

QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2004

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 30/09/2004 RM'000	Preceding Year Corresponding Quarter 30/09/2003 RM'000	Current Year To Date 30/09/2004 RM'000	Preceding Year Corresponding Period 30/09/2003 RM'000
Revenue	91,530	61,935	218,088	174,593
Operating Expenses	(71,524)	(47,402)	(164,251)	(131,148)
Other Operating Income	<u>367</u>	<u>14</u>	<u>465</u>	<u>156</u>
Profit From Operations	20,373	14,547	54,302	43,601
Finance Costs	(2,576)	(1,964)	(5,921)	(5,783)
Investing Results	<u>(19)</u>	<u>-</u>	<u>(19)</u>	<u>-</u>
Profit Before Tax	17,778	12,583	48,362	37,818
Taxation	<u>(4,435)</u>	<u>(1,325)</u>	<u>(12,447)</u>	<u>(8,175)</u>
Profit After Tax	13,343	11,258	35,915	29,643
Minority Interests	<u>(3,119)</u>	<u>(2,257)</u>	<u>(8,619)</u>	<u>(5,843)</u>
Net Profit For The Period	<u><u>10,224</u></u>	<u><u>9,001</u></u>	<u><u>27,296</u></u>	<u><u>23,800</u></u>
EPS - Basic (sen)	6.43	5.73	17.17	15.15
- Diluted (sen)	6.42	5.69	17.15	15.06

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2003.

TRANSMILE GROUP BERHAD (Company No. 373741-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEETS

	As At End Of Current Quarter 30/09/2004 RM'000	As At Preceding Financial Year End 31/12/2003 RM'000
Property, Plant and Equipment	511,917	475,443
Goodwill On Consolidation	1,026	1,064
Investment In Associated Companies	1,176	1,176
Long Term Investments	14,823	18,792
Current Assets		
<i>Work-in-progress</i>	22,955	14,168
<i>Trade Receivables</i>	69,208	72,392
<i>Other Receivables</i>	61,401	39,261
<i>Cash and Bank Balances</i>	74,799	31,638
	228,363	157,459
Current Liabilities		
<i>Trade Payables</i>	17,912	23,147
<i>Other Payables</i>	34,665	32,467
<i>Overdraft & Short Term Borrowings</i>	39,970	48,043
<i>Provision for Taxation</i>	1,643	3,183
	94,190	106,840
Net Current Assets	134,173	50,619
	663,115	547,094
Share Capital	159,108	157,884
Reserves	190,010	164,526
Shareholders' Fund	349,118	322,410
Minority Interests	99,496	90,877
Long Term Borrowings	158,690	89,256
Deferred Taxation	55,811	44,551
	663,115	547,094
NTA per share (RM)	2.19	2.04

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 December 2003.

TRANSMILE GROUP BERHAD (Company No. 373741-W)
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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	For the period ended 30/09/2004 RM'000	For the period ended 30/09/2003 RM'000
Net profit before tax	48,362	37,818
Adjustment for non-cash and non-operating items:-		
Non-cash items	23,045	22,470
Non-operating items	6,036	5,637
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Operating profit before changes in working capital	77,443	65,925
Changes in working capital:-		
Net change in current assets	(24,323)	(9,397)
Net change in current liabilities	(3,037)	(5,932)
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Cash generated from operations	50,083	50,596
Income tax paid	(2,728)	(3,431)
Cash flows from operating activities	<hr/> 47,355	<hr/> 47,165
Cash flows from investing activities		
Interest received	435	146
Purchase of other investment	-	(10)
Additions to property, plant and equipment	(59,482)	(29,026)
Proceeds from disposal of property, plant and equipment	-	-
Cash flows from financing activities		
Interest paid	(5,921)	(5,783)
Dividends paid	(3,436)	(3,354)
Net proceeds from issuance of shares	2,848	13,886
Proceeds from CP/MTN	80,000	70,000
Net proceeds / (repayment) of borrowings	(15,493)	(63,383)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	46,306	29,641
Cash and cash equivalents at beginning of year	27,811	28,271
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Cash and cash equivalents at end of period	74,117	57,912
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Cash and cash equivalents comprise of:		
Cash and bank balances	74,799	58,727
Bank overdraft	(682)	(815)
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	74,117	57,912
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The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2003.

TRANSMILE GROUP BERHAD (Company No. 373741-W)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2004

	Share Capital	Share Premium	Reserve On Consolidation	Retained Profits	Total Shareholders' Equity
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2004	157,884	73,112	3,336	88,078	322,410
Net profit for the period	-	-	-	27,296	27,296
Issue of shares - ESOS	1,224	1,624	-	-	2,848
Dividend paid for financial year ended 31/12/2003				(3,436)	(3,436)
Balance as at 30 September 2004	<u>159,108</u>	<u>74,736</u>	<u>3,336</u>	<u>111,938</u>	<u>349,118</u>
Balance as at 1 January 2003	149,918	64,325	3,336	53,324	270,903
Net profit for the period	-	-	-	23,800	23,800
Issue of shares - ESOS	6,695	7,191	-	-	13,886
Dividend paid for financial year ended 31/12/2002				(3,354)	(3,354)
Balance as at 30 September 2003	<u>156,613</u>	<u>71,516</u>	<u>3,336</u>	<u>73,770</u>	<u>305,235</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2003.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2004

1. Accounting Policies

The quarterly financial statements are unaudited and have been prepared in accordance with MASB 26 - Interim Financial Reporting and part A of Appendix 9B of the Listing Requirements of Malaysia Securities Exchange Bhd ("MSEB").

The same accounting policies and methods of computation are followed in the quarterly financial statements as compared with the Annual Financial Statement for the year ended 31 December 2003

The quarterly financial statements are to be read in conjunction with the Annual Financial Report for the year ended 31 December 2003.

2. Qualification Of Preceding Annual Financial Statements

There was no qualification of the Group audited report for the year ended 31 December 2003.

3. Seasonality Or Cyclicity Of Operations

The Group's business operations are generally affected by a lower activity level after the annual post festive seasons in the first quarter with an anticipated increase in aircraft utilisation during the second half of the financial year.

4. Unusual Item Affecting Assets, Liabilities, Equity, Net Income Or Cash Flow

There were no unusual items affecting assets, liabilities, equity, net income or cash flow during the financial quarter under review.

5. Change Of Estimates Used

There was no material change in estimates for the financial quarter under review.

6. Issuance, Cancellation, Repurchases, Resale And Repayments Of Debts And Equity Securities

Saved as disclosed in note 20 below, there was no issuance or repayment of debts and equity securities, shares buy-back, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter and financial year to date.

7. Dividend

No dividend has been recommended for the financial quarter under review.

The approved first and final dividend of 3% or 3.0 sen per ordinary share of RM1.00 each less 28% income tax in respect of the financial year ended 31 December 2003 had been paid on 9 September 2004.

8. Segmental Reporting

No segmental reporting was presented as the Group is principally engaged in the aviation services industry and operates principally in Malaysia.

9. Property, Plant And Equipment

The property, plant and equipment were valued at cost less depreciation and any impairment losses. There was no revaluation of property, plant and equipment for the period ended 30 September 2004.

10. Material Subsequent Event

There was no material event subsequent to the end of the financial quarter under review that has not been reflected in the financial statements.

11. Changes In The Composition Of The Group

There were no changes in the composition of the Group during the financial quarter under review.

12. Contingent Liabilities/Assets

The Company has given unsecured corporate guarantees totaling RM195 million to certain financial institutions for overdraft and other credit facilities granted to certain of its subsidiary companies. Accordingly, the Company is contingently liable to such financial institutions to the extent of the amount of credit facilities utilised. There were no contingent assets as at 30 September 2004.

13. Review Of Performance Of The Group And Its Principal Subsidiaries

The Group reported a continuing improved financial performance with higher revenue of RM218.1 million and net profit of RM27.3 million from RM174.6 million and RM23.8 million respectively in the previous corresponding period.

The improvement was mainly attributable to added capacity of two aircraft and resulting improvement in unit operating costs.

14. Explanatory Comments On Any Material Change In The Profit Before Taxation (Current Quarter Compared With The Preceding Quarter)

The Group recorded pre-tax profit of RM17.8 million in the current quarter as compared to RM17.1 million in the preceding quarter. The increase was mainly attributable to added activities during the period.

15. Prospects Of The Group

The Group will continue to expand its international network by adding capacity, facilities and services. The management believes that such business activities will improve aircraft utilisation, aircraft yield and operating margin. The management is also monitoring closely the continuing price increases in jet fuel and will take necessary steps to contain operating margins.

Management is confident of the continuing demand for its air cargo services in view of the continuing strength of the intra-Asia and domestic freight market.

Barring unforeseen circumstances and based on the above scenario, the Group expects to continue to report a positive financial result for the current year.

16. Variance From Profit Forecast

Not applicable.

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17. Taxation

The tax expense consists of the following:

	Current Quarter	Current Year
	RM'000	To Date
	RM'000	RM'000
Current taxation	230	1,059
Under / (Over) provision in prior years	129	129
Deferred taxation	4,076	11,259
Share in taxation of associated company	-	-
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	4,435	12,447
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18. Sale Of Unquoted Investments And/Or Properties

There were no sales of unquoted investments and/or properties for the financial quarter under review.

19. Purchase Or Disposal Of Quoted Securities

There were no purchases or disposals of quoted securities for the financial quarter under review.

20. Status Of Corporate Proposals

(i) Proposed subscription of an aggregate of 40,480,000 new ordinary shares of RM1.00 each in Transmile Group Bhd (“Transmile Shares”) by Pos Malaysia Bhd (“PMB”) and Pos Malaysia & Services Holdings Bhd (“PMSH”), collectively as “Proposed Subscriptions”

The Securities Commission has vide its letter dated 28 October 2004 approved the above corporate exercise.

Please refer to the announcement made by the Company to the Bursa Malaysia on 1 November 2004 for full details.

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(ii) Private Placement

The Securities Commission has vide its letter dated 1 June 2004 approved the extension of time for six months till 1 December 2004 to implement the Private Placement exercise.

(iii) RM150 Million Commercial Papers/Medium Term Notes Programme (CP/MTN)

The Group's 70% equity owned subsidiary, Transmile Air Services Sdn Bhd ("TAS"), has on 29 August 2003 issued the first tranche of CP/MTN as follows:

	Tenure	RM'000
Commercial Paper	3 months	10,000
Medium Term Notes	1 year	5,000
Medium Term Notes	3 years	25,000
Medium Term Notes	5 years	30,000
Total		<u>70,000</u>

The Commercial Paper was rolledover again for the same tenure on 27 May 2004.

TAS has on 2 July 2004 issued the second tranche of CP/MTN as follows:

	Tenure	RM'000
Medium Term Notes	3 years	30,000
Medium Term Notes	5 years	50,000
Total		<u>80,000</u>

Please refer to the announcement made by the Company to the Bursa Malaysia on 25 July 2003 for full details of the CP/MTN Programme and the conditions of the Securities Commission's approval.

(iv) Employees' Share Option Scheme ("ESOS")

As for ESOS, total share options granted to eligible employees and executive directors from 1 July 2004 to 30 September 2004 are as follows: -

	No. of shares '000
Balance as at 01.07.2004	742
Additions	8,620
Lapsed	(1)
Exercised	(153)
Balance as at 30.09.2004	<u>9,208</u>

From 1 October to 3 November 2004, a total of 81,000 ESOS options have been exercised.

21. Group Borrowings And Debt Securities

The Group's borrowings classified according to short and long-term categories are as follows:-

	RM'000
(i) Short-term Borrowings – Unsecured	
- Bank overdraft	682
- Trade loan	82
- Revolving Loans	8,394
- Hire-purchase creditors – current portion	1,394
- Portion of long-term borrowings payable within 12	19,418

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months		
- CP/MTN		10,000
		<u>39,970</u>
(ii) Long-term Borrowings – Unsecured		
- Hire-purchase creditors – non current		460
- Term Loan		18,230
- MTN		140,000
		<u>158,690</u>

22. Off Balance Sheet Financial Instrument

The Group enters into foreign currency forward and fuel hedging contracts to control and manage financial risks arising from its operations. The use of such instruments is to manage its exposures to fluctuations in foreign exchange rates. This financial instrument is not recognised in the financial statements on inception.

23. Changes In Material Litigation

There was no material litigation pending as at the date of this quarterly report.

24. Earnings Per Share (EPS)

	Current Year To Date RM'000	Preceding Year Corresponding Period RM'000
Net profit attributable to ordinary shareholders	27,296	23,800
a) Basic EPS	30/09/2004 Shares'000	30/09/2003 Shares'000
Weighted average number of ordinary shares	158,969	157,084
Basic EPS (sen)	17.17	15.15
b) Fully diluted	30/09/2004 Shares'000	30/09/2003 Shares'000
Weighted average number of ordinary shares	158,969	157,084
Number of unissued shares	9,208	3,102
Number of shares that would have been issued at fair value	(9,001)	(2,128)
Adjusted weighted average number of shares	<u>159,176</u>	<u>158,058</u>
Fully diluted EPS (sen)	17.15	15.06

The fully diluted earnings per share is calculated on the assumption that all the unexercised options granted to executive directors and eligible employees of the Group are being fully exercised.