

Notes:

Quarterly Report 31st March 2010

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 issued by the Malaysian Accounting Standards Board 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 2009.

The significant accounting policies and methods of computation adopted in the interim financial statements are consistent with those of the annual audited financial statements for the year ended 31st December 2009 except for the adoption of the following new/revised FRS effective for financial periods beginning on or after 1 January 2010:

- | | | |
|-----|---------|--|
| (a) | FRS 7 | Financial Instruments: Disclosures |
| (b) | FRS 101 | Presentation of Financial Statements |
| (c) | FRS 139 | Financial Instruments: Recognition and Measurement |

The adoption of the above FRSs does not have significant impact on the financial statements for 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 2009 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

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 2009.

13. Capital Commitments

Capital commitments not provided for in the financial statements as at 31st March 2010 are as follows:

Property, plant and equipment	RM'000
Approved and contracted for	1,024
Approved but not contracted for	10,774

14. Review of Performance

For the quarter under review, the Group registered revenues of RM313.2 million compared with RM291.5 million for the same period last year. Profit before tax in the current quarter was higher at RM50.7 million compared with RM44.9 million for the same period last year. The increase in both revenues and profit before tax was attributed to higher sales volume and higher cigarette prices.

15. Comparison with Preceding Quarter's Result

For the quarter under review, the Group registered revenues of RM313.2 million and a profit before tax of RM50.7 million as compared to the preceding quarter's revenues of RM301.3 million and profit before tax of RM21.8 million. The increase in revenues was attributed to higher sales volume in the current quarter. Profit before tax was higher mainly driven by higher sales volume and lower marketing and operating expenditures in the current quarter.

16. Prospects for This Financial Year

JT International Berhad expects the challenging operating environment to continue for the remainder of the year. The key challenge that will have a significant impact on its business will be the impending prohibition on the sales of cigarette packs containing less than 20 sticks that will be fully effective on June 1, 2010.

Illicit cigarettes, which now account for one out of three cigarette packs in the market, continue to present a major challenge to the legal tobacco industry. As the growth of the illicit cigarette trade is fuelled by significant excise tax increases implemented over the years, JT International Berhad is appreciative of the Government's cognisance of this issue, which culminated in a more moderate excise tax increase in 2009. Moving forward, JT International Berhad hopes that moderate tax increases will continue to be implemented to curb the growth of the illicit cigarettes trade. JT International Berhad is also encouraged by the increased and integrated activities of the various Government enforcement agencies to combat this alarming issue. In addition to broadening their enforcement scope to the retail level, the Government agencies are now detaining and charging illicit cigarette traders in court as an effective deterrent measure. JT International Berhad will continue to cooperate fully with the authorities in the ongoing fight against the illicit cigarette trade and is hopeful that moderate increases in excise taxes, together with the current enforcement efforts by the Government agencies will curb the growth of the illicit cigarette trade.

Amidst these challenges, JT International Berhad is committed to maintain its competitiveness and aims 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	50,685		50,685	
Statutory tax	12,671	25.00	12,671	25.00
Tax effect on non allowable expenses	256	0.50	256	0.50
Effective tax	12,927	25.50	12,927	25.50

The effective tax rate of the Group for the year was higher than the statutory rate mainly 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. Disclosure of Derivatives

There were no derivatives entered into by the Group as at the end of the reporting period.

24. Gains/Losses Arising From Fair Value Changes of Financial Liabilities

Financial liabilities of the Group include trade and other payables and intercompany payables. The carrying amounts of the financial liabilities as reported in the statements of financial position as of 31st March 2010 approximate their fair values because of the immediate or short maturity terms of these financial instruments.

25. Off Balance Sheet Financial Instruments

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

26. Material Litigation

There was no material litigation pending since 31st December 2009.

27. Dividends

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

28. 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	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Profit for the period (RM'000)	37,758	32,993	37,758	32,993
Weighted average number of ordinary shares in issue ('000)	261,534	261,534	261,534	261,534
Basic earnings per share (sen)	14.4	12.6	14.4	12.6

By Order of the Board
BALRAJ RAMANATHAN
Company Secretary