

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 2007

Condensed Group Income Statement

| <i>in RM'000</i> | Note | 3 months ended | |
|--|------|----------------|----------------|
| | | 30-Apr-07 | 30-Apr-06 |
| | | (Unaudited) | |
| Gross transaction value | 8 | <u>945,343</u> | <u>956,070</u> |
| Revenue | 8 | 598,193 | 553,070 |
| Operating costs | 27 | (390,509) | (364,947) |
| Operating profit | 8 | <u>207,684</u> | <u>188,123</u> |
| Net investment income | | 5,953 | 15,114 |
| Finance costs | | (73,303) | (62,823) |
| Interest income | | 15,933 | 15,274 |
| Finance costs - net | | (57,370) | (47,549) |
| Share of post tax results from joint ventures and associate | | 1,010 | 167 |
| Profit before taxation | | <u>157,277</u> | <u>155,855</u> |
| Taxation | 18 | (43,935) | (27,796) |
| Profit after taxation | | <u>113,342</u> | <u>128,059</u> |
| Attributable to: | | | |
| Tanjong's shareholders | | 111,280 | 126,989 |
| Minority interests | | 2,062 | 1,070 |
| | | <u>113,342</u> | <u>128,059</u> |
| Earnings per share (sen) | 26 | | |
| - Basic / Diluted | | <u>27.6</u> | <u>31.5</u> |

The condensed group income statement should be read in conjunction with the Group's annual financial statements for the year ended 31 January 2007.

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QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2007

Condensed Group Balance Sheet

| <i>in RM'000</i> | As at 30-Apr-07 (Unaudited) | As at 31-Jan-07 (Audited) |
|---|-----------------------------------|---------------------------------|
| ASSETS | | |
| Non-Current Assets | | |
| Intangible assets | 49,130 | 49,130 |
| Property, plant and equipment | 2,705,819 | 2,742,271 |
| Investment property | 550,000 | 550,000 |
| Investments in joint ventures and associate | 43,932 | 53,660 |
| Deferred income tax assets | 296,949 | 295,438 |
| Available-for-sale financial assets | 407,612 | 376,414 |
| Lease receivables | 2,583,978 | 2,652,383 |
| | <u>6,637,420</u> | <u>6,719,296</u> |
| Current Assets | | |
| Inventories | 275,093 | 276,250 |
| Trade and other receivables | 320,905 | 299,143 |
| Lease receivables | 93,046 | 95,559 |
| Held-for-trading investments | 3,186 | 3,550 |
| Available-for-sale financial assets | 21,183 | 31,293 |
| Derivative financial instruments | 156 | 542 |
| Cash and cash equivalents | 1,360,465 | 1,290,266 |
| | <u>2,074,034</u> | <u>1,996,603</u> |
| Total Assets | <u>8,711,454</u> | <u>8,715,899</u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Trade and other payables | 414,632 | 427,977 |
| Borrowings | 223,963 | 278,019 |
| Current income tax liabilities | 19,860 | 17,910 |
| Provision for other liabilities and charges | 7,416 | 9,500 |
| | <u>665,871</u> | <u>733,406</u> |
| Non-Current Liabilities | | |
| Borrowings | 3,826,737 | 3,857,170 |
| Other non-current liabilities | 87,393 | 91,432 |
| Hedging liability | 71,282 | 56,545 |
| Deferred income tax liabilities | 612,409 | 601,857 |
| Provision for other liabilities and charges | 44,967 | 45,509 |
| | <u>4,642,788</u> | <u>4,652,513</u> |
| Total Liabilities | <u>5,308,659</u> | <u>5,385,919</u> |
| NET ASSETS | <u>3,402,795</u> | <u>3,329,980</u> |
| EQUITY | | |
| Paid up share capital | 146,107 | 146,107 |
| Share premium account | 240,808 | 240,808 |
| Other reserves | 98,270 | 97,934 |
| Retained earnings | 2,783,777 | 2,713,359 |
| Total shareholders' equity | <u>3,268,962</u> | <u>3,198,208</u> |
| Minority interests in equity | 133,833 | 131,772 |
| TOTAL EQUITY | <u>3,402,795</u> | <u>3,329,980</u> |
| Net Tangible Assets per share (RM) | <u>7.98</u> | <u>7.81</u> |
| Net Assets per share (RM) | <u>8.44</u> | <u>8.26</u> |

The condensed group balance sheet should be read in conjunction with the Group's annual financial statements for the year ended 31 January 2007.

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QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2007

Condensed Group Cash Flow Statement

| <i>in RM'000</i> | Note | 3 months ended | |
|---|------|------------------|------------------|
| | | 30-Apr-07 | 30-Apr-06 |
| | | (Unaudited) | |
| Cash flows from operating activities | | | |
| Cash generated from operations | 28 | 260,152 | 233,799 |
| Malaysian and other taxes paid | | (29,018) | (26,079) |
| Net cash generated from operating activities | | <u>231,134</u> | <u>207,720</u> |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (13,320) | (4,690) |
| Proceeds from sale of property, plant and equipment | | 229 | 49 |
| Construction of resort | | (6,001) | (12) |
| Acquisition of subsidiaries | | - | (769,470) |
| Proceeds from disposal of a subsidiary | | - | 6,040 |
| Net investment in joint ventures | | - | (327) |
| Purchase of investments | | (4,644) | (6,729) |
| Proceeds from sale of investments | | 19,560 | 20,008 |
| Net repayment of advances from an associate | | 106 | 260 |
| Dividend income received | | 4,275 | 309 |
| Interest received | | 13,699 | 14,825 |
| Net cash from/(used in) investing activities | | <u>13,905</u> | <u>(739,737)</u> |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | - | 990,880 |
| Repayment of borrowings | | (50,000) | (642,339) |
| Dividends paid to Company's shareholders | | (35,325) | - |
| Interest paid | | (85,191) | (56,507) |
| Net cash (used in)/from financing activities | | <u>(170,515)</u> | <u>292,034</u> |
| Currency translation differences | | (4,324) | (4,998) |
| Net increase/(decrease) in cash and cash equivalents | | <u>70,199</u> | <u>(244,981)</u> |
| Cash and cash equivalents at start of the year | | 1,290,266 | 1,349,258 |
| Cash and cash equivalents at end of the period | | <u>1,360,465</u> | <u>1,104,277</u> |
| Cash and cash equivalents | | | |
| Short term placements | | 1,101,814 | 911,655 |
| Cash at bank and in hand | | 258,651 | 192,622 |
| | | <u>1,360,465</u> | <u>1,104,277</u> |

The condensed group cash flow statement should be read in conjunction with the Group's annual financial statements for the year ended 31 January 2007.

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QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2007

Condensed Group Statement of Changes in Equity

| in RM'000 | Attributable to equity holders of Tanjong | | | | | Total Equity | |
|---|---|-----------------------|----------------|-------------------|------------------|--------------------|---------------------------------------|
| | Paid Up Share Capital | Share Premium Account | Other Reserves | Retained Earnings | Total | Minority Interests | 30-Apr-07 30-Apr-06 (Unaudited) |
| Balance as at 1 February | 146,107 | 240,808 | 97,934 | 2,713,359 | 3,198,208 | 131,772 | 3,329,980 2,788,968 |
| Prior year adjustment | | | | | | | |
| Tax credit recognised on investment allowance | - | - | - | - | - | - | - 247,122 |
| | 146,107 | 240,808 | 97,934 | 2,713,359 | 3,198,208 | 131,772 | 3,329,980 3,036,090 |
| Changes in equity: | | | | | | | |
| Available-for-sale financial assets: | | | | | | | |
| Valuation gains taken to equity | - | - | 32,838 | - | 32,838 | - | 32,838 4,291 |
| Exchange differences on foreign currency net investments | - | - | (21,914) | - | (21,914) | - | (21,914) (13,551) |
| Realised exchange differences transferred to income statement upon disposal of subsidiaries | - | - | - | - | - | - | - (13,095) |
| Annual net profit transferred to legal reserves | - | - | 5,050 | (5,537) | (487) | (1) | (488) - |
| Cash flow hedges | - | - | (15,638) | - | (15,638) | - | (15,638) 23,314 |
| Net income recognised directly in equity | - | - | 336 | (5,537) | (5,201) | (1) | (5,202) 959 |
| Profit for the financial period | - | - | - | 111,280 | 111,280 | 2,062 | 113,342 128,059 |
| Total recognised income and expense for the period | - | - | 336 | 105,743 | 106,079 | 2,061 | 108,140 129,018 |
| Dividends | - | - | - | (35,325) | (35,325) | - | (35,325) (34,841) |
| Dividends paid to Minority interests | - | - | - | - | - | - | - (15,480) |
| Balance as at 30 April | <u>146,107</u> | <u>240,808</u> | <u>98,270</u> | <u>2,783,777</u> | <u>3,268,962</u> | <u>133,833</u> | <u>3,402,795</u> <u>3,114,787</u> |

The condensed group statement of changes in equity should be read in conjunction with the Group's annual financial statements for the year end 31 January 2007.

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QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 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 2007.

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

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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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 RM50 million Commercial Paper 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

Dividends paid during the financial period are as follows:

| | Gross per ordinary share | Paid on |
|--|-----------------------------|---------------|
| Fourth interim dividend for FY 31 January 2007 | 12.0 sen | 26 April 2007 |

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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 | Leisure | Others | Group |
|-----------------------------------|---------------------|----------------|------------------------|---------------|------------|------------------|
| Period ended 30 April 2007 | | | | | | |
| Gross transaction value* | | | | | | <u>945,343</u> |
| Revenue | | | | | | |
| Total revenue | 382,419 | 181,193 | 14,946 | 22,874 | - | 601,432 |
| Inter-segment elimination | - | - | (3,239) | - | - | (3,239) |
| External revenue | <u>382,419</u> | <u>181,193</u> | <u>11,707</u> | <u>22,874</u> | <u>-</u> | <u>598,193</u> |
| Results | | | | | | |
| Operating profit/(loss) | 158,514 | 51,664 ** | 9,752 | (10,234) | (2,012) | 207,684 |
| Net investment income | | | | | | 5,953 |
| Finance costs | (64,747) | - | (1,486) | (4,637) | (2,433) | (73,303) |
| Interest income | | | | | | 15,933 |
| Share of post tax results from | | | | | | |
| - joint ventures | (903) | (20) | - | 1,479 | - | 556 |
| - associate | - | - | - | - | 454 | 454 |
| | <u>(903)</u> | <u>(20)</u> | <u>-</u> | <u>1,479</u> | <u>454</u> | <u>1,010</u> |
| Profit before taxation | | | | | | <u>157,277</u> |
| Taxation | | | | | | <u>(43,935)</u> |
| Profit after taxation | | | | | | <u>113,342</u> |
| Other segment items | | | | | | |
| Capital expenditure | 6,465 | 2,103 | 6 | 10,676 | 94 | 19,344 |
| Depreciation | 53,950 | 2,486 | 255 | 8,318 | 219 | 65,228 |
| As at 30 April 2007 | | | | | | |
| Segment assets | 5,675,613 | 145,313 | 559,973 | 389,239 | 43,788 | 6,813,926 |
| Joint ventures and associate | 12,526 | - | - | 31,406 | - | 43,932 |
| Unallocated assets | | | | | | <u>1,853,596</u> |
| Total assets | | | | | | <u>8,711,454</u> |
| Segment liabilities | 354,614 | 130,080 | 20,902 | 107,019 | 13,075 | 625,690 |
| Borrowings | 3,364,144 | - | 112,500 | 420,023 | 154,033 | 4,050,700 |
| Unallocated liabilities | | | | | | <u>632,269</u> |
| Total liabilities | | | | | | <u>5,308,659</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 | Leisure | Others | Group |
|-----------------------------------|---------------------|----------------|------------------------|---------------|--------------|------------------|
| Period ended 30 April 2006 | | | | | | |
| Gross transaction value* | | | | | | <u>956,070</u> |
| Revenue | | | | | | |
| Total revenue | 374,341 | 138,077 | 14,511 | 22,149 | 7,160 | 556,238 |
| Inter-segment elimination | - | - | (3,168) | - | - | (3,168) |
| External revenue | <u>374,341</u> | <u>138,077</u> | <u>11,343</u> | <u>22,149</u> | <u>7,160</u> | <u>553,070</u> |
| Results | | | | | | |
| Operating profit/(loss) | 165,561 | 25,555 ** | 9,624 | (11,446) | (1,171) | 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>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 | | | | | | 1,415,763 |
| Total assets | | | | | | <u>8,620,740</u> |
| Segment liabilities | 382,517 | 124,357 | 24,715 | 39,821 | 40,072 | 611,482 |
| Borrowings | 3,799,730 | - | 127,500 | 294,279 | 162,820 | 4,384,329 |
| Unallocated liabilities | | | | | | 757,264 |
| 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)

* Gross transaction value represents gross sales proceeds for the NFO and revenue from other operations.

| <i>in RM'000</i> | 3 months ended | |
|-------------------------------|----------------|-----------|
| | 30-Apr-07 | 30-Apr-06 |
| NFO gross sales proceeds | 523,987 | 538,408 |
| RTO revenue | 4,356 | 2,669 |
| Revenue from Other Operations | 417,000 | 414,993 |
| Gross transaction value | 945,343 | 956,070 |
| Less: NFO prize payouts | (347,150) | (403,000) |
| Revenue | 598,193 | 553,070 |

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

| <i>in RM'000</i> | 3 months ended | |
|---------------------------------------|----------------|-----------|
| | 30-Apr-07 | 30-Apr-06 |
| Gaming operating profit/(loss) | | |
| NFO | 56,064 | 20,281 |
| RTO | (4,400) | 5,274 |
| | 51,664 | 25,555 |

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8. Segmental results (continued)

(b) Secondary reporting format – geographical segments

The Group's business is mainly concentrated in Malaysia with the exception of Leisure which operates in the Federal Republic of Germany and Power Generation which expanded into Egypt in March 2006.

| <i>in RM' 000</i> | Malaysia | Egypt | Federal Republic of Germany | Other countries | Group |
|-----------------------------------|-----------|-----------|-----------------------------------|--------------------|-----------|
| Period ended 30 April 2007 | | | | | |
| Total external revenue | 411,303 | 164,016 | 22,874 | - | 598,193 |
| Total capital expenditure | 8,578 | 90 | 10,676 | - | 19,344 |
| As at 30 April 2007 | | | | | |
| Segment assets | 3,371,471 | 3,013,343 | 389,239 | 39,873 | 6,813,926 |
| Joint ventures and associate | | | | | 43,932 |
| Unallocated assets | | | | | 1,853,596 |
| Total assets | | | | | 8,711,454 |
| 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 30 April 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 | | | | | 8,620,740 |

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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9. Valuations of property, plant and equipment

The fair value of the investment property stands at RM550 million and remains unchanged from the last annual financial statements.

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

On 12 April 2007, an associate of the Group, Pacific Online Systems Corporation (“POSC”) was listed on the First Board of the Philippine Stock Exchange, Inc. As part of the initial public offering process, new shares were issued by POSC, resulting in the Group’s interest being diluted from 20% to 13.11%. Accordingly, POSC has ceased to be an associate of the Group and the Group’s investment in POSC is therefore reclassified under Available-for-sale financial assets in the Balance Sheet. The fair value gain of RM27 million resulting from the initial public offering has been recognised in Equity at quarter end.

Other than as mentioned above, there were no further 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 2007

| | RM million |
|--|------------|
| Authorised and contracted | 239 |
| Authorised and not contracted | 77 |
| Analysed as follows: | |
| Investment commitments (i) | 209 |
| Tropical Islands project capital expenditure | 48 |
| Property, plant and equipment | 59 |
| | 316 |

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

12.2 Contingencies

- i) As at 30 April 2007, the Group has provided the following guarantees and indemnities in favour of:
- (a) a financial institution 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 a maximum amount of AED44.32 million (an equivalent of RM41.30 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 a maximum amount of AED198.60 million (an equivalent of RM185.08 million);
 - (c) a financial institution, in respect of the USD100 million (an equivalent of RM342.20 million) bank guarantee facility obtained by Kuasa Nusajaya (L) Ltd ("KNL");
 - (d) a financial institution, of up to USD38 million (an equivalent of RM133 million) and EGP125 million (an equivalent of RM77 million) in relation to standby letter of credit facilities obtained by KNL; and

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

12. Commitments and contingencies (continued)

12.2 Contingencies (continued)

- (e) a financial institution and InvestitionsBank des Lands Brandenburg (the Investment Bank of the State Government of Brandenburg, Federal Republic of Germany) amounting to EUR20 million (approximately RM93 million) in respect of the government subsidies awarded to Tropical Islands.

As at the balance sheet date, the Company has also provided corporate guarantees to financial institutions in respect of the borrowings undertaken by its subsidiaries as disclosed in Note 22.

- ii) Subsequent to the quarter end, on 28 May 2007, the Company announced that Pendekar Energy (L) Ltd (“PEL”), a 55%-owned subsidiary of the Group, had entered into a conditional Sale and Purchase agreement (“SPA”) with CDC Globeleq Holdings Limited (“CDC Globeleq”), to acquire CDC Globeleq’s entire interest in Globeleq Ltd and certain of its subsidiaries and associates. Simultaneous with the execution of the SPA, the Company had entered into a Deed of Guarantee with AlJomaih Automotive Company Limited (“AlJomaih”), a 45% shareholder of PEL to jointly and severally guarantee the obligations of PEL under the SPA together with AlJomaih. PEL is obligated to the following:
- payment of termination amount of up to USD73.95 million (or approximately RM251 million) in the event all conditions precedent had not been satisfactorily completed, and
 - in the event of successful completion of the SPA, pay or procure the payment of an outstanding bank debt of USD50 million (or approximately RM170 million) owed by Globeleq Ltd.

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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.

| <i>in RM'000</i> | 3 months ended | |
|---|-----------------------|------------------|
| | 30-Apr-07 | 30-Apr-06 |
| <i>Income credited to the Group income statement</i> | | |
| Lease rental and tenant service revenue | 6,252 | 6,334 |
| Management services revenue | 45 | 280 |
| Others | 55 | 56 |
| | 6,352 | 6,670 |
| <i>Recovery of expenses and shared overhead costs</i> | | |
| | 2,005 | 2,153 |
| <i>Expenses charged to the Group income statement</i> | | |
| Consultancy services | 3,938 | 3,938 |
| Provision of gas, electricity and water supplies | 2,409 | 1,795 |
| Closed circuit television broadcasting services | 1,520 | 431 |
| Sponsorship of events | 655 | 53 |
| Telecommunication and related services | 538 | 441 |
| Bloodstock management, service fees, accounting & clerical services | 376 | 50 |
| Sub-tenancy of premises | 111 | 152 |
| Connection and transaction fees | 63 | 75 |
| Software support and licence fees | 18 | 18 |
| Other services | 89 | 131 |
| Technical advisory, operations & maintenance services | - | 1,225 |
| | 9,717 | 8,309 |

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14. Review of performance

Group revenue for the current quarter increased by RM45 million, an 8% increase to RM598 million over the corresponding quarter in the previous year (“corresponding quarter”). Group operating profit is, at RM208 million, higher by RM20 million.

Power Generation revenue increased by 2% from RM374 million to RM382 million in the current quarter mainly due to the recognition of the full quarter’s revenue of the Egyptian power plants compared to two months revenue recorded for the corresponding quarter. This increase was however offset by lower capacity and energy billings by one of the Malaysian power plants as a result of a forced outage that occurred between January 2007 to March 2007. This resulted in Power Generation operating profit being reduced by RM7 million or 4% to RM159 million in the current quarter.

Gross sales proceeds from the NFO business decreased by 3% to RM524 million from RM538 million due to 3 less draws in the current quarter. Gaming revenue for the current quarter however increased to RM181 million from RM138 million due mainly to a reduction in the prize payout ratio from 75% in the corresponding quarter to 66% in the current quarter. The lower prize payout for the current quarter resulted in an increase in operating profit for the Gaming segment from RM26 million to RM52 million.

Net investment income is lower than the corresponding quarter due mainly to the inclusion of the capital gain totalling RM19 million on the disposal of the Liquefied Petroleum Gas business in the corresponding quarter.

Net finance costs increased from RM48 million to RM57 million as a result of a full quarter’s interest expense from the Egyptian plants compared to two months’ results for these plants in the corresponding quarter. The taxation charge of RM44 million for the current quarter is higher by RM16 million as the current quarter’s taxation includes a deferred tax charge of RM9 million relating to the Egyptian power plants whilst the corresponding quarter’s profits include non-taxable capital gains relating to the sale of the LPG business.

For the period under review, Group profit attributable to shareholders reduced from RM127 million to RM111 million. Earnings per share has correspondingly been reduced by 3.9 sen to 27.6 sen.

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

The current quarter’s profit before taxation of RM157 million is lower than the preceding quarter’s profit before taxation of RM219 million. The fair value surplus arising from the revaluation of Menara Maxis totalling RM80 million was reflected in the preceding quarter’s results.

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

Subject to any other unforeseen circumstances, the Directors expect the following factors to impact the Group's prospects for the remaining period to the end of the 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 losses in Tropical Islands prior to the implementation of measures to enhance the profitability of the resort's operations and the value of its underlying property; and
- (iii) incremental contributions arising from the acquisition of the power generation assets located in Egypt, Bangladesh, Pakistan and Sri Lanka referred to in Note 21.

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

The Group did not previously announce or disclose any revenue or profit estimate, forecast, projection or internal targets in a public document.

18. Taxation

| <i>in RM'000</i> | 3 months ended | |
|---------------------------|----------------|---------------|
| | 30-Apr-07 | 30-Apr-06 |
| Malaysian Taxation | | |
| Income tax | | |
| - Current year | 32,014 | 25,165 |
| - Prior year | (159) | (3,522) |
| | 31,855 | 21,643 |
| Deferred tax | 3,320 | 6,150 |
| | <u>35,175</u> | <u>27,793</u> |
| Foreign Taxation | | |
| - Current year | 6 | 3 |
| - Deferred tax | 8,754 | - |
| | <u>43,935</u> | <u>27,796</u> |

The effective tax rate of 28% for the current quarter is higher than the statutory tax rate mainly due to losses of certain subsidiaries which are not available for relief at Group level.

19. Sale of unquoted investments and/or properties

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

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20. Quoted securities

| <i>in RM'000</i> | Current/ Cumulative Quarter |
|---|--|
| (a) Summary of dealings in quoted securities for the period ended 30 April 2007 | |
| (i) Total purchase consideration | 4,491 |
| (ii) Total sale proceeds | 5,668 |
| (iii) Total profit on disposal | 799 |
| (b) Investments in quoted securities as at the end of the reporting period: | |
| (i) At cost | 47,754 |
| (ii) At book value/market value | 107,711 |

21. Status of corporate proposals announced but not completed

The Company had announced on 28 May 2007 that Pendekar Energy (L) Ltd (“PEL”), a 55%-owned subsidiary of the Group had on 28 May 2007 entered into a conditional Sale and Purchase agreement (“SPA”) with CDC Globeleq to acquire CDC Globeleq’s entire interest in Globeleq Ltd including the issued and paid-up share capital of Globeleq Ltd comprising 356,673,539 ordinary shares of USD1 each in Globeleq Ltd for a net purchase consideration of USD493 million (or approximately RM1,673 million) (“Proposed Acquisition”).

Globeleq Ltd Group owns interests in power generation assets located in Egypt, Bangladesh, Pakistan and Sri Lanka which have total installed capacity of 1,810MW or a net installed capacity of 1,434MW.

The plants are governed by power purchase agreements, which will expire between 2012 and 2029.

For further details of the Proposed Acquisition, please refer to the announcement released to the Exchanges on 28 May 2007.

Other than the above, there have been no corporate proposals announced but not completed.

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22. Group borrowings and debt securities

| <i>in RM'000</i> | Short Term | Long Term | As at 30-Apr-07 |
|--|------------------|----------------------|----------------------|
| <i>Secured</i> | | | |
| <i>Denominated in RM</i> | | | |
| Al-Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS") ¹ | 50,000 | 230,000 | 280,000 |
| Al-Murabahah Medium Term Notes ¹ Serial bonds ² | 15,000 - | - 830,000 | 15,000 830,000 |
| Al-Bai' Bithaman Ajil ("ABBA") ³ | 15,000 | 97,500 | 112,500 |
| | 80,000 | 1,157,500 | 1,237,500 |
| <i>Denominated in GBP</i> | | | |
| Term loan ⁴ | - | 154,033 | 154,033 |
| <i>Denominated in EURO</i> | | | |
| Transferable loan facility ⁵ | 50,912 | 369,111 | 420,023 |
| <i>Denominated in USD</i> | | | |
| Term loan ⁶ International Finance Corporation Loan ("IFC") ⁷ | 16,460 69,747 | 473,844 1,071,422 | 490,304 1,141,169 |
| Senior secured notes ⁷ Working capital loan ⁷ | - 6,844 | 332,006 18,821 | 332,006 25,665 |
| | 93,051 | 1,896,093 | 1,989,144 |
| <i>Unsecured</i> | | | |
| <i>Denominated in RM</i> | | | |
| Redeemable bonds | - | 250,000 | 250,000 |
| | 223,963 | 3,826,737 | 4,050,700 |

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22. 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, 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 £22.5 million loan drawdown by Invest Allied Limited is secured by way of a corporate guarantee issued by Tanjong plc.
- ⁵ The €30 million loan which has been drawdown by Tanjong Entertainment (L) Ltd is secured by way of a corporate guarantee issued by Tanjong plc.
- ⁵ 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.
- ⁶ The USD150 million term loan, which has been drawdown 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 of the Egyptian power plants, an assignment of KNL's rights under hedging contracts, an assignment of shareholder's loan and charges over certain accounts and receivables.
- ⁷ These loans are secured by pledges of shares in Port Said and Suez Gulf entities owning power plants in Egypt, mortgages over their assets, assignments of the rights under the shareholder loan agreement, project agreements, interest rate hedging agreements, insurances, receivables and certain accounts, and a standby letters of credit/bank guarantee for an amount of USD 100 million issued by KNL.

| Analysis of Group Borrowings | RM'000 |
|------------------------------|------------------|
| Fixed rate loans | 1,804,506 |
| Floating rate loans | |
| Partially hedged | 1,101,029 |
| Unhedged | 1,145,165 |
| Balance as at 30 April 2007 | <u>4,050,700</u> |

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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 **14 sen per share less Malaysian income tax at 27%** in respect of the financial year ending 31 January 2008 (the "**First Interim Dividend**") has been declared payable on **6 August 2007** to those shareholders on the record of the Company **at the close of business on 20 July 2007** subject to the following paragraphs.

The Register of Members of the Company will be closed from 21 July 2007 to 23 July 2007 (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 20 July 2007** (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 20 July 2007 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 20 July 2007** in respect of transfers;
- (b) **shares deposited** into the Depositor’s Securities Account **before 12.30 p.m. (Malaysian time) on 18 July 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 C Additional explanatory notes

26. Earnings per share (“EPS”)

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

| | 3 months ended | |
|--|--------------------|--------------------|
| | 30-Apr-07 | 30-Apr-06 |
| Profit after tax attributable to shareholders (RM'000) | 111,280 | 126,989 |
| Weighted average number of ordinary shares | <u>403,256,136</u> | <u>403,256,136</u> |
| Basic and diluted EPS (sen) | <u>27.6</u> | <u>31.5</u> |

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Part C Additional explanatory notes

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

| <i>in RM'000</i> | 3 months ended | |
|-------------------------------------|----------------|----------------|
| | 30-Apr-07 | 30-Apr-06 |
| Cost of sales | 352,312 | 319,982 |
| Distribution costs | 14,989 | 12,273 |
| Administrative expenses | 34,603 | 28,742 |
| Other operating (income)/expenses * | (11,395) | 3,950 |
| Total operating costs | <u>390,509</u> | <u>364,947</u> |

* Included in other operating (income)/expenses for the period to date are an insurance recovery claim of RM12.2 million for the loss arising from the forced outage that occurred in one of the Malaysian power plants and RM4.1 million of government grant recognised by TI subsidiaries.

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

| <i>in RM'000</i> | 3 months ended | |
|---|----------------|--------------------------|
| | 30-Apr-07 | 30-Apr-06 (Unaudited) |
| Profit after taxation | 113,342 | 128,059 |
| Adjustments for: | | |
| - Finance costs | 73,303 | 62,823 |
| - Depreciation | 65,008 | 62,099 |
| - Taxation | 43,935 | 27,796 |
| - Share of post tax results from joint ventures and associate | (1,010) | (167) |
| - Net investment income | (5,953) | (15,114) |
| - Interest income | (15,933) | (15,274) |
| - Adjustment for other non-cash items | 1,060 | (1,059) |
| Changes in working capital | (13,599) | (15,364) |
| Cash generated from operations | <u>260,152</u> | <u>233,799</u> |

By Order of the Board

Siuagamy Ramasamy
Group Company Secretary

25 June 2007
Kuala Lumpur

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