</b>	<u>19,353</u>	<u>7,235</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

**NOTES TO THE INTERIM FINANCIAL REPORT**

**A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (“FRS”) 134**

**A1. Basis of Preparation**

The interim financial report has been prepared in accordance with the reporting requirements outlined in the Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2007.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2007.

**A2. Audit Report on Preceding Annual Financial Statements**

There was no audit qualification on the audit report of the Company’s audited financial statements for the financial year ended 31 December 2007.

**A3. Seasonal or Cyclical Factors**

The group’s performance is affected by seasonal or cyclical events on quarter-to-quarter basis; the demand may be skewed towards the major festivities such as Hari Raya Puasa and Chinese New Year, which normally occur at the beginning and end of the calendar year. This pattern is in line with the forecast and expectation of the Group.

**A4. Unusual items affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence during the quarter under review.

**A5. Material Changes in Estimates**

There were no material changes in estimate as compared to the preceding quarter or previous financial year.

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

Unaudited Financial Results of the Group for the First Quarter Ended 31 March 2008

---

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

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review except for the repurchased of 375,800 of the Company's issued ordinary shares from the open market at an average purchase price of RM0.345 per share. The total consideration paid was RM128,712 including transaction costs and it was financed by internally generated funds. The shares repurchased were being held as treasury shares in accordance with Section 6A of the Companies Act 1965.

As at 31 March 2008, the number of treasury share held is 2,068,600 ordinary shares.

### **A7. Dividend Paid**

Please refer to explanatory note B12.

### **A8. Segmental Information**

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

	<b>Revenue</b>	<b>Result</b>
	<b>31-Mar-08</b>	<b>31-Mar-08</b>
<b>Revenue</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
Marketing	40,610	6,593
Manufacturing	11,941	1,506
Investment holding	1,430	(844)
Food and beverage outlets	119	(184)
Inter-segment elimination	(9,457)	(25)
	<u>44,643</u>	<u>7,046</u>
Finance costs		(16)
Interest income		232
Taxation		<u>(2,117)</u>
Profit for the period		<u><u>5,145</u></u>

### **A9. Valuations of Property, Plant and Equipment**

The fair value of investment properties are estimated based on valuation by independent professionally qualified valuers.

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

Unaudited Financial Results of the Group for the First Quarter Ended 31 March 2008

---

Other than the above, the property, plant and equipment, which are stated at revalued amounts, have been brought forward without amendments from the audited financial statements for the financial year ended 31 December 2007.

**A10. Events Subsequent to the End of the Period**

Save as disclosed in Notes B8 and B11, there were no material events subsequent to the reporting period up to 28 May 2008 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report), which have not been reflected, in the financial statements for the quarter under review.

**A11. Change in Group / Capital Structure**

There are no other material changes in the composition of the Company/Group including business combination, acquisition or disposal of subsidiaries and long-term investment, restructuring & discontinuing operations during the quarter under review.

**A12. Contingent Liabilities**

Save as disclosed below, there were no contingent liabilities as at 28 May 2008:

- (a) Corporate guarantees of RM30.5 millions for banking facilities granted to its subsidiaries.
- (b) Special damage claim of RM295,000 by a former distributor and sale point operator of a subsidiary company for alleged wrongful termination.

**A13. Capital Commitments**

The outstanding capital commitments at the end of the current quarter are as follows:

	<b>Year to-date</b>
	<b>31-Mar-08</b>
	(RM'000)
<b>In respect of capital expenditure approved and contracted for :-</b>	
Purchase of property, plant and equipment	318
Acquisition of service apartment	36
	<u>354</u>

**CNI Holdings Berhad** (Company No : 181758-A)Unaudited Financial Results of the Group for the First Quarter Ended 31 March 2008

---

**A14. Significant Related Party Transactions**

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

<b>Related Parties</b>	<b>Amount RM'000</b>
<b><u>CNI Corporation Sdn Bhd</u></b>	
Rental revenue received and receivable	(231)
Management fee paid and payable	128
<b><u>CNI Venture Sdn Bhd</u></b>	
Rental revenue received and receivable	(29)
Research and development expenditure paid and payable	125
<b><u>Citra Nusa Insancemerlang Investment Co.</u></b>	
Patent fee paid and payable	20
<b><u>PC Marketing Sdn Bhd</u></b>	
Rental charge paid and payable	21
<b><u>CNI Enterprise (India) Pvt. Ltd.</u></b>	
Sales received and receivable	(12)
<b><u>Leader Regent Inc</u></b>	
Sales received and receivable	(974)
<b><u>CNI IPHC</u></b>	
Trademark fee paid and payable	48
<b><u>CNI Hong Kong Ltd.</u></b>	
Sales received and receivable	(260)
Purchases paid and payable	169
<b><u>Sepang Goldcoast Sdn Bhd</u></b>	
Sales received and receivable	(57)
<b><u>CNI Global Inc</u></b>	
Sales received and receivable	(113)

*Note: Amount in bracket indicates revenue/income to the Group*

These transactions have been entered into in the normal course of business and have been established on commercial terms.

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

**B1. Review of Performance**

For the reporting quarter, the Group's recorded revenue of RM44.6 million as compared to RM45.7 million in the preceding year corresponding quarter, contributed mainly from multilevel marketing sales of health care and consumer products and contract manufacturing.

The Group achieved a profit before taxation ("PBT") and profit after taxation ("PAT") of RM7.3 million and RM5.1 million respectively for the reporting quarter, compared to RM7.3 million and RM5.2 million respectively in the preceding year corresponding quarter.

**B2. Material Changes in the Quarterly Results Compared to the Results of the Immediate Preceding Quarter**

For the current quarter under review, the Group recorded a PBT of RM7.3 million, compared to RM6.0 millions in the immediate preceding quarter. The increase in PBT as compared to immediate quarter was mainly due to increase in sales revenue of about 10% from multi-level marketing business.

**B3. Prospects**

The Prospect for the Group is good for the current year even though we have faced with a very competitive market that consistently churns out a number of new market players. We believe that our fundamentals are still strong and we will be able to ride with the tide.

While we strengthen our sales force with in-depth product knowledge and constant training in accordance to our CNI values and ethical sales practices, the Group has had to examine the prospect of growing its distributors' base. A lot of effort and research have gone into exploring the possibility of increasing the number of distributors.

Another aspect would be redesigning and revamping the distributors' sales remuneration structure. The Group believes that with the new structure which is expected to be implemented in the current year, will be accepted by all and attract new distributors.

Besides looking out to add new products, we believe in enhancing the existing products by upgrading the technology and improving its quality. Joining forces with other research facilities, we will also look into improving taste, packaging, tools and aids of all the product ranges.

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

Unaudited Financial Results of the Group for the First Quarter Ended 31 March 2008

---

Expansion of the retail business with additional outlets, plus prospective partnerships and franchising will be part of the Group's strategic plans as we move with the times.

Improving the e-services of the e-commerce business will be a major factor in setting up a new framework and structure to synchronise and support the Group's business.

On the course of building CNI brand and presence locally and regionally, the Group will concentrate on establishing and positioning CNI as one of the bigger MLM players in the industry. Tactical preparation and allotment of the marketing budget will be charted out to ensure the Group's direction and business focus will not be in vain.

### **B4. Variances from Profit Forecasts**

Not applicable.

### **B5. Taxation**

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

	<b>Current Quarter</b>	<b>Year to-date</b>
	<b>31-Mar-08</b>	<b>31-Mar-08</b>
	<b>RM'000</b>	<b>RM'000</b>
Current quarter/year provision	2,101	2,101
Transfer to/(from) deferred taxation	17	17
	<u>2,117</u>	<u>2,117</u>

### **B6. Sale of unquoted investment and/or properties**

Save as disclosed below, there were no sales of unquoted investments and/or properties during the quarter under review:-

On 7 March 2008, the Company had entered into a Sale and Purchase Agreement with Sin Hock Leong Coach Works for the disposal of two pieces of land held under HS(D) 40773 and HS(D) 40774 Lot Nos. PT 60002 and PT 60003 respectively, all in the Mukim of Hulu Kinta, District of Kinta and State of Perak Darul Ridzuan together with a double storey office building and single storey factory annex erected thereon bearing postal address No. 8 and 10, Solok Rishah 3, Kawasan Perindustrian Silibin, 30100 Ipoh, Perak Darul Ridzuan for a total cash consideration of Ringgit Malaysia Two Million One Hundred Fifty Thousand (RM2,150,000).

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

Unaudited Financial Results of the Group for the First Quarter Ended 31 March 2008

---

**B7. Purchase and Disposal of Quoted Securities**

(a) The dealings in quoted securities for the current quarter and for the financial period ended 31 March 2008 are as follows:

	Current quarter RM'000	Year-to-date RM'000
Total purchases at cost	38	38
Total disposal proceeds	41	41
Total gain on disposal	3	3

(b) The details of the investment in quoted shares, excluding subsidiaries and associates, as at 31 March 2008 are set out below:

	RM'000
Total investment at cost	498
Total investment at book value	498
Total investment at market value	376

**B8. Status of Corporate Proposals**

Save as disclosed below, there were no corporate proposals announced but not completed as at 28 May 2008 (the latest practicable date which is not earlier than 7 days from the date of this quarterly report):

On 23 April 2008, the Board announced that the Company proposes to seek approval from its shareholders at the forthcoming Annual General Meeting on the following:-

- (a) renewal of shareholders' mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature;
- (b) shareholders' mandate for the Company and its subsidiaries to enter into new recurrent related party transactions of a revenue or trading nature; and
- (c) renewal of authority for the purchase by the Company of its own ordinary shares.

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

Unaudited Financial Results of the Group for the First Quarter Ended 31 March 2008

---

**B9. Group Borrowings and Debt Securities**

	<b>Current Year to-date</b> <b>31/03/08</b> <b>(RM'000)</b>
Short term borrowing (Secured)	4
Long term borrowing (Secured)	195
	<u>199</u>

**B10. Off Balance Sheet Financial Instruments**

There were no material financial instruments with off balance sheet risk as at 28 May 2008 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

**B11. Material Litigation**

Save as disclosed below, 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:

A suit was filed at the Kota Bahru High Court by Mohammad Zamri bin Wan Chik ("Plaintiff") against CNI Enterprise (M) Sdn Bhd ("CNIE") on 5 February 2005 for the Plaintiff's alleged wrongful termination as CNIE's distributor and sales point operator. The Plaintiff is seeking a declaration that the said termination is null and void and is claiming for special damages amounting to RM16,238,812.32, general damages and exemplary damages from CNIE. The Plaintiff's application for an interlocutory injunction against CNIE to prohibit CNIE from terminating his appointment was heard on 1 March 2005 and dismissed with costs. The Court has granted the order for the Plaintiff's application to amend the Writ and Statement of Claim on 16 January 2006 with costs to be borne by the Plaintiff. CNIE has filed an inter-partes application for an interim injunction against the Plaintiff to, amongst others, restrain him from selling CNIE's products. The Court has on 18 July 2006 granted the order for the said injunction against the Plaintiff on condition that a sum of RM250,000.00 be deposited with the Court to fortify CNIE's undertaking as to damages. CNIE has since deposited the said amount with the Court on 25 July 2006. On 26 February 2007, CNIE has filed an application to strike out frivolous portion of the Plaintiff's Statement of Claim. The Learned Senior Assistant Registrar has on 10 September 2007 allowed the application and the Plaintiff's claim for special damages be amended to RM295,000.00. However, the Plaintiff has filed a Notice of Appeal against the Senior Assistant Registrar's decision and the appeal was fixed to be heard on 16

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

Unaudited Financial Results of the Group for the First Quarter Ended 31 March 2008

---

January 2008. On 16 January 2008, the Judge directed the parties to submit their written submission on the appeal. The matter is fixed for decision and case management on 17 June 2008.

**B12. Dividend Payable**

A second interim dividend of 1.2 sen per share less income tax for the financial year ended 31 December 2007 has been declared on 26 February 2008. The second interim dividend net of income tax of RM6,376,679 was paid on 11 April 2008.

**B13. Earnings Per Share**

**(a) Earnings per share**

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

	<b>Current Quarter 31-Mar-08</b>	<b>Curent Year To-date 31-Mar-08</b>
Profit attributable to the equity holders of the Parent (RM'000)	5,145	5,145
Weighted average number of ordinary share ('000)	718,575	718,575
<b>Basic earnings per ordinary share (sen)</b>	<b>0.72</b>	<b>0.72</b>

**(b) Diluted earnings per share**

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

By order of the Board,  
**CNI HOLDINGS BERHAD**

-----  
**Dato' Koh Peng Chor**  
Group Executive Chairman & Chief Executive Officer  
Date: 28 May 2008