Notes:

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of Financial Reporting Standard (FRS) 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad. It should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2008.

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 December 2008.

As at the date of this report, the Group has not applied the following new standards which have been issued by the Malaysian Accounting Standards Board but are not yet effective, and will have an impact on the Group:

(a) FRS 8 Operating Segments (effective for annual periods beginning on or after 1 July 2009). FRS 8 replaces FRS 114_{2004} Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply this standard from financial periods beginning on 1 January 2010.

(b) FRS 139 Financial Instruments: Recognition and Measurement (effective for annual periods beginning on or after 1 January 2010). This new standard establishes principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group will apply this standard from financial periods beginning on 1 January 2010. As allowed under the transitional provisions of FRS 139, the Group is exempted from having to disclose the possible impact on the application of this standard on the financial statements of the Group in the year of initial application.

(c) FRS 7 Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2010). This standard only impacts the extent of disclosures in the financial statements, hence it is expected that there will be no material impact on the financial statements when the Group applies this standard. The Group will apply this standard from financial periods beginning on 1 January 2010.

(d) Amendments to FRS 101 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2010). The amendment to FRS 101 requires statement of comprehensive income that shows components of other comprehensive income not attributable to shareholders and specifies terminology changes. This standard only impacts the extent of disclosures in the financial statements. The Group will apply these amendments from financial periods beginning on 1 January 2010.

(e) Amendments to FRS 117 Leases (effective for annual periods beginning on or after 1 January 2010). The amendment to FRS 117 requires entities with existing leases of land and buildings (combined) to reassess the classification of land as a finance or operating lease. The Group will apply these amendments from financial periods beginning on 1 January 2010.

2. Audit Report of Preceding Annual Financial Statements

The audit report of the Group's most recent annual audited financial statements for the year ended 31 December 2008 was not qualified.

3. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

4. Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

5. Taxation

Taxation comprises:

	3 months ended		**9 months ended**	
	30.9.2009	**30.9.2008**	**30.9.2009**	**30.9.2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
In respect of current year				
Current tax				
- Malaysian income tax	69,194	83,604	204,094	226,008
Deferred tax	(1,426)	(196)	(597)	553
	67,768	83,408	203,497	226,561

The average effective tax rate of the Group for the nine months ended 30 September 2009 is 26%, which is higher than the statutory tax rate of 25% mainly due to the non-deductibility of interest expense following the Group's move to the single tier tax system, and a one off tax adjustment in Quarter 3 2009 for the shortfall of dividend franking credits due to tax refunds received.

The average effective tax rate of the Group for the financial period ended 30 September 2008 approximated the statutory tax rate of 26%.

6. Valuations of Property, Plant and Equipment

The valuations of land and buildings have been brought forward, without amendment, from the most recent annual audited financial statements for the year ended 31 December 2008. The carrying value is based on a valuation carried out in 1983 by independent qualified valuers less depreciation.

7. Sale of Unquoted Investments and/or Properties

On 8 October 2007, the Group entered into a sale and purchase agreement for the disposal of the final part of its property at Sungai Besi, Kuala Lumpur for a consideration of RM21,000,000. This disposal was completed on 23 January 2009 with no material gains or losses arising.

On 29 June 2009, the Group offered to dispose the property at Keningau for a consideration of RM1,950,000, which was accepted by the purchaser. This disposal is expected to be completed by the end of 2009 with no material gains or losses arising. This property is currently classified as an Asset Held For Sale.

Except for the above property disposals, there were no other sales of unquoted investments or properties during the financial period under review.

8. Quoted Securities

a) There were no purchases or sales of quoted securities during the financial period under review.
b) There were no investments in quoted securities as at the end of the financial period under review.

9. Changes in Composition of the Group

There were no changes in the composition of the Group during the financial period under review.

10. Corporate Proposals

There were no new corporate proposals announced as at 12 November 2009 (the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report).

11. Changes in Share Capital and Debt

On 17 Aug 2009, the Group took an additional borrowing of RM250,000,000 5 year unsecured Medium-Term Notes at 4.48% per annum, to fund working capital requirements and the repayment of a Medium-Term Note maturing in November 2009.

There were no other issuances, cancellations, repurchases, resale and repayment of either debt or equity securities for the period under review.

12. Borrowings

The Group's borrowings as at 30 September 2009 are as follows:

	RM'000
Current	
5-year medium-term notes 2004/2009 with a coupon rate of 4.58% per annum, maturing on 2 November 2009	150,000
Non-current	
5-year medium-term notes 2007/2012 with a coupon rate of 4.05% per annum, maturing on 21 September 2012	400,000
5-year medium-term notes 2009/2014 With a coupon rate of 4.48% per annum, maturing on 15 August 2014	250,000
	800,000

All borrowings are denominated in Ringgit Malaysia.

13. Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 12 November 2009 (the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report).

14. Capital Commitments

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

	RM'000
Property, plant and equipment:	
Authorised by the Directors and contracted for	57,523
Authorised by the Directors but not contracted for	2,658
	60,181

15. Financial Instruments

Forward Foreign Currency Contracts

As at 12 November 2009 (the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report), the foreign currency contracts which have been entered into by the Group to hedge its foreign purchases are as follows:

Currency	**Contract amount in foreign currency '000**	**Date of contract**	**Value date of contract**	**Equivalent amount in RM'000**
Pound Sterling	7,103	12/12/2008 – 06/10/2009	18/11/2009 – 27/08/2010	38,373
Euro	8,069	13/08/2009 – 06/10/2009	20/11/2009 – 27/08/2010	40,637
US Dollar	7,200	06/05/2009 – 06/10/2009	18/11/2009 – 27/08/2010	25,317

Foreign currency transactions in Group companies are accounted for at exchange rates ruling at the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at the balance sheet date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

There are no cash requirement risks as the Group uses fixed forward foreign currency contracts as its hedging instrument.

Credit Risks

The above financial instruments were executed with creditworthy financial institutions in Malaysia in line with the Group's policy.

16. Material Litigation

There was no material litigation as at 12 November 2009 (the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report).

17. Segment Reporting

No segmental analysis is prepared as the Group is primarily engaged in the manufacture and sale of cigarettes and other tobacco products in Malaysia.

18. Material Changes in the Quarterly Results as Compared with the Preceding Quarter

Industry volumes, as measured based on the Confederation of Malaysian Tobacco Manufacturers' members' sales, had declined by 6.1% as compared to the previous quarter driven mainly by the high levels of illicit trade and continued global economic crisis. Consequently, the Group's Revenue in the current Quarter was lower by 6.0% versus the previous Quarter.

Profit before taxation in the current Quarter was lower by 13.2% at RM234.5 million compared to the preceding Quarter of RM270.1 million driven mainly by higher marketing expenditure from brand launches and consolidation of distribution network and lower volumes.

19. Review of Performance

The operating landscape continues to be extremely challenging, compounded by high levels of illicit trade and the economic crisis affecting consumer's spending power. Additionally, volumes for the year to date versus the same period last year was further impacted due to the timing of trade speculation by retailers and distributors in anticipation of the National budget led price increase which had occurred in Quarter 3 of 2008. Consequently, industry volumes as measured based on the Confederation of Malaysian Tobacco Manufacturers members' sales, had declined by 14.6% versus the same period last year.

The Group's volumes were adversely impacted by the above mentioned industry factors, resulting in a decline in the Group's Revenue and Profit before tax by 7.4% and 10.2% respectively. The full impact of volume contraction was partially offset by higher net pricing, improved sales mix and productivity savings from various cost management initiatives implemented.

Despite the significant market contraction, the Group's portfolio has proved resilient, led by the Global Drive Brands. The Global Drive Brands, namely Dunhill and Kent, have each grown market share by 1.7 percentage points, in comparison to the same period last year, weathering the above mentioned challenges.

20. Events Subsequent to the End of the Period

There are no material events subsequent to the end of the financial period under review that have not been reflected in the quarterly financial statements except for reorganisation costs incurred on 14 October 2009 to achieve operational efficiencies. To the extent that employees could not be redeployed, termination benefits were agreed upon. The total amount for termination benefits charged to income statement on 14 October 2009 was approximately RM6.8 million.

21. Seasonal or Cyclical Factors

The business operations of the Group were not materially affected by any seasonal or cyclical factors during the financial period under review.

22. Current Financial Year's Prospects

The recent survey of contraband and unauthorised incidence in Malaysia conducted by the Confederation of Malaysian Tobacco Manufacturers, covering the period June to August 2009, revealed that illicit trade incidence had reached an all time high of 38.7%. This is a significant increase of 13.0 percentage points from 2008 levels of 25.7%, indicating that illicit incidence has moved from 1 in every 4 sticks to more than 1 in every 3 sticks in the Malaysian market. This coupled with the current economic crisis impacting consumer spending power had resulted in a significant contraction in industry volumes which declined by 14.6% for the year to date 2009 versus the same period last year.

The Government's recent tax increase of 1 sen per stick on 1 October is at a much more moderate rate as compared to prior years and is aligned to the many efforts needed to address the growth of illicit trade. This moderate tax increase needs to be further complemented by stronger enforcement and stiffer penalties for those who deal in illicit trade to reverse the growth of illicit trade.

In light of the significant contraction in legal volumes, we are unlikely to maintain earnings in line with the previous year. However, the Group is still committed to delivering long term shareholder value through its strategic imperatives on Growth, Productivity, Responsibility and Winning Organisation.

23. Earnings Per Share

	3 months ended		**9 months ended**	
	30.9.2009	**30.9.2008**	**30.9.2009**	**30.9.2008**
Basic earnings per share				
Profit for the financial period (RM'000)	166,735	232,217	573,919	638,809
Weighted average number of ordinary shares in issue ('000)	285,530	285,530	285,530	285,530
Basic earnings per share (sen)	58.4	81.3	201.0	223.7

The Group does not have in issue any financial instrument or other contract that may entitle its holder to ordinary shares and therefore, dilutive to its basic earnings per share.

24. Dividends

The Board of Directors has declared a second interim dividend of 61.00 sen per share, tax exempt under the single tier tax system amounting to RM174,173,300 (for the financial year ended 31 December 2008 – 76.00 sen per share, tax exempt under the single tier tax system amounting to RM217,002,800) in respect of the financial year ending 31 December 2009, payable on 17 December 2009, to all shareholders whose names appear on the Register of Members and Record of Depositors on 8 December 2009.

NOTICE IS HEREBY GIVEN that the Register of Members will be closed from 8 December 2009 to 9 December 2009 (both dates inclusive) for the purpose of determining members' entitlement to the dividend.

A Depositor shall qualify for entitlement only in respect of:

a) Securities deposited into the Depositor's Securities Account before 12.30 p.m. on 4 December 2009, in respect of securities exempted from mandatory deposit;
b) Securities transferred to the Depositor's Securities Account before 4.00 p.m. on 8 December 2009, in respect of ordinary transfers; and
c) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

CHAN MEI MAE (LS0009460)
Company Secretary
Petaling Jaya
19 November 2009