Tradewinds
(M) Berhad (19123-K)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011
(The figures have not been audited)

	Unaudited as at 31.12.2011 RM'000	Audited as at 31.12.2010 RM'000
Non-current assets		
Property, plant and equipment	2,229,104	1,986,825
Biological assets	1,245,066	1,142,407
Land held for property development	87,412	87,412
Investment properties	3,420	-
Investment in associated companies	379,318	242,363
Investment in a jointly controlled entity	23,525	13,489
Available-for-sale investments	44,353	5,143
Goodwill on consolidation	93,282	93,282
Other intangible assets	173,471	215,729
Deferred tax assets	68,760	86,740
	4,347,711	3,873,390
Current assets		
Inventories	1,367,969	1,043,996
Trade and other receivables	1,286,952	1,329,648
Amount owing from associated companies	74,674	20,480
Other investments	19,827	-
Derivative assets	218	-
Tax recoverable	58,294	22,707
Cash and bank balances	811,744	475,256
	3,619,678	2,892,087
Current liabilities		
Trade and other payables	539,881	463,238
Amount owing to associated companies	767	304
Hire purchase and finance lease payables	3,297	2,815
Borrowings	1,717,366	1,291,809
Derivative liabilities	2,964	-
Retirement benefit obligations	5,983	4,719
Tax payable	43,890	50,245
	2,314,148	1,813,130
Net current assets	1,305,530	1,078,957
	5,653,241	4,952,347
Share capital	296,471	296,471
Reserves		
Share premium	84,171	84,171
Exchange reserves	10,476	9,673
Capital reserves	5,761	5,761
Available-for-sale reserves	167	460
Retained profits	1,969,327	1,622,469
	2,069,902	1,722,534
Equity attributable to equity holders of the Company	2,366,373	2,019,005
Non-controlling interests	1,047,483	905,135
Total equity	3,413,856	2,924,140
Non-current liabilities		
Hire purchase and finance lease payables	15,705	4,901
Borrowings	1,759,359	1,586,449
Deferred tax liabilities	389,657	365,212
Retirement benefit obligations	74,664	71,645
	2,239,385	2,028,207
	5,653,241	4,952,347
Net assets per share attributable to equity holders of the Company (RM)	7.98	6.81

(The Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010)

Tradewinds
(M) Berhad (19123-K)

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2011
(The figures have not been audited)

	Individual Quarter Ended		Financial Year Ended	
	31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 RM'000
Revenue	2,282,566	1,566,599	7,010,002	5,551,379
Other operating income	27,947	66,743	72,916	99,827
Operating expenses	(2,040,472)	(1,331,436)	(6,072,294)	(4,770,120)
Profit from operations	270,041	301,906	1,010,624	881,086
Finance costs	(42,332)	(33,417)	(135,342)	(109,627)
Share of results of associated companies	8,631	10,590	29,623	33,870
Share of results of a jointly controlled entity	355	1,610	5,035	1,266
Profit before taxation	236,695	280,689	909,940	806,595
Taxation	(71,415)	(38,719)	(236,006)	(179,781)
Profit for the period/year	165,280	241,970	673,934	626,814
Profit for the period/year attributable to:-				
Equity holders of the Company	121,549	192,543	480,271	481,139
Non-controlling interests	43,731	49,427	193,663	145,675
	165,280	241,970	673,934	626,814
Earnings per share attributable to equity holders of the Company:-				
Basic (sen)	41.00	64.94	162.00	162.29

(The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010)

Tradewinds
(M) Berhad (19123-K)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2011
(The figures have not been audited)

	Individual Quarter Ended		**Financial Year Ended**	
	31.12.2011 RM'000	**31.12.2010 RM'000**	**31.12.2011 RM'000**	**31.12.2010 RM'000**
Profit for the period/year	165,280	241,970	673,934	626,814
Other comprehensive income				
Exchange differences on translation of foreign operations	1,195	(4,265)	803	(1,250)
(Loss)/Gain on available-for-sale investments:				
- (Loss)/Gain on fair value changes	(921)	2,194	(179)	603
- Transfer to profit or loss upon disposal	-	-	(114)	-
	(921)	2,194	(293)	603
Other comprehensive income/(expense) for the period/year, net of tax	274	(2,071)	510	(647)
Total comprehensive income for the period/year	165,554	239,899	674,444	626,167
Total comprehensive income for the period/year attributable to:				
Equity holders of the Company	121,823	190,472	480,781	480,492
Non-controlling interests	43,731	49,427	193,663	145,675
	165,554	239,899	674,444	626,167

(The Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010)

Tradewinds (M) Berhad (19123-K)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
(The figures have not been audited)

		<---------------------- Attributable to Equity Holders of the Company ---------------------->								
		Non-Distributable				Distributable				
	Share Capital RM'000	Share Premium RM'000	Capital Reserves RM'000	Exchange Reserves RM'000	Available-For-Sale Reserves RM'000	Capital Reserves RM'000	Retained Profits RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1 January 2011	296,471	84,171	3,684	9,673	460	2,077	1,622,469	2,019,005	905,135	2,924,140
Total comprehensive income for the year	-	-	-	803	(293)	-	480,271	480,781	193,663	674,444
Dividends paid	-	-	-	-	-	-	(133,413)	(133,413)	(51,315)	(184,728)
At 31 December 2011	296,471	84,171	3,684	10,476	167	2,077	1,969,327	2,366,373	1,047,483	3,413,856
At 1 January 2010	296,471	84,171	3,684	10,923	(143)	2,077	1,174,683	1,571,866	1,074,990	2,646,856
Total comprehensive income for the year	-	-	-	(1,250)	603	-	481,139	480,492	145,675	626,167
Accretion of interest in subsidiary companies	-	-	-	-	-	-	-	-	(277,327)	(277,327)
Acquisition of subsidiary companies	-	-	-	-	-	-	-	-	11,294	11,294
Dividends paid	-	-	-	-	-	-	(33,353)	(33,353)	(49,497)	(82,850)
At 31 December 2010	296,471	84,171	3,684	9,673	460	2,077	1,622,469	2,019,005	905,135	2,924,140

(The Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010)

Tradewinds (M) Berhad (19123-K)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
(The figures have not been audited)

	2011 RM'000	2010 RM'000
Cash flows from operating activities		
Profit before taxation	909,940	806,595
Adjustments for:		
Provision for and write off of receivables	15,458	10,667
Provision for and write off of inventories	8,415	-
Impairment of assets	3,800	5,993
Depreciation and amortisation charges	180,696	208,447
Bargain purchase gain	(18,427)	(55,856)
Fair value gain on derivative instruments	(7,307)	-
Foreign exchange (gain)/loss	6,357	(2,398)
Other non-cash items	4,031	8,880
Interest income	(7,234)	(8,624)
Interest expense	135,342	109,627
Share of results of associated companies	(29,623)	(33,870)
Share of results of a jointly controlled entity	(5,035)	(1,266)
Operating profit before working capital changes	1,196,413	1,048,195
Changes in working capital:		
Net changes in current assets	75,296	(212,357)
Net changes in current liabilities	31,806	(73,938)
	107,102	(286,295)
Cash generated from operations	1,303,515	761,900
Tax paid (net)	(240,694)	(178,315)
Retirement benefits paid	(6,758)	(6,467)
	(247,452)	(184,782)
Net cash from operating activities	1,056,063	577,118
Cash flows from investing activities		
Acquisition of subsidiary companies, net of cash acquired	(112,782)	(250,440)
Additions in property, plant and equipment and biological assets	(344,444)	(306,056)
Dividends received	29,034	18,319
Proceeds received from termination of sub-lease agreement	28,520	20,725
Interest received	7,234	8,624
Purchase of other investments	(56,232)	(210)
Additional investment in associates	(110,663)	-
Subcription of redeemable convertible preference shares in a jointly controlled entity	(5,000)	-
Proceeds from disposal of:		
- property, plant and equipment	5,477	3,697
- assets held for sale	-	5,740
- other investments	416	2
- associated companies	36,000	-
Net cash used in investing activities	(522,440)	(499,599)
Cash flows from financing activities		
Net drawdown of borrowings	126,632	196,362
Decrease in fixed deposits pledged with licensed banks	24,074	23,470
Decrease/(increase) in sinking fund account	37,925	(40,300)
Repayment from/(advances to) a jointly controlled entity	10,104	(10,634)
Interest paid	(149,159)	(123,348)
Dividends paid	(184,728)	(82,850)
Net cash used in financing activities	(135,152)	(37,300)
Net increase in cash and cash equivalents	398,470	40,219
Effect of exchange rate changes	-	(1)
Cash and cash equivalents at beginning of financial year	395,517	355,299
Cash and cash equivalents at end of financial year	793,987	395,517
Cash and cash equivalents at end of financial year comprise:		
Fixed deposits, unpledged	339,588	156,228
Cash in hand and at bank	458,640	243,523
Less: Bank overdraft	(4,241)	(4,234)
	793,987	395,517

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010)

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INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2011

A. NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard ("FRS") 134 "Interim Financial Reporting" and Paragraph 9.22 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 2010.

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 2010.

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 financial year ended 31 December 2010 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.

(a) Adoption of FRSs, Amendments to FRSs and IC Interpretations

On 1 January 2011, the Group adopted the following FRSs, Amendments to FRSs, IC Interpretations and Amendments to IC Interpretations:

Amendments to FRS 132	Financial Instruments: Presentation – Classification of Rights Issues
FRS 1	First-time Adoption of Financial Reporting Standards (revised)
FRS 3	Business Combinations (revised)
FRS 127	Consolidated and Separate Financial Statements (revised)
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets

2. Changes in Accounting Policies (Contd.)

(a) Adoption of FRSs, Amendments to FRSs and IC Interpretations (Contd.)

IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters - Additional Exemptions for First-time Adopters
Amendments to FRS 2	Group Cash-settled Share Based Payment Transactions
Amendments to FRS 7	Financial Instruments: Improving Disclosures about Financial Instruments
IC Interpretation 4	Determining whether an Arrangement Contains a Lease
IC Interpretation 18	Transfers of Assets from Customers
Improvements to FRSs (2010)	

The above FRSs, Amendments to FRS and Interpretations do not have significant impact on the financial statements of the Group for the current financial year.

(b) Standards Issued But Not Yet Effective.

The Group has not adopted the following standards and interpretations that have been issued but not yet effective under Financial Reporting Standards Framework ("FRS Framework") that are relevant to the Group's operations.

Effective for financial periods beginning on or after 1 July 2011:

Amendments to IC Interpretation 14 FRS 119	The Limit on a Defined Benefit Asset, Minimum Funding Requirements
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to FRS 101	Presentation of Items of Other Comprehensive Income

Effective for financial periods beginning on or after 1 January 2012

Revised FRS 124	Related Party Disclosures
Amendments to FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 7 Disclosures	Transfer of Financial Assets

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2. Changes in Accounting Policies (Contd.)

(b) Standards Issued But Not Yet Effective (Contd.)

The directors expect that the adoption of the other standards and Interpretations above will have no material impact on the financial statements in the period of initial application.

There are other standards and interpretations that have been issued but not yet effective under the existing FRS Framework for annual periods beginning on or after 1 January 2013 but they are not relevant to the Group as it is instead required to adopt a new MASB approved accounting framework for its accounting period beginning 1 January 2013 as explained in Note 2 (c).

(c) Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2013. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

Currently, the Group is in the process of assessing the gap between current Group accounting policies and the requirements of MFRS Framework and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2013.

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3. 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.

4. Unusual Items due to their Nature, Size or Incidence

There was no unusual item for the current financial year.

5. 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.

6. Changes in Debt and Equity Securities

On 19 January 2011, a subsidiary company, Padiberas Nasional Berhad ("Bernas"), raised RM350 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 to finance the capital expenditures, investments and working capital requirements.

There was no other issuance, repurchase and repayment of debt and equity securities during the current financial year ended 31 December 2011 except for the redemption of RM35 million of Sukuk Ijarah on 16 December 2011 by a subsidiary, Tradewinds Plantation Berhad ("TPB").

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7. Dividends Paid

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

	Current Year RM'000	Preceding Year RM'000
Interim dividend of 20 sen per share less 25% income tax in respect of the financial year ended 31 December 2010, declared on 14 January 2011, paid on 28 February 2011.	44,471	-
Final dividend of 20 sen per share less 25% income tax in respect of the financial year ended 31 December 2010, declared on 28 June 2011, paid on 29 July 2011.	44,471	-
Interim dividend of 20 sen per share less 25% income tax in respect of the financial year ended 31 December 2011, declared on 30 September 2011, paid on 3 November 2011.	44,471	-
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, declared on 22 June 2010, paid on 30 July 2010.	-	11,117
	133,413	33,352

8. Segmental Reporting

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

2011	Rice RM'000	Plantation RM'000	Sugar RM'000	Investment Holding/ Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External revenue	3,534,449	1,843,243	1,630,246	2,064	-	7,010,002
Inter-segment revenue	-	16,704	-	250,479	(267,183)	-
Total revenue	3,534,449	1,859,947	1,630,246	252,543	(267,183)	7,010,002
Results						
Operating results	275,834	568,279	249,479	203,724	(286,692)	1,011,624
Share of results of associated companies	28,004	1,619	-	-	-	29,623
Share of results of a jointly controlled entity	-	5,035	-	-	-	5,035
Segment results	303,838	574,933	249,479	203,724	(286,692)	1,045,282
Finance cost	(56,989)	(35,983)	(5,387)	(43,055)	6,072	(135,342)
Profit before tax	246,849	538,950	244,092	160,669	(280,620)	909,940
Assets						
Operating assets	2,454,375	4,092,316	1,038,331	381,628	(529,157)	7,437,493
Investment in associated companies	321,954	57,364	-	-	-	379,318
Investment in a jointly controlled entity	-	23,524	-	-	-	23,524
Segment assets	2,776,329	4,173,204	1,038,331	381,628	(529,157)	7,840,335
Tax assets						127,054
Total assets						7,967,389

Tradewinds (M) Berhad (19123-K)

8. Segmental Reporting (Contd.)

	Rice RM'000	Plantation RM'000	Sugar RM'000	Investment Holding/ Others RM'000	Elimination RM'000	Consolidated RM'000
2010						
Revenue						
External revenue	3,172,973	1,024,932	1,353,172	302	-	5,551,379
Inter-segment revenue	-	9,536	-	291,493	(301,029)	-
Total revenue	3,172,973	1,034,468	1,353,172	291,795	(301,029)	5,551,379
Results						
Operating results	240,235	373,057	271,672	256,047	(259,925)	881,086
Share of results of associated companies	33,870	-	-	-	-	33,870
Share of results of jointly controlled entity	-	1,266	-	-	-	1,266
Segment results	274,105	374,323	271,672	256,047	(259,925)	916,222
Finance cost	(28,324)	(39,315)	(5,339)	(43,017)	6,368	(109,627)
Profit before tax	245,781	335,008	266,333	213,030	(253,557)	806,595
Assets						
Operating assets	2,095,150	3,377,903	1,003,846	171,685	(248,406)	6,400,178
Investment in associated companies	242,363	-	-	-	-	242,363
Investment in jointly controlled entity	-	13,489	-	-	-	13,489
Segment assets	2,337,513	3,391,392	1,003,846	171,685	(248,406)	6,656,030
Tax assets						109,447
Total assets						6,765,477

9. Material Subsequent Events

On 8 February 2012, Mardec International Sdn Bhd ("MISB"), an indirect wholly-owned subsidiary of TPB, and the other shareholders of R1 International Pte Ltd ("R1") have entered into a conditional Share Sale Agreement ("SSA") with Hainan State Farms Investment Limited ("HSF") and Hainan Rubber Group (Singapore) Pte Ltd ("Hainan Rubber") for the disposal of 6,300,000 ordinary shares of USD1.00 each, representing 90% of the equity interest in R1, for a total cash consideration of USD51,725,016 ("Disposal Price").

Pursuant to the SSA, MISB shall dispose 3,150,000 ordinary shares of USD1.00 each, representing its entire 45% equity interest in R1 to HSF for a cash consideration of USD25,862,508 or approximately RM77.1 million.

The Disposal Price represents 90% of the total valuation of R1's equity of USD57,472,240 which represents the price to book ratio of 1.6575. The Disposal Price is conditional upon R1 Group's audited net tangible assets ("NTA") at 31 December 2011 being not less than USD34,674,051 and will be adjusted in the event of lower audited NTA by using the same price to book ratio.

The proposed disposal of R1 is conditional upon the fulfilment and satisfaction of the following conditions precedent within a period of 60 days from the date of the SSA or such longer period as the parties agree:-

(i) the approval of the board of directors of each of the selling shareholders for the sale of their respective equities in R1;

(ii) the approval of the board of directors and shareholders of R1;

(iii) the completion of the business, financial and legal due diligence investigations into the R1 Group Companies and the satisfactory resolution and determination of any issues arising from the due diligence investigations by both HSF and Hainan Rubber; and

(iv) other requisite conditions stated in the SSA.

Other than the above, there is no material subsequent event happening after 31 December 2011 up to the date of this report.

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10. Significant Events

There was no significant event during the current year, other than the following:-

(a) On 20 April 2011, the Government of Malaysia, via the Public Private Partnership Unit under the Prime Minister's Department has agreed to extend the privatisation agreement between the Government of Malaysia and Bernas dated 12 January 1996 ("Bernas Agreement") for a period of 10 years commencing 11 January 2011 to 10 January 2021 subject to the terms and conditions to be mutually agreed between both parties. The terms and conditions of the Bernas Agreement shall remain in full force and effect until the terms and conditions of the extension are finalised.

(b) On 11 November 2011, Bernas entered into a Master Agreement with Jelapang Jati Sdn Bhd ("Jelapang Jati") and Ban Heng Bee Holdings Sdn Bhd ("BHBH") for the proposed increase of Bernas' equity holding from 20% to 49% in BHBH for a total consideration of RM110.66 million which comprise of the following documents:

(i) A Share Swap Agreement for the disposal of Bernas' entire 920,000 ordinary shares of RM1.00 each representing 40% equity interest in Serba Wangi Sdn Bhd ("Serba Wangi") to BHBH which will be satisfied through the allotment and issuance of 981,997 new ordinary shares of RM1.00 each in BHBH to Bernas for a consideration of RM36.0 million.

(ii) A Share Sale Agreement for the acquisition by Bernas of 409,165 ordinary shares of RM1.00 each in BHBH from Jelapang Jati for a cash consideration of RM15.0 million.

(iii) A Subscription Agreement for the subscription by Bernas of 1,627,483 new ordinary shares of RM1.00 each in BHBH for a cash consideration of RM59.7 million.

11. Changes in the Composition of the Group

(a) Changes relating to Bernas Group

The composition of the Group has changed since the date of the previous announcement in relation to the corporate exercise as per Note 10 (b), which now sees Bernas holding 49% equity interest in BHBH.

(b) Changes relating to TPB Group

On 10 October 2011, Prisma Spektra Sdn Bhd, a wholly-owned subsidiary of TPB, completed the acquisition of 125,709,000 ordinary shares of RM1.00 each in MARDEC Berhad ("Mardec"), representing the entire issued and paid-up ordinary share capital of Mardec, for a total purchase consideration of RM140,000,000.

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

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

Assets acquired and liabilities assumed at 10 October 2011 ("date of acquisition")

	RM'000
Current Assets	
Inventories	277,986
Trade and other receivables	264,637
Tax recoverable	5,281
Derivative assets	111
Cash and cash equivalents	42,735
	590,750
Non-current assets	
Property, plant and equipment	158,361
Investment properties	3,531
Investment in associates	56,227
Other investments	10
Intangible assets	157
Deferred tax assets	6,469
	224,755
Current liabilities	
Trade and other payables	(65,950)
Derivative liabilities	(10,372)
Tax payable	(2,786)
Provision for retirement benefits	(353)
Short term borrowings	(544,710)
	(624,171)

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

	RM'000
Non-current liabilities	
Long term borrowings	(9,107)
Provision for retirement benefits	(2,207)
Deferred tax liabilities	(13,377)
	(24,691)
Total net assets	166,643
Less: Non-controlling interests	(8,216)
Group's share of net assets	158,427
Bargain purchase gain	(18,427)
Total cost of acquisition	140,000

Net cash outflow on acquisition of subsidiary

	RM'000
Consideration paid in cash	140,000
Less: Cash and cash equivalents acquired	(27,218)
	112,782

The acquired subsidiary has contributed the following results to the Group during the financial year:-

	RM'000
Revenue	503,965
Profit for the year	2,091

If the acquisition had occurred on 1 January 2011, the Groups' results for the current financial year would have been as follows:-

	RM'000
Revenue	3,554,681
Profit for the year	369,479

Other than the above, there was no change in the composition of the Group during the current financial year ended 31 December 2011.

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12. Capital Commitments

The amount of capital commitments not provided for in the interim financial statements as at 31 December 2011 were as follows:-

	RM'000
Property, plant and equipment	
- Approved and contracted for	122,786
- Approved but not contracted for	321,512
	444,298
Biological assets	
- Approved and contracted for	48,469
- Approved but not contracted for	64,896
	113,365
Other investment	
- Approved but not contracted for	16,336
Share of capital commitment of a jointly controlled entity	
- Approved and contracted for	1,112
	575,111

13. Contingent Liabilities and Contingent Assets

The Group has no contingent liability or contingent asset as at 31 December 2011, other than the following:-

(a) 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 year 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 Liabilities and Contingent Assets (Contd.)

In relation to this suit, 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 the 2nd to 12th Defendants. The matter is now fixed for hearing on 12 to 16 March 2012.

(b) 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 have 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 with 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;

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13. Contingent Liabilities and Contingent Assets (Contd.)

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

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

The Court had on 13 March 2008 allowed the Plaintiffs' 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. Plaintiffs through their solicitors had filed an application on 7 March 2011 for leave to appeal to the Federal Court against the entire decision of the Court of Appeal given on 7 February 2011. Plaintiffs' application for leave to appeal at the Federal Court has been allowed. The hearing of the appeal has been fixed by the Registry of Federal Court on 13 March 2012.

(c) 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 have 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 with 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 reliefs that the Court deems fit and appropriate.

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

13. Contingent Liabilities and Contingent Assets (Contd.)

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 case has been fixed for further case management on 26 March 2012.

(d) At TPB Group level, the contingent liabilities as at 31 December 2011 were as follows:-

	RM'000
Letters of guarantee issued to government agencies	96
Pending litigation	11,039
	11,135

The pending material litigation against the TPB Group is a claim filed against a subsidiary of Mardec, Mardec Yala Co. Ltd., for the alleged wrongful transfer of shares and the claim for compensation of Thai Baht (BHT)110.0 million (approximately RM11.039 million). On 3 December 2007, the Court had dismissed the claim and issued a written judgment. However, the claimant has filed an appeal against the judgment of which the Court has dismissed the claims. The claimant has filed a second appeal to the Supreme Court on 30 July 2010. Pending the outcome of the second appeal expected to be given by the end of 2013, no provision has been made in the financial statements.

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

1. Review of Performance

(a) Current Quarter vs. Corresponding Quarter Last Year

For the quarter under review, the Group's revenue increased to RM2.3 billion from RM1.6 billion in the corresponding quarter last year. The increase in revenue was contributed by favourable performance of the Rice, Plantation and Sugar Divisions. The Group recorded a decrease in profit before taxation to RM237 million during the current quarter as compared to RM281 million in the same quarter last year.

	Rice RM'mil	Plantation RM'mil	Sugar RM'mil	Investment Holding/ Others RM'mil	Elimination RM'mil	Consolidated RM'mil
Revenue						
Q4: 2011	983	856	448	82	(86)	2,283
Q4: 2010	859	345	365	97	(100)	1,566
Changes	124	511	83	(15)	14	717
Profit before tax						
Q4: 2011	40	139	81	65	(88)	237
Q4: 2010	53	144	91	64	(71)	281
Changes	(13)	(5)	(10)	1	(17)	(44)

The performance of the respective operating business segments for the current quarter as compared to the corresponding quarter last year is analysed as follows:-

(i) Rice – The higher revenue was driven mainly by higher volume of imported rice and paddy sold. Higher selling and marketing expenses and finance cost from Sukuk coupon as well as lower contributions from associated companies have contributed to the lower profit before taxation for the current quarter.

(ii) Plantation – Despite lower prices of oil palm products during the current quarter under review, revenue increased mainly due to the increase in the production and sales volume of palm products. In addition, inclusion of the 3-month revenue of Mardec also increased the Division's revenue. However, profit before taxation dropped mainly due to the decrease in prices of palm products and an increase in manuring cost resulting from higher fertiliser prices and lower share of profit of a jointly controlled entity.

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1. **Review of Performance (Contd.)**

(a) Current Quarter vs. Corresponding Quarter Last Year (Contd.)

(iii) Sugar – The higher revenue was mainly due to the increase in sales volume and average selling price of refined sugar. However, higher cost of production and other operating expenses have resulted in a lower profit before tax.

(iv) Investment Holding/Others – Revenue comprised of dividend and management income from subsidiaries. The lower revenue in current quarter was mainly due to dividend income from certain subsidiaries which were tax-exempt as compared to taxable dividend received in the same quarter last year.

(b) Current Year vs. Last Year

The performance of the current year ended 31 December 2011 was generally better than that of the corresponding period last year whereby the Group recorded higher revenue of RM7.0 billion (2010: RM5.6 billion) and higher profit before taxation of RM910 million (2010: RM807 million).

	Rice RM'mil	Plantation RM'mil	Sugar RM'mil	Investment Holding/ Others RM'mil	Elimination RM'mil	Consolidated RM'mil
Revenue						
2011	3,534	1,860	1,630	253	(267)	7,010
2010	3,173	1,034	1,353	292	(301)	5,551
Changes	361	826	277	(39)	34	1,459
Profit before tax						
2011	247	539	244	161	(281)	910
2010	246	335	266	213	(253)	807
Changes	1	204	(22)	(52)	(28)	103

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1. **Review of Performance (Contd.)**

(b) Current Year vs. Last Year (Contd.)

The performance of the respective operating business segments for the current year as compared to the corresponding period last year is analysed as follows:-

(i) Rice – Revenue increased mainly due to higher volume of rice sold by 10% to 1.4 million MT sold despite lower average selling price. The sale of paddy by consignment to Skim Pengilang Bumiputra also helped to increase the revenue. The lower profit before taxation was mainly due to losses arising from Save More business which had ceased operation and increase in finance cost from higher Sukuk coupon payment.

(ii) Plantation – Revenue increased mainly due to higher prices and volume sold of palm products and the 3-month contributions from the newly acquired subsidiary company, Mardec. Profit before taxation also increased in line with the increase in revenue.

(iii) Sugar – Revenue was higher mainly due to higher average selling price of refined sugar despite the marginally lower sales volume. However, higher production and operating cost have contributed to the Division's lower profit before taxation.

(iv) Investment Holding/Others – The decrease in revenue was mainly due to lower taxable dividend income from subsidiaries. In line with the drop in revenue, profit before taxation has also declined compounded by higher operating expenses.

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	236,695	234,922	1,773

The current quarter's profit before taxation was slightly higher as compared to the immediate preceding quarter. Despite higher revenue in the Sugar Division arising from higher demand caused by the year-end festivities, the favourable result was offset by a drop in the Rice and Plantation Divisions primarily due to higher operating expenditure; lower prices of oil palm products and production of fresh fruit bunches, respectively.

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3. Prospects

Rice Division

Global rice market will see another year of uncertainty in 2012. Thailand plans to extend the Paddy Mortgage Scheme to July 2012 to support the second crop prices amidst a drop in export by 58% year-on-year in January 2012 as the Scheme cuts into Thai exporters' competitiveness. The global rice trade is expected to decline due to falling demand in major importers such as Bangladesh, Nigeria and the Philippines (due to comfortable stock and domestic supplies). Vietnam's production is expected to increase as Vietnam has to keep around 1 million MT when its main harvesting season this March arrives to avoid a drop in domestic price due to oversupply.

The contraction in the global rice trade in 2012 as explained above however is not expected to push the price considerably higher than the existing level. The Rice Division will also mitigate the risk of foreign currency fluctuations through forward purchase contract for most of the Division's requirements for 2012. As such, the Rice Division expects the performance in 2012 to be satisfactory.

Plantation Division

The profitability of the plantation business segment in 2012 is very much determined by the price movements of oil palm products. Crude palm oil price is expected to trade in a volatile range of RM2,800 to RM3,500 per tonne in 2012 in view of the uncertain global economic sentiment, unresolved Euro zone debt crisis and the expectation of a slowdown in the China economy.

The labour shortage experienced by the industry will continue to affect plantation operations whilst rising labour cost and the expected increase in fertiliser prices will exert downward pressure on profit margins. To mitigate the negative impact of rising cost, shortage of labour and potential price fluctuation of oil palm products, the Division will remain committed to consolidate the plantation operations with focus on field mechanisation, operational efficiency, yield enhancement and stringent cost control.

The Division’s local and overseas rubber factories will remain competitive in securing raw materials from the rubber suppliers. The rubber price is expected to remain steady and firm and will be dictated by the supply situation and demand from the automotive and glove industries. The Division, as a quality, consistent and reliable supplier, will continue to enjoy selling at premium prices to the prime tyre manufacturers. As both a volume and margin operator, this will have positive impact on its performance.

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3. **Prospects (Contd.)**

Sugar Division

The Sugar Division expects 2012 to be another challenging year as higher cost of production will be anticipated especially arising from higher energy costs and a very competitive export market to be experienced.

Nevertheless, the Division is expected to at least maintain its profitability in 2012.

Investment Holding/Others

The Division expects to continue to enjoy a steady stream of income from its investments based on the positive prospects across the Divisions. Stringent cost controls and prudent financial management will enable it to continue distributing good dividends to the shareholders in 2012.

4. **Variance of Actual Profit from Forecast Profit/Shortfall in Profit Guarantee**

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

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5. Amount Charged/(Credited) in The Statements of Comprehensive Income include:

	Current Quarter RM'000	Current Year RM'000
Interest income	(2,145)	(7,234)
Interest expense	42,332	135,342
Depreciation and amortisation charged	51,437	180,696
Provision for and write off of receivables	14,089	15,458
Provision for and write off of inventories	7,512	8,415
Gain on disposal of property, plant and equipment	(419)	(3,348)
Gain on disposal of quoted or unquoted investments or properties	(3,673)	(9,023)
Impairment of assets	3,796	3,800
Foreign exchange (gain)/loss	(8,906)	6,357
Fair value gain on derivative instruments	(7,307)	(7,307)
Exceptional items – bargain purchase gain on acquisition of Mardec	(18,427)	(18,427)

6. Taxation

Taxation comprises:-

	Current Quarter RM'000	Current Year RM'000
Income tax	64,301	193,581
Deferred tax	7,114	42,425
	71,415	236,006

The taxation charge of the Group for the financial year reflects an effective tax rate which is slightly higher than the statutory income tax rate mainly due to certain expenses which were not deductible for tax purposes, tax losses of certain subsidiaries which are not available for group relief and reversal of deferred tax assets which were previously credited to income statement. The effect however was substantially offset by the reversal of deferred tax liabilities relating to other receivables and adjustment for over provision of tax in prior years.

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

There was no corporate proposal announced but not completed as at 21 February 2012, being the latest practicable date.

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

There was no corporate proposal involving fund raising.

8. **Group Borrowings and Debt Securities**

The Group borrowings (excluding hire purchase and finance leases) as at the end of the current year were as follows:-

	RM'000
Short Term Borrowings	
Secured	523,157
Unsecured	1,194,209
	1,717,366
Long Term Borrowings	
Secured	1,010,718
Unsecured	748,641
	1,758,359
Total	3,476,725

The above include borrowings denominated in foreign currency as follows:-

	RM'000
United States Dollar	11,007
Indonesian Rupiah	63,133
Thai Baht	1,702
	75,842

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9. Derivative Financial Instruments

Foreign exchange forward contracts are entered into by the Group to hedge the committed sales and purchases denominated in US Dollar and Euro for Plantation Division that existed at the reporting date. The hedging of foreign currencies is to minimise the Group's exposure to fluctuations in foreign exchange arising from sales and purchases.

The outstanding foreign exchange forward contracts as at 31 December 2011 are as follows:-

	RM'000
Derivative assets	
Fair value of foreign exchange forward contracts	218
Derivative liabilities	
Fair value of foreign exchange forward contracts	(2,964)
Foreign exchange forward contracts	
Nominal value	(183,201)

All the outstanding foreign exchange forward contracts as at 31 December 2011 have maturity periods of less than one year.

There is no significant concentration of credit and market risks associated with the above contracts as the contracts are executed with reputable financial institutions in Malaysia.

It is the Group's policy that no foreign exchange forward contracts shall be undertaken except for the use as hedging for the committed sales and purchases denominated in foreign currencies. In addition, the maturity dates of the foreign exchange forward contracts approximate the timing of the expected cash flows of the underlying hedged items. Therefore, cash requirement risk is minimal.

Foreign exchange forward contracts are initially measured at fair value and are subsequently re-measured at fair value at each reporting date. The resulting gain or loss arising from the re-measurement is recognised in profit or loss.

10. Gains or Losses arising from Fair Value Changes of Financial Liabilities

Gain arising from fair value changes of financial liabilities for the current quarter and current financial year are as follows:-

	Current Quarter RM'000	Current Year RM'000
Foreign exchange forward contracts	7,307	7,307

The gain arising from fair value changes of foreign exchange forward contracts was due to favourable movements of foreign exchange rates from the date of acquisition of Mardec. The fair value changes of these contracts were calculated based on forward exchange rates.

11. Material Litigations

Save as disclosed in Note 13 of Part A, there was no material litigation as at 21 February 2012, being the latest practicable date.

12. Dividend Payable

There was no dividend payable at the end of the current year.

13. Earnings Per Share

(a) Basic earnings per share

	Current Year	Preceding Year
Profit attributable to equity holders of the Company (RM'000)	480,271	481,139
Weighted average number of ordinary shares in issues ('000)	296,471	296,471
Basic earnings per share (sen)	162.00	162.29

(b) Diluted earnings per share

There is no diluted earnings per share as the Company does not have any potential dilutive ordinary shares as at the end of the current financial year.

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14. Audit Report of the Preceding Year's Annual Financial Statements

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

15. Disclosure on Realised and Unrealised Profit/Loss

The retained profits as at 31 December 2011 and 31 December 2010 were analysed as follows:-

	31.12.2011 RM'000	31.12.2010 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised profit	3,221,286	2,714,122
- Unrealised loss	(119,739)	(112,433)
	3,101,547	2,601,689
Total share of accumulated losses from a jointly controlled entity:-		
- Realised profit/(loss)	3,762	(1,274)
- Unrealised loss	(237)	(237)
	3,525	(1,511)
Total share of retained profits from associated companies:-		
- Realised profit	130,800	121,095
- Unrealised (loss)/profit	(8,619)	1,660
	122,181	122,755
Less: Consolidation adjustments	(1,257,926)	(1,100,464)
Total Group retained profits as per consolidated financial statements	1,969,327	1,622,469

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16. Authorisation for Release

This interim financial statements for the financial year ended 31 December 2011 has been reviewed and approved by the Board on 28 February 2012 for public release.

BY ORDER OF THE BOARD

ZAINAL RASHID BIN AB RAHMAN (LS007008)
Company Secretary

Kuala Lumpur
28 February 2012