

CNI HOLDINGS BERHAD
(Company No : 181758-A)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2011

	Individual period		Cumulative Period	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
	Unaudited	Unaudited	Unaudited	Unaudited
	RM '000	RM '000	RM '000	RM '000
Continuing Operations				
Revenue	34,216	34,428	66,628	71,680
Operating profit	1,402	1,399	2,933	2,935
Financing costs	(5)	(5)	(10)	(11)
Interest income	22	139	55	280
Profit before tax	1,419	1,533	2,978	3,204
Taxation	(639)	(709)	(930)	(1,343)
Total comprehensive income for the period	780	824	2,048	1,861
Total comprehensive income attributable to :				
Equity holder of the Company	726	791	1,983	1,803
Minority interest	54	33	65	58
	780	824	2,048	1,861
Earnings per share (sen)				
Basic	0.10	0.11	0.28	0.25
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 year ended 31 December 2010 and the explanatory notes attached to the interim financial statements.

CNI HOLDINGS BERHAD
(Company No : 181758-A)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Unaudited	Audited
	As at	As at
	30-Jun-11	31-Dec-10
	RM '000	RM '000
	<hr/>	<hr/>
ASSETS		
Non-current assets		
Property, plant and equipment	46,103	45,430
Investment properties	9,380	9,380
Investment in associate company	3	3
Investment in unquoted shares	2,500	2,500
Other intangible assets	2,693	2,938
Deferred tax assets	3,383	3,342
	<hr/>	<hr/>
	64,062	63,594
Current assets		
Inventories	17,882	16,777
Trade receivables	9,763	9,407
Other receivables, deposits and prepayments	2,714	2,806
Investments	23,100	24,162
Tax assets	2,048	2,029
Cash and bank balances	16,815	15,923
	<hr/>	<hr/>
	72,322	71,104
	<hr/>	<hr/>
TOTAL ASSETS	136,384	134,697
	<hr/>	<hr/>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	72,000	72,000
Treasury shares	(1,320)	(1,302)
Other reserves	(64)	(15)
Retained earnings	33,751	35,044
	<hr/>	<hr/>
	104,367	105,727
Minority interest	407	342
	<hr/>	<hr/>
Total Equity	104,774	106,069
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CNI HOLDINGS BERHAD
(Company No : 181758-A)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011 (Continued)

	Unaudited	Audited
	As at	As at
	30-Jun-11	31-Dec-10
	RM '000	RM '000
	_____	_____
Non-current liabilities		
Borrowings	100	86
Retirement benefits	15,247	14,778
Deferred tax liabilities	2,280	2,280
	_____	_____
	17,627	17,144
	_____	_____
Current liabilities		
Trade payables	2,717	2,145
Other payables, deposits and accruals	11,179	9,137
Provision for taxation	-	24
Provision and contingent liabilities	86	150
Borrowings	1	28
	_____	_____
	13,983	11,484
	_____	_____
Total liabilities	31,610	28,628
	_____	_____
TOTAL EQUITY AND LIABILITES	136,384	134,697
	_____	_____
Net Assets	104,774	106,069
Net Assets per share (RM)	0.15	0.15

The Condensed Consolidated Statements of Financial Positions should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the explanatory notes attached to the interim financial statements.

CNI HOLDINGS BERHAD
(Company No : 181758-A)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2011

	← Non Distributable →		→ Distributable			
	Share Capital RM '000	Treasury Share RM '000	Translation Reserve RM '000	Retained Earnings RM '000	Minority Interest RM '000	Total Equity RM '000
As at 1 January 2010	72,000	(1,113)	7	37,048	201	108,143
Foreign exchange translation difference	-	-	(22)	-	-	(22)
Total comprehensive income for the period	-	-	-	2,298	141	2,439
Purchase of Treasury Shares	-	(189)	-	-	-	(189)
Interim dividends	-	-	-	(4,302)	-	(4,302)
As at 31 December 2010	72,000	(1,302)	(15)	35,044	342	106,069
As at 1 January 2011	72,000	(1,302)	(15)	35,044	342	106,069
Foreign exchange translation difference	-	-	(49)	-	-	(49)
Total comprehensive income for the period	-	-	-	1,983	65	2,048
Purchase of Treasury Shares	-	(18)	-	-	-	(18)
Interim dividends	-	-	-	(3,276)	-	(3,276)
As at 30 June 2011	72,000	(1,320)	(64)	33,751	407	104,774

The condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the explanatory notes attached to the interim financial statements.

CNI HOLDINGS BERHAD
(Company No : 181758-A)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2011

	Second quarter ended	
	30-Jun-11	30-Jun-10
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	5,935	5,518
Net cash used in investing activities	(2,739)	(4,919)
Net cash used in financing activities	(3,310)	(4,323)
Net decrease in cash and cash equivalent	<u>(114)</u>	<u>(3,724)</u>
Effect of exchange rate changes	(57)	(9)
Cash and cash equivalent at beginning of the financial period	40,086	40,685
Cash and cash equivalent at end of the financial period	<u>39,915</u>	<u>36,952</u>

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

	Second quarter ended	
	30-Jun-11	30-Jun-10
	RM'000	RM'000
Cash and bank balances	16,815	12,242
Cash deposits with licensed banks	-	24,710
Highly liquid investments in unit trusts	23,100	-
	<u>39,915</u>	<u>36,952</u>

The condensed Consolidated Statement of Cash Flows should be *read in conjunction with the audited financial statements for the year ended 31 December 2010 and the 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 is unaudited and 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 Main Market 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 2010 and the accompanying explanatory notes attached to the interim financial statements.

A2. Accounting Policies

The accounting policies applied are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2010. The adoption of revised FRSs, Amendments to FRSs, Issues Committee (“IC”) Interpretations and Technical Releases (“TR”) for the current financial period does not have significant financial impact on the Group

A3. Auditors’ Report on Preceding Annual Financial Statements

There was no audit qualification on the auditors’ report of the Company’s audited financial statements for the financial year ended 31 December 2010.

A4. 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. This pattern is in line with the forecast and expectation of the Group.

A5. 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.

CNI Holdings Berhad (Company No : 181758-A)

Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2011

A6. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have had a material effect in the second quarter and financial half year ended 30 June 2011.

A7. Debts and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review.

A8. Outstanding Derivatives

The Group had not entered into any type of derivatives in the current quarter that was not disclosed in the preceding year's annual financial statements.

A9. Fair Value Changes of Financial Liabilities

As at 30 June 2011, the Group does not have any financial liabilities measured at fair value through profit or loss.

A10. Dividends Paid

During the current financial quarter ended 30 June 2011, the interim dividend of 0.61 sen per ordinary share less 25% income tax in respect of the financial year ended 31 December 2010, amounting to RM3,275,946 was paid on 15 April 2011.

CNI Holdings Berhad (Company No : 181758-A)

Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2011

A11. Segmental Reporting

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

	Current quarter		Year to-date	
	Revenue	Result	Revenue	Result
	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11
	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
Marketing and trading	29,852	2,491	59,314	3,913
Manufacturing	12,254	1,044	22,389	1,529
Investment holding	5,787	4,384	7,126	4,360
Food and beverage outlets	1,310	(427)	2,563	(979)
Inter-segment elimination	(14,987)	(6,073)	(24,764)	(5,845)
	<u>34,216</u>	<u>1,419</u>	<u>66,628</u>	<u>2,978</u>
Taxation		(639)		(930)
Profit for the period		<u>780</u>		<u>2,048</u>

A12. Valuations of Property, Plant and Equipment

The property, plant and equipment, which 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 2010.

A13. Material Subsequent Events

There were no material events subsequent to the reporting period up to 19 August 2011 (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.

A14. Changes in the 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.

CNI Holdings Berhad (Company No : 181758-A)

Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2011

A15. Contingent Assets and Contingent Liabilities

As at the date of this announcement, there were no material contingent assets and contingent liabilities incurred by the Group which, upon becoming enforceable, may have a material impact on the financial position of the Group.

A16. Capital Commitments

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

	As at 30/6/2011 RM '000
Capital expenditure approved and contracted for:	
Purchase of property, plant and equipment	170
Acquisition of computer software	26
	<hr/>
	196
	<hr/>

A17. Related Party Transactions

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

	Current quarter RM '000	Cumulative period RM '000
<u>CNI Corporation Sdn Bhd</u>		
Rental revenue received and receivable	40	75
Management fee paid and payable	84	167
IT and eCommerce related service	122	243
<u>CNI Venture Sdn Bhd</u>		
Rental revenue received and receivable	29	58
Sales received and receivable	1	1
Research and development expenditure paid and payable	130	237
Provision of microbiological test received and receivable	*	1
<u>Citra Nusa Insancemerlang Investment Co.</u>		
Patent fee paid and payable	18	37

* RM320

CNI Holdings Berhad (Company No : 181758-A)Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2011

A17. Related Party Transactions (Continued)

	Current quarter RM '000	Cumulative period RM '000
<u>PC Marketing Sdn Bhd</u>		
Rental charge paid and payable	21	42
<u>Leader Regent Inc</u>		
Sales received and receivable	690	1,718
<u>CNI IPHC</u>		
Trademark fee paid and payable	45	92
<u>CNI Hong Kong Limited</u>		
Purchase of goods	20	49
<u>CNI (China) Co.Ltd.</u>		
Purchase of goods and raw material	96	194
<u>Yayasan CNI</u>		
Sales received and receivable	-	64
<u>Sepang Goldcoast Sdn Bhd</u>		
Sales received and receivable	21	47
<u>Fortune Venture Inc</u>		
Sales received and receivable	1,241	1,651
<u>Global Business Network Sdn Bhd</u>		
Sales received and receivable	2	2

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 2011

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 RM34.2 million as compared to RM34.4 million in the preceding year corresponding quarter. The Group revenue was mainly contributed by sale and distribution of health care and consumer products, and contract manufacturing. Cumulatively, the Group recorded revenue of RM66.6 million for the 6 months period ended 30 June 2011 ("cumulative quarter").

The Group achieved a profit before taxation ("PBT") and profit after taxation ("PAT") of RM1.4 million and RM0.8 million respectively for the reporting quarter, compared to RM1.5 million and RM0.8 million respectively in the preceding year corresponding quarter. Cumulatively, the Group achieved a PBT and PAT of RM3.0 million and RM2.0 million respectively for the cumulative 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 RM1.4 million, compared to RM1.5 million in the immediate preceding quarter. There is no material change in the Quarterly Results.

B3. Prospects

In accordance with the Ministry of Domestic Trade, Co-operatives and Consumerism, the direct selling industry is expected to reach a turnover of RM10 billion by year 2012. The Government's effort in supporting the industry growth will continue to bring a positive impact to the overall healthy development of the industry in Malaysia.

The management shall continue to focus on its direct sales core business in Malaysia, Singapore and Brunei and also looking into the opportunities of expanding its business into the neighboring countries such as Thailand.

The Group will make continuous efforts to develop and introduce new and upgraded products with an even higher level of methodology technology or know-how and are expected to further contribute to the Group's total revenue in the future.

CNI Holdings Berhad (Company No : 181758-A)

Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2011

B3. Prospects (Continued)

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

B4. Variances from Profit Forecasts

Not applicable as the Group did not publish any profit forecast and profit guarantee.

B5. Realised and Unrealised Profits

	As at 30/6/2011 RM '000	As at 31/12/2010 RM '000
Total retained profits of the group		
- Realised profits	57,887	59,195
- Unrealised losses	(65)	(379)
	<hr/> 57,822	<hr/> 58,816
Less: Consolidation adjustments	(24,071)	(23,772)
	<hr/> 33,751	<hr/> 35,044
Total retained profits as per statement of financial position	<hr/> <hr/> 33,751	<hr/> <hr/> 35,044

B6. Taxation

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

	Current quarter RM '000	Year to-date RM '000
Current quarter/ year to-date	639	930
	<hr/> 639	<hr/> 930

B7. Sale of Unquoted Investment and/or Properties

There were no sales of unquoted investments and/or properties during the quarter under review.

B8. Purchase and Disposal of Quoted Securities

There is no investment in quoted shares, excluding subsidiaries and associates, during the quarter under review.

CNI Holdings Berhad (Company No : 181758-A)

Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2011

B9. Status of Corporate Proposals

Save as disclosed below, there were no corporate proposals announced but not completed as at 19 August 2011 (the latest practicable date which is not earlier than 7 days from the date of this quarterly report):-

At 22nd Annual General Meeting of the Company held on 16 June 2011, the resolutions in respect of the following were approved by the shareholders of the Company:-

- (a) Ordinary Resolution – Renewal of shareholder mandate and new shareholder mandate for recurrent related party transactions of a revenue or trading nature;
- (b) Ordinary Resolution – Renewal of share buy-back authority; and
- (c) Special Resolution – Amendment to the Articles of Association of the Company.

B10. Group Borrowings and Debt Securities

The details of the Group borrowings are as follow:

	As at 30/6/2011 RM '000
<u>Secured</u>	
Short term borrowings	1
Long term borrowings	100
	<hr/>
	101
	<hr/>

B11. Off Balance Sheet Financial Instruments

There were no material financial instruments with off balance sheet risk as at 19 August 2011 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

B12. 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.

CNI Holdings Berhad (Company No : 181758-A)

Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2011

B13. Dividend Payable

There was no dividend declared for the current financial period.

B14. Earnings Per Share

(a) Earnings per share

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

	Current quarter 30-Jun-11 RM'000	As at 30-Jun-11 RM'000
Profit attributable to the equity holders of the parent (RM'000)	726	1,983
Weighted average number of ordinary share ('000)	716,058	716,092
Basic earnings per ordinary share (sen)	<u>0.10</u>	<u>0.28</u>

(b) Diluted earnings per share

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

By order of the Board,
CNI HOLDINGS BERHAD

Dato' Koh Peng Chor
Group Executive Chairman & CEO
Date: 25 August 2011