

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 fourth quarter ended 31 December 2004, the Group recorded a revenue of RM 20.73 million as compared to RM 21.43 million registered in the corresponding period last financial year. The lower revenue in the current quarter was due to decrease in selling prices of palm products.

An operating loss before tax of RM0.37 million was recorded as compared to RM5.03 million profit for the corresponding period last year due to the lower prices of palm products and higher operating expenses.

For the financial year ended 31 December 2004, the Group incurred an operating loss before tax of RM54.45 million as compared to an operating profit before tax of RM15.39 million for the corresponding period last year due to the recognition of an extraordinary expense in the form of impairment loss in value of certain properties of RM 78.88 million recognized. The impairment loss arose when the book values of certain landed properties were matched against the valuations by C H Williams Talhar & Wong Sdn Bhd. that was carried out in relation to the proposed merger between JTOP and the plantation subsidiaries of Tradewinds (M) Bhd. The details of the loss after tax are as follows:

	Current quarter ended 31.12.2004	Preceding quarter ended 31.12.2003	Year ended 31.12.2004	Year ended 31.12.2003
	RM '000	RM '000	RM '000	RM '000
Revenue	20,726	21,429	85,419	77,104
Less :				
Operating expenses	(20,234)	(16,230)	(58,049)	(60,069)
Finance cost	(1,068)	(987)	(3,766)	(3,745)
Add : Other operating income	689	820	1,628	2,098
Profit before impairment and other adjustment	113	5,032	25,232	15,388
Less :				
Impairment loss	319	-	(78,883)	-
Depreciation adjustment	(801)	-	(801)	-
Profit/(loss) before tax but after impairment and depreciation adjustment	(369)	5,032	(54,452)	15,388
Less :				
Deferred tax	1,982	88	12,975	276
Current year tax	(1,018)	(2,746)	(6,255)	(7,160)
Profit/(loss) after tax	595	2,374	(47,731)	8,504
Minority interest	8,057	246	11,909	668
Profit/(loss) after tax and minority interest	8,652	2,620	(35,822)	9,172

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2. Comparison of results with the preceding quarter's

For the quarter under review, the Group recorded a loss before tax of RM0.37 million as compared to a loss before tax of RM69.52 million in the immediate preceding quarter. As mentioned in (1) above, the extraordinary loss incurred in the preceding quarter was mainly due to the impairment loss in value of certain properties amounting to RM 78.88 million.

3. Prospects for the current financial year

The Company anticipates an increase in FFB production arising from newly matured areas, resulting in a higher output of CPO and PK.

Consequently, if the prices of palm products are maintained at the prevailing levels, the Board expects the Group's operating performance for the current financial year to improve over the preceding 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 31.12.2004 RM'000	Current Year To date 31.12.2004 RM'000
Current tax expense	(724)	(5,688)
Underprovision in prior year	(294)	(566)
Deferred tax	1,982	12,975
	964	6,721

The effective tax rate of the Group for the current quarter was higher than the statutory tax rate as a result of the tax provision that was submitted to the Inland Revenue Board as provided for by the Income Tax Act 1967. The impairment loss, which resulted in an overall loss for the year, has also caused the effective tax rate to be above the statutory rate. However, if the actual tax expense of RM6.255 million was compared to the operating profit before impairment and other adjustment of RM25.23 million, the actual effective tax rate stood at only 24.8%, which is lower than the statutory rate of 28%.

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 <u>31.12.2004</u> <u>RM'000</u>	Preceding year corresponding quarter ended <u>31.12.2003</u> <u>RM'000</u>	Current year to date ended <u>31.12.2004</u> <u>RM'000</u>	Preceding year corresponding period ended <u>31.12.2003</u> <u>RM'000</u>
Total purchases	-	-	-	-
Total sale proceeds	790	-	847	1,196
Total gain on disposal	88	-	95	(199)

(b) Summary of details of all investments

	<u>31/12/2004</u> <u>RM'000</u>	<u>31/12/2003</u> <u>RM'000</u>
Total investments at cost	6,945	7,697
Total investments at carrying value / book value (after provision for diminution in value)	5,105	6,342
Total investments at market value at end of reporting period	5,105	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 JTOP and the plantation subsidiaries of Tradewinds (M) Bhd. ("Tradewinds"). The proposed merger, which involves a scheme that requires the creation of a Special Purpose Vehicle, 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") 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 ("Proposed 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.

CIMB announced that the SC had on 21 December 2004, approved the Proposed Exemptions. Currently, the parties are waiting for SC's approval on the other proposals of the submission.

9. Group borrowings

	31/12/2004	31/12/2003
	<u>RM'000</u>	<u>RM'000</u>
<u>Short term</u>		
Term loans – secured	397	383
Revolving credits – secured	63,700	65,900
Revolving credits – unsecured	9,970	3,000
Bank overdraft - unsecured	29	1
Hire purchase – secured	24	24
	<u>74,121</u>	<u>69,308</u>
<u>Long term</u>		
Term loans – secured	60	457
Hire purchase – secured	9	33
	<u>69</u>	<u>490</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 recommends a final gross dividend of 3% less 28% tax for the year ended 31 December 2004 (Year 2003 : 2% less 28% tax)
- 13. Earnings per share**
The basic and diluted loss per share for the current financial quarter is calculated based on the consolidated loss after tax and minority interest of 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 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 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

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 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

A valuation exercise was carried out by CH Williams Talhar & Wong Sdn Bhd in relation to the proposed merger exercise between JTOP Group and the Plantation Subsidiaries of Tradewinds. The valuation resulted in impairment of certain properties amounting to RM78.88 million as shown below.

PROPERTIES	NBV AS AT 30.09.2004	VALUATION	IMPAIRMENT
	RM '000	RM '000	RM '000
Ladang Sg. Relai	109,708	64,500	(45,208)
Ladang Pelangi	56,339	26,800	(29,539)
Ladang Sembrong Kiri	23,353	22,400	(953)
Ladang Semai Segar	8,340	6,600	(1,740)
Ulu Sebol Mill	1,301	820	(481)
Ladang Bukit Sah	12,632	10,700	(1,932)
De' Stulang building	5,383	4,500	(883)
Pekeliling building	847	768	(79)
Total impairment	217,903	137,088	(80,815)
Less impairment on Bukit Sah			1,932
Net impairment			(78,883)
Less: Deferred tax liability reversed	-	-	12,975
Net impact to P&L	217,903	137,088	(65,908)

MASB 23 states that an impairment loss is to be recognized in the income statement whenever the carrying amount of an asset exceeds its recoverable amount, provided that there is no available revaluation reserve to offset against the impairment.

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On the other hand, certain other properties of the Group will recognize a revaluation surplus from the valuation exercise as follows:

PROPERTIES	NBV AS AT 30.09.2004	VALUATION	SURPLUS
	RM '000	RM '000	RM '000
Ladang Ulu Sebol	72,721	75,800	3,079
Ladang Ulu Papan	45,335	60,100	14,765
Ladang Sg Lebak	38,321	49,900	11,579
Ladang Sg Kachur	20,526	21,400	874
Ladang Sisek	49,752	68,900	19,148
Ladang Agromaju	8,220	25,000	16,780
Ladang Penawar	12,607	27,700	15,093
Ladang Jaya	19,976	22,600	2,624
Industrial lots	1,522	8,420	6,898
Ulu Silika land	12	150	138
Plant & machineries (U Sebol mill)	2,858	5,719	2,861
Building (U Sebol Mill)	1,660	1,760	100
Building – Bandar Baru UDA	160	410	250
2 units houses at B Tenggara	60	200	140
2 units houses at Kulim	202	255	53
JTOP headquarters - KL	1,683	2,392	709
JTOP lodge – at Desaru	260	410	150
Total revaluation surplus	275,876	371,116	95,240
Impairment on Uni-Agro offset against revaluation reserve			(1,932)
Deferred tax liability	-	-	(24,066)
Net impact on revaluation reserve	275,876	371,116	69,242

MASB 23 also states that a revaluation surplus is to be recognized in the balance sheet whenever the recoverable amount of an asset exceeds the carrying amount, provided that there is no previous impairment loss to offset against the revaluation surplus.

The net effect of the valuation exercise has resulted in an enhancement of the NTA for the Group as follows:

	NTA as at 31.12.2004	NTA as at 31.12.2004
NTA as at 31.12.2003	Before valuation	After valuation
RM ' 000	RM ' 000	RM ' 000
381,820	409,195	412,936
RM2.39 per share	RM2.56 per share	RM2.58 per share

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(j) Material events subsequent to fourth financial quarter

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

	31/12/2004	31/12/2003	CHANGE
	RM'000	RM'000	RM'000
Corporate guarantee for credit facilities granted to third parties under "Skim Industri Pertanian"	<u>1,397</u>	<u>1,761</u>	<u>364</u>

By Order of the Board

Mohamad Affendi Bin Yusoff (LS 007158)

Company Secretary

Dated: 21 February 2005