

CNI HOLDINGS BERHAD
(Company No : 181758-A)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR SECOND QUARTER ENDED 30 JUNE 2017**

	Individual Period			Cumulative Period		
	30.06.2017	30.06.2016	%	30.06.2017	30.06.2016	%
	Unaudited RM '000	Unaudited RM '000		Unaudited RM '000	Unaudited RM '000	
Operating revenue	19,736	25,734	-23%	38,529	48,842	-21%
Direct operating costs	(8,881)	(11,041)		(17,277)	(20,225)	
Gross profit	10,855	14,693	-26%	21,252	28,617	-26%
Other operating revenue	87	744	-88%	522	483	8%
Other operating costs	(11,249)	(14,806)		(23,038)	(30,161)	
Finance costs	(4)	(2)		(7)	(5)	
Depreciation & amortisation	(522)	(526)		(1,028)	(1,055)	
	(833)	103		(2,299)	(2,121)	
Share of results of associates	(376)	(184)		(211)	(419)	
Loss before taxation	(1,209)	(81)	-1393%	(2,510)	(2,540)	1%
Taxation	153	(55)		271	740	
Loss net of taxation	(1,056)	(136)	-676%	(2,239)	(1,800)	-24%
Other comprehensive (loss)/income						
Foreign currency translation	(281)	(273)		(89)	344	
Total comprehensive (loss)/income for the period	(1,337)	(409)		(2,328)	(1,456)	
Loss attributable to :						
Equity holders of the Company	(1,433)	(271)	-429%	(2,391)	(1,804)	-33%
Non-controlling interests	377	135		152	4	
	(1,056)	(136)		(2,239)	(1,800)	

CNI HOLDINGS BERHAD
(Company No : 181758-A)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR SECOND QUARTER ENDED 30 JUNE 2017 (Continued)**

	Individual Period		Cumulative Period	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	Unaudited	Unaudited	Unaudited	Unaudited
	RM '000	RM '000	RM '000	RM '000
Total comprehensive (loss)/profit attributable to :				
Equity holders of the Company	(1,714)	(544)	(2,480)	(1,460)
Non-controlling interests	377	135	152	4
	(1,337)	(409)	(2,328)	(1,456)
Earnings per share (sen)				
Basic	(0.20)	(0.04)	(0.34)	(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 financial year ended 31 December 2016 and the explanatory notes attached to the interim financial statements.

CNI HOLDINGS BERHAD
(Company No : 181758-A)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Unaudited	Audited
	As at	As at
	30.06.2017	31.12.2016
	RM '000	RM '000
	_____	_____
ASSETS		
Non-current assets		
Property, plant and equipment	34,193	34,978
Investment properties	1,970	1,400
Investment in associate company	2,400	2,611
Investment in preference share	3,500	3,500
Other intangible assets	1,774	1,617
Deferred tax assets	2,454	2,168
	_____	_____
	46,291	46,274
Current assets		
Inventories	14,077	13,443
Trade receivables	12,957	11,036
Other receivables, deposits and prepayments	956	6,245
Investments	12,599	15,692
Tax assets	633	895
Cash and cash equivalents	4,415	7,706
	_____	_____
	45,637	55,017
	_____	_____
TOTAL ASSETS	91,928	101,291
	_____	_____
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	72,000	72,000
Treasury shares	(1,692)	(1,683)
Retained earnings	5,218	7,609
Foreign exchange reserve	(1,744)	(1,655)
	_____	_____
	73,782	76,271
Non-controlling interests	1,120	968
	_____	_____
Total Equity	74,902	77,239
	_____	_____

CNI HOLDINGS BERHAD
(Company No : 181758-A)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017 (Continued)

	Unaudited	Audited
	As at	As at
	30.06.2017	31.12.2016
	RM '000	RM '000
Non-current liabilities		
Finance lease liabilities	246	117
Retirement benefits	4,098	7,011
Deferred tax liabilities	1,355	1,355
	<u>5,699</u>	<u>8,483</u>
Current liabilities		
Trade payables	2,361	4,362
Other payables, deposits and accruals	8,528	10,681
Provision and contingent liabilities	248	44
Finance lease liabilities	190	85
Tax payables	-	397
	<u>11,327</u>	<u>15,569</u>
Total liabilities	<u>17,026</u>	<u>24,052</u>
TOTAL EQUITY AND LIABILITES	<u>91,928</u>	<u>101,291</u>
Net Assets	74,902	77,239
Net assets per share (RM)	0.11	0.11

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the explanatory notes attached to the interim financial statements.

CNI HOLDINGS BERHAD

(Company No : 181758-A)

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2017

	← Non Distributable			Distributable			Total Equity
	Share Capital	Treasury Shares	Currency Translation Reserve	Fair Value Adjustment Reserve	Retained Earnings	Non-controlling Interests	
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
As at 1 January 2016	72,000	(1,674)	(1,328)	-	13,795	986	83,779
Comprehensive loss							
Profit/(Loss) for the year	-	-	-	-	(4,519)	(18)	(4,537)
Other comprehensive income/(loss)							
Foreign currency translation	-	-	(327)	-	473	-	146
Total comprehensive income/(loss) for the year	-	-	(327)	-	(4,046)	(18)	(4,391)
Transactions with owners							
Share repurchased	-	(9)	-	-	-	-	(9)
Dividends paid on shares	-	-	-	-	(2,140)	-	(2,140)
Total transactions with owners	-	(9)	-	-	(2,140)	-	(2,149)
As at 31 December 2016	72,000	(1,683)	(1,655)	-	7,609	968	77,239

CNI HOLDINGS BERHAD

(Company No : 181758-A)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2017

	← Non Distributable			Distributable			Total Equity
	Share Capital	Treasury Shares	Currency Translation Reserve	Fair Value Adjustment Reserve	Retained Earnings	Non-controlling Interests	
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
As at 1 January 2017	72,000	(1,683)	(1,655)	-	7,609	968	77,239
Comprehensive income							
Loss for the period	-	-	-	-	(2,391)	152	(2,239)
Other comprehensive loss							
Foreign currency translation	-	-	(89)	-	-	-	(89)
Total comprehensive income/(loss) for the period	-	-	(89)	-	(2,391)	152	(2,328)
Transactions with owners							
Purchase of treasury shares	-	(9)	-	-	-	-	(9)
Total transactions with owners	-	(9)	-	-	-	-	(9)
As at 30 June 2017	72,000	(1,692)	(1,744)	-	5,218	1,120	74,902

The condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the explanatory notes attached to the interim financial statements

CNI HOLDINGS BERHAD
(Company No : 181758-A)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2017

	30.06.2017	30.06.2016
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Cash Flows from Operating Activities		
Loss before taxation	(2,510)	(2,540)
Adjustments for:-		
Amortisation of intangible assets	367	261
Depreciation of property, plant and equipment	995	1,136
Interest expenses	6	5
Interest revenue	(52)	(106)
Inventories written off	112	154
Investment income	(164)	(1,037)
Loss on disposal of property, plant and equipment	(29)	6
Property, plant and equipment written off	8	30
Provision/(Reversal) for employee benefits expenses	182	(18)
Retirement benefits expense	88	155
Share of (profit)/loss of associated companies	211	420
Unrealised loss/(gain) on foreign exchange	234	1,314
Operating loss before working capital changes	<u>(552)</u>	<u>(220)</u>
Decrease/(Increase) in inventories	(1,028)	270
Decrease/(Increase) in receivables	(364)	(831)
(Decrease)/Increase in payables	(414)	(3,513)
Cash (used in)/generated from operations	<u>(2,358)</u>	<u>(4,294)</u>
Interest paid	(6)	(5)
Interest received	52	106
Tax paid	(268)	(44)
Tax refund	148	260
Net cash (used in)/ from operating activities	<u>(5,432)</u>	<u>(3,977)</u>

CNI HOLDINGS BERHAD
(Company No : 181758-A)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2017 (Continued)

	30.06.2017	30.06.2016
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Cash Flows from Investing Activities		
Investment income	164	1,037
Purchase of property, plant and equipment	(613)	(442)
Purchase of intangible assets	-	(10)
Purchase of investment property	(570)	-
Proceeds from disposal of property, plant and equipment	31	3
Withdrawal/(Purchase) of short-term investments	3,093	895
Net cash from/(used in) investing activities	<u>2,105</u>	<u>1,483</u>
Cash Flows from Financing Activities		
Purchase of treasury shares	(9)	(5)
Repayment of hire purchase liabilities	233	(16)
Dividend paid	-	(2,140)
Net cash used in financing activities	<u>224</u>	<u>(2,161)</u>
Effect of exchange rate changes	(188)	395
Net decrease in cash and cash equivalent	(3,291)	(4,260)
Cash and cash equivalent at beginning of the financial year	7,706	10,324
Cash and cash equivalent at end of the financial year	<u>4,415</u>	<u>6,064</u>

The condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 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, issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

These financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016. The explanatory notes attached to the financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2016.

A2. Significant Accounting Policies

New MFRSs, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”) that have been issued, but yet to be effective

At the date of authorisation of these interim financial statements, the following new MFRSs, amendments/improvements to MFRSs and new IC Interpretation that have been issued, but not yet effective and have not been applied by the Group:

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time adoption of MFRS	1 January 2018
MFRS 2	Share-based Payment	1 January 2018
MFRS 4	Insurance Contracts	1 January 2018

A2. Significant Accounting Policies (Continued)

New MFRSs, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”) that have been issued, but yet to be effective (Continued)

At the date of authorisation of these interim financial statements, the following new MFRSs, amendments/improvements to MFRSs and new IC Interpretation that have been issued, but not yet effective and have not been applied by the Group:

		Effective for financial periods beginning on or after
<u>Amendments/Improvements to MFRSs (Continued)</u>		
MFRS 10	Consolidated Financial Statement	Deferred
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018
MFRS 140	Investment Property	1 January 2018
<u>New IC Int</u>		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
<u>New IC Interpretation</u>		

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 major festivities such as Hari Raya Puasa and Chinese New Year. This pattern is in line with the forecast and expectation of the Group.

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 and cumulative period ended 30 June 2017.

A5. Changes in Estimates

There were no material changes in estimates that have had any material effect in the current quarter and cumulative period ended 30 June 2017.

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

Unaudited Financial Results of the Group for Second Quarter Ended 30 June 2017

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 2017:

As at 30 June 2017, the number of treasury shares held was 6,957,100 CNI Shares.

A7. Fair Value Changes of Financial Liabilities

As at 30 June 2017, the Group does not have any financial liabilities measured at fair value through profit or loss.

A8. Dividends Paid

There was no payment of dividend during the current financial quarter and period-to-date ended 30 June 2017.

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

Unaudited Financial Results of the Group for Second Quarter Ended 30 June 2017

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
	30.06.17	30.06.17	30.06.17	30.06.17
	RM'000	RM'000	RM'000	RM'000
Marketing and trading	16,119	(680)	32,877	(884)
Manufacturing	11,101	1,601	17,907	783
Others	674	(436)	2,447	287
Inter-segment elimination	(8,158)	(1,318)	(14,702)	(2,485)
	<u>19,736</u>	<u>(833)</u>	<u>38,529</u>	<u>(2,299)</u>
Share of profit of associates		(376)		(211)
Income tax credit		153		271
Non-controlling interests		<u>(377)</u>		<u>(152)</u>
Loss for the period		<u>(1,433)</u>		<u>(2,391)</u>

A9. Segmental Information (Continued)

Business Segment	Previous Year Corresponding Quarter		Previous Year to-date	
	Revenue	Result	Revenue	Result
	30.06.16	30.06.16	30.06.16	30.06.16
	RM'000	RM'000	RM'000	RM'000
Marketing and trading	21,827	(888)	42,268	(2,913)
Manufacturing	10,552	902	19,491	1,249
Others	752	750	3,122	1,841
Inter-segment elimination	(7,397)	(661)	(16,039)	(2,298)
	<u>25,734</u>	<u>103</u>	<u>48,842</u>	<u>(2,121)</u>
Share of loss of associates		(184)		(419)
Income tax credit		(55)		740
Non-controlling interests		<u>(135)</u>		<u>(4)</u>
Loss for the period		<u>(271)</u>		<u>(1,804)</u>

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 statements for the financial year ended 31 December 2016.

Investment properties are stated at fair value as at 31 December 2016. 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. Subsequent Events

There were no material events subsequent to the reporting period up to 18 August 2017 (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 and financial year to-date.

A12. Changes in Composition of the Group

There were no 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 and financial year to-date.

A13. 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 2016.

A14. Capital Commitments

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

	As at 30.06.17 RM '000
Capital expenditure approved and contracted for	876
Capital expenditure approved and not contracted for	1,888
	<u>2,764</u>

CNI Holdings Berhad (Company No.: 181758-A)Unaudited Financial Results of the Group for Second Quarter Ended 30 June 2017

A15. Related Party Disclosures

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	82	165
IT and eCommerce related service	53	105
Sales received and receivable	177	489
<u>CNI Venture Sdn Bhd</u>		
Research and development expenditure paid and payable	66	114
<u>Qingdao Mark Foods Co., Ltd</u>		
Sales received and receivable	-	128
<u>CNI IPHC</u>		
Trademark fee paid and payable	77	144
<u>Sepang Goldcoast Sdn Bhd</u>		
Rental received and receivable	86	152
<u>CNI (China) Co. Ltd.</u>		
Sales received and receivable	1,951	1,951
<u>Law Yang Keat</u>		
Sales development and marketing advisory paid and payable	18	36

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 RM19.7 million for the current quarter ended 30 June 2017 as compared to RM25.7 million in the previous year corresponding quarter, decreased by 23%.

Business Segment	Quarter Ended				Increase/ (Decrease)			
	Revenue		Result		Revenue		Result	
	30.06.17	30.06.16	30.06.17	30.06.16	Revenue	%	Result	%
	RM'000	RM'000	RM'000	RM'000	RM'000	%	RM'000	%
Marketing and trading	16,119	21,827	(680)	(888)	(5,708)	-26%	208	23%
Manufacturing	11,101	10,552	1,601	902	549	5%	699	77%
Others	674	752	(436)	750	(78)	-10%	(1,186)	-158%
Inter-segment elimination	(8,158)	(7,397)	(1,318)	(661)				
	19,736	25,734	(833)	103	(5,998)	-23%	(936)	-909%
Share of associate result			(376)	(184)				
Profit/(Loss) before tax			(1,209)	(81)				

The revenue from the marketing and trading segment decreased from RM21.8 million to RM16.1 million, a decrease of 26% as compared to the previous corresponding quarter. This was mainly due to lower sales generated from local and overseas multi-level marketing. However, the results had improved due to lower operating expenses.

Revenue contribution from the manufacturing segment increased from RM10.5 million to RM11.1 million, an increase of 5% as compared to the previous corresponding quarter. This was mainly attributable to higher contribution from external sales market. Results from this segment improved by RM0.7 million.

The others segment representing investment holding, retail of food and beverage businesses. The revenue decreased from RM0.75 million to RM0.67 million, mainly due to lower management fee and sales contribution from food and beverages for the current quarter. Results for current quarter was lower compared to the corresponding quarter mainly due to dividend received from preference share in the corresponding quarter.

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

Unaudited Financial Results of the Group for Second Quarter Ended 30 June 2017

B1. Operating Segment Review (Continued)

(b) Results for Financial Year-to-date

Group revenue for the financial period ended 30 June 2017 was RM38.5 million, 21% lower than previous financial corresponding period, mainly due to lower contribution from the multi-level marketing and manufacturing segment.

The Group's loss before tax for the financial period ended 30 June 2017 was RM2.5 million.

Business Segment	Year-to-date ended				Increase/ (Decrease)			
	Revenue		Result		Revenue		Result	
	30.06.17	30.06.16	30.06.17	30.06.16	RM'000	%	RM'000	%
	RM'000	RM'000	RM'000	RM'000	RM'000	%	RM'000	%
Marketing and trading	32,877	42,268	(884)	(2,913)	(9,391)	-22%	2,029	70%
Manufacturing	17,907	19,491	783	1,249	(1,584)	-8%	(466)	-37%
Others	2,447	3,122	287	1,841	(675)	-22%	(1,554)	-84%
Inter-segment elimination	(14,702)	(16,039)	(2,485)	(2,298)				
	38,529	48,842	(2,299)	(2,121)	(10,313)	-21%	(178)	-8%
Share of associate result			(211)	(419)				
Profit/(Loss) before tax			(2,510)	(2,540)				

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 RM1.2 million, compared to LBT of RM1.3 million in the immediate preceding quarter, mainly driven by higher revenue contribution from the manufacturing segment and decreased operating expenses in the current quarter.

	Current Quarter	Preceding Quarter	Changes
	30.06.2017	31.03.2017	
	RM '000	RM '000	%
Revenue	19,736	18,793	5%
Loss before tax	(1,209)	(1,301)	7%
Loss after tax	(1,056)	(1,184)	11%
Profit/(Loss) attributable to ordinary equity holders of the parent	(1,433)	(959)	5%

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

Unaudited Financial Results of the Group for Second Quarter Ended 30 June 2017

B3 Commentary on Prospects and Targets

The Group's growth strategies are launching of sales opportunities for products in both local and new markets and shall leverage mobile internet marketing for brand awareness and in reaching out to a wider consumer market.

International market is expected to observe a higher percentage of growth in contributing to the overall performance of the Group, with the upbeat potential of Myanmar and China markets as reflected in their solid GDP growth in recent years.

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

B4. Other Operating Income

	Current Quarter 30.06.17 RM '000	Previous Year Corresponding Quarter 30.06.16 RM '000
Interest income	25	33
Gain/(Loss) on foreign exchange	(262)	(558)
Other income	325	1,269
	<hr/> 87 <hr/>	<hr/> 744 <hr/>

CNI Holdings Berhad (Company No.: 181758-A)Unaudited Financial Results of the Group for Second Quarter Ended 30 June 2017

B5. Realised and Unrealised Profits

	As at 30.06.17 RM '000	As at 31.12.2016 RM '000
Total retained profits of the group		
- Realised profits	35,151	36,468
- Unrealised profits	3,303	3,107
	<u>38,454</u>	<u>39,575</u>
Total share of retained earnings from associate company		
- Realised	(3,133)	(2,922)
Less: Consolidation adjustments	(30,103)	(29,044)
	<u>5,218</u>	<u>7,609</u>
Total retained profits as per statement of financial position		

B6. Income Tax Expense/ (Credit)

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

	Current quarter RM '000	Year to-date RM '000
Income Tax Expense/ (Credit)	<u>(153)</u>	<u>(271)</u>

B7. Corporate Proposals

Save as disclosed below, there were no corporate proposals announced but not completed as at 18 August 2017 (the latest practicable date which is not earlier than 7 days from the date of this quarterly report):

At 28th Annual General Meeting of the Company held on 25 May 2017, the Ordinary Resolutions in respect of the following were approved by shareholders 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; and
- b) Proposed Renewal of Authority for the Company to Purchase its Own Shares.

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

Unaudited Financial Results of the Group for Second Quarter Ended 30 June 2017

B8. Group Borrowings and Debt Securities

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

As at 30.06.2017

Secured	Foreign Denomination		RM Denomination	Total
	THB '000*	RM '000	RM '000	RM '000
Short term borrowings				
Hire Purchase	198	25	165	190
Long term borrowings				
Hire Purchase	63	8	238	246
	261	33	403	436

*Exchange rate for THB 100 : 12.6368

As at 30.06.2016

Secured	Foreign Denomination		RM Denomination	Total
	THB '000*	RM '000	RM '000	RM '000
Short term borrowings				
Hire Purchase	192	22	1	23
Long term borrowings				
Hire Purchase	288	33	-	33
	480	55	1	56

*Exchange rate for THB 100 : 11.4653

B9. 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 Second Quarter Ended 30 June 2017

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 period-to-date are computed as follow:

	Current quarter 30.06.17	Year to Date 30.06.17
Loss attributable to the equity holders of the parent (RM'000)	(1,433)	(2,391)
Weighted average number of ordinary share ('000)	713,043	713,081
Basic earnings per ordinary share (sen)	(0.20)	(0.34)

(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.

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

Unaudited Financial Results of the Group for Second Quarter Ended 30 June 2017

B12. Notes to the Condensed Consolidated Income Statement

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

	Second Quarter			
	Individual		Cumulative	
	<u>30.06.2017</u>	<u>30.06.2016</u>	<u>30.06.2017</u>	<u>30.06.2016</u>
	RM '000	RM '000	RM '000	RM '000
Amortisation of intangible assets	273	131	367	261
Depreciation of property, plant and equipment	401	574	995	1,136
Interest expenses	4	2	6	5
Interest revenue	(25)	(33)	(52)	(106)
Inventories written off	96	101	112	154
Investment income	(73)	(908)	(164)	(1,037)
Loss on disposal of property, plant and equipment	(29)	6	(29)	6
Property, plant and equipment written off	2	11	8	30
Provision/(Reversal) for employee benefits expenses	199	38	182	(18)
Retirement benefits expense	44	77	88	155
Share of (profit)/loss of associated companies	375	184	211	420
Unrealised loss/(gain) on foreign exchange	460	490	234	1,314

B13. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2016 was unqualified.

B14. 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 23 August 2017.