

Company No.: 662315-U

TANJUNG OFFSHORE BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 SEPTEMBER 2016
(the figures have not been audited)

	2016 Current Quarter 30-Sep (RM'000)	2015 Preceding Quarter 30-Sep (RM'000)	2016 Current Year Cumulative to Date 30-Sep (RM'000)	2015 Preceding Year Cumulative to Date 30-Sep (RM'000)
Continuing Operations				
Revenue	19,486	18,358	45,995	41,871
Cost of Sale	(17,591)	(14,420)	(40,252)	(34,401)
Gross (Loss)/Profit	1,894	3,938	5,742	7,470
Other Income	108	190	4,708	521
Operating Expenses	(2,913)	(52,948)	(15,159)	(56,278)
Finance Cost	(27)	(35)	(69)	(65)
Share of Profit from ORIGINS-EPIC	-	-	-	-
Share of Profit From Joint Venture	224	(31)	501	(319)
(Loss)/Profit Before Taxation From Continuing Operations	(714)	(48,886)	(4,277)	(48,671)
Taxation: Company and Subsidiary Companies	(98)	(616)	(578)	(1,036)
Loss For The Year From Continuing Operations	(812)	(49,502)	(4,855)	(49,707)
Discontinued Operations				
Profit/(Loss) For The Year After Tax	108	(176)	122	(198)
Net (Loss)/Profit For the Year	(704)	(49,678)	(4,733)	(49,905)
Attributable to:				
Equity Holders of the Company	(704)	(49,678)	(4,733)	(49,905)
	(704)	(49,678)	(4,733)	(49,905)
(Losses)/Earnings Per Share				
Basic				
- Continuing Operations	(0.21)	(13.06)	(1.28)	(13.17)
- Discontinued Operations	0.03	(0.05)	0.03	(0.05)
	(0.19)	(13.11)	(1.25)	(13.22)
Diluted				
- Continuing Operations	(0.21)	(13.06)	(1.28)	(13.17)
- Discontinued Operations	0.03	(0.05)	0.03	(0.05)
	(0.19)	(13.11)	(1.25)	(13.22)

TANJUNG OFFSHORE BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2016
(the figures have not been audited)

	2016 Current Quarter 30-Sep (RM'000)	2015 Preceding Quarter 30-Sep (RM'000)	2016 Current Year Cummulative to Date 30-Sep (RM'000)	2015 Preceding Year Cummulative to Date 30-Sep (RM'000)
Net (Loss)/Profit For the Year	(704)	(49,678)	(4,733)	(49,905)
Other Comprehensive Income/(Loss): <i>Items that will be Reclassified Subsequently to Profit or Loss</i>				
Exchange Differences on Translating Foreign Operations	(113)	251	(5,752)	424
Fair Value Changes in Short Term Investment	(2)	(34)	32	(34)
	(115)	217	(5,720)	390
Total Comprehensive (Loss)/Income For The Year	(819)	(49,461)	(10,453)	(49,515)
Attributable to:				
Equity Holders of the Company	(819)	(49,461)	(10,453)	(49,515)
	(819)	(49,461)	(10,453)	(49,515)

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TANJUNG OFFSHORE BERHAD (Incorporated in Malaysia)		
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016 (the figures have not been audited)	As at 30-Sep-16 Unaudited (RM'000)	As at 31-Dec-15 Audited (RM'000)
NON-CURRENT ASSETS		
Associate Companies	1	1
Joint Venture	839	338
Other Investment	3,439	3,511
Investment Property	21,218	26,619
Property, Plant and Equipment	14,107	14,175
Intangible Assets	2,763	2,969
Other Receivables, Prepayment and Deposits	4,860	4,860
Total Non-Current Assets	47,227	52,473
CURRENT ASSETS		
Inventories	274	285
Trade Receivables	35,683	35,296
Other Receivables, Prepayment and Deposits	19,793	13,062
Amount Owing by Associate Company	2,851	1
Amount Owing by Joint Venture	-	2,979
Short Term Investment	-	54
Fixed Deposits With Licenced Banks	24,003	27,555
Cash and Bank Balances	23,328	39,674
Total Current Assets	105,931	118,906
Total Assets	153,159	171,379
NON-CURRENT LIABILITY		
Hire Purchase and Lease Payables	2,186	2,836
Total Non-Current Liability	2,186	2,836
CURRENT LIABILITIES		
Trade Payables	27,627	28,652
Other Payables and Accruals	10,501	16,021
Hire Purchase and Lease Payables	784	696
Provision For Taxation	91	756
Total Current Liabilities	39,003	46,125
Total Liabilities	41,189	48,961
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Share Capital	190,773	190,768
Reserves	(74,406)	(63,953)
Treasury Shares	(4,397)	(4,397)
Total Equity	111,970	122,418
Total Liabilities and Equity	153,159	171,379

Company No: 662315-U

TANJUNG OFFSHORE BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2016
(The figures have not been audited)

	Equity Attributable to Equity Holders of the Company										
	Distributable					Non-Distributable					Total RM'000
Share Capital RM'000	Accumulated Losses RM'000	Share Premium RM'000	Capital Reserves RM'000	Foreign Currency Translation Reserve RM'000	Investment Revaluation Reserve RM'000	Share Issuance Scheme Reserve RM'000	Treasury Shares RM'000				
Balance as at 01.01.2016	190,768	(118,171)	68,739	(19,579)	3,989	1,081	(4,397)	122,418			
Total comprehensive income/(loss) for the year	-	(4,733)	-	-	(5,752)	-	-	(10,485)			
Exercise of Share Issuance Scheme	5	-	-	-	-	-	-	5			
Balance as at 30.09.2016	190,773	(122,904)	68,739	(19,579)	(1,763)	1,081	(4,397)	111,970			

TANJUNG OFFSHORE BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2015
(The figures have been audited)

	Equity Attributable to Equity Holders of the Company										
	Distributable					Non-Distributable					Total RM'000
Share Capital RM'000	Accumulated Losses RM'000	Share Premium RM'000	Capital Reserves RM'000	Foreign Currency Translation Reserve RM'000	Investment Revaluation Reserve RM'000	Share Issuance Scheme Reserve RM'000	Treasury Shares RM'000				
Balance as at 01.01.2015	187,261	(41,916)	68,739	(19,579)	(633)	1,081	(4,397)	190,578			
Total comprehensive income for the year	-	(49,905)	-	-	424	-	-	(49,515)			
Exercise of Share Issuance Scheme	3,507	-	-	-	-	-	-	3,507			
Recognition of share-based payments	-	-	-	-	-	-	-	-			
Effects of cancellation of Share Issuance Scheme	-	-	-	-	-	-	-	-			
Effect of disposal of subsidiary company	-	-	-	-	-	-	-	-			
Balance as at 30.09.2015	190,768	(91,821)	68,739	(19,579)	(209)	1,081	(4,397)	144,570			

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TANJUNG OFFSHORE BERHAD (Incorporated in Malaysia)		
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2016 (The figures have not been audited)		
	As at 30-Sep-16 (RM'000)	As at 30-Sep-15 (RM'000)
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation from continuing operations	(4,277)	(48,671)
(Loss)/Profit before taxation from discontinued operations	122	(198)
Total (loss)/profit before taxation	(4,155)	(48,869)
Adjustments:		
Non-cash items	6,598	41,873
Non-operating items	(617)	(600)
Operating (loss)/profit before changes in working capital	1,826	(7,596)
Changes in working capital		
Net change in current assets	(12,394)	14,564
Net change in current liabilities	(6,545)	(3,675)
Cash generated from operating activities	(17,112)	3,293
Tax paid	(1,243)	(2,356)
Net cash used in operating activities	(18,355)	937
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	914	842
Net cash inflow from disposal of subsidiary company	-	-
Net cash on acquisition of a subsidiary company	-	-
Incorporation of joint venture	-	-
Dividend received	38	9
Proceed from disposal of property, plant and equipment	-	-
Proceed from redemption of other investment	86	-
Purchase of property, plant and equipment	(1,689)	(849)
Purchase of investment	-	(309)
Decrease in fixed deposits pledged	450	1,760
Net cash generated from/(used in) investing activities	(200)	1,453
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of shares, net of transaction costs	5	3,507
Repayment of Hire-purchase	(562)	(509)
Interest paid	(335)	(251)
Net cash generated from financing activities	(893)	2,747
Net change in cash and cash equivalents	(19,449)	5,137
Opening cash and cash equivalents	66,779	50,154
Closing cash and cash equivalents	47,330	55,291

NOTES TO THE QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2016

A1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with IAS 34 Interim Financial Reporting, MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB) and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements as at and for the year ended 31 December 2015.

The financial information presented herein has been prepared in accordance with the accounting policies used in preparing the audited financial statements as at and for the year ended 31 December 2015 under the Malaysian Financial Reporting Standards (MFRS) framework.

A2 Seasonal or Cyclical Factors

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

A3 Unusual Nature and Amount of Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow

There were no extraordinary and exceptional items of unusual nature affecting assets, liabilities, equity, net income or cash flows in the interim financial report for the period ended 30 September 2016.

A4 Change in Estimates of Amounts Reported Previously

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

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A5 Issues of Debt & Equity Securities

There were no issuance of debt and equity securities for the current financial period under review.

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A6 Dividends Declared or Paid

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

A7 Segmental Information

Segmental analysis for the current quarter is set out below:

Cumulative as at 30 September 2016	Products and Services RM'000	Engineered Packages RM'000	Total RM'000
Revenue	29,581	16,414	45,995
Segment results	(5,469)	760	(4,709)
Share of profit from joint venture			501
Finance cost			(69)
Loss before taxation			(4,277)
Taxation			(578)
Net loss from continuing operations			(4,855)
Net profit/(loss) from discontinued operations			122
Net loss for the year			(4,733)

Cumulative as at 30 September 2015	Products and Services RM'000	Engineered Packages RM'000	Total RM'000
Revenue	17,549	24,322	41,871
Segment results	(54,759)	6,472	(48,287)
Share of profit from joint venture			(319)
Finance cost			(65)
Loss before taxation			(48,671)
Taxation			(1,036)
Net loss from continuing operations			(49,707)
Net profit/(loss) from discontinued operations			(198)
Net loss for the year			(49,905)

A8 Events after the Interim Period

No material event was registered after the interim period which will materially affect the earnings or income of the Group.

A9 Changes in the Composition of the Group

- i) On 11 August 2016, the Group has incorporated a new wholly owned subsidiary namely "T7 Property Sdn Bhd" ("T7PSB").

T7PSB is incorporated in Malaysia with an authorized capital of RM400,000.00 comprising 400,000 ordinary share of RM1.00 each and paid-up capital of RM2.00 comprising 2 ordinary shares of RM1.00 each. T7PSB has increased the authorized capital to RM2,500,000.00 and paid-up capital of RM750,000.00 on 27 September 2016 and 25 October 2016 respectively.

The intended principal activity of T7PSB is property and construction.

- ii) On 23 August 2016, the Group has incorporated a wholly-owned subsidiary of the Company namely "T7 Aero Sdn. Bhd." ("T7ASB").

T7ASB is incorporated in Malaysia with an authorised capital of RM400,000.00 comprising 400,000 ordinary shares of RM1.00 each and paid-up capital of RM2.00 comprising 2 ordinary shares of RM1.00 each.

The intended principal activity of T7ASB is trading and manufacturing of precision engineering aerospace related products/equipment.

- iii) On 22 September 2016, the Group has incorporated of a wholly-owned subsidiary of the Company namely "Tanjung Kemuncak Sdn. Bhd." ("TKSB").

TKSB is incorporated in Malaysia with an authorised capital of RM400,000.00 comprising 400,000 ordinary shares of RM1.00 each and paid-up capital of RM2.00 comprising 2 ordinary shares of RM1.00 each.

The intended principal activity of TKSB is property and construction.

Save as disclosed above, there were no significant changes in the composition of the Group in the interim financial report, including business combinations, obtaining and losing control of subsidiaries and long term investments, restructurings and discontinuing operations.

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A10 Capital Commitment

No capital commitments were recorded in the current quarter under review.

A11 Related Party Transactions

The followings table provides the total amount of transactions which have been entered into with related parties during the year ended 30 September 2016 and 30 September 2015 as well as balances with related parties as of 30 September 2016 and 30 September 2015.

	Sales to related parties	Purchases from related parties	Amount owing by related parties	Amount owing to related parties
	RM'000	RM'000	RM'000	RM'000
2016	541	2,961	541	964
2015	533	4,903	533	1,818

A12 Contingent Liabilities

There were no significant changes in contingent liabilities since the last annual statement of financial position date and there were no additional contingent liabilities reported in the current financial quarter ended 30 September 2016.

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B ADDITIONAL INFORMATION REQUIRED UNDER LISTING REQUIREMENTS

B1 Variance of Results Against Preceding Quarter

For the current year quarter ended 30 September 2016, the Group recorded consolidated revenue of approximately RM19.49 million. This represents an increase of approximately 34.23% as compared to RM14.52 million recorded in the preceding quarter ended 30 June 2016. In the current quarter under review, the Group recorded a net loss after tax of RM0.71 million as compared to a net profit after tax of RM0.66 million recorded in the preceding quarter ended 30 June 2016.

Engineered Packages

The Group registered revenue of RM6.64 million in the current quarter which is approximately 16.08% higher as compared to RM5.72 million registered in the preceding quarter ended 30 June 2016.

Products & Services

The products and services division registered revenue of RM12.85 million in the current quarter as compared to RM8.80 million registered in the preceding quarter ended 30 June 2016 increase in revenue by approximately 46.02%.

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B2 Variance of Results Against Preceding Period

For the current period ended 30 September 2016, the Group recorded consolidated revenue of approximately RM46 million. This represents an increase of approximately 9.86% as compared to RM41.87 million recorded in the corresponding period ended 30 September 2015

The increase in revenue by 9.86% was mainly due to contributions from the Origins and CWR contract secured from PETRONAS.

The Group registered an overall loss after tax of RM4.73million for current period ended September 2016 as compared to net loss after tax of RM49.90 million in the preceding period ended 30 September 2015..

Engineered Packages

Revenue for the current period derived from the engineered packages division which consists of mainly gas generation packages and offshore equipment packages of RM16.41 million was lower as compared to revenue registered in the preceding period of RM24.32 million. The lower revenue was mainly due to completion of various engineering equipment packages during the preceding period.

Products & Services

The products and services division registered a higher revenue of approximately RM29.58 million in the current period as compared to the preceding period of RM17.55 million. The increase in revenue was mainly due to contributions from the Origins and CWR contract secured from PETRONAS.

B3 Current Year Prospects

Despite the challenges in the oil and gas industry, the Company will continue to focus in the oil and gas business. At the same time, the Company will also look into new ventures for potential business growth.

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B4 Variance of Actual and Profit Estimates

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

B5 Taxation

	Individual Quarter		Cumulative Year	
	30/09/2016 RM'000	30/09/2015 RM'000	30/09/2016 RM'000	30/09/2015 RM'000
a. Income Tax Expenses	99	616	578	1,036
b. Over provision in previous year	-	-	-	-
c. Deferred Tax Liabilities/(Assets)	-	-	-	-
d. Total	99	616	578	1,036

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B6 Status of Corporate Proposal

There were no corporate proposal announced but not completed as at date of this announcement.

B7 Status of Memorandum of Understanding ("MOU")

On 30/05/2016, the Company had signed a MOU to jointly explore business opportunities and collaboration in the area of education and training development.

Further to the above Memorandum of Understanding, the Company had on 15 September 2016 acquired 134,000 ordinary shares of RM1.00 each, representing 67% of the equity interest in Hills Education Group Sdn. Bhd. ("HEG") from the following vendors for a total cash consideration of RM167,500.00

The Company wishes to inform that no further development since the last announcement date.

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B8 Bank Borrowings

	RM'000
a) <u>Secured short term borrowings</u>	
i) Hire purchase and lease payables	784
Sub Total	784
a) <u>Secured long term borrowings</u>	
i) Hire purchase and lease payables	2,186
Sub Total	2,186
TOTAL BORROWINGS	2,970

B9 Material Litigation/ Special Notice

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

B10 Dividend Declared or Paid

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

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B11 (Losses)/Earnings per share

	Quarter Ended		Period Ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
Net (loss)/profit attributable to ordinary shareholders (RM'000)				
Continuing operations	(812)	(49,502)	(4,855)	(49,707)
Discontinued operations	108	(176)	122	(198)
	<u>(704)</u>	<u>(49,678)</u>	<u>(4,733)</u>	<u>(49,905)</u>
Basic				
Total number of ordinary shares ('000)	381,546	381,535	381,546	381,535
Adjusted weighted average number of ordinary shares ('000)	<u>379,069</u>	<u>379,058</u>	<u>379,067</u>	<u>377,500</u>
Basic (losses)/earnings per ordinary share (cent)				
Continuing operations	(0.21)	(13.06)	(1.28)	(13.17)
Discontinued operations	0.03	(0.05)	0.03	(0.05)
	<u>(0.19)</u>	<u>(13.11)</u>	<u>(1.25)</u>	<u>(13.22)</u>
Diluted				
Adjusted weighted average number of ordinary shares ('000)	379,069	379,058	379,067	377,500
SIS:				
No of unissued shares ('000)#	-	-	-	-
WARRANTS:				
No of unexercised warrant A ('000)#	-	-	-	-
No of unexercised warrant B ('000)#	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Diluted weighted average number of ordinary shares ('000)	379,069	379,058	379,067	377,500
Diluted (losses)/earnings per ordinary share (cent)				
Continuing operations	(0.21)	(13.06)	(1.28)	(13.17)
Discontinued operations	0.03	(0.05)	0.03	(0.05)
	<u>(0.19)</u>	<u>(13.11)</u>	<u>(1.25)</u>	<u>(13.22)</u>

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

B12 Qualification of Financial Statements

There was no qualification made on the preceding audited financial statements for the financial year ended 31 December 2015.

B13 Realised and Unrealised Losses or Profits

The breakdown of accumulated losses of the Group as at 30 September 2016 and 30 September 2015 divided into realised and unrealised losses or profits are as disclosed, pursuant to the directive, is as follows:

	As at 30 Sept 2016 RM'000	As at 30 Sept 2015 RM'000
Total accumulated losses of the Group :		
- Realised	(122,904)	(91,821)
- Unrealised	-	-
Total Group accumulated losses as per consolidated accounts	<u>(122,904)</u>	<u>(91,821)</u>