

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

**NOTES TO INTERIM FINANCIAL REPORTING**

**MSEB LISTING REQUIREMENTS**

**1. Review of Performance**

For the financial year ended 31 December 2003, the Group recorded a revenue of RM77.10 million as compared to RM57.33 million registered for last financial year. Profit before taxation for the financial year ended 31 December 2003 was RM15.39 million as compared to a profit of RM2.25 million registered for last year. Revenue and profit for the year improved largely due to higher production of FFB and 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 RM1.08 million as compared to RM5.94 million in the immediate preceding quarter. Profit decreased due to lower production of FFB.

**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 31.12.2003 RM'000	Current Year To date 31.12.2003 RM'000
Current tax expense	2,692	5,613
(Over)/Under provision in prior year	(122)	1,524
Deferred Tax	88	(253)
	2,658	6,884

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 which are 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 31.12.2003 <u>RM'000</u>	Preceding Year Corresponding Quarter 31.12.2002 <u>RM'000</u>	Current Year To 31.12.2003 <u>RM'000</u>	Preceding Year Corresponding Period to 31.12.2002 <u>RM'000</u>
Total purchases	-	-	-	6,250
Total sale proceeds	-	-	1,196	72
Total profit/(loss) on disposal	-	-	(199)	19

### (b) Summary of details of all investments

	<u>31/12/2003</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)	6,341	6,640
Total investments at market value at end of reporting period	6,341	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>31/12/2003</u> <u>RM'000</u>	<u>31/12/2002</u> <u>RM'000</u>
<b><u>Short term</u></b>		
Term loans – secured	383	369
Revolving credits – secured	65,900	69,500
Revolving credits – unsecured	3,000	10,000
Bank overdraft - unsecured	1	1
Hire purchase – secured	24	24
	<u>69,308</u>	<u>79,894</u>
<b><u>Long term</u></b>		
Term loans – secured	457	840
Hire purchase – secured	33	57
	<u>490</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 recommend a first and final dividend of 2% less 28% tax for the year ended 31 December 2003 (Financial year 2002 : 1% ).

## 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 RM9.17 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 Malaysian Securities Exchange Berhad. 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:

	<b>As previously <u>reported</u> RM'000</b>	<b>Effect of change <u>in policy</u> RM'000</b>	<b>As <u>restated</u> RM'000</b>
<b>As at 31 December 2002</b>			
- Goodwill on consolidation	1,516	20,625	22,141
- Deferred tax asset	-	6,876	6,876
- Reserves	246,948	(11,007)	235,941
- Minority interests	20,070	(5,837)	14,233
- Other deferred liabilities	3,204	44,344	47,548
	RM	RM	RM
Net tangible assets per share	2.54	(0.21)	2.33

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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.

**(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, shares 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 except for an impairment made on an office building.

**(j) Material Events Subsequent to Financial Quarter**

There is no material event subsequent to 31 December 2003 that has not been reflected in the quarterly financial statements for the quarter ended 31 December 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**

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

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By Order of the Board

Mohamad Affendi Bin Yusoff (LS 007158)

Company Secretary

Dated : 27 February 2004