

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 30 APRIL 2010

Condensed Group Income Statement

<i>in RM'000</i>	Note	3 months ended	
		30-Apr-10	30-Apr-09
		(Unaudited)	
Gross transaction value *		<u>1,264,691</u>	<u>1,310,139</u>
Revenue	7	945,772	978,819
Other income		10,323	19,043
Operating costs	27	(651,060)	(659,421)
Operating profit	7	<u>305,035</u>	<u>338,441</u>
Net investment income		(6,906)	(3,086)
Finance costs		(78,008)	(85,109)
Interest income		3,441	3,707
Finance costs - net		(74,567)	(81,402)
Share of post tax results from joint ventures and associates		18,698	15,411
Profit before taxation		<u>242,260</u>	<u>269,364</u>
Taxation	17	(48,847)	(53,048)
Profit for the period		<u>193,413</u>	<u>216,316</u>
Attributable to:			
Tanjong's shareholders		177,238	191,413
Minority interests		16,175	24,903
		<u>193,413</u>	<u>216,316</u>
Earnings per share (sen)	25		
- Basic / Diluted		<u>44.0</u>	<u>47.5</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 2010.

* Gross transaction value represents gross sales proceeds for the Numbers Forecast Totalisator ("NFO") business and revenue from other operations.

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QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2010

Condensed Group Statement of Comprehensive Income

<i>in RM'000</i>	Note	3 months ended	
		30-Apr-10	30-Apr-09
		(Unaudited)	
Profit for the period		193,413	216,316
Other comprehensive income * :			
Gains/(losses) recognised directly in equity			
Available-for-sale financial assets:			
Net valuation (loss)/gain taken to equity		(1,640)	12,014
Net valuation gain transferred to income statement		(311)	-
Exchange differences on:			
Net investments	3	(146,589)	(1,165)
Joint ventures & associates		784	-
Cash flow hedges:			
Fair value (loss)/gain for the period		(22,529)	36,741
Transferred to finance costs		27,910	-
Share of hedging reserve from jointly controlled entity		(7,833)	10,069
		(150,208)	57,659
Total comprehensive income for the period		<u>43,205</u>	<u>273,975</u>
Total comprehensive income attributable to:			
Tanjong's shareholders		45,393	236,067
Minority interests		(2,188)	37,908
		<u>43,205</u>	<u>273,975</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 2010.

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

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QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2010

Condensed Group Balance Sheet

<i>in RM'000</i>	As at 30-Apr-10 (Unaudited)	As at 31-Jan-10 (Audited)
ASSETS		
Non-Current Assets		
Intangible assets	71,969	71,969
Property, plant and equipment	2,195,674	2,289,218
Prepaid lease rental	20,332	20,954
Investment property	672,000	672,000
Investments in joint ventures and associates	328,788	358,354
Available-for-sale financial assets	228,107	231,028
Lease receivables	5,043,739	5,466,515
	<u>8,560,609</u>	<u>9,110,038</u>
Current Assets		
Inventories	430,348	448,805
Trade and other receivables	469,487	529,705
Lease receivables	390,235	424,748
Prepaid lease rental	797	855
Held-for-trading investments	9,751	9,776
Available-for-sale financial assets	3,698	4,187
Derivative financial instrument	252	505
Cash and cash equivalents	1,543,609	1,535,868
	<u>2,848,177</u>	<u>2,954,449</u>
Total Assets	<u>11,408,786</u>	<u>12,064,487</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	520,452	594,292
Borrowings	457,965	464,308
Current income tax liabilities	38,169	33,301
Hedging liability	17,473	18,900
Provision for other liabilities and charges	2,519	2,702
	<u>1,036,578</u>	<u>1,113,503</u>
Non-Current Liabilities		
Borrowings	4,323,359	4,688,591
Other non-current liabilities	615,916	764,263
Hedging liability	271,387	295,689
Deferred income tax liabilities	781,509	807,454
Provision for other liabilities and charges	109,479	114,707
	<u>6,101,650</u>	<u>6,670,704</u>
Total Liabilities	<u>7,138,228</u>	<u>7,784,207</u>
NET ASSETS	<u>4,270,558</u>	<u>4,280,280</u>
EQUITY		
Paid up share capital	146,107	146,107
Share premium account	240,808	240,808
Other reserves	(280,919)	(149,212)
Retained earnings	3,701,063	3,576,890
Total shareholders' equity	<u>3,807,059</u>	<u>3,814,593</u>
Minority interests in equity	463,499	465,687
Total Equity	<u>4,270,558</u>	<u>4,280,280</u>
Net Tangible Assets per share (in sen)	<u>926</u>	<u>928</u>
Net Assets per share (in sen)	<u>1,059</u>	<u>1,061</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 2010.

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QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2010

Condensed Group Cash Flow Statement

<i>in RM'000</i>	Note	3 months ended	
		30-Apr-10	30-Apr-09
		(Unaudited)	
Cash flows from operating activities			
Cash generated from operations	28	454,009	407,450
Malaysian and other taxes paid		(35,229)	(47,027)
Net cash generated from operating activities		<u>418,780</u>	<u>360,423</u>
Cash flows from investing activities			
Dividend income received		19,319	11,957
Interest received		3,714	3,867
Proceeds from sale of investments		1,023	766
Proceeds from sales of property, plant and equipment		328	146
Purchase of property, plant and equipment		(17,269)	(9,928)
Purchase of investments		(1,188)	(569)
Net advances to joint ventures		(5)	-
Net cash generated from investing activities		<u>5,922</u>	<u>6,239</u>
Cash flows from financing activities			
Repayment to minority interest		(107,289)	(16,342)
Interest paid		(103,772)	(105,492)
Repayment of borrowings		(87,545)	(38,547)
Dividends paid to Company's shareholders		(52,927)	-
Proceeds from borrowings		-	169,247
Net cash (used in)/generated from financing activities		<u>(351,533)</u>	<u>8,866</u>
Currency translation differences		<u>(65,428)</u>	<u>(6,672)</u>
Net increase in cash and cash equivalents		<u>7,741</u>	<u>368,856</u>
Cash and cash equivalents at start of the year		1,535,868	1,202,856
Cash and cash equivalents at end of the period		<u>1,543,609</u>	<u>1,571,712</u>
Cash and cash equivalents			
Short term placements		1,499,202	1,511,265
Cash at bank and in hand		44,407	60,447
		<u>1,543,609</u>	<u>1,571,712</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 2010.

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QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2010

Condensed Group Statement of Changes in Equity

in RM'000	Attributable to equity holders of Tanjong							Total	Minority Interests	Total Equity (Unaudited)
	Paid Up Share Capital	Share Premium Account	Fair Value Reserve	Translation Reserve	Hedging Reserve	Legal Reserve	Retained Earnings			
At 1 February 2010	146,107	240,808	71,758	(90,051)	(160,681)	29,762	3,576,890	3,814,593	465,687	4,280,280
Comprehensive income:										
Profit and loss	-	-	-	-	-	-	177,238	177,238	16,175	193,413
Other comprehensive income:										
Available-for-sale financial assets:										
Net valuation loss taken to equity	-	-	(1,640)	-	-	-	-	(1,640)	-	(1,640)
Net valuation gain transferred to income statement	-	-	(311)	-	-	-	-	(311)	-	(311)
Exchange differences on:										
Net investments	-	-	-	(146,589)	-	-	-	(146,589)	-	(146,589)
Joint ventures and associates	-	-	-	784	-	-	-	784	-	784
Cash flow hedges:										
Fair value loss for the period	-	-	-	-	(22,529)	-	-	(22,529)	-	(22,529)
Transferred to finance costs	-	-	-	-	27,910	-	-	27,910	-	27,910
Share of hedging reserve from jointly controlled entity	-	-	-	-	(7,833)	-	-	(7,833)	-	(7,833)
Share of movement in reserve for minority interests	-	-	-	19,971	(1,608)	-	-	18,363	(18,363)	-
Total other comprehensive income	-	-	(1,951)	(125,834)	(4,060)	-	-	(131,845)	(18,363)	(150,208)
Total comprehensive income	-	-	(1,951)	(125,834)	(4,060)	-	177,238	45,393	(2,188)	43,205
Transfer to legal reserve	-	-	-	-	-	138	(138)	-	-	-
Dividends										
- Shareholders	-	-	-	-	-	-	(52,927)	(52,927)	-	(52,927)
At 30 April 2010	146,107	240,808	69,807	(215,885)	(164,741)	29,900	3,701,063	3,807,059	463,499	4,270,558
At 1 February 2009	146,107	240,808	16,898	5,264	(329,646)	14,976	3,186,640	3,281,047	422,965	3,704,012
Comprehensive income:										
Profit and loss	-	-	-	-	-	-	191,413	191,413	24,903	216,316
Other comprehensive income:										
Available-for-sale financial assets:										
Net valuation gain taken to equity	-	-	12,014	-	-	-	-	12,014	-	12,014
Exchange differences on:										
Net investments	-	-	-	(1,165)	-	-	-	(1,165)	-	(1,165)
Cash flow hedges:										
Fair value gain for the period	-	-	-	-	36,741	-	-	36,741	-	36,741
Share of hedging reserve from jointly controlled entity	-	-	-	(2,796)	12,865	-	-	10,069	-	10,069
Share of movement in reserve for minority interests	-	-	-	2,380	(15,848)	462	-	(13,005)	13,005	-
Total other comprehensive income	-	-	12,014	(1,581)	33,759	462	-	44,654	13,005	57,659
Total comprehensive income	-	-	12,014	(1,581)	33,759	462	191,413	236,067	37,908	273,975
Transfer to legal reserve	-	-	-	-	-	6,205	(6,205)	-	-	-
At 30 April 2009	146,107	240,808	28,912	3,683	(295,887)	21,643	3,371,848	3,517,114	460,873	3,977,987

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 2010.

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QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2010

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”) Main Market 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 2010.

2. Seasonal / cyclical factors

The principal business operations of the Group are not materially affected by seasonal or cyclical factors.

3. Unusual items

The unrealised exchange loss of RM146.6 million has arisen from the translation of the Group’s net investments in its foreign operations (which are denominated in US Dollars and Euros) into Malaysian Ringgit. This follows the appreciation of the Malaysian Ringgit against the said currencies during the period under review.

There were no other unusual items affecting assets, liabilities, equity, net income, or cash flows during the period under review.

4. 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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5. Movements in debt and equity securities

5.1 Issuance and repayment of debt securities

There was no issuance of debt securities for the quarter under review. A subsidiary company has made a repayment of RM50 million serial bonds during the quarter.

5.2 Issuance of equity securities

There was no issuance of equity securities for the period under review.

6. Dividend paid

Dividends paid during the financial period are as follows:

	Gross per ordinary share	Paid on
Fourth interim dividend for FY 31 January 2010	<u>17.5 sen</u>	<u>30-Apr-10</u>

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QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2010

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

7. Segmental results

in RM' 000	Power Generation	Gaming		Property Investment	Leisure		Other activities	Group
		Numbers Forecast Operations ("NFO") *	Racing Totalisator Operations ("RTO")		TI	TGV		
Quarter ended 30 April 2010								
Revenue								
Total revenue	666,087	187,166	(4,587)	17,937	40,798	42,129	-	949,530
Inter-segment elimination	-	-	-	(3,758)	-	-	-	(3,758)
External revenue	666,087	187,166	(4,587)	14,179	40,798	42,129	-	945,772
Results								
Operating profit/(loss)	238,375	63,977	(16,759)	13,791	4,086	5,110	(3,545)	305,035
Net investment income								(6,906)
Finance costs	(75,963)	-	-	(891)	(896)	(258)	-	(78,008)
Interest income	2,113	532	14	82	39	119	542	3,441
Share of post tax results from:								
- joint ventures	17,552	-	-	-	-	-	-	17,552
- associates	1,146	-	-	-	-	-	-	1,146
	18,698	-	-	-	-	-	-	18,698
Profit before taxation								242,260
Taxation	(32,493)	(16,138)	3,827	(2,506)	-	(1,530)	(7)	(48,847)
Profit for the period								193,413
Other segment items								
Capital expenditure	4,365	844	249	388	396	10,834	193	17,269
Depreciation and amortisation	59,548	1,354	1,146	371	8,291	2,873	198	73,781
As at 30 April 2010								
Segment assets	8,055,618	38,483	72,440	682,664	321,623	141,445	8,038	9,320,311
Joint ventures	289,898	-	-	-	7,191	-	-	297,089
Associates	31,699	-	-	-	-	-	-	31,699
	321,597	-	-	-	7,191	-	-	328,788
Unallocated assets								1,759,687
Total assets								11,408,786
Segment liabilities	718,961	77,604	43,729	19,025	49,903	18,260	14,955	942,437
Borrowings	4,439,759	-	-	67,500	243,301	30,764	-	4,781,324
Unallocated liabilities								1,414,467
Total liabilities								7,138,228

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QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2010

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

7. Segmental results (continued)

in RM' 000	Gaming			Property Investment	Leisure		Other activities	Group
	Power Generation	Numbers Forecast Operations ("NFO") *	Racing Totalisator Operations ("RTO")		TI	TGV		
Quarter ended 30 April 2009								
Revenue								
Total revenue	693,172	199,023	(404)	16,357	40,653	33,272	-	982,073
Inter-segment elimination	-	-	-	(3,254)	-	-	-	(3,254)
External revenue	693,172	199,023	(404)	13,103	40,653	33,272	-	978,819
Results								
Operating profit/(loss)	264,929	79,224	(16,753)	11,126	(640)	1,836	(1,281)	338,441
Net investment income								(3,086)
Finance costs	(80,918)	-	-	(1,089)	(2,639)	(463)	-	(85,109)
Interest income	2,315	512	-	72	77	120	611	3,707
Share of post tax results from:								
- joint ventures	14,208	-	-	-	-	-	-	14,208
- associates	1,203	-	-	-	-	-	-	1,203
	15,411	-	-	-	-	-	-	15,411
Profit before taxation								269,364
Taxation	(32,376)	(20,586)	3,033	(2,436)	-	(408)	(275)	(53,048)
Profit for the period								216,316
Other segment items								
Capital expenditure	936	-	761	10	66	8,128	27	9,928
Depreciation and amortisation	62,293	1,557	1,323	357	8,635	2,886	158	77,209
As at 30 April 2009								
Segment assets	9,371,865	47,928	77,189	661,297	387,202	128,040	8,276	10,681,797
Joint ventures	267,644	-	-	-	6,674	-	-	274,318
Associates	41,653	-	-	-	-	-	-	41,653
	309,297	-	-	-	6,674	-	-	315,971
Unallocated assets								1,674,341
Total assets								12,672,109
Segment liabilities	946,375	89,041	38,311	17,967	71,103	16,813	8,416	1,188,026
Borrowings	5,445,381	-	-	82,500	323,067	39,861	-	5,890,809
Unallocated liabilities								1,615,287
Total liabilities								8,694,122

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

8. Valuations of property, plant and equipment

The fair value of the investment property stands at RM672 million and remains unchanged from the last annual financial statements.

9. Material events subsequent to the end of the financial period

There have been no material events subsequent to the end of the financial period.

10. Changes in the composition of the Group

There is no change in the composition of the Group.

11. Commitments and contingencies

11.1 Capital commitments as at 30 April 2010

	RM'000
Authorised and contracted	55,192
Authorised and not contracted	178,096
Analysed as follows:	
Investment commitments	11,871
Property, plant and equipment	221,417
	<u>233,288</u>

11.2 Contingencies

As at 30 April 2010, 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 RM85 million) in respect of the government subsidy 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 21.

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QUARTERLY REPORT FOR THE QUARTER ENDED 30 APRIL 2010

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

12. 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>	3 months ended	
	30-Apr-10	30-Apr-09
<i>Income credited to the Group income statement</i>		
Lease rental and tenant service revenue	6,871	6,747
Others	59	50
	6,930	6,797
<i>Recovery of expenses and shared overhead costs</i>		
	2,648	1,860
<i>Expenses charged to the Group income statement</i>		
Consultancy services	4,500	4,500
Closed circuit television broadcasting services	3,013	1,585
Gas, heating, electricity, water and safety related services	2,711	3,956
Telecommunication and related services	476	408
Bloodstock management, service fees, accounting & clerical services	200	260
Sub-tenancy of premises	87	109
Connection and transaction fees	81	73
Other services	93	122
	11,161	11,013

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

13. Review of performance

Group revenue for the current quarter decreased to RM946 million, a 3% or RM33 million reduction from the corresponding quarter in the previous year (“corresponding quarter”). Group operating profit is, at RM305 million, lower by RM33 million.

Power Generation revenue decreased by 4% or RM27 million to RM666 million in the current quarter mainly due to lower energy billings from the Malaysian power plants. The operating profit of Power Generation decreased by RM27 million or 10% to RM238 million due to a lower net contribution from the overseas plants of approximately RM15 million (arising mainly from a lower US Dollar exchange rate) and the recognition in the corresponding quarter of RM10 million relating to warranty claims received.

Gross sales proceeds from the NFO business decreased to RM506 million from RM530 million due to lower demand for NFO products arising from the introduction of common draw days for special draws. This together with additional tax payments on special draws led to a reduction in the Gaming segment’s operating profit by RM15 million from RM62 million to RM47 million.

In the Leisure segment, higher box office revenue arising from better movie titles for TGV resulted in a RM9 million increase in revenue to RM83 million. Leisure operating profit improved by RM8 million due to improved results from both TGV and Tropical Islands (“TI”). TGV reported a RM3 million increase in profit to RM5 million due to improved admissions and spend. TI reported an operating profit of RM4 million (compared to an operating loss in the corresponding quarter of RM0.6 million) due mainly to higher visitor spend.

For the period under review, Group profit attributable to shareholders was lower by RM14 million from RM191 million to RM177 million. Accordingly, net earnings per share was lower at 44.0 sen from 47.5 sen in the corresponding quarter.

14. Variation of current quarter’s profit before tax to preceding quarter

The current quarter’s profit before taxation of RM242 million is higher than that of the preceding quarter’s profit before taxation of RM169 million due mainly to:

- lower NFO prize payout ratio of 63% in the current quarter compared to 69% in the preceding quarter;
- lower finance costs of RM32 million; and
- increased contribution totalling RM23 million from TI arising from improved visitor numbers and reduced operating expenses.

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

15. Prospects

The Group's prospects shall continue to be affected by the economic conditions prevailing in the geographies in which it operates. Additionally, the following factors, and other unforeseen circumstances could affect its performance for the remainder of the financial year:

- i) outcome of 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) scheduled major overhaul of a power plant;
- iii) exchange rate fluctuations impacting the Group's international operations; and
- iv) outcome of efforts to reduce totalisator expenses in the Racing Totalisator business.

In relation to the Group's investment in Tropical Islands ("TI"), the ability of third parties to successfully complete the financing, construction and subsequent rental of vacation homes on a timely basis remains a significant factor in assessing the appropriateness of the carrying value of the investment in TI.

16. 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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17. Taxation

<i>in RM'000</i>	3 months ended	
	30-Apr-10	30-Apr-09
Malaysian Taxation		
Income tax		
- Current year	37,499	50,017
- Prior year	-	(107)
	37,499	49,910
Deferred tax	5,741	2,015
	43,240	51,925
Foreign Taxation		
Income tax		
- Current year	5,340	6,270
- Prior year	(111)	(13)
	5,229	6,257
Deferred tax	378	(5,134)
	48,847	53,048

The effective tax rate for the current quarter is 20.2%, lower than the Malaysian statutory tax rate of 25% due to tax-exempt income from certain foreign operations.

18. Sale of unquoted investments and/or properties

There were no disposals of unquoted investments or properties during the period under review.

19. Quoted securities

<i>in RM'000</i>	Current Quarter
(a) Summary of dealings in quoted securities for the period ended 30 April 2010	
(i) Total purchase consideration	53
(ii) Total sale proceeds	3,226
(iii) Total profit on disposal	1,614
(b) Investments in quoted securities as at the end of the reporting period:	
(i) At cost	101,406
(ii) At book value/market value	168,300

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20. Status of corporate proposals announced but not completed

There have been no corporate proposals announced but not completed.

21. Group borrowings and debt securities

<i>in RM'000</i>	Short Term	Long Term	As at 30-Apr-10
<i>Secured</i>			
<i>Denominated in RM</i>			
Al-Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS") ¹	50,000	80,000	130,000
Serial bonds ²	100,000	630,000	730,000
Al-Bai' Bithaman Ajil ("ABBA") ³	15,000	52,500	67,500
	165,000	762,500	927,500
<i>Denominated in EURO</i>			
Transferable loan facilities ⁴	46,343	196,958	243,301
<i>Denominated in USD</i>			
Senior loans ⁵	129,544	2,454,240	2,583,784
Infrastructure Development Company Limited ("IDCOL") facilities ⁶	16,618	205,123	221,741
Asian Development Bank loans ("ADB") ⁶	36,665	258,886	295,551
Netherlands Development Finance Company ("FMO") loans ⁷	6,269	35,301	41,570
International Development Association guaranteed facility ("IDA") ⁷	14,685	57,327	72,012
Political Risk Insurance facility ("PRI") ⁷	1,562	6,098	7,660
	205,343	3,016,975	3,222,318

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21. Group borrowings and debt securities (continued)

<i>in RM'000</i>	Short Term	Long Term	As at 30-Apr-10
<i>Unsecured</i>			
<i>Denominated in RM</i>			
Redeemable bonds	-	125,000	125,000
Term loans	11,121	19,643	30,764
	11,121	144,643	155,764
<i>Denominated in USD</i>			
Term loans ⁸	30,158	202,283	232,441
	<u>457,965</u>	<u>4,323,359</u>	<u>4,781,324</u>

¹ *These debts are secured by way of assignment of certain insurances procured by Pahlawan Power Sdn Bhd and certain accounts.*

² *These debts are secured against a debenture and charge over Panglima Power Sdn Bhd's assets and properties, assignment of certain insurances, project agreements and certain accounts.*

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

⁴ *The transferable loan facilities consist of:*

a) The €30 million loan secured by way of a corporate guarantee issued by Tanjong plc.

b) The €27 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:*

a) The USD245 million loan facility secured by way of a Real Estate and Fond de Commerce Mortgage, pledge of shares in Sidi Krir Generating Company, pledge and assignment of certain agreements, receivables and certain accounts and assignment of insurances and reinsurances.

b) The USD598 million loan facility secured by way of a Real Estate and Fond de Commerce Mortgage, pledge of shares in Port Said and Suez Gulf, assignment over certain agreements, insurances, receivables and certain accounts.

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21. Group borrowings and debt securities (continued)

⁶ *These loans are secured by way of pledge of shares in Meghnaghat Power Limited (“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 Haripur Power Limited (“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 USD term loans consist of:*

a) The USD23 million term loan secured by way of a corporate guarantee issued by a subsidiary of the Group.

b) The USD51 million term loan secured by way of a corporate guarantee issued by a subsidiary of the Group.

<i>in RM million</i>	As at 30-Apr-10
Analysis of Group Borrowings	
Fixed rate loans	1,274
Floating rate loans	
Hedged	2,268
Unhedged	1,239
	<hr/> <hr/>
	4,781

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22. Derivative financial instruments

(a) Disclosure of derivatives

Details of the derivative financial instruments outstanding as at 30 April 2010 are set out below:

<i>in RM'000</i>	Contract/ Notional Value As at 30-Apr-10		Contract/ Notional Value As at 30-Apr-09	
	Fair Value	Fair Value	Fair Value	Fair Value
Interest rate swaps				
- Less than 1 year	153,242	17,473	104,455	19,293
- 1 year to 3 years	392,597	47,484	376,839	58,215
- More than 3 years	1,717,938	223,903	2,190,367	362,646
	<u>2,263,777</u>	<u>288,860</u>	<u>2,671,661</u>	<u>440,154</u>

The risks associated with the derivative financial instruments are as follows:

(i) Market risk

The Group manages its exposure to interest rate movements on its financial liabilities through the use of derivative financial instruments. The Group has entered into Interest Rate Swaps (“IRS”) to hedge the fluctuations of interest on borrowings issued at variable rates. Hence, the Group is exposed to changes in the fair value of the IRS resulting in gains or losses being recognised in the Statement of Comprehensive Income.

(ii) Credit risk

The Group is exposed to credit risks should the counterparties to the IRS fail to meet their obligations over the life of the IRS. The Group has therefore entered into IRS with various reputable counterparties to minimise the credit risk.

There are no additional cash requirements in respect of the said derivatives during the quarter under review.

The policies for mitigating such risks and the associated accounting policies have been disclosed in the Annual Report and Financial Statements for the year ended 31 January 2010. There have been no changes in the application of these policies since the end of the previous financial year.

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22. Derivative financial instruments (continued)

(b) Disclosure of gains / losses arising from fair value changes of financial liabilities

The Group determines the fair value of the derivative financial liabilities relating to the interest rate swap arrangements using valuation techniques which utilise data from recognised financial information sources. Assumptions are based on market conditions existing at each reporting date. The fair value is calculated as the present value of the estimated future cashflows using an appropriate market based yield curve.

During the current quarter, the Group recognised a total net loss of RM22.5 million in the hedging reserve in equity arising from the fair value changes on the IRS which are marked to market as at 30 April 2010. It is not expected that this loss will significantly impact the Group's cash flows.

23. 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.

24. 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 first interim gross dividend of **20 sen per share less Malaysian income tax at 25%** in respect of the financial year ending 31 January 2011 (the "**First Interim Dividend**") was declared by the Directors on 30 June 2010 (corresponding quarter : 17.5 sen per share less Malaysian income tax at 25%). Subject to the relevant provisions of the following paragraphs, the **First Interim Dividend** will be **paid on 5 August 2010** to those shareholders on record of the Company **at the close of business on 23 July 2010** as set out below.

The Register of Members of the Company will be closed from **24 July 2010 to 26 July 2010** (both dates inclusive) for the purpose of determining each shareholder's entitlement to the **First 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 July 2010** (the "**First Interim Dividend Record Date**"), shall be entitled to participate in the **First Interim Dividend**, in respect of those Tanjong shares of which they are registered as member or recorded as depositor as at the relevant date.

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24. Dividend (continued)

Valid transfers received by the Company's Branch Registrars in Malaysia, Symphony Share Registrars Sdn. Bhd. at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, 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 July 2010 will be registered by the First 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 July 2010 in respect of transfers;
- (b) shares deposited into the Depositor's Securities Account before 12.30 p.m. (Malaysian time) on 21 July 2010 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.

25. Earnings per share ("EPS")

The basic and diluted EPS for the current quarter are computed as follows:

	3 months ended	
	30-Apr-10	30-Apr-09
Profit after tax attributable to shareholders (RM'000)	177,238	191,413
Weighted average number of ordinary shares	<u>403,256,136</u>	<u>403,256,136</u>
Basic and diluted earnings per share (sen) *	<u>44.0</u>	<u>47.5</u>

* Diluted EPS is the same as basic EPS as there were no potential ordinary shares with a dilutive effect in issue during the period.

26. Qualification of preceding annual financial statements

There was no audit qualification to the preceding annual audited financial statements of the Group.

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Part C Additional explanatory notes

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

<i>in RM'000</i>	3 months ended	
	30-Apr-10	30-Apr-09
Cost of sales	576,776	588,669
Distribution costs	19,221	18,968
Administrative expenses	36,951	33,273
Other operating expenses	18,112	18,511
Total operating costs	<u>651,060</u>	<u>659,421</u>

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

<i>in RM'000</i>	3 months ended	
	30-Apr-10	30-Apr-09
Profit after taxation	193,413	216,316
Adjustments for:		
- Finance costs	78,008	85,109
- Depreciation and amortisation	73,781	77,209
- Taxation	48,847	53,048
- Other non-cash items	8,183	(5,426)
- Net investment income	6,906	3,086
- Share of post tax results from joint ventures and associates	(18,698)	(15,411)
- Interest income	(3,441)	(3,707)
Changes in working capital	67,010	(2,774)
Cash generated from operations	<u>454,009</u>	<u>407,450</u>

By order of the Board

Siuagamy Ramasamy
Group Company Secretary

30 June 2010

Kuala Lumpur

Copies of the Unaudited Results of the Tanjong Group for the first quarter ended 30 April 2010 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.