Notes:

Quarterly Report 30th June 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 30th June 2010 are as follows:

Property, plant and equipment	RM'000
Approved and contracted for	4,011
Approved but not contracted for	6,726

14. Review of Performance

For the quarter under review, the Group registered revenues of RM298.5 million compared with RM288.9 million for the same period last year. Profit before tax in the current quarter was higher at RM45.1 million compared with RM40.8 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.

For the cumulative period to 30th June 2010, the Group achieved revenues of RM611.7 million as compared with revenues of RM580.4 million for the corresponding period last year. Profit before tax for the first half-year of 2010 was higher at RM95.7 million as compared with RM85.7 million for the corresponding period last year. The increase in both revenues and profit before tax was mainly driven by the same factors mentioned above.

15. Comparison with Preceding Quarter's Result

For the quarter under review, the Group registered revenues of RM298.5 million and a profit before tax of RM45.1 million as compared to the preceding quarter's revenues of RM313.2 million and profit before tax of RM50.7 million. The decrease in revenues was attributed to lower sales volume in the current quarter. Profit before tax was lower mainly driven by lower sales volume and higher marketing expenditures in the current quarter.

16. Prospects for This Financial Year

In the first half-year of 2010, the tobacco industry, as represented by the three largest players recorded a contraction of 1.1% in volume compared to the previous year's double-digit decline. While this moderate rate of decline could be due to the recovery in the Malaysian economy, the legitimate cigarette industry continues to face negative pressure on volume due to the increasing growth of illicit cigarettes. In 2009, as much as one out of three packets consumed in Malaysia is illicit. In its Global Tobacco Report, Goldman Sachs Research estimates that the Malaysian market boasted the largest illicit cigarette incidence in the world in 2009.

JT International Berhad is concerned that illicit cigarettes may continue its growing dominance of the market and appeals to the Government to take the necessary steps to limit the growth of illicit cigarettes, including the adoption of a moderate taxation policy.

Nevertheless, JT International Berhad acknowledges the significant efforts undertaken by the various law enforcement agencies to combat the smuggling and trade of illicit cigarettes. Notably, the Royal Malaysian Customs have commenced actions to detain retailers and smokers found to be in possession of illicit cigarettes. JT International Berhad will continue to work closely with the Government on this serious issue in order to curb the growth of illicit cigarettes.

Amidst these challenges, 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 key brands: Winston, Mild Seven, Salem 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	45,051		95,736	
Statutory tax	11,263	25.00	23,934	25.00
Tax effect on non allowable expenses	223	0.50	479	0.50
Effective tax	11,486	25.50	24,413	25.50

The effective tax rate of the Group for the quarter 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. Gain/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 30th June 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. Dividend

The Board of Directors has approved and declared a 1st interim dividend of 15 sen per share less 25% tax in respect of the financial year ending 31st December 2010 (the previous year's corresponding quarter: 15 sen per share less 25% tax), payable on 8th September 2010. The entitlement date for the said dividend is 1st September 2010.

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 1st September 2010 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.

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	
	30.06.2010	**30.06.2009**	**30.06.2010**	**30.06.2009**
Profit for the period (RM'000)	33,565	29,974	71,323	62,967
Weighted average number of ordinary shares in issue ('000)	261,534	261,534	261,534	261,534
Basic earnings per share (sen)	12.8	11.5	27.3	24.1

By Order of the Board
TAN TEOH HOOI
WONG KWAI YIN
Company Secretaries