TranServ
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TRANSPORT SERVICES

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31 October 2005

Australian Stock Exchange Limited
Level 8, Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Sir,

Appendix 4C Quarterly Report for Quarter Ended 30 September 2005

Our Appendix 4C report is attached.

Revenue during the Quarter in respect of the WA depots accorded with budget but was affected by extensive poor weather preventing the undertaking of outside yard work. The Company has negotiated a lease on new premises that commences on the first of December and, will overcome the current limited undercover work space.

Salisbury's performance was below budget being adversely affected by a change of workshop management and terminations of senior technical staff resulting in inadequate numbers of technical staff being available during July and August. This caused low labour utilisation and severely limited chargeable hours. Recruiting during September has seen better labour utilisation and improved chargeable hours.

August saw the appointment of a dedicated Project Manager to review then oversee the set up training and implementation of the new Centralised Accounting System. The installation of the system enabled the Company to reduce the manning level of administration personnel at Salisbury by two. The training of WA staff on the new system began in September in preparation for an October start. As the system is bedded down in WA, similar staff savings to those experienced in Salisbury are expected.

Considerable effort was directed towards identifying and negotiating a potential acquisition to realise the Board's objective of increasing the Company's revenue base to more acceptable levels. Subject to receipt of approval from the Australian Securities and Investments Commission the Board has decided to postpone the Annual General Meeting until 21 December 2005, which is expected to be sufficient time to prepare explanatory material outlining the proposed transaction.

As announced in our letter dated 28 October 2005 the Board has accepted an offer from an existing shareholder to take a placement of 3,000,000 fully paid ordinary shares at an issue price of $0.05 to raise $150,000. The same shareholder has also made an additional offer to underwrite a further issue of up to 20,000,000 ordinary shares and options, again at an issue price of $0.05 to raise $1,000,000 before deduction of transaction costs.

The Board has made an in-principle decision to accept the underwriting offer and negotiations have commenced to work through the terms and format of the issue. However, because of the size of the share issue, it will be necessary to seek approval from shareholders in general meeting in accordance with the requirements of Listing Rule 7.1. It is expected that approval for the arrangement will be sought at the annual general meeting to be held on 21 December 2005.

Yours faithfully,
TranServ Australia Limited

Kim Gardner
Director