



TRANSOCEAN HOLDINGS BHD

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

UNAUDITED INTERIM FINANCIAL REPORT FOR PERIOD ENDED AUGUST 31, 2006

Dated October 27, 2006



**INTERIM FINANCIAL REPORT
FINANCIAL YEAR 2007
First Quarter ended August 31, 2006**

CONTENTS

	<u>PAGE</u>
1) CONDENSED CONSOLIDATED INCOME STATEMENT	3
2) CONDENSED CONSOLIDATED BALANCE SHEET	4 – 5
3) CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	6
4) CONDENSED CONSOLIDATED CASH FLOW STATEMENT	7
5) NOTES TO THE INTERIM FINANCIAL REPORT	
SECTION A : DISCLOSURE NOTES AS REQUIRED UNDER FRS 134	8 – 12
SECTION B : DISCLOSURE NOTES AS REQUIRED UNDER BURSA MALAYSIA LISTING REQUIREMENTS	13 – 16
SECTION C : ADDITIONAL DISCLOSURE	17



TRANSOCEAN HOLDINGS BHD (36747-U)

INTERIM FINANCIAL REPORT FINANCIAL YEAR 2007 First Quarter ended August 31, 2006

The Board of Directors is pleased to announce the Interim Financial Report on consolidated results of the Group for the Financial Year 2007, 1st Quarter ended August 31, 2006.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31/08/06 RM'000	Preceding Year Quarter Ended 31/08/05 RM'000	Current Year-To-Date Ended 31/08/06 RM'000	Preceding Year-To-Date Ended 31/08/05 RM'000
Revenue	11,871	13,704	11,871	13,704
Other operating income	44	91	44	91
Operating profit before depreciation and finance cost	907	1,049	907	1,049
Depreciation & amortization	(778)	(998)	(778)	(998)
Profit from operations	129	51	129	51
Finance cost	(383)	(469)	(383)	(469)
	(254)	(418)	(254)	(418)
Share of profit of associate	31	18	31	18
Loss before taxation	(223)	(400)	(223)	(400)
Income tax expense	(57)	(11)	(57)	(11)
Loss for the period	(280)	(411)	(280)	(411)
Attributable to :				
Equity holders of the parent	(385)	(469)	(385)	(469)
Minority interest	105	58	105	58
	(280)	(411)	(280)	(411)
Loss per share attributable to equity holders of the parent :				
- Basic (sen)	(1.33)	(1.62)	(1.33)	(1.62)
- Diluted (sen)	-----	Not applicable	-----	-----

(The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended May 31, 2006 and the accompanying explanatory notes attached to the Interim Financial Report)

**INTERIM FINANCIAL REPORT
FINANCIAL YEAR 2007
First Quarter ended August 31, 2006****CONDENSED CONSOLIDATED BALANCE SHEET**

	Unaudited As At 31/08/06 RM'000	Audited As At 31/05/06 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	38,699	40,117
Investment property	700	0
Intangible assets	728	728
Investment in associates	208	177
Other investments	3	3
	<u>40,338</u>	<u>41,025</u>
Current Assets		
Trade receivables	6,815	7,301
Other receivables	791	828
Tax receivable	282	534
Cash and bank balances	131	118
	<u>8,019</u>	<u>8,781</u>
TOTAL ASSETS	<u>48,357</u>	<u>49,806</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	28,999	28,999
Other reserve	5,388	5,396
Accumulated losses	(14,407)	(14,033)
	<u>19,980</u>	<u>20,362</u>
Minority interest	498	393
Total equity	<u>20,478</u>	<u>20,755</u>
Liabilities		
Non-current liabilities		
Borrowings	5,697	4,662
Deferred tax liabilities	1,465	1,468
	<u>7,162</u>	<u>6,130</u>



TRANSOCEAN HOLDINGS BHD (36747-U)

INTERIM FINANCIAL REPORT FINANCIAL YEAR 2007 First Quarter ended August 31, 2006

Current liabilities		
Borrowings	12,726	14,613
Trade payables	5,286	5,269
Other payables	2,574	2,965
Tax payable	131	74
	<u>20,717</u>	<u>22,921</u>
Total liabilities	27,879	29,051
TOTAL EQUITY AND LIABILITIES	<u>48,357</u>	<u>49,806</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<u>0.69</u>	<u>0.70</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended May 31, 2006 and the accompanying explanatory notes attached to the Interim Financial Report)



TRANSOCEAN HOLDINGS BHD (36747-U)

INTERIM FINANCIAL REPORT FINANCIAL YEAR 2007 First Quarter ended August 31, 2006

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent					
	Share Capital	Non-distributable Other Reserve	Accumulated Loss	Shareholders' Equity	Minority Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at June 1, 2006	28,999	5,396	(14,033)	20,362	393	20,755
Effects on adopting FRS 140	0	(8)	11	3	0	3
Net loss for the period	0	0	(385)	(385)	105	(280)
Balance as at August , 2006	28,999	5,388	(14,407)	19,980	498	20,478
As at June 1, 2005	28,999	0	(10,998)	18,001	338	18,339
Net loss for the period	0	0	(469)	(469)	58	(411)
Balance as at August 31, 2005	28,999	0	(11,467)	17,532	396	17,928

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended May 31, 2006 and the accompanying explanatory notes attached to the Interim Financial Report)

**INTERIM FINANCIAL REPORT
FINANCIAL YEAR 2007
First Quarter ended August 31, 2006****CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	Current Year-To- Date Ended 31/08/06 RM'000	Preceding Year-To- Date Ended 31/08/05 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(223)	(400)
Adjustment for :-		
Non-cash items	799	1,023
Non-operating items	318	377
Operating profit before working capital changes	894	1,000
Changes in working capital :-		
Net change in current assets	502	(928)
Net change in current liabilities	(374)	875
Cash generated from operations	1,022	947
Interest paid	(383)	(469)
Taxation (paid)/refunded	256	(52)
Net cash generated from operating activities	895	426
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(46)	(17)
Net dividend received	10	10
Proceeds from disposal of property, plant and equipment	20	61
Net cash generated from/(used in) investing activities	(16)	54
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of loans	2,000	400
Repayment of loans, hire-purchase and lease payables	(2,430)	(1,020)
Net cash used in financing activities	(430)	(620)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	449	(140)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(7,733)	(10,016)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(7,284)	(10,156)
Cash and cash equivalents comprise :-		
Cash and bank balances	131	193
Bank overdrafts	(7,415)	(10,349)
	(7,284)	(10,156)

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended May 31, 2006 and the accompanying explanatory notes attached to the Interim Financial Report)



**INTERIM FINANCIAL REPORT
FINANCIAL YEAR 2007
First Quarter ended August 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 under the historical cost convention except for the revaluation of freehold land included within property, plant and equipment. Investment property is stated at fair value.

The Interim Financial Report is Unaudited and has been prepared in accordance with the requirement of 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, 2006. The explanatory notes attached to the Interim Financial Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended May 31, 2006.

2 Changes in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended May 31, 2006 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for financial period beginning June 1, 2006 :-

FRS 2	Share-based Payment
FRS 3	Business Combinations
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 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	Investment in Associates
FRS 131	Interest in Joint Ventures
FRS 132	Financial Instruments : Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property



**INTERIM FINANCIAL REPORT
FINANCIAL YEAR 2007
First Quarter ended August 31, 2006**

The adoption of FRS 108, 110, 116, 127, 128, 132 and 133 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are discussed below :-

- (a) FRS 3 : Business Combinations, FRS 136 : Impairment of Assets and FRS 138 : Intangible Assets

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138.

The adoption of these new FRSs has resulted in the Group ceasing annual goodwill amortization. Goodwill is carried at cost less accumulated impairment losses and is now tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognized in profit or loss and subsequent reversal is not allowed. Prior to June 1, 2006, goodwill was amortised on a straight-line basis over its estimated useful life of 20 years. This change in accounting policy has been accounted for prospectively for business combinations where the agreement date is on or after June 1, 2006. The transitional provisions of FRS 3, however, have required the Group to eliminate at June 1, 2006, the carrying amount of the accumulated amortization of RM2,050,057 against the carrying amount of goodwill. The carrying amount of goodwill as at June 1, 2006 of RM728,472 ceased to be amortised. This has the effect of reducing amortization charges by RM25,700 in the current quarter and in the financial period ended August 31, 2006 respectively. Other intangible assets of the Group with finite useful lives continue to be stated at cost less accumulated amortization and impairment losses.

Under FRS 3, any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and condition liabilities over cost of acquisitions (previously referred to as "negative goodwill"), after reassessment, is now recognized immediately in profit or loss.



**INTERIM FINANCIAL REPORT
FINANCIAL YEAR 2007
First Quarter ended August 31, 2006**

(b) FRS 101 : Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosure. In the Condensed Consolidated Balance Sheet, minority interests are now presented within total equity. In the Condensed Consolidate 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 Condensed Consolidate Statement of Changes in Equity. FRS 101 also requires disclosure, on the face of the Condensed Consolidated Statement of Changes in Equity, total recognized income and expense for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

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

(c) FRS 140 : Investment Property

The adoption of this new FRS has resulted in a change of accounting policy for investment properties. Investment properties are now stated at fair value, representing open-market value determined by external valuers. Gain or losses arising from changes in the fair values of investment properties are recognized in profit or loss in the period in which they arise. Prior to June 1, 2006, investment properties were stated at valuation. Revaluations were carried out at least once every five years and any revaluation increase is taken to equity as a revaluation surplus. In accordance with the transitional provisions of FRS 140, this change in accounting policy is applied prospectively and the comparatives as at May 31, 2006 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the Condensed Consolidated Balance Sheet as at June 1, 2006 :-

	As at June 1, 2006 RM'000
Decrease in revaluation reserve (included within other reserve)	8
Decrease in accumulated loss	(11)
Decrease in deferred tax liabilities	(3)



INTERIM FINANCIAL REPORT

FINANCIAL YEAR 2007

First Quarter ended August 31, 2006

- 3 Auditors' Report on preceding annual financial statements**
The auditors' report on the financial statements for the year ended May 31, 2006 was not subject to any qualification.
- 4 Segmental information**
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.
- 5 Unusual items due to their nature, size and incidence**
There were no unusual items affecting the Group's assets, liabilities, equity, net income or cash flows during the financial period ended August 31, 2006 except as disclosed in Note 2.
- 6 Changes in estimates**
There were no changes in estimates that have had a material effect in the current financial period results.
- 7 Comments about seasonal or cyclical factors**
The business operations of the Group are not materially affected by any seasonal or cyclical factors.
- 8 Dividends paid**
No dividend has been paid or declared by the Company since the end of the previous financial year.
- 9 Carrying amount of revalued assets**
The valuations of property, plant and equipment have been brought forward without amendment from the audited financial statements for the year ended May 31, 2006.
- 10 Debt and equity securities**
The Company has not issued nor repaid any debt and equity securities for the financial year to date.
- 11 Changes in the composition of the Group**
There were no changes in the composition of the Group during the current quarter under review.



**INTERIM FINANCIAL REPORT
FINANCIAL YEAR 2007
First Quarter ended August 31, 2006**

12 Capital commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the quarter under review is as follows :-

Approved and contracted for RM518,400

13 Changes in contingent liabilities and contingent assets

Contingent liabilities of the Company as at October 20, 2006, other than material litigation as disclosed in Note 23, since the last annual balance sheet date comprise:-

	As at 20/10/06 RM'000	As at 31/05/06 RM'000
Guarantees in favour of financial institutions for securing borrowings granted to subsidiaries		
- secured	6,231	6,409
- unsecured	5,366	5,605
	<u>11,597</u>	<u>12,014</u>

14 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.



**INTERIM FINANCIAL REPORT
FINANCIAL YEAR 2007
First Quarter ended August 31, 2006**

NOTES TO THE INTERIM FINANCIAL REPORT

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

15 Performance review

During the first quarter for financial year 2007, the Group recorded an operating profit before depreciation and finance cost of RM0.13 million (FY2006, RM0.05 million) on the back of a total revenue of RM11.87 million (FY2006, RM13.70 million). The Group's revenue decreased by 13.4% for the quarter under review as compared with the preceding year corresponding quarter. However, as a result of lower operating expenses and staff cost, the operating profit margin increased marginally from 9.07% to 9.67% an increase of 6.7%.

As a result of the reduction in the Group total borrowings from RM24.59 million in the preceding year corresponding quarter to RM18.42 million, the finance cost had decreased by 18.4% from RM0.47 million to RM0.38 million.

However, the Group recorded a loss before taxation amounted to RM0.22 million (FY2006, a loss of RM0.40 million) and overall net loss attributable to the equity holders of the parent was RM0.39 million as compared to a net loss of RM0.47 million recorded in the preceding year corresponding quarter.

16 Comment on material change in profit before taxation

	Current Quarter 31/08/06 RM'000	Immediate Preceding Quarter 31/05/06 RM'000	Variation %
Gross revenue	11,871	10,179	16.6
Operating profit before impairment loss, depreciation and finance cost	907	875	3.6
Loss before taxation and results from associated company	(254)	*(193)	31.6
Net loss attributable to equity holders of the parent	(385)	*(219)	75.8

**Included of the reversal of impairment loss amounted to RM0.21 million.*



**INTERIM FINANCIAL REPORT
FINANCIAL YEAR 2007
First Quarter ended August 31, 2006**

The Group’s gross revenue increased by 16.6% from RM10.18 million recorded in the immediate preceding quarter to RM11.9 million in the current quarter under review. The increase in revenue was mainly contributed to the increase in demand of logistics business of a few major customers and new customers.

The increase in operating profit margin from 8.9% to 9.7% resulted in an increase in operating profit before impairment loss and depreciation by 3.6% . The reduction in other operating cost and staff cost by 39.7% and 2.9% respectively also affect the increase in operating profit.

In the preceding immediate quarter, the Group has reversed an impairment loss amounted to RM0.21 million. Excluding the gain in the reversal of the impairment loss, the loss before taxation and the net loss attributable to the equity holders of the parent reduced by 36.2% and 9.2% respectively.

17 Commentary on prospects

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.

18 Profit forecast or profit guarantee

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

19 Income tax expense

	Current Quarter 31/08/06 RM'000	Current Year-to-date 31/08/06 RM'000
Current year provision of taxation	57	57
Provision in prior year taxation	0	0
Deferred taxation	0	0
Share of taxation of associates	0	0
	<u>57</u>	<u>57</u>

The effective rate of taxation of the Group is higher than the statutory rate of taxation principally due to losses of certain subsidiaries were not set off against profits made by other companies in the Group.



INTERIM FINANCIAL REPORT

FINANCIAL YEAR 2007

First Quarter ended August 31, 2006

20 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.

21 Quoted Securities

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

22 Corporate proposal

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

23 Borrowings

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

	Secured RM'000	Unsecured RM'000	Total RM'000
Long term borrowings			
Term loan	4,637	433	5,070
Hire-purchase and lease payables	627	0	627
	<u>5,264</u>	<u>433</u>	<u>5,697</u>
Short term borrowings			
Overdrafts	5,103	2,312	7,415
Term loan	3,379	1,109	4,487
Hire-purchase and lease payables	823	0	823
	<u>9,305</u>	<u>3,421</u>	<u>12,726</u>
Total Borrowings	<u>14,569</u>	<u>3,854</u>	<u>18,423</u>

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

24 Off balance sheet financial instruments

The Group does not have any financial instruments with off balance sheet risk as at October 20, 2006.

25 Changes in 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 20, 2006.



INTERIM FINANCIAL REPORT
FINANCIAL YEAR 2007
First Quarter ended August 31, 2006

26 Dividend payable

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

27 Loss per share

Basic loss per share amounts are calculated by dividing loss for the period attributable to ordinary equity holders of the parent by the weighted average number of shares in issue during the period.

	Current Year Quarter Ended 31/08/06	Preceding Year Quarter Ended 31/08/05	Current Year-To-Date Ended 31/08/06	Preceding Year-To-Date Ended 31/08/05
Loss attributable to ordinary equity holders of the parent (RM'000)	(385)	(469)	(385)	(469)
No of ordinary shares in issue ('000)	28,999	28,999	28,999	28,999
Basic loss per share (sen)	(1.33)	(1.62)	(1.33)	(1.62)

28 Authorisation for issue

The Interim Financial Report was authorized for issue by the Board of Directors in accordance with a resolution of the directors on October 27, 2006.



**INTERIM FINANCIAL REPORT
FINANCIAL YEAR 2007
First Quarter ended August 31, 2006**

NOTES TO THE INTERIM FINANCIAL REPORT

**SECTION C
ADDITIONAL DISCLOSURE**

29 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.

On September 28, 2006, the Company has appealed to Bursa Securities for another extension until November 30, 2006 to comply with the Listing Requirements. As at the date of this report, Bursa Securities has yet to reply to the Company's appeal.

There is no further development on the status of the Company's plan.

The Directors are pursuing this matter to ensure compliance with the requirement.

By order of the Board
Dated 27th day of October, 2006