Tradewinds
(M) Berhad (19123-K)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
# AS AT 31 DECEMBER 2010

| | Unaudited as at end of Current Quarter 31.12.2010 RM'000 | Audited as at Preceding Financial Year End 31.12.2009 (Restated) RM'000 |
|---|---|---|
| Non-current assets | | |
| Property, plant and equipment | 1,984,988 | 1,910,364 |
| Plantation development expenditure | 1,142,610 | 1,050,431 |
| Development properties | 87,412 | 87,412 |
| Investment in associated companies | 242,648 | 232,323 |
| Investment in joint venture | 13,489 | 12,223 |
| Other investments | - | 4,475 |
| Available for sale investments | 5,003 | - |
| Intangible assets | 309,678 | 351,422 |
| Deferred tax assets | 84,944 | 77,705 |
| | 3,870,772 | 3,726,355 |
| Current assets | | |
| Inventories | 1,022,569 | 995,271 |
| Trade and other receivables | 1,402,583 | 1,129,223 |
| Amount owing from associated companies | 20,479 | 34,872 |
| Assets held for sale | - | 5,654 |
| Tax recoverable | 46,160 | 14,563 |
| Deposits placed with licensed banks | 231,690 | 218,644 |
| Cash and bank balances | 233,205 | 199,288 |
| | 2,956,686 | 2,597,516 |
| Current liabilities | | |
| Trade and other payables | 474,139 | 524,535 |
| Amount owing to associated company | 340 | 3,368 |
| Hire purchase and finance lease payables | 3,451 | 4,082 |
| Borrowings | 1,290,159 | 1,616,026 |
| Retirement benefit obligations | 4,969 | 4,229 |
| Tax payable | 94,314 | 31,253 |
| | 1,867,372 | 2,183,493 |
| Net current assets | 1,089,314 | 414,023 |
| | 4,960,086 | 4,140,378 |
| Share capital | 296,471 | 296,471 |
| Reserves | | |
| Share premium | 84,171 | 84,171 |
| Exchange reserves | 13,746 | 10,923 |
| Capital reserves | 5,761 | 5,761 |
| Fair value reserve | 460 | - |
| Retained profits | 1,622,907 | 1,178,892 |
| | 1,727,045 | 1,279,747 |
| Equity attributable to equity holders of the Company | 2,023,516 | 1,576,218 |
| Non-controlling interests | 905,014 | 1,079,143 |
| Total equity | 2,928,530 | 2,655,361 |
| Non-current liabilities | | |
| Hire purchase and finance lease payables | 7,815 | 4,854 |
| Borrowings | 1,583,540 | 1,045,982 |
| Deferred tax liabilities | 369,843 | 365,071 |
| Retirement benefit obligations | 70,358 | 69,110 |
| | 2,031,556 | 1,485,017 |
| | 4,960,086 | 4,140,378 |
| Net assets per share attributable to ordinary equity holders of the Company (RM) | 6.83 | 5.32 |

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009)*

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# CONSOLIDATED INCOME STATEMENT
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010
**(The figures have not been audited)**

| | Individual Quarter | | Cumulative Quarter | |
|---|---|---|---|---|
| | Current Year Quarter 31.12.2010 | Preceding Year Corresponding Quarter 31.12.2009 (Restated) | Current Year To Date 31.12.2010 | Preceding Year To Date 31.12.2009 (Restated) |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 1,590,845 | 843,635 | 5,575,625 | 2,069,398 |
| Other operating income | 60,882 | 144,834 | 93,966 | 152,292 |
| Operating expenses | (1,334,591) | (716,111) | (4,773,275) | (1,814,215) |
| Profit from operations | 317,136 | 272,358 | 896,316 | 407,475 |
| Finance costs | (29,442) | (23,807) | (105,652) | (55,033) |
| Share of results in a joint venture company | 1,610 | 669 | 1,266 | (5,878) |
| Share of results in associated companies | 10,336 | 2,661 | 33,616 | 2,661 |
| Profit before taxation | 299,640 | 251,881 | 825,546 | 349,225 |
| Taxation | (56,828) | (41,928) | (197,890) | (74,131) |
| Profit for the year | 242,812 | 209,953 | 627,656 | 275,094 |
| Profit for the year attributable to:- | | | | |
| Equity holders of the Company | 193,472 | 182,499 | 482,068 | 240,973 |
| Non-controlling interests | 49,340 | 27,454 | 145,588 | 34,121 |
| | 242,812 | 209,953 | 627,656 | 275,094 |
| Earnings per share attributable to equity holders of the Company:- | | | | |
| Basic (sen) | 66.51 | 61.88 | 165.31 | 81.81 |

*(The Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009)*

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# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010
### (The figures have not been audited)

| | Individual Quarter | | Cumulative Quarter | |
|---|---|---|---|---|
| | Current Year Quarter 31.12.2010 RM'000 | Preceding Year Corresponding Quarter 31.12.2009 RM'000 | Current Year To Date 31.12.2010 RM'000 | Preceding Year To Date 31.12.2009 RM'000 |
| Profit for the year | 242,812 | 209,953 | 627,656 | 275,094 |
| **Other comprehensive income** | | | | |
| Exchange differences on translation of foreign operations | (192) | (4) | 2,823 | 28 |
| Gain on fair value changes of available-for-sale investments | 2,194 | - | 603 | - |
| **Other comprehensive income/(expense) for the year, net of tax** | 2,002 | (4) | 3,426 | 28 |
| **Total comprehensive income for the year** | 244,814 | 209,949 | 631,082 | 275,122 |
| Total comprehensive income for the year attributable to: | | | | |
| Equity holders of the Company | 195,474 | 182,495 | 485,494 | 241,280 |
| Non-controlling interests | 49,340 | 27,454 | 145,588 | 33,842 |
| | 244,814 | 209,949 | 631,082 | 275,122 |

*(The Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009)*

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# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010
### (The figures have not been audited)

| | | <---- Attributable to Equity Holders of the Company ----> | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Non-Distributable | | | | Distributable | | | Non | |
| | Share Capital RM'000 | Share Premium RM'000 | Capital reserves RM'000 | Exchange Reserves RM'000 | Fair Value Reserves RM'000 | Capital Reserves RM'000 | Retained Profits RM'000 | Total RM'000 | controlling Interests RM'000 | Total Equity RM'000 |
| At 1 January 2010 (as previously stated) | 296,471 | 84,171 | 3,684 | 10,923 | - | 2,077 | 1,075,537 | 1,472,863 | 977,143 | 2,450,006 |
| Effect on adopting FRS 139 | - | - | - | - | (143) | - | (4,700) | (4,843) | (4,638) | (9,481) |
| Restatement of business combination | - | - | - | - | - | - | 103,355 | 103,355 | 102,000 | 205,355 |
| At 1 January 2010 (restated) | 296,471 | 84,171 | 3,684 | 10,923 | (143) | 2,077 | 1,174,192 | 1,571,375 | 1,074,505 | 2,645,880 |
| Total comprehensive income for the year | - | - | - | 2,823 | 603 | - | 482,068 | 485,494 | 145,588 | 631,082 |
| Accretion of interest in subsidiary companies | - | - | - | - | - | - | - | - | (265,570) | (265,570) |
| Dividend | - | - | - | - | - | - | (33,353) | (33,353) | (49,509) | (82,862) |
| At 31 December 2010 | 296,471 | 84,171 | 3,684 | 13,746 | 460 | 2,077 | 1,622,907 | 2,023,516 | 905,014 | 2,928,530 |
| At 1 January 2009 | 296,471 | 84,171 | 3,684 | 26,967 | - | 2,077 | 960,154 | 1,373,524 | 364,257 | 1,737,781 |
| Total comprehensive income for the year | - | - | - | (16,044) | - | - | 137,618 | 121,574 | 33,842 | 155,416 |
| Acquisition of subsidiary companies | - | - | - | - | - | - | - | - | 586,619 | 586,619 |
| Dividend paid | - | - | - | - | - | - | (22,235) | (22,235) | (7,575) | (29,810) |
| At 31 December 2009 (as previously stated) | 296,471 | 84,171 | 3,684 | 10,923 | - | 2,077 | 1,075,537 | 1,472,863 | 977,143 | 2,450,006 |
| Restatement of business combination | - | - | - | - | - | - | 103,355 | 103,355 | 102,000 | 205,355 |
| At 31 December 2009 (Restated) | 296,471 | 84,171 | 3,684 | 10,923 | - | 2,077 | 1,178,892 | 1,576,218 | 1,079,143 | 2,655,361 |

*(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009)*

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# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010
**(The figures have not been audited)**

| | Current Year To Date 31.12.2010 RM'000 | Preceding Year To Date 31.12.2009 (Restated) RM'000 |
|---|---|---|
| Net cash flows from operating activities | 380,190 | 287,290 |
| Net cash flows used in investing activities | (542,015) | (612,913) |
| Net cash flows from financing activities | 263,167 | 581,111 |
| Net change in cash and cash equivalents | 101,342 | 255,488 |
| Effect of exchange rate changes | 2 | 2 |
| Cash and cash equivalents at beginning of year | 355,302 | 99,812 |
| Cash and cash equivalents at end of year | 456,646 | 355,302 |
| Cash and cash equivalents at the end of the financial year comprise the following:- | | |
| Deposits placed with licensed banks (excluding deposits pledged) | 223,441 | 156,011 |
| Cash and bank balances | 233,205 | 199,291 |
| | 456,646 | 355,302 |

*(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009)*

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# INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2010

## A. NOTES TO THE INTERIM FINANCIAL REPORT

### 1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard ("FRS") 134 "Interim Financial Reporting" and Chapter 9, Part K of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2009.

### 2. Changes in Accounting Policies

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted by the Group in the audited financial statements for the year ended 31 December 2009 except for the adoption of the following new and revised FRSs, Issues Committee ("IC") Interpretations and amendments to FRSs and IC Interpretations which are relevant to the Group's operations with effect from 1 January 2010:-

Effective for financial periods beginning on or after 1 July 2009:

| | |
|---|---|
| FRS 8 | Operating Segments |

Effective for financial periods beginning on or after 1 January 2010:

| | |
|---|---|
| FRS 7 | Financial Instruments: Disclosures |
| FRS 101 | Presentation of Financial Statements (revised) |
| FRS 123 | Borrowing Costs |
| FRS 139 | Financial Instruments: Recognition and Measurement |
| Amendments to FRS 1 | First-time Adoption of Financial Reporting Standards |
| Amendments to FRS 2 | Share-based Payment - Vesting Conditions and Cancellations |
| Amendments to FRS 5 | Non-current Assets Held for Sale and Discontinued Operations |
| Amendments to FRS 7 | Financial Instruments: Disclosures |

**2. Changes in Accounting Policies (Contd.)**

Effective for financial periods beginning on or after 1 January 2010 (Contd.):

| | |
|---|---|
| Amendments to FRS 8 | Operating Segments |
| Amendments to FRS 107 | Statement of Cash Flows |
| Amendments to FRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors |
| Amendments to FRS 110 | Event After the Reporting Period |
| Amendments to FRS 116 | Property, Plant and Equipment |
| Amendments to FRS 117 | Lease |
| Amendments to FRS 118 | Revenue |
| Amendments to FRS 119 | Employee Benefits |
| Amendments to FRS 120 | Accounting for Government Grants and Disclosure of Government Assistance |
| Amendments to FRS 123 | Borrowing Costs |
| Amendments to FRS 127 | Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate |
| Amendments to FRS 128 | Investment in Associates |
| Amendments to FRS 131 | Interest in Joint Ventures |
| Amendments to FRS 132 | Financial Instruments: Presentation – Paragraphs 95A, 97AA and 97AB |
| Amendments to FRS 134 | Interim Financial Reporting |
| Amendments to FRS 136 | Impairment of Assets |
| Amendments to FRS 138 | Intangible Assets |
| Amendments to FRS 139 | Financial Instruments: Recognition and Measurement |
| Amendments to FRS 140 | Investment Property |
| IC Interpretation 9 | Reassessment of Embedded Derivatives |
| IC Interpretation 10 | Interim Financial Reporting and Impairment |
| IC Interpretation 14 | FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |
| Amendments to IC Interpretation 9 | Reassessment of Embedded Derivatives |

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## 2. Changes in Accounting Policies (Contd.)

The initial application of the above new and revised FRSs, IC Interpretations and amendments to FRSs and IC Interpretations do not have any significant impact on the financial statements of the Group other than as explained below:-

### (a) FRS 101 *Presentation of Financial Statements (revised)*

This Standard introduces the titles 'statement of financial position' and 'statement of cash flows' to replace the current titles 'balance sheet' and 'cash flow statement', respectively. A new statement known as the 'statement of comprehensive income' is also introduced in this Standard whereby all non-owner changes in equity are required to be presented in either one statement of comprehensive income or in two statements (i.e. a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

The gains and losses that were recognised directly in equity in the preceding year corresponding period are presented as components in other comprehensive income in the statement of comprehensive income. The total comprehensive income for preceding year corresponding period is presented separately and allocation is made to show the amounts attributable to owners of the Company and to non-controlling interests. The effects of adopting FRS 101 on the comparative figures of the Group are as follows:

| For the period ended 31 December 2009 | **Income statement as previously reported (Restated) RM'000** | **Effects of adopting FRS 101 RM'000** | **Statement of comprehensive income as restated RM'000** |
|---|---|---|---|
| Profit for the period | 275,094 | - | 275,094 |
| Other comprehensive income | - | 28 | 28 |
| Total comprehensive income | - | - | 275,122 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | 240,973 | 307 | 241,280 |
| Non-controlling interest | 34,121 | (279) | 33,842 |

The total comprehensive income for the year is presented as a one-line item in the statement of changes in equity.

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## 2. Changes in Accounting Policies (Contd.)

### (b) Amendments to FRS 7 *Financial Instruments: Disclosures*

FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of the quantitative information about exposures to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and foreign exchange risks, including sensitivity analysis to foreign exchange risks. As this is a disclosure standard, there will be no impact on the financial position or results of the Group for the period.

### (c) Amendment to FRS 8 *Operating Segments*

FRS 8 requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segment reporting will be based on the internal reporting to the "chief operating decision maker" who makes decisions on the allocation of resources and assesses the performance on the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Group for the period.

### (d) Amendment to FRS 117 *Leases*

This amendment removes the classification of leases of land and building and instead, requires assessment of classification based on the risks and rewards of the lease itself. The reassessment of land elements of unexpired leases shall be made retrospectively in accordance with FRS 108. The Group has reassessed and determined that all leasehold land of the Group are in substance finance leases and has reclassified the leasehold land from prepaid lease payments for land to property, plant and equipment.

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2. **Changes in Accounting Policies (Contd.)**

(d) **Amendment to FRS 117 *Leases (Contd.)***

The reclassification has been made retrospectively and the comparative figures have been restated as follows:-

| | As reported previously RM'000 | Effect of adopting Amendment to FRS 117 RM'000 | As restated RM'000 |
|---|---|---|---|
| Property, plant and equipment | 935,950 | 974,414 | 1,910,364 |
| Prepaid lease payments for land | 974,414 | (974,414) | - |

The adoption of Amendment to FRS 117 does not have any impact to the financial results of the Group for the current financial period to date and the corresponding period last year.

(e) **FRS 139 *Financial Instruments: Recognition and Measurement***

FRS 139 provides guidance for the measurement of financial instruments. Depending on the categorisation applied for each individual financial asset and liability, some financial assets and liabilities will need to be fair valued and others are stated at amortised cost. FRS 139 prescribes prospective application for the first time adoption. Significant accounting policies adopted are summarised below:-

**Financial Assets**

Financial assets are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flow from the financial assets expire or if the Group transfer the financial assets to another party without retaining control of substantially all risks and rewards of the asset.

Initial Recognition

Financial assets within the scope of FRS 139 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

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## 2. Changes in Accounting Policies (Contd.)

### (e) FRS 139 *Financial Instruments: Recognition and Measurement (Contd.)*

Financial assets are recognised initially at fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way purchase) are recognised on the trade date i.e. date that the Group commits to purchase or sell the assets.

Subsequent Measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortised cost using the effective interest rate method less impairment losses. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

**Financial Liabilities**

Financial liabilities are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provision of the instrument. Financial liabilities are derecognised if the Group's obligation specified in the contract expires or are discharged or cancelled.

Initial Recognition

Financial liabilities within the scope of FRS 139 are classified as financial liabilities at fair value through profit and loss, loans and borrowings or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transaction costs. The Group's financial liabilities include trade and other payables and financial guarantees. All financial liabilities of the Group are classified as loans and borrowings.

Subsequent Measurement

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised as well as through amortisation process.

## 2. Changes in Accounting Policies (Contd.)

### (e) FRS 139 *Financial Instruments: Recognition and Measurement (Contd.)*

**Transitional provisions and effects on financial statements**

In accordance with the transitional provisions of FRS 139, the impact of FRS 139 is accounted prospectively with adjustments to be made to the opening balances in the statement of financial position. Comparative figures need not be adjusted.

The adoption of FRS 139 has the following effects on the opening balances in the consolidated statement of financial position as at 1 January 2010:-

| | Balance as at 1 January 2010 before adopting FRS 139 (Restated) RM'000 | Effect of adopting FRS 139 RM'000 | Balance as at 1 January 2010 after adopting FRS 139 RM'000 |
|---|---|---|---|
| Fair value reserve | - | (143) | (143) |
| Retained profits | 1,178,892 | (4,700) | 1,174,192 |
| Non-controlling interests | 1,079,143 | (4,638) | 1,074,505 |
| Other investments | 4,475 | (4,475) | - |
| Available-for-sale investments | - | 4,331 | 4,331 |
| Other receivables | 569,081 | (9,338) | 559,743 |

The effects on the adoption of FRS 139 on the current interim financial statements are as follows:-

| | Current Year To Date Increase RM'000 |
|---|---|
| **Consolidated statement of financial position** | |
| Fair value reserve | 603 |
| Available-for-sale investments | 603 |
| **Consolidated statement of comprehensive income** | |
| Comprehensive income | - |
| Other comprehensive income | 603 |
| Total comprehensive income | 603 |

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## 2. Changes in Accounting Policies (Contd.)

### (e) FRS 139 *Financial Instruments: Recognition and Measurement (Contd.)*

**Impairment of financial assets**

FRS 139 requires the Group to assess at each statement of financial position date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the assets (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

## 3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2009 was not qualified.

## 4. Comments about Seasonal or Cyclical Factors

The operations of the Group are not affected by any seasonal or cyclical factors other than the plantation operations which are affected by seasonal production of fresh fruit bunches and weather conditions. Generally, the production of fresh fruit bunches is relatively higher in the second half of the year.

## 5. Unusual Items due to their Nature, Size or Incidence

There was no unusual item for the current financial year to date.

## 6. Changes in Estimates

There was no change in estimates of amounts reported in the prior quarter or prior financial year that has a material effect in the current quarter, other than those disclosed in Note 11(a) of Part A to this report.

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7. **Changes in Debt and Equity Securities**

There has been no issuance, repurchase and repayment of debt and equity securities during the current financial year other than the following:-

a) RM50 million and RM25 million of Murabahah Commercial Papers were redeemed on 15 January 2010 and 11 August 2010, respectively by Tradewinds Plantation Berhad ("TPB");

b) RM50 million each were raised from the issuances of Murabahah Medium Term Notes on 15 January 2010 and 11 February 2010, respectively, and RM25 million from the issuance of Murabahah Commercial Papers on 11 February 2010 by TPB to part-finance the development of TPB's plantations and for working capital requirement; and

c) A subsidiary company, Padiberas Nasional Berhad, raised RM400 million from the issuance of Islamic Commercial Paper/Islamic Medium Term Notes ("ICP/IMTN") under an ICP/IMTN program based on the Islamic Principle of Musyarakah on 7 September 2010 to finance the capital expenditures, investments and working capital requirements.

8. **Dividends Paid**

Dividends paid during the current financial year were as follows:-

| | Current Year RM'000 | Preceding Year RM'000 |
|---|---|---|
| Interim dividend of 10 sen per share less 25% income tax in respect of the financial year ended 31 December 2009, declared on 23 February 2010, paid on 21 May 2010. | 22,235 | - |
| Final dividend of 5 sen per share less 25% income tax in respect of the financial year ended 31 December 2009, approved on 22 June 2010, paid on 30 July 2010. | 11,117 | - |
| Final dividend of 10 sen per share less 25% income tax in respect of the financial year ended 31 December 2008, paid in financial year 2009. | - | 22,235 |
| | 33,352 | 22,235 |

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## 9. Segmental Reporting

In the prior year's audited financial statements, the basis of segmentation was on a primary format of business segments and a secondary format of geographical segment. In the financial year ended 31 December 2010, the basis of segmentation has been changed to operating segments based on information reported internally to the Management and the Board of Directors. In the prior financial year, the Group had four reportable segments which were manufacturing and trading, plantation, property and management and investment.

With the adoption of FRS 8 – *Operating Segments*, the Group has revised its operating segments into four separate reportable segments for the financial year ended 31 December 2010 into rice, sugar, plantation and investment holding/others.

The segment information for the current financial year is as follows:-

| | Rice RM'000 | Sugar RM'000 | Plantation RM'000 | Investment Holding/ Others RM'000 | Elimination RM'000 | Consolidated RM'000 |
|---|---|---|---|---|---|---|
| **2010** | | | | | | |
| **Revenue** | | | | | | |
| External revenue | 3,195,762 | 1,354,383 | 1,025,178 | 302 | - | 5,575,625 |
| Inter-segment revenue | - | - | 9,536 | 291,493 | (301,029) | - |
| Total revenue | 3,195,762 | 1,354,383 | 1,034,714 | 291,795 | (301,029) | 5,575,625 |
| | | | | | | |
| **Results** | | | | | | |
| Operating results | 216,038 | 267,689 | 371,622 | 256,258 | (215,291) | 896,316 |
| Share of results of jointly controlled entity | - | - | 1,266 | - | - | 1,266 |
| Share of results of associated companies | 33,616 | - | - | - | - | 33,616 |
| Segment results | 249,654 | 267,689 | 372,888 | 256,258 | (215,291) | 931,198 |
| Finance cost | | | | | | (105,652) |
| Profit before tax | | | | | | 825,546 |
| | | | | | | |
| **Assets** | | | | | | |
| Operating assets | 2,374,087 | 1,002,938 | 3,376,871 | 171,828 | (485,506) | 6,440,218 |
| Investment in jointly controlled entity | - | - | 13,489 | - | - | 13,489 |
| Investment in associated companies | 242,648 | - | - | - | - | 242,648 |
| Segment assets | 2,616,735 | 1,002,938 | 3,390,360 | 171,828 | (485,506) | 6,696,355 |
| Tax assets | | | | | | 131,104 |
| Total assets | | | | | | 6,827,459 |

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| | Rice RM'000 | Sugar RM'000 | Plantation RM'000 | Investment Holding/ Others RM'000 | Elimination RM'000 | Consolidated RM'000 |
|---|---|---|---|---|---|---|
| **2009 (restated)** | | | | | | |
| **Revenue** | | | | | | |
| External revenue | 334,159 | 976,177 | 758,933 | 129 | - | 2,069,398 |
| Inter-segment revenue | - | - | 5,237 | 94,187 | (99,424) | - |
| Total revenue | 334,159 | 976,177 | 764,170 | 94,316 | (99,424) | 2,069,398 |
| **Results** | | | | | | |
| Operating results | 38,339 | 141,687 | 144,631 | 42,337 | 40,481 | 407,475 |
| Share of results of jointly controlled entity | - | - | (5,878) | - | - | (5,878) |
| Share of results of associated companies | 2,661 | - | - | - | - | 2,661 |
| Segment results | 41,000 | 141,687 | 138,753 | 42,337 | 40,481 | 404,258 |
| Finance cost | | | | | | (55,033) |
| Profit before tax | | | | | | 349,225 |
| **Assets** | | | | | | |
| Operating assets | 1,891,265 | 903,249 | 3,215,748 | 226,323 | (249,528) | 5,987,057 |
| Investment in jointly controlled entity | - | - | 12,223 | - | - | 12,223 |
| Investment in associated companies | 232,323 | - | - | - | - | 232,323 |
| Segment assets | 2,123,588 | 903,249 | 3,227,971 | 226,323 | (249,528) | 6,231,603 |
| Tax assets | | | | | | 92,268 |
| Total assets | | | | | | 6,323,871 |

## 10. Material Subsequent Events

There was no material event subsequent to the end of the current quarter.

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## 11. Changes in the Composition of the Group

The major changes in the composition of the Group during the current financial year are explained as follows:

(a) Tradewinds (M) Berhad ("TWM") had on 28 August 2009 entered into conditional share sale agreements with the following parties:-

i. Wang Tak Company Limited to acquire 148,281,100 ordinary shares of RM1.00 each ("Bernas Shares") in Padiberas Nasional Berhad ("Bernas") representing 31.52% equity interest in Bernas for a total cash consideration of RM308,424,688 on the basis of RM2.08 per Bernas Share ("Acquisition 1"); and

ii. Gandingan Bersepadu Sdn Bhd ("GBSB") to acquire 104,599,485 Bernas Shares representing 22.24% equity interest in Bernas for a total cash consideration of RM217,566,928.80 on the basis of RM2.08 per Bernas Share ("Acquisition 2") pursuant to a dividend-in-specie exercise of Bernas Shares by a subsidiary of GBSB, namely Budaya Generasi (M) Sdn Bhd ("BGSB") which was a substantial shareholder of Bernas.

GBSB and BGSB were parties acting in concert ("PAC") with TWM pursuant to the Malaysian Code on Take-overs and Mergers, 1998 ("Code") and upon completion of Acquisition 1, TWM and its PAC collectively hold 62.31% equity interest in Bernas. Accordingly, pursuant to Section 33A of the Securities Commission Act, 1993 and Section 6 of the Code, TWM extended an unconditional mandatory general offer ("MGO") for the remaining 322,120,400 Bernas Shares not owned by TWM when Acquisition 1 became unconditional on 28 October 2009 at RM2.08 per Bernas Share. Acquisition 1 was completed on 2 November 2009.

The MGO was closed on 9 December 2009. As at the closing date, TWM received acceptances to the offer of 18.81% of the Bernas Shares and Bernas became a subsidiary of TWM with a total controlling interest of 50.33%.

## 11. Changes in the Composition of the Group (Contd.)

The initial accounting for Acquisition 1 above had been determined provisionally during the previous financial year ended 31 December 2009 and fair value adjustments to the provisional values were being made during the current financial year. The effect of the fair value adjustments to the provisional values as reported previously can be summarised as follows:

| Financial Year Ended 31 December 2009 | As Previously Stated RM'000 | Fair Value Adjustments RM'000 | As Restated RM'000 |
|---|---|---|---|
| Income Statement | | | |
| Other operating income | 48,937 | 103,355 | 152,292 |
| Balance Sheet | | | |
| Intangible assets | 93,422 | 258,000 | 351,422 |
| Property, plant and equipment | 1,888,183 | 22,181 | 1,910,364 |
| Trade and other payables | 510,767 | 13,768 | 524,535 |
| Deferred tax liabilities | 304,013 | 61,058 | 365,071 |
| Non-controlling interests | 977,143 | 102,000 | 1,079,143 |

On 20 January 2010, Acquisition 2 was completed and an excess of fair value of net assets acquired over purchase consideration amounting to RM54.6 million was recognised in the Consolidated Income Statement during the financial year after taking into account the necessary fair value adjustments. With the completion of Acquisition 2, the Company now owns 72.57% equity interest in Bernas.

(b) On 17 September 2009, a wholly owned subsidiary of Bernas, Bernas Overseas (L) Ltd. ("BOL") entered into a Sale and Purchase Agreement with Thai Hue (2511) Co. Ltd and Huay Chuan Rice Co. Ltd in respect of the disposal of BOL's 49% associated company, Asian Peninsula Corporation Limited, for a cash consideration of Baht 40,000,000 or equivalent to RM4,240,000.

The said disposal was completed on 12 March 2010.

## 11. Changes in the Composition of the Group (Contd.)

(c) On 2 December 2009, Bernas entered into a conditional Share Sale and Purchase Agreement ("SSA") with Johor Port Berhad ("JPB") for the acquisition of 12,000,000 ordinary shares of RM1.00 each which is equivalent to 75% of equity interest in Bernas Logistics Sdn. Bhd. from JPB for a purchase consideration of RM11,760,000.

The SSA was completed on 31 May 2010.

(d) On 9 June 2010, a wholly owned subsidiary of Tradewinds Plantation Berhad, Johore Tenggara Oil Palm Berhad ("JTOP"), acquired the remaining 60% equity interest in Hak JTOP Sdn Bhd ("Hak JTOP") for a purchase consideration of RM3.2 million. Consequently, Hak JTOP is now a wholly-owned subsidiary of JTOP.

The acquisition is not expected to have a material effect on the results of the Group for the current financial year.

The details of net assets acquired are as follows:-

| | Acquiree's carrying amount RM'000 | Fair value RM'000 |
|---|---|---|
| Long-term leasehold land | - | 3,292 |
| Other payables | (92) | (92) |
| Group's share of net assets/Cost of acquisition | (92) | 3,200 |

(e) During the current financial year, Tradewinds Plantation Berhad's ("TPB") received the following striking-off notices from the Companies Commission of Malaysia ("CCM") pursuant to TPB's application for the striking-off of certain dormant subsidiaries under Section 308 of the Companies Act, 1965:-

(i) Notices for the striking-off of Gugusan Induk Sdn Bhd ("GISB") and JTOP Lebir Plantation Sdn Bhd ("JTOP Lebir"), both dated 27 July 2010;

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## 11. Changes in the Composition of the Group (Contd.)

(ii) Notice for the striking-off of Teon Choon Quarry Sdn Bhd ("TCQSB"), dated 16 August 2010; and

(iii) Notice for the striking-off of Insan Delima Sdn Bhd ("IDSB"), dated 9 September 2010.

Accordingly, GISB and JTOP Lebir were struck-off from CCM's register on 7 September 2010. TCQSB and IDSB were struck-off on 17 September 2010 and 13 October 2010, respectively.

The striking-off of GISB, JTOP Lebir, TCQSB and IDSB has no material financial impact on the results and net assets of the Group for the financial year ended 31 December 2010.

## 12. Capital Commitments

The amount of capital commitments not provided for in the interim financial statements as at 31 December 2010 were as follows:-

| | RM'000 |
|---|---|
| Property, plant and equipment | |
| - Approved and contracted for | 285,836 |
| - Approved but not contracted for | 238,243 |
| | 524,079 |
| Acquisition of a subsidiary company | |
| - Approved and contracted for | 150,000 |
| Additional investment in a joint venture company | |
| - Approved and contracted for | 5,000 |
| | 679,079 |

**13. Contingent Liability and Contingent Asset**

The Group has no contingent liability or contingent asset as at 31 December 2010, other than those in Bernas which are as follows:

(a) Bernas was served with a Writ and Statement of Claim dated 14 October 2005 by Konsortium Pemborong Beras (Melayu) Kelantan Sdn Bhd ("KBK") and was named as the First Defendant. KBK is seeking the following:

(i) A declaration that Bernas violated the terms of the Joint Venture Agreement ("JVA") by not complying with its duties and obligations as a member/partner of Formula Timur Sdn Bhd ("the Joint Venture Company");

(ii) A declaration in Bernas' action in stopping the supply of rice to the Joint Venture Company was in contrary to the provisions of the JVA, and was wrongful and invalid;

(iii) A declaration that Bernas, by commission or omission, committed a fraud upon the minority shareholders of the Joint Venture Company and/or abuse of power;

(iv) General damages of RM112 million to be paid by Bernas to the Joint Venture Company;

(v) Rebate of RM760,000;

(vi) Interest under Section 11 of the Civil Law Act,1965 and in equity on the damages at 8% per annum from August 2003 till payment; and

(vii) Injunction and Costs and other relieves as the Court deems just.

On 30 June 2006, Bernas filed the application to strike out the said Statement of Claim on the ground that there is no valid cause of action. On 7 May 2007, the Senior Assistant Registrar had dismissed Bernas' application to strike out.

Bernas lodged an appeal to the Judge in Chambers against the Senior Assistant Registrar's decision pertaining to its striking out application which was fixed for decision on 20 May 2009. On 20 May 2009, the Judge in Chambers dismissed Bernas' appeal with costs. Bernas had upon advise by the solicitors, instructed its solicitors to file a Notice of Appeal at the Court of Appeal against the decision of the Judge in Chambers.

The Court of Appeal on 16 November 2010 had unanimously allowed Bernas' appeal against the decision of the Senior Assistant Registrar in dismissing Bernas' application to strike out KBK's derivative action that was commenced against Bernas. The Court of Appeal was of the view that the Statement of Claim filed by KBK clearly indicates that this case is one of a breach of the Joint Venture Agreement and there is no basis for a derivative action and the damages suffered by KBK as a result of the breach of the Joint Venture Agreement.

**13. Contingent Liability and Contingent Asset (Contd.)**

Pursuant to the decision by the Court of Appeal on 16 November 2010, there is no contingent liability arising as at 31 December 2010.

(b) On 27 March 2006, Bernas was served with a sealed copy of a Summons in Chambers dated 3 March 2006 by KBK for an interlocutory injunction, inter alia, the followings:

(i) Restrain Bernas from selling, hiring and supplying rice to any third party or allowing any activity which may compete with the business of the Plaintiff; and

(ii) Instruct Bernas to resume selling, hiring and supplying rice to the Plaintiff.

KBK's application for injunctive relief and discovery which has been fixed on 22 June 2009 was adjourned to 2 September 2009 and 26 October 2009, respectively for further mention. However, Bernas had given instruction to its solicitors to set aside the said injunction application. The Court has yet to fix the date for KBK's application for injunctive relief and discovery.

With the decision awarded by the Court of Appeal on 16 November 2010 in allowing Bernas' appeal to strike out KBK's derivative action that was commenced against Bernas, KBK can no longer maintain the suit against Bernas.

Pursuant to the decision by the Court of Appeal on 16 November 2010, there is no contingent liability arising as at 31 December 2010. Bernas' solicitor shall inform the Court accordingly on the outcome of Bernas' appeal to the Court of Appeal.

(c) Bernas was served with a Writ of Summons and Statement of Claim dated 5 May 2006 initiated by A Halim Bin Hamzah & 291 others ("the Plaintiffs"). The civil suit was brought by the Plaintiffs against Bernas & 24 others ("the Defendants") for, inter alia, the following claims:

(i) A declaration that the 2000 Voluntary Separation Scheme initiated by Bernas is void and of no effect;

(ii) A declaration that the Defendants had, by unlawful means, conspired and combined together to defraud or injure the Plaintiffs;

(iii) Alternatively, a declaration that the Defendants had acted in furtherance of a wrongful conspiracy to injure the Plaintiffs;

(iv) Damages to be assessed; and

(v) Interest and costs.

**13. Contingent Liability and Contingent Asset (Contd.)**

In relation to the suit filed by the Plaintiffs against the Defendants, Bernas had filed Summons in Chambers pursuant to Order 12 Rule 7 and/or Order 18 Rule 19 ("the Order") of the Rules of the High Court 1980 ( "Bernas Application") for the following:

(i) That the Writ and Statement of Claim as against the said Defendants be struck out as it discloses no reasonable cause of actions, scandalous, frivolous, vexatious and/or is an abuse of process of the Court;

(ii) That the cost of the Order to be borne by the Plaintiffs; and

(iii) Such further or other orders as the Court deemed fit.

The Court had granted Order In Terms for the Bernas Application to strike out the 21st Defendant with cost payable to Bernas but dismissed Bernas Application to strike out the 2nd to 12th Defendants on 3 September 2007. On 3 March 2008, the Court dismissed Bernas Application to strike out the 2nd to 12th Defendants from being the party to the suit. Bernas' solicitors had on 17 April 2008, filed Statements of Defence for 2nd to 12th Defendants. During its last case management, the court has fixed 30 May, 31 May and 1 June 2011 for hearing of the matter.

(d) On 6 June 2006, Bernas was served with a sealed copy of Originating Summons and Affidavit in Support ("the Plaintiffs Application") affirmed by Zainon Bt Ahmad for and on behalf of the 690 others ("the Plaintiffs") for the following claims:

(i) A declaration that the Plaintiffs as employees of Bernas whose service of employment had been terminated before attaining the age of 55 due to reasons other than that of compulsory retirement, optional retirement, death or a disability are entitled to the Retirement/Termination Benefits provided for in clause 7.3 of the 'Terma dan Syarat Perkhidmatan Kumpulan Eksekutif dan Kumpulan Bukan Eksekutif' and in clause 5.5 of the 'Buku Panduan Kumpulan Eksekutif dan Bukan Eksekutif';

(ii) An order that Bernas pays the Retirement/Termination Benefits due to the Plaintiffs as follows:-

- for those Plaintiffs who have attained the age of retirement of 55 years as at the date of the order, the Retirement/Termination Benefits be paid directly to them; and

- for those Plaintiffs who have not attained the age of retirement of 55 years as at the date of the order, the Retirement/Termination Benefits be paid into their accounts at the Employees Provident Fund.

(iii) Interest at the rate of 8% per annum from 1 January 2004 to the date of payment as ordered by the Court;

(iv) Such further orders, directions or relief that the Court deems fit and appropriate; and

**13. Contingent Liability and Contingent Asset (Contd.)**

(v) Costs to be paid by Bernas to the Plaintiffs.

The Court had on 13 March 2008 allowed the Plaintiff's application with cost and Bernas had instructed its solicitors to file Grounds of Appeal to the Court of Appeal. The Court of Appeal had on 24 August 2009, allowed Bernas' application to amend the Memorandum of Appeal and the Notice of Appeal. The Court of Appeal fixed 18 January 2011 as the hearing date for the appeal. Matter came up for decision on 7 February 2011 wherein the Court of Appeal allowed Bernas' appeal and set aside the High Court order with no order as to costs.

(e) On 4 January 2010, Bernas was served with a sealed copy of Originating Summons and Affidavit in Support ("the Plaintiffs Application") affirmed by Rahman Bin Samud for and on behalf of 242 others ("the Plaintiffs") for the following claims;

(i) A declaration that the Plaintiffs as employees of Bernas whose service of employment had been terminated before attaining the age of 55, due to reasons other than that of compulsory retirement, optional retirement, death or a disability are entitled to the Retirement/Termination Benefits provided for in clause 7.3 of the 'Terma dan Syarat Perkhidmatan Kumpulan Eksekutif dan Kumpulan Bukan Eksekutif' and in clause 5.5 of the 'Buku Panduan Kumpulan Eksekutif dan Bukan Eksekutif'.

(ii) An order that Bernas pays the Retirement/Termination Benefits due to the Plaintiffs as follows:-

- for those Plaintiffs who have attained the age of retirement of 55 years as at the date of the order, the Retirement/Termination Benefits be paid directly to them; and

- for those Plaintiffs who have not attained the age of retirement of 55 years as at the date of the order, the Retirement/Termination Benefits be paid into their accounts at the Employees Provident Fund.

(iii) Interest at the rate of 8% per annum from 1 January 2004 to the date of payment as ordered by the Court.

(iv) Such further orders, directions or relief that the Court deems fit and appropriate.

(v) Costs to be paid by Bernas to the Plaintiffs.

Bernas had filed its affidavit in reply to the affidavit in support affirmed by the Plaintiffs. The matter came up for mention on 5 October 2010, wherein the Court had fixed 15 December 2010 for further case management pending the disposal of the appeal in the Court of Appeal in relation to the civil suit filed by Zainon Binti Ahmad & 690 others against Bernas. The Court has subsequently fixed 23 May 2011 for case management.

## B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

### 1. Review of Performance

For the quarter under review, the Group's revenue increased to RM1.6 billion from RM843.6 million in the corresponding quarter last year. The increase in revenue was contributed mainly by the inclusion of revenue from the Rice Division during the current quarter coupled with the favourable performance of the Sugar and Plantation divisions. This had also resulted in the increase in profit before tax to RM299.6 million during the current quarter as compared to RM251.9 million for the same quarter last year.

For the financial year ended 31 December 2010, the Group's revenue grew to RM5.6 billion from RM2.1 billion achieved in the corresponding period last year. All three main divisions of the Group namely Rice, Sugar and Plantation, had contributed to the favourable increase in revenue as compared to the corresponding period last year. This had eventually resulted in the Group registering a significantly higher profit before tax of RM825.6 million for the current financial year ended 31 December 2010 as compared to profit before tax of RM349.2 million in the corresponding period last year.

### 2. Material Change in the Profit Before Taxation for the Quarter Reported On as Compared with the Immediate Preceding Quarter

| | Quarter Reported On RM'000 | Immediate Preceding Quarter RM'000 | Increase RM'000 |
|---|---|---|---|
| Profit before taxation | 299,640 | 233,716 | 65,924 |

The current quarter's profit before taxation of RM299.6 million was higher as compared to profit before taxation of RM233.7 million in the immediate preceding quarter. The increase in profit was mainly due to the favourable performance achieved by all three operating divisions, Rice, Sugar and Plantation.

## 3. Prospects

The Rice Division expects the rice market to be more volatile in 2011 following the increase in price of other food commodities such as wheat, sugar and palm oil. However, the Division has mitigated this risk by buying forward some of the current year's requirement. As such, the Division is expected to maintain its good performance in 2011.

For the Sugar Division, it expects year 2011 to be a challenging year due to anticipated higher raw sugar prices due to supply and demand issues. Nevertheless, the Division will continue its focus on controlling production costs and maintaining high product quality to ensure continued profitability in 2011.

As for the Plantation Division, with the prevailing prices of palm products, the Board of Directors expects the results for 2011 to be encouraging.

## 4. Variance on Forecast Profit/Shortfall in Profit Guarantee

The Group has not provided any profit forecast for the current financial year in a public document.

## 5. Taxation

Taxation comprises:-

| | Current Year Quarter RM'000 | Current Year To Date RM'000 |
|---|---|---|
| Income tax | 42,199 | 173,621 |
| Deferred tax | 14,629 | 24,269 |
| | 56,828 | 197,890 |

The taxation charge of the Group for the financial year to date reflects an effective tax rate which is lower than the statutory income tax rate due to utilisation of reinvestment allowances in a subsidiary company.

**6. Sale of Unquoted Investments and/or Properties**

There was no sale of unquoted investments and/or properties during the current financial year to date except for the disposal of a parcel of leasehold land by Tradewinds Plantation Berhad Group for a cash consideration of RM1.4 million. The gain arising from the disposal amounted to RM0.4 million.

**7. Quoted Securities Other Than Securities in Existing Subsidiaries and Associated Company**

(a) There was no purchase or disposal of quoted securities.

(b) Investments in quoted securities as at the end of reporting period were as follows:-

| | RM'000 |
|---|---|
| (i) at cost | 34,061 |
| (ii) at carrying value | 4,016 |
| (iii) at market value | 4,016 |

(c) The gain on fair value changes of the available-for-sale investments recognised in other comprehensive income for the current financial year to date amounted to RM603,000.

**8. (a) Status of Corporate Proposals**

Save as disclosed below, there is no other corporate proposal announced but not completed as at 24 February 2011:-

(i) The merger exercise between the plantation subsidiaries of Tradewinds (M) Berhad and Johore Tenggara Oil Palm Berhad was completed on 28 February 2006. The approval of the merger exercise by the Securities Commission was subject to compliance of certain conditions imposed on the landed properties of the Group. The outstanding condition imposed by the SC has been fully complied and the compliance was announced to Bursa Securities by Tradewinds Plantation Berhad on 19 January 2011.

**8. (a) Status of Corporate Proposals (Contd.)**

(ii) On 30 October 2009, Prisma Spektra Sdn Bhd ("PSSB"), a wholly owned subsidiary of Tradewinds Plantation Berhad ("TPB"), entered into a conditional Share Sale Agreement ("SSA") with Semi Bayu Sdn Bhd ("SBSB") for the acquisition of 125,709,000 ordinary shares of RM1.00 each, representing the entire issued and paid-up ordinary share capital of MARDEC Berhad ("Mardec") for a total purchase consideration of RM150.0 million ("Proposed Acquisition of Mardec"), which shall be payable in the following manner:-

(i) a first instalment of RM45.0 million or 30% of the purchase consideration to be paid on the completion date; and

(ii) a second instalment of RM105.0 million or 70% of the purchase consideration to be paid on or before the last day of a period of 9 months from the completion date (or such longer period as the parties may mutually agree in writing).

Mardec is an investment holding company and through its local and overseas subsidiary and associated companies, is involved in the processing and trading of natural rubber and the manufacturing of value-added rubber and polymer products.

The Proposed Acquisition of Mardec is conditional upon the fulfilment and satisfaction of the following conditions precedent:-

(a) the approval of the Economic Planning Unit of the Prime Minister's Department;

(b) the approval of the existing financier(s) of Mardec;

(c) the approval of the shareholders of TPB at a general meeting to be convened;

(d) TPB and PSSB being satisfied with the results and findings of the financial and legal due diligence review into Mardec and its subsidiaries and if applicable, the satisfactory resolution and determination of any issues arising from the due diligence investigations; and

(e) other requisite approvals, if any.

The initial period for the fulfilment and satisfaction of the conditions precedent to the Proposed Acquisition of Mardec ("Prescribed Period") expired on 29 April 2010. On 30 April 2010, SBSB and PSSB agreed to extend the Prescribed Period by a further period of six months to 30 October 2010. On 1 November 2010, the Prescribed Period was extended by a further period of six months to 30 April 2011.

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**(b) Status of Utilisation of Proceeds Raised from Corporate Proposal**

There was no corporate proposal involving fund raising.

**9. Group Borrowings and Debt Securities**

The Group borrowings as at the end of the financial year were as follows:-

| | RM'000 |
|---|---|
| Short Term Borrowings | |
| Secured | 390,230 |
| Unsecured | 899,929 |
| | 1,290,159 |
| Long Term Borrowings | |
| Secured | 1,583,540 |
| Total | 2,873,699 |

All the above borrowings are denominated in Ringgit Malaysia.

**10. Off Balance Sheet Financial Instruments**

There was no off balance sheet financial instrument issued as at 24 February 2011, being the latest practicable date.

**11. Material Litigation**

Save as disclosed in Note 13 of Part A, there was no material litigation as at 24 February 2011, being the latest practicable date.

## 12. Dividend

On 14 January 2011, the Board of Directors declared a first interim dividend of 20 sen per ordinary share less income tax of 25% (2009: 10 sen per share less income tax of 25%) amounting to RM44,471,000 (2009: RM22,235,000) for the financial year ended 31 December 2010, payable on 28 February 2011.

## 13. Earnings Per Share

### (a) Basic earnings per share

Earnings per share is calculated after taking into consideration the 100 million new ordinary shares arising from the conversion on the maturity date of Tradewinds Plantation Berhad's 160,000,000 ICULS ("TPB ICULS") of RM1.00 each issued on 28 February 2006.

Net profit for the financial year to date attributable to equity holders of the Company used in computing the earnings per share has been adjusted as follows:

| | Current Year To Date RM'000 | Prior Year To Date (Restated) RM'000 |
|---|---|---|
| Profit attributable to equity holders of the Company | 482,068 | 240,973 |
| Effect of assumed conversion of TPB ICULS | 8,033 | 1,562 |
| Profit attributable to equity holders of the Company including assumed conversion of TPB ICULS | 490,101 | 242,535 |

The Group's weighted average number of ordinary shares in issue during the financial year is 296,470,484 (2009: 296,470,484).

(b) There is no diluted earnings per share as the Company does not have any potential dilutive ordinary shares to be issued.

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## 14. Audit Report of the Preceding Year's Consolidated Financial Statement

The auditors' report of the preceding annual financial statement was not subject to any qualification.

## 15. Disclosure on realised and unrealised profit/loss

The retained profits as at 31 December 2010 is analysed as follows:-

| | 31.12.2010<br>RM'000 |
|---|---|
| Total retained profits of the Company and its subsidiaries:- | |
| - Realised | 2,712,330 |
| - Unrealised | (112,260) |
| | 2,600,070 |
| Total share of accumulated losses from a jointly controlled entity:- | |
| - Realised | (1,274) |
| - Unrealised | (237) |
| | (1,511) |
| Total share of retained profits from associated companies:- | |
| - Realised | 121,095 |
| - Unrealised | 1,660 |
| | 122,755 |
| Less: Consolidation adjustments | (1,098,407) |
| Total retained profits of the Group as per consolidated financial statements | 1,622,907 |

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## 16. Authorisation for Release

This interim financial report for the financial year ended 31 December 2010 has been seen and approved by the Board for public release.

**BY ORDER OF THE BOARD**

**ZAINAL RASHID BIN AB RAHMAN (LS007008)**
Company Secretary

Kuala Lumpur
24 February 2011