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

QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31/03/2006 RM'000	Preceding Year Corresponding Quarter 31/03/2005 RM'000	Current Year To Date 31/03/2006 RM'000	Preceding Year To Date 31/03/2005 RM'000
Revenue	151,808	71,329	151,808	71,329
Operating Expenses	(128,114)	(55,777)	(128,114)	(55,777)
Other Operating Income	15,161	616	15,161	616
Profit From Operations	38,855	16,168	38,855	16,168
Finance Costs	(14,116)	(2,387)	(14,116)	(2,387)
Share of associates' results	-	-	-	-
Profit Before Tax	24,739	13,781	24,739	13,781
Taxation	(6,731)	(4,220)	(6,731)	(4,220)
Net Profit For The Period	18,008	9,561	18,008	9,561
Attributable to:-				
Equity holders of the parent	18,008	9,561	18,008	9,561
Minority interests	-	-	-	-
Net Profit For The Period	18,008	9,561	18,008	9,561
EPS - Basic (sen)	7.70	4.50	7.70	4.50
- Diluted (sen)	*	4.46	*	4.46

* Refer Note 24.

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005.

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

CONDENSED CONSOLIDATED BALANCE SHEETS

	As At End Of Current Quarter 31/03/2006 RM'000	As At Preceding Financial Year End 31/12/2005 RM'000
Non-Current Assets		
Property, Plant and Equipment	1,579,083	1,565,807
Goodwill On Consolidation	966	966
Investment In Associated Companies	14,477	13,263
Long Term Investments	20	20
Current Assets		
Work-in-progress	35,720	12,568
Trade Receivables	103,832	111,113
Other Receivables	77,813	79,770
Cash and Bank Balances	234,066	261,235
	451,431	464,686
Current Liabilities		
Trade Payables	55,019	58,463
Other Payables	50,093	64,613
Overdraft & Short Term Borrowings	28,997	27,939
Provision for Taxation	3,302	2,561
	137,411	153,576
Net Current Assets	314,020	311,110
	1,908,566	1,891,166
Share Capital	234,135	233,537
Reserves	724,487	700,916
Shareholders' Fund	958,622	934,453
Bond reserves attributable to potential shareholders	15,659	15,659
Total Equity	974,281	950,112
Non-Current Liabilities		
Long Term Borrowings	820,342	833,474
Deferred Taxation	113,943	107,580
	1,908,566	1,891,166
Net Assets per share (RM)	4.09	4.00

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005.

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	For the quarter ended 31/03/2006 RM'000	For the quarter Ended 31/03/2005 RM'000
Net profit before tax	24,739	13,781
Adjustment for non-cash and non-operating items:-		
Non-cash items	5,036	9,597
Non-operating items	13,729	1,789
Operating profit before changes in working capital	43,504	25,167
Changes in working capital:-		
Net change in current assets	(13,511)	(22,456)
Net change in current liabilities	(17,966)	(11,235)
Cash generated from/(used in) operations	12,027	(8,524)
Income tax paid	(171)	(616)
Cash flows from/(used in) operating activities	11,856	(9,140)
Cash flows used in investing activities		
Interest received	387	598
(Purchase)/Disposal of other investment	(1,204)	-
Additions to property, plant and equipment	(32,199)	(88,933)
	(33,016)	(88,335)
Cash flows from financing activities		
Interest paid	(7,093)	(2,387)
Net proceeds from issuance of shares	-	10,674
Net repayment/proceed of borrowings	(117)	175,968
	(7,210)	184,255
Net (decrease)/increase in cash and cash equivalents	(28,370)	86,780
Cash and cash equivalents at beginning of period	260,706	164,003
Cash and cash equivalents at end of period	232,336	250,783
Cash and cash equivalents comprise:-		
Cash and bank balances	234,066	252,254
Bank overdraft	(1,730)	(1,471)
	232,336	250,783

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2006

		< ------------------------Attributable to Equity Holders of the Parent------------------------ >							
		Share Capital RM'000	**Share Premium RM'000**	**Reserve On Consolidation RM'000**	**Reserve On Translation RM'000**	**Retained Profits RM'000**	**Shareholders' Fund RM'000**	**Bond Reserve RM'000**	**Total Equity RM'000**
Balance as at 1 January 2006, as previously stated		233,537	535,157	3,336	(96)	162,519	934,453	15,659	950,112
Prior year adjustments for effect of adopting FRS 121	(Note 25)	-	-	-	43,980	(43,980)	-	-	-
Balance as at 1 January 2006, as restated		233,537	535,157	3,336	43,884	118,539	934,453	15,659	950,112
Effect of adopting FRS 3 - reclassification of opening reserve on consolidation	(Note 25)	-	-	(3,336)	-	3,336	-	-	-
		233,537	535,157	-	43,884	121,875	934,453	15,659	950,112
Net profit for the period		-	-	-	-	18,008	18,008	-	18,008
Issue of shares - convertible bonds		598	5,862	-	-	-	6,460	-	6,460
Translation differences arising during the period		-	-	-	(299)	-	(299)	-	(299)
Balance as at 31 March 2006		234,135	541,019	-	43,585	139,883	958,622	15,659	974,281

TRANSMILE GROUP BERHAD (Company No. 373741-W)
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	< ------------------------Attributable to Equity Holders of the Parent------------------------ >							
	Share Capital RM'000	**Share Premium RM'000**	**Reserve On Consolidation RM'000**	**Reserve On Translation RM'000**	**Retained Profits RM'000**	**Shareholders' Fund RM'000**	**Minority Interest RM'000**	**Total Equity RM'000**
Balance as at 1 January 2005, as previously stated	201,072	294,554	3,336	-	130,105	629,067	-	629,067
Prior year adjustments for effect of adopting FRS 121 (Note 25)	-	-	-	38,960	(38,960)	-	-	-
Balance as at 1 January 2005, as restated	201,072	294,554	3,336	38,960	91,145	629,067	-	629,067
Effect of adopting FRS 101 - reclassification of opening minority interest	-	-	-	-	-	-	107,807	107,807
	201,072	294,554	3,336	38,960	91,145	629,067	107,807	736,874
Net profit for the period	-	-	-	-	9,561	9,561	-	9,561
Issue of shares - ESOS	1,705	8,969	-	-	-	10,674	-	10,674
Arising from acquisition of 30% in Transmile Air Services Sdn Bhd	-	-	-	-	(47,192)	(47,192)	(107,807)	(154,999)
Expenses on shares issued	-	(880)	-	-	-	(880)	-	(880)
Balance as at 31 March 2005	202,777	302,643	3,336	38,960	53,514	601,230	-	601,230

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2006

1. Accounting Policies

The quarterly financial statements are unaudited and have been prepared in accordance with FRS 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) 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 2005, except for the adoption of the following new and revised Financial Reporting Standards (“FRS”) issued by MASB that are effective for the Group’s first FRS annual reporting date, 31 December 2006:-

FRS 2	Share-based Payment
FRS 3	Business Combination
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 Accounting Estimates and Errors
FRS 110	Events After 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 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosures and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

Except for those disclosed in Notes 25 and 26 below, the adoption of the above FRS does not have any significant financial impact on the Group.

Up to 31 December 2005, the Group’s consolidated financial statements were prepared in accordance with MASB standards effected before 1 January 2006. The comparative figures in respect of 31 December 2005 have been restated to reflect the relevant adjustments on the adoption of the relevant FRS, as disclosed in Note 26 below.

Apart from the above, the quarterly financial statements are to be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005.

2. Qualification Of Preceding Annual Financial Statements

There was no qualification of the Group audited report for the year ended 31 December 2005.

3. Seasonality Or Cyclicality 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 other than the adjustments arising from the adoption of FRS as mentioned in Note 1, 25 and 26.

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 period, the issued and paid-up capital of the Company was increased from RM233,536,937, comprising 233,536,937 ordinary shares of RM1.00 each to RM234,134,531, comprising 234,134,531 ordinary shares of RM1.00 each by the issuance of 597,594 ordinary shares of RM1 each pursuant to the partial conversion of the 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.

7. Dividend

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

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 at the forthcoming Annual General Meeting and will be paid at a date to be determined later.

8. Segmental Reporting

No segmental reporting was presented as the Group is principally engaged in the aviation services industry and operates principally from 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 31 March 2006.

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

The Company had on 26 January 2006 acquired the entire issued and paid-up capital of Transmile Thailand Sdn. Bhd.

Other than disclosed above, 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 RM882.6 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 results with total revenue increased by RM80.5 million or 112.8% to RM151.8 million. Similarly, pre-tax profit has also shown an increase of 79.5% to RM24.7 million over the same period.

The improvement was mainly attributable to increase in aircraft capacity especially with the introduction of MD11 freighters since September 2005. The increase in other operating income was mainly attributable to an unrealized exchange gain amounting to RM14.3 million, resulting mainly from the US$ borrowings. However, this has been largely set off against the corresponding higher interest charge of RM14.1 million during the same period.

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

The Group turnover has registered a lower figure by RM98.7 million or 39.4% in the current quarter as compared to RM250.6 million in the preceding quarter. This trend is seasonal as the fourth quarter is usually the peak period while the first quarter is the low season due to festive seasons in Asia.

As a result, the pre-tax profit has also dropped by RM39.5 million or 61.5% in the current quarter compared to RM64.2 million in the preceding quarter.

15. Prospects Of The Group

The Group will continue to expand its international network, airline facilities and ground and cargo support services and to optimize the utilization of its mixture of narrow and wide body aircraft fleet.

In view of the continued high fuel price, the company will strive to further improve its operating efficiency in order to remain competitive in the market place. This is done by way of organization streamlining, exception reporting enhancement and improved coordination between the Group's various departments to identify opportunities and threats quickly.

The management believes their continuing action will lead to improved aircraft utilization, better operating margins and lower unit operating costs.

Despite the challenges ahead, the 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.

17. Taxation

The tax expense consists of the following:

	Current Quarter RM'000	**Current Year To Date RM'000**
Current taxation	255	255
Deferred taxation	6,476	6,476
	6,731	6,731

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

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 of and quotation for up to 22,366,500 new ordinary shares in the Company pursuant to the private placement.

On 8 May 2006, The Company had further announced that the Securities Commission has approved the extension of time to implement the private placement for another two months to 15 July 2006.

21. Group Borrowings And Debt Securities

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

		RM'000
(a)	Short-term Borrowings – Unsecured	
	- Bank overdraft	1,730
	- Trade loan	1,937
	- Hire-purchase creditors – current portion	330
	- Commercial papers / medium term notes ("MTN")	25,000
		28,997
(b)	Long-term Borrowings – Unsecured	
	- Hire-purchase creditors – non current	105
	- MTN	115,000
	- Syndicated term loan – non current	370,400
	- Convertible bonds	334,837
		820,342
(c)	Borrowings by currencies	
	- denominated in RM	144,102
	- denominated in US Dollar	705,237
		849,339

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.

24. Earnings Per Share (EPS)

	Current Quarter Ended 31/03/2006 RM'000	Preceding Year Corresponding Quarter Ended 31/03/2005 RM'000	Current Year To Date 31/03/2006 RM'000	Preceding Year To Date 31/03/2005 RM'000
a) Basic EPS				
Net profit attributable to ordinary shareholders	18,008	9,561	18,008	9,561
	31/03/2006 Shares'000	**31/03/2005 Shares'000**	**31/03/2006 Shares'000**	**31/03/2005 Shares'000**
Weighted average number of ordinary shares	233,740	212,535	233,740	212,535
Basic EPS (sen)	7.70	4.50	7.70	4.50

	Current Quarter Ended 31/03/2006 RM'000	Preceding Year Corresponding Quarter Ended 31/03/2005 RM'000	Current Year To Date 31/03/2006 RM'000	Preceding Year To Date 31/03/2005 RM'000
b) Fully diluted				
Net profit attributable to ordinary shareholders	18,008	9,561	18,008	9,561
Interest savings on conversion of Convertible Bonds	5,480	-	5,480	-
Adjusted net profit attributable to ordinary shareholders	23,488	9,561	23,488	9,561
	31/03/2006 Shares'000	**31/03/2005 Shares'000**	**31/03/2006 Shares'000**	**31/03/2005 Shares'000**
Weighted average number of ordinary shares	233,740	212,535	233,740	212,535
Number of unissued ESOS shares	-	6,012	-	6,012
Number of shares that would have been issued at fair value	-	(4,138)	-	(4,138)
Adjusted weighted average number of shares	233,740	214,409	233,740	214,409
Number of shares resulting from conversion of Convertible Bonds	32,797	-	32,797	-
	266,537	214,409	266,537	214,409
Fully diluted EPS (sen)	* 8.81	4.46	* 8.81	4.46

* The full conversion of the Convertible Bonds will result in an anti-diluted earnings per share.

25. Changes in Accounting Policies

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

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

Under FRS 3, all business combinations will be accounted for by applying the purchase method where the cost of business combination will be allocated to the identifiable assets, liabilities and contingent liabilities at the acquisition date. Any difference will be recognized as goodwill, represents an anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognized.

The FRS 3 will also result in consequential amendments to FRS 136 Impairment of Assets and FRS 138 Intangible Assets.

The adoption of these new FRSs has resulted the Group ceasing annual goodwill amortisation. Goodwill is carried at cost less accumulated impairment losses and is subject to annual impairment test, or more frequently if events or changes in circumstances indicate that such asset might be impaired. Any impairment loss is recognized in income statement and subsequent reversal is not allowed.

Prior to 1 January 2006, goodwill was amortised on a straight-line basis over its estimated useful life ranging from 20 to 25 years. Such a change in accounting policy has been accounted for prospectively for business combination where the agreement date was signed on or after 1 January 2006. The transitional provisions of FRS 3, however, have required the Group to eliminate at 1 January 2006 the carrying amount of the accumulated amortization of RM257,000 against the carrying amount of goodwill. The carrying amount of goodwill as at 1 January 2006 of RM966,000 will not be subject to any further amortisation. This will reduce the amortization charges by RM12,000 for the current quarter ended 31 March 2006.

Under FRS 3, any excess of Group’s interest in the net fair value of acquirees’ identifiable assets, liabilities and contingent liabilities over cost of acquisition (previously referred to as ‘reserve on consolidation’), after reassessment, is now recognized immediately in income statement. Prior to 1 January 2006, reserve on consolidation was captured as part of reserves which constitute the Group’s shareholders’ fund. In accordance with the transitional provision of FRS 3, the reserve on consolidation as at 1 January 2006 of RM3,336,000 was derecognised with a corresponding increase in retained profits.

(b) FRS 101: Presentation of Financial Statements

The adoption of FRS 101 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures. 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, the total recognised income and expenses for the period, showing separately the amount attributable to equity holders of the parent and to minority interest.

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

(c) FRS 121: The Effect of Changes in Foreign Exchange Rates

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

Under FRS 121, the financial statements of the subsidiary company, measured in functional currency shall be translated into presentation currency with all resulting exchange differences recognized as separate component of equity. This change in accounting policy has been accounted for retrospectively and has resulted in the following:-

	As at 1.1.2006 RM'000	**As at 1.1.2005 RM'000**
Decrease in retained profits	(43,980)	(38,960)
Increase in reserve on translation	43,980	38,960

	Current Quarter Ended 31/03/2006 RM'000	**Preceding Year Corresponding Quarter Ended 31/03/2005 RM'000**	**Current Year To Date 31/03/2006 RM'000**	**Preceding Year To Date 31/03/2005 RM'000**
Decrease in profit for the period	197	1,255	197	1,255

As disclosed in Note 26 below, certain comparatives have been restated due to this change in accounting policy.

26. Comparatives

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

		Adjustments/Reclassification		
	Previously Stated RM'000	**FRS 3 RM'000**	**FRS 121 RM'000**	**Restated RM'000**
At 31 December 2005				
Reserve on consolidation	3,336	(3,336)	-	-
Reserve on translation	(96)	-	43,980	43,884
Retained profits	162,519	3,336	(43,980)	121,8753
3 months ended 31 March 2005				
Profit for the period	10,816	-	(1,255)	9,561