ANNUAL REPORT & FINANCIAL STATEMENTS

31 January 2007

TANJONG
public limited company

(Incorporated in England 1926 - Registration No. 210874)
(Registered as a foreign company in Malaysia - No. 990903-V)

Contents

2007

Company Profile

2007

Tanjong public limited company ("Tanjong" or "Company") was incorporated in England on 2 January 1926 as Tanjong Tin Dredging Limited. The Company assumed its present name in 1991 following the restructuring of the Company and the acquisition of Pan Malaysian Pools Sdn Bhd. Tanjong shares were re-listed on the Kuala Lumpur Stock Exchange (now Bursa Malaysia Securities Berhad, referred to as Bursa Securities throughout the Annual Report and Financial Statements) and the London Stock Exchange plc on 24 December 1991.

The authorised capital of the Company is £33,750,000, comprising 450,000,000 shares of 7.5 pence each of which 403,256,136 shares of 7.5 pence each have been issued and fully paid as at 15 May 2007.

The Company is an investment holding company of a group of subsidiaries whose principal activities relate to Power Generation, Gaming, Leisure and Property Investment.

BOARD OF DIRECTORS

Dato' Robert Cheim Dau Meng (1)
Chairman
Independent Non-Executive Director

Leong Wai Hoong
Independent Non-Executive Director

Dato' Larry Gan Nyap Liou @
Gan Nyap Liow (2)
Independent Non-Executive Director

Khoo Teik Chooi
Non-Executive Director

Augustus Ralph Marshall
Executive Director

GROUP COMPANY SECRETARY

Siuagamy Ramasamy

REGISTERED OFFICE IN ENGLAND

The Registry
34 Beckenham Road, Beckenham
Kent BR3 4TU, England
Tel No. 020 863 92000
Fax No. 020 865 83430

PRINCIPAL OFFICE IN MALAYSIA

Level 30, Menara Maxis
Kuala Lumpur City Centre
50088 Kuala Lumpur
Malaysia
Tel No. 603 2381 3388
Fax No. 603 2381 3399
Website: www.tanjongplc.com

PRINCIPAL REGISTRARS

Capita Registrars
The Registry
34 Beckenham Road, Beckenham
Kent BR3 4TU, England
Tel No. 020 863 92157
Fax No. 020 863 92342
E-mail Address: ssd@capitaregistrars.com

REGISTRARS IN MALAYSIA

Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi-Purpose
Capital Square
No. 8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Malaysia
Tel No. 603 2721 2222
Fax No. 603 2721 2530 / 2721 2531
E-mail Address: ssrs@symphony.com.my

STOCK EXCHANGE LISTINGS

Bursa Securities
London Stock Exchange plc

STOCKBROKERS

Hoare Govett Limited, United Kingdom

PRINCIPAL BANKERS

CIMB Bank Berhad (formerly known as Bumiputra-Commerce Bank Berhad), Malaysia
National Westminster Bank plc, United Kingdom

SOLICITORS

Slaughter and May, United Kingdom
Cheong Kee Fong & Co, Malaysia

AUDITORS

PricewaterhouseCoopers LLP, United Kingdom

(1) He is also referred to as Dato' Robert Cheim in other sections of the Annual Report & Financial Statements.
(2) He is also referred to as Dato' Larry Gan in other sections of the Annual Report & Financial Statements.

AUGUSTUS RALPH MARSHALL
Executive Director

DATO' ROBERT CHEIM
Chairman/Independent Non-Executive Director

KHOO TEIK CHOOI
Non-Executive Director

DATO' LARRY GAN
Independent Non-Executive Director

LEONG WAI HOONG
Independent Non-Executive Director

Board
of Directors

2007

DATO' ROBERT CHEIM

DATO' ROBERT CHEIM Chairman/Independent Non-Executive Director

Malaysian. Age 56. A Fellow of the Institute of Chartered Accountants in England and Wales and a Member of the Malaysian Institute of Accountants. Appointed Chairman/Independent Director to the Board of Tanjong in May 2005.

A Non-Independent Non-Executive Director of Bumiputra-Commerce Holdings Berhad since November 2006. Currently an Adviser to CIMB Investment Bank Berhad. Joined CIMB Investment Bank Berhad in 1984, was Chief Executive Officer from 1993 to 1999 and also Executive Director from January 1992 to July 2006.

Between 1977 and 1984, held various management positions with the former United Asian Bank Berhad (now known as CIMB Bank Berhad).

LEONG WAI HOONG

LEONG WAI HOONG Independent Non-Executive Director

Malaysian. Age 61. Degree in Bachelor of Arts (Hons.) from the University of Malaya.

Between 1977 and 1994, he held senior positions in R.J. Reynolds Berhad which was acquired by JT International Group in 1996.

Joined Usaha Tegas Group ("UTSB") in 1994 and held senior management and marketing positions in Binariang Sdn. Bhd. (now known as Maxis Communications Berhad). Appointed Non-Executive Director of Tanjong in April 1994 and has been an Independent Director since September 1996, upon his resignation from UTSB.

Was the Regional Vice President (S.E.Asia), JT International in 1996. In the same year, he was appointed the Managing Director of JT International Berhad (listed on the Bursa Securities) until his retirement in January 2000 and currently serves on its board as a Non-Executive Director.

Has extensive experience in business development, sales, marketing and general management.

DATO' LARRY GAN

DATO' LARRY GAN Independent Non-Executive Director

Malaysian. Age 52. A Fellow of the Association of Chartered Certified Accountants and a Member of the British Institute of Management, Malaysian Institute of Accountants and Institute of Management Consultants respectively. Appointed Independent Director to the Board of Tanjong in May 2005.

He retired in December 2004 from the global Accenture organization, a leading management and technology consulting firm. He spent 26 years with the firm, 16 as Partner, and had many global leadership roles. He was Managing Partner – Malaysia from 1989 to retirement, Managing Partner – ASEAN 1993-1996, Managing Partner – ASIA 1997-1999 and Managing Partner, Corporate Development, ASIA PACIFIC – 1999 to 2002. Between 1997 and 2004, he was a member of the Global Management Council, and sat on the many global management committees governing partner admission, rewards and compensation.

Is a Board Member of MIMOS Berhad (the Malaysian Government technology research corporation), REDtone Berhad, Datascan Berhad, Ambank (M) Berhad, AmInvestment Group Berhad and Tien Wah Press Holdings Berhad. He has also served as Chairman of the Association of Computer Industry Malaysia (PIKOM) and a Member of the Copyright Tribunal and The Labuan International Financial Exchange Committee.

KHOO TEIK CHOOI

KHOO TEIK CHOOI Non-Executive Director

Malaysian. Age 69. Qualified in automotive engineering in South Bedfordshire Technical College, Luton, UK. Appointed Director to the Board of Tanjong in October 1991 and was appointed its Chairman in July 1992. Retired as Chairman and Executive Director of Tanjong on 1 April 2003 and remains as Non-Executive Director.

Between 1961 and 1969, served in various management positions with Borneo Motors Ltd. From 1969 to 1987, held various senior marketing and management positions in the Shell group of companies in Malaysia prior to joining the Group. Was responsible for the establishment of the Numbers Forecast Totalisator business. Has extensive experience in business, sales and marketing and general management.

AUGUSTUS
RALPH MARSHALL

AUGUSTUS RALPH MARSHALL Executive Director

Malaysian. Age 55. An Associate of the Institute of Chartered Accountants in England and Wales, and a Member of the Malaysian Institute of Certified Public Accountants and has some 30 years experience in financial and general management.

Has been a Director of Tanjong since August 1991 and an Executive Director since February 1992. Is primarily responsible for providing strategic direction and investment policy decisions.

He also serves on the Boards of several companies listed on the Bursa Securities viz ASTRO ALL ASIA NETWORKS plc ("Astro") as Executive Deputy Chairman, Maxis Communications Berhad ("Maxis"), MEASAT Global Berhad and KLCC Property Holdings Berhad as Non-Executive Director.

His other directorships include Powertek Berhad, Arnhold Holdings Limited (listed on The Stock Exchange of Hong Kong Limited) and Overseas Union Enterprise Limited ("OUE") (listed on the Singapore Exchange Securities Trading Limited). He is also an Executive Director of Usaha Tegas Sdn Bhd, which has significant interests in Tanjong, Maxis, Astro and OUE among others.

Details of membership in Board Committees

DIRECTORS	BOARD COMMITTEES		
	Audit Committee	Remuneration Committee	Nominating Committee
Dato' Robert Cheim	–	–	Chairman
Leong Wai Hoong	Member	Chairman	Member
Dato' Larry Gan	Chairman	Member	–
Khoo Teik Chooi	–	–	Member *(w.e.f. 1.2.2007)*
Augustus Ralph Marshall	Member *(w.e.f. 1.2.2007)*	Member *(w.e.f. 1.2.2007)*	–
Tan Poh Ching [1]	Member *(ceased w.e.f. 1.2.2007)*	Member *(ceased w.e.f. 1.2.2007)*	Member *(ceased w.e.f. 1.2.2007)*

[1] Tan Poh Ching ceased as a Director of Tanjong w.e.f. 1 February 2007. As a consequence of his cessation as Director, he ceased his membership of the Audit, Remuneration and Nominating Committees of Tanjong simultaneously.

- Directors' attendance at the Board and Board Committees' meetings during the financial year ended 31 January 2007 are set out in the Corporate Governance Statement.
- None of the Directors has had convictions for any offence within the past 10 years.
- None of the Directors has any family relationship with any Director and/or major shareholder of the Company.
- None of the Directors has any business arrangement with the Company in which he has a personal interest.

Senior Management 2007

TAN KONG HAN
YIN YEE YUEN
SHIRENE LEE
GERARD NATHAN
SIUAGAMY RAMASAMY
IR. DR ONG PENG SU

Group Chief Operating Officer

TAN KONG HAN joined the Group in 2003 as the Group Chief Operating Officer. He has more than 13 years working experience in investment banking.

He read economics and law at Cambridge, graduated with a Bachelor of Arts degree in 1988 and was called to the English Bar (Lincoln's Inn) in 1989 and the Malaysian Bar in 1990.

Group Chief Financial Officer

GERARD NATHAN joined the Group in 1993 and has been the Group Chief Financial Officer since October 2000. He has over 25 years experience in finance, accounting, audit and business improvement areas, having previously been a principal of Ernst & Young.

He is a Chartered Certified Accountant (United Kingdom) and a Certified Public Accountant (Malaysia).

Executive Director, Powertek Berhad

IR. DR ONG PENG SU joined the Group in 1990 and has been the Executive Director of Powertek Berhad since March 2001. He has more than 25 years experience in the power business.

Dr Ong graduated with a first class honours degree in Electrical and Electronics Engineering from the University of Strathclyde, Scotland in 1976. He was awarded his PhD majoring in Power System in 1982 from the same university. He is a Registered Professional Engineer with the Board of Engineers, Malaysia and is a member of The Institution of Engineers, Malaysia.

Chief Operating Officer, Pan Malaysian Pools Sdn Bhd

YIN YEE YUEN joined Pan Malaysian Pools Sdn Bhd ("PMP") in 1993 and has been the Chief Operating Officer of PMP since February 2002. Yin graduated from the University of Canterbury, New Zealand ("NZ") with a Degree in Commerce. He is a Chartered Accountant (Institute of Chartered Accountants, NZ) and a Member of the Malaysian Institute of Accountants. He has more than 28 years working experience, both in Malaysia and NZ, in accounting, auditing, financial management, consumer banking, systems development and business operations.

Group Company Secretary

SIUAGAMY RAMASAMY joined the Group in 1991 and is currently the Group Company Secretary. An Associate of the Institute of Chartered Secretaries & Administrators, UK, she has more than 20 years of extensive experience in the corporate, legal and company secretarial matters.

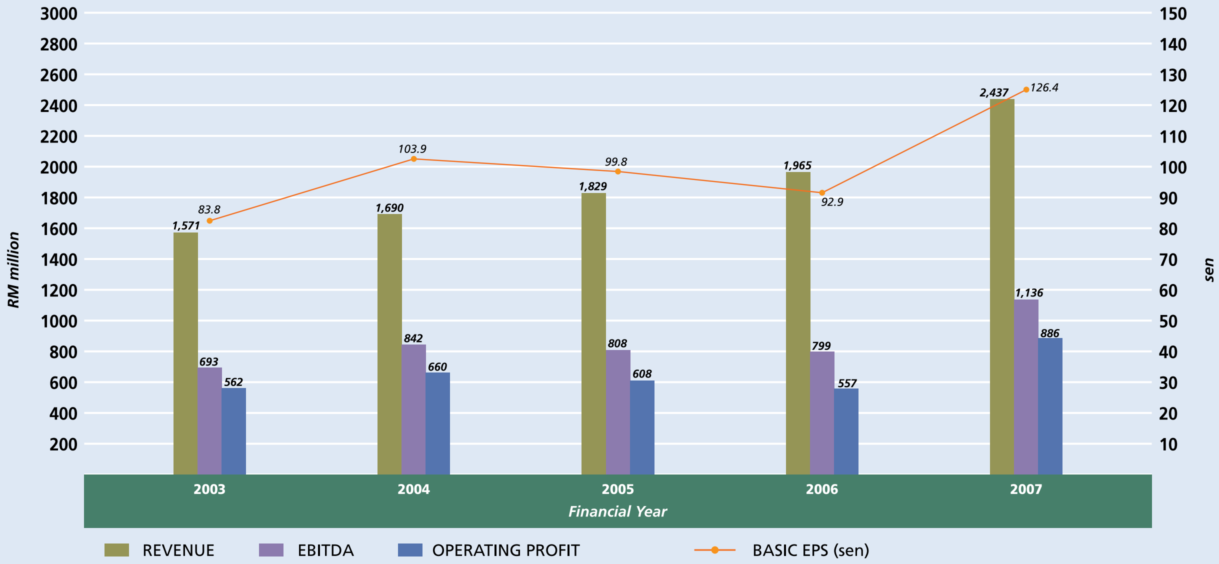
General Manager, Legal & Corporate Affairs

SHIRENE LEE joined the Group in 1997. She holds a Bachelor of Law (Hons.) degree from the University of London, a Certificate in Legal Practice (CLP) from the Legal Profession Qualifying Board, Malaysia as well as a Diploma in Commerce (Business Management) from Tunku Abdul Rahman College. She is an Associate Member of the Institute of Chartered Secretaries & Administrators, UK. She has more than 15 years experience in legal and corporate matters.

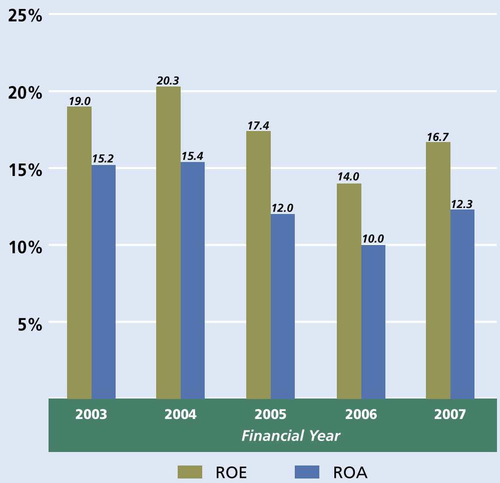
Group Financial Highlights

2007

Group Financial Results

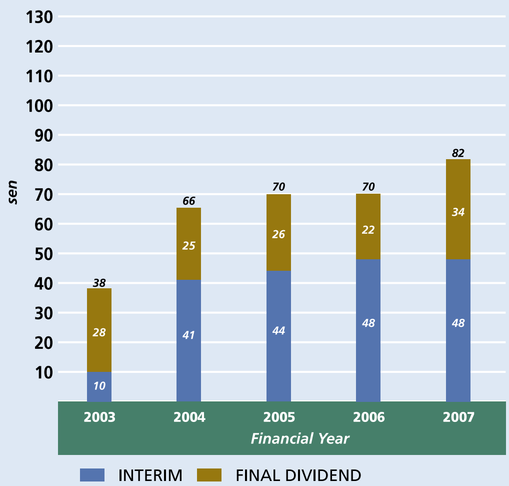


ROE & ROA (%)

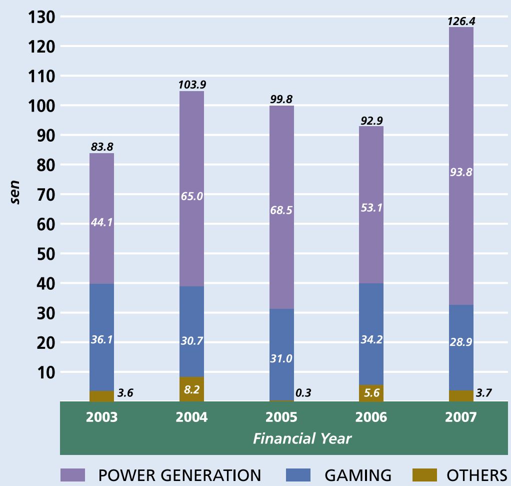


Debt/Equity Ratio (times)

Dividends Per Share (sen)



Earnings Per Share Contribution (sen)



Year ended 31 January	2007	2006	2005	2004	2003
Consolidated Income Statement (in RM'000)					
Revenue	2,437,339	1,965,293	1,828,673 [2]	1,690,095 [2]	1,571,240 [2]
EBITDA [1]	1,136,127	799,265	808,352	842,132	692,889
Operating Profit	885,534	557,384	607,888	659,654	561,650
Interest Income	60,262	53,500	38,533	25,903	16,482
Finance Costs	(281,723)	(133,297)	(124,443)	(121,263)	(59,906)
Net Finance Costs	(221,461)	(79,797)	(85,910)	(95,360)	(43,424)
Net Investment Gain/(Charge)	33,379	13,313	11,050	20,131	(791)
Profit Before Tax	688,246	501,167	538,666 [2]	587,961	521,368
Profit After Tax Attributable To Tanjong Shareholders	509,527	374,494	399,928 [2]	405,481	323,119
Revenue (in RM'000)					
Power Generation	1,681,881	1,086,665	1,104,012	1,018,966	932,849
Gaming [3]	635,600	697,597	625,427	588,695	558,186
Property Investment	46,150	50,846	41,852	39,218	37,203
Tropical Islands [4]	66,548	96,905	21,433	–	–
Others [5]	7,160	33,280	35,949	43,216	43,002
Total	2,437,339	1,965,293	1,828,673	1,690,095	1,571,240
EBITDA (in RM'000)					
Power Generation	898,129	594,535	641,846	635,999	458,360
Gaming [3]	159,254	203,584	185,909	183,357	210,309
Property Investment	121,149	50,186	35,907	33,430	29,859
Tropical Islands [4]	(33,859)	(44,568)	(44,066)	–	–
Others [5]	(1,197)	(700)	(2,520)	(1,945)	(1,586)
Non Segmental	(7,349)	(3,772)	(8,724)	(8,709)	(4,053)
	1,136,127	799,265	808,352	842,132	692,889
Joint Ventures & Associate [6]	(9,206)	10,267 [2]	5,638 [2]	3,536	3,933
Total	1,126,921	809,532	813,990	845,668	696,822
Operating Profit/(Loss) (in RM'000)					
Power Generation	682,637	386,624	459,555	465,104	339,314
Gaming [3]	150,185	195,461	176,331	172,830	199,083
Property Investment	120,213	49,269	35,029	32,542	29,004
Tropical Islands [4]	(58,754)	(68,651)	(51,034)	–	–
Others [5]	(1,198)	(700)	(2,520)	(2,113)	(1,698)
Non Segmental	(7,549)	(4,619)	(9,473)	(8,709)	(4,053)
	885,534	557,384	607,888	659,654	561,650
Joint Ventures & Associate [6]	(9,206)	10,267 [2]	5,638 [2]	3,536	3,933
Total	876,328	567,651	613,526	663,190	565,583

[1] EBITDA: Refers to Earnings before Net Interest, Tax, Depreciation and Amortisation
[2] Changes to these comparatives have been made in accordance with International Financial Reporting Standards ("IFRSs"), the transition period which came into effect on 1 February 2004 (FY 2005)
[3] Disclosures in relation to Gaming segment comprise the results of Numbers Forecast Totalisator ("NFO") and Racing Totalisator ("RTO") businesses which were previously disclosed separately
[4] Tropical Islands commenced operations on 19 December 2004
[5] Includes the results of the Liquefied Petroleum Gas ("LPG") business
[6] Joint Ventures & Associate: Refers to the Group's interest in the results of TGV Cinemas Sdn Bhd, Asia Gulf Power Holding Company Limited, Uniclic Limited and Pacific Online Systems Corporation

As at 31 January	2007	2006 [2]	2005 [1]	2004	2003
Consolidated Balance Sheet (in RM'000)					
Intangible Assets	49,130	49,130	49,251	52,906	56,682
Property, Plant and Equipment	2,742,271	2,896,184	3,002,471	2,694,302	2,553,804
Investment Property	550,000	470,000	470,000	470,000	365,000
Joint Ventures & Associate	53,660	58,414	35,408	43,854	31,155
Deferred Income Tax Assets	295,438	292,504	19,385	–	–
Long Term Investments	241,145	230,115	185,007	5,605	6,356
Lease Receivables	2,652,383	–	–	–	–
Current Assets	670,952	477,671	429,185	432,163	320,797
Cash/Liquid Resources	1,460,920	1,568,782	1,400,273	1,127,601	721,988
Gross Assets	8,715,899	6,042,800	5,590,980	4,826,431	4,055,782
Payables	537,319	398,609	390,037	462,911	423,628
Debt	4,135,189	2,113,755	2,203,399	1,808,240	1,340,608
Hedging Liability	56,545	–	–	–	–
Deferred Income Tax Liabilities	601,857	494,346	452,730	275,813	200,108
Provision for Other Liabilities and Charges	55,009	–	–	–	–
Net Assets	3,329,980	3,036,090	2,544,814	2,279,467	2,091,438
Represented by					
Total Shareholders' Equity	3,198,208	2,916,855	2,419,605	2,166,613	1,825,970
Minority Interests in Equity	131,772	119,235	125,209	112,854	265,468
	3,329,980	3,036,090	2,544,814	2,279,467	2,091,438
Net Assets (in RM'000)					
Power Generation	1,657,008	949,378	764,154	922,323	1,157,368
Gaming	20,734	19,648	18,773	3,867	44,504
Property Investment	375,090	302,519	284,734	306,861	195,239
Tropical Islands	(30,229)	37,456	18,912	–	–
Others [3]	(64)	2,352	3,186	4,603	2,435
Non Segmental [4]	1,253,781	1,666,323	1,419,647	997,959	660,737
	3,276,320	2,977,676	2,509,406	2,235,613	2,060,283
Joint Ventures & Associate [5]	53,660	58,414	35,408	43,854	31,155
Total	3,329,980	3,036,090	2,544,814	2,279,467	2,091,438
Key Corporate Ratios					
Debt to Equity (times)	1.68	1.03	1.26	1.18	1.07
Return on Equity (ROE) [6]	16.7 %	14.0 %	17.4 %	20.3 %	19.0 %
Return on Assets (ROA) [6]	12.3 %	10.0 %	12.0 %	15.4 %	15.2 %
Dividend Yield [7]	6.0 %	5.0 %	5.5 %	6.6 %	3.9 %
Dividend Payout Ratio [8]	64.9 %	75.3 %	70.1 %	63.5 %	45.3 %

[1] 2005 comparatives have been restated to conform to IFRSs which became effective for the period beginning on 1 February 2004 onwards
[2] 2006 comparatives have been restated to include the deferred tax benefit relating to investment allowances
[3] Includes the results of the LPG business
[4] Non Segmental: Includes short term deposits, interest bearing assets, quoted securities, fixed income instruments and long term investments
[5] Joint Ventures & Associate: Refers to the Group's interest in the net assets of TGV Cinemas Sdn Bhd, Central Pacific Assets Ltd, Asia Gulf Power Holding Company Limited, Uniclic Limited and Pacific Online Systems Corporation
[6] Based on the average of the opening and closing balances of the total shareholders' equity (ROE) and total assets (ROA)
[7] Based on gross dividend expressed as a percentage of the weighted average share price during the financial year
[8] Based on gross dividend expressed as a percentage of basic earnings per share

Year ended 31 January	2007	2006	2005	2004	2003
Cash Flow (in RM'000)					
Cash Flows from Operating Activities	1,032,510	728,445	832,163	743,146	661,416
Net Interest/Dividend	(205,452)	(64,551)	(83,474)	(73,421)	(68,316)
Taxation	(108,562)	(115,305)	(103,738)	(95,340)	(106,376)
Net Capital Expenditure	(32,352)	(84,844)	(112,409)	(16,870)	(14,479)
Free Cash Flow	686,144	463,745	532,542	557,515	472,245
Equity Dividends	208,241	232,921	236,578	141,080	99,832
Net Acquisitions	831,921	53,636	489,488	562,278	400,808
Analysis of Net Cash [1] (in RM'000)					
Cash	262,744	29,778	36,359	15,848	13,798
Short Term Deposits	1,027,522	1,319,480	1,140,767	1,019,448	620,899
Investments [2]	170,654	219,524	223,147	92,305	87,291
	1,460,920	1,568,782	1,400,273	1,127,601	721,988
Debt	(4,135,189)	(2,113,755)	(2,203,399) [3]	(1,808,240)	(1,340,608)
Net Debt	(2,674,269)	(544,973)	(803,126)	(680,639)	(618,620)
Share Information & Stock Performance					
Number of Shares (in '000)					
Weighted Average	403,256	403,256	400,762	390,313	385,698
In Issue	403,256	403,256	403,256	396,024	387,209
Share Price (in RM)					
High	15.10	15.40	14.90	11.70	11.50
Low	12.00	12.70	10.80	8.40	8.15
As at 31 January	14.80	14.80	14.60	11.00	8.75
Market Capitalisation as at 31 January (in RM Million)	5,968	5,968	5,887	4,356	3,388
Per Share Analysis (in sen)					
Earnings per share (EPS)					
Basic EPS	126.4	92.9	99.8 [3]	103.9	83.8
Diluted EPS	126.4	92.9	99.8 [3]	103.7	83.4
Underlying EPS [4]	108.2	89.6	104.1 [3]	98.7	84.0
Free Cash Flow Per Share	170.2	115.0	132.9	142.8	122.4
Net Tangible Assets Per Share	780.9	711.1 [5]	587.8 [3]	533.7	456.9
Gross Dividend Per Share [6]	82.0	70.0	70.0	66.0	38.0
Net dividend per share	60.7	51.5	54.9	52.0	30.2

[1] As at 31 January of the respective financial years
[2] Comprises quoted equity securities and fixed income instruments which are readily convertible to cash
[3] The comparative figures have been restated to conform to IFRSs which became effective for the period beginning on 1 February 2004 onwards
[4] Underlying EPS: Basic EPS adjusted for the effects of investment, exchange differences and non-recurring events
i.e. Tropical Islands start up losses in FY2005 and Menara Maxis revaluation surplus
[5] 2006 comparatives have been restated to include the deferred tax benefit relating to investment allowances
[6] Includes 4 sen tax-exempt dividend in FY2007 & FY2006 (FY2005 & FY2004: 16 sen tax-exempt, FY2003: 10 sen tax-exempt)

Group Segmental Information

2007

Year ended 31 January	2007	2006	2005	2004	2003
Power Generation (in RM'000)					
Revenue	1,681,881	1,086,665	1,104,012	1,018,966	932,849
EBITDA	898,129	594,535	641,846	635,999	458,360
Operating Profit	682,637	386,624	459,555	465,104	339,314
Installed Generation Capacity (MW)	3,055	1,490	1,490	1,490	1,230
Export Energy (MWh)	14,845,867	7,611,505	7,917,254	6,875,372	5,139,647
Average Availability (%)					
- Powertek	96.34	92.03	99.76	98.35	99.14
- Pahlawan	88.23	91.59	88.55	93.55	93.30
- Panglima [1]	88.28	88.88	95.76	93.50	87.89 [1]
- Suez Gulf [2]	93.20	–	–	–	–
- Port Said [2]	94.80	–	–	–	–
Gaming (in RM'000)					
Revenue	635,600	697,597	625,427	588,695	558,186
EBITDA	159,254	203,584	185,909	183,357	210,309
Operating Profit	150,185	195,461	176,331	172,830	199,083
Numbers Forecast Totalisator Business ("NFO") (in RM'000)					
Gross Sales Proceeds	1,992,830	1,924,978	1,730,995	1,555,654	1,421,526
Prize Payout	(1,368,487)	(1,244,241)	(1,123,354)	(987,076)	(884,282)
NFO Revenue [3]	624,343	680,737	607,641	568,578	537,244
Taxes & Duties [4]	269,431	260,257	234,030	210,324	168,392
EBITDA	172,615	214,761	194,333	186,740	208,180
Operating Profit	166,766	209,291	189,622	180,512	201,283
Number of Draws	170	172	165	167	165
Prize Payout (%)	68.7	64.6	64.9	63.5	62.2
Operating Margins (%)	8.4	10.9	11.0	11.6	14.2
Racing Totalisator Business ("RTO") (in RM'000)					
Gross Proceeds	937,006	904,206	838,626	827,550	780,607
Dividends Payable	729,995	702,777	652,275	643,159	607,337
Taxes & Duties [4]	109,442	105,611	97,951	96,658	91,175
RTO Revenue					
- Group's Share of Net Surplus	11,257	16,860	17,786	20,117	20,942
Operating Loss	(16,581)	(13,830)	(13,291)	(7,682)	(2,200)
Number of Races	2,270	1,748	1,458	1,367	1,275
Number of Race Days	249	197	163	153	139
Telelink (in RM'000)					
Gross Proceeds					
NFO	25,693	21,259	16,673	13,140	11,858
RTO	157,703	140,503	120,069	113,296	90,782
Number of Accounts	431,812	381,622	220,249	105,355	80,242
Property Investment (in RM'000)					
Revenue	46,150	50,846	41,852	39,218	37,203
EBITDA	121,149	50,186	35,907	33,430	29,859
Operating Profit	120,213	49,269	35,029	32,542	29,004
Occupancy Rate (%)	100.0	100.0	96.9	91.7	90.5
Tropical Islands [5] (in RM'000)					
Revenue	66,548	96,905	21,433	–	–
EBITDA	(33,859)	(44,568)	(44,066)	–	–
Operating Loss	(58,754)	(68,651)	(51,034)	–	–
Number of visitors	512,407	897,313	155,000	–	–
Average spending per visitor (in Euro)	28.1	23.0	24.7	–	–

[1] Commenced open cycle operations in February 2002 and combined cycle operations in March 2003
[2] Acquired on 2 March 2006
[3] Gaming transactions have been determined as falling within the scope of IAS 39 with the adoption of IFRSs effective for the period from 1 February 2004 onwards. Accordingly, NFO revenue previously reported as gross sales proceeds is now reported net of prize payouts
[4] Taxes & Duties : Includes Gaming Tax and Betting & Sweepstake Duties
[5] Tropical Islands commenced operations on 19 December 2004

Chairman's Statement

2007

In this, my third annual statement as your Chairman, I am delighted to report on the encouraging financial performance by the Group, which has achieved significant improvements in both earnings and cash flows for the year ended 31 January 2007.

Operating Environment

The Malaysian economy emerged stronger and more resilient in 2006, with real gross domestic product expanding to 5.9% from 5.2% in 2005. Increased domestic activity particularly in the private sector and high export demand, continued to propel economic expansion, while the public sector provided a supportive environment facilitating domestic growth.

For the other regions in which the Group operates, economic trends remained favourable. Germany, the Eurozone's biggest economy, experienced a creditable recovery, registering gross domestic product growth of 2.7% in 2006 against a 1.1% growth in 2005. Egypt achieved real economic growth of 6.9% in financial year 2005/2006, a consequence of the successful economic reforms that have transformed it into one of the more attractive emerging market economies in recent years.

Financial Performance

Group revenue increased by 24% from RM1,965 million in the preceding year to RM2,437 million for the year under review. This marks the eleventh consecutive year in which Tanjong has registered revenue growth and is primarily driven by the Power Generation segment. Group operating profit is, at RM886 million, 59% higher than the RM557 million recorded in the preceding financial year. The higher profit is attributable mainly to the enhanced contribution of Power Generation and the recognition of an RM80 million fair value increase for the Property Investment segment as a result of the revaluation of Menara Maxis.

The performance of the Power Generation segment improved significantly following the successful acquisition and assimilation of two 682.5 megawatt ("MW") thermal plants in Egypt in March 2006. Revenue for Power Generation increased by 55% to RM1,682 million from RM1,087 million in the preceding year whilst operating profit in this segment rose by an impressive 76% to RM683 million in 2007.

For the Gaming segment, Numbers Forecast Totalisator ("NFO") gross sales proceeds increased by 3.5% as a result of the successful implementation of a revamped StarClub terminal operator incentive scheme and vigorous marketing and branding campaigns. Gaming revenue has however registered a 9% decline to RM636 million. This follows the revised definition of revenue under International Financial Reporting Standards, now disclosed net of prize payouts, which saw an increase from 65% to 69% in the current year. Consequent upon the increase in prize payouts, operating profit has reduced from RM195 million to RM150 million in the year under review.

As anticipated, revenue from the Leisure segment registered a 31% decline to RM67 million from RM97 million in the preceding year due to the scheduled closure of the Tropical Islands resort over November and December 2006 to facilitate capital improvements aimed at enhancing the appeal of the resort. The segment however registered a lower operating loss of RM59 million against RM69 million in the preceding year due to the success of measures taken to improve average visitor spend and decrease overall operating expenses of the resort. In addition, subsidies from the German Government totalling RM16 million were recognised in the Income Statement during the year.

Despite achieving full tenancy and higher average rental yields, Property Investment recorded a slight drop in revenue from RM51 million to RM46 million, as the preceding year's results included prior period rental billings to tenants upon finalising certain tenancy agreements. The segment nevertheless recorded a significant improvement in operating profit of RM120 million in comparison to RM49 million in the preceding year, due to a fair value gain of RM80 million based on an independent valuation of Menara Maxis. The Group's share of the resulting surplus amounting to RM40 million has been credited to the Income Statement in accordance with International Accounting Standard 40 on Investment Property.

The Group's strong operating cash flows are fundamental to its success and for the year under review, stood at RM1.03 billion, a 42% increase over the RM728 million recorded in the preceding year. Cash outflows on investing activities relate mainly to RM770 million applied towards the successful acquisition of the Egyptian power plants and a further RM102 million expended on ongoing capital expenditure programmes in the Power Generation and Leisure segments. The major financing activity undertaken relates to USD150 million raised for the Egyptian power assets, EUR90 million to refinance the bridging loan for Tropical Islands and a further RM300 million to repay existing debt at Powertek Berhad.

Earnings Per Share & Dividends

The overall performance has translated into a commendable 36% or 33.5 sen increase in earnings per share to 126.4 sen from 92.9 sen in the preceding year.

Consistent with previous years, Tanjong's dividend policy seeks to achieve a judicious balance between maintaining funds to enable long term growth and giving its shareholders immediate cash returns. The Board has declared four interim dividends totalling 48 sen gross per share for the period under review, and is now recommending a final dividend of 34 sen per share comprising 30 sen gross per share and a 4 sen tax exempt per share. This will result in a total gross dividend of 82 sen per share (60.7 sen net per share), representing a payout ratio of 64.9% (2006: 75.3%) and a 17% increase over last year's gross dividend of 70 sen per share (51.5 sen net per share).

Corporate Developments

On 2 March 2006, the Group successfully concluded the acquisition of 100% direct equity interest in two 682.5 MW gas-fired thermal power plants in Egypt and the common operating company for both plants. As explained previously, the inclusion of the operating results of the Egyptian plants has improved the earnings and cash flows of the Power Generation segment and overall Group results. With the addition of these plants to its existing portfolio of three Malaysian power plants and the Taweelah B Independent Water and Power Project in Abu Dhabi, the Group today has a net dependable power capacity of 3,055 MW and a water desalination capacity of 16 million imperial gallons per day. With these successful acquisitions, the Group now has a much wider contractual base to bolster its earnings and cash flows.

On 12 October 2006, Tanjong's associate company in the Russian Federation, Yuvenga JSC, temporarily suspended the conduct of its Moscow Olympic Lottery draws. The suspension remains, pending a decision by Yuvenga's shareholders on the measures necessary to achieve sustainable profits and optimise the value of Yuvenga's lottery licence in the long run.

Corporate Governance

Tanjong promotes good corporate governance which is key to enhancing long term value for shareholders. A separate statement on Corporate Governance (set out in pages 30 to 35) outlines the underlying framework and the efforts made by various parties in this vital area. The Group's dedication to good governance has been acknowledged by institutional investors, investment research houses and the media. Asiamoney in its Best Corporate Governance Poll 2006 ranked Tanjong No. 1 in Malaysia in an unprecedented 5 of the 6 categories polled including Overall Best Corporate Governance. In a separate poll for Asia which was conducted by Asiamoney, Tanjong was ranked No. 3 in Asia for both Best Disclosure & Transparency and Best Responsibilities of Management & the Board of Directors, as well as No. 5 for Overall Best Corporate Governance.

The Group is honoured by the recognition given and is determined to continue with its efforts to improve on the rigour and efficacy of its governance framework.

Corporate Social Responsibility

The Group remains committed to socially responsible practices in respect of its employees, the environment and the wider community. For the year under review, the Group implemented programmes aimed at inculcating the knowledge and values essential to creating healthy and safe working conditions and measures to ensure that its power plants are operating in an environmentally-friendly manner. The Group's efforts to elevate the standards of living and quality of life of communities culminated in the donation of nearly RM13 million in 2006 for educational and other pursuits. The Group's Corporate Social Responsibility Statement provides a more detailed account of the initiatives that the Group undertook during the year under review.

Outlook

Tanjong's development strategy seeks to capitalise on its core expertise in identifying and investing in growth opportunities both within and outside Malaysia. The increasing global demand for energy bodes well for the development of the Power Generation segment, which aims to selectively tap into high quality growth opportunities in emerging market economies offering attractive long-term contracted cash flows. To this end, the Group will continue with the implementation of its existing business model which benefits from the acquisition of both greenfield projects and existing power plants.

Despite the ongoing challenges and restrictions faced by the Gaming segment, demand for Gaming products is expected to improve in the light of initiatives to increase market presence and product competitiveness for both the Numbers Forecast and Racing Totalisator businesses.

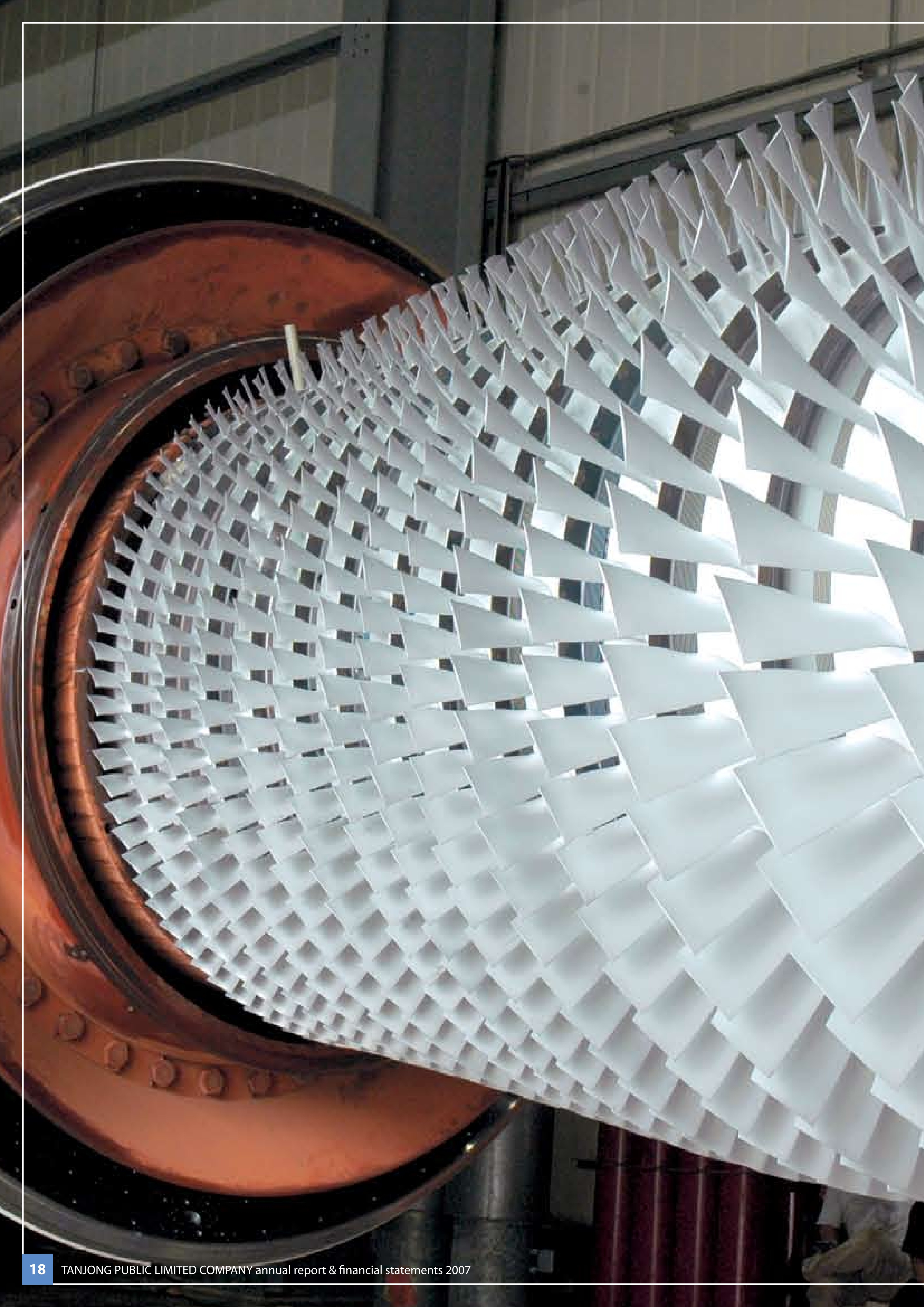
With regard to the outlook for the Leisure segment, we are currently evaluating the viability of the independent development of resort accommodation and external recreational facilities to complement the existing features and attractions within the dome. The implementation of these initiatives should improve the appeal and marketability of the resort to a wider target audience and will be key to the success of this project. Pending the implementation of these measures, the results of this segment are expected to remain at around current levels.

Acknowledgements

On behalf of the Board and the Group I would like to thank Mr Tan Poh Ching and Mr Tan Kong Han for their years of service to the Group. Mr Tan Poh Ching who has been with the Group since 1990, was Chief Executive Officer of Tanjong from July 1992 to April 2003 and had continued to serve as a Non-Executive Director until 31 January 2007. Mr Tan Kong Han, the Group Chief Operating Officer, who joined us in 2003 will be leaving the Group in June 2007. We are extremely grateful to the both of them for their invaluable contributions to the Group.

Tanjong's success has very much been the result of the sacrifices and contributions of our very dedicated and highly talented and diverse team of managers and employees. On behalf of the Board, I would like to express my sincere appreciation to these individuals and ask that they continue with their unwavering loyalty and dedicated contribution. We are also indebted to our customers, business partners and investors for their keen support. The future holds great challenge and opportunity for Tanjong, and it is the intention of your Board to continue with the concerted efforts that have been made, and will continue to be made, in creating and enhancing shareholder value.

DATO' ROBERT CHEIM
Chairman
Kuala Lumpur
15 May 2007



Power Generation

The Group's ongoing pursuit of investment opportunities in the Power Generation segment resulted in the successful acquisition of two 682.5 MW gas-fired thermal plants in Egypt and their common operating company on 2 March 2006. This acquisition enabled Power Generation to post an impressive 55% increase in revenue from RM1,086.7 million in the preceding year to RM1,681.9 million for the financial year under review. The segment's operating profit also jumped by 76% to RM682.6 million from RM386.6 million in the preceding year. These results are testament to the Group's ability to acquire power plants at competitive terms and its expertise in integrating these acquisitions quickly and seamlessly to yield immediate returns. Additionally, the Group has also been able to provide technical leadership to the ongoing operation and maintenance work for its Taweelah B Independent Water and Power Project in Abu Dhabi which will have a total net power capacity of 2,000 MW and net water capacity of 160 million imperial gallons per day upon its completion next year. This project is progressing on schedule and is within our project budget.

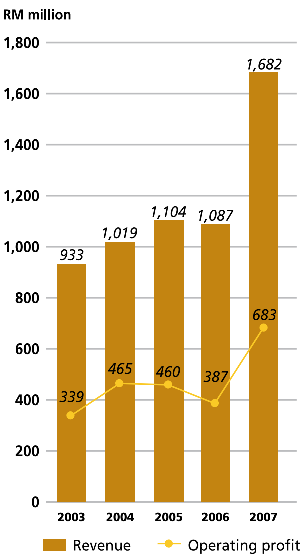
During the year, the Malaysian power plant operations reported an improvement in operating results as compared to the previous year when its performance was impacted by planned major maintenance works carried out in two of its Malaysian plants.

With regard to the tariff re-negotiations for the Power Purchase Agreements which were announced last year, it has been reported that the Malaysian Government has since decided not to proceed with the re-negotiations with the Association of Independent Power Producers in Malaysia ("IPPs"). In March 2007, the regulatory authorities proposed instead that the IPPs consider increasing the rate of their contributions to the Electricity Supply Industry Trust Fund at a rate to be agreed upon. The IPPs have indicated their willingness to discuss these proposals. The outcome of these discussions is however not expected to have a material impact on the Group's results for the coming financial year.

With global demand for energy on the rise and the Group's improving credentials on cross-border acquisitions, the Power Generation segment is keen to tap into promising growth opportunities on both Malaysian and international fronts. The Group will therefore continue with the rigorous evaluation of expansion opportunities in greenfield projects and existing power plants. The Group is also well disposed to augment its technical expertise in power projects through the provision of high quality operations and maintenance expertise and is open to exploring investment opportunities for energy-related businesses.

In this regard and consistent with its previously announced strategy, the Group's focus is on regions offering attractive long term contracted cash flows and an abundance of fossil fuel reserves.

Power Generation



Gaming

Numbers Forecast Totalisator ("NFO") Business

The NFO business registered gross sales proceeds of RM1,992.8 million in the financial year ended 31 January 2007, a 3.5% or RM67.8 million increase over RM1,925.0 million recorded in the preceding year. This growth has been particularly impressive as the Group's gaming subsidiary, Pan Malaysian Pools Sdn Bhd ("PMP") managed to improve on the performance of the popular IBOX product despite the recent introduction of similar permutations-based products by its NFO competitors.

The Telelink distribution channel registered a 21% growth following an increase in NFO gross sales proceeds from RM21.3 million to RM25.7 million. Telelink's growth came on the back of aggressive customer relationship management initiatives.

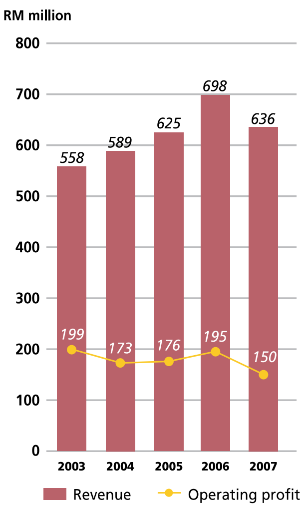
Operating profit for the year under review however declined to RM166.8 million against RM209.3 million in the preceding year, this being attributable to the higher prize payout ratio of 69% as compared to 65% in the preceding year.

Racing Totalisator ("RTO") Business

The period under review saw the RTO business registering gross sales proceeds of RM937.0 million, a 3.6% increase against RM904.2 million previously. Of this total, sales through the Telelink Channel increased to RM157.7 million from RM140.5 million last year. The improved performance resulted from the higher number and frequency of races. However an increase in operating costs has resulted in a lower RTO revenue of RM11.3 million, from RM16.9 million in the previous year. Operating losses have accordingly increased from RM13.8 million to RM16.6 million.

At the National Stud Farm's 14th National Premier Sale ("NPS") for two-year-olds, a total of 40 Malaysian-breds and 15 privately consigned imported lots were sold by auction for RM2.9 million, of which RM1.45 million was grossed by Malaysian-breds. The 14th NPS also saw the highest price ever paid for a Malaysian bred two-year-old at RM125,000, while the average price of RM36,338 per lot was the highest ever recorded since the first NPS held in 1992. The National Stud Farm continues to undertake initiatives that promote the Group as the leader in the development and promotion of thoroughbred breeding in the Malaysian equine industry.

Gaming



Leisure

Tropical Islands

Consistent with Tropical Islands' business strategy, improvements are being undertaken for attractions within the dome to improve the quality and widen the appeal of the resort to various demographic segments. This resulted in the resort being closed from 1 November to 26 December 2006 for the construction of new attractions which include a revamped tropical shopping mile, a tropical BBQ, a themed children's playground and the construction of a tropical water park. Mainly as a result of the said closure, visitor admissions declined by 43% from 897,313 visitors in the preceding year to 512,407 visitors. Due to the decline in admissions, revenue dropped by 31% from RM97 million to RM67 million. Construction work is also underway for the only Rainforest Sauna and Spa complex in Europe, comprising 6 different and unique wellness themes which are expected to be completed by the third quarter of 2007. These added attractions should provide a more holistic leisure experience for a much wider target group.

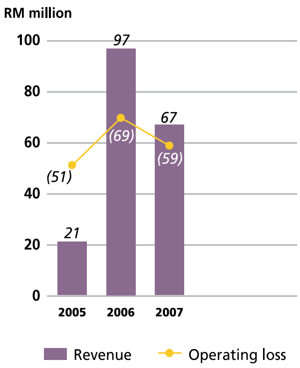
For the year under review, despite the contraction in revenue, Tropical Islands registered a lower operating loss of RM59 million, a 14% decrease over the preceding year's operating loss of RM69 million as a result of improvements in average visitor spend (which increased by 22% from EUR23 to EUR28), cost containment measures and the prorated recognition of government grant subsidies of RM16 million from a total RM79 million (EUR17.3 million) awarded during the year.

We are currently evaluating the viability of the independent development of vacation homes, hotels and additional outdoor attractions on the property surrounding the dome with the aim to position the resort as an all inclusive holiday and event centre to cater for the fast-developing European market for short-term family vacations. The availability of nearby accommodation should attract a greater number of visitors and enable a more complete holiday experience. Pending the outcome of measures to provide resort accommodation and additional recreational facilities to complement the existing attractions, it is expected that the results of this segment will continue to be at around existing levels.

TGV Cinemas Sdn Bhd ("TGV")

Cinema exhibition recorded an increase in gross revenue from RM83.9 million to RM92.4 million in the year under review. The increase came from the higher turnover contributions by TGV's newest cinemas in Seremban 2 and Tebrau City, Johor. The Group's strategy has, in tandem with that of established multiplex operators, been to move away from downtown areas to suburban areas to cater for the improving affluence of the population in these places. Two new multiplexes have hence been opened in Kepong and Cheras Selatan to cater to increased demand by moviegoers in the surrounding areas. Looking ahead, the returns from this business are expected to be impacted by the popularity of titles and the outcome of TGV's expansion efforts.

Tropical Islands



Others

Property Investment

The Property Investment segment registered a drop in revenue from RM51 million to RM46 million in the year under review. The lower revenue is due to the fact that preceding year's results included prior period rental billings to tenants upon finalising the relevant agreements. The segment's operating profit, however, rose significantly to RM120 million for the year under review in comparison to RM49 million in the preceding year. This increase was mainly attributable to the recognition of a fair value gain of RM80 million arising from the increase in market value of Menara Maxis from RM470 million to RM550 million for the financial year based on an assessment done by independent valuers. The Group's post-tax share of this gain of RM40 million is recognised in the Income Statement pursuant to International Accounting Standard 40 on Investment Property.

Menara Maxis continues to enjoy full occupancy with existing tenants renewing their tenancies at higher rental rates. In line with continuous efforts to enhance the building's services and facilities, the Group has upgraded its card access system and is taking further measures to fortify the building's overall security.

Cash & Treasury Management

The Group's cash and treasury management function aims to maximise returns on its investments whilst observing the importance of capital preservation and liquidity. It also seeks to aggressively lower the Group's borrowing costs in order to optimise its rate of return on new projects.

As at 31 January 2007, the Group had RM411 million of its surplus funds in available-for-sale financial assets and held-for-trading investments. Overall returns from financial assets increased from RM67 million to RM75 million in the current year.

In its efforts to proactively manage its foreign currency exposure, the Group generally raises debt for its acquisitions in the same currency denomination as the assets' underlying cash flow. As a consequence, funding for the acquisition of the Egyptian plants totalling USD150 million was raised. A further EUR65 million was borrowed to settle the bridging loans of Tropical Islands. These additional borrowings together with the foreign currency non-recourse debt of USD507 million assumed upon the acquisition of the Egyptian plants resulted in the Group's foreign currency denominated liabilities increasing from RM466 million to RM2,598 million.

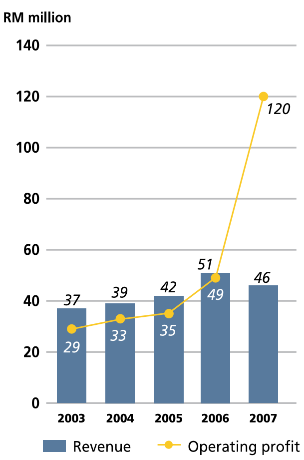
With respect to interest rate exposure management, the Group adopts a non-speculative stance which favours predictability over short term interest rate fluctuations particularly for power related projects where interest rate volatility could adversely impact project returns. To this end, the Group's policy is to fix interest rates for a significant portion of its total power related debt. Accordingly, it has in place interest rate swap contracts for RM1,126 million of its floating rate debt. This, in addition to fixed rate debt of RM1,699 million has resulted in only 18% of the Group's power related debt remaining unhedged.

Overall, the Group incurred an average finance cost of 6.7% on debt while achieving a yield of 4.6% from investments and cash equivalents.

Key Performance Indicators

The key performance indicators relevant to the Group's principal business segments are disclosed and analysed in page 13.

Property Investment



Principal Risk Factors

There are risks and uncertainties inherent in the Group's businesses which could materially affect its revenue, operating profit, net assets, liquidity and capital resources. The framework and processes in place to identify, assess, monitor, report, manage and mitigate the various types of risks involved is set out in the Risk Management section of the Internal Control Statement in pages 40 and 41 of the Annual Report.

Changes to Regulatory Framework

Changes to the regulatory framework affecting the various businesses may impact directly or indirectly the Group's results of operations or financial condition.

Operational Risks

The Group's assets, mechanical and IT systems, as well as its business processes and procedures, might not perform as expected and this may adversely affect its business performance. The Group relies on complex IT systems for its Power Generation, Gaming and Leisure businesses. Among other factors, mechanical and operational interruptions arising from technical and human factors and weather conditions can result in outages or damage to infrastructure or plant and damage or interruptions to these systems may adversely affect the Group's operations and consequently its businesses, results of operations or financial condition.

Risks to Licences and Concession Agreements held by the Group

The Group is required to hold licences and concession agreements in order to carry out its various activities. Such licences may be terminated in accordance with their notice provisions, where applicable, or revoked in certain circumstances specified in the licence. These circumstances include the insolvency of the licensee, any breach by the licensee of the licensing conditions and the termination or expiration of the underlying agreements governing the Group's revenue. Revocation or termination of these licences or concession agreements could have a material adverse effect on the Group's businesses, results of operations or financial condition.

Funding Risks

The Group is subject to certain covenants and undertakings in relation to its financing facilities. The Group is also subject to certain restrictions on additional indebtedness under the relevant financing documents. These restrictions may hinder the Group in meeting the financial requirements of its current businesses or the financing of newly acquired or developing businesses. The debt securities issued by the Group are rated by credit rating agencies and changes to these ratings may affect both the borrowing capacity of the Group and the cost of these borrowings. These factors could in turn adversely affect the Group's businesses, results of operations or financial condition.

Terrorism Related Risks

The Group's businesses may be vulnerable to acts of terrorism. Terrorism threats are an on-going risk to the Group's assets. Potential disruptions to operations and information technologies or destruction of facilities from terrorism, including cyber attacks, are not readily determinable and could adversely affect the Group's reputation and its businesses, results of operations or financial condition.

Financial Risks

The Group faces various financial risks. The principal financial risks faced by the Group are discussed in detail in the Financial Risk Management section in page 74.

Corporate Social Responsibility Statement

2007

Corporate social responsibility reflects our conviction that in addition to shareholder value maximization, the Group should be cognizant of its duty to improve the conditions affecting its other stakeholders, community and the environment in which it operates. Our Statement of General Business Principles provides the framework that emphasizes our commitment to the following pivotal areas:

Employee Health and Safety

The Group takes measures to protect the well-being of its workforce by developing guidelines to safeguard employees in all of its business operations. Occupational Safety and Health ("OSH") Committees within the Group ensure that health and safety policies are effectively implemented and continuously improved. Our OSH management systems are reviewed against international best practice and updated regularly. To this end, all our power plants in Malaysia and Abu Dhabi are certified to the Occupational Health and Safety Management System, OHSAS 18001. As part of our commitment to providing a safe place of work for our employees, we have initiated health and safety programmes at our workplace. These programmes include fire drills, safety systems checks on equipments, first aid training, plant evacuation exercise and health talks.

Environmental Management

Environmental management at our power plants entails our ensuring strict adherence to environmental laws governing plant operations and maintenance in areas relating to environmental standards, emission standards, noise level management and treatment of plant effluents and waste water. As part of our corporate responsibility agenda, we have measures in place to minimize the adverse impact on the environment and to achieve continual improvement of our plants' environmental performance. In this regard, all our power plants in Malaysia, Egypt and Abu Dhabi are certified with the ISO 14001 Certification for Environmental Management Systems.

Corporate Contributions and Community Development

Our Group is well integrated within the communities that we operate, through the number of community-specific programmes that we have implemented and sponsored over the years. In line with Group policy, we primarily support causes with educational, health, arts, sports and charitable objectives.

Our investment in education covers both primary and tertiary education through the provision of financial aid and educational scholarships. Among our prominent programmes are the Tanjong and Powertek Scholarship Awards, Da Ma Cai Student Aid and Powertek Education Support.

We also reach out to communities by contributing towards the development and upkeep of charities and voluntary organizations. Each year, over 200 charity organisations benefit from the Group's annual corporate donations. In addition, we contribute to health related organizations that promote health awareness and improvement of quality of lives of persons living with chronic illnesses. Another flagship project that we sponsor which complements the Government's efforts in providing quality healthcare, is our sponsorship of a free outpatient clinic for the needy that is run by volunteers of the Rotary Club of Kelana Jaya, Selangor.

The Group also organizes numerous Staff-in-the-Community ("SITC") programmes throughout the year. SITC programmes provide meaningful opportunities for employee involvement in community service and volunteer work.

The broad spectrum of community development causes which we have supported amounted to nearly RM13 million during the year, of which RM10.3 million were for educational pursuits and RM2.7 million for social welfare, health and sports activities.

The Board of Directors (the "Board") is committed to maintaining high standards of corporate governance and to the Principles and Best Practices contained in the Malaysian Code of Corporate Governance ("Malaysian Code"). As the Company has a listing on the London Stock Exchange plc, the Board has also adhered to the Principles and Best Practices recommended in the UK Combined Code on Corporate Governance issued by the Financial Reporting Council in July 2003 and amended in June 2006 ("UK Combined Code") where applicable to the circumstances of the Company.

Compliance with the Malaysian Code

This Statement is prepared pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Securities.

In preparing this Statement, the Board has considered the manner in which Tanjong has applied the various principles of the Malaysian Code and complied with the Best Practices stated therein.

The Directors consider that Tanjong has complied with the Malaysian Code throughout the financial year under review.

DIRECTORS

The Role of the Board of Directors

The Board is collectively responsible for promoting the success of the Group by directing and supervising its affairs. The Board had in 1999 adopted the following six responsibilities as stipulated under the Malaysian Code: -

1. Reviewing and adopting the strategic plan for the Company.
2. Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed.
3. Identifying principal risks and ensure the implementation of appropriate systems to manage these risks.
4. Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management.
5. Developing and implementing an investor relations programme or shareholder communications policy for the Company.
6. Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board's role is to provide entrepreneurial leadership to the Group within a framework of prudent and effective controls which enable risks to be assessed and managed. It sets the Group's strategic aims, ensures that the necessary financial, human resources and standards of corporate governance are in place for the Group to meet its objectives and reviews management performance. The Board also establishes the Group's values and standards in the conduct of the organization and its employees and ensures that its obligations to its shareholders and other stakeholders are understood and met.

Management ensures effective systems, controls and resources are in place to execute the policies and decisions set by the Board, to run the operations of the organisation, to monitor and manage performance and risks and to ensure the integrity of reports.

Board Composition and Balance

During the financial year under review, the Board had six members with 3 Independent Directors (including the Chairman), 2 Non-Executive Directors and 1 Executive Director, which fulfilled the requirement for one third of the Board to be independent. Following the cessation of Mr. Tan Poh Ching as Director of the Company with effect from 1 February 2007, the number of Directors on the Board was reduced to five. The present composition of the Board, with 3 Independent, 1 Non-Executive and 1 Executive Director continues to satisfy the prescribed requirement for one third of the Board to be independent. The Board also considers that the current composition of the Board reflects a fair mix of financial, technical and business experiences that are vital to its successful stewardship of the Group. The composition of the Board during the year under review had also fairly represented the ownership structure of the Company with appropriate representations of minority interest through the Independent Directors. The role and responsibilities of the Chairman have been formally communicated to him. There is a clear distinction between the role of the Chairman and that of the Executive Director. The Chairman provides effective leadership to the Board and sets the agenda for the Board while the Executive Director provides stewardship to Management to improve contribution to overall earnings of the Group and to enhance value for shareholders. Details of the Shareholding Structure, including the Major Shareholders and Directors Shareholdings are set out on pages 123 and 124 of the Annual Report. The biographies of the present Directors (please refer to pages 5 and 6) demonstrate the necessary depth to bring experience and judgement to bear on issues of strategy, performance, resources and ethical standards affecting the Group.

The Independent Directors fulfill an independent, pivotal role in corporate accountability, hence their membership of the Audit, Remuneration and Nominating Committees. The details of meetings and activities of these Committees are disclosed below. None of these Directors participate in the day-to-day management of the Group. Independent Directors are required to affirm their independence in accordance with the definition and guidance issued under the Listing Requirements of Bursa Securities and there has been no change in their independent status.

Directors also observe and adhere to the restriction on directorships in public listed and other companies prescribed under the Listing Requirements of Bursa Securities.

Board Meetings

The Board meets quarterly and also on other occasions to inter-alia, approve the Quarterly Reports, the Annual Report, the Business Plan and to review the performance of the operating subsidiaries. Meetings for the year are scheduled early in the year. Board meeting agenda is sanctioned by the Chairman prior to issuance. Due notice is given for all scheduled meetings and additional meetings are convened on an ad-hoc basis for urgent and important matters. Eight Board meetings were held during the financial year. Where appropriate, decisions are taken by way of circular resolutions in between scheduled meetings.

The Board has in place a Schedule of Matters reserved specifically for its decisions. The matters reserved for the Board include the approval of the Strategic Plan, Business Plans, annual and quarterly financial results, key financial and operating policies, significant capital or operating expenditures, acquisitions or disposals of investments, all major corporate proposals, related party transactions and announcements. Relevant Management personnel are invited to Board meetings to report and apprise the Board on performance, operations and other developments within their respective purview. The Board also delegates matters to the Executive Director and other Management within the Group. A comprehensive Manual on Limits of Authority for the Group adopted by the Board defines the levels of authority delegated to Management.

Directors are fully apprised of the need to determine and disclose transactions or matters which come before the Board which may give rise to a potential or actual conflict. They formally disclose any conflict situations or interests in such transactions or matters as and when they arise and in accordance with the laws and regulations pursuant to an established process. In respect of transactions which are deemed related in which Directors have direct or indirect interests or conflicts, Directors abstain from deliberations and voting at Board meetings.

Supply of Information

The Board members have unrestricted access to information required to enable them to discharge their duties. Regular and ad-hoc reports are provided to all Directors to ensure that they are apprised on key strategic, financial, operational, legal, regulatory, corporate and social responsibility matters in a timely manner and to enable them to make meaningful and effective decisions. Procedures have been established concerning the content, presentation and timely delivery of papers for each Board and Board Committee meeting as well as for matters arising from such meetings. Actions on all matters arising from any meeting are reported at the following meeting. The Directors have access to the Head of Group Corporate Assurance and the Group Company Secretary. The Company Secretary advises the Board on their duties and the appropriate requirements and disclosures and procedures to be complied with in relation thereto including the management of their meetings. The Company Secretary also advises both the Directors and Management on the statutory, regulatory and corporate developments, the implementation of corporate governance measures and compliance as applicable to the Group in the jurisdictions it operates. The Directors may take independent professional advice at the Group's expense, in furtherance of their duties. An approved procedure governing this has been communicated to all Directors.

Re-election of Directors

All Directors are required to offer themselves, on a rotation basis, for re-election by shareholders at the annual general meetings. In addition, the Articles of Association of the Company require all Directors to submit themselves for re-election at least once every 3 years, to offer shareholders an opportunity to consider whether to renew their mandate.

Board Committees

The Board recognises that it would be more effective to delegate the detailed responsibilities in achieving certain of its fiduciary duties to Board Committees. To this end, it has in place the following Committees, each of which is governed by its own remit:

Nominating Committee

Board appointments are effected through the Nominating Committee, which is responsible for making recommendations to the Board on all new Board and Board Committee appointments based on a formalised transparent procedure to ensure appointees have the appropriate balance of experience, abilities and skills. A procedure and process towards an annual assessment of the effectiveness of the Board as a whole and the contribution and performance of each individual Director and Board Committee member was reviewed and enhanced during the financial year 2005. The Chairman assumes overall responsibility for the assessment process. Assessments in respect of the year ended 31 January 2007, the findings of which have been reported by the Chairman and discussed with the Directors, have been concluded.

The Committee had also reviewed the composition, the mix of skills, experience and competencies of the Directors during the year and at the point of changes to the Board and concluded that the composition was adequate to support the current needs of the Group. Any Board expansion would be in conjunction with the Group's expansion needs.

The terms of appointment of the Non-Executive Directors were revised in accordance with the recommendations of the Higgs Report issued in January 2003, which forms part of the UK Combined Code.

Audit Committee

The composition, terms of reference and a summary of the activities of the Audit Committee are set out separately in the Audit Committee Report.

Remuneration Committee

The report of the Remuneration Committee and its activities is included in a separate Directors' Remuneration Report that has been prepared in accordance with Schedule 7A to the Companies Act 1985 of Great Britain. The report outlines important information on policy, service contracts, remuneration package, performance benchmarks and other detailed information relating to the remuneration of the Directors of Tanjong.

Attendance at Board and Committee Meetings

Details of the attendance of the Directors at the Board and Board Committees' meetings during the financial year are tabulated below: -

Attendance at Board and Board Committees meetings				
Number of meetings attended/held between 1 February 2006 and 31 January 2007				
	Board	Audit Committee	Remuneration Committee	Nominating Committee
Total no. of meetings held	8	6	2	2
Non-Executive				
Dato' Robert Cheim	7/8	*	*	2/2
Leong Wai Hoong	8/8	6/6	2/2	2/2
Dato' Larry Gan	8/8	6/6	2/2	*
Khoo Teik Chooi [a]	8/8	*	*	*
Tan Poh Ching [b]	8/8	5/6	1/2	1/2
Executive				
Augustus Ralph Marshall [c]	8/8	*	*	*

[a] Appointed as a member of the Nominating Committee with effect from 1 February 2007
[b] Ceased as a Director and member of the Board Committees with effect from 1 February 2007
[c] Appointed as a member of the Audit Committee and Remuneration Committee with effect from 1 February 2007
* Not applicable

Directors' Training

All new Directors are required to undergo an orientation programme to provide them with the necessary information to enable them to contribute effectively from the outset of their appointment. The programme prescribes internal briefings on the Group's operations and financial performance, organised site visits to the Group's power plants and project sites. Directors evaluate their training needs on a continuous basis, by determining areas that would best strengthen and keep relevant their contributions to the Board. All Directors have attended the Mandatory Accreditation Programme prescribed by the Bursa Securities.

During the financial year under review, the Directors have attended and participated in various programmes and forums which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors. The programmes and forums attended by them individually or collectively included areas of risk management, leadership, International Financial Reporting Standards, financing and overview of the satellite industry.

The Company Secretary facilitates the organisation of internal programmes and Directors' attendance in respect of externally conducted programmes and maintains the details of all trainings attended by the Directors.

SHAREHOLDERS

Communications between the Company and its Investors

The Board recognises the need for clear, effective communications with the Company's institutional investors and other shareholders. Information on the Group's business activities and financial performance is disseminated through press releases, press conferences, announcements of quarterly results, the Annual Report and at the general meetings. In addition, the Company maintains dialogues with its institutional shareholders and analysts, as and when required, to supplement its communications initiatives subject to its Corporate Disclosure Policy. Shareholders are given an opportunity to consider and raise questions related to the financial statements and Directors' Report, and to vote on the Directors' Remuneration Report, the election of Directors, the final dividends and the election of Auditors. Notices of Annual General Meetings and Forms of Proxy thereto carry sufficient information and guidance on the appointment of proxies and completion of such forms. Tanjong maintains a website at www.tanjongplc.com which provides pertinent and updated information on the corporate and business aspects of the Group.

Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue with its shareholders which offers the Company an opportunity to explain the financial performance and operations of the Company. Shareholders are encouraged and given sufficient opportunity to enquire about the Group's activities and prospects as well as to communicate their expectations and concerns at this forum. All Board members, Senior Management and the Group's External Auditors are available to respond to shareholders' questions during the AGM.

Any item of special business included in the Notice of the AGM will be accompanied by an explanation of the effects of a proposed resolution. Separate resolutions are tabled for different transactions and the Chairman declares the outcome of the resolutions voted upon.

Other Channels of Communication

Apart from the AGM, the Board encourages other channels of communication with investors. For this purpose, investors may direct their queries to:

Mr. Shane Guha Thakurta, Investor Relations Manager

Post	:	Level 30, Menara Maxis Kuala Lumpur City Centre 50088 Kuala Lumpur, Malaysia
Tel No.	:	603 2381 3048
Fax No.	:	603 2381 3322
E-mail Address	:	ir@tanjongplc.com

Shareholder related queries can be referred to the Company's Share Registrars both in Malaysia and in the United Kingdom, the contact details of whom are set out in the Corporate Information section of this Annual Report and to the Company Secretary at tel. no. 603 2381 3002 or fax no. 603 2381 3322. The Board also recognises that there could be instances where shareholders and investors may prefer to express their concerns to an Independent Director other than the Chairman. For this purpose, the Board has identified Mr. Leong Wai Hoong as the Senior Independent Director to whom such concerns can be conveyed should shareholders and investors require an alternative point of contact to the Chairman. Mr. Leong can be contacted by e-mail at whleong@tanjongplc.com or through the postal and fax references stated above.

ACCOUNTABILITY AND AUDIT

Financial Reporting
The Board aims to convey a balanced and understandable assessment of the Group's position and prospects in presenting the Quarterly Reports, Annual Reports and other financial reports to the Company's shareholders and its regulators. The Annual Report incorporates the disclosure requirements outlined in International Financial Reporting Standards as endorsed by the European Union.

A Statement by the Directors of their responsibilities for preparing the financial statements is incorporated within the Report of the Directors.

Internal Controls
The Board has conducted a review of the effectiveness of the Group's System of Internal Control. The scope and results of the review are detailed in the Internal Control Statement for the Group incorporated in the Annual Report.

Relationship with the Auditors
External Auditors
The Group maintains a professional and transparent relationship with its External Auditors which comprise representatives from the Malaysia and United Kingdom firms of PricewaterhouseCoopers. External Auditors attend all quarterly Audit Committee meetings and the Audit Committee members have held one separate meeting exclusively with the External Auditors. Disclosure of the engagement of the External Auditors in the provision of non-audit related services is set out on page 81.

Group Corporate Assurance
The Head of Corporate Assurance attends all Audit Committee meetings and the Group Corporate Assurance Charter stipulates that he has a functional reporting responsibility to the Audit Committee Chairman.

Other facets of the relationship between the External Auditors and the Audit Committee are elaborated in the Audit Committee Report.

1. COMPOSITION AND MEETINGS

The composition of the Audit Committee during and after the financial year under review is as follows:

Dato' Larry Gan, Chairman	-	Independent Non-Executive Director
Leong Wai Hoong, Member	-	Independent Non-Executive Director
Tan Poh Ching, Member* *(from 1 April 2003 to 31 January 2007)*	-	Non-Executive Director
Augustus Ralph Marshall, Member *(appointed on 1 February 2007)*	-	Executive Director

** Mr Tan Poh Ching ceased to be a member of the Audit Committee following his cessation from the Board of Directors on 31 January 2007.*

The Audit Committee conducted six meetings during the financial year. The members' attendance is set out separately in the Corporate Governance Statement. The Executive Director, Senior Management, Head of Group Corporate Assurance and External Auditors were in attendance at the meetings where necessary. The Committee had met with the External Auditors separately on one occasion without the presence of Senior Management.

2. SUMMARY OF ACTIVITIES

Condensed Terms of Reference of Audit Committee

The Audit Committee has discharged its duties as detailed in its Terms of Reference which accompany this Report. Under its terms of reference, the Audit Committee: -

- Monitors the integrity of the Group's financial statements and any formal announcements relating to the Group's performance, reviews significant financial reporting judgements and related party transactions;
- Reviews the adequacy and effectiveness of the Group's internal control and risk management systems;
- Reviews and monitors the effectiveness of the external audit process and recommends to the Board on the appointment, re-appointment and remuneration of the External Auditors and ensures that an appropriate relationship between the Group and the External Auditors is maintained, including reviews of non-audit services and fees;
- Reviews and monitors the effectiveness of Group Corporate Assurance.

Major activities undertaken by the Audit Committee for the year under review

Group's Financial Statements and Announcements

- Reviewed Quarterly Reports and the Annual Report and supporting data to ensure adherence to the reporting requirements in the UK and in Malaysia as well as the accuracy, completeness and clarity of the disclosures therein.
- Reviewed and evaluated the Report to the Audit Committee by the External Auditors, PricewaterhouseCoopers LLP ("PwC").

Group's Internal Control and Risk Management Systems

- Evaluated the reports of Group Corporate Assurance regarding significant risk areas and internal control matters coming to their attention and discussed their findings with Senior Management to ensure that appropriate and timely measures had been taken to address these areas.
- Reviewed and discussed the Principal Business Risks Schedule and Risk Map presented by the Group Chief Operating Officer ("GCOO") outlining enterprise wide risks, risk treatment measures and the resulting likelihood and impact of these risks crystallising.

Related Party Transactions

- Determined the propriety of proposed related party transactions to ensure that they were carried out on fair and reasonable terms that were not more favourable to the related party than those generally available to the public and were not to the detriment of the minority shareholders.

External Audit Process

- Discussed and reviewed with PwC, the external audit plan covering the nature, extent and timing of audit work to be performed, emerging financial reporting, risk, control and compliance issues and fees proposed for audit and review work.
- Reviewed the engagement of PwC in the provision of non-audit services, ensuring that these are in accordance with established policies and procedures.

- Monitored and reviewed the independence and objectivity of PwC, taking into account relevant UK regulatory requirements and prevailing professional and ethical guidance.

Group Corporate Assurance

- Reviewed the Audit Plans to assess whether audit priorities were established according to the relative risks and the need for effective corporate governance of the Group. Ensured that Group Corporate Assurance had adequate resources and appropriate authority to effectively discharge its professional responsibilities.
- Initiated review of the effectiveness of Group Corporate Assurance by External Auditors and monitored progress of implementation of best practices.

3. GROUP CORPORATE ASSURANCE

Group Corporate Assurance assists the Audit Committee of the Board and Management in the effective discharge of their responsibilities in respect of risk management, internal control and governance. This is accomplished by the Department's provision of assurance and consulting services designed to add value towards accomplishment of the Group's objectives. The Head of Group Corporate Assurance independently reports to the Chairman of the Audit Committee in accordance with the Charter approved by the Audit Committee. It also adopts a risk-based approach to audits, both at activity and entity-wide levels and its evaluations are communicated to both Management and the Audit Committee in a timely manner. All critical activities and operations are reviewed and the implementation status of audit recommendations is monitored and reported to the Audit Committee to assure that key risk and control concerns are being managed effectively.

During the financial year, the major areas of work performed by Group Corporate Assurance and reported to the Audit Committee and ultimately to the Board were as follows:

- Implemented the half yearly audit plans as laid out in the Strategic Review Plan (2006-2008) encompassing audit coverage of all significant business areas upon identifying and evaluating the respective risks and control environment.
- Conducted financial, operational and information system audits covering the power generation, numbers forecast, racing totalisator, telelink, stud farm, property investment and tropical islands resort businesses. The respective operations in the power plants, area offices and information support systems were reviewed and observations were reported to the Audit Committee. The other key Group corporate functions that were also reviewed were finance and treasury operation.
- Assisted in the special review by the external auditors on the controls over the numbers forecast draw and prize payout processes of the gaming business.
- Conducted follow-up on previous audit recommendations to ensure that appropriate corrective actions were instituted or were in the process of being instituted and updated the Audit Committee on the implementation status of all outstanding recommendations.
- Assisted in the evaluation and reporting of the Group's principal business risks and risk methodology employed and facilitated the process of ensuring that risk mechanisms are pro-actively embedded within the existing risk framework of the Group.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. Membership

1.1 The Committee shall be appointed by the Board from amongst their number and shall be composed of no fewer than three (3) members, the majority of whom shall be Independent Directors.

1.2 At least one member of the Audit Committee:

(a) must be a member of the Malaysian Institute of Accountants; or

(b) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:

(i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

(ii) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

1.3 The Board must ensure that no alternate Director is appointed as a member of the Audit Committee.

1.4 The members of the Committee shall elect a Chairman from amongst their number who shall be an Independent Director.

1.5 If a member of the Committee resigns, dies or for any reason ceases to be a member resulting in non-compliance with subparagraphs 1.1 and 1.2 above, with the result that the number of members is reduced to below three (3), the Board shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

1.6 The appointment of a Committee member terminates when the member ceases to be a Director.

2. Authority and Rights

2.1 The Committee wherever necessary and reasonable for the performance of its duties, shall in accordance with the procedure determined by the Board and at the cost of the Company:

(a) have authority to investigate any matter within its Terms of Reference;

(b) have the resources which are required to perform its duties;

(c) have full and unrestricted access to any information pertaining to the Group;

(d) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity (if any);

(e) be able to obtain independent professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and

(f) be able to convene meetings with the External Auditors, excluding the attendance of the executive members of the Group, whenever deemed necessary.

3. Functions and Duties

The Committee shall, amongst others, discharge the following functions:

3.1 Financial Reporting

Review the quarterly results and annual financial statements prior to the approval by the Board, focusing particularly on:

(a) changes in or implementation of major accounting policy changes; inclusive of the propriety of accounting policies, principles and practices adopted by the management and accepted by the External Auditors, where alternatives are also acceptable.

(b) significant and unusual events;

(c) the accuracy and adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Group; and

(d) compliance with accounting standards, other statutory and legal requirements and the going concern assumption.

3.2 Internal Control and Risk Management

Review reports received on the adequacy and effectiveness of the Group's system of internal control and risk management systems.

3.3 Related Party Transactions

Review any related party and inter-company transactions and conflict of interest situations that may arise within the Company/Group and any related party transactions outside the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

3.4 External Audit

(a) Review with the External Auditors, the nature, scope and timing of the audit plan and ascertain that it will meet the needs of the Board, the shareholders and regulatory authorities, the audit report and their evaluation of the Group's internal control, reporting of significant deficiencies and/or material weaknesses, reservations, difficulties encountered and the assistance given by employees of the Group.

(b) Recommend the audit fee to the Board and pre-approve fees in respect of non-audit services that may be performed by the External Auditors, ensuring that the provision of such services does not impair the independence and objectivity of the external audit firm.

(c) Review and monitor the independence and objectivity of the External Auditors and the effectiveness of the audit process annually, taking into consideration relevant UK professional and regulatory requirements.

(d) Oversee the process of the appointment and removal of the External Auditors and make appropriate recommendations through the Board to the Shareholders to consider at the Annual General Meeting.

3.5 Internal Audit

(a) Monitor and review the effectiveness of the Group Corporate Assurance function, its scope, functions, resources; and that it has the necessary authority to carry out its work; including inter-alia, the appointment of internal auditors.

(b) Review the internal audit programme, processes and the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of corporate assurance.

3.6 Reporting Functions and Duties

(a) Submit to the Board on a periodic basis a Report on the summary of activities of the Audit Committee in the discharge of its functions and duties in respect of each financial quarter and the financial year.

(b) Promptly report to the Bursa Securities on any matter reported by it to the Board of the Company which has not been satisfactorily resolved resulting in a breach of the Bursa Securities Listing Requirements.

3.7 Other Functions and Duties

(a) Review the allocation of options in accordance with established allocation criteria as set out in any prevailing bye-laws governing employee or other share option schemes.

(b) Carry out any other function that may be mutually agreed upon by the Committee and the Board, which would be beneficial to the Company and ensure the effective discharge of the Committee's duties and responsibilities.

4. Meetings and Minutes

4.1 To form a quorum in respect of a meeting of the Committee, the majority of members present must be Independent Directors.

4.2 A minimum of four meetings per year are to be planned, although additional meetings may be called at any time at the Audit Committee Chairman's discretion. An agenda shall be sent to all members of the Committee and any other persons who may be required/invited to attend. All meetings to review the quarterly results and annual financial statements, shall be held prior to such quarterly results and annual financial statements being presented to the Board for approval.

4.3 Notwithstanding paragraph 4.2 above, upon the request of any member of the Committee, the External Auditors or the Internal Auditors, the Audit Committee Chairman shall convene a meeting of the Committee to consider the matters brought to its attention.

4.4 In addition to the Committee members, the meeting will normally be attended by representatives of the External Auditors and by the Head of Group Corporate Assurance. Any Board members, or any member of Senior Management or any other relevant employee within the Group may be invited to attend as determined by the Audit Committee Chairman.

4.5 At least once a year, the Committee shall meet with the External Auditors without the Executive Director and Senior Management being present.

4.6 Detailed minutes of the Committee's meetings will be made available to all Board members. A summary of significant matters and resolutions will be reported to the Board by the Committee.

4.7 The books containing the minutes of proceedings of any meeting of the Committee shall be kept by the Company at the principal office of the Company, and shall be open to the inspection of any member of the Committee and the Board.

4.8 The Committee may establish any regulations or procedures from time to time to govern its meetings, keeping of minutes and its administration.

4.9 The Group Company Secretary shall act as the Secretary to the Committee.

Internal Control Statement

2007

The Board of Directors is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness in providing shareholders with a return on their investments that is consistent with a responsible assessment and management of risks.

Because of the limitations that are inherent in any system of internal control, such systems are designed to manage rather than eliminate the likelihood of fraud, error or failure to achieve Tanjong's business objectives. Accordingly, these systems can provide only reasonable and not absolute assurance against material misstatement or loss. The concept of reasonable assurance also recognises that the cost of controls should not exceed the expected benefits.

The Malaysian firm of the External Auditors, Messrs. PricewaterhouseCoopers has reviewed this Statement on Internal Control as required by paragraph 15.24 of the Listing Requirements of Bursa Securities. Their review was performed in accordance with Recommended Practice Guide 5 ("RPG 5") issued by the Malaysian Institute of Accountants. Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of the internal control of the Group. RPG 5 does not require the External Auditors to and they did not consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures.

There were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies requiring disclosure in the Annual Report.

In addition to the monitoring of internal controls by the Audit Committee, the Group's system of internal controls comprises the following key elements:

- **Control Environment**

The Board has approved a Statement of General Business Principles and Human Resource Policies and Procedures that set the tone of control consciousness and employee conduct. There is also in place supporting procedures for the reporting and resolution of actions which contravene these policies. There is, furthermore, a Limits of Authority manual that delineates authorisation limits between various levels of Management and matters that need to be escalated to the respective Boards of the operating subsidiary groups and the Tanjong Board, to ensure proper identification of accountabilities and segregation of duties.

- **Control Procedures**

Detailed budgets are prepared requiring Management and Board approval. Operational manuals have been established to guide key business processes and accounting manuals are in place towards ensuring that the recording of financial transactions are complete and accurate. Procedures also exist for mitigating exposures to losses arising from business interruption, material fraud or error.

- **Information and Communication**

Group business units monitor and explain performance against budgets on a monthly basis. The results are reviewed by the Board on a quarterly basis to enable it to gauge the Group's achievement of its annual targets. Financial reports are submitted prior to each quarterly meeting, analysing trend and budget variances as well as reporting on fluctuations in non-financial metrics. Operational Reports are issued every quarter discussing strategy implementation, industry analysis, legal and regulatory developments and other operational issues.

- **Monitoring**

In addition to Management's monitoring procedures, which are embedded within the Group's policies, processes and activities, independent engagements are carried out by Group Corporate Assurance and are communicated to the Audit Committee and ultimately to the Board, to enable a timely evaluation of the adequacy and integrity of the Group's system of internal control.

- **Risk Management**

There is in place a formal and on-going process to identify, evaluate and manage risks that may significantly impact the Group. This process entails the overall establishment of an appropriate framework to embed risk management precepts in the processes and activities of the Group.

Effectively, this includes identifying principal business risks in critical areas, assessing the likelihood and impact of material exposures and determining the corresponding risk mitigation and treatment measures. A schematic diagram of the process is presented below.

The on-going processes are co-ordinated by Group Corporate Assurance in conjunction with all corporate and business heads within the Group; reporting periodically to the Risk Management Committee ("RMC") which is chaired by the GCOO. The following activities were undertaken by the RMC:

- Risk Management Policies and Procedures have been developed and presented to the Audit Committee and ultimately to the Board.
- Workshops have been conducted for line managers to instill in them risk and control consciousness with a view of inculcating a risk based culture within the Group. This was followed by the completion of Risk Registers for core business activities.
- Principal Business Risk Schedules and a Risk Map summarising the risk ratings have been completed and presented by the GCOO to the Audit Committee and ultimately, to the Board. Based on the above reports, it has been concluded that all identified risk factors have adequate measures to reduce the likelihood of the risks crystallising and to mitigate the loss impact in the event these risks crystallise.

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Financial Statements 2007

The Directors are pleased to present herewith their Report together with the audited financial statements of the Company and of the Group for the year ended 31 January 2007. The Business Review (pages 19 to 27 contained in the Company's Annual Report 2007) forms part of this report and contains the Directors' assessment of the development and performance of the Group during the year (including the risks associated with the use of financial instruments).

PRINCIPAL ACTIVITIES

Tanjong public limited company ("Tanjong" or "the Company") is the investment holding company of a group of subsidiaries whose principal activities relate to Power Generation, Gaming, Leisure and Property Investment.

The principal subsidiaries and their locations are detailed in Note 29 to the financial statements.

REVIEW OF RESULTS

In summary, the financial results achieved by the Group for the year under review are as follows:

	2007	2006
	RM'000	RM'000
Profit before taxation	**688,246**	501,167
Taxation	**(151,457)**	(132,051)
Profit after taxation	**536,789**	369,116
Attributable to:		
Tanjong's Shareholders	**509,527**	374,494
Minority Interests	**27,262**	(5,378)
	536,789	369,116

PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment during the year are shown in Note 8 to the financial statements.

DIVIDENDS

Dividends paid and proposed for the year are disclosed in Note 6 to the financial statements.

DIRECTORS

The Directors who held office during the period are:

Dato' Robert Cheim Dau Meng	Chairman/Independent Non-Executive Director
Leong Wai Hoong	Independent Non-Executive Director
Dato' Larry Gan Nyap Liou @ Gan Nyap Liow *	Independent Non-Executive Director
Khoo Teik Chooi	Non-Executive Director
Augustus Ralph Marshall	Executive Director
Tan Poh Ching	Non-Executive Director *(Ceased to act as a Director on 1 February 2007)*

* *His name will be stated as Dato' Larry Gan in the rest of this Report and the financial statements.*

In accordance with Articles 76 and 77 of the Articles of Association, Leong Wai Hoong retires by rotation. Being eligible, he has offered himself for re-election at the forthcoming Annual General Meeting ("AGM").

DIRECTORS' INTERESTS

Interests in shares

The interests of the Directors in the shares of the Company are disclosed in the Directors' Remuneration Report.

Other interests

There were no contracts subsisting during, or at the end of the year in which any Director is, or was, materially interested which are, or were, significant in relation to the business of the Group except as disclosed in the Directors' Remuneration Report.

The Company purchases and maintains policies of insurance for its Directors and Officers against financial consequences of actions which may be brought against them by outside parties for their acts or omissions in the course of the performance of their duties as Directors or Officers of the Company.

MAJOR INTERESTS IN SHARES

The Directors are aware of the following persons (other than the Directors) who, as at 15 May 2007, are directly or indirectly interested in 3 per cent or more of the total voting rights and capital in issue of the Company based on the Notifications of Major Interests in Shares received by the Company pursuant to the Disclosure and Transparency Rules:

	Direct		Indirect	
Name of Major Shareholders	No. of voting rights attached to shares of 7.5 pence each held	% of issued shares	No. of voting rights attached to shares of 7.5 pence each held	% of issued shares
Usaha Tegas Sdn Bhd [i]	71,000,000	17.61	53,688,000	13.31
Pacific States Investment Limited [ii]	–	–	124,688,000	30.92
Excorp Holdings N.V. [iii]	–	–	124,688,000	30.92
PanOcean Management Limited [iv]	–	–	124,688,000	30.92
Ananda Krishnan Tatparanandam [v]	–	–	124,688,000	30.92
Usaha Tegas Resources Sdn Bhd	53,688,000	13.31	–	–
Ultimate Corporation Sdn Bhd [vi]	30,356,320	7.53	–	–
Marlestone Investments Limited [vi]	16,271,016	4.03	–	–
Khoo Teng Bin [vii]	180,000	0.04	30,356,320	7.53
Templeton Asset Management Ltd [viii]	–	–	20,265,100	5.03
FTIF Templeton Asian Growth Fund [ix]	–	–	15,503,800	3.84

Notes:

(i) *The indirect interest is held by its wholly-owned subsidiary, Usaha Tegas Resources Sdn Bhd.*

(ii) *Deemed interest arises through its direct controlling interest in Usaha Tegas Sdn Bhd. Please refer to Note (i) above.*

(iii) *Deemed interest arises through its direct controlling interest in Pacific States Investment Limited. Please refer to Note (ii) above.*

(iv) *Excorp Holdings N.V. ("Excorp") is in turn owned by PanOcean Management Limited ("PanOcean"). PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of Ananda Krishnan Tatparanandam and foundations including those for charitable purposes. Although PanOcean is taken as having an indirect interest in the voting rights, it does not have any economic or beneficial interest in the said voting rights, as such interest is held subject to the terms of the discretionary trust. Please refer to Note (iii) above as to Excorp's interest in Tanjong shares.*

(v) *Ananda Krishnan Tatparanandam is taken as having an indirect interest in the voting rights, through his indirect interest in Usaha Tegas Sdn Bhd, which arises by virtue of trust and related arrangements with PanOcean. Please refer to Note (iv) above as to PanOcean's interest in Tanjong shares. Although he is taken as having an indirect interest, he does not have any economic or beneficial interest in the said voting rights, as such interest is held subject to the terms of the discretionary trust.*

(vi) *Held through a nominee.*

(vii) *Khoo Teng Bin has an indirect interest in 30,356,320 voting rights held through Ultimate Corporation Sdn Bhd.*

(viii) *The interest is held through nominees.*

(ix) *The interest is held through JP Morgan Chase Bank.*

TAX RESIDENCE STATUS

The Company is resident in Malaysia for both Malaysian tax purposes and under the terms of the UK/Malaysian double taxation treaty. Hence, as a non-UK tax resident, the Company is not subject to the Close Companies provisions of the UK Income and Corporation Taxes Act, 1988.

CONTRIBUTION TO NON-EU POLITICAL ORGANISATION

The Group did not make any contributions to non-EU political organisations during the year (2006: nil).

SUPPLIERS PAYMENT POLICY

Statutory regulations under Schedule 7 of the Companies Act 1985 of Great Britain require public companies to make a statement of its policy and practice on the payment to trade creditors. As an investment holding company, Tanjong does not have any trading relationships with suppliers, whereas its operating subsidiaries pay their suppliers in accordance with the relevant contractual and legal obligations, provided that terms and conditions are met by the suppliers.

AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

The Auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. A proposal for their re-appointment and authorisation to the Directors to fix their remuneration will be tabled at the forthcoming AGM.

As required by Section 234ZA of the Companies Act 1985 of Great Britain, each of the Directors in office at the time this Report was approved, has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's Auditors are unaware; and
- he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the Independent Auditors' Report set out on pages 53 and 54, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditors in relation to the financial statements.

The Directors are responsible for preparing the Annual Report, Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare the financial statements for each financial year. Under that law, the Directors have prepared the Group and parent company financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. In preparing these financial statements, the Directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board ("IASB"). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements comply with IFRSs as adopted by the European Union and IFRSs issued by the IASB; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 1985 of Great Britain, and as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Directors on 15 May 2007 and signed on its behalf by:

Dato' Robert Cheim Dau Meng
Chairman

Kuala Lumpur

Introduction

The Report is designed to comply with the requirements stated in the Directors' Remuneration Report Regulations 2002 in the United Kingdom. The Report covers both Executive and Non-Executive Directors. Part A contains information that is not subject to audit whilst Part B contains information that has been audited by PricewaterhouseCoopers LLP.

The Report has been approved by the Board and signed on its behalf by the Chairman of the Remuneration Committee. This Report is subject to the approval of shareholders at the forthcoming AGM and is tabled under Agenda item (2) in the Notice of the AGM.

PART A: REMUNERATION FRAMEWORK AND ELEMENTS NOT SUBJECT TO AUDIT

Remuneration Policy

The Board believes that remuneration levels should be sufficient to attract, retain and incentivise the Directors needed to manage a successful Group. Consistent with this policy, the component parts of the remuneration package are designed to link rewards to individual and corporate performance in the case of Executive Directors. For Non-Executive Directors, the fee levels are intended to be commensurate with the experience and level of responsibilities of the particular Non-Executive Director concerned.

Remuneration Committee

The members of the Remuneration Committee during the year were:

Leong Wai Hoong	*(Chairman)*
Dato' Larry Gan	
Augustus Ralph Marshall	*(Appointed w.e.f. 1 February 2007)*
Tan Poh Ching	*(Ceased as a member on 1 February 2007)*

The Committee is responsible for assessing all elements of the remuneration and other terms of employment for Executive Directors, drawing from external advice as necessary and has established a policy framework.

The Remuneration Committee is also responsible for assessment of the Executive Directors' performance and recommends the annual bonus and salary increments of Executive Directors as well as the benefits-in-kind to be provided. Executive Directors are required to abstain from the deliberations and voting on decisions in respect of their remuneration at Board level. The remuneration of the Non-Executive Directors is a matter that is decided by the Board as a whole, with the Director concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration.

Elements of Remuneration of Executive Director

The Executive Director, Augustus Ralph Marshall's remuneration package is based on the following elements:

- Fixed fee and executive stipend.
- Discretionary cash incentive as recommended by the Remuneration Committee.
- A fully maintained company car, medical coverage for the Executive Director and his spouse and social club memberships.

Executive Director's Service Contract

The salient terms of Augustus Ralph Marshall's contract are as follows:

- Term of office for a fixed term of 2 years, up to 31 March 2008, subject to renewal.
- Contractual notice of termination of 3 months.

There are no express contractual terms providing for compensation in the event of early termination of his appointment.

Elements of Remuneration of Non-Executive Directors

The remuneration structure is as follows:

- Fees for duties as Directors and additional fees for undertaking responsibilities as Chairman or member of Board Committees.
- Meeting allowances for each meeting day, irrespective of the number of meetings per day.
- Medical coverage for Directors and spouse and company car for certain Directors.

Non-Executive Directors' Service Contracts

The salient terms of Non-Executive Directors' service contracts are as follows:

Dato' Robert Cheim Dau Meng	20 May 2007 to 19 May 2009
Leong Wai Hoong	1 April 2005 to 31 March 2008
Dato' Larry Gan	20 May 2007 to 19 May 2009
Khoo Teik Chooi	1 April 2005 to 31 March 2008
Tan Poh Ching	1 May 2005 to 31 March 2008 *(Ceased to act as a Director on 1 February 2007)*

Their terms of office have renewal provisions and the contractual notice of termination is 3 months.

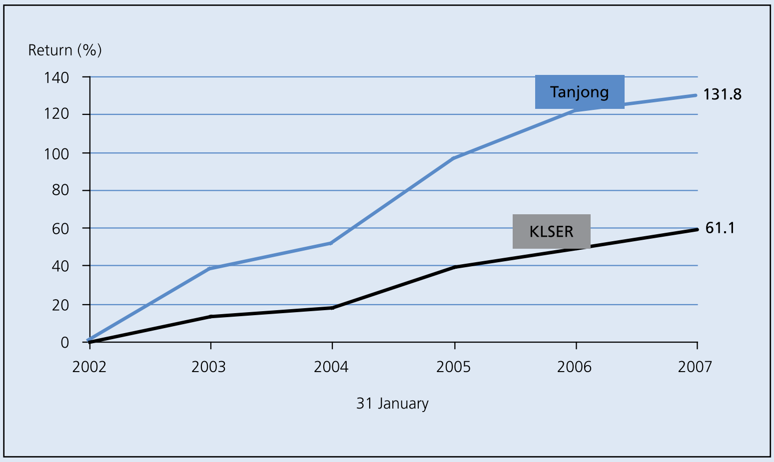
There are no express contractual terms providing for compensation in the event of early termination of their appointment.

Total Shareholder Return

The Directors' Remuneration Report Regulations 2002 in the United Kingdom requires a disclosure of Total Shareholder Return ("TSR"), which is defined as the growth in share value (based on weighted average share price data sourced from Bloomberg LLP) and declared dividend income during a determined period. In calculating TSR, the Company's dividend is assumed to be reinvested in the underlying shares. The absolute size of the TSR will vary with stock markets but the relative position is a reflection of the market perception of the overall performance of the Company.

Tanjong is classified under the Trading/Services Sector of the Bursa Malaysia Securities Berhad ("Bursa Securities") on which it has a primary listing. In the Directors' opinion, the Kuala Lumpur Service Index ("KLSER") is therefore the most relevant index against which the TSR of Tanjong should be measured.

Over the last 5 years, Tanjong has consistently outperformed the KLSER to give a TSR of 131.8% as compared to the TSR of 61.1% recorded by the KLSER.



PART B: REMUNERATION REVIEW – AUDITED

The following part provides details of the remuneration and share interests of all the Directors for the year ended 31 January 2007. The numerical components of these disclosures together with the Elements of Remuneration of Executive Director and Non-Executive Directors on pages 49 and 50 have been audited in accordance with Schedule 7A of the Companies Act 1985 of Great Britain.

Directors' Detailed Emoluments – in RM'000

	2007				2006
	Fees	**Benefits-in-kind**	**Expense allowance**	**Total**	Total
Non-Executive					
Dato' Robert Cheim Dau Meng	379	–	9	**388**	163
Leong Wai Hoong	184	–	9	**193**	165
Dato' Larry Gan	190	–	7	**197**	116
Khoo Teik Chooi	135	35	7	**177**	161
Tan Poh Ching [(1)]	211	16	13	**240**	202
Datuk Khoo Eng Choo [(2)]	–	–	–	**–**	442
Executive					
Augustus Ralph Marshall	195	35	–	**230**	215
	1,294	86	45	**1,425**	1,464

[(1)] *Ceased to act as a Director on 1 February 2007.*

[(2)] *Datuk Khoo Eng Choo ceased to act as a Director of the Company and all subsidiaries on 1 April 2005.*

Share Option Scheme

There was no share option scheme for Directors during the year.

Interests in Shares

The interests of the Directors in the shares of the Company (both direct and indirect) based on the Register of Directors' Interests in the shares of the Company as maintained by the Company were:

		As at 1 February 2006	As at 31 January 2007
The Company – *shares of 7.5 pence each*			
Dato' Robert Cheim Dau Meng		–	–
Leong Wai Hoong		–	–
Dato' Larry Gan		–	–
Khoo Teik Chooi	(a)	30,876,320	30,876,320
Tan Poh Ching [(1)]		520,000	520,000
Augustus Ralph Marshall	(b)	520,000	520,000

[(1)] *Ceased to act as a Director on 1 February 2007.*

Interests in Shares (continued)

(a) Khoo Teik Chooi has a direct interest in **520,000** (2006: 520,000) voting rights attached to Tanjong shares of 7.5 pence each and an indirect interest in **30,356,320** (2006: 30,356,320) voting rights attached to Tanjong shares of 7.5 pence each arising from his indirect interest in Ultimate Corporation Sdn Bhd.

(b) These **520,000** (2006: 520,000) voting rights attached to Tanjong shares of 7.5 pence each are held through nominees.

There has been no change in the Directors' interests in the shares of the Company during the year ended 31 January 2007.

Long Term Incentive Scheme

The Company has no long term incentive schemes for the Directors.

Pensions and Gratuities

The Company has no pension schemes for the Directors.

On behalf of the Board,

Leong Wai Hoong
Chairman of the Remuneration Committee 15 May 2007

We have audited the group and parent company financial statements (the "financial statements") of Tanjong public limited company for the year ended 31 January 2007 which comprise the Group Income Statement, the Group and Company Balance Sheets, the Group and Company Statements of Changes in Equity, the Group and Company Cash Flow Statements and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements. The information given in the Report of the Directors includes that specific information presented in the Business Review that is cross referred from the Business Review section of the Report of the Directors.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement, the Business Review, the Corporate Social Responsibility Statement, the Corporate Governance Statement, the Internal Control Statement, the Audit Committee Report, the Report of the Directors and the unaudited part of the Directors' Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 January 2007 and of its profit and cash flows for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 January 2007 and cash flows for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation; and
- the information given in the Report of the Directors is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

29 May 2007

Group Income Statement

for the year ended 31 January 2007

2007

	Note	2007 RM'000	2006 RM'000
CONTINUING OPERATIONS			
Gross transaction value *		**3,805,826**	3,209,534
Revenue	1	**2,437,339**	1,965,293
Operating costs	2	**(1,551,805)**	(1,407,909)
Operating profit		**885,534**	557,384
Net investment income	3	**33,379**	13,313
Finance costs		**(281,723)**	(133,297)
Interest income		**60,262**	53,500
Finance costs – net		**(221,461)**	(79,797)
Share of post tax results from joint ventures and associate		**(9,206)**	10,267
Profit before taxation		**688,246**	501,167
Taxation	4	**(151,457)**	(132,051)
Profit after taxation		**536,789**	369,116
Attributable to:			
Tanjong's Shareholders		**509,527**	374,494
Minority Interests		**27,262**	(5,378)
		536,789	369,116
Earnings per share – in sen	5		
– Basic/Diluted		**126.4**	92.9

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

The Notes on pages 63 to 118 form part of these financial statements.

Group Balance Sheet

as at 31 January 2007

2007

	Note	2007 RM'000	2006 Restated RM'000
ASSETS			
Non-Current Assets			
Intangible assets	7	**49,130**	49,130
Property, plant and equipment	8	**2,742,271**	2,896,184
Investment property	9	**550,000**	470,000
Investments in joint ventures and associate	10	**53,660**	58,414
Deferred income tax assets	11	**295,438**	292,504
Available-for-sale financial assets	12	**376,414**	400,483
Derivative financial instruments	13	**–**	2,183
Lease receivables	14	**2,652,383**	–
		6,719,296	4,168,898
Current Assets			
Inventories	15	**276,250**	140,002
Trade and other receivables	16	**299,143**	337,669
Lease receivables	14	**95,559**	–
Held-for-trading investments	17	**3,550**	3,438
Available-for-sale financial assets	12	**31,293**	43,535
Derivative financial instruments	13	**542**	–
Cash and cash equivalents	18	**1,290,266**	1,349,258
		1,996,603	1,873,902
Total Assets		**8,715,899**	6,042,800
LIABILITIES			
Current Liabilities			
Trade and other payables	19	**427,977**	352,545
Borrowings	20	**278,019**	459,125
Current income tax liabilities		**17,910**	19,693
Provisions for other liabilities and charges	21	**9,500**	–
		733,406	831,363
Non-Current Liabilities			
Borrowings	20	**3,857,170**	1,654,630
Other non-current liabilities	22	**91,432**	26,371
Hedging liability		**56,545**	–
Deferred income tax liabilities	11	**601,857**	494,346
Provisions for other liabilities and charges	21	**45,509**	–
		4,652,513	2,175,347
Total Liabilities		**5,385,919**	3,006,710
NET ASSETS		**3,329,980**	3,036,090
EQUITY			
Paid up share capital	24	**146,107**	146,107
Share premium account		**240,808**	240,808
Other reserves	25	**97,934**	116,345
Retained earnings	26	**2,713,359**	2,413,595
Total shareholders' equity		**3,198,208**	2,916,855
Minority interests in equity		**131,772**	119,235
TOTAL EQUITY		**3,329,980**	3,036,090
Net Tangible Assets per share (in sen)	5	**781**	711

The Notes on pages 63 to 118 form part of these financial statements.

Company Balance Sheet

as at 31 January 2007

2007

	Note	2007 RM'000	2006 RM'000
ASSETS			
Non-Current Assets			
Investments in subsidiary companies	10	**121,368**	121,368
Advances to subsidiaries		**1,502,173**	1,515,932
Deferred income tax asset	11	**–**	700
		1,623,541	1,638,000
Current Assets			
Other receivables	16	**13,269**	1,766
Cash and cash equivalents	18	**265,118**	220,052
		278,387	221,818
Total Assets		**1,901,928**	1,859,818
LIABILITIES			
Current Liabilities			
Other payables	19	**11,729**	3,209
		11,729	3,209
NET ASSETS		**1,890,199**	1,856,609
EQUITY			
Paid up share capital	24	**146,107**	146,107
Share premium account		**240,808**	240,808
Retained earnings	26	**1,503,284**	1,469,694
TOTAL EQUITY		**1,890,199**	1,856,609

The financial statements on pages 55 to 118 were approved by the Board of Directors on 15 May 2007 and signed on its behalf by:

Dato' Robert Cheim Dau Meng
Chairman

Group Statement of Changes in Equity

for the year ended 31 January 2007

2007

	Note	Attributable to equity holders of Tanjong					Minority Interest RM'000	Total Equity RM'000
		Paid Up Share Capital RM'000	Share Premium Account RM'000	Other Reserves (Note 25) RM'000	Retained Earnings RM'000	Total RM'000		
At 1 February 2005 – as previously reported		146,107	240,808	10,340	2,022,350	2,419,605	125,209	2,544,814
Prior year adjustment								
– Tax credit recognised on investment allowance	11(a)	–	–	–	247,122	247,122	–	247,122
At 1 February 2005 – as restated		146,107	240,808	10,340	2,269,472	2,666,727	125,209	2,791,936
Effects of adoption of IAS 39:								
– Available-for-sale financial assets: Valuation gains taken to equity		–	–	43,459	–	43,459	–	43,459
– Derivative financial instruments: Valuation gains taken to income statement		–	–	–	2,550	2,550	–	2,550
Balance as at 1 February 2005 after adoption of IAS 39		146,107	240,808	53,799	2,272,022	2,712,736	125,209	2,837,945
Changes in equity for 2006								
Available-for-sale financial assets: Valuation gains taken to equity		–	–	58,492	–	58,492	–	58,492
Exchange differences on foreign currency net investments		–	–	4,054	–	4,054	(596)	3,458
Net income recognised directly in equity		–	–	62,546	–	62,546	(596)	61,950
Profit/(loss) for the financial year		–	–	–	374,494	**374,494**	(5,378)	369,116
Total recognised income and expense for the year		–	–	62,546	374,494	437,040	(5,974)	431,066
Dividends	6	–	–	–	(232,921)	(232,921)	–	(232,921)
At 31 January 2006		146,107	240,808	116,345	2,413,595	2,916,855	119,235	**3,036,090**

The Notes on pages 63 to 118 form part of these financial statements.

	Note	Paid Up Share Capital RM'000	Share Premium Account RM'000	Other Reserves (Note 25) RM'000	Retained Earnings RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
		Attributable to equity holders of Tanjong						
At 1 February 2006		146,107	240,808	116,345	2,413,595	2,916,855	119,235	3,036,090
Changes in equity for 2007								
Available-for-sale financial assets: Valuation gains taken to equity		–	–	15,125	–	15,125	–	15,125
Exchange differences on foreign currency net investments		–	–	(49,356)	–	(49,356)	(5)	(49,361)
Realised exchange differences transferred to income statement upon disposal of subsidiaries		–	–	(13,095)	–	(13,095)	–	(13,095)
Annual net profit transferred to legal reserves		–	–	3,548	(3,062)	486	–	486
Cash flow hedges		–	–	25,367	–	25,367	–	25,367
Others		–	–	–	1,540	1,540	760	2,300
Net income recognised directly in equity		–	–	(18,411)	(1,522)	(19,933)	755	(19,178)
Profit for the financial year		–	–	–	509,527	**509,527**	27,262	536,789
Total recognised income and expense for the year		–	–	(18,411)	508,005	489,594	28,017	517,611
Dividends	6	–	–	–	(208,241)	(208,241)	–	(208,241)
Dividends paid to Minority Interest		–	–	–	–	–	(15,480)	(15,480)
At 31 January 2007		146,107	240,808	97,934	2,713,359	3,198,208	131,772	**3,329,980**

The Notes on pages 63 to 118 form part of these financial statements.

Company Statement of Changes in Equity

for the year ended 31 January 2007

2007

	Note	Paid Up Share Capital RM'000	Share Premium Account RM'000	Retained Earnings RM'000	Total RM'000
At 1 February 2005		146,107	240,808	1,519,045	1,905,960
Changes in equity for 2006					
Profit for the financial year		–	–	183,570	183,570
Dividends	6	–	–	(232,921)	(232,921)
At 31 January 2006		**146,107**	**240,808**	**1,469,694**	**1,856,609**
Changes in equity for 2007					
Profit for the financial year		–	–	241,831	241,831
Dividends	6	–	–	(208,241)	(208,241)
At 31 January 2007		**146,107**	**240,808**	**1,503,284**	**1,890,199**

Share capital represents issued and fully paid-up shares with a nominal value of 7.5 pence each.

The Notes on pages 63 to 118 form part of these financial statements.

Group Cash Flow Statement

for the year ended 31 January 2007

2007

	Note	2007 RM'000	2006 RM'000
Cash flows from operating activities			
Cash generated from operations	27	**1,032,510**	728,445
Malaysian and other taxes paid		**(108,562)**	(115,305)
Net cash generated from operating activities		**923,948**	613,140
Cash flows from investing activities			
Purchase of property, plant and equipment		**(32,995)**	(90,079)
Proceeds from sales of property, plant and equipment		**643**	5,235
Construction of a resort		**(68,752)**	(38,671)
Acquisition of subsidiaries		**(769,470)**	–
Proceeds from disposal of a subsidiary		**6,041**	–
Net investment in joint ventures		**–**	(20,734)
Purchase of investments		**(18,945)**	(81,680)
Proceeds from sale of investments		**79,778**	135,612
Proceeds from disposal of an associate		**–**	4,295
Net repayment of advances from an associate		**260**	1,474
Dividend income received		**12,796**	12,911
Interest received		**64,396**	54,598
Net cash used in investing activities		**(726,248)**	(17,039)
Cash flows from financing activities			
Proceeds from borrowings		**1,271,944**	24,347
Repayment of borrowings		**(1,082,323)**	(80,000)
Dividends paid to Company's shareholders		**(208,241)**	(232,921)
Dividends paid to minority interests		**(15,480)**	–
Government grant received		**77,939**	–
Interest paid		**(282,644)**	(132,060)
Net cash used in financing activities		**(238,805)**	(420,634)
Currency translation differences		**(17,887)**	(3,335)
Net (decrease)/increase in cash and cash equivalents		**(58,992)**	172,132
Cash and cash equivalents at start of the year		**1,349,258**	1,177,126
Cash and cash equivalents at end of the year	18	**1,290,266**	1,349,258

The Notes on pages 63 to 118 form part of these financial statements.

Company Cash Flow Statement

for the year ended 31 January 2007

2007

	Note	2007 RM'000	2006 RM'000
Cash flows from operating activities			
Cash used in operations	27	**(13,543)**	(9,840)
Malaysian and other taxes paid		**–**	(818)
Net cash used in operating activities		**(13,543)**	(10,658)
Cash flows from investing activities			
Interest received		**10,717**	6,472
Dividend received		**240,624**	184,320
Net cash generated from investing activities		**251,341**	190,792
Cash flows from financing activities			
Dividends paid to Company's shareholders		**(208,241)**	(232,921)
Net repayment of advances from subsidiary companies		**21,278**	101,652
Net cash used in financing activities		**(186,963)**	(131,269)
Currency translation differences		**(5,769)**	(408)
Net increase in cash and cash equivalents		**45,066**	48,457
Cash and cash equivalents at start of the year		**220,052**	171,595
Cash and cash equivalents at end of the year	18	**265,118**	220,052

The Notes on pages 63 to 118 form part of these financial statements.

Basis of Preparation

2007

The Company is a public limited company, incorporated and domiciled in England. It has a primary listing on the Main Board of the Bursa Securities and a secondary listing on the London Stock Exchange.

Tanjong's Consolidated Financial Statements for the year ended 31 January 2007 were prepared in accordance with International Financial Reporting Standards ("IFRSs") as endorsed by the European Union ("EU") in accordance with Article 4 of the IAS Regulation and relevant parts of the Companies Act 1985 of Great Britain. Tanjong's audited financial statements have therefore been prepared in accordance with those IFRSs (including the applicable International Accounting Standards ("IAS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations) issued and effective or issued and early adopted as at the time of preparing these statements (i.e. January 2007).

Additional disclosures on differences between IFRSs and approved Accounting Standards applicable in Malaysia (Malaysian Financial Reporting Standards) are provided in Note 32.

The significant accounting policies adopted by the Company are set out in the following pages. These policies have been consistently applied to all the years presented unless otherwise stated. The Company has not presented its own income statement as permitted by Section 230 of the Companies Act 1985 of Great Britain.

The Consolidated Financial Statements have been prepared under the historical cost convention except that, as disclosed in the accounting policies, certain items, including financial instruments are measured at fair value.

A Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities in which the Group has control over the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are no longer consolidated from the date on which control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated upon consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the net asset transferred.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(iii) Joint Ventures

Joint ventures are undertakings in which the Group holds an interest which is jointly controlled by the Group and one or more other parties. The Group's interests in joint ventures are accounted for using the equity method of accounting whereby the investments are initially recorded at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the joint venture. The profit or loss of the Group includes the Group's share of the profit or loss of the joint venture. The Group shall discontinue the use of the equity method from the date in which it ceases to have joint control over, or have significant influence in, a joint venture.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it resells the assets to an independent party. A loss on the transaction is recognised immediately if it provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

B Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products and services within a particular environment that is subject to risks and returns that are different from those segments operating in other economic environments.

C Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items, such as equities, fixed income instruments and long term investments classified as Available-for-sale financial assets, are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity (translation reserve).

Exchange differences arising from the translation of the net investment in foreign entities, and of borrowings designated as hedges of such investments, are taken to translation reserve within shareholders' equity on consolidation. When a foreign operation is sold, exchange differences in the translation reserve are transferred to the income statement as part of the gain or loss on sale.

The principal closing rates used in the translation of foreign currency amounts to RM are as follows:

	2007	2006
1 US Dollar	**3.4995**	3.7475
1 Australian Dollar	**2.7335**	2.8215
1 Pound Sterling	**6.8930**	6.6852
1 EURO	**4.5392**	4.6017
1 Singapore Dollar	**2.2778**	2.3099

D Intangible assets

Premiums

Premiums paid for the rights to operate a business are stated at cost. Such rights have an indefinite useful life and are tested for impairment in accordance with the Group's policy on impairment.

E Property, plant and equipment

All property, plant and equipment ("PPE") is shown at cost less subsequent depreciation and impairment, except for land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised separately, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost less residual value of each asset over its estimated useful life, as follows:

– buildings	20 – 50 years
– plant and machinery	3 – 33 years
– fixtures, fittings and equipment	3 – 11 years
– vehicles	5 years

Asset replacement costs incurred in relation to major overhauls of power plants are capitalised and are depreciated on a straight-line basis over their estimated useful lives, typically the period until the next major scheduled overhaul, which is approximately every three (3) to six (6) years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with relevant carrying amount. These are included in the income statement.

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

F Investment property

Investment property represents an interest in land and a building which is held for its long term investment potential, any rental income being at market rates. The investment property is initially recognised at cost, including related transaction costs. Subsequently, the investment property is carried at fair value based on its open market value at the balance sheet date. The valuation of the property is performed internally every year taking into account existing lease commitments and market conditions. External valuations are carried out by external independent valuers at least once every five years. The most recent external valuation of the investment property was undertaken in March 2007. A gain or loss arising from a change in the fair value of investment property is recognised in the income statement for the period in which it arises.

Subsequent expenditure on an investment property is added to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

G Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation and depreciation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

If an impairment loss is recognised, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised as income immediately.

H Investments

Investments in subsidiaries, associates, joint ventures and other non-current investments from 1 February 2005 are recorded at cost less impairment loss at Company level. Permanent diminution in the value of an investment is recognised as an expense in the period in which the diminution is identified.

The Group classifies its other investments in the categories outlined below. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held-for-trading unless they are designated as hedges. Assets in this category are classified as current if they are either held-for-trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are designated in this category. They are included in non-current assets unless there is an intention to dispose of the investment or the investment is maturing within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus, in the case of a financial asset not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently measured at fair value. Gains and losses arising from changes in the fair value of the 'Financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of non-monetary investments classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

H Investments (continued)

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unquoted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Dividends from investments are recognised when the right to receive the payment is established. Interest income is recognised on a time-proportion basis.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the investment below its cost is considered an indication that the investments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in income statement) is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

I Leases

Where the Group ascertains that a power purchase agreement ("PPA") is or contains a lease and it results in the transfer of substantially all of the risks and rewards incidental to the ownership of the underlying assets to the offtaker who is effectively the lessee, such an arrangement is recognised as a finance lease. In this event, a finance lease is presented as a lease receivable in the balance sheet at an amount equal to the present value of the minimum lease payment. The recognition of lease income will be based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease.

Where the Group ascertains that a PPA is or contains a lease and the Group retains substantially all of the risks and rewards incidental to the ownership of its power plants, such an arrangement is deemed to be an operating lease. In this situation, the relevant plants are capitalised and presented at cost and depreciated over their economic life.

Where the Group, as a lessee, leases property, plant and equipment and assumes substantially all the risks and rewards of ownership, the leases are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other non-current liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

J Inventories

Inventories other than livestock are stated at the lower of cost and net realisable value. Liquefied Petroleum Gas ("LPG") finished products, distillate fuel, spares and consumables are determined on a first-in-first-out basis.

Livestock are measured at their fair value less estimated point-of-sale costs. The fair value of livestock is determined based on market prices of livestock of similar age, breed and genetic merit.

K Trade receivables

Trade receivables are carried at invoiced amounts less provision for doubtful debts based on a review of all outstanding amounts at the period end. Bad debts are written-off in the period in which they are identified.

L Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and short term demand deposits that are readily convertible to known amounts of cash.

M Provisions

Provisions are recognised when; there is a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount can be made. Where there is a firm expectation of a provision to be reimbursed, the reimbursement is recognised as a separate asset.

N Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the fair value (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

O Taxation

Tax expense is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date in the respective jurisdiction the Group operates in.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the assets are realised or the liabilities are settled, based on the tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Please refer to Note 11(a) with regard to the recognition of deferred tax assets in respect of Investment Allowances of the Group.

P Government grants

Government grants shall not be recognised until there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received. Government grants shall be recognised as income on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants shall be presented in the balance sheet as deferred income.

Q Cash Flow Hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability, such as all or some future interest payment on variable rate debt or a highly probable forecast transaction and could affect profit or loss.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly as a hedging reserve in equity, whereas the ineffective portion is recognised immediately in the income statement. Amounts previously deferred in equity are recognised in the income statement in the same period in which the hedged item affects net profit or loss.

R Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the financial year in which the associated services are rendered by employees of the Group.

(ii) Post employment benefits

The Group contributes to the Employees Provident Fund ("EPF"), which is a defined contribution plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current or prior financial years. Contributions to the defined contribution plan are charged to the income statement in the financial year to which they relate.

S Revenue recognition

Group revenue represents the gross sales proceeds net of prize payouts for the Numbers Forecast Totalisator ("NFO") business, share of net surpluses from the Racing Totalisator ("RTO") business, capacity charges and energy payments from power plants, revenue from the letting of the investment property, revenue from admission fees, and food and beverage sales in the Tropical Islands ("TI") resort.

Group revenue is recognised on the following basis:

- Gaming transactions have been determined as falling within the scope of IAS 39 – "Financial Instruments: Recognition and Measurement". NFO revenue is recognised when the customers have placed their investments for completed NFO draws.
- Share of net surplus for RTO business represents the Group's share of the net income arising from completed race meetings.
- Capacity charges are recognised on the billing of the available capacity in accordance with the contractual terms in the power purchase agreements ("PPA") should the risks and rewards of the relevant power plants be considered as being vested on the Group. If the PPA is construed to be, in substance, a finance lease in accordance with the criteria set out in Note 14, capacity charges will be recognised as finance lease income accruing over the period of the PPA.

  In either case, energy payments are recognised as revenue as and when the contracted power is delivered to the offtaker.
- Revenue from the letting of investment property is recognised on a straight-line basis over the term of the relevant tenancy agreements.
- Revenue from admission fees and food & beverage sales in the TI resort is recognised in the accounting period in which the customers patronise the resort and consume its products.

T Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends that are approved by the board of directors of the Company as a distribution to the Company's shareholders are recognised on payment date.

U Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, trading and available-for-sale securities and investments in unit trusts) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, investments in long term venture funds and long term investments in unquoted securities) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables is assumed to approximate their fair values.

V Critical accounting estimates and judgements

The preparation of financial statements requires the Group to make estimates and assumptions that affect the reported financial results during the reporting period. Actual results may differ from these estimates. Certain of the Group's accounting policies have been evaluated as requiring critical accounting judgements or involving particularly complex or subjective decisions or assessments. These are disclosed below and are to be read in conjunction with the full statement on Significant Accounting Policies.

- Note 7 – the annual impairment review on the carrying value of the intangible asset premiums;
- Note 9 – the valuation of investment property;
- Note 12 – the valuation assumptions relating to models used to value certain Available-for-sale financial assets;
- Note 21 – estimation of provisions to be recognised where there is a present obligation as a result of a past event; and
- Note 23(d) – the valuation assumptions relating to fair value of cash flow hedge.

In addition to the above, critical judgements have been made in applying the Group's accounting policies for the following:

(a) Impairment review of the underlying assets of TI

The continuing losses experienced by TI have made it necessary to evaluate whether the underlying assets are being stated in excess of their recoverable amount. A discounted cash flow model is prepared to determine the recoverable amount based on "value-in-use" approach using certain key valuation parameters and various measures that are being undertaken to improve the utilisation of the resort and to manage the capital and operating costs. The discounted cash flow model confirms that the carrying value of the assets at the TI resort and related deferred tax assets are not required to be impaired at this juncture as the projections show that a positive financial position can be achieved within the forecast period.

The key assumptions used are as follows:

Growth rate	2% from 8th year onwards
Discount rate	10.8%

V Critical accounting estimates and judgements (continued)

(b) Assessment on whether the arrangements relating to PPAs for power plants owned by the Group are to be construed as finance or operating leases

The long term PPAs entitle the Group to receive capacity payments as compensation for ensuring the continuing availability of the power plants and also sell their electrical output to the offtaker. As this arrangement gives the offtaker the absolute right to use the power plant for an agreed period and a corresponding obligation to pay the Group for this service, the Group is required, under the current financial reporting framework, to evaluate whether this is in essence a leasing arrangement in accordance with IFRIC 4 – "Determining whether an Arrangement contains a Lease" which the Group adopted as of 1 February 2006.

If a leasing arrangement is established, the Group is required to make a further assessment on whether the risks and rewards of the ownership of each power plant is vested on the offtaker (which will define this as a finance lease arrangement) or if the risks and rewards are substantially vested on the Group (i.e an operating lease). In making this evaluation, both quantitative and qualitative criteria are prescribed by the International Financial Reporting Standards which, on occasions, result in conflicting outcomes, for which no criteria is given precedence over another. In such situations, considerable judgement is brought to bear in determining which party bears most of the risks and the rewards.

We set out below, the key criteria and judgemental elements considered in determining whether the PPAs governing the operations of our power plants are, in substance, finance or operating leases:

Egyptian power plants determined as being finance lease arrangements based on:

- Each PPA constitutes a build, operate and transfer arrangement for which the ownership of the respective power plants reverts to the offtaker at the end of the PPA at nil consideration
- The present value of the capacity payments equates substantially to the fair value of the power plants at inception

Malaysian power plants determined as being operating leases based on:

- Each PPA constitutes a build, operate and own arrangement which gives the Group the right to renew the PPA, by mutual consent with the offtaker, for 3 additional terms of 5 years each. Failing this, the Group is able to realise the residual value of the power plant by a sale or other means, at the end of the PPA
- The PPA term of 21 years is less than the economic life of each power plant estimated at between 35 to 40 years
- The PPA results in the Group retaining other operational risks associated with the arrangement

W New standards and interpretations that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2007 or later periods but which the Group has yet to adopt as they are not yet effective. The new standards which are expected to be relevant to the Group's operations are as follows:

IFRS 7 – "Financial Instrument: Disclosures" and IAS 1 (Amendment) – "Presentation of Financial Statements – Capital Disclosures"
(effective date: for annual periods beginning on or after 1 January 2007)

IFRS 7 introduces additional disclosures on financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30 – "Disclosures in the Financial Statements of Banks and Similar Financial Institutions", and disclosure requirements in IAS 32 – "Financial Instruments: Disclosure and Presentation". It is applicable to all entities that report under IFRSs. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital.

IFRIC 9 – "Reassessment of Embedded Derivatives"
(effective date: for annual periods beginning on or after 1 June 2006)

IFRIC 9 clarifies that an entity should assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited, unless there is a change in the contract's terms, in which case it is required.

In addition, the IASB and IFRIC have issued a number of standards and interpretations that are not applicable to the Group. The Directors do not anticipate that the adoption of the said standards and interpretations will have a material impact on the Group's financial statements in the period.

Financial risk factors

The Group's activities expose it to a variety of financial risks: interest rate risk, foreign currency risk, liquidity and cash flow risk, market risk and credit and counterparty risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. We set out below the policies and other measures taken to manage these risks:

(i) Interest rate risk

A large extent of the Group's expansion activities are financed by way of debt. In this respect, the Group adopts a non-speculative stance which favours predictability over short term interest rate fluctuations particularly for power related projects where interest rate volatility could adversely impact project returns. To this end, the Group's policy is to either borrow at fixed rates or have in place floating-to-fixed interest rate instruments, primarily interest rate swaps, for a significant portion of its floating rate borrowings. The interest rate profile of the Group's borrowings is also regularly reviewed against prevailing and anticipated market interest rates to determine whether refinancing or early repayment is warranted. At 31 January 2007, **71%** (2006: 77%) of the Group's total borrowings were either at fixed rates or were hedged floating rates.

(ii) Foreign currency risk

The Group is exposed to risks arising from various currency exposures primarily with respect to the Euro and US Dollar. The Group has investments in foreign operations whose net assets are exposed to foreign currency translation risk. Such exposures are mitigated through borrowings denominated in the relevant currencies.

The Group is also exposed to currency risk as a result of the foreign currency transactions of the Group for the purchase of materials, spares and services for the maintenance of its power plants and payment obligations under Engineering, Procurement and Construction contract. The Group enters into forward contracts as a hedge against major fluctuations in its foreign currency payment obligations.

(iii) Liquidity and cash flow risk

The Group's holdings of short term financial assets minimises liquidity risk as there are sufficient liquid assets and bank balances to meet the Group's operating and financing requirements for the foreseeable future. Whenever the Group undertakes additional financing, the repayment and maturity profile of the underlying loans are structured after taking into consideration the cash inflows expected to be generated from the related assets or operations and the economic life of the assets or operations being financed.

(iv) Market risk

The Group's exposure to market risk arises mainly from inflationary pressures on the operations and maintenance expenses of its power plants. These are mitigated through stringent procurement and tender procedures, long term supply contracts to minimise price escalation and, to a certain extent, the inclusion of cost pass-through provisions and inflationary adjusting factors in agreements with its customers.

(v) Credit and counterparty risks

Credit risks arise mainly through the credit period extended to selling agents of Pan Malaysian Pools Sdn Bhd, transactions entered into between the Group and the Malaysian and Egyptian national utility companies. The risks relating to the selling agents are mitigated by obtaining collateral (i.e. deposits and bank guarantees) as well as the application of strict credit approval, monitoring and enforcement policies. Counterparty risks arise when deposits are placed with licensed financial institutions. The Group treasury policy seeks to ensure that cash assets are invested safely and profitably by assessing counterparty risks and allocating placement limits for various financial institutions. The Group considers the risk of material loss in the event of non-performance by the above parties to be unlikely.

1. SEGMENTAL REPORTING

The principal business segments of the Group are Power Generation, Gaming, Property Investment and Leisure. Power Generation relates to the ownership, development and operation of power plants. Gaming comprises the Numbers Forecast Totalisator and Racing Totalisator businesses and the Moscow Olympic Lottery business. Property Investment relates to the leasing and maintenance of Menara Maxis. Leisure refers to the operation of the TI resort and the film exhibition business.

The Group's business is mainly concentrated in Malaysia with the exception of Leisure, which operates in the Federal Republic of Germany and Power Generation which expanded into Egypt in March 2006.

(a) Primary reporting format – business segments

	Power Generation RM'000	Gaming RM'000	Property Investment RM'000	Leisure RM'000	Others RM'000	Group RM'000
Year ended 31 January 2007						
Revenue						
Total revenue	1,681,881	635,600*	58,969	66,548	7,160	2,450,158
Inter-segment elimination	–	–	(12,819)	–	–	(12,819)
External revenue	1,681,881	635,600*	46,150	66,548	7,160	2,437,339
Results						
Operating profit/(loss)	682,637	150,185	120,213	(58,754)	(8,747)	885,534
Net investment income						33,379
Finance costs	(253,296)	–	(6,542)	(13,392)	(8,493)	(281,723)
Interest income						60,262
Share of post tax results from:						
– Joint ventures	5,789	(17,283)	–	1,973	–	(9,521)
– Associate	–	–	–	–	315	315
	5,789	(17,283)	–	1,973	315	(9,206)
Profit before taxation						688,246
Taxation						(151,457)
Profit after taxation						536,789

1. SEGMENTAL REPORTING (continued)

(a) Primary reporting format – business segments (continued)

	Power Generation RM'000	Gaming RM'000	Property Investment RM'000	Leisure RM'000	Others RM'000	Group RM'000
Year ended 31 January 2007						
Other segment items						
Capital expenditure	13,497	7,690	665	74,770	1,748	98,370
Depreciation charge	215,492	9,069	936	24,895	201	250,593
Writeback on impairment loss	–	–	–	–	(7,683)	(7,683)
Intangible asset written-off	–	–	–	–	22	22
Property, plant and equipment written-off	–	–	–	1,367	–	1,367
As at 31 January 2007						
Segment assets	5,694,451	137,293	559,831	464,272	60,904	6,916,751
Joint ventures	20,417	95	–	31,445	–	51,957
Associate	–	–	–	–	1,703	1,703
	20,417	95	–	31,445	1,703	53,660
Unallocated assets						1,745,488
Total assets						8,715,899
Segment liabilities	340,629	116,980	21,195	130,048	22,111	630,963
Borrowings	3,459,068	–	112,500	408,528	155,093	4,135,189
Unallocated liabilities						619,767
Total liabilities						5,385,919

1. SEGMENTAL REPORTING (continued)

(a) Primary reporting format – business segments (continued)

	Power Generation RM'000	Gaming RM'000	Property Investment RM'000	Leisure RM'000	Others RM'000	Group RM'000
Year ended 31 January 2006						
Revenue						
Total revenue	1,086,665	697,597*	65,367	96,905	33,280	1,979,814
Inter-segment elimination	–	–	(14,521)	–	–	(14,521)
External revenue	1,086,665	697,597*	50,846	96,905	33,280	1,965,293
Results						
Operating profit/(loss)	386,624	195,461	49,269	(68,651)	(5,319)	557,384
Net investment income						13,313
Finance costs	(106,580)	–	(7,352)	(9,827)	(9,538)	(133,297)
Interest income						53,500
Share of post tax results from:						
– Joint ventures	9,299	(3,941)	–	4,210	–	9,568
– Associate	–	–	–	–	699	699
	9,299	(3,941)	–	4,210	699	10,267
Profit before taxation						501,167
Taxation						(132,051)
Profit after taxation						369,116

1. SEGMENTAL REPORTING (continued)

(a) Primary reporting format – business segments (continued)

	Power Generation RM'000	Gaming RM'000	Property Investment RM'000	Leisure RM'000	Others RM'000	Group RM'000
Year ended 31 January 2006						
Other segment items						
Capital expenditure	86,676	15,161	1,233	58,197	472	161,739
Depreciation charge	207,911	8,123	917	24,083	847	241,881
Provision of impairment loss	–	–	–	–	14	14
Intangible assets written-off	–	–	–	121	–	121
As at 31 January 2006						
Segment assets	2,861,186	157,018	489,220	339,261	63,129	3,909,814
Joint ventures	9,724	16,737	–	30,228	–	56,689
Associate	–	–	–	–	1,725	1,725
	9,724	16,737	–	30,228	1,725	58,414
Unallocated assets						2,074,572
Total assets						6,042,800
Segment liabilities	166,169	130,504	22,425	46,390	13,428	378,916
Borrowings	1,520,000	–	127,500	299,125	167,130	2,113,755
Unallocated liabilities						514,039
Total liabilities						3,006,710

Inter-segment transactions are settled at market prices and are generally based on the same prices as those to third parties.

* Gaming transactions have been determined as falling within the scope of IAS 39. Accordingly, NFO revenue is reported net of prize payouts. Gaming revenue therefore consists of the following:

	Group	
	2007 RM'000	2006 RM'000
Gaming revenue		
NFO gross sales proceeds	**1,992,830**	1,924,978
Less : Prize payouts	**(1,368,487)**	(1,244,241)
NFO revenue	**624,343**	680,737
RTO revenue	**11,257**	16,860
	635,600	697,597

Segment assets include intangible assets, property, plant and equipment, investment property, lease receivables, inventories, trade and other receivables and operating cash. Segment liabilities include trade and other payables, hedging liability, other non-current liabilities and provisions for liabilities and charges.

Unallocated assets include staff loans, available-for-sale financial assets, derivative financial instruments, held-for-trading investments, short term deposits placed with financial institutions and deferred income tax assets. Unallocated liabilities include deferred income tax liabilities and current income tax liabilities.

1. SEGMENTAL REPORTING (continued)

(b) Secondary reporting format – geographical segments

	Malaysia RM'000	Egypt RM'000	Federal Republic of Germany RM'000	Other Countries RM'000	Group RM'000
Year ended 31 January 2007					
Total external revenue	**1,738,505**	**625,126**	**66,548**	**7,160**	**2,437,339**
Total capital expenditure	**23,600**	**–**	**74,770**	**–**	**98,370**
As at 31 January 2007					
Segment assets	**3,401,324**	**3,015,481**	**464,272**	**35,674**	**6,916,751**
Joint ventures					**51,957**
Associate					**1,703**
Unallocated assets					**1,745,488**
Total assets					**8,715,899**
Year ended 31 January 2006					
Total external revenue	1,835,108	–	96,905	33,280	1,965,293
Total capital expenditure	103,509	–	58,197	33	161,739
As at 31 January 2006					
Segment assets	3,510,441	–	339,261	60,112	3,909,814
Joint ventures					56,689
Associates					1,725
Unallocated assets					2,074,572
Total assets					6,042,800

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.

2. OPERATING COSTS – Continuing operations

	Note	Group 2007 RM'000	2006 RM'000
Analysis of operating costs by function:			
Cost of sales		**1,452,013**	1,179,556
Distribution costs		**59,047**	61,441
Administrative expenses		**129,749**	151,402
Other operating (income)/expenses			
– Revaluation surplus on Menara Maxis	9	**(80,000)**	–
– Recognition of government grant	22(a)	**(15,916)**	–
– Miscellaneous expenses		**6,912**	15,510
		1,551,805	1,407,909
Analysis of operating costs by nature:			
Fuel and gas cost		**633,766**	368,059
Gaming tax and betting & sweepstake duties		**269,431**	260,257
Depreciation		**250,593**	241,881
Staff costs	2(a)	**105,329**	107,978
Commissions and royalties		**101,410**	104,948
Maintenance of plants		**30,826**	35,619
Plant insurance		**28,199**	18,975
Advertising & marketing expenses		**27,809**	10,756
Utilities		**23,878**	27,662
Cost of food & beverage sold		**10,122**	13,428
Liquefied petroleum gas costs		**8,182**	33,373
Contribution from designated NFO draws		**5,093**	17,024
Show and performance fees		**4,743**	8,098
Operating fees		**7,271**	28,288
Revaluation surplus on investment property		**(80,000)**	–
Recognition of government grant		**(15,916)**	–
Other operating costs		**141,069**	131,563
		1,551,805	1,407,909

2. OPERATING COSTS – Continuing operations (continued)

	Group 2007 RM'000	Group 2006 RM'000
Operating costs are arrived at after charging/(crediting) the following items:		
Property, plant and equipment:		
Profit on disposal	**(196)**	(669)
Impairment (writeback)/provision	**(6,336)**	14
Written-off	**1,367**	–
Intangible assets:		
Impairment writeback	**(1,347)**	–
Written-off	**22**	121
Inventories:		
Cost of inventories recognised as an expense (included in cost of sales)	**16,676**	32,030
Written-down	**2,131**	15,955
Repairs and maintenance expenditure on property, plant and equipment	**11,721**	4,302
Rent of land and buildings	**2,298**	4,805
Hire of plant and machinery	**1,774**	1,855
Directors of Tanjong – emoluments	**1,425**	1,464

Disclosures required by the Companies Act 1985 of Great Britain on Directors' emoluments, including Directors' fees, benefits-in-kind and expense allowance are included in the Directors' Remuneration Report which forms part of these financial statements.

Auditors' remuneration

PricewaterhouseCoopers LLP ("PwC") are the Group's external auditors for the financial year under review and are subject to re-appointment at the AGM. The aggregate fees for professional services rendered by PwC and network firms are detailed below:

	Note	Group 2007 RM'000	Group 2006 RM'000
Audit of the parent company and consolidated financial statements		**580**	547
Fees payable for other services:			
– audit of subsidiary companies pursuant to legislation		**728**	1,012
– tax compliance and advisory services		**405**	351
– due diligence services for acquisitions		**1,980**	3,684
– services for ongoing corporate development activities		**10,748**	–
– all other assurance services	(a)	**337**	287
		14,778	5,881
Other auditors		**322**	66

(a) Other assurance services relate to quarterly reviews, attestation services, controls reviews, consultations for financial reporting standards and other advice.

2. OPERATING COSTS – Continuing operations (continued)

(a) Staff costs

	Group 2007 RM'000	Group 2006 RM'000
(i) The staff costs incurred during the year were as follows:		
Wages and salaries	**91,944**	92,147
Statutory contributions to social security	**8,981**	11,409
Statutory contributions to Employees Provident Fund	**4,404**	4,422
	105,329	107,978
(ii) The average monthly number of persons employed by the Group during the year was as follows:		
Management	**117**	116
Operations	**909**	948
Administration	**320**	278
	1,346	1,342
Part-time staff	**254**	219
	1,600	1,561
The staff were employed in the following countries:		
Malaysia	**882**	839
Federal Republic of Germany	**476**	634
Egypt	**222**	–
People's Republic of China	**19**	88
Luxembourg	**1**	–
	1,600	1,561

Tanjong plc has one employee, its Executive Director, whose remuneration details are disclosed in the Directors' Remuneration Report.

3. NET INVESTMENT INCOME

	Group 2007 RM'000	Group 2006 RM'000
Dividends from investments:		
Quoted in Malaysia	**1,515**	1,945
Quoted outside Malaysia	**2,705**	2,262
Unquoted long term investments outside Malaysia	**7,117**	9,713
Gain on disposal of investments:		
In Malaysia	**517**	1,409
Outside Malaysia	**2,562**	2,057
Gain on disposal of subsidiaries	**11,171**	–
(Loss)/gain on disposal of an associate	**(1,152)**	734
Writeback of provision for diminution in value of investments	**8,231**	20
Gain/(loss) from change in fair value of financial assets	**1,721**	(2,502)
Net foreign exchange loss	**(1,008)**	(2,325)
	33,379	13,313

4. TAXATION

	Group 2007 RM'000	Group 2006 RM'000
(a) Continuing operations		
Malaysian taxation		
Income tax – current year		
Parent company	**502**	(280)
Subsidiary companies	**120,963**	118,057
	121,465	117,777
Income tax – prior years		
Parent company	**190**	(168)
Subsidiary companies	**(14,695)**	(1,578)
	(14,505)	(1,746)
Deferred taxation		
Parent company	**700**	560
Subsidiary companies	**27,884**	41,628
	28,584	42,188
	135,544	158,219
Non-Malaysian taxation		
Income tax – current year		
Subsidiary companies	**699**	4
Deferred taxation		
Subsidiary companies	**15,214**	(26,172)
	151,457	132,051
(b) Tax on items charged to equity		
Deferred tax on fair value adjustments	**–**	82,059
Deferred tax on revaluation surplus	**–**	32,176
	–	114,235

4. TAXATION (continued)

	Group 2007 %	Group 2006 %
(c) The reconciliation between the Malaysian tax rate and the effective tax rate is as follows:		
Malaysian tax rate	**27.0***	28.0
Tax effect of:		
– Expenses not deductible for tax purposes	**1.0**	1.8
– Income not subject to tax	**(5.8)**	(2.2)
– Different tax rates in foreign jurisdictions	**–**	(1.3)
– Subsidiaries' current year's losses not available for Group set-off	**3.6**	0.9
– Favourable differences on capital allowances	**–**	(0.3)
– Previous year over provision	**(1.3)**	–
– Tax effect on fair value adjustment on livestock and writeback of provision for diminution in value of investments	**(0.6)**	–
– Others	**(0.5)**	(0.1)
	23.4	26.8
Deferred taxation	**(1.4)**	(0.4)
Effective tax rate	**22.0**	26.4

* The Malaysian tax rate was reduced from 28% to 27% during the financial year.

Subject to agreement by the tax authorities of the respective jurisdictions, the amount of unutilised tax losses of subsidiary companies available for set-off against the future income chargeable to tax of the respective subsidiary companies amounted to **RM73,290,926** (2006: RM120,473,000) for which no deferred income tax asset is recognised in the balance sheet. The aforementioned sum relates to the Malaysian subsidiary companies and the carry forward of such losses is subject to meeting certain conditions under the Income Tax Act 1967.

5. EARNINGS AND NET TANGIBLE ASSETS PER SHARE

	Group 2007	2006
(i) The basic and diluted Earnings Per Share ("EPS") is computed as follows:		
Profit attributable to Tanjong's Shareholders (in RM'000)	**509,527**	374,494
Weighted average number of ordinary shares	**403,256,136**	403,256,136
Basic/Diluted EPS* (sen)	**126.4**	92.9
(ii) The Net Tangible Assets ("NTA") per share is computed as follows:		
Total shareholders' equity (in RM'000) as previously reported	**3,198,208**	2,669,733
Prior year adjustments – deferred tax benefit (see Note 11(a))	**–**	247,122
Total shareholders' equity (in RM'000) as restated	**3,198,208**	2,916,855
Less: Intangible assets (in RM'000)	**(49,130)**	(49,130)
NTA (in RM'000)	**3,149,078**	2,867,725
Number of ordinary shares	**403,256,136**	403,256,136
NTA per share (in sen) as previously reported	**781**	650
Prior year adjustments – deferred tax benefit (see Note 11 (a))	**–**	61
NTA per share (in sen) as restated	**781**	711

* Basic and diluted EPS are the same as there were no share options outstanding in both periods.

6. DIVIDENDS

	Company 2007 RM'000	2006 RM'000
First interim dividend of **12 sen gross** (2006: 12 sen gross) per share less Malaysian income tax paid on 28 July 2006	**34,841**	34,841
Second interim dividend of **12 sen gross** (2006: 12 sen gross) per share less Malaysian income tax paid on 31 October 2006	**34,841**	34,841
Third interim dividend of **12 sen gross** (2006: 12 sen gross) per share less Malaysian income tax paid on 25 January 2007	**35,325**	34,841
Final dividend of 2006: **18 sen gross** and **4 sen tax exempt** (2005: 10 sen gross and 16 sen tax exempt) per share less Malaysian income tax paid on 11 August 2006	**68,393**	93,557
Fourth interim dividend of 2006: **12 sen gross** (2005: 12 sen gross) per share less Malaysian income tax paid on 5 May 2006	**34,841**	34,841
	208,241	232,921

The Directors declared a fourth interim dividend in respect of the financial year ended 31 January 2007 of 12 sen gross per share less Malaysian income tax totalling RM35,325,238 to shareholders on record as at 13 April 2007. The fourth interim was paid on 26 April 2007.

In addition, the Directors have also proposed a final dividend in respect of the financial year ended 31 January 2007 consisting of 30 sen gross per share less Malaysian income tax and 4 sen tax exempt dividend per share amounting to RM104,443,339. It will be paid on 24 August 2007 to shareholders on record as at 10 August 2007 if approved at the forthcoming Annual General Meeting.

7. INTANGIBLE ASSETS

Group	Premiums RM'000	Land use rights RM'000	Jetty use rights RM'000	Total RM'000
Amortised cost/Cost				
At 1 February 2006	49,130	7,849	2,204	59,183
Disposal of subsidiary	–	(7,849)	(2,204)	(10,053)
At 31 January 2007	49,130	–	–	**49,130**
Accumulated amortisation				
At 1 February 2006	–	(834)	(124)	(958)
Disposal of subsidiary	–	834	124	958
At 31 January 2007	–	–	–	**–**
Accumulated impairment				
At 1 February 2006	–	(7,015)	(2,080)	(9,095)
Writeback of impairment provision	–	306	1,041	1,347
Disposal of subsidiary	–	6,709	1,039	7,748
At 31 January 2007	–	–	–	**–**
Amortised cost				
At 31 January 2006/07	49,130	–	–	**49,130**

The premiums which are recorded by a subsidiary, consist of the following:

(i) RM21,250,000 relating to the acquisition of the sole and exclusive rights to 20 NFO outlets on 1 February 1990; and

(ii) RM67,319,000 relating to the acquisition of the rights to the Racing Totalisator business on 24 July 1992.

An annual impairment review has been carried out on intangible assets with indefinite useful lives in accordance with IAS 36 – "Impairment of Assets" and IAS 38 – "Intangible Assets".

The recoverable amount of the gaming operations is determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below.

Key assumptions used for value-in-use calculations:

Growth rate	5%
Discount rate*	11.71%

* pre tax discount rate applied to the cash flow projections

Based on the impairment test carried out, the premiums were not impaired.

8. PROPERTY, PLANT AND EQUIPMENT

Group

Cost	**At 1 February 2006 RM'000**	**Additions/ Acquisitions RM'000**	**Disposals/ Exchange adjustments/ Transfers* RM'000**	**At 31 January 2007 RM'000**
Freehold land	18,332	–	(954)	**17,378**
Buildings	163,771	3,166	(25,409)	**141,528**
Land and buildings	182,103	3,166	(26,363)	**158,906**
Assets under construction	593	858	92	**1,543**
Plant and machinery	3,716,503	71,653	(74,263)	**3,713,893**
Fixtures, fittings and equipment	142,150	30,102	(15,252)	**157,000**
Vehicles	13,863	4,483	(878)	**17,468**
Total	4,055,212	110,262	(116,664)	**4,048,810**

Accumulated Depreciation	**At 1 February 2006 RM'000**	**(Charge for the year) RM'000**	**Disposals/ Exchange adjustments/ Transfers* RM'000**	**At 31 January 2007 RM'000**
Buildings	(14,033)	(6,903)	3,458	**(17,478)**
Plant and machinery	(983,598)	(226,324)	30,670	**(1,179,252)**
Fixtures, fittings and equipment	(94,046)	(14,924)	10,456	**(98,514)**
Vehicles	(7,914)	(2,442)	(939)	**(11,295)**
Total	(1,099,591)	(250,593)	43,645	**(1,306,539)**

Impairment	**At 1 February 2006 RM'000**	**Writeback of impairment provision RM'000**	**Disposals RM'000**	**At 31 January 2007 RM'000**
Buildings	(21,514)	2,787	18,727	–
Plant and machinery	(37,516)	3,516	34,000	–
Fixtures, fittings and equipment	(285)	18	267	–
Vehicles	(122)	15	107	–
Total	(59,437)	6,336	53,101	–

* RM78,238,902 of the property, plant and equipment that were previously fully impaired, were disposed off during the year. RM13,745,798 of property, plant and equipment of a wholly-owned subsidiary was written-off as the subsidiary ceased operations during the year.

8. PROPERTY, PLANT AND EQUIPMENT (continued)

Net Book Value	At 31 January 2007 RM'000	At 31 January 2006 RM'000
Freehold land	**17,378**	18,332
Buildings	**124,050**	128,224
Land and buildings	**141,428**	146,556
Assets under construction	**1,543**	593
Plant and machinery	**2,534,641**	2,695,389
Fixtures, fittings and equipment	**58,486**	47,819
Vehicles	**6,173**	5,827
Total	**2,742,271**	2,896,184

Assets capitalised and held under finance leases included in plant and machinery are:

	2007 RM'000	2006 RM'000
Cost	**22,663**	22,977
Accumulated depreciation	**(4,340)**	(2,425)
Net book value	**18,323**	20,552

Assets held under operating leases where Tanjong Group is the lessor:

	2007 RM'000	2006 RM'000
Cost	**3,431,376**	3,441,723
Accumulated depreciation	**(1,144,978)**	(947,367)
Net book value	**2,286,398**	2,494,356

The depreciation charge for the year relating to these assets was **RM210,875,585** (2006: RM204,966,741).

9. INVESTMENT PROPERTY

Group	2007 RM'000	2006 RM'000
At 31 January	**470,000**	470,000
Net gain from fair value adjustments	**80,000**	–
	550,000	470,000

The property is principally held for investment purposes and not for consumption within the business. As such, no depreciation is charged in accordance with IAS 40 – "Investment Property".

The investment property at Menara Maxis was revalued on 9 March 2007 by Messrs Jones Lang Wootton, a Registered Valuer, using the open market existing use basis, to reflect its fair value of RM550,000,000. The Group's share of the resulting surplus post-tax arising from the valuation which amounts to RM39,466,667 has been credited to the Income Statement. The Directors are satisfied, based on the findings, that the year end carrying value of Menara Maxis at RM550,000,000 is appropriate.

The property has been pledged as collateral for the Islamic financing facility referred to in Note 20(a)(x).

Investment property rental income and direct operating expenses for the period are as follows:

	2007 RM'000	2006 RM'000
Rental income (gross)	**58,969**	65,367
Direct operating expenses	**17,164**	14,593

10. INVESTMENTS IN JOINT VENTURES, ASSOCIATE AND SUBSIDIARY COMPANIES

Group	2007 RM'000	2006 RM'000
Investment in joint ventures	**51,957**	56,689
Investment in associate	**1,703**	1,725
Investment in joint ventures and associate	**53,660**	58,414

Group		
Investment in joint ventures:		
At 1 February		
– Net assets	**20,240**	5,882
– Advances	**36,449**	20,189
	56,689	26,071
Reclassification from associate		
– Net assets	**–**	3,142
– Advances	**–**	3,060
Exchange and other adjustments	**5,712**	(776)
Additional net (liabilities)/assets for the year	**(397)**	829
Dividends received from joint ventures	**(2,347)**	–
Share of post tax results	**(8,811)**	11,163
Advances to joint ventures	**1,111**	13,200
At 31 January		
– Net assets	**14,397**	20,240
– Advances	**37,560**	36,449
	51,957	56,689

10. INVESTMENTS IN JOINT VENTURES, ASSOCIATE AND SUBSIDIARY COMPANIES (continued)

Group	**Unquoted shares at cost RM'000**	**Share of post tax results RM'000**	**Advances RM'000**	**Net book amount 2007 RM'000**	Net book amount 2006 RM'000
Investment in associate:					
At 1 February	**2,443**	**(3,549)**	**2,831**	**1,725**	9,337
Reclassification to joint ventures	**–**	**–**	**–**	**–**	(6,202)
Movements	**–**	**339**	**(361)**	**(22)**	(1,410)
At 31 January	**2,443**	**(3,210)**	**2,470**	**1,703**	1,725

In relation to the Group's interests in joint ventures, the assets, liabilities, income and expenses are shown below.

	2007 RM'000	2006 RM'000
Current assets	**63,027**	60,016
Long term assets	**55,650**	44,465
Current liabilities	**(51,707)**	(37,638)
Long term liabilities	**(15,013)**	(10,154)
	51,957	56,689
Income	**87,823**	121,408
Expenses	**(94,754)**	(107,983)
	(6,931)	13,425
Taxation	**(1,880)**	(2,262)
Share of post tax results from joint ventures	**(8,811)**	11,163

The joint ventures have no significant contingent liabilities to which the Group is exposed, nor has the Group any significant contingent liability in relation to its interest in the joint ventures other than as set out in Note 28(c).

The share of capital commitment of the joint ventures is shown in Note 28(a).

10. INVESTMENTS IN JOINT VENTURES, ASSOCIATE AND SUBSIDIARY COMPANIES (continued)

In relation to the Group's interests in associate, the assets, liabilities, income and expenses are shown below.

	2007 RM'000	2006 RM'000
Current assets	**1,319**	1,135
Long term assets	**983**	1,875
Current liabilities	**(517)**	(1,285)
Long term liabilities	**(82)**	–
	1,703	1,725
Income	**5,911**	4,801
Expenses	**(5,140)**	(3,968)
	771	833
Taxation	**(432)**	(129)
Share of post tax results from associate	**339**	704

The associate has no significant contingent liability to which the Group is exposed, nor has the Group any significant contingent liability in relation to its interest in the associate.

Company	**2007**/2006 **RM'000**
Investments in subsidiary companies:	
At 31 January	**121,368**

Details of joint ventures, associate and subsidiary companies are set out in Note 29.

11. DEFERRED INCOME TAX

The movement on the deferred income tax account is as shown below:

	Note	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Deferred income tax assets					
At 1 February – as previously reported		**292,504**	19,385	**700**	1,260
Investment allowance – prior year adjustment	(a)	**–**	247,122	**–**	–
At 1 February – as restated		**292,504**	266,507	**700**	1,260
Exchange differences		**(609)**	385	**–**	–
Acquisition of subsidiary		**4,237**	–	**–**	–
(Charged)/credited to income statement		**(694)**	25,612	**(700)**	(560)
At 31 January		**295,438**	292,504	**–**	700

	Group 2007 RM'000	Group 2006 RM'000
Deferred income tax liabilities		
At 1 February	**494,346**	452,730
Exchange differences	**(12,275)**	(12)
Acquisition of subsidiary	**78,046**	–
Other adjustment	**934**	–
Credited directly to equity	**(2,298)**	–
Charged to income statement	**43,104**	41,628
At 31 January	**601,857**	494,346

(a) The Group is, under the Income Tax Act 1967, entitled to Investment Allowances ("IA") which can be utilised against future taxable profits. In reliance on the stipulation of Malaysian Accounting Standards Board ("MASB") Standard No. 25 – Income Taxes that the tax benefit arising from the IA should not be recognised, as it would result in the carrying amount of an asset being less than the amount deductible for tax purposes; the Group did not recognise the deferred tax benefit relating to its IA that arose in prior years.

On 16 February 2007 however, the Malaysian Ministry of Finance issued a letter to the MASB clarifying that the IA has, in fact, no relationship to the asset for which the IA has been given, apart from being used as a basis for computing the amount of tax allowances to be credited to the tax exempt income account.

Following this clarification, the IA granted in relation to the construction of the Panglima power plant is now accounted for as a tax credit that can be utilised against future taxable profits, thereby resulting in a deferred tax benefit of approximately RM247 million.

The effect of this change has been recognised retrospectively as a prior year adjustment to retained earnings within Equity and the corresponding debit has been made to the deferred tax asset account.

All timing differences have been accounted for.

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets because it is probable that these assets will be recovered.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries and joint ventures. As earnings derived from sources outside Malaysia are exempt from income tax, no tax is expected to be payable on such earnings upon remittance into Malaysia.

11. DEFERRED INCOME TAX (continued)

	Provisions RM'000	Tax losses RM'000	Tax credits RM'000	Total RM'000
Deferred income tax assets				
At 1 February 2005	1,260	18,125	–	19,385
Investment allowance – prior year adjustment	–	–	247,122	247,122
	1,260	18,125	247,122	266,507
(Charged)/credited to income statement	(560)	26,172	–	25,612
Exchange differences	–	385	–	385
At 31 January 2006	700	44,682	247,122	292,504
(Charged)/credited to income statement	(694)	–	–	(694)
Acquisition of subsidiary	4,237	–	–	4,237
Exchange differences	–	(609)	–	(609)
At 31 January 2007	**4,243**	**44,073**	**247,122**	**295,438**

	Accelerated tax depreciation RM'000	Fair value gains RM'000	Others RM'000	Total RM'000
Deferred income tax liabilities				
At 1 February 2005	330,694	121,893	143	452,730
Charged/(credited) to income statement	50,326	(7,658)	(1,040)	41,628
Exchange differences	–	–	(12)	(12)
At 31 January 2006	381,020	114,235	(909)	494,346
Charged/(credited) to income statement	20,271	23,081	(248)	43,104
Credited directly to equity	–	(2,298)	–	(2,298)
Acquisition of subsidiary	–	78,046	–	78,046
Exchange differences	–	(12,275)	–	(12,275)
Other adjustment	934	–	–	934
At 31 January 2007	**402,225**	**200,789**	**(1,157)**	**601,857**

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2007	2006
	RM'000	RM'000
At 1 February	**444,018**	–
Reclassification from long term investments	**–**	185,007
Reclassification from current asset investments	**–**	216,001
Effect of adoption of IAS 39 – valuation gains taken to equity	**–**	43,459
Balance after adoption of IAS 39	**444,018**	444,467
Exchange differences	**5,195**	(10,705)
Additions	**14,948**	86,263
Disposals/return of capital	**(72,082)**	(134,000)
Writeback of provisions/adjustment of cost	**503**	(499)
Valuation gains taken to equity	**15,125**	58,492
At 31 January	**407,707**	444,018
Analysed between:		
Non-current	**376,414**	400,483
Current	**31,293**	43,535
	407,707	444,018
Available-for-sale financial assets comprise the following:		
Quoted equity securities:		
– in Malaysia	**17,029**	23,145
– outside Malaysia	**84,420**	76,084
Fixed income instruments with fixed interest rates ranging from 3.0% p.a. – 8.2% p.a. and maturity dates between April 2007 and June 2012	**52,032**	104,410
Convertible bonds	**2,500**	–
Investment in unit trusts	**10,581**	10,264
Unquoted investments:		
Long term venture funds (i)	**6,156**	8,300
Long term investments (ii)	**234,989**	221,815
	407,707	444,018

i) This represents minority equity interests held in limited liability partnerships, which were formed to generate capital gains primarily from venture capital investments in early stage companies. These partnerships have tenures of 10 years with expiration periods ranging from 30 June 2009 to 31 December 2010.

ii) This represents an approximate 4% effective interest in the equity of an entity holding interests in broadcasting assets in the United Kingdom and approximately 4% effective interest in loan notes with fixed interest of 13% maturing in December 2017.

The fair value of this investment at balance sheet date is determined by discounting the total estimated future cash flows to be derived from the investment over a 12-year period until its maturity date of December 2017 at the discount rates mentioned below:

Discount rate for equity investment	9.0%
Discount rate for loan notes	11.0%

13. DERIVATIVE FINANCIAL INSTRUMENTS

	Group 2007 RM'000	Group 2006 RM'000
At 1 February	**2,183**	–
Reclassification from current asset investments in accordance with IAS 39	**–**	2,421
Additions	**1,916**	–
Disposals	**(4,717)**	(352)
Valuation gains taken to income statement	**1,159**	114
Writeback of allowance of diminution	**1**	–
At 31 January	**542**	2,183
Analysed between:		
Non-current	**–**	2,183
Current	**542**	–
	542	2,183

Derivative financial instruments comprise warrants quoted in Malaysia.

14. LEASE RECEIVABLES

	Group 2007 RM'000
Gross investment – minimum lease receivables	
Within 1 year	**441,330**
Between 1 and 5 years	**1,579,771**
5 years or more	**4,676,271**
	6,697,372
Less: Future finance lease income	**(3,949,430)**
Present value of minimum lease payments	**2,747,942**
Representing the present value of minimum lease payments	
Within 1 year	**95,559**
Between 1 and 5 years	**263,707**
5 years or more	**2,388,676**
	2,747,942
Analysed between:	
Non-current	**2,652,383**
Current	**95,559**
	2,747,942

The PPAs governing the Group's Egyptian operations require the power plants to be transferred back to the EEHC upon expiry of the PPAs under a build, operate and transfer arrangement thereby transferring substantially all the risks and rewards incidental to the ownership of the plant to EEHC. As such, the aforementioned arrangement, which is deemed to contain a lease element, is required to be accounted for in accordance with *IAS 17 – "Leases"* as a finance lease.

14. LEASE RECEIVABLES (continued)

Accordingly, the present value of the lease payments, which is the contracted capacity payment due from EEHC, is classified as finance lease receivables in the Balance Sheet at an amount equal to the net investment in the lease. Finance lease income is recognised over the term of the lease using the net investment method which reflects a constant periodic rate of return on outstanding finance lease receivables.

The fair value of the lease receivables is the carrying value and the effective interest rate is 13%.

15. INVENTORIES

	Group	
	2007	2006
	RM'000	RM'000
Cost		
LPG finished products	**–**	1,349
Distillate fuel	**60,811**	30,864
Spares and consumables	**195,729**	99,732
Merchandise	**1,631**	650
Food & beverage	**1,862**	1,197
	260,033	133,792
Fair value		
Trading livestock	**16,217**	6,210
	276,250	140,002

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Trade receivables	**169,445**	278,731	**–**	–
Other receivables	**77,005**	34,346	**12,775**	596
Taxation recoverable	**15,592**	6,505	**478**	1,170
Prepayments	**37,101**	18,087	**16**	–
	299,143	337,669	**13,269**	1,766

There is a significant concentration of credit with respect to trade receivables totalling **RM147,801,000** (2006: RM179,594,000), due from the national utility company, Tenaga Nasional Berhad, which has a good credit standing.

There is no significant concentration of credit risk with respect to the trade receivables in the other segments as the Group has a large number of customers which are internationally dispersed.

17. HELD-FOR-TRADING INVESTMENTS

	Group	
	2007	2006
	RM'000	RM'000
At 1 February	**3,438**	–
Reclassification from current asset investments in accordance with IAS 39	**–**	4,725
Additions	**3,019**	1,824
Disposals	**(3,513)**	(3,044)
Valuation gains/(losses) taken to income statement	**562**	(67)
Writeback of provisions	**44**	–
At 31 January	**3,550**	3,438

Held-for-trading investments comprise equity securities quoted in Malaysia.

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Cash at bank and in hand	**262,744**	29,778	**323**	87
Short term deposits in financial institutions*	**1,027,522**	1,319,480	**264,795**	219,965
	1,290,266	1,349,258	**265,118**	220,052

The effective interest rate on short-term deposits was **3.63%** p.a. (2006: 2.81% p.a.) and these deposits have various periods of maturity from overnight to six months.

* Includes **RM41,240,310** (2006: RM42,398,000) placed in a finance service reserve account to meet the debt servicing requirement of a subsidiary company, and **RM33,725,812** (2006: RM16,000,000) placed in a Maintenance Reserve Account, which is required pursuant to the PPAs.

19. TRADE AND OTHER PAYABLES

		Group		Company	
		2007	2006	**2007**	2006
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Trade payables		**112,946**	74,472	**–**	–
Other payables	(a)	**148,360**	130,110	**453**	137
Accruals		**148,288**	145,602	**11,276**	3,072
Deferred income – Government grant	22(a)	**15,709**	–	**–**	–
Short term lease liabilities	(b)	**2,674**	2,361	**–**	–
		427,977	352,545	**11,729**	3,209

(a) Other payables consist mainly of balances payable to regulatory authorities i.e. Gaming Tax, Betting & Sweepstake Duties and royalties.

(b) TI Group's contracts with Energieversorgung Brand GmbH ("EVB") for the delivery of water, gas, electricity and heat to the dome and other buildings of TI Group is classified as an embedded finance lease as the contracts transfer substantially all the risks and rewards incidental to ownership. TI as the purchaser shall recognise (embedded) finance leases as assets and liabilities in their balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments.

		Group	
		2007	2006
	Note	**RM'000**	RM'000
Finance lease liabilities – minimum lease payments			
Within 1 year		**3,478**	3,526
Between 1 and 5 years		**13,913**	14,106
5 years or more		**18,684**	22,468
		36,075	40,100
Future finance charges on finance leases		**(15,760)**	(18,171)
Present value of finance lease liabilities		**20,315**	21,929
Analysed between:			
Current		**2,674**	2,361
Non-current	22	**17,641**	19,568
		20,315	21,929

The fair value of the finance lease liabilities is the carrying value and the effective interest rate is 10%.

20. BORROWINGS

	Note	Group 2007 RM'000	2006 RM'000
Secured			
Bank loans			
Term loan – GBP	20a i	**155,093**	167,130
Term loan – USD	20a ii	**501,408**	–
Bridging loans	20a iii	**–**	299,125
Working capital facility	20a iv	**26,246**	–
Transferable loan facility	20a v	**408,528**	–
Private debt securities			
Serial bonds	20a vi	**830,000**	830,000
Islamic debt securities	20a vii	**280,000**	325,000
Medium term notes	20a viii	**15,000**	15,000
Commercial paper	20a ix	**50,000**	–
Islamic financing facility	20a x	**112,500**	127,500
IFC loan	20a xi	**1,167,014**	–
Senior secured notes	20a xii	**339,400**	–
Unsecured			
Private debt securities			
Redeemable bonds	20 b	**250,000**	350,000
		4,135,189	2,113,755

(a) The secured borrowings comprise:

(i) A term loan of £25 million secured by way of a corporate guarantee issued by the Company was drawn down by Invest Allied Limited ("IAL") on 20 January 2005. This loan may be partly or fully repaid during the tenure of the loan at the discretion of IAL. The average interest rate on the loan was **5.49%** p.a. (2006: 5.51% p.a.).

(ii) A term loan of USD150 million was drawn down by Kuasa Nusajaya (L) Ltd ("KNL") in March 2006. This loan is repayable over 20 semi-annual instalments starting from 31 July 2006. This loan is secured by way of a charge over the shares in KNL, an assignment of KNL's rights to be paid proceeds of certain claims if such claims are made in relation to the acquisition of two power generating companies, Suez Gulf Power SAE ("Suez Gulf") and Port Said East Power SAE ("Port Said") and an Egyptian Operating Company SAE from EDF International SA in Egypt ("Acquisition"), an assignment of KNL's rights under hedging contracts and an assignment of shareholder's loan and charges over certain accounts and receivables. The average interest rate on the loan was **8.54%** p.a. This loan has been taken to part-finance the acquisition of the Egyptian power plants.

(iii) During the year, the bridging loans of EUR35 million and EUR30 million were repaid.

(iv) The working capital facility at Port Said and Suez Gulf were assumed over following the completion of the acquisition of the Egyptian power plants on 2 March 2006. This facility is repayable over six years, whereas a lump sum of RM1.75 million each is to be repaid at the maturity of the institutional investors' notes by Port Said and Suez Gulf respectively. The average interest rate was **6.86%** p.a. This facility is secured by pledge of shares in Port Said and Suez Gulf entities owning the power plants in Egypt, mortgages over their assets, assignment of shareholder loan agreement, project agreements, interest rate hedging agreements, insurances, receivables and certain accounts, and a bank guarantee for an amount of USD100 million issued by KNL.

20. BORROWINGS (continued)

(v) EUR30 million transferable loan facility was drawn down by Tanjong Entertainment (L) Ltd on 31 March 2006. This loan is repayable in a single payment six years after the first draw down. The average interest rate on the loan was **3.66%** p.a. This loan is secured by way of a corporate guarantee issued by the Company. This loan was taken to repay the bridging loan of the same amount.

Another EUR60 million of transferable loan facility was drawn down by Tropical Island Holding GmbH between 22 May 2006 to 15 December 2006. This loan is repayable in 11 equal semi-annual instalments of EUR5,454,545 commencing 12 months after the first draw down. The average interest rate was **3.74%** p.a. This loan is secured by the Company undertaking in proportion to its equity interest of 75% in TI, to provide cash flow support which amount is capped at the principal and interest due in any one year only. This loan was also used to repay bridging loans of EUR5 million and EUR30 million respectively with the balance utilised as working capital.

(vi) Serial bonds of RM830 million nominal value were issued in 2 tranches by Panglima at par on 7 March 2003 and 19 March 2003. These debts were undertaken by Panglima and are secured against a debenture over its assets and properties, a charge over its landed properties, an assignment of its rights, titles, benefits and interest in and under certain insurances and project agreements and an assignment of all amounts standing to the credit of a designated project and finance reserve account of Panglima. The weighted average interest rate of the bonds was **7.42%** p.a. (2006: 7.42%) with interest payable semi-annually in arrears. The bonds were issued with tenures ranging from 6.5 to 13 years. The proceeds from the bonds were issued to repay the bridging loan and to finance the construction costs of Panglima's power plant.

(vii) Al-Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS") were issued by Pahlawan Power Sdn Bhd ("Pahlawan") at par on 31 January 2002. These BaIDS are secured by way of an assignment of certain insurances in relation to Pahlawan's properties, assets and business and a charge over its finance service reserve account. The average finance cost of the BaIDS was **6.61%** p.a. (2006: 6.47% p.a.) with interest payable semi-annually in arrears. The BaIDS have various maturity periods, ranging from 2 to 10 years. The proceeds from the BaIDS were mainly utilised to settle the deferred consideration due to TNB in respect of Pahlawan's acquisition of a power plant at Tanjong Kling, Melaka.

(viii) Medium term notes ("MTN") were issued by Pahlawan at par between September and November 2002 as part of its Notes Issuance Facility Agreement. The security mentioned in Note 20(a)(vii) above also covers the MTN. The weighted average finance cost of the MTN was **4.75%** p.a. (2006: 4.75% p.a.). The MTN have maturity periods ranging from 2 to 7 years. The proceeds from the MTN were used to repay advances from Powertek Berhad ("Powertek").

(ix) RM50 million of discounted Commercial paper ("CP") were issued by Panglima in February 2006. The security mentioned in Note 20(a)(vi) also covers the CP. The average finance cost was **4.0%** p.a. The proceeds from the CP were used to repay Powertek.

(x) The Al-Bai' Bithaman Ajil Islamic financing facility ("Facility") is secured by a fixed charge over Impian Klasik Sdn Bhd's freehold land and building and a corporate guarantee issued by the Company. The profit on the Facility is 5.40% p.a. and is repayable over 10 years.

(xi) The International Finance Corporation ("IFC") loans comprise three loans (the "A loan", the "B1 loan" and the "B2 loan"). The A loan is repayable over 34 unequal semi-annual instalments. The B1 loan is repayable over 30 unequal semi-annual instalments. The B2 loan is repayable over 20 unequal semi-annual instalments. Interest on all loans is paid semi-annually. The average interest rate range between **7.11%** p.a. and **7.66%** p.a. This borrowing was obtained to finance the construction of the 2 power plants in Egypt. The security mentioned in Note 20(a)(iv) also covers the IFC loans.

(xii) The secured notes, denominated in USD, issued by Suez Gulf and Port Said, are to be repaid on 8 semi-annual equal instalments starting 2018. Interest is repaid on a semi-annual basis. The average interest rate was **7.49%** p.a. The security mentioned in Note 20(a)(iv) also covers this secured notes.

20. BORROWINGS (continued)

(b) The unsecured borrowings comprise redeemable bonds of nominal value which were issued by Powertek at par on 29 August 2001. The weighted average interest rate of the bonds was **6.45%** p.a. (2006: 6.18% p.a.) with interest payable semi-annually in arrears. The bonds were issued with tenures ranging from 5 to 10 years. The proceeds from the bonds were advanced by Powertek to Panglima to part-finance the construction of Panglima's power plant.

		Group	
		2007	2006
	Note	**RM'000**	RM'000
Amounts falling due within 1 year			
Bank loans			
Bridging loans	20a iii	**–**	299,125
Term loan – USD	20a ii	**20,175**	–
Working capital facility	20a iv	**6,999**	–
Transferable loan facility	20a v	**49,518**	–
Private debt securities			
Islamic debt securities	20a vii	**50,000**	45,000
Medium term notes	20a viii	**15,000**	–
Commercial paper	20a ix	**50,000**	–
Redeemable bonds	20 b	**–**	100,000
Islamic financing facility	20a x	**15,000**	15,000
IFC loan	20a xi	**71,327**	–
		278,019	459,125
Amounts falling due after more than 1 year			
Bank loans			
Term loan – GBP	20a i	**155,093**	167,130
Term loan – USD	20a ii	**481,233**	–
Working capital facility	20a iv	**19,247**	–
Transferable loan facility	20a v	**359,010**	–
Private debt securities			
Serial bonds	20a vi	**830,000**	830,000
Islamic debt securities	20a vii	**230,000**	280,000
Medium term notes	20a viii	**–**	15,000
Redeemable bonds	20 b	**250,000**	250,000
Islamic financing facility	20a x	**97,500**	112,500
IFC loan	20a xi	**1,095,687**	–
Senior secured notes	20a xii	**339,400**	–
		3,857,170	1,654,630
Total Debt		**4,135,189**	2,113,755

20. BORROWINGS (continued)

The maturity analysis of the Group's borrowings is as follows:

	Group 2007 RM'000	Group 2006 RM'000
Maturity of borrowings		
Within 1 year	**278,019**	459,125
Between 1 and 2 years	**340,526**	80,000
Between 2 and 5 years	**1,125,244**	470,000
5 years or more	**2,391,400**	1,104,630
	4,135,189	2,113,755

21. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

Group	Provision for transfer cost (a) RM'000	Provision for potential claims (b) RM'000	Provision for end of service bonus (c) RM'000	Total RM'000
At 1 February 2006	–	–	–	–
Acquisition of subsidiary	**42,168**	**6,184**	**1,674**	**50,026**
Charged to income statement				
– Additional provisions	–	**4,672**	**605**	**5,277**
– Unwinding of discount	**1,062**	–	–	**1,062**
Incurred during the year	–	**(1,356)**	–	**(1,356)**
At 31 January 2007	**43,230**	**9,500**	**2,279**	**55,009**

Anaylsed between:	
Current	**9,500**
Non-current	**45,509**
	55,009

A brief description of each provision together with estimation of the timing of expenditure is given below:

(a) The provision for transfer cost represents the future value of the appropriate level of inventory items to be transferred at the end of the term of the PPA in 2023. The Group has recognised the provision for transfer cost at fair value representing the net present value of future cash flows required to settle the obligation. The initial net present value of the provision has been capitalised as part of the cost of the power plants.

(b) The provision for potential claims for movable tax, payroll tax, sales tax and withholding tax, is recognised based on management review in consultation with the professional advisors. These potential claims are payable subject to final determination by the tax authorities.

(c) The provision for end of service bonus results from contractual terms under which certain eligible employees are entitled to receive benefits based on years of service, should they remain in service until the end of the PPA term in 2023. The provision represents the net present value of future cash flows required to settle the obligation.

22. OTHER NON-CURRENT LIABILITIES

	Note	Group 2007 RM'000	Group 2006 RM'000
Deferred income – Government grant	(a)	**47,128**	–
Long term sales tax		**19,953**	–
Long term lease liability	(b)	**17,641**	19,568
Security deposits for office rental		**6,710**	6,803
		91,432	26,371

(a) The Group has been informed by InvestitionsBank des Lands Brandenburg (the Investment Bank of the State Government of Brandenburg, Federal Republic of Germany or "ILB") that it has fulfilled the conditions precedent relating to the drawdown of a government grant totalling EUR17.3 million (approximately RM79 million) of which RM15.7 million has been classified as trade and other payables (Note 19) and RM15.9 million (Note 2) has been recognised in the income statement. The Grant was approved in respect of qualifying capital expenditure incurred by the TI subsidiaries pursuant to the development and construction of the TI Resort in Germany.

The key remaining terms and conditions of the Grant are that during the mandatory period of five years to 31 October 2010, the assets that qualify for the Grant must remain within the TI subsidiaries unless they are replaced by assets of equivalent or higher value, and the TI subsidiaries are to have a minimum staff establishment of 500 full-time or equivalent positions. In undertaking the fulfilment of these terms and conditions, the Group has provided a bank guarantee of EUR18 million and a corporate guarantee of EUR2 million. The obligations under these guarantees shall cease to have effect once a claim out of these guarantees has not been asserted or made by the ILB by 31 October 2011.

In accordance with *IAS 20 – "Accounting for Government Grants and Disclosure of Government Assistance"*, the Grant of EUR17.3 million is recognised as income proportionately over the mandatory period of 5 years. The guarantees totalling EUR20 million are disclosed in Note 28(c)(v) in accordance with *IAS 37 – "Provisions, Contingent Liabilities and Contingent Assets"*.

(b) The long term lease liability is further analysed as follows:

	Group 2007 RM'000	Group 2006 RM'000
Amounts due:		
Between 1 and 2 years	**2,031**	2,711
Between 2 and 5 years	**5,167**	5,724
5 years or more	**10,443**	11,133
	17,641	19,568

23. FINANCIAL INSTRUMENTS

(a) Financial Liabilities

(i) The fair values and interest rate risk profile of the Group's financial liabilities which are stated in RM are as follows:

	2007		2006	
	Book value RM'000	**Fair value RM'000**	Book value RM'000	Fair value RM'000
Fixed rate				
Private debt securities				
Serial bonds	**830,000**	**823,357**	830,000	816,654
Redeemable bonds	**250,000**	**251,219**	350,000	345,661
Islamic debt securities	**280,000**	**284,746**	325,000	330,709
Commercial paper	**50,000**	**50,000**	–	–
	1,410,000	**1,409,322**	1,505,000	1,493,024
Islamic financing facility	**112,500**	**114,898**	127,500	131,171
Senior secured notes	**339,400**	**356,247**	–	–
	1,861,900	**1,880,467**	1,632,500	1,624,195
Floating Rate				
Term loan – GBP	**155,093**	**155,093**	167,130	167,130
Term loan – USD	**501,408**	**501,408**	–	–
Bridging loans	**–**	**–**	299,125	299,125
Transferable loan facility	**408,528**	**408,528**	–	–
Medium term notes	**15,000**	**15,000**	15,000	15,000
Working capital facility	**26,246**	**26,246**	–	–
IFC loan	**1,167,014**	**1,167,014**	–	–
	2,273,289	**2,273,289**	481,255	481,255
	4,135,189	**4,153,756**	2,113,755	2,105,450
No Interest Rate				
Security deposits for office rental	**6,710**	**5,434**	6,803	5,383
	4,141,899	**4,159,190**	2,120,558	2,110,833

The fair values of the financial instruments are the amounts at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. It is anticipated therefore that the above financial liabilities will be settled at their book values and not at their fair values.

23. FINANCIAL INSTRUMENTS (continued)

(a) Financial Liabilities (continued)

(ii) The maturity profile of the Group's financial liabilities is as follows:

	2007		2006	
	RM'000	**%**	RM'000	%
Within 1 year	**278,593**	**7**	459,125	22
Between 1 and 2 years	**340,695**	**8**	81,404	4
Between 2 and 5 years	**1,126,207**	**27**	470,169	22
5 years or more	**2,396,404**	**58**	1,109,860	52
	4,141,899	**100**	2,120,558	100

The maturity profile of the carrying amount of the Group's financial liabilities at the balance sheet date is as follows:

	Within 1 year RM'000	**Between 1 and 2 years RM'000**	**Between 2 and 5 years RM'000**	**5 years or more RM'000**	**2007 Total RM'000**
Term loan – GBP	**–**	**–**	**–**	**155,093**	**155,093**
Term loan – USD	**20,175**	**16,630**	**84,135**	**380,468**	**501,408**
Working capital facility	**6,999**	**6,999**	**8,748**	**3,500**	**26,246**
Transferable loan facility	**49,518**	**49,519**	**148,556**	**160,935**	**408,528**
Serial bonds	**–**	**–**	**260,000**	**570,000**	**830,000**
Islamic debt securities	**50,000**	**50,000**	**180,000**	**–**	**280,000**
Medium term notes	**15,000**	**–**	**–**	**–**	**15,000**
Commercial paper	**50,000**	**–**	**–**	**–**	**50,000**
Redeemable bonds	**–**	**125,000**	**125,000**	**–**	**250,000**
Islamic financing facility	**15,000**	**15,000**	**45,000**	**37,500**	**112,500**
IFC loan	**71,327**	**77,378**	**273,805**	**744,504**	**1,167,014**
Senior secured notes	**–**	**–**	**–**	**339,400**	**339,400**
Security deposits for office rental	**574**	**169**	**963**	**5,004**	**6,710**
	278,593	**340,695**	**1,126,207**	**2,396,404**	**4,141,899**

	Within 1 year RM'000	**Between 1 and 2 years RM'000**	**Between 2 and 5 years RM'000**	**5 years or more RM'000**	**2006 Total RM'000**
Term loan – GBP	–	–	–	167,130	167,130
Bridging loans	299,125	–	–	–	299,125
Private debt securities	145,000	65,000	425,000	885,000	1,520,000
Islamic financing facility	15,000	15,000	45,000	52,500	127,500
Security deposits for office rental	–	1,404	169	5,230	6,803
	459,125	81,404	470,169	1,109,860	2,120,558

23. FINANCIAL INSTRUMENTS (continued)

(a) Financial Liabilities (continued)

(iii) The interest rate risk profile of the Group's fixed rate financial liabilities at the balance sheet date is as follows:

	2007	2006
Weighted average interest rate p.a. (%)	**7.0**	6.8
Weighted average period for which rate is fixed (years)	**6.6**	5.7

The details of fixed and floating rates of financial liabilities are set out in Note 20.

The valuation basis of financial liabilities is explained in the accounting policies relating to financial instruments.

(b) Financial Assets

(i) The fair value profiles of the Group's financial assets are as follows:

	2007		2006	
	Book value RM'000	**Fair value RM'000**	Book value RM'000	Fair value RM'000
Cash	**262,744**	**262,744**	29,778	29,778
Short term deposits	**1,027,522**	**1,027,522**	1,319,480	1,319,480
Marketable securities	**104,999**	**104,999**	102,667	102,667
Fixed income instruments	**52,032**	**52,032**	104,410	104,410
Convertible bonds	**2,500**	**2,500**	–	–
Investments in unit trusts	**10,581**	**10,581**	10,264	10,264
Long term investments	**241,145**	**241,145**	230,115	230,115
Derivative financial instruments	**542**	**542**	2,183	2,183
Trade and other receivables	**299,143**	**299,143**	337,669	337,669
Lease receivables	**2,747,942**	**2,747,942**	–	–
	4,749,150	**4,749,150**	2,136,566	2,136,566

Short term deposits carry interest rates set in advance for various periods of maturity. Marketable securities are investments in quoted securities while the long term investments are investments in partnerships as detailed in Note 12(i) & (ii). Fixed income and money market instruments are investments which carry fixed interest rates. Derivative financial instruments comprise warrants quoted in Malaysia.

The Group's credit risk exposures under short term receivables and other financial assets are represented by the book value in the above table. The Group has no significant concentration of credit risks, with exposures being spread over a large number of counterparties and customers.

23. FINANCIAL INSTRUMENTS (continued)

(b) Financial Assets (continued)

(ii) The interest rate risk and currency profiles of the Group's financial assets at the balance sheet date are as follows:

	2007				2006			
Currency	**Fixed rate RM'000**	**Floating rate RM'000**	**No interest rate* RM'000**	**Total RM'000**	Fixed rate RM'000	Floating rate RM'000	No interest rate* RM'000	Total RM'000
EGP	**2,747,942**	**–**	**–**	**2,747,942**	–	–	–	–
RM	**51,506**	**907,301**	**317,500**	**1,276,307**	104,410	1,214,238	373,991	1,692,639
USD	**–**	**108,342**	**182,273**	**290,615**	–	91,130	18,010	109,140
GBP	**97,005**	**3,098**	**138,954**	**239,057**	94,555	11,380	128,238	234,173
EURO	**–**	**78,038**	**101,529**	**179,567**	–	1,012	80,033	81,045
AUD	**–**	**3**	**10,510**	**10,513**	–	1,458	11,162	12,620
Others	**527**	**2,430**	**2,192**	**5,149**	–	1,498	5,451	6,949
	2,896,980	**1,099,212**	**752,958**	**4,749,150**	198,965	1,320,716	616,885	2,136,566

**This comprises cash, marketable securities, convertible bonds, investments in unit trusts, long term investments and trade & other receivables. See Note 23(b)(i).*

The effective weighted average interest rate applicable for financial assets during the year was **4.7%** (2006: 3.65%).

(c) Currency Exposures

The table below shows the extent to which the Group companies have monetary assets and liabilities in currencies other than their functional currency. Exchange differences on retranslation of these assets and liabilities at the balance sheet date are dealt with in the income statement.

	Net foreign currency monetary assets/(liabilities) in RM'000				
Functional currency	**Ringgit Malaysia**	**US Dollar**	**Australian Dollar**	**Others**	**Total**
At 31 January 2007					
Ringgit Malaysia	**–**	**24,742**	**–**	**–**	**24,742**
US Dollar	**39,819**	**–**	**3,505**	**(12,994)**	**30,330**
Others	**(25)**	**1,393**	**–**	**–**	**1,368**
Total	**39,794**	**26,135**	**3,505**	**(12,994)**	**56,440**
At 31 January 2006					
Ringgit Malaysia		(31,322)	222	(59,531)	(90,631)
US Dollar		–	10,808	113,721	124,529
Renminbi		(63,479)	–	–	(63,479)
Others		1,496	–	–	1,496
Total		(93,305)	11,030	54,190	(28,085)

23. FINANCIAL INSTRUMENTS (continued)

(d) Cash Flow Hedge

The notional principal amounts of derivative financial instruments are as follows:

	2007 RM'000
Within 1 year	57,239
Between 2 and 5 years	328,695
5 years or more	759,765
	1,145,699

The Group has entered into interest rate arrangements with counterparty banks to hedge its exposure to interest rate fluctuations. This arrangement mirrors the draw down and repayment schedule of the loans, covering approximately 70% of the outstanding loans to which the derivative instruments relate. The notional amount outstanding at 31 January 2007 was RM1,145.70 million. The fixed rates vary from 5.395% to 6.450% and the floating interest rate is LIBOR. The derivative instruments which are entered into for the purpose of the cash flow hedge had a positive fair value of RM18.7 million as at 31 January 2007.

24. PAID UP SHARE CAPITAL

	Number of shares of 7.5 pence each	£'000	RM'000
Authorised			
At 1 February 2006/31 January 2007	450,000,000	33,750	160,390
Allotted and fully paid			
At 1 February 2006/31 January 2007	403,256,136	30,244	146,107

25. OTHER RESERVES

An analysis of the movement in Other Reserves is set out below:

Group	Fair Value Reserve RM'000	Translation Reserve RM'000	Hedging Reserve RM'000	Legal Reserve RM'000	Total Other Reserves RM'000
At 1 February 2005	–	10,340	–	–	10,340
Effects of adoption of IAS 39:					
Available-for-sale financial assets:					
Valuation gains taken to equity	43,459	–	–	–	43,459
Balance as at 1 February 2005 after adoption of IAS 39	43,459	10,340	–	–	53,799
Changes in equity for 2006					
Available-for-sale financial assets:					
Valuation gains taken to equity	58,492	–	–	–	58,492
Exchange differences on foreign currency net investments	–	4,054	–	–	4,054
Net income recognised directly in equity	58,492	4,054	–	–	62,546
At 31 January 2006	101,951	14,394	–	–	116,345
Changes in equity for 2007					
Available-for-sale financial assets:					
Valuation gains taken to equity	15,125	–	–	–	15,125
Exchange differences on foreign currency net investments	–	(49,356)	–	–	(49,356)
Realised exchange differences transferred to income statement upon disposal of subsidiaries	–	(13,095)	–	–	(13,095)
Cash flow hedges	–	–	18,706	–	18,706
Share of hedging reserve from jointly controlled entity	–	–	6,661	–	6,661
Annual net profit transferred to legal reserve	–	–	–	3,548	3,548
Net income recognised directly in equity	15,125	(62,451)	25,367	3,548	(18,411)
At 31 January 2007	117,076	(48,057)	25,367	3,548	**97,934**

26. RETAINED EARNINGS

The opening retained earnings have been adjusted by approximately RM247 million with the retrospective recognition of a deferred tax benefit. The deferred tax benefit arose from IA which has now been considered as tax credits that can be utilised against future taxable profits. The entitlement for the IA arose prior to 31 January 2007 (see Note 11(a)).

Group	2006 RM'000
Balance as at 31 January 2006 as previously reported	2,166,473
Prior year adjustment – deferred tax benefit	247,122
Balance as at 31 January 2006 as restated	2,413,595

Based on estimated tax credits available under the Malaysian Income Tax Act, 1967 and subject to agreement with the Malaysian Inland Revenue Board, the entire retained profits of the Company as at year end is available for distribution by way of dividends without incurring additional tax liability. Of this amount, **RM16.4** million is available for distribution as tax-exempt dividends.

27. NOTES ON CASH FLOW STATEMENT

	Group		**Company**	
	2007 RM'000	2006 RM'000	**2007 RM'000**	2006 RM'000
Note A: Cash generated from/(used in) operations				
Profit for the year	**536,789**	369,116	**241,831**	183,570
Adjustments for:				
Property, plant and equipment				
– depreciation	**250,593**	241,881	**–**	–
– impairment (writeback)/provision	**(7,683)**	14	**–**	–
Intangible assets written-off	**22**	121	**–**	–
Fair value gain on investment property	**(80,000)**	–	**–**	–
Recognition of government grant	**(15,916)**	–	**–**	–
Writeback of provision for inter-company advances	**–**	–	**(7,520)**	–
Net investment income	**(33,379)**	(13,313)	**(328,431)**	(255,592)
Interest income	**(60,262)**	(53,500)	**(10,738)**	(6,537)
Finance costs	**281,723**	133,297	**–**	–
Share of results of				
– joint ventures	**9,521**	(9,568)	**–**	–
– associate	**(315)**	(699)	**–**	–
Taxation	**151,457**	132,051	**94,968**	71,792
Other items	**(8,788)**	699	**–**	12
Changes in working capital				
– Inventories	**(32,698)**	(22,499)	**–**	–
– Receivables, deposits and prepayments	**57,628**	(34,798)	**(12,174)**	(16)
– Payables and accrued expenses	**(16,182)**	(14,357)	**8,521**	(3,069)
Cash generated from/(used in) operations	**1,032,510**	728,445	**(13,543)**	(9,840)

28. COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

	Group	
	2007	2006
	RM'000	RM'000
Authorised and contracted	**225,802**	1,441,000
Authorised but not contracted	**144,228**	164,000
	370,030	1,605,000
Analysed as follows:		
Investment commitments	**209,000**	1,428,000
Power generating assets	**33,950**	23,000
TI project expenditure	**55,141**	97,000
Fixtures, fittings and equipment	**55,527**	43,000
Others	**16,412**	14,000
	370,030	1,605,000

	Share of joint ventures	
	2007	2006
	RM'000	RM'000
Authorised and contracted:		
– Investment commitments	**109,891**	275,915
– Property, plant and equipment	**5,253**	–
	115,144	275,915
Authorised but not contracted: Property, plant and equipment	**5,221**	–

(b) Lease commitments

The future minimum lease payments receivable under the PPAs as at 31 January which are classified as operating leases under IFRSs were as follows:

	Group	
	2007	2006
	RM'000	RM'000
Within 1 year	**602,745**	587,775
Between 2 and 5 years	**2,450,503**	2,441,445
5 years or more	**4,380,581**	4,992,385
	7,433,829	8,021,605

The PPAs terminate between financial year 2016 and 2024. However, each PPA gives the Group the right to renew, by mutual consent with the offtaker, for 3 additional terms of 5 years each.

28. COMMITMENTS AND CONTINGENCIES (continued)

(c) Contingencies

As at the balance sheet date, the Group has provided the following guarantees and indemnities in favour of:

(i) a financial institution in respect of a bank guarantee issued to Abu Dhabi Water and Electricity Company pursuant to the Power and Water Purchase Agreement in relation to Taweelah B Independent Water and Power Project in Abu Dhabi, United Arab Emirates ("Project Taweelah") up to a maximum amount of AED44.32 million (an equivalent of RM42.24 million);

(ii) a financial institution and Taweelah United Power Company in respect of Pendekar Power (Labuan) Ltd's required capital contribution in Project Taweelah, up to a maximum amount of AED198.60 million (an equivalent of RM189.26 million);

(iii) a financial institution in respect of the USD100 million (an equivalent of RM349.95 million) standby letters of credit/bank guarantee facility obtained by KNL;

(iv) a financial institution of up to USD38 million (an equivalent of RM133 million) and EGP125 million (an equivalent of RM77 million) in relation to standby letter of credit facilities obtained by KNL; and

(v) a financial institution and ILB amounting to EUR20 million (approximately RM91 million) in respect of the government subsidies awarded to TI.

As at the balance sheet date, the Company has also provided corporate guarantees to financial institutions in respect of the borrowings undertaken by its subsidiaries as disclosed in Note 20 a (i), (v) and (x).

29. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES

The active subsidiary, joint venture and associated companies of the Group, all of which have been included in the consolidated financial statements, are shown below. The percentage holding and voting rights for the financial years ended 31 January 2007 and 2006 are the same unless otherwise stated.

Name of subsidiary/ joint venture/ associated companies	Country of incorporation and operations	Class of share	Percentage holding and voting rights	Principal activities
Held by the Company				
Pan Malaysian Pools Sdn Bhd	Malaysia	Ordinary	100%	Numbers Forecast Totalisator business and Racing Totalisator business
Daya Mahsuri Sdn Bhd	Malaysia	Ordinary	100%	Investment holding
Global Investments (BVI) Limited	British Virgin Islands	Ordinary	100%	Investment holding
Tanjong Management Services Sdn Bhd	Malaysia	Ordinary	100%	Provision of management services
Tanjong Equities Sdn Bhd	Malaysia	Ordinary	100%	Investment trading
Invest Allied Limited	Hong Kong	Ordinary	100%	Investment holding

29. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (continued)

Name of subsidiary/ joint venture/ associated companies	Country of incorporation and operations	Class of share	Percentage holding and voting rights	Principal activities
Held by the Group				
Powertek Berhad	Malaysia	Ordinary	100%	To carry out the business of Power Generation
Pahlawan Power Sdn Bhd	Malaysia	Ordinary	100%	To carry out the business of Power Generation
Panglima Power Sdn Bhd	Malaysia	Ordinary	100%	To carry out the business of Power Generation
Impian Klasik Sdn Bhd	Malaysia	Ordinary	67%	Leasing of investment property
Tanjong City Centre Property Management Sdn Bhd	Malaysia	Ordinary	100%	Letting and maintenance of Menara Maxis
National Stud Farm Sdn Bhd	Malaysia	Ordinary	100%	Own and lease a piece of land
PMP Management Services Sdn Bhd	Malaysia	Ordinary	100%	Provision of consultancy services
Wynyarra 1996 Pty Ltd #	Australia	Ordinary	100%	Horse racing/breeding
TGV Cinemas Sdn Bhd *	Malaysia	Ordinary	50%	Film exhibition
Pacific Online Systems Corporation ** #	Philippines	Class "B" Common	20%	Leasing of facilities for online lottery operations
Central Pacific Assets Ltd *#	British Virgin Islands	Ordinary	50%	Investment holding
Tanjong Entertainment (L) Ltd	Labuan, Malaysia	Ordinary	100%	Investment holding
Asia Gulf Power Holding Company Limited *	Cayman Islands	Ordinary	25%	Investment holding
Asia Gulf Power Service Company Limited *	Cayman Islands	Ordinary	25%	Provision of operations and maintenance services
Tropical Island Asset Management GmbH	Germany	Ordinary	75%	Property ownership
Energieversorgung Brand GmbH *	Germany	Ordinary	37.5%	Supply of electrical power, natural and liquefied gas, heat and compressed air
Ambleside Investments Limited	Hong Kong	Ordinary	100%	Investment holding
Uniclic Limited * #	Republic of Cyprus	Ordinary	50%	Investment holding
Tropical Island Management GmbH	Germany	Ordinary	75%	Operation of leisure park
Port Said East Power SAE ø	Egypt	Ordinary	100%	To carry out the business of power generation
Suez Gulf Power SAE ø	Egypt	Ordinary	100%	To carry out the business of power generation
Egyptian Operating Company SAE ø	Egypt	Ordinary	100%	Operation and maintenance of power plant

29. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (continued)

Name of subsidiary/ joint venture/ associated companies	Country of incorporation and operations	Class of share	Percentage holding and voting rights	Principal activities
Held by the Group (continued)				
Kuasa Nusajaya (L) Ltd	Labuan, Malaysia	Ordinary	100%	Investment holding
Kuasa Nusajaya Sdn Bhd	Malaysia	Ordinary	100%	Provision of operation and maintenance services

\# Companies not audited by PricewaterhouseCoopers LLP
* Joint venture
** Associate
ø Acquired during the financial year

30. RELATED PARTY TRANSACTIONS

The following is a summary of material transactions as defined by IAS 24 – "Related Party Disclosures", 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 ("the Trust");

(ii) Ananda Krishnan Tatparanandam and his family; and

(iii) Key management personnel

The trustee of the Trust is the controlling shareholder of the Company as defined by the United Kingdom Financial Services Authority Listing Rules.

Group	**2007 RM'000**	2006 RM'000
(a) Purchase of services from other related parties:		
Consultancy services: *UTSB Management Sdn Bhd*	**15,750**	15,750
Gas, heating, electricity, water and safety related services: *Energieversorgung Brand GmbH*	**7,566**	6,767
Closed circuit television broadcasting services: *Perkhidmatan Usaha Tegas Sdn Bhd*	**3,551**	2,938
Telecommunication and related services: *Communications and Satellite Services Sdn Bhd*	**1,967**	1,797
Sponsorship of events: *MEASAT Broadcast Network Systems Sdn Bhd*	**1,700**	1,109
Technical advisory, operations and maintenance fees: *All Asia Power Services Sdn Bhd*	**1,644**	5,012
Bloodstock management and accounting services: *Kia-Ora Estates Pty Ltd*	**1,326**	1,346
Rental of premises: *Pexpac Ltd*	**509**	432
Software support and licence fees: *Compute Systems Limited*	**–**	385
Equipment lease rentals: *Compute Systems Limited*	**–**	140
Others	**715**	443
	34,728	36,119

30. RELATED PARTY TRANSACTIONS (continued)

Group	**2007 RM'000**	2006 RM'000
(b) Sales of services to other related parties:		
Lease rental and tenant service revenue:		
Maxis Communications Berhad, UTSB Management Sdn Bhd, MAI Sdn Bhd, MEASAT Satellite Systems Sdn Bhd	**25,760**	31,165
Others	**1,034**	603
	26,794	31,768
(c) Recovery of expenses and shared overhead costs with other related parties		
Maxis Communications Berhad, UTSB Management Sdn Bhd, Pan Malaysian Sweeps Sdn Bhd, MAI Sdn Bhd, MEASAT Satellite Services Sdn Bhd, Tropical Islands Management Services Sdn Bhd, TGV Cinemas Sdn Bhd	**7,722**	8,762
(d) Acquisition of property, plant and equipment		
Energieversorgung Brand GmbH	**44**	–
(e) Balances with other related parties:		
Amounts due to related parties	**6,446**	5,976
Amounts due from related parties	**1,637**	9,033
(f) Key management personnel:		
Salaries and short-term employee benefits	**7,855**	8,672
Other long-term benefits	**924**	943
	8,779	9,615

The key management personnel during the year were the Group Chief Operating Officer, Group Chief Financial Officer, Group Company Secretary, Executive Director of Powertek Berhad, Chief Operating Officer of Pan Malaysian Pools Sdn Bhd and the General Manager, Legal & Corporate Affairs.

Company

The transactions with subsidiaries during the year are as follows:

Dividends received	**334,200**	256,000
Management services	**3,202**	2,326

31. SIGNIFICANT EVENTS

(a) Acquisition of Power Assets in Egypt

On 2 March 2006, the Group had, via KNL completed its acquisition from EDF International SA ("EDFI") of the entire issued and paid-up capitals of Suez Gulf, Port Said and Egyptian Operating Company SAE ("EOC") (collectively, "Egyptian Companies") and the outstanding shareholders' loans owed by Suez Gulf and Port Said to EDFI. The purchase consideration of USD307 million was funded by way of USD150 million of bank borrowings and the balance through the Tanjong Group's internally generated funds. Accordingly, Suez Gulf, Port Said and EOC became wholly-owned subsidiaries of Tanjong.

The acquired business contributed revenue of **RM625.1 million** and net profit of **RM106.7 million** to the Group for the period from 2 March 2006 to 31 January 2007. Had the acquisition taken place on 1 February 2006, the total contribution to group revenue and net profit would have been RM682.0 million and RM119.7 million respectively based on the Group's accounting policies.

The carrying amount and fair value of net assets of power assets in Egypt, net of cash at subsidiaries on 2 March 2006 are as follows:

	Acquiree's carrying amount RM million	Fair value of net assets RM million
Property, plant and equipment	3.5	3.5
Lease receivables*	2,547.7	2,900.5
Inventories	103.6	103.6
Trade and other receivables	62.2	62.2
Trade and other payables	(77.5)	(77.5)
Deferred sales tax	(37.7)	(37.7)
EDFI shareholder's loan	(271.9)	(271.9)
Borrowings	(1,715.2)	(1,708.0)
Hedging liability	(82.2)	(82.2)
Deferred income tax liability	(63.7)	(65.1)
Provisions	(57.9)	(57.9)
Cash and cash equivalents	154.7	154.7
Net assets	**565.6**	**924.2** (i)

* The power plants are classified as property, plant and equipment by the Egyptian entities while the Group classifies them as lease receivables as detailed in Note 14.

		USD million	RM million
Purchase consideration			
– in respect of shares in the Egyptian companies		237.6	882.6
– in respect of shareholder's loan by EDFI assumed by KNL		69.4	257.8
		307.0	1,140.4
Costs attributable to the acquisition (USD15 million)			55.7
Total acquisition cost			1,196.1
Less: Shareholder's loan (EDFI) which was repaid subsequent to acquisition			(271.9)
Total net cash applied in acquisition	(i)		924.2
Cash and cash equivalents of subsidiaries acquired			(154.7)
Subsidiaries acquired net of cash			**769.5**

31. SIGNIFICANT EVENTS (continued)

(b) Disposal of LPG business in the People's Republic of China ("China")

On 25 April 2006, the Company disposed of its interest in the LPG business in China to Sinowave (Asia) International Limited and had received USD2.1 million ("Disposal") as a consideration for assets which have been fully impaired. The Disposal was made in line with the Group's previously announced aim of exiting the LPG business in China in view of the continuing losses recorded by its subsidiaries in China.

Details of the disposal are as follows:

	At the date of disposal RM million
Property, plant and equipment	6,336
Intangible assets	1,347
Inventories	4,505
Receivables	2,112
Cash and cash equivalents	1,643
Payables	(6,335)
Net assets	9,608
Transfer of translation reserve	(13,095)
Sales proceeds	(7,684)
Gain on disposal	11,171
Sales proceeds	7,684
Less: cash in business disposed off	(1,643)
Net proceeds from disposal of a subsidiary	6,041

(c) Moscow Olympic Lottery

On 16 October 2006, the Company announced that Yuvenga JSC ("Yuvenga") in which the Company has an effective interest of 24.5%, held via its wholly-owned subsidiary, Ambleside Investment Limited, had temporarily suspended the conduct of its Moscow Olympic lottery draws pending a review by its shareholders on measures necessary to achieve sustainable profits and optimise the values of Yuvenga's lottery licence, which is valid till 2013.

32. ADDITIONAL DISCLOSURES ON DIFFERENCES BETWEEN IFRSs AND MALAYSIAN ACCOUNTING REQUIREMENTS

Difference in accounting policies

The accounting policies adopted by the Group comply with IFRSs. These accounting policies comply with the Malaysian Financial Reporting Standards ("MFRS") with the exception of IFRSs standard, IAS 39 – " Financial Instruments: Recognition and Measurement" which has yet to be adopted in Malaysia.

The effects of these differences are as follows:

			2007 RM'000
(i)	**Revenue**		
	Revenue per IFRSs		**2,437,339**
	Add: Prize payouts		**1,368,487**
	Revenue per MFRS		**3,805,826**
(ii)	**Profit after taxation (Distributable)**		
	Profit after taxation per IFRSs		**536,789**
	Less: Gain from change in fair value of financial assets		**(1,721)**
	Add: Write-back provision for diminution in value		**2,226**
	Profit after taxation adjusted per MFRS		**537,294**
(iii)	**Equity shareholders' funds**		
	Equity shareholders' funds per IFRSs		**3,198,208**
	Less:		
	Gain from change in fair value of financial assets		
	– at 1 February 2006	**(499)**	
	– at current year	**(1,721)**	**(2,220)**
	Fair value reserve per IFRSs	**(117,076)**	
	Provision for diminution in value adjusted to income statement	**2,226**	**(114,850)**
	Less: Hedging reserve under Equity		**(25,367)**
	Equity shareholders' funds as adjusted per MFRS		**3,055,771**

Additional Compliance Information 2007

The following information is provided in compliance with Part A of Appendix 9C of the Bursa Securities Listing Requirements:

1. MATERIAL CONTRACTS

There were no material contracts outside the ordinary course of business, entered into by Tanjong or its subsidiaries in the preceding two years, involving Directors' and major shareholders' interests, either still subsisting as at 31 January 2007 or since the end of the previous financial year ended 31 January 2006.

2. NON-STATUTORY AUDIT FEES

These are disclosed in detail on page 81 of the Financial Statements.

3. STATUTORY DECLARATION
PURSUANT TO PARAGRAPH 4A.18 OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

I, SELVAM N @ GERARD A/L T.N. NATHAN, being the person primarily responsible for the financial management of Tanjong public limited company, do solemnly and sincerely declare that the financial statements set out on pages 55 to 118 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960 of Malaysia.

Subscribed and solemnly declared by
SELVAM N @ GERARD A/L T.N. NATHAN
at Kuala Lumpur in Malaysia
on 15 May 2007

Before me,

T. THANAPALASINGAM
(No. W 036)
COMMISSIONER FOR OATHS

Analysis of Shareholdings
as at 15 May 2007

2007

Share Capital

Authorised	:	£33,750,000 comprising 450,000,000 shares of 7.5 pence each
Shares in issue	:	403,256,136
Issued and Paid up	:	£30,244,210.20
Nominal Value of Share	:	7.5 pence
Voting Right	:	One (1) vote per share

Size of shareholdings	No. of shareholders	% of shareholders	No. of 7.5 pence shares	% of issued shares
Less than 100	314	4.19	2,565	0.00
100 to 1,000	3,557	47.50	2,964,241	0.73
1,001 to 10,000	2,902	38.76	10,348,064	2.57
10,001 to 100,000	506	6.76	16,066,037	3.98
100,001 to 20,162,806[1]	206	2.75	218,830,909	54.27
20,162,807[2] and above	3	0.04	155,044,320	38.45
Total	7,488	100.00	403,256,136	100.00

Notes:
[1] less than 5% of the issued share capital
[2] 5% and above of the issued share capital

Location of shareholders

Malaysia	6,905	92.22	232,037,966	57.54
UK	42	0.56	83,434	0.02
Others	541	7.22	171,134,736	42.44
Total	7,488	100.00	403,256,136	100.00

Category of shareholders

Individuals	6,178	82.50	17,063,195	4.23
Banks/Finance Companies	50	0.67	2,658,900	0.66
Investment Trusts/Foundations/Charities	8	0.11	360,000	0.09
Industrial and Commercial Companies	179	2.39	146,026,869	36.21
Government Agencies/Institutions	–	–	–	–
Nominees	1,073	14.33	237,147,172	58.81
Others	–	–	–	–
Total	7,488	100.00	403,256,136	100.00

List of 30 Largest Shareholders as at 15 May 2007

No.	Name of shareholders	No. of 7.5 pence shares held	% of issued shares
1.	Usaha Tegas Sdn Bhd	71,000,000	17.61
2.	Usaha Tegas Resources Sdn. Bhd.	53,688,000	13.31
3.	Cimsec Nominees (Tempatan) Sdn Bhd *Ultimate Corporation Sdn Bhd*	30,356,320	7.53
4.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for J.P. Morgan Bank Luxembourg S.A.	16,959,700	4.21
5.	DB (Malaysia) Nominee (Asing) Sdn Bhd *BNP Paribas Nominees Singapore Pte Ltd. for Marlestone Investments Ltd*	16,271,016	4.03
6.	HSBC Nominees (Asing) Sdn Bhd *Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)*	15,395,800	3.82
7.	Malaysia Nominees (Tempatan) Sendirian Berhad *Great Eastern Life Assurance (Malaysia) Berhad (Par 1)*	12,200,000	3.03
8.	Macroniaga Sdn. Bhd.	8,596,000	2.13
9.	Citigroup Nominees (Asing) Sdn Bhd *CB LUX for Vontobel Fund (Far East Equity)*	8,254,688	2.05
10.	HSBC Nominees (Asing) Sdn Bhd *Exempt AN for JPMorgan Chase Bank, National Association (U.A.E.)*	7,418,266	1.84
11.	Citigroup Nominees (Asing) Sdn Bhd *Exempt AN for Mellon Bank (Mellon)*	6,432,700	1.60
12.	Panglimawira Sdn. Bhd.	6,406,000	1.59
13.	Citigroup Nominees (Tempatan) Sdn Bhd *Exempt AN for Prudential Assurance Malaysia Berhad*	5,639,000	1.40
14.	HSBC Nominees (Asing) Sdn Bhd *TNTC for Mondrian Emerging Markets Equity Fund L.P.*	5,273,500	1.31
15.	HSBC Nominees (Asing) Sdn Bhd *Exempt AN for Morgan Stanley & Co. Incorporated*	4,895,366	1.21
16.	Citigroup Nominees (Asing) Sdn Bhd *CB LUX for Vontobel Fund (EMERG MKTS EQTY)*	3,158,434	0.78

List of 30 Largest Shareholders as at 15 May 2007 (continued)

No.	Name of shareholders	No. of 7.5 pence shares held	% of issued shares
17.	Cartaban Nominees (Asing) Sdn Bhd *Investors Bank and Trust Company for Ishares, Inc.*	2,974,000	0.74
18.	Citigroup Nominees (Asing) Sdn Bhd *Exempt AN for American International Assurance Company Limited*	2,925,100	0.73
19.	HSBC (Nominees) Asing Sdn Bhd *Exempt AN for JPMorgan Chase Bank, National Association (U.K.)*	2,768,700	0.69
20.	Malaysia Nominees (Tempatan) Sendirian Berhad *Great Eastern Life Assurance (Malaysia) Berhad (Par 2)*	2,700,000	0.67
21.	HSBC Nominees (Asing) Sdn Bhd *BNY Brussels for Magellan*	2,500,000	0.62
22.	Cartaban Nominees (Asing) Sdn Bhd *SSBT Fund TC3H for California State Teachers Retirement System*	2,496,900	0.62
23.	HSBC Nominees (Asing) Sdn Bhd *BBH and Co Boston for GMO Emerging Markets Fund*	2,272,900	0.56
24.	Public Invest Nominees (Tempatan) Sdn Bhd *Impian Tegap Sdn Bhd*	1,944,000	0.48
25.	HSBC Nominees (Asing) Sdn Bhd *HSBC BK plc for Lincoln Far East Trust*	1,926,400	0.48
26.	Cartaban Nominees (Asing) Sdn Bhd *Nomura Trust and Banking Company Limited Tokyo for Asia Attractive Dividend Stock Fund Mother Fund*	1,797,600	0.45
27.	Pertubuhan Keselamatan Sosial	1,780,600	0.44
28.	Citigroup Nominees (Asing) Sdn Bhd GSI for Perry Partners Inter Inc	1,719,370	0.43
29.	HSBC Nominees (Asing) Sdn Bhd *TNTC for Government of Singapore Investment Corporation Pte Ltd*	1,696,700	0.42
30.	HSBC Nominees (Asing) Sdn Bhd *BBH (LUX) SCA for Fidelity Funds Malaysia*	1,680,100	0.42
TOTAL		303,127,160	75.20

MAJOR SHAREHOLDERS AS AT 15 MAY 2007

The major shareholders of Tanjong and their respective direct and indirect interests in 3 per cent or more of the total voting rights and capital in issue of Tanjong as at 15 May 2007 based on the Notification of Major Interests in Shares received by the Company pursuant to the Disclosure and Transparency Rules are as follows:

	Direct		Indirect	
Name of Major Shareholders	No. of voting rights attached to shares of 7.5 pence each held	% of issued shares [x]	No. of voting rights attached to shares of 7.5 pence each held	% of issued shares [x]
Usaha Tegas Sdn Bhd [i]	71,000,000	17.61	53,688,000	13.31
Pacific States Investment Limited [ii]	–	–	124,688,000	30.92
Excorp Holdings N.V. [iii]	–	–	124,688,000	30.92
PanOcean Management Limited [iv]	–	–	124,688,000	30.92
Ananda Krishnan Tatparanandam [v]	–	–	124,688,000	30.92
Usaha Tegas Resources Sdn Bhd	53,688,000	13.31	–	–
Ultimate Corporation Sdn Bhd [vi]	30,356,320	7.53	–	–
Marlestone Investments Limited [vi]	16,271,016	4.03	–	–
Khoo Teik Chooi [vii]	520,000	0.13	30,356,320	7.53
Khoo Teng Bin [vii]	180,000	0.04	30,356,320	7.53
Templeton Asset Management Ltd [viii]	–	–	20,265,100	5.03
FTIF Templeton Asian Growth Fund [ix]	–	–	15,503,800	3.84

Notes:

(i) *The indirect interest is held by its wholly-owned subsidiary, Usaha Tegas Resources Sdn Bhd.*

(ii) *Deemed interest arises through its direct controlling interest in Usaha Tegas Sdn Bhd. Please refer to Note (i) above.*

(iii) *Deemed interest arises through its direct controlling interest in Pacific States Investment Limited. Please refer to Note (ii) above.*

(iv) *Excorp Holdings N.V. ("Excorp") is in turn owned by PanOcean Management Limited ("PanOcean"). PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of Ananda Krishnan Tatparanandam and foundations including those for charitable purposes. Although PanOcean is taken as having an indirect interest in the voting rights, it does not have any economic or beneficial interest in the said voting rights, as such interest is held subject to the terms of the discretionary trust. Please refer to Note (iii) above as to Excorp's interest in Tanjong shares.*

(v) *Ananda Krishnan Tatparanandam is taken as having an indirect interest in the voting rights, through his indirect interest in Usaha Tegas Sdn Bhd, which arises by virtue of trust and related arrangements with PanOcean. Please refer to Note (iv) above as to PanOcean's interest in Tanjong shares. Although he is taken as having an indirect interest, he does not have any economic or beneficial interest in the said voting rights, as such interest is held subject to the terms of the discretionary trust.*

(vi) *Held through a nominee.*

(vii) *Khoo Teik Chooi and Khoo Teng Bin each has an indirect interest in 30,356,320 voting rights held through Ultimate Corporation Sdn Bhd and a direct interest in 520,000 and 180,000 voting rights attached to Tanjong shares of 7.5 pence each respectively.*

(viii) *The interest is held through nominees.*

(ix) *The interest is held through JP Morgan Chase Bank.*

(x) *The percentage is based on the issued share capital of the Company as at 15 May 2007.*

DIRECTORS' INTERESTS AS AT 15 MAY 2007

Based on the Register of Directors' Interests in the shares of the Company as maintained by the Company:

- The interests of the Directors in the shares of the Company (both direct and indirect) as at 15 May 2007 are as follows:

	Direct		Indirect	
Name of Directors	No. of 7.5 pence shares held	% of issued shares [c]	No. of 7.5 pence shares held	% of issued shares [c]
Khoo Teik Chooi [a]	520,000	0.13	30,356,320	7.53
Augustus Ralph Marshall [b]	520,000	0.13	–	–

[a] Khoo Teik Chooi's indirect interest arises from his indirect interest in Ultimate Corporation Sdn Bhd.

[b] This interest is held through nominees.

[c] The percentage is based on the issued share capital of the Company as at 15 May 2007.

- None of the Directors has any interest in the shares or options of the subsidiary companies in the Group as at 15 May 2007.

Top 10 properties based on highest net book value

Location	Date of acquisition/ revaluation (Tenure)	Description of existing use	Approximate Size	Approximate age of building	Net book value @31.1.07 RM'000
Lot 168 Seksyen 58 No. Hakmilik : 43696 Daerah Kuala Lumpur Bandar Kuala Lumpur Wilayah Persekutuan Malaysia	9 Mar 2007 (Freehold)	Office building	Land area – 1.069 acres Gross floor area – 702,518 sq.ft.	8 years 9 mths	550,000*
Lot PT 3219 H.S. (D) 12631 Mukim of Sungei Baru Ilir District of Alor Gajah Melaka Malaysia	16 Apr 1994 (Leasehold 96 years, expiring on 27/10/2100)	Industrial	Land area – 41.75 acres Built-up area – 83,400 sq. ft.	12 years (power station complex)+	118,110
Tropical-Island-Allee 1 15910 Krausnick Gross Wasserburg Germany Area: Briesen, Field: 4/Field sector: 34	16 Apr 2004 (Freehold)	Tropical Islands Resort and offices	Built-up area – 69,000 sq.m.	6 years (Dome)	85,204
Lot PT 1226 H.S. (D) 12863 Mukim of Kuala Sungei Baru District of Alor Gajah Melaka Malaysia	16 Apr 1994 (Leasehold 89 years, expiring on 28/4/2094)	Industrial	Land area – 14.0 acres Built-up area – 186,800 sq. ft.	6 years (power station complex)+	57,269
Tropical-Island-Allee 1 15910 Krausnick Gross Wasserburg Germany Area: Krausnick, Field: 11/Field sector: 40 Area: Krausnick, Field: 11/Field sector: 8 Area: Briesen, Field: 5/Field sector: 85	16 Apr 2004 (Freehold)	Convention centres, offices, fire station & cleaning station	Built-up area – 5,249.95 sq.m.	6 – 8 years	17,246

Location	Date of acquisition/ revaluation (Tenure)	Description of existing use	Approximate Size	Approximate age of building	Net book value @31.1.07 RM'000
Lot No. 2191 Mukim of Tanjong Kling District of Melaka Tengah Melaka Malaysia	2 Feb 1999 (Freehold)	Industrial	Land area – 17.3 acres Built-up area – 93,500 sq. ft.	Power Station Complex – 9-13 years	13,906
Lot PT 1890 H.S. (D) 7333 Mukim of Sungei Baru Ilir District of Alor Gajah Melaka Malaysia	16 Apr 1994 (Leasehold 99 years, expiring on 22/3/2099)	Industrial	Land area – 2.8 acres	Vacant land	7,934
Geran 24492, Lot No.14577 Geran 23975, Lot No.15702 Geran 23986, Lot No.18367 C.T. 2964, Lot No.18472 Geran 11739, Lot No.18477 Geran 11481, Lot No.19229 Mukim of Hulu Kinta Ipoh, Perak Malaysia	4 May 1994 (Freehold)	Paddocks & buildings and grazing land for horses	Land area – 176 acres	9 years	5,730
Lot PT 3220 H.S. (D) 12632 Mukim of Sungei Baru Ilir District of Alor Gajah Melaka Malaysia	16 Apr 1994 (Leasehold 96 years, expiring on 27/10/2100)	Industrial	Land area – 1.22 acres	N/A	3,258
Lot PT 1227 H.S. (D) 12864 Mukim of Kuala Sungei Baru District of Alor Gajah Melaka Malaysia	16 Apr 1994 (Leasehold 89 years, expiring on 28/4/2094)	Industrial	Land area – 4.3 acres	N/A	2,650

* Stated at valuation at balance sheet date (Menara Maxis)
\+ Both the power station complexes are located adjacent to each other on these land titles.

TANJONG

public limited company

(Incorporated in England 1926 - Registration No. 210874)
(Registered as a foreign company in Malaysia – Company No. 990903-V)

NOTICE OF EIGHTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **Eightieth Annual General Meeting of TANJONG PUBLIC LIMITED COMPANY** (the "Company") will be held at **11.00 a.m.** (Malaysian time) on **Wednesday, 25 July 2007 at the Grand Ballroom, Level 2, Hotel Nikko Kuala Lumpur, 165 Jalan Ampang, 50450 Kuala Lumpur, Malaysia** for the purposes of considering and, if thought fit, passing the following resolutions as **Ordinary Resolutions in the case of resolutions 1 to 6 and as a Special Resolution in the case of resolution 7:**

Ordinary Resolution	**As Ordinary Business**
1	To **receive** the **Annual Report** and **audited financial statements of the Company and of the Group** for the **year ended 31 January 2007** and the **Reports of the Directors and Auditors** thereon.
2	To approve the **Directors' Remuneration Report** for the year ended 31 January 2007, as set out on pages 49 to 52 of the Annual Report.
3	To declare a **final dividend of 30 sen gross per share less Malaysian Income Tax at 27%** and **4 sen tax exempt per share** in respect of the year ended 31 January 2007.
4	To re-elect **Leong Wai Hoong**, a Director who retires by rotation in accordance with Articles 76 and 77 of the Company's Articles of Association, as Director of the Company pursuant to Article 74 of the Articles of Association.
5	To re-appoint **PricewaterhouseCoopers LLP** as Auditors of the Company and to authorise the Directors to set their remuneration.
	As Special Business
6	**Authority to allot relevant securities pursuant to Section 80 of the Companies Act 1985 of Great Britain**
	THAT the Directors be and are hereby, generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985 of Great Britain) up to an aggregate nominal amount of £3,024,420.90, which authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (unless previously revoked or varied by the Company in general meeting) save that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Special Resolution

7 **Authority to disapply certain statutory pre-emption rights pursuant to Section 95 of the Companies Act 1985 of Great Britain**

THAT subject to the passing of the previous resolution, the Directors be and are hereby empowered, pursuant to Section 95 of the Companies Act 1985 of Great Britain, to allot equity securities (within the meaning of Section 94 of the said Act) for cash pursuant to the authority conferred by the previous resolution and/or where such allotment constitutes an allotment of equity securities by virtue of Section 94(3A) of the said Act, as if sub-section (1) of Section 89 of the said Act did not apply to any such allotment, PROVIDED THAT this power shall be limited to:

(a) the allotment of equity securities in connection with a rights issue, open offer or any other pre-emptive offer or a scrip dividend alternative, in favour of ordinary shareholders (excluding any shareholder holding shares as treasury shares), where the equity securities respectively attributable to the interests of such ordinary shareholders on a fixed record date are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them (subject in either case to such exclusions or other arrangements as the Board may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever); and

(b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £3,024,420.90,

and shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

BY ORDER OF THE BOARD

Siuagamy Ramasamy
Group Company Secretary

25 June 2007

Level 30, Menara Maxis
Kuala Lumpur City Centre
50088 Kuala Lumpur
Malaysia

NOTES:

1. *Proxy*

(a) A member of the Company entitled to attend and vote is entitled to **appoint up to two (2) proxies** to attend and vote instead of him/her and a member who is an authorised nominee as defined in the Malaysian Securities Industry (Central Depositories) Act, 1991 may appoint not more than two (2) proxies in respect of each Securities Account which it holds to which shares in the Company are credited.

(b) A proxy need not be a member of the Company.

(c) An instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or signed by an officer, attorney or other person duly authorised in that respect.

(d) The Form of Proxy, duly completed, must be deposited at the Company's Principal Office at Level 30, Menara Maxis, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia, together with the power of attorney or other authority (if any) under which it is signed or executed under seal (in respect of a corporation appointing a proxy) or a copy of such authority certified notarially, not less than 48 hours before the time fixed for holding the meeting or adjourned meeting, or, in the case of a poll taken subsequently to the date of the meeting or adjourned meeting, not less than 24 hours before the time appointed for the taking of the poll.

(e) Forms of Proxy transmitted by fax and photocopies of signed Forms of Proxy will not be accepted. Only duly completed and original signed Forms of Proxy will be accepted. A Form of Proxy was enclosed with the Annual Report sent to the Company's shareholders dated 25 June 2007. Members who have misplaced or spoiled their Form of Proxy, or otherwise need another Form of Proxy, may contact the Company at Level 30, Menara Maxis, Kuala Lumpur City Centre, 50088 Kuala Lumpur should they wish to receive another one.

(f) The return of a completed Form of Proxy will not preclude a member from attending and voting in person at the meeting should the member subsequently wish to do so.

2. *Additional Information*

A statement accompanying this notice which includes the additional information required under **Appendix 8A of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities")** is attached hereto as **Annexure A.**

3. *Annual Report and audited financial statements (Resolution 1)*

For each financial year, the Directors must present the Directors' Report, the audited financial statements and the independent auditors' report to the Company's shareholders at a general meeting. Although there is no requirement in UK law to table a resolution on these for shareholders' approval, the Directors are of the view that a resolution on these be submitted for shareholders to vote on, in the interest of good governance and in line with international best practice.

4. *Directors' Remuneration Report (Resolution 2)*

Pursuant to the United Kingdom Directors' Remuneration Report Regulations 2002 (the "Regulations"), the Directors of the Company are required to prepare a directors' remuneration report for the financial year under review and to submit that report to shareholders for approval. Accordingly, Resolution 2 is proposed to approve the Directors' Remuneration Report which is set out on pages 49 to 52 of the Annual Report and Financial Statements 2007.

5. *Final Dividend (Resolution 3)*

The Company may only pay a final dividend after the Company's shareholders have approved it. The Directors have recommended a final dividend of 30 sen gross per share less Malaysian Income Tax at 27% and 4 sen tax exempt per share in respect of the year ended 31 January 2007 which, if approved, will be paid on 24 August 2007 to those shareholders on the record of the Company at the close of business on 10 August 2007.

6. *Retirement and Re-election of Director (Resolution 4)*

Leong Wai Hoong, the Director who has been longest in office since his last re-election in 2005, is subject to retirement by rotation at the Eightieth Annual General Meeting of the Company (the "AGM") pursuant to Articles 76 and 77 of the Company's Articles of Association (the "Articles"). He therefore submits himself for re-election at the AGM pursuant to Article 74 of the Articles. The profile of Leong Wai Hoong is given on page 5 of the Annual Report and Financial Statements 2007.

7. *Re-appointment of Auditors and setting of their Remuneration (Resolution 5)*

At every general meeting at which financial statements are presented to the Company's shareholders, the Company is required to appoint independent auditors to serve until the next such meeting. PricewaterhouseCoopers LLP ("PwC") has said that it is willing to continue as the Company's Auditors for another year. Resolution 5 is proposed in order to re-appoint PwC as the Company's Auditors for the ensuing year and to authorise the Board to set their remuneration.

8. *Authority to allot relevant securities pursuant to Section 80 of the Companies Act 1985 of Great Britain (Resolution 6)*

Resolution 6 gives the Directors authority to allot relevant securities up to an aggregate nominal amount of £3,024,420.90, comprising 40,325,612 ordinary shares of 7.5 pence each and representing approximately 10 per cent of the issued ordinary share capital of the Company as at 25 June 2007 until the next Annual General Meeting. There are at present no plans to exercise this authority.

9. *Authority to disapply certain statutory pre-emption rights pursuant to Section 95 of the Companies Act 1985 of Great Britain (Resolution 7)*

The effect of this resolution is to allow the Directors to allot equity securities in the Company for cash other than to existing shareholders in proportion to their holdings. Allotments under this authority may be made up to a maximum aggregate nominal amount of £3,024,420.90 which is equivalent to approximately 10 per cent of the issued ordinary share capital of the Company as at 25 June 2007. This authority will last until the conclusion of the next Annual General Meeting. If shares are issued on such non-pre-emptive basis, the shareholding of the existing shareholders will be diluted accordingly.

Statement accompanying Notice of Eightieth Annual General Meeting

<table>
<tr><td colspan="7">Further details of the individual who is standing for election as director:</td></tr>
<tr><td>(i)</td><td>Name</td><td colspan="5">Leong Wai Hoong</td></tr>
<tr><td>(ii)</td><td>Age</td><td colspan="5">61</td></tr>
<tr><td>(iii)</td><td>Nationality</td><td colspan="5">Malaysian</td></tr>
<tr><td>(iv)</td><td>Qualification</td><td colspan="5">Bachelor of Arts (Hons.) from the University of Malaya</td></tr>
<tr><td>(v)</td><td>Position in the Company</td><td colspan="5">Independent Non-Executive Director</td></tr>
<tr><td>(vi)</td><td>Working experience and occupation</td><td colspan="5">• Appointed Non-Executive Director of Tanjong in April 1994.
• From 1977 to 1994, held senior positions in R.J. Reynolds Berhad, which was acquired by JT International Group in 1996. Joined Usaha Tegas Group (UTSB) in 1994 and held senior management and marketing positions in Maxis Communications Berhad.
• Was the Regional Vice President (S.E.Asia), JT International in 1996. In the same year, was appointed the Managing Director of JT International Berhad ("JTI"), which is listed on the Bursa Malaysia Securities Berhad.
• Retired as Managing Director of JTI in January 2000 and is currently serving on its Board as a Non-Executive Director.
• Has extensive experience in business development, sales and marketing and general management.</td></tr>
<tr><td>(vii)</td><td>Any other directorships of public companies*
* Only public companies incorporated pursuant to the Malaysian Companies Act, 1965 are included</td><td colspan="5">JT International Berhad</td></tr>
<tr><td rowspan="2">(viii)</td><td rowspan="2">Details of any interest in the securities of the Company and its subsidiaries as at 15 May 2007</td><td>Securities Holdings</td><td>Number of shares of 7.5 pence each (Direct)</td><td>Percentage %</td><td>Number of shares of 7.5 pence each (Indirect)</td><td>Percentage %</td></tr>
<tr><td>(a) In the Company
(b) In the subsidiary</td><td>Nil
Nil</td><td>Nil
Nil</td><td>Nil
Nil</td><td>Nil
Nil</td></tr>
<tr><td>(ix)</td><td>Family relationship with any director and/or major shareholder of the Company</td><td colspan="5">None</td></tr>
<tr><td>(x)</td><td>Any conflict of interest that he has with the Company</td><td colspan="5">None</td></tr>
<tr><td>(xi)</td><td>List of convictions for offences within the past 10 years other than traffic offences, if any (only for penalties made public)</td><td colspan="5">None</td></tr>
</table>

TANJONG
public limited company

(Incorporated in England 1926 - Registration No. 210874)
(Registered as a foreign company in Malaysia – Company No. 990903-V)

Form of Proxy for use by holders of ordinary shares at the Eightieth Annual General Meeting of the Company convened for 11.00 a.m. (Malaysian time) on Wednesday, 25 July 2007

I/We ______________________________ Identification/Passport/Company No. ______________
(FULL NAME OF MEMBER APPOINTING PROXY IN BLOCK CAPITALS)

of ____
(FULL ADDRESS IN BLOCK CAPITALS)

hereby appoint ______________________________ Identification/Passport No. ______________
(FULL NAME OF PROXY IN BLOCK CAPITALS)

of ____
(FULL ADDRESS IN BLOCK CAPITALS)

or failing him/her, THE CHAIRMAN OF THE MEETING ***(see Note 2 below)*** as my/our proxy/proxies to attend and vote for me/us and on my/our behalf at the Eightieth Annual General Meeting of the Company to be held at the **Grand Ballroom, Level 2, Hotel Nikko Kuala Lumpur, 165 Jalan Ampang, 50450 Kuala Lumpur, Malaysia on Wednesday, 25 July 2007** at **11.00 a.m.** (Malaysian time) and at any adjournment thereof.

I/We wish my/our proxy to vote as indicated below in respect of the resolutions to be proposed at the meeting. *Please give instructions to your proxy by ticking the appropriate box alongside each resolution.* ***(see Note 3 below)***

Resolutions		**For**	**Against**	**Vote Withheld** *(see Note 4 below)*	**Discretionary** *(see Note 5 below)*
ORDINARY RESOLUTIONS					
1.	Receive the Annual Report and audited financial statements for the year ended 31 January 2007.				
2.	Approve the Directors' Remuneration Report for the year ended 31 January 2007.				
3.	Declare a final dividend of 30 sen gross per share less Malaysian Income Tax at 27% and 4 sen tax exempt per share in respect of the year ended 31 January 2007.				
4.	Re-elect Leong Wai Hoong as Director of the Company.				
5.	Re-appoint PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to set their remuneration.				
6.	Authority to allot relevant securities pursuant to Section 80 of the Companies Act 1985 of Great Britain.				
SPECIAL RESOLUTION					
7.	Authority to disapply certain statutory pre-emption rights pursuant to Section 95 of the Companies Act 1985 of Great Britain.				

Signature of member
or officer or attorney
(see Note 6 below)

Number of shares
(see Note 1 below)

Telephone number of member
or officer or attorney
(see Note 6 below)

Date ____________________________ 2007

NOTES:

1. *A member of the Company entitled to attend and vote is entitled to **appoint up to two (2) proxies** to attend and vote instead of him/her and a member who is an authorised nominee as defined in the Malaysian Securities Industry (Central Depositories) Act, 1991 may appoint not more than two (2) proxies in respect of each Securities Account which it holds to which shares in the Company are credited. **The number of shares to be represented by the proxy should be stated in the Form of Proxy where indicated above. If the number of shares stated is greater than the number of shares held by the member, the number of shares to be represented by the proxy will be the member's entire holding of shares**.*

   If a member who has appointed two (2) proxies fails to specify the number of shares in respect of which each such proxy is entitled to exercise the related votes (the "Proxy Share Number") for either of them, then each proxy shall be deemed to exercise the votes in respect of 50% of the member's shares, and if the member specifies the Proxy Share Number for one proxy only, then the other proxy shall be deemed to represent the remainder of the member's shares (or, in the case of an authorised nominee, the number of shares held in the relevant Securities Account).

2. ***If you wish to appoint as your proxy someone other than the Chairman of the Meeting, cross out the words "the Chairman of the Meeting" and write on the line the full name and address of your proxy. The change should be initialled.***

3. *In the absence of instructions, the person appointed as your proxy may vote or abstain from voting as he or she thinks fit on the specified resolution and, unless instructed otherwise, the person appointed as your proxy may also vote or abstain from voting as he or she thinks fit on any other business (including amendments to resolution) which may properly come before the meeting. A proxy may vote on a show of hands and on a poll.*

4. *The **"Vote Withheld"** option is provided to enable you to abstain on any particular resolution. However, it should be noted that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" and "Against" a resolution.*

5. *The **"Discretionary"** option is provided to enable you to give discretion to your proxy to vote or abstain from voting as he or she thinks fit on the specified resolution.*

6. *This **Form of Proxy must be signed** and **dated by the appointor or his/her attorney duly authorised in writing**. If the appointor is a corporation, it may execute under its common seal or by the signature of an officer, attorney or other person duly authorised in that respect. In the case of joint holdings, any one holder may sign this form but the names of the other joint holders should be shown in the space provided at the top of this Form of Proxy. The vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the Register of Members in respect of the joint holding. **For verification purposes, the Identification/Passport/Company No. of the appointor and the Identification/Passport No. of the proxy must also be completed in the Form of Proxy. For ease of contact, the member or officer or attorney are also advised to state their telephone number.***

7. ***Forms of Proxy transmitted by fax and photocopies of signed Forms of Proxy will not be accepted. Only duly completed and original signed Forms of Proxy will be accepted. Members who have misplaced or spoiled their Form of Proxy, or otherwise need another Form of Proxy, may contact the Company at Level 30, Menara Maxis, Kuala Lumpur City Centre, 50088 Kuala Lumpur should they wish to receive another one.***

8. ***To be valid, this Form of Proxy must be completed and deposited at the Company's Principal Office at Level 30, Menara Maxis, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia, together with the power of attorney or other authority (if any) under which it is signed or executed under seal (in respect of a corporation appointing a proxy) or a copy of such authority certified notarially, not less than 48 hours before the time fixed for holding the meeting or adjourned meeting,** or, in the case of a poll taken subsequently to the date of the meeting or adjourned meeting, not less than 24 hours before the time appointed for the taking of the poll.*

9. *The return of a completed Form of Proxy will not preclude a member from attending and voting in person at the meeting should the member subsequently wish to do so.*