(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.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2005.

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 2005 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for the financial period beginning 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

With the exception of FRS 3, 5, 101, 116, 136 and 140, the adoption of the remaining FRSs does not have a significant financial impact on the Group. The principal effects of adopting FRS 3, 5, 101, 116, 136 and 140 are as follows:

(a) FRS 3: Business Combinations and FRS 136: Impairment of Assets

Following the adoption of these new FRSs, the Group has ceased to amortise goodwill/reserve arising on consolidation and acquisition. Prior to 1 January 2006, goodwill/reserve on consolidation and acquisition were amortised over the estimated useful life which range from one to twenty five years.

Goodwill is carried at cost less accumulated impairment losses and is now subject to annual impairment test, or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognised immediately in profit or loss and subsequent reversal is prohibited. Reserve on consolidation and acquisition, after reassessment, is now recognised immediately in profit or loss.

The changes in accounting policies have been accounted for prospectively. In accordance with the provisional provisions of FRS 3, the reserve on consolidation and acquisition as at 1 January 2006 of RM25,771,000 was derecognised with a corresponding adjustment to the opening balance of accumulated losses. The cessation of amortisation has the effect of increasing the profit in the current quarter by RM86,000.

(b) FRS 5: Non-current Assets Held for Sale and Discontinued Operations

An item is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Immediately before the classification as held for sale, the carrying amount of the assets shall be measured in accordance with applicable FRSs. Then, on initial classification as held for sale, the assets shall be measured at the lower of its carrying amount and fair value less costs to sell. The Group has applied FRS 5 prospectively in accordance with its transitional provision. The adoption of this FRS has resulted in the Group classifying an asset with a carrying amount of RM65,525,000 as held for sale and presenting it separately from other assets in the balance sheet.

(c) FRS 101: Presentation of Financial Statements

The adoption of this FRS has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. This FRS also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to shareholders of the Company and to minority interest.

Certain comparative figures of the Group's financial statements have been restated to conform with the current period's presentation which is based on the revised requirements of this FRS.

(d) FRS 116: Property, Plant and Equipment

The revised FRS has resulted in a change in the method of determining the residual value of an asset and thus affects the depreciable amount of the underlying asset. The change in estimates has been accounted for prospectively and has the effect of increasing the depreciation charge of property, plant and equipment – hotel properties by RM6,252,000 for the current quarter.

(e) FRS 140: Investment Properties

The adoption of this new FRS has resulted in a change in accounting policy for investment properties. Investment properties are now stated at fair value, representing open-market value determined by external valuers. Gain or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the period in which they arise. Prior to 1 January 2006, investment properties were stated at valuation. Revaluations were carried out once every five years and any revaluation increase was taken to equity as a revaluation reserve. In accordance with the transitional provisions of FRS 140, this change in accounting policy is applied prospectively and the comparatives as at 31 December 2005 are not restated. The revaluation reserve in respect of the investment properties of RM1,012,000 as at 1 January 2006 was transferred to the accumulated losses.

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 period:

	RM'000
Effect of dilution of interest in subsidiaries	
Decrease in accumulated losses	132,124
Decrease in exchange equalisation reserve	(3,578)

6. Changes in Estimates

The change in estimates in the depreciable amount of property, plant and equipment – hotel properties due to adoption of revised FRS 116 as mentioned in Note 2(d) has increased the loss before taxation by RM6,252,000 for the current quarter.

Other than the above, there were no changes in estimates of amounts reported in the prior financial year that have a material effect in the current quarter.

7. Changes in Debt and Equity Securities

There have been no issuances, cancellations, 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 financial year to date.

9. Segmental Reporting

Current Year To Date	Hotels RM'000	Properties RM'000	Plantations RM'000	Manufacturing and Trading RM'000	Others RM'000	Group RM'000
Revenue						
Total revenue	73,322	5,734	72,688	152,908	7,489	312,141
Inter-segment revenue	-	(553)	-	(429)	(889)	(1,871)
External revenue	73,322	5,181	72,688	152,479	6,600	310,270
Results						
Segment results	(3,318)	2,035	(992)	12,552	2,885	13,162
Unallocated income						3,967
Unallocated expenses						(7,856)
Profit from operations						9,273

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 annual report. The Group did not revalue its development properties and other property, plant and equipment.

11. Material Subsequent Events

(a) On 4 April 2006, the Board of Directors of the Company passed resolutions to voluntarily wind up its subsidiaries, namely, Malaysia Timber Exports Sdn Bhd, TCB Services Sdn Bhd, TCB Engineering Sdn Bhd, TCB Komputer Sdn Bhd, all of which are wholly-owned indirect subsidiaries of the Company and TCB OUE Cruises Sdn Bhd, a 70% indirect subsidiary of the Company.

(b) On 7 April 2006, the Group completed the disposal of its 30% equity interest in Meritus Hotels & Resorts Sdn Bhd.

(c) On 14 April 2006, the Group completed the Second and Final Tranche disposal of 28,892,630 ordinary shares of United Malayan Land Berhad ("UMLand") to Wawasan Perangsang Mewah Sdn Bhd. With the disposal, UMLand ceased to be an associate of the Group.

(d) On 28 April 2006, Tradewinds Plantation Berhad (formerly known as Jubilant Century Berhad) ("TPB"), a subsidiary of Tradewinds (M) Berhad ("Tradewinds"), which in turn is a 53% indirect subsidiary of the Company, acquired the entire shareholding of Sparkling Crest Sdn Bhd ("SCSB") for a cash consideration of RM2. SCSB is to be principally involved in the provision of plantation management and advisory services to non-group companies.

The above events do have a material effect on the earnings or net assets of the Group for the financial year ending 31 December 2006.

12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter except for the following:-

(a) On 25 May 2004, Tradewinds, Johore Tenggara Oil Palm Berhad ("JTOP") and TPB entered into a Merger Agreement where Tradewinds and JTOP have agreed to undertake and implement a scheme of amalgamation of companies and a merger exercise ("the Merger") to consolidate and rationalise oil palm businesses of Tradewinds and JTOP via TPB, a special purpose vehicle set up to facilitate the implementation of the Merger. The Merger involves the following:

(i) Proposed acquisitions by TPB from Tradewinds of the issued and paid-up share capital held by Tradewinds in its plantation subsidiaries for a total purchase consideration of RM687,124,750 to be satisfied by the issuance of 369,153,315 new ordinary shares of RM1.00 each in TPB ("TPB Shares") at an issue price of RM1.60 per TPB Share and RM96,479,445 nominal value 10-year 3% irredeemable convertible unsecured loan stocks ("ICULS") in TPB ("TPB ICULS") at an issue price of RM1.00 per nominal value TPB ICULS ("Proposed Acquisitions");

(ii) Proposed exchange of the entire issued and paid-up share capital of JTOP comprising 160,000,000 ordinary shares of RM1.00 each in JTOP ("JTOP Shares") with 160,000,000 new TPB Shares between TPB and JTOP's existing shareholders pursuant to a proposed members' scheme of arrangement under Section 176 of the Companies Act, 1965, on the basis of one new TPB Share for every one existing JTOP Share held by the JTOP's existing shareholders ("Proposed Share Exchange");

(iii) Proposed assumption by TPB of RM63,520,555, being part of the net inter-company advances owing by certain plantation subsidiaries to Tradewinds, through the issuance of RM63,520,555 nominal value TPB ICULS to Tradewinds ("Proposed Debt Assumption");

(iv) Proposed placement of certain number of TPB Shares and TPB ICULS at a placement price to be determined later to enable TPB to meet the minimum public shareholding spread for the listing of the TPB Shares and TPB ICULS in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad; and

(v) Proposed transfer of the listing status of JTOP on the Main Board of Bursa Malaysia Securities Berhad to TPB.

The Proposed Acquisitions, Proposed Share Exchange and Proposed Debt Assumption were completed on 28 February 2006 and thereafter, TPB became a 69.76% owned subsidiary of Tradewinds. On 15 March 2006, the entire 529,153,415 TPB Shares and RM160,000,000 nominal value TPB ICULS were officially listed on the Main Board of Bursa Malaysia Securities Berhad.

The Merger has contributed the following results to the Group:-

	Current Year Quarter RM'000	**Current Year To Date RM'000**
Revenue	6,807	6,807
Loss for the financial period	(1,593)	(1,593)

If the Merger had been completed on 1 January 2006, the contribution to Group's revenue and loss for the financial period from 1 January 2006 to 31 March 2006 would have been RM22,621,000 and RM3,726,000 respectively.

The assets and liabilities arising from the Merger are as follows:-

	Fair value RM'000
Property, plant and equipment	557,007
Other investments	3,047
Deferred tax assets	7,005
Inventories	6,863
Trade and other receivables	58,058
Tax recoverable	4,132
Cash and bank balances	566
Trade and other payables	(18,853)
Tax payables	(98)
Borrowings	(138,743)
Deferred tax liabilities	(59,975)
Total net assets	419,009
Less: Goodwill diluted	(17,815)
Less: Minority interest	(272,648)
Group's share of net assets	128,546
Less: Gain on dilution of interest in subsidiaries	(128,546)
Purchase consideration satisfied by cash	-

The cash outflow on the completion of the Merger is as follows:-

	Current Year Quarter RM'000
Purchase consideration satisfied by cash	-
Cash and cash equivalents of subsidiaries acquired	(558)
Net cash inflow to the Group	(558)

(b) On 29 March 2006, TPB acquired the entire shareholding of Tradewinds Plantation Management Sdn Bhd ("TPMSB") and Tradewinds Plantech Sdn Bhd ("TPSB") for a cash consideration of RM2 for each company.

TPMSB is to be principally involved in the provision of plantation management and advisory services and TPSB is to be principally involved in the provision of technical support and advisory services to subsidiaries within the Group.

There was no material effect on the results or net assets of the Group arising from the above acquisitions for the current quarter and financial year to date.

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 RM172 million (31.12.05: RM182 million) issued by its joint venture partners, Hartaplus Realty Sdn Bhd and Oxbridge Height Sdn Bhd pursuant to the term of the joint venture arrangements. The Group is entitled to guaranteed payments amounting to RM431,778,900 from the sale of its land.

The Group has provided corporate guarantee for credit facilities granted to third parties under Skim Industri Pertanian amounting to RM978,000.

Other than the above, there were no changes in contingent liabilities or assets of the Group since 31 December 2005.

14. Capital Commitments

	31.3.06 RM'000
- Hotel properties	94,798
- Property, plant and equipment	221,145
- Acquisition of subsidiary and acquisition of additional interest in subsidiary	148,100
Authorised capital expenditure	464,043

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 any remaining 2% Irredeemable Convertible Unsecured Loan Stocks 2004/2013 issued by THR ("2% ICULS 2004/2013") held by KNB up to RM100,000,000 nominal value of 2% ICULS 2004/2013 in five tranches over a period of five years from 1 May 2009 at RM20,000,000 nominal value of 2% ICULS 2004/2013 per annum.

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

1. Review of Performance

For the quarter under review, the Group recorded revenue of RM310.3 million, representing a decrease of RM6.0 million from RM316.3 million recorded in the corresponding quarter last year. The decrease in revenue was mainly due to lower sales of oil palm products by the plantation division and no sale of land in the current quarter. The lower revenue was however partially offset by the increase in revenue by the hotel and manufacturing divisions.

For the quarter under review, the Group recorded a loss before taxation of RM17.0 million as compared to a profit before taxation of RM0.9 million achieved in the corresponding quarter last year. The loss in the current quarter was mainly due to lower sales of oil palm products and higher operating expenses from plantation division, higher depreciation charge on hotel properties, retrenchment benefits of Mutiara Beach Resort Penang and lower contribution from associates. Excluding the higher depreciation and effect of retrenchment benefits, profit from operations improved on the back of better performance from hotel division and manufacturing division due to higher average selling price of refined sugar.

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

	Quarter Reported On	Immediate Preceding Quarter	(Decrease)
	RM'000	RM'000	RM'000
Loss before taxation	16,997	32,280	(15,283)

The Group recorded lower loss before taxation of RM17.0 million in the current quarter as compared to RM32.3 million in the fourth quarter of last year mainly due to higher allowance for impairment loss in an associate, impairment of assets and reduction in interest charged to a joint venture made in the preceding quarter.

3. Prospects

The financial performance of the plantation division is expected to be better than 2005 given the current trend of firmer palm products prices and the expected increase in sale of palm products on the back of an enlarged matured plantation area.

The manufacturing and trading division is expected to continue to perform well for the remaining period of the current financial year despite facing the challenge of increasing raw sugar prices.

The contribution from the hotel division is expected to be lower in 2006 due to the refurbishment exercise carried out on Mutiara Beach Resort Penang and higher depreciation charge as a result of the adoption of revised FRS 116.

The contribution from the development properties will not be significant but is expected to provide a stream of cash flows to the Group. The remaining investment properties will continue to generate recurring rental income.

Based on the above circumstances, the Directors expect the performance of the Group for the financial year ending 31 December 2006 to be satisfactory.

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:

	Current Year Quarter RM'000	Current Year To Date RM'000
Current period charge	7,983	7,983
Under provision of income tax in respect of prior years	10	10
Real property gains tax	3	3
Deferred taxation	1,418	1,418
	9,414	9,414

The Group incurred tax charge for the current quarter and current year to date notwithstanding its loss position due principally to the absence of Group relief for losses suffered by certain subsidiaries and certain expenses that were not deductible for tax purposes, despite utilisation of tax losses by certain subsidiaries.

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

There were no sales of unquoted investments or properties during the current quarter.

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

(a) Total purchases and disposals of quoted securities and profit/(loss) arising therefrom are as follows:

	Current Year Quarter RM'000	Current Year To Date RM'000
Total purchase consideration	-	-
Total sale proceeds	7,374	7,374
Total profit on disposals	1,015	1,015

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

	RM'000
At cost	46,091
At carrying value	12,516
At market value	11,669

8. Corporate Proposals

(a) Status of Corporate Proposals

The status of corporate proposals announced but not completed as at 25 May 2006 (being the latest practical date) are as follows:

(i) Proposed acquisition of the entire issued and fully paid-up share capital of Gula Padang Terap Sdn Bhd ("GPTSB") by Tradewinds from Jalinan Semangat Sdn Bhd, Perbadanan Kemajuan Negeri Kedah and PPB Group Berhad for a total cash consideration of RM188.0 million.

The proposed acquisition was approved by the Ministry of International Trade and Industry and the shareholders of Tradewinds on 27 May 2005 and 9 September 2005 respectively.

The completion of the proposed acquisition is pending the fulfillment of the conditions precedent contained in the Share Sale Agreement for the proposed acquisition of GPTSB.

(ii) Proposed disposal of leasehold land by TCB Realty Sdn Bhd, a wholly owned subsidiary of Tradewinds Properties Sdn Bhd, which in turn a wholly owned subsidiary of the Company to Syarikat Kapasi Sdn Bhd for RM16.3 million.

The proposed disposal is pending the approval from the relevant authorities.

(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:

	RM'000
Short Term Borrowings	
Secured:	
Revolving credit	20,000
Revolving credit under Islamic financing	120,000
	140,000
Unsecured:	
Bank overdrafts	23,973
Trade bills	52,113
Revolving credits	449,811
Short term advance	101,200
	627,097
Current portion of long term borrowings	142,714
Hire purchase and lease creditors	12
	909,823
Long Term Borrowings	
Secured:	
9.0% Bonds 2000/2008	100,000
Term loans	925,558
Term loans under Islamic financing	95,000
	1,120,558
Unsecured:	
Irredeemable Convertible Unsecured Loan Stocks (debt component)	
- 2% ICULS 2004/2014	76,698
- 2% ICULS 2005/2013	44,162
Advances from minority shareholders of subsidiaries	
- Interest bearing	1,286
- Non-interest bearing	132,212
	254,358
Less: Repayment due within 12 Months	(142,714)
	1,232,202

10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at 31 March 2006.

11. Material Litigation

As at 25 May 2006, 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 31 March 2006.

13. Earnings/(loss) per share

(i) Basic loss per share

The basic loss per share for the current year to date has been calculated based on the Group's loss for the current period to date attributable to the shareholders of the Company of RM23,612,000 and on the weighted average number of 623,032,231 ordinary shares in issue during the period.

(ii) Fully diluted loss per share

Based on FRS 133: Earnings Per Share, the conversion of warrants is considered dilutive when they would result in the issue of new ordinary shares for less than the market value of the shares. As the current exercise price of the warrants is higher than the market value of the ordinary shares, there is no impact on dilution in the loss per share. In addition, the conversion of Irredeemable Convertible Unsecured Loan Stocks of the Group is also anti-dilutive. Hence, the fully diluted loss per share is not applicable.