



TRADEWINDS CORPORATION BERHAD (Company No. 6393-A)

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

	Note	Current Year Quarter 30.09.2007 RM'000	Preceding Year Quarter 30.09.2006 RM'000	Current Year To Date 30.09.2007 RM'000	Preceding Year To Date 30.09.2006 RM'000
Revenue		569,612	405,055	1,548,971	1,139,863
Other operating income		10,186	16,471	51,301	38,137
Other operating expenses		(433,490)	(353,246)	(1,333,375)	(1,060,209)
Profit from operations		146,308	68,280	266,897	117,791
Finance costs		(27,593)	(27,021)	(82,366)	(78,840)
Share of results of joint ventures		(382)	1,666	(5,205)	(5,524)
Associates					
- share of results		4,642	4,019	11,558	9,467
- write back of impairment loss		-	-	-	54
Profit before taxation		122,975	46,944	190,884	42,948
Taxation	B(5)	(28,834)	(13,981)	(44,026)	(34,539)
Profit for the financial period		94,141	32,963	146,858	8,409
<b>Attributable to:</b>					
Shareholders of the Company		43,004	14,662	73,189	(9,928)
Minority interests		51,137	18,301	73,669	18,337
		94,141	32,963	146,858	8,409
Basic earnings / (loss) per share (sen)		6.90	2.35	11.75	(1.59)
Fully diluted earnings / (loss) per share (sen)		3.79	2.07	6.63	(1.83)

(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 SEPTEMBER 2007**

	(Unaudited) As at end of current quarter 30.09.2007 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	1,275,149	1,286,881
- Others	552,446	512,011
Plantation Development Expenditure	923,959	933,332
Development Properties	124,495	124,495
Investment Properties	300,136	299,507
Prepaid Lease Payments	728,004	741,338
Investment in Associates	102,601	205,680
Investment in Joint Ventures	(53,408)	(73,413)
Other Investments	43,325	30,728
Due from Joint Ventures	144,648	129,883
Other Receivables	28,750	28,234
Deferred Tax Assets	58,262	65,134
Goodwill on Consolidation	39,207	39,652
	<u>4,267,574</u>	<u>4,323,462</u>
<b>CURRENT ASSETS</b>		
Inventories	224,782	257,922
Land Held for Sale	224,822	224,822
Trade Receivables	426,100	442,472
Other Receivables	113,778	73,957
Taxation Recoverable	29,103	40,675
Due from Associates	303	3,874
Cash and Bank Balances	209,652	287,348
Non Current Assets Held for Sale	23,142	23,916
	<u>1,251,682</u>	<u>1,354,986</u>
<b>CURRENT LIABILITIES</b>		
Trade Payables	141,689	267,298
Other Payables	236,990	165,021
Short Term Borrowings	933,276	1,045,817
Current Tax Liabilities	24,252	24,891
	<u>1,336,207</u>	<u>1,503,027</u>
<b>NET CURRENT LIABILITIES</b>	<u>(84,525)</u>	<u>(148,041)</u>
<b>NON-CURRENT LIABILITIES</b>		
Due to Associates	23,738	115,160
Deferred Tax Liabilities	278,621	269,316
Bonds and Long Term Borrowings	1,251,724	1,286,715
	<u>1,554,083</u>	<u>1,671,191</u>
	<u>2,628,966</u>	<u>2,504,230</u>
<b>EQUITY</b>		
Share Capital	623,032	623,032
Reserves	808,430	731,693
Equity Attributable to the Shareholders of the Company	<u>1,431,462</u>	<u>1,354,725</u>
Minority Interests	1,197,504	1,149,505
Total Equity	<u>2,628,966</u>	<u>2,504,230</u>
Net Assets Per Share* (RM)	<u>2.30</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 SEPTEMBER 2007**

	Attributable to the Shareholders of the Company				Minority Interests	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	-	(3,582)	-	(3,582)	(2,002)	(5,584)
Net expense recognised directly in equity	-	3,548	-	3,548	(3,222)	326
Profit for the financial period	-	-	73,189	73,189	73,669	146,858
Total recognised income/(expense) for the period	-	3,548	73,189	76,737	70,447	147,184
Dividends paid to minority interests	-	-	-	-	(22,448)	(22,448)
<b>Balance at 30.09.2007</b>	<b>623,032</b>	<b>961,704</b>	<b>(153,274)</b>	<b>1,431,462</b>	<b>1,197,504</b>	<b>2,628,966</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)	142,501	138,923	262,271	401,194
Exchange differences on translation	-	(622)	-	(622)	684	62
Net (expense)/income recognised directly in equity	-	(4,200)	142,501	138,301	262,955	401,256
Profit / (Loss) for the financial period	-	-	(9,928)	(9,928)	18,337	8,409
Total recognised income/(expense) for the period	-	(4,200)	132,573	128,373	281,292	409,665
Accretion in interest in a subsidiary	-	-	-	-	(12,474)	(12,474)
Dividends paid to minority interests	-	-	-	-	(18,356)	(18,356)
<b>Balance at 30.09.2006</b>	<b>623,032</b>	<b>942,133</b>	<b>(201,550)</b>	<b>1,363,615</b>	<b>1,200,343</b>	<b>2,563,958</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 SEPTEMBER 2007**

	<b>Current Year To Date 30.09.2007 RM'000</b>	<b>Preceding Year To Date 30.09.2006 RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	190,884	42,948
Adjustments for:		
Non-cash items	98,927	113,923
Non-operating items	38,232	59,105
Operating profit before working capital changes	<u>328,043</u>	<u>215,976</u>
Net change in current assets	3,726	21,918
Net change in current liabilities	(51,158)	48,311
Interest and taxes paid	(91,731)	(96,399)
Net cash generated from operating activities	<u>188,880</u>	<u>189,806</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Equity investments (net of proceeds from disposal of investment and capital repayment)	19,632	25,600
Other investments	(109,482)	(96,060)
Net cash used in investing activities	<u>(89,850)</u>	<u>(70,460)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings	(153,663)	(93,717)
Other financing activities	(22,448)	(19,061)
Net cash used in financing activities	<u>(176,111)</u>	<u>(112,778)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(77,081)	6,568
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	267,804	151,614
<b>EXCHANGE EQUALISATION</b>	(608)	400
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>190,115</u>	<u>158,582</u>

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



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

### (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
	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.



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### 5. Unusual Significant Items

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

	Current Year Quarter RM'000	Current Year To-date RM'000 RM'000
Gain on disposal of quoted securities	-	491
(Provision for) / Reversal of impairment on quoted investment	(138)	14,083
Loss on disposal of investment in subsidiaries	-	(4,943)
	(138)	9,631
	(138)	9,631

### 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 September 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	234,118	20,298	495,763	768,284	36,009	1,554,472
Inter-segment revenue	-	(1,058)	-	(382)	(4,061)	(5,501)
External	234,118	19,240	495,763	767,902	31,948	1,548,971
Results						
Segment results	48,318	9,065	126,268	54,744	19,966	258,361
Unallocated income						28,424
Unallocated expenses						(19,888)
Profit from operations						266,897



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### 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

- (a) On 3 October 2007, Tradewinds Hotels & Resorts Sdn Bhd ("THR") entered into a Share Sales Agreement ("SSA") with Dato' Syed Mustaffa bin Syed Abdullah Shahabuddin 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 ("Proposed BP Acquisition").

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

- (i) On a parcel of land, BPSB has built a commercial centre commonly known as Telaga Harbour Park consisting of 7 blocks of retail and commercial shops which are partially tenanted.
- (ii) As for the other land located in Telaga Harbour Park, BPSB has erected an international class 123 rooms 5 star boutique hotel (67% complete); on a 55-years leasehold land leased from Lembaga Pembangunan Langkawi ("LADA"). The land with the hotel will be referred to as Pantai Kok Boutique Hotel.

Both lands are under application to be classified as "Malay" for the purpose of registering the lease over the land from LADA. Both are pending approval from Kedah State Authority.

The Proposed BP Acquisition are subject to the following approvals being obtained: -

- the Foreign Investment Committee ("FIC");
- the Ruler-in-council of the State of Kedah for the purpose of registering the lease over the lands; and
- the Ruler-in-Council of the State of Kedah for the sale of the shares from the Vendors to the Purchaser.

- (b) On 9 October 2007, the Group proposed a non-renounceable offer for sale of 157,194,980 ordinary shares of RM1.00 each in Tradewinds (M) Berhad ("TWM") ("TWM Shares") representing 53.02% equity interest in TWM as at 28 September 2007 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 ("Proposed Offer For Sale").
- (c) 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 ("EMS"), Erat Kilauan Sdn Bhd ("EKSB") and Simbol Arif Sdn Bhd ("SASB") respectively for cash consideration of RM145 million ("Proposed Acquisition"). EMS, EKSB and SASB hold 8 pieces of adjacent freehold land totalling 907.243 acres in Bandar Nusajaya, Johor.

The Proposed Acquisition is conditional upon the Proposed Offer For Sale. However, the Proposed Offer For Sale is not conditional upon Proposed Acquisition.



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The Proposed Acquisition and the Proposed Offer For Sale are subject to the following approvals being obtained: -

- the Securities Commission ("SC") for the Proposed Offer For Sale;
- the Foreign Investment Committee ("FIC") for the Proposed Acquisition;
- the shareholders at an extraordinary meeting to be convened;
- the lenders and creditors for the Proposals (if required); and
- any other relevant authorities, if any.

- (d) On 23 October 2007, Tradewinds Plantation Berhad ("TWP"), an indirect subsidiary of the Company, acquired Tradewinds Plantation Capital Sdn Bhd ("TPCSB") for a cash consideration of RM2.00. TPCSB has an issued and paid-up share capital of RM2.00 comprising two ordinary shares at RM1.00 each. TPCSB is to be a special purpose vehicle for financing exercises to be carried out by TWP in the future.
- (e) On 7 November 2007, Tradewinds Resources Sdn Bhd ("TRSB"), a wholly-owned subsidiary of the Company, had entered into a sale and purchase agreement ("SPA") to dispose 93,600,000 ordinary shares of HKD1.00 each in T.P.C. Development Ltd ("TPC") representing 100% equity interest of TPC, to Berjaya Leisure Cayman Limited ("BLCL"), a wholly-owned subsidiary of Berjaya Land Berhad ("Proposed TPC Disposal"), for a total cash consideration of USD75,000,000 being payment for the followings:-
- (i) The Equity Interest for the amount of USD25,000,000; and
  - (ii) 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) as at the Accounts Date.

BLCL will obtain the necessary approvals where required or consents from the relevant governmental entities in Malaysia and Vietnam (in particular but not limited to the approval of Bank Negara Malaysia for remittance of funds) in respect of the Proposed TPC Disposal.

Save as disclosed above, there were no other material events subsequent to the end of the current quarter.

### 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, TWM, an indirect subsidiary of the Company, 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 Willalpa Investments Limited ("WIL") for a total cash consideration of USD 2,286,316; and



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- (b) Conditional Sale and Purchase Agreement of Loan ("CSPA Loan") for the disposal of TWM's right, title and interest to:-
- (i) All moneys owing and payable by P.T. Bumipermai Suryalestari ("BPSL") to TWM by virtue of the advances made by TWM ("TWM's 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 TWM to the rights of Maybank as creditor in respect to TWM's Advances;
  - (ii) Pledged of Shares Agreement dated 5 September 1997 between PT Sadin Multiagro Sentosa, TWM, 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 TWM 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 TWM's Assignment, all moneys owing and payable by BPSL to TWM 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, TWM and TLSB entered into a Supplemental Agreement with WIL and LAIB (the Purchasers") to amend and vary the CSPA Shares and CSPA Loans ("The Disposals") whereby the Purchasers 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.



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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)
	<hr/>
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 pertaining 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>30.09.2007</b>
	<b>RM'000</b>
Authorised capital expenditure	
- Hotel Properties	105,756
- Property, plant and equipment	198,971
- Plantation development expenditure	70,522
- Acquisition of subsidiaries	14,792
- Investment Properties	3,519
- Investment in associate	1,400
Total	<u>394,960</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 and profit before tax of RM569.6 million and RM123.0 million respectively, compared to RM405.1 million and RM46.9 million recorded in the corresponding quarter last year. The improvement was due to higher sales by the Plantation Division, higher contribution from Hotel Division and higher sales of refined sugar by the Manufacturing and Trading Division due to the inclusion of sales from Gula Padang Terap Sdn Bhd ("GPT") since its acquisition on 15 November 2006.

For the current period ended 30 September 2007, the Group recorded revenue and profit before tax of RM1,549.0 million and RM190.9 million respectively, compared to RM1,139.9 million and RM42.9 million recorded last year. The improvement for the current financial period under review was due to higher sales from Plantation Division, better performance from Hotel Division and higher contribution from Manufacturing and Trading Division due to the inclusion of GPT's results since its acquisition.

**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	122,975	50,263	72,712

For the current quarter under review, the Group recorded an increase of RM72.7 million in profit before taxation as compared to the immediate preceding quarter. The increase in profit before taxation was due to the higher production of fresh fruit bunches and higher prices of crude palm oil and palm kernel in Plantation Division and higher contribution from the Hotel Division.

**3. Prospects**

As disclosed in Note 11(b) of Part A above, the Group has on 9 October 2007 announced its Proposed Offer For Sale of its 53.02% equity interest in TWM to the shareholders of the Company. TWM represents the major contributor to the Group's Plantation and Manufacturing and Trading Segment. The Proposed Offer For Sale is expected to be completed in the first quarter of the financial year ending 2008.

Upon completion of the aforementioned divestment, the Group will focus on its hotel and property development ventures. The Group plans to utilise the funds from the Proposed Offer For Sale to reduce the Group's borrowings and also expand on the hotel and property development businesses.

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

**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	19,354	36,838
Deferred taxation	9,739	16,973
	<u>29,093</u>	<u>53,811</u>
Real property gain tax	105	105
	<u>29,198</u>	<u>53,916</u>
Over provision in prior financial years	(364)	(9,890)
	<u><u>28,834</u></u>	<u><u>44,026</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 and utilisation of tax losses.

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 RM4.2 million arising from the compulsory acquisition of leasehold land by the authorities during the financial year to date.

There were no other profits / (losses) on properties disposed during the current quarter.

**7. Quoted Securities other than Securities in Existing Subsidiaries and Associated**

(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	-	1,958
Gain on disposal of quoted securities	-	491

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

	<b>RM'000</b>
At cost	104,494
At carrying value	42,916
At market value	54,932

**8. Corporate Proposals**

**(A) Status of Corporate Proposals**

The status of corporate proposals announced but not completed as at 21 November 2007 (being the latest practical date) are as follows:

- (i) 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 Kongs 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.

- (ii) On 21 September 2007, TCB Wakil Sdn Bhd ("TCBW"), a wholly-owned subsidiary of the Company, entered into a Purchase and Sale Agreement ("PSA") with Cantonal Agency for Privatisation Sarajevo ("The Vendor") to:
- (a) acquire its entire 4,699,068 subscribed capital of convertible marks ("KM") 1.00 each, representing 99.71% equity interest in Bristol Mixed Hotel-Tourism and Trade Company Limited ("MHTTP") for a cash consideration of KM6.5million ("Proposed Acquisition"); and
  - (b) undertake to commit to complete the construction of hotel currently undertaken by Grand Hotel Bristol Limited Sarajevo ("GHB") for a total investment of KM22.8 million.

The completion of Proposed Acquisition is pending the approval of the Bosnia Herzegovina Competition Council.

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

Not applicable.

**9. Group Borrowings and Debt Securities**

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

<u>Short Term Borrowings</u>	<b>RM'000</b>
Secured:	
Revolving credit	25,000
Revolving credit under Islamic financing	168,300
	<u>193,300</u>
Unsecured:	
Bank overdrafts	17,343
Revolving credits	359,009
Banker Acceptance	115,936
	<u>492,288</u>
Current portion of long term borrowings	247,688
	<u>933,276</u>
 <u>Long Term Borrowings</u>	
Secured:	
9.0% Bonds 2000/2008	100,000
Term loans	1,027,280
Term loans under Islamic financing	130,000
	<u>1,257,280</u>
Unsecured:	
Irredeemable Convertible Unsecured Loan Stocks (debt component)	
- 2% ICULS 2004/2013	69,157
- 2% ICULS 2005/2012	39,923
	<u>109,080</u>
Advances from minority shareholders of subsidiaries	
- Interest bearing	836
- Non-interest bearing	132,216
	<u>133,052</u>
Less: Repayment due within 12 Months	(247,688)
	<u>1,251,724</u>



**10. Off Balance Sheet Financial Instruments**

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

**11. Material Litigation**

As at 21 November 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 September 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)	43,004	73,189
Weighted average number of ordinary shares in issue ('000)	623,032	623,032
Basic earnings per share (sen)	<u>6.90</u>	<u>11.75</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.

After taking into consideration of the above, TPB's ICULS has anti-dilutive effect on the earnings per share to the shareholders of the Company.



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

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	43,004	73,189
After-tax effect of interest on the Company's ICULS	1,589	3,474
Effect on conversion of the following:		
THR's ICULS*	(2,579)	(2,655)
THR's RCULS*	(96)	(712)
Profit attributable to the shareholders of the Company including assumed conversions of RCULS and ICULS	<u>41,918</u>	<u>73,296</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 (sen)	<u>3.79</u>	<u>6.63</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 November 2007