A. NOTES TO THE INTERIM FINANCIAL REPORT

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 Chapter 9, Part K of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial report should be read in conjunction with the audited financial statements of the Group for the 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.

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.

Tradewinds
Plantation Berhad
650234-A

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 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.

3. Seasonal or Cyclical Factors

The Group's plantation operations are affected by seasonal production of fresh fruit bunches and weather conditions. Generally, the production of fresh fruit bunches is relatively higher in the second half of the year.

4. Unusual Items

There was no unusual item for the current financial year to date other than the following:-

	Current Year Quarter RM'000	**Current Year To Date RM'000**
Bargain purchase gain arising from the acquisition of Retus Plantation Sdn Bhd	4,854	4,854
Gain on disposal of associate	-	24,956

Tradewinds
Plantation Berhad
650234-A

5. Change in Estimates

There was no change in estimates of amounts reported in the prior quarter of the current financial year or prior financial year that has a material effect in the current quarter.

6. Changes in Debt and Equity Securities

There has been no issue, repurchase and repayment of debt and equity securities during the current financial year to date other than the redemption of RM100 million of Murabahah Medium Term Notes.

7. Dividends Paid

Dividends paid during the current financial year to date are as follows:-.

	Current Year To Date RM'000	**Preceding Year To Date RM'000**
Final dividend of 5.0 sen per share less 25% income tax (in respect of financial year 2011 and paid in financial year 2012)	19,843	-
Special dividend of 5.0 sen per share less 25% income tax (in respect of financial year 2011 and paid in financial year 2012)	19,844	-
Final dividend of 5.0 sen per share less 25% income tax (in respect of financial year 2010 and paid in financial year 2011)	-	19,843
	39,687	19,843

Tradewinds
Plantation Berhad
650234-A

8. Segmental Reporting

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

	Plantation RM'000	Property Development RM'000	Investment Holding/ Others RM'000	Manufacturing and Trading RM'000	Elimination RM'000	Consolidated RM'000
30 September 2012						
Revenue						
External revenue	718,436	-	-	1,483,737	-	2,202,173
Inter-segment revenue	6,027	-	31,446	-	(37,473)	-
Total revenue	724,463	-	31,446	1,483,737	(37,473)	2,202,173
Results						
Segment results	179,246	(1,137)	7,533	32,319	-	217,961
Share of result of a jointly controlled entity	1,611	-	-	-	-	1,611
Share of results of associates	-	-	-	847	-	847
	180,857	(1,137)	7,533	33,166	-	220,419
Add: Bargain purchase gain						4,854
Less: Inter-segment dividend income						(24,075)
Profit before tax						201,198
Assets						
Segment assets	3,494,244	87,412	45,279	609,223	-	4,236,158
Investment in a jointly controlled entity	25,136	-	-	-	-	25,136
Investments in associates	-	-	-	7,298	-	7,298
	3,519,380	87,412	45,279	616,521	-	4,268,592
Tax assets						34,920
Total assets						4,303,512

Tradewinds
Plantation Berhad
650234-A

	Plantation RM'000	Property Development RM'000	Investment Holding/ Others RM'000	Manufacturing and Trading RM'000	Elimination RM'000	Consolidated RM'000
30 September 2011						
Revenue						
External revenue	899,239	-	27	-	-	899,266
Inter-segment revenue	-	-	31,272	-	(31,272)	-
Total revenue	899,239	-	31,299	-	(31,272)	899,266
Results						
Segment results	366,418	(106)	11,443	-	-	377,755
Share of result of a jointly controlled entity	4,680	-	-	-	-	4,680
	371,098	(106)	11,443	-	-	382,435
Less: Inter-segment dividend income						(24,404)
Profit before tax						358,031
Assets						
Segment assets	2,895,537	87,412	64,881	-	-	3,047,830
Investment in a jointly controlled entity	23,169	-	-	-	-	23,169
	2,918,706	87,412	64,881	-	-	3,070,999
Tax assets						15,199
Total assets						3,086,198

9. Material Subsequent Event

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

10. Changes in the Composition of the Group

There was no change in the composition of the Group during the current financial year to date other than the following:-

(a) On 8 February 2012, Mardec International Sdn Bhd ("MISB"), an indirect wholly-owned subsidiary of the Company, 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 on the disposal of RM24.956 million.

(b) On 17 July 2012, Johore Tenggara Oil Palm Berhad ("JTOP"), a wholly-owned subsidiary of the Company, 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 with an estimated construction cost of RM6.67 million. The plant will be located at Sungai Kachur Oil Palm Estate, an estate owned by a wholly-owned subsidiary of the Company. 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.

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.

(c) On 29 March 2012, Amalan Penaga (M) Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a conditional Share Sale Agreement with Tradewinds (M) Berhad, the holding company of the Company, for the acquisition of 11,259,523 ordinary shares of RM1.00 each in Retus Plantation Sdn Bhd ("RPSB") ("Acquisition Shares"), representing 60% of its issued and paid-up share capital, for a purchase consideration equal to 60% of the Net Tangible Asset Value ("NTAV") of RPSB as at the NTAV determination date as determined and agreed by the parties in accordance with the Share Sale Agreement.

The acquisition of RPSB was completed on 28 September 2012 and the purchase consideration for the Acquisition 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.

Tradewinds
Plantation Berhad
650234-A

Fair value of assets acquired and liabilities assumed at the date of acquisition

	RM'000
Current Assets	
Inventories	15,723
Trade and other receivables	25,497
Cash and cash equivalents	20,089
	61,309
Non-current assets	
Property, plant and equipment	178,998
Biological assets	189,495
	368,493
Current liabilities	
Trade and other payables	(16,634)
Current tax liabilities	(47)
Short term borrowings	(19,811)
	(36,492)
Non-current liabilities	
Long term borrowings	(82,166)
Deferred tax liabilities	(78,113)
	(160,279)
Total net assets	233,031
Less: Non-controlling interests	(93,213)
Group's share of net assets	139,818
Bargain purchase gain	(4,854)
Total cost of acquisition	134,964

Net cash outflow on acquisition of subsidiary

	RM'000
Consideration paid in cash	134,964
Less: Cash and cash equivalents acquired	(20,089)
	114,875

The acquired subsidiary has not contributed any significant results to the Group for the period ended 30 September 2012 as the acquisition was completed on 28 September 2012.

If the acquisition had occurred on 1 January 2012, the Group's results for the current financial year to date would have been as follows:-

	RM'000
Revenue	2,293,038
Profit for the period	163,071

Tradewinds Plantation Berhad
650234-A

11. Capital Commitments

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

	RM'000
Property, plant and equipment	
- Approved and contracted for	42,101
- Approved but not contracted for	193,558
	235,659
Biological assets	
- Approved and contracted for	51,901
- Approved but not contracted for	112,061
	163,962
Intangible assets - 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
	405,534

12. Contingent Liabilities and Contingent Assets

The contingent liabilities as at 30 September 2012 were as follows:-

	RM'000
Pending litigation (Note B11)	10,921

There was no contingent asset as at 30 September 2012.

Tradewinds
Plantation Berhad
650234-A

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

1. Review of Performance

Current Quarter vs. Corresponding Quarter Last Year

For the quarter under review, the Group's revenue increased to RM812.8 million from RM333.5 million achieved for the corresponding quarter last year. The increase in revenue was mainly due to the contribution from Mardec Berhad which was acquired on 10 October 2011.

The Group's profit before tax decreased to RM108.0 million for the current quarter under review from RM144.1 million for the same quarter last year. The decrease in profit before tax was mainly due to the lower prices of palm products and higher operating expenses of the Plantation business segment.

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. Plantation - Revenue decreased by RM61.5 million mainly due to the lower prices of palm products. In line with the decrease in revenue coupled with higher operating expenses, pre-tax profit decreased to RM105.9 million for the current quarter under review from RM148.7 million for the same quarter last year.

ii. Property Development - No revenue was recognised for the current quarter under review as the Customs Immigration and Quarantine Complex ("CIQ") project at Kota Putra was completed in prior years. The pre-tax loss of RM1.1 million for the current quarter was mainly due to payment of land premium for the transfer of land titles in relation to the CIQ Project.

iii. Investment Holding - Revenue decreased by RM9.2 million as no dividend income was received from subsidiaries for the current quarter under review. In line with the decrease in revenue coupled with higher finance cost, this business segment recorded a pre-tax loss of RM6.2 million for the current quarter under review as compared to pre-tax profit of RM4.8 million for the same quarter last year.

iv. Manufacturing and Trading - There are no comparatives for the corresponding quarter last year as this segment was established upon the acquisition of Mardec Berhad on 10 October 2011. This segment recorded a pre-tax profit of RM4.6 million on the back of RM542.7 million in revenue for the current quarter under review.

Tradewinds
Plantation Berhad
650234-A

Current Year To Date vs. Preceding Year To Date

For the period ended 30 September 2012, the Group's revenue increased to RM2,202.2 million from RM899.3 million achieved for the corresponding period last year. The increase in revenue was mainly due to the contribution from Mardec Berhad which was acquired on 10 October 2011.

The Group's profit before tax decreased to RM201.2 million for the current financial year to date from RM358.0 million for the same period last year. The decrease in profit before tax was mainly due to the lower production and prices of palm products and higher operating expenses of the Plantation business segment.

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

i. Plantation - Revenue decreased by RM174.8 million mainly due to the lower production and prices of palm products. In line with the decrease in revenue coupled with higher operating expenses, pre-tax profit reduced by RM190.2 million to RM180.9 million.

ii. Property Development - No revenue was recognised for the current financial year to date as the CIQ project at Kota Putra was completed in prior years. The pre-tax loss of RM1.1 million for the current financial year to date was mainly due to payment of land premium as explained above.

iii. Investment Holding – Revenue and pre-tax profit were recorded at RM31.4 million and RM7.5 million respectively for the current financial year to date as compared to RM31.3 milllion and RM11.4 million respectively for the same period last year. The lower pre-tax profit was mainly due to higher finance cost and expenses incurred in relation to new financing facilities.

iv. Manufacturing and Trading - As explained above, there are no comparatives for the corresponding period last year. Revenue and pre-tax profit was recorded at RM1,483.7 million and RM33.2 million respectively. The pre-tax profit includes a gain on disposal of an associate of approximately RM25.0 million.

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	107,991	82,698	25,293

Despite the lower prices of palm products for the current quarter under review as compared to the immediate preceding quarter, the Group's profit before taxation increased by RM25.3 million to RM108.0 million from RM82.7 million recorded for the immediate preceding quarter, mainly due to the seasonally higher production of palm products during the quarter under review.

3. Prospects

Plantation

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 tonne 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 rising palm oil stock which rose to a record high of 2.48 million tonnes in September 2012 in Malaysia. 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:-

- Reduction of export duty for crude palm oil effective January 2013;
- Abolishment of crude palm oil duty-free export quota effective January 2013;
- Implementation of B10 biodiesel programme to increase crude palm oil consumption;
- Accelerate replanting programme for old and unproductive palm trees; and
- 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 Group will remain committed to consolidate the plantation operations with focus on field mechanisation, operational efficiency, yield enhancement and stringent cost control.

Property Development

No development is expected for the current financial year.

Manufacturing and Trading

The current global economic conditions continue to be challenging for the Manufacturing and Trading segment 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.

Given the above scenario and based on the prevailing prices of palm products, the Board of Directors expects the results for the final quarter of the current financial year to be lower than the results for the current quarter under review.

Tradewinds Plantation Berhad 650234-A

4. Variance of Actual Profit from Forecast Profit

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

5. Profit before tax

Profit before tax is arrived at after charging/(crediting):-

	Current Year Quarter RM'000	Current Year To Date RM'000
Depreciation and amortisation	30,631	91,300
Finance costs	11,982	31,484
Finance income	(515)	(1,492)
Foreign exchange loss - net	6,173	5,242
Fair value gain on derivative instruments	(6,178)	(3,104)
Inventories written down	(24)	2,069
Bargain purchase gain	(4,854)	(4,854)
Gain on disposal of associate	-	(24,956)

Other than the above, there was no provision for and write off of receivables, impairment of assets and gain or loss on disposal of quoted or unquoted investments or properties for the current financial year to date.

6. Taxation

	Current Year Quarter RM'000	Current Year To Date RM'000
Income tax expense	19,176	49,630
Deferred tax	4,925	3,959
	24,101	53,589

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 tax losses of certain subsidiaries which are not available for group relief.

Tradewinds
Plantation Berhad
650234-A

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

There was no corporate proposal announced but not completed as at 15 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.

8. **Group Borrowings and Debt Securities**

Group borrowings and debt securities as at the end of the reporting period were as follows:-

	RM'000
Short term	
Secured	250,737
Unsecured	432,562
	683,299
Long term	
Secured	815,831
Unsecured	10,470
	826,301
Total borrowings	1,509,600

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

9. **Derivative Financial Instruments**

Foreign exchange forward contracts are entered into by the Group to hedge the committed sales and purchases denominated in US Dollar and Euro for the Manufacturing and Trading segment 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 Plantation Berhad 650234-A

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	44
Foreign exchange forward contracts	
Nominal value	137,769

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

For the period 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 Year Quarter RM'000	Current Year To Date RM'000
Foreign exchange forward contracts	(6,178)	(3,104)

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.

Tradewinds
Plantation Berhad
650234-A

11. Material Litigation

The pending material litigation against the Group is a claim filed against a subsidiary, Mardec Yala Co Ltd, for the alleged wrongful transfer of shares and the claim for compensation of Thai Baht 110.0 million (approximately RM10.921 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.

Other than the above, there was no material litigation as at 15 November 2012, being the latest practicable date.

12. Dividend

The Board of Directors is pleased to declare a first interim dividend of 5 sen per ordinary share less income tax of 25% (2011: 5 sen per ordinary share less income tax of 25%) amounting to RM19,843,254 (2011: RM19,843,254) for the financial year ending 31 December 2012 to be payable to the shareholders on a date to be determined later.

13. Earnings Per Share

(a) Basic earnings per share

The basic earnings per share for the current year to date is calculated by dividing the profit for the period attributable to owners of the parent of RM132,654,000 by the weighted average number of ordinary shares (after assuming conversion of ICULS into ordinary shares) outstanding during the current year to date of 629,153,415.

(b) Diluted earnings per share

Diluted earnings per share is not applicable and not presented because there are no dilutive potential ordinary shares to be issued as the ICULS have been included in the basic earnings per share calculation.

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

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

Tradewinds
Plantation Berhad
650234-A

15. Disclosure on realised and unrealised profit/loss

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

	30.9.2012 RM'000	31.12.2011 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- Realised	1,258,132	980,653
- Unrealised	(141,757)	(100,067)
	1,116,375	880,586
Total share of retained earnings from a jointly controlled entity:-		
- Realised	5,373	3,762
- Unrealised	(237)	(237)
	5,136	3,525
Total share of retained earnings from associates:-		
- Realised	(988)	(5,053)
- Unrealised	-	6,672
	(988)	1,619
	1,120,523	885,730
Less: Consolidation adjustments	(192,511)	(50,685)
Total Group's retained earnings as per consolidated financial statements	928,012	835,045

By Order of the Board
ZAINAL RASHID BIN AB RAHMAN (LS007008)
Company Secretary

Kuala Lumpur
22 November 2012