



TRANSOCEAN HOLDINGS BHD

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

UNAUDITED INTERIM FINANCIAL REPORT FOR PERIOD ENDED FEBRUARY 28, 2007

Dated April 19, 2007



**INTERIM FINANCIAL REPORT
FINANCIAL YEAR 2007
Third Quarter ended February 28, 2007**

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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 2007, 3rd Quarter ended February 28, 2007.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 28/02/07 RM'000	Preceding Year Quarter Ended 28/02/06 RM'000	Current Year-To-Date Ended 28/02/07 RM'000	Preceding Year-To-Date Ended 28/02/06 RM'000
Revenue	8,565	9,423	32,399	33,653
Other operating income	87	102	174	236
Operating profit before depreciation and finance cost	844	308	2,560	1,748
Impairment loss	0	(59)	0	(205)
Depreciation & amortization	(775)	(972)	(2,331)	(2,964)
Profit/(Loss) from operations	69	(723)	229	(1,421)
Finance cost	(388)	(392)	(1,150)	(1,290)
	(319)	(1,115)	(921)	(2,711)
Share of profit/(loss) of associate	(7)	5	75	0
Loss before taxation	(326)	(1,110)	(846)	(2,711)
Income tax expense	25	(5)	(10)	(23)
Loss for the period	(301)	(1,115)	(856)	(2,734)
Attributable to :				
Equity holders of the parent	(343)	(1,116)	(1,053)	(2,789)
Minority interest	42	1	197	55
	(301)	(1,115)	(856)	(2,734)
Loss per share attributable to equity holders of the parent :				
- Basic (sen)	(1.18)	(3.85)	(3.63)	(9.62)
- 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)



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CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited	Audited
	As At	As At
	28/02/07	31/05/06
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	37,557	40,117
Investment property	700	0
Intangible assets	728	728
Investment in associates	252	177
Other investments	3	3
	<hr/> 39,240	<hr/> 41,025
Current Assets		
Trade receivables	5,771	7,301
Other receivables	1,072	1,362
Cash and bank balances	135	118
	<hr/> 6,978	<hr/> 8,781
	<hr/>	<hr/>
TOTAL ASSETS	<hr/> 46,218	<hr/> 49,806
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	(15,075)	(14,033)
	<hr/> 19,312	<hr/> 20,362
Minority interest	590	393
Total equity	<hr/> 19,902	<hr/> 20,755
Liabilities		
Non-current liabilities		
Borrowings	6,328	4,662
Deferred tax liabilities	1,465	1,468
	<hr/> 7,793	<hr/> 6,130



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Current liabilities

Borrowings	11,686	14,613
Trade payables	4,674	5,269
Other payables	2,115	2,965
Tax payable	48	74
	<u>18,523</u>	<u>22,921</u>

Total liabilities

26,316 **29,051**

TOTAL EQUITY AND LIABILITIES

46,218 **49,806**

Net assets per share attributable to ordinary equity holders of the parent (RM)

0.67 **0.70**

(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)



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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	(1,053)	(1,053)	197	(856)
Balance as at February 28, 2007	28,999	5,388	(15,075)	19,312	590	19,902
As at June 1, 2005	28,999	0	(10,998)	18,001	338	18,339
Net loss for the period	0	0	(2,789)	(2,789)	55	(2,734)
Balance as at February 28, 2006	28,999	0	(13,787)	15,212	393	15,605

(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)



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Year-To- Date Ended 28/02/07 RM'000	Preceding Year-To- Date Ended 28/02/06 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(846)	(2,711)
Adjustment for :-		
Non-cash items	2,403	3,196
Non-operating items	1,044	1,169
Operating profit before working capital changes	2,601	1,654
Changes in working capital :-		
Net change in current assets	1,411	106
Net change in current liabilities	(1,445)	207
Cash generated from operations	2,567	1,967
Interest paid	(1,150)	(1,290)
Taxation refunded/(paid)	306	(161)
Net cash generated from operating activities	1,723	516
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(184)	(52)
Net dividend received	10	10
Proceeds from disposal of property, plant and equipment	33	4,602
Net cash generated from/(used in) investing activities	(141)	4,560
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of loans	2,000	400
Repayment of loans, hire-purchase and lease payables	(3,206)	(3,397)
Net cash used in financing activities	(1,206)	(2,997)
NET INCREASE IN CASH AND CASH EQUIVALENTS	376	2,079
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(7,733)	(10,016)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(7,357)	(7,937)
Cash and cash equivalents comprise :-		
Cash and bank balances	135	214
Bank overdrafts (included within short term borrowings in Note 23)	(7,492)	(8,151)
	(7,357)	(7,937)

(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)



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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 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



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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 and RM77,100 in the current quarter and in the financial period ended February 28, 2007 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.



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(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)



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- 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 February 28, 2007 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.



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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 RM64,800

13 Changes in contingent liabilities and contingent assets

Contingent liabilities of the Company as at April 16, 2007, other than material litigation as disclosed in Note 23, since the last annual balance sheet date comprise:-

	As at 16/04/07 RM'000	As at 31/05/06 RM'000
Guarantees in favour of financial institutions for securing borrowings granted to subsidiaries		
- secured	6,138	6,409
- unsecured	5,140	5,605
	<u>11,278</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.



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NOTES TO THE INTERIM FINANCIAL REPORT

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

15 Performance review

During the third quarter for financial year 2007, the Group recorded an operating profit before depreciation and finance cost of RM0.84 million (FY2006, RM0.31 million) on the back of a total revenue of RM8.56 million (FY2006, RM9.42 million). The Group's revenue decreased by 9.1% 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 by 1.9 times from 4.17% to 12.1%.

Depreciation drop by 20.2% from RM0.97 million to RM0.77 million. And as the Group total borrowings reduced from RM20.02 million in the preceding year corresponding quarter to RM18.01 million, the finance cost had decreased marginally by 1.0%.

However, the Group has yet to turn-around and recorded a loss before taxation amounted to RM0.33 million (FY2006, a loss of RM1.11 million) and overall net loss attributable to the equity holders of the parent was RM0.34 million as compared to a net loss of RM1.12 million recorded in the preceding year corresponding quarter.

16 Comment on material change in profit before taxation

	Current Quarter 28/02/07 RM'000	Immediate Preceding Quarter 30/11/06 RM'000	Variation %
Gross revenue	8,565	11,963	(28.4%)
Operating profit before depreciation and finance cost	844	810	4.2%
Loss before taxation and results from associated company	(319)	(347)	(8.1%)
Net loss attributable to equity holders of the parent	(343)	(324)	5.9%



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The Group’s gross revenue reduced by 28.4% from RM11.96 million to RM8.57 million due to the holiday seasons in the current quarter.

Total expenses decreased by 30.8% and as a direct consequence of this reduction, the operating profit margin increased from 8.3% to 12.1%. The increase in the margin resulted an increase in the operating profit by 4.2% from RM0.81 million to RM0.84 million.

The increased in net loss attributable to equity holders of the parent by 5.9% was mainly due to the current quarter share of the associate company losses.

17 Commentary on prospects

The Group is continuing with the on going cost reduction programme and de-gearing exercise to transform itself into a leaner and efficient organization. In addition to cost reduction, the Group has also embarked a program to increase revenue and seeking a higher representation in the domestic market.

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 28/02/07 RM'000	Current Year-to-date 28/02/07 RM'000
Current year provision/(over provision) of taxation	(25)	48
Under Provision/(over provision) in prior year taxation	0	(38)
Deferred taxation	0	0
Share of taxation of associates	0	0
	<u>(25)</u>	<u>10</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.



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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 February 28, 2007 were as follows :-

	Secured RM'000	Unsecured RM'000	Total RM'000
Long term borrowings			
Term loan	4,878	340	5,218
Hire-purchase and lease payables	1,110	0	1,110
	<u>5,988</u>	<u>340</u>	<u>6,328</u>
Short term borrowings			
Overdrafts	5,155	2,337	7,492
Term loan	2,962	811	3,773
Hire-purchase and lease payables	421	0	421
	<u>8,538</u>	<u>3,148</u>	<u>11,686</u>
Total Borrowings	<u>14,526</u>	<u>3,488</u>	<u>18,014</u>

As at February 28, 2007, 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 April 16, 2007.

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 April 16, 2007.



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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 28/02/07	Preceding Year Quarter Ended 28/02/06	Current Year-To-Date Ended 28/02/07	Preceding Year-To-Date Ended 28/02/06
Loss attributable to ordinary equity holders of the parent (RM'000)	(343)	(1,116)	(1,053)	(2,789)
No of ordinary shares in issue ('000)	28,999	28,999	28,999	28,999
Basic loss per share (sen)	(1.18)	(3.85)	(3.63)	(9.62)

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 April 19, 2007.



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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 under-capitalised company as its paid-up share capital is RM29.00 million.

Bursa Malaysia Berhad had on November 28, 2006, suspended the trading in the securities of the Company and will commence de-listing procedures against the Company :-

- a) in the event that the Company fails to make the announcement on its regularisation plan to comply with Paragraph 8.16A of the Listing Requirements and submit it to the relevant authorities for approval upon the expiry of 6 months from the date of suspension;
- b) if the Company submits its regularisation plan to the relevant authorities within 6 months from the date of suspension but the Company fails to obtain the approval from any of the relevant authorities necessary for the implementation of its regularisation plan to comply with Paragraph 8.16A of the Listing Requirements;
or
- c) if the Company obtains the approval from the relevant authorities but the Company fails to implement its regularisation plan to comply with Paragraph 8.16A of the Listing Requirements within the time frame or extended time frame stipulated by the relevant authorities.

As at the date of this report, the Company has yet to submit its regularisation plan to the authorities.

By order of the Board
Dated 19th day of April, 2007