

JOHORE TENGGARA OIL PALM BHD (Co. No. 17867-T)
(Incorporated in Malaysia)

NOTES TO INTERIM FINANCIAL REPORTING

KLSE LISTING REQUIREMENTS

1. Review of Performance

For the period ended 30 June 2003, the Group recorded a revenue of RM35.1 million as compared to RM24.99 million registered in the corresponding period for last financial year. Profit before taxation for the 6 months ended 30 June 2003 was RM8.37 million as compared to a loss of RM1.74 million registered for the corresponding period for last year. Revenue and profit for the period improved due to higher production of FFB and increased sales of palm products.

2. Comparison of Results with the Preceding Quarter's Results

For the quarter under review, the Group recorded a profit before tax of RM6.20 million as compared to RM2.20 million in the immediate preceding quarter. The increase in profit was mainly due to higher production of FFB and sales of palm products.

3. Prospects for the Current Financial Year

If the prices of palm products are maintained at prevailing levels, the Board expects the Group's performance for the current financial year to be better than previous year's.

4. Variance of Actual Profit from Forecast Profit

The Group has not issued any profit forecast for the year under review.

5. Taxation

	Current Year Quarter 30.6.2003 RM'000	Current Year To date 30.6.2003 RM'000
Current tax expenses	298	596
Under provision in prior year	-	25
Deferred Tax	(227)	(227)
	<u>71</u>	<u>394</u>

The effective tax rate of the Group for the current quarter is lower than the statutory tax rate principally due to the availability of unabsorbed losses, utilisation of previously unrecognised tax losses, and capital and agriculture allowances.

6. Unquoted Securities and / or Properties

There is no sale of unquoted investments and/or properties for the financial quarter under review.

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7. Quoted Securities

(a) Summary of purchases and sales of quoted investments:-

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter 30.6.2003 <u>RM'000</u>	Preceding Year Corresponding Quarter 30.6.2002 <u>RM'000</u>	Current Year To 30.6.2003 <u>RM'000</u>	Preceding Year Corresponding Period to 30.6.2002 <u>RM'000</u>
Total purchases	-	4,955	-	6,250
Total sale proceeds	166	67	166	72
Total (loss)/profit on disposal	(238)	20	(238)	19

(b) Summary of details of all investments

	<u>30/6/2003</u> <u>RM'000</u>	<u>31/12/2002</u> <u>RM'000</u>
Total investment at cost	8,524	8,928
Total investment at carrying value / book value (after provision for diminution in value)	6,732	6,640
Total investments at market value at end of reporting period	6,732	6,640

8. Status of Corporate Proposals

The Group has not announced any corporate proposal which remains incomplete as at date of this report.

9. Group Borrowings

	<u>30/6/2003</u> <u>RM'000</u>	<u>31/12/2002</u> <u>RM'000</u>
<u>Short term</u>		
Term loans – secured	376	369
Revolving credits – secured	66,000	69,500
Revolving credits – unsecured	5,450	10,000
Bank overdraft - unsecured	-	1
Hire purchase – secured	24	24
	<u>71,850</u>	<u>79,894</u>
<u>Long term</u>		
Term loans – secured	651	840
Hire purchase – secured	45	57
	<u>696</u>	<u>897</u>

10. Financial Instruments with Off Balance Sheet Risks

There is no financial instrument with off balance sheet risks issued as at the date of this quarterly report.

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11. Material Litigation

There is no material litigation involving the Group as at the date of this quarterly report.

12. Dividend

The Board does not recommend any dividend for the quarter ended 30 June 2003 (Q2 2002 : Nil).

13. Earnings Per Share

The basic and diluted earnings per share for the current financial quarter is calculated based on the consolidated profit after tax and minority interest of RM8.27 million divided by the number of ordinary shares in issue during the financial quarter of 160 million shares.

MASB 26 DISCLOSURE REQUIREMENTS

(a) Accounting Policies

The quarterly financial statements have been prepared in accordance with MASB 26 Interim Financial Reporting and Chapter 9 part K of the Listing Requirements of Kuala Lumpur Stock Exchange. The same accounting policies, methods of computation and bases of consolidation are followed as compared with those used in the preparation of recent annual financial statements, except for the adoption of MASB 25 – Income Taxes whereby the comparative figures have been restated to reflect the change in the method of deferred taxation calculation.

The effects of the change in accounting policy on the comparative figures are summarised below:

	As previously reported	Effect of change in policy	As restated
	RM'000	RM'000	RM'000
6 months ended 30 June 2002			
- Tax expense for the period	(47)	86	39
As at 31 December 2002			
- Goodwill on consolidation	1,516	22,022	23,538
- Receivables	10,869	-	10,869
- Deferred tax asset	-	12,274	12,274
- Reserves	246,948	3,843	250,791
- Minority interests	20,070	(4,300)	15,770
- Other deferred liabilities	3,204	34,752	37,956
	RM	RM	RM
Net tangible assets per share	2.54	(0.12)	2.42

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- (b) **Audit Qualification**
The annual report of the preceding year did not have any qualification.
- (c) **Seasonal or Cyclical Factors**
The Group's plantation operations are affected by seasonal crop production, weather condition and fluctuating commodity prices.
- (d) **Exceptional Item**
There is no exceptional item in the financial quarter under review.
- (e) **Nature and Amount of Changes in Estimates**
There is no change in the nature and amounts of estimates in prior interim period or financial year that has a material effect in the current financial quarter.
- (f) **Issuances, Cancellation, Repurchases, Resale and Repayment of Debt and Equity Securities.**
There is no issuance or repayment of debt and equity securities, share buy-back, share cancellation, share held as treasury shares and resale of treasury shares for the current financial year to date.
- (g) **Dividends Paid**
A final dividend of 1.0 sen per share, less tax, amounting to RM1,152,000 in respect of the financial year ended 31 December 2002 was paid on 15 June 2003.
- (h) **Segmental Reporting**
No segmental information has been prepared as the Group's principal activity in the current financial period involves predominantly cultivation, processing and sales of fresh fruit bunches, crude palm oil and palm kernel, and is wholly carried out in Malaysia.
- (i) **Valuation of Property, Plant and Equipment**
There is no amendment to the valuation of Property, Plant and Equipment made in the recent annual financial statements.
- (j) **Material Events Subsequent to First Financial Quarter**
There is no material event subsequent to 30 June 2003 that has not been reflected in the quarterly financial statements for the quarter ended 30 June 2003.
- (k) **Changes in the Composition of the Group**
There is no change in the composition of the Group during the quarter under review.
- (l) **Contingent Liabilities**

	30/6/2003 RM'000	31/12/2002 RM'000	CHANGE RM'000
Corporate guarantee for credit facilities granted to third parties under "Skim Industri Pertanian"	<u>1,984</u>	<u>2,128</u>	<u>(144)</u>

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By Order of the Board

Mohamad Affendi Bin Yusoff (LS 007158)

Company Secretary

Dated : 27 August 2003