



# **TRANSOCEAN HOLDINGS BHD**

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

## **UNAUDITED INTERIM FINANCIAL REPORT FOR PERIOD ENDED NOVEMBER 30, 2005**

*Dated January 24, 2006*



**INTERIM FINANCIAL REPORT  
FINANCIAL YEAR 2006  
Second Quarter ended November 30, 2005**

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The Board of Directors is pleased to announce the Interim Financial Report on consolidated results of the Group for the Financial Year 2006, 2<sup>nd</sup> Quarter ended November 30, 2005.

The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENT**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 30/11/05 RM'000	Preceding Year Quarter Ended 30/11/04 RM'000	Current Year-To-Date Ended 30/11/05 RM'000	Preceding Year-To-Date Ended 30/11/04 RM'000
<b>Revenue</b>	<b>10,526</b>	<b>10,939</b>	<b>24,230</b>	<b>22,286</b>
Other operating income	44	131	135	146
Operating profit before impairment loss, depreciation and finance cost	391	1,331	1,438	2,264
Impairment loss	(146)	0	(146)	0
Depreciation & amortisation	(995)	(1,008)	(1,992)	(1,999)
Profit/(Loss) from operations	(750)	323	(700)	265
Finance cost	(429)	(525)	(898)	(1,077)
	(1,179)	(202)	(1,598)	(812)
Share of results of an Associate company	(23)	(115)	(5)	(80)
<b>Loss before taxation</b>	<b>(1,202)</b>	<b>(317)</b>	<b>(1,603)</b>	<b>(892)</b>
Taxation	(8)	(70)	(18)	(28)
<b>Loss after taxation</b>	<b>(1,210)</b>	<b>(387)</b>	<b>(1,621)</b>	<b>(920)</b>
Minority interest	4	219	(54)	348
<b>Loss for the period</b>	<b>(1,206)</b>	<b>(168)</b>	<b>(1,675)</b>	<b>(572)</b>
Loss per share (sen)				
- Basic	(4.16)	(0.58)	(5.78)	(1.97)
- 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)



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**CONDENSED CONSOLIDATED BALANCE SHEET**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As At</b>	<b>As At</b>
	<b>30/11/05</b>	<b>31/05/05</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment	36,367	38,354
Land held for development	0	3,704
Investment in associated companies	125	130
Other investments	3	3
Goodwill on consolidation	718	831
<b>Current Assets</b>		
Trade receivables	6,732	7,065
Other receivables	1,424	1,144
Cash and bank balances	996	228
	<b>9,152</b>	<b>8,437</b>
<b>Current Liabilities</b>		
Short term borrowings	15,298	17,247
Trade payables	4,580	4,705
Other payables	3,362	2,979
Taxation	15	0
	<b>23,255</b>	<b>24,931</b>
Net current liabilities	(14,103)	(16,494)
	<b>23,110</b>	<b>26,528</b>
<b>Share capital</b>	<b>28,999</b>	<b>28,999</b>
Accumulated losses	(12,673)	(10,998)
<b>Shareholders' equity</b>	<b>16,326</b>	<b>18,001</b>
Minority interest	393	338
Long term borrowings	6,056	7,854
Deferred taxation	335	335
	<b>23,110</b>	<b>26,528</b>
<b>Net assets per share (RM)</b>	<b>0.56</b>	<b>0.62</b>

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



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<b>Share Capital</b>	<b>Accumulated</b>	<b>Total</b>
	<b>RM'000</b>	<b>loss</b>	<b>Shareholders'</b>
		<b>RM'000</b>	<b>Equity</b>
			<b>RM'000</b>
As at June 1, 2005	28,999	(10,998)	18,001
Net loss for the period	0	(1,675)	(1,675)
Balance as at November 30, 2005	<u>28,999</u>	<u>(12,673)</u>	<u>16,326</u>
As at June 1, 2004	28,999	(8,511)	20,488
Net loss for the period	0	(572)	(572)
Balance as at November 30, 2004	<u>28,999</u>	<u>(9,083)</u>	<u>19,916</u>

**(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  
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	<b>Current Year-To- Date Ended 30/11/05 RM'000</b>	<b>Preceding Year-To- Date Ended 30/11/04 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(1,603)	(892)
Adjustment for :-		
Non-cash items	2,155	2,023
Non-operating items	833	1,105
Operating profit before working capital changes	1,385	2,236
Changes in working capital :-		
Net change in current assets	143	1,073
Net change in current liabilities	258	(235)
Cash generated from operations	1,786	3,074
Interest paid	(898)	(1,077)
Taxation (paid)/refunded	(106)	252
<b>Net cash generated from operating activities</b>	<b>782</b>	<b>2,249</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	(42)	(221)
Increase in development expenditure	0	(102)
Net dividend received	10	3
Proceeds from disposal of property, plant and equipment and development land	3,765	572
<b>Net cash generated from investing activities</b>	<b>3,733</b>	<b>252</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of loans	400	0
Repayment of loans, hire-purchase and lease payables	(2,567)	(2,355)
<b>Net cash used in financing activities</b>	<b>(2,167)</b>	<b>(2,355)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,348</b>	<b>146</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>(10,016)</b>	<b>(10,209)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>(7,668)</b>	<b>(10,063)</b>
Cash and cash equivalents comprise :-		
Cash and bank balances	996	177
Bank overdrafts	(8,664)	(10,240)
	<b>(7,668)</b>	<b>(10,063)</b>

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



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**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 November 30, 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.



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**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 January 20, 2006, other than material litigation as disclosed in Note 23, since the last annual balance sheet date comprise:-

	<b>As at 20/01/06 RM'000</b>	<b>As at 31/05/05 RM'000</b>
Guarantees in favour of financial institutions for securing borrowings granted to subsidiaries		
- secured	7,634	6,138
- unsecured	6,031	6,925
	<u>13,665</u>	<u>13,063</u>





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**NOTES TO THE INTERIM FINANCIAL REPORT**

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

**13 Review of performance**

During the second quarter under review, the Group recorded an operating profit before impairment cost, depreciation and finance cost of RM0.39 million (FY2005 RM1.33 million) on the back of a total revenue of RM10.53 million (FY2005, RM10.94 million). The Group's revenue decreased by 3.7% 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 14.9% to 4.6%.

The Group has also recognized impairment loss amounted to RM0.15 million on the value of one of its subsidiaries land.

As a result of the reduction in the Group total borrowings from RM27.38 million in the preceding year corresponding quarter to RM21.36 million, the finance cost had decreased by 18.9% from RM0.53 million to RM0.43 million.

However, the Group recorded a loss before taxation amounted to RM1.20 million (FY2005 a loss of RM0.32 million) and overall net loss attributable to members was RM1.21 million as compared to a net loss of RM0.17 million recorded in the preceding year corresponding quarter.

**14 Variation of results against preceding quarter**

	<b>Current Quarter 30/11/05 RM'000</b>	<b>Immediate Preceding Quarter 31/08/05 RM'000</b>	<b>Variation %</b>
Gross revenue	10,526	13,704	(23.2)
Operating profit before impairment loss, depreciation and finance cost	391	1,049	(62.7)
Loss before taxation and results from associated company	(1,179)	(418)	182.1
Net loss attributable to members	(1,206)	(469)	157.1



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The Group’s gross revenue decreased during the quarter mainly due to the drop in business from the air and ocean freighting subsidiary. The revenue drop by 32.5% from RM6.37 million recorded in the immediate preceding quarter to RM4.30 million in the current quarter under review. The reduction in the business volume mainly due to the special project shipment to Brisbane which started in the previous quarter and completed in the current quarter under review.

The operating profit margin reduced from 9.1% to 4.6% mainly due to higher other operating expenses. The other operating expenses increased by 11.3% from RM0.62 million to RM0.69 million. The increase mainly due to professional fees incurred for the disposal of the Group’s property and the higher printing and stationery cost.

**15 Prospect**

The Group, as one of the major land transporter is facing a difficult and challenging period in view of the escalating operating cost such as fuel and tyres. Despite the downside risk, the Group is continuing with the on going cost reduction programme and de-gearing exercise to transform itself into a leaner and efficient organization to seek a higher representation in the domestic market for the next two quarters.

**16 Profit forecast**

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

**17 Taxation**

	<b>Current Quarter 30/11/05 RM'000</b>	<b>Current Year-to-date 30/11/05 RM'000</b>
Current year provision of taxation	(4)	6
Provision in prior year taxation	12	12
Deferred taxation	0	0
	<u>8</u>	<u>18</u>

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.



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**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 has been completed on November 28, 2005 and the loss on disposal before impairment loss was RM754,817.29.

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. As at the date of this report, the State's consent has yet to be obtained.

Upon completion, the disposal is expected to result in a loss to the Group amounting to RM59,451.08 of which the full amount has been fully provided for.

c. Transocean Biotec Research Sdn Bhd, a subsidiary company has entered into a Sale and Purchase Agreement on September 21, 2005, to dispose off all the piece of land known as Lot No. 293, Mukim 4, Daerah Barat Daya, Pulau Pinang, held under Geran Mukim No. GM 2, measuring approximately 84,419.28 square feet for a total consideration of RM742,889.66.



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The subsidiary company has granted an extension of time to the purchaser to complete the agreement and is expected to be completed before February 20, 2006.

Upon completion, the disposal is expected to result in a loss to the Group amounting to RM142,701.51 of which the full amount has been fully provided for.

**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.

**21 Group borrowings and debt securities**

Total Group borrowings as at November 30, 2005 were as follows :-

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
<b>Long term borrowings</b>			
Term loan	4,334	610	4,944
Hire-purchase and lease payables	1,112	0	1,112
	<u>5,446</u>	<u>610</u>	<u>6,056</u>
<b>Short term borrowings</b>			
Overdrafts	5,452	3,212	8,664
Revolving credits	0	1,500	1,500
Term loan	3,206	975	4,181
Hire-purchase and lease payables	953	0	953
	<u>9,611</u>	<u>5,687</u>	<u>15,298</u>
Total Borrowings	<u>15,057</u>	<u>6,297</u>	<u>21,354</u>

As at November 30, 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 January 20, 2006.



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**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 January 20, 2006.

**24 Dividend**

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

**25 Loss per share**

	<b>Current Year Quarter Ended 30/11/05</b>	<b>Preceding Year Quarter Ended 30/11/04</b>	<b>Current Year-To-Date Ended 30/11/05</b>	<b>Preceding Year-To-Date Ended 30/11/04</b>
Net loss for the period (RM'000)	(1,206)	(168)	(1675)	(572)
No of ordinary shares in issue ('000)	28,999	28,999	28,999	28,999
Basic loss per share (sen)	(4.16)	(0.58)	(5.78)	(1.97)



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**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 November 7, 2005, the Company's subsidiary company, Transocean Biotec (M) Sdn Bhd (TBM) had fully settled the outstanding total borrowings amounting to RM2,103,071.08 with Malayan Banking Berhad and is no longer categorized under Practice Note No. 1/2001.

By order of the Board  
Dated 24<sup>th</sup> day of January, 2006