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

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
For the Second Quarter Ended 30 June 2006

	Individual Period		Cumulative Period	
	30-Jun-06	30-Jun-05	30-Jun-06	30-Jun-05
Continuing Operations	RM '000	RM '000	RM '000	RM '000
Revenue	53,749	56,943	106,604	126,587
Operating profit	11,242	10,246	22,400	26,512
Interest expenses	(67)	(39)	(135)	(55)
Interest income	168	167	234	344
Share of profit of associate	-	-	-	-
Profit before tax	11,343	10,374	22,499	26,801
Taxation	(3,157)	(1,955)	(5,887)	(6,532)
Profit for the period	8,186	8,419	16,612	20,269
Attributable to :				
Equity holders of the Parent	8,186	8,419	16,612	20,269
Minority interests	-	-	-	-
	8,186	8,419	16,612	20,269
Earnings per share attributable to the Equity holders of the Parent (sen) :				
Basic	1.36	1.40	2.77	3.38
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 SHEETS
As at 30 JUNE 2006

	Unaudited As at 30-Jun-06 RM '000	Audited As at 31-Dec-05 RM '000 (restated)
ASSETS		
Non-current assets		
Property, plant and equipment	64,302	66,467
Investment properties	8,448	7,527
Capital work in progress	1,683	1,341
Intangible assets	2	2
Deferred tax assets	2,274	1,788
	76,709	77,125
Current assets		
Inventories	22,903	27,917
Trade receivables	5,586	4,027
Other receivables	4,906	4,263
Tax assets	194	1,809
Cash and bank balances	23,582	9,085
	57,171	47,101
TOTAL ASSETS	**133,880**	**124,226**
EQUITY AND LIABILITIES		
Equity attributables to equity holders of the Parent		
Share capital	60,000	60,000
Other reserves	63	(127)
Retained earnings	31,981	21,849
Total equity	92,044	81,722
Non-current liabilities		
Refundable deposit	4,639	4,656
Borrowings	4,507	4,825
Retirement benefit obligation	10,745	10,157
Deferred tax liabilities	1,440	707
	21,331	20,345
Current liabilities		
Trade payables	4,793	5,031
Other payables	13,102	12,970
Dividend payable	0	-
Current tax payables	(989)	347
Provision & cont. Liabilities	1,698	795
Borrowings	435	1,046
Bank overdraft	1,466	1,970
	20,505	22,159
Total liabilities	41,836	42,504
TOTAL EQUITY AND LIABILITES	**133,880**	**124,226**
Net Assets attributable to the equity holders of the Parent	92,044	81,722
Net Assets per share attributable to the equity holders of the Parent (RM)	0.15	0.14

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 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Second Quarter Ended 30 June 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 share	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 dividends of RM0.025 per share less 28% tax				(10,800)	(10,800)
As at 31 December 2005	60,000	-	567	21,276	81,843
As at 1 January 2006	60,000	-	567	21,276	81,843
As previously reported					
Effects of adopting FRS 3			(694)	573	(121)
As at 01 January 2006 (restated)	60,000	-	(127)	21,849	81,722
Foreign exchange			190		190
Net profit for the period				16,612	16,612
Interim dividends of RM0.015 per share less 28% tax				(6,480)	(6,480)
As at 30 June 2006	60,000	-	63	31,981	92,044

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 CASH FLOW STATEMENT
For the Second Quarter Ended 30 June 2006

	Second quarter ended	
	30-Jun-06	30-Jun-05
	RM'000	RM'000
Net cash generated from operating activities	23,040	20,767
Net cash used in investing activities	(787)	(10,254)
Net cash used for financing activities	(7,203)	(42,446)
Net increase in cash and cash equivalent	15,050	(31,933)
Effects of foreign exchange rate changes	(49)	329
Cash and cash equivalent at beginning of financial period	7,115	35,985
Cash and cash equivalent at end of financial period	22,116	4,381

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

	As at	As at
	30-Jun-06	30-Jun-05
	RM'000	RM'000
Cash and bank balances	23,582	6,178
Bank overdraft	(1,466)	(1,797)
Cash and cash equivalents	22,116	4,381

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 requirements 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 financial 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 audited the financial statements for the financial 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

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

With 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 be recognized in the income statement and this has increased the Group profit after tax for the 6 months ended 30 June 2006 for the corresponding amount.

A3. Auditors' Report on Preceding Annual Financial Statements

There was no audit qualification in the auditors' report of the Company's audited financial statements for the financial year ended 31 December 2005.

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. Subsequent to this current quarter, the following was recorded:-

On 11 July 2006, the issuance of 120,000,000 new ordinary shares of RM0.10 in the Company ("CNI Shares"), credited as fully paid-up, on the basis of 1 new CNI Share for every 5 existing CNI Shares held on 7 July 2006 ("Bonus Issue")

On 21 July 2006, the additional 120,000,000 new CNI Shares issued pursuant to the Bonus Issue were quoted on the Main Board of Bursa Malaysia Securities Berhad.

A8. Dividend Paid

On 11 May 2006, the Company had paid a second interim dividend of 1.5 sen per share less 28% income tax amounting to RM6,480,000 for the financial year ended 31 December 2005.

A9. Segmental Reporting

	Current Quarter	**Year to-date**
	30-Jun-06	**30-Jun-06**
Revenue	(RM'000)	(RM'000)
Multilevel Marketing	50,812	100,519
Contract Manufacturing	2,827	5,854
Investment Holding	110	231
Total Revenue	53,749	106,604

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

The material events subsequent to the reporting period up to 29 August 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 are disclosed in note A7 and A12.

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 except for the acquisition of 100% equity interest in Key Elite Sdn Bhd by the Company for a cash consideration of RM2.00 on 3 August 2006.

A13. Contingent Liabilities

Save as disclosed below, there were no contingent liabilities as at 29 August 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:

	Year to-date 30-Jun-06 (RM'000)
In respect of capital expenditure approved and contracted for :-	
Purchase of property, plant and equipment	2,151
Acquisition of service apartment	36
	2,187

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 RM53.75 million as compared to RM56.94 million in the preceding year corresponding quarter, contributed mainly from multilevel marketing sales of health care and consumer products and contract manufacturing. Accumulatively, the Group recorded revenue of RM106.6 million for the 6 months period ended 30 June 2006 ("cumulative quarter").

The Group achieved a profit before taxation ("PBT") and profit after taxation ("PAT") of RM11.34 million and RM8.19 million respectively for the reporting quarter, compared to RM10.37 million and RM8.42 million respectively in the preceding year corresponding quarter. Accumulatively, the Group achieved a PBT and PAT of RM22.5 million and RM16.6 million respectively for the cumulative quarters.

The lower revenue recorded in the current quarter as compared with the preceding year corresponding quarter, was mainly due to the drop in the demand of coffee based products as a result of the impact of counter actions taken by the Company against price-cutting sales. In addition, the drop in the overall number of distributors has also contributed to the decline in the current quarter's revenue.

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 RM11.34 million, which was 1.6% higher than immediate preceding quarter of RM11.16 million. The growth in PBT as compared to the immediate preceding quarter was mainly due to the overall 2% growth in sales revenue contributed from multilevel marketing.

During the quarter under review, the coffee based products recorded a 10% growth as compared to immediate preceding quarter, this growth indicates that the Company is recovering from the impact of price under-cutting problem that happened in the preceding quarters.

B3. Prospects

CNI is continuing concentration on its Multilevel Marketing businesses, focusing on distribution and sales of healthcare and consumer products. CNI will continue to introduce new and upgraded products which are targeted to sustain the Group's growth as well as to meet the customers' demands and expectations in the second half of year 2006. Omega 3 and Ester C are among the products, which are expected to contribute additional revenue during the year.

In the second half of year 2006, CNI will be organizing festive season campaigns and recruitment of new distributors' campaign. The festive season campaigns will be carried out during Hari Raya and Deepavali so as to maintain consistent revenue growth while the recruitment of new distributors' campaign is conducted with the aim to increase the number of distributors.

CNI is currently optimizing its existing facilities at its factory with the objective of expanding its contract manufacturing business so as to enhance its earning revenue in the local and export markets.

CNI intends to launch its eCommerce for New Business. 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.

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 30-Jun-06 RM'000	**Year to-date 30-Jun-06 RM'000**
Current quarter/year provision	3,126	5,641
Transfer to/(from) deferred taxation	31	246
	3,157	5,887

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 during the quarter under review.

The gain and loss on disposal of fixed assets for the quarter under review amounted to RM82,337 and RM798 respectively.

B7. Purchase and Disposal of Quoted Securities

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

B8. Status of Corporate Proposals

There were no incomplete corporate proposals announced as at 29 August 2006 (the latest practicable date which is not earlier than 7 days from the date of this quarterly report).

B9. Group Borrowings and Debt Securities

	Current Year to-date 30/06/06 (RM'000)
Short term borrowing (Secured)	435
Long term borrowing (Secured)	4,507
	4,942

B10. Off Balance Sheet Financial Instruments

There were no material financial instruments with off balance sheet risk as at 29 August 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") on 5 February 2005 for the Plaintiff's alleged wrongful termination as CNIE's distributor and sales point operator. The Plaintiff is seeking a declaration that the said termination is null and void and is claiming for special damages amounting to RM16,238,812.32, general damages and exemplary damages from CNIE. The Plaintiff's application for an interlocutory injunction against CNIE to prohibit CNIE from terminating his appointment was heard on 1 March 2005 and dismissed with costs. The Court has granted the order for the Plaintiff's application to amend the Writ and Statement of Claim on 16 January 2006 with costs to be borne by the Plaintiff. CNIE has filed an inter-partes application for an interim injunction against the Plaintiff to, inter alia, restrain him from selling CNIE's products. The Court has on 18 July 2006 granted the order for the said injunction against the Plaintiff on condition that a sum of RM250,000.00 be deposited with the Court to fortify CNI's undertaking as to damages. CNI has since deposited the said amount with the Court on 25 July 2006. The case is fixed for case management on 17 January 2007.

B12. Dividend

Please refer to note A8.

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 30-Jun-06	Curent Year To-date 30-Jun-06
Profit attributable to the equity holders of the Parent (RM)	8,186,000	16,612,000
Number of ordinary share	600,000,000	600,000,000
Basic earnings per ordinary share (sen)	**1.36**	**2.77**

(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: 29 August 2006