

TRANSAMERICA INCOME SHARES INC  
Form N-CSRS  
November 27, 2006

As filed with the SEC on November 27, 2006.

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-02273

TRANSAMERICA INCOME SHARES, INC.  
(Exact name of registrant as specified in charter)

570 Carillon Parkway, St. Petersburg, Florida  
(Address of principal executive offices)

33716  
(Zip code)

Dennis P. Gallagher, Esq. P.O. Box 9012, Clearwater, Florida 33758-9771  
(Name and address of agent for service)

Registrant's telephone number, including area code: (727) 299-1800

Date of fiscal year end: March 31

Date of reporting period: April 1, 2006 September 30, 2006

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden

Edgar Filing: TRANSAMERICA INCOME SHARES INC - Form N-CSRS

estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. §3507.

---

**Item 1: Report(s) to Shareholders.**

The Semi-Annual Report is attached.

---

**TRANSAMERICA INCOME SHARES, INC.**

**Semi-Annual Report**

**September 30, 2006**

---



**Transamerica Income Shares, Inc.****SCHEDULE OF INVESTMENTS**

At September 30, 2006

(all amounts except share amounts in thousands)

(unaudited)

	<i>Principal</i>	<i>Value</i>
<b>U.S. GOVERNMENT OBLIGATIONS (2.4%)</b>		
U.S. Treasury Bond		
5.38%, due 02/15/2031	\$ 1,600	\$ 1,728
U.S. Treasury Note		
4.50%, due 02/15/2036	1,708	1,637
<b>Total U.S. Government Obligations</b>		<b>3,365</b>
<b>(cost: \$3,299)</b>		
<b>CORPORATE DEBT SECURITIES (94.1%)</b>		
Aerospace (1.9%)		
Boeing Co. (The)		
8.75%, due 08/15/2021	2,000	2,642
Agriculture (1.1%)		
Michael Foods, Inc.		
8.00%, due 11/15/2013	1,500	1,530
Air Transportation (0.9%)		
FedEx Corp.		
9.65%, due 06/15/2012	1,000	1,204
Amusement & Recreation Services (1.4%)		
Harrah's Operating Co., Inc.		
5.50%, due 07/01/2010	1,000	985
Speedway Motorsports, Inc.		
6.75%, due 06/01/2013	1,000	990
Automotive (1.5%)		
DaimlerChrysler NA Holding Corp.		
8.50%, due 01/18/2031	1,337	1,589
General Motors Corp.		
7.13%, due 07/15/2013	500	439
Automotive Service Stations (0.3%)		
Petro Stopping Centers, LP / Petro Financial Corp.		
9.00%, due 02/15/2012	400	405

The notes to the financial statements are an integral part of this report.

**Transamerica Income Shares, Inc.****SCHEDULE OF INVESTMENTS**

At September 30, 2006

(all amounts except share amounts in thousands)

(unaudited)

	<i>Principal</i>	<i>Value</i>
<b>Beverages (0.5%)</b>		
Cia Brasileira de Bebidas		
8.75%, due 09/15/2013	\$ 660	\$ 761
<b>Business Credit Institutions (3.4%)</b>		
Pemex Finance, Ltd.		
9.03%, due 02/15/2011	4,410	4,732
<b>Business Services (1.8%)</b>		
Cardtronics, Inc. - 144A		
9.50%, due 08/15/2013	800	820
Hertz Corp. - 144A		
10.50%, due 01/01/2016	1,250	1,375
iPayment, Inc.,		
Senior Subordinated Note - 144A		
9.75%, due 05/15/2014	350	357
<b>Chemicals &amp; Allied Products (3.8%)</b>		
Cytec Industries, Inc.		
6.00%, due 10/01/2015	700	691
ICI Wilmington, Inc.		
4.38%, due 12/01/2008	3,400	3,323
IMC Global, Inc.		
10.88%, due 06/01/2008	475	506
Ineos Group Holdings PLC - 144A		
8.50%, due 02/15/2016	500	476
Reichhold Industries, Inc.,		
Senior Note - 144A		
9.00%, due 08/15/2014	300	296

The notes to the financial statements are an integral part of this report.

**Transamerica Income Shares, Inc.****SCHEDULE OF INVESTMENTS**

At September 30, 2006

(all amounts except share amounts in thousands)

(unaudited)

	<i>Principal</i>	<i>Value</i>
Commercial Banks (11.0%)		
ACE Cash Express, Inc., Senior Note - 144A		
10.25%, due 10/01/2014	\$ 70	\$ 71
Bank of America Corp. 7.80%, due 02/15/2010	2,250	2,429
Barclays Bank PLC 6.28%, due 12/15/2034(a)(b)	1,500	1,430
HBOS PLC - 144A 5.92%, due 10/01/2015(a)(b)	1,400	1,354
HSBC Capital Funding LP - 144A 10.18%, due 06/30/2030(a)(b)	1,500	2,205
HSBK Europe BV - 144A 7.75%, due 05/13/2013	500	509
Popular North America, Inc. 5.20%, due 12/12/2007	1,000	992
Shinsei Finance Cayman, Ltd. - 144A 6.42%, due 07/20/2016(a)(b)	1,000	993
Wachovia Capital Trust III 5.80%, due 03/15/2011(a)(b)	1,396	1,400
Wells Fargo & Co. 4.20%, due 01/15/2010	2,000	1,943
ZFS Finance USA Trust I - 144A 6.45%, due 12/15/2065(b)	2,000	1,978

The notes to the financial statements are an integral part of this report.



**Transamerica Income Shares, Inc.****SCHEDULE OF INVESTMENTS**

At September 30, 2006

(all amounts except share amounts in thousands)

(unaudited)

	<i>Principal</i>	<i>Value</i>
<b>Communication (7.5%)</b>		
Comcast Corp.		
7.05%, due 03/15/2033	\$ 2,050	\$ 2,195
Echostar DBS Corp. - 144A		
7.13%, due 02/01/2016	1,250	1,208
Intelsat Subsidiary Holding Co., Ltd.		
8.25%, due 01/15/2013	800	810
Kabel Deutschland Gmb H-144A		
10.63%, due 07/01/2014	1,000	1,073
News America Holdings		
9.25%, due 02/01/2013	3,985	4,711
XM Satellite Radio, Inc.		
9.75%, due 05/01/2014	450	430
<b>Department Stores (1.5%)</b>		
Bon Ton Department. Stores (The), Inc., Senior Note		
10.25%, due 03/15/2014	800	778
Neiman-Marcus Group, Inc.		
9.00%, due 10/15/2015	1,275	1,355
<b>Electric Services (5.5%)</b>		
AES Gener SA		
7.50%, due 03/25/2014	1,500	1,558
Dominion Resources, Inc.		
5.69%, due 05/15/2008	1,900	1,908
PSEG Funding Trust		
5.38%, due 11/16/2007	4,250	4,243
<b>Electronic Components &amp; Accessories (0.6%)</b>		
Sensata Technologies BV, Senior Note - 144A		
8.00%, due 05/01/2014	850	827

The notes to the financial statements are an integral part of this report.

**Transamerica Income Shares, Inc.****SCHEDULE OF INVESTMENTS**

At September 30, 2006

(all amounts except share amounts in thousands)

(unaudited)

	<i>Principal</i>	<i>Value</i>
Finance (0.2%)		
American Real Estate Partners, LP/American Real Estate Finance Corp. 7.13%, due 02/15/2013	\$ 350	\$ 348
Food & Kindred Products (1.5%)		
ConAgra Foods, Inc. 9.75%, due 03/01/2021	1,375	1,777
Nutro Products, Inc. - 144A 10.75%, due 04/15/2014	290	310
Food Stores (0.9%)		
Stater Brothers Holdings, Inc. 8.13%, due 06/15/2012	1,200	1,206
Gas Production & Distribution (3.6%)		
El Paso Corp. 7.63%, due 09/01/2008	1,000	1,024
Kinder Morgan Energy Partners, LP 7.75%, due 03/15/2032	1,500	1,711
Markwest Energy Part/Finance - 144A 8.50%, due 07/15/2016	275	277
Northwest Pipeline 9.00%, due 08/01/2022	175	180
Southern Union Co., Senior Note 6.15%, due 08/16/2008	1,800	1,812
Holding & Other Investment Offices (4.2%)		
Ameriprise Financial, Inc. 7.52%, due 06/01/2066(b)	2,000	2,145
Hospitality Properties Trust REIT 6.30%, due 06/15/2016	1,968	2,011
Hutchison Whampoa International, Ltd. - 144A 7.45%, due 11/24/2033	1,500	1,700

The notes to the financial statements are an integral part of this report.

**Transamerica Income Shares, Inc.****SCHEDULE OF INVESTMENTS**

At September 30, 2006

(all amounts except share amounts in thousands)

(unaudited)

	<i>Principal</i>	<i>Value</i>
<b>Hotels &amp; Other Lodging Places (5.0%)</b>		
Host Marriott, LP REIT		
7.13%, due 11/01/2013	\$ 1,500	\$ 1,519
Intrawest Corp.		
7.50%, due 10/15/2013	1,100	1,181
Park Place Entertainment Corp.		
7.00%, due 04/15/2013	1,500	1,542
Starwood Hotels & Resorts Worldwide, Inc.		
7.88%, due 05/01/2012	1,500	1,575
Station Casinos, Inc., Subordinated Note		
6.63%, due 03/15/2018	500	451
Wynn Las Vegas LLC/Wynn Las Vegas Capital Corp.		
6.63%, due 12/01/2014	800	776
<b>Industrial Machinery &amp; Equipment (1.1%)</b>		
Cummins Engine Co., Inc.		
5.65%, due 03/01/2098	2,000	1,561
<b>Instruments &amp; Related Products (0.2%)</b>		
Fisher Scientific International, Inc.		
6.13%, due 07/01/2015	350	347
<b>Insurance (2.1%)</b>		
Oil Insurance, Ltd. - 144A		
7.56%, due 06/30/2011(a)(b)	1,500	1,533
Reinsurance Group of America		
6.75%, due 12/15/2065(b)	1,400	1,362
<b>Legal Services (0.2%)</b>		
FTI Consulting, Inc., Senior Note - 144A		
7.75%, due 10/01/2016	300	303

The notes to the financial statements are an integral part of this report.

**Transamerica Income Shares, Inc.****SCHEDULE OF INVESTMENTS**

At September 30, 2006

(all amounts except share amounts in thousands)

(unaudited)

	<i>Principal</i>	<i>Value</i>
<b>Metal Mining (1.5%)</b>		
Barrick Gold Finance, Inc. 7.50%, due 05/01/2007	\$ 2,000	\$ 2,024
<b>Mortgage Bankers &amp; Brokers (4.5%)</b>		
Galaxy Entertainment Finance Co., Ltd., Senior Note - 144A 9.88%, due 12/15/2012	500	523
Glencore Funding LLC - 144A 6.00%, due 04/15/2014	1,500	1,442
ILFC E-Capital Trust II - 144A 6.25%, due 12/21/2065(b)	2,000	1,999
Innophos Investments Holdings, Inc. 13.41%, due 02/15/2015*	426	442
MUFG Capital Finance 1, Ltd. 6.35%, due 07/25/2016(a)(b)	750	756
Stripes Acquisition LLC/Susser Finance Corp. - 144A 10.63%, due 12/15/2013	1,000	1,065
<b>Motion Pictures (2.9%)</b>		
Time Warner, Inc. 9.13%, due 01/15/2013	3,500	4,078
<b>Oil &amp; Gas Extraction (2.6%)</b>		
Chesapeake Energy Corp. 6.88%, due 01/15/2016	1,500	1,466
Gazprom International SA - 144A 7.20%, due 02/01/2020	600	630
Occidental Petroleum Corp. 10.13%, due 09/15/2009	500	566
PetroHawk Energy Corp. - 144A 9.13%, due 07/15/2013	1,000	1,005

The notes to the financial statements are an integral part of this report.

**Transamerica Income Shares, Inc.****SCHEDULE OF INVESTMENTS**

At September 30, 2006

(all amounts except share amounts in thousands)

(unaudited)

	<i>Principal</i>	<i>Value</i>
<b>Paper &amp; Paper Products (1.6%)</b>		
Celulosa Arauco y Constitucion SA		
8.63%, due 08/15/2010	\$ 2,000	\$ 2,207
<b>Paperboard Containers &amp; Boxes (0.5%)</b>		
Graham Packaging Co., Inc.		
9.88%, due 10/15/2014	650	639
<b>Personal Credit Institutions (1.2%)</b>		
Ford Motor Credit Co.		
9.96%, due 04/15/2012*	1,100	1,151
General Motors Acceptance Corp.		
5.13%, due 05/09/2008	600	588
<b>Petroleum Refining (0.5%)</b>		
Enterprise Products Operating, LP		
8.38%, due 08/01/2066(b)	700	737
<b>Primary Metal Industries (0.6%)</b>		
PNA Group, Inc., Senior Note - 144A		
10.75%, due 09/01/2016	375	385
Texas Industries, Inc.		
7.25%, due 07/15/2013	500	500
<b>Printing &amp; Publishing (0.4%)</b>		
RH Donnelley Corp., Senior Note		
8.88%, due 01/15/2016	500	501
<b>Radio &amp; Television Broadcasting (4.7%)</b>		
Chancellor Media Corp.		
8.00%, due 11/01/2008	1,415	1,480
Univision Communications, Inc.		
7.85%, due 07/15/2011	1,950	1,939
Viacom, Inc., Senior Note - 144A		
6.25%, due 04/30/2016	3,100	3,073
<b>Real Estate (1.1%)</b>		