

Notes:**Quarterly Report 30th September 2009****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 2008.

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 2008.

2. Qualification of Preceding Annual Financial Statements

The audit report of the most recent annual financial statements for the year ended 31st December 2008 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 quarter under review.

7. Dividend Paid

A 1st interim dividend of 15 sen per share less 25% tax was paid out on 17th September 2009.

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 2008.

13. Capital Commitments

Capital commitments not provided for in the financial statements as at 30th September 2009 are as follows:

Property, plant and equipment	RM'000
Approved and contracted for	9,236
Approved but not contracted for	4,347

14. Review of Performance

For the quarter under review, the Group registered revenue of RM276.5 million compared with RM271.3 million for the same period last year. Profit before tax in the current quarter was lower at RM36.1 million compared with RM40.1 million for the same period last year. The increase in revenue was attributed to higher cigarette prices offset partially by lower sales volume. Profit before tax was lower driven by lower sales volume and lower interest income offset partially by higher cigarette prices and lower marketing expenditure.

For the cumulative period to 30th September 2009, the Group achieved revenue of RM856.9 million and profit before tax of RM121.8 million as compared with revenue of RM785.3 million and profit before tax of RM121.9 million for the corresponding period last year. The increase in revenue was mainly driven by the same factors mentioned above.

15. Comparison with Preceding Quarter's Result

For the quarter under review, the Group registered revenue of RM276.5 million and a profit before tax of RM36.1 million as compared to the preceding quarter's revenue of RM288.9 million and profit before tax of RM40.8 million. The decrease in both revenue and profit before tax was attributed to lower sales volume in the current quarter.

16. Prospects for This Financial Year

The operating environment for the tobacco industry is expected to remain very challenging in the last quarter of 2009. The continued high level of illicit cigarettes will exert further negative pressure on the sales volume of the legitimate cigarette manufacturers. A recent research survey, conducted by the Confederation of Malaysian Tobacco Manufacturers, showed that 36.7% of cigarettes sold in Malaysia are illegal as compared to 25.7% in 2008. Notwithstanding this, JT International Berhad is encouraged by the increased enforcement by various Government agencies to combat this serious threat, and will continue to work closely with the authorities in this ongoing fight against the illicit cigarette trade.

One of the key factors driving the growth of illicit cigarettes is high taxation. JT International Berhad is encouraged by the Government's decision to impose a more moderate excise tax increase of RM10 per 1000 sticks on October 1, 2009, as compared with an increase of RM30 per 1000 sticks in the last two consecutive years. JT International Berhad is also encouraged by the recent Government announcement during the Federal Budget to allocate higher expenditure to enhance enforcement capabilities.

Despite the anticipated challenges ahead, JT International Berhad is committed to maintain its competitiveness and to deliver a satisfactory overall performance for the current financial year through continued effective investment behind its global flagship brands: Winston, Mild Seven and Camel.

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	36,103		121,772	
Statutory tax	9,026	25.00	30,443	25.00
Tax effect on non allowable expenses	360	1.00	1,645	1.35
Effective tax	9,386	26.00	32,088	26.35

The effective tax rate of the Group for the quarter 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 was no corporate proposal announced which was 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 2008.

25. Dividends

The Board of Directors has approved and declared a 2nd interim dividend of 15 sen per share less 25% tax in respect of the financial year ending 31st December 2009 (the previous corresponding quarter: Nil), payable on 22nd December 2009. The entitlement date for the said dividend is 11th December 2009.

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 11th December 2009 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	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
Profit for the period (RM'000)	26,717	29,119	89,684	88,791
Weighted average number of ordinary shares in issue ('000)	261,534	261,534	261,534	261,534
Basic earnings per share (sen)	10.22	11.13	34.29	33.95

By Order of the Board
BALRAJ RAMANATHAN
 Company Secretary