



TRANSOCEAN HOLDINGS BHD

(Company No.: 36747-U)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR PERIOD ENDED AUGUST 31, 2005

Dated October 25, 2005



**INTERIM FINANCIAL REPORT
FINANCIAL YEAR 2006
First Quarter ended August 31, 2005**

CONTENTS

	<u>PAGE</u>
1) CONDENSED CONSOLIDATED INCOME STATEMENT	3
2) CONDENSED CONSOLIDATED BALANCE SHEET	4
3) CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	5
4) CONDENSED CONSOLIDATED CASH FLOW STATEMENT	6
5) NOTES TO THE INTERIM FINANCIAL REPORT	
SECTION A : DISCLOSURE NOTES AS REQUIRED UNDER FRS 134	7 – 8
SECTION B : DISCLOSURE NOTES AS REQUIRED UNDER BURSA SECURITIES LISTING REQUIREMENTS	9 – 13
SECTION C : ADDITIONAL DISCLOSURE	14 - 15



INTERIM FINANCIAL REPORT
FINANCIAL YEAR 2006
First Quarter ended August 31, 2005

The Board of Directors is pleased to announce the Interim Financial Report on consolidated results of the Group for the Financial Year 2006, 1st Quarter ended August 31, 2005.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31/08/05 RM'000	Preceding Year Quarter Ended 31/08/04 RM'000	Current Year-To-Date Ended 31/08/05 RM'000	Preceding Year-To-Date Ended 31/08/04 RM'000
Revenue	13,704	11,347	13,704	11,347
Other operating income	91	16	91	16
Operating profit before depreciation and finance cost	1,049	933	1,049	933
Depreciation & amortisation	(998)	(992)	(998)	(992)
Profit/(Loss) from operations	51	(59)	51	(59)
Finance cost	(469)	(553)	(469)	(553)
	(418)	(612)	(418)	(612)
Share of results of an Associate company	18	35	18	35
Loss before taxation	(400)	(577)	(400)	(577)
Taxation	(11)	42	(11)	42
Loss after taxation	(411)	(535)	(411)	(535)
Minority interest	(58)	129	(58)	129
Loss for the period	(469)	(406)	(469)	(406)
Loss per share (sen)				
- Basic	(1.62)	(1.40)	(1.62)	(1.40)
- Diluted	-----	Not applicable	-----	-----

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended May 31, 2005)



INTERIM FINANCIAL REPORT
FINANCIAL YEAR 2006
First Quarter ended August 31, 2005

CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited	Audited
	As At	As At
	31/08/05	31/05/05
	RM'000	RM'000
Property, plant and equipment	37,430	38,354
Land held for development	3,704	3,704
Investment in associated companies	148	130
Other investments	3	3
Goodwill on consolidation	775	831
Current Assets		
Trade receivables	7,929	7,065
Other receivables	1,235	1,144
Cash and bank balances	193	228
	9,357	8,437
Current Liabilities		
Short term borrowings	17,547	17,247
Trade payables	4,712	4,705
Other payables	3,848	2,979
Taxation	7	0
	26,114	24,931
Net current liabilities	(16,757)	(16,494)
	25,303	26,528
Share capital	28,999	28,999
Accumulated losses	(11,467)	(10,998)
Shareholders' equity	17,532	18,001
Minority interest	396	338
Long term borrowings	7,040	7,854
Deferred taxation	335	335
	25,303	26,528
Net tangible assets per share (RM)	0.58	0.59

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended May 31, 2005)



TRANSOCEAN HOLDINGS BHD (36747-U)

INTERIM FINANCIAL REPORT FINANCIAL YEAR 2006 First Quarter ended August 31, 2005

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Accumulated loss RM'000	Total Shareholders' Equity RM'000
As at June 1, 2005	28,999	(10,998)	18,001
Net loss for the period	0	(469)	(469)
Balance as at August 31, 2005	28,999	(11,467)	17,532
As at June 1, 2004	28,999	(8,511)	20,488
Net loss for the period	0	(406)	(406)
Balance as at August 31, 2004	28,999	(8,917)	20,082

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended May 31, 2005)

**INTERIM FINANCIAL REPORT
FINANCIAL YEAR 2006
First Quarter ended August 31, 2005****CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	Current Year-To- Date Ended 31/08/05 RM'000	Preceding Year-To- Date Ended 31/08/04 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(400)	(576)
Adjustment for :-		
Non-cash items	1,023	1,015
Non-operating items	377	537
Operating profit before working capital changes	1,000	976
Changes in working capital :-		
Net change in current assets	(928)	(24)
Net change in current liabilities	875	751
Cash generated from operations	947	1,703
Interest paid	(469)	(533)
Taxation paid	(52)	0
Net cash generated from operating activities	426	1,150
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(17)	(184)
Increase in development expenditure	0	(102)
Net dividend received	10	3
Proceeds from disposal of property, plant and equipment	61	223
Net cash generated from/(used in) investing activities	54	(60)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of loans	400	0
Repayment of loans, hire-purchase and lease payables	(1,020)	(1,176)
Net cash used in financing activities	(620)	(1,176)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(140)	(86)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(10,016)	(10,209)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(10,156)	(10,295)
Cash and cash equivalents comprise :-		
Cash and bank balances	193	169
Bank overdrafts	(10,349)	(10,464)
	(10,156)	(10,295)

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended May 31, 2005)



**INTERIM FINANCIAL REPORT
FINANCIAL YEAR 2006
First Quarter ended August 31, 2005**

NOTES TO THE INTERIM FINANCIAL REPORT

**SECTION A
DISCLOSURE NOTES AS REQUIRED UNDER FRS 134**

1 Basis of preparation

The interim financial report has been prepared in accordance with FRS 134 : Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended May 31, 2005.

The accounting policies and methods of computation used in the preparation of the interim financial report are consistent with those adopted in the audited financial statements for the financial year ended May 31, 2005.

2 Declaration of audit clarification

The auditors’ report on the financial statements for the year ended May 31, 2005 was not subject to any qualification.

3 Seasonal or cyclical factors

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

4 Unusual items

There were no unusual items affecting the Group’s assets, liabilities, equity, net income or cash flows during the financial period ended August 31, 2005.

5 Changes in estimates

No estimates are reported in the prior interim periods of the current financial year or the preceding financial year.

6 Issuance and repayment of debt and equity securities

The Company has not issued nor repaid any debt and equity securities for the financial year to date.

7 Dividend paid

No dividend has been paid or declared by the Company since the end of the previous financial year.



**INTERIM FINANCIAL REPORT
FINANCIAL YEAR 2006
First Quarter ended August 31, 2005**

8 Segmental reporting

No segmental reporting is presented as the Group's activities operate within one industry, primarily of a total logistics service provider and in one geographical area, wholly in Malaysia. The other segments are not significant to be disclosed.

9 Valuation of property, plant and equipment

The valuation of property, plant and equipment has been brought forward from the previous audited financial statements and there were no revaluation of property, plant and equipment during the financial quarter under review.

10 Subsequent events

There were no event of a material nature has arisen that have not been reflected in the financial statement in the interval between the end of the current quarter and the date of this report.

11 Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter under review.

12 Contingent liabilities

Contingent liabilities of the Company as at October 21, 2005, other than material litigation as disclosed in Note 23, since the last annual balance sheet date comprise:-

	As at 21/10/05 RM'000	As at 31/05/05 RM'000
Guarantees in favour of financial institutions for securing borrowings granted to subsidiaries		
- secured	10,449	6,138
- unsecured	5,948	6,925
	<u>16,397</u>	<u>13,063</u>



**INTERIM FINANCIAL REPORT
FINANCIAL YEAR 2006
First Quarter ended August 31, 2005**

NOTES TO THE INTERIM FINANCIAL REPORT

**SECTION B
DISCLOSURE NOTES AS REQUIRED UNDER BURSA SECURITIES LISTING
REQUIREMENTS**

13 Review of performance

During the first quarter under review, the Group recorded an operating profit before depreciation and finance cost of RM1.05 million (FY2005 RM0.93 million) on the back of a total revenue of RM13.70 million (FY2005, RM11.35 million). The Group's revenue increased by 21.4% for the quarter under review as compared with the preceding year corresponding quarter. Due to the increase in operating expenses, the operating profit margin decreased from 10.8% to 9.0%.

However, the increase in revenue and a lower finance costs resulted in a reduction of the loss after taxation by 23.2% to RM0.41 million (FY2005, RM0.54 million). Overall net loss attributable to members was RM0.47 million as compared to a net loss of RM0.41 million recorded in the preceding year corresponding quarter.

14 Variation of results against preceding quarter

	Current Quarter 31/08/05 RM'000	Immediate Preceding Quarter 31/05/05 RM'000	Variation %
Gross revenue	13,704	11,292	21.4%
Operating profit before depreciation and finance cost	1,049	978	7.3%
Loss before taxation and results from associated company	(418)	(524)	(20.2)%
Net loss attributable to members	(469)	(832)	(43.6%)

The Group's gross revenue increased by 21.4% to RM13.70 million while the operating profit before depreciation and finance cost increased by 7.3% to RM1.05 million as compared against the immediate preceding quarter. Loss before taxation was reduced from RM0.52 million to RM0.42 million. Overall net loss incurred by the Group reduced by 43.6% to RM0.47 million as compared with previous quarter's a loss of RM0.83 million.



**INTERIM FINANCIAL REPORT
FINANCIAL YEAR 2006
First Quarter ended August 31, 2005**

15 Prospect

Malaysia's economy as projected by the latest economic report, should maintain its growth momentum. The projected real gross domestic product growth is forecasted to expand by 5.5% in 2006. The favourable prospect outlined a bright business opportunity for the group, as one of the major domestic land transportation players. Despite the downside risk on a higher fuel cost, the Group's is currently able to compete with a lower operating cost due to the on going cost reduction and will aggressively seek a higher representation in the domestic market for the next few quarters.

16 Profit forecast

The Group is not involved in any profit guarantee arrangement or providing any forecast profit.

17 Taxation

	Current Quarter 31/08/05 RM'000	Current Year-to-date 31/08/05 RM'000
Current year provision of taxation	11	11
Provision in prior year taxation	0	0
Deferred taxation	0	0
	<hr/>	<hr/>
	11	11
	<hr/>	<hr/>

The effective rate of taxation of the Group is higher than the statutory rate of taxation principally due to losses of certain subsidiaries which were not set off against profits made by other companies in the Group. The group relief proposed in the 2006 Budget is yet to be approved.



**INTERIM FINANCIAL REPORT
FINANCIAL YEAR 2006
First Quarter ended August 31, 2005**

18 Profit/loss on sale of unquoted investment and/or properties

There was no sale of unquoted investment and/or properties by the Group for the current quarter and financial year except for the following :-

a. Transocean Biotec (M) Sdn Bhd, a subsidiary company has entered into a Sale and Purchase Agreement on April 14, 2005, to dispose off the following properties, for a total consideration of RM3,703,522.66 :-

- All those four parcels of land held under GM 597, Lot 81 (formerly known as SP 21617, Lot 81), GM 598, Lot 82 (formerly known as SP 21618, Lot 82), GM 688, Lot 582 (formerly known as SPK 2747, Lot 582), and GM 943, Lot 798 (formerly known as SPK 2424, Lot 798) all located in Mukim Pinang Tunggal, Daerah Kuala Muda, Kedah, measuring a total land area of approximately 1,087,642.55 square feet; and
- A partial of that piece of land held under Lot 585 located in Mukim Pinang Tunggal, Daerah Kuala Muda, Kedah with an approximate land area of 1,644 square feet .

The disposal is expected to be completed by November 2005.

b. The Company has entered into a Sale and Purchase Agreement on August 16, 2005, to dispose off a property held under Lot HS(D) 274382, PT No. PTD 116078, Mukim Plentong, Daerah Johor Bahru, Johor together with a 2-storey shopoffice erected thereon for a total consideration of RM300,000.00.

The disposal will be completed within 3 months from the date of the written consent of the State Authority sanctioning the sale of the property.

19 Quoted Securities

There was no purchase or disposal of quoted securities by the Group for the current quarter and financial year-to-date.

20 Status of corporate proposal

The Group has not proposed any corporate proposals since the beginning of the current financial year.



INTERIM FINANCIAL REPORT
FINANCIAL YEAR 2006
First Quarter ended August 31, 2005

21 Group borrowings and debt securities

Total Group borrowings as at August 31, 2005 were as follows :-

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Long term borrowings			
Term loan	4,723	782	5,505
Hire-purchase and lease payables	1,535	0	1,535
	<u>6,258</u>	<u>782</u>	<u>7,040</u>
Short term borrowings			
Overdrafts	7,626	2,723	10,349
Revolving credits	0	1,500	1,500
Term loan	3,447	1,083	4,530
Hire-purchase and lease payables	1,168	0	1,168
	<u>12,241</u>	<u>5,306</u>	<u>17,547</u>
Total Borrowings	<u>18,499</u>	<u>6,088</u>	<u>24,587</u>

As at August 31, 2005, the Group does not have any exposure in borrowings and debt securities denominated in foreign currency.

22 Off balance sheet financial instruments

The Group does not have any financial instruments with off balance sheet risk as at October 21, 2005

23 Material litigation

The Group is not engaged in any material litigation and is not aware of any proceedings, which might materially affect the position or business of the Group as at October 21, 2005.

24 Dividend

The Directors do not recommend the payment of any dividend in respect of the current financial period under review.



**INTERIM FINANCIAL REPORT
FINANCIAL YEAR 2006
First Quarter ended August 31, 2005**

25 Loss per share

	Current Year Quarter Ended 31/08/05	Preceding Year Quarter Ended 31/08/04	Current Year-To-Date Ended 31/08/05	Preceding Year-To-Date Ended 31/08/05
Net loss for the period (RM'000)	(469)	(406)	(469)	(406)
No of ordinary shares in issue ('000)	28,999	28,999	28,999	28,999
Basic loss per share (sen)	(1.62)	(1.40)	(1.62)	(1.40)



**INTERIM FINANCIAL REPORT
FINANCIAL YEAR 2006
First Quarter ended August 31, 2005**

NOTES TO THE INTERIM FINANCIAL REPORT

**SECTION C
ADDITIONAL DISCLOSURE**

26 Listing requirement of the minimum paid-up capital

As stipulated under the Securities Commission's Policies and Guidelines on Issue/Offer of Securities and the Bursa Securities Listing Requirements, the minimum issued and paid-up capital of a company listed on the Second Board of Bursa Securities shall be RM40.00 million.

On June 30, 2004, the Company was categorized as an undercapitalized company as its paid-up share capital is RM29.00 million.

On May 11, 2005, Bursa Securities approved the Company's application for extension of time until September 30, 2006 to comply with Paragraph 8.16A of the Listing Requirements.

As at the date of this report, there is no further development on the status of the Company's plan and the Directors are pursuing this matter to ensure compliance with the requirement.

27 Practice Note No. 1/2001 – Default In Payment

On June 1, 2005, Malayan Banking Berhad of Sungai Petani Business Centre (the Bank) issued a notice to recall all its banking facilities granted to the Company's subsidiary company, Transocean Biotec (M) Sdn Bhd (TBM) and demanded for the repayment of the entire outstanding amount of RM2.06 million as at May 31, 2005 owing to the Bank.

The subsidiary company was unable to repay the total facilities and as a consequence, defaulted in repayment of its banking facilities to the Bank.

The Company had announced on June 15, 2005 pursuant to Practice Note No. 1/2001 of the Listing Requirement that the subsidiary company had defaulted in repayment of the banking facilities to its lender.

TBM proposed to the Bank for the full settlement of the defaults by utilizing the balance of the sale proceeds of the charged properties.



**INTERIM FINANCIAL REPORT
FINANCIAL YEAR 2006
First Quarter ended August 31, 2005**

The Bank has on October 20, 2005 consented to the discharge and the redemption sum for the release of the charge are as follows :-

AS AT	TERM LOAN (RM)	OVERDRAFT (RM)	TOTAL (RM)
October 31, 2005	<u>182,874.44</u>	<u>2,233,104.56</u>	<u>2,415,979.00</u>
November 30, 2005	<u>184,604.59</u>	<u>2,247,633.98</u>	<u>2,432,238.57</u>

As at the date of this Report, there is no further development on this matter.

By order of the Board
Dated 25th day of October, 2005