

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 2006

Condensed Group Income Statement

<i>in RM'000</i>	Note	3 months ended	
		30-Apr-06	30-Apr-05
		(Unaudited)	
Gross transaction value	8	<u>956,070</u>	<u>844,389</u>
Revenue	8	553,070	517,589
Operating costs	27	(364,947)	(366,305)
Operating profit	8	<u>188,123</u>	<u>151,284</u>
Net investment income/(charge)		15,114	(3,312)
Finance costs		(62,823)	(32,459)
Interest income		15,274	10,445
Finance costs - net		(47,549)	(22,014)
Share of post tax results from joint ventures and associate		167	1,096
Profit before taxation		<u>155,855</u>	<u>127,054</u>
Taxation	18	(27,796)	(45,385)
Profit after taxation		<u>128,059</u>	<u>81,669</u>
Attributable to:			
Tanjong's shareholders		126,989	84,085
Minority interests		1,070	(2,416)
		<u>128,059</u>	<u>81,669</u>
Earnings per share (sen)	26		
- Basic / Diluted		<u>31.5</u>	<u>20.9</u>

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 30 APRIL 2006

Condensed Group Balance Sheet

<i>in RM'000</i>	As at 30-Apr-06 (Unaudited)	As at 31-Jan-06 (Audited)
ASSETS		
Non-current assets		
Intangible assets	49,130	49,130
Property, plant and equipment	2,830,103	2,896,184
Lease receivables	2,960,495	-
Investment property	470,000	470,000
Investments in joint ventures and associate	57,020	58,414
Deferred income tax assets	44,238	45,382
Available-for-sale financial assets	389,493	400,483
Derivative financial instruments	1,921	2,183
	<u>6,802,400</u>	<u>3,921,776</u>
Current assets		
Inventories	251,485	140,002
Trade and other receivables	415,790	337,669
Held-for-trading financial assets	3,115	3,438
Available-for-sale financial assets	43,673	43,535
Short term placements	911,655	1,319,480
Cash at bank and in hand	192,622	29,778
	<u>1,818,340</u>	<u>1,873,902</u>
Total Assets	<u>8,620,740</u>	<u>5,795,678</u>
LIABILITIES		
Current liabilities		
Trade and other payables	467,686	372,113
Borrowings	444,168	459,125
Current income tax liabilities	24,484	19,693
Dividends payable	34,841	-
	<u>971,179</u>	<u>850,931</u>
Non-current liabilities		
Borrowings	3,940,161	1,654,630
Other non-current liabilities	108,955	6,803
Deferred income tax liabilities	732,780	494,346
	<u>4,781,896</u>	<u>2,155,779</u>
Total Liabilities	<u>5,753,075</u>	<u>3,006,710</u>
NET ASSETS	<u>2,867,665</u>	<u>2,788,968</u>
EQUITY		
Paid up share capital	146,107	146,107
Share premium account	240,808	240,808
Fair value reserve	106,242	101,951
Hedging reserve	23,314	-
Currency translation reserve	(12,248)	14,394
Retained earnings	2,258,621	2,166,473
Total shareholders' equity	<u>2,762,844</u>	<u>2,669,733</u>
Minority interests in equity	104,821	119,235
TOTAL EQUITY	<u>2,867,665</u>	<u>2,788,968</u>
Net Tangible Assets per share (RM)	<u>6.73</u>	<u>6.50</u>
Net Assets per share (RM)	<u>7.11</u>	<u>6.92</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 30 APRIL 2006

Condensed Group Cash Flow Statement

<i>in RM'000</i>	Note	3 months ended	
		30-Apr-06	30-Apr-05 (Unaudited)
Cash flows from operating activities			
Cash generated from operations	28	233,799	161,872
Malaysian and other taxes paid		(26,079)	(28,935)
Net cash generated from operating activities		<u>207,720</u>	<u>132,937</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(4,690)	(34,894)
Proceeds from sales of property, plant and equipment		49	190
Acquisition and construction of a resort		(12)	(8,868)
Net investment in joint ventures		(327)	(4,148)
Purchase of Available-for-sale financial assets and Held-for-trading investments		(6,729)	(36,618)
Proceeds from sale of Available-for-sale financial assets, Held-for-trading investments and derivative financial instruments		20,008	47,074
Repayment from an associate		260	-
Sales proceeds from disposal of an associate		-	4,295
Net sales proceeds from disposal of a subsidiary		6,040	-
Acquisition of subsidiaries		(769,470)	-
Dividend income received		309	430
Interest received		14,825	10,665
Net cash used in investing activities		<u>(739,737)</u>	<u>(21,874)</u>
Cash flows from financing activities			
Proceeds from borrowings		990,880	9,929
Repayment of borrowings		(642,339)	-
Dividends paid to Company's shareholders		-	(34,841)
Interest paid		(56,507)	(44,926)
Net cash generated from/(used in) financing activities		<u>292,034</u>	<u>(69,838)</u>
Currency translation differences		<u>(4,998)</u>	<u>(412)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(244,981)</u>	<u>40,813</u>
Cash and cash equivalents at start of the period		1,349,258	1,177,126
Cash and cash equivalents at end of the period		<u>1,104,277</u>	<u>1,217,939</u>
Cash and cash equivalents			
Short term placements		911,655	1,197,448
Cash at bank and in hand		192,622	20,491
		<u>1,104,277</u>	<u>1,217,939</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 30 APRIL 2006

Condensed Group Statement of Changes in Equity

in RM'000	Attributable to Equity Holders of Company							Total Equity	
	Share Capital	Share Premium	Fair value Reserve	Hedging Reserve	Translation Reserve	Retained Earnings	Minority Interests	30-Apr-06 (Unaudited)	30-Apr-05
Balance as at 1 February	146,107	240,808	101,951	-	14,394	2,166,473	119,235	2,788,968	2,590,823
Movements during the period:									
Net profit for the period	-	-	-	-	-	126,989	1,070	128,059	81,669
Fair value gains on Available-for-sale financial assets	-	-	4,291	-	-	-	-	4,291	-
Cash flow hedges	-	-	-	23,314	-	-	-	23,314	-
Dividends	-	-	-	-	-	(34,841)	-	(34,841)	(34,841)
Realised exchange differences transferred to income statement upon disposal of a subsidiary	-	-	-	-	(13,095)	-	-	(13,095)	-
Exchange differences on foreign currency net investments	-	-	-	-	(13,547)	-	(4)	(13,551)	37
Dividend declared to Minority interest	-	-	-	-	-	-	(15,480)	(15,480)	-
Balance as at 30 April	<u>146,107</u>	<u>240,808</u>	<u>106,242</u>	<u>23,314</u>	<u>(12,248)</u>	<u>2,258,621</u>	<u>104,821</u>	<u>2,867,665</u>	<u>2,637,688</u>

The condensed group statement of changes in equity 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 30 APRIL 2006

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 2006.

Tanjong's interim financial statements have been prepared in accordance with those International Financial Reporting Standards ("IFRS") (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.

The introduction of IFRS has resulted in a redefinition of Numbers Forecast Operations ("NFO") revenue in line with the revised accounting definition for gaming revenue within the UK gaming industry. Gaming transactions are now viewed as financial instruments falling within the ambit of IAS 39 – "Financial Instruments: Recognition and Measurement" ("IAS 39") which requires the resulting revenue to be disclosed at fair value, namely net of prize payouts. Accordingly, NFO revenue previously reported as gross sales proceeds is now reported net of prize payouts.

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.

5. Material changes in estimates of amounts reported

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

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

6. Movements in debt and equity securities

6.1 Issuance and repayment of debt securities

There was an issuance of commercial paper (CP) of up to an amount of RM300 million by a subsidiary company for the quarter under review of which RM250 million was repaid within the same quarter.

6.2 Issuance of equity securities

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

7. Dividend paid

There was no dividend paid during the quarter under review.

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QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2006

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	Gaming	Property Investment	Liquefied Petroleum Gas	Leisure	Others	Group
Period ended 30 April 2006							
Gross transaction value*							<u>956,070</u>
Revenue							
Total revenue	374,341	138,077	14,511	7,160	22,149	-	556,238
Inter-segment elimination	-	-	(3,168)	-	-	-	(3,168)
External revenue	<u>374,341</u>	<u>138,077</u>	<u>11,343</u>	<u>7,160</u>	<u>22,149</u>	<u>-</u>	<u>553,070</u>
Results							
Operating profit/(loss)	165,561	25,555	9,624	(638)	(11,446)	(533)	188,123
Net investment income							15,114
Finance costs	(56,652)	-	(1,683)	-	(2,372)	(2,116)	(62,823)
Interest income							15,274
Share of post tax results from							
- joint ventures	1,676	(1,783)	-	-	424	-	317
- associate	-	-	-	-	-	(150)	(150)
	<u>1,676</u>	<u>(1,783)</u>	<u>-</u>	<u>-</u>	<u>424</u>	<u>(150)</u>	<u>167</u>
Profit before taxation							<u>155,855</u>
Taxation							<u>(27,796)</u>
Profit after taxation							<u>128,059</u>
Other segment items							
Capital expenditure	2,741	1,918	10	-	12	21	4,702
Depreciation	53,158	2,254	230	-	6,457	-	62,099
As at 30 April 2006							
Segment assets	6,150,240	134,846	480,770	-	323,227	58,874	7,147,957
Joint ventures and associate	11,444	14,710	-	-	29,646	1,220	57,020
Unallocated assets							<u>1,415,763</u>
Total assets							<u>8,620,740</u>
Segment liabilities	382,517	124,357	24,715	62	39,821	40,010	611,482
Borrowings	3,799,730	-	127,500	-	294,279	162,820	4,384,329
Unallocated liabilities							<u>757,264</u>
Total liabilities							<u>5,753,075</u>

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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	Gaming	Property Investment	Liquefied Petroleum Gas	Leisure	Others	Group
Period ended 30 April 2005							
Gross transaction value*							<u>844,389</u>
Revenue							
Total revenue	277,362	189,873	13,860	7,249	32,254	-	520,598
Inter-segment elimination	-	-	(3,009)	-	-	-	(3,009)
External revenue	<u>277,362</u>	<u>189,873</u>	<u>10,851</u>	<u>7,249</u>	<u>32,254</u>	-	<u>517,589</u>
Results							
Operating profit/(loss)	99,797	55,374	10,015	(163)	(16,048)	2,309	151,284
Net investment income							(3,312)
Finance costs	(26,213)	-	(1,881)	-	(1,970)	(2,395)	(32,459)
Interest income							10,445
Share of post tax results from							
- joint ventures	-	-	-	-	726	-	726
- associate	-	-	-	-	-	370	370
	-	-	-	-	726	370	1,096
Profit before taxation							<u>127,054</u>
Taxation							<u>(45,385)</u>
Profit after taxation							<u>81,669</u>
Other segment items							
Capital expenditure	31,835	2,777	185	5	8,868	92	43,762
Depreciation	50,759	2,635	225	5	7,857	183	61,664
As at 30 April 2005							
Segment assets	2,962,903	121,219	484,676	8,553	335,971	46,041	3,959,363
Joint venture and associates	418	1,049	-	-	29,307	3,508	34,282
Unallocated assets							1,650,714
Total assets							<u>5,644,359</u>
Segment liabilities	144,666	97,892	25,511	6,144	40,267	9,660	324,140
Borrowings	1,585,000	-	142,500	-	306,445	181,555	2,215,500
Unallocated liabilities							467,031
Total liabilities							<u>3,006,671</u>

* Gross transaction value represents gross sales proceeds for the NFO and revenue from other operations. NFO revenue, previously reported as gross sales proceeds, is now reported net of prize payouts in accordance with IAS 39. The impact to the disclosure of revenue is detailed below:

<i>in RM'000</i>	3 months ended	
	30-Apr-06	30-Apr-05
NFO gross sales proceeds	538,408	512,063
RTO revenue	2,669	4,610
Revenue from Other Operations	<u>414,993</u>	<u>327,716</u>
Gross transaction value	<u>956,070</u>	<u>844,389</u>
Less : NFO prize payouts	<u>(403,000)</u>	<u>(326,800)</u>
Revenue as presented above	<u>553,070</u>	<u>517,589</u>

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QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2006

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)

Operating profit of the Gaming segment is analysed as below:-

<i>in RM'000</i>	3 months ended	
	30-Apr-06	30-Apr-05
Gaming operating profit/(loss)		
NFO	20,281	58,872
RTO	5,274	(3,498)
	<u>25,555</u>	<u>55,374</u>

(b) Secondary reporting format – geographical segments

Gaming and Property Investment segment are located in Malaysia. Liquefied Petroleum Gas (“LPG”) is in China, Tropical Islands is in Germany. Power Generation segment is located in Malaysia and Egypt.

<i>in RM' 000</i>	Malaysia	Egypt	Federal Republic of Germany	Other countries	Group
Period ended 30 April 2006					
Total external revenue	410,106	113,655	22,149	7,160	553,070
Total capital expenditure	4,655	35	12	-	4,702
As at 31 January 2006					
Segment assets	3,429,015	3,333,489	323,227	62,226	7,147,957
Joint ventures and associate					57,020
Unallocated assets					1,415,763
Total assets					<u>8,620,740</u>
Period ended 30 April 2005					
Total external revenue	478,086	-	32,254	7,249	517,589
Total capital expenditure	34,889	-	8,868	5	43,762
As at 30 April 2005					
Segment assets	3,567,625	-	335,971	55,767	3,959,363
Joint ventures and associate					34,282
Unallocated assets					1,650,714
Total assets					<u>5,644,359</u>

Segment revenue from external customers is based on the country in which the customer is located whereas the 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 2006 has been assessed internally by the Group at RM470 million.

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

- (a) Following the completion of the Egyptian Power Assets by Kuasa Nusajaya (L) Ltd on 2 March 2006, Egyptian Operating Company SAE (“EOC”), Port Said East Power SAE (“Port Said”) and Suez Gulf Power SAE (“Suez Gulf”) have accordingly become wholly-owned subsidiaries of Tanjong.
- (b) On 26 April 2006, the Company announced the disposal of its interest in the Liquefied Petroleum Gas business in China to Sinowave (Asia) International Limited (“Purchaser”) for a total cash consideration of US\$2.1 million (“Disposal”).

Consequently, Parkdale Limited, Pacific Liquefied Petroleum Gas (LPG) Investments N.V., Pacific LPG Company Ltd Taixing and Pacific LPG Company Ltd Wuhu ceased to be subsidiaries of Tanjong while Kuala Dagang Energy Services Sdn Bhd and Quaestor International N.V. became wholly-owned subsidiaries of Tanjong with effect from 25 April 2006.

Full details of the transaction are in the Company’s announcement to Exchanges dated 26 April 2006.

Apart from the above, 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 30 April 2006

	RM million
Authorised and contracted	228
Authorised and not contracted	141
Analysed as follows:	
Investment commitments (i)	221
Tropical Islands project expenditure	93
Others	55
	<u>369</u>

(i) Represents mainly the Group's equity contribution commitment in the Taweelah B project.

12.2 Contingencies

As at 30 April 2006, the Group has provided the following guarantees and indemnities in favour of:

- (a) 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 RM42.78 million);
- (b) 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 RM191.71 million);
- (c) a financial institution in respect of the USD100 million standby letters of credit/bank guarantee facility obtained by Kuasa Nusajaya (L) Ltd pursuant to its acquisition of two power generating companies, Suez Gulf and Port Said and an operating company, Egyptian Operating Company SAE from EDF International SA in Egypt ("Acquisition"); and
- (d) a financial institution of up to USD33 million in relation to a standby letter of credit facility obtained by Kuasa Nusajaya (L) Ltd pursuant to the Acquisition.

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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 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, including those for charitable purposes (“the Trust”); and
- (ii) Ananda Krishnan Tatparanandam and his family.

The trustee of 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>	3 months ended	
	30-Apr -06	30-Apr -05
<i>Income credited to the Group profit and loss account</i>		
Lease rental and tenant service revenue	6,334	6,040
Management services revenue	280	32
Others	56	65
	<u>6,670</u>	<u>6,137</u>
<i>Recovery of expenses and shared overhead costs</i>	<u>2,153</u>	<u>2,067</u>
<i>Expenses charged to the Group profit and loss account</i>		
Consultancy services	3,938	3,938
Provision of gas, electricity and water supplies	1,795	1,802
Technical advisory, operations & maintenance services	1,225	1,244
Telecommunication and related services	441	484
Closed circuit television broadcasting services	431	615
Sub-tenancy of premises	152	254
Connection and transaction fees	75	125
Sponsorship of events	53	-
Bloodstock management, service fees, accounting & clerical services	50	330
Software support and license fees	18	385
Equipment lease rentals	-	140
Other services	131	34
	<u>8,309</u>	<u>9,351</u>

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QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2006

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

14. Review of performance

Group revenue for the current quarter increased by RM35 million, a 6.8% increase to RM553 million over the corresponding quarter in the previous year (“corresponding quarter”). Group operating profit is at RM188 million, higher by RM37 million.

Power Generation revenue increased by 35% from RM277 million to RM374 million in the current quarter mainly due to the maiden contribution from the Egyptian power plants following the completion of their acquisition on 2 March 2006. The higher revenue has in turn contributed primarily to the increase of the segment’s operating profit by RM66 million or 66% to RM166 million in the current quarter.

Gross sales proceeds from the NFO business increased by 5% to RM538 million from RM512 million. As explained in Note 8, revenue from the NFO business is now disclosed after deduction of prize payouts. During the quarter under review, prize payout ratios increased to 75%, from 64% in the corresponding quarter. Accordingly, Gaming segment revenues are stated at RM138 million for the quarter under review, compared to RM190 million as restated for the corresponding quarter. Consequent also upon the very significant increase in prize payout of RM76 million, the operating profit for the gaming segment has reduced from RM55 million to RM26 million.

Revenue from the Leisure segment decreased to RM22 million from RM32 million in the corresponding quarter mainly due to decreased number of visitors as compared against the corresponding quarter. However, the segment recorded a lower operating loss at RM12 million as compared to RM16 million in the corresponding quarter, mainly due to increases in average spend per visitor and lower operating expenses compared to the corresponding quarter.

Net investment income has increased due to the inclusion of the gain on the disposal of LPG plants totalling RM19 million during the quarter.

Net finance costs increased from RM22 million to RM48 million as a result of the consolidation of interest expense arising from the inclusion of the results of the Egyptian power plants and finance costs incurred on the additional borrowings to finance the acquisition of these plants.

For the period under review, Group profit attributable to shareholders increased by 51% from RM84 million to RM127 million. Net earnings per share increased by 10.6 sen from 20.9 sen to 31.5 sen.

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

The current quarter’s profit before taxation of RM156 million is higher than the preceding quarter's profit before taxation of RM98 million mainly due to the maiden contribution from the recently acquired Egyptian power plants.

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QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2006

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

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

The Directors expect that the following factors will impact Group's prospects for the remaining period to the end of the financial year:-

- (i) incremental contribution arising from the Egyptian power plants;
- (ii) improving demand for the Group's gaming products in line with initiatives to increase its market presence and product competitiveness;
- (iii) continuing losses in Tropical Islands which could increase as a result of closure of the dome for planned capital improvements in the latter part of the year;
- (iv) exposure to interest fluctuations on unhedged floating rate borrowings amounting to RM1,151 million (see Note 22).

Barring unforeseen circumstances, the Board anticipates a satisfactory 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 Quarter	
	30-Apr-06	30-Apr-05
Malaysian Taxation		
Income tax		
- Current year	25,165	34,284
- Prior year	(3,522)	55
	21,643	34,339
Deferred tax	6,150	11,064
	27,793	45,403
Foreign Taxation	3	(18)
	27,796	45,385

The effective tax rate for the current quarter is 17.8%, which is lower than the statutory tax rate of 28% due mainly to the net income from the Egyptian power plants being exempted from income tax and the capital gain from the sale of LPG business which is not subject to income tax.

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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 / Cumulative Quarter
(a) Summary of dealings in quoted securities for the period ended 30 April 2006	
(i) Total purchase consideration	7,034
(ii) Total sale proceeds	20,204
(iii) Total profit on disposal	1,087
(b) Investments in quoted securities as at the end of the reporting period:	
(i) At cost	55,362
(ii) At book value/market value	109,641

21. Status of corporate proposals announced but not completed

All corporate proposals announced in the previous quarter have been completed.

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22. Group borrowings and debt securities

<i>in RM'000</i>	Short Term	Long Term	As at 30-Apr-06
Secured			
<i>Denominated in RM</i>			
Al-Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS") ¹	45,000	280,000	325,000
Al-Murabahah Medium Term Notes ¹ Serial bonds ²	-	15,000	15,000
Commercial paper ²	-	830,000	830,000
Al-Bai' Bithaman Ajil ("ABBA") ³	50,000	-	50,000
	15,000	112,500	127,500
	110,000	1,237,500	1,347,500
<i>Denominated in GBP</i>			
Term loan ⁴	-	162,820	162,820
<i>Denominated in EURO</i>			
Bridging loan ⁵	22,637	-	22,637
Transferable bridging loan ⁶	135,821	-	135,821
Transferable term loan ⁷	-	135,821	135,821
	158,458	135,821	294,279
<i>Denominated in USD</i>			
Term loan ⁸	-	547,970	547,970
Secured loan-International Finance Corporation Loan ("IFC") ⁹	68,426	1,214,535	1,282,961
Senior secured loan ⁹	-	364,200	364,200
Secured working capital loan ⁹	7,284	27,315	34,599
	75,710	2,154,020	2,229,730
Unsecured			
<i>Denominated in RM</i>			
Redeemable bonds	100,000	250,000	350,000
	444,168	3,940,161	4,384,329

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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 were undertaken by 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 €5 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 *The €30 million loan which has been drawdown by TEL is secured by way of a corporate guarantee issued by Tanjong plc.*
- ⁸ *The USD150 million term loan, which has been drawdown by Kuasa Nusajaya (L) Ltd ("KNL") is secured by way of a charge over shares in KNL, an assignment of KNL's rights to be paid proceeds of certain claims if such claims are made in relation to the Acquisition, an assignment of KNL's rights under hedging contracts, an assignment of shareholders's loan and charges over certain accounts and receivables.*
- ⁹ *These loans are secured by pledge of shares in Port Said and Suez Gulf, mortgages over their assets, assignments of shareholder loan agreement, project agreements, interest rate hedging agreements, insurances, receivables and certain accounts, and a corporate guarantee by Electricite de France.*

Analysis of Group Borrowings	RM'000
Fixed rate loans	1,996,700
Floating rate loans	
Partially hedged	1,236,206
Unhedged	1,151,423
Balance as at 30 April 2006	<u>4,384,329</u>

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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 first interim gross dividend of **12 sen per share, less Malaysian income tax at 28%** in respect of the financial year ending 31 January 2007 (the "**First Interim Dividend**") has been declared payable on **28 July 2006** to those shareholders on record of the Company **at the close of business on 14 July 2006** subject to the following paragraphs.

The Register of Members of the Company will be closed from 15 July 2006 to 17 July 2006 (both dates inclusive) for the purpose of determining each shareholder's entitlement to the **First Interim Dividend**.

Each person whose name appears in the Register of Members or the Record of Depositors as **at the close of business on 14 July 2006** (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. 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 14 July 2006** will be registered by the **First Interim Dividend Record Date**.

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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 **14 July 2006** in respect of transfers;
- (b) **shares deposited** into the Depositor’s Securities Account **before 12.30 p.m. (Malaysian time)** on **12 July 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.

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Part C Additional explanatory notes

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)	126,989
Weighted average number of ordinary shares	<u>403,256,136</u>
Basic and diluted EPS (sen)	<u>31.5</u>

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

<i>in RM'000</i>	3 months ended	
	30-Apr-06	30-Apr-05
Cost of sales	319,982	306,575
Distribution costs	12,273	15,110
Administrative expenses	28,742	41,866
Other operating expenses	3,950	2,754
Total operating costs	<u>364,947</u>	<u>366,305</u>

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Part C Additional explanatory notes

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

<i>in RM'000</i>	3 months ended	
	30-Apr-06	30-Apr-05
Profit after taxation	128,059	81,669
Adjustments for:		
- Depreciation	62,099	61,664
- Amortisation of intangible assets	-	-
- Net investment income	(15,114)	3,312
- Finance costs	62,823	32,459
- Interest income	(15,274)	(10,445)
- Share of post tax results from joint ventures and associate	(167)	(1,096)
- Taxation	27,796	45,385
- Adjustment for other non-cash items	(1,059)	(110)
Changes in working capital	(15,364)	(50,966)
Cash generated from operations	<u>233,799</u>	<u>161,872</u>

By Order of the Board

Siuagamy Ramasamy
Group Company Secretary

21 June 2006
Kuala Lumpur

Copies of the Unaudited Results of the Tanjong Group for the first quarter ended 30 April 2006 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