

Notes:

Quarterly Report 31st March 2008

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 2007.

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 2007 except for the adoption of the following new/revised FRS effective for financial periods beginning on or after 1 January 2008:

- a) FRS 107 Cash Flow Statements
- b) FRS 112 Income Taxes
- c) FRS 118 Revenue
- d) FRS 134 Interim Financial Reporting
- e) FRS 137 Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above FRSs does not result in significant changes in accounting policies of 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 2007 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

A first interim dividend of 15 sen per share less 26% tax was paid out on 28th March 2008.

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 2007.

13. Capital Commitments

Capital commitments not provided for in the financial statements as at 31st March 2008 are as follows:

Property, plant and equipment	RM'000
Approved and contracted for	2,162
Approved but not contracted for	10,555

14. Review of Performance

For the quarter under review, the Group registered revenues of RM 251.3 million compared with RM 207.9 million for the same period last year. Profit before tax in the current quarter was higher at RM 42.1 million compared with RM 38.2 million for the same period last year. The increase in revenues was attributable to higher cigarette prices and improved sales volume driven by buoyant demand during the Chinese New Year festivity, coupled with successful trade programmes. Profit before tax was higher due to the same factors mentioned above, offset partially by higher marketing expenditures.

15. Comparison with Preceding Quarter's Result

For the quarter under review, the Group registered revenues of RM 251.3 million and a profit before tax of RM 42.1 million compared to the preceding quarter's revenues of RM 217.1 million and profit before tax of RM 8.7 million. The increase in both revenues and profit before tax were mainly due to higher sales volume and lower marketing expenditures in the current quarter.

16. Prospects for This Financial Year

2008 is expected to be another challenging year for the Group. Overall industry sales volume continues to decline albeit at a slower rate compared to the previous year. Industry volume will continue to be under intense competitive pressure from both the growing levels of illegal cigarettes as well as the continued growth of exceptionally low priced cigarettes, following the significant excise tax increase in July 2007. The Group however, is committed to maintaining its market competitiveness through effective investment behind its key brands and expects to deliver a satisfactory 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	42,124		42,124	
Statutory tax	10,952	26.00	10,952	26.00
Tax effect on non allowable expenses	421	1.00	421	1.00
Effective tax	11,373	27.00	11,373	27.00

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 2007.

25. Dividends

The Board of Directors has approved and declared a 2nd interim dividend of 15 sen per share less 26% tax (the previous year's corresponding quarter: 15 sen per share less 27% tax) and a special tax exempt dividend of 28 sen per share (the previous year's corresponding quarter: Nil) in respect of the financial year ending 31st December 2008, payable on 2nd June 2008. The entitlement date for the said dividend is 26th May 2008.

A depositor shall qualify for entitlement only in respect of:

- a) Securities transferred into the Depositor's Securities Account before 4:00 p.m. on 26th May 2008 in respect of transfers; and
- b) Securities bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

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	
	31.03.2008	31.03.2007	31.03.2008	31.03.2007
Profit for the period (RM'000)	30,751	27,774	30,751	27,774
Weighted average number of ordinary shares in issue ('000)	261,534	261,534	261,534	261,534
Basic earnings per share (sen)	11.8	10.6	11.8	10.6

7th May 2008

By Order of the Board
BALRAJ RAMANATHAN
Company Secretary