

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 first quarter ended 31 March 2004, the Group recorded a revenue of RM17.6 million as compared to RM15.2 million registered in the corresponding period last financial year. Profit before taxation for the quarter was RM5.6 million as compared to RM2.2 million registered for the corresponding period last year. Revenue and profit for the quarter improved due to a significant increase in selling prices of palm products.

2. Comparison of results with the preceding quarter's

For the quarter under review, the Group recorded a profit before tax of RM5.6 million as compared to RM1.1 million in the immediate preceding quarter. The increase in profit is mainly due to better average palm oil prices achieved in the quarter.

3. Prospects for the current financial year

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

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 31.3.2004 RM'000	Current Year To date 31.3.2003 RM'000
Current tax expense	321	298
Underprovision in prior year	-	25
	<hr/> 321 <hr/>	<hr/> 323 <hr/>

The effective tax rate of the Group for the current quarter was lower than the statutory tax rate principally due to the utilisation of unabsorbed tax losses, 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 31.3.2004 <u>RM'000</u>	Preceding Year Corresponding Quarter 31.3.2003 <u>RM'000</u>	Current Year To Date 31.3.2004 <u>RM'000</u>	Preceding Year Corresponding Period 31.3.2003 <u>RM'000</u>
Total purchases	-	-	-	-
Total sale proceeds	-	-	-	-
Total profit on disposal	-	-	-	-

(b) Summary of details of all investments

	31/3/2004 <u>RM'000</u>	31/12/2003 <u>RM'000</u>
Total investments at cost	7,697	7,697
Total investments at carrying value / book value (after provision for diminution in value)	6,155	6,341
Total investments at market value at end of reporting period	6,155	6,341

8. Status of corporate proposals

The Board of Directors has on 1 March 2004, appointed Commerce International Merchant Bankers Berhad (CIMB) to conduct a study and to devise a scheme to merge and consolidate the plantation businesses of JTOP and Tradewinds to bring about greater synergy and cost savings to both JTOP and Tradewinds.

The Board has considered the findings of CIMB and has approved the merger proposal. Our advisor, CIMB, will be making an immediate separate announcement on the proposal.

9. Group borrowings

	31/3/2004 <u>RM'000</u>	31/3/2003 <u>RM'000</u>
<u>Short term</u>		
Term loans – secured	387	372
Revolving credits – secured	66,830	67,100
Revolving credits – unsecured	2,300	8,500
Hire purchase – secured	24	24
	<u>69,517</u>	<u>75,996</u>
<u>Long term</u>		
Term loans – secured	359	746
Hire purchase – secured	27	51
	<u>386</u>	<u>797</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 31 March 2004 (Q1 2003 : 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 RM5.45 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 Bursa Malaysia. The accounting policies, methods of computation and bases of consolidation used in the preparation of the interim financial statements are consistent with those adopted and used in the preparation of the most recent annual financial statements for the year ended 31 December 2003.

(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 material change in the nature and amounts in estimates reported 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 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

Shareholders have on 14 May 2004, in the Annual General Meeting, approved 1st and final dividend of 2 % for the financial year ended 31 December 2003. The books closure date will be announced shortly.

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(h) Segmental reporting

No segmental information has been prepared as the Group's principal activity in the current financial period involves predominantly the 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

For the period under review, there is no amendment to the valuation of Property, Plant and Equipment.

(j) Material events subsequent to first financial quarter

There is no material event subsequent to 31 March 2004 that has not been reflected in the quarterly financial statements for the quarter ended 31 March 2004 .

(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

	31/3/2004 RM'000	31/3/2003 RM'000	CHANGE RM'000
Corporate guarantee for credit facilities granted to third parties under "Skim Industri Pertanian"	<u>1,655</u>	<u>2,069</u>	<u>(414)</u>

By Order of the Board

Mohamad Affendi Bin Yusoff (LS 007158)

Companies Secretary

Dated : 25 May 2004