

TANJUNG OFFSHORE BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2010
(the figures have not been audited)

	2010 Current Period Quarter Ended 30-Jun (Unaudited) (RM'000)	2009 Preceding Year Quarter Ended 30-Jun (Unaudited) (RM'000)	2010 Current Year Cumulative to Date 30-Jun (Unaudited) (RM'000)	2009 Preceding Year Period Ended 30-Jun (Unaudited) (RM'000)
Revenue	137,153	171,651	264,701	358,520
Cost of Sale	-99,965	-142,480	-196,673	-293,835
Gross Profit	37,188	29,171	68,028	64,685
Other Income	953	9	3,180	1,090
Operating Expenses	-25,011	-22,114	-49,300	-43,731
Finance Cost	-8,211	-4,555	-15,200	-8,289
Share of (Loss)/Profit From Associate	-1,096	1,729	1,513	1,890
Profit Before Taxation	3,823	4,240	8,221	15,645
Taxation:				
Company & Subsidiary Companies	-647	-418	-1,272	-1,368
Associate Company	416	-385	-289	-386
Net Profit For the Period	3,592	3,437	6,660	13,891
Attributable to:				
Equity Holders of the Company	3,269	2,751	6,314	12,738
Minority Interest	323	686	346	1,153
Net Profit Attributable to Ordinary Equity Holders	3,592	3,437	6,660	13,891
Earnings Per Share				
- Basic	1.29	1.13	2.51	5.21
- Diluted	1.24	1.06	2.41	4.90

Company No.: 662315-U

TANJUNG OFFSHORE BERHAD (Incorporated in Malaysia)				
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2010 (the figures have not been audited)				
	2010 Current Period Quarter Ended 30-Jun (Unaudited) (RM'000)	2009 Preceding Year Quarter Ended 30-Jun (Unaudited) (RM'000)	2010 Current Year Cummulative to Date 30-Jun (Unaudited) (RM'000)	2009 Preceding Year Period Ended 30-Jun (Unaudited) (RM'000)
Net Profit For the Period	3,592	3,437	6,660	13,891
Exchange Differences on Translating Foreign Operatio	(154)	2,138	(784)	2,227
Total Comprehensive Income For The Period	3,438	5,575	5,876	16,118
Total Comprehensive Income Attributable to:				
Equity Holders of the Company	3,151	4,462	5,571	14,780
Minority Interest	287	1,113	305	1,338
	3,438	5,575	5,876	16,118

TANJUNG OFFSHORE BERHAD (Incorporated in Malaysia)		
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010 (the figures have not been audited)	As at 30-Jun-10 Unaudited (RM'000)	As at 31-Dec-09 Audited (RM'000)
NON-CURRENT ASSETS		
Associate Company	4,672	3,565
Property, Plant & Equipment	771,483	765,020
Intangible Assets	9,625	10,742
Deferred Tax Assets	8,165	8,085
Total Non-Current Assets	793,945	787,412
CURRENT ASSETS		
Inventories	8,843	9,351
Trade Receivables	202,496	215,820
Other Receivables, Prepayment & Deposits	40,039	37,670
Fixed Deposits With Licenced Banks	11,050	6,976
Cash & Bank Balances	12,727	31,293
Total Current Assets	275,155	301,110
CURRENT LIABILITIES		
Trade Payables	113,244	126,830
Other Payables & Accruals	29,791	32,069
Hire Purchase & Lease Payables	1,679	2,124
Short Term Borrowings	66,469	102,272
Provision For Taxation	537	808
Total Current Liabilities	211,720	264,103
NET CURRENT ASSETS	63,435	37,007
	857,380	824,419
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Share Capital	130,692	125,650
Reserves	202,899	195,589
Treasury Shares	(4,396)	(4,396)
	329,195	316,843
Minority Interests	5,545	5,240
Total Equity	334,740	322,083
NON-CURRENT LIABILITIES		
Hire Purchase & Lease Payables	3,932	4,790
Term Loans	293,082	271,920
RM150 Million Serial Bond Issuance	105,597	105,597
Islamic IMTN Programme	120,029	120,029
Total Non-Current Liabilities	522,640	502,336
	857,380	824,419

Company No: 662315-U

TANJUNG OFFSHORE BERHAD
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY FOR THE
PERIOD ENDED 30 JUNE 2010**
(The figures have not been audited)

	Equity Attributable to Equity Holders of the Company									Minority Interests	Total
	Distributable			Non-Distributable							
	Share Capital RM'000	Accumulated Profit RM'000	Share Premium RM'000	Capital Reserves RM'000	Foreign Currency Translation Reserve RM'000	Revaluation Reserve RM'000	Employee Share Option Reserve RM'000	Treasury Shares RM'000	Total RM'000	RM'000	RM'000
Balance as at 01.01.2010	125,650	57,602	40,704	3,429	(4,224)	96,466	1,612	-4,396	316,843	5,240	322,083
Total comprehensive income for the period	-	6,314	-	-	(743)	-	-	-	5,571	305	5,876
Realisation of revaluation reserve	-	2,896	-	-	-	(2,896)	-	-	-	-	-
Warrants exercised during the period	1,883	-	188	-	-	-	-	-	2,071	-	2,071
ESOS Share Subscription during the period	3,159	-	2,455	(904)	-	-	-	-	4,710	-	4,710
Balance as at 30.06.2010	130,692	66,812	43,347	2,525	(4,967)	93,570	1,612	(4,396)	329,195	5,545	334,740

TANJUNG OFFSHORE BERHAD
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY FOR THE
PERIOD ENDED 30 JUNE 2009**
(The figures have not been audited)

	Equity Attributable to Equity Holders of the Company									Minority Interests	Total
	Distributable			Non-Distributable							
	Share Capital RM'000	Accumulated Profit RM'000	Share Premium RM'000	Capital Reserves RM'000	Foreign Currency Translation Reserve RM'000	Revaluation Reserve RM'000	Employee Share Option Reserve RM'000	Treasury Shares RM'000	Total RM'000	RM'000	RM'000
Balance as at 01.01.2009	123,295	59,724	40,070	3,433	(3,843)	102,258	1,364	-4,351	321,950	315	322,265
Total comprehensive income for the period	-	12,738	-	-	2,042	-	-	-	14,780	1,338	16,118
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	3,767	3,767
Dividend paid	-	(10,990)	-	-	-	-	-	-	(10,990)	-	(10,990)
Repurchased of shares	-	-	-	-	-	-	-	(45)	(45)	-	(45)
Realisation of revaluation reserve	-	2,896	-	-	-	(2,896)	-	-	-	-	-
ESOS Share Subscription during the year	149	-	56	-	-	-	-	-	205	-	205
Share-based payment under ESOS	-	-	-	-	-	-	249	-	249	-	249
Balance as at 30.06.2009	123,444	64,368	40,126	3,433	(1,801)	99,362	1,613	(4,396)	326,149	5,420	331,569

Company No. 662315-U

TANJUNG OFFSHORE BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2010
(The figures have not been audited)

	As at 30-Jun-10 (Unaudited) (RM'000)	As at 30-Jun-09 (Unaudited) (RM'000)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	8,221	15,645
Adjustments:		
Non cash item	17,475	10,977
Non operating items	15,151	7,914
Operating profit before changes in working capital	40,847	34,536
Changes in working capital		
Net change in current assets	10,727	24,450
Net change in current liabilities	-15,863	-23,559
Cash generated from operating activities	35,711	35,427
Tax paid	-1,554	-1,265
Net cash generated from operating activities	34,157	34,162
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	50	375
Purchase of property, plant and equipment	-24,334	-77,658
Purchase of intangible assets	-	(1,156)
Acquisition of subsidiary company	-	-2,439
Net cash used in investing activities	-24,284	-80,878
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of shares	6,781	273
Net bank borrowings	(10,667)	28,316
Interest expenses	-15,200	(8,289)
Repurchased of shares	-	-45
Decrease/(Increase) in fixed deposits pledged	1,727	-9,744
Dividend paid	-	-10,990
Net cash used in financing activities	-17,359	-479
Net change in cash and cash equivalent	-7,486	-47,195
Opening cash and cash equivalent	(9,393)	32,985
Closing cash and cash equivalent	-16,879	-14,210

**Company No: 662315-U
Tanjung Offshore Berhad**

Interim Financial Report For The Second Quarter Ended 30 June 2010

	Individual Period		Cumulative Period	
	Current Year Quarter 30/06/2010 RM'000	Preceding Year Corresponding Quarter 30/06/2009 RM'000	Current Year Quarter 30/06/2010 RM'000	Preceding Year Corresponding Quarter 30/06/2009 RM'000
1. Revenue	137,153	171,651	264,701	358,520
2. Profit before taxation	3,823	4,240	8,221	15,645
3. Profit for the period	3,592	3,437	6,660	13,891
4. Profit attributable to ordinary equity holders of the company	3,269	2,751	6,314	12,738
5. Basic earnings per share (sen)	1.29	1.13	2.51	5.21
6. Proposed/Declared Dividend per share (sen)	0.00	0.00	0.00	0.00

	As at End of Current Quarter	As at Preceding Financial Year End
7. Net assets per share attributable to ordinary equity holders of the parent (RM)	1.26	1.26

Remarks:

The calculation of basic earnings per ordinary share for both the current quarter and year-to-date ended 30 June 2010 is based on the weighted average number of ordinary shares of 253,873,447 and 251,514,990 respectively.

Additional Information

	Individual Period		Cumulative Period	
	Current Year Quarter 30/06/2010 RM'000	Preceding Year Corresponding Quarter 30/06/2010 RM'000	Current Year Quarter 30/06/2010 RM'000	Preceding Year Corresponding Quarter 30/06/2009 RM'000
1. Gross interest income	18	46	50	375
2. Gross interest expense	8,218	4,555	15,200	8,289
3. Depreciation	9,125	6,625	17,871	12,619

NOTES TO THE QUARTERLY REPORT FOR THE PERIOD ENDED 30 JUNE 2010

A1 Basis of Preparation

The interim financial statements have been prepared under the historical cost convention. The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted by Tanjung Offshore Berhad and its subsidiaries ("Tanjung" or "Group" or "Company") in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 December 2009 except for the adoption of new FRSs, amendments and IC interpretations that are mandatory for the Group for the financial year beginning 01 January 2010. The adoption of these FRSs, amendments and interpretations do not have a material impact on the interim financial information of the Group except for the adoption of the followings FRSs as set out below .:

Revised FRS 101 "Presentation of Financial Statements"

The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income which can be presented as single statement or two statements (comprising the income statement and statement of comprehensive income). The Group has elected to present the statement of comprehensive income in two statements. As a result, the Group has presented all owner changes in equity in the consolidated statement of changes in equity whilst all non-owner changes in equity have been presented in the consolidated statement of comprehensive income. There is no impact on the results of the Group since these changes affect only the presentation of items of income and expenses.

A2 Qualification of Financial Statement

There was no qualification made on the preceding audited financial statements for the financial year ended 31 December 2009.

A3 Seasonal or Cyclical Factors

The business operations of the Group were not affected by any seasonal or cyclical factors in the oil and gas industry.

A4 Extraordinary and Exceptional Items

There were no extraordinary and exceptional items of unusual nature affecting assets, liabilities, equity, net income or cash flows in the interim financial report for the financial period ended 30 June 2010.

A5 Change in Estimates of Amounts Reported Previously

There were no changes in estimates of amounts reported in prior interim periods or prior financial year that have a material effect on the current interim financial period.

A6 Issuances of Debt & Equity Securities

The Employee Share Options Scheme ("ESOS Scheme") was implemented on 2 August 2005. On 25 June 2010, the ESOS Scheme has been renewed and extended for another five (5) years to 1 August 2015. As at 30 June 2010, the details of the ESOS options outstanding for the period under review are as follows:-

No Options Granted up to 30 June 2010	Exercised	Cancelled	No of Options Outstanding as at 30 June 2010	Date of expiry
24,876,390	16,122,590	1,233,400	7,520,400	01 August 2010

As at 30 June 2010, the Company has an outstanding RM110.0 million Serial Fixed Rate Bonds which were fully drawn down and utilized to finance the construction of three (3) units of offshore support vessels. The Company also has an outstanding RM120.0 million Islamic Medium Term Notes ("IMTN") which has been utilized to part finance the construction of six (6) units of offshore support vessels.

On 23 May 2008, the shareholders of Tanjung approved the Share Buy-Back exercise to purchase its own shares of up to ten percent (10%) of its issued and paid-up capital. The Share Buy-Back mandate was renewed at the Annual General Meeting of Tanjung on 31 May 2010.

On 17 June 2010, Tanjung announced that it was going to undertake a private placement of 26,000,000 new ordinary shares of RM0.50 each ("**Shares**") in Tanjung to E-Cap (Internal) One Sdn Bhd (E-Cap), representing approximately 10% of the total issued and paid-up share capital of Tanjung (inclusive of treasury shares) as at 8 June 2010, at an issue price of RM1.30 per Share ("**Private Placement**"). Concurrent with the Private Placement, E-Cap had on 17 June 2010 entered into a sale and purchase agreement with Haji Abdullah Bin Hashim and his affiliates, for the acquisition by E-Cap of an aggregate of 30,500,000 existing Shares in Tanjung ("**Shareholders' Transaction**").

The above corporate exercises were approved by the shareholders of Tanjung at an Extraordinary General Meeting on 23 July 2010. The above corporate exercises were completed via the listing of the new placement shares on 29 July 2010.

Save as disclosed above, there were no issuance of debt and equity securities for the current financial period under review.

A7 Dividends declared or paid

No dividend was declared or paid during the current financial quarter under review.

A8 Segmental information

Segment analysis for the period ended 30 June 2010 is set out below:

	Engineering Equipment Supply RM'000	Offshore Support Vessels Services RM'000	Maintenance Services RM'000	Drilling and Platform Services RM'000	Total RM'000
Revenue	103,792	66,270	21,471	73,168	264,701
Segment results	(2,243)	23,035	(531)	1,647	21,908
Finance cost					(15,200)
Share of profit from associate					1,513
Profit before taxation					8,221
Taxation					(1,561)
Net profit for the period					6,660

A9 Valuation of Property, Plant and Equipment

There was no valuation of property, plant and equipment during the current quarter under review.

A10 Material events subsequent to Balance Sheet date as at 31 December 2009

There were no material events subsequent to the Balance Sheet date as at 31 December 2009 which will materially affect the earnings or income of the Group.

A11 Changes in the Composition of the Group

There were no significant changes in the composition of the Group in the interim financial report, including business combination, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations.

A12 Contingent Liabilities

There were no significant changes in contingent liabilities since the last annual balance sheet date and there were no additional contingent liabilities reported in the current financial quarter ended 30 June 2010.

A13 Capital Commitment

There are no capital commitments in the current quarter under review.

A14 Acquisition of Property, plant and equipment

There was no material acquisition or disposal of assets such as property, plant and equipment during the current quarter under review.

B ADDITIONAL INFORMATION REQUIRED UNDER LISTING REQUIREMENTS

B1 Variance of results against preceding year quarter

For the current quarter ended 30 June 2010, the Group recorded consolidated revenue of RM137.15 million. This represents a decrease of RM34.50 million or 20.0% as compared to RM171.65 million recorded in the corresponding quarter ended 31 March 2009. The net profit after tax recorded for the current quarter ended 30 June 2010 of RM0.15 million is RM0.15 million or 4.36% lower than that recorded in the corresponding quarter ended 30 June 2009 of RM3.44 million.

During the quarter under review, the Group recorded lower revenue as compared to the preceding year quarter due to the completion of engineering equipment contracts for the following subsidiaries namely, Citech Energy Recovery Systems UK Limited (CERS), Tanjung CSI Sdn Bhd and Tanjung Offshore Services Sdn Bhd (TOS) during Quarter 1, 2010. Apart from the completion of engineering equipment contracts, MV Tanjung Gelang has also completed its long term charter to Carigali PTTEPI Operating Company (CPOC) at the end of Quarter 1, 2010. The Group is currently in the midst of securing a new charter contract for the said vessel.

Notwithstanding the Group's lower revenue, the Group registered a slightly higher profit after tax of RM3.59 million due to the management's conscious efforts to reduce operating costs at all levels within the Group's operations.

B2 Variance of results against preceding quarter

The Group's total revenue for the current quarter of RM137.15 million represents an increase of RM9.60 million or 7.53% as compared to RM127.55 million recorded in the preceding quarter ended 31 March 2010. The Group's consolidated net profits of RM3.59 million registered in the current quarter represents a slight increase in earnings as compared to the net profit of RM3.05 million registered in the preceding quarter. The Groups profitability is slightly higher in the current quarter under review due to cost reduction measures in all level of operations earlier this year.

B3 Current Year Prospects

The Board of Directors of Tanjung remains upbeat on the future of oil and gas industry in Malaysia. Notwithstanding the volatility in oil prices, we are confident that we are able to continue to enhance our services to the oil majors in their exploration, development of new oilfields, upgrade and maintenance of the existing and new offshore platforms, in particular various development programmes spearheaded by the national oil company, PETRONAS.

With the injection of additional equity and new expertise from Ekuiti Nasional Berhad, we look forward to working as a team in penetrating niche markets within Tanjung's four (4) core businesses to further enhance its growth in revenue and profitability in the oil and gas industry. We will continue to invest in sectors or assets that are fundamentally strong in generating healthy returns and taking a long term outlook of the oil and gas industry.

B4 Variance of actual and profit estimates

The Group has not provided any quarterly profit forecasts and therefore no comparison is available.

B5 Taxation

	Individual Period		Cumulative Period	
	Current Year Quarter 30/06/2010 RM'000	Preceding Year Corresponding Quarter 30/06/2009 RM'000	Current Year Quarter 30/06/2010 RM'000	Preceding Year Corresponding Quarter 30/06/2009 RM'000
a. Income Tax Expenses	231	803	1,641	1,754
b. Over provision in previous year	-	-	-	-
c. Deferred Tax Liabilities / (Assets)	-	-	(80)	-
d. Total	231	803	1,561	1,754

Note: The Group's tax rate is lower than that of the statutory tax rate. This is mainly due to the utilisation of capital allowances of newly completed vessels.

B6 Acquisition and Disposal of Unquoted Investment and Properties

There was no material purchase or disposal of unquoted investment and/or properties during the current quarter under review.

B7 Quoted and Marketable Investment

There was no purchase or disposal of quoted and marketable securities during the current quarter under review.

B8 Status of Corporate Proposal

The Employee Share Options Scheme (“ESOS Scheme”) was implemented on 2 August 2005. On 25 June 2010, the ESOS Scheme has been renewed and extended for another five (5) years to 1 August 2015. As at 30 June 2010, the details of the ESOS options outstanding for the period under review are as follows:-

No Options Granted up to 30 June 2010	Exercised	Cancelled	No of Options Outstanding as at 30 June 2010	Date of expiry
24,876,390	16,122,590	1,233,400	7,520,400	01 August 2010

As at 30 June 2010, the Company has an outstanding RM110.0 million Serial Fixed Rate Bonds which were fully drawn down and utilized to finance the construction of three (3) units of offshore support vessels. The Company also has an outstanding RM120.0 million Islamic Medium Term Notes (“IMTN”) which has been utilized to part finance the construction of six (6) units of offshore support vessels.

On 23 May 2008, the shareholders of Tanjung approved the Share Buy-Back exercise to purchase its own shares of up to ten percent (10%) of its issued and paid-up capital. The Share Buy-Back mandate was renewed at the Annual General Meeting of Tanjung on 31 May 2010.

On 17 June 2010, Tanjung announced that it would undertake a private placement of 26,000,000 new ordinary shares of RM0.50 each (“**Shares**”) in Tanjung to E-Cap (Internal) One Sdn Bhd (E-Cap), representing approximately 10% of the total issued and paid-up share capital of Tanjung (inclusive of treasury shares) as at 8 June 2010, at an issue price of RM1.30 per Share (“**Private Placement**”). Concurrent with the Private Placement, E-Cap had on 17 June 2010 entered into a sale and purchase agreement with Haji Abdullah Bin Hashim and his affiliates, for the acquisition by E-Cap of an aggregate of 30,500,000 existing Shares in Tanjung (“**Shareholders’ Transaction**”).

The above corporate exercises were approved by the shareholders of Tanjung at an Extraordinary General Meeting on 23 July 2010. The above corporate exercises were completed via the listing of the new placement shares on 29 July 2010.

Save as disclosed above, there were no issuance of debt and equity securities for the current financial period under review.

B9 Bank Borrowings

	(RM'000)
a) <u>Short term borrowings</u>	
i) Hire purchase & lease payables	1,679
ii) Overdraft/Revolving credit	66,469
Sub Total	68,148
b) <u>Long term borrowings</u>	
i) Hire purchase & lease payables	3,932
ii) Term loans	293,082
iii) RM150 Million Serial Bond Issuance	105,597
iv) Islamic IMTN Programme	120,029
Sub Total	522,640
TOTAL BORROWINGS	590,788

B10 Off balance sheet financial instrument

As of todate, Tanjung has not entered into any off balance sheet financial instruments.

B11 Material litigation

The Group is not engaged in any litigation, either as plaintiff or defendant, which has a material effect on the financial position of the Group, and the Directors are not aware of any proceedings pending or threatened or of any fact likely to give any proceedings which might materially and/or adversely affect the position or business of the Group.

B12 Dividend

No dividend was declared or paid during the current financial quarter under review.

B13 Earnings per share

	Quarter Ended		Year to Date Ended	
	30/06/2010	30/06/2009	30/06/2010	30/06/2009
Net profit attributable to ordinary shareholders (RM'000)	3,269	2,751	6,314	12,738
Basic				
Total number of ordinary shares ('000)	258,907	244,411	258,907	244,411
Adjusted weighted average number of ordinary shares ('000)	253,873	244,315	251,515	244,285
	<u>253,873</u>	<u>244,315</u>	<u>251,515</u>	<u>244,285</u>
Basic earnings per ordinary share (cent)	1.29	1.13	2.51	5.21
Diluted				
Adjusted weighted average number of ordinary shares ('000)	253,873	244,315	251,515	244,285
ESOS:				
No of unissued shares ('000)#	5,556	-	5,556	-
WARRANTS:				
No of unexercised warrant A ('000)	32,119	35,902	32,119	35,902
No of unexercised warrant B ('000)#	-	-	-	-
	<u>32,119</u>	<u>35,902</u>	<u>32,119</u>	<u>35,902</u>
Diluted weighted average number of ordinary shares ('000)	264,025	260,068	261,666	260,038
Diluted earnings per ordinary share (cent)	1.24	1.06	2.41	4.90

Certain diluted earnings per ordinary share are not presented, as the computation would result in anti-dilutive earnings per ordinary share.