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 JANUARY 2007

Condensed Group Income Statement

in RM'000	Note	3 months ended 31-Jan-07 (Unaudited)	3 months ended 31-Jan-06 (Audited)	12 months ended 31-Jan-07 (Unaudited)	12 months ended 31-Jan-06 (Audited)
Gross transaction value	8	**928,499**	804,673	**3,805,826**	3,209,534
Revenue	8	**618,612**	476,797	**2,437,339**	1,965,293
Operating costs	28	**(350,520)**	(360,782)	**(1,551,805)**	(1,407,909)
Operating profit	8	**268,092**	116,015	**885,534**	557,384
Net investment income		**5,285**	4,393	**33,379**	13,313
Finance costs		**(67,152)**	(33,823)	**(281,723)**	(133,297)
Interest income		**14,156**	13,571	**60,262**	53,500
Finance costs - net		**(52,996)**	(20,252)	**(221,461)**	(79,797)
Share of post tax results from joint ventures and associate		**(1,676)**	(2,648)	**(9,206)**	10,267
Profit before taxation		**218,705**	97,508	**688,246**	501,167
Taxation	19	**(45,933)**	(10,474)	**(151,457)**	(132,051)
Profit after taxation		**172,772**	87,034	**536,789**	369,116
Attributable to:					
Tanjong's shareholders		**151,214**	86,261	**509,527**	374,494
Minority interests		**21,558**	773	**27,262**	(5,378)
		172,772	87,034	**536,789**	369,116
Earnings per share (sen)	27				
- Basic / Diluted		**37.5**	21.4	**126.4**	92.9

The condensed group income statement should be read in conjunction with the Group's annual financial statements for the year ended 31 January 2006.

TANJONG public limited company

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QUARTERLY REPORT FOR THE QUARTER ENDED 31 JANUARY 2007

Condensed Group Balance Sheet

in RM'000	**As at 31-Jan-07 (Unaudited)**	**As at 31-Jan-06 (Restated)**
ASSETS		
Non-current assets		
Intangible assets	**49,130**	49,130
Property, plant and equipment	**2,727,271**	2,896,184
Prepaid lease rental	**14,999**	-
Lease receivables	**2,747,943**	-
Investment property	**550,000**	470,000
Investments in joint ventures and associate	**53,660**	58,414
Deferred income tax assets	**291,201**	292,504
Available-for-sale financial assets	**376,414**	400,483
Derivative financial instruments	**-**	2,183
	6,810,618	4,168,898
Current assets		
Inventories	**276,250**	140,002
Trade and other receivables	**298,832**	337,669
Held-for-trading financial assets	**3,550**	3,438
Available-for-sale financial assets	**31,294**	43,535
Derivative financial instruments	**542**	-
Short term placements	**1,027,522**	1,319,480
Cash at bank and in hand	**262,744**	29,778
	1,900,734	1,873,902
Total Assets	**8,711,352**	6,042,800
LIABILITIES		
Current liabilities		
Trade and other payables	**500,320**	372,113
Borrowings	**278,019**	459,125
Current income tax liabilities	**17,910**	19,693
	796,249	850,931
Non-current liabilities		
Borrowings	**3,857,170**	1,654,630
Other non-current liabilities	**130,334**	6,803
Deferred income tax liabilities	**597,620**	494,346
	4,585,124	2,155,779
Total Liabilities	**5,381,373**	3,006,710
NET ASSETS	**3,329,979**	3,036,090
EQUITY		
Paid up share capital	**146,107**	146,107
Share premium account	**240,808**	240,808
Fair value reserve	**117,076**	101,951
Hedging reserve	**25,367**	-
Legal reserve	**3,548**	-
Currency translation reserve	**(48,057)**	14,394
Retained earnings	**2,713,358**	2,413,595
Total shareholders' equity	**3,198,207**	2,916,855
Minority interests in equity	**131,772**	119,235
TOTAL EQUITY	**3,329,979**	3,036,090
Net Tangible Assets per share (RM)	**7.81**	7.11
Net Assets per share (RM)	**8.26**	7.53

The condensed group balance sheet should be read in conjunction with the Group's annual financial statements for the year ended 31 January 2006.

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QUARTERLY REPORT FOR THE QUARTER ENDED 31 JANUARY 2007

Condensed Group Cash Flow Statement

in RM'000	Note	12 months ended 31-Jan-07 (Unaudited)	31-Jan-06 (Audited)
Cash flows from operating activities			
Cash generated from operations	**29**	**1,037,190**	728,445
Malaysian and other taxes paid		**(108,609)**	(115,305)
Net cash generated from operating activities		**928,581**	613,140
Cash flows from investing activities			
Purchase of property, plant and equipment		**(106,062)**	(90,079)
Proceeds from sale of property, plant and equipment		**412**	5,235
Construction of a resort		**-**	(38,671)
Purchase of Available-for-sale financial assets		**(18,945)**	(81,680)
Proceeds from sale of Available-for-sale financial assets		**79,778**	135,612
Net investment in joint ventures		**-**	(20,734)
Net repayment from an associate		**260**	1,474
Sales proceeds from disposal of an associate		**-**	4,295
Sales proceeds from disposal of subsidiaries		**6,041**	-
Acquisition of subsidiaries		**(769,470)**	-
Dividend income received		**12,809**	12,911
Interest received		**64,396**	54,598
Net cash used in investing activities		**(730,781)**	(17,039)
Cash flows from financing activities			
Proceeds from borrowings		**1,271,944**	24,347
Repayment of borrowings		**(1,082,323)**	(80,000)
Government subsidies received		**77,939**	-
Dividends paid to company's shareholders		**(208,241)**	(232,921)
Dividends paid to minority interests		**(15,480)**	-
Interest paid		**(282,644)**	(132,060)
Net cash used in financing activities		**(238,805)**	(420,634)
Currency translation differences		**(17,987)**	(3,335)
Net (decrease)/increase in cash and cash equivalents		**(58,992)**	172,132
Cash and cash equivalents at start of the period		**1,349,258**	1,177,126
Cash and cash equivalents at end of the period		**1,290,266**	1,349,258
Cash and cash equivalents			
Short term placements		**1,027,522**	1,319,480
Cash at bank and in hand		**262,744**	29,778
		1,290,266	1,349,258

The condensed group cash flow statement should be read in conjunction with the Group's annual financial statements for the year ended 31 January 2006.

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QUARTERLY REPORT FOR THE QUARTER ENDED 31 JANUARY 2007

Condensed Group Statement of Changes in Equity

	Attributable to Equity Holders of Company								Total Equity	
in RM'000	Paid Up Share Capital	Share Premium	Fair value Reserve	Legal Reserve	Hedging Reserve	Translation Reserve	Retained Earnings	Minority Interests	31-Jan-07 (Unaudited)	31-Jan-06 (Restated)
Balance as at 1 February	146,107	240,808	101,951	-	-	14,394	2,413,595	119,235	**3,036,090**	2,590,823
Prior year adjustment										
Tax credit recognised on reinvestment allowance	-	-	-	-	-	-	-	-	**-**	247,122
	146,107	240,808	101,951	-	-	14,394	2,413,595	119,235	**3,036,090**	2,837,945
Movements during the period:										
Net profit for the period	-	-	-	-	-	-	509,527	27,262	**536,789**	369,116
Fair value gains on Available-for -sale financial assets	-	-	15,125	-	-	-	-	-	**15,125**	58,492
Cash flow hedges	-	-	-	-	25,367	-	-	-	**25,367**	-
Dividends	-	-	-	-	-	-	(208,241)	-	**(208,241)**	(232,921)
Realised exchange differences transferred to income statement upon disposal of subsidiaries	-	-	-	-	-	(13,095)	-	-	**(13,095)**	-
Exchange differences on foreign currency net investments	-	-	-	-	-	(49,356)	-	(5)	**(49,361)**	3,458
Dividends paid to Minority interests	-	-	-	-	-	-	-	(15,480)	**(15,480)**	-
Reduction in Deferred tax attributable to investment property revaluation surplus	-	-	-	-	-	-	1,540	760	**2,300**	-
Annual net profit transferred to a legal reserve	-	-	-	3,548	-	-	(3,063)	-	**485**	-
Balance as at 31 January	146,107	240,808	117,076	3,548	25,367	(48,057)	2,713,358	131,772	**3,329,979**	3,036,090

The condensed group statement of changes in equity should be read in conjunction with the Group's annual financial statements for the year ended 31 January 2006.

TANJONG public limited company

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QUARTERLY REPORT FOR THE QUARTER ENDED 31 JANUARY 2007

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.

The accounting policies applied subsequent to the Group's annual audited financial statements for the year ended 31 January 2006 are in respect of the following:

(a) Recognition of lease arrangement in accordance with IFRS adopted IAS 17-"Leases"

The power purchase agreements ("PPA") governing the Group's Egyptian operations require the power plants to be transferred back to the Egyptian Electricity Holding Company ("EEHC") upon expiry of the PPA under a build, operate and transfer arrangement thereby transferring substantially all the risks and rewards incidental to the ownership of the plant to EEHC. As such, the aforementioned arrangement, which is deemed to contain a lease element, is required to be accounted for in accordance with *IFRS adopted IAS 17 – "Leases"* as a finance lease, as the arrangement meets the required criteria of a finance lease in the Standard.

Accordingly, the present value of the lease payments, which is the contracted capacity payment due from EEHC, is classified as finance lease receivables in the Balance Sheet at an amount equal to the net investment in the lease. Finance lease income is recognised over the term of the lease using the net investment method which reflects a constant periodic rate of return on the outstanding finance lease receivable.

Energy payments from EEHC are recognised as revenue as and when the contracted power is delivered.

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

1. Basis of preparation (continued)

(b) Accounting recognition of Government Subsidies in accordance with IFRS adopted IAS 20 – “Accounting for Government Grants and Disclosure of Government Assistance”

The Group has been informed by InvestitionsBank des Lands Brandenburg (the Investment Bank of the State Government of Brandenburg, Federal Republic of Germany or “ILB”) that it has fulfilled the conditions precedent relating to the drawdown of a government grant totalling €17.3 million (approximately RM79 million). The Grant was approved in respect of qualifying capital expenditure incurred by the Tropical Islands (“TI”) subsidiaries pursuant to the development and construction of the TI Resort in Germany.

The key remaining terms and conditions of the Grant are that during the mandatory period of five years to 31 October 2010, the assets that qualify for the Grant must remain within the TI subsidiaries unless they are replaced by assets of equivalent or higher value, and the TI subsidiaries are to have a minimum staff establishment of 500 full time or equivalent positions. In undertaking the fulfillment of these terms and conditions, the Group has provided a bank guarantee of €18 million and a corporate guarantee of €2 million. The obligations under these guarantees shall cease to have effect once a claim out of these guarantees has not been asserted or made by the ILB by 31 October 2011.

In accordance with *IFRS adopted IAS 20 – “Accounting for Government Grants and Disclosure of Government Assistance”*, the Grant of €17.3 million is being recognised as income proportionately over the mandatory period of five years. The guarantees totalling €20 million are disclosed by way of Note 12, in accordance with *IFRS adopted IAS 37 – “Provisions, Contingent Liabilities and Contingent Assets”.*

Consequently RM16 million representing the annual benefit has been recognised in the Income Statement for the year ended 31 January 2007 (see Note 28).

(c) Accounting recognition of Reinvestment Allowances (RIA) following written clarification of the Malaysian Ministry of Finance (MOF) in accordance with IFRS adopted IAS 12 “Income Taxes”

On 16 February 2007, the MOF issued a letter to the Malaysian Accounting Standards Board clarifying that the RIA granted under the Investment Incentive Act 1986 has no relationship to the asset for which the RIA have been given, apart from being used as a basis for computing the amount of tax allowances to be credited to the tax exempt income account. Following this clarification, the RIA granted in relation to the construction of the Panglima power plant (refer to Note19) are now considered as tax credits that can be utilised against future taxable profits thereby resulting in a deferred tax benefit of approximately RM247 million. As the entitlement to the RIA arose prior to 31 January 2007, the effect of this deferred tax benefit has been recognised retrospectively as a prior year adjustment to retained earnings within Equity and the corresponding debit has been made to the deferred tax asset account.

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

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.

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 a repayment of RM45 million Al' Bai Bithaman Ajil Islamic Debt Securities ("BAIDS") by a subsidiary company for the quarter under review.

6.2 Issuance of equity securities

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

7. Dividend paid

	Gross per ordinary share	Paid on
Third interim dividend for FY 31 January 2007	12.0 sen	25 January 2007
Second interim dividend for FY 31 January 2007	12.0 sen	31 October 2006
Final dividend for FY 31 January 2006	22.0 sen	11 August 2006
First interim dividend for FY 31 January 2007	12.0 sen	28 July 2006
Fourth interim dividend for FY 31 January 2006	12.0 sen	5 May 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

in RM' 000	Power Generation	Gaming	Property Investment	Leisure	Others	Group
Period ended 31 January 2007						
Gross transaction value*						3,805,826
Revenue						
Total revenue	1,681,881	635,600	58,969	66,548	7,160	2,450,158
Inter-segment elimination	-	-	(12,819)	-	-	(12,819)
External revenue	1,681,881	635,600	46,150	66,548	7,160	2,437,339
Results						
Operating profit/(loss)	682,637	150,185	120,213	(58,754)	(8,747)	885,534
Net investment income						33,379
Finance costs	(253,296)	-	(6,542)	(13,392)	(8,493)	(281,723)
Interest income						60,262
Share of post tax results from						
- joint ventures	5,789	(17,283)	-	1,973	-	(9,521)
- associate	-	-	-	-	315	315
	5,789	(17,283)	-	1,973	315	(9,206)
Profit before taxation						688,246
Taxation						(151,457)
Profit after taxation						536,789
Other segment items						
Capital expenditure	13,497	7,690	665	74,770	1,748	98,370
Depreciation	215,324	9,069	936	24,895	201	250,425
As at 31 January 2007						
Segment assets	5,710,881	137,293	559,831	464,272	44,167	6,916,444
Joint ventures and associate	20,417	95	-	31,445	1,703	53,660
Unallocated assets						1,741,248
Total assets						8,711,352
Segment liabilities	339,588	113,259	21,195	130,048	25,990	630,080
Borrowings	3,459,068	-	112,500	408,528	155,093	4,135,189
Unallocated liabilities						616,104
Total liabilities						5,381,373

8. Segmental results (continued)

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

in RM'000	Power Generation	Gaming	Property Investment	Leisure	Others	Group
Year ended 31 January 2006						
Gross transaction value*						3,209,534
Revenue						
Total revenue	1,086,665	697,597	65,367	96,905	33,280	1,979,814
Inter-segment elimination	-	-	(14,521)	-	-	(14,521)
External revenue	1,086,665	697,597	50,846	96,905	33,280	1,965,293
Results						
Operating profit/(loss)	386,624	195,461	49,269	(68,651)	(5,319)	557,384
Net investment income						13,313
Finance costs	(106,580)	-	(7,352)	(9,827)	(9,538)	(133,297)
Interest income						53,500
Share of post tax results from						
- joint ventures	9,299	(3,941)	-	4,210	-	9,568
- associate	-	-	-	-	699	699
	9,299	(3,941)	-	4,210	699	10,267
Profit before taxation						501,167
Taxation						(132,051)
Profit after taxation						369,116
Other segment items						
Capital expenditure	86,676	15,161	1,233	58,197	472	161,739
Depreciation	207,911	8,123	917	24,083	847	241,881
Provision for impairment loss	-	-	-	-	14	14
Intangible assets written off	-	-	-	121	-	121
As at 31 January 2006						
Segment assets	2,861,186	157,018	489,220	339,261	63,129	3,909,814
Joint ventures and associate	9,724	16,737	-	30,228	1,725	58,414
Unallocated assets						2,074,572
Total assets						6,042,800
Segment liabilities	166,169	130,504	22,425	46,390	13,428	378,916
Borrowings	1,520,000	-	127,500	299,125	167,130	2,113,755
Unallocated liabilities						514,039
Total liabilities						3,006,710

* 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:

in RM'000	**12 months ended 31-Jan-07**	**12 months ended 31-Jan-06**
NFO gross sales proceeds	**1,992,830**	1,924,978
RTO revenue	**11,257**	16,860
Revenue from Other Operations	**1,801,739**	1,267,696
Gross transaction value	**3,805,826**	3,209,534
Less : NFO prize payouts	**(1,368,487)**	(1,244,241)
Revenue as presented above	**2,437,339**	1,965,293

8. Segmental results (continued)

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

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

	12 months ended	
in RM'000	**31-Jan-07**	**31-Jan-06**
Gaming operating profit/(loss)		
NFO	**166,766**	209,291
RTO	**(16,581)**	(13,830)
	150,185	195,461

(b) Secondary reporting format – geographical segments

Gaming and Property Investment segment are located in Malaysia. Tropical Islands is in Germany. Power Generation segment is located in Malaysia and Egypt.

in RM' 000	Malaysia	Egypt	Germany	Other countries	Group
Period ended 31 January 2007					
Total external revenue	1,738,505	625,126	66,548	7,160	2,437,339
Total capital expenditure	23,600	-	74,770	-	98,370
As at 31 January 2007					
Segment assets	3,401,017	3,015,481	464,272	35,674	6,916,444
Joint ventures and associate					53,660
Unallocated assets					1,741,248
Total assets					8,711,352
Period ended 31 January 2006					
Total external revenue	1,835,108	-	96,905	33,280	1,965,293
Total capital expenditure	103,509	-	58,197	33	161,739
As at 31 January 2006					
Segment assets	3,510,441	-	339,261	60,112	3,909,814
Joint ventures and associate					58,414
Unallocated assets					2,074,572
Total assets					6,042,800

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.

9. Valuations of property, plant and equipment

The investment property at Menara Maxis was revalued on 31 January 2007 by Messrs Jones Lang Wootton, using the open market existing use basis, to reflect its fair value of RM550 million. The Group's share of the resulting surplus arising from the valuation which amounts to RM40 million has been credited to the Income Statement in accordance with IAS40 - Investment Property.

	RM million
Fair value adjustment (Recognition as other income)	80.0
Increase in deferred tax liabilities	(20.8)
	59.2
Net increase attributable to minority interest	(19.2)
Net increase attributable to shareholders	40.0

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

There were no changes in the composition of the Group during the quarter under review.

12. Commitments and contingencies

12.1 *Capital commitments as at 31 January 2007*

		RM million
Authorised and contracted		227
Authorised and not contracted		143
Analysed as follows:		
Investment commitments	(i)	209
Tropical Islands project capital expenditure		55
Property, plant and equipment		106
		370

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

12.2 *Contingencies*

As at 31 January 2007, 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 RM42.24 million);

(b) a financial institution and Taweelah United Power Company in respect of Pendekar Power (Labuan) Ltd's required capital contribution in Project Taweelah, up to the maximum amount of AED198.60 million (an equivalent of RM189.26 million);

(c) a financial institution in respect of the USD100 million (an equivalent of RM349.95 million) standby letters of credit/bank guarantee facility obtained by Kuasa Nusajaya (L) Ltd ("KNL") pursuant to its acquisition of two power generating companies, Suez Gulf Power SAE ("Suez Gulf") and Port Said East Power SAE ("Port Said") and an operating company, Egyptian Operating Company SAE from EDF International SA in Egypt ("Acquisition");

(d) a financial institution of up to USD38.60 million (an equivalent of RM135.08 million) in relation to a standby letter of credit facility obtained by KNL pursuant to the Acquisition; and

(e) a financial institution and ILB amounting to €20 million (approximately RM91 million) in respect of the government subsidies awarded to Tropical Islands' subsidiaries as mentioned in Note 1 (b).

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.

	12 months ended	
in RM'000	**31-Jan-07**	**31-Jan-06**
Income credited to the Group income statement		
Lease rental and tenant service revenue	**25,760**	31,165
Management services revenue	**808**	189
Others	**226**	414
	26,794	31,768
Recovery of expenses and shared overhead costs	**7,722**	8,762
Expenses charged to the Group income statement		
Consultancy services	**15,750**	15,750
Provision of gas, electricity and water supplies	**7,566**	6,585
Closed circuit television broadcasting services	**3,551**	2,938
Operations & maintenance services	**1,644**	5,012
Telecommunication and related services	**1,967**	1,797
Bloodstock management, service fees, accounting & clerical services	**1,326**	1,346
Sponsorship of events	**1,700**	1,109
Sub-tenancy of premises	**509**	432
Connection and transaction fees	**250**	21
Other services	**465**	1,129
	34,728	36,119

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 RM142 million to RM619 million over the corresponding quarter in the previous year ("corresponding quarter") mainly due to the maiden contribution from the Egyptian power plants, following the completion of their acquisition on 2 March 2006.

Group profit before tax increased from RM98 million to RM219 million. This is primarily due to:

(a) the inclusion of the profits from the aforementioned power plants totalling RM30 million;
(b) additional profit contribution of RM18 million arising from lower NFO prize payout ratio for the current quarter of 63% as compared to the payout ratio of 66% in the corresponding quarter; and
(c) inclusion of fair value gains (which has no cashflow effect) of RM80 million arising from the increase in fair value of Menara Maxis, details of which have been fully discussed in Note 9.

14.2 Material factors affecting financial year to date results

Group revenue has increased by RM472 million from RM1,965 million in the corresponding year to RM2,437 million in the current year. Group operating profit is at RM886 million, higher by RM328 million.

Power Generation's revenue increased by 55% from RM1,087 million to RM1,682 million in the current year mainly due to the maiden contribution from the Egyptian power plants following the completion of the acquisition of these plants on 2 March 2006. The higher revenue has in turn contributed substantially to the increase of the segment's operating profit by RM296 million or 76% to RM683 million in the current year.

As explained in Notes 1 & 8, revenue from the NFO business is now disclosed after the deduction of prize payouts. Gross sales proceeds from the NFO business increased by 4% to RM1,993 million from RM1,925 million due to the improved demand for NFO products despite conducting two less draws. Although the high prize payout trend in the first half of the year has been moderated by the lower prize payout ratio in the second half of the year, the NFO prize payout ratio for the entire year remains high at 69% as compared to 65% in the corresponding year. Accordingly, Gaming segment revenues are lower at RM636 million as compared to RM698 million recorded for the previous year. Consequent upon the said increase in prize payouts for the year, the operating profit for the Gaming segment has reduced from RM196 million to RM150 million.

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)

Property Investment registered an increase in operating profit from RM49 million to RM120 million after incorporating the RM80 million fair value increase for investment property as explained in Note 9.

As anticipated, revenue from the Leisure segment has decreased to RM67 million from RM97 million in the previous year due to the closure of the Tropical Islands resort between 1 November 2006 to 26 December 2006 to facilitate planned capital improvements to widen the demographic appeal of the resort. However, revenues and earnings have benefitted from measures taken to improve average visitor spend and reduce overall operating expenses. The preceding measures together with the recognition of RM16 million of government grants have contributed to a lower operating loss of RM59 million as compared to the RM69 million loss in the previous year.

Net investment income has increased due to the inclusion of the gain on the disposal of LPG plants amounting to RM19 million during the year. Net finance costs increased from RM80 million to RM221 million as a result of the inclusion of the finance costs of the Egyptian power plants and finance costs incurred on the additional borrowings to finance the acquisition of these plants.

The results from joint ventures and associate for the year include losses totalling RM17 million arising from the full provision of the investment in the lottery operations in Moscow.

For the year under review, Group profit attributable to shareholders increased by RM135 million from RM375 million to RM510 million. Net earnings per share increased by 33.5 sen from 92.9 sen to 126.4 sen.

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

The current quarter's profit before taxation of RM219 million is higher than the preceding quarter's profit before taxation of RM207 million due mainly to an increase in fair value of Menara Maxis totalling RM80 million. The effect of this increase was however mitigated by an increase in operating loss in Tropical Islands due to the closure of the resort to facilitate planned capital improvements and the financial impact of a forced outage at the Tanjong Kling power plant which occurred in January 2007.

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

16. Prospects for the next financial year

The Honourable Minister of Energy, Water & Communications of Malaysia announced on 18 March 2007 the Cabinet's decision not to proceed with the re-negotiations of the power purchase agreements with Independent Power Producers (IPP). The Honourable Minister has instead proposed that the voluntary contribution to the cess fund by each IPP be increased by a rate to be agreed upon with the Association of IPPs in Malaysia. The Association of IPPs has confirmed its willingness to discuss these proposals, the outcome of which is not expected to materially impact the Group's results for the next financial year.

Subject to any other unforeseen circumstances, the Directors expect that the following factors may impact the Group's prospects for the next financial year:-

(i) improving demand for the Group's gaming products in line with initiatives to increase its market presence and product competitiveness;
(ii) continuing albeit a lower level of losses in Tropical Islands arising from ongoing measures to enhance the profitablility of the resort's operations and the value of its underlying property;
(iii) business development costs relating to the expansion of the Group; and
(iv) exposure to interest rate fluctuations on unhedged floating rate borrowings amounting to RM1,197 million (see Note 23).

17. Board of Directors' opinion on revenue or profit estimate, forecast, projection or internal targets

The Group had not previously announced or disclosed any revenue or profit estimate, forecast, projection or internal targets in a public document.

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

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

The Group has not issued a profit forecast or profit guarantee in a public document.

19. Taxation

	Current Quarter		Year to Date	
in RM'000	**31-Jan-07**	**31-Jan-06**	**31-Jan-07**	**31-Jan-06**
Malaysian Taxation				
Income tax				
- Current year	**61,246**	26,467	**141,983**	117,484
- Prior year	**(10,925)**	(89)	**(14,223)**	(1,485)
	50,321	26,378	**127,760**	115,999
Deferred tax	**(19,055)**	(15,940)	**7,785**	16,016
	31,266	10,438	**135,545**	132,015
Foreign Taxation				
- Current year	**672**	36	**699**	36
- Deferred tax	**13,995**	-	**15,213**	-
	45,933	10,474	**151,457**	132,051

The effective tax rates of 21% and 22% for the current quarter and year to date respectively are lower than the statutory tax rate due mainly to the net income from the Egyptian plants and the capital gain from the sale of the LPG business which are not subject to income tax.

The Group has unutilised reinvestment tax allowances ("RIA") of approximately RM950 million, arising from capital expenditure incurred in relation to the construction of Panglima power plant.

Following the clarification of the Malaysian Ministry of Finance, the related tax benefit amounting to RM247 million has been recognised as a deferred tax asset in accordance with IAS 12 – Income Taxes and a prior year adjustment has been effected to account for this benefit in the retained earnings of the Group (refer Section 1(c) for details).

20. Sale of unquoted investments and/or properties

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

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

21. Quoted securities

in RM'000	**Current Quarter**	**Year to Date**
(a) Summary of dealings in quoted securities for the period ended 31 January 2007		
(i) Total purchase consideration	2,167	16,798
(ii) Total sale proceeds	6,853	32,289
(iii) Total profit on disposal	944	5,258
(b) Investments in quoted securities as at the end of the reporting period:		
(i) At cost		47,822
(ii) At book value/market value		105,541

22. Status of corporate proposals announced but not completed

There have been no corporate proposals announced but not completed.

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

23. Group borrowings and debt securities

in RM'000	**Short Term**	**Long Term**	**As at 31-Jan-07**
Secured			
Denominated in RM			
Al-Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS") [1]	50,000	230,000	280,000
Al-Murabahah Medium Term Notes [1]	15,000	-	15,000
Serial bonds [2]	-	830,000	830,000
Commercial paper [2]	50,000	-	50,000
Al-Bai' Bithaman Ajil ("ABBA") [3]	15,000	97,500	112,500
	130,000	1,157,500	1,287,500
Denominated in GBP			
Term loan [4]	-	155,093	155,093
Denominated in EURO			
Transferable loan facility [5]	-	136,176	136,176
Term loan [6]	49,519	222,834	272,353
	49,519	359,010	408,529
Denominated in USD			
Term loan [7]	20,175	481,234	501,409
Secured loan-International Finance Corporation Loan ("IFC") [8]	71,327	1,095,687	1,167,014
Senior secured loan [8]	-	339,400	339,400
Secured working capital loan [8]	6,998	19,246	26,244
	98,500	1,935,567	2,034,067
Unsecured			
Denominated in RM			
Redeemable bonds	-	250,000	250,000
	278,019	3,857,170	4,135,189

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

23. Group borrowings and debt securities (continued)

[1] *These debts 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 Power Sdn Bhd 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 account of Panglima.*

[3] *The loan is secured by a fixed legal charge over Menara Maxis and a corporate guarantee by Tanjong plc.*

[4] *The £22.5 million loan drawndown by Invest Allied Limited is secured by way of a corporate guarantee issued by Tanjong plc.*

[5] *The €30 million loan which has been drawndown by Tanjong Entertainment (L) Ltd is secured by way of a corporate guarantee issued by Tanjong plc.*

[6] *The €60 million loan is secured by Tanjong plc undertaking in proportion to its equity interest of 75% in Tropical Islands, to provide cash flow support which amount is capped at the principal and interest due in any one year only.*

[7] *The USD150 million term loan, which has been drawndown by 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 shareholder's loan and charges over certain accounts and receivables.*

[8] *These loans are secured by pledge of shares in Port Said and Suez Gulf entities owning power plants in Egypt, mortgages over their assets, assignments of shareholder loan agreement, project agreements, interest rate hedging agreements, insurances, receivables and certain accounts, and a bank guarantee for an amount of USD 100 million issued by KNL.*

Analysis of Group Borrowings	**RM'000**
Fixed rate loans	1,811,900
Floating rate loans	
Partially hedged	1,125,965
Unhedged	1,197,324
Balance as at 31 January 2007	4,135,189

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

24. 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.

25. 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.

26. 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 fourth interim gross dividend of **12 sen per share, less Malaysian income tax at 27%,** in respect of the financial year ended 31 January 2007 was declared by the Directors on 22 March 2007 (the "**Fourth Interim Dividend**"). Subject to the relevant provisions of the following paragraphs of this Notice, the **Fourth Interim Dividend** will be **paid on 26 April 2007** to those shareholders on the record of the Company **at the close of business on 13 April 2007** as set out in this Notice**.**

A final dividend consisting of **30 sen gross dividend per share, less Malaysian income tax at 27%** and **4 sen tax exempt dividend per share** in respect of the financial year ended 31 January 2007 was recommended by the Directors on 22 March 2007 (the "**Final Dividends**"). Subject to the approval of the Company at the forthcoming Annual General Meeting and to the relevant provisions of the following paragraphs of this Notice, the **Final Dividends** will be paid on **24 August 2007** to those shareholders on the record of the Company **at the close of business on 10 August 2007** as set out in this Notice**.**

The Register of Members of the Company will be closed:

(i) in respect of the **Fourth Interim Dividend,** from **14 April 2007 to 16 April 2007** (both dates inclusive); and

(ii) in respect of the **Final Dividends,** from **11 August 2007 to 13 August 2007** (both dates inclusive),

for the purpose of determining each shareholder's entitlement to the **Fourth Interim Dividend** and the **Final Dividends** respectively**.**

26. Dividend (continued)

Each person whose name appears in the Register of Members or the Record of Depositors as **at the close of business,** in respect of the **Fourth Interim Dividend,** on **13 April 2007 (**the "**Fourth Interim Dividend Record Date**"), and, in respect of the **Final Dividends**, on **10 August 2007** (the **"Final Dividends Record Date"**), shall be entitled to participate in the **Fourth Interim Dividend** and the **Final Dividends**, respectively, in respect of those Tanjong shares of which they are registered as members or recorded as depositors as at the relevant 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 <u>or</u> 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), in respect of the Fourth Interim Dividend, on 13 April 2007, and, in respect of the Final Dividends, on 10 August 2007 will be registered by the Fourth Interim Dividend Record Date and the Final Dividends Record Date respectively.**

A holder of a Securities Account maintained with the Bursa Malaysia Depository Sdn. Bhd. ("Depositor") will qualify for entitlement:

(i) in respect of **Fourth Interim Dividend,** only in respect of:

(a) **shares transferred** into the Depositor's Securities Account **before 4.00 p.m**. **(Malaysian time)** on **13 April 2007** in respect of transfers;

(b) **shares deposited** into the Depositor's Securities Account **before 12.30 p.m. (Malaysian time)** on **11 April 2007** 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; and

(ii) in respect of **Final Dividends,** only in respect of:

(a) **shares transferred** into the Depositor's Securities Account **before 4.00 p.m**. **(Malaysian time)** on **10 August 2007** in respect of transfers;

(b) **shares deposited** into the Depositor's Securities Account **before 12.30 p.m. (Malaysian time)** on **8 August 2007** 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.

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

27. Earnings per share ("EPS")

The basic and diluted EPS for the current quarter and year to date are computed as follows:

	Current Quarter	*Year to date*
Profit after tax attributable to shareholders (RM'000)	151,214	509,527
Weighted average number of ordinary shares	403,256,136	403,256,136
Basic and diluted EPS (sen)	37.5	126.4

Part C Additional explanatory notes

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

in RM'000	3 months ended 31-Jan-07	3 months ended 31-Jan-06	12 months ended 31-Jan-07	12 months ended 31-Jan-06
Cost of sales	**373,965**	272,551	**1,452,197**	1,183,088
Distribution costs	**17,345**	15,924	**59,048**	61,423
Administrative expenses	**51,575**	60,643	**130,591**	145,648
Other operating (income)/expenses *	**(92,365)**	11,664	**(90,031)**	17,750
Total operating costs	**350,520**	360,782	**1,551,805**	1,407,909

***** Included in other operating (income)/expenses for the period to date is RM80 million arising from the revaluation of Menara Maxis (refer to Note 9) and RM16 million of government grant recognised by TI subsidiaries (refer to Note 1(b)) whereas, the current quarter includes RM80 million arising from the revaluation of Menara Maxis and RM4 million of government grant recognised by TI subsidiaries.

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

in RM'000	12 months ended 31-Jan-07 (Unaudited)	12 months ended 31-Jan-06 (Audited)
Cash generated from operations		
Profit after taxation	**536,789**	369,116
Adjustments for:		
- Finance costs	**281,723**	133,297
- Depreciation	**250,425**	241,895
- Taxation	**151,457**	132,051
- Share of post tax results from joint ventures and associate	**9,206**	(10,267)
- Net investment income	**(33,379)**	(13,313)
- Interest income	**(60,262)**	(53,500)
- Adjustment for other non-cash items	**(105,881)** *	699
- Intangibles written off	-	121
Changes in working capital	**7,112**	(71,654)
Cash generated from operations	**1,037,190**	728,445

* Includes RM80 million arising from revaluation of Menara Maxis as explained in Note 9.

By Order of the Board

Siuagamy Ramasamy — 22 March 2007
Group Company Secretary — Kuala Lumpur

Copies of the Unaudited Results of the Tanjong Group for the fourth quarter and year ended 31 January 2007 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*** *and at the Company's website at* ***www.tanjongplc.com.***