

# 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 2008

### Condensed Group Income Statement

<i>in RM'000</i>	Note	3 months ended		9 months ended	
		31-Oct-08 (Unaudited)	31-Oct-07 (Unaudited)	31-Oct-08 (Unaudited)	31-Oct-07 (Unaudited)
Gross transaction value	8	<u>1,293,635</u>	<u>994,550</u>	<u>3,586,548</u>	<u>2,930,389</u>
Revenue	8	<u>986,513</u>	<u>692,035</u>	<u>2,636,314</u>	<u>1,935,449</u>
Operating costs	27	<u>(760,433)</u>	<u>(411,267)</u>	<u>(1,886,055)</u>	<u>(1,231,092)</u>
Operating profit	8	<u>226,080</u>	<u>280,768</u>	<u>750,259</u>	<u>704,357</u>
Net investment income		<u>(28,730)</u>	<u>13,143</u>	<u>48,830</u>	<u>22,176</u>
Finance costs		<u>(88,127)</u>	<u>(71,653)</u>	<u>(274,555)</u>	<u>(218,910)</u>
Interest income		<u>9,131</u>	<u>13,968</u>	<u>26,901</u>	<u>46,333</u>
Finance costs - net		<u>(78,996)</u>	<u>(57,685)</u>	<u>(247,654)</u>	<u>(172,577)</u>
Share of post tax results from joint ventures and associates		<u>20,774</u>	<u>2,324</u>	<u>49,179</u>	<u>6,858</u>
Profit before taxation		<u>139,128</u>	<u>238,550</u>	<u>600,614</u>	<u>560,814</u>
Taxation	18	<u>(25,945)</u>	<u>(61,978)</u>	<u>(94,675)</u>	<u>(148,492)</u>
Profit after taxation		<u>113,183</u>	<u>176,572</u>	<u>505,939</u>	<u>412,322</u>
<b>Attributable to:</b>					
Tanjong's shareholders		<u>97,127</u>	<u>175,126</u>	<u>434,781</u>	<u>406,590</u>
Minority interests		<u>16,056</u>	<u>1,446</u>	<u>71,158</u>	<u>5,732</u>
		<u>113,183</u>	<u>176,572</u>	<u>505,939</u>	<u>412,322</u>
Earnings per share (sen)	26				
- Basic / Diluted		<u>24.1</u>	<u>43.4</u>	<u>107.8</u>	<u>100.8</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 OCTOBER 2008

### Condensed Group Balance Sheet

<i>in RM'000</i>	As at 31-Oct-08 (Unaudited)	As at 31-Jan-08 (Audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Intangible assets	71,968	49,130
Property, plant and equipment	2,594,425	2,634,225
Prepaid lease rental	21,927	21,864
Investment property	550,339	550,339
Investments in joint ventures and associates	426,133	234,434
Deferred income tax assets	41,910	278,039
Available-for-sale financial assets	126,926	160,856
Lease receivables	<u>6,180,602</u>	<u>5,836,370</u>
	<b>10,014,230</b>	<b>9,765,257</b>
<b>Current Assets</b>		
Inventories	493,784	409,184
Trade and other receivables	414,672	505,369
Lease receivables	491,856	160,048
Held-for-trading investments	5,986	10,234
Available-for-sale financial assets	728	219,386
Derivative financial instruments	-	19
Cash and cash equivalents	<u>1,151,352</u>	<u>1,058,316</u>
	<b>2,558,378</b>	<b>2,362,556</b>
<b>Total Assets</b>	<b>12,572,608</b>	<b>12,127,813</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	650,511	584,331
Borrowings	701,366	1,165,399
Current income tax liabilities	42,339	21,041
Hedging liability	14,677	6,667
Provision for other liabilities and charges	<u>-</u>	<u>6,223</u>
	<b>1,408,893</b>	<b>1,783,661</b>
<b>Non-Current Liabilities</b>		
Borrowings	5,065,563	4,479,023
Other non-current liabilities	784,726	791,179
Hedging liability	263,625	249,435
Deferred income tax liabilities	756,624	1,048,634
Provision for other liabilities and charges	<u>155,618</u>	<u>99,747</u>
	<b>7,026,156</b>	<b>6,668,018</b>
<b>Total Liabilities</b>	<b>8,435,049</b>	<b>8,451,679</b>
<b>Net Assets</b>	<b>4,137,559</b>	<b>3,676,134</b>
<b>EQUITY</b>		
Paid up share capital	146,107	146,107
Share premium account	240,808	240,808
Other reserves	(78,775)	(120,412)
Retained earnings	<u>3,211,442</u>	<u>3,031,303</u>
Total shareholders' equity	<b>3,519,582</b>	<b>3,297,806</b>
Minority interests in equity	<u>617,977</u>	<u>378,328</u>
<b>Total Equity</b>	<b>4,137,559</b>	<b>3,676,134</b>
Net Tangible Assets per share (in sen)	<u>855</u>	<u>806</u>
Net Assets per share (in sen)	<u>1,026</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 OCTOBER 2008

### Condensed Group Cash Flow Statement

<i>in RM'000</i>	Note	9 months ended	
		31-Oct-08	31-Oct-07 (Unaudited)
<b>Cash flows from operating activities</b>			
Cash generated from operations	28	1,000,209	838,144
Malaysian and other taxes paid		(111,083)	(96,774)
Net cash generated from operating activities		<u>889,126</u>	<u>741,370</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(119,400)	(23,516)
Proceeds from sale of property, plant and equipment		3,131	752
Construction of a resort		-	(37,246)
Purchase of remaining equity in a joint venture		(43,994)	-
Net repayment of advances from joint venture		-	693
Purchase of investments		(10,181)	(50,920)
Proceeds from sale of investments		250,087	64,280
Net investment in a joint venture		(172,240)	-
Dividend income received		36,912	7,783
Interest received		27,168	44,771
Net cash (used in)/generated from investing activities		<u>(28,517)</u>	<u>6,597</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		2,039,418	-
Repayment of borrowings		(2,306,989)	(251,053)
Dividends paid to Company's shareholders		(251,027)	(222,194)
Dividends paid to a minority interest		(9,675)	-
Government subsidies received		1,805	-
Repayment to a minority interest		(47,143)	-
Interest paid		(302,881)	(233,878)
Net cash used in financing activities		<u>(876,492)</u>	<u>(707,125)</u>
<b>Currency translation differences</b>			
		108,919	2,657
<b>Net increase in cash and cash equivalents</b>			
		<u>93,036</u>	<u>43,499</u>
Cash and cash equivalents at start of the year		1,058,316	1,290,266
Cash and cash equivalents at end of the period		<u>1,151,352</u>	<u>1,333,765</u>
<b>Cash and cash equivalents</b>			
Short term placements		857,914	1,171,417
Cash at bank and in hand		293,438	162,348
		<u>1,151,352</u>	<u>1,333,765</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 OCTOBER 2008

### Condensed Group Statement of Changes in Equity

in RM'000	Attributable to equity holders of Tanjong					Total Equity		
	Paid Up Share Capital	Share Premium Account	Other * Reserves	Retained Earnings	Total	Minority Interests	31-Oct-08 (Unaudited)	31-Oct-07
Balance as at 1 February	146,107	240,808	(120,412)	3,031,303	3,297,806	378,328	<b>3,676,134</b>	3,329,980
Changes in equity:								
Available-for-sale financial assets:								
Valuation (loss)/gain taken to Income Statement	-	-	(90,441)	-	(90,441)	-	<b>(90,441)</b>	32,063
Exchange differences on foreign currency net investments	-	-	152,921	-	152,921	-	<b>152,921</b>	(56,261)
Annual net profit/(loss) transferred to legal reserves	-	-	4,179	(3,615)	564	-	<b>564</b>	(486)
Cash flow hedges	-	-	(25,022)	-	(25,022)	-	<b>(25,022)</b>	8,255
Fair value changes on shareholder loan advanced by a minority interest	-	-	-	-	-	178,166	<b>178,166</b>	-
Net income recognised directly in equity	-	-	41,637	(3,615)	38,022	178,166	<b>216,188</b>	(16,429)
Profit for the financial period	-	-	-	434,781	434,781	71,158	<b>505,939</b>	412,322
<b>Total recognised income and expense for the period</b>	-	-	41,637	431,166	472,803	249,324	<b>722,127</b>	395,893
Dividends	-	-	-	(251,027)	(251,027)	-	<b>(251,027)</b>	(222,194)
Dividends paid to a minority interest	-	-	-	-	-	(9,675)	<b>(9,675)</b>	-
<b>Balance as at 31 October</b>	<b>146,107</b>	<b>240,808</b>	<b>(78,775)</b>	<b>3,211,442</b>	<b>3,519,582</b>	<b>617,977</b>	<b>4,137,559</b>	3,503,679

*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 OCTOBER 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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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 OCTOBER 2008

### 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

During the quarter and period under review, Commercial Paper totalling RM33 million was issued by a subsidiary.

The following repayments have been made by the subsidiaries:

- (i) RM250 million Commercial Paper for the quarter ended 31 October 2008; and
- (ii) RM7.5 million Al-Bai Bithaman Ajil Islamic Debt Securities for the quarter ended 31 July 2008.

##### 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
First interim dividend for FY 31 January 2009	17.5 sen	1-Aug-08
Final dividend for FY 31 January 2008	34.0 sen	15-Aug-08
Second interim dividend for FY 31 January 2009	17.5 sen	31-Oct-08

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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 OCTOBER 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
<b>Quarter ended 31 October 2008</b>						
<b>Gross transaction value*</b>						<u>1,293,635</u>
<b>Revenue</b>						
Total revenue	738,306	162,592	16,136	72,645	-	989,679
Inter-segment elimination	-	-	(3,166)	-	-	(3,166)
External revenue	<u>738,306</u>	<u>162,592</u>	<u>12,970</u>	<u>72,645</u>	<u>-</u>	<u>986,513</u>
<b>Results</b>						
Operating profit/(loss)	179,046	44,275 **	10,066	2,613	(9,920)	226,080
Net investment income						(28,730)
Finance costs	(81,352)	-	(1,222)	(5,553)	-	(88,127)
Interest income						9,131
Share of post tax results from						
- joint ventures	19,316	-	-	-	-	19,316
- associates	1,458	-	-	-	-	1,458
	<u>20,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,774</u>
Profit before taxation						<u>139,128</u>
Taxation						<u>(25,945)</u>
Profit after taxation						<u>113,183</u>
<b>Other segment items</b>						
Capital expenditure	7,396	712	663	10,556	47	19,374
Depreciation and amortisation	60,413	2,834	303	12,236	516	76,302

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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 OCTOBER 2008

### 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 October 2008</b>						
<b>Gross transaction value*</b>						<u>3,586,548</u>
<b>Revenue</b>						
Total revenue	1,942,656	518,153	48,297	136,740	-	2,645,846
Inter-segment elimination	-	-	(9,532)	-	-	(9,532)
External revenue	<u>1,942,656</u>	<u>518,153</u>	<u>38,765</u>	<u>136,740</u>	<u>-</u>	<u>2,636,314</u>
<b>Results</b>						
Operating profit/(loss)	586,770	159,336 **	31,164	(12,885)	(14,126)	750,259
Net investment income						48,830
Finance costs	(253,609)	-	(3,766)	(16,381)	(799)	(274,555)
Interest income						26,901
Share of post tax results from						
- joint ventures	42,228	-	-	2,813	-	45,041
- associates	4,138	-	-	-	-	4,138
	<u>46,366</u>	<u>-</u>	<u>-</u>	<u>2,813</u>	<u>-</u>	<u>49,179</u>
Profit before taxation						<u>600,614</u>
Taxation						<u>(94,675)</u>
Profit after taxation						<u>505,939</u>
<b>Other segment items</b>						
Capital expenditure	84,077	6,793	746	13,319	321	105,256
Depreciation and amortisation	177,050	8,250	805	31,403	963	218,471
<b>As at 31 October 2008</b>						
Segment assets	9,865,840	121,242	565,775	516,801	22,293	11,091,951
Joint ventures and associates	419,014	-	-	7,119	-	426,133
Unallocated assets						<u>1,054,524</u>
Total assets						<u>12,572,608</u>
Segment liabilities	912,760	102,116	20,583	96,958	9,507	1,141,924
Borrowings	5,305,810	-	90,000	371,119	-	5,766,929
Unallocated liabilities						<u>1,526,196</u>
Total liabilities						<u>8,435,049</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
<b>Quarter ended 31 October 2007</b>						
<b>Gross transaction value*</b>						994,550
<b>Revenue</b>						
Total revenue	456,231	193,340	16,212	29,432	-	695,215
Inter-segment elimination	-	-	(3,180)	-	-	(3,180)
External revenue	456,231	193,340	13,032	29,432	-	692,035
<b>Results</b>						
Operating profit/(loss)	210,874	72,834	11,368	(9,467)	(4,841)	280,768
Net investment income						13,143
Finance costs	(62,073)	-	(1,425)	(5,594)	(2,561)	(71,653)
Interest income						13,968
Share of post tax results from joint ventures	4,199	(5)	-	(1,870)	-	2,324
Profit before taxation						238,550
Taxation						(61,978)
Profit after taxation						176,572
<b>Other segment items</b>						
Capital expenditure	1,077	788	85	761	34	2,745
Depreciation	48,843	2,466	258	8,972	(443)	60,096

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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 OCTOBER 2008

### 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 October 2007</b>						
<b>Gross transaction value*</b>						<u>2,930,389</u>
<b>Revenue</b>						
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>
<b>Results</b>						
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>
<b>Other segment items</b>						
Capital expenditure	9,195	4,568	108	9,361	284	23,516
Depreciation	156,674	7,513	765	25,909	-	190,861
<b>As at 31 October 2007</b>						
Segment assets	5,379,550	154,534	562,048	422,829	49,079	6,568,040
Joint ventures and associate	36,157	-	-	29,761	-	65,918
Unallocated assets						1,934,669
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						669,006
Total liabilities						<u>5,064,948</u>

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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 OCTOBER 2008

### 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		9 months ended	
	31-Oct-08	31-Oct-07	31-Oct-08	31-Oct-07
NFO gross sales proceeds	<b>468,010</b>	491,051	<b>1,458,991</b>	1,515,444
RTO revenue	<b>1,704</b>	4,804	<b>9,396</b>	13,384
Revenue from other operations	<b>823,921</b>	498,695	<b>2,118,161</b>	1,401,561
Gross transaction value	<b>1,293,635</b>	994,550	<b>3,586,548</b>	2,930,389
Less: NFO prize payouts	<b>(307,122)</b>	(302,515)	<b>(950,234)</b>	(994,940)
Revenue	<b>986,513</b>	692,035	<b>2,636,314</b>	1,935,449

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

<i>in RM'000</i>	3 months ended		9 months ended	
	31-Oct-08	31-Oct-07	31-Oct-08	31-Oct-07
<b>Gaming operating profit/(loss)</b>				
NFO	<b>52,620</b>	71,809	<b>175,635</b>	168,206
RTO	<b>(8,345)</b>	1,025	<b>(16,299)</b>	(6,293)
	<b>44,275</b>	72,834	<b>159,336</b>	161,913

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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 OCTOBER 2008

### 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
<b>Period ended 31 October 2008</b>						
Total external revenue	1,483,129	775,298	136,740	241,147	-	2,636,314
Total capital expenditure	90,336	878	13,319	723	-	105,256
<b>As at 31 October 2008</b>						
Segment assets	3,049,662	4,403,090	516,801	2,338,489	783,909	11,091,951
Joint ventures and associates						426,133
Unallocated assets						1,054,524
Total assets						12,572,608
<b>Period ended 31 October 2007</b>						
Total external revenue	1,360,872	503,293	71,284	-	-	1,935,449
Total capital expenditure	13,346	809	9,361	-	-	23,516
<b>As at 31 October 2007</b>						
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

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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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 OCTOBER 2008

### 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

Powertek Berhad, a wholly-owned subsidiary of the Group, had on 27 October 2008, acquired the entire issued and paid-up capital of Marcellia B V, comprising 18,000 shares of EUR1.00 each at a total consideration of EUR23,706.10.

For details of the aforesaid, please refer to the announcement to the Exchanges dated 29 October 2008.

#### 12. Commitments and contingencies

##### 12.1 Capital commitments as at 31 October 2008

	<b>RM'000</b>
Authorised and contracted	6,485
Authorised and not contracted	35,834
Analysed as follows:	
Investment commitments	13,819
Property, plant and equipment	28,500
	<u>42,319</u>

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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 October 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 RM42.55 million);
- (b) a financial institution and InvestitionsBank des Lands Brandenburg (“ILB”)(the Investment Bank of the State Government of Brandenburg, Federal Republic of Germany) amounting to EUR20 million (an equivalent of RM90.42 million) in respect of the government subsidies awarded to Tropical Islands; and
- (c) 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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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 OCTOBER 2008

### 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>9 months ended</b>	
	<b>31-Oct-08</b>	<b>31-Oct-07</b>
<i>Income credited to the Group income statement</i>		
Lease rental and tenant service revenue	<b>20,266</b>	19,747
Management services revenue	<b>90</b>	135
Others	<b>167</b>	187
	<b>20,523</b>	20,069
<i>Recovery of expenses and shared overhead costs</i>		
	<b>6,004</b>	6,060
<i>Expenses charged to the Group income statement</i>		
Consultancy services	<b>14,175</b>	11,813
Gas, heating, electricity, water and safety related services	<b>6,285</b>	5,846
Closed circuit television broadcasting services	<b>3,290</b>	4,305
Telecommunication and related services	<b>1,501</b>	2,325
Sponsorship of events	<b>857</b>	1,740
Bloodstock management, service fees, accounting & clerical services	<b>802</b>	938
Sub-tenancy of premises	<b>387</b>	357
Connection and transaction fees	<b>188</b>	187
Other services	<b>443</b>	419
	<b>27,928</b>	27,930

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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 RM294 million to RM987 million over the corresponding quarter in the previous year (“corresponding quarter”) mainly due to additional contributions totalling RM176 million from the Globeleq power plants which were acquired in November 2007 (“Globeleq plants”) and increases in energy billings for the quarter.

Group profit before taxation for the current quarter however decreased from RM239 million to RM139 million due mainly to a RM55 million charge relating to the windfall levy on the Malaysian power plants; and a reduced contribution from the Gaming segment arising from fewer draws and an increase in the NFO prize payout ratio from 62% to 66%.

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

Group revenue has increased by RM701 million from RM1,935 million in the corresponding nine-month period in the previous year (“corresponding period”) to RM2,636 million in the current period (“current period”). Group operating profit, at RM750 million, is higher by RM46 million.

Power Generation revenue increased by 51% from RM1,293 million to RM1,943 million in the current period mainly due to the contribution of RM520 million from the Globeleq plants. The operating profit of the Power Generation segment however increased by only RM28 million to RM587 million for the current period due to a RM62 million charge relating to the windfall levy on Malaysian power plants, and business and corporate development costs totalling RM42 million.

Gross sales proceeds from the NFO business decreased by 4% to RM1,459 million from RM1,515 million due to lesser draws being conducted in the current period. The Gaming segment's operating profit marginally reduced by RM3 million from RM162 million to RM159 million due mainly to the aforementioned decrease, offset by a slight improvement in the NFO prize payout ratio in the current period.

In the Leisure segment, improved attendances in Tropical Islands resulted in a RM37 million or 52% revenue increase from RM71 million to RM108 million during the period. The improved performance resulted in a reduction in Tropical Islands' losses from RM38 million to RM13 million in the current period. The Leisure segment also recorded a RM29 million revenue contribution from TGV Cinemas Sdn Bhd which became a wholly-owned subsidiary on 31 July 2008.

Net investment income is higher than that recorded in the corresponding period mainly due to the recognition of net investment gains totalling RM62 million from the disposal of the Group's interest in broadcasting assets in the United Kingdom (“Arqiva”) on 26 March 2008.



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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 OCTOBER 2008

### **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 RM173 million to RM248 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 RM28 million from RM407 million to RM435 million. Net earnings per share increased by 7.0 sen from 100.8 sen to 107.8 sen.

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

The current quarter's profit before taxation of RM139 million is lower than the preceding quarter's profit before taxation of RM190 million due mainly to the RM55 million charge relating to the windfall levy on Malaysian power plants (RM7 million in the preceding quarter).

#### **16. Prospects**

Group revenues and earnings will continue to benefit from the investments made to expand the Group's Power Generating 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 consequential impact of prevailing conditions affecting discretionary spending on the Group's products and services; and
- (ii) the outcome of the Malaysian Government's efforts to restructure the Power sector and its consequential impact on Powertek Group's existing contractual arrangements with the relevant counterparties.

#### **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 OCTOBER 2008

### 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		9 months ended	
	31-Oct-08	31-Oct-07	31-Oct-08	31-Oct-07
<b>Malaysian Taxation</b>				
Income tax				
- Current year	42,546	45,367	120,657	109,372
- Prior year	(1,163)	2,417	2,582	2,240
	41,383	47,784	123,239	111,612
Deferred tax	(15,500)	9,731	(24,561)	19,279
	25,883	57,515	98,678	130,891
<b>Foreign Taxation</b>				
- Income tax	7	7	4,407	(1)
- Deferred tax	55	4,456	(8,410)	17,602
	25,945	61,978	94,675	148,492

The effective tax rate of 18.6% and 15.8% 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 October 2008		
(i) Total purchase consideration	1,551	3,446
(ii) Total sale proceeds	4,232	13,786
(iii) Total (loss)/profit on disposal	(822)	1,051
(b) Investments in quoted securities as at the end of the reporting period:		
(i) At cost		41,454
(ii) At book value/market value		67,648

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

There have been no corporate proposals announced but not completed.

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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 OCTOBER 2008

### 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-08
<b>Secured</b>			
<i>Denominated in RM</i>			
Al-Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS") <sup>1</sup>	50,000	180,000	230,000
Commercial paper ("CP") <sup>1</sup>	123,000	-	123,000
Serial bonds <sup>2</sup>	-	830,000	830,000
Al-Bai' Bithaman Ajil ("ABBA") <sup>3</sup>	15,000	75,000	90,000
	188,000	1,085,000	1,273,000
<i>Denominated in EURO</i>			
Transferable loan facilities <sup>4</sup>	49,261	283,252	332,513
<i>Denominated in USD</i>			
Senior loans <sup>5</sup>	2,311	2,606,416	2,608,727
Infrastructure Development Company Limited ("IDCOL") facilities <sup>6</sup>	18,077	258,703	276,780
Asian Development Bank loans ("ADB") <sup>6</sup>	25,980	346,405	372,385
Netherlands Development Finance Company ("FMO") loans <sup>7</sup>	7,063	49,066	56,129
International Development Association guaranteed facility ("IDA") <sup>7</sup>	16,548	89,451	105,999
Political Risk Insurance facility ("PRI") <sup>7</sup>	1,761	9,515	11,276
Term loans <sup>8</sup>	329,084	181,429	510,513
	400,824	3,540,985	3,941,809
<b>Unsecured</b>			
<i>Denominated in RM</i>			
Redeemable bonds	-	125,000	125,000
Term loan	7,281	31,326	38,607
Bridging loan	56,000	-	56,000
	701,366	5,065,563	5,766,929

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

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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)

- <sup>2</sup> *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.*
- <sup>3</sup> *The loan is secured by a fixed legal charge over Menara Maxis and assignment of lease and related rights attached thereto.*
- <sup>4</sup> *The transferable loan facilities consist 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.*
- <sup>5</sup> *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 and assignment of certain agreements, receivables and certain accounts.*
- <sup>6</sup> *These loans are secured by way of pledge of shares in MPL, mortgages over their assets, assignments of certain agreements, insurances, receivables and certain accounts and standby letters of credit / bank guarantee obtained by MPL.*
- <sup>7</sup> *These loans are secured by way of pledge of shares in HPL, mortgages over their assets, assignments of certain agreements, insurances, receivables and certain accounts and standby letters of credit / bank guarantee obtained by HPL.*
- <sup>8</sup> *The term 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	1,579
Floating rate loans	
Partially hedged	2,484
Unhedged	1,704
Balance as at 31 October 2008	<u>5,767</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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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 OCTOBER 2008

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

#### 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 **17.5 sen per share less Malaysian income tax at 25%** in respect of the financial year ending 31 January 2009 (the "**Third Interim Dividend**") was declared by the Directors on 11 December 2008. Subject to the relevant provisions of the following paragraphs of this Notice, the **Third Interim Dividend** will be **paid on 16 January 2009** to those shareholders on the record of the Company **at the close of business on 5 January 2009** as set out in this Notice.

The Register of Members of the Company will be closed from **6 January 2009 to 7 January 2009** (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 5 January 2009** (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 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 Registrars Limited at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, England, by the close of business at 5.00 p.m. (local time) on 5 January 2009** 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 5 January 2009** in respect of transfers;
- (b) **shares deposited** into the Depositor’s Securities Account **before 12.30 p.m. (Malaysian time) on 31 December 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)	97,128	434,781
Weighted average number of ordinary shares	<u>403,256,136</u>	<u>403,256,136</u>
Basic and diluted EPS (sen)	<u>24.1</u>	<u>107.8</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-08	31-Oct-07	31-Oct-08	31-Oct-07
Cost of sales	<b>679,315</b>	358,576	<b>1,659,948</b>	1,089,882
Distribution costs	<b>24,558</b>	18,036	<b>55,234</b>	51,483
Administrative expenses	<b>48,694</b>	45,719	<b>165,403</b>	110,315
Other operating expenses	<b>15,436</b>	1,798	<b>30,267</b>	19,677
Other operating income	<b>(7,570)</b>	(12,862)	<b>(24,797)</b>	(40,265)
Total operating costs	<b><u>760,433</u></b>	<u>411,267</u>	<b><u>1,886,055</u></b>	<u>1,231,092</u>

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

<i>in RM'000</i>	9 months ended	
	31-Oct-08	31-Oct-07
	(Unaudited)	
Profit after taxation	<b>505,939</b>	412,322
Adjustments for:		
- Finance costs	<b>274,555</b>	218,910
- Depreciation and amortisation	<b>218,471</b>	190,861
- Taxation	<b>94,675</b>	148,492
- Share of post tax results from joint ventures and associates	<b>(49,179)</b>	(6,858)
- Net investment income	<b>(48,830)</b>	(22,176)
- Interest income	<b>(26,901)</b>	(46,333)
- Adjustment for other non-cash items	<b>(14,620)</b>	(5,801)
Changes in working capital	<b>46,099</b>	(51,273)
Cash generated from operations	<b><u>1,000,209</u></b>	<u>838,144</u>

By Order of the Board

Siuagamy Ramasamy  
Group Company Secretary

11 December 2008

Kuala Lumpur

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