Tradewinds
(M) Berhad (19123-K)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2012

(The figures have not been audited)

	Unaudited as at 31.03.2012 RM'000	Audited as at 31.12.2011 RM'000
Assets		
Non-current assets		
Property, plant and equipment	2,243,080	2,221,556
Biological assets	1,260,347	1,245,066
Investment properties	3,308	3,334
Land held for property development	87,412	87,412
Investment in associated companies	330,343	378,035
Investment in a jointly controlled entity	22,314	23,525
Other investments	49,136	40,905
Intangible assets	256,147	266,753
Deferred tax assets	54,928	59,581
	4,307,015	4,326,167
Current assets		
Inventories	1,784,790	1,373,061
Trade and other receivables	1,400,714	1,318,219
Amount owing from associated companies	29,607	48,323
Derivatives	422	218
Tax recoverable	84,243	62,740
Other investments	32,397	19,827
Cash and bank balances	656,325	812,588
	3,988,498	3,634,976
Non-current assets held for sale	48,687	-
	4,037,185	3,634,976
Total assets	8,344,200	7,961,143
Equity and liabilities		
Equity attributable to equity holders of the Company		
Share capital	296,471	296,471
Reserves	2,094,676	2,064,484
	2,391,147	2,360,955
Non-controlling interests	1,056,585	1,046,710
Total equity	3,447,732	3,407,665
Current liabilities		
Trade and other payables	533,813	554,711
Amount owing to associated companies	2,163	777
Hire purchase and finance lease payables	3,176	2,977
Borrowings	1,956,845	1,717,984
Retirement benefit obligations	4,241	6,190
Derivatives	1,975	2,964
Tax payable	40,925	39,934
	2,543,138	2,325,537
Non-current liabilities		
Hire purchase and finance lease payables	14,969	6,488
Borrowings	1,883,997	1,768,535
Deferred tax liabilities	376,488	377,404
Retirement benefit obligations	77,876	75,514
	2,353,330	2,227,941
Total liabilities	4,896,468	4,553,478
Total equity and liabilities	8,344,200	7,961,143
Net assets per share attributable to equity holders of the Company (RM)	8.07	7.96

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011)

Tradewinds
(M) Berhad (19123-K)

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012
(The figures have not been audited)

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.03.2012 RM'000	**31.03.2011 RM'000**	**31.03.2012 RM'000**	**31.03.2011 RM'000**
Revenue	1,934,594	1,461,155	1,934,594	1,461,155
Other income	11,812	7,992	11,812	7,992
Operating expenses	(1,838,920)	(1,264,285)	(1,838,920)	(1,264,285)
Profit from operations	107,486	204,862	107,486	204,862
Finance costs	(36,855)	(29,490)	(36,855)	(29,490)
Share of results of associated companies	5,238	8,320	5,238	8,320
Share of results of a jointly controlled entity	(1,211)	257	(1,211)	257
Profit before taxation	74,658	183,949	74,658	183,949
Taxation	(33,106)	(55,525)	(33,106)	(55,525)
Profit for the period	41,552	128,424	41,552	128,424
Profit for the period attributable to:				
Equity holders of the Company	31,184	89,918	31,184	89,918
Non-controlling interests	10,368	38,506	10,368	38,506
	41,552	128,424	41,552	128,424
Earnings per share attributable to equity holders of the Company:				
Basic (sen)	10.52	30.33	10.52	30.33

(The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011)

Tradewinds
(M) Berhad (19123-K)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012
(The figures have not been audited)

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.03.2012	**31.03.2011**	**31.03.2012**	**31.03.2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit for the period	41,552	128,424	41,552	128,424
Other comprehensive income				
Exchange differences on translation of foreign operations	(923)	-	(923)	-
(Loss)/Gain on fair value changes of available-for-sale financial assets:	(69)	91	(69)	91
Other comprehensive (expense)/income for the period, net of tax	(992)	91	(992)	91
Total comprehensive income for the period	40,560	128,515	40,560	128,515
Total comprehensive income for the period attributable to:				
Equity holders of the Company	30,192	90,009	30,192	90,009
Non-controlling interests	10,368	38,506	10,368	38,506
	40,560	128,515	40,560	128,515

(The Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011)

Tradewinds (M) Berhad (19123-K)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012
(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 2012	296,471	84,171	3,684	10,412	167	2,077	1,963,973	2,360,955	1,046,710	3,407,665
Total comprehensive income for the period	-	-	-	(923)	(69)	-	31,184	30,192	10,368	40,560
Dividends paid	-	-	-	-	-	-	-	-	(493)	(493)
At 31 March 2012	296,471	84,171	3,684	9,489	98	2,077	1,995,157	2,391,147	1,056,585	3,447,732
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 period	-	-	-	-	91	-	89,918	90,009	38,506	128,515
Dividends paid	-	-	-	-	-	-	(44,470)	(44,470)	(12,654)	(57,124)
At 31 March 2011	296,471	84,171	3,684	9,673	551	2,077	1,667,917	2,064,544	930,987	2,995,531

(The Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011)

Tradewinds (M) Berhad (19123-K)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012
(The figures have not been audited)

	31.03.2012 RM'000	31.03.2011 RM'000
Cash flows from operating activities		
Profit before taxation	74,658	183,949
Adjustments for:		
Provision for and write off of receivables	433	303
Depreciation and amortisation charges	58,323	36,860
Dividend income	-	(27)
Distribution of investment management funds	(270)	(97)
Fair value loss on derivative instruments	1,746	-
Inventories written down	2,093	-
Foreign exchange gains - unrealised	(4,227)	(7,491)
Other non-cash items	(2,981)	3,505
Interest income	(1,925)	(1,136)
Interest expense	36,855	29,490
Share of results of associated companies	(5,238)	(8,320)
Share of results of a jointly controlled entity	1,211	(257)
Operating profit before working capital changes	160,678	236,780
Changes in working capital:		
Net changes in current assets	(493,839)	(39,005)
Net changes in current liabilities	48,150	(146,660)
	(445,689)	(185,665)
Cash (used in)/generated from operations	(285,011)	51,115
Tax paid (net)	(59,398)	(51,784)
Retirement benefits paid	(1,570)	(1,022)
	(60,968)	(52,806)
Net cash used in operating activities	(345,979)	(1,691)
Cash flows from investing activities		
Additions in property, plant and equipment and biological assets	(81,567)	(72,202)
Dividends received from associated companies	2,105	2,457
Interest received	3,314	3,381
Distribution of investment management funds received	270	97
Placement in investment management funds	(12,570)	-
Purchase of other investments	(8,300)	-
Proceeds from disposal of property, plant and equipment	244	198
Net cash used in investing activities	(96,504)	(66,069)
Cash flows from financing activities		
Net drawdown of borrowings	304,645	566,814
Decrease/(increase) in fixed deposits pledged with licensed banks	22,197	(17,620)
Decrease in sinking fund account	63	13,957
Amount owing to associated companies	20,102	-
Interest paid	(47,445)	(38,969)
Dividends paid to non-controlling interest of subsidiary companies	(493)	-
Dividends paid	-	(44,471)
Other financing activities	(611)	5,580
Net cash generated from financing activities	298,458	485,290
Net (decrease)/increase in cash and cash equivalents	(144,025)	417,530
Effect of exchange rate changes	1,917	-
Cash and cash equivalents at beginning of financial period	762,555	422,414
Cash and cash equivalents at end of financial period	620,447	839,944
Cash and cash equivalents at end of financial period comprise:		
Fixed deposits, unpledged	219,685	119,130
Cash in hand and at bank	418,050	724,845
Less: Bank overdraft	(17,288)	(4,031)
	620,447	839,944

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011)

Tradewinds
(M) Berhad (19123-K)

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2012

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 2011.

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 2011.

2. Changes in Accounting Policies

The 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 2011 except for the adoption of the following new and revised FRSs and Issues Committee ("IC") Interpretations which are relevant to the Group's operations with effect from 1 January 2012:

FRS 7	Financial Instruments: Disclosures (Amendments relating to disclosures of transfers of financial assets)
FRS 7	Financial Instruments: Disclosures (Amendments relating to mandatory effective date of FRS 9 and transition disclosures)
FRS 112	Income Taxes (Amendments relating to deferred tax: recovery of underlying assets)
FRS 124	Related Party Disclosures (revised)
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendments relating to prepayments of a minimum funding requirement)
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

The initial application of the above new and revised FRSs and IC Interpretations do not have any significant impact on the financial statements of the Group.

2. Changes in Accounting Policies (contd.)

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework") in conjunction with its planned convergence of FRSs with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board on 1 January 2012.

The MFRS Framework is a fully IFRS-compliant framework, equivalent to IFRSs which is mandatory for adoption by all Entities Other than Private Entities for annual periods beginning on or after 1 January 2012, with the exception for Transitioning Entities. Transitioning Entities, being entities which are subject to the application of MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for the Construction of Real Estate are given an option to defer adoption of the 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. Transitioning Entities also include those entities that consolidate, equity account or proportionately consolidate an entity that has chosen to continue to apply the FRS Framework for annual periods beginning on or after 1 January 2012.

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 interim financial statements for the quarter ending 31 March 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 earnings.

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.

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 ("FFB") and weather conditions. Generally, the production of FFB is relatively lower in the first half of the year.

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

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

Tradewinds
(M) Berhad (19123-K)

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

There was no issuance, repurchase and repayment of debt and equity securities during the current financial year to date except for the redemption of RM100 million of Murabahah Medium Term Notes by a subsidiary company, Tradewinds Plantation Berhad (“TPB”).

7. Dividends Paid

There was no dividend paid in the current quarter.

In the corresponding quarter last year, the Company paid 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, and paid on 28 February 2011 amounting to a net dividend payment of approximately RM44,471,000.

8. Segmental Reporting

Segment information is primarily presented in respect of the Group’s business segments which are based on the Group’s management and internal reporting structure.

The reportable business segments of the Group comprise the following:

Rice	Procure, collect, process, import, export, purchase rice, paddy and other grains, including activities in relation to the distribution of rice.
Plantation	Cultivation of oil palm, processing and sale of palm products and the provision of plantation management and advisory services.
Rubber	Processing and trading of natural rubber and manufacturing of value-added rubber and polymer products.
Sugar	Manufacture and sale of refined sugar.
Investment holding	Investment holding and provision of management services.

Tradewinds
(M) Berhad (19123-K)

8. Segmental Reporting (cont'd.)

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

	Rice RM'000	Plantation RM'000	Rubber RM'000	Sugar RM'000	Investment Holding/ Others RM'000	Elimination RM'000	Consolidated RM'000
31 March 2012							
Revenue							
External revenue	893,788	221,045	417,284	402,351	126	-	1,934,594
Intra-segment revenue	-	3,146	-	-	-	(3,146)	-
Inter-segment revenue	-	-	-	-	1,500	(1,500)	-
Total revenue	893,788	224,191	417,284	402,351	1,626	(4,646)	1,934,594
Results							
Operating results	60,383	35,859	(2,832)	49,309	(23,616)	(11,617)	107,486
Share of results of associated companies	3,938	-	1,300	-	-	-	5,238
Share of results of a jointly controlled entity	-	(1,211)	-	-	-	-	(1,211)
Segment results	64,321	34,648	(1,532)	49,309	(23,616)	(11,617)	111,513
Finance costs	(14,687)	(6,882)	(6,719)	(141)	(9,626)	1,200	(36,855)
Profit before taxation	49,634	27,766	(8,251)	49,168	(33,242)	(10,417)	74,658
Assets							
Operating assets	2,801,977	3,477,712	702,261	1,062,459	365,802	(557,840)	7,852,372
Investment in associated companies	322,505	-	7,838	-	-	-	330,343
Investment in a jointly controlled entity	-	22,314	-	-	-	-	22,314
Segment assets	3,124,482	3,500,026	710,099	1,062,459	365,802	(557,840)	8,205,029
Tax assets							139,171
Total assets							8,344,200

Tradewinds
(M) Berhad (19123-K)

8. Segmental Reporting (contd.)

	Rice RM'000	Plantation RM'000	Rubber RM'000	Sugar RM'000	Investment Holding/ Others RM'000	Elimination RM'000	Consolidated RM'000
31 March 2011							
Revenue							
External revenue	823,840	266,054	-	370,835	426	-	1,461,155
Intra-segment revenue	-	2,573	-	-	-	(2,573)	-
Inter-segment revenue	-	-	-	-	46,630	(46,630)	-
Total revenue	823,840	268,627	-	370,835	47,056	(49,203)	1,461,155
Results							
Operating results	80,786	98,857	-	49,690	32,154	(56,625)	204,862
Share of results of associated companies	8,320	-	-	-	-	-	8,320
Share of results of a jointly controlled entity	-	257	-	-	-	-	257
Segment results	89,106	99,114	-	49,690	32,154	(56,625)	213,439
Finance costs	(12,565)	(8,330)	-	(320)	(10,298)	2,023	(29,490)
Profit before taxation	76,541	90,784	-	49,370	21,856	(54,602)	183,949
Assets							
Operating assets	2,785,718	1,000,174	-	3,338,607	201,298	(190,147)	7,135,650
Investment in associated companies	248,861	-	-	-	-	-	248,861
Investment in a jointly controlled entity	-	13,746	-	-	-	-	13,746
Segment assets	3,034,579	1,013,920	-	3,338,607	201,298	(190,147)	7,398,257
Tax assets							151,929
Total assets							7,550,186

Tradewinds
(M) Berhad (19123-K)

9. Material Subsequent Events

(a) Deregistration of a subsidiary company, Croesus Limited ("Croesus")

Croesus, a wholly-owned subsidiary company of Delta Delights Sdn Bhd ("DDSB") which in turn is a wholly-owned subsidiary company of the Company, by a resolution made in accordance with its Articles of Association and in accordance with the relevant laws of Hong Kong, has filed an application for deregistration of Croesus with the Companies Registry in Hong Kong on 23 November 2011 (the “Deregistration”).

The Deregistration is in line with the Company's rationalisation efforts to wind up inactive/ dormant subsidiary companies.

The Deregistration was completed on 5 April 2012 following the publication of the Gazette Notice by the Hong Kong Companies Registry notifying the Deregistration and dissolution of Croesus on even date. Accordingly, Croesus ceased to become a subsidiary company of the Company, effective 5 April 2012.

(b) Acquisition of a proposed building to be developed

On 18 April 2012, a wholly-owned subsidiary company of the Company, Sovereign Place Sdn Bhd, has entered into a conditional sale and purchase agreement (“SPA”) with Skyline Atlantic Sdn Bhd, a wholly-owned subsidiary company of Tradewinds Corporation Berhad (“TCB”) in which a major shareholder of the Company has interest, for the proposed acquisition of 31 floors of strata office space (with a net lettable area of 439,800 square feet) with 440 car park bays of the proposed building (“MTR 2 Building”) to be developed for a total cash consideration of RM510,000,000 (the “Proposed Acquisition”).

The Proposed Acquisition is conditional upon the following approvals being obtained from:

(i) the shareholders of the Company at an extraordinary general meeting (“EGM”) to be convened by the Company;

(ii) the shareholders of TCB at an EGM to be convened by TCB;

(iii) the existing chargee for the land on which the MTR 2 Building will be constructed (to be procurred by TCB); and

(iv) any other relevant authorities/parties, if required.

Barring unforeseen circumstances, the completion of the construction of the MTR 2 Building and the delivery of vacant possession of the Property is expected to take place in 2016. Nonetheless, based on the terms of the SPA, the completion of the SPA shall be the date the purchase consideration is paid in full to TCB.

9. Material Subsequent Events (cont'd.)

(c) Disposal of associated company, R1 International Pte Ltd ("R1")

On 8 February 2012, Mardec International Sdn Bhd (“MISB”), an indirect wholly-owned subsidiary company of TPB, entered into a conditional Share Sale Agreement with Hainan State Farms Investment Limited and Hainan Rubber Group (Singapore) Pte Ltd for the disposal of 3,150,000 ordinary shares of USD1.00 each, representing 45% of the equity interest in R1, for a cash consideration of USD25,862,508 or approximately RM77 million, realising a gain on investment disposal of approximately RM24 million. The said disposal was only completed on 30 April 2012.

Therefore, the investment in R1 with a carrying amount of RM48,687,000 as at 31 March 2012 was classified as non-current assets held for sale in the condensed consolidated statement of financial position.

10. Significant Events

There was no significant event during the current financial year to date, other than a corporate proposal as disclosed in Note 7(a) of Part B.

11. Changes in the Composition of the Group

There was no change in the composition of the Group during the current financial quarter under review.

12. Capital Commitments

The amount of capital commitments not provided for in the interim financial statements as at 31 March 2012 were as follows:

		RM’000
Property, plant and equipment		
- approved and contracted for	117,186	
- approved but not contracted for	452,858	
		570,044
Biological assets		
- approved and contracted for	50,247	
- approved but not contracted for	187,733	
		237,980
Share of capital commitment of a jointly controlled entity		
- approved and contracted for	2,765	
- approved but not contracted for	12,025	
		14,790
Investment in associated companies		
- approved but not contracted for		50,000
Patent		
- approved and contracted for		300
		873,114

Tradewinds (M) Berhad (19123-K)

13. Contingent Liabilities and Contingent Assets

The Group has no contingent liability or contingent asset as at 31 March 2012, other than the following:

(a) Padiberas Nasional Berhad ("Bernas"), a subsidiary company of the Company, was served with a Writ of Summons and Statement of Claim dated 5 May 2006 initiated by A Halim bin Hamzah and 291 others (“the Plaintiffs”). The civil suit is brought by the Plaintiffs against Bernas and 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;

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 of the Rules of the High Court 1980 ("the 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 course of actions, scandalous, frivolous, vexatious and/or is an abuse of process of the Court;

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

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

The Court has granted Order In Terms for Bernas' Application to strike out the 21st Defendant with cost payable to Bernas but dismissed the Company’s 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. The matter came up for decision on 30 April 2012 and the High Court dismissed the Plaintiffs' claim with no order as to cost. However, the Plaintiffs have thirty (30) days to appeal against the High Court's decision.

Tradewinds
(M) Berhad (19123-K)

13. Contingent Liabilities and Contingent Assets (cont'd.)

(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 binti 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 has been terminated before attaining the age of 55 years 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 payments as ordered by the Court;

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

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

The Court had, on 13 March 2008, allowed 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 then fixed 18 January 2011 as the hearing date for the appeal and that the decision of the same was fixed for 8 February 2011. The matter came up for decision on 7 February 2011 wherein the Court of Appeal allowed the Bernas' appeal and set aside the High Court order with no order as to costs. Plaintiffs had, through their solicitors, filed an application for leave to appeal to the Federal Court on 7 March 2011 against the entire decision of the Court of Appeal given on 7 February 2011. The Plaintiffs' application for leave to appeal at the Federal Court has been allowed for hearing on 13 March 2012. The matter is now fixed for decision on 4 June 2012 at the Federal Court.

13. Contingent Liabilities and Contingent Assets (cont'd.)

(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 the 242 others ("the Plaintiffs") for the following claims:

(i) A declaration that the Plaintiffs as employees of Bernas whose service of employment has been terminated before attaining the age of 55 years, 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 reliefs that the Court deemed fit and appropriate; and

(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 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 and 690 others against Bernas. The case has been fixed for further mention on 6 June 2012.

Tradewinds (M) Berhad (19123-K)

13. Contingent Liabilities and Contingent Assets (cont'd.)

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

	RM'000
Pending litigation	10,869
	10,869

The pending material litigation against the TPB Group is a claim filed against a subsidiary company of MARDEC Berhad ("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 RM10.869 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 further appealed to the Supreme Court on 30 July 2010. Pending the outcome of that appeal which is expected to be delivered by the end of 2013, no provision has been made in the financial statements.

Tradewinds
(M) Berhad (19123-K)

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

1. Review of Performance

Current Quarter vs. Corresponding Quarter Last Year

For the quarter under review, the Group's revenue increased to RM1.9 billion compared to the corresponding quarter last year of RM1.5 billion. The increase in Group's revenue was mainly due to the contribution from Mardec to the Group plus higher revenue generated by Rice and Sugar Divisions. However, the Group recorded a sharp decrease in profit before taxation to RM75 million during the current quarter as compared to RM184 million in the same quarter last year.

	Rice RM'mil	Plantation RM'mil	Rubber RM'mil	Sugar RM'mil	Investment Holding/ Others RM'mil	Elimination RM'mil	Consolidated RM'mil
Revenue							
Q1: 2012	894	224	417	402	2	(4)	1,935
Q1: 2011	824	268	-	371	47	(49)	1,461
Changes	70	(44)	417	31	(45)	45	474
Profit/(loss) before taxation							
Q1: 2012	50	28	(8)	49	(33)	(11)	75
Q1: 2011	77	91	-	49	22	(55)	184
Changes	(27)	(63)	(8)	-	(55)	44	(109)

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 rice sold. Lower profit before taxation recorded was largely due to higher average cost of imported rice, higher operating expenses and lower contributions from associated companies.

(ii) Plantation – Revenue decreased mainly due to the lower production and prices of palm products. Profit before taxation reduced in tandem with the decrease in revenue and was compounded further by higher operating expenses and share of loss of a jointly controlled entity.

1. **Review of Performance (cont'd.)**

<u>Current Quarter vs. Corresponding Quarter Last Year (cont'd.)</u>

(iii) Rubber – There are no comparatives for the corresponding quarter last year as this segment was established upon the acquisition of Mardec on 10 October 2011. This segment recorded a loss before taxation of RM8 million on the back of RM417 million in revenue. The loss before taxation was mainly due to the losses incurred by the overseas operations resulting from higher prices and stiff competition for raw materials.

(iv) Sugar – The higher revenue was mainly due to the increase in sales volume and average selling price of refined sugar. However, the current quarter profit before taxation was similar as per corresponding quarter last year mainly attributable to the offsetting effects of higher price of imported raw sugar and higher operating expenses.

(v) Investment holding/others – Revenue mainly comprised dividend and management income from subsidiary companies and interest income. The increase in loss before taxation incurred in the current quarter was mainly due to no dividend income recorded in the current quarter and the increase in 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	Decrease RM'000
Profit before taxation	74,658	223,788	(149,130)

The current quarter's profit before taxation was lower as compared to the immediate preceding quarter primarily driven by:

(i) higher production cost experienced by Sugar Division;

(ii) lower sales volume of refined sugar compared to the fourth quarter of 2011 whereby the demand for refined sugar was higher because of the year-end festivities;

(iii) lower production of FFB which is a norm in the industry in the early part of the year; and

(iv) pre-tax losses in the Rubber and Investment Holding/Others Divisions.

The above was marginally offset by better profit before taxation from the Rice Division due to 25% lower operating expenses. Higher operating expenses in the last quarter of 2011 was due to assets written off attributable to the closure of Save More retail operations.

3. Prospects

Rice Division

The global rice prices are expected to trend downward in the coming months as global production outpaces consumption. According to the United Nation's Food and Agriculture Organisation, the global paddy production in 2012 is expected to increase by 1.7% to 732 million metric tonne ("MT"), equivalent to 488 million MT of milled rice. This is expected to exceed global consumption and therefore will boost global trading stocks. On top of that, the Thai Government's decision to continue the paddy pledging scheme policy creates high level of stocks in that country. These scenarios coupled with reduced import demand from some key importing countries as well as the re-entrance of India as a major exporter are the key indicators to keep the prices down.

The projected reduction in the global rice price in 2012 is seen as a great opportunity to the Rice Division to import cheaper rice. As such, the Rice Division's performance is expected to be satisfactory this year.

Plantation Division

The profitability of the Plantation business segment for the current financial year is very much determined by the price movements of palm products. Crude palm oil price is expected to trade in a volatile range of RM3,000 to RM3,500 per tonne in view of the uncertain global economic sentiment, unresolved eurozone 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 costs and the expected increase in fertiliser prices will exert downward pressure on profit margins.

To mitigate the negative impact of rising costs, shortage of labour and potential price fluctuation of palm products, the Group will remain committed to consolidate the plantation operations with focus on field mechanisation, operational efficiency, yield enhancement and stringent cost control.

With these measures and based on the prevailing prices of palm products as well as the forecast increase in FFB production, the Plantation Division is expected to register better results for the remaining periods of year 2012.

Rubber Division

The current global economic conditions continue to be challenging for the Rubber Division with the natural rubber prices under pressure in the short term due to subdued demand and decline in production by rubber producing countries. The Group will continue with its cautious approach undertaken to mitigate any negative economic effects through better raw materials purchase control and introducing control mechanism to protect its margins during price volatility. The Group expects the rubber products trading margins to improve and the Rubber Division is expected to contribute favourably to the Group's earnings.

Tradewinds
(M) Berhad (19123-K)

3. Prospects (cont'd.)

Sugar Division

Sugar Division expects 2012 to be a challenging year as higher cost of production is anticipated arising from higher energy costs and lower raw/white premium that result in lower profit margins for its exported refined sugar.

Nevertheless, the Division's performance is expected to be satisfactory for 2012.

Group

Barring unforeseen circumstances, the Group expects better prospects across the Divisions after the current quarter. Stringent cost controls and prudent financial management will enable it to continue to achieve satisfactory performance 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.

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

	Current Quarter RM'000	Current Year To Date RM'000
Interest income	(1,925)	(1,925)
Interest expense	36,855	36,855
Depreciation and amortisation charged	58,323	58,323
Provision for and write off of receivables	433	433
Inventories written down	2,093	2,093
Gains on disposal of property, plant and equipment	*	*
Gains on disposal of quoted or unquoted investments or properties	*	*
Impairment of assets	10	10
Foreign exchange gains - unrealised	(4,227)	(4,227)
Fair value loss on derivative instruments	1,746	1,746
Exceptional items	*	*

* There were no such reportable items as required by Bursa Securities in the current quarter and current year to date.

6. Taxation

Taxation comprises:

	Current Quarter RM'000	Current Year To Date RM'000
Income tax	23,861	23,861
Deferred tax	(429)	(429)
	23,432	23,432

The taxation charge of the Group for the financial year to date reflects an effective tax rate which is higher than the statutory income tax rate mainly due to certain expenses which were not deductible for tax purposes and tax losses of certain subsidiary companies within the Plantation Division which are not available for group relief.

7. (a) Status of Corporate Proposals

On 29 March 2012, the Company entered into a conditional Share Sale Agreement with Amalan Penaga (M) Sdn Bhd ("APSB"), a wholly-owned subsidiary company of TPB, for the disposal of 11,259,523 ordinary shares of RM1.00 each in Retus Plantation Sdn Bhd ("RPSB") ("Disposal of Shares"), representing 60% of its issued and paid-up share capital, for a purchase consideration of an amount equal to 60% of the net tangible asset value ("NTAV") of RPSB Group ("Proposed Disposal of RPSB") as determined and agreed by the parties in accordance with the Share Sale Agreement. Based on the adjusted NTAV of RPSB of RM208,992,316 as at 31 December 2011, the sale consideration for the Disposal of Shares is RM125,395,390.

The Proposed Disposal of RPSB is conditional upon the fulfilment and/or satisfaction of the following conditions precedent:

(i) the Company obtaining the approval of the financiers of RPSB for the Disposal of Shares to APSB;

(ii) the Company obtaining the written confirmation from Assar Plantations Holding Sdn Bhd ("Assar"), the other shareholder of RPSB, waiving any rights of pre-emption that Assar has in respect of the Disposal of Shares to APSB upon terms and conditions acceptable to APSB; and

(iii) the approvals of the shareholders of TPB at a general meeting to be convened.

Other than the above, there was no other corporate proposal announced but not completed as at 17 May 2012, being the latest practicable date.

7. (b) Status of Utilisation of Proceeds Raised from Corporate Proposal

There was no corporate proposal involving fund raising for the current year to date.

8. Group Borrowings and Debt Securities

The Group borrowings (excluding hire purchase and finance lease payables) as at the end of the current year to date were as follows:

	RM'000
Short Term Borrowings	
Secured	347,932
Unsecured	1,608,913
	1,956,845
Long Term Borrowings	
Secured	1,136,038
Unsecured	747,959
	1,883,997
Total	3,840,842

The above include borrowings denominated in foreign currency as follows:

	RM'000
United States Dollar	95,564
Indonesian Rupiah	57,684
Thai Baht	6,259
	159,507

9. Derivative Financial Instruments

Foreign exchange forward contracts are entered into by the Group to hedge the committed sales and purchases denominated in US Dollars and Euros for Rubber 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.

Tradewinds (M) Berhad (19123-K)

9. Derivative Financial Instruments (cont'd.)

The outstanding foreign exchange forward contracts as at 31 March 2012 are as follows:

	RM'000
Derivative assets	
Fair value of foreign exchange forward contracts	422
Derivative liabilities	
Fair value of foreign exchange forward contracts	1,975
Foreign exchange forward contracts	
Nominal value	162,331

All the outstanding foreign exchange forward contracts as at 31 March 2012 have maturity periods of less than one year.

For the current quarter ended 31 March 2012, there was no change to the credit risk, market risk, liquidity risk, cash requirements, risk management policies and accounting policies associated with the derivatives.

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

Loss arising from fair value changes of financial liabilities for the current quarter and current financial year to date are as follows:

	Current Quarter RM'000	Current Year To Date RM'000
Foreign exchange forward contracts	1,746	1,746

The loss arising from fair value changes of foreign exchange forward contracts was due to unfavourable movements of foreign exchange rates during the current quarter under review. 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 17 May 2012, being the latest practicable date.

Tradewinds
(M) Berhad (19123-K)

12. Dividend Payable

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

13. Earnings Per Share

(a) Basic earnings per share

	Current Year To Date	Preceding Year To Date
Profit attributable to equity holders of the Company (RM'000)	31,184	89,918
Weighted average number of ordinary shares in issue ('000)	296,471	296,471
Basic earnings per share (sen)	10.52	30.33

(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 quarter.

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.

Tradewinds (M) Berhad (19123-K)

15. Disclosure on Realised and Unrealised Profit/Loss

The retained profits as at 31 March 2012 and 31 December 2011 are analysed as follows:

	31.03.2012 RM'000	31.12.2011 RM'000
Total retained profits of the Company and its subsidiary companies:		
- realised profit	3,285,427	3,264,259
- unrealised loss	(106,370)	(113,450)
	3,179,057	3,150,809
Total share of accumulated losses from a jointly controlled entity:		
- realised profit	2,551	3,761
- unrealised loss	(237)	(237)
	2,314	3,524
Total share of retained profits from associated companies:		
- realised profit/(loss)	102,682	(5,053)
- unrealised (loss)/profit	(2,795)	6,672
	99,887	1,619
Less: Consolidation adjustments	(1,286,101)	(1,191,979)
Total Group retained profits as per consolidated financial statements	1,995,157	1,963,973

16. Authorisation for Release

This interim financial statements for the financial period ended 31 March 2012 have been reviewed and approved by the Board on 24 May 2012 for public release.

BY ORDER OF THE BOARD

ZAINAL RASHID BIN AB RAHMAN (LS007008)
Company Secretary

Kuala Lumpur
24 May 2012