

# 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 JULY 2007

### Condensed Group Income Statement

<i>in RM'000</i>	Note	3 months ended		6 months ended	
		31-Jul-07 (Unaudited)	31-Jul-06 (Unaudited)	31-Jul-07 (Unaudited)	31-Jul-06 (Unaudited)
Gross transaction value	8	<u>990,496</u>	<u>968,283</u>	<u>1,935,839</u>	<u>1,924,353</u>
Revenue	8	645,221	596,664	1,243,414	1,149,734
Operating costs	27	(429,316)	(426,833)	(819,825)	(791,780)
Operating profit	8	<u>215,905</u>	<u>169,831</u>	<u>423,589</u>	<u>357,954</u>
Net investment income		3,080	2,050	9,033	17,164
Finance costs		(73,954)	(73,763)	(147,257)	(136,586)
Interest income		16,432	15,040	32,365	30,314
Finance costs - net		(57,522)	(58,723)	(114,892)	(106,272)
Share of post tax results from joint ventures and associate		3,524	(6,660)	4,534	(6,493)
Profit before taxation		<u>164,987</u>	<u>106,498</u>	<u>322,264</u>	<u>262,353</u>
Taxation	18	(42,579)	(25,767)	(86,514)	(53,563)
Profit after taxation		<u>122,408</u>	<u>80,731</u>	<u>235,750</u>	<u>208,790</u>
<b>Attributable to:</b>					
Tanjong's shareholders		120,184	78,766	231,464	205,755
Minority interests		2,224	1,965	4,286	3,035
		<u>122,408</u>	<u>80,731</u>	<u>235,750</u>	<u>208,790</u>
Earnings per share (sen)	26				
- Basic / Diluted		<u>29.8</u>	<u>19.5</u>	<u>57.4</u>	<u>51.0</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 31 JULY 2007

### Condensed Group Balance Sheet

<i>in RM'000</i>	As at 31-Jul-07 (Unaudited)	As at 31-Jan-07 (Audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Intangible assets	49,130	49,130
Property, plant and equipment	2,674,824	2,742,271
Investment property	550,000	550,000
Investments in joint ventures and associate	65,163	53,660
Deferred income tax assets	297,493	295,438
Available-for-sale financial assets	406,817	376,414
Lease receivables	2,564,518	2,652,383
	<u>6,607,945</u>	<u>6,719,296</u>
<b>Current Assets</b>		
Inventories	274,779	276,250
Trade and other receivables	345,018	299,143
Lease receivables	105,281	95,559
Held-for-trading investments	4,313	3,550
Available-for-sale financial assets	21,110	31,293
Derivative financial instruments	-	542
Cash and cash equivalents	1,340,395	1,290,266
	<u>2,090,896</u>	<u>1,996,603</u>
<b>Total Assets</b>	<u>8,698,841</u>	<u>8,715,899</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	334,150	427,977
Borrowings	226,784	278,019
Current income tax liabilities	24,964	17,910
Dividends payable to shareholders	104,443	-
Provision for other liabilities and charges	5,461	9,500
	<u>695,802</u>	<u>733,406</u>
<b>Non-Current Liabilities</b>		
Borrowings	3,754,143	3,857,170
Other non-current liabilities	81,106	91,432
Hedging liability	48,877	56,545
Deferred income tax liabilities	623,209	601,857
Provision for other liabilities and charges	45,313	45,509
	<u>4,552,648</u>	<u>4,652,513</u>
<b>Total Liabilities</b>	<u>5,248,450</u>	<u>5,385,919</u>
<b>NET ASSETS</b>	<u>3,450,391</u>	<u>3,329,980</u>
<b>EQUITY</b>		
Paid up share capital	146,107	146,107
Share premium account	240,808	240,808
Other reserves	129,271	97,934
Retained earnings	2,798,147	2,713,359
Total shareholders' equity	<u>3,314,333</u>	<u>3,198,208</u>
Minority interests in equity	136,058	131,772
<b>TOTAL EQUITY</b>	<u>3,450,391</u>	<u>3,329,980</u>
Net Tangible Assets per share (RM)	<u>8.10</u>	<u>7.81</u>
Net Assets per share (RM)	<u>8.56</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 31 JULY 2007

### Condensed Group Cash Flow Statement

<i>in RM'000</i>	Note	6 months ended	
		31-Jul-07	31-Jul-06
		(Unaudited)	
<b>Cash flows from operating activities</b>			
Cash generated from operations	28	417,246	371,885
Malaysian and other taxes paid		(55,068)	(51,274)
Net cash generated from operating activities		<u>362,178</u>	<u>320,611</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(20,771)	(14,201)
Proceeds from sale of property, plant and equipment		468	74
Construction of resort		(32,625)	-
Acquisition of subsidiaries		-	(769,470)
Proceeds from disposal of a subsidiary		-	6,040
Net investment in joint ventures		824	(520)
Purchase of investments		(6,814)	(9,217)
Proceeds from sale of investments		22,692	46,931
Net repayment of advances from an associate		-	260
Dividend income received		4,834	3,154
Interest received		32,528	32,809
Net cash generated from/(used in) investing activities		<u>1,136</u>	<u>(704,140)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	1,184,917
Repayment of borrowings		(120,503)	(863,375)
Dividends paid to Company's shareholders		(35,325)	(69,683)
Dividends paid to minority interests		-	(15,480)
Interest paid		(155,583)	(115,653)
Net cash (used in)/generated from financing activities		<u>(311,411)</u>	<u>120,726</u>
<b>Currency translation differences</b>		(1,774)	3,099
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>50,129</u>	<u>(259,704)</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>1,340,395</u>	<u>1,089,554</u>
<b>Cash and cash equivalents</b>			
Short term placements		1,131,339	942,917
Cash at bank and in hand		209,056	146,637
		<u>1,340,395</u>	<u>1,089,554</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 31 JULY 2007

### Condensed Group Statement of Changes in Equity

in RM'000	Attributable to equity holders of Tanjong					Minority Interests	Total Equity	
	Paid Up Share Capital	Share Premium Account	Other Reserves	Retained Earnings	Total		31-Jul-07 (Unaudited)	31-Jul-06
Balance as at 1 February 07/06	146,107	240,808	97,934	2,713,359	3,198,208	131,772	<b>3,329,980</b>	2,788,968
Prior year adjustment								
Tax credit recognised on investment allowance	-	-	-	-	-	-	-	247,122
Restated balances	146,107	240,808	97,934	2,713,359	3,198,208	131,772	<b>3,329,980</b>	3,036,090
Changes in equity:								
Available-for-sale financial assets:								
Valuation gains taken to equity	-	-	27,286	-	27,286	-	<b>27,286</b>	1,610
Exchange differences on foreign currency net investments	-	-	(26,209)	-	(26,209)	-	<b>(26,209)</b>	(4,535)
Realised exchange differences transferred to income statement upon disposal of subsidiaries	-	-	-	-	-	-	-	(13,095)
Annual net profit transferred to legal reserves	-	-	6,421	(6,907)	(486)	-	<b>(486)</b>	-
Cash flow hedges	-	-	23,839	-	23,839	-	<b>23,839</b>	31,854
Net income recognised directly in equity	-	-	31,337	(6,907)	24,430	-	<b>24,430</b>	15,834
Profit for the financial period	-	-	-	231,464	231,464	4,286	<b>235,750</b>	208,790
<b>Total recognised income and expense for the period</b>	-	-	31,337	224,557	255,894	4,286	<b>260,180</b>	224,624
Dividends	-	-	-	(139,769)	(139,769)	-	<b>(139,769)</b>	(69,682)
Dividends paid to Minority interests	-	-	-	-	-	-	-	(15,480)
<b>Balance as at 31 July</b>	<u>146,107</u>	<u>240,808</u>	<u>129,271</u>	<u>2,798,147</u>	<u>3,314,333</u>	<u>136,058</u>	<b><u>3,450,391</u></b>	<u>3,175,552</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 31 JULY 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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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2007

### 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 no issuance or repayment of debt securities for the quarter under review. However, there was a repayment of RM50 million Commercial Paper by a subsidiary company in the preceding quarter.

##### 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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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2007

### 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
<b>Period ended 31 July 2007</b>						
<b>Gross transaction value*</b>						<u>1,935,839</u>
<b>Revenue</b>						
Total revenue	836,730	340,548	30,690	41,852	-	1,249,820
Inter-segment elimination	-	-	(6,406)	-	-	(6,406)
External revenue	<u>836,730</u>	<u>340,548</u>	<u>24,284</u>	<u>41,852</u>	<u>-</u>	<u>1,243,414</u>
<b>Results</b>						
Operating profit/(loss)	347,639	89,079 **	20,443	(28,616)	(4,956)	423,589
Net investment income						9,033
Finance costs	(129,698)	-	(2,947)	(9,655)	(4,957)	(147,257)
Interest income						32,365
Share of post tax results from						
- joint ventures	585	(209)	-	3,704	-	4,080
- associate	-	-	-	-	454	454
	<u>585</u>	<u>(209)</u>	<u>-</u>	<u>3,704</u>	<u>454</u>	<u>4,534</u>
Profit before taxation						<u>322,264</u>
Taxation						<u>(86,514)</u>
Profit after taxation						<u>235,750</u>
<b>Other segment items</b>						
Capital expenditure	8,118	3,780	23	8,600	250	20,771
Depreciation	107,831	5,047	507	16,937	443	130,765
<b>As at 31 July 2007</b>						
Segment assets	5,598,965	138,731	561,083	416,559	44,833	6,760,171
Joint ventures	31,958	-	-	33,205	-	65,163
Unallocated assets						<u>1,873,507</u>
Total assets						<u>8,698,841</u>
Segment liabilities	285,137	94,130	19,217	109,142	111,724	619,350
Borrowings	3,321,547	-	105,000	395,924	158,456	3,980,927
Unallocated liabilities						<u>648,173</u>
Total liabilities						<u>5,248,450</u>

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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2007

### 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
<b>Period ended 31 July 2006</b>						
<b>Gross transaction value*</b>						<u>1,924,353</u>
<b>Revenue</b>						
Total revenue	810,735	274,025	29,349	34,820	7,160	1,156,089
Inter-segment elimination	-	-	(6,355)	-	-	(6,355)
External revenue	<u>810,735</u>	<u>274,025</u>	<u>22,994</u>	<u>34,820</u>	<u>7,160</u>	<u>1,149,734</u>
<b>Results</b>						
Operating profit/(loss)	332,593	38,168 **	19,638	(29,110)	(3,335)	357,954
Net investment income						17,164
Finance costs	(123,939)	-	(3,348)	(4,919)	(4,380)	(136,586)
Interest income						30,314
Share of post tax results from						
- joint ventures	3,550	(11,478)	-	1,379	-	(6,549)
- associate	-	-	-	-	56	56
	<u>3,550</u>	<u>(11,478)</u>	<u>-</u>	<u>1,379</u>	<u>56</u>	<u>(6,493)</u>
Profit before taxation						<u>262,353</u>
Taxation						<u>(53,563)</u>
Profit after taxation						<u>208,790</u>
<b>Other segment items</b>						
Capital expenditure	6,006	3,414	84	2,700	1,424	13,628
Depreciation	107,438	4,547	462	11,869	438	124,754
<b>As at 31 July 2006</b>						
Segment assets	6,112,121	136,490	480,315	327,487	59,504	7,115,917
Joint ventures and associate	10,976	5,332	-	30,713	1,429	48,450
Unallocated assets						1,682,212
Total assets						<u>8,846,579</u>
Segment liabilities	352,348	89,110	22,657	36,205	8,858	509,178
Borrowings	3,770,740	-	120,000	331,666	169,555	4,391,961
Unallocated liabilities						769,888
Total liabilities						<u>5,671,027</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>	6 months ended	
	31-July-07	31-July-06
NFO gross sales proceeds	1,024,393	1,043,297
RTO revenue	8,580	5,347
Revenue from other operations	902,866	875,709
Gross transaction value	1,935,839	1,924,353
Less: NFO prize payouts	(692,425)	(774,619)
Revenue	1,243,414	1,149,734

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

<i>in RM'000</i>	6 months ended	
	31-July-07	31-July-06
<b>Gaming operating profit/(loss)</b>		
NFO	96,397	42,237
RTO	(7,318)	(4,069)
	89,079	38,168

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

#### 8. Segmental results (continued)

(b) Secondary reporting format – geographical segments

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
<b>Period ended 31 July 2007</b>					
Total external revenue	868,951	332,611	41,852	-	1,243,414
Total capital expenditure	11,760	411	8,600	-	20,771
<b>As at 31 July 2007</b>					
Segment assets	3,348,643	2,958,294	416,559	36,675	6,760,171
Joint ventures and associate					65,163
Unallocated assets					1,873,507
Total assets					8,698,841
<b>Period ended 31 July 2006</b>					
Total external revenue	837,647	270,107	34,820	7,160	1,149,734
Total capital expenditure	10,928	-	2,700	-	13,628
<b>As at 31 July 2006</b>					
Segment assets	3,436,892	3,293,513	327,487	58,025	7,115,917
Joint ventures and associate					48,450
Unallocated assets					1,682,212
Total assets					8,846,579

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 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 25 July 2007, Lintasan Klasik Sdn Bhd became a direct wholly-owned subsidiary of Tanjong.

Apart from the above, there were no changes in the composition of the Group during the quarter under review and period to date.

#### 12. Commitments and contingencies

##### 12.1 Capital commitments as at 31 July 2007

	<b>RM million</b>
Authorised and contracted	224
Authorised and not contracted	69
Analysed as follows:	
Investment commitments (i)	210
Tropical Islands project capital expenditure	9
Property, plant and equipment	74
	<u>293</u>

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

##### 12.2 Contingencies

As at 31 July 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 RM41.18 million);

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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)

- (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 RM184.54 million);
- (c) a financial institution, in respect of the USD100 million (an equivalent of RM341.30 million) bank guarantee facility obtained by Kuasa Nusajaya (L) Ltd ("KNL");
- (d) a financial institution, in relation to standby letter of credit facilities obtained by KNL, of up to USD38 million (an equivalent of RM130 million) and EGP125 million (an equivalent of RM75 million); and
- (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 RM94 million) in respect of the government subsidies awarded to Tropical Islands.
- (f) The Company entered into a Deed of Guarantee with AlJomaih Automotive Company Limited ("AlJomaih") to jointly and severally guarantee the obligations of Pendekar Energy (L) Ltd ("PEL") under the conditional Sale and Purchase agreement ("SPA") which PEL entered with CDC Globeleq Holdings Limited ("CDC Globeleq") to acquire CDC Globeleq's entire interest in Globeleq Ltd and certain of its subsidiaries and associates.

PEL is obligated to the following

- payment of termination amount of up to USD73.95 million (or approximately RM252 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 RM171 million) owed by Globeleq Ltd.

PEL is a 55% owned subsidiary of the Company with the remaining 45% interest held by AlJomaih.

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.

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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2007

### 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 ; and
- (ii) Ananda Krishnan Tatparanandam and his family.

<i>in RM'000</i>	<b>6 months ended</b>	
	<b>31-July-07</b>	<b>31-July-06</b>
<i>Income credited to the Group income statement</i>		
Lease rental and tenant service revenue	<b>12,879</b>	12,883
Management services revenue	<b>90</b>	1,028
Others	<b>131</b>	112
	<b><u>13,100</u></b>	<u>14,023</u>
<i>Recovery of expenses and shared overhead costs</i>	<b><u>4,031</u></b>	<u>4,321</u>
<i>Expenses charged to the Group income statement</i>		
Consultancy services	<b>7,875</b>	7,875
Gas, heating, electricity, water and safety related services	<b>3,962</b>	3,324
Closed circuit television broadcasting services	<b>2,946</b>	1,711
Sponsorship of events	<b>1,795</b>	482
Telecommunication and related services	<b>1,237</b>	960
Bloodstock management, service fees, accounting & clerical services	<b>667</b>	809
Sub-tenancy of premises	<b>222</b>	261
Software support and licence fees	<b>179</b>	-
Connection and transaction fees	<b>125</b>	150
Other services	<b>124</b>	270
Technical advisory, operations & maintenance services	<b>-</b>	1,644
	<b><u>19,132</u></b>	<u>17,486</u>

# 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 JULY 2007

### **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 RM49 million to RM645 million over the corresponding quarter in the previous year (“corresponding quarter”) mainly due to higher energy billings from the power plants and an improvement in the Gaming segment’s NFO prize payout to 69% from 74% .

The current quarter’s profit before tax of RM165 million was higher by RM59 million as compared to the profit before tax for the corresponding quarter mainly due to the aforementioned reasons.

##### *14.2 Material factors affecting financial year to date results*

Group revenue has increased by RM94 million from RM1,149 million in the corresponding period in the previous year (“corresponding period”) to RM1,243 million in the current six month period (“current period”). Group operating profit is higher by RM66 million at RM424 million.

Revenue from the Power Generation segment increased by 3% from RM811 million to RM837 million in the current period mainly due to the full six months contribution for the current period from the Egyptian power plants which were acquired on 2 March 2006. The increased revenue contributed to higher operating profit which increased by RM15 million or 5% to RM348 million for the current period.

NFO gross sales proceeds decreased by 2% to RM1,024 million from RM1,043 million due to 4 less draws being conducted in the current period. The fair value of Gaming revenue has however increased from RM274m in the corresponding period to RM341 million for the period under review, due to a 6% drop in prize payout ratio from 74% to 68% in the current period. Consequent upon the significant decrease in prize payout, the operating profit for the gaming segment has increased from RM38 million to RM89 million.

The increase in the number of visitors to Tropical Islands led to higher revenue from the Leisure segment to RM42 million from RM35 million in the corresponding period. However higher marketing and advertising expenses incurred in relation to the launching of new attractions in the resort resulted in the operating loss of RM29 million remaining at around that of the corresponding period.

Net investment income decreased to RM9 million from RM17 million, as the corresponding period’s results included a RM19 million gain on the disposal of Liquefied Petroleum Gas plants.

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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2007

### **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)*

Net finance costs increased from RM106 million to RM115 million due to the inclusion of an additional month's finance costs in relation to the acquisition of the Egyptian power plants.

The current period's profits from joint ventures and associate of RM4.5 million are a significant improvement over the RM6.5 million loss reported in the corresponding period due to the recognition of RM11.5 million losses from the lottery operations in Moscow in the results of the corresponding period.

For the period under review, Group profit attributable to shareholders increased by RM26 million from RM206 million to RM232 million. Net earnings per share increased by 6.4 sen from 51.0 sen to 57.4 sen.

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

The current quarter's profit before taxation of RM165 million is higher than the preceding quarter's profit before taxation of RM157 million due mainly to the higher contribution from one of the Malaysian power plants which resumed operations during the current quarter. The said plant experienced a forced outage between January 2007 to March 2007.

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

Subject to any other unforeseen circumstances, the Directors expect that the following factors may 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 operating losses in Tropical Islands; 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.

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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2007

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

#### 18. Taxation

<i>in RM'000</i>	3 months ended		6 months ended	
	31-July-07	31-July-06	31-July-07	31-July-06
<b>Malaysian Taxation</b>				
Income tax				
- Current year	<b>31,991</b>	27,911	<b>64,005</b>	53,076
- Prior year	<b>(18)</b>	(6)	<b>(177)</b>	(3,528)
	<b>31,973</b>	27,905	<b>63,828</b>	49,548
Deferred tax	<b>6,228</b>	(2,137)	<b>9,548</b>	4,013
	<b>38,201</b>	25,768	<b>73,376</b>	53,561
<b>Foreign Taxation</b>				
- Current year	<b>(14)</b>	(1)	<b>(8)</b>	2
- Deferred tax	<b>4,392</b>	-	<b>13,146</b>	-
	<b>42,579</b>	25,767	<b>86,514</b>	53,563

The effective tax rate for the quarter is 26%, equivalent to the statutory tax rate. However the year-to-date effective tax rate is 27%, 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.

#### 20. Quoted securities

<i>in RM'000</i>	Current Quarter	Year to Date
<b>(a) Summary of dealings in quoted securities for the period ended 31 July 2007</b>		
(i) Total purchase consideration	2,008	6,499
(ii) Total sale proceeds	2,244	7,912
(iii) Total profit on disposal	537	1,336
<b>(b) Investments in quoted securities as at the end of the reporting period:</b>		
(i) At cost		48,055
(ii) At book value/market value		104,303



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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2007

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

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

The proposed acquisition by PEL from CDC Globeleq of its entire interest in Globeleq Ltd and its subsidiaries and associated companies following its pre-sale re-organization for a consideration of US\$493 million (or approximately RM1,708 million) to be satisfied in cash (“Proposed Acquisition”) received the approval of the shareholders of Tanjong at an Extraordinary General Meeting held on 25 July 2007.

On 25 July 2007, the Company announced that it has obtained shareholders approval for the Proposed Acquisition.

The Proposed Acquisition is currently pending fulfillment of the remaining conditions precedent in the SPA and is targeted for completion no later than end November 2007.

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

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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2007

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

#### 22. Group borrowings and debt securities

<i>in RM'000</i>	Short Term	Long Term	As at 31-July-07
<i>Secured</i>			
<i>Denominated in RM</i>			
Al-Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS") <sup>1</sup>	50,000	230,000	280,000
Al-Murabahah Medium Term Notes <sup>1</sup> Serial bonds <sup>2</sup>	15,000 -	- 830,000	15,000 830,000
Al-Bai' Bithaman Ajil ("ABBA") <sup>3</sup>	15,000	90,000	105,000
	80,000	1,150,000	1,230,000
<i>Denominated in GBP</i>			
Term loan <sup>4</sup>	-	158,456	158,456
<i>Denominated in EURO</i>			
Transferable loan facility <sup>5</sup>	51,087	344,837	395,924
<i>Denominated in USD</i>			
Term loan <sup>6</sup> International Finance Corporation Loan ("IFC") <sup>7</sup>	16,417 72,454	472,598 1,031,639	489,015 1,104,093
Senior secured notes <sup>7</sup> Working capital loan <sup>7</sup>	- 6,826	331,254 15,359	331,254 22,185
	95,697	1,850,850	1,946,547
<i>Unsecured</i>			
<i>Denominated in RM</i>			
Redeemable bonds	-	250,000	250,000
	226,784	3,754,143	3,980,927

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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2007

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

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

- <sup>1</sup> These 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.
- <sup>2</sup> 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.
- <sup>3</sup> The loan is secured by a fixed legal charge over Menara Maxis and a corporate guarantee by Tanjong plc.
- <sup>4</sup> The £22.5 million loan drawdown by Invest Allied Limited is secured by way of a corporate guarantee issued by Tanjong plc.
- <sup>5</sup> The €30 million loan which has been drawdown by Tanjong Entertainment (L) Ltd is secured by way of a corporate guarantee issued by Tanjong plc.
- <sup>5</sup> 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.
- <sup>6</sup> The USD143 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.
- <sup>7</sup> 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	1,796,254
Floating rate loans	
Partially hedged	1,072,577
Unhedged	1,112,096
Balance as at 31 July 2007	<u><u>3,980,927</u></u>

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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2007

### 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 second 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 "**Second Interim Dividend**") has been declared payable on **31 October 2007** to those shareholders on the record of the Company **at the close of business on 19 October 2007** subject to the following paragraphs.

The Register of Members of the Company will be closed from 20 October 2007 to 22 October 2007 (both dates inclusive) for the purpose of determining each shareholder's entitlement to the **Second Interim Dividend**.

Each person whose name appears in the Register of Members or the Record of Depositors as **at the close of business on 19 October 2007** (the "**Second Interim Dividend Record Date**") shall be entitled to participate in the **Second Interim Dividend** in respect of those Tanjong shares of which they are registered as member or recorded as depositor as at the **Second 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 19 October 2007** will be registered by the **Second Interim Dividend Record Date**.

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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2007

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

#### 25. Dividend (continued)

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

- (a) **shares transferred** into the Depositor’s Securities Account **before 4.00 p.m. (Malaysian time) on 19 October 2007** in respect of transfers;
- (b) **shares deposited** into the Depositor’s Securities Account **before 12.30 p.m. (Malaysian time) on 17 October 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:

	<i>Current Quarter</i>	<i>Cumulative Quarter</i>
Profit after tax attributable to shareholders (RM'000)	120,184	231,464
Weighted average number of ordinary shares	<u>403,256,136</u>	<u>403,256,136</u>
Basic and diluted EPS (sen)	<u>29.8</u>	<u>57.4</u>

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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2007

### Part C Additional explanatory notes

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

<i>in RM'000</i>	3 months ended		6 months ended	
	31-Jul-07	31-Jul-06	31-Jul-07	31-Jul-06
Cost of sales	<b>379,038</b>	380,038	<b>731,306</b>	697,559
Distribution costs	<b>18,445</b>	13,564	<b>33,447</b>	52,977
Administrative expenses	<b>31,139</b>	26,870	<b>64,596</b>	42,582
Other operating expenses	<b>8,895</b>	10,111	<b>17,879</b>	15,839
Other operating income	<b>(8,201)</b>	(3,750)	<b>(27,403)</b>	(17,177)
Total operating costs	<b>429,316</b>	426,833	<b>819,825</b>	791,780

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

<i>in RM'000</i>	6 months ended	
	31-Jul-07	31-Jul-06
Profit after taxation	<b>235,750</b>	208,790
Adjustments for:		
- Finance costs	<b>147,257</b>	136,586
- Depreciation	<b>130,765</b>	124,754
- Taxation	<b>86,514</b>	53,563
- Share of post tax results from joint ventures and associate	<b>(4,534)</b>	6,493
- Net investment income	<b>(9,033)</b>	(17,164)
- Interest income	<b>(32,365)</b>	(30,314)
- Adjustment for other non-cash items	<b>(4,417)</b>	(4,788)
Changes in working capital	<b>(132,691)</b>	(106,035)
Cash generated from operations	<b>417,246</b>	371,885

By Order of the Board

Siuagamy Ramasamy  
Group Company Secretary

25 September 2007  
Kuala Lumpur

*Copies of the Unaudited Results of the Tanjong Group for the second quarter ended 31 July 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](http://www.tanjongplc.com).*