

TANJONG public limited company

(Incorporated in England 1926 – No. 210874)

(Registered as a foreign company in Malaysia – No. 990903-V)

QUARTERLY REPORT FOR THE QUARTER ENDED 31 OCTOBER 2007

Condensed Group Income Statement

<i>in RM'000</i>	Note	3 months ended		9 months ended	
		31-Oct-07 (Unaudited)	31-Oct-06 (Unaudited)	31-Oct-07 (Unaudited)	31-Oct-06 (Unaudited)
Gross transaction value	8	<u>994,550</u>	<u>952,974</u>	<u>2,930,389</u>	<u>2,877,327</u>
Revenue	8	692,035	668,993	1,935,449	1,818,727
Operating costs	27	(411,267)	(409,505)	(1,231,092)	(1,201,285)
Operating profit	8	<u>280,768</u>	<u>259,488</u>	<u>704,357</u>	<u>617,442</u>
Net investment income		13,143	10,930	22,176	28,094
Finance costs		(71,653)	(77,985)	(218,910)	(214,571)
Interest income		13,968	15,792	46,333	46,106
Finance costs - net		(57,685)	(62,193)	(172,577)	(168,465)
Share of post tax results from joint ventures and associate		2,324	(1,037)	6,858	(7,530)
Profit before taxation		<u>238,550</u>	<u>207,188</u>	<u>560,814</u>	<u>469,541</u>
Taxation	18	(61,978)	(51,961)	(148,492)	(105,524)
Profit after taxation		<u>176,572</u>	<u>155,227</u>	<u>412,322</u>	<u>364,017</u>
Attributable to:					
Tanjong's shareholders		175,126	152,558	406,590	358,313
Minority interests		1,446	2,669	5,732	5,704
		<u>176,572</u>	<u>155,227</u>	<u>412,322</u>	<u>364,017</u>
Earnings per share (sen)	26				
- Basic / Diluted		<u>43.4</u>	<u>37.8</u>	<u>100.8</u>	<u>88.9</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 OCTOBER 2007

Condensed Group Balance Sheet

<i>in RM'000</i>	As at 31-Oct-07 (Unaudited)	As at 31-Jan-07 (Audited)
ASSETS		
Non-Current Assets		
Intangible assets	49,130	49,130
Property, plant and equipment	2,631,910	2,742,271
Investment property	550,000	550,000
Investments in joint ventures and associate	65,918	53,660
Deferred income tax assets	299,018	295,438
Available-for-sale financial assets	427,003	376,414
Lease receivables	2,511,481	2,652,383
	<u>6,534,460</u>	<u>6,719,296</u>
Current Assets		
Inventories	284,366	276,250
Trade and other receivables	302,407	299,143
Lease receivables	102,375	95,559
Held-for-trading investments	11,233	3,550
Available-for-sale financial assets	-	31,293
Derivative financial instruments	21	542
Cash and cash equivalents	1,333,765	1,290,266
	<u>2,034,167</u>	<u>1,996,603</u>
Total Assets	<u>8,568,627</u>	<u>8,715,899</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	364,666	427,977
Borrowings	346,574	278,019
Current income tax liabilities	29,448	17,910
Provision for other liabilities and charges	5,151	9,500
	<u>745,839</u>	<u>733,406</u>
Non-Current Liabilities		
Borrowings	3,485,098	3,857,170
Other non-current liabilities	75,315	91,432
Hedging liability	74,085	56,545
Deferred income tax liabilities	639,558	601,857
Provision for other liabilities and charges	45,053	45,509
	<u>4,319,109</u>	<u>4,652,513</u>
Total Liabilities	<u>5,064,948</u>	<u>5,385,919</u>
NET ASSETS	<u>3,503,679</u>	<u>3,329,980</u>
EQUITY		
Paid up share capital	146,107	146,107
Share premium account	240,808	240,808
Other reserves	88,413	97,934
Retained earnings	2,890,847	2,713,359
Total shareholders' equity	<u>3,366,175</u>	<u>3,198,208</u>
Minority interests in equity	137,504	131,772
TOTAL EQUITY	<u>3,503,679</u>	<u>3,329,980</u>
Net Tangible Assets per share (RM)	<u>8.23</u>	<u>7.81</u>
Net Assets per share (RM)	<u>8.69</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 OCTOBER 2007

Condensed Group Cash Flow Statement

<i>in RM'000</i>	Note	9 months ended	
		31-Oct-07	31-Oct-06
		(Unaudited)	
Cash flows from operating activities			
Cash generated from operations	28	838,144	761,144
Malaysian and other taxes paid		(96,774)	(81,922)
Net cash generated from operating activities		<u>741,370</u>	<u>679,222</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(23,516)	(27,046)
Proceeds from sale of property, plant and equipment		752	130
Construction of resort		(37,246)	-
Acquisition of subsidiaries		-	(769,470)
Proceeds from disposal of a subsidiary		-	6,040
Net repayment of advances from/(investment in) joint ventures		693	(55)
Purchase of investments		(50,920)	(16,666)
Proceeds from sale of investments		64,280	67,983
Net repayment of advances from an associate		-	260
Dividend income received		7,783	10,691
Interest received		44,771	45,808
Net cash generated from/(used in) investing activities		<u>6,597</u>	<u>(682,325)</u>
Cash flows from financing activities			
Proceeds from borrowings		-	1,198,944
Repayment of borrowings		(251,053)	(963,375)
Dividends paid to Company's shareholders		(222,194)	(172,916)
Dividends paid to minority interests		-	(15,480)
Interest paid		(233,878)	(205,373)
Net cash used in financing activities		<u>(707,125)</u>	<u>(158,200)</u>
Currency translation differences		2,657	(7,848)
Net increase/(decrease) in cash and cash equivalents		<u>43,499</u>	<u>(169,151)</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>1,333,765</u>	<u>1,180,107</u>
Cash and cash equivalents			
Short term placements		1,171,417	944,652
Cash at bank and in hand		162,348	235,455
		<u>1,333,765</u>	<u>1,180,107</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 OCTOBER 2007

Condensed Group Statement of Changes in Equity

in RM'000	Attributable to equity holders of Tanjong						Total Equity	
	Paid Up	Share	Other	Retained	Total	Minority	31-Oct-07	31-Oct-06
	Share	Premium					Reserves	Earnings
Capital	Account	Reserves	Earnings	Total	Interests	(Unaudited)		
Balance as at 1 February 07/06	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
Restated balances	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	-	-	32,063	-	32,063	-	32,063	14,655
Exchange differences on foreign currency net investments	-	-	(56,261)	-	(56,261)	-	(56,261)	(5,403)
Realised exchange differences transferred to income statement upon disposal of subsidiaries	-	-	-	-	-	-	-	(13,095)
Annual net profit transferred to legal reserves	-	-	6,422	(6,908)	(486)	-	(486)	-
Cash flow hedges	-	-	8,255	-	8,255	-	8,255	11,590
Others	-	-	-	-	-	-	-	1,149
Net income recognised directly in equity	-	-	(9,521)	(6,908)	(16,429)	-	(16,429)	8,896
Profit for the financial period	-	-	-	406,590	406,590	5,732	412,322	364,017
Total recognised income and expense for the period	-	-	(9,521)	399,682	390,161	5,732	395,893	372,913
Dividends	-	-	-	(222,194)	(222,194)	-	(222,194)	(172,916)
Dividends paid to Minority interests	-	-	-	-	-	-	-	(15,480)
Balance as at 31 October	146,107	240,808	88,413	2,890,847	3,366,175	137,504	3,503,679	3,220,607

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 OCTOBER 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, the subsidiary companies have made the following repayments:

- (i) RM50 million Commercial Paper for the quarter ended 30 April 2007; and
- (ii) RM5 million Al-Murabahah Medium Term Notes 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
First interim dividend for FY 31 January 2008	14.0 sen	6 August 2007
Final dividend for FY 31 January 2007	34.0 sen	24 August 2007
Second interim dividend for FY 31 January 2008	14.0 sen	31 October 2007

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QUARTERLY REPORT FOR THE QUARTER ENDED 31 OCTOBER 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
Period ended 31 October 2007						
Gross transaction value*						<u>2,930,389</u>
Revenue						
Total revenue	1,292,961	533,888	46,902	71,284	-	1,945,035
Inter-segment elimination	-	-	(9,586)	-	-	(9,586)
External revenue	<u>1,292,961</u>	<u>533,888</u>	<u>37,316</u>	<u>71,284</u>	<u>-</u>	<u>1,935,449</u>
Results						
Operating profit/(loss)	558,513	161,913 **	31,811	(38,083)	(9,797)	704,357
Net investment income						22,176
Finance costs	(191,771)	-	(4,372)	(15,249)	(7,518)	(218,910)
Interest income						46,333
Share of post tax results from						
- joint ventures	4,784	(214)	-	1,834	-	6,404
- associate	-	-	-	-	454	454
	<u>4,784</u>	<u>(214)</u>	<u>-</u>	<u>1,834</u>	<u>454</u>	<u>6,858</u>
Profit before taxation						<u>560,814</u>
Taxation						<u>(148,492)</u>
Profit after taxation						<u>412,322</u>
Other segment items						
Capital expenditure	9,195	4,568	108	9,361	284	23,516
Depreciation	156,674	7,513	765	25,909	-	190,861
As at 31 October 2007						
Segment assets	5,379,550	154,534	562,048	422,829	49,079	6,568,040
Joint ventures	36,157	-	-	29,761	-	65,918
Unallocated assets						<u>1,934,669</u>
Total assets						<u>8,568,627</u>
Segment liabilities	311,092	121,199	19,915	101,092	10,972	564,270
Borrowings	3,164,944	-	105,000	406,784	154,944	3,831,672
Unallocated liabilities						<u>669,006</u>
Total liabilities						<u>5,064,948</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 31 October 2006						
Gross transaction value*						<u>2,877,327</u>
Revenue						
Total revenue	1,274,106	446,458	44,248	56,342	7,160	1,828,314
Inter-segment elimination	-	-	(9,587)	-	-	(9,587)
External revenue	<u>1,274,106</u>	<u>446,458</u>	<u>34,661</u>	<u>56,342</u>	<u>7,160</u>	<u>1,818,727</u>
Results						
Operating profit/(loss)	530,102	91,150 **	29,874	(27,546)	(6,138)	617,442
Net investment income						28,094
Finance costs	(194,045)	-	(4,977)	(8,726)	(6,823)	(214,571)
Interest income						46,106
Share of post tax results from						
- joint ventures	7,457	(16,885)	-	1,578	-	(7,850)
- associate	-	-	-	-	320	320
	<u>7,457</u>	<u>(16,885)</u>	<u>-</u>	<u>1,578</u>	<u>320</u>	<u>(7,530)</u>
Profit before taxation						<u>469,541</u>
Taxation						<u>(105,524)</u>
Profit after taxation						<u>364,017</u>
Other segment items						
Capital expenditure	7,134	5,793	93	11,934	1,471	26,425
Depreciation	161,813	6,763	695	17,985	120	187,376
As at 31 October 2006						
Segment assets	6,115,242	133,896	480,321	416,643	31,806	7,177,908
Joint ventures and associate	14,882	95	-	31,425	1,676	48,078
Unallocated assets						1,681,637
Total assets						<u>8,907,623</u>
Segment liabilities	363,426	97,491	24,983	111,333	10,750	607,983
Borrowings	3,661,855	-	120,000	345,206	172,543	4,299,604
Unallocated liabilities						779,429
Total liabilities						<u>5,687,016</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>	9 months ended	
	31-Oct-07	31-Oct-06
NFO gross sales proceeds	1,515,444	1,496,895
RTO revenue	13,384	8,163
Revenue from other operations	1,401,561	1,372,269
Gross transaction value	<u>2,930,389</u>	<u>2,877,327</u>
Less: NFO prize payouts	(994,940)	(1,058,600)
Revenue	<u>1,935,449</u>	<u>1,818,727</u>

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

<i>in RM'000</i>	9 months ended	
	31-Oct-07	31-Oct-06
Gaming operating profit/(loss)		
NFO	168,206	99,677
RTO	<u>(6,293)</u>	<u>(8,527)</u>
	<u>161,913</u>	<u>91,150</u>

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

8. Segmental results (continued)

(b) Secondary reporting format – geographical segments

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 31 October 2007					
Total external revenue	1,360,872	503,293	71,284	-	1,935,449
Total capital expenditure	13,346	809	9,361	-	23,516
As at 31 October 2007					
Segment assets	3,253,293	2,848,704	422,829	43,214	6,568,040
Joint ventures and associate					65,918
Unallocated assets					1,934,669
Total assets					8,568,627
Period ended 31 October 2006					
Total external revenue	1,301,102	454,123	56,342	7,160	1,818,727
Total capital expenditure	14,491	-	11,934	-	26,425
As at 31 October 2006					
Segment assets	3,385,067	3,342,113	416,643	34,085	7,177,908
Joint ventures and associate					48,078
Unallocated assets					1,681,637
Total assets					8,907,623

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

Pendekar Energy Ventures (L) Ltd (“PEV”) and TEH Ventures (L) Ltd (“TEHV”) were incorporated as wholly-owned subsidiaries of Tanjong Energy Holdings Sdn Bhd (“TEH”) on 19 October 2007 and 31 October 2007 respectively.

On 16 November 2007:

- (a) TEHV acquired TEH’s entire 55% equity interest in Pendekar Energy (L) Ltd (“PEL”)
- (b) TEHV acquired TEH’s entire 100% equity interest in PEV;
- (c) PEV became a 55% subsidiary of TEHV following the issuance of 99 new ordinary shares of US\$1.00 each at par for cash resulting in TEHV and Aljomaih Automative Company holding 55% and 45% of the issued and paid-up share capital of PEV respectively.

For details of the aforesaid announcements, please refer to the announcements dated 19 and 31 October 2007 and 19 and 22 November 2007.

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

12. Commitments and contingencies

12.1 Capital commitments as at 31 October 2007

	RM million
Authorised and contracted	1,201
Authorised and not contracted	70
Analysed as follows:	
Investment commitments (i)	1,185
Property, plant and equipment	86
	<u>1,271</u>

(i) Represents the Group's:

- (a) share of investment commitment in the acquisition of CDC Globeleq's entire interest in Globeleq Ltd and certain of its subsidiaries and associated companies (RM976 million) (see Note 21); and
- (b) equity contribution commitment in the Taweelah B project (RM209 million).

12.2 Contingencies

As at 31 October 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 RM40.57 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 RM181.80 million);
- (c) a financial institution, in respect of the USD100 million (an equivalent of RM335.90 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 RM127.64 million) and EGP125 million (an equivalent of RM73.90 million); and

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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 RM96.17 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 perform the following:

- payment of termination amount of up to USD73.95 million (or approximately RM248.40 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 RM167.95 million) owed by Globeleq Ltd.

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

Subsequent to the balance sheet date on 21 November 2007, the Group completed its acquisition of CDC Globeleq’s entire interest in Globeleq Ltd and certain of its subsidiaries and associates (see Note 21). These contingent liabilities have accordingly been discharged.

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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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>	9 months ended	
	31-Oct-07	31-Oct-06
<i>Income credited to the Group income statement</i>		
Lease rental and tenant service revenue	19,747	19,370
Management services revenue	135	1,325
Others	187	170
	<u>20,069</u>	<u>20,865</u>
<i>Recovery of expenses and shared overhead costs</i>		
	<u>6,060</u>	<u>6,748</u>
<i>Expenses charged to the Group income statement</i>		
Consultancy services	11,813	11,813
Gas, heating, electricity, water and safety related services	5,846	4,511
Closed circuit television broadcasting services	4,305	2,359
Sponsorship of events	2,325	481
Telecommunication and related services	1,740	1,456
Bloodstock management, service fees, accounting & clerical services	938	1,071
Sub-tenancy of premises	357	390
Connection and transaction fees	187	188
Other services	419	377
Technical advisory, operations & maintenance services	-	1,644
	<u>27,930</u>	<u>24,290</u>

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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 RM23 million to RM692 million over the corresponding quarter in the previous year (“corresponding quarter”) as there was higher Gaming revenue due to 2 additional draws; and an increase in revenue from Tropical Islands resulting from increases in visitor attendance and spending.

The current quarter's profit before tax of RM239 million was higher by RM31 million as compared to the profit before tax for the corresponding quarter mainly due to the aforementioned increase in Gaming revenue and improved contribution from the Group's Malaysian power plants.

14.2 Material factors affecting financial year to date results

Group revenue has increased by RM117 million from RM1,819 million in the corresponding period in the previous year (“corresponding period”) to RM1,936 million in the current nine month period (“current period”). Group operating profit is, at RM704 million, higher by RM87 million.

Revenue from Power Generation increased by RM19 million to RM1,293 million in the current period mainly due to the full nine month contribution from the Egyptian power plants which were acquired on 2 March 2006. The increased revenue resulted in an increase of RM28 million in segmental operating profit to RM559 million for the current period.

NFO gross sales proceeds increased to RM1,515 million from RM1,497 million despite 2 less draws being conducted during the current period. The fair value of Gaming revenue has also increased from RM447 million in the corresponding period to RM534 million for the period under review, due to a 5% reduction in prize payout ratio from 71% to 66% in the current period. Accordingly, the operating profit for Gaming has increased significantly from RM91 million to RM162 million.

The increase in the number of visitors to Tropical Islands resulted in an increase in revenue from the Leisure segment from RM56 million in the corresponding period to RM71 million. However marketing and advertising expenses incurred in relation to the launching of the new attractions in the resort resulted in a higher operating loss of RM38 million as compared to RM28 million in the corresponding period.

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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 investment income decreased by RM6 million from RM28 million, as the corresponding period's results included a RM19 million gain on the disposal of Liquefied Petroleum Gas plants.

The current period's profits from joint ventures and associate of RM6.9 million are an improvement over the RM7.5 million loss reported in the corresponding period which included a RM16.7 million loss provision for the lottery operations in Moscow.

For the period under review, Group profit attributable to shareholders increased by RM48 million from RM358 million to RM406 million. Net earnings per share increased by 11.9 sen from 88.9 sen to 100.8 sen.

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

The current quarter's profit before taxation of RM239 million is significantly higher than the preceding quarter's profit before taxation of RM165 million arising from improved NFO prize payout ratio and contribution from the Malaysian power plants.

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 significantly impact the Group's prospects for the remaining period to the end of the financial year:-

- (i) improved contributions from its existing and newly acquired (see Note 21) power generation assets which are located in various countries;
- (ii) ongoing demand for the Group's gaming products in line with initiatives to increase its market presence and product competitiveness; and
- (iii) continuing operating losses in Tropical Islands.

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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18. Taxation

<i>in RM'000</i>	3 months ended		9 months ended	
	31-Oct-07	31-Oct-06	31-Oct-07	31-Oct-06
Malaysian Taxation				
Income tax				
- Current year	45,367	27,661	109,372	80,737
- Prior year	2,417	230	2,240	(3,298)
	47,784	27,891	111,612	77,439
Deferred tax	9,731	22,827	19,279	26,840
	57,515	50,718	130,891	104,279
Foreign Taxation				
- Current year	7	25	(1)	27
- Deferred tax	4,456	1,218	17,602	1,218
	61,978	51,961	148,492	105,524

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
(a) Summary of dealings in quoted securities for the period ended 31 October 2007		
(i) Total purchase consideration	4,110	10,609
(ii) Total sale proceeds	1,479	9,391
(iii) Total profit on disposal	272	1,608
(b) Investments in quoted securities as at the end of the reporting period:		
(i) At cost		53,458
(ii) At book value/market value		118,556

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21. Status of corporate proposals announced but not completed

The following developments have taken place in respect of the proposed acquisition by Pendekar Energy (L) Ltd (“PEL”) from CDC Globeleq Holdings Limited (“CDC Globeleq”) of its entire equity interest in Globeleq Ltd and its subsidiaries and associated companies:

- (a) The Company announced on 30th October 2007 that it had received the approval of the Bermuda Monetary Authority on 24th October 2007 for the transfer of all of the issued shares in Globeleq Ltd from CDC Globeleq to PEL in connection with the Proposed Globeleq Acquisition.
- (b) The Company announced on 22 November 2007 that:
 - (i) TEH Ventures (L) Ltd had acquired from Tanjong Energy Holdings Sdn. Bhd. its entire 55% equity interest in PEL comprising 55 ordinary shares of USD1.00 each for a total cash consideration of USD55.00.
 - (ii) Consents had been obtained from the lenders to various project companies of Globeleq Ltd and subsequent thereto the acquisition had been completed on 21 November 2007.

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

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

22. Group borrowings and debt securities

<i>in RM'000</i>	Short Term	Long Term	As at 31-Oct-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	10,000 -	- 830,000	10,000 830,000
Al-Bai' Bithaman Ajil ("ABBA") ³	15,000	90,000	105,000
	75,000	1,150,000	1,225,000
<i>Denominated in GBP</i>			
Term loan ⁴	-	154,944	154,944
<i>Denominated in EURO</i>			
Transferable loan facility ⁵	52,488	354,296	406,784
<i>Denominated in USD</i>			
Term loan ⁶ International Finance Corporation Loan ("IFC") ⁷	16,060 71,308	344,294 1,015,317	360,354 1,086,625
Senior secured notes ⁷ Working capital loan ⁷	- 6,718	326,131 15,116	326,131 21,834
	94,086	1,700,858	1,794,944
<i>Unsecured</i>			
<i>Denominated in RM</i>			
Redeemable bonds	125,000	125,000	250,000
	346,574	3,485,098	3,831,672

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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 €55 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 USD107 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	1,791,131
Floating rate loans	
Partially hedged	995,146
Unhedged	1,045,395
Balance as at 31 October 2007	<u><u>3,831,672</u></u>

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

23. Off-balance sheet financial instruments

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

24. Changes in material litigation

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

25. Dividend

Tanjong continues to pursue a progressive dividend policy that seeks to achieve a balance between long-term capital growth and immediate cash returns. To this end, the Company intends to maintain an attractive payout ratio at around current levels, whilst conserving adequate funds to enable it to pursue new investment opportunities that will be critical to its long term growth.

Pursuant to the above policy, your Board is recommending the following:

A third 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 "**Third Interim Dividend**") has been declared payable on **31 January 2008** to those shareholders on the record of the Company **at the close of business on 18 January 2008** subject to the following paragraphs.

The Register of Members of the Company will be closed from 19 January 2008 to 21 January 2008 (both dates inclusive) for the purpose of determining each shareholder's entitlement to the **Third Interim Dividend**.

Each person whose name appears in the Register of Members or the Record of Depositors as **at the close of business on 18 January 2008** (the "**Third Interim Dividend Record Date**") shall be entitled to participate in the **Third Interim Dividend** in respect of those Tanjong shares of which they are registered as member or recorded as depositor as at the **Third Interim Dividend Record Date**.

Valid transfers received by the **Company's Branch Registrars in Malaysia, Symphony Share Registrars Sdn. Bhd. at Level 26, Menara Multi-Purpose, Capital Square, No. 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia, or the Company's Principal Registrars in the United Kingdom, Capita IRG Plc at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, England, by the close of business at 5.00 p.m. (local time) on 18 January 2008 will be registered by the Third Interim Dividend Record Date.**

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

25. Dividend (continued)

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

- (a) **shares transferred** into the Depositor’s Securities Account **before 4.00 p.m. (Malaysian time) on 18 January 2008** in respect of transfers;
- (b) **shares deposited** into the Depositor’s Securities Account **before 12.30 p.m. (Malaysian time) on 16 January 2008** 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)	175,126	406,590
Weighted average number of ordinary shares	<u>403,256,136</u>	<u>403,256,136</u>
Basic and diluted EPS (sen)	<u>43.4</u>	<u>100.8</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		9 months ended	
	31-Oct-07	31-Oct-06	31-Oct-07	31-Oct-06
Cost of sales	358,576	385,506	1,089,882	1,083,065
Distribution costs	18,036	15,339	51,483	41,177
Administrative expenses	45,719	23,390	110,315	93,111
Other operating expenses	1,798	8,556	19,677	24,395
Other operating income	(12,862)	(23,286)	(40,265)	(40,463)
Total operating costs	411,267	409,505	1,231,092	1,201,285

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

<i>in RM'000</i>	9 months ended	
	31-Oct-07	31-Oct-06
Profit after taxation	412,322	364,017
Adjustments for:		
- Finance costs	218,910	214,571
- Depreciation	190,861	187,376
- Taxation	148,492	105,524
- Share of post tax results from joint ventures and associate	(6,858)	7,530
- Net investment income	(22,176)	(28,094)
- Interest income	(46,333)	(46,106)
- Adjustment for other non-cash items	(5,801)	(19,703)
Changes in working capital	(51,273)	(23,971)
Cash generated from operations	838,144	761,144

By Order of the Board

Siuagamy Ramasamy
Group Company Secretary

11 December 2007
Kuala Lumpur

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