

Notes:

Quarterly Report 31st March 2006

1. Accounting Policies

The interim financial report has been prepared in accordance with the reporting requirements as set out in the Financial Reporting Standards (“FRS”) No. 134 – “Interim Financial Reporting” and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group’s annual audited financial statements for the year ended 31st December 2005.

The significant accounting policies and methods of computation adopted in the interim financial statements are consistent with those of the annual financial statements for the year ended 31st December 2005 except for the adoption of the new/revised FRS effective for financial period beginning 1 January 2006. The adoption of the new/revised FRS does not have significant financial impact on the Group.

2. Qualification of Preceding Annual Financial Statements

The audit report of the most recent annual financial statements for the year ended 31st December 2005 was not qualified.

3. Seasonal or Cyclical Factors

The business operations of the Group were not materially affected by any seasonal or cyclical factors.

4. Unusual Items

There was no unusual item affecting assets, liabilities, equity, net income, or cash flows during the quarter.

5. Material Changes In Estimates

There were no material changes in estimates from either the prior interim period or prior financial years that have a material effect in the current quarter results.

6. Debts and Equity Securities

There were no issuances, cancellation, repurchases, resale and repayments of debts and equity securities during the financial period under review.

7. Dividend Paid

There was no dividend paid during the financial period under review.

8. Segmental Reporting

No segmental analysis is prepared as the Group is primarily engaged in the manufacturing and sales of tobacco products in Malaysia.

9. Valuation of Property, Plant and Equipment

There were no valuations of property, plant and equipment during the financial period under review or being brought forward from the previous Annual Financial Statements.

10. Material Events Subsequent To The End of The Period

There are no material events subsequent to the end of the period reported which have not been reflected in the financial period.

11. Changes In The Composition of The Group

There were no changes in the composition of the Group during the financial period under review.

12. Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31st December 2005.

13. Review of Performance

For the quarter under review, the Group registered revenues of RM 188.6 million as compared to RM 206.4 million in the same period last year. Profit before tax in the current quarter is lower at RM 32.1 million as compared with RM 36.2 million in the same period last year.

The decrease in revenues and profit before tax was mainly driven by lower sales volume offset partially by the cigarette price increase in October 2005.

14. Comparison With Preceding Quarter's Result

For the quarter under review, the Group registered revenues of RM 188.6 million and a profit before tax of RM 32.1 million as compared to the preceding quarter's revenues of RM 148.2 million and profit before tax of RM 5.9 million.

The increase in revenues and profit before tax was driven by higher sales volume and lower marketing expenditures in the current quarter as compared to the traditionally depressed post-budget quarter.

15. Prospects for This Financial Year

2006 is expected to be another challenging year for the Group. Industry and the Group's sales volume are expected to be significantly impacted by both the excise-driven cigarette price increase in October 2005 and the prevailing weak consumer sentiment.

Nevertheless, the Group is committed to increase its competitiveness through continued effective investment behind its Global Flagship Brands (GFBs) and the realisation of further gains from operational efficiencies, thereby enabling the Group to deliver a satisfactory overall performance for the current financial year.

16. Profit Forecast or Guarantee

There was no profit forecast or profit guarantee made during the financial period under review.

17. Taxation

	Current Quarter		Year To Date	
	RM'000	%	RM'000	%
Profit before taxation	32,074		32,074	
Statutory tax	8,981	28.00	8,981	28.00
Tax effect on non allowable expenses	160	0.50	160	0.50
Effective tax	9,141	28.50	9,141	28.50

The effective tax rate of the Group was higher than the statutory rate due to some non-allowable expenses.

18. Unquoted Investments and / (or) Properties

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

19. Quoted Securities and Investments

There were no purchases or disposals of quoted securities during the financial period under review and there were no investments in quoted shares as at the end of the reporting period.

20. Status of Corporate Proposals Announced But Not Completed

The Company ("JTI Berhad") has on 9th May 2006 announced that it proposes to undertake an internal re-organisation of its group structure which involves the following:

- i. Proposed subscription by the Company of 990,000 ordinary shares representing 99% of the enlarged issued and paid-up share capital of JT International Trading Sdn Bhd ("JTI Trading"). At present, JTI Trading is a wholly-owned subsidiary company of JT International Tobacco Sdn Bhd, which in turn is a wholly-owned subsidiary company of JTI Berhad. Upon completion of the Proposed subscription, JTI Trading would become a 99%-owned subsidiary company of JTI Berhad. The said proposal does not require the approval of the shareholders of JTI Berhad. An application will be made to the Foreign Investment Committee within two months from the date of the said announcement.
- ii. Members' voluntary winding-up of the following dormant subsidiary companies:
 - a) Salem Power Station Sdn Bhd;
 - b) Salem Holidays Sdn Bhd;
 - c) Eagle Collection (M) Sdn Bhd; and
 - d) Salem Cool Planet Sdn Bhd.

The Proposed Winding-Up of the above dormant subsidiaries does not require the approval of the shareholders of JTI Berhad or any other regulatory approval.

21. Group Borrowing and Debt Securities

There were no borrowings and debt securities as at the end of the reporting period.

22. Off Balance Sheet Financial Instruments

No off balance sheet financial instruments were utilised for the current financial period to date.

23. Material Litigation

There was no material litigation pending since 31st December 2005.

24. Dividends

The Board does not recommend the payment of a dividend for the financial period under review.

25. Earnings Per Share

Earnings per share have been computed based on profit for the period divided by the weighted average number of ordinary shares in issue during the period.

	3 months ended		Year To Date	
	31.3.2006	31.3.2005	31.3.2006	31.3.2005
Profit for the period (RM'000)	22,933	25,120	22,933	25,120
Weighted average number of ordinary shares in issue ('000)	261,534	261,534	261,534	261,534
Basic earnings per share (sen)	8.8	9.6	8.8	9.6

26. Capital Commitments

Capital commitments not provided for in the financial statements as at 31st March 2006 are as follows:

Property, plant and equipment	RM'000
Approved and contracted for	2,218
Approved but not contracted for	852

10th May 2006

**By Order of the Board
YIEW WEE CHONG
Company Secretary**