

# 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 2009

### Condensed Group Income Statement

in RM'000	Note	3 months ended		6 months ended	
		31-Jul-09	31-Jul-08	31-Jul-09	31-Jul-08
		Unaudited		Unaudited	
Gross transaction value	8	<u>1,311,157</u>	<u>1,150,235</u>	<u>2,621,296</u>	<u>2,292,913</u>
Revenue	8	997,550	840,286	1,976,368	1,649,801
Operating costs	27	<u>(667,079)</u>	<u>(586,186)</u>	<u>(1,307,458)</u>	<u>(1,125,621)</u>
Operating profit	8	330,471	254,100	668,910	524,180
Net investment (loss)/income		(2,842)	3,249	(5,928)	77,560
Finance costs		<u>(91,582)</u>	<u>(90,422)</u>	<u>(176,691)</u>	<u>(186,429)</u>
Interest income		<u>4,911</u>	<u>9,357</u>	<u>8,619</u>	<u>17,771</u>
Finance costs - net		(86,671)	(81,065)	(168,072)	(168,658)
Share of post-tax results from joint ventures and associates		21,651	14,053	37,061	28,405
Profit before tax		<u>262,609</u>	<u>190,337</u>	<u>531,971</u>	<u>461,487</u>
Taxation	18	<u>(56,769)</u>	<u>(28,265)</u>	<u>(109,816)</u>	<u>(68,731)</u>
Profit for the period		<u>205,840</u>	<u>162,072</u>	<u>422,155</u>	<u>392,756</u>
<b>Attributable to:</b>					
Tanjong's shareholders		181,529	136,687	372,941	337,654
Minority interests		24,311	25,385	49,214	55,102
		<u>205,840</u>	<u>162,072</u>	<u>422,155</u>	<u>392,756</u>
Earnings per share (sen)					
- Basic / Diluted	26	<u>45.0</u>	<u>33.9</u>	<u>92.5</u>	<u>83.7</u>

*The condensed group income statement should be read in conjunction with the Group's annual financial statements for the financial year ended 31 January 2009.*

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(Incorporated in England 1926 – No. 210874)  
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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2009

### Condensed Group Statement of Comprehensive Income

<i>in RM'000</i>	3 months ended		6 months ended	
	31-Jul-09	31-Jul-08	31-Jul-09	31-Jul-08
	Unaudited		Unaudited	
Profit for the period	205,840	162,072	422,155	392,756
<b>Other comprehensive income * :</b>				
<b>Gains/(losses) recognised directly in equity</b>				
Available-for-sale financial assets				
Net valuation gains/(losses) taken to equity	11,266	(11,648)	23,280	(79,316)
Exchange differences on foreign currency net investments	(30,626)	61,073	(31,791)	14,827
Annual net profit transferred to legal reserve	-	136	-	1,025
Fair value gain of cash flow hedges	124,075	53,852	160,816	49,549
Hedging reserve charged to Income Statement	(39,541)	(10,048)	(39,541)	(10,048)
Equity contribution by a minority interest	3	-	3	-
Share of other comprehensive income of joint ventures and associates	37,996	23,567	48,066	(7,936)
	103,173	116,932	160,833	(31,899)
Total comprehensive income for the period	<u>309,013</u>	<u>279,004</u>	<u>582,988</u>	<u>360,857</u>
<b>Total comprehensive income attributable to:</b>				
Tanjong's shareholders	282,084	248,464	518,151	295,616
Minority interests	26,929	30,540	64,837	65,241
	<u>309,013</u>	<u>279,004</u>	<u>582,988</u>	<u>360,857</u>

*The condensed group statement of comprehensive income should be read in conjunction with the Group's annual financial statements for the financial year ended 31 January 2009.*

\* There is no income tax attributable to the components of other comprehensive income.

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QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2009

## Condensed Group Balance Sheet

<i>in RM'000</i>	As at 31-Jul-09 (Unaudited)	As at 31-Jan-09 (Audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Intangible assets	71,969	71,969
Property, plant and equipment	2,429,876	2,545,745
Prepaid lease rental	21,471	21,932
Investment property	650,000	650,000
Investments in joint ventures and associates	355,503	303,134
Deferred income tax assets	-	30
Available-for-sale financial assets	157,153	116,255
Lease receivables	<u>5,818,391</u>	<u>6,138,881</u>
	<u>9,504,363</u>	<u>9,847,946</u>
<b>Current Assets</b>		
Inventories	475,789	511,138
Trade and other receivables	436,575	531,120
Lease receivables	408,760	353,410
Prepaid lease rental	885	906
Held-for-trading investments	7,734	5,519
Available-for-sale financial assets	-	816
Cash and cash equivalents	<u>1,895,262</u>	<u>1,202,856</u>
	<u>3,225,005</u>	<u>2,605,765</u>
<b>Total Assets</b>	<u>12,729,368</u>	<u>12,453,711</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	573,436	688,463
Borrowings	840,132	732,115
Current income tax liabilities	36,077	35,220
Hedging liability	18,974	19,357
Provision for other liabilities and charges	<u>14,325</u>	<u>13,292</u>
	<u>1,482,944</u>	<u>1,488,447</u>
<b>Non-Current Liabilities</b>		
Borrowings	5,017,706	5,046,185
Other non-current liabilities	778,001	833,084
Hedging liability	332,545	464,623
Deferred income tax liabilities	810,993	814,321
Provision for other liabilities and charges	<u>103,919</u>	<u>103,039</u>
	<u>7,043,164</u>	<u>7,261,252</u>
<b>Total Liabilities</b>	<u>8,526,108</u>	<u>8,749,699</u>
<b>Net Assets</b>	<u>4,203,260</u>	<u>3,704,012</u>
<b>EQUITY</b>		
Paid up share capital	146,107	146,107
Share premium account	240,808	240,808
Other reserves	(141,094)	(292,508)
Retained earnings	<u>3,500,449</u>	<u>3,186,640</u>
Total shareholders' equity	<u>3,746,270</u>	<u>3,281,047</u>
Minority interests in equity	456,990	422,965
<b>Total Equity</b>	<u>4,203,260</u>	<u>3,704,012</u>
Net Tangible Assets per share (in sen)	<u>911</u>	<u>796</u>
Net Assets per share (in sen)	<u>1,042</u>	<u>919</u>

*The condensed group balance sheet should be read in conjunction with the Group's annual financial statements for the financial year ended 31 January 2009.*

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QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2009

## Condensed Group Cash Flow Statement

<i>in RM'000</i>	Note	6 months ended	
		31-Jul-09	31-Jul-08 (Unaudited)
<b>Cash flows from operating activities</b>			
Cash generated from operations	28	937,033	701,926
Malaysian and other taxes paid		(98,919)	(68,086)
Net cash generated from operating activities		<u>838,114</u>	<u>633,840</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(17,314)	(85,517)
Proceeds from sale of property, plant and equipment		229	178
Purchase of investments		(19,521)	(8,497)
Proceeds from sale of investments		2,545	243,865
Net investment in a joint venture		-	(172,240)
Dividend income received		26,335	24,890
Interest received		8,411	17,746
Net cash generated from investing activities		<u>685</u>	<u>20,425</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		241,893	1,804,883
Repayment of borrowings		(83,046)	(1,836,822)
Dividends paid to Company's shareholders		(52,927)	(42,342)
Dividends paid to a minority interest		(30,812)	(4,838)
Repayment to a minority interest		(24,293)	(46,421)
Interest paid		(171,038)	(209,390)
Net cash used in financing activities		<u>(120,223)</u>	<u>(334,930)</u>
<b>Currency translation differences</b>		<u>(26,170)</u>	<u>45,047</u>
<b>Net increase in cash and cash equivalents</b>		<u>692,406</u>	<u>364,382</u>
Cash and cash equivalents at start of the year		1,202,856	1,058,316
Cash and cash equivalents at end of the period		<u>1,895,262</u>	<u>1,422,698</u>
<b>Cash and cash equivalents</b>			
Short term placements		1,834,491	1,010,262
Cash at bank and in hand		60,771	412,436
		<u>1,895,262</u>	<u>1,422,698</u>

*The condensed group cash flow statement should be read in conjunction with the Group's annual financial statements for the financial year ended 31 January 2009.*

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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2009

### Condensed Group Statement of Changes in Equity

<i>in RM'000</i>	Attributable to equity holders of Tanjong							Total Equity Unaudited		
	Paid Up Share Capital	Share Premium	Retained Earnings	Fair Value Reserve	Translation Reserve	Hedging Reserve	Legal Reserve		Minority Interests	
Balance at 1 February 2009	146,107	240,808	3,186,640	16,898	5,264	(329,646)	14,976	3,281,047	422,965	3,704,012
<b>Changes in equity for 2009</b>										
Dividends	-	-	(52,928)	-	-	-	-	(52,928)	(30,812)	(83,740)
Total comprehensive income/ (expenses) for the period	-	-	366,737	23,280	(26,635)	148,104	6,665	518,151	64,837	582,988
<b>Balance as at 31 July 2009</b>	<b>146,107</b>	<b>240,808</b>	<b>3,500,449</b>	<b>40,178</b>	<b>(21,371)</b>	<b>(181,542)</b>	<b>21,641</b>	<b>3,746,270</b>	<b>456,990</b>	<b>4,203,260</b>
Balance at 1 February 2008	146,107	240,808	3,031,303	117,259	(158,494)	(89,675)	10,498	3,297,806	378,328	3,676,134
<b>Changes in equity for 2008</b>										
Dividends	-	-	(42,342)	-	-	-	-	(42,342)	(4,838)	(47,180)
Total comprehensive income/ (expenses) for the period	-	-	334,038	(79,316)	2,716	33,537	4,641	295,616	65,241	360,857
<b>Balance as at 31 July 2008</b>	<b>146,107</b>	<b>240,808</b>	<b>3,322,999</b>	<b>37,943</b>	<b>(155,778)</b>	<b>(56,138)</b>	<b>15,139</b>	<b>3,551,080</b>	<b>438,731</b>	<b>3,989,811</b>

The condensed group statement of changes in equity should be read in conjunction with the Group's annual financial statements for the financial year ended 31 January 2009.

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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2009

### 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. The accounting policies used in the preparation of the Quarterly Report comply with the principles of the International Financial Reporting Standards (“IFRSs”) adopted by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB.

The Quarterly Report has been prepared based on the accounting policies consistent with those adopted in the preparation of the audited statutory financial statements for the financial year ended 31 January 2009. The following new standards that came into effect on 1 January 2009 have no impact on the accounting treatment or the reporting of the Group’s results or financial position.

##### a) *International Accounting Standard 1 (“IAS 1”) – “Presentation of Financial Statements”*

IAS 1, which was updated in September 2007, now requires the reporting of transactions not specific to changes in equity of Tanjong’s equity holders (“owners”) in a separate Statement of Comprehensive Income (see page 2).

##### b) *International Financial Reporting Standard 8 (“IFRS 8”) – “Operating Segments”*

IFRS 8 replaces IAS 14 – “Segment Reporting”. It sets out requirements for the disclosure of information about an entity’s operating segments and also about the entity’s products and services and the geographical areas in which it operates. As the Group has determined that the business segments identified previously are the same as that under IFRS 8, there has been no change to the presentation of the Group’s quarterly segmental information, as disclosed in Note 8 in this Quarterly Report.

The Quarterly Report has not been audited or reviewed. It has been prepared in accordance with the Disclosure and Transparency Rules issued by the Financial Services Authority (United Kingdom) which require the following additional disclosures in respect of half yearly financial reports:

- (a) a description of the principal risks and uncertainties for the remaining six months of the financial year (See Note 16); and
- (b) Statement of Directors’ Responsibilities (See Note 29)

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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2009

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

#### 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 was no material changes in estimates of amounts reported in the prior financial years.

#### 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 company has made the following repayment:

- (i) RM7.5 million Al-Bai Bithaman Ajil Islamic Debt Securities for the quarter ended 31 July 2009.

##### 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 2009	<u>17.5 sen</u>	<u>5-May-09</u>

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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2009

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

#### 8. Segmental results

<i>in RM' 000</i>	Power Generation	Gaming	Property Investment	Leisure	Others	Group
<b>Quarter ended 31 July 2009</b>						
<b>Gross transaction value*</b>						<b>1,311,157</b>
<b>Revenue</b>						
Total revenue	706,159	199,128	21,745	76,738	-	1,003,770
Inter-segment elimination	-	-	(6,220)	-	-	(6,220)
External revenue	<b>706,159</b>	<b>199,128</b>	<b>15,525</b>	<b>76,738</b>	<b>-</b>	<b>997,550</b>
<b>Results</b>						
Operating profit/(loss)	261,361	62,433 **	16,151	705	(10,179)	330,471
Net investment income						(2,842)
Finance costs	(88,277)	-	(1,053)	(2,252)	-	(91,582)
Interest income						4,911
Share of post tax results from						
- joint ventures	19,205	-	-	-	-	19,205
- associates	2,446	-	-	-	-	2,446
	21,651	-	-	-	-	21,651
Profit before taxation						<b>262,609</b>
Taxation						<b>(56,769)</b>
Profit after taxation						<b>205,840</b>
<b>Other segment items</b>						
Capital expenditure	1,652	2,421	115	3,150	48	7,386
Depreciation and amortisation	61,985	2,898	358	11,814	157	77,212

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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2009

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

#### 8. Segmental results (continued)

<i>in RM' 000</i>	Power Generation	Gaming	Property Investment	Leisure	Others	Group
<b>Period ended 31 July 2009</b>						
<b>Gross transaction value*</b>						<b>2,621,296</b>
<b>Revenue</b>						
Total revenue	1,399,331	397,746	38,102	150,663	-	1,985,842
Inter-segment elimination	-	-	(9,474)	-	-	(9,474)
External revenue	<b>1,399,331</b>	<b>397,746</b>	<b>28,628</b>	<b>150,663</b>	<b>-</b>	<b>1,976,368</b>
<b>Results</b>						
Operating profit/(loss)	525,004	124,904	27,276	1,901	(10,175)	668,910
Net investment income						(5,928)
Finance costs	(169,194)	-	(2,143)	(5,354)	-	(176,691)
Interest income						8,619
Share of post tax results from						
- joint ventures	33,413	-	-	-	-	33,413
- associates	3,648	-	-	-	-	3,648
	37,061	-	-	-	-	37,061
Profit before taxation						531,971
Taxation						(109,816)
Profit after taxation						<b>422,155</b>
<b>Other segment items</b>						
Capital expenditure	2,588	3,182	125	11,344	75	17,314
Depreciation and amortisation	124,278	5,777	715	23,336	315	154,421
<b>As at 31 July 2009</b>						
Segment assets	9,017,068	115,857	666,562	537,237	10,569	10,347,293
Joint ventures and associates	348,475	-	-	7,028	-	355,503
Unallocated assets						2,026,572
Total assets						<b>12,729,368</b>
Segment liabilities	880,067	85,958	19,434	87,706	9,644	1,082,809
Borrowings	5,431,329	-	75,000	351,508	-	5,857,837
Unallocated liabilities						1,585,462
Total liabilities						<b>8,526,108</b>

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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2009

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

#### 8. Segmental results (continued)

<i>in RM' 000</i>	Power Generation	Gaming	Property Investment	Leisure	Others	Group
<b>Quarter ended 31 July 2008</b>						
<b>Gross transaction value*</b>						1,150,235
<b>Revenue</b>						
Total revenue	632,428	165,370	16,150	29,523	-	843,471
Inter-segment elimination	-	-	(3,185)	-	-	(3,185)
External revenue	632,428	165,370	12,965	29,523	-	840,286
<b>Results</b>						
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
- associate	1,465	-	-	-	-	1,465
	12,791	-	-	1,262	-	14,053
Profit before taxation						190,337
Taxation						(28,265)
Profit after taxation						162,072
<b>Other segment items</b>						
Capital expenditure	75,771	4,219	34	2,437	254	82,715
Depreciation	58,628	2,805	252	9,751	253	71,689

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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2009

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

#### 8. Segmental results (continued)

<i>in RM' 000</i>	Power Generation	Gaming	Property Investment	Leisure	Others	Group
<b>Period ended 31 July 2008</b>						
Gross transaction value*						<u>2,292,913</u>
<b>Revenue</b>						
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>
<b>Results</b>						
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>
<b>Other segment items</b>						
Capital expenditure	76,681	6,081	83	2,763	274	85,882
Depreciation	116,638	5,416	503	19,167	446	142,170
<b>As at 31 July 2008</b>						
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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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2009

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

#### 8. Segmental results (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-09	31-Jul-08	31-Jul-09	31-Jul-08
NFO gross sales proceeds	513,382	471,325	1,043,726	990,981
RTO revenue	(647)	3,994	(1,052)	7,692
Revenue from other operations	798,422	674,916	1,578,622	1,294,240
Gross transaction value	1,311,157	1,150,235	2,621,296	2,292,913
Less: NFO prize payouts	(313,607)	(309,949)	(644,928)	(643,112)
Revenue	997,550	840,286	1,976,368	1,649,801

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

<i>in RM'000</i>	3 months ended		6 months ended	
	31-Jul-09	31-Jul-08	31-Jul-09	31-Jul-08
<b>Gaming operating profit/(loss)</b>				
NFO	77,594	56,848	156,817	123,016
RTO	(15,161)	(4,220)	(31,913)	(7,955)
	62,433	52,628	124,904	115,061

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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2009

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

#### 8. Segmental results (continued)

<i>in RM' 000</i>	Malaysia	Egypt	Federal Republic of Germany	Bangladesh	Other countries	Group
<b>Period ended 31 July 2009</b>						
Total external revenue	1,182,172	558,826	77,267	158,103	-	1,976,368
Total capital expenditure	4,898	647	10,424	1,345	-	17,314
<b>As at 31 July 2009</b>						
Segment assets	3,155,360	4,674,064	428,125	2,065,500	24,244	10,347,293
Joint ventures and associates						355,503
Unallocated assets						2,026,572
Total assets						12,729,368
<b>Period ended 31 July 2008</b>						
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
<b>As at 31 July 2008</b>						
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

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 RM650 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

There is no change in the composition of the Group.

#### 12. Commitments and contingencies

##### 12.1 Capital commitments as at 31 July 2009

	<b>RM'000</b>
Authorised and contracted	<u>24,917</u>
Authorised and not contracted	<u>106,102</u>
Analysed as follows:	
Investment commitments	15,179
Property, plant and equipment	115,840
	<u>131,019</u>

##### 12.2 Contingencies

As at 31 July 2009, the Group has provided the following guarantees and indemnities in favour of:

- (a) 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 RM100.16 million) in respect of the government subsidies awarded to Tropical Islands; and
- (b) 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>	<b>6 months ended</b>	
	<b>31-Jul-09</b>	<b>31-Jul-08</b>
<i>Income credited to the Group income statement</i>		
Lease rental and tenant service revenue	<b>13,685</b>	13,527
Others	<b>129</b>	202
	<b>13,814</b>	13,729
<i>Recovery of expenses and shared overhead costs</i>		
	<b>5,570</b>	4,145
<i>Expenses charged to the Group income statement</i>		
Consultancy services	<b>9,000</b>	7,875
Gas, heating, electricity, water and safety related services	<b>6,092</b>	4,342
Closed circuit television broadcasting services	<b>3,090</b>	2,150
Telecommunication and related services	<b>994</b>	1,021
Bloodstock management, service fees, accounting & clerical services	<b>435</b>	562
Sub-tenancy of premises	<b>213</b>	271
Connection and transaction fees	<b>149</b>	125
Sponsorship of events	<b>271</b>	607
Other services	<b>426</b>	261
	<b>20,670</b>	17,214

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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2009

### **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 RM157 million over the corresponding quarter in the previous year (“corresponding quarter”), to RM998 million due to improved topline performances in all business segments. The increase in revenue for Power Generation arose from higher energy billings from the Malaysian power plants. Gaming revenue recorded gains on the back of additional draws and a reduction in prize payout ratio from 66% to 61%. Revenues attributed to the Leisure segment benefited from the maiden contribution of TGV Cinemas Sdn Bhd (“TGV”) which became a wholly owned subsidiary on 31 July 2008.

Group profit before taxation for the current quarter increased from RM190 million to RM263 million in line with the aforementioned revenue increase and lower plant maintenance expenses for the Panglima power plant which underwent scheduled maintenance in the corresponding quarter.

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

Group revenue increased by RM326 million from RM1,650 million in the corresponding six-month period in the previous year (“corresponding period”) to RM1,976 million in the current period (“current period”). Group operating profit is, at RM669 million, higher by RM145 million.

Power Generation revenue increased by 16% from RM1,204 million to RM1,399 million in the current quarter mainly due to improved contribution from the Malaysian and Egyptian power plants. The operating profit of the Power Generation segment increased by RM117 million or 29% to RM525 million in the current period in line with the increase in revenue and lower plant maintenance expenses (referred to in Note 14.1 above) and lower corporate and business development costs.

Gross sales proceeds from the NFO business increased to RM1,044 million from RM991 million due to seven additional draws conducted in the current period. The Gaming segment recorded a 9% increase in operating profit from RM115 million to RM125 million. The increased operating profit was due to a reduction in the NFO prize payout ratio from 65% to 62% and was moderated by losses recorded by the Racing Totalisator business arising from an escalation in totalisator expenses.

In the Leisure segment, improved attendances and spending in Tropical Islands together with the maiden contribution from TGV (Note 14.1 above), resulted in a RM87 million increase in revenue from RM64 million to RM151 million. These developments enabled the Leisure segment to report an operating profit of RM2 million for the current period as compared to a RM15 million operating loss in the corresponding period.

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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2009

### **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 lower mainly due to the recognition, in the corresponding period, of investment gains from the disposal of the Group's interest in Arqiva amounting to RM62 million.

For the period under review, Group profit attributable to shareholders was higher by RM35 million from RM338 million to RM373 million. Accordingly, net earnings per share was higher at 92.5 sen from 83.7 sen in the corresponding period.

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

The current quarter's profit before taxation is at RM263 million, slightly lower than the preceding quarter's profit before taxation of RM269 million.

#### **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 Malaysian Government's efforts to restructure the Power sector and its impact on Powertek Group's existing contractual arrangements with the relevant counterparties;
- ii) the planned maintenance of the Group's Malaysian power plants in the remaining period to the end of the financial year;
- iii) the impact of prevailing conditions affecting discretionary spending on the Group's Gaming products and services and its Leisure activities; and
- iv) measures that have to be taken by the relevant parties to reduce totalisator expenses in the Racing Totalisator business.

In relation to the Group's investment in Tropical Islands ("TI"); TI had in April 2009 successfully entered into agreements with third parties who will independently finance the construction and development of vacation homes as well as market the rental of these homes throughout Europe to cover its growing market for short term family vacations. These agreements are conditional upon the relevant parties procuring the appropriate financing to complete the project. However, if financing cannot be obtained and/or if construction is significantly delayed, the Group will need to re-assess the appropriateness of the carrying value of its investment in TI.

The principal risks and uncertainties for the remaining period to the end of the financial year are unchanged from those stated on Page 27 of the Tanjong 2009 Annual Report.

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

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

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

#### 18. Taxation

<i>in RM'000</i>	3 months ended		6 months ended	
	31-Jul-09	31-Jul-08	31-Jul-09	31-Jul-08
<b>Malaysian Taxation</b>				
Income tax				
- Current year	<b>40,985</b>	41,826	<b>91,001</b>	78,112
- Prior year	<b>40</b>	-	<b>(67)</b>	3,745
	<b>41,025</b>	41,826	<b>90,934</b>	81,857
Deferred tax	<b>5,958</b>	(13,618)	<b>6,263</b>	(9,061)
	<b>46,983</b>	28,208	<b>97,197</b>	72,796
<b>Foreign Taxation</b>				
- Income tax	<b>5,405</b>	11	<b>11,675</b>	4,400
- Prior year	<b>(872)</b>	-	<b>(885)</b>	-
- Deferred tax	<b>5,253</b>	46	<b>1,829</b>	(8,465)
	<b>56,769</b>	28,265	<b>109,816</b>	68,731

The effective tax rate of 21.6% and 20.6% for the current quarter and period is lower than the Malaysian statutory tax rate of 25% due to tax-exempt income from foreign operations.

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

#### 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>	<b>Current Quarter</b>	<b>Cumulative Quarter</b>
(a) Summary of dealings in quoted securities for the period ended 31 July 2009		
(i) Total purchase consideration	1,579	2,080
(ii) Total sale proceeds	755	1,521
(iii) Total profit on disposal	78	123
(b) Investments in quoted securities as at the end of the reporting period:		
(i) At cost		39,754
(ii) At book value/market value		82,342

#### 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 JULY 2009

### 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-Jul-09
<b>Secured</b>			
<i>Denominated in RM</i>			
Al-Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS") <sup>1</sup>	50,000	130,000	180,000
Commercial paper ("CP") <sup>2</sup>	33,000	-	33,000
Serial bonds <sup>2</sup>	100,000	730,000	830,000
Al-Bai' Bithaman Ajil ("ABBA") <sup>3</sup>	15,000	60,000	75,000
	198,000	920,000	1,118,000
<i>Denominated in EURO</i>			
Transferable loan facilities <sup>4</sup>	54,775	260,182	314,957
<i>Denominated in USD</i>			
Senior loans <sup>5</sup>	128,198	2,808,103	2,936,301
Infrastructure Development Company Limited ("IDCOL") facilities <sup>6</sup>	18,034	242,675	260,709
Asian Development Bank loans ("ADB") <sup>6</sup>	26,427	328,433	354,860
Netherlands Development Finance Company ("FMO") loans <sup>7</sup>	6,968	45,347	52,315
International Development Association guaranteed facility ("IDA") <sup>7</sup>	16,321	80,102	96,423
Political Risk Insurance facility ("PRI") <sup>7</sup>	1,736	8,521	10,257
Term loans <sup>8</sup>	324,576	171,888	496,464
	522,260	3,685,069	4,207,329
<b>Unsecured</b>			
<i>Denominated in RM</i>			
Redeemable bonds	-	125,000	125,000
Term loan	9,097	27,455	36,552
Bridging loan	56,000	-	56,000
	840,132	5,017,706	5,857,838

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

<sup>2</sup> These debts are secured against a debenture and charge over Panglima's assets and properties, assignment of certain insurances, project agreements and certain accounts.

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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>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 USD245 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 USD302.3 million loan which has been drawdown by Port Said, secured by way of a Real Estate and Fond de Commerce Mortgage, pledge of shares in Port Said and assignment of certain agreements, receivables and certain accounts.
  - c) The USD296.1 million loan which has been drawdown by Suez Gulf, secured by way of a Real Estate and Fond de Commerce Mortgage, pledge of shares in Suez Gulf and assignment of certain agreement, receivables and certain accounts.
- <sup>6</sup> These loans are secured by way of pledge of shares in Meghnaghat Power Limited (“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 Haripur Power Limited (“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	1,471
Floating rate loans	
Hedged	2,587
Unhedged	1,800
Balance as at 31 July 2009	<u>5,858</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 JULY 2009

### 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 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 2010 (the "**Second Interim Dividend**") was declared by the Directors on 30 September 2009. Subject to the relevant provisions of the following paragraphs, the **Second Interim Dividend** will be **paid on 5 November 2009** to those shareholders on the record of the Company **at the close of business on 23 October 2009** as set out below.

The Register of Members of the Company will be closed from **24 October 2009 to 26 October 2009** (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 23 October 2009** (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 Registrars at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, England, by the close of business at 5.00 p.m. (local time) on 23 October 2009 will be registered by the Second Interim Dividend Record Date.**

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 23 October 2009** in respect of transfers;
- (b) **shares deposited** into the Depositor's Securities Account **before 12.30 p.m. (Malaysian time) on 21 October 2009** 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.

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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2009

### 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)	181,529	372,941
Weighted average number of ordinary shares	<u>403,256,136</u>	<u>403,256,136</u>
Basic and diluted earnings per share (sen) *	<u>45.0</u>	<u>92.5</u>

\* Basic and diluted EPS are the same as there were no share options outstanding for the period.

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

<i>in RM'000</i>	3 months ended		6 months ended	
	31-Jul-09	31-Jul-08	31-Jul-09	31-Jul-08
Cost of sales	<b>598,143</b>	538,942	<b>1,178,587</b>	980,633
Distribution costs	<b>18,459</b>	20,583	<b>37,215</b>	30,676
Administrative expenses	<b>34,564</b>	27,831	<b>67,678</b>	116,708
Other operating expenses	<b>26,326</b>	2,330	<b>52,254</b>	14,831
Other operating income	<b>(10,413)</b>	(3,500)	<b>(28,276)</b>	(17,227)
Total operating costs	<u><b>667,079</b></u>	<u>586,186</u>	<u><b>1,307,458</b></u>	<u>1,125,621</u>

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## QUARTERLY REPORT FOR THE QUARTER ENDED 31 JULY 2009

### Part C Additional explanatory notes

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

<i>in RM'000</i>	6 months ended	
	31-Jul-09	31-Jul-08
	(Unaudited)	
Profit after taxation	422,156	392,756
Adjustments for:		
- Finance costs	176,691	186,429
- Depreciation and amortisation	154,421	142,170
- Taxation	109,816	68,731
- Net investment loss/(income)	5,928	(77,560)
- Share of post tax results from joint ventures and associates	(37,061)	(28,405)
- Interest income	(8,619)	(17,771)
- Adjustment for other non-cash items	(3,043)	(21,361)
Changes in working capital	116,744	56,937
Cash generated from operations	<u>937,033</u>	<u>701,926</u>

#### 29. Statement of Directors' Responsibilities

The Directors' confirm that this condensed set of financial statements has been prepared in accordance with applicable accounting standards as adopted by the European Union, and that the half yearly financial report herein includes a fair review of the information required by the Disclosure and Transparency Rules issued by Financial Services Authority (United Kingdom).

By order of the Board

Siuagamy Ramasamy  
Group Company Secretary

30 September 2009

Kuala Lumpur

*Copies of the Unaudited Results of the Tanjong Group for the second quarter ended 31 July 2009 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).*