

**TAMCO CORPORATE HOLDINGS BERHAD**

(Incorporated in Malaysia)

(Company No : 6614-W)

**CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2005***THE FIGURES HAVE NOT BEEN AUDITED*

	Individual Quarter		Cumulative Quarter	
	31.08.2005 RM'000	31.08.2004 RM'000	31.08.2005 RM'000	31.08.2004 RM'000
Operating revenue	88,189	78,698	88,189	78,698
Cost of sales	<u>(71,861)</u>	<u>(61,374)</u>	<u>(71,861)</u>	<u>(61,374)</u>
Gross profit	16,328	17,324	16,328	17,324
Other operating income	1,222	244	1,222	244
Selling and distribution expenses	(8,343)	(6,726)	(8,343)	(6,726)
Administrative expenses	(6,765)	(4,190)	(6,765)	(4,190)
Other operating expenses	<u>(1,632)</u>	<u>(1,220)</u>	<u>(1,632)</u>	<u>(1,220)</u>
Profit from operations	810	5,432	810	5,432
Finance costs	<u>(2,157)</u>	<u>(1,873)</u>	<u>(2,157)</u>	<u>(1,873)</u>
Operating (loss)/profit	(1,347)	3,559	(1,347)	3,559
Share of results of associates	<u>-</u>	<u>(29)</u>	<u>-</u>	<u>(29)</u>
(Loss)/profit before taxation	(1,347)	3,530	(1,347)	3,530
Taxation	<u>(548)</u>	<u>(1,344)</u>	<u>(548)</u>	<u>(1,344)</u>
(Loss)/profit after taxation	(1,895)	2,186	(1,895)	2,186
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net (loss)/profit for the period attributable to shareholders	<u>(1,895)</u>	<u>2,186</u>	<u>(1,895)</u>	<u>2,186</u>
Earnings per share				
- basic (sen)	(0.73)	0.88	(0.73)	0.88
- diluted (sen)	N/A	N/A	N/A	N/A

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the financial year ended 31 May 2005 and the accompanying notes to the interim financial report

**TAMCO CORPORATE HOLDINGS BERHAD**

(Incorporated in Malaysia)

(Company No : 6614-W)

**CONDENSED CONSOLIDATED BALANCE SHEET  
AS AT 31 AUGUST 2005**

	<b>As at 31.08.2005 RM'000 (Unaudited)</b>	<b>As at 31.05.2005 RM'000 (Audited)</b>
<b>Non-current assets</b>		
Property, plant and equipment	57,741	58,526
Investment in associates	11,129	11,129
Intangible assets	9,035	10,023
Goodwill on consolidation	18,087	18,486
Deferred tax assets	1,046	1,040
<b>Current assets</b>		
Inventories	99,400	104,997
Trade receivables	139,112	134,031
Other receivables	13,876	11,696
Amount due from associates	183	183
Amount due from related companies	197	196
Short term deposits with licensed banks	16,319	13,355
Cash and bank balances	5,454	9,598
	<b>274,541</b>	<b>274,056</b>
<b>Current liabilities</b>		
Trade payables	65,217	62,409
Other payables	27,287	21,863
Amount due to immediate holding company	-	9
Amount due to associates	774	774
Amount due to related companies	360	484
Borrowings	82,907	71,293
Provision for taxation	39	48
	<b>176,584</b>	<b>156,880</b>
<b>Net current assets</b>	<b>97,957</b>	<b>117,176</b>
	<b>194,995</b>	<b>216,380</b>
<b>Financed by</b>		
Share capital	129,744	129,744
Reserves	564	1,635
Shareholders' funds	<b>130,308</b>	<b>131,379</b>
Minority Interest	47	47
Deferred tax liabilities	2,440	3,121
Retirement benefit obligations	1,064	1,100
Borrowings	61,136	80,733
	<b>194,995</b>	<b>216,380</b>
Net tangible assets per share (RM)	0.39	0.39

The Condensed Consolidated Balance Sheet should be read in conjunction  
with the audited financial statements for the financial year ended 31 May 2005  
and the accompanying notes to the interim financial report

**TAMCO CORPORATE HOLDINGS BERHAD**

(Incorporated in Malaysia)

(Company No : 6614-W)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2005***THE FIGURES HAVE NOT BEEN AUDITED*

	<b>Share capital RM'000</b>	<b>Non- distributable Translation reserve RM'000</b>	<b>Distributable Retained profits RM'000</b>	<b>Total RM'000</b>
<b>Financial quarter ended 31 August 2005</b>				
Balance as at 1 June 2005	129,744	(3,423)	5,058	131,379
Issued of shares	-	-	-	-
Currency translation differences	-	824	-	824
Net loss for the financial quarter	-	-	(1,895)	(1,895)
Balance as at 31 August 2005	<u>129,744</u>	<u>(2,599)</u>	<u>3,163</u>	<u>130,308</u>
<b>Financial quarter ended 31 August 2004</b>				
Balance as at 1 June 2004	112,244	(3,996)	22,337	130,585
Issued of shares	17,500	-	-	17,500
Currency translation differences	-	(309)	-	(309)
Net profit for the financial quarter	-	-	2,186	2,186
Balance as at 31 August 2004	<u>129,744</u>	<u>(4,305)</u>	<u>24,523</u>	<u>149,962</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 May 2005 and the accompanying notes to the interim financial report

# TAMCO CORPORATE HOLDINGS BERHAD

(Incorporated in Malaysia)

(Company No : 6614-W)

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2005

*THE FIGURES HAVE NOT BEEN AUDITED*

	Cumulative Quarter	
	31.08.2005	31.08.2004
	RM'000	RM'000
Net cash generated from / (used in) operating activities	9,824	(19,114)
Net cash used in investing activities	(625)	(599)
Net cash (used in) / generated from financing activities	(6,840)	7,795
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>2,359</b>	<b>(11,918)</b>
Cash and cash equivalents at beginning of financial year	12,122	29,837
Effects of exchange rate changes	(243)	(937)
<b>Cash and cash equivalents at end of financial year</b>	<b>14,238</b>	<b>16,982</b>
<b>The cash and cash equivalents comprise:</b>		
Cash and bank balances	5,454	5,796
Short term deposits with licensed banks	16,319	19,336
Bank overdrafts	(7,535)	(8,150)
	<b>14,238</b>	<b>16,982</b>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 May 2005 and the accompanying notes to the interim financial report



**TAMCO CORPORATE HOLDINGS BERHAD**  
(Incorporated in Malaysia)  
(Company No : 6614-W)

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2005**

**A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
PURSUANT TO FINANCIAL REPORTING STANDARD ("FRS") 134**

**1 Basis of preparation**

The interim financial report of Tamco Corporate Holdings Berhad ("Tamco") and its subsidiaries ("Group") is unaudited and has been prepared in accordance with the Financial Reporting Standards ("FRS") 134: Interim Financial Reporting and Chapter 7 Part VI of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market ("MESDAQ Listing Requirements").

The interim financial report of the Group should be read in conjunction with the audited financial statements for the financial year ended 31 May 2005. These 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 financial year ended 31 May 2005.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 May 2005.

**2 Auditors' report on preceding annual financial statements**

The auditors did not qualify the financial statements for the financial year ended 31 May 2005.

**3 Seasonality or cyclicity of interim operations**

The operations of the Group were not significantly affected by any seasonal and cyclical factors.

**4 Items of unusual nature and amount**

During the financial quarter ended 31 August 2005, there were no items affecting the assets, liabilities, equity, net income or cash flows of the Group that are unusual by reason of their nature, size or incidence.

**5 Changes in estimates**

There were no changes in estimates that have a material effect on the financial quarter ended 31 August 2005.

**6 Debts and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial quarter ended 31 August 2005.

**7 Dividends paid**

There was no dividend paid during the financial quarter ended 31 August 2005.

**8 Segmental information**

The consolidated revenue and results of the Group for the financial quarter ended 31 August 2005, analysed by business segments are as follows:

	<b>Manufacturing &amp; Design RM'000</b>	<b>Distribution RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<u>Financial quarter ended 31 August 2005</u>				
External sales	75,539	12,650	-	88,189
Inter-segment sales	4,431	260	(4,691)	-
Total revenue	<u>79,970</u>	<u>12,910</u>	<u>(4,691)</u>	<u>88,189</u>
Segment results	2,349	(1,166)	-	1,183
Amortisation of goodwill				(399)
Finance costs				(2,157)
Interest income				26
Share of results of associates				-
Loss before taxation				<u>(1,347)</u>
Taxation				(548)
Loss after taxation				<u>(1,895)</u>
Minority interest				-
Net loss attributable to shareholders				<u>(1,895)</u>

**8 Segmental information (continued)**

	<b>Manufacturing &amp; Design RM'000</b>	<b>Distribution RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<u>Financial quarter ended 31 August 2004</u>				
External sales	64,816	13,882	-	78,698
Inter-segment sales	8,186	231	(8,417)	-
Total revenue	<u>73,002</u>	<u>14,113</u>	<u>(8,417)</u>	<u>78,698</u>
Segment results	5,800	(48)	(78)	5,674
Amortisation of goodwill				(328)
Finance costs				(1,873)
Interest income				86
Share of results of associates				(29)
Profit before taxation				<u>3,530</u>
Taxation				(1,344)
Profit after taxation				<u>2,186</u>
Minority interest				-
Net profit attributable to shareholders				<u>2,186</u>

**9 Carrying amount of revalued assets**

The valuations of property, plant and equipment have been brought forward, without amendments, from the audited financial statements for the financial year ended 31 May 2005.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

**10 Subsequent events**

There were no material events subsequent to the end of the financial quarter ended 31 August 2005 up to the date of this report.

**11 Changes in composition of the Group**

There were no material changes in the composition of the Group for the financial quarter ended 31 August 2005, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings and discontinuing operations.

**12 Contingent liabilities**

The contingent liabilities of the Group as at 31 August 2005 are as follows:

Potential performance-based consideration of acquisitions (unsecured)	RM'000
	<u>16,700</u>

**B. ADDITIONAL INFORMATION REQUIRED BY THE MESDAQ LISTING REQUIREMENTS**

**13 Performance review for the current financial quarter against previous financial year corresponding quarter**

	GROUP		COMPANY	
	Quarter ended		Quarter ended	
	31-08-2005	31-08-2004	31-08-2005	31-08-2004
	RM'000	RM'000	RM'000	RM'000
Operating revenue	88,189	78,698	57,512	52,315
Profit from operations	810	5,432	3,227	6,047
Finance costs	(2,157)	(1,873)	(1,614)	(1,445)
Operating (loss)/profit	(1,347)	3,559	1,613	4,602
Share of results of associates	-	(29)	-	-
(Loss)/profit before taxation	(1,347)	3,530	1,613	4,602
Taxation	(548)	(1,344)	(503)	(1,301)
(Loss)/profit after taxation	(1,895)	2,186	1,110	3,301

The Group achieved an operating revenue of RM88.2 million for the financial quarter ended 31 August 2005, which represents an increase of 12% over the Group's operating revenue of RM78.7 million recorded in the previous financial year corresponding quarter.

Despite the higher operating revenue for the financial quarter ended 31 August 2005, the Group recorded a loss after taxation of RM1.9 million compared to a profit after taxation of RM2.2 million in the previous financial year corresponding quarter. Low profit margins from old contracts that were affected by the higher commodity prices continued to impair the Group's results for the financial quarter. However, the final deliveries for these contracts have been completed in the quarter. Moving forward, the management is confident that the Group's profit margin should improve when the new contracts under the revised pricing structure take full effects.

In addition, the inclusion of operating expenses of Decom Limited ("Decom"), which was acquired in November 2004, and the costs relating to re-commencement of Tamco Components Sdn Bhd (*formerly known as Tamco Industries Sdn Bhd*) ("Tamco Components"), amongst others have also increased the Group's operating expenses for the current financial quarter. Decom and Tamco Components are only expected to contribute positively to the earnings of the Group in the later part of the financial year.



**14 Material change in the profit after taxation for the current financial quarter as compared with immediate preceding financial quarter**

	GROUP		COMPANY	
	Quarter ended		Quarter ended	
	31-08-2005	31-05-2005	31-08-2005	31-05-2005
	RM'000	RM'000	RM'000	RM'000
Operating revenue	88,189	71,957	57,512	44,934
Operational profits (before provision for doubtful debts and inventories obsolesces and other non-recurring expenses)	810	362	3,227	3,661
Provision for doubtful debts	-	(783)	-	-
Provision for inventories obsolesces	-	(965)	-	(99)
Profit/(loss) from operations	810	(1,386)	3,227	3,562
Finance costs	(2,157)	(2,041)	(1,614)	(1,567)
Operating (loss)/profit	(1,347)	(3,427)	1,613	1,995
Share of results of associates	-	27	-	-
(Loss)/profit before taxation	(1,347)	(3,400)	1,613	1,995
Taxation	(548)	(5,048)	(503)	(972)
(Loss)/profit after taxation	(1,895)	(8,448)	1,110	1,023

The Group registered a loss after taxation of RM1.9 million for the financial quarter ended 31 August 2005 compared to a loss after taxation of RM8.4 million in the immediate preceding financial quarter. Losses in the preceding financial quarter were mainly due to higher provisions made for doubtful debts and inventories obsolescence, and the reversal of deferred tax asset of a subsidiary company.

**15 Prospects for the financial year**

The Board remains confident of the long-term prospects of the power industry and that of the Company. The Group has secured several major contracts from Malaysia, the Middle East & Australia and the order bank as at the date of this report is approximately RM350 million.

**16 Forecast profit and profit guarantee**

The Group has not entered into any scheme that requires it to present forecast results or guarantee any profits.

**17 Taxation**

	Individual Quarter		Cumulative Quarter	
	31.08.2005	31.08.2004	31.08.2005	31.08.2004
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Malaysian	1,140	1,365	1,140	1,365
Foreign	-	-	-	-
Deferred taxation:				
Relating to originating and reversal of temporary differences	(650)	(25)	(650)	(25)
Over provision in prior years	58	4	58	4
	<u>548</u>	<u>1,344</u>	<u>548</u>	<u>1,344</u>

The effective tax rates of the Group are disproportionate to the statutory tax rate mainly due to the absence of group relief for losses suffered by certain subsidiaries.

**18 Sale of unquoted investments and properties**

There were no disposals of unquoted investments and properties for the current financial quarter.

**19 Quoted securities**

There were no purchases or disposals of quoted securities for the current financial quarter. As at balance sheet date, the Group has no investment in quoted securities.

**20 Utilisation of proceeds**

On 29 June 2004, Tamco had issued 35,000,000 new ordinary shares of RM0.50 each ("Tamco Shares") to certain Bumiputera investors at an issue price of RM0.50 per Tamco Share ("Bumiputera Placement"). Tamco has utilised part of the proceeds of RM17.5 million from its Bumiputera Placement as follows:

	RM'million
Expenses incurred in relation to its listing exercise	1.5
Decom Acquisition <sup>(1)</sup>	<u>5.6</u> <sup>(2)</sup>
	<u>7.1</u>

**Notes:**

- (1) On 18 November 2004, the Company paid a sum of EUR800,000 (RM4.052 million) being 80% of the initial purchase price of EUR1.0 million upon the conditional completion of the said acquisition to the vendors of Decom and on 2 February 2005, the Company paid the balance 20% of EUR200,000 (RM1.0 million).
- (2) Inclusive of the expenses incurred in the Decom Acquisition amounting to RM0.548 million.

## 21 Status of corporate proposals

There were no corporate proposals announced by Tamco which are not completed as at the date of this report other than the discussion with a group of potential foreign strategic partners ("Strategic Partners") to subscribe for new ordinary shares in the Company as announced by the Company on 12 April 2005. As at the date of this report, the discussion is still in progress.

## 22 Group borrowings

Group borrowings denominated in their functional currencies are as follows:

	<b>As at 31.08.2005 RM'000</b>	<b>As at 31.05.2005 RM'000</b>
<b>Short term borrowings</b>		
Secured:		
Ringgit Malaysia	20,000	-
Unsecured:		
Ringgit Malaysia	28,975	36,384
US Dollar	12,320	13,294
Hong Kong Dollar	5,132	3,837
Singapore Dollar	1,205	1,806
Australia Dollar	10,603	11,190
Euro Dollar	4,672	4,782
	<u>82,907</u>	<u>71,293</u>
<b>Long term borrowings</b>		
Secured:		
Ringgit Malaysia	60,000	80,000
Unsecured:		
Ringgit Malaysia	882	463
Singapore Dollar	254	270
	<u>61,136</u>	<u>80,733</u>
	<u>144,043</u>	<u>152,026</u>

Note: Foreign currencies denominated borrowings are stated at Ringgit Malaysia equivalent as at the reporting dates stated above.

The Group is confident that it will be able to meet its financial obligations as and when they fall due.

## 23 Off balance sheet financial instruments

The Group does not have any off balance sheet financial instruments as at 31 August 2005.

**24 Material litigation**

**Tamco v 1. Sinaran Takhta Sdn Bhd 2. Zamri Bin Rahmat 3. Rashidah Binti Abd. Jalil (“Defendants”)**

This case relates to the recovery of debts due for goods delivered by Tamco amounting to RM4,027,612. Summary judgment was obtained against all the Defendants on 30 September 2002 for RM4,027,612 together with interest thereon at 1.5% per month from 16 January 2002.

Bankruptcy notices were filed against the Second and Third Defendants. The application by Second Defendant to set aside the bankruptcy notice against him was subsequently withdrawn with no order as to cost. An Application for Substituted Service was filed on 28 June 2005. There is no progress on this matter and the Company is currently awaiting extraction to serve the Creditors’ Petition.

**25 Dividends payable**

The Directors do not recommend the payment of any dividend for the current financial quarter ended 31 August 2005.

**26 Earnings per share**

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the net (loss)/profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the financial period.

	Individual Quarter		Cumulative Quarter	
	31.08.2005	31.08.2004	31.08.2005	31.08.2004
	RM'000	RM'000	RM'000	RM'000
Weighted average number of ordinary shares	259,488	248,075	259,488	248,075
Net profit/(loss) attributable to shareholders of the Company	(1,895)	2,186	(1,895)	2,186
Basic earnings/(loss) per share (sen)	(0.73)	0.88	(0.73)	0.88

(b) Fully diluted earnings per share

The Group has no potential ordinary shares in issue as at balance sheet date and therefore, diluted earnings per share have not been presented.

**BY ORDER OF THE BOARD**

Choo Se Eng  
 Stephen Geh Sim Whye  
 Secretaries  
 Petaling Jaya

28 October 2005