

**TDM BERHAD**  
**(6265 P)**  
**(Incorporated in Malaysia)**

**Directors' Report and Audited Financial Statements**  
**31 December 2010**

Ernst & Young  
AF : 0039

**6265 P**

**TDM Berhad**  
**(Incorporated in Malaysia)**

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**Directors' report**

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

**Principal activities**

The principal activities of the Company are investment holding, provision of management services and cultivation of oil palms.

The principal activities of its subsidiaries are described in Note 15 to the financial statements.

There have been no significant changes in the nature of subsidiaries' activities during the financial year.

**Results**

	<b>Group</b> <b>RM'000</b>	<b>Company</b> <b>RM'000</b>
Profit for the year, net of tax	<u>93,331</u>	<u>36,560</u>
Profit attributable to:		
Owners of the parent	92,015	36,560
Minority interests	<u>1,316</u>	<u>-</u>
	<u>93,331</u>	<u>36,560</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

**Dividends**

The amount of dividends paid by the Company since 31 December 2009 were as follows:

	<b>RM'000</b>
In respect of the financial year ended 31 December 2009:	
A first and final dividend of 4 sen gross dividend per share, less 25% taxation, on 219,435,002 ordinary shares and 9 sen dividend per share, tax exempt under the single-tier system on 219,435,002 ordinary shares declared on 30 March 2010 and paid on 15 June 2010.	<u>26,332</u>

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**Directors' report**

**Dividends (cont'd.)**

At the forthcoming Annual General Meeting ("AGM"), a first and final dividend in respect of the financial year ended 31 December 2010 of 13.50 sen dividend per share, tax exempt under the single-tier system on 225,572,202 ordinary shares, amounting to RM30,452,247 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2011.

**Directors**

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Y. Bhg. Datuk Haji Roslan bin Awang Chik  
Y. B. Dato' Haji Abdul Razak bin Ismail  
Y. Bhg. Dato' Haji Adzlan bin Mohd Dagang  
Tuan Haji Long bin A. Rahman  
Tuan Haji Zakaria bin K C Ahammu  
Encik Wong Shew Yong  
Encik Abdul Mutalip bin Sulaiman

(appointed on 18 May 2010)

**Directors' benefits**

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement, to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the shares options granted under Employee Share Option Plan.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the Note 29 to the financial statements.

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**Directors' report**

**Directors' interests**

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

	<b>Number of options over ordinary shares of RM1 each</b>			
	<b>1 January 2010</b>	<b>Granted</b>	<b>Exercised</b>	<b>31 December 2010</b>
Y. Bhg. Datuk Haji Roslan bin Awang Chik	-	500,000	-	500,000
Y. B. Dato' Haji Abdul Razak bin Ismail	-	330,000	-	330,000
Y. Bhg. Dato' Haji Adzlan bin Mohd Dagang	-	330,000	-	330,000
Tuan Haji Long bin A. Rahman	-	330,000	-	330,000
Encik Wong Shew Yong	-	330,000	-	330,000

The option to subscribe for shares of RM1 each in the Company at an average price of RM1.90 per ordinary share was granted on 12 October 2010 for a period of 2.43 years pursuant to the ESOS of the Company.

None of the other directors in office at the end of the financial year had any interest in shares or options over shares in the Company or its related corporations during the financial year.

**Issue of shares**

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM218,881,402 to RM225,572,202 by way of the issuance of 6,690,800 ordinary shares of RM1 each for cash pursuant to the Company's Employee Share Options Scheme ("ESOS") at an average exercise price of RM1.61 per ordinary share.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

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**Directors' report**

**Employee share option scheme**

The TDM Berhad ESOS is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 19 February 2008. The ESOS was implemented on 17 March 2008 for a period of 5 years from the date of implementation.

During the year, the Company granted 6,898,565 share options under the ESOS.

The salient features and other terms of the ESOS are disclosed in Note 27(b) to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia ("CCM") from having to disclose the names of option holders, other than directors, to whom options have been granted during the year and details of their holdings. This information has been separately filed with the CCM.

**Other statutory information**

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and Company inadequate to any substantial extent; and
  - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

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**Directors' report**

**Other statutory information (cont'd.)**

- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
  - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
  - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

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**Directors' report**

**Significant events**

Details of significant events are disclosed in Note 15(a), 15(b) and 15(c) to the financial statements.

**Auditors**

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 March 2011.

Datuk Haji Roslan bin Awang Chik

Abdul Mutalip bin Sulaiman

**TDM Berhad**  
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**Statement by directors**  
**Pursuant to Section 169(15) of the Companies Act 1965**

We, Datuk Haji Roslan bin Awang Chik and Abdul Mutalip bin Sulaiman, being two of the directors of TDM Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 11 to 102 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and the cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 March 2011.

Datuk Haji Roslan bin Awang Chik

Abdul Mutalip bin Sulaiman

**Statutory declaration**  
**Pursuant to Section 169(16) of the Companies Act 1965**

I, Amir Mohd Hafiz bin Amir Khalid, being the officer primarily responsible for the financial management of TDM Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 11 to 102 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed,  
Amir Mohd Hafiz bin Amir Khalid at Kuala Terengganu in  
the state of Terengganu Darul Iman on 31 March 2011

Amir Mohd Hafiz bin Amir Khalid

Before me,

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**Independent auditors' report to the members of  
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**Report on the financial statements**

We have audited the financial statements of TDM Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 11 to 102.

*Directors' responsibility for the financial statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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**Independent auditors' report to the members of  
TDM Berhad (cont'd.)  
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*Auditors' responsibility (cont'd.)*

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.

**Report on other legal and regulatory requirements**

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act, other than as disclosed in Note 15 to the financial statements.

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**Independent auditors' report to the members of  
TDM Berhad (cont'd.)  
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**Other matters**

The supplementary information set out in Note 37 on page 103 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young  
AF: 0039  
Chartered Accountants

Sandra Segaran a/l Muniandy@Krishnan  
No. 2882/01/13 (J)  
Chartered Accountant

Kuala Terengganu, Terengganu Darul Iman, Malaysia  
31 March 2011

**TDM Berhad**  
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**Statements of comprehensive income**  
**For the financial year ended 31 December 2010**

	Note	Group		Company	
		2010 RM'000	2009 RM'000 Restated	2010 RM'000	2009 RM'000
Revenue	4	420,440	335,593	99,572	85,398
Cost of sales		(218,051)	(201,390)	(21,904)	(21,380)
<b>Gross profit</b>		<u>202,389</u>	<u>134,203</u>	<u>77,668</u>	<u>64,018</u>
<b>Other items of income</b>					
Profit from Al-Mudharabah		806	1,371	-	-
Other income		6,699	4,751	523	54
<b>Other items of expense</b>					
Distribution costs		(8,055)	(7,288)	(1,690)	(1,479)
Administrative expenses		(68,869)	(52,666)	(30,079)	(22,140)
Other expenses		(3,436)	(2,500)	(2,998)	(1,742)
Finance costs	5	(327)	(384)	(783)	(81)
<b>Profit before tax</b>	6	<u>129,207</u>	<u>77,487</u>	<u>42,641</u>	<u>38,630</u>
Income tax expense	9	(35,876)	(21,540)	(6,081)	(9,160)
<b>Profit for the year, net of tax</b>		<u>93,331</u>	<u>55,947</u>	<u>36,560</u>	<u>29,470</u>
<b>Other comprehensive income:</b>					
Available for sale investments' fair value movement		38	-	-	-
Deferred tax impact on fair value gain		(5)	-	-	-
<b>Other comprehensive income for the year, net of tax</b>		<u>33</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u>93,364</u>	<u>55,947</u>	<u>36,560</u>	<u>29,470</u>

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**Statements of comprehensive income (cont'd.)**  
**For the financial year ended 31 December 2010**

		Group		Company	
	Note	2010	2009	2010	2009
		RM'000	RM'000	RM'000	RM'000
			Restated		
<b>Profit attributable to:</b>					
Owners of the parent		92,015	54,781	36,560	29,470
Minority interests		1,316	1,166	-	-
		<u>93,331</u>	<u>55,947</u>	<u>36,560</u>	<u>29,470</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		92,048	54,781	36,560	29,470
Minority interests		1,316	1,166	-	-
		<u>93,364</u>	<u>55,947</u>	<u>36,560</u>	<u>29,470</u>
<b>Earnings per share attributable to owners of the parent (sen per share):</b>					
Basic	10	<u>41.49</u>	<u>25.03</u>		
Diluted	10	<u>41.13</u>	<u>n/a</u>		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**TDM Berhad**  
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**Statements of financial position**  
**As at 31 December 2010**

Note	Group			Company			
	2010 RM'000	2009 RM'000 Restated	As at 1.1.2009 RM'000 Restated	2010 RM'000	2009 RM'000 Restated	As at 1.1.2009 RM'000 Restated	
<b>Assets</b>							
<b>Non-current assets</b>							
Property, plant and equipment	12	296,458	271,595	266,592	30,566	30,067	32,692
Biological assets	13	367,624	358,108	354,912	23,638	27,535	27,535
Goodwill	14	1,468	1,070	1,070	-	-	-
Investments in subsidiaries	15	-	-	-	187,718	165,651	172,486
Other investments	16	4,700	4,700	4,810	-	-	-
Available for sale investments	17	148	110	-	-	-	-
		<u>670,398</u>	<u>635,583</u>	<u>627,384</u>	<u>241,922</u>	<u>223,253</u>	<u>232,713</u>
<b>Current assets</b>							
Property development costs	18	-	-	-	-	-	-
Inventories	19	15,918	14,522	33,582	418	1,252	1,697
Trade and other receivables	20	60,900	70,863	59,519	52,097	72,082	148,423
Prepayments		5,048	6,445	4,926	33	88	24
Tax recoverable		56	4,227	4,926	-	2,189	-
Cash and bank balances	21	176,702	107,020	131,025	46,888	829	222
		<u>258,624</u>	<u>203,077</u>	<u>233,978</u>	<u>99,436</u>	<u>76,440</u>	<u>150,366</u>
<b>Total assets</b>		<u>929,022</u>	<u>838,660</u>	<u>861,362</u>	<u>341,358</u>	<u>299,693</u>	<u>383,079</u>
<b>Equity and liabilities</b>							
<b>Current liabilities</b>							
Retirement benefit obligations	27	160	1,023	-	77	241	-
Borrowings	22	3,245	3,299	3,374	82	82	730
Trade and other payables	23	147,146	139,346	190,971	41,439	22,989	110,994
Tax payable		6,275	2,441	4,507	813	-	2,436
		<u>156,826</u>	<u>146,109</u>	<u>198,852</u>	<u>42,411</u>	<u>23,312</u>	<u>114,160</u>
<b>Net current assets</b>		<u>101,798</u>	<u>56,968</u>	<u>35,126</u>	<u>57,025</u>	<u>53,128</u>	<u>36,206</u>

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**Statements of financial position (cont'd.)**  
**As at 31 December 2010**

	Note	Group			Company		
		2010 RM'000	2009 RM'000 Restated	As at 1.1.2009 RM'000 Restated	2010 RM'000	2009 RM'000 Restated	As at 1.1.2009 RM'000 Restated
<b>Non-current liabilities</b>							
Retirement benefit obligations	27	833	809	1,641	89	133	203
Borrowings	22	1,520	2,686	2,851	76	151	242
Deferred tax liabilities	28	42,489	41,188	40,772	9,901	11,086	11,318
Deferred revenue		-	-	3,500	-	-	-
		<u>44,842</u>	<u>44,683</u>	<u>48,764</u>	<u>10,066</u>	<u>11,370</u>	<u>11,763</u>
<b>Total liabilities</b>		<u>201,668</u>	<u>190,792</u>	<u>247,616</u>	<u>52,477</u>	<u>34,682</u>	<u>125,923</u>
<b>Net assets</b>		<u>727,354</u>	<u>647,868</u>	<u>613,746</u>	<u>288,881</u>	<u>265,011</u>	<u>257,156</u>
<b>Equity attributable to owners of the parent</b>							
Share capital	24	225,572	218,881	218,876	225,572	218,881	218,876
Share premium	24	45,945	38,132	38,127	45,945	38,132	38,127
Retained earnings/(accumulated losses)	26	229,271	163,588	131,790	(21,924)	(32,152)	(38,639)
Other reserves	25	208,347	210,426	209,172	39,288	40,150	38,792
		<u>709,135</u>	<u>631,027</u>	<u>597,965</u>	<u>288,881</u>	<u>265,011</u>	<u>257,156</u>
<b>Minority interests</b>		18,219	16,841	15,781	-	-	-
<b>Total equity</b>		<u>727,354</u>	<u>647,868</u>	<u>613,746</u>	<u>288,881</u>	<u>265,011</u>	<u>257,156</u>
<b>Total equity and liabilities</b>		<u>929,022</u>	<u>838,660</u>	<u>861,362</u>	<u>341,358</u>	<u>299,693</u>	<u>383,079</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Consolidated statement of changes in equity  
For the financial year ended 31 December 2010

	Attributable to owners of the parent											
	Total equity	Equity attributable to owners of the parent	Non-distributable		Distributable	Total other reserves	Non-distributable				Minority interests	
			Share capital (Note 24)	Share premium (Note 24)	Retained earnings (Note 26)		Asset revaluation reserve (Note 25)	Foreign currency translation reserve (Note 25)	Share option reserve (Note 25)	Fair value adjustment reserve (Note 25)		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>2010 Group</b>												
<b>Opening balance at 1 January 2010</b>	647,868	631,027	218,881	38,132	163,588	210,426	205,481	(543)	5,488	-	-	16,841
Total comprehensive income	93,364	92,048	-	-	92,015	33	-	-	-	33	-	1,316
<b>Transactions with owners</b>												
Foreign currency translation reserve	(1,544)	(1,250)	-	-	-	(1,250)	-	(1,250)	-	-	-	(294)
Issuance of ordinary shares pursuant to ESOS	14,504	14,504	6,691	7,813	-	-	-	-	-	-	-	-
Share options granted under ESOS	2,870	2,870	-	-	-	2,870	-	-	2,870	-	-	-
Exercise of ESOS	(3,732)	(3,732)	-	-	-	(3,732)	-	-	(3,732)	-	-	-
Acquisition of shares in existing subsidiaries	426	-	-	-	-	-	-	-	-	-	-	426
Loss on accretion interest	31	-	-	-	-	-	-	-	-	-	-	31
Dividends on ordinary shares	(26,433)	(26,332)	-	-	(26,332)	-	-	-	-	-	-	(101)
Total transactions with owners	(13,878)	(13,940)	6,691	7,813	(26,332)	(2,112)	-	(1,250)	(862)	-	-	62
<b>Closing balance at 31 December 2010</b>	<b>727,354</b>	<b>709,135</b>	<b>225,572</b>	<b>45,945</b>	<b>229,271</b>	<b>208,347</b>	<b>205,481</b>	<b>(1,793)</b>	<b>4,626</b>	<b>33</b>	<b>-</b>	<b>18,219</b>

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Consolidated statement of changes in equity (cont'd.)  
For the financial year ended 31 December 2010

	Attributable to owners of the parent											Minority interests
	Total equity	Equity attributable to owners of the parent	Non-distributable		Distributable	Total other reserves	Non-distributable					
			Share capital (Note 24)	Share premium (Note 24)	Retained earnings (Note 26)		Asset revaluation reserve (Note 25)	Foreign currency translation reserve (Note 25)	Share option reserve (Note 25)	Fair value adjustment reserve (Note 25)		
2009 Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Opening balance at 1 January 2009</b>	613,746	597,965	218,876	38,127	131,790	209,172	205,481	(439)	4,130	-	15,781	
Total comprehensive income	55,947	54,781	-	-	54,781	-	-	-	-	-	1,166	
<b>Transactions with owners</b>												
Foreign currency translation reserve	(104)	(104)	-	-	-	(104)	-	(104)	-	-	-	
Issuance of ordinary shares pursuant to ESOS	10	10	5	5	-	-	-	-	-	-	-	
Share options granted under ESOS	1,360	1,360	-	-	-	1,360	-	-	1,360	-	-	
Exercise of ESOS	(2)	(2)	-	-	-	(2)	-	-	(2)	-	-	
Acquisition of shares in existing subsidiaries	(21)	-	-	-	-	-	-	-	-	-	(21)	
Dividends on ordinary shares	(23,068)	(22,983)	-	-	(22,983)	-	-	-	-	-	(85)	
Total transactions with owners	(21,825)	(21,719)	5	5	(22,983)	1,254	-	(104)	1,358	-	(106)	
<b>Closing balance at 31 December 2009</b>	647,868	631,027	218,881	38,132	163,588	210,426	205,481	(543)	5,488	-	16,841	

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**TDM Berhad**  
(Incorporated in Malaysia)

**Company statement of changes in equity**  
**For the financial year ended 31 December 2010**

		Attributable to owners of the parent							
		Non-distributable		Distributable		Non-distributable			
Note	Total equity	Share capital	Share premium	(Accumulated losses)/ Profits	Total other reserves	Asset revaluation reserve	Foreign currency translation reserve	Share option reserve	
	RM'000	(Note 24) RM'000	(Note 24) RM'000	(Note 26) RM'000	RM'000	(Note 25) RM'000	(Note 25) RM'000	(Note 25) RM'000	
	<b>Opening balance at 1 January 2010</b>	265,011	218,881	38,132	(32,152)	40,150	31,926	2,736	5,488
	Total comprehensive income	36,560	-	-	36,560	-	-	-	-
	<b>Transactions with owners</b>								
	Issuance of ordinary shares pursuant to ESOS	14,504	6,691	7,813	-	-	-	-	-
	Share options granted under ESOS	2,870	-	-	-	2,870	-	-	2,870
	Exercise of ESOS	(3,732)	-	-	-	(3,732)	-	-	(3,732)
	Dividends on ordinary shares	(26,332)	-	-	(26,332)	-	-	-	-
11	Total transactions with owners	(12,690)	6,691	7,813	(26,332)	(862)	-	-	(862)
	<b>Closing balance at 31 December 2010</b>	288,881	225,572	45,945	(21,924)	39,288	31,926	2,736	4,626
	<b>Opening balance at 1 January 2009</b>	257,156	218,876	38,127	(38,639)	38,792	31,926	2,736	4,130
	Total comprehensive income	29,470	-	-	29,470	-	-	-	-
	<b>Transactions with owners</b>								
	Issuance of ordinary shares pursuant to ESOS	10	5	5	-	-	-	-	-
	Share options granted under ESOS	1,360	-	-	-	1,360	-	-	1,360
	Exercise of ESOS	(2)	-	-	-	(2)	-	-	(2)
	Dividends on ordinary shares	(22,983)	-	-	(22,983)	-	-	-	-
11	Total transactions with owners	(21,615)	5	5	(22,983)	1,358	-	-	1,358
	<b>Closing balance at 31 December 2009</b>	265,011	218,881	38,132	(32,152)	40,150	31,926	2,736	5,488

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**TDM Berhad**  
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**Statements of cash flows**  
**For the financial year ended 31 December 2010**

	Note	Group 2010 RM'000	Group 2009 RM'000 Restated	Company 2010 RM'000	Company 2009 RM'000 Restated
<b>Cash flows from operating activities</b>					
Profit before tax		129,207	77,487	42,641	38,630
Adjustments for:					
Interest expense	5	327	384	24	81
Interest expense charged by subsidiaries	5	-	-	759	-
Depreciation of property, plant and equipment	6	17,502	15,550	1,504	866
Property, plant and equipment written off	6	38	1	-	-
Impairment of property, plant and equipment	6	-	1,312	-	1,035
Reversal of impairment of leasehold land	6	-	(488)	-	-
Reversal of amortisation of leasehold land	6	(1,386)	-	-	-
Amortisation of livestocks	6	968	1,384	-	-
Loss on disposal of biological assets	6	2,397	-	2,397	-
Inventories written off	6	61	-	-	-
Gain on disposal of property, plant and equipment	6	(91)	(246)	(19)	(32)
Impairment loss on trade and other receivables	6	4,973	277	4,940	1,691
Reversal of impairment loss on trade and other receivables	6	(130)	(23)	-	-
Bad debts written off	6	60	-	-	-
Payables written back	6	(1,036)	-	(51)	-
Provision for impairment of investment in a subsidiary	6	-	-	6,000	7,800
Dividend income	6	(1,646)	(940)	(33,846)	(38,137)
Biological assets written off	6	2,101	-	-	-

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**Statements of cash flows (cont'd.)**  
**For the financial year ended 31 December 2010**

	Note	Group 2010 RM'000	Group 2009 RM'000 Restated	Company 2010 RM'000	Company 2009 RM'000 Restated
<b>Cash flows from operating activities (cont'd.)</b>					
Expenses arising from liquidation of subsidiaries	6	1,174	-	-	-
Profit received from AI Mudharabah	6	(806)	(1,371)	-	-
Interest income	6	(1,398)	(1,104)	(31)	(11)
Loss on accretion interest	6	31	-	-	-
Interest income charged to subsidiaries	6	-	-	(399)	-
(Reversal of)/provision for short term accumulating compensated absences	7	(10)	5	23	(9)
Provision for retirement benefit obligations	7	192	222	33	171
Share options granted under ESOS	7	2,869	1,360	1,207	417
Total adjustments		<u>26,190</u>	<u>16,323</u>	<u>(17,459)</u>	<u>(26,128)</u>
Operating profit before working capital changes		<u>155,397</u>	<u>93,810</u>	<u>25,182</u>	<u>12,502</u>
<u>Changes in working capital</u>					
(Increase)/decrease in inventories		(1,457)	19,239	834	445
(Increase)/decrease in receivables		(6,245)	(3,165)	4,270	(8,716)
Increase/(decrease) in payables and deferred revenue		<u>17,129</u>	<u>(57,659)</u>	<u>(10,745)</u>	<u>(2,775)</u>
Total changes in working capital		<u>9,427</u>	<u>(41,585)</u>	<u>(5,641)</u>	<u>(11,046)</u>
Cash generated from operations		164,824	52,225	19,541	1,456
Interest paid		(327)	(384)	(24)	(81)
Interest received		1,398	1,104	31	11
Taxes paid		(24,354)	(27,180)	(3,458)	(7,508)
Zakat paid		(351)	(1,994)	-	-
Retirement benefits paid	27	<u>(1,031)</u>	<u>(56)</u>	<u>(241)</u>	<u>-</u>
Net cash from/(used in) operating activities		<u>140,159</u>	<u>23,715</u>	<u>15,849</u>	<u>(6,122)</u>

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**Statements of cash flows (cont'd.)**  
**For the financial year ended 31 December 2010**

	Note	Group 2010 RM'000	Group 2009 RM'000 Restated	Company 2010 RM'000	Company 2009 RM'000 Restated
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	12 (b)	(41,022)	(20,779)	(2,003)	(425)
Addition of livestocks	13	(753)	(1,006)	-	-
Addition of plantation development expenditure	13	(15,729)	(3,469)	-	-
Purchase of additional shares in subsidiaries	15	(700)	-	(14,660)	-
Dividend received		1,646	940	60,989	30,836
Profit received from AI Mudharabah		806	1,371	-	-
Proceeds from disposal of biological assets		1,500	-	1,500	-
Proceeds from disposal of property, plant and equipment		195	423	19	32
Net cash (used in)/from investing activities		<u>(54,057)</u>	<u>(22,520)</u>	<u>45,845</u>	<u>30,443</u>
<b>Cash flows from financing activities</b>					
Proceeds from trust receipts and bankers' acceptances		6,099	6,054	-	-
Repayments of trust receipts and bankers' acceptances		(6,164)	(5,930)	-	-
Proceeds from issuance of ordinary shares		11,400	8	10,772	8
Repayment of term loans		(188)	(188)	-	-
Repayment of hire purchase facilities		(1,190)	(1,449)	(75)	(98)
Dividends paid to shareholders	11	<u>(26,434)</u>	<u>(23,052)</u>	<u>(26,332)</u>	<u>(22,983)</u>
Net cash used in financing activities		<u>(16,477)</u>	<u>(24,557)</u>	<u>(15,635)</u>	<u>(23,073)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		69,625	(23,362)	46,059	1,248
<b>Cash and cash equivalents at beginning of year</b>		<u>106,475</u>	<u>129,837</u>	<u>829</u>	<u>(419)</u>
<b>Cash and cash equivalents at end of year</b>	21	<u>176,100</u>	<u>106,475</u>	<u>46,888</u>	<u>829</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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**Notes to the financial statements**  
**For the financial year ended 31 December 2010**

**1. Corporate information**

The principal activities of the Company are investment holding, provision of management services and cultivation of oil palms. The principal activities of the subsidiaries are as disclosed in Note 15 to the financial statements.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Aras 5, Bangunan UMNO Terengganu, Lot 3224, Jalan Masjid Abidin, 20100 Kuala Terengganu, Terengganu Darul Iman.

**2. Summary of significant accounting policies**

**2.1 Basis of preparation**

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 2.2.

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

**2.2 Changes in accounting policies**

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2010, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

- FRS 7 *Financial Instruments: Disclosures*
- FRS 8 *Operating Segments*
- FRS 101 *Presentation of Financial Statements (Revised)*
- FRS 123 *Borrowing Costs*
- FRS 139 *Financial Instruments: Recognition and Measurement*

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**Notes to the financial statements**

**2. Summary of significant accounting policies (cont'd.)**

**2.2 Changes in accounting policies (cont'd.)**

- Amendments to *FRS 1 First-time Adoption of Financial Reporting Standards* and *FRS 127 Consolidated and Separate Financial Statements: Cost of and Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to *FRS 2 Share-based Payment – Vesting Conditions and Cancellations*
- Amendments to *FRS 132 Financial Instruments: Presentation*
- Amendments to *FRS 139 Financial Instruments: Recognition and Measurement*, *FRS 7 Financial Instruments: Disclosures* and *IC Interpretation 9 Reassessment of Embedded Derivatives*
- Improvements to FRS issued in 2009
- *IC Interpretation 9 Reassessment of Embedded Derivatives*
- *IC Interpretation 10 Interim Financial Reporting and Impairment*
- *IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions*
- *IC Interpretation 13 Customer Loyalty Programmes*
- *IC Interpretation 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

*FRS 4 Insurance Contracts* and *TR i-3 Presentation of Financial Statements of Islamic Financial Institutions* will also be effective for annual periods beginning on or after 1 January 2010. These FRS are, however, not applicable to the Group or the Company.

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

*FRS 7 Financial Instruments: Disclosures*

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of *FRS 132 Financial Instruments: Disclosure and Presentation*. *FRS 7* introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

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**Notes to the financial statements**

**2. Summary of significant accounting policies (cont'd.)**

**2.2 Changes in accounting policies (cont'd.)**

FRS 7 *Financial Instruments: Disclosures* (cont'd.)

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

FRS 8: *Operating Segment*

FRS 8, which replaces FRS 114 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 34 to the financial statements.

FRS 101: *Presentation of Financial Statements* (revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 33).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

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**Notes to the financial statements**

**2. Summary of significant accounting policies (cont'd.)**

**2.2 Changes in accounting policies (cont'd.)**

FRS 139 *Financial Instruments: Recognition and Measurement*

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- **Impairment of trade receivables**

Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 January 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 and the difference is recognised as adjustments to the opening balance of retained earnings as at that date.

- **Inter-company loans**

During the current and prior years, the Company granted interest-free or low-interest advances from holding company. Prior to 1 January 2010, these advances were recorded at cost in the Company's financial statements. Upon the adoption of FRS 139, all advances are subject to interest.

- **Financial guarantee contracts**

During the current and prior years, the Company provided financial guarantees to banks in connection with bank loans and other banking facilities granted to its subsidiaries. Prior to 1 January 2010, the Company did not provide for such guarantees unless it was more likely than not that the guarantees would be called upon. The guarantees were disclosed as contingent liabilities. Upon the adoption of FRS 139, all unexpired financial guarantees issued by the Company are recognised as financial liabilities and are measured at their initial fair value less accumulated amortisation as at 1 January 2010. As at 31 December 2010, the impact of the FRS 139 of the corporate guarantee given to the subsidiaries as disclosed in Note 22 is not significant to the Group.

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**Notes to the financial statements**

**2. Summary of significant accounting policies (cont'd.)**

**2.2 Changes in accounting policies (cont'd.)**

FRS 139 Financial Instruments: Recognition and Measurement (cont'd.)

The following are effects arising from the above changes in accounting policies:

	<b>Increase/(decrease)</b>	
	<b>As at 31</b>	<b>As at</b>
	<b>December</b>	<b>1 January</b>
	<b>2010</b>	<b>2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Statements of financial position</b>		
<b>Group</b>		
Investment in securities (non-current)		
- available-for-sale financial assets	148	110
Deferred tax liability	5	-
Retained earnings	33	-
	<hr/>	<hr/>
<b>Company</b>		
Trade and other receivables	399	-
Trade and other payables	759	-
Retained earnings	(450)	-
	<hr/>	<hr/>
		<b>Increase/</b>
		<b>(decrease)</b>
		<b>2010</b>
		<b>RM'000</b>
<b>Statement of comprehensive income</b>		
<b>Group</b>		
Available for sale investments' fair value movement		38
Deferred tax impact on fair value gain		(5)
Other comprehensive income for the year, net of tax		33
		<hr/>
<b>Company</b>		
Interest income		399
Finance cost		(759)
Loss for the year		(360)
Income tax expense		(90)
Loss net of tax		(450)
		<hr/>

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**Notes to the financial statements**

**2. Summary of significant accounting policies (cont'd.)**

**2.2 Changes in accounting policies (cont'd.)**

Improvements to FRS issued in 2009 - Amendments to FRS 117 Leases

Prior to 1 January 2010, for all leases of land and buildings, if title is not expected to pass the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117 *Leases* clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired and land leases to reclassified as finance leases. The Group has applied this change in accounting policy retrospectively and certain comparatives have been restated. The following are effects to the statements of financial position as at 31 December 2010 arising from the above change in accounting policy:

	<b>Group 2010 RM'000</b>	<b>Company 2010 RM'000</b>
Increase/(decrease) in:		
Property, plant and equipment	170,028	28,444
Prepaid land lease payments	<u>(170,028)</u>	<u>(28,444)</u>

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**Notes to the financial statements**

**2. Summary of significant accounting policies (cont'd.)**

**2.2 Changes in accounting policies (cont'd.)**

Improvements to FRS issued in 2009 - Amendments to FRS 117 Leases (cont'd.)

The following comparatives have been restated:

	<b>As previously stated RM'000</b>	<b>Reclassified RM'000</b>	<b>As restated RM'000</b>
<b>Statements of financial position</b>			
<b>Group</b>			
<b>31 December 2009</b>			
Property, plant and equipment	101,567	170,028	271,595
Prepaid land lease payments	170,028	(170,028)	-
	<u>101,567</u>	<u>(170,028)</u>	<u>271,595</u>
<b>1 January 2009</b>			
Property, plant and equipment	93,846	172,746	266,592
Prepaid land lease payments	172,746	(172,746)	-
	<u>93,846</u>	<u>(172,746)</u>	<u>266,592</u>
<b>Company</b>			
<b>31 December 2009</b>			
Property, plant and equipment	1,623	28,444	30,067
Prepaid land lease payments	28,444	(28,444)	-
	<u>1,623</u>	<u>(28,444)</u>	<u>30,067</u>
<b>1 January 2009</b>			
Property, plant and equipment	3,416	29,276	32,692
Prepaid land lease payments	29,276	(29,276)	-
	<u>3,416</u>	<u>(29,276)</u>	<u>32,692</u>

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**Notes to the financial statements**

**2. Summary of significant accounting policies (cont'd.)**

**2.3 Standards issued but not yet effective**

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
FRS 1 <i>First-time Adoption of Financial Reporting Standards</i>	1 July 2010
FRS 3 <i>Business Combinations (revised)</i>	1 July 2010
Amendments to FRS 2 <i>Share-based Payment</i>	1 July 2010
Amendments to FRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 July 2010
Amendments to FRS 127 <i>Consolidated and Separate Financial Statements</i>	1 July 2010
Amendments to FRS 138 <i>Intangible Assets</i>	1 July 2010
Amendments to IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 July 2010
IC Interpretation 12 <i>Service Concession Arrangements</i>	1 July 2010
IC Interpretation 16 <i>Hedges of a Net Investment in a Foreign Operation</i>	1 July 2010
IC Interpretation 17 <i>Distributions of Non-cash Assets to Owners</i>	1 July 2010
Amendments to FRS 132: <i>Classification of Rights Issues</i>	1 March 2010
Amendments to FRS 1: <i>Limited Exemption from Comparatives</i> FRS 7 <i>Disclosures for First-Time Adopters</i>	1 January 2011
Amendments to FRS 7: <i>Improving Disclosures about Financial Instruments</i>	1 January 2011

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3 and the amendments to FRS 127 are described below.

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**Notes to the financial statements**

**2. Summary of significant accounting policies (cont'd.)**

**2.3 Standards issued but not yet effective (cont'd.)**

Revised FRS 3 *Business Combinations* and Amendments to FRS 127 *Consolidated and Separate Financial Statements*

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 *Statement of Cash Flows*, FRS 112 *Income Taxes*, FRS 121 *The Effects of Changes in Foreign Exchange Rates*, FRS 128 *Investments in Associates* and FRS 131 *Interests in Joint Ventures*. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to early adopt.

**2.4 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as of the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

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**Notes to the financial statements**

**2. Summary of significant accounting policies (cont'd.)**

**2.4 Basis of consolidation (cont'd.)**

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.9. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

**2.5 Transactions with minority interests**

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

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**Notes to the financial statements**

**2. Summary of significant accounting policies (cont'd.)**

**2.6 Foreign currency**

**(a) Functional and presentation currency**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company’s functional currency.

**(b) Foreign currency transactions**

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group’s net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

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**Notes to the financial statements**

**2. Summary of significant accounting policies (cont'd.)**

**2.6 Foreign currency (cont'd.)**

**(c) Foreign operations**

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

**2.7 Property, plant and equipment**

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment except for buildings, motor vehicles, plant and machinery and freehold land included within property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Certain buildings, motor vehicles, plant and machinery and freehold land included within property, plant and equipment are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers.

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**Notes to the financial statements**

**2. Summary of significant accounting policies (cont'd.)**

**2.7 Property, plant and equipment (cont'd.)**

Revaluations are performed at a regular interval of at least once every five (5) years to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Work-in progress is also not depreciated as this asset is not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Leasehold land	33 - 88 years
Buildings	5% - 10%
Plant, machinery, equipment, vehicles and renovation	5% - 20%
Livestock pen and cages	10% - 33.3%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

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**Notes to the financial statements**

**2. Summary of significant accounting policies (cont'd.)**

**2.8 Biological assets**

**(a) Plantation development expenditure**

Plantation development expenditure consists of pre-cropping costs incurred from the commencement of development to the date of maturity of the rootstock. Subsequent to recognition, plantation development expenditure are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed at least once in every five years to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in income statements, in which case the increase is recognised in income statements to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in income statements. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

Expenditure incurred in respect of newly planted areas up to the time of maturity is capitalised as plantation development expenditure. Replanting expenditure is charged to the income statement as and when it is incurred. Replanting expenditure in the existing land with other crops other than the one previously planted is not being capitalised but expensed off in the income statement.

**(b) Livestocks**

Livestocks represent deferred expenditure incurred on the breeder stock up to their maturity. This deferred expenditure will be amortised over the average production cycle of the breeders.

Deferred expenditure on the breeder stock is carried at the lower of amortised cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while the market value is determined on the current net selling prices. On disposal of livestock, the difference between net disposal proceeds and the carrying amount is recognised in income statements.

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**Notes to the financial statements**

**2. Summary of significant accounting policies (cont'd.)**

**2.9 Goodwill**

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

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**Notes to the financial statements**

**2. Summary of significant accounting policies (cont'd.)**

**2.10 Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

**2.11 Subsidiaries**

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

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**Notes to the financial statements**

**2. Summary of significant accounting policies (cont'd.)**

**2.12 Financial assets**

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables and available-for-sale financial assets.

**(a) Loans and receivables**

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

**(b) Available-for-sale financial assets**

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

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**Notes to the financial statements**

**2. Summary of significant accounting policies (cont'd.)**

**2.12 Financial assets (cont'd.)**

**(b) Available-for-sale financial assets (cont'd.)**

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

**2.13 Impairment of financial assets**

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

**(a) Trade and other receivables and other financial assets carried at amortised cost**

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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**Notes to the financial statements**

**2. Summary of significant accounting policies (cont'd.)**

**2.13 Impairment of financial assets (cont'd.)**

**(a) Trade and other receivables and other financial assets carried at amortised cost (cont'd.)**

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

**(b) Available-for-sale financial assets**

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

**2.14 Property development costs**

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

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**Notes to the financial statements**

**2. Summary of significant accounting policies (cont'd.)**

**2.14 Property development costs (cont'd.)**

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately. Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

**2.15 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

**2.16 Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

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**2. Summary of significant accounting policies (cont'd.)**

**2.17 Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**2.18 Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

**(a) Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

**(b) Other financial liabilities**

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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**Notes to the financial statements**

**2. Summary of significant accounting policies (cont'd.)**

**2.18 Financial liabilities (cont'd.)**

**(b) Other financial liabilities (cont'd.)**

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Loans and borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**2.19 Borrowing costs**

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

**2.20 Employee benefits**

**(a) Defined contribution plans**

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

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**Notes to the financial statements**

**2. Summary of significant accounting policies (cont'd.)**

**2.20 Employee benefits (cont'd.)**

**(b) Employee share option plans**

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

**2.21 Leases**

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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**Notes to the financial statements**

**2. Summary of significant accounting policies (cont'd.)**

**2.22 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

**(i) Sale of goods**

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

**(ii) Rendering of services**

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

**(iii) Interest income**

Interest income is recognised using the effective interest method.

**(iv) Dividend income**

Dividend income is recognised when the Group's right to receive payment is established.

**(v) Management fees**

Management fees are recognised when services are rendered.

**(vi) Deferred revenue**

The deferred revenue relates to advanced payment received from a supplier which will be amortised over the supply of crude unbleached palm oil.

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**Notes to the financial statements**

**2. Summary of significant accounting policies (cont'd.)**

**2.23 Income taxes**

**(a) Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

**(b) Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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**2. Summary of significant accounting policies (cont'd.)**

**2.23 Income taxes (cont'd.)**

**(b) Deferred tax (cont'd.)**

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**2.24 Segment reporting**

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

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**Notes to the financial statements**

**2. Summary of significant accounting policies (cont'd.)**

**2.25 Share capital and share issuance expenses**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

**2.26 Contingencies**

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

**3. Significant accounting judgements and estimates**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

**3.1 Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**(a) Useful lives of plant and equipment**

The cost of plant and equipment for the plantation industry and medical equipment for healthcare is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 5 to 20 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

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**3. Significant accounting judgements and estimates (cont'd.)**

**3.1 Key sources of estimation uncertainty (cont'd.)**

**(b) Impairment of goodwill**

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are given in Note 14.

**(c) Deferred tax assets**

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and reinvestment allowances to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and reinvestment allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

**(d) Impairment of loans and receivables**

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 20.

**(e) Defined benefit plan**

The cost defined benefit pension plans is determined using actuarial assumptions. The principal assumptions used to determine the present value of defined benefit obligation are discount rate, long-term rate of return on assets and future salary increases. The carrying amount on the Group's defined benefit plan at the reporting date is disclosed in Note 27(a).

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**4. Revenue**

Revenue of the Group and of the Company consists of the following:

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>Restated</b>		
Sale of goods	351,656	276,751	47,957	37,504
Rendering of services	66,330	58,842	-	-
Dividend income from subsidiaries	-	-	33,846	38,137
Management fees from subsidiaries	-	-	17,769	9,757
Management fee from Terengganu Oil Palm Development - Sublessees Scheme	2,454	-	-	-
	<u>420,440</u>	<u>335,593</u>	<u>99,572</u>	<u>85,398</u>

Revenue for the Group represents invoiced amount for sale of goods and services rendered after allowing for sales discounts and returns and excludes intra-group transactions.

**5. Finance costs**

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest expense on:				
- bank overdrafts	43	80	15	80
- term loans	67	67	-	-
- trust receipts and bankers' acceptances	69	71	-	-
- hire purchase and finance lease liabilities	148	166	9	1
- interest charged by subsidiaries	-	-	759	-
	<u>327</u>	<u>384</u>	<u>783</u>	<u>81</u>

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**6. Profit before tax**

The following amounts have been included in arriving at profit before tax:

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>Restated</b>		<b>Restated</b>
Employee benefits expense (Note 7)	31,554	26,226	8,474	6,481
Non-executive directors' remuneration (Note 8)	2,040	1,392	1,106	575
Auditors' remuneration				
- current year	257	230	58	51
- other services	5	6	5	-
- over provided in prior year	(4)	-	-	-
Depreciation of property, plant and equipment (Note 12)	17,502	15,550	1,504	866
Property, plant and equipment written off (Note 12)	38	1	-	-
Biological assets written off (Note 13)	2,101	-	-	-
Impairment of property, plant and equipment (Note 12)	-	1,312	-	1,035
Amortisation of livestocks (Note 13)	968	1,384	-	-
Loss on accretion interest	31	-	-	-
Reversal of impairment of leasehold land (Note 12)	-	(488)	-	-
Reversal of amortisation of leasehold land (Note 12)	(1,386)	-	-	-
Loss on disposal of biological assets	2,397	-	2,397	-
Rental of premises	3,552	3,227	600	540
Rental of equipment	180	45	-	-
Rental of land	89	180	85	172
Rental of parking space	103	63	47	63
Rental of chicken pen	173	-	-	-
Inventories written off	61	-	-	-
Gain on disposal of property, plant and equipment	(91)	(246)	(19)	(32)
Bad debts written off	60	-	-	-
Impairment loss on trade and other receivables	4,973	277	4,940	1,691

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**6. Profit before tax (cont'd.)**

	Group		Company	
	2010 RM'000	2009 RM'000 Restated	2010 RM'000	2009 RM'000 Restated
Reversal of impairment loss on trade and other receivables	(130)	(23)	-	-
Payables written back	(1,036)	-	(51)	-
Royalty	423	527	-	-
Share of profits from estates payable to Lembaga Tabung Amanah Warisan Negeri Terengganu	2,862	1,649	2,862	1,649
Share of profits from estates payable to Majlis Agama Islam dan Adat Melayu Terengganu	137	-	137	-
Provision for impairment of investment in a subsidiary	-	-	6,000	7,800
Replanting expenditure	430	848	-	91
Cash written off	-	23	-	-
Expenses arising from liquidation of subsidiaries	1,174	-	-	-
Profit received from Al Mudharabah	(806)	(1,371)	-	-
Dividend received	(1,646)	(940)	(33,846)	(38,137)
Interest income	(1,398)	(1,104)	(31)	(11)
Rental income	(3,582)	(503)	-	-
Profit distribution from Terengganu Oil Palm Development - Sublessees Scheme	(30,809)	(18,557)	(11,239)	(6,770)
Management fees charged to subsidiaries	-	-	(17,769)	(9,757)
Management fees charged to Terengganu Oil Palm Development - Sublessees Scheme	(2,454)	-	-	-
Interest expense charged by subsidiaries	-	-	759	-
Interest income charged to subsidiaries	-	-	(399)	-

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**7. Employee benefits expense**

	Group		Company	
	2010 RM'000	2009 RM'000 Restated	2010 RM'000	2009 RM'000 Restated
Salaries, wages and allowances	14,823	13,672	3,017	2,744
Defined contribution benefits	2,410	2,052	509	535
Social security costs	208	135	28	27
Provision for retirement benefit obligations (Note 27 (a))	192	222	33	171
(Reversal of)/provision for short term accumulating compensated absences	(10)	5	23	(9)
Share options granted under ESOS	2,869	1,360	1,207	417
Other benefits	11,062	8,780	3,657	2,596
	<u>31,554</u>	<u>26,226</u>	<u>8,474</u>	<u>6,481</u>

Included in employee benefits expense of the Group is executive director's remuneration amounting to RM307,000 (2009: RM14,000) as further disclosed in Note 8.

**8. Directors' remuneration**

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Executive director's remuneration (Note 7):				
Fees and other emoluments	274	14	-	-
Share options granted under ESOS	33	-	-	-
	<u>307</u>	<u>14</u>	<u>-</u>	<u>-</u>
Non-executive directors' remuneration (Note 6):				
Fees and other emoluments	1,305	1,134	577	575
Share options granted under ESOS	735	258	529	-
	<u>2,040</u>	<u>1,392</u>	<u>1,106</u>	<u>575</u>
Total directors' remuneration	2,347	1,406	1,106	575
Estimated money value of benefits-in-kind	141	51	22	17
Total directors' remuneration including benefits-in-kind	<u>2,488</u>	<u>1,457</u>	<u>1,128</u>	<u>592</u>

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**8. Directors' remuneration (cont'd.)**

The number of directors of the Company whose total remuneration during the year falling within the following bands is analysed below:

	Number of directors	
	2010	2009
<b>Non-executive directors:</b>		
Below RM50,000	1	5
RM50,001 - RM100,000	1	3
RM150,001 - RM200,000	4	1
RM300,001 - RM350,000	1	-
	<u>1</u>	<u>-</u>

**9. Income tax expense**

The major components of income tax expense for the years ended 31 December 2010 and 2009 are:

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Statement of comprehensive income:				
Current income tax				
- Malaysian income tax	35,815	20,537	7,261	9,501
- (Over)/under provision of income tax in prior year	(1,234)	587	5	(109)
	<u>34,581</u>	<u>21,124</u>	<u>7,266</u>	<u>9,392</u>
Deferred tax (Note 28):				
Under/(over) provision in prior year	615	212	(4)	(6)
Relating to origination and reversal of temporary differences	680	204	(1,181)	(226)
	<u>1,295</u>	<u>416</u>	<u>(1,185)</u>	<u>(232)</u>
Income tax expense recognised in profit or loss	<u>35,876</u>	<u>21,540</u>	<u>6,081</u>	<u>9,160</u>

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**9. Income tax expense (cont'd.)**

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2010 and 2009 are as follows:

<b>Group</b>	<b>2010</b> <b>RM'000</b>	<b>2009</b> <b>RM'000</b> <b>Restated</b>
Profit before tax	<u>129,207</u>	<u>77,487</u>
Taxation at Malaysian statutory rate of 25% (2009: 25%)	32,302	19,372
Income not subject to tax	(11)	(122)
Expenses not deductible for tax purposes	4,429	1,816
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(465)	(687)
Deferred tax assets recognised during the year	(96)	-
Deferred tax assets not recognised during the year	336	362
Under provision of deferred tax in prior years	615	212
(Over)/under provision of income tax in prior year	<u>(1,234)</u>	<u>587</u>
Tax expense for the year	<u>35,876</u>	<u>21,540</u>
 <b>Company</b>		
Profit before tax	<u>42,641</u>	<u>38,630</u>
Taxation at Malaysian statutory rate of 25% (2009: 25%)	10,660	9,658
Income not subject to tax	(7,656)	(3,024)
Expenses not deductible for tax purposes	3,076	2,641
Over provision of deferred tax in prior year	(4)	(6)
Under/(over) provision of income tax in prior year	<u>5</u>	<u>(109)</u>
Tax expense for the year	<u>6,081</u>	<u>9,160</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year.

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**10. Earnings per share**

**Basic**

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

**Diluted**

Diluted earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
Profit attributable to ordinary equity holders of the Company of basic earnings per share(RM'000)	<u>92,015</u>	<u>54,781</u>
Weighted average number of ordinary shares in issue for basic earnings per share computation ('000)	221,789	218,881
Effects of dilution: share options ('000)	1,942	-
Weighted average number of ordinary shares in issue for diluted earnings per share computation ('000)	223,731	218,881
Basic earning per share (sen per share)	<u>41.49</u>	<u>25.03</u>
Diluted earning per share (sen per share)	<u>41.13</u>	<u>n/a</u>

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**11. Dividends**

	←	Dividends in respect of year			→	Dividends recognised in year		→
	2010	2009	2008	2008	←	2010	2009	→
	RM'000	RM'000	RM'000	RM'000	←	RM'000	RM'000	→
<b>Recognised during the year:</b>								
Final dividend of 14% less 25% taxation on 218,881,402 ordinary shares declared on 12 April 2009 and paid on 21 July 2009 (10.50 sen net per ordinary share).	-	-	22,983	-	-	-	22,983	
Final dividend of 4 sen gross dividend per share, less 25% taxation, on 219,435,002 ordinary shares and 9 sen dividend per share, tax exempt under the single-tier system on 219,435,002 ordinary shares declared on 30 March 2010 and paid on 15 June 2010.	-	26,332	-	-	-	26,332	-	
<b>Proposed for approval at AGM (not recognised as at 31 December):</b>								
First and final dividend in respect of the financial year ended 31 December 2010 of 13.50 sen dividend per share, tax exempt under the single-tier system on 225,572,202 ordinary shares.	30,452	-	-	-	-	-	-	
	<u>30,452</u>	<u>26,332</u>	<u>22,983</u>	<u>22,983</u>	<u>26,332</u>	<u>26,332</u>	<u>22,983</u>	

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**11. Dividends (cont'd.)**

At the forthcoming Annual General Meeting ("AGM"), a first and final dividend in respect of the financial year ended 31 December 2010 of 13.50 sen dividend per share, tax exempt under the single-tier system on 225,572,202 ordinary shares, amounting to RM30,452,247 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2011.

**12. Property, plant and equipment**

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery, equipment, vehicles and renovation RM'000	Livestock pen and cages RM'000	Work-in progress RM'000	Total RM'000
<b>Group</b>							
<b>At 1 January 2009</b>							
<b>Cost or valuation</b>							
As previously stated							
At cost	2,405	-	25,545	85,067	1,276	23,711	138,004
At valuation	800	-	19,227	47,464	-	-	67,491
Effects of adopting the amendments to FRS 117	-	194,493	-	-	-	-	194,493
As restated	3,205	194,493	44,772	132,531	1,276	23,711	399,988
Additions	-	313	-	10,852	17	11,511	22,693
Disposal	-	-	-	(2,035)	-	-	(2,035)
Reclassifications	-	-	3,342	2,476	-	(6,965)	(1,147)
Adjustments	(722)	-	4,477	11,062	(661)	(14,637)	(481)
Write offs	-	-	(483)	(576)	-	-	(1,059)
<b>At 31 December 2009 (restated)</b>	<b>2,483</b>	<b>194,806</b>	<b>52,108</b>	<b>154,310</b>	<b>632</b>	<b>13,620</b>	<b>417,959</b>
Representing:							
At cost	1,683	111,551	32,881	106,846	632	13,620	267,213
At valuation	800	83,255	19,227	47,464	-	-	150,746
<b>At 31 December 2009</b>	<b>2,483</b>	<b>194,806</b>	<b>52,108</b>	<b>154,310</b>	<b>632</b>	<b>13,620</b>	<b>417,959</b>

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**12. Property, plant and equipment (cont'd.)**

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery, equipment, vehicles and renovation RM'000	Livestock pen and cages RM'000	Work-in progress RM'000	Total RM'000
<b>Group (cont'd.)</b>							
<b>At 1 January 2010</b>							
<b>Cost or valuation</b>							
As previously stated							
At cost	1,683	-	32,881	106,846	632	13,620	155,662
At valuation	800	-	19,227	47,464	-	-	67,491
Effects of adopting the amendments to FRS 117	-	194,806	-	-	-	-	194,806
As restated	2,483	194,806	52,108	154,310	632	13,620	417,959
Additions	-	14,953	-	10,154	22	15,993	41,122
Disposal	-	-	-	(706)	-	-	(706)
Transfers	-	-	4,666	7,925	-	(12,591)	-
Adjustments	-	-	-	(16)	-	(277)	(293)
Write off	-	-	-	(804)	-	-	(804)
<b>At 31 December 2010</b>	<b>2,483</b>	<b>209,759</b>	<b>56,774</b>	<b>170,863</b>	<b>654</b>	<b>16,745</b>	<b>457,278</b>
Representing:							
At cost	1,683	126,504	37,547	123,399	654	16,745	306,532
At valuation	800	83,255	19,227	47,464	-	-	150,746
<b>At 31 December 2010</b>	<b>2,483</b>	<b>209,759</b>	<b>56,774</b>	<b>170,863</b>	<b>654</b>	<b>16,745</b>	<b>457,278</b>

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**12. Property, plant and equipment (cont'd.)**

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery, equipment, vehicles and renovation RM'000	Livestock pen and cages RM'000	Work-in progress RM'000	Total RM'000
<b>Group (cont'd.)</b>							
<b>Accumulated depreciation and impairment</b>							
<b>At 1 January 2009</b>							
As previously stated	-	-	30,901	75,452	470	4,826	111,649
Effects of adopting the amendments to FRS 117	-	21,747	-	-	-	-	21,747
As restated	-	21,747	30,901	75,452	470	4,826	133,396
Depreciation charge for the year (Note 6)	-	3,519	1,220	10,761	50	-	15,550
Adjustments	-	-	244	4,092	-	(4,826)	(490)
Disposal	-	-	-	(1,858)	-	-	(1,858)
Impairment losses	-	-	-	789	-	523	1,312
Write offs	-	-	(482)	(576)	-	-	(1,058)
Reversal of impairment of leasehold land	-	(488)	-	-	-	-	(488)
<b>At 31 December 2009 (restated)</b>	-	24,778	31,883	88,660	520	523	146,364
Analysed as:							
Accumulated depreciation	-	24,778	31,883	83,843	520	-	141,024
Accumulated impairment losses	-	-	-	4,817	-	523	5,340
	-	24,778	31,883	88,660	520	523	146,364

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**12. Property, plant and equipment (cont'd.)**

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery, equipment, vehicles and renovation RM'000	Livestock pen and cages RM'000	Work-in progress RM'000	Total RM'000
<b>Group (cont'd.)</b>							
<b>Accumulated depreciation and impairment</b>							
<b>At 1 January 2010</b>							
As previously stated	-	-	31,883	88,660	520	523	121,586
Effects of adopting the amendments to FRS 117	-	24,778	-	-	-	-	24,778
As restated	-	24,778	31,883	88,660	520	523	146,364
Depreciation charge for the year (Note 6)	-	3,589	1,621	12,248	44	-	17,502
Reversal of amortisation of leasehold land	-	(1,386)	-	-	-	-	(1,386)
Adjustment	-	-	-	(292)	-	-	(292)
Disposal	-	-	-	(602)	-	-	(602)
Write off	-	-	-	(766)	-	-	(766)
<b>At 31 December 2010</b>	-	26,981	33,504	99,248	564	523	160,820
Analysed as:							
Accumulated depreciation	-	26,981	33,504	94,431	564	-	155,480
Accumulated impairment losses	-	-	-	4,817	-	523	5,340
<b>At 31 December 2010</b>	-	26,981	33,504	99,248	564	523	160,820
<b>Net carrying amount</b>							
At 31 December 2009	2,483	170,028	20,225	65,650	112	13,097	271,595
At 31 December 2010	2,483	182,778	23,270	71,615	90	16,222	296,458

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**12. Property, plant and equipment (cont'd.)**

<b>Company</b>	<b>Leasehold land RM'000</b>	<b>Machinery, equipment and vehicles RM'000</b>	<b>Work-in progress RM'000</b>	<b>Renovation RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>					
<b>At 31 December 2009</b>					
As previously stated	-	5,861	1,340	512	7,713
Effects of adopting the amendments to FRS 117	34,092	-	-	-	34,092
As restated	34,092	5,861	1,340	512	41,805
Adjustments	-	(1,267)	(817)	2,131	47
Additions	-	425	-	-	425
Disposal	-	(95)	-	-	(95)
Reclassification	-	(1,148)	-	-	(1,148)
<b>At 31 December 2009 (restated)</b>	<b>34,092</b>	<b>3,776</b>	<b>523</b>	<b>2,643</b>	<b>41,034</b>
<b>At 31 December 2010</b>					
As previously stated	-	3,776	523	2,643	6,942
Effects of adopting the amendments to FRS 117	34,092	-	-	-	34,092
As restated	34,092	3,776	523	2,643	41,034
Additions	-	1,287	716	-	2,003
Disposal	-	(83)	-	-	(83)
<b>At 31 December 2010</b>	<b>34,092</b>	<b>4,980</b>	<b>1,239</b>	<b>2,643</b>	<b>42,954</b>

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**12. Property, plant and equipment (cont'd.)**

	Leasehold land RM'000	Machinery, equipment and vehicles RM'000	Work-in progress RM'000	Renovation RM'000	Total RM'000
<b>Company (cont'd.)</b>					
<b>Accumulated depreciation and impairment</b>					
<b>At 1 January 2009</b>					
As previously stated	-	2,151	1,801	345	4,297
Effects of adopting the amendments to FRS 117	4,816	-	-	-	4,816
As restated	4,816	2,151	1,801	345	9,113
Adjustments	-	63	(1,801)	1,786	48
Depreciation charge for the year (Note 6)	832	34	-	-	866
Impairment losses (Note 6)	-	-	523	512	1,035
Disposal	-	(95)	-	-	(95)
<b>At 31 December 2009 (restated)</b>	<b>5,648</b>	<b>2,153</b>	<b>523</b>	<b>2,643</b>	<b>10,967</b>
<b>At 1 January 2010</b>					
As previously stated	-	2,153	523	2,643	5,319
Effects of adopting the amendments to FRS 117	5,648	-	-	-	5,648
As restated	5,648	2,153	523	2,643	10,967
Depreciation charge for the year (Note 6)	831	673	-	-	1,504
Disposal	-	(83)	-	-	(83)
<b>At 31 December 2010</b>	<b>6,479</b>	<b>2,743</b>	<b>523</b>	<b>2,643</b>	<b>12,388</b>
<b>Net carrying amount</b>					
At 31 December 2009	28,444	1,623	-	-	30,067
At 31 December 2010	27,613	2,237	716	-	30,566

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**12. Property, plant and equipment (cont'd.)**

- (a) Had the revalued property, plant and equipment been carried under cost model, the net carrying amounts of each class of property, plant and equipment that would have been included in the financial statements of the Group as at 31 December 2010 would have been as follows:

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Plant and machinery	<u>6,025</u>	<u>6,531</u>

- (b) During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM41,122,000 (2009: RM22,693,000) and RM2,003,000 (2009: RM425,000) respectively of which RM100,000 (2009: RM1,914,000) of the Group were acquired by means of finance leases. Net carrying amounts of property, plant and equipment held under finance leases are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Machinery, equipment and motor vehicles	<u>3,378</u>	<u>4,272</u>	<u>190</u>	<u>295</u>

Details of independent professional valuations of properties owned by the Company and its subsidiaries at 31 December 2010 are as follows:

<b>Group</b>	<b>Description of property</b>	<b>Valuation</b>	<b>Basis of valuation</b>
<b>Year of valuation</b>		<b>amount</b>	
		<b>RM'000</b>	
2006	Buildings	14,277	Open market value
2006	Freehold land	800	Open market value
2006	Plant and machinery	47,464	Open market value
2006	Buildings	1,700	Open market value
2005	Buildings	<u>3,250</u>	Open market value
		<u>67,491</u>	

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**13. Biological assets**

<b>Group</b>	<b>2010</b> <b>RM'000</b>	<b>2009</b> <b>RM'000</b> <b>Restated</b>
<b>(a) Plantation development expenditure</b>		
<b>At cost or valuation</b>		
At 1 January		
At cost	23,990	20,416
At valuation	333,434	333,434
	<u>357,424</u>	<u>353,850</u>
Addition	15,729	3,469
Adjustments	-	105
Disposal	(3,897)	-
Write off	(2,101)	-
At 31 December	<u>367,155</u>	<u>357,424</u>
<b>Representing:</b>		
At cost	33,721	23,990
At valuation	333,434	333,434
At 31 December	<u>367,155</u>	<u>357,424</u>
<b>(b) Livestocks</b>		
	<b>2010</b> <b>RM'000</b>	<b>2009</b> <b>RM'000</b>
<b>At cost</b>		
At 1 January	12,287	11,281
Addition	753	1,006
	<u>13,040</u>	<u>12,287</u>
Cumulative amount amortised	(12,571)	(11,603)
At 31 December	<u>469</u>	<u>684</u>
Total	<u>367,624</u>	<u>358,108</u>
	<b>2010</b> <b>RM'000</b>	<b>2009</b> <b>RM'000</b>
<b>Company</b>		
<b>(a) Plantation development expenditure</b>		
<b>At cost</b>		
At 1 January	27,535	27,535
Disposal	(3,897)	-
At 31 December	<u>23,638</u>	<u>27,535</u>

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**13. Biological assets (cont'd.)**

- (a) Had the revalued biological assets been under cost model, the net carrying amount of each class of biological assets that would have been included in the financial statements of the Group as at 31 December 2010 would have been as follows:

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Plantation development expenditure	293,004	293,004
New planting development expenditure	17,748	17,748
	<u>310,752</u>	<u>310,752</u>

- (b) Prior to 1 January 2006, plantation development expenditure was classified as property, plant and equipment and livestocks were classified as deferred expenditure.
- (c) Details of independent professional valuations of biological assets owned by the Company and its subsidiaries at 31 December 2010 are as follows:

<b>Group</b>			
<b>Year of valuation</b>	<b>Description of property</b>	<b>Valuation amount RM'000</b>	<b>Basis of valuation</b>
2006	Plantation development expenditure	<u>333,434</u>	Open market value

**14. Goodwill**

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	1,070	1,070
Additional investment in a subsidiary (Note 15 (a) (ii))	398	-
At 31 December	<u>1,468</u>	<u>1,070</u>

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**14. Goodwill (cont'd.)**

Impairment testing of goodwill

Goodwill arising from business combinations has been allocated to two individual cash-generating units ("CGU") for impairment testing as follows:

- Plantation
- Healthcare

The carrying amounts of goodwill allocated to each CGU are as follows:

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Plantation	477	79
Healthcare	991	991
	1,468	1,070

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the five-year period are as follows:

	<b>Plantation</b>		<b>Healthcare</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Growth rates	-32%	-26%	23%	36%
Pre-tax discount rates	4%	7%	4%	4%

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

*Budgeted gross margins* – The basis used to determine the value assigned to the key assumption is average gross margin achieved in the period immediately before the budget period, increased for expected efficiency improvement.

*Growth rates* – The management believes that the average growth rates used are consistent with the medium-term average growth rate of the economy.

*Pre-tax discount rates* – The discount rates are pre-tax and reflect specific risks relating to the relevant activities.

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**15. Investment in subsidiaries**

	<b>Company</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares at cost:		
- in Malaysia	202,942	187,436
- outside Malaysia	25,421	15,936
	<u>228,363</u>	<u>203,372</u>
Less: Accumulated impairment loss	(40,645)	(37,721)
	<u>187,718</u>	<u>165,651</u>

Details of the subsidiaries are as follows:

<b>Names of subsidiaries</b>	<b>Country of incorporation</b>	<b>Principal activities</b>	<b>Proportion of ownership interest</b>	
			<b>2010</b>	<b>2009</b>
			<b>%</b>	<b>%</b>
TDM Plantation Sdn. Bhd.	Malaysia	Management of oil palm plantation, processing and trading of palm oil and related products.	100	100
Kumpulan Ladang-Ladang Trengganu Sdn. Bhd.	Malaysia	Cultivation of oil palms, trading of palm oil and other related products.	100	100
TDM Trading Sdn. Bhd.	Malaysia	Trading of crude palm oil and other related products.	100	100
TDM Capital Sdn. Bhd.	Malaysia	Investment holding, trading, cultivation of oil palms and other related products.	90	90
Kumpulan Mediiman Sdn. Bhd. **	Malaysia	Investment holding and provision of consultancy and management services to specialist medical centres.	90.49	90.49
Kuala Terengganu Specialist Hospital Sdn. Bhd.	Malaysia	Specialist medical centre.	100	100

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**15. Investments in subsidiaries (cont'd.)**

Names of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2010 %	2009 %
PT Rafi Kamajaya Abadi *	Indonesia	Cultivation of oil palms, trading of palm oil and other related products.	89.18	80.60
TDM Properties Bhd. ##	Malaysia	Dormant.	100	100
Indah Sari Travel & Tours Sdn. Bhd.***	Malaysia	Dormant.	70	70
TD Ijarah Sdn. Bhd. ##	Malaysia	Dormant.	100	100
TD Poultry Sdn. Bhd.	Malaysia	Intergrated poultry farming.	100	100
TDM Helling Sdn. Bhd. ##	Malaysia	Dormant.	100	100
TMG (M) Sdn. Bhd. (In liquidation) #	Malaysia	Dormant.	-	100
East Coast Transportation Sdn. Bhd. (In liquidation) #	Malaysia	Dormant.	-	100
Kuantan Medical Centre Sdn. Bhd.	Malaysia	Specialist medical centre.	92.35	88.44
Kelana Jaya Medical Centre Sdn. Bhd.	Malaysia	Specialist medical centre.	98.97	98.97
<b>Held by Kumpulan Ladang-Ladang Trengganu Sdn. Bhd.</b>				
TRP Industries Sdn. Bhd. ##	Malaysia	Dormant.	100	100
KLLT Fibres Sdn. Bhd. ##	Malaysia	Dormant.	100	100
Trengganu Rubber Processing Sdn. Bhd. ##	Malaysia	Dormant.	99.99	99.99
TDM Markwell (S) Pte. Ltd. (In liquidation) ###	Singapore	Dormant.	100	100

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**15. Investments in subsidiaries (cont'd.)**

Names of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2010 %	2009 %
<b>Held by TMG (M) Sdn. Bhd.</b>				
Chee Keng Stocks-Feeds Manufacturing Company Sdn. Bhd. (In liquidation) #	Malaysia	Dormant.	-	100
TDM Interdagang (M) Sdn. Bhd. (In liquidation) #	Malaysia	Dormant.	-	100
Pemco Sdn. Bhd. (In liquidation) #	Malaysia	Dormant.	-	100
<b>Held by TRP Industries Sdn. Bhd</b>				
World Wide Rubber Marketing Sdn. Bhd. ##	Malaysia	Dormant.	100	100
<b>Held by TDM Properties Bhd.</b>				
TD Gabongan Sdn. Bhd. ##	Malaysia	Dormant.	51	51
TD Permatang Sdn. Bhd. ##	Malaysia	Dormant.	100	100
<b>Held by Kumpulan Mediiman Sdn. Bhd.</b>				
Medi Air Sdn. Bhd. **	Malaysia	Dormant.	100	100
<b>Held by Kuala Terengganu Specialist Hospital Sdn. Bhd.</b>				
HMMC (Ampang) Sdn. Bhd. ##	Malaysia	Dormant.	100	100

\* Audited by firms of auditors other than Ernst & Young.

\*\* Subsidiaries with auditors' reports that draw reference to the going concern assumptions. These reports are not qualified.

\*\*\* In prior year, audited by a firm of auditors other than Ernst & Young. The auditors' report draw reference to the going concern assumption and the dependence upon the financial support of the Company. The report is not qualified.

# No consolidation with these subsidiaries as the subsidiaries have completed in their liquidation.

## The financial statements have been prepared on break-up basis. The auditors' reports draw reference to the going concern assumptions. These reports are not qualified.

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**Notes to the financial statements**

**15. Investments in subsidiaries (cont'd.)**

### No consolidation with the subsidiary. The directors deem this as a dormant subsidiary and therefore the results are immaterial to the financial statements of the Group.

**(a) Additional investment in subsidiaries**

**(i) Kuantan Medical Centre Sdn. Bhd.**

On 31 December 2010, a subsidiary of the Company ie Kuantan Medical Centre Sdn. Bhd. ("KMC") increased its issued and paid up ordinary share capital from RM9,603,045 to RM20,824,839 by way of issuance of 11,221,794 ordinary shares of RM1 each at an issue price of RM1.30 per ordinary share. The share premium of RM3,366,538 arising from the issuance of ordinary shares has been recognised in the financial statements.

The Company's contribution portion is RM13,960,000 by way of capitalisation of cash advance from the Company and the remaining balance of RM628,332 belongs to the minority shareholders. The Company's equity contribution in KMC increased from 88.44% to 92.35%.

**(ii) PT Rafi Kamajaya Abadi**

On 19 May 2010, the Company had acquired 212,000 ordinary shares from Bapak H Rahman, 18.86% of his existing shareholdings in PT Rafi for the purchase consideration of RM700,000.

	<b>2010</b>
	<b>RM'000</b>
Property, plant and equipment	583
Biological assets	692
Inventories	102
Other receivables	25
Cash and bank balances	13
	<u>1,415</u>
Trade payables	(107)
Other payables	(1,002)
Tax payable	(2)
Deferred tax liabilities	(2)
	<u>(1,113)</u>
Carrying value of net assets	302
Goodwill on acquisition (Note 14)	398
Total cost of acquisition	<u>700</u>
Cash outflow arising on acquisition:	
Purchase consideration satisfied by cash represents net cash outflow of the Group	<u>700</u>

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**15. Investments in subsidiaries (cont'd.)**

**(a) Additional investment in subsidiaries (cont'd.)**

**(ii) PT Rafi Kamajaya Abadi (cont'd.)**

On 21 April 2010 and 1 June 2010, the Company has increased its investment in PT Rafi Kamajaya Abadi by way of capitalisation of amount due from the Company amounting to RM8,731,277.

**(iii) TD Poultry Sdn. Bhd.**

On 9 November 2010, the Company increased its investment in a subsidiary namely TD Poultry Sdn. Bhd. from RM32,481,993 to RM35,495,984 by way of capitalisation of amount due to the Company of RM3,013,991.

**(b) Liquidation of subsidiaries**

On 30 August 2010, the liquidation processes of the subsidiaries ie TMG (M) Sdn. Bhd., East Coast Transportation Sdn. Bhd., Chee Keng Stocks-Feeds Manufacturing Company Sdn. Bhd., TDM Interdagang (M) Sdn. Bhd. and Pemco Sdn. Bhd. have completed with total cost of investments amounting to RM3,076,755. The expenses arising from the effect of the liquidation of RM1,174,000 has been recognised in the statement of comprehensive income.

**(c) Voluntarily winding up subsidiaries**

On 16 July 2010, the Company intended to wind up certain subsidiaries voluntarily under Section 254(1)(b) of the Companies Act 1965. Accordingly, adjustments have been made to the carrying values of the assets so as to reflect the realisable amounts, to accrue for any liability which arises and to reclass non-current liabilities as current liabilities respectively. The voluntarily winding up involve the following subsidiaries:

- (i) KLLT Fibres Sdn. Bhd.
- (ii) World Wide Rubber Marketing Sdn. Bhd.
- (iii) HMMC (Ampang) Sdn. Bhd.
- (iv) TD Gabongan Sdn. Bhd.
- (v) TDM Properties Bhd.
- (vi) TDM Helling Sdn. Bhd.
- (vi) TRP Industries Sdn. Bhd.
- (vii) Trengganu Rubber Processing Sdn. Bhd.
- (viii) TD Ijarah Sdn. Bhd.
- (ix) TD Permatang Sdn. Bhd.

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16. Other investments

	Group		Company	
	2010 RM'000	2009 RM'000 Restated	2010 RM'000	2009 RM'000
<b>Marketable securities</b>				
<b>Unquoted shares, at cost</b>				
Within Malaysia - shares	9,745	9,745	4,770	4,770
Less: Impairment losses	(5,045)	(5,045)	(4,770)	(4,770)
	<u>4,700</u>	<u>4,700</u>	<u>-</u>	<u>-</u>

17. Available for sale investments

	-----2010-----		-----2009-----	
	RM'000		RM'000	
	Carrying amount	Market value of quoted investments	Carrying amount	Market value of quoted investments
<b>Group</b>				
<b>Non-current</b>				
<i>Available for sale investments</i>				
-Equity instruments (quoted in Malaysia)	148	148	110	124
Total available for sale investments	<u>148</u>		<u>110</u>	

\* Prior to 1 January 2010, the current investments were carried at lower of cost and market value, determined on aggregate basis. The non-current investments are stated at costs less impairment.

18. Property development costs

	Group	
	2010 RM'000	2009 RM'000
Property development, at cost	1,583	1,583
Less: Provision for foreseeable losses	(1,583)	(1,583)
	<u>-</u>	<u>-</u>

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**19. Inventories**

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Cost</b>				
Produced inventories	1,512	4,796	418	1,252
Pharmaceutical products	2,399	1,753	-	-
Consumables and food stuff	60	45	-	-
Spare parts, equipment and store	6,974	2,570	-	-
Seedlings	4,233	3,915	-	-
Chicken farming inventories	740	1,443	-	-
	<u>15,918</u>	<u>14,522</u>	<u>418</u>	<u>1,252</u>

**20. Trade receivables and other receivables**

	Group		Company	
	2010 RM'000	2009 RM'000 Restated	2010 RM'000	2009 RM'000 Restated
<b>Trade receivables</b>				
Third parties	71,381	66,985	-	-
Less: Allowance for impairment				
Third parties	(19,675)	(18,870)	-	-
Trade receivables,net	<u>51,706</u>	<u>48,115</u>	<u>-</u>	<u>-</u>
<b>Other receivables</b>				
Due from subsidiaries	-	-	65,844	89,150
Sundry receivables	18,062	27,201	7,047	10,677
Deposits	2,491	3,084	130	193
	<u>20,553</u>	<u>30,285</u>	<u>73,021</u>	<u>100,020</u>
Less: Allowance for impairment				
Third parties	(11,359)	(7,537)	(7,024)	(2,411)
Subsidiaries	-	-	(13,900)	(25,527)
	<u>(11,359)</u>	<u>(7,537)</u>	<u>(20,924)</u>	<u>(27,938)</u>
Other receivables,net	<u>9,194</u>	<u>22,748</u>	<u>52,097</u>	<u>72,082</u>
Total trade and other receivables	60,900	70,863	52,097	72,082
Add: Cash and bank balances (Note 21)	176,702	107,020	46,888	829
Total loans and receivables	<u>237,602</u>	<u>177,883</u>	<u>98,985</u>	<u>72,911</u>

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**20. Trade receivables and other receivables (cont'd.)**

Included in sundry receivables of the Group is an amount of RM5,000,000 (2009: RM5,000,000) held with a shareholder, Terengganu Incorporated Sdn. Bhd.

**(a) Trade receivables**

Trade receivables are non-interest bearing and are generally on 30 to 90 day (2009: 30 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Neither past due nor impaired	6,247	24,745
1 to 30 days past due not impaired	27,943	7,838
31 to 60 days past due not impaired	4,908	6,233
61 to 90 days past due not impaired	2,033	2,865
More than 91 days past due not impaired	6,844	3,727
	41,728	20,663
Impaired	23,406	21,577
	<u>71,381</u>	<u>66,985</u>

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM41,728,000 (2009: RM20,663,000) that are past due at the reporting date but not impaired.

Based on past experience and no adverse information to date, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

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**20. Trade receivables and other receivables (cont'd.)**

**(a) Trade receivables (cont'd.)**

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	<b>Group</b>	
	<b>individually impaired</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables-nominal amounts	23,406	21,577
Less: Allowance for impairment	(19,675)	(18,870)
	<u>3,731</u>	<u>2,707</u>

Movement in allowance accounts:

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	18,870	18,604
Charge for the year (Note 6)	928	277
Reversal of impairment losses (Note 6)	(2)	(11)
Written off	(121)	-
At 31 December	<u>19,675</u>	<u>18,870</u>

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

**(b) Related party balances**

Amount due from subsidiaries bear interest at BLR + 1% (2009: Nil) per annum, unsecured and no repayment period.

**(c) Other receivables**

Other receivables that are impaired

At the reporting date, the Group has provided an allowance of RM11,359,000 (2009: RM7,537,000) for impairment of other receivables with a nominal amount of RM25,601,000 (2009: RM36,730,000).

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**20. Trade receivables and other receivables (cont'd.)**

**(c) Other receivables (cont'd.)**

Other receivables that are impaired (cont'd.)

The movement of the allowance accounts used to record the impairment are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January	7,537	7,549	27,938	26,247
Charge for the year (Note 6)	4,045	-	4,940	1,691
Reversal of impairment losses (Note 6)	(128)	(12)	-	-
Written off	(95)	-	(11,954)	-
At 31 December	<u>11,359</u>	<u>7,537</u>	<u>20,924</u>	<u>27,938</u>

**21. Cash and cash equivalents**

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash at banks and in hand	41,509	19,787	14,825	766
Short term deposits with:				
Licensed banks	<u>135,193</u>	<u>87,233</u>	<u>32,063</u>	<u>63</u>
Cash and bank balances	<u>176,702</u>	<u>107,020</u>	<u>46,888</u>	<u>829</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one month and one year depending on the immediate cash requirements of the Group and of the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2010 for the Group and for the Company were 2.6% (2009: 2.7%) and 2.6% (2009: 2.7%) respectively.

The Group's deposits with licensed banks amounting to RM98,000 (2009: RM53,365,892) are pledged as securities for performance bonds issued and banking facilities granted to subsidiaries as referred to in Note 22.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the reporting date:

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and short term deposits	176,702	107,020	46,888	829
Bank overdrafts (Note 22)	(602)	(545)	-	-
Cash and cash equivalents	<u>176,100</u>	<u>106,475</u>	<u>46,888</u>	<u>829</u>

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**22. Borrowings**

	Maturity	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Current</b>					
<b>Secured</b>					
Obligations under finance leases (Note 30 (b))	2011	1,098	1,144	82	82
Bank overdrafts (Note 21)	On demand	602	545	-	-
Bank loan:					
- 8% p.a. fixed rate loan	2011	188	188	-	-
Trust receipts and bankers' acceptances	2011	1,357	1,422	-	-
		<u>3,245</u>	<u>3,299</u>	<u>82</u>	<u>82</u>
<b>Non-current</b>					
<b>Secured</b>					
Obligations under finance leases (Note 30 (b))	2012-2015	974	1,952	76	151
Bank loan:					
- 8% p.a. fixed rate loan	2014	546	734	-	-
		<u>1,520</u>	<u>2,686</u>	<u>76</u>	<u>151</u>
Total borrowings		<u>4,765</u>	<u>5,985</u>	<u>158</u>	<u>233</u>

The remaining maturities of the borrowings as at 31 December 2010 are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
On demand or within one year	3,245	3,299	82	82
More than 1 year and less than 2 years	956	1,703	76	82
More than 2 years and less than 5 years	564	969	-	69
5 years or more	-	14	-	-
	<u>4,765</u>	<u>5,985</u>	<u>158</u>	<u>233</u>

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**22. Borrowings (cont'd.)**

8% p.a. fixed rate loan

The bank loan is secured by a first legal charge over the buildings of a subsidiary. The carrying amount of buildings pledged as securities is RM3,666,000 (2009: RM3,959,000).

Bank overdrafts and trust receipts and bankers' acceptances

The weighted average effective interest rates at the balance sheet date were as follows:

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
Trust receipts and bankers' acceptances	3.84%	3.69%
Bank overdrafts	<u>7.30%</u>	<u>7.00%</u>

The secured trust receipts and bank overdrafts of the subsidiaries are secured by corporate guarantee from the Company.

**23. Trade payables and other payables**

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>Restated</b>		<b>Restated</b>
<b>Trade payables</b>				
Trade payables	85,682	83,989	79	78
Deferred revenue (due within 12 months)	-	6,000	-	-
	<u>85,682</u>	<u>89,989</u>	<u>79</u>	<u>78</u>
<b>Other payables</b>				
Amount due to subsidiaries	-	-	16,507	3,178
Sundry payables	26,107	24,410	3,886	3,012
Accruals	19,798	9,388	5,408	1,162
Due to Perbadanan Memajukan Iktisad Negeri Terengganu ("PMINT")	15,559	15,559	15,559	15,559
	<u>61,464</u>	<u>49,357</u>	<u>41,360</u>	<u>22,911</u>
Total trade and other payables	147,146	139,346	41,439	22,989
Add: Borrowings (Note 22)	4,765	5,985	158	233
Total financial liabilities carried at amortised cost	<u>151,911</u>	<u>145,331</u>	<u>41,597</u>	<u>23,222</u>

In previous year, the deferred revenue relates to a long term sales contract to supply crude unbleached palm oil in bulk to Cargill Palm Product Sdn. Bhd.

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**23. Trade payables and other payables (cont'd.)**

**(a) Trade payables**

The first tranche contract of RM170 million and the second tranche contract of RM50 million were to be fulfilled over a 5 year period from 1 April 2004 until 31 March 2009, and a 4 year period from 1 April 2006 until 31 March 2010 respectively, during which period, the Company has given a bank guarantee to ensure it fulfills its part of the obligation. The deferred revenue was amortised over the contract period based on quantity of crude unbleached palm oil supplied.

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group are up to one month.

**(b) Other payables**

The amounts due to subsidiaries are unsecured, bear interest at BLR + 1% p.a. (2009: Nil) unsecured and have no fixed repayment period.

The amount due to PMINT is unsecured, non interest bearing and is no fixed terms of repayment.

Other payables are non-interest bearing. Other payables are normally settled on an average term of 30 days (2009: 30 days).

**24. Share capital and share premium**

	<b>Group and Company</b>			
	<b>Number of ordinary shares of RM1 each Share capital (issued and fully paid) '000</b>	<b>Share capital (issued and fully paid) RM'000</b>	<b>Share premium RM'000</b>	<b>Total RM'000</b>
At 1 January 2009	218,876	218,876	38,127	257,003
Ordinary shares issued during the year:				
Pursuant to ESOS (Note 27 (b))	5	5	5	10
At 31 December 2009 and 1 January 2010	218,881	218,881	38,132	257,013
Ordinary shares issued during the year:				
Pursuant to ESOS (Note 27 (b))	6,691	6,691	7,813	14,504
At 31 December 2010	225,572	225,572	45,945	271,517

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**24. Share capital and share premium (cont'd.)**

	Number of ordinary shares of RM1 each		Amount	
	2010 '000	2009 '000	2010 RM'000	2009 RM'000
<b>Authorised</b>				
At 1 January / 31 December	500,000	500,000	500,000	500,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

**25. Other reserves**

	Asset revaluation reserve RM'000	Foreign currency translation reserve RM'000	Share option reserve RM'000	Fair value adjustment reserve RM'000	Total RM'000
<b>Group</b>					
<b>At 1 January 2009</b>	205,481	(439)	4,130	-	209,172
<b>Transactions with owners:</b>					
Foreign currency translation reserve	-	(104)	-	-	(104)
Share options granted under ESOS	-	-	1,360	-	1,360
Exercise of ESOS	-	-	(2)	-	(2)
<b>At 31 December 2009</b>	205,481	(543)	5,488	-	210,426
<b>At 1 January 2010</b>	205,481	(543)	5,488	-	210,426
Effects of adopting FRS 139	-	-	-	33	33
	205,481	(543)	5,488	33	210,459
<b>Transactions with owners:</b>					
Foreign currency translation reserve	-	(1,250)	-	-	(1,250)
Share options granted under ESOS	-	-	2,870	-	2,870
Exercise of ESOS	-	-	(3,732)	-	(3,732)
<b>At 31 December 2010</b>	205,481	(1,793)	4,626	33	208,347

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**25. Other reserves (cont'd.)**

<b>Company</b>	<b>Asset revaluation reserve RM'000</b>	<b>Capital reserve RM'000</b>	<b>Share option reserve RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2009</b>	31,926	2,736	4,130	38,792
<b>Transactions with owners:</b>				
Share options granted under ESOS	-	-	1,360	1,360
Exercise of ESOS	-	-	(2)	(2)
<b>At 31 December 2009 and 1 January 2010</b>	31,926	2,736	5,488	40,150
<b>Transactions with owners:</b>				
Share options granted under ESOS	-	-	2,870	2,870
Exercise of ESOS	-	-	(3,732)	(3,732)
<b>At 31 December 2010</b>	31,926	2,736	4,626	39,288

The movements in each category of the reserves are disclosed in the statements of changes in equity. The nature and purpose of each category of the reserves are as follows:

**(a) Asset revaluation reserve**

This reserve includes the cumulative net change in fair value of buildings, long term and short term plantation land, plant and machinery, leasehold and freehold land and plantation development expenditure, net of deferred taxation.

**(b) Capital reserve**

This reserve, which is eliminated on consolidation, relates to the surplus arising from the sale of property, plant and equipment in 1986 to a subsidiary company.

**(c) Foreign currency translation reserve**

The foreign exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of a foreign subsidiary as well as the translation of foreign currency loans used to finance investments in the foreign subsidiary.

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**25. Other reserves (cont'd.)**

**(d) Share option reserve**

Employee share option reserve represents the equity-settled share options granted to employees (Note 27 (b)). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

**(e) Fair value adjustment reserve**

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

**26. Retained earnings/(accumulated losses)**

These comprise the cumulative results of the Group and of the Company net of taxation and minority interests.

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company has elected for the irrevocable option to disregard the Section 108 balance as at 31 December 2010. Hence, the Company will be able to distribute out its entire profit for the year ended 31 December 2010 under the single tier system.

The retained earnings/(accumulated losses) as at reporting date may be analysed as follows:

	<b>Group</b>	<b>Company</b>
	<b>2010</b>	<b>2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Realised	203,266	(22,665)
Unrealised	26,005	741
	<u>229,271</u>	<u>(21,924)</u>

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**27. Employee benefits**

**(a) Retirement benefit obligations**

Certain subsidiaries of the Group and the Company operate an unfunded, defined benefit Retirement Benefit Scheme for its employees. All employees who were employed by the Company prior to January 1999 are eligible for the scheme. Benefits are payable based on the last drawn salary of the employee and the number of years of service with the certain subsidiaries of the Group and the Company.

The following tables summarise the components of retirement benefit expense recognised in the statement of comprehensive income and recognised in the statement of financial position.

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January	1,832	1,666	374	203
Recognised in statement of comprehensive income (Note 7)	192	222	33	171
Payment during the year	(1,031)	(56)	(241)	-
At 31 December	<u>993</u>	<u>1,832</u>	<u>166</u>	<u>374</u>

The amounts recognised in the statement of financial position are determined as follows:-

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Present value of unfunded defined benefit obligations	1,587	1,837	195	336
Unrecognised transition liability	(594)	(5)	(29)	38
Net liability	<u>993</u>	<u>1,832</u>	<u>166</u>	<u>374</u>

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**27. Employee benefits (cont'd.)**

**(a) Retirement benefit obligations (cont'd.)**

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>Restated</b>		<b>Restated</b>
<b>Analysed as:</b>				
Current:				
Not later than 1 year	160	1,023	77	241
Non current:				
Later than 1 year	833	809	89	133
	<u>993</u>	<u>1,832</u>	<u>166</u>	<u>374</u>

The amounts recognised in the income statements are determined as follows:-

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current service cost	72	108	12	13
Interest cost	111	121	22	20
Net actuarial loss/(gain)	9	(7)	(1)	(11)
Transfer from a subsidiary	-	-	-	149
Total included in employee benefits expense (Note 7)	<u>192</u>	<u>222</u>	<u>33</u>	<u>171</u>

All of the Group's and Company's charge for the year has been included in operating costs.

Principal actuarial assumptions used:

	<b>2010</b>	<b>2009</b>
Discount rate	6.25%	6.44%
Average salary increase	6.00%	6.00%

The Retirement Benefit Scheme was revalued on 24 November 2010. As at that date, the revaluation showed that the Group's provision for retirement benefits was sufficient to meet the actuarially determined value of vested benefits.

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**27. Employee benefits (cont'd.)**

**(b) Employee share options scheme ("ESOS")**

The TDM Berhad ESOS is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 19 February 2008. The ESOS was implemented on 17 March 2008 for a period of 5 years from the date of implementation.

The salient features of the ESOS are as follows:

- (i) The ESOS shall be in force for a period of five (5) years commencing from 17 March 2008 ("the Option period").
- (ii) Only employees and directors of the Group are eligible to participate in the scheme and must have completed a continuous period of employment of at least one (1) year before the date of offer. The selection for participation in the scheme shall be at the discretion of the ESOS Committee.
- (iii) The new TDM shares are to be allotted and issued to the Grantee pursuant to the exercise of any option under this scheme.
- (iv) In the event of cessation of employment of the Grantee with the Group prior to the full exercise of the Options, such Options shall cease without any claim against the Group provided always that the ESOS Committee in its discretion, by notice in writing, if such cessation occurs by reason.
- (v) The total number of new TDM Shares which may be made available under the Scheme shall not exceed fifteen per centum (15%) of the total issued and paid-up share capital comprising ordinary shares of the Company at any one time.
- (vi) The total number of new TDM Shares allocated, in aggregate, to the Directors and/or Senior Management of the TDM Group shall not exceed fifty per centum (50%) of the total TDM Shares available under the Scheme.
- (vii) The number of TDM Shares allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds twenty per centum (20%) or more in the issued and paid-up share capital of the Company, shall not exceed ten per centum (10%) of the total TDM Shares available under the Scheme.
- (viii) The weighted average market price of the TDM Shares for the five (5) Market Days immediately preceding the Offer Date less a discount of not more than ten per centum (10%) there from at the ESOS Committees' discretion.

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**27. Employee benefits (cont'd.)**

**(b) Employee share options scheme ("ESOS") (cont'd.)**

Movement of share options during the financial year

The following table illustrates the number ("No") and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year:

	<b>Group</b>			
	<b>2010</b>	<b>WAEP</b>	<b>2009</b>	<b>WAEP</b>
	<b>No</b>	<b>RM'000</b>	<b>No</b>	<b>RM'000</b>
	<b>'000</b>	<b>RM'000</b>	<b>'000</b>	<b>RM'000</b>
Outstanding at 1 January	15,191	1.61	15,825	1.61
Granted	6,899	1.90	-	-
Exercised (Note 24)	(6,691)	1.61	(5)	1.61
Lapsed	(288)	1.61	(629)	1.61
Outstanding at 31 December	<u>15,111</u>		<u>15,191</u>	
Exercisable as at 31 December	<u>15,111</u>		<u>15,191</u>	

- The weighted average fair value of options granted during the financial year was RM0.5577 (2009: RM0.5580).
- The weighted average share price at the date of exercise of the options exercised during the financial year was RM1.61 (2009: RM1.61).
- The range of exercise prices for options outstanding at the end of the year was RM1.61 to RM1.90 (2009: RM1.61). The weighted average remaining contractual life for these options is 2.17 years (2009: 3.17 years).

**(i) Fair value of share options granted**

The fair value of share options granted during the year was calculated by using the Binomial model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the option pricing models for the years ended 31 December 2010 and 2009:

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**27. Employee benefits (cont'd.)**

**(b) Employee share options scheme ("ESOS") (cont'd.)**

**(i) Fair value of share options granted (cont'd.)**

	<b>2010</b>	<b>2009</b>
Dividend yield (% p.a.)	5.30	2.75
Volatility (% p.a.)	40.00	42.10
Risk-free interest rate (% p.a.)	3.10	3.52
Sub optimal early exercise factor (times)	1.263	1.263
Withdrawal (% p.a.)	1.50	1.50

The sub optimal early exercise factor is the assuming of the option holders will early exercise when the share price underlying a vested option reaches a certain multiple of the exercise price, or at the end of the contractual term if this price is not achieved.

**28. Deferred tax**

<b>Group</b>	<b>As at 1 January 2009 RM'000</b>	<b>Recognised in profit or loss RM'000</b>	<b>As at 31 December 2009 RM'000</b>	<b>Recognised in profit or loss RM'000</b>	<b>Recognised in equity RM'000</b>	<b>As at 31 December 2010 RM'000</b>
<b>Deferred tax liabilities:</b>						
Property, plant and equipment and biological assets	54,846	(6,762)	48,084	2,768	6	50,858
Other receivables	2	(59)	(57)	57	-	-
	<u>54,848</u>	<u>(6,821)</u>	<u>48,027</u>	<u>2,825</u>	<u>6</u>	<u>50,858</u>
<b>Deferred tax assets:</b>						
Provision for liabilities	(1,287)	(5,254)	(6,541)	(1,314)	-	(7,855)
Other receivables	(8,215)	8,215	-	(38)	-	(38)
Other payables	596	(894)	(298)	(178)	-	(476)
Unabsorbed allowances and tax losses	(5,170)	5,170	-	-	-	-
	<u>(14,076)</u>	<u>7,237</u>	<u>(6,839)</u>	<u>(1,530)</u>	<u>-</u>	<u>(8,369)</u>
	<u>40,772</u>	<u>416</u>	<u>41,188</u>	<u>1,295</u>	<u>6</u>	<u>42,489</u>

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**28. Deferred tax (cont'd.)**

<b>Company</b>	<b>As at 1 January 2009 RM'000</b>	<b>Recognised in profit or loss RM'000</b>	<b>As at 31 December 2009 RM'000</b>	<b>Recognised in profit or loss RM'000</b>	<b>As at 31 December 2010 RM'000</b>
<b>Deferred tax liabilities:</b>					
Property, plant and equipment and biological assets	11,550	(85)	11,465	(1,062)	10,403
	<u>11,550</u>	<u>(85)</u>	<u>11,465</u>	<u>(1,062)</u>	<u>10,403</u>
<b>Deferred tax assets:</b>					
Other payables	(51)	(43)	(94)	52	(42)
Others	(181)	(104)	(285)	(175)	(460)
	<u>(232)</u>	<u>(147)</u>	<u>(379)</u>	<u>(123)</u>	<u>(502)</u>
	<u>11,318</u>	<u>(232)</u>	<u>11,086</u>	<u>(1,185)</u>	<u>9,901</u>

**Presented after appropriate offsetting as follows:**

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deferred tax assets	(8,369)	(6,839)	(502)	(379)
Deferred tax liabilities	50,858	48,027	10,403	11,465
	<u>42,489</u>	<u>41,188</u>	<u>9,901</u>	<u>11,086</u>

Deferred tax assets have not been recognised in respect of the following items:

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Unused tax losses	16,791	25,260
Unabsorbed capital allowances	5,103	10,826
	<u>21,894</u>	<u>36,086</u>

The availability of unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities.

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**29. Related party disclosures**

**(a) Sale and purchase of services**

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2010 RM'000	2009 RM'000 Restated	2010 RM'000	2009 RM'000 Restated
Profit distribution from Terengganu Oil Palm Development - Sublessees Scheme	(30,809)	(18,557)	(11,239)	(6,770)
Dividend income from subsidiaries	-	-	(33,846)	(38,137)
Management fee charged to subsidiaries	-	-	(17,769)	(9,757)
Healthcare services charged by subsidiaries	-	-	377	347
Interest income charged to subsidiaries	-	-	(399)	-
Interest expense charged by subsidiaries	-	-	759	-

**(b) Compensation of key management personnel**

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Short term benefits	3,181	2,916	1,296	1,194
Post-employment benefits:				
- Defined contribution plan	277	246	122	96
- Defined benefit plan	2	3	-	-
Share options granted under ESOS	1,022	329	641	35
	<u>4,482</u>	<u>3,494</u>	<u>2,059</u>	<u>1,325</u>

Included in the total key management personnel are:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Executive and non-executive directors' remuneration excluding benefits-in-kind (Note 8)	<u>2,347</u>	<u>1,406</u>	<u>1,106</u>	<u>575</u>

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**29. Related party disclosures (cont'd.)**

**(b) Compensation of key management personnel (cont'd.)**

Directors' interests in employee share option scheme

- During the year, 1,820,000 (2009: Nil) share options were granted to five of the Company's non executive directors under the Employee Share Options Scheme (Note 27 (b)) at an exercise price of RM1.90 (2009: RMNil) each.
- At the reporting date, the total number of outstanding share options granted by the Company to the above-mentioned directors was 1,820,000 (2009: Nil).

**30. Commitments**

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	96,750	14,908	15	119
Approved but not contracted for:				
Property, plant and equipment	135,628	16,448	1,784	2,866

(b) Finance lease commitments

The Group has finance leases for certain items of machinery, equipment and motor vehicles (Note 12). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

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**30. Commitments (cont'd.)**

(b) Finance lease commitments (cont'd.)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Minimum lease payments:</b>				
Not later than 1 year	1,180	1,288	91	91
Later than 1 year and not later than 2 years	826	1,628	77	91
Later than 2 years and not later than 5 years	215	446	-	68
Later than 5 years	-	22	-	-
	<u>2,221</u>	<u>3,384</u>	<u>168</u>	<u>250</u>
Less: Future finance charges	(149)	(288)	(10)	(17)
Present value of finance lease payables	<u>2,072</u>	<u>3,096</u>	<u>158</u>	<u>233</u>
<b>Analysis of present value of hire purchase payables:</b>				
Not later than 1 year	1,098	1,144	82	82
Later than 1 year and not later than 2 years	769	1,515	76	82
Later than 2 years and not later than 5 years	205	423	-	69
Later than 5 years	-	14	-	-
	<u>2,072</u>	<u>3,096</u>	<u>158</u>	<u>233</u>
Less: Due within 12 months (Note 22)	(1,098)	(1,144)	(82)	(82)
Due after 12 months (Note 22)	<u>974</u>	<u>1,952</u>	<u>76</u>	<u>151</u>

The hire purchase and lease liabilities bore an average interest rate at the statement of financial position date of 2.63% to 4.50% (2009: 2.70% to 4.50%) per annum. The Group and the Company have finance leases and hire purchase contracts for various items of property, plant and equipment (see Note 12(b)). These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease. There are no restrictions placed upon the Group and the Company by entering into these leases and no arrangements have been entered into for contingent rental payments.

Other information on financial risks of hire purchase and finance lease liabilities are disclosed in Note 32.

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**31. Fair value of financial instruments**

- (a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value:

	Group 2010		Company 2010	
	RM'000 Carrying amount	RM'000 Fair value	RM'000 Carrying amount	RM'000 Fair value
<b>Financial liabilities:</b>				
Borrowings (non-current)				
- Obligations under finance leases	974	1,310	76	157
- Bank loan:				
- 8.0% p.a. fixed rate loan	546	290	-	-

	Group 2009		Company 2009	
	RM'000 Carrying amount	RM'000 Fair value	RM'000 Carrying amount	RM'000 Fair value
<b>Financial liabilities:</b>				
Loan and borrowings (non-current)				
- Obligations under finance leases	1,952	3,440	151	236
- Bank loan:				
- 8.0% p.a. fixed rate loan	734	424	-	-

**(b) Determination of fair value**

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

Trade and other receivables (current)	Note 20
Trade and other payables (current)	23
Borrowings (current)	22

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**31. Fair value of financial instruments (cont'd.)**

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature.

The carrying amounts of the current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

**32. Financial risk management objectives and policies**

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Company's Chief Executive Officer, all heads of subsidiaries and certain managers of the Company. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

**(a) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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**32. Financial risk management objectives and policies (cont'd.)**

**(a) Credit risk (cont'd.)**

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the reporting date is as follows:

	<b>Group</b>			
	<b>2010</b>		<b>2009</b>	
	<b>RM'000</b>	<b>% of total</b>	<b>RM'000</b>	<b>% of total</b>
By industry sectors:				
Plantations	33,968	66%	32,307	67%
Healthcare	13,662	26%	11,463	24%
Food	4,076	8%	4,345	9%
	<u>51,706</u>	<u>100%</u>	<u>48,115</u>	<u>100%</u>

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 20. Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

**(b) Liquidity risk**

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

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**32. Financial risk management objectives and policies (cont'd.)**

**(b) Liquidity risk (cont'd.)**

**Analysis of financial instruments by remaining contractual maturities**

The Group's and the Company's liquidity risk management policy is that not more than 68% and 52% (2009: 55% and 35%) of borrowings (including overdrafts) should mature in the next one year period, and to maintain sufficient liquid financial assets. At the reporting date, approximately 68% (2009: 55%) of the Group's borrowings (Note 22) will mature in less than one year based on the carrying amount reflected in the financial statements.

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	----- 2010 -----		
	<b>On demand or within one year RM'000</b>	<b>One to five years RM'000</b>	<b>Total RM'000</b>
<b>Group</b>			
<b>Financial liabilities:</b>			
Trade and other payables	147,146	-	147,146
Borrowings	3,245	1,520	4,765
Total undiscounted financial liabilities	<u>150,391</u>	<u>1,520</u>	<u>151,911</u>
<b>Company</b>			
<b>Financial liabilities:</b>			
Trade and other payables	41,439	-	41,439
Borrowings	82	76	158
Total undiscounted financial liabilities	<u>41,521</u>	<u>76</u>	<u>41,597</u>

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**32. Financial risk management objectives and policies (cont'd.)**

**(c) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

**(d) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from inter company transactions that are denominated in a currency other than the respective functional currencies of Group entities. The foreign currency in which these transactions are denominated is mainly Rupiah ("Rp").

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**33. Capital management**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 31 December 2009.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes, equity attributable to the owners of the parent less the fair value adjustment reserve.

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Borrowings	22	4,765	5,985	158	233
Trade and other payables	23	147,146	139,346	41,439	22,989
Less: - Cash and bank balances	21	(176,702)	(107,020)	(46,888)	(829)
Net debt		<u>(24,791)</u>	<u>38,311</u>	<u>(5,291)</u>	<u>22,393</u>
Equity attributable to the owners of the parent		709,135	631,027	288,881	265,011
Less: - Fair value adjustment reserve		(33)	-	-	-
Total capital		<u>709,102</u>	<u>631,027</u>	<u>288,881</u>	<u>265,011</u>
Capital and net debt		<u>684,311</u>	<u>669,338</u>	<u>283,590</u>	<u>287,404</u>
Gearing ratio		<u>-4%</u>	<u>6%</u>	<u>-2%</u>	<u>8%</u>

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**34. Segment information**

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- (i) The plantation division involved in activities such as cultivation of oil palms, sale of fresh fruit bunches and management of plantation operation services.
- (ii) Food division involved in activities such as integrated poultry farming and processing of related products.
- (iii) Healthcare division provides healthcare consultancy and operates specialist medical centres.
- (iv) Others involve dormant companies.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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**34. Segment information (cont'd.)**

	Plantation		Food		Healthcare		Others		Adjustments and eliminations		Notes	Per consolidated financial statements	
	2010 RM'000	2009 RM'000 Restated	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000 Restated	2010 RM'000	2009 RM'000 Restated	2010 RM'000	2009 RM'000 Restated		2010 RM'000	2009 RM'000 Restated
<b>Revenue:</b>													
External customers	316,428	241,953	26,035	28,277	77,977	65,363	-	-	-	-		420,440	335,593
Inter-segment	91,463	78,231	15,985	18,942	1,293	1,272	-	-	(108,741)	(98,445)	A	-	-
<b>Total revenue</b>	<b>407,891</b>	<b>320,184</b>	<b>42,020</b>	<b>47,219</b>	<b>79,270</b>	<b>66,635</b>	<b>-</b>	<b>-</b>	<b>(108,741)</b>	<b>(98,445)</b>		<b>420,440</b>	<b>335,593</b>
<b>Results:</b>													
Profit received from Al-Mudharabah	806	1,371	-	-	-	-	-	-	-	-		806	1,371
Interest income	2,546	1,040	-	-	318	64	46	-	(1,512)	-		1,398	1,104
Dividend income	1,651	940	-	-	232	193	453	380	(690)	(573)		1,646	940
Depreciation	13,426	11,496	1,652	2,066	3,386	3,364	6	8	-	-		18,470	16,934
Other non-cash expenses	12,198	2,175	394	154	1,008	511	-	-	(1,161)	(1,202)	B	12,439	1,638
<b>Segment profit/(loss)</b>	<b>147,818</b>	<b>97,726</b>	<b>(1,667)</b>	<b>888</b>	<b>11,288</b>	<b>7,751</b>	<b>12,462</b>	<b>341</b>	<b>(40,694)</b>	<b>(29,219)</b>	C	<b>129,207</b>	<b>77,487</b>
<b>Assets:</b>													
Additions to non-current assets	35,286	21,192	888	1,178	21,430	4,798	-	-	-	-	D	57,604	27,168
<b>Segment assets</b>	<b>948,609</b>	<b>878,273</b>	<b>11,843</b>	<b>13,487</b>	<b>88,546</b>	<b>63,391</b>	<b>4,398</b>	<b>10,389</b>	<b>(124,374)</b>	<b>(126,880)</b>	E	<b>929,022</b>	<b>838,660</b>
<b>Segment liabilities</b>	<b>286,764</b>	<b>271,545</b>	<b>8,492</b>	<b>11,532</b>	<b>30,504</b>	<b>27,571</b>	<b>16,099</b>	<b>33,395</b>	<b>(140,191)</b>	<b>(153,251)</b>	F	<b>201,668</b>	<b>190,792</b>

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**Notes to the financial statements**

**34. Segment information (cont'd.)**

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	<b>Note</b>	<b>2010</b> <b>RM'000</b>	<b>2009</b> <b>RM'000</b>
Inventories written off	6	61	-
Biological assets written off	6	2,101	-
Impairment of financial assets	6	4,973	277
Property, plant and equipment written off	6	38	1
Loss on disposal of biological assets	6	2,397	-
Share options granted under ESOS	7	2,869	1,360
		<u>12,439</u>	<u>1,638</u>

C The following items are added to/(deducted from) segment profit to arrive at "Profit before tax" presented in the consolidated statement of comprehensive income:

	<b>2010</b> <b>RM'000</b>	<b>2009</b> <b>RM'000</b>
Revenue from inter-segment sales	108,741	98,445
Cost of sales from inter-segment	(44,919)	(46,898)
Other income from inter-segment	23,525	9,296
Distribution cost from inter-segment	(3,018)	(2,262)
Administrative expenses from inter-segment	(42,123)	(29,362)
Finance cost from inter-segment	(1,512)	-
	<u>40,694</u>	<u>29,219</u>

D Additions to non-current assets consist of:

	<b>2010</b> <b>RM'000</b>	<b>2009</b> <b>RM'000</b>
Property, plant and equipment	41,122	22,693
Biological assets	16,482	4,475
	<u>57,604</u>	<u>27,168</u>

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**Notes to the financial statements**

**34. Segment information (cont'd.)**

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

E The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment	(4,172)	(4,172)
Goodwill	1,468	1,070
Inter-segment assets	(121,670)	(123,778)
	<u>(124,374)</u>	<u>(126,880)</u>

F The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Inter-segment liabilities	<u>(140,191)</u>	<u>(153,251)</u>

**35. Comparatives**

The comparative amounts as at 31 December 2009 have been restated to conform with current year's presentation as follows:

	<b>As</b>		<b>As</b>
	<b>previously</b>	<b>Reclassified</b>	<b>restated</b>
	<b>stated</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>RM'000</b>		<b>RM'000</b>
<b>Group</b>			
<b>Statement of comprehensive income</b>			
Revenue	337,037	(1,444)	335,593
Cost of sales	(201,259)	(131)	(201,390)
Distribution costs	(8,248)	960	(7,288)
Administrative expenses	(52,933)	267	(52,666)
Other expenses	(2,848)	348	(2,500)
Profit from Al-Mudharabah	-	1,371	1,371
Other income	6,122	(1,371)	4,751
	<u>6,122</u>	<u>(1,371)</u>	<u>4,751</u>

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**35. Comparatives (cont'd.)**

<b>Group</b>	<b>As previously stated RM'000</b>	<b>Reclassified RM'000</b>	<b>As restated RM'000</b>
<b>Statement of financial position</b>			
Property, plant and equipment	101,567	170,028	271,595
Prepaid land lease payments	170,028	(170,028)	-
Other investments	4,810	(110)	4,700
Available for sale investment	-	110	110
Trade receivables	48,115	(48,115)	-
Other receivables	29,193	(29,193)	-
Trade and other receivables	-	70,863	70,863
Prepayments	-	6,445	6,445
Retirement benefit obligations (current liabilities)	-	1,023	1,023
Retirement benefit obligations (non-current liabilities)	1,794	(985)	809
Trade payables	89,989	(89,989)	-
Other payables	49,395	(49,395)	-
Trade and other payables	-	139,346	139,346
<b>Company</b>			
<b>Statement of financial position</b>			
Property, plant and equipment	1,623	28,444	30,067
Prepaid land lease payments	28,444	(28,444)	-
Trade receivables	299	(299)	-
Other receivables	71,871	(71,871)	-
Trade and other receivables	-	72,082	72,082
Prepayments	-	88	88
Retirement benefit obligations (current liabilities)	-	241	241
Retirement benefit obligations (non-current liabilities)	374	(241)	133
Trade payables	78	(78)	-
Other payables	22,911	(22,911)	-
Trade and other payables	-	22,989	22,989

**36. Authorisation of financial statements for issue**

The financial statements for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the directors on 31 March 2011.

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**37. Supplementary information - breakdown of retained profits/(accumulated losses) into realised and unrealised**

The breakdown of the retained profits/(accumulated losses) of the Group and of the Company as at 31 December 2010 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	<b>Group 2010 RM'000</b>	<b>Company 2010 RM'000</b>
Total retained profits/(accumulated losses) of the Company and its subsidiaries		
- Realised	112,893	(22,665)
- Unrealised	26,005	741
	<u>138,898</u>	<u>(21,924)</u>
Less: Consolidation adjustments	90,373	-
Retained profits/(accumulated losses) as per financial statements	<u>229,271</u>	<u>(21,924)</u>