TRADEWINDS (M) BERHAD (19123-K)
(Incorporated in Malaysia)

Condensed Consolidated Financial Statements
For The Financial Period Ended 30 September 2012

27 November 2012

Tradewinds (M) Berhad (19123-K)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

(The figures have not been audited)

	Unaudited as at 30.09.2012 RM'000	Audited as at 31.12.2011 RM'000
Assets		
Non-current assets		
Property, plant and equipment	2,343,261	2,221,556
Biological assets	1,316,724	1,245,066
Investment properties	3,343	3,334
Land held for property development	87,412	87,412
Investment in associated companies	338,642	378,035
Investment in a jointly controlled entity	25,136	23,525
Other investments	47,291	40,905
Intangible assets	229,735	266,753
Deferred tax assets	57,591	59,581
	4,449,135	4,326,167
Current assets		
Inventories	1,719,402	1,373,061
Trade and other receivables	1,575,030	1,318,219
Amount owing from associated companies	19,925	48,323
Derivatives	2,788	218
Tax recoverable	76,368	62,740
Other investments	50,517	19,827
Cash and bank balances	450,233	812,588
	3,894,263	3,634,976
Total assets	8,343,398	7,961,143
Equity and liabilities		
Equity attributable to equity holders of the Company		
Share capital	296,471	296,471
Reserves	2,146,008	2,064,484
	2,442,479	2,360,955
Non-controlling interests	1,111,820	1,046,710
Total equity	3,554,299	3,407,665
Current liabilities		
Trade and other payables	506,779	554,711
Amount owing to associated companies	321	777
Borrowings	1,742,326	1,720,961
Retirement benefit obligations	6,622	6,190
Derivatives	57	2,964
Tax payable	36,618	39,934
	2,292,723	2,325,537
Non-current liabilities		
Borrowings	2,037,257	1,775,023
Deferred tax liabilities	382,011	377,404
Retirement benefit obligations	77,108	75,514
	2,496,376	2,227,941
Total liabilities	4,789,099	4,553,478
Total equity and liabilities	8,343,398	7,961,143
Net assets per share attributable to equity holders of the Company (RM)	8.24	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 STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012
(The figures have not been audited)

	Individual Quarter Ended		Cumulative Quarter Year To Date	
	30.09.2012 RM'000	30.09.2011 RM'000	30.09.2012 RM'000	30.09.2011 RM'000
Revenue	2,132,198	1,672,947	6,229,444	4,727,436
Other income	15,638	22,802	66,448	44,969
Operating expenses	(1,956,735)	(1,436,917)	(5,818,654)	(4,031,822)
Profit from operations	191,101	258,832	477,238	740,583
Finance costs	(37,171)	(31,451)	(108,743)	(93,010)
Share of results of associated companies	3,732	3,894	14,679	20,992
Share of results of a jointly controlled entity	2,840	3,647	1,611	4,680
Profit before taxation	160,502	234,922	384,785	673,245
Taxation	(44,444)	(35,218)	(125,913)	(164,591)
Profit for the period	116,058	199,704	258,872	508,654
Profit for the period attributable to:				
Equity holders of the Company	68,802	144,387	167,851	358,722
Non-controlling interests	47,256	55,317	91,021	149,932
	116,058	199,704	258,872	508,654
Earnings per share attributable to equity holders of the Company:				
Basic (sen)	23.21	48.70	56.62	121.00

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

Tradewinds (M) Berhad (19123-K)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

(The figures have not been audited)

	Individual Quarter Ended		Cumulative Quarter Year To Date	
	30.09.2012 RM'000	**30.09.2011 RM'000**	**30.09.2012 RM'000**	**30.09.2011 RM'000**
Profit for the period	116,058	199,704	258,872	508,654
Other comprehensive income				
Exchange differences on translation of foreign operations:				
- Exchange differences for the period	1,315	(460)	2,974	(392)
- Transfer to profit or loss upon disposal of an associated company	-	-	2,597	-
- Transfer to profit or loss upon deconsolidation of a subsidiary company	-	-	(6,415)	-
	1,315	(460)	(844)	(392)
(Loss) / Gain on fair value changes of available-for-sale financial assets:				
- (Loss) / Gain on fair value changes	(943)	1,591	107	742
- Transfer to profit or loss upon disposal	-	-	-	(114)
	(943)	1,591	107	628
Other comprehensive income / (loss) for the period, net of tax	372	1,131	(737)	236
Total comprehensive income for the period	116,430	200,835	258,135	508,890
Total comprehensive income for the period attributable to:				
Equity holders of the Company	69,174	145,518	167,114	358,958
Non-controlling interests	47,256	55,317	91,021	149,932
	116,430	200,835	258,135	508,890

(The Consolidated Statements 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 30 SEPTEMBER 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	-	-	-	(844)	107	-	167,851	167,114	91,021	258,135
Dividend	-	-	-	-	-	-	(64,682)	(64,682)	(46,819)	(111,501)
Effect of dilution of interest	-	-	-	-	-	-	(20,908)	(20,908)	20,908	-
At 30 September 2012	296,471	84,171	3,684	9,568	274	2,077	2,046,234	2,442,479	1,111,820	3,554,299
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	-	-	-	(392)	628	-	358,722	358,958	149,932	508,890
Dividend	-	-	-	-	-	-	(133,412)	(133,412)	(49,311)	(182,723)
At 30 September 2011	296,471	84,171	3,684	9,281	1,088	2,077	1,847,779	2,244,551	1,005,756	3,250,307

(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 30 SEPTEMBER 2012
(The figures have not been audited)

	30.09.2012 RM'000	30.09.2011 RM'000
Cash flows from operating activities		
Profit before taxation	384,785	673,245
Adjustments for:		
Depreciation and amortisation charges	175,287	129,258
(Writeback)/Provision for and write off of receivables	(11,406)	1,672
Provision for and write off of inventories	41	72
Dividend income	-	(27)
Gain on deconsolidation of a subsidiary company	(2,427)	-
Gain on disposal of other investments	-	(176)
Gain on disposal of associated company	(24,956)	-
Gain on disposal of property, plant and equipment	(796)	(2,686)
Property, plant and equipment written off	456	205
Distribution of investment management funds	(209)	(296)
Fair value gain on derivative instruments	(3,091)	-
Fair value changes through profit or loss	(671)	-
Inventories written down	2,069	-
Foreign exchange loss - unrealised (net)	3,579	15,178
Provision for retirement benefits	9,878	6,540
Other non-cash items	1,939	(1,180)
Interest income	(9,631)	(5,094)
Interest expense	108,743	93,010
Share of results of associated companies	(14,679)	(20,992)
Share of results of a jointly controlled entity	(1,611)	(4,680)
Operating profit before working capital changes	617,300	884,049
Changes in working capital:		
Net change in current assets	(504,824)	(492,720)
Net change in current liabilities	(4,967)	134,725
	(509,791)	(357,995)
Cash generated from operations	107,509	526,054
Tax (paid)/refund (net)	(137,247)	(163,783)
Retirement benefits paid	(7,798)	(5,086)
	(145,045)	(168,869)
Net (cash used in)/ generated from operating activities	(37,536)	357,185
Cash flows from investing activities		
Additions in property, plant and equipment	(230,419)	(156,427)
Additions in biological assets	(89,369)	(87,776)
Dividends received from associated companies	3,248	14,842
Interest received	8,431	13,161
Distribution of investment management funds received	208	296
Placement in investment management funds	(30,009)	-
Purchase of other investments	(6,289)	-
Subcription of redeemable convertible preference shares in a jointly controlled entity	-	(5,000)
Proceeds from disposal of:		
- property, plant and equipment	1,023	4,147
- other investments	-	416
- associated companies	76,240	-
Net cash used in investing activities	(266,936)	(216,341)

Tradewinds (M) Berhad (19123-K)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012
(The figures have not been audited)

	30.09.2012 RM'000	30.09.2011 RM'000
Cash flows from financing activities		
Net drawdown of borrowings	204,518	467,651
Decrease/(increase) in fixed deposits pledged with licensed banks	5,826	(52)
Increase in sinking fund account	(21,100)	(44,110)
(Advances to)/repayment from a subsidiary of a jointly controlled entity	(3,003)	3,837
Interest paid	(123,258)	(110,396)
Dividends paid to non-controlling interest of subsidiary companies	(46,819)	(49,311)
Dividends paid	(64,682)	(88,942)
Net cash (used in) / generated from financing activities	(48,518)	178,677
Net (decrease)/increase in cash and cash equivalents	(352,990)	319,521
Effect of exchange rate changes	3,236	-
Cash and cash equivalents at beginning of financial period	762,555	395,517
Cash and cash equivalents at end of financial period	412,801	715,038

Cash and cash equivalents at end of financial period comprise:

Fixed deposits, unpledged	125,371	590,436
Cash in hand and at bank	296,083	124,602
	421,454	715,038
Less: Bank overdraft	(8,653)	-
	412,801	715,038

(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
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INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 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 (cont'd.)

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.

On 30 June 2012, MASB has decided to allow agriculture and real estate companies (“Transitioning Entities”) to defer the adoption of the MFRS Framework for another year. MFRS will therefore be mandated for all companies for annual periods beginning on or after 1 January 2014. This decision comes after an extensive deliberation by MASB and taking into account both local and international developments affecting these standards.

The Group falls within the scope definition of Transitioning Entities and has 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 2014. 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 2014.

3. Comments about Seasonal or Cyclical Factors

The operations of the Group are not affected by any seasonal or cyclical factor 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 higher in the second half of the year.

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

There was no unusual item for the current financial year to date other than the gain on disposal of an associated company amounting to RM25 million and the gain on deconsolidation of a subsidiary company amounting to RM2.4 million.

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 or current financial year to date.

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

Dividends paid during the current financial year to date were as follows:

	Current Year To Date RM'000	Preceding Year To Date RM'000
Final dividend of 25 sen per share that is made up of:		
- 12.73 sen gross dividend less 25% income tax; and	28,305	-
- 12.27 sen gross tax exempt dividend under single tier system in respect of the financial year ended 31 December 2011, approved on 28 June 2012, paid on 8 August 2012.	36,377	-
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
	64,682	88,942

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 primarily 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.

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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
30 September 2012							
Revenue							
External revenue	2,718,848	809,300	1,483,737	1,216,936	623	-	6,229,444
Intra-segment revenue	-	14,347	-	-	-	(14,347)	-
Inter-segment revenue	-	-	-	-	189,629	(189,629)	-
Total revenue	2,718,848	823,647	1,483,737	1,216,936	190,252	(203,976)	6,229,444
Results							
Operating results	148,427	220,244	46,673	150,673	406,810	(495,589)	477,238
Share of results of associated companies	13,832	-	847	-	-	-	14,679
Share of results of a jointly controlled entity	-	1,611	-	-	-	-	1,611
Segment results	162,259	221,855	47,520	150,673	406,810	(495,589)	493,528
Finance costs	(43,731)	(18,757)	(17,634)	(684)	(29,039)	1,102	(108,743)
Profit before taxation	118,528	203,098	29,886	149,989	377,771	(494,487)	384,785
Assets							
Operating assets	2,620,343	3,677,598	558,561	1,067,159	147,639	(225,639)	7,845,661
Investment in associated companies	331,344	-	7,298	-	-	-	338,642
Investment in a jointly controlled entity	-	25,136	-	-	-	-	25,136
Segment assets	2,951,687	3,702,734	565,859	1,067,159	147,639	(225,639)	8,209,439
Tax assets							133,959
Total assets							8,343,398

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8. Segmental Reporting (cont'd.)

	Rice RM'000	Plantation RM'000	Rubber RM'000	Sugar RM'000	Investment Holding/ Others RM'000	Elimination RM'000	Consolidated RM'000
30 September 2011							
Revenue							
External revenue	2,550,905	992,519	-	1,182,344	1,668	-	4,727,436
Intra-segment revenue	-	11,821	-	-	-	(11,821)	-
Inter-segment revenue	-	-	-	-	169,625	(169,625)	-
Total revenue	2,550,905	1,004,340	-	1,182,344	171,293	(181,446)	4,727,436
Results							
Operating results	227,889	418,105	-	164,190	141,219	(210,820)	740,583
Share of results of associated companies	20,992	-	-	-	-	-	20,992
Share of results of a jointly controlled entity	-	4,680	-	-	-	-	4,680
Segment results	248,881	422,785	-	164,190	141,219	(210,820)	766,255
Finance costs	(41,536)	(20,237)	-	(701)	(32,957)	2,421	(93,010)
Profit before taxation	207,345	402,548	-	163,489	108,262	(208,399)	673,245
Assets							
Operating assets	2,809,885	3,445,991	-	1,062,252	248,089	(264,626)	7,301,591
Investment in associated companies	249,148	-	-	-	-	-	249,148
Investment in a jointly controlled entity	-	23,169	-	-	-	-	23,169
Segment assets	3,059,033	3,469,160	-	1,062,252	248,089	(264,626)	7,573,908
Tax assets							137,376
Total assets							7,711,284

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9. Material Subsequent Events

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

10. Significant Events

(a) 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”).

At the Company's Extraordinary General Meeting ("EGM") held on 28 June 2012, the Proposed Acquisition was approved by the shareholders.

The SPA had become unconditional on 29 June 2012 when all the conditions precedent of the SPA had been fulfilled on that date.

The Proposed Acquisition will be completed upon the full settlement of the purchase consideration for the Proposed Acquisition of RM510,000,000 in accordance with the terms of the SPA.

(b) Extension of the Bernas Agreement

On 18 September 2012, Bernas has entered into an agreement with the Government of Malaysia ("Bernas Agreement") for the extension of the Bernas Agreement dated 12 January 1996 for a further period of 10 years commencing from 11 January 2011 to 10 January 2021 subject to the terms and conditions contained therein.

11. Changes in the Composition of the Group

(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.

11. Changes in the Composition of the Group (cont'd.)

(a) Deregistration of a subsidiary company, Croesus Limited ("Croesus") (cont'd.)

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. The gain on the deconsolidation of Croesus amounted to RM2.4 million was recorded in the current financial year to date.

(b) Disposal of an 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 International Pte Ltd, for a cash consideration of USD25,862,508 or approximately RM76 million. The disposal was completed on 30 April 2012 realising a gain of RM25 million.

(c) Group restructuring of Plantation Division.

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 sale 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 Company and APSB, in accordance with the Share Sale Agreement.

The transaction was completed on 28 September 2012 and the cash consideration for the Disposal of Shares is RM134,964,467 based on the NTAV of RPSB of RM224,940,778 as at 31 August 2012, being the agreed NTAV determination date.

The effect of the restructuring is a dilution of the Group's effective interest in RPSB from 60% to 41.86%. There is no gain or loss recognised in the Group's income statement.

(d) Formation of LPT Biomass Sdn Bhd

On 17 July 2012, Johore Tenggara Oil Palm Berhad (“JTOP”), a wholly-owned subsidiary company of TPB, entered into a Shareholders Agreement with Future NRG Sdn Bhd (“FNRG”) to collaborate with each other and invest in LPT Biomass Sdn Bhd (“LPT Biomass”) as the joint venture company between JTOP and FNRG to undertake and carry out the construction and operation of a dry long fibre plant at Sungai Kachur Oil Palm Estate, an estate owned by a wholly-owned subsidiary company of TPB, with an estimated construction cost of RM6.67 million. The issued and paid-up capital of LPT Biomass is RM100,000 comprising 100,000 ordinary shares of RM1.00 each and the agreed shareholding ratio of JTOP and FNRG in LPT Biomass is 70% and 30%, respectively.

11. Changes in the Composition of the Group (cont'd.)

(d) Formation of LPT Biomass Sdn Bhd (cont'd.)

The formation of LPT Biomass did not have any material effect on the earnings and net assets of the Group for the current financial year to date.

Other than the above, there was no change in the composition of the Group during the current financial year to date.

12. Capital Commitments

The amount of capital commitments not provided for in the interim financial statements as at 30 September 2012 were as follows:

	RM'000
Property, plant and equipment	
- approved and contracted for	629,092
- approved but not contracted for	290,738
	919,830
Biological assets	
- approved and contracted for	51,901
- approved but not contracted for	112,061
	163,962
Investment in associated companies	
- approved but not contracted for	50,000
Patent	
- approved and contracted for	300
Share of capital commitment of a jointly controlled entity	
- approved and contracted for	1,379
- approved but not contracted for	4,234
	5,613
Share of capital commitment of associated companies	
- approved and contracted for	5,715
- approved but not contracted for	2,109
	7,824
	1,147,529

Tradewinds (M) Berhad (19123-K)

13. Contingent Liabilities and Contingent Assets

The Group has no contingent liability or contingent asset as at 30 September 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 the Bernas' Application to strike out the 21st Defendant with cost payable to Bernas but dismissed the Bernas' Application to strike out the 2nd to 12th Defendants on 3 September 2007. On 3 March 2008, the Court dismissed the 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. The Plaintiffs had on 29 May 2012 filed Notice of Appeal to the Court of Appeal against the High Court's decision in dismissing their claims against Bernas. No hearing date has been fixed by the Court of Appeal.

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

(b) 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. The case has now been fixed for hearing on 6 December 2012.

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

(c) At TPB Group level, the contingent liability as at 30 September 2012 is as follows:

	RM'000
Pending litigation	10,921

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 million (approximately RM10.9 million). On 3 December 2007, the Court dismissed the claim and issued a written judgment. However, the claimant 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.

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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 current quarter under review, the Group's revenue increased to RM2.1 billion compared to RM1.7 billion of the corresponding quarter last year. The increase in the Group's revenue was mainly due to the contribution from Mardec which became an indirect subsidiary Company on 10 October 2011. However, the Group recorded a drop in profit before taxation to RM161 million during the current quarter as compared to RM235 million in the same quarter last year attributable to the adverse operating and trading conditions mainly at the Plantation and Rice divisions.

	Rice RM'mil	Plantation RM'mil	Rubber RM'mil	Sugar RM'mil	Investment Holding/ Others RM'mil	Elimination RM'mil	Consolidated RM'mil
Revenue							
Q3: 2012	888	314	543	396	7	(16)	2,132
Q3: 2011	895	370	-	413	86	(91)	1,673
Changes	(7)	(56)	543	(17)	(79)	75	459
Profit before taxation							
Q3: 2012	26	120	5	52	255	(297)	161
Q3: 2011	42	157	-	65	56	(85)	235
Changes	(16)	(37)	5	(13)	199	(212)	(74)

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 – Revenue fell 1% mainly due to lower sales of paddy. Lower profit before taxation recorded was largely due to higher operating expenses despite registering higher gross profit.

(ii) Plantation – Revenue decreased mainly due to the lower sales volume and selling prices of palm products. Profit before taxation dropped in tandem with the decrease in revenue and was compounded further by higher operating expenses.

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

(a) **Current Quarter vs. Corresponding Quarter Last Year (cont'd.)**

(iii) Rubber – There is no comparative for the corresponding quarter last year as this segment was established upon the acquisition of Mardec on 10 October 2011. This segment recorded a profit before taxation of RM5 million on the back of RM543 million in revenue.

(iv) Sugar – Lower revenue was mainly due to lower export sales volume. Lower profit before taxation registered in the current quarter compared to the corresponding quarter last year was mainly attributable to higher cost of production.

(v) Investment Holding/Others – Revenue mainly comprised dividend and management income from subsidiary companies and interest income. The increase in profit before taxation in the current quarter was mainly due to the RM162 million gain on fair value changes of other investment and gain on disposal of investment in a subsidiary company amounting to RM119 million.

(b) **Current Year To Date vs. Preceding Year To Date**

For the current year to date ended 30 September 2012, the Group recorded higher revenue of RM6.2 billion as compared to RM4.7 billion in the preceding year to date. However, profit before taxation of RM385 million was lower than last year's RM673 million mainly due to the drop in performance of the Plantation and Rice divisions.

	Rice RM'mil	Plantation RM'mil	Rubber RM'mil	Sugar RM'mil	Investment Holding/ Others RM'mil	Elimination RM'mil	Consolidated RM'mil
Revenue							
2012	2,719	824	1,484	1,217	190	(205)	6,229
2011	2,551	1,004	-	1,182	171	(181)	4,727
Changes	168	(180)	1,484	35	19	(24)	1,502
Profit before taxation							
2012	119	200	33	150	378	(495)	385
2011	207	395	-	163	96	(188)	673
Changes	(88)	(195)	33	(13)	282	(307)	(288)

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

(i) Rice – The higher revenue was contributed by higher volume of rice sold. However, lower profit before taxation was recorded largely due to higher cost of imported rice.

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

   (b) <u>Current Year To Date vs. Preceding Year To Date (cont'd.)</u>

   (ii) Plantation – Revenue decreased mainly due to lower production and prices of palm products. Profit before taxation dropped in line with the reduction in revenue coupled with higher operating expenses and lower share of results of a jointly controlled entity.

   (iii) Rubber – There is no comparative for the corresponding period last year as this segment was established upon the acquisition of Mardec on 10 October 2011. This segment recorded a profit before taxation of RM33 million, that includes the gain on disposal of an associated company approximately RM25 million, on the back of RM1.5 billion in revenue.

   (iv) Sugar – The higher revenue was mainly due to the increase in sales volume and average selling price of refined sugar. However, the current year to date profit before taxation was lower than the corresponding period last year mainly attributable to the higher cost of production and operating expenses.

   (v) Investment Holding/Others – The increase in profit before taxation in the current year to date was mainly due to the gain on fair value changes of other investment, gain on disposal of an investment in subsidiary company and higher dividend income from subsidiary companies.

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	160,502	149,625	10,877

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

(i) higher production of fresh fruit bunches ("FFB"); and

(ii) lower cost of sales of refined sugar.

The above was offset by lower profit before taxation from Rice Division due to higher operating expenses.

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3. Prospects

Rice Division

In the third quarter of 2012, global rice fundamentals remained weak as global supplies continue to exceed demand as rice supplies in India, Thailand and Vietnam were in abundance. According to U.S. Department of Agriculture, global rice production in 2011/12 (September 2012) was 465 million MT and global consumption was 458 million metric tonne (MT) resulting in the global ending stocks rising by 7 million MT to 106 million MT.

On the weather front, despite still being a pertinent risk factor, a milder El-Nino has been forecasted and thus will be of a lesser influence to the market towards the end of 2012. This scenario has contributed to rice prices being weaker until the end of the year.

Notwithstanding the above, the Rice Division's performance is expected to be satisfactory this year.

Plantation Division

The profitability of the Plantation business segment is very much determined by the price movements of oil palm products. Crude palm oil prices had experienced a decline since August 2012 and plunged to a three-year low at below RM2,200 per MT in early October 2012. The sharp decline in prices was mainly due to weaker demand as a result of slower global economic growth and concerns over Malaysia's rising palm oil stock which rose to a record high of 2.48 million MT in September 2012. The Malaysian Government has proposed several measures and efforts to be implemented to stabilise the downward trend in crude palm oil prices and ease the high national palm oil stock, which include amongst others:

(i) Reduction of export duty for crude palm oil effective January 2013;
(ii) Abolishment of crude palm oil duty-free export quota effective January 2013;
(iii) Implementation of B10 biodiesel programme to increase crude palm oil consumption;
(iv) Accelerate replanting programme for old and unproductive palm trees; and
(v) Potential collaboration between Malaysia and Indonesia, being the two major producing nations, to jointly set up a supply mechanism.

The labour shortage experienced by the industry will continue to affect plantation operations whilst rising labour cost will exert downward pressure on profit margin.

To mitigate the negative impact of rising cost and shortage of labour, the Plantation Division will remain committed to consolidate its operations with focus on field mechanisation, operational efficiency, yield enhancement and stringent cost control.

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3. Prospects (cont'd.)

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 Division 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.

Sugar Division

The Sugar Division expects lower profit before taxation for the full year due to higher cost of production as well as lower profit margins from its export sales. Nevertheless, the Sugar Division will continue with its efforts to improve productivity and sales to maintain a commendable performance for 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	(174)	(9,631)
Interest expense	37,171	108,743
Depreciation and amortisation charges	60,289	175,287
Reversal of impairment loss on receivables	(2,737)	(11,406)
(Reversal of) / Inventories written down	(24)	2,069
Gain on disposal of property, plant and equipment	(796)	(796)
Property, plant and equipment written off	456	456
Gain on deconsolidation of a subsidiary company	-	(2,427)
Gain on disposal of an associated company	-	(24,956)
Foreign exchange (gain) / loss - unrealised	(4,002)	3,579
Fair value gain on derivative instruments	(6,165)	(3,091)
Exceptional items	*	*

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

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6. Taxation

Taxation comprises:

	Current Quarter RM'000	Current Year To Date RM'000
Income tax	47,741	126,554
Deferred tax	(3,297)	(641)
	44,444	125,913

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 Group which are not available for group relief.

7. (a) Status of Corporate Proposals

There was no corporate proposal announced but not completed as at 23 November 2012, being the latest practicable date.

(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 as at the end of the current year to date are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings	337,399	1,404,927	1,742,326
Long term borrowings	1,288,881	748,376	2,037,257
Total	1,626,280	2,153,303	3,779,583

The above include borrowings denominated in foreign currency as follows:

	RM'000
United States Dollar	86,797
Indonesian Rupiah	24,346
Thai Baht	5,233
	116,376

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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 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.

The outstanding foreign exchange forward contracts as at 30 September 2012 are as follows:

	RM'000
Derivative assets	
Fair value of foreign exchange forward contracts	2,788
Derivative liabilities	
Fair value of foreign exchange forward contracts	57
Foreign exchange forward contracts	
Nominal value	165,492

All the outstanding foreign exchange forward contracts as at 30 September 2012 have maturity periods of less than one year.

For the current quarter ended 30 September 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

Gain 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	(6,165)	(3,091)

The gain arising from fair value changes of foreign exchange forward contracts was due to favourable 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 23 November 2012, being the latest practicable date.

12. Dividend Payable

There is no dividend payable during the current financial year to date.

In the corresponding preceding financial year to date, an interim dividend of 20 sen per share less 25% income tax in respect of the financial year ended 31 December 2011 had become payable following an approval of the Board on 25 August 2011. Amounting to a net payment of approximately RM44.5 million, such interim dividend was subsequently paid on 3 November 2011.

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)	167,851	358,722
Weighted average number of ordinary shares in issue ('000)	296,471	296,471
Basic earnings per share (sen)	56.62	121.00

(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.

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15. Disclosure on Realised and Unrealised Profit/Loss

The retained profits as at 30 September 2012 and 31 December 2011 are analysed as follows:

	30.09.2012 RM'000	31.12.2011 RM'000
Total retained profits of the Company and its subsidiary companies:		
- realised profits	3,560,736	3,264,259
- unrealised losses	(105,545)	(113,450)
	3,455,191	3,150,809
Total share of accumulated profits from a jointly controlled entity:		
- realised profits	5,373	3,761
- unrealised losses	(237)	(237)
	5,136	3,524
Total share of retained profits from associated companies:		
- realised profits/(losses)	112,658	(5,053)
- unrealised (losses)/profits	(9,944)	6,672
	102,714	1,619
Less: Consolidation adjustments	(1,516,807)	(1,191,979)
Total Group retained profits as per consolidated financial statements	2,046,234	1,963,973

16. Authorisation for Release

This interim financial statements for the financial period ended 30 September 2012 have been reviewed and approved by the Board on 27 November 2012 for public release.

BY ORDER OF THE BOARD

ZAINAL RASHID BIN AB RAHMAN (LS007008)
Company Secretary

Kuala Lumpur
27 November 2012