



TRADEWINDS CORPORATION BERHAD (Company No. 6393-A)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2008

	Note	Current Year Quarter 30.09.2008 RM'000	Preceding Year Quarter 30.09.2007 RM'000 (Restated)	Current Year To Date 30.09.2008 RM'000	Preceding Year To Date 30.09.2007 RM'000 (Restated)
Continuing operations					
Revenue		124,507	106,568	351,999	294,742
Other operating income		36,600	6,826	54,403	34,962
Other operating expenses		(106,416)	(85,392)	(313,093)	(243,694)
Profit from operations		54,691	28,002	93,309	86,010
Finance costs		(10,878)	(14,544)	(32,277)	(43,243)
Share of results of associates		5,385	4,643	16,528	11,551
Profit before taxation		49,198	18,101	77,560	54,318
Taxation	B(5)	(3,585)	(1,611)	(11,569)	(4,683)
Profit for the financial period from continuing operations		45,613	16,490	65,991	49,635
Discontinued operations					
Profit for the financial period from discontinued operations	A(12)	-	77,651	34,366	97,223
Gain on disposal of discontinued operation		4,467	-	143,605	-
Profit for the financial period		50,080	94,141	243,962	146,858
Attributable to:					
Shareholders of the Company					
- from continuing operations		31,518	10,917	45,576	41,766
- from discontinued operations		4,467	32,087	152,523	31,423
Minority interests		35,985	43,004	198,099	73,189
		14,095	51,137	45,863	73,669
		50,080	94,141	243,962	146,858
Basic earnings per share (sen)					
- from continuing operations		2.85	1.75	4.12	6.70
- from discontinued operations		0.40	5.15	13.79	5.04
		3.25	6.90	17.91	11.74
Fully diluted earnings per share (sen)*					
- from continuing operations		2.16	0.89	3.21	3.79
- from discontinued operations		0.40	2.90	13.79	2.84
		2.56	3.79	17.00	6.63

* The comparatives have been restated to conform with current quarter's presentation

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2007)



UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 SEPTEMBER 2008

	(Unaudited) As at end of current quarter 30.09.2008 RM'000	(Audited) As at preceding financial year end 31.12.2007 RM'000 (Restated)
NON-CURRENT ASSETS		
Property, Plant and Equipment		
- Hotel Properties	1,228,439	1,239,140
- Others	193,523	99,640
Development Properties	572,497	108,747
Investment Properties	310,619	299,507
Prepaid Lease Payments For Land	118,357	113,722
Investment in Associates	71,633	74,680
Other Investments	18,124	43,696
Deferred Tax Assets	13,029	6,680
Goodwill on Consolidation	18,460	5,470
	<u>2,544,681</u>	<u>1,991,282</u>
CURRENT ASSETS		
Inventories	25,553	4,290
Land Held for Sale	206,161	206,161
Trade Receivables	68,665	73,755
Other Receivables	132,986	65,012
Tax Recoverable	16,073	21,610
Due from Associates	-	19,367
Cash and Bank Balances	250,138	196,585
	<u>699,576</u>	<u>586,780</u>
Assets of disposal group classified as held for sale	-	2,954,019
	<u>699,576</u>	<u>3,540,799</u>
TOTAL ASSETS	<u>3,244,257</u>	<u>5,532,081</u>
EQUITY		
Share Capital	1,106,032	1,106,022
Reserves	<u>528,634</u>	<u>172,164</u>
	1,634,666	1,278,186
Reserves in relation to the disposal Group	-	164,313
Equity Attributable to the Shareholders of the Company	1,634,666	1,442,499
Minority Interests	<u>488,867</u>	<u>1,252,607</u>
Total Equity	<u>2,123,533</u>	<u>2,695,106</u>
NON-CURRENT LIABILITIES		
Due to Associates	4,005	4,006
Deferred Tax Liabilities	137,109	88,580
Long Term Payables	42,892	-
Bonds and Long Term Borrowings	<u>539,007</u>	<u>577,246</u>
	<u>723,013</u>	<u>669,832</u>
CURRENT LIABILITIES		
Trade Payables	51,702	64,470
Other Payables	132,598	120,669
Short Term Borrowings	192,962	523,759
Current Tax Liabilities	<u>20,449</u>	<u>19,117</u>
	397,711	728,015
Liabilities of disposal group classified as held for sale	-	1,439,128
	<u>397,711</u>	<u>2,167,143</u>
TOTAL LIABILITIES	<u>1,120,724</u>	<u>2,836,975</u>
TOTAL EQUITY AND LIABILITIES	<u>3,244,257</u>	<u>5,532,081</u>
Net Assets Per Share* (RM)	<u>1.48</u>	<u>1.30</u>

*Net assets per share = Equity attributable to the shareholders of the Company/Total number of ordinary shares

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2007)



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2008

	Attributable to the Shareholders of the Company						Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Other Reserves RM'000	Retained Profit/ (Accumulated Losses) RM'000	Sub-total RM'000	Reserves relating to disposal group RM'000	Sub-total RM'000		
Balance at 1 January 2008	1,106,022	500,574	(328,410)	1,278,186	164,313	1,442,499	1,252,607	2,695,106
Share of reserve in associate	-	42	-	42	-	42	-	42
Disposal of subsidiaries	-	-	-	-	(3,504)	(3,504)	(821,602)	(825,106)
Exchange differences on translation	-	774	-	774	(3,245)	(2,471)	455	(2,016)
Net income / (expense) recognised directly in equity	-	816	-	816	(6,749)	(5,933)	(821,147)	(827,080)
(Loss)/Profit for the financial period	-	-	45,576	45,576	152,523	198,099	45,863	243,962
Total recognised income/(expense) for the period	-	816	45,576	46,392	145,774	192,166	(775,284)	(583,118)
Conversion of associate into subsidiary	-	-	-	-	-	-	17,181	17,181
Conversion of ICULS	10	(9)	-	1	-	1	-	1
Acquisition of subsidiaries	-	-	-	-	-	-	(5,601)	(5,601)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	(36)	(36)
Transfer from / (to) disposal group	-	-	310,087	310,087	(310,087)	-	-	-
Balance at 30.09.2008	1,106,032	501,381	27,253	1,634,666	-	1,634,666	488,867	2,123,533
Balance at 1 January 2007	623,032	944,528	(356,668)	1,210,892	143,833	1,354,725	1,149,505	2,504,230
Disposal of subsidiaries	-	-	-	-	7,130	7,130	(1,220)	5,910
Exchange differences on translation	-	934	-	934	(4,516)	(3,582)	(2,002)	(5,584)
Net (expense)/income recognised directly in equity	-	934	-	934	2,614	3,548	(3,222)	326
Profit for the financial period	-	-	41,766	41,766	31,423	73,189	73,669	146,858
Total recognised income/(expense) for the period	-	934	41,766	42,700	34,037	76,737	70,447	147,184
Dividends paid to minority interests	-	-	-	-	-	-	(22,448)	(22,448)
Balance at 30.09.2007	623,032	945,462	(314,902)	1,253,592	177,870	1,431,462	1,197,504	2,628,966

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2007)



UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2008

	Current Year To Date 30.09.2008 RM'000	Preceding Year To Date 30.09.2007 RM'000 (Restated)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation		
Continuing operations	77,560	54,318
Discontinued operations	51,709	136,566
	<u>129,269</u>	<u>190,884</u>
Adjustments for:		
Non-cash items	74,108	98,927
Non-operating items	(15,031)	38,232
Operating profit before working capital changes	<u>188,346</u>	<u>328,043</u>
Net change in current assets	(82,958)	3,726
Net change in current liabilities	(263,160)	(51,158)
Interest and taxes paid	(59,235)	(91,731)
Net cash (used)/ generated from operating activities	<u>(217,007)</u>	<u>188,880</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Equity investments (net of proceeds from disposal of other investments and capital repayment)	(109,006)	19,632
Proceeds from disposal of subsidiaries	718,118	-
Other investments	(81,898)	(109,482)
Net cash generated from/(used in) investing activities	<u>527,214</u>	<u>(89,850)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings	(392,432)	(153,663)
Other financing activities	(7,058)	(22,448)
Net cash used in financing activities	<u>(399,490)</u>	<u>(176,111)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(89,283)	(77,081)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	336,154	267,804
EXCHANGE EQUALISATION	60	(608)
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>246,931</u>	<u>190,115</u>
For purpose of cash flow statements, cash and cash equivalents comprised the follow:		
Continuing operations		
Deposits with licensed banks	207,004	71,694
Cash in hand and at bank	43,134	52,705
Bank overdrafts	(1,764)	(17,343)
Pledged deposits	(1,443)	(1,252)
	<u>246,931</u>	<u>105,804</u>
Discontinued operations		
Deposits with licensed banks	-	37,993
Cash in hand and at bank	-	47,260
Pledged deposits	-	(942)
	<u>-</u>	<u>84,311</u>
	<u>246,931</u>	<u>190,115</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2007)

(A) NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with FRS 134: Interim Financial Reporting and Chapter 9.22, part K of 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 2007.

2. Adoption of Revised Financial Reporting Standards

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted by the Group in the audited financial statements for the year ended 31 December 2007 except for the adoption of the following new/revised Financial Reporting Standards ("FRSs") and new Interpretations ("IC") effective for the financial period beginning on or after 1 January 2008:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Benefit Plans
Amendment to FRS 121	The Effects to Changes in Foreign Exchange Rates – Net investment in a Foreign Operation
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 ₂₀₀₄ - Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

The Group will only adopt FRS 139 Financial Instruments: Recognition and Measurement on its effective implementation date on 1 January 2010.

The IC Interpretation 1,2,5,6,7 and FRS 120 are not relevant to the Group. The application of the above other standards and interpretation are not expected to have any material impact on the financial statements of the Group.

3. Comparatives

- (a) In 2007, the Group announced a non-renounceable offer for sale of its 53.02% equity interest in Tradewinds (M) Berhad ("TWM") to the shareholders of the Company on a rights basis ("Offer For Sale"). In line with the Group's plan to exit from the plantation business, the Group has put in action to dispose its remaining plantation investment, Solar Green Sdn. Bhd. ("SGSB"), a subsidiary ("Disposal"). As a result of the Offer For Sale and Disposal, the Group discontinued its operations in two major segments, namely the plantation and manufacturing segment. Also, the Group entered into a sale and purchase agreement to dispose its 100% equity interest of T.P.C. Development Ltd ("TPC"), to Berjaya Leisure (Cayman) Limited ("TPC Disposal"). In addition, the Group entered into a Settlement Agreement with Kumagai - Gumi Co. Ltd. ("KGML") to terminate the Natcon-Kumagai JV Agreement ("NKJV").

As such, in accordance with FRS 5: Non-current Assets Held for Sale and Discontinued Operations, TWM, SGSB, TPC and NKJV are Disposal Groups, accordingly, the Disposal Group was classified as discontinued operations. The comparatives of the Discontinued operations in the preceding year corresponding quarter have been reclassified and restated as follows:

	Year to date 30.09.2007		
	As previously stated RM'000	Reclassifi- cation RM'000	As restated RM'000
Condensed consolidated income statement			
Revenue	1,548,971	(1,254,229)	294,742
Other operating income	51,301	(16,339)	34,962
Other operating expenses	(1,333,376)	1,089,682	(243,694)
Profit from operations	266,896	(180,886)	86,010
Finance costs	(82,366)	39,123	(43,243)
Share of results of associates	11,559	(8)	11,551
Share of results of joint venture	(5,205)	5,205	-
Profit before taxation	190,884	(136,566)	54,318
Taxation	(44,026)	39,343	(4,683)
Profit for the period from continuing operations	146,858	(97,223)	49,635
Profit for the period from discontinued operations	-	97,223	97,223
	Preceding year quarter 30.09.2007		
	As previously stated RM'000	Reclassifi- cation RM'000	As restated RM'000
Condensed consolidated income statement			
Revenue	569,612	(463,044)	106,568
Other operating income	10,186	(3,360)	6,826
Other operating expenses	(433,491)	348,099	(85,392)
Profit from operations	146,307	(118,305)	28,002
Finance costs	(27,593)	13,049	(14,544)
Share of results of associates	4,643	-	4,643
Share of results of joint venture	(382)	382	-
Profit before taxation	122,975	(104,874)	18,101
Taxation	(28,834)	27,223	(1,611)
Profit for the period from continuing operations	94,141	(77,651)	16,490
Profit for the period from discontinuing operations	-	77,651	77,651



TRADEWINDS CORPORATION BERHAD (Company No. 6393-A)

(b) The following comparatives have been restated to conform with current year presentation.

	Preceding year ended 31.12.2007		
	As previously stated RM'000	Reclassifi- cation RM'000	As restated RM'000
Condensed consolidated balance sheets			
Property, Plant and Equipment			
- Others	84,640	15,000	99,640
Development Properties	123,747	(15,000)	108,747

4. Seasonal or Cyclical Factors

The Group's hotel operations are subject to the seasonal fluctuation in occupancy rates of certain resorts and hotels. The Group's other operations are generally not affected by any major seasonal or cyclical factors.

5. Unusual Significant Items

There were no unusual significant items during the current quarter under review other than those disclosed in Note 12 below.

6. Changes in Estimates

There were no changes in estimates that have had material effect in the current quarter's results.

7. Changes in Debt and Equity Securities

During the current period under review, the Company increased its issued and fully paid up share capital from RM1,106,022,131 to RM1,106,031,931 by way of the issuance of 9,800 new ordinary shares of RM1.00 each arising from the conversion of 9,800 2% ICULS 2005/2012.

During the current period under review, the Company redeemed its RM100.0 million Redeemable Secured Bonds 2000/2008 together with interest thereon to the bondholders on 2 May 2008.

Other than disclosed above, there have been no issuances, repurchases, resale and repayments of debt and equity securities during the current quarter.

8. Dividend Paid

There was no dividend paid during the current quarter.

9. Segmental Reporting

Segment analysis for the financial period ended 30 September 2008 is set out below:

	Continuing operations					Group RM'000	Discontinued operations ** RM'000	Total RM'000
	Hotel RM'000	Properties RM'000	& trading RM'000	Financial services RM'000	Others RM'000			
Revenue								
Total revenue	247,788	19,674	49,770	20,941	16,249	354,422	301,332	655,754
Inter-segment revenue	-	(1,075)	(354)	(131)	(863)	(2,423)	-	(2,423)
External	247,788	18,599	49,416	20,810	15,386	351,999	301,332	653,331
Results								
Segment results	59,942	5,864	3,635	11,454	10,186	91,081	71,919	163,000
Unallocated income								37,808
Unallocated expenses								(47,878)
Profit from operations								152,930

** Discontinued operations

	Manufacturing			Total RM'000
	Plantation RM'000	& trading RM'000	Others RM'000	
Revenue				
Total revenue	158,909	140,246	2,177	301,332
Inter-segment revenue	-	-	-	-
External	158,909	140,246	2,177	301,332
Results				
Segment results	59,857	10,119	1,943	71,919
Unallocated income				1,731
Unallocated expenses				(14,029)
Profit from operations				59,621

10. Material Subsequent Events

On 18 November 2008, the Group completed the acquisition of 261,285,043 ordinary shares of RM1.00 each and 371,641,345 irredeemable convertible unsecured loan stocks in Tradewinds Hotels & Resorts Sdn Bhd from Khazanah Nasional Berhad.



TRADEWINDS CORPORATION BERHAD (Company No. 6393-A)

11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial period except for the followings:

- (a) On 9 October 2007, the Group announced a non-renounceable offer for sale of 157,194,980 ordinary shares of RM1.00 each in TWM ("TWM Shares") representing 53.02% equity interest in TWM to the shareholders of the Company on a rights basis at an offer price of RM3.80 per TWM Share or RM597,340,924 in aggregate ("Offer For Sale"). The Offer for Sale was completed on 21 February 2008. Accordingly, TWM Group ceased to be the subsidiary of the Group.

The results of TWM Group were included in the disposal Group as disclosed in Note 12 below.

The effects of the cessation on financial position of the Group are as follows:

	RM'000
Property, plant & equipment	460,277
Plantation development expenditure	886,130
Prepaid lease payments for land	589,254
Investment in associated companies	19,749
Other investments	8,466
Goodwill on consolidation	11,600
Deferred tax assets	13,549
Inventories	262,837
Trade and other receivables	419,607
Assets held for sale	805
Tax recoverable	11,045
Cash and bank balances	109,471
Trade and other payables	(168,287)
Amount due to associates	(19,404)
Borrowings	(981,994)
Tax payable	(4,914)
Deferred tax liabilities	(181,041)
	<hr/>
Minority interest	1,437,150 (821,602)
	<hr/>
Net assets disposed	615,548
Exchange differences realised	(7,780)
Loss on disposal	(10,428)
	<hr/>
Sales proceeds	597,340
Less: Cash and cash equivalents in subsidiary disposed	(109,471)
	<hr/>
Net proceed from disposal of subsidiary	<u>487,869</u>

- (b) On 3 October 2007, Tradewinds Hotels & Resorts Sdn. Bhd. ("THR"), a 70% subsidiary of the Company entered into a Share Sales Agreement with Dato' Syed Mustaffa bin Syed Abdullah Shahabudin and Shamlan bin Mohamed Hashim ("The Vendors") to Acquire the Vendors' stake in Benua Perdana Sdn. Bhd. ("BPSB") of 1,000,000 ordinary shares of RM1 each representing 100% of the issued and paid up share capital of BPSB for a cash consideration of RM1.0 million.

BPSB is developing 2 parcels of Malay reserved leasehold land in Pantai Kok, Langkawi as follows:

- (i) commercial centre commonly known as Telaga Harbour Park consisting of 7 blocks of retail and commercial shops which are partially tenanted; and
- (ii) an international class 123 room 5 star boutique hotel.

On 31 March 2008, the Group completed its acquisition of 100% interest in BPSB.

The effects of the acquisition on financial position of the Group determined provisionally are as follows:

	recognised on acquisition RM'000	Acquiree's carrying amount RM'000
Investment properties	11,112	11,112
Properties, plant and equipment	54,658	54,658
Prepaid lease payments for land	3,335	3,335
Trade and other receivables	282	282
Cash and bank balances	525	525
Trade and other payables	(44,574)	(44,574)
Hire purchase and lease creditors	(37)	(38)
Long term payables	(42,892)	(45,895)
	<u>(17,591)</u>	<u>(20,595)</u>
Goodwill on consolidation	12,990	
Minority interest	5,601	
Net assets acquired	<u>1,000</u>	
Purchase consideration	1,000	
Less: Cash and cash equivalents in subsidiary acquired	(525)	
Net cash outflow from acquisition of subsidiary	<u>475</u>	

The fair value of investment properties, properties, plant & equipment and prepaid lease payments for land and properties, plant and equipment were determined by independent professional valuers, Rahim & Co based on the open market value as at 31 December 2007.

The fair value of the long term liabilities were calculated based on a discount rate of 7%.

TRADEWINDS CORPORATION BERHAD (Company No. 6393-A)

- (c) On 7 November 2007, Tradewinds Resources Sdn. Bhd. ("TRSB"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement ("SPA") to dispose 93,600,000 ordinary shares of HKD1.00 each in TPC representing 100% equity interest of TPC, to Berjaya Leisure (Cayman) Limited ("BLCL"), a wholly-owned subsidiary of Berjaya Land Berhad ("TPC Disposal"), for a total cash consideration of USD75,000,000 being payment for the equity interest for the amount of USD25,000,000 and the settlement of a shareholder's debt of USD50,000,000, being the aggregate debt owed by TPC to TRSB together with accrued interest (if any). The TPC Disposal is completed on 2 May 2008.

The results of TPC were included in the disposal Group as disclosed in Note 12 below.

The effects of the disposal of TPC on financial position of the Group are as follows:

	RM'000
Investment in joint venture	(33,378)
Amount due by joint venture	127,629
Cash and bank balances	1
Other payables	(15,866)
	<hr/>
Net assets disposed	78,386
Exchange differences realised	4,275
Gain on disposal	148,563
	<hr/>
Net sale proceed	231,224
Less: Cash and cash equivalents in subsidiary disposed	(1)
	<hr/>
Net proceed from disposal of subsidiary	<u>231,223</u>

- (d) On 1 April 2008, the Company has subscribed for the renounceable rights issue of 1,050,000 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share on the basis of one (1) new share for every three (3) existing shares held ("Rights Shares") and RM1,050,000 nominal value of 5-year 5.5% Redeemable Convertible Unsecured Loan Stock ("RCULS") on the basis of RM1.00 nominal amount of RCULS for every three (3) existing shares held in an associate, MCIS Safety Glass Sdn. Bhd. ("MCIS"), representing 5.44% equity interest in the enlarged issued and paid-up share capital of MCIS, for a total cash consideration of RM2,100,000 resulting in MCIS becoming a 51.04% subsidiary of the Company.

The effects of the acquisition on financial position of the Group determined provisionally are as follows:

	recognised on acquisition RM'000	Acquiree's carrying amount RM'000
Properties, plant and equipment	33,781	33,781
Prepaid lease payments for land	2,060	2,060
Inventories	17,164	17,164
Trade and other receivables	15,206	15,206
Cash and bank balances	3,406	3,406
Bank overdrafts	(4,403)	(4,403)
Trade and other payables	(12,032)	(12,032)
Taxation	(24)	(24)
Hire purchase and lease creditors	(134)	(134)
Retirement gratuities	(3,779)	(3,779)
Borrowings	(11,855)	(11,855)
	<hr/>	<hr/>
	39,390	<u>39,390</u>
Goodwill on consolidation	(445)	
Carrying value previously carried as associate	(19,664)	
Minority interest	(17,181)	
	<hr/>	
Net assets acquired	2,100	
	<hr/>	
Purchase consideration	2,100	
Cash and cash equivalents in subsidiary acquired	997	
	<hr/>	
Net cash outflow from acquisition of subsidiary	<u>3,097</u>	

TRADEWINDS CORPORATION BERHAD (Company No. 6393-A)

- (e) On 9 October 2007, the Company entered into a conditional share sale agreement to acquire 250,500 ordinary shares of RM1 each, representing 100% equity interest in Edisi Minda Sdn Bhd ("EMSB"), Erat Kilauan Sdn Bhd ("EKSB") and Simbol Arif Sdn Bhd ("SASB") respectively for cash consideration of RM145 million ("Acquisition"). EMSB, EKSB and SASB hold 8 pieces of adjacent freehold land totalling 907.243 acres in Bandar Nusajaya, Johor. The Acquisition was completed on 30 June 2008. As such, EMSB, EKSB and SASB have become wholly-owned subsidiaries of the Company.

The effects of the acquisition on financial position of the Group determined provisionally are as follows:

	recognised on acquisition RM'000	Acquiree's carrying amount RM'000
Development properties	463,630	270,846
Cash and bank balances	1	1
Other payables	(270,000)	(270,000)
Deferred tax liabilities	(48,196)	-
Net assets acquired	<u>145,435</u>	<u>847</u>
Purchase consideration	145,435	
Less: Cash and cash equivalents in subsidiary acquired	<u>(1)</u>	
Purchase consideration settled in cash	145,434	
Less: Deposit on purchase consideration paid	<u>(40,000)</u>	
Net cash outflow from acquisition of subsidiaries	<u><u>105,434</u></u>	

(f) On 17 March 2008, Tradewinds Resources Sdn Bhd ("TRSB") entered into a Share Sale Agreement with Pride Palm Oil Mill Sdn. Bhd. ("PPOM") to dispose its 100% equity interest in Solar Green Sdn Bhd ("SGSB") for a cash consideration of RM10 and the settlement of intercompany debt by SGSB ("Settlement of Intercompany Debt") ("Disposal"). The settlement of the intercompany debt is determined based on:

- (a) the net current liabilities of SGSB after adjusting for the crude palm oil and palm kernel inventories as at 31 December 2007 based on actual prices contracted by SGSB for such inventories or where such information is not available, based on an average of the prices contracted by SGSB in relation to its inventory of crude palm oil and palm kernel during an appropriate period on or about 31 December 2007;
- (b) TRSB advances to SGSB ("TRSB Advances"); and
- (c) long term borrowings of SGSB.

(hereinafter referred to as "Total Liabilities").

In the event the Total Liabilities is in excess of RM100 million, TRSB would waive TRSB Advances so as to reduce the Total Liabilities as at 31 December 2007 to RM100 million. A total of R68.52 million was waived by TRSB on its advances.

The Disposal was completed on 1 August 2008.

The results of SGSB were included in the disposal Group as disclosed in Note 12 below.

The effects of the disposal of SGSB on financial position of the Group are as follows:

	RM'000
Property, plant & equipment	28,778
Plantation development expenditure	38,937
Prepaid lease payments for land	18,012
Deferred tax assets	3,652
Inventories	4,693
Trade and other receivables	463
Cash and bank balances	974
Trade and other payables	(73,005)
Borrowings	(27,974)
	<hr/>
Net assets disposed	(5,470)
Gain on disposal	5,470
	<hr/>
Net sale proceed	-
Less: Cash and cash equivalents in subsidiary disposed	(974)
	<hr/>
Net cash outflow from disposal of subsidiary	(974)
	<hr/> <hr/>

(g) On 15 September 2008, THR Hotels & Resorts Sdn Bhd, a subsidiary of the Company completed the acquisition of the remaining equity interest in THR Hotel (KL) Sdn Bhd and settlement of the minority shareholder advances of RM34.44 million for RM7.25 million cash.

12. Discontinued operations

- (a) As mentioned in Note 3 to the Interim Financial Report above, TWM Group, SGSB, TPC and NKJV are part of the disposal group. On 21 February 2008, 2 May 2008 and 1 August 2008, the Group completed the non-renounceable offer for sale of TWM's shares, the disposal of TPC and SGSB respectively, hence, they ceased to be the subsidiaries of the Group ("Disposal Group").

In accordance with FRS 5: Non-current Assets Held for Sale and Discontinued Operations, the results of the Disposal Group was classified as "Discontinued Operations" in the Income Statement and was classified as "Disposal Group Held for Sale" in the Balance Sheet.

The revenue and results of the Disposal Group are as follows:

	Current Year Quarter 30.09.2008 RM'000	Preceding Year Quarter 30.09.2007 RM'000	Current Year To Date 30.09.2008 RM'000	Preceding Year To Date 30.09.2007 RM'000
Revenue	-	463,044	301,332	1,254,229
Other operating income	-	3,360	5,591	16,339
Other operating expenses	(2,426)	(348,099)	(240,002)	(1,089,682)
Impairment on goodwill	-	-	(7,300)	-
Profit from operations	(2,426)	118,305	59,621	180,886
Finance costs	2,426	(13,049)	(7,912)	(39,123)
Share of results of joint venture	-	(382)	-	(5,205)
Share of results of associates	-	-	-	8
Profit before taxation	-	104,874	51,709	136,566
Taxation	-	(27,223)	(17,343)	(39,343)
Net gain on disposal of subsidiaries	4,467	77,651	34,366	97,223
Profit for the period	4,467	77,651	177,971	97,223

The cash flows attributable to the discontinued operations are as follows:

	Current Year To Date 30.09.2008 RM'000	Preceding Year To Date 30.09.2007 RM'000
Operating cash flows	28,151	109,986
Investing cash flows	(34,260)	(71,782)
Financing cash flows	(24,035)	(123,571)
	<u>(30,144)</u>	<u>(85,367)</u>

13. Changes in Contingent Liabilities or Contingent Assets

The Group has pledged certain portion of its land held for sale to security trustees for certain private debt securities of RM173.0 million (31.12.07: RM209.3 million) issued by its joint venture partners, Hartaplus Realty Sdn Bhd and Oxbridge Height Sdn Bhd pursuant to the terms of the joint venture arrangements. The Group is entitled to guaranteed payments amounting to RM431,778,900 from the sale of its land.

Other than the above, there were no changes in contingent liabilities or assets of the Group since 31 December 2007.

14. Capital Commitments

	As at 30.09.2008 RM'000
Continuing operations	
Authorised capital expenditure	
- Acquisition of addition stakes in THR and THR ICULS (see Note 8 of Part B)	360,000
- Acquisition of Amtek International Sdn Bhd	2,100
- Hotel Properties	168,614
- Property, plant and equipment	13,508
- Investment Properties	5,160
Total	<u>549,382</u>

**(B) ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF
BURSA SECURITIES (PARAGRAPH 9.22 AND APPENDIX 9B)**

1. Review of Performance

As explained in Note 12 of Part A, in accordance with FRS 5: Non-current Assets Held for Sale and Discontinued operations, TWM, TPC, SGSB and Natcon-Kumagai J.V. is a disposal group held for sale and accordingly was classified as Discontinued operations.

a. Continuing operations

For the current quarter under review, the Group recorded revenue and profit before tax of RM124.5 million and RM49.2 million respectively, compared to RM106.6 million and RM18.1 million recorded in the corresponding quarter last year. The improvement in revenue and profit before tax was mainly contributed by the Hotel Division and waiver of debt by minority shareholder and the inclusion of MCIS's revenue since becoming a subsidiary on 1 April 2008.

For the financial period ended 30 September 2008, the Group recorded revenue and profit before tax of RM352.0 million and RM77.6 million respectively, compared to RM294.7 million and RM54.3 million recorded last year. Higher revenue and profit before tax for the current financial period under review was mainly due to better performance of Hotel Division and waiver of debt by minority shareholder.

b. Discontinued operations

The Discontinued Operations of the Group are in respect of the contribution from Disposal Group, the details of which are disclosed in Note 12 of Part A above.

For the current quarter under review, the Disposal Group recorded revenue and (loss)/ profit before tax of RM Nil and RM Nil respectively, compared to RM463.0 million and RM104.9 million recorded in the corresponding quarter last year. The decline in both revenue and profit before tax was mainly due to non-consolidation of TWM group results since its disposal on 21 February 2008.

For the financial period ended 30 September 2008, The Disposal Group recorded revenue and profit before tax of RM301.3 million and RM51.7 million respectively, compared to RM1,254.2 million and RM136.6 million recorded last year. The decrease in revenue and profit before tax was mainly due to non-consolidation of TWM group revenue since its disposal.

Overall, the Group achieved a profit before tax of RM129.3 million from the continuing and discontinued operations as compared to RM190.9 million achieved during the previous corresponding period.

2. Material Changes in the Profit Before Taxation for the Quarter Reported on as Compared to the Immediate Preceding Quarter

	Quarter Reported On RM'000	Immediate Preceding Quarter RM'000	Increase/ (Decrease) RM'000
Profit before taxation			
- from continuing operations	49,198	25,500	23,698
- from discontinued operations	-	812	(812)
	<u>49,198</u>	<u>26,312</u>	<u>22,886</u>

Group profit before taxation for the current quarter at RM49.2 million (contributed by Continuing Operations and Discontinued Operations) was higher than the preceding quarter of RM26.3 million mainly due to better performance by Hotel Division and waiver of debt by minority shareholder.

3. Prospects

The performance of the Hotel Division is expected to be more challenging for the remainder of the current financial year due to slowdown in both leisure and business travel in the light of global financial crisis and economic downturn. The investment properties are expected to maintain the current performance for the rest of the financial year in view of its long term tenancies. The completion of proposed acquisition of 25.67% of Tradewinds Hotel and Resorts Sdn Bhd from Khazanah Nasional Berhad will result in a negative goodwill in excess of RM100 million. Plans for the property development activities are in place and approvals from the relevant authorities are currently being sought. In view of the above, the Directors expect the Group results to be better for the remainder of this financial year.

4. Variance on Profit / Profit Guarantee

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

5. Taxation

Taxation for continuing operations comprises:

	Current Year Quarter RM'000	Current Year To-date RM'000
Current period charge	1,252	13,941
Deferred taxation	(732)	(6,017)
	<u>520</u>	<u>7,924</u>
Under provision in prior financial years	2,259	2,839
	<u>2,779</u>	<u>10,763</u>
Real property gain tax	806	806
	<u>3,585</u>	<u>11,569</u>

The effective tax rate for the current quarter and year to date is lower than the statutory tax rate due to certain income which are not subject to tax and utilisation of unrecognised tax losses.

6. Profits/(Losses) on Sale of Unquoted Investments and/or Properties

(a) There was no sale of unquoted investments during the current quarter.

(b) There was no profits /(losses) on properties disposed during the current quarter.

7. Quoted Securities other than Securities in Existing Subsidiaries and Associates

(a) There was no purchase and disposal of quoted securities during the current quarter.

(b) Investment in quoted securities of the Group as at the reporting period are as follows:

At cost	RM'000 57,537
At carrying value	17,833
At market value	<u>17,833</u>

8. Corporate Proposals

(I) Status of Corporate Proposals

The status of corporate proposals announced but not completed as at 21 November 2008 (being the latest practical date) are as follows:

- (i) On 28 August 2008, Creative Franchise Concepts Sdn Bhd ("CFC"), a wholly owned subsidiary of Tradewinds Resources Sdn Bhd ("TRSB") has entered into a Sale and Purchase Agreement ("SPA") with Amtek Holding Berhad ("AHB") to acquire 2,500,000 ordinary shares of RM1 each in Amtek International Sdn Bhd ("AISB") representing 100% equity interest of AISB for a cash consideration of RM3,000,000. ("Proposed Acquisition").

Foreign Investment Committee approval has been obtained on 3 November 2008.

The Proposed Acquisition is expected to complete by 4th quarter of 2008, the completion is pending for :

- (a) Harrods Limited's consents on change of control or ownership over AISB from AHB to CFC.
- (b) Completion of due diligence.
- (c) Approval from AHB's shareholders.

(II) Status of utilisation of proceeds raised from Restricted Offer for Sale ("ROS") of TWM

Purpose	Proposed	Actual	Intended time frame for utilisation
	utilisation	utilisation	
	RM'000	RM'000	
(i) Loan repayment	355,000	355,000	3 months after completion of ROS
(ii) Finance the acquisition of EMSB, EKSB and SASB	145,000	145,000	Upon completion of the acquisition

9. Group Borrowings and Debt Securities

Group borrowings as at the end of the reporting period are as follows:

Continuing Operation

<u>Short Term Borrowings</u>	RM'000
Secured:	
Revolving credit	16,000
Overdraft	1,471
	<u>17,471</u>
Unsecured:	
Revolving credits	148,326
Overdraft	293
Current portion of long term borrowings	26,812
Hire purchase and lease creditors	60
	<u>192,962</u>
<u>Long Term Borrowings</u>	
Secured:	
Term loans	400,642
Unsecured:	
Irredeemable Convertible Unsecured Loan Stocks (debt component)	
- 2% ICULS 2004/2013	66,406
Advances from minority shareholders of subsidiaries	
- Interest bearing	861
- Non-interest bearing	97,802
	<u>98,663</u>
Less: Repayment due within 12 Months	<u>(26,812)</u>
	538,899
Hire purchase and lease creditors	108
	<u>539,007</u>

10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at 30 September 2008.

11. Material Litigation

As at 18 November 2008, being a date not earlier than 7 days from the date of issue of this quarterly report, there were no changes in material litigation since the last annual balance sheet date.

12. Dividend

The Board of Directors does not recommend any dividend for the period ended 30 September 2008.

13. Earnings Per Share

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the profit for the period attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period / year.

	Current Year Quarter	Current Year To-date
Profits attributable to shareholders of the Company (RM'000)		
- from continuing operations	31,518	45,576
- from discontinued operations	4,467	152,523
	<u>35,985</u>	<u>198,099</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,106,031</u>	<u>1,106,028</u>
Basic earnings per share (sen)		
- from continuing operations	2.85	4.12
- from discontinued operations	0.40	13.79
	<u>3.25</u>	<u>17.91</u>

(b) Fully diluted earnings per share

The fully diluted earnings per share is calculated after taking into consideration of the subsidiaries' potential ordinary shares in issue that are convertible into ordinary shares of the subsidiaries and the Company's ICULS in issue. The subsidiaries' potential ordinary shares comprise Tradewinds Hotels & Resorts Sdn Bhd's ("THR") 371,641,345 ICULS and 153,447,612 RCULS in issue since 2004. In determining whether potential ordinary shares are dilutive or anti-dilutive, each issue or series of potential ordinary shares is considered separately and in sequence from the most to the least dilutive.

The profits attributable to the shareholders of the Company and the weighted average number of ordinary shares in issue during the period/year to date in computing fully diluted earnings per share is computed as follows :-

	Current Year Quarter	Current Year To-date
Profits attributable to shareholders of the Company (RM'000)		
- from continuing operations	31,518	45,576
Effect on conversion of the following:		
THR's ICULS*	(7,670)	(10,094)
Profits from continuing operation attributable to equity shareholders assuming conversions of THR ICULS	<u>23,848</u>	<u>35,482</u>
Profits attributable to shareholders of the Company		
- from discontinued operations	<u>4,467</u>	<u>152,523</u>



TRADEWINDS CORPORATION BERHAD (Company No. 6393-A)

	Current Year Quarter	Current Year To-date
Weighted average number of ordinary shares in issue ('000)	1,106,031	1,106,028
Assumed conversion of the Company's ICULS ('000)	0	0
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>1,106,031</u>	<u>1,106,028</u>
Diluted earnings per share (sen)		
- from continuing operations	2.16	3.21
- from discontinued operations	0.40	13.79
	<u>2.56</u>	<u>17.00</u>

* The conversion of THR's ICULS will not have any effect on the weighted average number of ordinary shares in issue by the Company.

14. Audit Report of the Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2007 was unqualified.

BY ORDER OF THE BOARD

SAKINAH BT ABDUL KADIR (MAICSA 7000087)

Company Secretary

Kuala Lumpur

26 November 2008