



TRANSOCEAN HOLDINGS BHD

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

UNAUDITED INTERIM FINANCIAL REPORT FOR PERIOD ENDED MAY 31, 2006

Dated July 26, 2006



**INTERIM FINANCIAL REPORT
FINANCIAL YEAR 2006
Fourth Quarter ended May 31, 2006**

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TRANSOCEAN HOLDINGS BHD (36747-U)

INTERIM FINANCIAL REPORT FINANCIAL YEAR 2006 Fourth Quarter ended May 31, 2006

The Board of Directors is pleased to announce the Interim Financial Report on consolidated results of the Group for the Financial Year 2006, 4th Quarter ended May 31, 2006.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31/05/06 RM'000	Preceding Year Quarter Ended 31/05/05 RM'000	Current Year-To-Date Ended 31/05/06 RM'000	Preceding Year-To-Date Ended 31/05/05 RM'000
Revenue	10,179	11,292	43,832	43,799
Other operating income	41	157	278	373
Operating profit before impairment loss, depreciation and finance cost	874	978	2,622	4,293
Impairment loss	205	4	0	(755)
Depreciation & amortisation	(824)	(1,016)	(3,788)	(4,021)
Profit/(Loss) from operations	255	(34)	(1,166)	(483)
Finance cost	(449)	(490)	(1,739)	(2,063)
	(194)	(524)	(2,905)	(2,546)
Share of results of an Associate company	48	29	48	(51)
Loss before taxation	(146)	(495)	(2,857)	(2,597)
Taxation	(74)	37	(97)	42
Loss after taxation	(220)	(458)	(2,954)	(2,555)
Minority interest	0	(374)	(55)	68
Loss for the period	(220)	(832)	(3,009)	(2,487)
Loss per share (sen)				
- Basic	(0.76)	(2.87)	(10.38)	(8.58)
- 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
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CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited	Audited
	As At	As At
	31/05/06	31/05/05
	RM'000	RM'000
Property, plant and equipment	40,117	38,354
Land held for development	0	3,704
Investment in associated companies	202	130
Other investments	3	3
Goodwill on consolidation	728	831
Current Assets		
Trade receivables	7,322	7,065
Other receivables	1,341	1,144
Cash and bank balances	118	228
	8,781	8,437
Current Liabilities		
Short term borrowings	13,282	17,247
Trade payables	5,268	4,705
Other payables	2,965	2,979
Taxation	74	0
	21,589	24,931
Net current liabilities	(12,808)	(16,494)
	28,242	26,528
Share capital	28,999	28,999
Other reserve	5,396	0
Accumulated losses	(14,007)	(10,998)
Shareholders' equity	20,388	18,001
Minority interest	393	338
Long term borrowings	5,993	7,854
Deferred taxation	1,468	335
	28,242	26,528
Net assets per share (RM)	0.70	0.62

(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

	Share Capital RM'000	Non- Distributable Revaluation Reserve RM'000	Accumulated loss RM'000	Total Shareholders' Equity RM'000
As at June 1, 2005	28,999	0	(10,998)	18,001
Net loss for the year	0	0	(3,009)	(3,009)
Revaluation surplus on property	0	6,491	0	6,491
Deferred tax on revaluation surplus not recognized in Income Statement	0	(1,095)	0	(1,095)
Balance as at May 31, 2006	<u>28,999</u>	<u>5,396</u>	<u>(14,007)</u>	<u>20,388</u>
As at June 1, 2004	28,999	0	(8,511)	20,488
Net loss for the year	0	0	(2,487)	(2,487)
Balance as at May 31, 2005	<u>28,999</u>	<u>0</u>	<u>(10,998)</u>	<u>18,001</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)



TRANSOCEAN HOLDINGS BHD (36747-U)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Year-To- Date Ended 31/05/06 RM'000	Preceding Year-To- Date Ended 31/05/05 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(2,857)	(2,597)
Adjustment for :-		
Non-cash items	3,954	5,050
Non-operating items	1,678	1,952
Operating profit before working capital changes	2,775	4,405
Changes in working capital :-		
Net change in current assets	(375)	715
Net change in current liabilities	548	1,318
Cash generated from operations	2,948	6,438
Interest paid	(1,739)	(1,903)
Taxation (paid)/refunded	(161)	418
Net cash generated from operating activities	1,048	4,953
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(243)	(240)
Increase in development expenditure	0	(102)
Net dividend received	10	3
Proceeds from disposal of property, plant and equipment and development land	4,912	617
Net cash generated from investing activities	4,679	278
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of loans	0	0
Repayment of loans, hire-purchase and lease payables	(3,444)	(5,038)
Net cash used in financing activities	(3,444)	(5,038)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,283	193
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(10,016)	(10,209)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(7,733)	(10,016)
Cash and cash equivalents comprise :-		
Cash and bank balances	118	228
Bank overdrafts	(7,851)	(10,244)
	(7,733)	(10,016)

(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
Fourth Quarter ended May 31, 2006**

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 except for the adoption of the policy whereby revaluation of properties are made at least once in every five years based on a valuation by independent valuer on an open market value basis.

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 May 31, 2006.

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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Fourth Quarter ended May 31, 2006****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 carrying value of properties are based on valuation carried out in the current quarter under review by independent qualified valuers using the comparison method to reflect the fair value. Details of the 2006 independent professional valuations of the properties owned by the Group as at May 31, 2006 are as follows:

Valuers	Date of Valuation	Description of property	Valuation amount	Net book value	Basis of valuation
Raine & Horne International Zaki & Partners (Azmi Hj Omar)	March 2006	2 units of 1½-storey terrace factory (Leasehold expiring 2094)	700,000	689,252	Open market value
Raine & Horne International Zaki & Partners (Azmi Hj Omar)	March 2006	Commercial land with 7-storey purpose built office building with a basement car park (Freehold)	10,000,000	6,306,943	Open market value
Raine & Horne International Zaki & Partners (Azmi Hj Omar)	March 2006	Industrial land with a Bonded warehouse annexed with 5-storey office section (Freehold)	17,800,000	15,054,568	Open market value
Knight Frank Ooi & Zaharin Sdn Bhd (Kho Joo Hee)	May 2006	2-storey shop office (Freehold)	400,000	358,506	Open market value

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.



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11 Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter except that Transocean Freight Services Sdn Bhd, a subsidiary company has disposed off its investment in 60,000 ordinary shares of RM1.00 each, representing 24% equity interest in Throughfreight (JB) Sdn Bhd for a nominal value of RM1.00.

12 Contingent liabilities

Contingent liabilities of the Company as at July 21, 2006, other than material litigation as disclosed in Note 23, since the last annual balance sheet date comprise:-

	As at 21/07/06 RM'000	As at 31/05/05 RM'000
Guarantees in favour of financial institutions for securing borrowings granted to subsidiaries		
- secured	6,213	6,138
- unsecured	5,693	6,925
	<u>11,906</u>	<u>13,063</u>

13 Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial report as at May 31, 2006 is as follows :-

Approved and contracted for RM518,400



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NOTES TO THE INTERIM FINANCIAL REPORT

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

14 Review of performance

During the last quarter for financial year 2006, the Group recorded an operating profit before impairment cost, depreciation and finance cost of RM0.87 million (FY2005 RM0.98 million) on the back of a total revenue of RM10.18 million (FY2005, RM11.29 million). The Group's revenue decreased by 9.9% for the quarter under review as compared with the preceding year corresponding quarter. However, as a result of lower operating expenses, the operating profit margin increased marginally from 10.7% to 10.8%.

As a result of the reduction in the Group total borrowings from RM25.10 million in the preceding year corresponding quarter to RM19.28 million, the finance cost had decreased by 8.4% from RM0.49 million to RM0.45 million.

However, the Group recorded a loss before taxation amounted to RM0.15 million (FY2005 a loss of RM0.50 million) and overall net loss attributable to members was RM0.22 million as compared to a net loss of RM0.83 million recorded in the preceding year corresponding quarter.

15 Variation of results against preceding quarter

	Current Quarter 31/05/06 RM'000	Immediate Preceding Quarter 28/02/06 RM'000	Variation %
Gross revenue	10,179	9,423	7.6
Operating profit before impairment loss, depreciation and finance cost	874	308	183.8
Loss before taxation and results from associated company	(194)	(1,115)	(82.6)
Net loss attributable to members	(220)	(1,116)	(80.3)



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The Group's gross revenue increased during the quarter mainly due to the major holiday seasons in the last quarter. The revenue increased by 7.6% from RM9.42 million recorded in the immediate preceding quarter to RM10.2 million in the current quarter under review.

The operating profit before impairment loss and depreciation increased by 1.84 times due to increase in operating profit margin increased from 4.2% to 8.9%. The increase in the margin is mainly due to higher revenue generated over the same fixed operating cost.

16 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 financial year.

17 Profit forecast

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

18 Taxation

	Current Quarter 31/05/06 RM'000	Current Year-to-date 31/05/06 RM'000
Current year provision of taxation	72	83
Provision in prior year taxation	(8)	4
Deferred taxation	39	39
Share of taxation of associates	(29)	(29)
	<u>74</u>	<u>97</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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19 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 has been completed on May 19, 2006 and resulted in a gain in disposal amounting to RM2,883.92.

- 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.

The disposal has been completed on January 25, 2006 and the subsidiary company recorded a gain on disposal amounting to RM514,378.91. However, due to the recognition of the revaluation surplus at the Group level, the disposal has resulted in a loss on disposal amounting to RM105,747.27.



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20 Quoted Securities

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

21 Status of corporate proposal

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

22 Group borrowings and debt securities

Total Group borrowings as at May 31, 2006 were as follows :-

	Secured RM'000	Unsecured RM'000	Total RM'000
Long term borrowings			
Term loan	4,981	219	5,200
Hire-purchase and lease payables	793	0	793
	<u>5,774</u>	<u>219</u>	<u>5,993</u>
Short term borrowings			
Overdrafts	5,110	2,741	7,851
Revolving credits	0	1,500	1,500
Term loan	1,957	1,078	3,035
Hire-purchase and lease payables	896	0	896
	<u>7,963</u>	<u>5,319</u>	<u>13,282</u>
Total Borrowings	<u>13,737</u>	<u>5,538</u>	<u>19,275</u>

As at May 31, 2006, the Group does not have any exposure in borrowings and debt securities denominated in foreign currency.

23 Off balance sheet financial instruments

The Group does not have any financial instruments with off balance sheet risk as at July 21, 2006.

24 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 July 21, 2006.

25 Dividend

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



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26 Loss per share

	Current Year Quarter Ended 31/05/06	Preceding Year Quarter Ended 31/05/05	Current Year-To-Date Ended 31/05/06	Preceding Year-To-Date Ended 31/05/05
Net loss for the period (RM'000)	(220)	(832)	(3,009)	(2,487)
No of ordinary shares in issue ('000)	28,999	28,999	28,999	28,999
Basic loss per share (sen)	(0.76)	(2.87)	(10.38)	(8.58)



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NOTES TO THE INTERIM FINANCIAL REPORT

**SECTION C
ADDITIONAL DISCLOSURE**

27 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.

By order of the Board
Dated 26th day of July, 2006