Notes:

Quarterly Report 31st December 2007

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 2006.

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 2006 except for the adoption of the new/revised FRS effective for financial period beginning 1 January 2007:

FRS 117 Leases

Prior to 1 Jan 2007, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation. The adoption of FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land which is now classified as an operating lease. The up-front payments made for the leasehold land represents prepaid lease payments and continue to be amortised on a straight-line basis over the lease term. The reclassification of leasehold land as prepaid lease payments has no impact on the income statements.

2. Qualification of Preceding Annual Financial Statements

The audit report of the most recent annual financial statements for the year ended 31st December 2006 was not qualified.

3. Seasonal or Cyclical Factors

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

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 quarter 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 2006.

13. Capital Commitments

Capital commitments not provided for in the financial statements as at 31st December 2007 are as follows:

Property, plant and equipment	RM'000
Approved and contracted for	390
Approved but not contracted for	1,312

14. Review of Performance

For the quarter under review, the Group registered revenues of RM 217.1 million as compared with RM 195.1 million in the same period last year. Profit before tax in the current quarter was lower at RM 8.7 million as compared with RM 20.5 million in the same period last year. The increase in revenues was driven by higher cigarette prices offset marginally by lower sales volume. Profit before tax was lower mainly attributable to higher marketing and operating expenditures.

For the year under review, the Group achieved revenues of RM 864.6 million and profit before tax of RM 114.1 million as compared with revenues of RM 807.4 million and profit before tax of RM 123.8 million for the corresponding period last year. The increase in revenues for the year under review was driven by cigarette price increases offset partially by lower sales volume. Profit before tax was lower mainly attributable to the same factors mentioned above.

15. Comparison With Preceding Quarter's Result

For the quarter under review, the Group registered revenues of RM 217.1 million and a profit before tax of RM 8.7 million as compared to the preceding quarter's revenues of RM 234.6 million and profit before tax of RM 37.7 million. The decrease in both revenues and profit before tax were mainly due to lower sales volume following the pre-2008 Budget trade speculation in the preceding quarter and higher marketing expenditures in the current quarter.

16. Prospects for Next Financial Year

2007 proved to be another challenging year for the industry, which experienced further decline in sales volume, albeit at a slower rate compared to the previous year. The decline was driven primarily by the increasing levels of illegal cigarettes as well as the continued growth of exceptionally low priced cigarettes, following a significant excise tax increase in July, 2007. However, despite these challenges, JTI successfully maintained its share of market, outperforming major competitors, based on AC Nielsen's retail audit.

The Group expects market conditions to remain challenging in 2008. Sales volume is anticipated to remain under pressure due to down-trading activities by consumers towards exceptionally low priced and illegal cigarettes. Notwithstanding, JTI is committed to maintaining its competitiveness through continued effective investment behind its key brands and expects to deliver a satisfactory overall performance for the current financial year.

17. Profit Forecast or Guarantee

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

18. Taxation

	Current Quarter		**Year To Date**	
	RM'000	%	RM'000	%
Profit before taxation	8,726		114,106	
Statutory tax	2,356	27.00	30,809	27.00
Under/ (Over) provision in prior year	100	1.15	(1,580)	(1.39)
Tax effect on non allowable expenses	3,420	39.19	3,821	3.35
Effective tax	5,876	67.34	33,050	28.96

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

19. Unquoted Investments and / (or) Properties

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

20. 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.

21. Status of Corporate Proposals Announced But Not Completed

There were no corporate proposals announced but not completed as at the date of this report.

22. Group Borrowing and Debt Securities

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

23. Off Balance Sheet Financial Instruments

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

24. Material Litigation

There was no material litigation pending since 31st December 2006.

25. Dividends

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

26. 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	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Profit for the period (RM'000)*	2,850	13,168	81,056	86,802
Weighted average number of ordinary shares in issue ('000)	261,534	261,534	261,534	261,534
Basic earnings per share (sen)	1.1	5.0	31.0	33.2

** refer Note 14 for further explanation*

By Order of the Board

26th February 2008

Company Secretary