

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 9 months period ended 30 September 2003, the Group recorded a revenue of RM55.67 million as compared to RM40.12 million registered in the corresponding period for last financial year. Profit before taxation for the 9 months ended 30 September 2003 was RM10.36 million as compared to a profit of RM0.96 million registered for the corresponding period for last year. Revenue and profit for the period improved due to higher production of FFB and increased revenue from sales of palm products due to more favourable selling prices of CPO and palm kernel.

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

For the quarter under review, the Group recorded a profit before tax of RM1.99 million as compared to RM6.20 million in the immediate preceding quarter. Profit decreased due to the impairment loss provision as disclosed in Note (d), and higher replanting expenditure and mill maintenance incurred in the quarter.

3. Prospects for the Current Financial Year

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

4. Variance of Actual Profit from Forecast Profit

The Group has not issued any profit forecast for the year under review in a public document.

5. Taxation

	Current Year Quarter 30.9.2003 RM'000	Current Year To date 30.9.2003 RM'000
Current tax expense	2,325	2,921
Under provision in prior year	1,620	1,645
Deferred Tax	(113)	(341)
	3,832	4,226

The effective tax rate of the Group for the current quarter and year to date is higher than the statutory tax rate principally due to certain expenses in the prior years which were disallowed for tax purposes.

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 30.9.2003 <u>RM'000</u>	Preceding Year Corresponding Quarter 30.9.2002 <u>RM'000</u>	Current Year To 30.9.2003 <u>RM'000</u>	Preceding Year Corresponding Period to 30.9.2002 <u>RM'000</u>
Total purchases	-	4,955	-	6,250
Total sale proceeds	1,030	67	1,196	72
Total profit/(loss) on disposal	39	20	(199)	19

(b) Summary of details of all investments

	<u>30/9/2003</u> <u>RM'000</u>	<u>31/12/2002</u> <u>RM'000</u>
Total investments at cost	7,533	8,928
Total investments at carrying value / book value (after provision for diminution in value)	6,201	6,640
Total investments at market value at end of reporting period	6,201	6,640

8. Status of Corporate Proposals

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

9. Group Borrowings

	<u>30/9/2003</u> <u>RM'000</u>	<u>31/12/2002</u> <u>RM'000</u>
<u>Short term</u>		
Term loans – secured	379	369
Revolving credits – secured	65,100	69,500
Revolving credits – unsecured	2,300	10,000
Bank overdraft - unsecured	500	1
Hire purchase – secured	24	24
	<u>68,303</u>	<u>79,894</u>
<u>Long term</u>		
Term loans – secured	554	840
Hire purchase – secured	39	57
	<u>593</u>	<u>897</u>

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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.

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 September 2003 (Q3 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 RM10.50 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 accounting policies, methods of computation and bases of consolidation adopted are consistent 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 RM'000	Effect of change in policy RM'000	As restated RM'000
9 months ended 30 September 2002			
- Tax expense for the period	(197)	128	(69)
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	3,846	250,794
- Minority interests	20,070	(4,300)	15,770
- Other deferred liabilities	3,204	34,752	37,956
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	RM	RM	RM
Net tangible assets per share	2.54	(0.12)	2.42
	<hr/>	<hr/>	<hr/>

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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 conditions and fluctuating commodity prices.

(d) Exceptional Item

There is no exceptional item in the financial quarter under review.

	Current Year Quarter 30.9.2003 RM'000	Current Year To date 30.9.2003 RM'000
Operating Expenses		
- Impairment loss in book value of office building	3,950	3,950

(e) Nature and Amount of Changes in Estimates

There is no change in the nature and amounts of estimates in the 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 or 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

No dividend has been paid during the financial quarter.

(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 Financial Quarter

There is no material event subsequent to 30 September 2003 that has not been reflected in the quarterly financial statements for the quarter ended 30 September 2003 .

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(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

	30/9/2003	31/12/2002	CHANGE
	RM'000	RM'000	RM'000
Corporate guarantee for credit facilities granted to third parties under "Skim Industri Pertanian"	<u>1,910</u>	<u>2,128</u>	<u>(218)</u>

By Order of the Board

Mohamad Affendi Bin Yusoff (LS 007158)

Company Secretary

Dated : 14 November 2003