PAN MALAYSIA HOLDINGS BERHAD (95469 - W)
(Incorporated in Malaysia)

NOTES

A. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 16, FRS 134 INTERIM FINANCIAL REPORTING

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 Chapter 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The significant accounting policies and methods of computation applied in this unaudited interim financial report are consistent with those adopted in the audited annual financial statements for the year ended 31 December 2005 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 January 2006:

FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after 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 128	Investments in Associates
FRS 132	Financial Instruments : Disclosure and Presentation
FRS 133	Earning Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The principal effects of the changes in accounting policies resulting from the adoption in the new/revised FRSs are discussed below:

(a) FRS 101 : Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interests, share of net after-tax results of associated companies and profit before taxation. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and minority interests.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

(b) FRS 140 : Investment Property

Prior to 1 January 2006, Menara PMI is categorised as property, plant and equipment of the Company. It was vacant prior to November 2005. With effect from November 2005, Menara PMI was refurbished and serves as headquarters for the majority of the member companies of Malayan United Industries Berhad. Menara PMI is currently fully tenanted and provides a steady income base for the Company. Pursuant to FRS 140, Menara PMI is considered as "Investment Property" and shall, with effect from 1 January 2006 be presented as a separate item on the consolidated balance sheet. The comparatives are restated to conform with the current period's presentation.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005. These explanatory notes attached to the interim 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 year ended 31 December 2005.

A2. Comparatives

The following comparative amounts have been restated due to the adoption of new and revised FRSs:

	Previously stated RM'000	Adjustments FRS 101 (Note A1(a)) RM'000	Restated RM'000
As At 31 December 2005			
Share of results of associated companies	(10,583)	(56)	(10,639)
Loss before taxation	(12,240)	(56)	(12,296)
Taxation	(83)	56	(27)
3 months ended 31 March 2005			
Share of results of associated companies	2,806	(12)	2,794
Profit before taxation	4,435	(12)	4,423
Taxation	(19)	12	(7)

	Previously stated RM'000	Adjustments FRS 140 (Note A1(b)) RM'000	Restated RM'000
As At 31 December 2005			
Property, plant and equipment	61,685	(28,046)	33,639
Investment property	-	28,046	28,046

A3. Audit Report of Preceding Annual Financial Statements

The audit report of the preceding annual financial statements was not qualified.

A4. Seasonal or Cyclical Factors

The businesses of the Group are not materially affected by seasonal or cyclical factors.

A5. Profit From Operations

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Quarter Ended 31.3.2006 RM'000	Quarter Ended 31.3.2005 RM'000	Year Ended 31.3.2006 RM'000	Year Ended 31.3.2005 RM'000
Included in Other Operating Income are the following:-				
Gain on disposal of property, plant and equipment (see Note A11)	-	3,035	-	3,035
Writeback of allowance for doubtful debts	1,181	794	1,181	794
Gain on foreign exchange	239	-	239	-

A6. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There are no other items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size, or incidence.

A7. Changes in Estimates Reported in Prior Interim Periods

There were no changes in estimates of amounts reported in prior financial year, which may have a material effect in the current quarter ended 31 March 2006.

A8. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There was no issuance or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares in the current quarter ended 31 March 2006.

A9. Dividends Paid

There was no dividend paid in the current quarter ended 31 March 2006.

A10. Segmental Information

Segment information is presented in respect of the Group's business segments.

For the 3 months ended 31.3.2006

	Hotel RM'000	Travel RM'000	Property and Investment Holding RM'000	Elimination RM'000	Group RM'000
REVENUE					
External sales	1,627	6,507	1,182	-	9,316
Inter-segment sales	14	1	16	(31)	-
	1,641	6,508	1,198	(31)	9,316
RESULT					
Segment result	136	215	1,626	-	1,977
Interest income	22	-	-	-	22
Finance costs	(311)	(12)	(1,095)	3	(1,415)
Share of results of associated companies					790
Profit before taxation					1,374

A11. Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward, without amendment from the previous annual financial statements.

During the current quarter ended 31 March 2006, the property, plant and equipment acquired by the Group were as follows:-

	RM'000
Land and building	-
Other assets	639
	639

During the preceding year corresponding quarter, Kayangan Makmur Sdn Bhd, a wholly-owned subsidiary of the Company, completed the disposal of a leasehold apartment to a third party for a cash consideration of RM4.01 million which resulted in a gain of RM3.00 million to the Group. The disposal is in line with the Group's rationalisation exercise to divest or liquidate non-core businesses or assets.

A12. Material Events Subsequent to the End of the Interim Period

As at 17 May 2006, there were no material events subsequent to the end of the period reported on that have not been reflected in the interim financial statements.

A13. Changes in the Composition of the Group

There was no changes in the composition of the Group in the current year to date.

A14. Commitments and Contingent Liabilities

(i) Contingent Liabilities

As at 17 May 2006, the Group did not have any contingent liabilities.

(ii) Capital Commitments

As at 17 May 2006, the Group did not have any capital commitments.

B. ADDITIONAL INFORMATION REQUIRED BY PART A OF APPENDIX 9B OF BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of Performance

Group revenue increased by 46.54% to RM9.32 million for the current quarter ended 31 March 2006 from RM6.36 million for the preceding year corresponding quarter mainly due to the increase in sales in the Group's travel business and the rental income in respect of Menara PMI. Menara PMI has been tenanted out since November 2005.

The Group recorded a profit before tax of RM1.37 million for the current quarter ended 31 March 2006 compared to a profit before tax of RM4.42 million for the preceding year corresponding quarter. The lower profit before tax for the current quarter ended 31 March 2006 was mainly due to the share of lower profit of associated companies in the current quarter and also a gain on disposal of a leasehold apartment in the preceding year corresponding quarter.

B2. Comparison with Preceding Quarter's Results

Group revenue increased by 8.88% to RM9.32 million for the current quarter ended 31 March 2006 from RM8.56 million for the preceding quarter mainly due to the increase in sales in the Group's travel business.

The Group recorded a profit before tax of RM1.37 million for the current quarter as compared to a loss before tax of RM1.24 million in the preceding quarter. The profit in the current quarter was mainly due to the share of profit of associated companies in the current quarter as compared to share of loss of associated companies in the preceding quarter.

B3. Year 2006 Prospects

The Malaysian economy is expected to strengthen further in 2006. GDP is projected to grow by 6.0% driven by strengthening exports and resilient domestic demand. Private consumption is expected to increase by 6.8%, exceeding the overall growth rate for the seventh consecutive year. Tourism activities are expected to gain further momentum amidst the intensification of promotional activities by both the public and private sectors in preparation for the Visit Malaysia Year 2007. In tandem with the growing Malaysian economy, market sentiments on the Bursa Securities are also expected to improve.

Barring unforeseen circumstances, the operations of the Group are expected to achieve satisfactory performance in 2006.

B4. Variance on Forecast Profit/Profit Guarantee

This is not applicable to the Group.

B5. Taxation

Taxation comprises the following:-

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Quarter Ended 31.3.2006 RM'000	Quarter Ended 31.3.2005 RM'000	Year Ended 31.3.2006 RM'000	Year Ended 31.3.2005 RM'000
Current year	(7)	(7)	(7)	(7)
(Under)/Over provision in respect of prior years	-	-	-	-
	(7)	(7)	(7)	(7)
Deferred taxation	-	-	-	-
	(7)	(7)	(7)	(7)

The Group effective tax rate for the current year to date is lower than the statutory tax rate mainly due to certain other operating income which are not taxable income for tax purposes.

B6. Profit on Sale of Unquoted Investment and/or Properties

There were no disposals of unquoted investments or properties for the current year to date.

B7. Quoted Securities

(i) Particulars of purchases and disposals of quoted securities by the Group in the current year to date are as follows:

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Quarter Ended 31.3.2006	Quarter Ended 31.3.2005	Year Ended 31.3.2006	Year Ended 31.3.2005
Total purchases	-	-	-	-
Total sale proceeds	431	-	431	-
Total gain on disposals	47	-	47	-

(ii) The investments in quoted securities of the Group are as follows:-

	31.3.2006 RM'000
At cost	23,215
At carrying value/book value	504
At market value	504

B8. Status of Corporate Proposals

The status as at 17 May 2006 of the corporate proposals announced was as follows:-

Pan Malaysia Holdings Berhad ("PMH") became an Affected Listed Issuer pursuant to Practice No 17/2005 ("PN17") of the Listing Requirements of Bursa Securities and Proposed Par Value Reduction

The Company has on 2 March 2006 announced that due to its insignificant business or operations for the financial year ended 31 December 2005, it is an Affected Listed Issuer pursuant to PN17 as the Company's unaudited revenue on a consolidated basis for the financial year ended 31 December 2005, computed on the basis stated in PN17, represents not more than 5% of the issued and paid-up share capital of the Company. Pursuant to PN17, it is considered to have an "insignificant business or operations".

To regularise its financial position, the Company has proposed a share capital reduction pursuant to Section 64(1) of the Companies Act,1965 (the "Act"), involving the cancellation of RM0.90 of the par value of each existing ordinary share of RM1.00 each of the Company in issue (the "Proposed Par Value Reduction") and a proposed reduction of the share premium account of the Company up to RM34.73 million pursuant to Sections 64(1) and 60(2) of the Act (collectively, the "Proposed Capital Reconstruction").

Upon the completion of the Proposed Par Value Reduction, the Company's present issued and paid-up share capital would be reduced from RM928.87 million to approximately RM92.89 million ("Reduced Share Capital"). Based on the Reduced Share Capital, the Company would need to achieve revenue on a consolidated basis of not less than approximately RM4.66 million per annum ("Requisite Revenue"), which represents more than 5% of the Reduced Share Capital, to regularise its level of operations (i.e. "insignificant business or operations") pursuant to PN 17

The Company has on 4 April 2006 announced that consequential to the Proposed Capital Reconstruction announced by the Company on 2 March 2006, the Company also proposed to amend the Memorandum of Association of the Company. This is to facilitate the change in the par value of the Company's ordinary shares which leads to the increase in the number of authorised shares of the Company.

The Company has already achieved the Requisite Revenue of RM4.66 million in the current quarter as its revenue on a consolidated basis for the current quarter is RM13.75 million. Thus, upon the completion of the Proposed Capital Reconstruction, the Company would have regularised its level of operations and cease to be an Affected Listed Issuer under PN17. Barring unforeseen circumstances, the Proposed Capital Reconstruction is expected to be completed within 6 months from the date of announcement on 2 March 2006.

At the Extraordinary General Meeting of the Company held on 15 May 2006, the shareholders approved the above proposals. The Proposed Capital Reconstruction is pending the sanction of the High Court.

B9. Group Borrowings and Debt Securities

		31.3.2006 RM'000
(i)	Bank Borrowings	
	Short term	
	- secured	18,000
	- unsecured	1,965
		19,965
	Long term	
	- secured	35,188
	- unsecured	16,200
		51,388
	Total	71,353

B10. Off Balance Sheet Financial Instruments

As at 17 May 2006 the Group did not have any off balance sheet financial instruments.

B11. Material Litigation

The material litigation of the Group as at 17 May 2006 are:-

(i) On 13 September 1995, Wakefield Nominees Ltd ("WNL"), which is incorporated in Hong Kong, presented a petition to the Supreme Court of Bermuda against the Company and AGA Holdings Ltd ("AGA") in which the Company allegedly has a 35% equity interest. WNL has petitioned to seek for compensation in respect of the dilution of its interest in AGA and Central Reinsurance Limited ("CRL"), a subsidiary company of AGA.

Consequent to the petition described above, Receivers and Managers have been appointed by the court to AGA and the Receivers and Managers have further petitioned and obtained an order to liquidate CRL.

The Company's solicitors are of the opinion that based upon available evidence, the Company has a valid defence to the petition.

(ii) A suit filed on 17 May 1996 in the High Court of Kuala Lumpur by Loyal Design Sdn Bhd ("LDSB"), a wholly-owned subsidiary of Malayan United Industries Berhad ("MUIB"), against the Company and all its then existing directors for breach of directors' duties in conducting the affairs of the Company during the period involved with the takeover offer by MUIB through LDSB in respect of the Company. The suit also seek to declare, inter-alia, that various options granted by the Company under the Company's Executive Share Option Scheme ("PMH ESOS") are void.

On 13 January 2006, the Company announced that the parties to the Suit have on 12 January 2006 agreed to effect a full and final settlement by way of a compromise ("Compromise"). The terms of the Compromise included the following:-

(1). The Compromise is being offered to a total of 191 former employees of Pan Malaysia Holdings Berhad ("PMH") who were injuncted by the Order of Court of 3 August 1996 from exercising their rights under the PMH ESOS ("Eligible Employees");

(2). Out of the 191 Eligible Employees:
(a) 79 Eligible Employees, with an aggregate balance of 4,955,000 shares in PMH under the PMH ESOS, have accepted the Compromise ("Employees Category Y").
(b) 24 Eligible Employees, with an aggregate balance of 2,664,000 shares in PMH under the PMH ESOS, have rejected the Compromise ("Employees Category N").
(c) The remaining 88 Eligible Employees, with an aggregate balance of 6,971,000 shares in PMH under the PMH ESOS, have not responded to the Compromise ("Employees Category U") and will be given a period of 3 months from the date of the Consent Order being advertised to give notice of their acceptance to MUIB in the prescribed form if they wish to accept the Compromise.

(3). Under the Compromise, MUIB shall cause ordinary shares of par value of RM1.00 each of PMH (the "Shares") to be transferred to Employees Category Y and Employees Category U who accept the Compromise (collectively, the "ESOS Employees") in proportion of the balance number of shares in PMH against their names under the PMH ESOS. They have the option to sell back to MUIB the Shares at a consideration of RM0.25 per share. Such option to sell shall be exercised in one installment only and shall lapse if not exercised within a specified time period.

(4). Employees Category U who reject the Compromise and Employees Category N are at liberty to intervene in the Suit upon the conditions set out in the Compromise.

The Compromise shall not have any effect on the issued and paid-up share capital of the Company as it does not involve any issue of new shares by the Company.

There is no impact on Group's earnings per share and net assets per share for the financial year ending 31 December 2006 arising from the Compromise.

B12. Dividend

The Board of Directors do not recommend any dividend for the current quarter ended 31 March 2006.

B13. Earnings Per Share

(i) Basic earnings per share :-

The basic earnings per ordinary share is calculated by dividing the net profit for the quarter/period by the weighted average number of shares in issue during the quarter/period.

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Quarter Ended 31.3.2006	Quarter Ended 31.3.2005	Year Ended 31.3.2006	Year Ended 31.3.2005
Net profit for the period (RM'000)	1,327	4,424	1,327	4,424
Weighted average number of ordinary shares in issue	928,867,411	##########	##########	927,718,571
Earnings/(Loss) per share (sen)	0.14	0.48	0.14	0.48

(ii) The diluted loss per share is not disclosed as it is not applicable

BY ORDER OF THE BOARD
PAN MALAYSIA HOLDINGS BERHAD

LEONG PARK YIP
Company Secretary

Dated: 23 May 2006
Kuala Lumpur