

**QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005**

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	<b>Individual Period</b>		<b>Cumulative Period</b>	
	<b>Current Year Quarter Ended 31/12/2005</b>	<b>Preceding Year Corresponding Quarter 31/12/2004</b>	<b>Current Year To Date 31/12/2005</b>	<b>Preceding Year To Date 31/12/2004</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	306,687	128,124	606,210	346,180
Operating Expenses	(233,134)	(84,350)	(475,777)	(249,725)
Other Operating Income	1,530	603	12,022	1,187
Profit From Operations	75,083	44,377	142,455	97,642
Finance Costs	(11,078)	(2,588)	(21,496)	(8,543)
Investing Results	-	(2,460)	-	(2,479)
Profit Before Tax	64,005	39,329	120,959	86,620
Taxation	(20,265)	(12,793)	(35,107)	(24,227)
Profit After Tax	43,740	26,536	85,852	62,393
Minority Interests	-	(8,376)	-	(16,930)
Net Profit For The Period	43,740	18,160	85,852	45,463
EPS - Basic (sen)	19.96	10.61	39.19	26.55
- Diluted (sen)	18.51	10.58	36.33	26.50

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2004.

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

**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>As At End Of Current Year 31/12/2005 RM'000</b>	<b>As At Preceding Financial Year End 31/12/2004 RM'000</b>
Property, Plant and Equipment	1,566,978	595,072
Goodwill On Consolidation	965	1,015
Investment In Associated Companies	12,883	13,528
Long Term Investments	20	11
<b>Current Assets</b>		
<i>Work-in-progress</i>	12,568	5,313
<i>Trade Receivables</i>	111,067	105,771
<i>Other Receivables</i>	67,879	202,959
<i>Cash and Bank Balances</i>	261,233	165,240
	<u>452,747</u>	<u>479,283</u>
<b>Current Liabilities</b>		
<i>Trade Payables</i>	44,480	24,302
<i>Other Payables</i>	69,144	61,119
<i>Overdraft &amp; Short Term Borrowings</i>	27,944	44,316
<i>Provision for Taxation</i>	285	1,075
	<u>141,853</u>	<u>130,812</u>
Net Current Assets	310,894	348,471
	<u>1,891,740</u>	<u>958,097</u>
Share Capital	233,537	201,072
Reserves	713,586	427,995
Shareholders' Fund	947,123	629,067
Minority Interests	-	107,807
Long Term Borrowings	839,213	153,778
Deferred Taxation	105,404	67,445
	<u>1,891,740</u>	<u>958,097</u>
NTA per share (RM)	4.05	3.12

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2004.

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

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	<b>For the year ended 31/12/2005 RM'000</b>	<b>For the year ended 31/12/2004 RM'000</b>
Net profit before tax	120,959	86,620
Adjustment for non-cash and non-operating items:-		
Non-cash items	46,068	32,568
Non-operating items	6,994	13,373
Operating profit before changes in working capital	174,021	132,561
Changes in working capital:-		
Net change in current assets	(32,471)	(37,561)
Net change in current liabilities	28,203	29,807
Cash generated from operations	169,753	124,807
Income tax paid	(2,260)	(3,441)
<b>Cash flows from operating activities</b>	<b>167,493</b>	<b>121,366</b>
<b>Cash flows used in investing activities</b>		
Interest received	5,487	1,030
(Purchase)/Disposal of other investment	(9)	3,420
Additions to property, plant and equipment	(995,754)	(150,617)
<b>Cash flows from financing activities</b>		
Interest paid	(24,163)	(8,543)
Dividends paid	(4,779)	(3,436)
Net proceeds from issuance of shares	273,068	109,630
Proceeds from long term borrowings	-	91,312
Proceeds from syndicated term loan	380,000	-
Proceeds from Convertible Bonds	354,206	-
Net repayment of borrowings	(54,363)	(27,970)
Effect of exchange rate changes	(4,485)	-
Net increase in cash and cash equivalents	96,701	136,192
Cash and cash equivalents at beginning of period	164,003	27,811
Cash and cash equivalents at end of period	<b>260,704</b>	<b>164,003</b>
<b>Cash and cash equivalents comprise :</b>		
Cash and bank balances	261,233	165,240
Bank overdraft	(529)	(1,237)
	<b>260,704</b>	<b>164,003</b>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2004.

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2005**

	Share Capital	Share Premium	Reserve On Consolidation	Reserve On Translation	Convertible Bond – Equity Portion	Retained Profits	Total Shareholders' Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2005	201,072	294,554	3,336	-	-	130,105	629,067
Net profit for the period						85,852	85,852
Issue of shares - ESOS	17,247	116,720	-	-	-	-	133,967
- Private Placement	15,218	124,788	-	-	-	-	140,006
Goodwill arising from acquisition of 30% in Transmile Air Services Sdn Bhd ("TAS")	-	-	-	-	-	(47,193)	(47,193)
Expenses on shares issued	-	(905)	-	-	-	-	(905)
Issue of US Dollar Convertible Bonds	-	-	-	-	11,176	-	11,176
Dividend paid for financial year ended 31/12/2004	-	-	-	-	-	(4,779)	(4,779)
Translation differences arising during the period	-	-	-	(68)	-	-	(68)
Balance as at 31 December 2005	233,537	535,157	3,336	(68)	11,176	163,985	947,123
Balance as at 1 January 2004	157,884	73,112	3,336	-	-	88,078	322,410
Net profit for the period	-	-	-	-	-	45,463	45,463
Issue of shares	43,188	221,442	-	-	-	-	264,630
Dividend paid for financial year ended 31/12/2003	-	-	-	-	-	(3,436)	(3,436)
Balance as at 31 December 2004	201,072	294,554	3,336	-	-	130,105	629,067

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2004.

**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2005**

**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 Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The same accounting policies and methods of computation are followed in the quarterly financial statements as compared with the Annual Financial Statements for the year ended 31 December 2004.

The quarterly financial statements are to be read in conjunction with the Annual Financial Statements for the year ended 31 December 2004.

**2. Qualification Of Preceding Annual Financial Statements**

There was no qualification of the Group audited report for the year ended 31 December 2004.

**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 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.

During the financial year, the issued and paid-up capital of the Company was increased from RM201,071,737, comprising 201,071,737 ordinary shares of RM1.00 each to RM233,536,937, comprising 233,536,937 ordinary shares of RM1.00 each by:-

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

- (i) the issuance of 17,247,200 ordinary shares of RM1.00 each pursuant to the Employees' Share Option Scheme of the Company at the following issued price:-

	<b>Issue Price</b>
	<b>RM</b>
36,200 ordinary shares	1.75
304,000 ordinary shares	2.43
7,247,000 ordinary shares	6.54
6,310,000 ordinary shares	8.45
350,000 ordinary shares	8.63
3,000,000 ordinary shares	9.81

- (ii) the issuance of 15,218,000 ordinary shares of RM1.00 each at the issue price of RM9.20 pursuant to the private placement approved by the Securities Commission ("SC") and the shareholders of the Company on 2 December 2003 and 17 June 2003 respectively.

In addition, the Group had also issued 95 million nominal value of five (5)-year Guaranteed Redeemable Convertible Bonds denominated in US Dollars, which was approved by the Securities Commission and the shareholders of the Company on 5 April 2005 and 25 March 2005 respectively for the expansion plan of aircraft fleets currently owned by the Group.

**7. Dividend**

The Board has recommended a 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 2005 (31 December 2004: 3% or 3.0 sen per ordinary share of RM1.00 each less 28% income tax). The proposed dividend will be subject to shareholders' approval and will be paid at a date to be determined later.

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 2004 had been paid on 9 September 2005.

**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 year ended 31 December 2005.

**10. Material Subsequent Event**

There was no material event subsequent to the end of the financial period 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 period under review.

**12. Contingent Liabilities/Assets**

The Company has given unsecured corporate guarantees totaling RM900.1 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 the date of this report.

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

The Group managed to report an improved financial result with total revenue increasing by RM260.0m or 75.1% year-to-year to RM606.2m. Similarly, pre-tax profit has also shown an increase of 39.6% to RM121.0m over the same period.

The improvement was mainly attributable to increase in aircraft capacity especially with the introduction of MD11 freighter in September 2005 and also the year-end peak business period. In addition, the completion of the acquisition of 30% equity stake in Transmile Air Services Sdn Bhd (“TAS”), which became a wholly-owned subsidiary since January 2005, contributed to the increase in net profit.

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

The Group recorded an increase of turnover of RM163.7 million or 114.5% in the current quarter as compared to RM143.0 million in the preceding quarter. The increase was mainly attributable to the commencement of MD11 operations during the end of third quarter.

Pre-tax profit has shown an increase of RM40.3 million or 171.5% in the current quarter compared to RM23.6 million in the preceding quarter.

There is no material unrealized exchange gain recognized during the period compared to RM6.6 million in the previous quarter.

**15. Prospects Of The Group**

The Group will continue to expand its international network by adding capacity, facilities and services and also to optimize the utilization of its mixture of narrow and wide body aircraft fleet in terms of network planning and expansion. In addition, the management will also continue to improve and enhance its existing operations and business flow with the aim of improving operational efficiency and sensitivity to the market and to improve exception reporting in order to identify any potentials and challenges to its business and operations on a timely basis.

The management believes that with such action and planning, the Group will continue to improve its aircraft utilization and resulting aircraft yield and operating margins.

Management is confident of the continuing demand for its freighter services in view of the continuing demand from both international and domestic freight market, especially when the Group is expanding its services outside Asia e.g. Trans-Pacific service routings.

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.

**TRANSMILE GROUP BERHAD (Company No. 373741-W)**  
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**17. Taxation**

The tax expense consists of the following:

	<b>Current Quarter RM'000</b>	<b>Current Year To Date RM'000</b>
Current taxation	19	1,464
Under provision in prior years	-	6
Deferred taxation	20,246	33,637
	20,265	35,107

On 7 January 2005, the Company announced that the Ministry of Finance has granted the Pre-Packaged Incentives to TAS; where an investment allowance at a rate of 60% of the approved capital allowances to be set off against 70% of the statutory income for a period of five years with effect from year of assessment 2005.

**18. Sale Of Unquoted Investments And/Or Properties**

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

**19. Purchase Or Disposal Of Quoted Securities**

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

**20. Status Of Corporate Proposals**

**(i) Acquisition of the entire issued and paid-up share capital in Transmile Thailand Sdn Bhd**

The Company had on 26 January 2006 acquired the entire issued and paid-up capital of Transmile Thailand Sdn. Bhd. ("TTSB") of RM1,200,002.00 divided into 1,200,002 ordinary shares of RM1.00 each, for a total cash consideration of RM1,200,002.00 ("Proposed Acquisition"). In consequence thereof, TTSB becomes a wholly-owned subsidiary of TGB.

**(ii) Private placement**

The Company had on 27 October 2005 announced its proposal to issue up to 10% of the issued and paid up share capital ,of the Company by way of private placement. The SC has vide its letter dated 16 November 2005 approved the private placement. The Company has also on 15 December 2005 obtained the approval-in-principal from Bursa Malaysia for the listing and quotation of up to 22,366,500 new ordinary shares in the Company pursuant to the private placement.



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**(Incorporated in Malaysia)**

**21. Group Borrowings And Debt Securities**

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

	<b>RM'000</b>
(i) Short-term Borrowings – Unsecured	
- Bank overdraft	529
- Trade loan	2,345
- Hire-purchase creditors – current portion	70
- Commercial papers / medium term notes (“MTN”)	25,000
	<hr/>
	27,944
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(ii) Long-term Borrowings – Unsecured	
- Hire-purchase creditors – non current	79
- MTN	115,000
- Syndicated term loan – non current	377,700
- Convertible bonds	346,434
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	839,213
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(iii) Borrowings by currencies	
- denominated in RM	143,023
- denominated in US Dollar	724,134
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	867,157
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**22. Off Balance Sheet Financial Instrument**

There were no material financial instruments with off balance sheet risk during the financial period under review.

**23. Changes In Material Litigation**

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

**TRANSMILE GROUP BERHAD (Company No. 373741-W)**  
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**24. Earnings Per Share (EPS)**

	<b>Current Year Quarter Ended 31/12/2005 RM'000</b>	<b>Preceding Year Corresponding Quarter Ended 31/12/2004 RM'000</b>	<b>Current Year 31/12/2005 RM'000</b>	<b>Preceding Year 31/12/2004 RM'000</b>
Net profit attributable to ordinary shareholders	43,740	18,160	85,852	45,463
<b>a) Basic EPS</b>	<b>31/12/2005 Shares'000</b>	<b>12/12/2004 Shares'000</b>	<b>31/12/2005 Shares'000</b>	<b>12/12/2004 Shares'000</b>
Weighted average number of ordinary shares	219,092	171,214	219,092	171,214
Basic EPS (sen)	19.96	10.61	39.19	26.55
<b>b) Fully diluted</b>	<b>31/12/2005 Shares'000</b>	<b>31/12/2004 Shares'000</b>	<b>31/12/2005 Shares'000</b>	<b>31/12/2004 Shares'000</b>
Weighted average number of ordinary shares	219,092	171,214	219,092	171,214
Number of unissued ESOS shares	-	7,717	-	7,717
Number of shares that would have been issued at fair value	-	(7,359)	-	(7,359)
Adjusted weighted average number of shares	219,092	171,572	219,092	171,572
Number of shares resulting from conversion of Convertible Bonds	17,201	-	17,201	-
	<u>236,293</u>	<u>171,572</u>	<u>236,293</u>	<u>171,572</u>
Fully diluted EPS (sen)	18.51	10.58	36.33	26.50

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 and the Convertible Bonds are fully converted into ordinary shares of the company.