

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 2008

Condensed Group Income Statement

<i>in RM'000</i>	Note	3 months ended		6 months ended	
		31-Jul-08 (Unaudited)	31-Jul-07 (Unaudited)	31-Jul-08 (Unaudited)	31-Jul-07 (Unaudited)
Gross transaction value	8	<u>1,150,235</u>	<u>990,496</u>	<u>2,292,913</u>	<u>1,935,839</u>
Revenue	8	840,286	645,221	1,649,801	1,243,414
Operating costs	27	(586,186)	(429,316)	(1,125,621)	(819,825)
Operating profit	8	<u>254,100</u>	<u>215,905</u>	<u>524,180</u>	<u>423,589</u>
Net investment income		3,249	3,080	77,560	9,033
Finance costs		(90,422)	(73,954)	(186,429)	(147,257)
Interest income		9,357	16,432	17,771	32,365
Finance costs - net		(81,065)	(57,522)	(168,658)	(114,892)
Share of post tax results from joint ventures and associates		14,053	3,524	28,405	4,534
Profit before taxation		<u>190,337</u>	<u>164,987</u>	<u>461,487</u>	<u>322,264</u>
Taxation	18	(28,265)	(42,579)	(68,731)	(86,514)
Profit after taxation		<u>162,072</u>	<u>122,408</u>	<u>392,756</u>	<u>235,750</u>
Attributable to:					
Tanjong's shareholders		136,687	120,184	337,654	231,464
Minority interests		25,385	2,224	55,102	4,286
		<u>162,072</u>	<u>122,408</u>	<u>392,756</u>	<u>235,750</u>
Earnings per share (sen)	26				
- Basic / Diluted		<u>33.9</u>	<u>29.8</u>	<u>83.7</u>	<u>57.4</u>

The condensed group income statement should be read in conjunction with the Group's annual financial statements for the year ended 31 January 2008.

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QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2008

Condensed Group Balance Sheet

<i>in RM'000</i>	As at 31-Jul-08 (Unaudited)	As at 31-Jan-08 (Audited)
ASSETS		
Non-Current Assets		
Intangible assets	49,130	49,130
Property, plant and equipment	2,597,950	2,634,225
Prepaid lease rental	21,600	21,864
Investment property	550,339	550,339
Investments in joint ventures and associates	392,226	234,434
Deferred income tax assets	41,355	278,039
Available-for-sale financial assets	142,023	160,856
Lease receivables	5,755,720	5,836,370
	<u>9,550,343</u>	<u>9,765,257</u>
Current Assets		
Inventories	456,936	409,184
Trade and other receivables	345,101	505,369
Lease receivables	325,760	160,048
Held-for-trading investments	8,159	10,234
Available-for-sale financial assets	724	219,386
Derivative financial instruments	-	19
Cash and cash equivalents	1,422,698	1,058,316
	<u>2,559,378</u>	<u>2,362,556</u>
Total Assets	<u>12,109,721</u>	<u>12,127,813</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	580,067	584,331
Borrowings	949,954	1,165,399
Current income tax liabilities	38,768	21,041
Hedging liability	9,388	6,667
Provision for other liabilities and charges	-	6,223
	<u>1,578,177</u>	<u>1,783,661</u>
Non-Current Liabilities		
Borrowings	4,721,832	4,479,023
Other non-current liabilities	732,321	791,179
Hedging liability	192,051	249,435
Deferred income tax liabilities	791,764	1,048,634
Provision for other liabilities and charges	103,765	99,747
	<u>6,541,733</u>	<u>6,668,018</u>
Total Liabilities	<u>8,119,910</u>	<u>8,451,679</u>
Net Assets	<u>3,989,811</u>	<u>3,676,134</u>
EQUITY		
Paid up share capital	146,107	146,107
Share premium account	240,808	240,808
Other reserves	(158,834)	(120,412)
Retained earnings	3,322,999	3,031,303
Total shareholders' equity	<u>3,551,080</u>	<u>3,297,806</u>
Minority interests in equity	438,731	378,328
Total Equity	<u>3,989,811</u>	<u>3,676,134</u>
Net Tangible Assets per share (in sen)	<u>868</u>	<u>806</u>
Net Assets per share (in sen)	<u>989</u>	<u>912</u>

The condensed group balance sheet should be read in conjunction with the Group's annual financial statements for the year ended 31 January 2008.

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QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2008

Condensed Group Cash Flow Statement

<i>in RM'000</i>	Note	6 months ended	
		31-Jul-08	31-Jul-07
		(Unaudited)	
Cash flows from operating activities			
Cash generated from operations	28	701,926	417,246
Malaysian and other taxes paid		(68,086)	(55,068)
Net cash generated from operating activities		<u>633,840</u>	<u>362,178</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(85,517)	(20,771)
Proceeds from sale of property, plant and equipment		178	468
Construction of a resort		-	(32,625)
Purchase of investments		(8,497)	(6,814)
Proceeds from sale of investments		243,865	22,692
Net investment in joint ventures		(172,240)	824
Dividend income received		24,890	4,834
Interest received		17,746	32,528
Net cash generated from investing activities		<u>20,425</u>	<u>1,136</u>
Cash flows from financing activities			
Proceeds from borrowings		1,804,883	-
Repayment of borrowings		(1,836,822)	(120,503)
Dividends paid to Company's shareholders		(42,342)	(35,325)
Dividends paid to a minority interest		(4,838)	-
Repayment to a minority interest		(46,421)	-
Interest paid		(209,390)	(155,583)
Net cash used in financing activities		<u>(334,930)</u>	<u>(311,411)</u>
Currency translation differences		45,047	(1,774)
Net increase in cash and cash equivalents		<u>364,382</u>	<u>50,129</u>
Cash and cash equivalents at start of the year		1,058,316	1,290,266
Cash and cash equivalents at end of the year		<u>1,422,698</u>	<u>1,340,395</u>
Cash and cash equivalents			
Short term placements		1,010,262	1,131,339
Cash at bank and in hand		412,436	209,056
		<u>1,422,698</u>	<u>1,340,395</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 2008.

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QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2008

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-08 (Unaudited)	31-Jul-07
Balance as at 1 February	146,107	240,808	(120,412)	3,031,303	3,297,806	378,328	3,676,134	3,329,980
Changes in equity:								
Available-for-sale financial assets:								
Valuation (loss)/gain taken to Income Statement	-	-	(79,316)	-	(79,316)	-	(79,316)	27,286
Exchange differences on foreign currency net investments	-	-	2,716	-	2,716	-	2,716	(26,209)
Annual net profit/(loss) transferred to legal reserves	-	-	4,641	(3,616)	1,025	-	1,025	(486)
Cash flow hedges	-	-	33,537	-	33,537	-	33,537	23,839
Fair value changes on shareholder loan advanced by a minority interest	-	-	-	-	-	10,139	10,139	-
Net income recognised directly in equity	-	-	(38,422)	(3,616)	(42,038)	10,139	(31,899)	24,430
Profit for the financial period	-	-	-	337,654	337,654	55,102	392,756	235,750
Total recognised income and expense for the period	-	-	(38,422)	334,038	295,616	65,241	360,857	260,180
Dividends	-	-	-	(42,342)	(42,342)	-	(42,342)	(139,769)
Dividends paid to a minority interest	-	-	-	-	-	(4,838)	(4,838)	-
Balance as at 31 July	146,107	240,808	(158,834)	3,322,999	3,551,080	438,731	3,989,811	3,450,391

The condensed group statement of changes in equity should be read in conjunction with the Group's annual financial statements for the year ended 31 January 2008.

* Comprises Fair Value Reserve, Legal Reserve, Hedging Reserve and Translation Reserve.

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QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2008

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 2008.

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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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 period 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 2008	14.0 sen	6-May-08

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QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2008

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
Quarter ended 31 July 2008						
Gross transaction value*						<u>1,150,235</u>
Revenue						
Total revenue	632,428	165,370	16,150	29,523	-	843,471
Inter-segment elimination	-	-	(3,185)	-	-	(3,185)
External revenue	<u>632,428</u>	<u>165,370</u>	<u>12,965</u>	<u>29,523</u>	<u>-</u>	<u>840,286</u>
Results						
Operating profit/(loss)	207,918	52,628 **	10,095	(13,292)	(3,249)	254,100
Net investment income						3,249
Finance costs	(83,704)	-	(1,255)	(5,463)	-	(90,422)
Interest income						9,357
Share of post tax results from						
- joint ventures	11,326	-	-	1,262	-	12,588
- associates	1,465	-	-	-	-	1,465
	<u>12,791</u>	<u>-</u>	<u>-</u>	<u>1,262</u>	<u>-</u>	<u>14,053</u>
Profit before taxation						<u>190,337</u>
Taxation						<u>(28,265)</u>
Profit after taxation						<u>162,072</u>
Other segment items						
Capital expenditure	75,771	4,219	34	2,437	254	82,715
Depreciation and amortisation	58,628	2,805	252	9,751	253	71,689

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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 July 2008						
Gross transaction value*						<u>2,292,913</u>
Revenue						
Total revenue	1,204,350	355,561	32,160	64,096	-	1,656,167
Inter-segment elimination	-	-	(6,366)	-	-	(6,366)
External revenue	<u>1,204,350</u>	<u>355,561</u>	<u>25,794</u>	<u>64,096</u>	<u>-</u>	<u>1,649,801</u>
Results						
Operating profit/(loss)	407,724	115,061 **	21,099	(15,498)	(4,206)	524,180
Net investment income						77,560
Finance costs	(172,256)	-	(2,545)	(10,828)	(800)	(186,429)
Interest income						17,771
Share of post tax results from						
- joint ventures	22,912	-	-	2,813	-	25,725
- associates	2,680	-	-	-	-	2,680
	<u>25,592</u>	<u>-</u>	<u>-</u>	<u>2,813</u>	<u>-</u>	<u>28,405</u>
Profit before taxation						<u>461,487</u>
Taxation						<u>(68,731)</u>
Profit after taxation						<u>392,756</u>
Other segment items						
Capital expenditure	76,681	6,081	83	2,763	274	85,882
Depreciation and amortisation	116,638	5,416	503	19,167	446	142,170
As at 31 July 2008						
Segment assets	9,278,618	139,221	562,201	472,708	31,981	10,484,729
Joint ventures and associates	357,295	161	-	34,770	-	392,226
Unallocated assets						1,232,766
Total assets						<u>12,109,721</u>
Segment liabilities	721,677	101,260	18,908	93,896	16,735	952,476
Borrowings	5,204,998	-	90,000	376,788	-	5,671,786
Unallocated liabilities						1,495,648
Total liabilities						<u>8,119,910</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
Quarter ended 31 July 2007						
Gross transaction value*						990,496
Revenue						
Total revenue	454,311	159,355	15,744	18,978	-	648,388
Inter-segment elimination	-	-	(3,167)	-	-	(3,167)
External revenue	454,311	159,355	12,577	18,978	-	645,221
Results						
Operating profit/(loss)	189,125	37,415	10,691	(18,382)	(2,944)	215,905
Net investment income						3,080
Finance costs	(64,951)	-	(1,461)	(5,018)	(2,524)	(73,954)
Interest income						16,432
Share of post tax results from joint ventures	1,488	(189)	-	2,225	-	3,524
Profit before taxation						164,987
Taxation						(42,579)
Profit after taxation						122,408
Other segment items						
Capital expenditure	1,653	1,677	17	3,925	156	7,428
Depreciation	53,881	2,561	252	8,619	224	65,537

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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 July 2007						
Gross transaction value*						<u>1,935,839</u>
Revenue						
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>
Results						
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>
Other segment items						
Capital expenditure	8,118	3,780	23	8,600	250	20,771
Depreciation	107,831	5,047	507	16,937	443	130,765
As at 31 July 2007						
Segment assets	5,598,965	138,731	561,083	416,559	44,833	6,760,171
Joint ventures and associate	31,958	-	-	33,205	-	65,163
Unallocated assets						1,873,507
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						648,173
Total liabilities						<u>5,248,450</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		6 months ended	
	31-Jul-08	31-Jul-07	31-Jul-08	31-Jul-07
NFO gross sales proceeds	471,325	500,406	990,981	1,024,393
RTO revenue	3,994	4,224	7,692	8,580
Revenue from other operations	674,916	485,866	1,294,240	902,866
Gross transaction value	1,150,235	990,496	2,292,913	1,935,839
Less: NFO prize payouts	(309,949)	(345,275)	(643,112)	(692,425)
Revenue	840,286	645,221	1,649,801	1,243,414

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

<i>in RM'000</i>	3 months ended		6 months ended	
	31-Jul-08	31-Jul-07	31-Jul-08	31-Jul-07
Gaming operating profit/(loss)				
NFO	56,848	40,333	123,016	96,397
RTO	(4,220)	(2,918)	(7,955)	(7,318)
	52,628	37,415	115,061	89,079

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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. Power Generation expanded into Egypt in March 2006. In November 2007, it had expanded into Bangladesh, Pakistan and Sri Lanka.

<i>in RM' 000</i>	Malaysia	Egypt	Federal Republic of Germany	Bangladesh	Other countries	Group
Period ended 31 July 2008						
Total external revenue	926,963	481,579	64,096	177,163	-	1,649,801
Total capital expenditure	82,087	377	2,763	655	-	85,882
As at 31 July 2008						
Segment assets	3,208,593	4,558,556	472,708	2,176,571	68,301	10,484,729
Joint ventures and associates						392,226
Unallocated assets						1,232,766
Total assets						12,109,721
Period ended 31 July 2007						
Total external revenue	868,951	332,611	41,852	-	-	1,243,414
Total capital expenditure	11,760	411	8,600	-	-	20,771
As at 31 July 2007						
Segment assets	3,348,643	2,958,294	416,559	-	36,675	6,760,171
Joint ventures						65,163
Unallocated assets						1,873,507
Total assets						8,698,841

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

- a) Perwira Power (L) Ltd was incorporated under the Malaysian Labuan Offshore Companies Act, 1990 on 22 July 2008 as a wholly-owned subsidiary of Tanjong Energy Holdings Sdn Bhd.
- b) TGV Cinemas Sdn Bhd became a wholly-owned subsidiary of the Group following the completion of the acquisition by Tanjong Entertainment Sdn Bhd of the 2,500,000 ordinary shares of RM1.00 each in TGV Cinemas Sdn Bhd collectively owned by Golden Harvest Cinemas Holding Limited and Global Entertainment and Management Systems Sdn Bhd on 31 July 2008.

For details of the aforesaid, please refer to the announcements to the Exchanges dated 23 July 2008, 25 July 2008 and 31 July 2008.

12. Commitments and contingencies

12.1 Capital commitments as at 31 July 2008

	RM'000
Authorised and contracted	25,261
Authorised and not contracted	87,897
Analysed as follows:	
Investment commitments	13,847
Property, plant and equipment *	99,311
	<u>113,158</u>

* Relates mainly to purchase commitment for wagering & computer equipment and software.

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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)

As at 31 July 2008, 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 Project Taweelah B up to the maximum amount of AED44.32 million (an equivalent of RM39.30 million);
- (b) a financial institution in respect of a letter of credit issued to Pendekar Power (Labuan) Ltd in relation to Project Taweelah of AED46 million (an equivalent of RM40.79 million);
- (c) a financial institution and InvestitionsBank des Lands Brandenburg (“ILB”)(the Investment Bank of the State Government of Brandenburg, Federal Republic of Germany) in respect of the government subsidies amounting to EUR20 million (an equivalent of RM102.1 million), awarded to Tropical Islands; and
- (d) ILB for an amount of EUR420,000 in relation to the grant of a subsidy of EUR350,000 by the European Regional Development Fund in favour of Tropical Island Holding GmbH, Tropical Island Asset Management GmbH and Tropical Island Management GmbH.

As at the balance sheet date, the Company had 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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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>	6 months ended	
	31-July-08	31-July-07
<i>Income credited to the Group income statement</i>		
Lease rental and tenant service revenue	13,527	12,879
Management services revenue	90	90
Others	112	131
	<u>13,729</u>	<u>13,100</u>
<i>Recovery of expenses and shared overhead costs</i>	<u>4,145</u>	<u>4,031</u>
<i>Expenses charged to the Group income statement</i>		
Consultancy services	7,875	7,875
Gas, heating, electricity, water and safety related services	4,342	3,962
Closed circuit television broadcasting services	2,150	2,946
Telecommunication and related services	1,021	1,237
Sponsorship of events	607	1,795
Bloodstock management, service fees, accounting & clerical services	562	667
Sub-tenancy of premises	271	222
Connection and transaction fees	125	125
Other services	261	303
	<u>17,214</u>	<u>19,132</u>

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14. Review of performance

14.1 Material factors affecting current quarter's results

Group revenue for the current quarter increased by RM195 million to RM840 million over the corresponding quarter in the previous year (“corresponding quarter”) mainly due to the contribution of RM174 million from the Globeleq power plants which were acquired in November 2007 (“Globeleq plants”) and a RM11 million increase in revenue from Tropical Islands to RM30 million arising from increases in visitor attendance and spending.

Group profit before taxation for the current quarter increased from RM165 million to RM190 million. This is mainly due to the aforementioned factors and an improved profit contribution from Gaming totalling RM15 million arising from a reduction in prize payout ratio from 69% to 66%. The overall increase in Group profit before taxation was, however, moderated by the recognition of scheduled maintenance expenses totalling RM24 million for the Panglima power plant during the quarter.

14.2 Material factors affecting financial year to date results

Group revenue has increased by RM406 million from RM1,243 million in the corresponding six-month period in the previous year (“corresponding period”) to RM1,649 million in the current period (“current period”). Group operating profit is, at RM524 million, higher by RM100 million.

Power Generation revenue increased by 44% from RM837 million to RM1,204 million in the current period mainly due to the contribution of RM344 million from the Globeleq plants. The operating profit of the Power Generation segment however only increased by RM60 million or 17% to RM408 million for the current period due to the recognition of scheduled maintenance expenses totalling RM24 million for the Panglima power plant and non-recurring corporate and other business development costs totalling RM32 million.

Gross sales proceeds from the NFO business decreased by 3% to RM991 million from RM1,024 million due to the reduced number of special draws conducted in the current period. Gaming revenue however increased to RM356 million from RM341 million due mainly to a reduction in the prize payout ratio from 68% to 65% for the period under review. The current period's lower prize payout increased the Gaming segment's operating profit to RM115 million from RM89 million.

The launch of new attractions in the Tropical Islands led to a higher number of visitors and higher average spending per visitor. This resulted in an increase in revenue by RM22 million or 52% for the Leisure segment, accompanied by a reduction of RM14 million in operating loss to RM15 million.

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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 is higher than that recorded in the corresponding period due mainly to the recognition of investment gains totaling RM62 million from the disposal of the Group's interest in an entity holding interests in broadcasting assets in the United Kingdom ("Arqiva") on 26 March 2008.

Net finance costs increased from RM115 million to RM169 million as a result of a full period's interest expense relating to the acquisition of the Globeleq plants.

For the period under review, Group profit attributable to shareholders increased by RM106 million from RM232 million to RM338 million. Net earnings per share increased by 26.3 sen from 57.4 sen to 83.7 sen.

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

The current quarter's profit before taxation of RM190 million is lower than the preceding quarter's profit before taxation of RM271 million due mainly to the recognition in the preceding quarter of investment gains from the disposal of the Group's interest in Arqiva amounting to RM62 million.

16. Prospects

The Group will benefit from the continuing investments made to expand its Power Generation activity. All other businesses of the Group should generally perform in line with expectations, subject to the outcome of the following factors and other unforeseen circumstances:

- (i) the impact of prevailing conditions affecting discretionary spending on the Group's products and services;
- (ii) measures taken to provide accommodation at the Tropical Islands resort; and
- (iii) the Malaysian Government's review of the Energy sector and any impact on our existing business and contractual arrangements with the relevant counterparties.

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

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

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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-08	31-July-07	31-July-08	31-July-07
Malaysian Taxation				
Income tax				
- Current year	41,826	31,991	78,112	64,005
- Prior year	-	(18)	3,745	(177)
	41,826	31,973	81,857	63,828
Deferred tax	(13,618)	6,228	(9,061)	9,548
	28,208	38,201	72,796	73,376
Foreign Taxation				
- Current year	10	(14)	4,400	(8)
- Deferred tax	46	4,392	(8,465)	13,146
	28,264	42,579	68,731	86,514

The effective tax rate of 14.9% for the current quarter and period is lower than the Malaysian statutory tax rate of 25% due to higher tax-exempt income earned during the quarter and period.

19. Sale of unquoted investments and/or properties

On 26 March 2008, Invest Allied Limited, a wholly owned subsidiary of Tanjong plc completed the divestment of Arqiva. This disposal has resulted in investment gains totalling RM62 million which have been recognised in the first quarter (Please refer to Note 14.2).

Other than the aforesaid, there were no disposals of unquoted investments or properties during the period under review.

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

20. Quoted securities

<i>in RM'000</i>	Current Quarter	Cumulative Quarter
(a) Summary of dealings in quoted securities for the period ended 31 July 2008		
(i) Total purchase consideration	1,034	1,895
(ii) Total sale proceeds	6,791	9,554
(iii) Total profit on disposal	1,355	1,874
(b) Investments in quoted securities as at the end of the reporting period:		
(i) At cost		44,958
(ii) At book value/market value		83,698

21. Status of corporate proposals announced but not completed

There have been no corporate proposals announced but not completed.

22. Group borrowings and debt securities

<i>in RM'000</i>	Short Term	Long Term	As at 31-July-08
<i>Secured</i>			
<i>Denominated in RM</i>			
Al-Bai' Bithaman Ajil			
Islamic Debt Securities ("BaIDS") ¹	50,000	180,000	230,000
Commercial paper ("CP") ¹	90,000	-	90,000
Serial bonds ²	-	830,000	830,000
Al-Bai' Bithaman Ajil ("ABBA") ³	15,000	75,000	90,000
	155,000	1,085,000	1,240,000

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22. Group borrowings and debt securities (continued)

<i>in RM'000</i>	Short Term	Long Term	As at 31-July-08
<i>Denominated in EURO</i>			
Transferable loan facility ⁴	55,820	320,968	376,788
<i>Denominated in USD</i>			
Senior loans ⁵	2,105	2,304,533	2,306,638
Infrastructure Development Company Limited (“IDCOL”) facilities ⁶	16,283	247,029	263,312
Asian Development Bank loans (“ADB”) ⁶	22,951	327,516	350,467
Netherlands Development Finance Company (“FMO”) loans ⁷	6,434	48,042	54,476
International Development Association guaranteed facility (“IDA”) ⁷	15,069	89,048	104,117
Partial Risk Insurance facility (“PRI”) ⁷ Term loans ⁸	1,602	9,473	11,075
	299,690	165,223	464,913
	364,134	3,190,864	3,554,998
<i>Unsecured</i>			
<i>Denominated in RM</i>			
Redeemable bonds	125,000	125,000	250,000
Commercial paper (“CP”)	250,000	-	250,000
	949,954	4,721,832	5,671,786

¹ These debts are secured by way of assignment of certain insurances procured by Pahlawan and finance service reserve account.

² These debts are secured against a debenture over Panglima’s assets and properties, a charge over its landed properties, assignment of certain insurances, project agreements and designated project and finance service reserve accounts.

³ The loan is secured by a fixed legal charge over Menara Maxis and assignment of lease and related rights attached thereto.

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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 (continued)

- ⁴ *The transferable loan facility consists of the following:*
- a) *The €30 million loan which has been drawdown by Tanjong Entertainment (L) Ltd, secured by way of a corporate guarantee issued by Tanjong plc.*
 - b) *The €60 million loan 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.*
- ⁵ *The senior loans consist of the following:*
- a) *The USD200 million loan which has been drawdown by Sidi Krir Generating Company, secured by way of a Real Estate and Fond de Commerce Mortgage, pledge of shares in Sidi Krir Generating Company and assignment of certain agreements, receivables and certain accounts.*
 - b) *The USD556 million loan which has been drawdown by Port Said and Suez Gulf, secured by way of a Real Estate and Fond de Commerce Mortgage, pledge of shares in Port Said and Suez Gulf entities and assignment of certain agreements, receivables and certain accounts.*
- ⁶ *These loans are secured by way of pledge of shares in MPL, mortgages over their assets, assignments of rights under project agreements, interest rate hedging agreements, insurances, receivables and certain accounts and standby letters of credit / bank guarantee obtained by MPL.*
- ⁷ *These loans are secured by way of pledge of shares in HPL, mortgages over their assets, assignments of rights under project agreements, interest rate hedging agreements, insurances, receivables and certain accounts and standby letters of credit / bank guarantee obtained by HPL.*
- ⁸ *The senior loans consist of the following:*
- a) *The USD90 million term loan which has been drawdown by TEH Ventures (L) Ltd is secured by way of a corporate guarantee issued by a subsidiary of the Group.*
 - b) *The USD52.72 million term loan which was drawdown by Pendekar Power (L) Limited is secured by way of a corporate guarantee issued by a subsidiary of the Group.*

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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 (continued)

Analysis of Group Borrowings	RM million
Fixed rate loans	1,688
Floating rate loans	
Partially hedged	2,300
Unhedged	1,684
Balance as at 31 July 2008	<u>5,672</u>

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.

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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 **17.5 sen per share less Malaysian income tax at 25%** in respect of the financial year ending 31 January 2009 (the "**Second Interim Dividend**") was declared by the Directors on 25 September 2008. Subject to the relevant provisions of the following paragraphs of this Notice, the **Second Interim Dividend** will be **paid on 31 October 2008** to those shareholders on the record of the Company **at the close of business on 17 October 2008** as set out in this Notice.

The Register of Members of the Company will be closed from **18 October 2008 to 20 October 2008** (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 17 October 2008** (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 relevant date.

Valid transfers received by the **Company's Branch Registrars in Malaysia, Symphony Share Registrars Sdn. Bhd. at Level 26, Menara Multi-Purpose, Capital Square, No. 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia, 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 17 October 2008** will be registered by the **Second 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 17 October 2008** in respect of transfers;
- (b) **shares deposited** into the Depositor’s Securities Account **before 12.30 p.m. (Malaysian time) on 15 October 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”)

For internal information only

To disclose the following in respect of earnings per share:-

- (i) *the amount used as the numerator in calculating basic and diluted earnings per share and a reconciliation of those amounts to the net profit or loss for the reporting period; and*
- (ii) *the weighted average number of ordinary shares as the denominator in calculating basic and diluted earnings per share; and a reconciliation of these denominators to each other.*

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)	136,687	337,654
Weighted average number of ordinary shares	<u>403,256,136</u>	<u>403,256,136</u>
Basic and diluted EPS (sen)	<u>33.9</u>	<u>83.7</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		6 months ended	
	31-Jul-08	31-Jul-07	31-Jul-08	31-Jul-07
Cost of sales	538,942	379,038	980,633	731,306
Distribution costs	20,583	18,445	30,676	33,447
Administrative expenses	27,831	31,139	116,708	64,596
Other operating expenses	2,330	8,895	14,831	17,879
Other operating income	(3,500)	(8,201)	(17,227)	(27,403)
Total operating costs	<u>586,186</u>	<u>429,316</u>	<u>1,125,621</u>	<u>819,825</u>

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

<i>in RM'000</i>	6 months ended	
	31-Jul-08	31-Jul-07
Profit after taxation	392,756	235,750
Adjustments for:		
- Finance costs	186,429	147,257
- Depreciation and amortisation	142,170	130,765
- Taxation	68,731	86,514
- Share of post tax results from joint ventures and associates	(28,405)	(4,534)
- Net investment income	(77,560)	(9,033)
- Interest income	(17,771)	(32,365)
- Adjustment for other non-cash items	(21,361)	(4,417)
Changes in working capital	56,937	(132,691)
Cash generated from operations	<u>701,926</u>	<u>417,246</u>

By Order of the Board

Siuagamy Ramasamy
Group Company Secretary

25 September 2008

Kuala Lumpur

Copies of the Unaudited Results of the Tanjong Group for the second quarter ended 31 July 2008 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 the Company's website at www.tanjongplc.com.