

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 31 OCTOBER 2005

Condensed Group Income Statement

<i>in RM'000</i>	Note	3 months ended		9 months ended	
		31-Oct-05 (Unaudited)	31-Oct-04 (Unaudited)	31-Oct-05 (Unaudited)	31-Oct-04 (Unaudited)
Revenue	8	760,124	748,517	2,404,861	2,190,361
Operating costs	28	(639,781)	(576,142)	(1,963,492)	(1,710,727)
Operating profit	8	120,343	172,375	441,369	479,634
Share of operating results in joint ventures and associates		4,565	969	12,915	4,547
Operating profit after share of joint ventures and associates		124,908	173,344	454,284	484,181
Interest income		14,509	10,147	39,929	27,058
Interest expense		(33,409)	(30,967)	(99,474)	(92,310)
Net investment income		10,601	4,172	8,920	858
Net interest expense and investment income		(8,299)	(16,648)	(50,625)	(64,394)
Profit on ordinary activities before taxation		116,609	156,696	403,659	419,787
Taxation	18	(31,496)	(47,239)	(121,577)	(127,563)
Profit on ordinary activities after taxation		85,113	109,457	282,082	292,224
Attributable to:					
Tanjong's shareholders		86,404	109,871	288,233	290,780
Minority interests		(1,291)	(414)	(6,151)	1,444
		85,113	109,457	282,082	292,224
Earnings per share (sen)	26				
- Basic		21.4	27.5	71.5	72.7
- Diluted		21.4	27.5	71.5	72.7

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

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QUARTERLY REPORT FOR THE QUARTER ENDED 31 OCTOBER 2005

Condensed Group Balance Sheet

<i>in RM'000</i>	Note	As at 31-Oct-05	As at 31-Jan-05 (Unaudited)
Non-current assets			
Intangible assets		49,251	49,251
Property, plant and equipment		2,906,729	3,002,471
Investment property		470,000	470,000
Investments in joint ventures and associates		45,228	35,409
Deferred income tax assets		19,265	19,385
Available-for-sale financial assets	27 (iv)	353,000	-
Derivative financial instruments	27 (iv)	2,826	-
Long term investments	27 (iv)	-	185,007
		<u>3,846,299</u>	<u>3,761,523</u>
Current assets			
Inventories		141,509	119,261
Trade and other receivables		310,567	309,924
Held-for-trading financial assets	27 (iv)	2,583	-
Available-for-sale financial assets	27 (iv)	49,760	-
Current asset investments	27 (iv)	-	223,147
Short term placements		1,267,397	1,140,767
Cash at bank and in hand		27,059	36,359
		<u>1,798,875</u>	<u>1,829,458</u>
Current liabilities			
Trade and other payables		284,335	365,647
Short term borrowings		459,091	378,064
Current income tax liabilities		20,760	16,662
		<u>764,186</u>	<u>760,373</u>
Net current assets		1,034,689	1,069,085
Non-current liabilities			
Borrowings and other non-current liabilities		1,717,818	1,848,476
Deferred income tax liabilities		458,252	426,300
Net assets		<u>2,704,918</u>	<u>2,555,832</u>
Equity			
Paid up share capital		146,107	146,107
Share premium account		240,808	240,808
Fair value reserve		43,726	-
Retained earnings		2,149,388	2,050,398
Total shareholders' equity		<u>2,580,029</u>	<u>2,437,313</u>
Minority interests in equity		124,889	118,519
Total equity		<u>2,704,918</u>	<u>2,555,832</u>
Net Tangible Assets per share (RM)		<u>6.28</u>	<u>5.92</u>

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

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QUARTERLY REPORT FOR THE QUARTER ENDED 31 OCTOBER 2005

Condensed Group Cash Flow Statement

<i>in RM'000</i>	Note	9 months ended	
		31-Oct-05	31-Oct-04 (Unaudited)
Cash flows from operating activities			
Cash generated from operations	29	546,977	593,182
Interest paid		(111,672)	(103,730)
Interest received		40,037	26,095
Malaysian and other taxes paid		(87,290)	(78,401)
Net cash generated from operating activities		<u>388,052</u>	<u>437,146</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(78,453)	(33,203)
Proceeds from sales of property, plant and equipment		4,543	2,514
Acquisition and construction of a resort		(33,808)	(194,497)
Net (investment in)/repayment from joint ventures		(517)	12,328
Purchase of Available-for-sale financial assets		(85,035)	-
Proceeds from sale of Available-for-sale financial assets		121,508	-
Purchase of current asset investments		-	(149,823)
Proceeds from sale of current asset investments		-	30,938
Investment in long term venture funds		-	(1,587)
Proceeds from disposal of an associate		4,295	-
Net (investment in)/repayment from an associate		(14,961)	125
Dividend income received		10,919	1,134
Net cash outflow used in investing activities		<u>(71,509)</u>	<u>(332,071)</u>
Cash flows from financing activities			
Issue of ordinary shares		-	66,523
Proceeds from borrowings		24,347	355,911
Repayment of borrowings		(22,500)	(200,726)
Dividends paid to Company's shareholders		(198,079)	(201,737)
Advances from minority interests		-	3,945
Net cash (used in)/generated from financing activities		<u>(196,232)</u>	<u>23,916</u>
Currency translation differences		(2,981)	9,982
Net increase in cash and cash equivalents		<u>117,330</u>	<u>138,973</u>
Cash and cash equivalents			
- at start of the year		1,177,126	1,035,296
- at end of period		<u>1,294,456</u>	<u>1,174,269</u>
Cash and cash equivalents			
Short term placements		1,267,397	1,128,791
Cash at bank and in hand		27,059	45,478
		<u>1,294,456</u>	<u>1,174,269</u>

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

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QUARTERLY REPORT FOR THE QUARTER ENDED 31 OCTOBER 2005

Condensed Group Statement of Changes in Equity

<i>in RM'000</i>	Attributable to Equity Holders of Company					Total Equity	
	Share Capital	Share Premium	Fair Value Reserve	Retained Earnings	Minority Interests	31-Oct-05 (Unaudited)	31-Oct-04
Balance as at 1 February before adoption of IAS 39 ¹	146,107	240,808	-	2,050,398	118,519	2,555,832	2,318,915
Effect of adoption of IAS 39 ²	-	-	43,459	2,550	-	46,009	-
Balance as at 1 February after adoption of IAS 39	146,107	240,808	43,459	2,052,948	118,519	2,601,841	2,318,915
Movements during the period:							
Net profit for the period	-	-	-	288,233	(6,151)	282,082	292,224
Fair value gains on Available-for-sale financial assets	-	-	267	-	-	267	-
Issuance of shares arising from exercise of share options	-	-	-	-	-	-	66,523
Dividends	-	-	-	(198,079)	-	(198,079)	(200,537)
Dividend entitlements of new shares issued between declaration and book closure date	-	-	-	-	-	-	(1,201)
Exchange differences on foreign currency net investments	-	-	-	6,286	-	6,286	1,959
Minority interest equity contribution	-	-	-	-	-	-	2,846
Minority interest share of the profit participating loan	-	-	-	-	12,521	12,521	1,544
Balance carried forward as at 31 October	<u>146,107</u>	<u>240,808</u>	<u>43,726</u>	<u>2,149,388</u>	<u>124,889</u>	<u>2,704,918</u>	<u>2,482,273</u>

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

¹ Balance as at 1 February 2005 before adoption of IAS 39 has been restated from the previous UK GAAP to IFRS. Please refer to Note 27.

² Adjustments under IAS 39 relating to the recognition of cumulative gains on Available-for-sale financial assets.

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QUARTERLY REPORT FOR THE QUARTER ENDED 31 OCTOBER 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"* issued by the Malaysian Accounting Standards Board 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.

Until 31 January 2005, Tanjong's consolidated financial statements were prepared in accordance with United Kingdom's Generally Accepted Accounting Principles ("UK GAAP"). Following changes in reporting regulations in the UK, Tanjong is now required to prepare and present audited financial statements in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union ("EU") for all accounting periods beginning on or after 1 February 2005. Tanjong's interim financial statements have therefore been prepared in accordance with those IFRS standards (including the applicable International Accounting Standards (IAS) and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective or issued and early adopted as at the time of preparing these statements (i.e. July 2005).

Standards currently in issue and adopted by the EU are subject to interpretation issued from time to time by the IFRIC and further standards may be issued by the International Accounting Standards Board that will be adopted for financial years beginning on or after 1 January 2005. In addition, there is not yet a significant body of established practice on which to draw in forming opinions regarding interpretation and application and practice is continuing to evolve. At this preliminary stage, therefore, the full financial effect of reporting under IFRS as it will be applied and reported on in the Company's first IFRS Financial Statements for the year ending 31 January 2006 may be subject to change.

The comparative figures in respect of 2005 have been restated to reflect the relevant adjustments.

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

1. Basis of preparation (continued)

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 *International Accounting Standard (IAS) 32 - "Financial Instruments: Disclosure and Presentation"* and *IAS 39 - "Financial Instruments: Recognition and Measurement"* from 1 February 2005.

Reconciliations and descriptions of the effect of the transition from UK GAAP to IFRS on the Group's equity and its net income are provided in Note 27.

The adoption of IFRS has resulted in an increased Profit after tax for the current period amounting to RM6.2 million (corresponding period – RM5.7 million increase in Profit after tax) and a decrease in net assets of RM8.1 million as at 31 October 2005 (31 January 2005 – RM32.9 million increase in net assets).

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 of debt securities for the quarter under review. However, there was repayment of RM15,000,000 Murabahah Medium Term Notes (“MTN”) by a subsidiary company 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

		Per ordinary share	Paid on
Fourth interim dividend for FY 31 January 2005	-	12.0 sen gross	29 April 2005
Final dividend for FY 31 January 2005	-	10.0 sen gross	22 July 2005
	-	16.0 sen tax exempt	22 July 2005
First interim dividend for FY 31 January 2006	-	12.0 sen gross	29 July 2005
Second interim dividend for FY 31 January 2006	-	12.0 sen gross	31 October 2005

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QUARTERLY REPORT FOR THE QUARTER ENDED 31 OCTOBER 2005

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

8. Segmental results

(a) Primary reporting format – business segments

<i>in RM' 000</i>	Power Generation	Numbers Forecast Operations ("NFO")	Racing Totalisator Operations ("RTO")	Property Investment	Liquefied Petroleum Gas ("LPG")	Leisure	Others	Group
9 months ended 31 October 2005								
Revenue								
Total revenue	819,789	1,426,666	12,700	50,695	24,910	81,370	-	2,416,130
Inter-segment elimination	-	-	-	(11,269)	-	-	-	(11,269)
External revenue	819,789	1,426,666	12,700	39,426	24,910	81,370	-	2,404,861
Results								
Operating profit/(loss)	294,033	161,965	(7,486)	38,029	(953)	(41,960)	(2,259)	441,369
Returns on investments								53,580
Loss on foreign exchange and loss arising from the changes in fair value of derivative financial instruments								(4,731)
Interest on borrowings	(80,689)	-	-	(5,583)	-	(6,226)	(6,976)	(99,474)
Share of operating results in joint ventures and associates	9,661	-	-	-	-	2,650	604	12,915
Profit on ordinary activities before taxation								403,659
Taxation								(121,577)
Profit on ordinary activities after taxation								282,082
Other segment items								
Capital expenditure	68,388	4,588	4,494	546	24	33,807	414	112,261
Depreciation	154,587	3,587	1,972	681	5	23,722	815	185,369
As at 31 October 2005								
Segment assets	2,883,376	78,059	71,293	487,294	9,007	312,506	51,912	3,893,447
Joint venture and associates	11,017	21	-	-	-	32,125	2,066	45,229
Unallocated assets								1,706,498
Total assets								5,645,174
Segment liabilities	124,102	63,028	28,746	24,268	7,086	21,929	22,201	291,360
Unallocated liabilities								2,648,896
Total liabilities								2,940,256

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

8. Segmental results (continued)

(a) Primary reporting format – business segments (continued)

<i>in RM' 000</i>	Power Generation	Numbers Forecast Operations ("NFO")	Racing Totalisator Operations ("RTO")	Property Investment	Liquefied Petroleum Gas ("LPG")	Leisure	Others	Group
9 months ended 31 October 2004								
Revenue								
Total revenue	837,728	1,279,119	13,758	41,043	25,101	2,442	-	2,199,191
Inter-segment elimination	-	-	-	(8,830)	-	-	-	(8,830)
External revenue	<u>837,728</u>	<u>1,279,119</u>	<u>13,758</u>	<u>32,213</u>	<u>25,101</u>	<u>2,442</u>	<u>-</u>	<u>2,190,361</u>
Results								
Operating profit/(loss)	349,930	134,655	(5,364)	26,709	(1,788)	(18,267)	(6,241)	479,634
Returns on investments								28,630
Loss on foreign exchange and provision for diminution in value of investments								(714)
Interest on borrowings	(83,184)	-	-	(7,313)	-	(1,813)	-	(92,310)
Share of operating results in joint ventures and associates	-	-	-	-	-	4,131	416	4,547
Profit on ordinary activities before taxation								419,787
Taxation								<u>(127,563)</u>
Profit on ordinary activities after taxation								<u>292,224</u>
Other segment items								
Capital expenditure	26,661	2,206	1,717	443	2	194,497	2,174	227,700
Depreciation and amortisation	135,613	3,590	3,523	650	(38)	-	459	143,797
As at 31 October 2004								
Segment assets	2,920,618	53,779	70,164	482,532	9,328	233,448	32,320	3,802,189
Joint venture and associates	-	-	-	-	-	34,136	2,897	37,033
Unallocated assets								1,358,978
Total assets								<u>5,198,200</u>
Segment liabilities	127,245	69,895	26,632	24,165	5,625	15,042	12,117	280,721
Unallocated liabilities								2,435,206
Total liabilities								<u>2,715,927</u>

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

8. Segmental results (continued)

(b) Secondary reporting format – geographical segments

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.

<i>in RM' 000</i>	Malaysia	Other countries	Group
9 months ended 31 October 2005			
Total external revenue	2,298,581	106,280	2,404,861
Total capital expenditure	78,430	33,831	112,261
As at 31 October 2005			
Segment assets	3,526,572	366,875	3,893,447
Joint ventures and associates			45,229
Unallocated assets			1,706,498
Total assets			5,645,174
9 months ended 31 October 2004			
Total external revenue	2,162,818	27,543	2,190,361
Total capital expenditure	33,201	194,499	227,700
As at 31 October 2004			
Segment assets	3,537,392	264,797	3,802,189
Joint ventures and associates			37,033
Unallocated assets			1,358,978
Total assets			5,198,200

Segment revenue from external customers are based on the geographical location of its customers whereas total carrying amount of assets and capital expenditure is allocated based on the location of the assets.

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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 31 October 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

Tanjong Energy Holdings Sdn Bhd, a wholly-owned subsidiary of the Company, had on 17 October 2005 and 31 October 2005 incorporated 2 new companies under the Labuan Offshore Companies Act, 1990 known as Kuasa Nusajaya (L) Ltd. (“KNL”) and Pendekar Energy (L) Ltd. (“PEL”) respectively.

Both KNL and PEL have an authorised share capital of USD10,000 divided into 10,000 ordinary shares of USD1.00 each while their issued and paid-up share capital is USD1.00 comprising 1 ordinary shares.

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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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 31 October 2005

	RM'000
Authorised and contracted	<u>1,446,319</u>
Authorised and not contracted	<u>26,936</u>
Analysed as follows:	
Investment commitments	1,435,886
Power generating assets	10,224
Fixtures, fittings and equipment	21,124
Tropical Islands project expenditure	1,608
Others	<u>4,413</u>
	<u>1,473,255</u>

12.2 Contingencies

As at 31 October 2005, the Group has provided the following guarantees and indemnities:

- a) Corporate guarantee for a financial institution in Abu Dhabi in respect of a bank guarantee issued to Abu Dhabi Water and Electricity Company pursuant to the Power and Water Purchase Agreement in relation to Taweelah B Independent Water and Power Project in Abu Dhabi, United Arab Emirates (“Project Taweelah”) up to the maximum amount of AED44.32 million (an equivalent of RM45.78 million);
- b) Corporate guarantees for a financial institution and Taweelah United Power Company in respect of Pendekar Power (Labuan) Ltd’s capital contribution in Project Taweelah, up to the maximum amount of AED198.6 million (an equivalent of RM205.15 million).
- c) Corporate guarantee for a financial institution for the performance by Taweelah Asia Power Company PJSC of its financial obligation in respect of a loan facility amounting to USD52.72 million (an equivalent of RM197.76 million).

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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 IAS 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>	9 months ended	
	31-Oct-05	31-Oct-04
<i>Income credited to the Group profit and loss account</i>		
Lease rental and tenant service revenue	24,361	17,794
Management services revenue	180	56
Car park income	89	91
Others	31	66
	24,661	18,007
<i>Recovery of expenses and shared overhead costs</i>		
	6,274	6,628
<i>Expenses charged to the Group profit and loss account</i>		
Consultancy services	11,813	11,680
Technical advisory, operations & maintenance services	3,756	3,650
Closed circuit television broadcasting services	1,802	1,839
Telecommunication and related services	1,379	1,320
Bloodstock management, service fees, accounting & clerical services	1,046	1,048
Sponsorship of events	510	1,034
Software support and licence fees	385	3,465
Sub-tenancy of premises	363	430
Equipment lease rentals	140	1,260
Connection and transaction fees	42	375
Other services	185	138
	21,421	26,239

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QUARTERLY REPORT FOR THE QUARTER ENDED 31 OCTOBER 2005

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

14. Review of performance

14.1 *Material factors affecting current quarter's results*

Group revenue for the current quarter increased by RM12 million to RM760 million over the corresponding quarter in the previous year (“corresponding quarter”) mainly as a result of the contribution of RM28 million from Tropical Islands which commenced commercial operations on 19 December 2004.

The current quarter’s profit before tax of RM117 million was lower by RM40 million as compared to the profit before tax for the corresponding quarter due to costs incurred in respect of a scheduled major maintenance at Powertek and higher prize payouts of approximately RM21 million in the NFO segment.

14.2 *Material factors affecting financial year to date results*

Group revenue has increased by RM215 million from RM2,190 million in the corresponding period in the previous year (“corresponding period”) to RM2,405 million in the current nine month period (“current period”). Group operating profit is, at RM454 million, lower by RM30 million.

NFO revenue increased by 12% from RM1,279 million to RM1,427 million in the current period due to improved demand for NFO products and additional 6 draws during the period. The higher revenue and lower prize payouts have contributed to the increase in NFO operating profit to RM162 million in the current period from RM135 million in the corresponding period.

Revenue from Power Generation decreased from RM838 million to RM820 million in the current period, due to lower capacity and energy billings from the power plants which underwent scheduled major maintenance during the period under review. The financial effect of this maintenance, together with the costs associated with bidding for a major international power business, have resulted in this segment’s operating profit reducing by RM56 million to RM294 million in the current period.

The Leisure segment recorded a RM79 million increase in revenue due to the commencement of Tropical Islands operations in December 2004. The segment registered an operating loss of RM42 million in the current period due to delays in the completion of certain facilities in Tropical Islands which resulted in lower than expected attendances and revenue.

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QUARTERLY REPORT FOR THE QUARTER ENDED 31 OCTOBER 2005

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

14. Review of performance (continued)

14.2 Material factors affecting financial year to date results (continued)

The operating profit of the Property Investment segment includes a one-off settlement of RM9 million in the current period relating to unallocated charges to tenants.

As a result of the factors noted above, net earnings per share decreased by 1.2 sen to 71.5 sen from 72.7 sen.

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

The current quarter's profit before taxation of RM117 million is lower than the preceding quarter's profit before taxation of RM160 million due to the lower contribution from the NFO segment arising from higher prize payouts as well as an increase in major overhaul costs at Panglima's power plant.

16. Prospects for the remaining period to the end of the financial year

The revenue and operating results for the remaining period to the end of the financial year are expected to be satisfactory, particularly given completion of the scheduled major maintenance programs of the power plants which impacted earnings for the period.

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

Not applicable.

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

18. Taxation

<i>in RM'000</i>	Current Quarter		Year to Date	
	31/10/2005	31/10/2004	31/10/2005	31/10/2004
Malaysian Taxation				
Income tax				
- Current year	23,363	26,851	91,017	78,711
- Prior year	(1,392)	2,768	(1,396)	2,728
	21,971	29,619	89,621	81,439
Deferred tax	9,569	17,586	31,956	46,027
	31,540	47,205	121,577	127,466
Foreign Taxation	(44)	34	-	97
	31,496	47,239	121,577	127,563

The effective tax rate for the current quarter is 27.0%. However, the year to date effective tax rate at 30.1%, is higher than the statutory tax rate of 28% mainly due to losses of subsidiaries which are not available for relief at Group level and the non-deductibility of business development expenses amounting to RM14.5 million referred to in Note 14.2.

19. Sale of unquoted investments and/or properties

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

20. Quoted securities

<i>in RM'000</i>	Current Quarter	Year to Date
(a) Summary of dealings in quoted securities for the period ended 31 October 2005		
(i) Total purchase consideration	1,835	7,063
(ii) Total sale proceeds	4,096	7,780
(iii) Total profit on disposal	165	410
(b) Investments in quoted securities as at the end of the reporting period:		
(i) At cost		59,577
(ii) At book value/market value		104,929

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21. Status of corporate proposals announced but not completed

(a) Moscow Olympic Lottery

On 21 September 2005, the Company announced that following the satisfaction of the conditions precedent under the Conditional Shareholders Agreement on 20 September 2005, Uniclic has successfully completed its acquisition of the 49% equity interest in Yuvenga JSC.

The Moscow Olympic Lottery was launched on 12 December 2005.

(b) Egyptian Power Assets

The Company announced on 29 November 2005 that Kuasa Nusajaya (L) Ltd (“KNL”), a wholly-owned subsidiary of Tanjong had on 29 November 2005 entered into a conditional share purchase agreement (“SPA”) with EDF International SA (“EDFI”) to purchase EDFI’s power generation assets in Egypt, consisting of two power generating companies, EDF Suez Gulf Power SAE (“Suez Gulf”) and EDF Port Said East Power SAE (“Port Said”) and their common operating company, EDF Egyptian Operating Company SAE (“EEOC”) for USD307 million (“Proposed Acquisition”).

(Suez Gulf, Port Said and EEOC shall hereinafter collectively be referred to as “Acquiree Companies”)

Suez Gulf and Port Said each owns a gas-fired thermal plant with a generating capacity of 682.5 MW at each end of the Suez Canal in Egypt.

The plants, which began commercial operations in 2003, have a 20-year Power Purchase Agreement that began the same year with the state-owned Egyptian Electricity Holding Company.

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21. Status of corporate proposals announced but not completed (continued)

Conditions precedent

The Proposed Acquisition is subject to the following conditions precedent which shall be fulfilled no later than 3 months from the date of the SPA:

- (a) the approval of the shareholders of Tanjong at an Extraordinary General Meeting (“EGM”) within 50 Business Days from the date of the SPA (“Business Day” is defined as a day other than a Saturday or Sunday or a public holiday in each of France, Malaysia and, in respect of days on which payments are to be made in US\$, New York);
- (b) the approval of the lenders to the Acquiree Companies under their existing financing agreements and also of the counter-parties to these financing agreements;
- (c) the approval of the Pricing Committee of the Cairo and Alexandria stock exchanges;
- (d) the release of the various guarantees granted by EDFI to various financial institutions in respect of the financing and operations of the Acquiree Companies;
- (e) there being no material adverse change in respect of certain events provided in the SPA between the date of the SPA and the date of Completion. The completion of the Proposed Acquisition is to take place on the 10th Business Day following the date on which the last of the conditions precedent is satisfied or waived, as the case maybe; and
- (f) authorisation from the French Ministry of Economy, Finance and Industry for the transfer of the entire issued and paid-up share capitals of Suez Gulf, Port Said and EEOC and the approval from the Government Shareholding Agency pursuant to an agreement entered into between the French State and Electricite de France SA dated 27 July 2001.

The Proposed Acquisition is targeted for completion in the first quarter of next year.

Further details are in the announcement dated 29 November 2005.

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

22. Group borrowings and debt securities

<i>in RM'000</i>	Short Term	Long Term	As at 31 October 2005
<i>Secured</i>			
<i>Denominated in RM</i>			
Al-Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS") ¹	50,000	325,000	375,000
Al-Murabahah Medium Term Notes ¹ Serial bonds ²	-	15,000	15,000
Al-Bai' Bithaman Ajil ("ABBA") ³	-	830,000	830,000
Term loan ⁴	15,000	120,000	135,000
	-	168,413	168,413
	65,000	1,458,413	1,523,413
<i>Denominated in EURO</i>			
Bridging loan ⁵	158,357	-	158,357
Transferable bridging loan ⁶	135,734	-	135,734
	294,091	-	294,091
<i>Unsecured</i>			
<i>Denominated in RM</i>			
Redeemable bonds	100,000	250,000	350,000
<i>Denominated in EURO</i>			
Profit participating loan ⁷	-	2,381	2,381
	459,091	1,710,794	2,169,885

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

22. Group borrowings and debt securities (continued)

- ¹ *These debt securities are secured by way of assignment of Pahlawan Power Sdn. Bhd's ("Pahlawan") rights, titles, benefits and interest in and under certain insurances procured by Pahlawan in relation to its properties, assets and business and all amounts standing to the credit of its finance service reserve account.*
- ² *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, titles, 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 finance service reserve accounts of Panglima.*
- ³ *The loan is secured by a fixed legal charge over Menara Maxis and a corporate guarantee by Tanjong plc.*
- ⁴ *The £25 million loan drawdown by Invest Allied Limited is secured by way of a corporate guarantee issued by Tanjong plc.*
- ⁵ *The €35 million loan which has been drawdown by Tanjong Entertainment (Labuan) Ltd. ("TEL") is secured by way of a corporate guarantee issued by Tanjong plc.*
- ⁶ *The €30 million loan which has been drawdown by TEL is secured by way of a corporate guarantee issued by Tanjong plc.*
- ⁷ *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.*

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

23. Off-balance sheet financial instruments

Not applicable as the adoption of IAS 39 requires all off-balance sheet financial instruments to be recognised in the financial statements.

24. Changes in material litigation

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

25. Dividend

Tanjong continues 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 intends to 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 third 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 "**Third Interim Dividend**") has been declared payable on **17 January 2006** to those shareholders on record of the Company **at the close of business on 6 January 2006** subject to the following paragraphs.

The Register of Members of the Company will be closed from **7 January 2006 to 9 January 2006** (both dates inclusive) for the purpose of determining each shareholder's entitlement to the **Third Interim Dividend**.

Each person whose name appears in the Register of Members or the Record of Depositors as **at the close of business on 6 January 2006** (the "**Third Interim Dividend Record Date**") shall be entitled to participate in the **Third Interim Dividend** in respect of those Tanjong shares of which they are registered as member or recorded as depositor as at the **Third Interim Dividend Record Date**.

Valid transfers received by the **Company's Branch Registrars in Malaysia, Symphony Share Registrars 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 6 January 2006 will be registered by the Third Interim Dividend Record Date.**

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

25. Dividend (Continued)

A holder of a Securities Account maintained with the Bursa Malaysia 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 **6 January 2006** in respect of transfers;
- (b) **shares deposited** into the Depositor’s Securities Account **before 12.30 p.m. (Malaysian time)** on **4 January 2006** 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.

26. Earnings per share (“EPS”)

The basic and diluted EPS are computed as follows:

	<i>Current Quarter</i>	<i>Cumulative Quarter</i>
Profit after tax attributable to shareholders (RM'000)	86,404	288,233
Weighted average number of ordinary shares	<u>403,256,136</u>	<u>403,256,136</u>
Basic and diluted EPS (sen)	<u>21.4</u>	<u>71.5</u>

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Part C Additional explanatory notes

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 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 12 – “Income Taxes”, requires that deferred tax provisions be made in respect of these temporary differences.
- (iii) The Group had adopted IAS 38 – “Intangible Assets” on a prospective basis, as permitted by IFRS 3 – “Business Combinations”. Accordingly, the directors have reassessed the useful lives of the Groups’ intangible assets and are of the view that these assets have indefinite useful lives. In accordance with IAS 36 – “Impairment of Assets”, such intangible assets will be tested for impairment annually or as and when events or changes in circumstances indicate that the carrying value is impaired.
- (iv) Previous UK GAAP did not require long term and current asset investments to be stated at fair value, whereas IAS 39 – “Financial Instruments: Recognition and Measurement ” requires all investments to be stated at fair value. Depending on the purpose for which the investments were acquired, management classifies them either as Available-for-sale financial assets or held-for-trading financial assets (including the derivative financial instruments). For Available-for-sale financial assets, a change in fair value is recognised in Equity until they are ultimately disposed whereas changes in the fair value of held-for-trading financial assets and derivative financial instruments are recognised immediately in the Income Statement. Available-for-sale financial assets are classified as non-current assets unless they have a maturity period within one year, in which case they are classified as current assets.
- (v) Previous UK GAAP recognised changes in the 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 where the fair value approach has been adopted.

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

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Part C Additional explanatory notes

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

The effects of these differences are as follows:

<i>in RM'000</i>	Note	9 months ended 31-Oct-04	12 months ended 31-Jan-05	
Profit after tax				
Profit after tax as per previous UK GAAP		286,480	391,847	
Reversal of deferred taxation on fair value adjustments amortised in the period, in accordance with IAS 12	27 (ii)	5,744	7,658	
Profit after tax as adjusted for IFRS		292,224	399,505	
As at				
<i>in RM'000</i>	Note	1-Feb-04	31-Oct-04	31-Jan-05
Total equity				
Total equity as per previous UK GAAP		2,279,467	2,544,809	2,522,897
Adjustments to profit after tax (as above)		-	5,744	7,658
Reversal of proposed ordinary dividends payable, in accordance with IAS 10	27 (i)	142,569	34,841	128,398
Deferred taxation on revaluation surplus, in accordance with IAS 12	27 (ii)	(5,746)	(5,746)	(5,746)
Deferred taxation of fair value adjustments arising from the acquisition of Powertek, in accordance with IAS 12	27 (ii)	(97,375)	(97,375)	(97,375)
Reclassification of investment property revaluation reserve, in accordance with IAS 40				
from revaluation reserve	27 (v)	(78,065)	(78,065)	(78,065)
to retained earnings	27 (v)	78,065	78,065	78,065
Total equity as adjusted for IFRS		2,318,915	2,482,273	2,555,832

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Part C Additional explanatory notes

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

The effects of these differences are as follows (continued):

<i>in RM</i>	Note	As at	
		31-Oct-05	31-Jan-05
Net tangible assets (“NTA”) per share			
NTA per share as per previous UK GAAP		6.30	5.84
Adjustments			
Reversal of proposed ordinary dividends payable, in accordance with IAS 10	27 (i)	0.09	0.31
Deferred taxation on revaluation surplus, in accordance with IAS 12	27 (ii)	(0.01)	(0.01)
Deferred taxation of fair value adjustments arising from the acquisition of Powertek, in accordance with IAS 12	27 (ii)	(0.21)	(0.22)
Changes in fair value of Available-for-sale financial assets and derivative financial instruments, in accordance with IAS 39	27 (v)	0.11	-
NTA per share as adjusted for IFRS		<u>6.28</u>	<u>5.92</u>

28. Analysis of operating costs – additional disclosures under income statement

<i>in RM'000</i>	3 months ended		9 months ended	
	31-Oct-05	31-Oct-04	31-Oct-05	31-Oct-04
Cost of sales	567,086	532,579	1,735,813	1,586,249
Distribution costs	32,687	9,891	98,628	29,669
Administrative expenses	31,060	27,564	98,059	76,834
Other operating expenses	8,948	6,108	30,992	17,975
Total operating costs	<u>639,781</u>	<u>576,142</u>	<u>1,963,492</u>	<u>1,710,727</u>

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Part C Additional explanatory notes

29. Cash generated from operations – additional disclosures under cash flow statement

<i>in RM'000</i>	9 months ended	
	31-Oct-05	31-Oct-04
Profit on ordinary activities after taxation	282,082	292,224
Adjustments for:		
- Depreciation	185,369	143,797
- Net investment income	(8,920)	(858)
- Interest income	(39,929)	(27,058)
- Interest expense	99,474	92,310
- Share of operating results in joint ventures and associates	(12,915)	(4,547)
- Taxation	121,577	127,563
- Adjustment for other non-cash items	(1,163)	1,039
Changes in working capital	(78,598)	(31,288)
Cash generated form operations	<u>546,977</u>	<u>593,182</u>

By order of the Board

Siuagamy Ramasamy
Group Company Secretary

13 December 2005
Kuala Lumpur

Copies of the Unaudited Results of the Tanjong Group for the third quarter ended 31 October 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