

Notes:

Quarterly Report 31st December 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 2nd interim dividend of 15 sen per share less 25% tax was paid out on 22 December 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 31st December 2009 are as follows:

Property, plant and equipment	RM'000
Approved and contracted for	2,672
Approved but not contracted for	3,892

14. Review of Performance

For the quarter under review, the Group registered revenues of RM301.3 million compared with RM253.2 million for the same period last year. Profit before tax in the current quarter was higher at RM21.8 million compared with RM12.2 million for the same period last year. The increase in revenues was attributed to higher cigarette prices and higher sales volume. Profit before tax was higher driven by the same factors mentioned above, offset partially by higher marketing expenditure.

For the year under review, the Group achieved revenues of RM1,158.2 million and profit before tax of RM143.6 million as compared with revenues of RM1,038.5 million and profit before tax of RM134.1 million for the corresponding period last year. The increase in both revenues and profit before tax was mainly driven by higher cigarette prices, offset partially by higher marketing expenditure and lower interest income.

15. Comparison with Preceding Quarter's Result

For the quarter under review, the Group registered revenues of RM301.3 million and a profit before tax of RM21.8 million as compared to the preceding quarter's revenues of RM276.5 million and profit before tax of RM36.1 million. The increase in revenues was attributed to higher sales volume and higher cigarette prices in the current quarter. Profit before tax was lower, driven mainly by higher marketing and operating expenditures in the current quarter.

16. Prospects for Next Financial Year

In 2009, the overall tobacco industry volume, as measured by the Confederation of Malaysian Tobacco Manufacturers (CMTM), declined 11% versus the prior year. The decrease was driven by the challenging economic conditions, which continues to accelerate the growth of illicit cigarettes. However, despite the external challenges, JT International Berhad successfully grew its corporate market share to 18.5% from 17.6% in the previous year (*source: AC Nielsen Retail Audit Report*). The strong performance in market share growth was driven primarily by Value Segment leader Winston, which increased its market share to an all time high of 9.8% from 8.5% the previous year.

JT International Berhad anticipates further challenges in the operating environment during 2010. January 1st marked a significant change in the tobacco industry landscape with the liberalisation of trade as a result of the implementation of the ASEAN Free Trade Agreement (AFTA). In addition, the Minimum Cigarette Price for a packet of 20 cigarette sticks is now RM6.40, with restrictions on downward price adjustment activities being legislated. Furthermore, a prohibition on sales of cigarette packets containing less than 20 sticks will take full effect on 1st June, 2010.

The growth of the illicit trade of cigarettes continues to be a significant threat to the legitimate cigarette manufacturers, exerting negative pressure on total industry volume. In addition, the illicit trade of cigarettes undermines the Government's revenue objectives. Results of a recent survey, conducted by the CMTM, show that as many as one in every three packets of cigarettes sold in Malaysia is illicit. Notwithstanding this, JT International Berhad is appreciative of the efforts by various Government agencies to combat this serious concern and remains committed to working closely with the Malaysian Government to combat the illicit trade of cigarettes.

Despite the anticipated challenges ahead, JT International Berhad is committed to maintain its competitiveness and will continue to invest in its Global Flagship Brands: Winston, Mild Seven and Camel. The Company remains confident that the successful execution of planned business strategies and initiatives will ensure that the Group is well-positioned to meet its overall objectives and deliver another credible performance for 2010.

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	21,781		143,553	
Statutory tax	5,445	25.00	35,888	25.00
Tax effect on (non taxable income)/non allowable expenses	(1,233)	(5.66)	412	0.28
Over provision in prior years	(1,010)	(4.64)	(1,010)	(0.70)
Effective tax	3,202	14.70	35,290	24.58

The effective tax rate of the Group for the year was lower than the statutory rate mainly due to non taxable income from write back of ESOS impairment.

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 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	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Profit for the period (RM'000)	18,579	9,369	108,263	98,160
Weighted average number of ordinary shares in issue ('000)	261,534	261,534	261,534	261,534
Basic earnings per share (sen)	7.1	3.6	41.4	37.5

By Order of the Board
BALRAJ RAMANATHAN
 Company Secretary