

# TANJONG public limited company

(Incorporated in England 1926 – No. 210874)  
(Registered as a foreign company in Malaysia – No. 990903-V)

## QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2005

### Condensed Group Income Statement

<i>in RM'000</i>	Note	3 months ended	
		30-Apr-05	30-Apr-04
		(Unaudited)	
Revenue	8	844,389	703,619
Operating costs		(693,105)	(559,742)
Operating profit	8	151,284	143,877
Share of operating results in joint venture and associate		1,096	951
Operating profit after share of joint venture and associate		152,380	144,828
Interest income		10,445	7,937
Interest expense		(32,459)	(30,456)
Net Investment income/(charge)		(3,312)	(1,228)
Net interest expense and investment charge		(25,326)	(23,747)
Profit on ordinary activities before taxation		127,054	121,081
Taxation	18	(45,385)	(35,994)
Profit on ordinary activities after taxation		81,669	85,087
Attributable to:			
Tanjong's shareholders		84,085	83,349
Minority interests		(2,416)	1,738
		81,669	85,087
Earnings per share (sen)	26		
- Basic		20.9	21.0
- Diluted		20.9	20.9

***The condensed group income statement should be read in conjunction with the Part A explanatory Note 1 of this quarterly report.***

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## QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2005

### Condensed Group Balance Sheet

<i>in RM'000</i>	As at 30-Apr-05 (Unaudited)	As at 31-Jan-05 (Unaudited)
<b>Non-current assets</b>		
Intangible assets	48,307	49,251
Property, plant and equipment	2,968,872	3,002,471
Investment property	470,000	470,000
Investments in joint ventures and associates	34,282	35,408
Available for sale investments	189,198	185,007
<b>Current assets</b>		
Stocks	109,952	119,261
Debtors	351,791	309,924
Current asset investments	254,513	269,651
Short term placements	1,197,448	1,140,767
Cash at bank and in hand	20,491	36,359
	<u>1,934,195</u>	<u>1,875,962</u>
<b>Current liabilities</b>		
Creditors	315,796	365,646
Short term borrowings	386,445	378,064
Taxation	22,631	16,662
	<u>724,872</u>	<u>760,372</u>
<b>Net current assets</b>	1,209,323	1,115,590
<b>Non-current liabilities</b>		
Borrowings and other non-current liabilities	1,848,350	1,848,476
Deferred taxation	417,970	406,915
	<u>2,266,320</u>	<u>2,255,391</u>
<b>Net assets</b>	<u>2,653,662</u>	<u>2,602,336</u>
<b>Shareholders' equity</b>		
Paid up share capital	146,107	146,107
Share premium account	240,808	240,808
Revaluation reserve	78,065	78,065
Retained earnings	2,068,141	2,018,837
Total shareholders' equity	<u>2,533,121</u>	<u>2,483,817</u>
Minority interests in equity	120,541	118,519
<b>Total equity</b>	<u>2,653,662</u>	<u>2,602,336</u>
Net Tangible Assets per share (RM)	<u>6.16</u>	<u>6.04</u>

*The condensed group balance sheet should be read in conjunction with the Part A explanatory Note 1 of this quarterly report.*

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## QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2005

### Condensed Group Cash Flow Statement

<i>in RM'000</i>	3 months ended	
	30-Apr-05 (Unaudited)	30-Apr-04 (Unaudited)
<b>Operating activities</b>		
Reconciliation of operating profit to operating cash flows:		
Operating profit	151,284	143,877
Depreciation & amortisation	61,664	47,966
Adjustment for other non-cash items	(110)	244
	<u>212,838</u>	<u>192,087</u>
Changes in working capital	(50,966)	(41,764)
<i>Cash from operations</i>	<u>161,872</u>	<u>150,323</u>
Dividend received	430	127
Interest paid	(44,926)	(45,374)
Interest received	10,665	8,028
Malaysian and other taxes paid	(28,935)	(24,740)
Net cash inflow from operating activities	<u>99,106</u>	<u>88,364</u>
<b>Investing activities</b>		
Capital expenditure	(34,704)	(2,769)
Acquisition and construction of a resort	(8,868)	(100,553)
Net (investment in)/repayment from joint ventures	(4,148)	17,259
Investments in associates	-	(3)
Disposal/(Purchase) of available for sale investments	21	(182)
Purchase of current asset investments	(36,618)	(48,016)
Disposal of current asset investments	47,053	14,162
Sales proceeds from disposal of an associate	4,295	-
Net cash outflow from investing activities	<u>(32,969)</u>	<u>(120,102)</u>
<b>Financing activities</b>		
Issue of ordinary shares	-	23,978
Proceeds from borrowings	9,929	88,498
Dividends paid to shareholders	(34,841)	(71,729)
Advances from minority interests	-	3,945
Net cash (outflow)/inflow from financing activities	<u>(24,912)</u>	<u>44,692</u>
<b>Increase in cash and cash equivalents</b>	<b>41,225</b>	<b>12,954</b>
<b>Currency translation differences</b>	<b>(412)</b>	<b>(671)</b>
<b>Cash and cash equivalents</b>		
- at start of the year	1,177,126	1,035,296
- at end of the period	<u>1,217,939</u>	<u>1,047,579</u>

*The condensed group cash flow statement should be read in conjunction with the Part A explanatory Note 1 of this quarterly report.*

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## QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2005

### Condensed Group Statement of Changes in Equity

<i>in RM'000</i>	Attributable to Equity Holders of Company				Minority Interests	Total Equity	
	Share Capital	Share Premium	Revaluation Reserve	Retained Earnings		30-Apr-05 (Unaudited)	30-Apr-04 (Unaudited)
Balance brought forward as at 1 Feb	146,107	240,808	78,065	2,018,837	118,519	<b>2,602,336</b>	2,318,915
Movements during the period:							
Net profit for the period	-	-	-	84,085	(2,416)	<b>81,669</b>	85,087
Issuance of shares arising from exercise of share options	-	-	-	-	-	-	23,978
Dividends	-	-	-	(34,841)	-	<b>(34,841)</b>	(71,285)
Dividend entitlements for new shares issued between declaration and book closure date	-	-	-	-	-	-	(445)
Exchange differences on foreign currency net investments	-	-	-	60	-	<b>60</b>	711
Minority interest equity contribution	-	-	-	-	-	-	3,946
Minority interest share of loss set off against the profit participating loan	-	-	-	-	4,438	<b>4,438</b>	-
Balance carried forward as at 30 Apr	<u>146,107</u>	<u>240,808</u>	<u>78,065</u>	<u>2,068,141</u>	<u>120,541</u>	<b><u>2,653,662</u></b>	<u>2,360,907</u>

*The condensed group statement of changes in equity should be read in conjunction with the Part A explanatory Note 1 of this quarterly report.*

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## QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2005

### **Part A Explanatory notes in compliance with reporting requirements of FRS 134 - Interim Financial Reporting**

#### **1. Basis of preparation**

The Quarterly Report has been prepared in accordance with the reporting requirements outlined in *Financial Reporting Standard (FRS) 134 - "Interim Financial Reporting"* (formerly known as Malaysian Accounting Standards Board Standard No. 26) and Paragraph 9.22 of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements and should be read in conjunction with the Group's annual audited financial statements for the year ended 31 January 2005.

Following changes in reporting regulations in United Kingdom ("UK"), companies incorporated under UK Companies Act 1985, are now required to prepare and present audited financial statements in accordance with International Financial Reporting Standards ("IFRS") for all accounting periods beginning on or after 1 January 2005. These interim financial statements have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements (i.e. June 2005). The IFRS standards and IFRIC interpretations that will be applicable at 31 January 2006 including those that will be applicable on an optional basis, are not known with certainty at the time of preparing these interim financial statements.

As permitted under *IFRS 1 – First Time Adoption of IFRS*, fair value adjustments arising from the acquisition of Powertek have not been restated retrospectively as these adjustments are considered to be representative of the underlying value of the assets and liabilities acquired. In addition, the Group has made use of the exemption available under IFRS 1 to only apply IAS 32 - "Financial Instruments: Disclosure and Presentation" and IAS 39 - "Financial Instruments: Recognition and Measurement" from 1 January 2005.

The adoption of IFRS has resulted in a reduction in Profit after tax for the current quarter amounting to RM2.3 million (corresponding quarter – RM1.9 million increase in Profit after tax). The financial impact of the other changes to the Group's accounting policies is disclosed in Note 27.

#### **2. Qualification of preceding annual financial statements**

There was no audit qualification to the preceding annual audited financial statements of the Group.

#### **3. Seasonal / cyclical factors**

The principal business operations of the Group are not materially affected by seasonal or cyclical factors.

#### **4. Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the period under review.

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### Part A Explanatory notes in compliance with reporting requirements of FRS 134 - Interim Financial Reporting

#### 5. Material changes in estimates of amounts reported

There were no material changes in estimates of amounts reported in the prior financial year.

#### 6. Movements in debt and equity securities

##### 6.1 *Issuance and repayment of debt securities*

There was no issuance or repayment of debt securities for the quarter under review.

##### 6.2 *Issuance of equity securities*

There was no issuance of equity securities for the quarter under review.

#### 7. Dividend paid

	<b>Gross per ordinary share</b>	<b>Paid on</b>
Fourth interim dividend for FY 31 January 2005	12.0 sen	29 April 2005

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### Part A Explanatory notes in compliance with reporting requirements of FRS 134 - Interim Financial Reporting

#### 8. Segmental results

<i>in RM' 000</i>	3 months ended 30-Apr-05		3 months ended 30-Apr-04	
	Turnover	Operating profit/(loss)	Turnover	Operating profit/(loss)
Power Generation	277,362	99,797	268,978	110,383
Numbers Forecast Operations ("NFO")	512,063	58,872	415,649	27,924
Racing Totalisator Operations ("RTO")	4,610	(3,498)	4,918	391
Property Investment	13,860	10,015	12,086	7,470
Liquefied Petroleum Gas ("LPG")	7,249	(163)	4,185	(869)
Leisure:				
Cinema Exhibition - joint venture	18,135	1,227	15,677	799
Tropical Islands Resort	32,254	(16,048)	-	(493)
	50,389	(14,821)	15,677	306
<b>Segment totals</b>	<b>865,533</b>	<b>150,202</b>	<b>721,493</b>	<b>145,605</b>
Less:				
Inter-segment elimination	(3,009)		(2,197)	
Reclassification of results of joint venture	(18,135)	(1,227)	(15,677)	(799)
Non-segmental income/(expenditure)		2,309		(929)
	<b>844,389</b>	<b>151,284</b>	<b>703,619</b>	<b>143,877</b>

All business segments are located in Malaysia except for the LPG business, which is based in the People's Republic of China and the Tropical Islands Resort which is based in the Federal Republic of Germany.

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### Part A Explanatory notes in compliance with reporting requirements of FRS 134 - Interim Financial Reporting

#### 9. Valuations of property, plant and equipment

The fair value of the investment property as at 31 January 2005 has been assessed internally by the Group at RM470 million. The Group has also assessed internally that the fair value as at 30 April 2005 does not differ materially from this amount.

#### 10. Material events subsequent to the end of the financial period

There have been no material events subsequent to the end of the financial period.

#### 11. Changes in the composition of the Group

During the quarter, the following changes were made to the composition of the Group:

- a) On 7 February 2005, Pan Malaysian Pools Sdn Bhd, a wholly-owned subsidiary of the Company acquired the entire issued and paid-up share capital of Ambleside Investments Limited, comprising 1 share of HKD1.00 at a cash consideration of HKD1.00. Ambleside Investments Limited was incorporated under the Hong Kong Companies Ordinance (Chapter 32) on 8 April 2004 with an authorised share capital of HKD10,000.00 divided into 10,000 ordinary shares of HKD1.00 each while the issued and paid-up share capital is HKD1.00 comprising of 1 ordinary share of HKD1.00.
- b) On 31 March 2005, Tanjong Energy B.V. was incorporated in the Netherlands as a wholly-owned subsidiary of the Company and is held directly under Tanjong Energy (UK) Limited. Its authorised share capital is €90,000 divided into 90,000 ordinary shares of €1.00 each and paid up share capital is €18,000.
- c) On 29 March 2005, Tanjong Energy (UK) Limited was incorporated in the United Kingdom as a wholly-owned subsidiary of the Company and is held directly under Tanjong Energy Holdings Sdn Bhd. Its authorised share capital is £1 divided into 1 ordinary share of £1.00 each and paid up share capital is £1.00.
- d) On 10 March 2005, Tanjong Entertainment Sdn Bhd disposed of its entire stake in Global Entertainment And Management Systems Sdn Bhd (“GEMS”) comprising 100,000 ordinary shares of RM1.00 each representing 33.33% of the entire issued and paid up share capital of GEMS to Golden Harvest Cinemas Holding Limited for a total consideration of RM832,424.

Apart from the above and those investments referred to in Note 21, there were no changes in the composition of the Group during the quarter under review.



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## QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2005

### Part A Explanatory notes in compliance with reporting requirements of FRS 134 - Interim Financial Reporting

#### 12. Commitments and contingencies

##### 12.1 Capital commitments as at 30 April 2005

	<b>RM'000</b>
Authorised and contracted	<u>303,573</u>
Authorised and not contracted	<u>57,164</u>
Analysed as follows:	
Investment commitments	239,400
Power generating assets	45,037
Fixtures, fittings and equipment	37,817
Tropical Islands project expenditure	28,028
Others	<u>10,455</u>
	<u>360,737</u>

##### 12.2 Contingencies

As at 30 April 2005, the Group has provided the following guarantees and indemnities:

- a) Corporate guarantee for Pendekar Labuan, a wholly-owned subsidiary of Powertek Bhd ("Powertek"), amounting to AED44.32 million (RM45.88 million) for the issuance of Development Security in relation to Taweelah B Independent Water and Power Project in Abu Dhabi, United Arab Emirates; and
- b) Corporate guarantee of AED198.6 million (RM209 million) for Pendekar Labuan for equity contribution for the Taweelah B Independent Water and Power Project in Abu Dhabi, United Arab Emirates.
- c) Indemnity for any claims or losses suffered by Taweelah United Power Company up to the maximum amount of RM159.96 million between the date of the acquisition of the existing power generation and seawater desalination plants and the date of the financial close, being the date when the project term loan facility is available for drawdown. The financial close is expected to be no later than July 2005.

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## QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2005

### Part A Explanatory notes in compliance with reporting requirements of FRS 134 - Interim Financial Reporting

#### 13. Significant related party disclosures

The following is a summary of material transactions as defined by International Accounting Standard 24, “Related Party Disclosures”, which have been contracted in the ordinary course of business and on normal commercial terms between the Group and companies that are associated with:

- (i) The trustee of the trust that is associated with the family of Ananda Krishnan Tatparanandam and foundations (“the Trust”) and
- (ii) The family of Ananda Krishnan Tatparanandam.

The Trust is the controlling shareholder of the Company as defined by the United Kingdom Financial Services Authority Listing Rules.

<i>in RM'000</i>	<b>3 months ended</b>	
	<b>30-Apr-05</b>	<b>30-Apr-04</b>
<b><i>Income credited to the Group profit and loss account</i></b>		
Lease rental and tenant service revenue	<b>5,963</b>	5,658
Car park income	<b>30</b>	30
Others	<b>41</b>	19
	<b>6,034</b>	5,707
<b><i>Recovery of expenses and shared overhead costs</i></b>		
	<b>2,067</b>	1,744
<b><i>Expenses charged to the Group profit and loss account</i></b>		
Consultancy services	<b>3,938</b>	3,900
Technical advisory, operations & maintenance services	<b>1,244</b>	1,311
Closed circuit television broadcasting services	<b>615</b>	478
Telecommunication and related services	<b>484</b>	468
Other services	<b>413</b>	337
Software support and licence fees	<b>385</b>	1,155
Bloodstock management, service fees, accounting & clerical services	<b>330</b>	352
Equipment lease rentals	<b>140</b>	420
Sponsorship of events	<b>-</b>	320
	<b>7,549</b>	8,741

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## QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2005

### **Part B Explanatory notes in compliance with Bursa Securities Listing Requirements (Part A of Appendix 9B)**

#### **14. Review of performance**

Group turnover for the current quarter increased by RM140 million, a 20% increase to RM844 million, from RM704 million in the corresponding quarter in the previous year (“corresponding quarter”). Group operating profit is, at RM151 million, higher by RM7 million.

Power Generation's turnover increased from RM269 million to RM277 million in the current quarter, due to higher energy and capacity billings at the Teluk Gong and Panglima power plants. Power Generation's operating profit is, at RM100 million, however lower by RM10 million, due mainly to financial, legal and technical advisory fees totalling RM14.5 million that were incurred in connection with a major business development initiative.

NFO turnover increased by 23% from RM416 million to RM512 million in the current quarter due to improved demand for NFO products and additional 4 draws during the quarter. The higher turnover and a lower prize payout, resulted in an increase in NFO operating profit from RM28 million to RM59 million in the current quarter.

The Leisure segment recorded a RM34 million increase in turnover from RM16 million to RM50 million due mainly to the commencement of Tropical Islands operations in December 2004. The segment saw an operating loss of RM15 million during the quarter due to the start-up losses incurred by the Tropical Islands resort which is at a nascent stage of its operations.

Net interest expense and investment charge increased from RM23.8 million to RM25.3 million mainly due to recognition of RM4.2 million of unrealised loss on quoted equities arising from adoption of IFRS (as discussed in Note 27 of this report) and additional interest expense of RM2.4 million on bank borrowings taken for acquisition of 4% interest in ntl:Broadcast consortium.

For the quarter under review, group profit attributable to shareholders increased to RM84 million from RM83 million. Net earnings per share decreased by 0.1 sen to 20.9 sen from 21.0 sen.

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## QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2005

### Part B Explanatory notes in compliance with Bursa Securities Listing Requirements (Part A of Appendix 9B)

#### 15. Variation of current quarter's profit before tax to preceding quarter

The current quarter's profit before taxation of RM127 million is higher than the preceding quarter's profit before taxation of RM119 million mainly due to a reduction in the start-up losses of Tropical Islands which amounted to RM33 million in the last quarter.

#### 16. Prospects for the next financial year

There has been an increased demand for the Group's NFO products and this is expected to continue contributing positively to the performance of the Gaming segment for the remaining period to the end of the financial year. The Power Generation segment is expected to be affected by scheduled major maintenance of the existing power plants, whilst the Leisure segment will be affected by the initial operating losses at Tropical Islands.

Having regard to the above factors and barring unforeseen circumstances, the Board anticipates a satisfactory overall performance by the Group for the remaining period to the end of the financial year.

#### 17. Variance to profit forecast or shortfall in profit guarantee (only applicable to the final quarter)

The Group did not issue a profit forecast during the period under review.

#### 18. Taxation

<i>in RM'000</i>	Current/Cumulative Quarter	
	30/4/2005	30/4/2004
<b>Malaysian Taxation</b>		
Income tax		
- Current year	34,284	22,602
- Prior year	55	-
	34,339	22,602
Deferred tax	11,064	13,388
	45,403	35,990
<b>Foreign Taxation</b>	(18)	4
	45,385	35,994

The effective tax rate for the current quarter and year to date is, at 35.7%, higher than the statutory tax rate mainly due to the non-deductibility of business development expenses amounting to RM14.5 million referred to in Note 14.

#### 19. Sale of unquoted investments and/or properties

There were no disposals of unquoted investments or properties during the period under review.

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## QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2005

### Part B Explanatory notes in compliance with Bursa Securities Listing Requirements (Part A of Appendix 9B)

#### 20. Quoted securities

	Current/ Cumulative Quarter RM'000
(a) Summary of dealings in quoted securities for the period ended 30 April 2005: -	
(i) Total purchase consideration	3,500
(ii) Total sale proceeds	2,875
(iii) Total profit on disposal	189
(b) Investments in quoted securities as at the end of the reporting period:	
(i) At cost	62,588
(ii) At book value/market value	102,336

#### 21. Status of corporate proposals announced but not completed

##### (a) Moscow Olympic Lottery

On 23 December 2004, the Company announced that the Group had, via Uniclic Ltd, a 50% joint venture company, entered into a conditional shareholders agreement with certain parties on 21 December 2004; wherein Uniclic Ltd had agreed to participate in a 49% equity interest in Yuvenga LLC, a Russian limited liability company that had acquired the rights to operate an online lottery known as “Moscow Olympic Lottery” pursuant to a licence issued by the City of Moscow. It is envisaged that the Moscow Lottery Operations will be launched by the end of 2005.

##### (b) Taweelah B Independent Water and Power Project

On 26 April 2005, the Company announced that Taweelah Asia Power Company P.J.S.C. in which the Company has an ultimate indirect equity interest of 10%, has commenced the sale of electricity and water capacity and output to Abu Dhabi Water and Electricity Company from the existing plants; and has embarked on the development of the new extension power generation and water desalination plants (the “Project”). The total capacity of the Project upon completion of the new extension will be approximately 2000 MW and 160 MIGD. The financial close of this Project is now targeted to be achieved in July 2005.

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## QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2005

### Part B Explanatory notes in compliance with Bursa Securities Listing Requirements (Part A of Appendix 9B)

#### 22. Group borrowings and debt securities

	Short Term	Long Term	As at 30 April 2005
	RM'000	RM'000	RM'000
<i>Secured</i>			
<i>Denominated in RM</i>			
Al-Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS") <sup>1</sup>	50,000	325,000	375,000
Al-Murabahah Medium Term Notes <sup>1</sup>	15,000	15,000	30,000
Serial bonds <sup>2</sup>	-	830,000	830,000
Al-Bai' Bithaman Ajil ("ABBA") <sup>3</sup>	15,000	127,500	142,500
Term loan <sup>4</sup>	-	181,555	181,555
	80,000	1,479,055	1,559,055
<i>Denominated in EURO</i>			
Bridging loan <sup>5</sup>	148,280	-	148,280
Transferable bridging loan <sup>6</sup>	158,165	-	158,165
	306,445	-	306,445
<i>Unsecured</i>			
<i>Denominated in RM</i>			
Redeemable bonds	-	350,000	350,000
<i>Denominated in EURO</i>			
Profit participating loan <sup>7</sup>		10,951	10,951
	<u>386,445</u>	<u>1,840,006</u>	<u>2,226,451</u>

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## QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2005

### **Part B Explanatory notes in compliance with Bursa Securities Listing Requirements (Part A of Appendix 9B)**

#### **22. Group borrowings and debt securities (continued)**

- <sup>1</sup> *These debt securities are secured by way of assignment of Pahlawan Power Sdn. Bhd's ("Pahlawan") rights, title, benefits and interest in and under certain insurances procured by Pahlawan in relation to its property, assets and business and all amounts standing to the credit of its finance service reserve account.*
- <sup>2</sup> *These debts are undertaken by Panglima Power Sdn Bhd ("Panglima") and are secured against a debenture over its assets and properties, a charge over its landed properties, an assignment of its rights, title, benefits and interest in and under certain insurances and project agreements and an assignment of all amounts standing to the credit of a designated project and debt service reserve accounts of Panglima.*
- <sup>3</sup> *The loan is secured by a fixed legal charge over Menara Maxis and a corporate guarantee by Tanjong plc.*
- <sup>4</sup> *The £25 million loan drawdown by Invest Allied Limited is secured by way of a corporate guarantee issued by Tanjong plc.*
- <sup>5</sup> *The €30 million loan which has been drawdown by Tanjong Entertainment (Labuan) Ltd. ("TEL") is secured by way of a corporate guarantee issued by Tanjong plc.*
- <sup>6</sup> *The €32 million loan which has been drawdown by TEL is secured by way of a corporate guarantee issued by Tanjong plc.*
- <sup>7</sup> *This relates to a €4.125 million profit participating loan advanced to Tropical Island S.a.r.l by Au Leisure Investments Pte Ltd which is repayable by April 2014.*

# TANJONG public limited company

(Incorporated in England 1926 – No. 210874)  
(Registered as a foreign company in Malaysia – No. 990903-V)

## QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2005

### **Part B Explanatory notes in compliance with Bursa Securities Listing Requirements (Part A of Appendix 9B)**

#### **23. Off balance sheet financial instruments**

Powertek and Panglima are obliged to make progressive payments in foreign currencies pursuant to its procurement of materials and parts.

All forward contracts are hedged in accordance with the Group's policy, which requires that significant foreign currency risk exposures be mitigated as soon as they arise. The forward contracts are executed with licensed financial institutions and are accounted for on a basis, which is consistent with the accounting policies adopted by the Group.

At the date of this report, the notional principal amount outstanding under the forward contracts entered into are as follows:

- €4.6 million (RM22.8 million at forward contract rates ranging between RM4.801 to RM4.936 : €1).
- USD0.3 million (RM1.0 million at forward contract rates ranging from RM3.798 to RM3.800 : USD1).

These contracts have various maturity periods straddling over the next 3 to 8 months to meet the payment obligations pursuant to its procurement of materials and parts.

#### **24. Changes in material litigation**

There is no pending material litigation since the last annual balance sheet date to the date of issue of this quarterly report.

#### **25. Dividend**

Tanjong will continue to pursue a progressive dividend policy that seeks to achieve a balance between long-term capital growth and immediate cash returns. To this end, the Company will maintain an attractive payout ratio at around current levels, whilst conserving adequate funds to enable it to pursue new investment opportunities that will be critical to its long term growth.

Pursuant to the above policy, your Board is recommending the following:

A first interim gross dividend of **12 sen per share less Malaysian income tax at 28%** in respect of the financial year ending 31 January 2006 (the "**First Interim Dividend**") has been declared payable on **29 July 2005** to those shareholders on record of the Company **at the close of business on 15 July 2005** subject to the following paragraphs.

The Register of Members of the Company will be closed from **16 July 2005 to 18 July 2005** (both dates inclusive) for the purpose of determining each shareholder's entitlement to the **First Interim Dividend**.



# TANJONG public limited company

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## QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2005

### Part B Explanatory notes in compliance with Bursa Securities Listing Requirements (Part A of Appendix 9B)

#### 25. Dividend (Continued)

Each person whose name appears in the Register of Members or the Record of Depositors as **at the close of business on 15 July 2005** (the “**First Interim Dividend Record Date**”) shall be entitled to participate in the **First Interim Dividend** in respect of those Tanjong shares of which they are registered as member or recorded as depositor as at the **First Interim Dividend Record Date**.

Valid transfers received by the **Company’s Branch Registrars in Malaysia, Symphony Share Registrars Sdn. Bhd. (formerly known as Malaysian Share Registration Services Sdn. Bhd.) at Level 26, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia, or the Company’s Principal Registrars in the United Kingdom, Capita IRG Plc at The Registry, 34, Beckenham Road, Beckenham, Kent BR3 4TU, England, by the close of business at 5.00 p.m. (local time) on 15 July 2005 will be registered by the First Interim Dividend Record Date.**

A holder of a Securities Account maintained with the Bursa Malaysia Depository Sdn. Bhd. (formerly known as Malaysian Central Depository Sdn. Bhd.) (“**Depositor**”) shall qualify for entitlement only in respect of: -

- (a) **shares transferred** into the Depositor’s Securities Account **before 4.00 p.m. (Malaysian time) on 15 July 2005** in respect of transfers;
- (b) **shares deposited** into the Depositor’s Securities Account **before 12.30 p.m. (Malaysian time) on 13 July 2005** in respect of shares which are exempted from mandatory deposit; and
- (c) **shares bought** on the Exchange on a cum entitlement basis according to the Rules of the Exchange.

*Copies of the Unaudited Results of the Tanjong Group for the first quarter ended 30 April 2005 are available to the public during office hours at the Company’s registered office in the United Kingdom at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, England*

#### 26. Earnings per share (“EPS”)

The basic and diluted EPS for the current and cumulative quarter are computed as follows:

Profit after tax attributable to shareholders (RM’000)	84,085	A
Weighted average number of ordinary shares	403,256,136	B
Basic and diluted EPS (sen)	20.9	A/B

# TANJONG public limited company

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## QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2005

### Part B Explanatory notes in compliance with Bursa Securities Listing Requirements (Part A of Appendix 9B)

#### 27. The changes in accounting policies as a result of the adoption of International Financial Reporting Standards ("IFRS")

The accounting policies adopted by the Group, as mentioned in Note 1, are in accordance with IFRS. The changes in accounting policies as a result of the adoption of IFRS are as follows:

- (i) Previous UK GAAP required dividends declared in respect of that year to be recognised at balance sheet date whereas the IAS No. 10 – “Events After the Balance Sheet Date”, requires that dividends declared after the balance sheet date shall not be recognised as a liability at the balance sheet date.
- (ii) Previous UK GAAP did not require deferred taxation liability provisions for the revaluation of investment properties and fair value adjustments arising from business combinations, whereas IAS No. 12 – “Income Taxes”, requires that deferred tax provisions be made in respect of these temporary differences.
- (iii) Previous UK GAAP did not require available for sale investments and current asset investments to be stated at fair value, whereas IAS 39 – “Financial Instruments: Recognition and Measurement ” requires that such investments be stated at fair value. For available for sale investments, change in fair value is recognised in Equity whereas the change in fair value of current asset investments is recognised in the Group Income Statement.
- (iv) Previous UK GAAP recognises changes in fair value of Investment Property as revaluation reserves within Equity whereas, IAS 40 – “Investment Property” requires such changes to be recognised in the Income Statement.

The adoption of these policies does not have a material impact on the financial statements other than as disclosed.

The effects of these differences are as follows:

	As At 30/04/2005 RM '000	As At 30/04/2004 RM '000
<b>Profit after tax</b>		
Profit after tax as per previous UK GAAP	83,952	83,173
Reversal of deferred taxation on fair value adjustments amortised in the quarter	1,915	1,914
Decrease in market value of quoted securities	(4,198)	-
	(2,283)	1,914
Profit after tax as adjusted for IFRS	81,669	85,087

# TANJONG public limited company

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## QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2005

### Part B Explanatory notes in compliance with Bursa Securities Listing Requirements (Part A of Appendix 9B)

#### 27. The changes in accounting policies as a result of the adoption of International Financial Reporting Standards ("IFRS") (Continued)

	As At 30/04/2005 RM '000	As At 31/01/2005 RM '000
<b>Retained earnings</b>		
Retained earnings as per previous UK GAAP	1,985,240	1,933,652
Adjustments to profit after tax	(2,283)	7,658
Adjustments for proposed dividend	128,398	128,398
Deferred taxation on fair value adjustments arising from the acquisition of Powertek	(89,718)	(97,375)
Increase in market value of quoted securities	46,504	46,504
Retained earnings as adjusted for IFRS	<u>2,068,141</u>	<u>2,018,837</u>
<b>Total shareholders' equity</b>		
Shareholders' funds as per previous UK GAAP	2,454,070	2,402,482
Adjustments to profit after tax	(2,283)	7,658
Adjustments for proposed dividend	128,398	128,398
Deferred taxation on revaluation surplus	(3,850)	(3,850)
Deferred taxation on fair value adjustments arising from the acquisition of Powertek	(89,718)	(97,375)
Increase in market value of quoted securities	46,504	46,504
Shareholders' funds as adjusted for IFRS	<u>2,533,121</u>	<u>2,483,817</u>
<b>Minority interests in equity</b>		
Minority interests as per previous UK GAAP	122,437	120,415
Deferred taxation on revaluation surplus	(1,896)	(1,896)
Minority interests as adjusted for IFRS	<u>120,541</u>	<u>118,519</u>
<b>Net tangible assets ("NTA") per share (in RM)</b>		
NTA per share as per previous UK GAAP	5.97	5.84
Adjustments		
Proposed dividends	0.32	0.31
Deferred taxation - revaluation surplus	(0.01)	(0.01)
Deferred taxation - fair value adjustments arising from the acquisition of Powertek	(0.22)	(0.22)
Increase in market value of quoted securities	0.10	0.12
NTA per share as adjusted for IFRS	<u>6.16</u>	<u>6.04</u>

By order of the Board

Siuagamy Ramasamy  
Group Company Secretary

20 June 2005  
Kuala Lumpur