

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

NOTES TO INTERIM FINANCIAL REPORTING

BURSA MALAYSIA LISTING REQUIREMENTS

1. Review of performance

For the second quarter ended 30 June 2004, the Group recorded a revenue of RM24.0 million as compared to RM19.9 million registered in the corresponding period last financial year. Profit before taxation for the quarter was RM9.9 million as compared to RM6.2 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 RM9.9 million as compared to RM5.6 million in the immediate preceding quarter. The increase in profit is mainly due to better average selling prices on palm products that were 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 30.6.2004 RM'000	Current Year To date 30.6.2004 RM'000
Current tax expense	1,092	1,412
Underprovision in prior year	272	272
	<hr/> 1,364	<hr/> 1,684

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 ended 30.6.2004 <u>RM'000</u>	Preceding year corresponding quarter ended 30.6.2003 <u>RM'000</u>	Current year to date ended 30.6.2004 <u>RM'000</u>	Preceding year corresponding period ended 30.6.2003 <u>RM'000</u>
Total purchases	-	-	-	-
Total sale proceeds	-	166	-	166
Total loss on disposal	-	(238)	-	(238)

(b) Summary of details of all investments

	<u>30/6/2004</u>	<u>31/12/2003</u>
	<u>RM'000</u>	<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)	5,384	6,342
Total investments at market value at end of reporting period	5,384	6,342

8. Status of corporate proposals

Our main advisor, CIMB, had on 25 May 2004, made an announcement to Bursa Malaysia on the proposed merger of the plantation business of JTOP and Tradewinds. The proposed merger, which involves a scheme that requires the creation of a Special Purpose Vehicle (SPV), namely Jubilant Century Berhad (JCB), also involves the following: -

- (i) Proposed acquisitions by JCB from Tradewinds of the issued and paid-up share capital held by Tradewinds in its plantation subsidiaries ("Plantation Subsidiaries") (as detailed herein) for a total purchase consideration of RM687,124,750 to be satisfied by the issuance of 369,153,315 new ordinary shares of RM1.00 each in JCB ("JCB Shares") at an issue price of RM1.60 per JCB Share and RM96,479,445 nominal value of 10-year 3% irredeemable convertible unsecured loan stocks ("ICUL") in JCB ("JCB ICULS") ("Proposed Acquisitions");
- (ii) Proposed exchange of the entire issued and paid-up share capital of JTOP comprising 160,000,000 ordinary shares of RM1.00 each in JTOP ("JTOP Shares") with JCB Shares between JCB and all the existing shareholders of JTOP ("JTOP Existing Shareholders") pursuant to a members' scheme of arrangement under Section 176 of the Companies Act, 1965 ("Companies Act") ("JTOP Scheme") on the basis of 1 new JCB Share for every 1 existing JTOP Share held by the JTOP Existing Shareholders ("Proposed Share Exchange");

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- (iii) Proposed assumption by JCB of RM63,520,555 of the net inter-company advances (“Assumed Advances”) by Tradewinds to certain Plantation Subsidiaries as at 31 December 2003 through the issuance of RM63,520,555 nominal value of JCB ICULS to Tradewinds (“Proposed Debt Assumption”);
- (iv) Proposed transfer of the listing status of JTOP on the Main Board of Bursa Malaysia Securities Berhad (*formerly known as Malaysia Securities Exchange Berhad*) (“Bursa Malaysia”) to JCB (“Proposed Transfer of Listing”); and
- (v) Proposed placement of such number of JCB Shares and JCB ICULS at a placement price to be determined later (“Proposed Placement”) to meet the minimum public shareholding spread requirement in accordance with the Listing requirements of Bursa Malaysia,

In conjunction with the Proposed Merger, CIMB on behalf of the following parties will also seek the approval of the Securities Commission (“SC”) for the following exemptions: -

- (a) Tradewinds, from the obligation to undertake a mandatory general offer for the remaining JCB Shares pursuant to the Proposed Acquisitions; and
- (b) JCB, from the obligation to undertake a mandatory general offer for the remaining ordinary shares of RM1.00 each in Ladang Serasa Sdn Bhd (“Ladang Serasa”) pursuant to the Proposed Acquisitions,

The proposed Acquisitions, Proposed Share Exchange, Proposed Debt Assumption, Proposed Transfer of Listing, Proposed Placement and Proposed Exemptions are inter-conditional.

Currently, all our advisors, including CIMB, are preparing the relevant documents for submission to Securities Commission for approval.

9. Group borrowings

	30/6/2004	31/12/2003
	<u>RM'000</u>	<u>RM'000</u>
<u>Short term</u>		
Term loans – secured	390	383
Revolving credits – secured	66,500	65,900
Revolving credits – unsecured	2,300	3,000
Bank overdraft - unsecured	8	1
Hire purchase – secured	24	24
	69,222	69,308
<u>Long term</u>		
Term loans – secured	260	457
Hire purchase – secured	21	33
	281	490

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 2004 (Q2 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 RM8.69 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 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.

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(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

The first and final dividend of 2% approved by shareholders at the Annual General Meeting on 14 May 2004 was paid on 30 June 2004.

(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 30 June 2004 that has not been reflected in the quarterly financial statements for the quarter ended 30 June 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

	30/6/2004 RM'000	31/12/2003 RM'000	CHANGE RM'000
Corporate guarantee for credit facilities granted to third parties under "Skim Industri Pertanian"	1,558	1,910	(352)

By Order of the Board

Mohamad Affendi Bin Yusoff (LS 007158)

Company Secretary

Dated: 26 August 2004