CNI HOLDINGS BERHAD
(Company no. : 181758-A)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
For the First Quarter Ended 31 March 2006

	Individual Period		Cumulative Period	
	31.03.2006	31.03.2005	31.03.2006	31.03.2005
Continuing Operations	RM '000	RM '000	RM '000	RM '000
Revenue	52,855	69,644	52,855	69,644
Operating profit	11,158	16,253	11,158	16,253
Interest expense	(68)	(3)	(68)	(3)
Interest income	66	177	66	177
Share of profit of associate	-	-	-	-
Profit before tax	11,156	16,427	11,156	16,427
Taxation	(2,730)	(4,577)	(2,730)	(4,577)
Profit for the period	8,426	11,850	8,426	11,850
Attributable to:				
Shareholders of the Company	8,426	11,850	8,426	11,850
Minority interests	-	-	-	-
Profit after tax for the period	8,426	11,850	8,426	11,850
Earnings per share(sen)				
Basic	1.40	1.98	1.40	1.98
Diluted	NA	NA	NA	NA

Notes :-
1) NA denotes "Not Applicable"
2) Interest expense for the corresponding period has been restated by excluding financing charges.
3) Interest income for the corresponding period has been restated by eliminating inter-company interest.

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005 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 March 2006

	Unaudited As at 31.03.2006 RM '000	Audited As at 31.12.2005 RM '000 (restated)
ASSETS		
Non-current assets		
Property, plant and equipment	65,494	66,467
Investment properties	8,448	7,527
Capital work in progress	1,536	1,341
Intangible assets	2	2
Deferred tax assets	2,305	1,788
	77,785	77,125
Current assets		
Inventories	23,877	27,917
Trade receivables	5,749	4,027
Other receivables	4,685	4,263
Tax assets	1,925	1,809
Cash and bank balances	19,652	9,085
	55,888	47,101
TOTAL ASSETS	133,673	124,226
EQUITY AND LIABILITIES		
Equity attributables to equity holders		
Share capital	60,000	60,000
Other reserve	42	(127)
Retained earnings	23,795	21,849
Total equity	83,837	81,722
Non-current liabilities		
Refundable deposit	4,526	4,656
Borrowings	4,663	4,825
Retirement benefit obligation	10,451	10,157
Deferred tax liabilities	1,440	707
	21,080	20,345
Current liabilities		
Trade payables	5,828	5,031
Other payables	12,814	12,970
Dividend payable	6,480	-
Current tax payables	291	347
Provision for other liabilities	1,229	795
Borrowings	664	1,046
Bank overdraft	1,450	1,970
	28,756	22,159
Total liabilities	49,836	42,504
TOTAL EQUITY AND LIABILITIES	133,673	124,226
Net Assets	83,837	81,722
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 2005 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 March 2006

		Reserves			
		Non- distributable		Distributable	
	Share Capital	**Share Premium**	**Other Reserve**	**Retained Earnings**	**Total Equity**
	RM '000	RM '000	RM '000	RM '000	RM '000
As at 1 January 2005	2,697	5,705	22,719	33,406	64,527
Issuance of bonus issue	57,303	(4,205)	(22,100)	(30,998)	-
Foreign exchange translation	-	-	(52)	-	(52)
Listing expenses written off	-	(1,500)	-	-	(1,500)
Profit for the period	-	-	-	29,668	29,668
Interim dividend of RM0.025 per share less 28% tax	-	-	-	(10,800)	(10,800)
As 31 December 2005	60,000	-	567	21,276	81,843
As at 01 January 2006					
As previously reported	60,000	-	567	21,276	81,843
Effects of adopting FRS 3	-	-	(694)	573	(121)
As at 01 January 2006 (restated)	60,000	-	(127)	21,849	81,722
Foreign exchange translation	-	-	169	-	169
Net profit for the period	-	-	-	8,426	8,426
Interim dividends	-	-	-	(6,480)	(6,480)
As at 31 March 2006	60,000	-	42	23,795	83,837

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2005 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 March 2006

	First quarter ended	
	31-Mar-06	31-Mar-05
	RM'000	RM'000
Net cash generated from operating activities	12,143	11,206
Net cash used in investing activities	(660)	(4,069)
Net cash used for financing activities	(350)	-
Net increase in cash and cash equivalent	11,133	7,137
Effects of foreign exchange rate changes	(46)	(27)
Cash and cash equivalent at beginning of financial period	7,115	35,985
Cash and cash equivalent at end of financial period	18,202	43,095

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

	As at	As at
	31-Mar-06	31-Mar-05
	RM'000	RM'000
Cash and bank balances	19,652	43,095
Bank overdraft	(1,450)	-
Cash and cash equivalents	18,202	43,095

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE INTERIM FINANCIAL REPORT

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

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirement of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2005.

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the financial statements for the year ended 31 December 2005.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new/revised Financial Reporting Standard (“FRS”) effective for financial period beginning 1 January 2006:

FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events for the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of FRS 5, 101, 102, 108, 110, 116, 121, 127, 132, 133 and 138 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are discussed below:

(a) FRS 3: Business Combination and FRS 136: Impairment of Assets

In prior periods, positive goodwill and negative goodwill acquired in a business combination were not amortized and known as intangible asset and reserve on consolidation (included in other reserves) in balance sheet.

With effect from 1 January 2006, in accordance with FRS 3 and FRS 136, the positive goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. The impairment losses are recognized immediately in Income Statement when the carrying value of the cash-generating unit to which the goodwill has been allocated exceeds its recoverable amount. The change in this policy has resulted a positive goodwill been recognized in retained earnings, the intangible assets and retained earnings as at 1 January 2006 have been restated by RM120,971.

Also with effect from 1 January 2006 and in accordance to FRS 3, if the fair value of the net assets acquired in a business combination exceeds the consideration paid, the excess is recognized immediately in the income statement as it arises. In compliance to this FRS, the negative goodwill as at 1 January 2006 of RM693,674 was recognized with a corresponding increase in retained earnings.

(b) FRS 140: Investment Property

The adoption of this new FRS has resulted in a change in accounting policy for investment properties. Investment properties are now stated at fair value, representing open-market value. Gains or losses arising from changes in the fair values of the investment properties are recognized in income statement in the period in which they arise.

Effect from 1 January 2006, all the investment properties are stated at fair value, the change in this policy has resulted a fair value adjustment of RM920,589 been recognized in the income statement and this has increased the Group profit after tax for the first quarter ended 31 March 2006 for the corresponding amount.

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements of the Group for the year ended 31 December 2005 was not subject to any qualification.

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, 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.

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 except as disclosed in A2.

A6. Material Changes in Estimates

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

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. Dividend Paid

Please refer to explanatory note B12.

A9. Segmental Reporting

	First Quarter Ended 31/03/06
Revenue	(RM'000)
Marketing	49,707
Contract Manufacturing	3,027
Investment Holding	121
Total Revenue	52,855

A10. Valuations of Property, Plant and Equipment

The valuations of property, plant & equipment have been brought forward, without amendments from the audited financial statements for the year ended 31 December 2005.

A11. Event subsequent to the End of the Period

Save as disclosed in B8, there were no material events subsequent to the reporting period up to 25 May 2006 (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.

A12. Change in Group / Capital Structure

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 quarter under review.

A13. Contingent Liabilities

Save as disclosed below, there were no contingent liabilities as at 25 May 2006:

(a) Additional tax liabilities of RM652,393 imposed by Inland Revenue Board for Year of Assessment 1996 to 2000 not accounted for in the financial statements pending appeal by the subsidiary company.

(b) Corporate guarantees of RM35.45 millions for banking facilities granted to its subsidiaries.

A14. Capital Commitments

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

	First Quarter Ended 31/03/06 (RM'000)
In respect of capital expenditure approved and contracted for :-	
Purchase of property, plant and equipment	1,503
Acquisition of service apartment	36
	1,539

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 RM52.86 million compared to RM69.64 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 RM11.16 million and RM8.43 million respectively for the reporting quarter, compared to RM16.43 million and RM11.85 million respectively in the preceding year corresponding quarter.

The lower revenue recorded in the current quarter was mainly due to a drop in the demand of coffee based products due to the impact of counter actions taken by the Company against price-cutting sales.

The Group's revenue and PBT in the preceding corresponding quarter was higher mainly due to the successful promotional sales campaigns.

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 RM11.16 million, which was 163.2% higher than immediate preceding quarter. The growth in PBT as compared to the immediate preceding quarter was mainly due to higher group sales recorded specifically from the high demand of recently launched CNI Waterlife system and the growth in coffee based products. This growth indicates that the Company is recovering from the impact of price under-cutting problem that happened in the preceding quarters.

The Group's PBT in the immediate preceding quarter was lower mainly due to lower revenue recorded and the impairment losses on investment properties, which were charged in the immediate preceding quarter.

B3. Prospects

CNI is continuing concentrate on its Multilevel Marketing businesses, focusing on distribution and sales of healthcare and consumer products. CNI will introduce new and upgraded products which are targeted to sustain the Group's growth as well as to meet the customers' demands and expectations. CNI Waterlife system, Omega 3 and Ester C are among the products which are expected to contribute additional revenue.

CNI will expand its distribution network for Multilevel Marketing business to increase its market coverage and penetration. As at to-date, 2 additional Distribution Centres and 13 Sales Points have been established.

CNI will also strengthen its distributors force by the full implementation of the Business Education System; an integrated and practical training system which aims to assist the distributors in achieving a better quality network and attaining significant goals

The Group has initiated the Enterprise Resource Planning ("ERP") System in year 2005, and the ERP system is expected to be fully implemented in the second half of year 2006. CNI believes that the availability of real-time information in its daily business operations will improve efficiency within its entire operational framework.

CNI will also be looking for new business opportunities by developing into non-Multilevel Marketing business. A full-force marketing division has been established to increase Group's revenue derived from the contract-manufacturing segment by tapping into potential local and foreign markets. This would indirectly optimize its current production capacity for the Group.

CNI will also be launching an eCommerce initiative within the next few months. The eCommerce initiative comes in two separate but integrated components namely eCommerce for MLM Business (eMB) and eCommerce for New Business (eNB). The objectives of CNI's eCommerce strategy are mainly:

(i) to generate new source of revenue for the Group;
(ii) to add value for current customers by introducing new products/services/channel;
(iii) to penetrate into new market by moving up the value chain to higher income segment; and
(iv) to extend current business to other geographical markets without the usual physical limitations.

The eCommerce is also expected to improve both customer retention and customer service.

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:

	Current Quarter RM'000	Year to date RM'000
Current quarter/year provision	2,515	2,515
Transfer to/(from) deferred taxation	215	215
	2,730	2,730

The effective tax rate of the Group is lower than the statutory tax rate principally due to tax incentives enjoyed by certain subsidiary companies and non-taxable income arises due to changes in accounting policies.

B6. Sale of unquoted investment and/or properties

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

B7. Purchase and Disposal of Quoted Securities

There were no purchase or disposal of quoted securities by the Group for the current quarter under review.

B8. Status of Corporate Proposals

Save as disclosed below, there were no incomplete corporate proposals announced since 25 May 2006 (the latest practicable date which is not earlier than 7 days from the date of this quarterly report):

(a) Proposed Bonus Issue

On 29 March 2006, Commerce International Merchant Bankers Berhad, on behalf of the Board, announced that the Company proposes to implement a bonus issue of 120,000,000 new ordinary shares of RM0.10 each ("CNI Shares") on the basis of 1 new CNI Share for every 5 existing CNI Shares held on an entitlement date to be determined.

(b) Proposed Shareholders' Ratification and Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Board announced that the Company proposes to seek approval from its shareholders at the forthcoming Annual General Meeting ("AGM") of the Company on the following:

(i) Shareholders' ratification on recurrent related party transactions ("RRPT") entered or to be entered into by the Company and/or its subsidiaries (collectively the "CNI Group") from the date of listing of the Company on the Main Board of Bursa Malaysia Securities Berhad i.e. 4 August 2005 up to the date of the forthcoming AGM of the Company; and

(ii) Shareholders' mandate in relation to the RRPTs to been entered by the CNI Group from the period commencing from the conclusion of the forthcoming AGM to the date of the next AGM.

(c) Proposed Share Buy-Back

On 9 May 2006, the Board announced that the Company proposes to seek a mandate from its shareholders at the forthcoming AGM of the Company to undertake the purchase of up to 10% of the Company's issued and paid-up share capital.

B9. Group Borrowings and Debt Securities

	First Quarter Ended 31/03/06 (RM'000)
Short term borrowing (Secured)	664
Long term borrowing (Secured)	4,663
	5,327

B10. Off Balance Sheet Financial Instruments

There were no material financial instruments with off balance sheet risk as at 25 May 2006 (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:

(i) Exclusive Mark (M) Sdn Bhd ("EM"), a wholly-owned subsidiary of the Company, had on 11 December 2003 filed a suit against the Titular Roman Catholic Archbishop of Kuala Lumpur ("Defendant") for trespass on EM's property known as Lot 172, Hicom-Glenmarie Industrial Park, Shah Alam

("Lot 172") and commencement of construction thereon. Lot 172 is currently subject to compulsory acquisition by the Selangor State Government but EM has not received any notice from the relevant land office in respect of the award of compensation and the taking of formal possession of Lot 172 by the relevant authorities. The matter has been fixed for mention on 11 September 2006 pending settlement of the matter listed in item (ii) below.

(ii) EM had on 23 December 2003 filed an application for judicial review at the Shah Alam High Court in relation to the compulsory acquisition of Lot 172. The Shah Alam High Court had on 4 February 2004 granted EM leave for hearing of the substantive application. EM had filed an application to amend the Order 53 Statement to include a claim for general damages and special damages of RM10,313,983.57 for, inter alia, loss of the use of Lot 172 and the cost of renovating their existing warehouse. The Summons in Chamber for the amendment had been filed on 17 April 2006 and is pending extraction of the sealed copy. The matter has been fixed for mention on 11 September 2006.

(iii) A suit was filed at the Kota Bahru High Court by Mohammad Zamri bin Wan Chik ("Plaintiff") against CNI Enterprise (M) Sdn Bhd ("CNIE") ("Defendant") on 5 February 2005 for the Plaintiff's alleged wrongful termination as the Defendant'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 the Defendant. The Plaintiff's application for an interlocutory injunction against the Defendant to prohibit the Defendant 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. The Defendant has filed an inter-partes summons in chamber application ("Application") for an interim injunction against the Plaintiff to, amongst others, restrain him from selling the Defendant's products. In a hearing on 23 April 2006, the learned Judge only heard the Defendant's submission and instructed the Plaintiff to prepare and file a written submission. The next hearing date is on 18 July 2006.

B12. Dividend

On 27 February 2006, the Directors declared a second interim dividend of 1.5 sen per share less 28% income tax for the financial year ended 31 December 2005, based on the existing share capital of 600,000,000 ordinary share of RM0.10 each. The second interim dividend net of income tax of RM6,480,000 was paid on 11 May 2006.

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:-

	Current Quarter 31-Mar-06	Curent Year To-date 31-Mar-06
Profit after taxation and minortiy interest (RM'000)	8,426	8,426
Number of ordinary share	600,000,000	600,000,000
Basic earnings per ordinary share (sen)	**1.40**	**1.40**

(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: 25 May 2006