

TAMCO CORPORATE HOLDINGS BERHAD

(Incorporated in Malaysia)

(Company No : 6614-W)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2006***THE FIGURES HAVE NOT BEEN AUDITED*

	Individual Quarter		Cumulative Quarter	
	31.05.2006	31.05.2005	31.05.2006	31.05.2005
	RM'000	RM'000	RM'000	RM'000
Operating revenue	103,398	71,957	387,285	305,638
Cost of sales	<u>(79,531)</u>	<u>(58,844)</u>	<u>(303,972)</u>	<u>(247,492)</u>
Gross profit	23,867	13,113	83,313	58,146
Other operating income	(413)	3,156	3,687	4,261
Selling and distribution expenses	(8,507)	(8,779)	(31,664)	(30,186)
Administrative expenses	(5,839)	(7,047)	(24,712)	(20,653)
Other operating expenses	<u>(2,589)</u>	<u>(1,829)</u>	<u>(11,560)</u>	<u>(14,904)</u>
Profit/(loss) from operations	6,519	(1,386)	19,064	(3,336)
Finance costs	<u>(1,896)</u>	<u>(2,041)</u>	<u>(7,955)</u>	<u>(7,784)</u>
Operating profit/(loss)	4,623	(3,427)	11,109	(11,120)
Share of results of associates	<u>(203)</u>	<u>27</u>	<u>(287)</u>	<u>24</u>
Profit/(loss) before taxation	4,420	(3,400)	10,822	(11,096)
Taxation	<u>(1,376)</u>	<u>(5,048)</u>	<u>(4,995)</u>	<u>(6,233)</u>
Profit/(loss) after taxation	3,044	(8,448)	5,827	(17,329)
Minority interest	<u>257</u>	<u>50</u>	<u>681</u>	<u>50</u>
Net profit/(loss) for the period attributable to shareholders	<u><u>3,301</u></u>	<u><u>(8,398)</u></u>	<u><u>6,508</u></u>	<u><u>(17,279)</u></u>
Earnings per share				
- basic (sen)	1.27	(3.24)	2.51	(6.73)
- 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 MAY 2006

	As at 31.05.2006 RM'000 (Unaudited)	As at 31.05.2005 RM'000 (Audited)
Non-current assets		
Property, plant and equipment	56,102	58,526
Investment in associates	10,350	11,129
Intangible assets	9,098	10,023
Goodwill on consolidation	16,891	18,486
Deferred tax assets	363	1,040
Current assets		
Inventories	91,502	104,997
Trade receivables	158,833	134,031
Other receivables	13,905	11,696
Amount due from associates	495	183
Amount due from related companies	-	196
Short term deposits with licensed banks	32,665	13,355
Cash and bank balances	16,381	9,598
	313,781	274,056
Current liabilities		
Trade payables	81,981	62,409
Other payables	36,785	21,863
Amount due to immediate holding company	63	9
Amount due to associates	774	774
Amount due to related companies	146	484
Borrowings	81,402	71,293
Provision for taxation	1,908	48
	203,059	156,880
Net current assets	110,722	117,176
	203,526	216,380
Financed by		
Share capital	129,744	129,744
Reserves	8,439	1,635
Shareholders' funds	138,183	131,379
Minority Interest	49	47
Deferred tax liabilities	2,001	3,121
Retirement benefit obligations	1,861	1,100
Borrowings	61,431	80,733
	203,525	216,380
Net assets per share (RM)	0.53	0.51

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 MAY 2006***THE FIGURES HAVE NOT BEEN AUDITED*

	Share capital RM'000	Non- distributable Translation reserve RM'000	Distributable Retained profits RM'000	Total RM'000
Financial year ended 31 May 2006				
Balance as at 1 June 2005	129,744	(3,423)	5,058	131,379
Issued of shares	-	-	-	-
Currency translation differences	-	296	-	296
Net profit for the financial year	-	-	6,508	6,508
Balance as at 31 May 2006	<u>129,744</u>	<u>(3,127)</u>	<u>11,566</u>	<u>138,183</u>
Financial year ended 31 May 2005				
Balance as at 1 June 2004	112,244	(3,996)	22,337	130,585
Issued of shares	17,500	-	-	17,500
Currency translation differences	-	573	-	573
Net loss for the financial year	-	-	(17,279)	(17,279)
Balance as at 31 May 2005	<u>129,744</u>	<u>(3,423)</u>	<u>5,058</u>	<u>131,379</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)

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2006***THE FIGURES HAVE NOT BEEN AUDITED*

	Cumulative Quarters	
	31.05.2006	31.05.2005
	RM'000	RM'000
Cash flow from operating activities		
Profit/(loss) before taxation	10,822	(11,096)
Adjustments for:		
Depreciation of property, plant and equipment	6,127	5,862
Provision for retirement benefits	760	872
Amortisation of development expenditure	5,771	2,472
Amortisation of goodwill	1,595	1,593
Allowance for doubtful debts	202	1,443
Bad debts (recovered)/written off	(413)	5,956
Inventories written off	1,069	965
Interest expense	7,955	7,784
Interest income	(515)	(439)
(Gain)/loss on disposal of property, plant and equipment	23	(46)
Gain on dilution of interest in a subsidiary	694	-
Foreign exchange difference / translation adjustment	296	1,222
Share in results of associates	287	(24)
Operating profit before working capital changes	<u>34,673</u>	<u>16,564</u>
Inventories	12,426	(18,351)
Receivables	(27,805)	10,413
Payables	34,495	(1,684)
Associates	280	-
Holding, subsidiaries and related companies	<u>(678)</u>	<u>2,275</u>
Cash generated from operations	53,391	9,217
Income taxes paid	(2,574)	(3,790)
Retirement benefits paid	-	(571)
Development expenditure	<u>(4,999)</u>	<u>(4,013)</u>
Net cash generated from operating activities	<u>45,818</u>	<u>843</u>

TAMCO CORPORATE HOLDINGS BERHAD

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2006****(Continued)***THE FIGURES HAVE NOT BEEN AUDITED*

	Cumulative Quarters	
	31.05.2006	31.05.2005
	RM'000	RM'000
Cash flow from investing activities		
Interest received	515	439
Acquisition of a subsidiary, net of cash acquired	-	(5,294)
Investment in associates	616	(3,319)
Proceeds from disposal of property, plant and equipment	-	395
Purchase of property, plant and equipment	(3,504)	(5,041)
Net cash used in investing activities	(2,373)	(12,820)
Cash flow from financing activities		
Interest paid	(7,955)	(7,784)
Proceeds from issuance of shares	-	17,500
Repayment of hire purchase and finance lease	(734)	(858)
(Repayment)/drawdown of bank borrowings	(4,182)	(14,368)
Net cash used in financing activities	(12,871)	(5,510)
Net change in cash and cash equivalents	30,574	(17,487)
Cash and cash equivalents at beginning of financial year	12,122	29,837
Effects of exchange rate changes	226	(228)
Cash and cash equivalents at end of financial year	<u>42,922</u>	<u>12,122</u>
The cash and cash equivalents comprise:		
Cash and bank balances	32,665	9,598
Short term deposits with licensed banks	16,381	13,355
Bank overdrafts	(6,124)	(10,831)
	<u>42,922</u>	<u>12,122</u>

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 MAY 2006**

**A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
PURSUANT TO FINANCIAL REPORTING STANDARD ("FRS") 134₂₀₀₄**

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") 134₂₀₀₄: Interim Financial Reporting and Rule 9.22(b) 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

During the financial year and quarter ended 31 May 2006, 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 year and quarter ended 31 May 2006, 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 year and quarter ended 31 May 2006.

6 Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt securities and equity securities during the financial year and quarter ended 31 May 2006.

7 Dividends paid

There was no dividend paid during the financial year and quarter ended 31 May 2006.

8 Segmental information

The consolidated revenue and results of the Group for the financial year ended 31 May 2006, analysed by business segments are as follows:

	Manufacturing & Design RM'000	Distribution RM'000	Elimination RM'000	Consolidated RM'000
<u>Financial year ended 31 May 2006</u>				
External sales	327,873	59,412	-	387,285
Inter-segment sales	31,909	2,932	(34,841)	-
Total revenue	<u>359,782</u>	<u>62,344</u>	<u>(34,841)</u>	<u>387,285</u>
Segment results	21,491	(1,347)	-	20,144
Amortisation of goodwill				(1,595)
Finance costs				(7,955)
Interest income				515
Share of results of associates				(287)
Profit before taxation				<u>10,822</u>
Taxation				(4,995)
Profit after taxation				<u>5,827</u>
Minority interest				681
Net profit attributable to shareholders				<u><u>6,508</u></u>

8 Segmental information (continued)

	Manufacturing & Design RM'000	Distribution RM'000	Elimination RM'000	Consolidated RM'000
<u>Financial year ended 31 May 2005</u>				
External sales	245,313	60,325	-	305,638
Inter-segment sales	39,651	1,696	(41,347)	-
Total revenue	<u>284,964</u>	<u>62,021</u>	<u>(41,347)</u>	<u>305,638</u>
Segment results	742	(3,080)	156	(2,182)
Amortisation of goodwill				(1,593)
Finance costs				(7,784)
Interest income				439
Share of results of associates				<u>24</u>
Loss before taxation				(11,096)
Taxation				<u>(6,233)</u>
Loss after taxation				(17,329)
Minority interest				<u>50</u>
Net loss attributable to shareholders				<u>(17,279)</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 May 2006 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 year and quarter ended 31 May 2006, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings and discontinuing operations except for the disposal of the entire 20% equity interest in Etah Shanghai Electric Co. Ltd ("Etah"). Etah was an associated company of Tamco Shanghai Switchgear, a wholly-owned subsidiary of the Company.

12 Contingent liabilities

The contingent liabilities of the Group as at 31 May 2006 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

1 Performance review for the current financial year against previous financial year

During the current financial year ended 31 May 2006, the Group operating revenue increased by 26.7% to RM387.3 million from RM305.6 million in the previous financial year. The Group also recorded a profit after taxation and minority interest of RM6.5 million compared to a loss after taxation and minority interest of RM17.3 million in the previous financial year. Higher operating revenue coupled with improved profit margins sustained since the second financial quarter has enabled the Group to achieve positive results in the current financial year.

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

In the fourth financial quarter, the Group operating revenue continued to register a quarter-on-quarter increase of 5.3% to RM103.4 million from RM98.2 million in the third financial quarter. Profit after taxation and minority interest continued to improve in tandem with the higher operating revenue. Fourth financial quarter profit after taxation and minority interest increased by 26.9% to RM3.3 million from RM2.6 million in the third financial quarter with better contribution from the Group's core activities.

3 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 and Australia. The order bank as at the date of this report is approximately RM320 million.

4 Forecast profit and profit guarantee

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

5 Taxation

	Individual Quarter		Cumulative Quarter	
	31.05.2006 RM'000	31.05.2005 RM'000	31.05.2006 RM'000	31.05.2005 RM'000
Income tax:				
Malaysian	1,133	146	5,410	2,201
Foreign	269	-	269	-
Over/(under) provision in prior years				
Malaysian	-	597	38	597
Foreign	-	-	-	-
Deferred taxation:				
Relating to originating and reversal of temporary differences	189	4,386	(1,100)	3,516
Under provision in prior years	(215)	(81)	378	(81)
	<u>1,376</u>	<u>5,048</u>	<u>4,995</u>	<u>6,233</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.

6 Sale of unquoted investments and properties

There were no disposals of unquoted investments and properties for the current financial year ended 31 May 2006 except for the disposal of the entire 20% equity interest in Etah as disclosed in Note A.11 above for cash consideration of RM0.6 million. The disposal did not result in any gain or loss as the investment was disposed at its book value.

Tamco Shanghai Switchgear Co. Ltd ("TSS"), a wholly-owned subsidiary, has entered into an agreement with Wujing Town Development Office ("WTDO") to relocate its plant to a new premise. TSS would receive Chinese Renminbi ("CNY") 26 million (or approximately RM11.7 million based on exchange rate of CNY2.2115 : RM1.00) as compensation for the relocation that is expected to complete by 31 December 2006. The net book value of the properties, plant and equipment concerned is CNY17 million (or approximately RM7.6 million based on exchange rate of CNY2.2115 : RM1.00).

7 Quoted securities

There were no purchases or disposals of quoted securities for the financial year and quarter ended 31 May 2006. As at balance sheet date, the Group has no investment in quoted securities.

8 Utilisation of proceeds

On 29 June 2004, the Company had issued 35,000,000 new Tamco Shares to certain Bumiputera investors approved by the Ministry of International Trade and Industry at an issue price of RM0.50 per Tamco Share ("Bumiputera Placement"). The Company has utilised/ plans to utilise the gross proceeds of RM17.5 million from its Bumiputera Placement in the following manner:

Purpose/ Explanation	Proposed Utilisation RM 000	Actual Utilisation RM 000	Deviation RM 000	%
(i) Acquisition of additional businesses in switchgear and power technology to expand the range of product offerings of Tamco Group	16,000	^{(1),(2)} 5,600	^{(3),(4)} (10,400)	65.0
(ii) Estimated listing expenses	1,500	1,500	-	-
Total	17,500	7,100	(10,400)	59.4

Notes:

(1) On 6 September 2004, the Company had entered into a conditional sale and purchase agreement ("SPA") with Klaus Bodenstein, Heinz Dieter Max Franz Juette and Guenter Leonhardt to acquire 600,000 ordinary shares of HKD 1.00 each in Decom representing 60% equity interest of the issued and fully paid-up share capital of Decom for a total cash consideration of up to EUR4.6 million (approximately RM21.5 million based on the exchange rate of RM4.67:EUR1.00), subject to the terms and conditions of the SPA ("Decom Acquisition"). The first tranche of the transaction was completed on 18 November 2004.

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 Decom Acquisition to the vendors of Decom and on 2 February 2005, the Company paid the balance of EUR200,000 (RM1.0 million), being 20% of the initial purchase price of EUR1.0 million.

(2) Inclusive of the expenses incurred in the Decom Acquisition amounting to RM0.548 million.

(3) The balance of the gross proceeds amounting to RM10.4 million will be utilised to part finance the balance of the Decom Acquisition based on milestones stipulated in the SPA.

(4) Tamco had disclosed in its Prospectus dated 1 July 2004 ("Prospectus") that they expect to utilise the proceeds from the Bumiputera Placement by mid-2007 (i.e. over the next three (3) years from the date of the Prospectus). Where applicable, the Company will seek an extension of time to fully utilise the proceeds from the Bumiputera Placement, from the relevant authorities.

9 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.

10 Group borrowings

Group borrowings denominated in their functional currencies are as follows:

	As at 31.05.2006 RM'000	As at 31.05.2005 RM'000
Short term borrowings		
Secured:		
Ringgit Malaysia	20,000	-
Unsecured:		
Ringgit Malaysia	31,725	36,384
US Dollar	10,151	13,294
Hong Kong Dollar	6,715	3,837
Singapore Dollar	39	1,806
Australia Dollar	7,076	11,190
Euro Dollar	5,696	4,782
	<u>81,402</u>	<u>71,293</u>
Long term borrowings		
Secured:		
Ringgit Malaysia	60,000	80,000
Unsecured:		
Ringgit Malaysia	1,199	463
Singapore Dollar	232	270
	<u>61,431</u>	<u>80,733</u>
	<u>142,833</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.

11 Off balance sheet financial instruments

The Group does not have any off balance sheet financial instruments as at the balance sheet date.

12 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. The Third Defendant has been made a bankrupt.

13 Dividends payable

The Directors do not recommend the payment of any dividend for the current financial year and quarter ended 31 May 2006.

14 Earnings per share

(a) Basic earnings per share

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

	Individual Quarter		Cumulative Quarter	
	31.05.2006	31.05.2005	31.05.2006	31.05.2005
Weighted average number of ordinary shares ('000)	259,488	259,488	259,488	256,619
Net profit/(loss) attributable to shareholders of the Company (RM'000)	3,301	(8,398)	6,508	(17,279)
Basic earnings/(loss) per share (sen)	1.27	(3.24)	2.51	(6.73)

(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 July 2006