



TRADEWINDS CORPORATION BERHAD (Company No. 6393-A)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2007

	Note	Current Year Quarter 30.06.2007 RM'000	Preceding Year Quarter 30.06.2006 RM'000	Current Year To Date 30.06.2007 RM'000	Preceding Year To Date 30.06.2006 RM'000
Revenue		518,043	424,538	979,359	734,808
Other operating income		32,065	14,929	41,115	21,666
Other operating expenses		(477,198)	(399,229)	(899,885)	(706,963)
Profit from operations		72,910	40,238	120,589	49,511
Finance costs		(27,208)	(28,483)	(54,773)	(51,819)
Share of results of joint ventures		866	(3,254)	(4,823)	(7,190)
Associates					
- share of results		3,695	4,496	6,916	5,448
- write back of/(allowance for) impairment loss		-	4	-	54
Profit / (Loss) before taxation		50,263	13,001	67,909	(3,996)
Taxation	B(5)	(11,870)	(11,144)	(15,192)	(20,558)
Profit / (Loss) for the financial period		38,393	1,857	52,717	(24,554)
<b>Attributable to:</b>					
Shareholders of the Company		22,219	(978)	30,185	(24,590)
Minority interest		16,174	2,835	22,532	36
		38,393	1,857	52,717	(24,554)
Basic earnings / (loss) per share (sen)		3.57	(0.16)	4.84	(3.95)
Fully diluted earnings per share (sen)		2.05	(0.28)	2.84	(4.20)

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006)



**CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2007**

	(Unaudited) As at end of current quarter 30.06.2007 RM'000	(Restated) As at preceding financial year end 31.12.2006 RM'000
<b>NON-CURRENT ASSETS</b>		
Property, Plant and Equipment		
- Hotel Properties	1,278,890	1,286,881
- Others	533,094	512,011
Plantation Development Expenditure	918,966	933,332
Development Properties	124,495	124,495
Investment Properties	299,973	299,507
Prepaid Lease Payments	730,401	741,338
Investment in Associates	184,506	205,680
Investment in Joint Ventures	(76,921)	(73,413)
Other Investments	43,467	30,728
Due from Joint Ventures	143,404	129,883
Other Receivables	28,750	28,234
Deferred Tax Assets	63,672	65,134
Goodwill on Consolidation	39,199	39,652
	<u>4,311,896</u>	<u>4,323,462</u>
<b>CURRENT ASSETS</b>		
Inventories	178,257	257,922
Land Held for Sale	224,822	224,822
Trade Receivables	340,375	442,472
Other Receivables	102,757	73,957
Taxation Recoverable	39,194	40,675
Due from Associates	2	3,874
Cash and Bank Balances	218,035	287,348
Non Current Assets Held for Sale	23,409	23,916
	<u>1,126,851</u>	<u>1,354,986</u>
<b>CURRENT LIABILITIES</b>		
Trade Payables	124,335	267,298
Other Payables	187,149	165,021
Short Term Borrowings	887,150	1,045,817
Current Tax Liabilities	24,527	24,891
	<u>1,223,161</u>	<u>1,503,027</u>
<b>NET CURRENT LIABILITIES</b>	<u>(96,310)</u>	<u>(148,041)</u>
<b>NON-CURRENT LIABILITIES</b>		
Due to Associates	112,906	115,160
Deferred Tax Liabilities	280,953	269,316
Bonds and Long Term Borrowings	1,267,581	1,286,715
	<u>1,661,440</u>	<u>1,671,191</u>
	<u>2,554,146</u>	<u>2,504,230</u>
<b>EQUITY</b>		
Share Capital	623,032	623,032
Reserves	766,196	731,693
Equity Attributable to the Shareholders of the Company	1,389,228	1,354,725
Minority Interest	1,164,918	1,149,505
Total Equity	<u>2,554,146</u>	<u>2,504,230</u>
Net Assets Per Share* (RM)	<u>2.23</u>	<u>2.17</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 year ended 31 December 2006)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2007**

	Attributable to the Shareholders of the Company				Minority Interest	Total Equity
	Share Capital	Other Reserves	Accumulated Losses	Sub-total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2007	623,032	958,156	(226,463)	1,354,725	1,149,505	2,504,230
Disposal of subsidiaries	-	7,130	-	7,130	(1,220)	5,910
Exchange differences on translation	-	(2,812)	-	(2,812)	(2,395)	(5,207)
Net expense recognised directly in equity	-	4,318	-	4,318	(3,615)	703
Profit for the financial period	-	-	30,185	30,185	22,532	52,717
Total recognised income/(expense) for the period	-	4,318	30,185	34,503	18,917	53,420
Dividends paid to minority interests	-	-	-	-	(3,504)	(3,504)
<b>Balance at 30.06.2007</b>	<b>623,032</b>	<b>962,474</b>	<b>(196,278)</b>	<b>1,389,228</b>	<b>1,164,918</b>	<b>2,554,146</b>
Balance at 1 January 2006	623,032	946,333	(334,123)	1,235,242	949,881	2,185,123
Effect on dilution of interest in subsidiaries	-	(3,578)	132,124	128,546	272,648	401,194
Exchange differences on translation	-	(1,555)	-	(1,555)	(457)	(2,012)
Loss for the financial year	-	-	(24,590)	(24,590)	36	(24,554)
Total recognised income/(expense) for the period	-	(5,133)	107,534	102,401	272,227	374,628
<b>Balance at 30.06.2006</b>	<b>623,032</b>	<b>941,200</b>	<b>(226,589)</b>	<b>1,337,643</b>	<b>1,222,108</b>	<b>2,559,751</b>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006)



**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2007**

	<b>Current Year To Date 30.06.2007 RM'000</b>	<b>Preceding Year To Date 30.06.2006 RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	67,909	(3,996)
Adjustments for:		
Non-cash items	66,176	78,292
Non-operating items	27,875	43,633
Operating profit before working capital changes	161,960	117,929
Net change in current assets	143,450	104,505
Net change in current liabilities	(111,319)	14,282
Interest and taxes paid	(56,003)	(71,779)
Net cash generated from operating activities	<u>138,088</u>	<u>164,937</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Equity investments (net of proceeds from disposal of investment and capital repayment)	37,882	25,597
Other investments	(60,446)	(48,952)
Net cash used in investing activities	<u>(22,564)</u>	<u>(23,355)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings	(182,606)	(107,492)
Other financing activities	(3,513)	(716)
Net cash used in financing activities	<u>(186,119)</u>	<u>(108,208)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(70,595)	33,374
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	267,804	151,614
<b>EXCHANGE EQUALISATION</b>	614	318
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>197,823</u>	<u>185,306</u>

*(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006)*



**(A) NOTES TO THE INTERIM FINANCIAL REPORT**

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**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, 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 2006.

**2. Changes in Accounting Policies**

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 2006 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for the financial period beginning 1 January 2007:

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 117	Leases
FRS 124	Related Party Disclosures

FRS 6 is not applicable to the Group as the Group is not involved in the exploration of mineral resources.

The Group will adopt the followings revised/reformatted and amendments to the FRSs (effective for accounting periods beginning on or after 1 July 2007) from financial year beginning 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

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement as its effective date has been deferred.

The adoption of the abovementioned FRSs does not result in significant financial impact to the Group, other than the change discussed below:



## TRADEWINDS CORPORATION BERHAD (Company No. 6393-A)

### (a) FRS 117: Leases

The adoption of this standard has resulted in retrospective adjustment to the classification of the Group's leasehold properties to prepaid lease payments. The unamortised revalued hotel leasehold land shall be carried as the surrogate carrying amount of prepaid lease payments as allowed under the transitional provision. Such prepaid lease payments are amortised on a straight line basis over the lease terms. There is no effect on the income statement of the Group for this adoption.

The comparative amounts as at 31 December 2006 have been reclassified as follows: -

	<b>As previously stated RM'000</b>	<b>Reclassifi- cation RM'000</b>	<b>As restated RM'000</b>
Property, plant & equipment			
- Hotel Properties	1,402,810	(115,929)	1,286,881
- Other	1,135,290	(623,279)	512,011
Plantation Development Expenditure	935,462	(2,130)	933,332
Prepaid Lease Payment	-	741,338	741,338
	3,473,562	-	3,473,562

### (b) FRS 124: Related Party Disclosures

This FRS does not have any material impact to the Group other than additional disclosure on key management personnel remuneration and disclosure at Company level on related party transactions in the annual financial report for the year ending 31 December 2007.

### 3. Audit Report of the Preceding Annual Financial Statements

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

### 4. Seasonal or Cyclical Factors

The Group's plantation operations are affected by the usual seasonal production of fresh fruit bunches. The 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

The following items occurred during the current financial year to date as reflected in the financial statements:-

	RM'000
Gain on disposal of quoted securities	491
Reversal of impairment on quoted investment	14,221
Loss on disposal of investment in subsidiaries	(4,943)
	9,769



## TRADEWINDS CORPORATION BERHAD (Company No. 6393-A)

### 6. Changes in Estimates

There were no changes in estimates that have had material effect in the current quarter and financial year to date results.

### 7. Changes in Debt and Equity Securities

There have been no issuances, repurchases, resale and repayments of debt and equity securities during the current financial year to date.

### 8. Dividend Paid

There was no dividend paid during the current year to date.

### 9. Segmental Reporting

Segment analysis for the current period ended 30 June 2007 is set out below:

	Hotel RM'000	Properties RM'000	Plantations RM'000	Manufacturing & Trading RM'000	Others RM'000	Group RM'000
Revenue						
Total revenue	145,155	14,108	281,791	515,642	24,780	981,476
Inter-segment revenue	-	(706)	-	(507)	(904)	(2,117)
External	145,155	13,402	281,791	515,135	23,876	979,359
Results						
Segment results	25,163	5,734	35,251	35,462	9,057	110,667
Unallocated income						25,171
Unallocated expenses						(15,249)
Profit from operations						120,589

### 10. Valuation of Investment Properties, Development Properties and Property, Plant and Equipment

The valuation of investment properties and hotel properties held by the Group as at the end of the current quarter has been brought forward, without amendment from the previous financial year end. The Group did not revalue its development properties and other property, plant and equipment.

### 11. Material Subsequent Events

There were no other material events subsequent to the end of the current quarter.



## TRADEWINDS CORPORATION BERHAD (Company No. 6393-A)

### 12. 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 following: -

On 22 September 2006, Tradewinds (M) Berhad ("Tradewinds") entered into 2 conditional sales and purchase agreements: -

- (a) Conditional Sale and Purchase Agreement of Shares ("CSPA Shares") for the disposal of its entire 100% equity interest in Tenaga Lestari (M) Sdn Bhd ("TLSB") to Willalpha Investments Limited ("WIL") for a total cash consideration of USD 2,286,316; and
- (b) Conditional Sale and Purchase Agreement of Loan ("CSPA Loan") for the disposal of Tradewinds' right, title and interest to:-
  - (i) All moneys owing and payable by P.T. Bumipermai Suryalestari ("BPSL") to Tradewinds by virtue of the advances made by Tradewinds ("Tradewinds' Advances") in relation to the Loan Agreement dated 5 November 1996 between BPSL and Maybank International (L) Limited for the principal amount of USD10 million ("Bank Loan") and the Novation Agreement dated 30 June 1998 between BPSL, Maybank International (L) Limited and Malayan Banking Bhd ("Maybank") and the subrogation of Tradewinds to the rights of Maybank as creditor in respect to Tradewinds' Advances;
  - (ii) Pledged of Shares Agreement dated 5 September 1997 between PT Sadin Multiagro Sentosa, Tradewinds, BPSL and P.T. Bumibangka Lestari ("BBL") as amended by an Amendment to the Pledge of Shares Agreement dated 22 August 2000 and the shares pledged by PT Sadin Multiagro Sentosa in BPSL and BBL in consideration of Tradewinds entering into and assuming obligations under the Guarantee and Indemnity dated 5 November 1996 in relation to the Bank Loan; and
  - (iii) Upon execution of Tradewinds' Assignment, all moneys owing and payable by BPSL to Tradewinds as assignee of TLSB's rights, title and interest in and to all moneys (denominated in United States Dollars) owing and payable by BPSL to TLSB by virtue of the advances made by TLSB ("TLSB's Advances") and the subrogation of TLSB to the rights of Maybank as creditor with respect to TLSB's Advances,

(collectively, the "Assigned Rights") to Labuan Agri Investment (L) Bhd ("LAIB") for a total cash consideration of USD10,713,684.

On 22 June 2007, Tradewinds and TLSB entered into a Supplemental Agreement with WIL and LAIB to amend and vary the CSPA Shares and CSPA Loans ("The Disposals") whereby the Purchaser have agreed to waive certain condition precedents of the Disposal. In consideration of the said waiver, the total purchase consideration of the Share Price and Loan Price will be reduced by US\$350,000.00. With the entering of the said Supplemental Agreement, the said Disposal is now completed.

With effect from 22 June 2007, TLSB and its subsidiaries ceased to be the subsidiaries of the Group.



## TRADEWINDS CORPORATION BERHAD (Company No. 6393-A)

The effects of the disposals on financial statements of the Group are as follows:

	RM'000
<u>Financial position of the Group</u>	
At date of disposal	
Property, plant and equipment	743
Plantation development expenditure	13,874
Prepaid lease payments	5,357
Goodwill on consolidation	453
Inventories	1,130
Receivables	757
Cash and bank balances	17,692
Payables	(3,646)
Taxation	(1,381)
Deferred tax liabilities	(766)
Minority interest	(1,220)
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Net assets disposed	32,993
Exchange differences realised	7,130
Loss on disposal	(4,943)
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Sales consideration	35,180
Less: Cash and cash equivalents in subsidiary disposed	(17,692)
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Net proceed from disposal of subsidiary	<u>17,488</u>

### 13. Changes in Contingent Liabilities or Contingent Assets

- (a) The Group has pledged certain portion of its land held for sale to security trustees for certain private debt securities of RM203 million (31.12.06: RM228 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.
- (b) A suit pertains to, inter alia, a Pernas Employee Share Allocation Scheme 1992/2001 offered by the Company to its employees for the issuance of new shares and warrants in the Company ("ESAS") was initiated by Man Kok Wai, Kalainy Deavi a/p Kanapathi Pillai, Too Hock Sang and 68 others ("the Plaintiffs"), current and former employees of the Company. CIMB Bank Berhad ("CIMB") was the financier who offered loans to the Plaintiffs for the purposes of facilitating their participation in the said ESAS. The Plaintiffs are challenging the legality of the ESAS and are seeking appropriate relief consequent thereto which includes, inter alia, an order setting aside the ESAS and / or the loan facility agreements entered into between the Plaintiffs and CIMB to enable their participation in the ESAS. In addition to the foregoing, the Plaintiffs are seeking damages against the Company and CIMB for breach of contract, interest thereon and costs. The Company has appointed solicitors to defend the suit and we have been advised that there is a strong defence. Hence, no provision is made in the accounts.

Other than the above, there were no changes in contingent liabilities or assets of the Group since 31 December 2006.



## TRADEWINDS CORPORATION BERHAD (Company No. 6393-A)

### 14. Capital Commitments

	<b>30.06.2007</b>
	<b>RM'000</b>
Authorised capital expenditure	
- Hotel Properties	59,883
- Property, plant and equipment	191,189
- Plantation development expenditure	82,262
- Investment Properties	3,519
Total	<u>336,853</u>

Pursuant to the Restructuring cum Subscription Agreement dated 12 June 2003 entered into by Khazanah Nasional Berhad ("KNB"), the Company, Tradewinds Hotels & Resorts Sdn Bhd ("THR") and TCB OUE Sdn Bhd, both 70% owned subsidiaries of the Company, the Company is required to purchase up to RM100,000,000 nominal value of any remaining 2% Irredeemable Convertible Unsecured Loan Stocks 2004/2013 issued by THR ("2% ICULS 2004/2013") that is held by KNB, in five tranches over a period of five years from 1 May 2009 at RM20,000,000 nominal value per annum.



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

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**1. Review of Performance**

For the current quarter under review, the Group recorded revenue of RM518.0 million, representing an increase of RM93.5 million from RM424.5 million recorded in the corresponding quarter last year. The increase in revenue was due to higher sales from Plantation Division, Hotel Division and refined sugar by the Manufacturing and Trading Division with the inclusion of sales from Gula Padang Terap Sdn Bhd ("GPT") since its acquisition on 15 November 2006. The Group recorded a profit before tax of RM50.3 million compared to RM13.0 million for the preceding year corresponding quarter. The improvement in results was due to higher average selling price of refined sugar coupled with the inclusion of GPT's result, higher average selling price of oil palm products by the Plantation Division, higher contribution from Hotel Division and the reversal of impairment on quoted shares.

For the current period ended 30 June 2007, the Group recorded revenue of RM979.4 million, representing an increase of RM244.6 million from RM734.8 million recorded last year. The increase in revenue was due to higher sales from Manufacturing and Trading Division, Plantation Division and Hotel Division. The Group recorded a profit before tax of RM67.9 million compared to loss before tax of RM4.0 million in the preceding period. The improvement in results was due to higher contribution from refined sugar, oil palm products and Hotel Division and one off reversal of impairment on quoted shares.

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

	<b>Quarter Reported On RM'000</b>	<b>Immediate Preceding Quarter RM'000</b>	<b>Increase RM'000</b>
Profit before taxation	50,263	17,646	32,617

For the current quarter under review, the Group recorded an increase of RM32.6 million in profit before taxation as compared to the immediate preceding quarter. The increase in profit before taxation was due to the higher sales volume of refined sugar by the Manufacturing and Trading Division, higher production of fresh fruit bunches and higher price of crude palm oil and palm kernel in Plantation Division, higher contribution from the Hotel Division and one off reversal of impairment on quoted shares.

**3. Prospects**

The financial performance of the Plantation Division is expected to be better than 2006 given the prevailing prices of oil palm products and the expected increase in production in the remaining period of the current financial year.

Manufacturing and Trading Division is expected to maintain its profitability for the remaining period of the current financial year.

The contribution from the Hotel Division is expected to improve for the remaining period of the current financial year.



## TRADEWINDS CORPORATION BERHAD (Company No. 6393-A)

The properties for development are expected to provide a stream of cash inflows to the Group. The investment properties will continue to generate recurring rental income.

Barring unforeseen circumstances, the Directors expect the performance of the Group for the remaining period of the current financial year to be better.

#### 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 period.

#### 5. Taxation

Taxation comprises:

	<b>Current Year Quarter RM'000</b>	<b>Current Year To-date RM'000</b>
Current period charge	6,827	17,484
Deferred taxation	5,042	7,234
	<u>11,869</u>	<u>24,718</u>
Over provision in prior financial years	1	(9,526)
	<u><u>11,870</u></u>	<u><u>15,192</u></u>

The tax charge in respect of current and deferred tax of the Group during the current quarter reflects an effective tax rate which is lower than the statutory income tax rate due to certain income which are not subject to tax.

The tax charge in respect of current and deferred tax of the Group during the current year to date reflects an effective tax rate which is higher than the statutory income tax rate due to certain expenses that are not deductible for tax purposes and tax losses of subsidiaries which are not available for Group relief.

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

(a) There were no sale of unquoted investments during the current quarter and current year to date.

(b) The Group recorded a gain of RM4.16 million arising from the compulsory acquisition of leasehold land by the authorities during the current quarter and the financial year to date.



## TRADEWINDS CORPORATION BERHAD (Company No. 6393-A)

### 7. Quoted Securities other than Securities in Existing Subsidiaries and Associated Companies

(a) There were no purchases of quoted securities during the current quarter and year to date. The disposals of quoted securities during the current quarter and year to date are as follows: -

	<b>Current Year Quarter RM'000</b>	<b>Current Year To-date RM'000</b>
Sales Proceeds	<u>1,958</u>	<u>1,958</u>
Gain on disposal of quoted securities	<u>491</u>	<u>491</u>

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

	<b>RM'000</b>
At cost	98,986
At carrying value	43,064
At market value	<u>80,978</u>

### 8. Corporate Proposals

#### (A) Status of Corporate Proposals

The status of corporate proposals announced but not completed as at 22 August 2007 (being the latest practical date) are as follows:

On 30 April 2007, Tradewinds Plantation Berhad ("TPB"), a subsidiary of the Company, entered into a conditional Subscription Agreement ("SA") for the proposed subscription of 100,000,000 new ordinary shares of RM1.00 each in Kongsi Meriah (M) Sdn Bhd ("KMM") at a total subscription price of RM268 million ("Proposed Subscription"). Upon completion of the Proposed Subscription, KMM would become a 99.9% subsidiary of TPB.

The Proposed Subscription is conditional upon the completion of the agreement dated 18 April 2007 between Gula Padang Terap Plantations Sdn Bhd ("GPTP") and KMM whereby GPTP has agreed to sell and transfer to KMM the leases granted by Perbadanan Kemajuan Negeri Kedah, presently held by and registered in the name of GPTP, over 54 parcels of leasehold agriculture land measuring approximately 11,411 hectares for a transfer consideration of RM268 million.

The Proposed Subscription was approved by the Foreign Investment Committee on 3 July 2007. The completion of the Proposed Subscription is pending inter alia the approval of the shareholders of TPB.

#### (B) Status of Utilisation of Proceeds Raised from Corporate Proposal

Not applicable.



## TRADEWINDS CORPORATION BERHAD (Company No. 6393-A)

### 9. Group Borrowings and Debt Securities

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

<b><u>Short Term Borrowings</u></b>	<b>RM'000</b>
Secured:	
Bank overdrafts	6
Revolving credit	25,000
Revolving credit under Islamic financing	162,300
	<u>187,306</u>
Unsecured:	
Bank overdrafts	18,012
Revolving credits	379,765
Banker Acceptance	56,003
	<u>453,780</u>
Current portion of long term borrowings	<u>246,064</u>
	<u><u>887,150</u></u>
<b><u>Long Term Borrowings</u></b>	
Secured:	
9.0% Bonds 2000/2008	100,000
Term loans	1,043,531
Term loans under Islamic financing	130,000
	<u>1,273,531</u>
Unsecured:	
Irredeemable Convertible Unsecured Loan Stocks (debt component)	
- 2% ICULS 2004/2013	67,990
- 2% ICULS 2005/2012	39,086
	<u>107,076</u>
Advances from minority shareholders of subsidiaries	
- Interest bearing	830
- Non-interest bearing	132,208
	<u>133,038</u>
Less: Repayment due within 12 Months	<u>(246,064)</u>
	<u><u>1,267,581</u></u>

### 10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at 30 June 2007.



## TRADEWINDS CORPORATION BERHAD (Company No. 6393-A)

### 11. Material Litigation

As at 22 August 2007, 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 except as disclosed in note A13 above.

### 12. Dividend

The Board of Directors does not recommend any dividend for the period ended 30 June 2007.

### 13. Earnings Per Share ("EPS")

#### (a) Basic EPS

The basic EPS 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.

	<b>Current Year Quarter</b>	<b>Current Year To-date</b>
Profit attributable to shareholders of the Company (RM'000)	22,219	30,185
Weighted average number of ordinary shares in issue ('000)	623,032	623,032
Basic earnings per share	<u>3.57</u>	<u>4.84</u>

#### (b) Fully diluted EPS

The fully diluted earnings per share for the current year to date 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 Plantation Berhad's ("TPB") 160,000,000 ICULS issued on 28 February 2006, 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.



**TRADEWINDS CORPORATION BERHAD (Company No. 6393-A)**

**13. Earnings Per Share ("EPS") (Cont'd)**

(b) Fully diluted EPS (Cont'd)

The profit attributable to the shareholders of the Company and the weighted average number of ordinary shares in issue during the period used in computing fully diluted earnings per share is reconciled as follows :-

	<b>Current Year Quarter RM'000</b>	<b>Current Year To-date RM'000</b>
Profit attributable to shareholders of the Company	22,219	30,185
After-tax effect of interest on the Company's ICULS	924	1,885
Effect on conversion of the following:		
THR's ICULS*	(46)	(76)
THR's RCULS*	(410)	(616)
TPB's ICULS*	-	(14)
Profit attributable to the shareholders of the Company including assumed conversions of RCULS and ICULS	<u>22,687</u>	<u>31,364</u>
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares in issue	623,032	623,032
Assumed conversion of the Company's ICULS	<u>483,000</u>	<u>483,000</u>
Adjusted weighted average number of ordinary shares in issue and issuable	<u>1,106,032</u>	<u>1,106,032</u>
Diluted earnings per share	<u>2.05</u>	<u>2.84</u>

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

**BY ORDER OF THE BOARD**

**SAKINAH BT ABDUL KADIR (MAICSA 7000087)**

Company Secretary

Kuala Lumpur

29 Aug 2007