

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR SECOND QUARTER ENDED 30 JUNE 2012**

	Note	Individual period		Cumulative Period	
		30.06.2012 Unaudited RM '000	30.06.2011 Unaudited RM '000	30.06.2012 Unaudited RM '000	30.06.2011 Unaudited RM '000
<b>Continuing Operations</b>					
<b>Operating revenue</b>		29,542	34,216	58,804	66,628
Direct operating costs		(12,228)	(13,752)	(24,465)	(26,075)
Gross profit		17,314	20,464	34,339	40,553
Other operating revenue	B4	150	582	608	1,043
Other operating costs		(16,555)	(18,884)	(32,983)	(37,156)
Finance costs		(5)	(5)	(10)	(5)
Depreciation & amortisation		(660)	(738)	(1,333)	(1,458)
<b>Profit before taxation</b>		244	1,419	621	2,977
Taxation		(227)	(639)	(340)	(930)
<b>Profit net of taxation</b>		17	780	281	2,047
<b>Other comprehensive income</b>					
Foreign currency translation		(87)	(38)	(88)	(51)
<b>Total comprehensive income for the period</b>		(70)	742	193	1,996
<b>Profit attributable to :</b>					
Equity holders of the Company		62	726	310	1,982
Non-controlling interest		(45)	54	(29)	65
		17	780	281	2,047
<b>Total comprehensive income attributable to :</b>					
Equity holders of the Company		(25)	688	222	1,931
Non-controlling interest		(45)	54	(29)	65
		(70)	742	193	1,996
Earnings per share (sen)					
Basic		0.01	0.18	0.04	0.18
Diluted		NA	NA	NA	NA

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 2012**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30.06.2012</b>	<b>31.12.2011</b>
	<b>RM '000</b>	<b>RM '000</b>
	<b>_____</b>	<b>_____</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	43,791	44,502
Investment properties	3,400	8,400
Investment in associate company	54	38
Investment in unquoted shares	2,649	2,000
Other intangible assets	2,348	2,777
Goodwill	725	725
Other receivables, deposits and prepayments	-	16
Deferred tax assets	3,780	3,848
	<b>_____</b>	<b>_____</b>
	56,747	62,306
<b>Current assets</b>		
Inventories	21,877	21,079
Trade receivables	7,309	8,330
Other receivables, deposits and prepayments	3,933	2,960
Investments	24,865	21,845
Tax assets	2,353	2,142
Cash and bank balances	7,403	16,143
	<b>_____</b>	<b>_____</b>
	67,740	72,499
Non-current assets held for sale	5,265	1,165
	<b>_____</b>	<b>_____</b>
<b>TOTAL ASSETS</b>	<b>129,752</b>	<b>135,970</b>
	<b>_____</b>	<b>_____</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	72,000	72,000
Treasury shares	(1,591)	(1,335)
Retained earnings	31,941	33,778
Other reserves	(189)	(101)
	<b>_____</b>	<b>_____</b>
	102,161	104,342
<b>Non-controlling interest</b>	821	850
	<b>_____</b>	<b>_____</b>
<b>Total Equity</b>	<b>102,982</b>	<b>105,192</b>
	<b>_____</b>	<b>_____</b>

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2012 (Continued)**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30.06.2012</b>	<b>31.12.2011</b>
	<b>RM '000</b>	<b>RM '000</b>
	<b>_____</b>	<b>_____</b>
<b>Non-current liabilities</b>		
Borrowings	71	73
Retirement benefits	11,429	15,483
Deferred tax liabilities	2,046	2,046
	<b>_____</b>	<b>_____</b>
	13,546	17,602
	<b>_____</b>	<b>_____</b>
<b>Current liabilities</b>		
Trade payables	3,478	2,709
Other payables, deposits and accruals	9,410	10,031
Provision for taxation	242	185
Provision and contingent liabilities	76	221
Borrowings	18	30
	<b>_____</b>	<b>_____</b>
	13,224	13,176
	<b>_____</b>	<b>_____</b>
Total liabilities	26,770	30,778
	<b>_____</b>	<b>_____</b>
<b>TOTAL EQUITY AND LIABILITES</b>	<b>129,752</b>	<b>135,970</b>
	<b>_____</b>	<b>_____</b>
<b>Net Assets</b>	102,982	105,192
<b>Net Assets per share (RM)</b>	0.14	0.15

*The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 2011

	← Non Distributable →				Distributable		Total Equity
	Share Capital	Treasury Shares	Translation Reserve	Fair Value Adjustment Reserve	Retained Earnings	Non-controlling Interest	
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>As at 1 January 2011</b>	72,000	(1,302)	(3)	(13)	35,044	342	106,068
<b>Comprehensive income</b>							
Profit for the year	-	-	-	-	2,010	21	2,031
<b>Other comprehensive income</b>							
Foreign currency translation	-	-	(85)	-	-	-	(85)
<b>Total comprehensive income for the year</b>	-	-	(85)	-	2,010	21	1,946
<b>Transactions with owners</b>							
Purchase of Treasury Shares	-	(33)	-	-	-	-	(33)
Acquisition of subsidiary companies	-	-	-	-	-	487	487
Interim dividends	-	-	-	-	(3,276)	-	(3,276)
Total transactions with owners	-	(33)	-	-	(3,276)	487	(2,822)
<b>As at 31 December 2011</b>	72,000	(1,335)	(88)	(13)	33,778	850	105,192

## CNI HOLDINGS BERHAD

(Company No : 181758-A)

### UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 JUNE 2012

	← Non Distributable →				Distributable		Total Equity
	Share Capital	Treasury Shares	Translation Reserve	Fair Value Adjustment Reserve	Retained Earnings	Non-controlling Interest	
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>As at 1 January 2012</b>	72,000	(1,335)	(88)	(13)	33,778	850	105,192
<b>Comprehensive income</b>							
Profit for the year	-	-	-	-	310	(29)	281
<b>Other comprehensive income</b>							
Foreign currency translation	-	-	(88)	-	-	-	(88)
<b>Total comprehensive income for the year</b>	-	-	(88)	-	310	(29)	193
<b>Transactions with owners</b>							
Purchase of Treasury Shares	-	(256)	-	-	-	-	(256)
Interim dividends	-	-	-	-	(2,147)	-	(2,147)
Total transactions with owners	-	(256)	-	-	(2,147)	-	(2,403)
<b>As at 30 June 2012</b>	72,000	(1,591)	(176)	(13)	31,941	821	102,982

*The condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the explanatory notes attached to the interim financial statements*

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2012**

	<b>30.06.2012</b>	<b>30.06.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	621	3,151
Adjustments for:-		
Amortisation of intangible assets	238	213
Depreciation of property, plant and equipment	1,955	2,095
Unrealised loss on foreign exchange	(37)	7
Loss on disposal of property, plant and equipment	39	5
Property, plant and equipment written off	349	7
Inventories written off	38	-
Retirement benefits expense	323	469
Provision for employee benefits	94	434
Interest expenses	30	10
Investment income	(359)	(130)
Interest revenue	(50)	(55)
Operating profit before working capital changes	<u>3,241</u>	<u>6,206</u>
Increase in inventories	(837)	(1,277)
Decrease/(increase) in receivables	(27)	(99)
(Decrease)/Increase in payables	(4,428)	1,943
Cash (used in)/generated from operations	<u>(2,051)</u>	<u>6,773</u>
Interest paid	(30)	(10)
Interest received	50	55
Tax paid	(425)	(1,013)
Net cash (used in)/generated from operating activities	<u>(2,456)</u>	<u>5,805</u>

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2012**

	<b>30.06.2012</b>	<b>30.06.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash Flows from Investing Activities</b>		
Investment income	359	130
Purchase of property, plant and equipment	(1,814)	(2,557)
Purchase of intangible assets	(68)	(182)
Proceeds from disposal of property, plant and equipment	42	-
Proceeds from disposal of investment property	900	-
Investment in associate companies	(16)	-
Acquisition of unquoted shares	(150)	-
Net cash used in investing activities	<u>(747)</u>	<u>(2,609)</u>
<b>Cash Flows from Financing Activities</b>		
Repayment of term loans	(15)	(14)
Purchase of treasury shares	(256)	(18)
Repayment of hire purchase liabilities	(1)	(2)
Dividend paid	(2,148)	(3,276)
Net cash used in financing activities	<u>(2,420)</u>	<u>(3,310)</u>
Effect of exchange rate changes	(98)	(57)
Net decrease in cash and cash equivalent	(5,721)	(171)
Cash and cash equivalent at beginning of the financial year	37,989	40,086
Cash and cash equivalent at end of the financial year	<u>32,268</u>	<u>39,915</u>

The condensed Consolidated Statement of Cash Flows should be *read in conjunction with the audited financial statements for the year ended 31 December 2011 and the explanatory notes attached to the interim financial statement*

**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 and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards (FRSs).

The interim financial statements are the Group’s first MFRS compliant interim financial statements and hence MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards (MFRS 1) has been adopted.

The date of transition to the MFRS framework is 1 January 2011. At that transition date, the Group reviewed its accounting policies and considered the transactional opportunities under MFRS 1. The impact of the transition from FRS and MFRS is described in Note A2 below.

**A2. Significant Accounting Policies**

**Application of MFRS 1**

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. As the requirements applicable to the Group under FRS and MFRS are similar, the significant accounting policies adopted in preparing the interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011.

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

Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2012

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### A2. Significant Accounting Policies (Continued)

#### **MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective**

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

	<b>For financial periods beginning on or after</b>
Presentations of Items of Other Comprehensive Income (Amendments to MFRS 101)	1 July 2012
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint arrangements	1 January 2013
MFRS 12 Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits (as amended in November 2011)	1 January 2013
MFRS 127 Separate Financial Statements (as amended in November 2011)	1 January 2013
MFRS 128 Investments in Associates and Joint Venture (as amended in November 2011)	1 January 2013
Amendments to MFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities	1 January 2014
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015

### 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 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.

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

Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2012

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### **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 ended 30 June 2012.

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

There were no material changes in estimates that have had any material effect in the second quarter and financial half year ended 30 June 2012.

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

Save as disclosed below, there were no issuances, repurchases and repayments of debt and equity securities during the quarter ended 30 June 2012:

The Company bought back from the open market, 1,792,400 ordinary shares of RM0.10 each of the Company (“CNI Shares”) at an average buy-back price of RM0.13 per share. The total consideration paid, including transaction costs, was RM239,385.59 and it was financed by internally generated funds. The CNI Shares bought back were being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 30 June 2012, the number of treasury shares held was 5,934,000 CNI Shares.

### **A7. Fair Value Changes of Financial Liabilities**

As at 30 June 2012, 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 2012, the interim dividend of 0.4 sen per ordinary share less 25% income tax in respect of the financial year ended 31 December 2011, amounting to RM2,147,575 was paid on 19 April 2012.

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

Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2012

**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
	30.06.12	30.06.12	30.06.12	30.06.12
	RM'000	RM'000	RM'000	RM'000
Marketing and trading	27,187	1,295	54,774	2,915
Manufacturing	9,837	(783)	19,328	(1,192)
Investment holding	5,467	4,202	6,621	4,130
Retail - Food and beverage	603	(179)	1,416	(547)
Inter-segment elimination	(13,552)	(4,291)	(23,335)	(4,685)
	<u>29,542</u>	<u>244</u>	<u>58,804</u>	<u>621</u>
Taxation		(227)		(340)
Non-controlling interest		<u>45</u>		<u>29</u>
Profit for the period		<u>62</u>		<u>310</u>

Business Segment	Previous Year Corresponding Quarter		Previous Year to-date	
	Revenue	Result	Revenue	Result
	30.06.2011	30.06.2011	30.06.11	30.06.11
	RM'000	RM'000	RM'000	RM'000
Marketing and trading	29,539	2,347	58,726	3,637
Manufacturing	12,254	1,044	22,388	1,529
Investment holding	5,787	4,384	7,126	4,360
Retail - Food and beverage	1,623	(283)	3,152	(703)
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)
Non-controlling interest		<u>(54)</u>		<u>(65)</u>
Profit for the period		<u>726</u>		<u>1,983</u>

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

Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2012

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### **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 statement for the financial year ended 31 December 2011.

Investment properties are stated at fair value as at 30 June 2012. 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.

### **A11. Material Subsequent Events**

There were no material events subsequent to the reporting period up to 23 August 2012 (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.

### **A12. Changes in Composition of the Group**

Save as disclosed below, 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:

On 18 May 2012, the Company's wholly-owned subsidiary, Regal Effect Sdn Bhd ("RESB") entered into a joint venture cum shareholders agreement with Restoran Oversea JV (Singapore) Sdn Bhd ("ROJV") and Tunas Citarasa Sdn Bhd ("TCSB") ("Joint Venture"). Pursuant to the Joint Venture, RESB had then acquired and subscribed 649,250 ordinary shares of RM1.00 each in TCSB, representing 49% of the total issued and paid-up share capital of TCSB.

### **A13. 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.

**CNI Holdings Berhad** (Company No.: 181758-A)Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2012

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**A14. Capital Commitments**

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

	<b>As at 30.06.2012 RM '000</b>
<b>Capital expenditure approved and contracted for:</b>	
Purchase of property, plant and equipment	18
Acquisition of computer software	8
	<hr/> <b>26</b> <hr/>

**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	43	81
Management fee paid and payable	72	146
IT and eCommerce related service	122	243
<b><u>CNI Venture Sdn Bhd</u></b>		
Rental revenue received and receivable	29	58
Sales received and receivable	1	1
Research and development expenditure paid and payable	104	203
Provision of microbiological test received and receivable	9	9
<b><u>Citra Nusa Insancemerlang Investment Co.</u></b>		
Patent fee paid and payable	18	38
<b><u>PC Marketing Sdn Bhd</u></b>		
Rental charge paid and payable	21	42
<b><u>Leader Regent Inc</u></b>		
Sales received and receivable	521	1,554

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

Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2012

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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	46	92
<b><u>CNI (China) Co. Ltd.</u></b>		
Purchase of goods and raw material	126	311
Sales received and receivable	-	79
<b><u>Sepang Goldcoast Sdn Bhd</u></b>		
Sales received and receivable	18	31
<b><u>Fortune Venture Inc</u></b>		
Sales received and receivable	773	870
<b><u>Golden Palm Tree Resort &amp; Spa Sdn Bhd</u></b>		
Sales received and receivable	6	15
Purchase of hotels and related services	-	7

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 2012

### 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 RM29.5 million for the current quarter ended 30 June 2012 as compared to RM34.2 million in the previous year corresponding quarter, showed a decrease of 13.7%.

Business Segment	Quarter Ended				Increase/(Decrease)			
	Revenue		Result		Revenue		Result	
	30.06.12	30.06.11	30.06.12	30.06.11	RM'000	%	RM'000	%
Marketing and trading	27,187	29,539	1,295	2,347	(2,352)	-8%	(1,052)	-45%
Manufacturing	9,837	12,254	(783)	1,044	(2,417)	-20%	(1,827)	-175%
Investment holding	5,467	5,787	4,202	4,384	(320)	-6%	(182)	4%
Retail - Food and beverage	603	1,623	(179)	(283)	(1,020)	-63%	104	37%

The decrease in sales revenue from the marketing and trading segment mainly resulted from weaker consumer demand due to strong market competition. As a result of the sales decrease, the result of marketing and trading segment has declined accordingly. Another contributing factor was the aggressive spending on advertising and promotion expenses. Marketing and trading segment has appointed Datuk Lee Chong Wei as ambassador and expected to benefit from the increase in sales revenue and brand awareness.

On the other hand, the manufacturing segment has turned into loss position as compared to the profitable position in the corresponding quarter last year. The main reason being decrease in sales revenue by 20% and decline of gross profit margin as well as larger spending on advertising and promotion activities.

Sales revenue from retail – food and beverages segment has decreased in line with the closure of several outlets in year 2011 and 2012. Although the sales revenue has decreased by RM1 million, the retail – food and beverage segment was managed to achieve a better result in line with closure of loss making outlets.

The main declining segment was manufacturing and marketing and trading where sales had decreased by 20% and 8% respectively compared to previous year corresponding quarter.

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

Unaudited Financial Results of the Group for the Second Quarter Ended 30 June 2012

### B1. Operating Segment Review (Continued)

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

The Group recorded revenue of RM 58.8 million for the financial period ended 30 June 2012 as compared to RM66.6 million in the previous year, showing a decrease of 12%. The Group PBT for the financial period ended 30 June 2012 was RM0.6 million, representing a decrease of 79% as compared to RM2.9 million in the previous period ended 30 June 2011.

The decline in sales revenue and PBT for the period ended 30 June 2012 was attributable to the similar reasons stated in previous section.

Business Segment	Year to date ended				Increase/(Decrease)			
	Revenue		Result		Revenue		Result	
	30.06.12	30.06.11	30.06.12	30.06.11				
	RM'000	RM'000	RM'000	RM'000	RM'000	%	RM'000	%
Marketing and trading	54,774	58,726	2,915	3,637	(3,952)	-7%	(722)	-20%
Manufacturing	19,328	22,388	(1,192)	1,529	(3,060)	-14%	(2,721)	-178%
Investment holding	6,621	7,126	4,130	4,360	(505)	-7%	(230)	-5%
Retail - Food and beverage	1,416	3,152	(547)	(703)	(1,736)	-55%	156	22%

### B2 Material Change in Profit Before Taxation of Current Quarter Compared with Preceding Quarter

The Group's profit before tax ("PBT") for the current quarter was RM0.2 million, a decrease of 35 % from RM0.4 million in the quarter ended 31 March 2012. The changes in PBT were due to the lower PBT from marketing and trading segment and expanded loss position from manufacturing segment. There are some small mitigating effects from the retail - food & beverage segment in line with the closure of loss making outlet.

### B3 Commentary on Prospects and Targets

Direct selling remains the core business of the group. The company shall remain focus in the supply of high quality products especially the health food supplements and its beverage coffee series to meet the ever increasing market demand through its unique network marketing system.

The Group is preparing to penetrate the Thailand direct selling market. This new market, when fully operational, will further drive the Group's business and strengthen the Group' financial performance. The company is also in the process of leveraging on the enhanced membership benefits scheme to boast higher sales productivity of its members.

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### **B3 Commentary on Prospects and Targets (Continued)**

Our manufacturing arm is confident of its export and external contracts favourable increase; which will result in the optimization of its manufacturing capacity.

Barring any unforeseen circumstances, the Board expects the Group's financial performance to remain resilient for the remainder of the year 2012.

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

	<b>Current Quarter 30.06.2012 RM '000</b>	<b>Previous Year Corresponding Quarter 30.06.2011 RM '000</b>
Interest income	21	22
Forex losses	(52)	(10)
Other income	181	570
	<u>150</u>	<u>582</u>

### **B5. Realised and Unrealised Profits**

	<b>As at 30.06.2012 RM '000</b>	<b>As at 31.12.2011 RM '000</b>
Total retained profits of the group		
- Realised profits	52,013	52,720
- Unrealised profits	3,427	3,800
	<u>55,440</u>	<u>56,520</u>
Less: Consolidation adjustments	(23,499)	(22,742)
Total retained profits as per statement of financial position	<u>31,941</u>	<u>33,778</u>

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### B6. Income Tax Expenses

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

	<b>Current quarter RM '000</b>	<b>Year to-date RM '000</b>
Current quarter/ year to-date	(227)	(340)

### B7. Corporate Proposals

Save as disclosed below, there were no corporate proposals announced but not completed as at 23 August 2012 (the latest practicable date which is not earlier than 7 days from the date of this quarterly report):-

At 23<sup>rd</sup> Annual General Meeting of the Company held on 21 June 2012, 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 – Amendments to the Articles of Association of the Company.

### B8. Group Borrowings and Debt Securities

The details of the Group borrowings as at the end of the financial period were as follow:

	<b>As at 30.06.2012 RM '000</b>
<b><u>Secured</u></b>	
Short term borrowings	18
Long term borrowings	71
	<hr/> 89 <hr/>

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### **B9. Material Litigation**

There was no material litigation against the Group as at the reporting date.

### **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 30.06.2012</b>	<b>Year to Date 30.06.2012</b>
Profit attributable to the equity holders of the parent (RM'000)	62	310
Weighted average number of ordinary share ('000)	715,607	715,769
Basic earnings per ordinary share (sen)	<u>0.01</u>	<u>0.04</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 financial period.

### **B12. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the financial year ended 31 December 2011 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 30 August 2012.