TDM BERHAD
(6265-P)

ANNUAL REPORT 2009

Contents

We have positioned ourselves to invest and focus with a fresh perspective, addressing climate change to sustain growth and improving the lives of the communities we operate in. We will continue to forge ahead towards financial and operational excellence.

Financial Calendar

Announcement of Result

27 May 2009 Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2009.

13 August 2009 Announcement of the unaudited consolidated results for the 2nd quarter and half-year ended 30 June 2009.

24 November 2009 Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2009.

25 February 2010 Announcement of the unaudited consolidated results for the 4th quarter ended 31 December 2009.

Dividend

13 April 2009 Announcement of the first and final dividend of 14 sen per ordinary share less 25% Malaysian Income Tax (10.5 sen net per ordinary share) for the financial year ended 31 December 2008.

5 May 2009 Announcement of Notice of Book Closure.

25 June 2009 Date of entitlement to the first and final dividend of 14 sen per ordinary share less 25% Malaysian Income Tax (10.5 sen net per ordinary share).

21 July 2009 Date of payment of the first and final dividend of 14 sen per ordinary share less 25% Malaysian Income Tax (10.5 sen net per ordinary share).

30 March 2010 Announcement of first and final dividend of 4 sen per ordinary share (less 25% Malaysian Income Tax) and 9 sen per ordinary share tax exempt under the single-tier system for the financial year ended 31 December 2009.

25 May 2010 Date of entitlement to the first and final dividend of 4 sen per ordinary share (less 25% Malaysian Income Tax) and 9 sen per ordinary share tax exempt under the single-tier system for the financial year ended 31 December 2009.

15 June 2010 Date of payment of the first and final dividend of 4 sen per ordinary share (less 25% Malaysian Income Tax) and 9 sen per ordinary share tax exempt under the single-tier system for the financial year ended 31 December 2009.

Annual General Meeting

23 April 2010 Date of notice of 45th Annual General Meeting and date of issuance of the 2009 Annual Report.

17 May 2010 45th Annual General Meeting.

Corporate Information

Board Of Directors

YB Senator Datuk Haji Roslan
Bin Awang Chik (Chairman)
Non-Independent Non-Executive Director

Dato' Haji Abdul Razak Bin Ismail
Non-Independent Non-Executive Director

Dato' Haji Adzlan Bin Mohd Dagang
Non-Independent Non-Executive Director

Haji Long Bin A. Rahman
Independent Non-Executive Director

Haji Zakaria Bin K C Ahammu
Senior Independent Non-Executive Director

Wong Shew Yong
Non-Independent Non-Executive Director

Company Secretaries

Yeap Kok Leong (MAICSA No. 0862549)
Wong Wai Foong (MAICSA No. 7001358)

Auditors

Messrs. Ernst & Young
Messrs. Arifin Ahmad & Co.
Messrs. Kosasih, Nurdiyaman, Tjahjo & Rekan

Principal Bankers

Bank Islam Malaysia Berhad
CIMB Bank Berhad
Malayan Banking Berhad

Solicitors

Messrs. Abu Talib Shahrom
Messrs. Radzlan Low & Partners
Messrs. Adnan Sharida & Associates

Registered Office

Aras 5, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100 Kuala Terengganu
Terengganu Darul Iman
Telephone No : (609) 620 4800
Facsimile No : (609) 620 4803

Registrar

Tricor Investor Services Sdn Bhd
(formerly known as Tenaga Koperat Sdn Bhd)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone No : (603) 2264 3883
Facsimile No : (603) 2282 1886

Stock Exchange Listing

Main Market of Bursa Malaysia
Securities Berhad

Plantation Division

Aras 3, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100 Kuala Terengganu
Terengganu Darul Iman
Telephone No : (609) 622 8000 / (609) 620 4800
Facsimile No : (609) 620 4805

Healthcare Division

Aras 5, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100 Kuala Terengganu
Terengganu Darul Iman
Telephone No : (609) 620 4800
Facsimile No : (609) 620 4803

Food Division

Kawasan Perindustrian Chendering
21080 Kuala Terengganu
Terengganu Darul Iman
Telephone No : (609) 617 8387, 8389, 8390
Facsimile No : (609) 617 6690

Commodities Trading

25th Floor, Menara KH
Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone No : (603) 2148 0811
Facsimile No : (603) 2148 9900

Corporate Chart

Plantation

TDM Berhad	
TDM Plantation Sdn Bhd	100%
Kumpulan Ladang-Ladang Trengganu Sdn Bhd	100%
→ KLLT Fibres Sdn Bhd	100%
→ TRP Industries Sdn Bhd	100%
→ Trengganu Rubber Processing Sdn Bhd	99.99%
→ TDM Markwell (S) Pte Lte (Incorporated in Singapore)	80.60%
→ Kuala Terengganu Specialist Hospital Sdn Bhd	19.07%
TDM Trading Sdn Bhd	100%
TDM Capital Sdn Bhd	90%
PT. Rafi Kamajaya Abadi (Incorporated in Indonesia)	80.60%

Healthcare

TDM Berhad	
Kumpulan Mediiman Sdn Bhd	90.49%
→ Medi Air Sdn Bhd	100%
→ Kuantan Medical Centre Sdn Bhd	19.27%
→ Kelana Jaya Medical Centre Sdn Bhd	6.49%
→ Kuala Terengganu Specialist Hospital Sdn Bhd	1.42%
Kuala Terengganu Specialist Hospital Sdn Bhd	79.50%
→ HMMC (Ampang) Sdn Bhd	100%
Kelana Jaya Medical Centre Sdn Bhd	69.27%
Kuantan Medical Centre Sdn Bhd	32.73%

Food

TDM Berhad	
TD Poultry Sdn Bhd	100%

Other Activities

TDM Berhad	
East Coast Transportation Sdn Bhd (In liquidation)	100%
TD Ijarah Sdn Bhd	100%
→ Kuantan Medical Centre Sdn Bhd	36.46%
→ Kelana Jaya Medical Centre Sdn Bhd	23.20%
TDM Properties Berhad	100%
→ TD Permatang Sdn Bhd	100%
→ TD Gabongan Sdn Bhd	51%
TDM Helling Sdn Bhd	100%
TMG (M) Sdn Bhd (In liquidation)	100%
→ Pemco Sdn Bhd (In liquidation)	100%
→ TDM Interdagang Sdn Bhd (In liquidation)	100%
→ Chee Kheng Stock Feeds Manufacturing Company Sdn Bhd (In liquidation)	100%
Indah Sari Travel & Tours Sdn Bhd	70%

Active Dormant

Dividend Policy

TDM Berhad will endeavour to payout dividends of at least 30% of its consolidated annual net profit after taxation and minority interest annually, subject to availability of distributable reserves.

Dividends will only be paid if approved by the Board of Directors and the shareholders of the Company.

The actual amount and timing of dividend payments will be dependent upon TDM Berhad's cash flow position, returns from operations, business prospects, current and expected obligations, funding needs for future growth, maintenance of an efficient capital structure and such other factors which the Board of Directors of TDM Berhad may deem relevant. The Company will take every effort to grow its businesses and it should be reflected in growth in the dividend rate.

The objective of this dividend policy is to provide sustainable dividends to shareholders consistent with the Company's earnings growth.

This policy was approved by the Board of Directors of TDM Berhad on 12 April 2009

Board of Directors

a. YB Senator Datuk Haji Roslan Bin Awang Chik
Chairman

b. Dato' Haji Abdul Razak Bin Ismail

c. Dato' Haji Adzlan Bin Mohd Dagang

d. Haji Zakaria Bin K C Ahammu

e. Haji Long Bin A. Rahman

f. Wong Shew Yong

Board of Directors' Profile

YB Senator Datuk Haji Roslan Bin Awang Chik Chairman / Non-Independent Non-Executive Director

Malaysian, aged 59, was appointed to the Board on 13 January 2009 and is currently a Non-Independent Non-Executive Director and the Chairman of the Board of Directors of TDM Berhad.

Appointed as a member of the Dewan Negara in 2004, he holds a Diploma in Applied Sciences from UiTM and an MBA from the University of Southern California's Professional Studies Faculty.

Beginning his career as a Wildlife Management Assistant in 1968, he subsequently served as the Acting Deputy Director of Terengganu State Wildlife Services between 1976 - 1981 before venturing into business on his own.

He is presently the Managing Director and Executive Chairman of R.M.E. Sdn Bhd, a Director of Kuari Terengganu Tengah (KTT) Sdn Bhd, President of the Malaysian Association of Malay Contractors (PKMM), Executive Chairman of Konsortium Kontraktor Melayu Sdn Bhd, a member of the Board of Directors of CIDB Holdings Sdn Bhd and Consortium Director of Kontraktor Berwibawa Trg. Sdn. Bhd..

He is not a director of any other public listed company nor does he have any family relationship with any director and/or substantial shareholders of the Company. He has no personal interest in any business arrangements involving TDM Berhad or its subsidiary companies and has not been convicted of any offences within the past ten (10) years. He has attended seven (7) of the eight (8) Board meetings held during the financial year ended 31 December 2009.

Y. Bhg. Dato' Haji Abdul Razak Bin Ismail Non-Independent Non-Executive Director

Malaysian, aged 56, was appointed to the Board on 16 October 2008 and is currently a Non-Independent Non-Executive Director and a member of the Nomination and Remuneration Committee of TDM Berhad.

He holds a Bachelor of Social Sciences (Honours) degree from Universiti of Sains Malaysia. He was the Assistant Land Administrator of the Kemaman Land Office in 1978 and then Assistant District Officer (Development) at the Hulu Terengganu District Office in 1983 before becoming the Principal Assistant Land Administrator at the Hulu Terengganu Land Office in 1986. He was then appointed as the Principal Assistant Director (Territorial and Economic Development) at the State Economic Planning Office in 1987, Deputy Director of Land and Mines (Settlement) at the Land and Mines Office in 1988 and Deputy Yang DiPertua (YDP) of the District Council of Hulu Terengganu in 1990.

In 1991, he was appointed as the Kenyir Lake Tourism Planning Development Unit Officer before returning to Kemaman as the Deputy YDP of the Kemaman District Council in 1995 and Principal Assistant of Land Administration at the Kemaman Land Office in 1996. He was appointed as the YDP of the Dungun District Council in 1998, District Officer of the Besut District Office in 1999, District Officer of Kuala Terengganu in 2001 and then as the State Land and Mines Director at the Terengganu Land and Mines Office in 2005. On 15 January 2010, he was appointed as the State Financial Officer.

He is not a director of any other public listed company nor does he have any family relationship with any director and/or substantial shareholders of the Company. He has no personal interest in any business arrangements involving TDM Berhad or its subsidiary companies and has not been convicted of any offences within the past ten (10) years. He has attended six (6) of the eight (8) Board meetings held during the financial year ended 31 December 2009.

Board of Directors' Profile

Dato' Haji Adzlan Bin Mohd Dagang Non-Independent Non-Executive Director

Malaysian, aged 55, was appointed to the Board on 16 October 2008 and is currently a Non-Independent Non-Executive Director of TDM Berhad.

He holds a Bachelors Degree in Economics from the University of Malaya and a MBA from the University of Oklahoma City, USA.

He served as State Administrative Officer of the Terengganu Government Secretariat (1979 - 1985), Assistant District Officer of Besut (1985 - 1986), Administrative Officer of the Terengganu Roadworks Department (1986 to 1988), then as Head Assistant Director (Agriculture) from 1988 to 1990 and Head Assistant Director (Industry) of the Terengganu State Economic Planning Unit (1990 - 1992), General Manager of Terengganu's Entrepreneurial Development Foundation (1994 - 1999) and District Officer of Setiu (1999 - 2000).

He was then appointed as Deputy Director of Terengganu State's Land and Mining Office (August 2000 - 30 November 2000), Deputy Director of the Terengganu State Economic Planning Unit (UPEN) in December 2000 and the Honourable Deputy of the Kuala Terengganu Town Council (2004 - 2006) before finally serving as Deputy Secretary for Development in the Terengganu State Government and UPEN Director. On 1 February 2010, he was appointed as the Mayor of Kuala Terengganu.

He is not a director of any other public listed company nor does he have any family relationship with any director and/or substantial shareholders of the Company. He has no personal interest in any business arrangements involving TDM Berhad or its subsidiary companies and has not been convicted of any offences within the past ten (10) years. He has attended five (5) of the eight (8) Board meetings held during the financial year ended 31 December 2009.

Haji Long Bin A. Rahman Independent Non-Executive Director

Malaysian, aged 67, was appointed to the Board on 13 January 2009 and is currently an Independent Non-Executive Director and a member of the Nomination and Remuneration Committee of TDM Berhad. He was appointed as the Chairman of the Audit Committee of TDM Berhad on 31 January 2010.

With a "Sijil Persekutuan Malaysia", Haji Long rose through the rank and file and was appointed as the Assistant District Officer for Kemaman, Dungun (1974 - 1977), Marang (1978 - 1979) and Besut (1980 - 1983).

From 1984 to 1989, he was the Assistant State Secretary for State Protocol in Terengganu and was then appointed as Head Assistant Collector of Land Revenue for Kuala Terengganu (1990 - 1992) and the District Officer for Marang (1992 - 1997) before joining Halim Mazmin Holdings Sdn Bhd as the General Manager of its Kuala Terengganu branch (1997 - 1999).

He is presently a member of the Board of Directors of the Terengganu State Muzeum, PTB Resort Sdn Bhd, Primula Beach Resort and Pertima Terengganu Sdn Bhd.

He is not a director of any other public listed company nor does he have any family relationship with any director and/or substantial shareholders of the Company. He has no personal interest in any business arrangements involving TDM Berhad or its subsidiary companies and has not been convicted of any offences within the past ten (10) years. He has attended all eight (8) Board meetings held during the financial year ended 31 December 2009.

Board of Directors' Profile

Haji Zakaria Bin K C Ahammu Senior Independent Non-Executive Director

Malaysian, aged 49, was appointed to the Board on 16 October 2008 as an Independent Non-Executive and subsequently appointed as the Senior Independent Non-Executive Director on 25 February 2010. He is also the Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee of TDM Berhad.

He holds a Diploma in Agriculture from Universiti Putra Malaysia. He has held the positions of Assistant Agriculturalist at Malaysia's Agriculture Department in Teluk Intan, Perak (1981 – 1983) and Cadet Planter at United Plantation Bhd where he subsequenly rose from Assistant Manager to Assistant Senior Manager (1983 – 1991). He is presently a Director of Rayhar Properties Sdn Bhd and Rayhar Travels Sdn Bhd.

He is not a director of any other public listed company nor does he have any family relationship with any director and/or substantial shareholders of the Company. He has no personal interest in any business arrangements involving TDM Berhad or its subsidiary companies and has not been convicted of any offences within the past ten (10) years. He has attended seven (7) of the eight (8) Board meetings held during the financial year ended 31 December 2009.

Wong Shew Yong Non-Independent Non-Executive Director

Malaysian, aged 59, was appointed to the Board on 16 October 2008 and is currently a Non-Independent Non-Executive Director and a member of the Audit Committee of TDM Berhad.

He holds a Degree in Business Commerce from Singapore's Nanyang University, and his other qualifications include FCPA (Singapore) and FACCA (U.K.).

Beginning his career as an Accountant in Pesama Timber Corporation Sdn Bhd in 1977, he was its General Manager from 1995 to 1999. In 2000, he joined Golden Pharos Bhd as General Manager of its Internal Audit Department and was then appointed as the company's General Manager of Sales and Marketing in 2003. He then returned to Pesama Timber Corporation Sdn Bhd as its General Manager from 2004 to 2007. On 24 September 2008, he was appointed to the Board of Golden Pharos Bhd and he was re-designated as the Executive Director of Golden Pharos Berhad and was appointed as Chief Executive Officer on 17 January 2010.

He does not have any family relationship with any director and/or substantial shareholders of the Company nor does he have any personal interest in any business arrangements involving TDM Berhad or its subsidiary companies and has not been convicted of any offences within the past ten (10) years. He has attended seven (7) of the eight (8) Board meetings held during the financial year ended 31 December 2009.

Chief Executive Officer's Profile

Badrul Hisham Bin Mahari Chief Executive Officer

Malaysian, 51, was appointed as the Chief Executive Officer of TDM Berhad on 1 July 2008.

He holds a Bachelor of Science degree in Chemistry from Indiana University, Bloomington, USA and an MBA from Drake University, USA.

He began his career as an officer in Kwong Yik Bank Berhad in 1984 and later served as a Productivity Consultant with Alexander Proudfoot from 1986 to 1989. He then served in various capacities in UEM Berhad and rose to become the Chief Operating Officer of one of its subsidiary companies before being appointed as the Chief Executive Officer of a Multimedia Development Corporation subsidiary. He joined TDM Berhad as the General Manager in 2004.

He is not a director of any other public listed company nor does he have any family relationship with any director and/or substantial shareholders of the Company.

He has no personal interest in any business arrangements involving TDM Berhad or its subsidiary companies and has not been convicted of any offences.

As at 22 March 2010, he holds 218,700 shares in TDM Berhad.

a. Badrul Hisham Bin Mahari (Chief Executive Officer)
b. Abel Ahing (Group Manager, Procurement & Property Management)
c. Amir Mohd Hafiz Bin Amir Khalid (Group Manager, Accounts)
d. Mohd Azlisham Bin Jaffar (Group Manager, Legal & Secretarial)

Management

e. Abdul Khalif Bin Mohammad Salleh (Group Manager, Human Resource)

f. Azlan Bin Mokhtar (Group Manager, Productivity & Quality)

g. Haji Mohd Mardi Bin Ismail (Group Manager, Internal Audit)

h. Khairul Anuar Bin Abdullah (Manager, Finance)

Team

i. Haji Ab Halim Bin Yusof (Chief Executive Officer, TDM Plantation Sdn. Bhd.)

j. Mat Yula Bin Kasim (President Director, P.T. Rafi Kamajaya Abadi)

k. Khalid Bin Husain (Manager, Plantation Department, TDM Plantation Sdn. Bhd.)

l. Mohammad Azrain Bin Kassim (Manager, TDM Trading Sdn. Bhd.)

Management

m. Zahri Bin Abd. Ghani (General Manager, TD Poultry Sdn. Bhd.)

n. Engku Marina Binti Engku Hatim (Chief Executive Officer, Kelana Jaya Medical Centre Sdn. Bhd.)

o. Nik Zainon Binti Yussoff (Chief Executive Officer, Kuantan Medical Centre Sdn. Bhd.)

p. Zawiah Binti Sharif (General Manager, Kuala Terengganu Specialist Hospital Sdn. Bhd.)

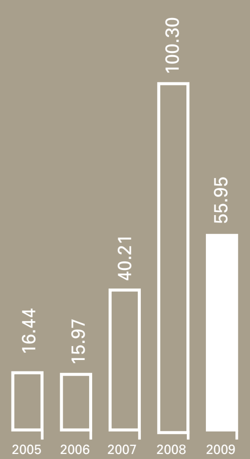
Team

Financial Highlights

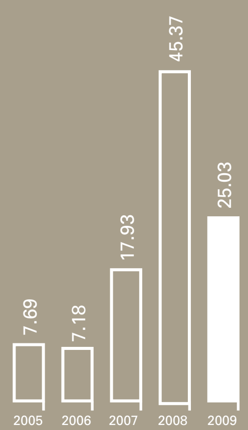
Group 5-year Financial Statistics

	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
Profit after tax	16,440	15,972	40,210	100,300	**55,947**
Earnings per share	7.69	7.18	17.93	45.37	**25.03**
Net dividend per share	–	2.00	5.50	10.50	***13.00**
Total equity	471,389	492,426	516,588	613,746	**647,868**
Minority interest	7,521	8,009	15,853	15,781	**16,841**
Total assets	737,988	766,628	790,966	861,362	**838,660**
Total liabilities	266,599	274,202	274,378	247,616	**190,792**
Year-end closing share price (RM)	0.78	0.94	2.26	1.15	**1.59**

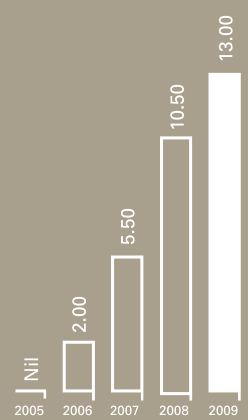
* Subject to shareholders' approval at 45th Annual General Meeting



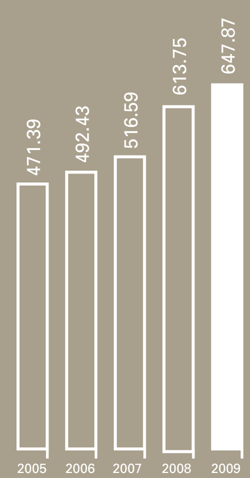
Profit after tax (RM Million)



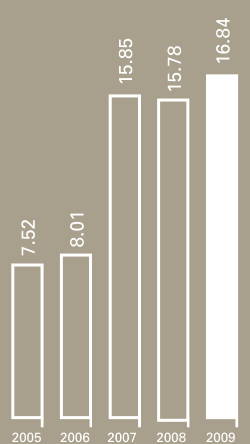
Earnings per share (Sen)



Net dividend per share (Sen)



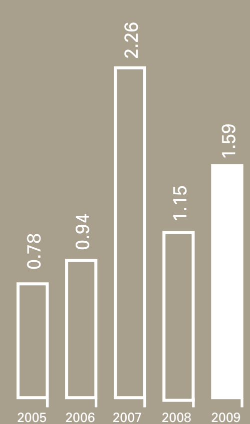
Total equity (RM Million)



Minority Interest (RM Million)

Total assets (RM Million)

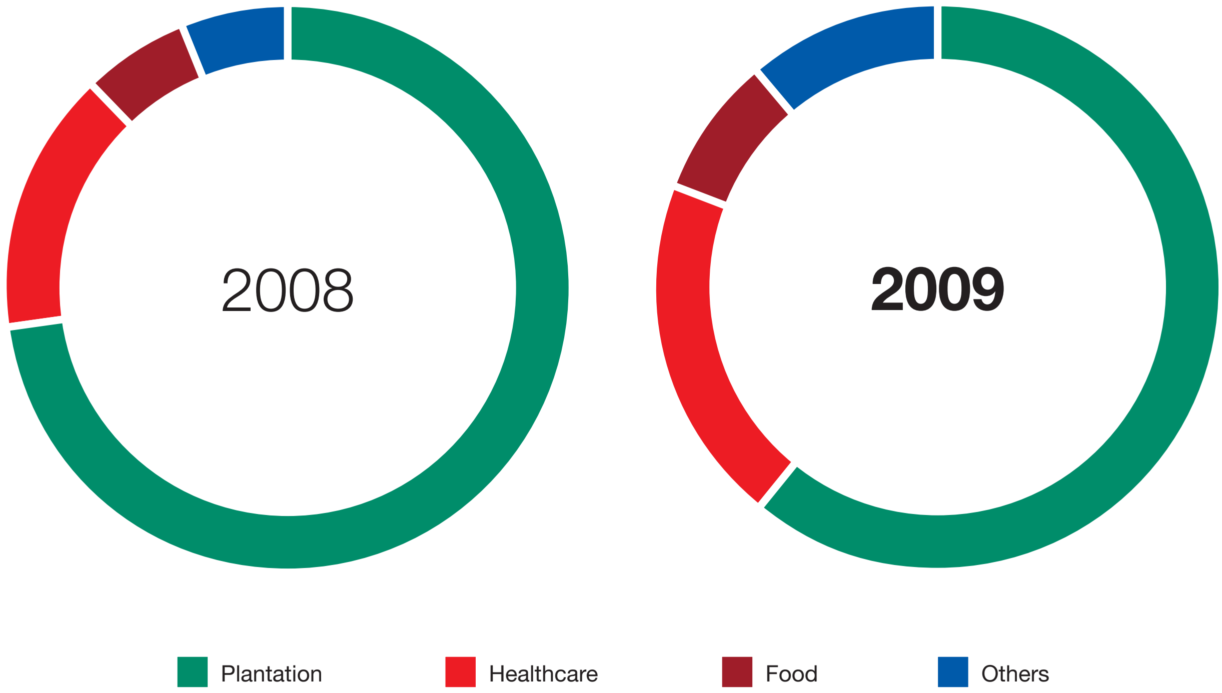
Total liabilities (RM Million)



Year-end closing share price (RM)

Financial Highlights

Group Segmental Analysis



2008

Operating Revenue

	RM'000	
Plantation	275,881	73%
Healthcare	58,000	15%
Food	23,168	6%
Others	48,015	6%
	405,064	**100%**

2009

Operating Revenue

	RM'000	
Plantation	205,341	61%
Healthcare	65,915	20%
Food	28,277	8%
Others	37,504	11%
	337,037	**100%**

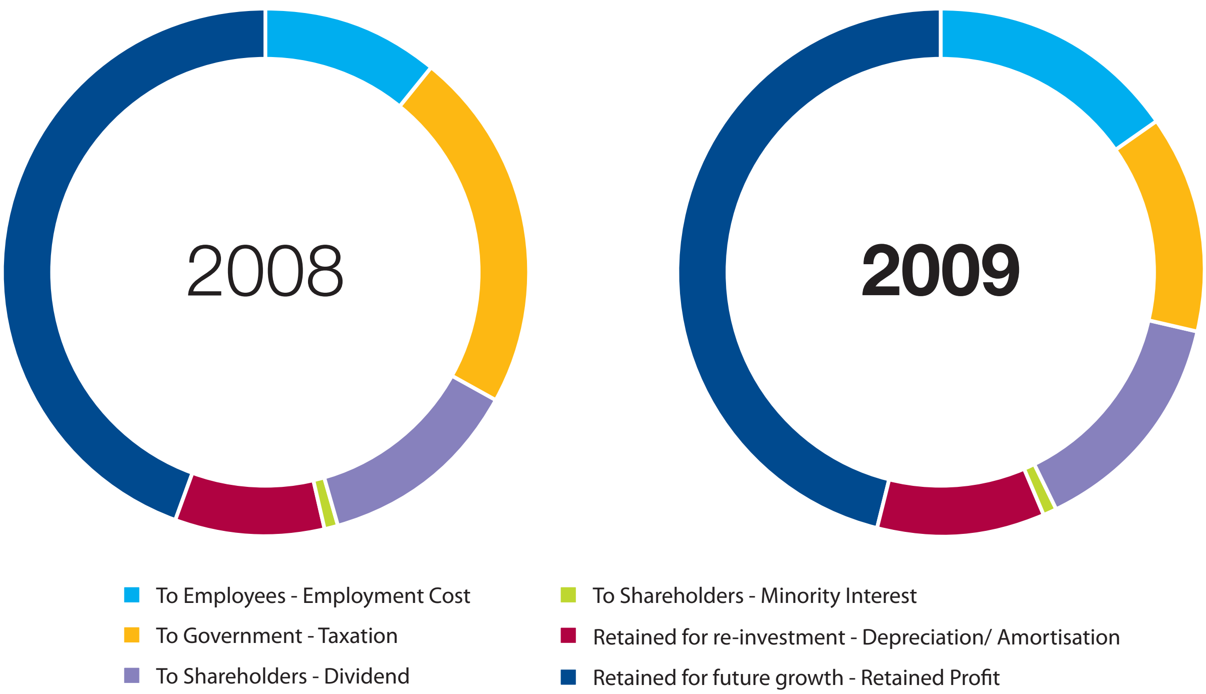
Financial Highlights

Statement of Value Added

	2008 RM'000	2009 RM'000
Value Added		
Revenue	405,064	337,037
Purchases of good and services	(229,997)	(180,812)
Value added by the Group	175,067	156,226
Other income	8,142	6,122
Finance expenses	(425)	(384)
Value added available for distribution	**182,784**	**161,964**

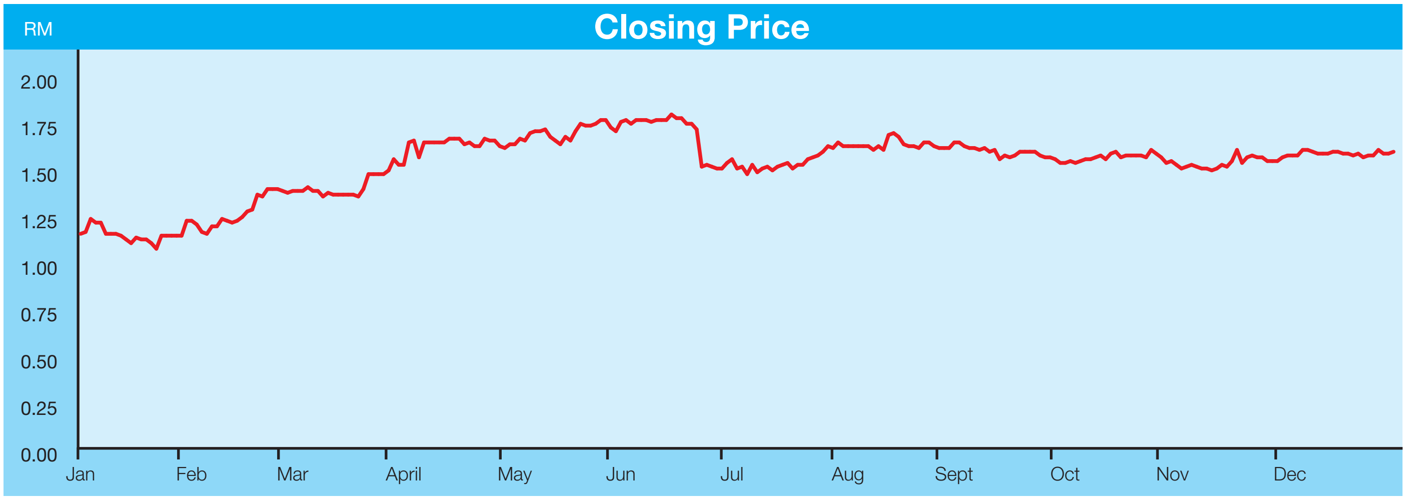
	2008 RM'000	2009 RM'000	2008 %	2009 %
Distribution				
To Employee				
Employment cost	20,230	24,880	11.07	15.36
To Government				
Taxation	40,386	21,540	22.09	13.30
To Shareholders				
Dividend	22,983	*26,268	12.57	16.22
Minority Interest	1,708	1,166	0.93	0.72
Retained for re-investment				
Depreciation/Amortisation	16,468	16,934	9.01	10.46
Retained for future growth				
Retained profit	81,009	71,176	44.32	43.95
Total distribution	**182,784**	**161,964**	**100.00**	**100.00**

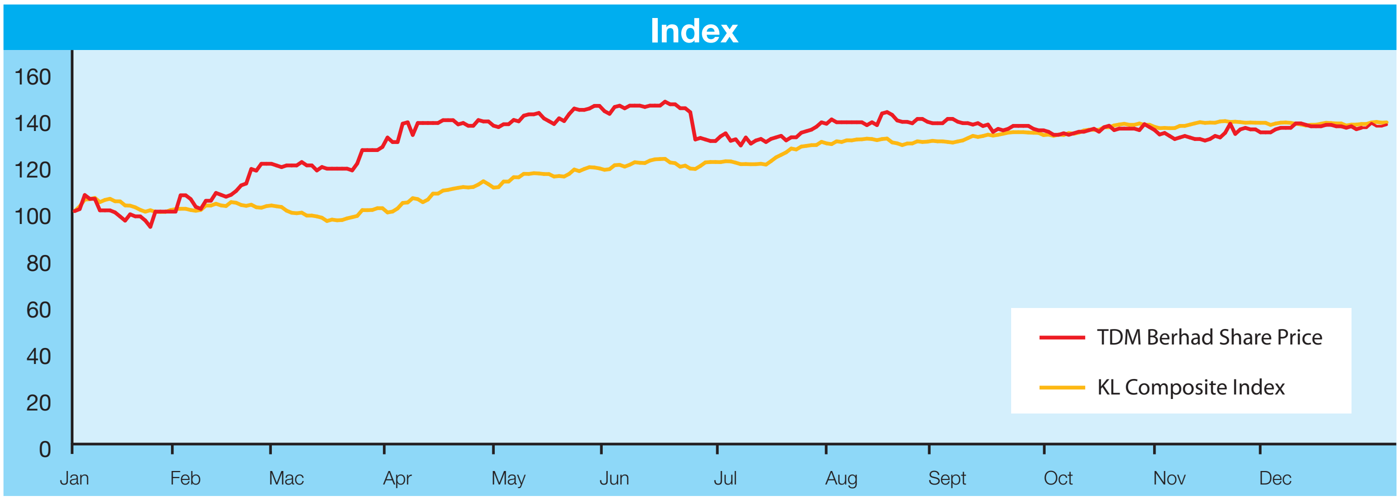
* Subject to shareholders' approval at 45th Annual General Meeting

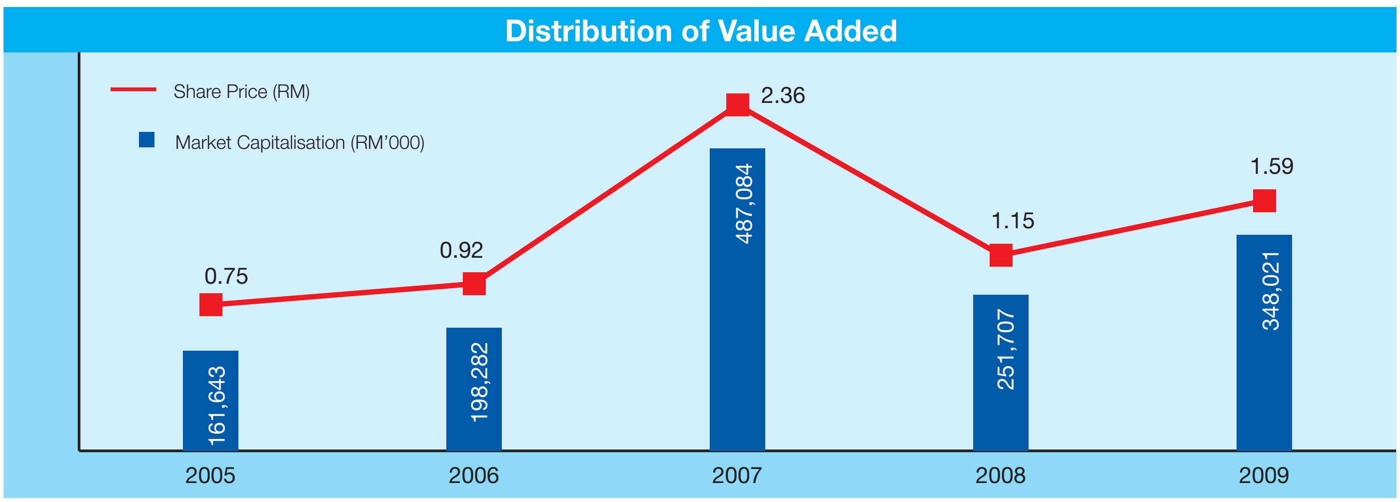


Financial Highlights

Distribution of Value Added







Chairman's Statement

The growth of our business is driven by the acquisition of more plantation land and hospitals, in addition to the ongoing improvement in operational efficiencies.

DEAR SHAREHOLDERS

ON BEHALF OF THE BOARD OF DIRECTORS, IT IS MY PRIVILEGE AND HONOUR TO PRESENT TDM BERHAD'S ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009.

Managing and nurturing a company to become a sustainable business is similar to caring for a plantation - the conditions for healthy growth and opportunities to spread have to be constantly improved and monitored to generate better yields; the plants must be pruned for optimal growth and to prevent wastage; while operational efficiencies must be managed to ensure a balance between quality of life and productivity for our people and stakeholders.

If these parameters are strategically defined and pursued, then the result is an honest harvest which is then sold to the market at the best possible price. And it was by adhering to these practices throughout the year under review which saw TDM Berhad registering its second highest ever profit before tax in its 45 year history despite the challenging conditions faced in 2009.

Chairman's Statement

The outlook for TDM Berhad is healthy and sustainable as we continue our mission of enriching shareholders, stakeholders and the communities whom we work with and touch, as we grow the business and reap what we sow.

As always, we have sought to work in harmony with the environment and shall continue to do so; healing both people and the planet as we generate profits.

TDM Berhad registered a profit before tax of RM77.49 million, which while being lower than the RM140.69 million registered in 2008, was still the second highest ever enjoyed by the Group since.

The slightly lower profits was the result of cyclical lower yields of Fresh Fruit Bunches (FFB) but was somewhat off-set by the good average price for Crude Palm Oil (CPO) of RM2,237 per metric tonne, as well as healthy results from the healthcare division and the first fully profitable year of the food division.

The factors affecting the performance of the plantation division, which include the fluctuating cyclical trend of FFB yields and increasing production costs, are being addressed in the year ahead by improving yield and manufacturing efficiency, management of resources and expanding acreage to ensure the sustainability of the business.

With approximately 4.90% of the country's total Gross Domestic Product (GDP) being spent on healthcare and the industry continuing to grow, TDM's healthcare division was well positioned to tap into the increasing per capita expenditure by Malaysians in this area who are now enjoying longer life expectancy by investing in future supply of nursing professionals as well as attracting and retaining doctors and consultants to attract the best talent.

Despite the escalating costs due to the high currency exchange rates and challenging economic climate, the healthcare division continued to perform well and offers tremendous potential for the Group to expand with the development of new urban areas, a growing middle class and the inclusion of hospital insurance in salary packages. We are also increasing our footprint in the East Coast and Klang Valley as Malaysians increase their private expenditure on secondary healthcare, a niche which we will focus on, rather than relying on public services.

The welfare of our people continued to be nurtured as well in 2009, which saw a pilot project imparting life skills to children of estate employees. The project produced wonderful results as they began displaying more confidence and diligence in their school work throughout the year.

The welfare of the planet was also as important to us and we continue to actively prepare for the Roundtable on Sustainable Palm Oil certification by complying with their recommended practices as well as the Government's environmental policies and Good Agricultural Practices.

Looking ahead, we are optimistic that Malaysia's crude palm oil prices are expected to be relatively higher in 2010, stabilizing at around RM2,000 - RM2,600 a metric tonne, supported by what is expected to be continued steady global demand and lower supply in the market as a result of cyclical tree stress and higher fertiliser costs.

We have also put into place enhancements to the plantation business, which are projected to optimize output, as well as further steps to streamline TDM Berhad's core competencies.

In compliance with TDM Berhad's Dividend Policy to pay out at least 30 per cent of the consolidated annual net profit after taxation and minority interests, I am also pleased to announce that despite of the earnings per share decreasing from 45.37 sen to 25.03 sen in the previous year, the Board of Directors is pleased to recommend a First and Final dividend of 4 sen per ordinary share less 25% Income Tax and 9 sen per ordinary share tax exempt under the single-tier system for 2009 for shareholders' approval at the forthcoming 45th Annual General Meeting.

Before I end, please allow me to take this opportunity to thank every one of the employees and the management team for taking a stake in the future of the TDM Berhad. Your selfless service has been commendable and the Company's excellent performance is testimony to your efforts.

YB Senator Datuk Haji Roslan Bin Awang Chik
Chairman

Chief Executive Officer's Review

We will meet the challenges with our collective strengths and resources to capitalise on the opportunities ahead.

INTRODUCTION

AFTER OVER FOUR DECADES IN THE OIL PALM INDUSTRY AND A CONCERTED EFFORT TO STREAMLINE THE BUSINESS IN RECENT YEARS, TDM BERHAD IS TODAY BEARING THE FRUITS OF A WELL NURTURED BUSINESS, EXCELLING IN THE PLANTATIONS, HEALTHCARE AND FOOD BUSINESS INDUSTRIES.

The re-engineering of the business, which began in 2004, has been progressing well and in 2009 all the divisions generated a profit despite the challenging global economy and domestic market conditions with plantations contributing 79%, healthcare 20% and food 1% to the Group's revenue.

However, we will not be complacent and the path ahead will see further expansion and more prudent management across all our divisions as we look at growth opportunities in line with the expected improvements in the country's economy.

Plantation Division

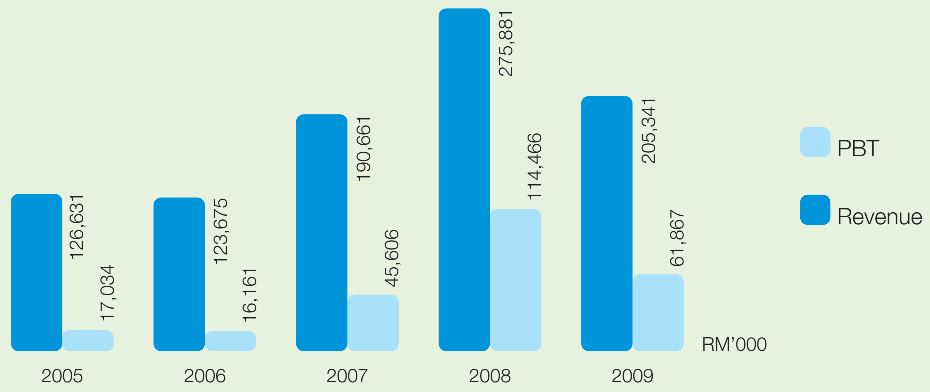
The Plantation Division recorded a profit before tax of RM61.87 million, which is the second highest ever recorded in TDM Berhad's 45 years history, achieved on a revenue of RM205.34 million.

While the result is commendable, the 46% and 26% difference in profit and revenue respectively against 2008 arises from cyclical lower yields of Fresh Fruit Bunches (FFB) but was somewhat offset by the good average price for Crude Palm Oil (CPO) of RM2,237 per metric tonne, as well as healthy results form the healthcare division and the first fully profitable year of the food division.

Operating in the most strategic positions of the value chain, the Plantation Division is involved in the cultivation of oil palm as well as the processing and trading of palm oil and its related products, producing 25% of the palm oil from the state of Terengganu.

We manage 12 oil palm estates covering 32,897 planted hectares in Malaysia. We have also acquired 25,000 hectares out of a total package of 40,000 hectares land in Kalimantan, Indonesia to ensure sustainability of the division's revenue contributions. The plan is to develop the Kalimantan land in stages with 3,000 hectares schedule in 2010. Combined with advanced planting techniques, a reliable supply of manpower to ensure sufficient resources for our plantations and improvements to yield management, will further increase our revenue streams.

Plantation Division



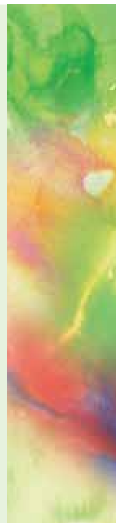
The period under review saw a fresh fruit bunches (FFB) production of 530,494 metric tonnes which was 10.8% below the 2008 level of 595,002 metric tonnes. The decline in production was partly the result of the cyclical biological stress, which affected our palms following bumper crop produced in the previous year, compounded by the warm weather from the El Nino effect.

The target for 2010 is to raise the production to 20.05 metric tonnes per hectare or a total of 651,100 metric tonnes, and steps have already been introduced to achieve this with a structured replanting programme; introduction of new higher yielding OP clones; precision agriculture using ICT; adoption of Code of Good Agricultural Practice (COGAP) to meet the objectives of the Roundtable on Sustainable Palm Oil (RSPO), rejuvenating the palms with fertiliser, improving the crop evacuation process and enhancing the capacities of the mills.

Efforts are also being made to increase the extraction rate and quality of crude palm oil and kernel by improving the process flow and operations at our two palm oil mills in Sungai Tong and Kemaman, Terengganu.

2009 was a challenging one for the Malaysian palm oil industry with the price of Crude Palm Oil (CPO) averaging at RM2,237 per metric tonne compared to the 2008 record of RM2,884 per metric tonne, against the backdrop of a week global economy, a shift by fund managers from commodities to equities market, increasing costs of labour and fertilisers, and the weakened US dollars which affected profit level despite the strong income stream.

However, with the global economy beginning to show the green shoots of recovery, CPO prices are expected to trade in the range of RM2,000 - RM2,600 per metric tonne in 2010, buoyed by a forecast of higher global vegetable oil consumption. This augurs well for the TDM prospect in the incoming years.



Healthcare Division

Currently operating three medium sized private hospitals which serve as community hospitals offering secondary care – Kelana Jaya Medical Centre (KJMC) in Selangor, Kuantan Medical Centre (KMC) in Pahang and Kuala Terengganu Specialist Hospital (KTS) in Terengganu – the Healthcare Division contributed 20% to the Group's revenue and 11% to profits during the period under review.

Despite the challenging economic climate, the healthcare division recorded a positive revenue growth of 14% to RM65.92 million as compared to the previous year, to generate a profit of RM8.33 million, which was an increase of 36%.

With a total of 138 beds, the Healthcare Division treated a total of 11,600 inpatients and 105,327 outpatients in 2009, which was a 7% and 14% over the previous year respectively; with occupancy rate of 70%.

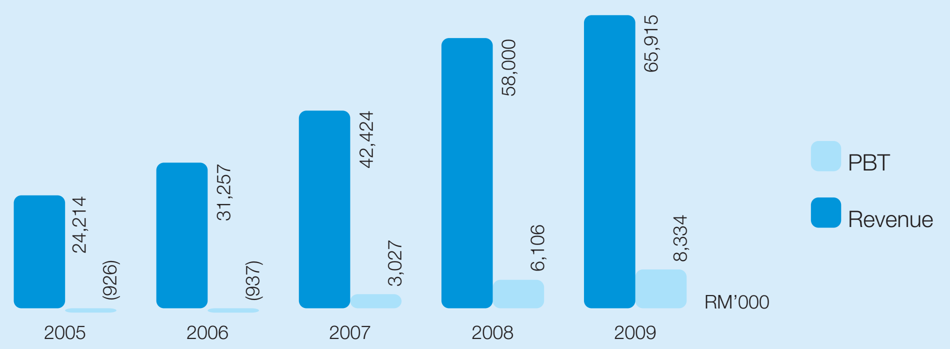
Malaysia's healthcare industry was relatively unscathed by the pandemic effects of the unhealthy global economy, growing by 8% in 2009, which is an indication that more people are now considering private healthcare as an option.

Malaysians are also living longer with an average life expectancy of 73.29 years in 2009, which has resulted in an increasing ageing population within the general population of 28.31 million, which offers tremendous potential for the niche secondary care segment in which TDM Berhad focuses on.

The country's economic growth, development of new urban areas, an enlarged middle class and the inclusion of hospital insurance in salary packages have resulted in significant investments in the healthcare industry.

With the government actively encouraging corporate hospital investment to complement the public hospital system, there has been increasing stiff competition within the private sector with many foreign players venturing into the market. The trend is expected to continue in 2010.

Healthcare Division



The main issues faced by the healthcare industry continue to be the shortage of skilled and specialised professionals such as nurses skilled in intensive care, medical specialists and pharmacists; while the emergence of the insurance and managed care organisations has led to more stringent admissions to hospitals as well as a cap on the fees charged to them.

Meanwhile, the cost of healthcare has been rising due to unfavourable foreign currency rates, reflected by the 2.5% increase in the Consumer Price Index compared to the average increase in price of goods and services of 1.3%.

The improving health of the Malaysian economy is also expected to have a restorative effect on the private healthcare industry and the Group remains optimistic that it will remain robust and resilient as patients will continue to seek secondary care treatment regardless of whether there is a recession or not, in comparison to those considering elective or cosmetic treatments.

Steps are also being taken to address the anticipated shortage of nursing professionals in the coming years by sponsoring nursing students as well as to attract and retain more talented doctors and consultants by continuously reviewing the remuneration packages offered, including offering them equity in the hospitals as an incentive.


PUSAT PERUBATAN KUANTAN
HOSPITAL


READY
BUSY
FAULT

The Healthcare Division will continue to build up its presence in the secondary healthcare niche by strengthening its capacity, specialist teams and capabilities; especially in the East Coast region where it is already well established.

To increase the division's capacity, there are plans to build a new hospital building in Kuantan, with a capacity of 150 beds; as well as to add additional floors for the executive ward with 10 more beds and 3 ICU beds at KJMC; as well as refurbishing and bringing in new equipment for its operating theatres and clinics. The construction of the new hospital will commence in 2010 and is expected to be fully operational in 2013.

Acknowledgement

The healthy performance of the Group reflects the concerted efforts by the management to optimize performance at every level, as well as the dedication and commitment of each and every employee at TDM Berhad, whom I would like to thank for their contribution to our continued success.

To our customers and business partners, as well as the authorities and stakeholders, we thank you for the support, cooperation and contributions which have been crucial to our success.

We are now beginning the see the clear results of the rigorous rehabilitation each division has undergone, which has carried us through this year to achieve our second highest results ever, despite the challenging market conditions and the cyclical effects on our palms.

However, there is still much to be done and we shall endeavour to maintain the outstanding performance of our business divisions and improve upon the returns to our stakeholders.

Our strategy to extend our plantations beyond Malaysia is expected to bear fruit and provide us with a secure and diversified revenue stream as we plant them over the next few years, so we will continue to invest in suitable locations.

The journey ahead may be challenging, for while the green shoots of recovery are being seen, they will need to mature for the markets to return to comfortable levels; but TDM Berhad remains in good hands and the experience we have gained during the difficult times shall put us in good stead to forge ahead.

Badrul Hisham Bin Mahari
Chief Executive Officer

Corporate Social Responsibility

Healing the planet and the people

Healing people and nurturing the planet is at the very essence of how TDM Berhad operates as we harvest nature's bounty and heal the people who come to our healthcare facilities.

It is something we have been doing for decades and it has shaped how we go about doing our business ethically, treating our planet respectfully and engaging our stakeholders meaningfully.

Acting responsibly has a direct impact on how we grow as a company, how our stakeholders grow along with us and how together we can grow our business. We have been practicing corporate responsibility long before it became a buzz word simply because it makes sense to do so, not because we need to be seen to and certainly not because we are obliged to.

In doing so, we have taken steps to ensure that our growth is driven along the principles of sustainability and other responsible business practices, which includes rewarding our shareholders; adhering to our code of business ethics; abiding by the rules of transparency and good corporate governance; and taking care of our people as well as that of the community through direct engagement.

Oil palm plantations have also not been spared the effects of climate change, but we can be part of the solution to heal the planet by integrating and inculcating the practices of conservation, preservation and sustainability wherever we can.

Fun-to-Learn

Reflecting TDM Berhad's philosophy of sustainability, the Group embarked on a programme in 2009 which addresses the way we impact the many people, organisations and environments that our business touches called "Fun-to-Learn" which sets out to help children enhance their life skills. The "Fun-to-Learn" pilot programme involved 39 children, aged 7 to 11, of estate workers and surrounding communities from Ladang Jaya in Setiu and is based on the fact that children learned best when they are having fun; developed following a community needs assessment conducted at all the estates. "Fun-to-Learn" provided them with fun, experiential learning in a safe environment as they explore, discover, create and acquire the life skills that form the fundamental building blocks for realising their own potential at home, at school, at work and in the community. During the year, the children visited Pusat Sains & Kreativiti Terengganu (PSKT), Hutan Lipur Sekayu, Training Centre Kompleks Sg Tong, and Angullia Beach House Resort, Marang as part of the programme's activities. Tools and guidebooks for both facilitators and participants were developed for the age-appropriate experiential learning activities and the children's participation and progress were tracked and recorded. The programme also provided an opportunity for TDM employees to contribute their talent and cross-functional skills for community-building while developing their own personal capabilities as well as inter-unit teambuilding. The programme is being developed further after which more children in the other estates and communities will be included. Feedback received from the parents and teachers indicates the programme has positively impacted the children. This is evidenced through improved level of confidence, self-discipline and overall personal development. More importantly, their grades in school have improved.

People

People are the very heart and soul of TDM Berhad, whether they are out in the plantations and mills or in the surgical theatres and offices, they are the most valuable assets we have. The importance placed on their welfare and that of their families is reflected in the initiatives to provide a safe and conducive working environment, proper housing, opportunities for self development and improving the standard of living.

Just as important to us are the people in the communities whose lives we impact and it is our philosophy to help them by offering our expert resources when and where they are needed most.

	KTS	KMC	KJMC
Blood Donation Campaign	3	2	2
Health Talk	5	7	13
Public Health Screening Programme	7	18	13

Throughout the year, our healthcare expertise and services were extended to the communities we serve through exhibitions as well as conducting outreach activities such as blood donations, free health screenings and public health talks by our teams of nurses and consultants on issues such as cholesterol levels, orthopedic problems and blood pressure, to encourage them to adopt a healthy lifestyle.

The workplace is governed by the key principles of safety, health, security and environment to ensure that all employees are able to work in a secure environment which is in compliance with all the relevant regulations, backed up by a comprehensive safety plan which focuses on zero accidents and public safety.

Relevant Personnel were sent for several training sessions and seminars during the year to ensure that they were kept up to date with the latest findings and able to respond with the latest techniques to ensure a safe and conducive workplace for everyone.

Throughout the year, there were special activities conducted by the company's "Kelab Sukan dan Kebajikan" for the staff and their families. These events were held to foster goodwill among the staff and families which included a special get together to prepare and distribute "Bubur Asyura", excursions to Malacca, Kelantan and Negeri Sembilan and also distribution of food hampers to celebrate festive days.

The Plantation Division had built new 3-bedroom staff residences to provide comfortable housing for the plantation workers. Over the last three years, the company has constructed 119 units of new residences valued at RM7.1 million and in 2010 an additional 82 units with total value of RM8.75 million will be constructed.

For those who have been with TDM Berhad for over 15 years or would be retiring, special Long Service and Retirement Awards were presented in recognition of their valuable service and dedication to the company.

Planet

Co-existing symbiotically with the land, TDM has always placed sustainable development at the very core of our business philosophy so that we may harvest the bounty of the planet in harmony with the water, air and earth which nourishes it and our plantations.

The commitment to protect the planet and the environment includes complying with existing laws and the management of our investments by optimising soil conditions, utilising integrated pest control management and keeping the use of agri-chemicals down to a minimum level.

Sustainability, to us, means adopting a holistic approach and in addition to nurturing the planet's resources TDM also seeks to nurture our people by creating meaningful employment, distributing resources to include infrastructure development, having a role in education and welfare of our plantation workers and enriching the communities where we are present.

Soil Conservation
Minimizing soil erosion is a standard practice of the Plantation Division in accordance with Good Agricultural Practices (GAP) and we have had successes using Mucuna bracteata, a shade tolerant legume which also improves soil fertility, organic content and moisture conservation, in the Group's entire replanting programmes.

The surface soil management is complemented by the use of Guatemala grass (Tripsacum laxum) which is a fibrous grass with a dense root system for terrace construction along high risk erosion areas at stream embankments and near bridges, as well as the oil palm chips in a single layer along planting rows to bind the soil. As a substitute for inorganic fertiliser, bio-compost and mulch from nutrient rich empty fruit bunches, which also help to retain water in the soil.

TDM has adopted a zero burning' policy in our replanting programmes as part of our contribution to fight global warming and create a cleaner, greener environment, which also allows us to enhance soil fertility by replenishing organic matter and improve its physical properties in a sustainable manner.

Integrated Pest Management

TDM's plantations are teeming eco-systems where the ecological balance is kept in check by predatory birds and insects which are part of our Integrated Pest Management policy that involves a combination of environmentally friendly approaches to contain the pest populations below a level that would be economically disadvantageous.

To suppress the rat population in the plantations, an eco-friendly alternative to the use of relatively ineffective rodenticides was adopted, with the use of barn owls (tyto alba) as a biological pest control method whose numbers are maintained with the presence of breeding boxes throughout the Group's plantations.

Another efficient and environmentally friendly method adopted in the Group's plantations is trunk injection of insecticides to protect trees against insects. The method is used wherever possible in place of spraying, to prevent harming the naturally occurring beneficial insects living in the tree or other fauna in the adjacent areas.

The economic threshold level of the pest population is further defended in the plantations through the cultivation of nectariferous plants such as Turnera subulata, Euphorbia heterophylla, Cassia cobanensis and Antigonon leptopus which encourage the proliferation of parasitoids and predators of bagworms and nettle caterpillars to exert bio-control on the pests.

Weed control

Under TDM's weed management policy, the minimum use of herbicides is advocated on our plantations to achieve equilibrium in weed and ground coverage when establishing a desirable vegetation species under oil palm.

The use of chemical applications is controlled and optimised, with the use efficiency of different fertilisers on different soil types and series, varying from 83% to below 40%, while the use of mechanical fertiliser spreaders are used to minimise loss and maximise recovery of applied nutrients.

Waste reduction

Under TDM's waste management policy, large amounts of mill by-products such as empty fruit bunches (EFB) and treated palm oil mill effluent (POME) are recycled back into the fields as recycled organic fertiliser in compliance with Department of Environment's standards, which also reduces the dependence on chemical fertilisers to further reduce costs.

Profits

The Board and management of TDM Bhd endeavour to provide an optimal return on investment for our shareholders and stakeholders, who include our business partners, suppliers and contractors, through sustainable growth, financial excellence and strong corporate governance. In order to meet their expectations, various initiatives have been undertaken, which include:

Corporate Governance

A corporate governance and risk management system which identifies and mitigates risks has been put in place to actively manage the challenges faced by the Group's businesses in the plantation, healthcare and food divisions.

Dividend policy

It is the intention of the Board of Directors to enhance shareholder value and maximise returns to investors by adopting an attractive dividend policy which also makes provision for continuing investments for growth particularly in the plantation division. This was demonstrated by the dividend payout of 10.5 sen per ordinary share in 2008 and a proposed first and final dividend of 4 sen per ordinary share less 25% Income Tax and 9 sen per ordinary share tax exempt under the single-tier system for 2009.

Land Bank

It is the policy of the management to continuously expand and diversify TDM Bhd's source of plantation land for continued growth and this has been achieved by acquiring 40,000 hectares of land in Kalimantan, Indonesia, which will be progressively developed as planted plantations for continued growth.

Plantation Statistics

		Total Hectarage Managed By TDM Plantation Sdn Bhd (Hectares)	Group's Owned Plantation (Hectares)	Other (Hectares)
Oil Palm				
Mature Hectarage		32,193	25,517	6,676
Immature Hectarage		576	518	58
New Planting		–	–	–
Other Crop				
Mature Hectarage		127	127	–
Immature Hectarage		–	–	–
Total Planted		**32,897**	**26,162**	**6,734**
Hectarage by Company / Division				
Sublease	Mature	10,215	5,925	4,290
	Immature	139	81	58
TDM Capital Sdn Bhd	Mature	1,748	1,748	–
	Immature	48	48	–
Kumpulan Ladang-Ladang Trengganu Sdn Bhd	Mature	17,845	17,845	–
	Immature	389	389	–
	Other Crop	127	127	–
Ladang Tabung Warisan	Mature	1,336	–	1,336
	Immature	–	–	–
Ladang Majlis Agama Islam Terengganu	Mature	792	–	792
	Immature	–	–	–
Ladang KOPKEM	Mature	257	–	257
	Immature	–	–	–
Total Planted		**32,897**	**26,162**	**6,734**

Production / Company / Division (Metric Tonne)	
Oil Palm	
FFB Production (MT)	530,494
FFB Tolling (MT)	25,905
FFB Processed Own (MT)	476,713
FFB Processed Outsiders (MT)	21,583
FFB Sold to 3rd Party (MT)	27,844
CPO Production (MT)	105,559
Palm Kernel Production (MT)	28,138
Extraction Rates (%) - CPO	20.01%
Recovery Rates (%) - PK	5.32%

Statement on Corporate Governance

The Board of Directors of the Company fully supports the recommendations of the Malaysia Code on Corporate Governance ("Code") which sets out the broad principles for good corporate governance and best practices for listed companies to ensure that good corporate governance is practiced throughout the Group to effectively discharge its responsibilities to safeguard shareholder's investments and enhance shareholder's value.

As part of the review process based on the Code, the Internal Audit function has independently assessed input from the Board of Directors via self performance evaluation sheet to ascertain the level of Code compliant.

The following principle statements outline the application of the principles of Corporate Governance by the Group.

A. Directors

The Board of Directors

The Board has overall responsibility for corporate governance, strategic direction and overseeing the investments of the Group. All Board members bring an independent judgment to bear on issues of strategy, performance, resources, code of conduct and ensuring the existence of appropriate processes and internal controls to identify and manage risks.

The Board meets regularly to review corporate strategies, operations and performance of business units within the Group. There were eight (8) Board of Directors' meetings during the financial year ended 31 December 2009. The number of meetings attended by each director is as follows:

Members	No. of meetings attended	%
Haji Zakaria bin K C Ahammu	7/8	88
Dato' Haji Abdul Razak bin Ismail	6/8	75
Dato' Haji Adzlan bin Mohd Dagang	5/8	63
Wong Shew Yong	7/8	88
YB Senator Datuk Haji Roslan bin Awang Chik (Chairman) (Appointed on 13 January 2009)	7/8	88
Haji Long bin A. Rahman (Appointed on 13 January 2009)	8/8	100
Mohd Noor bin Dato' Mohamad (Resigned on 1 January 2010)	7/8	88
Haji Rahmat bin Awi (Resigned on 11 January 2010)	7/8	88
Ramli bin Shahul Hameed (Resigned on 31 January 2010)	7/8	88

Board Balance

The Board, as at the date of this statement, consists of six (6) members. All six (6) are Non-Executive Directors (including the Chairman). Two (2) of them are Independent and four (4) are Non-Independent.

The Directors bring a wide range business and financial experience relevant to the direction and objectives of the Group in achieving the vision of the Company.

There is a distinct and clear division of responsibility between the Chairman and Chief Executive Officer to ensure there is a balance of authority. The role of the Chairman and the Chief Executive Officer are separated and clearly defined. The Chairman is responsible for ensuring Board effectiveness and conduct whilst the Chief Executive Officer has overall responsibilities over the operating units, organisational effectiveness and implementation of Board policies and decisions.

The presence of Independent Non-Executive Directors fulfils a pivotal role in corporate accountability. The role of these Independent Non-Executive Directors is particularly important as they provide independent views, advice and judgement and ensuring strategies proposed by the management are fully discussed and evaluated, having considered the long term interests of stakeholders. The Board is satisfied with the Board's composition in respect of representation of minority shareholders with the Independent Directors.

Senior Independent Non-Executive Director

Haji Zakaria bin K C Ahammu has been appointed as the Senior Independent Non-Executive Director of the Board on 25 February 2010 to whom the shareholders can convey their concerns.

The profiles of the members of the Board are presented on pages 8 to 10 of this annual report.

Statement on Corporate Governance

Supply of Information
The Board is supplied with timely and sufficient information. Advance notice is given for all scheduled and a full set of Board paper for consideration is distributed before each meeting to enable Directors to study matters that require their decisions or opinion prior to the Board meetings.

All Directors have direct access to the advice and services of the Company Secretaries whether as full Board or in their individual capacity, in the furtherance of their duties. The Directors are regularly updated on new statutory as well as regulatory requirements relating to the duties and responsibilities of Directors. Directors, whether acting as a full Board or in their individual capacity, may obtain independent professional advice in the furtherance of their duties, at Company's expense.

Appointment to the Board
A Nomination and Remuneration Committee has been set up to recommend on new appointments to the Board. The Board is entitled to the services of the Company Secretaries who will ensure that all appointments are made in a proper manner and that all relevant information is obtained and all legal and regulatory requirements are met.

Directors' Training
All Directors are encouraged to continue to attend such further training as may be required from time to time to keep abreast with developments in the industry as well as the current changes in laws and regulations and to enhance their knowledge and skills.

Conferences, seminars and training programmes attended by Directors in year 2009 were as follows:-

- PIPOC 2009 International Palm Oil Conference
- Getting up to speed with Governance
- Mandatory Accreditation Program (MAP) for directors of Public Listed Companies
- Annual Palm & Lauric Oils Conference and Exhibition Price Outlook 2009/2010
- Read, Analyse & Interpret Financial Statements

Board Committee
In order to enhance business and operational efficiency, the Board has delegated certain responsibilities to the Board Committees, i.e. Audit Committee and Nomination and Remuneration Committee.

(a) **Audit Committee**
The Audit Committee has three (3) members comprising of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

- Haji Rahmat bin Awi (Chairman) (Resigned on 11 January 2010)
- Haji Long Bin Rahman (Chairman) (Appointed on 31 January 2010)
- Haji Zakaria bin K C Ahammu
- Wong Shew Yong

The Audit Committee is responsible to review and investigate any matters within its Terms of Reference. In order to discharge its duties, it gathers information from Directors or staff and seeks professional advice when necessary.

The report of Audit Committee is presented on pages 49 to 52.

(b) **Nomination and Remuneration Committee**
The Nomination and Remuneration Committee has three (3) members comprising two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

- Haji Zakaria bin K C Ahammu (Chairman)
- Dato' Haji Abdul Razak bin Ismail
- Haji Long bin A. Rahman

The Committee makes recommendations on all new appointments to the Board, reviews the structure, size, balance and effectiveness of the Board as a whole and also the contribution of each director and recommends to the Board on the re-election of retiring Board members.

Re-election of Directors
In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to re-election by shareholders at the next Annual General Meeting after their appointment. Also, at least one-third ($^1/_3$) of the remaining Directors are required to submit themselves for re-election at least in every three (3) years at the Annual General Meeting.

B. Directors Remuneration

The level and make up of remuneration

The remuneration of all Directors is reviewed by Nomination and Remuneration Committee (NRC). The NRC has a structured procedure for the full Board to approve remuneration of all Non-Executive Directors which is based on experience and expertise needed to assist in managing the Group and level of responsibilities of the Directors concerned.

Procedure

The NRC recommends the remuneration framework and package of all Directors. Directors do not participate in decisions regarding their own remuneration packages. The Directors' fees are approved at the Annual General Meeting by shareholders.

Disclosure

The details of the remuneration of the Directors for the financial year ended 31 December 2009 are stated as below:

	Group (RM'000)	Company (RM'000)	Total (RM'000)
Executive Director			
Fees and other emoluments	14	–	14
Non-Executive Directors			
Fees and other emoluments	1,134	575	1,709
Benefits-in-kind	51	17	68
Share based payment	258	–	258

The aggregate remuneration of Directors of the Company for the financial year ended 31 December 2009, in respective bands as follows:

Range of Remuneration	No. of Directors
Executive Director	
RM400,001 – RM500,000	–
Non-Executive Directors	
< RM50,000	5
RM50,001 to RM100,000	3
Above RM100,000	1

C. Relationship with Shareholders and Investors

The Group recognises the importance and timely dissemination of information to shareholders and other stakeholders. The Group adheres strictly to the disclosure requirements under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB"). All major developments of the Group and other information are communicated to the investors through the following:

(i) The Annual Report;

(ii) Quarterly financial results with an overview of the Group's performance and operations;

(iii) Various announcements and disclosures made to BMSB;

(iv) The Company's website (http://www.tdmberhad.com.my); and

(v) Various announcements can be accessed at any time through the BMSB's website at (HYPERLINK http://www.bursamalaysia.com)

Statement on Corporate Governance

Annual General Meeting

The Annual General Meeting ("AGM") is the crucial mechanism in shareholders' communication. It gives an opportunity for all shareholders to have direct access to the Board and to raise questions on resolutions being proposed. Shareholders are encouraged to attend the AGM and actively participate in the proceedings.

During the AGM, the Chairman, Directors and senior management are available to respond to shareholders' questions on the business and performance of the Company.

A press conference is sometimes held immediately after AGM and the Chairman will explain to members of the media for any resolutions passed and to answer any questions in relation to the development and operations of the Group.

D. Accountability and Audit

Financial Reporting

The Board recognises the responsibility for ensuring the accounting records are properly kept and that the financial statement are prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The Audit Committee assists by scrutinizing the information to be disclosed, to ensure accuracy, adequacy and transparency.

Directors' Responsibility Statement

The Board of Directors is responsible to ensure that the financial statements of the Group and Company give a true and fair view of the state of affairs of the Group and Company at the end of the financial year including the results and cash flows for the financial year.

The Statement of Directors pursuant to Section 169 (15) of the Companies Act, 1965 signed by the YB Senator Datuk Haji Roslan bin Awang Chik and Haji Zakaria bin K C Ahammu is set out on page 60.

Internal Control

The Board acknowledges its responsibilities for the Group's system of internal controls which is to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. The system involves in each business and key management from each business including the Board and designed to meet the Group's particular needs and to manage the risks which it's exposed. This system can only provide reasonable but not absolute assurance against misstatement or loss.

The Statement on Internal Control is set out on page 53.

Relationship with Auditors

The Company maintains a transparent and appropriate relationship with the Group's Auditors, both external and internal in seeking their professional advice towards ensuring compliance with applicable accounting standards and all statutory requirements. The External Auditors are invited to attend the meetings to deliberate on their audit plan and annual financial results,

The role of the Audit Committee is described on the Report of Audit Committee on pages 49 to 52.

The statement is made in accordance with a resolution of the Board of Directors dated 30 March 2010.

Code of Business Ethics

Introduction

The Code of Business Ethics describes and reinforces TDM Berhad's guiding values and commitment to doing business responsibly, ethically and in a sustainable manner. We believe in applying the principles of our code of business ethics in every transaction which affects our people, our customers and our stakeholders and it is practised on the basis of integrity, mutual trust and respect which are essential to a long-term, mutually beneficial relationship.

This Code of Business Ethics (the Code) sets forth the guidelines and ethical standards of conduct required of the Board of Directors, Chairman, Chief Executive Officer, heads of departments, managers, executive officers and all other employees of TDM Berhad (TDM).

The Code, as well as its intent, is intended to define the conduct of all Group activities in accordance with the high standards of integrity and in compliance with all applicable laws and regulations; and applies to the Group, all its subsidiaries and other business entities controlled by it.

Our commitment to the Code and conduct prescribed by it extends to all our stakeholders, which encompasses everyone and every organisation which has an interest in the operations of TDM, including:

- Customers
- Employees and their Families
- Stockholders and Owners
- The Board and Board Committee Members
- Vendors and Suppliers
- Industry Affiliates
- The Community

Compliance With Laws, Rules And Regulations

TDM will comply with all relevant laws, regulations and by-laws as a pre-requisite for maintaining ethical behaviour and expects the same compliance from our business associates in the course of all related transactions.

All employees, Executive Officers and Board Members are also required to comply with all laws, rules and regulations which apply to the Group in all areas of business.

While it is the Group's philosophy to address matters internally, the Code takes precedence in not preventing or discouraging any party from reporting any illegal activity including the violation of any Federal, State or International laws, rules or regulations to the appropriate authorities. The purpose of the Code is to promote ethical practices and in doing so, should not be an obstacle to any party to testify, participate or assist in any legal proceeding or investigation and in upholding the intent. No employee, Executive Officer or Board Member shall discharge, demote, suspend, threaten, harass or in any manner discriminate against an employee for reporting any violation in good faith.

Professionalism

Having committed to maintaining the highest standards of professionalism to meet and exceed the expectations of our customers, the Group strives to develop high standards of employee competency to produce high quality products and services.

Results will be achieved by showing respect and acting responsibly which is the principle by which TDM conducts itself when dealing with people, customers, employees and the environment. In doing so, all parties are to be treated with dignity and courtesy to protect and improve the work environment, while abiding by the laws, rules and legislation which exist to add value to how we do business.

We shall also act responsibly towards our customers, co-workers and organisation by providing timely delivery of consistently high quality goods and services as we work together to add value to the business.

With results being essential to our investors and the business, the Code shall be an essential guide to the attainment of our goals which will be achieved by behaving ethically, legally and morally.

Code of Business Ethics

Conflicts of Interest

When dealing with business associates, any actual or apparent conflicts between personal and professional interest are to be avoided and managed in an honest and ethical manner. As such employees, Executive Officers and Board Members are to act in the best interests of the Group and its stakeholders as personal interest must not impede with or harm the interests of the organisation.

Certain relationships or transactions, despite their appearance, may be approved following a transparent and ethical process of disclosure, discussion and consultation if they are deemed not harmful or improper to the Group. However, any conflict of interest or appearance thereof, even if harmless to the Group, is prohibited from the outset unless it has undergone a due process of disclosure, consultation and approval.

Our Moral Standards of Honesty, Integrity and Fair Dealing

In our relationships with partners, customers and suppliers we shall treat them fairly and conduct business in a manner consistent with the essential values of TDM which include the highest standards of integrity, openness, fairness and reliability.

The Group's suppliers, customers, competitors and employees are to be dealt with honestly, ethically and fairly by each employee, Executive Officer and Board Member; and in doing so statements regarding the Group's products and services should not be untrue, misleading, deceptive or fraudulent. No individual is to be taken unfair advantage of by an act amounting to manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other practice of unfair dealing.

Ethical practices are also incorporated into the selection process by recruiting and promoting individuals who demonstrate a commitment to the ethics and principles by which TDM operates. This will be an unequivocal message to anyone that performance of the highest integrity is a prerequisite to continued employment and advancement within the Group.

Our partners are selected carefully and we will work only with vendors and suppliers who can share and align themselves with our principles and commitment to ethical business practices as how they operate will reflect on our growth effectiveness and reputation as well.

Occupational Safety and Health

TDM is committed to ensuring the safety and health of all our employees and customers, which is demonstrated by our endeavours to integrate occupational safety and health (OSH) practices into the business practices and strategy at all times. This transcends the Group's statutory duty to ensure full compliance with all relevant legislation as well as create and sustain a work culture and environment where safety and health are the priority.

Sexual Harassment Policy

In our commitment to maintain a workplace and environment which is free of harassment in any form, including ethnicity, religion, gender, national origin, ancestry, non-disqualifying physical or mental disability, marital status, sexual orientation or gender identity, all employees have the right to work in an environment which is free of any form of discrimination and conduct which could be considered harassing, coercive or disruptive and this includes sexual harassment.

No employee of any gender should be subjected verbally or physically to unsolicited, inappropriate and unwelcome sexual overtures or conduct.

TDM will initiate immediate action to address harassment of employees by managers, co-workers or non-employees regardless of whether the incident in question occurs in the place of work or in the course of an employee's work in the endeavour to promote a work environment in which all staff are treated with courtesy, dignity and respect.

Report of Audit Committee

The Board of Directors of TDM Berhad is pleased to present the report of the Audit Committee for the financial year ended 31 December 2009.

Members of Audit Committee

As at date of this Annual Report, the composition of Audit Committee is as follows;

Members	Status of Directorship	Attendance of meetings
Haji Rahmat bin Awi (Chairman) (Resigned on 11 January 2010)	Senior Independent Non-Executive Director	6/6
Haji Zakaria bin K C Ahammu	Senior Independent Non-Executive Director	6/6
Wong Shew Yong	Non-Independent Non-Executive Director	5/6
Hj Long Bin A. Rahman (Chairman) (Appointed on 31 January 2010)	Independent Non-Executive Director	N/A

The Chief Executive Officer, Internal Auditors of the Company, Senior Management of the subsidiary companies and representative from External Auditors are invited to attend the Audit Committee meetings whenever necessary.

Secretary

The Joint Secretaries of TDM Berhad, namely Yeap Kok Leong and Wong Wai Foong are also Joint Secretaries of the Audit Committee of the Company.

Terms of Reference

In performing their duties and discharging their responsibilities, the Audit Committee is guided by the Terms of Reference of the Committee as follows:-

Composition

The Committee shall be appointed by the Board of Directors amongst the Directors of the Company which fulfils the following requirements:-

(a) the Committee must be composed not fewer than 3 members;

(b) all of the members shall be non-executive directors with a majority of the Committee being independent directors; and

(c) at least one member of the Committee:

   (i) must be a member of the Malaysian Institute of Accountants; or

   (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:

      (aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or

      (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

   or fulfills such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad ('BMSB").

(d) The members of the Committee shall elect a Chairman from among themselves who shall be an independent director.

(e) No alternate director should be appointed as a member of the Committee.

(f) In the event of any vacancy in the Committee resulting in the non-compliance of the Listing Requirements of the Exchange pertaining composition of audit committee, the Board of Directors shall within three (3) months of that event fill the vacancy.

(g) The term of office and performance of the Committee and each of its members must be reviewed by the Board of Directors at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

Report of Audit Committee

Authority

The Audit Committee is authorised by the Board to review and investigate any matter within its Terms of Reference. It is authorised to seek any information it requires from Directors or management staff in discharging its duties, including seeking external professional advice.

The Committee in performing its duties shall in accordance with a procedure to be determined by the Board of Directors:

(a) have authority to investigate any matter within its terms of reference;

(b) have the resources which are required to perform its duties;

(c) have full and unrestricted access to any information pertaining to the Company;

(d) have direct communication channels with the external auditor and person(s) carrying out the internal audit function or activity (if any);

(e) be able to obtain independent professional or other advice; and

(f) be able to convene meetings with external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

Review of the Composition of Audit Committee

The terms of office and performance of the Committee and each of its members must be reviewed by the Board of Directors at least once in every three (3) years to determine whether the Committee and its member have carried out their duties in accordance with their Terms of Reference.

Terms of Duties

Objectives

The scopes of work of the Audit Committee are:

To review:

(a) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:

- (i) the going concern assumption;
- (ii) the changes in or implementation of major accounting policy changes;
- (iii) significant and unusual events; and
- (iv) compliance with accounting standards and other legal requirements.

(b) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.

(c) with the external auditor:

- (i) the audit plan;
- (ii) his evaluation of the system of internal controls;
- (iii) his audit report;
- (iv) his management letter and management's response; and
- (v) the assistance given by the Company's employees to the external auditor.

To monitor the management's risk management practices and procedures.

Report of Audit Committee

In respect of the appointment of external auditors:

(a) to review whether there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointments;

(b) to consider the nomination of a person or persons as external auditors and the audit fee; and

(c) to consider any questions of resignation or dismissal of external auditors.

In respect of the internal audit function:

(a) to review the adequacy of the scope, functions, resources and the adequacy of the competency of the internal audit function and that it has the necessary authority to carry out its work;

(b) to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

(c) to review any appraisal or assessment of the performance of members of the internal audit function;

(d) to approve any appointment or termination of senior staff members of the internal audit function; and

(e) to inform itself of any resignation of internal audit staff member and provide the resigning staff member an opportunity to submit his reasons for resigning.

To promptly report such matter to the BMSB if the Committee is of the view that the matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

To carry out such other functions as may be agreed to by the Committee and the Board of Directors.

Audit Committee Report and Statements

The Audit Committee is to assist the Board of Directors of the company to prepare Audit Report at the end of each financial year to be included and published in the annual report of the Company.

Meetings

Meetings shall be held not less than four (4) times a year.

Upon the request of the external auditor, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the external auditor believes should be brought to the attention of the Directors or shareholders.

A quorum shall consist of a majority of independent directors.

During the financial year under review, the Audit Committee held six (6) meetings.

Report of Audit Committee

Activities

During the financial year under review, the Audit Committee was engaged in the following activities.

i) Reviewed and deliberated on a total of five (5) audit reports assignments conducted by the Internal Audit Department of the Company.

ii) Reviewed management letters and audit reports of the external auditors.

iii) Reviewed and approved the Annual Audit Plan of the Company for the calendar year 2009. In its review of the Annual Audit Plan, the Audit Committee reviewed the scope and coverage over the activities of the respective business units of the Group and the Internal Audit's basis of assessment of risk rating of the proposed areas of audit.

iv) Concurrently reviewed and deliberated Internal Audit Department's audit findings and recommendations.

v) Reviewed unaudited quarterly financial statements and the audited financial statements of the Company and the Group and recommended the same for the approval by the Board, upon being satisfied that the financial reporting and disclosure requirements of the relevant authorities has been complied with.

vi) Reviewed the processes and investigation undertaken by the Internal Audit Department, the audit findings and risk analysis on each tasks and emphasized on the follow up audits to ensure corrective actions are taken and recommendations of the Internal Audit are implemented.

vii) Overseen the formalisation of risk management exercise.

viii) Review of the Report of the Audit Committee, Statement on Internal Control and Statement on Corporate Governance.

Internal Audit Function

The principal roles of the Internal Audit Function are:

- To ensure that a sound internal control system is in place and the system is functioning adequately and its integrity is maintained.
- To add value and improve the Group's operations by providing independent and objective evaluation of the operations.
- To carry out investigations and special review requested by management or the Audit Committee.
- To carry out audit work in liaison with the external auditors to maximise the use of resources and for effective coverage of audit risks.

Employees' Share Option Scheme ("ESOS")

The Audit Committee has reviewed and verified that the allocations of option granted during the financial year under the Company's ESOS were in accordance with the provisions as set out in the ESOS By-Laws.

The approval of the Board for this report was obtained on 25 February 2010.

Haji Long bin A. Rahman
Chairman Audit Committee

Statement on Internal Control

Introduction

The Board of Directors of TDM Berhad is pleased to present the Statement on Internal Control pursuant to Paragraph 15.26(b) of the Main Market Listing Requirement of Bursa Malaysia. The following statement outlines the Group's key elements of an internal control system for the financial year ended 31 December 2009.

Board Responsibility

The Board of Directors recognises the importance of sound internal controls and risk management practices for good corporate governance. The Board affirms its overall responsibility for the Group's system of internal control and for reviewing the adequacy and integrity of the system. However, it should be noted that such systems are designed to manage or mitigate risks to an acceptable level rather than eliminate the risk of failure to achieve business objectives. In pursuing these objectives, the system of internal controls, can only provide reasonable and not absolute assurance against any material misstatement or loss.

Key Elements of Internal Control Systems

The Board throughout the current financial year has mitigated the risks faced by the Group through monitoring of the Group's operational efficiency and profitability at its Board meetings. The Board is assisted by Board Committees namely the Audit Committee and Nomination and Remuneration Committee with their respective terms of reference.

Furthermore, the Board has tasked its Executive Management with the responsibility for monitoring and reviewing strategic and significant operational matters of the Group through the following key elements of internal control:

Meetings

Scheduled meetings are held at operational and management level to identify, discuss and resolve business and operational issues. These included management meetings at an individual company level which is minuted and pertinent issues are escalated on a needs basis.

Organisation and Management Structure

The Group has defined a structure with clear reporting lines of responsibilities and accountabilities. The management team is led by the Chief Executive Officer and comprises of other heads of departments. There is also a clear segregation of duties to ensure the safe custody of the Group's assets and the responsibility is discharged with the Company's best interest in mind.

The management team makes recommendation on major capital expenditure, investment or divestment affecting the Group and the preparation of the annual budget for the approval of the Board.

All employees are expected to be effective in delivering their respective job functions. Employees are sent for training in areas relevant to their job functions and they are remunerated based on their performance and length of service according to an approved appraisal system.

Business Performance Review

The Group's management team carries out monitoring of financial performance against the budget and they also followed up on critical operational issues to ensure appropriate actions have being taken in accordance to the agreed plan.

The management team provides quarterly reports to the Board covering financial performance and production statistics which includes the monitoring of results against annual budget.

The budgeting process includes the preparation of budgets by the individual subsidiary companies and departments. That detailed analysis of financial results is reviewed by the Audit Committee and approved by the Board prior to submission to Bursa Malaysia.

Internal Audit Function

The Company has an in-house internal audit function created by the Board of TDM Berhad pursuant to its resolution on 29 December 1994.

The Group's Internal Audit provides support to the Audit Committee in discharging its duties regarding the adequacy and effectiveness of a system of internal controls, governance processes and risk management. During the financial year under review, the Internal Auditors conduct independent reviews of the key activities within the Group's operating units based on Annual Audit Plan approved by the Audit Committee.

The total cost incurred for the Internal Audit Function of the Group for the financial year 2009 is RM358,256.

Risk Management

The Board recognises that risk management is an integral part of the Group's business operations to identify and ensure the achievement of it's business objectives. This is as per the requirement of Part 2 of the Best Practices in Corporate Governance which states that the Board should identify principal risks and ensure the implementation of appropriate systems to manage these risks.

The management has its Group Risk Management Committee led by the Chief Executive Officer with the responsibility to identify the risks faced by the Company

The approval of the Board for this statement was obtained on 25 February 2010.

Additional Compliance Statement

The following information is in compliance with Appendix 9C of the Main Market of Listing Requirements of Bursa Malaysia Securities Berhad:

1. Imposition of Sanction / Penalties

There were no public sanction and / or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

2. Material Contract

During the financial year under review, save as disclosed in the sections under significant related party transactions set out in Note 34 to the financial statement, there were no other material contracts entered into by the Company and/or its subsidiaries which involved Directors' and major shareholders' interests, either still subsisting at the end of the financial year 2009 or which were entered into since the end of the previous financial year.

3. Share Buybacks

There was no share buybacks during the financial year.

4. American Depository Receipt (ADR) Or Global Depository Receipt (GDR) Programme

The Company did not sponsor any ADR or GDR programme during the financial year.

5. Profit Guarantee

The Company did not give any profits guarantees during the financial year.

6. List Of Properties

The list of properties is stated on page 129 to 131 of the Annual Report.

7. Non-Audit Fees

The amount of non-audit fees incurred for services rendered to the Company or its subsidiaries for the financial year by the Company's auditors amounted to RM5,875.

8. Revaluation Policy

The Group's policy on revaluation is disclosed in Note 2.2 (c) to the financial statements.

9. Options, Warrants or Convertible Securities

During the financial year, there were no warrants or convertible securities issued by the Company other than shares or options issued pursuant to the Employees Share Options Scheme ("ESOS") as disclosed in Note 28 (b) to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders, other than directors, whom options have been granted during the year and details of their holdings.

10. Variation in Results

The Company did not make any release on the profit estimate, forecast or projection for the financial year.

There is no significant variance between results for the financial year and the unaudited results previously released by the Company.

Directors' Report and Audited Financial Statements

31 December 2009

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 2009.

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 14 to the financial statements.

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

Results

	Group RM'000	Company RM'000
Profit for the year	55,947	29,470
Attributable to:		
Equity holders of the Company	54,781	29,470
Minority interests	1,166	–
	55,947	29,470

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, other the effects on profit for the year of the Company on provision for impairment of investments in subsidiaries of RM7,800,000.

Dividends

The amount of dividends paid by the Company since 31 December 2008 were as follows:

	RM'000
In respect of the financial year ended 31 December 2008:	
Final dividend of 14% less 25% taxation, on 218,881,402 ordinary shares (10.50 sen net per ordinary share) declared on 12 April 2009 and paid on 21 July 2009.	22,983

At the forthcoming Annual General Meeting ("AGM"), a first and final dividend in respect of the financial year ended 31 December 2009 of 4 sen gross dividend per share, less 25% taxation on 218,881,402 ordinary shares, amounting to RM6,566,442 and 9 sen dividend per share, tax exempt under the single-tier system on 218,881,402 ordinary shares, amounting to RM19,699,326 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 2010.

Directors' Report

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. B. Senator 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 Ramli bin Shahul Hameed	*(resigned on 31 January 2010)*
Tuan Haji Rahmat bin Awi	*(resigned on 11 January 2010)*
Encik Mohd Noor bin Dato' Mohamad	*(resigned on 1 January 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.

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 7 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 32 to the financial statements.

Directors' Interest

According to the register of directors' shareholdings, none of the directors in office at the end of the financial year had any interest in the Company and 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 RM218,876,402 to RM218,881,402 by way of the issuance of 5,000 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.

Employee Share Options 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.

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.

Directors' Report

Other Statutory Information

(a) Before the income statements and balance sheets 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.

(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 other than as disclosed in Note 31 to the financial statements.

(f) In the opinions 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 other than as disclosed in Note 31 to the financial statements; 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.

Directors' Report

Significant Event

Kuantan Medical Centre Sdn. Bhd., a subsidiary of the Company had on 19 August 2009 entered into a Conditional Sale and Purchase Agreement with Far East Holdings Berhad of Suite 5 & 6, 8th Floor, Kompleks Teruntum, Jalan Mahkota, 25000 Kuantan, Pahang Darul Makmur, to acquire a piece of leasehold land, held under PN 7723 Lot 54559, Mukim of Kuala Kuantan, District of Kuantan, Pahang Darul Makmur measuring in area 4.324 hectares, free from all encumbrances for a total cash consideration of RM13,960,000. The purchase will be funded entirely from internally generated funds.

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 30 March 2010.

Datuk Haji Roslan bin Awang Chik

Tuan Haji Zakaria bin K C Ahammu

Statement by Directors

pursuant to Section 169(15) of the Companies Act 1965

We, Datuk Haji Roslan bin Awang Chik and Haji Zakaria bin K C Ahammu, 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 63 to 125 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 2009 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 March 2010.

Datuk Haji Roslan bin Awang Chik

Tuan Haji Zakaria bin K C Ahammu

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 63 to 125 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 30 March 2010

Amir Mohd Hafiz bin Amir Khalid

Before me,

PESURUHJAYA SUMPAH
No :T 027
Nama: WAN NAWANG BIN ENDOT
MALAYSIA

No.11-Q, Tingkat 1
Jalan Engku Pengiran Anom 1
20300 Kuala Terengganu,
Terengganu.

Independent Auditors' Report

to the Members of TDM Berhad

Report of the Financial Statements

We have audited the financial statements of TDM Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements 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 63 to 125.

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.

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 2009 and of their financial performance and cash flows for the year then ended.

Independent Auditors' Report

to the Members of TDM Berhad

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 14 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 Matters

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. 2882/01/11 (J)
Chartered Accountant

Kuala Terengganu, Terengganu Darul Iman, Malaysia
30 March 2010

Income Statements

for the year ended 31 December 2009

		Group		Company	
	Note	2009 RM'000	2008 RM'000 Restated	2009 RM'000	2008 RM'000 Restated
Revenue	3	**337,037**	405,064	**85,398**	104,292
Cost of sales		**(201,259)**	(204,235)	**(21,380)**	(20,942)
Gross profit		**135,778**	200,829	**64,018**	83,350
Other income		**6,122**	8,142	**54**	1,696
Distribution costs		**(8,248)**	(8,566)	**(1,479)**	(1,287)
Administrative expenses		**(52,933)**	(53,419)	**(22,140)**	(37,828)
Other expenses		**(2,848)**	(5,875)	**(1,742)**	(3,110)
Operating profit		**77,871**	141,111	**38,711**	42,821
Finance costs	4	**(384)**	(425)	**(81)**	(164)
Profit before tax	5	**77,487**	140,686	**38,630**	42,657
Income tax expense	8	**(21,540)**	(40,386)	**(9,160)**	(17,019)
Profit for the year		**55,947**	100,300	**29,470**	25,638
Attributable to:					
Equity holders of the Company		**54,781**	98,592	**29,470**	25,638
Minority interests		**1,166**	1,708	**–**	–
		55,947	100,300	**29,470**	25,638
Earnings per share attributable to equity holders of the Company (sen):					
Basic, for profit for the year	9	**25.03**	45.37		
Diluted, for profit for the year	9	**n/a**	n/a		

The accompanying notes form an integral part of the financial statements.

Balance Sheets

as at 31 December 2009

		Group		Company	
	Note	2009 RM'000	2008 RM'000 Restated	2009 RM'000	2008 RM'000 Restated
Assets					
Non-current assets					
Property, plant and equipment	11	**101,567**	93,846	**1,623**	3,416
Prepaid land lease payments	12	**170,028**	172,746	**28,444**	29,276
Biological assets	13	**358,108**	354,912	**27,535**	27,535
Goodwill	33	**1,070**	1,070	**–**	–
Investments in subsidiaries	14	**–**	–	**165,651**	172,486
Other investments	15	**4,810**	4,810	**–**	–
		635,583	627,384	**223,253**	232,713
Current assets					
Property development costs	16	**–**	–	**–**	–
Inventories	17	**14,522**	33,582	**1,252**	1,697
Trade receivables	18	**48,115**	41,017	**299**	299
Other receivables	19	**29,193**	23,428	**71,871**	148,148
Tax recoverable		**4,227**	4,926	**2,189**	–
Cash and bank balances	20	**107,020**	131,025	**829**	222
		203,077	233,978	**76,440**	150,366
Total assets		**838,660**	861,362	**299,693**	383,079
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	24	**218,881**	218,876	**218,881**	218,876
Share premium	24	**38,132**	38,127	**38,132**	38,127
Retained earnings/(accumulated losses)	26	**163,588**	131,790	**(32,152)**	(38,639)
Other reserves	25	**210,426**	209,172	**40,150**	38,792
		631,027	597,965	**265,011**	257,156
Minority interests		**16,841**	15,781	**–**	–
Total equity		**647,868**	613,746	**265,011**	257,156

Balance Sheets

as at 31 December 2009

		Group		Company	
	Note	2009 RM'000	2008 RM'000 Restated	2009 RM'000	2008 RM'000 Restated
Non-current liabilities					
Retirement benefit obligations	27	**1,794**	1,641	**374**	203
Borrowings	21	**2,686**	2,851	**151**	242
Deferred revenue	22	**–**	3,500	**–**	–
Deferred tax liabilities	28	**41,188**	40,772	**11,086**	11,318
		45,668	48,764	**11,611**	11,763
Current liabilities					
Borrowings	21	**3,299**	3,374	**82**	730
Trade payables	22	**89,989**	144,007	**78**	19
Other payables	23	**49,395**	46,964	**22,911**	110,975
Tax payable		**2,441**	4,507	**–**	2,436
		145,124	198,852	**23,071**	114,160
Total liabilities		**190,792**	247,616	**34,682**	125,923
Total equity and liabilities		**838,660**	861,362	**299,693**	383,079

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2009

	Note	← Attributable to equity holders of the Company →						
			← Non-distributable →		Distributable			
		Share capital (Note 24) RM'000	Share premium (Note 24) RM'000	Other reserves (Note 25) RM'000	Retained earnings (Note 26) RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
At 1 January 2008		215,524	34,979	205,002	45,230	500,735	15,853	516,588
Profit for the year		–	–	–	98,592	98,592	1,708	100,300
Dividends	10	–	–	–	(12,032)	(12,032)	(82)	(12,114)
Foreign currency translation		–	–	40	–	40	–	40
Issuance of ordinary shares pursuant to ESOS		3,352	3,148	–	–	6,500	–	6,500
Share options granted under ESOS		–	–	5,233	–	5,233	–	5,233
Exercise of ESOS		–	–	(1,103)	–	(1,103)	–	(1,103)
Acquisition of shares in existing subsidiaries		–	–	–	–	–	(1,698)	(1,698)
At 31 December 2008		218,876	38,127	209,172	131,790	597,965	15,781	613,746
At 1 January 2009		**218,876**	**38,127**	**209,172**	**131,790**	**597,965**	**15,781**	**613,746**
Profit for the year		**–**	**–**	**–**	**54,781**	**54,781**	**1,166**	**55,947**
Dividends	10	**–**	**–**	**–**	**(22,983)**	**(22,983)**	**(85)**	**(23,068)**
Foreign currency translation		**–**	**–**	**(104)**	**–**	**(104)**	**–**	**(104)**
Issuance of ordinary shares pursuant to ESOS		**5**	**5**	**–**	**–**	**10**	**–**	**10**
Share options granted under ESOS		**–**	**–**	**1,360**	**–**	**1,360**	**–**	**1,360**
Exercise of ESOS		**–**	**–**	**(2)**	**–**	**(2)**	**–**	**(2)**
Acquisition of shares in existing subsidiaries		**–**	**–**	**–**	**–**	**–**	**(21)**	**(21)**
At 31 December 2009		**218,881**	**38,132**	**210,426**	**163,588**	**631,027**	**16,841**	**647,868**

The accompanying notes form an integral part of the financial statements.

Company Statement of Changes in Equity

for the year ended 31 December 2009

	Note	← Non-distributable		→	Distributable	
	Note	Share capital (Note 24) RM'000	Share premium (Note 24) RM'000	Other reserves (Note 25) RM'000	Profit/ (accumulated losses) (Note 26) RM'000	Total equity RM'000
At 1 January 2008		215,524	34,979	34,662	(52,245)	232,920
Profit for the year		–	–	–	25,638	25,638
Dividends	10	–	–	–	(12,032)	(12,032)
Issuance of ordinary shares pursuant to ESOS		3,352	3,148	–	–	6,500
Share options granted under ESOS		–	–	5,233	–	5,233
Exercise of ESOS		–	–	(1,103)	–	(1,103)
At 31 December 2008		218,876	38,127	38,792	(38,639)	257,156
At 1 January 2009		**218,876**	**38,127**	**38,792**	**(38,639)**	**257,156**
Profit for the year		**–**	**–**	**–**	**29,470**	**29,470**
Dividends	10	**–**	**–**	**–**	**(22,983)**	**(22,983)**
Issuance of ordinary shares pursuant to ESOS		**5**	**5**	**–**	**–**	**10**
Share options granted under ESOS		**–**	**–**	**1,360**	**–**	**1,360**
Exercise of ESOS		**–**	**–**	**(2)**	**–**	**(2)**
At 31 December 2009		**218,881**	**38,132**	**40,150**	**(32,152)**	**265,011**

The accompanying notes form an integral part of the financial statements.

Cash Flow Statements

for the year ended 31 December 2009

	Note	Group 2009 RM'000	Group 2008 RM'000 Restated	Company 2009 RM'000	Company 2008 RM'000 Restated
Cash flows from operating activities					
Profit before tax		**77,487**	140,686	**38,630**	42,657
Adjustments for:					
Interest expense	4	**384**	425	**81**	164
Provision for/(reversal of) retirement benefit obligations	6	**209**	(26)	**171**	12
Depreciation of property, plant and equipment	5	**12,031**	11,063	**34**	311
Property, plant and equipment written off	5	**1**	182	**–**	–
Amortisation of prepaid land lease payments	5	**3,519**	4,211	**832**	831
Impairment of property, plant and equipment	5	**1,312**	–	**1,035**	–
Reversal of impairment of prepaid land lease payments	5	**(488)**	–	**–**	–
Amortisation of livestocks	5	**1,384**	1,194	**–**	–
Biological assets written off	5	**–**	33	**–**	–
Inventories written off	5	**–**	102	**–**	–
Gain on disposal of property, plant and equipment	5	**(246)**	(125)	**(32)**	(101)
Provision for doubtful debts	5	**277**	1,334	**1,691**	10,099
Provision for doubtful debts written back	5	**(12)**	(303)	**–**	(184)
Bad debts written off	5	**–**	8	**–**	8
Due to a subsidiary written back	5	**–**	–	**–**	(1,138)
Provision for "Zakat"	5	**–**	2,697	**–**	–
Provision for impairment of investments in subsidiaries	5	**–**	–	**7,800**	11,090
Dividends received	5	**(940)**	(1,412)	**(38,137)**	(40,314)
Profit received from Al Mudharabah	5	**(1,371)**	(1,071)	**–**	–
Interest income	5	**(1,104)**	(1,920)	**(11)**	–
Share options granted under ESOS	6	**1,360**	5,233	**417**	900
Provision for/(reversal of) short term accumulating compensated absences	6	**5**	39	**(9)**	2
Operating profit before working capital changes		**93,808**	162,350	**12,502**	24,337
Decrease/(increase) in inventories		**19,239**	(24,297)	**445**	(712)
Increase in receivables		**(3,176)**	(19,788)	**(8,716)**	(19,307)
(Decrease)/increase in payables and deferred revenue		**(57,646)**	1,372	**(2,775)**	2,280
Cash generated from operations		**52,225**	119,637	**1,456**	6,598
Interest paid		**(384)**	(425)	**(81)**	(164)
Interest received		**1,104**	1,920	**11**	–
Taxes paid		**(27,180)**	(46,838)	**(7,508)**	(7,716)
Zakat paid		**(1,994)**	–	**–**	–
Retirement benefits paid	27	**(56)**	(56)	**–**	–
Net cash generated from/(used in) operating activities		**23,715**	74,238	**(6,122)**	(1,282)

Cash Flow Statements

for the year ended 31 December 2009

		Group		Company	
	Note	2009 RM'000	2008 RM'000 Restated	2009 RM'000	2008 RM'000 Restated
Cash flows from investing activities					
Purchase of property, plant and equipment	11 (b)	**(20,466)**	(21,110)	**(425)**	(918)
Addition of prepaid land lease payments	12	**(313)**	(3,209)	**–**	–
Addition of livestocks	13	**(1,006)**	(1,461)	**–**	–
Addition of plantation development expenditure	13	**(3,469)**	(1,531)	**–**	–
Purchase of additional shares in subsidiaries	14	**–**	(3,186)	**–**	(3,186)
Dividends received		**940**	1,412	**30,836**	15,733
Profit received from Al Mudharabah		**1,371**	1,071	**–**	–
Proceeds from disposal of property, plant and equipment		**423**	181	**32**	101
Net cash (used in)/generated from investing activities		**(22,520)**	(27,833)	**30,443**	11,730
Cash flows from financing activities					
Proceeds from trust receipts and bankers' acceptances		**6,054**	5,612	**–**	–
Repayments of trust receipts and bankers' acceptances		**(5,930)**	(5,357)	**–**	–
Proceeds from issuance of ordinary shares		**8**	5,397	**8**	5,397
Repayment of term loans		**(188)**	(10,044)	**–**	(9,861)
Repayment of TCULS		**–**	(450)	**–**	–
Repayment of hire purchase facilities		**(1,449)**	(811)	**(98)**	(220)
Dividends paid to shareholders	10	**(23,052)**	(12,114)	**(22,983)**	(12,032)
Net cash used in financing activities		**(24,557)**	(17,767)	**(23,073)**	(16,716)
Net (decrease)/increase in cash and cash equivalents		**(23,362)**	28,638	**1,248**	(6,268)
Cash and cash equivalents at beginning of year		**129,837**	101,199	**(419)**	5,849
Cash and cash equivalents at end of year	20	**106,475**	129,837	**829**	(419)

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

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 14 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.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 March 2010.

2. Significant Accounting Policies

2.1 Basis of preparation

The financial statements comply with the Financial Reporting Standards and Companies Act 1965 in Malaysia.

The financial statements of the Group and of the Company have also been prepared on a historical basis, except for certain buildings, plant and machinery and freehold land included within property, plant and equipment, plantation development expenditure included within biological assets and long term and short term leasehold land included within prepaid land lease payments that have been measured at their fair values.

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 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company’s separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in income statements.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

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. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Where intragroup losses indicate an impairment, that impairment will be recognised in the consolidated financial statements. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

2. Significant Accounting Policies (cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(a) Subsidiaries and basis of consolidation (cont'd.)

(ii) Basis of consolidation (cont'd.)

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition 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 acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statement.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Where intragroup losses indicate an impairment, that impairment will be recognised in the consolidated financial statements. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's income statements in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Notes to the Financial Statements

2. Significant Accounting Policies (cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(b) Associates (cont'd.)

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances. In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in income statement.

(c) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for buildings, plant and machinery and freehold land included within property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Certain buildings, 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.

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 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 statement. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

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:

Buildings	5% – 10%
Plant, machinery, equipment, vehicles and renovation	5% – 20%
Livestock pen and cages	10% – 33.3%

2. Significant Accounting Policies (cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(c) Property, plant and equipment and depreciation (cont'd.)

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(d) Biological assets

(i) 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 statement 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 statement. 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.

(ii) 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 livestocks, the difference between net disposal proceeds and the carrying amount is recognised in income statement.

Notes to the Financial Statements

2. Significant Accounting Policies (cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(e) 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.

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.

(f) Impairment of non-financial assets

The carrying amounts of the Group's assets, other than property development costs, inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows 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 considered impaired and 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.

Notes to the Financial Statements

2. Significant Accounting Policies (cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(f) Impairment of non-financial assets (cont'd.)

An impairment loss is recognised in income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and 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. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(g) Inventories

Inventories are stated at the lower of cost (determined on an actual basis) and net realisable value. In arriving at net realisable value, due allowance is made for all obsolete and slow moving items. Cost includes the purchase price of goods and attributable expenditure.

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

(h) Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement.

Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank and deposits at call which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Other non-current investments

Non-current investments other than investments in subsidiaries are stated at cost less impairment losses. The carrying amount of other non-current investments will be reduced to recognised a decline other than temporary in the value of the investments, such reduction being determined and made for each investment individually. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in income statement.

Notes to the Financial Statements

2. Significant Accounting Policies (cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(h) Financial instruments (cont'd.)

(iii) Marketable securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. The carrying amount of marketable securities will be reduced to recognised a decline other than temporary in the value of the investments, such reduction being determined and made for each investment individually. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are credited or charged to the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is charged or credited to the income statement.

(iv) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(v) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(vi) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(vii) Derivative financial instruments

Derivative financial instruments are not recognised in the financial statements.

(viii) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared. The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including any attributable transaction costs is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statement on the sale, re-issuance or cancellation of treasury shares.

When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount of the treasury shares is shown as a movement in equity.

(i) Borrowing costs

Borrowing costs directly attriubtale to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in income statement in the period in which they are incurred.

2. Significant Accounting Policies (cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(j) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the income statement for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(k) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(l) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, the Group and the Company make such contributions to the Employees Provident Fund ("EPF").

Notes to the Financial Statements

2. Significant Accounting Policies (cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(l) Employee benefits (cont'd.)

(iii) Defined benefit plan

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Group's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value.

Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Scheme exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

(iv) Share-based compensation

The TDM Berhad ESOS, an equity-settled, share based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the option will vest. The fair value of share options is measured at grant date.

The vesting date of the share options granted is determined at the date of share options offered therefore it is expected that those employees who accept the offer will remain with the Company until the future vesting date to exercise their share options. At each balance sheet date, the Group revalues the share options with the actual number of share options outstanding and recognises the difference, if any, in the income statements and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share options reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings. The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

(m) Foreign currencies

(i) 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.

2. Significant Accounting Policies (cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(m) Foreign currencies (cont'd.)

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in income statements for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in income statements. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in income statement in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in income statement 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.

(iii) Foreign operation

The results and financial position of foreign operation that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated in RM as follows:

- Assets and liabilities for each balance sheet date presented at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2007 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 balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2007 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.

Notes to the Financial Statements

2. Significant Accounting Policies (cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(n) Revenue recognition

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. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer.

(ii) Revenue from 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 on an accrual basis 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.

(o) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to entity sold.

(p) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Lease of land is classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification.

2. Significant Accounting Policies (cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(p) Leases

(ii) Finance leases – the group as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the income statements over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(c).

2.3 Standards and Interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations and amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

Effective for financial periods beginning on or after 1 July 2009

FRS 8: Operating Segments

Effective for financial periods beginning on or after 1 January 2010

FRS 4: Insurance Contracts
FRS 7: Financial Instruments: Disclosures
FRS 101: Presentation of Financial Statements (revised)
FRS 123: Borrowing Costs
FRS 139: Financial Instruments: Recognition and Measurement
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an 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
Amendments to FRSs 'Improvements to FRSs (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
TR i – 3: Presentation of Financial Statements of Islamic Financial Institutions

Notes to the Financial Statements

2. Significant Accounting Policies (cont'd.)

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

Effective for financial periods beginning on or after 1 July 2010

FRS 1: First-time Adoption of Financial Reporting Standards
FRS 3: Business Combinations (revised)
FRS 127: Consolidated and Separate Financial Statements (amended)
Amendments to FRS 2: Share-based Payment
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138: Intangible Assets
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 12: Service Concession Arrangements
IC Interpretation 15: Agreements for the Construction of Real Estate
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17: Distributions of Non-cash Assets to Owners

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application:

Pronouncements effective for financial periods beginning on or after 1 July 2009

FRS 8: *Operating Segment*

FRS 8 replaces FRS 114_{2004}: *Segment Reporting* and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief executive decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Group.

Pronouncements effective for financial periods beginning on or after 1 January 2010

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

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. 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 reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

Notes to the Financial Statements

2. Significant Accounting Policies (cont'd.)

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

Pronouncements effective for financial periods beginning on or after 1 January 2010 (cont'd.)

FRS 123: *Borrowing Costs*

This Standard supersedes FRS 123_{2004}: *Borrowing Costs* that removes the option of expensing borrowing costs and requires capitalisation of such costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense. The Group's current accounting policy is to expense the borrowing costs in the period which they are incurred. In accordance with the transitional provisions of the Standard, the Group will apply the change in accounting policy prospectively for which the commencement date for capitalisation of borrowing cost on qualifying assets is on or after the financial period 1 January 2010.

FRS 139: *Financial Instruments: Recognition and Measurement,* FRS 7: *Financial Instruments: Disclosures* and Amendments to FRS 139: *Financial Instruments: Recognition and Measurement*, FRS 7: *Financial Instruments: Disclosures*

The new Standard on FRS 139: *Financial Instruments: Recognition and Measurement* establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: *Financial Instruments: Presentation* and the requirements for disclosing information about financial instruments are in FRS 7: *Financial Instruments: Disclosures*.

FRS 7: *Financial Instruments: Disclosures* is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and Company's exposure to risks, enhanced disclosure regarding components of the Group's and Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements. In accordance with the respective transitional provisions, the Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application.

Amendments to FRS 1: *First-time Adoption of Financial Reporting Standards* and FRS 127: *Consolidated and Separate Financial Statements:* Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

The amendment to FRS 1 allow first-time adopters to use costs, determined in accordance with FRS 127, or deemed cost of either fair value (in accordance with FRS 139) or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate opening FRS balance sheet. In the amendment to FRS 127, there is no longer a distinction between pre-acquisition and post-acquisition dividends.

The amendment also requires the cost of the investment of a new parent in a group (in a reorganisation meeting certain criteria) to be measured at the carrying amount of its share of equity as shown in the separate financial statements of the previous parent. The amendments also remove the definition of the cost method from FRS 127 and will be applied prospectively that affect only the financial statements of the Company and do not have an impact on the financial statements of the Group.

Notes to the Financial Statements

2. Significant Accounting Policies (cont'd.)

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

Pronouncements effective for financial periods beginning on or after 1 January 2010 (cont'd.)

Amendments to FRSs 'Improvements to FRSs (2009)'

FRS 7 *Financial Instruments: Disclosures:* Clarifies on the presentation of finance costs whereby interest income is not a component of finance costs.

FRS 8 *Operating Segments:* Clarifies that segment information with respect to total asset is required only if they are included in measures of segment profit or loss that are used by the 'chief operating decision maker'.

FRS101 *Presentation of Financial Statements:* Clarifies that financial instruments classified as held for trading in accordance with FRS139 Financial Instruments: Recognition and Measurement are not automatically presented as current in the balance sheet. The amendment further clarifies that the classification of the liability component of a convertible instrument as current or non-current is not affected by the terms that could, at the option of the holder, result in settlement of the liability by the issue of equity instruments.

FRS107 *Statement of Cash Flows* (formerly known as Cash Flow Statements): Clarifies that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

FRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors:* Clarifies that only implementation guidance that is an integral part of an FRS is mandatory when selecting accounting policies.

FRS 110 *Events after the Reporting Period (formerly known as Events After the Balance Sheet Date):* Clarifies that dividends declared after the end of the reporting period are not liabilities as at the balance sheet date.

FRS 116 *Property, Plant and Equipment:* The amendment replaces the term "net selling price" with "fair value less costs to sell". It also clarifies that items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale.

FRS 117 *Leases*: Clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. The Group is currently in the process of assessing the impact of this amendment.

FRS 118 *Revenue*: The amendment provides additional guidance on whether an entity is acting as a principal or an agent. It also aligns the definition of costs incurred in originating a financial asset that should be deferred and recognised as an adjustment to the effective interest by replacing the term 'direct costs' with 'transaction costs' as defined in FRS 139.

FRS 119 *Employee Benefits:* The amendment revises the definition of 'past service costs', 'return on plan assets' and 'short term' and 'other long-term' employee benefits. It clarifies that the costs of administering the plan may be either recognised in the rate of return on plan assets or included in the actuarial assumptions used to measure the defined benefit obligation. The amendment further clarifies that amendment to plans that result in a reduction in benefits related to future services are curtailments. It also deleted the reference to the recognition of contingent liabilities to ensure consistency with FRS 137 *Provisions, Contingent Liabilities and Contingent Assets.*

2. Significant Accounting Policies (cont'd.)

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

Pronouncements effective for financial periods beginning on or after 1 January 2010 (cont'd.)

Amendments to FRSs 'Improvements to FRSs (2009)' (cont'd.)

FRS 123 Borrowing Costs: The definition of borrowing costs is aligned with FRS 139 by referring to the use of effective interest rate as a component of borrowing cost.

FRS 127 *Consolidated and Separate Financial Statements:* The amendment clarifies that when a parent entity accounts for a subsidiary at fair value in accordance with FRS 139 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.

FRS 128 *Investments in Associates:* The amendment clarifies that if an associate is accounted for at fair value in accordance with FRS 139, only the requirement of FRS 128 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the investor in the form of cash or repayment of loans applies. It further clarifies that an investment in an associate is treated as a single asset for the purpose of impairment testing. Therefore, any impairment loss is not separately allocated to the goodwill included in the investment balance.

FRS 131 *Interests in Joint Ventures:* The amendment clarifies that if a joint venture is accounted for 'at fair value through profit or loss', in accordance with FRS 139, only the requirements of FRS 131 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply.

FRS 134 *Interim Financial Reporting:* Clarifies that earnings per share is to be disclosed in interim financial reports if an entity is within the scope of FRS 133: *Earnings per Share.*

FRS 136 *Impairment of Assets:* Clarifies that when discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'. The amendment further clarifies that the largest cash-generating unit for group of units to which goodwill should be allocated for purposes of impairment testing is an operating segment as defined in FRS 8.

FRS 139 *Financial Instruments: Recognition and Measurement:* Clarifies that changes in circumstances relating to derivatives are not reclassifications and therefore may be either removed from, or included in, the 'fair value through profit or loss' classification after initial recognition. It also clarifies on the scope exemption for business combination contracts. The amendments remove the reference in FRS 139 to a 'segment' when determining whether an instrument qualifies as a hedge and requires the use of the revised effective interest rate when remeasuring a debt instrument on the cessation of fair value hedge accounting. It also provides additional guidance on determining whether loan prepayment penalties result in an embedded derivatives that needs to be separated. In addition, the amendments state that the gains or losses on a hedged instrument should be reclassified from equity to profit or loss during the period that the hedged forecast cash flows impact profit or loss.

IC Interpretation 10: Interim Financial Reporting and Impairment

This IC prohibits impairment losses recognised in an interim period on goodwill or investments in equity instruments or financial assets carried at cost to be reversed at a subsequent balance sheet date.

IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

This IC provides guidance on how to assess the limit, under FRS 119 *Employee Benefits*, on the amount of surplus in a defined benefit scheme that can be recognised as an asset and explains how the minimum funding requirements will affect the defined benefit asset and addresses when minimum funding requirements may give rise to a liability.

Notes to the Financial Statements

2. Significant Accounting Policies (cont'd.)

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

Pronouncements effective for financial periods beginning on or after 1 July 2010 (cont'd.)

FRS 1: First-time Adoption of Financial Reporting Standards

This FRS supersedes FRS 1 (issued in 2005 and amended in May 2009). The Standard sets out the procedures that an entity must follow when it adopts FRSs for the first time as the basis for preparing its financial statements.

FRS 3: *Business Combinations (revised)* and FRS 127: *Consolidated and Separate Financial Statements (amended)*

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 3 (revised) and FRS127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

2.4 Significant accounting estimates and judgements

(a) Key sources of estimation uncertainty

(i) Impairment of property, plant and equipment

During the current financial year, the Group has carried out the impairment test based on a variety of estimation including the value-in-use of the CGU to which the property, plant and equipment are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of property, plant and equipment of the Group and Company as at 31 December 2009 were RM101,567,000 (2008: RM93,846,000) and RM1,623,000 (2008: RM3,416,000). Further details of the impairment losses recognised are disclosed in Note 11.

(ii) 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. The total carrying value of unrecognised tax losses and capital allowances of the Group was RM25,260,000 (2008: RM25,260,000) and RM10,826,000 (2008: RM12,125,000) respectively.

Notes to the Financial Statements

3. Revenue

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

	Group		Company	
	2009 RM'000	2008 RM'000 Restated	2009 RM'000	2008 RM'000 Restated
Sale of goods	**277,643**	357,386	**37,504**	48,007
Rendering of services	**59,394**	47,678	**–**	–
Dividend income from subsidiaries	**–**	–	**38,137**	40,314
Management fees from subsidiaries	**–**	–	**9,757**	15,971
	337,037	405,064	**85,398**	104,292

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.

4. Finance Costs

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Interest expense on:				
– bank overdrafts	**80**	138	**80**	138
– term loans	**67**	71	**–**	–
– trust receipts and bankers' acceptances	**71**	79	**–**	–
– hire purchase and finance lease liabilities	**166**	137	**1**	26
	384	425	**81**	164

Notes to the Financial Statements

5. Profit Before Tax

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

	Group		Company	
	2009 RM'000	2008 RM'000 Restated	2009 RM'000	2008 RM'000 Restated
Employee benefits expense (Note 6)	**24,959**	20,230	**3,819**	4,053
Non-executive directors' remuneration (Note 7)	**1,392**	1,732	**575**	710
Auditors' remuneration				
– current year	**230**	230	**51**	51
– other services	**6**	19	**–**	15
Depreciation of property, plant and equipment (Note 11)	**12,031**	11,063	**34**	311
Property, plant and equipment written off (Note 11)	**1**	182	**–**	–
Amortisation of prepaid land lease payments (Note 12)	**3,519**	4,211	**832**	831
Impairment of property, plant and equipment (Note 11)	**1,312**	–	**1,035**	–
Amortisation of livestocks (Note 13)	**1,384**	1,194	**–**	–
Reversal of impairment of prepaid land lease payments (Note 12)	**(488)**	–	**–**	–
Biological assets written off (Note 13)	**–**	33	**–**	–
Rental of premises	**3,227**	3,002	**540**	360
Rental of equipment	**45**	16	**–**	15
Rental of land	**180**	2	**172**	172
Rental of parking space	**63**	74	**63**	74
Inventories written off	**–**	102	**–**	–
Gain on disposal of property, plant and equipment	**(246)**	(125)	**(32)**	(101)
Bad debts written off	**–**	8	**–**	8
Provision for doubtful debts	**277**	1,334	**1,691**	10,099
Provision for doubtful debts written back	**(12)**	(303)	**–**	(184)
Due to a subsidiary written back	**–**	–	**–**	(1,138)
Provision for "Zakat"	**–**	2,697	**–**	–
Royalty	**527**	340	**–**	–
Share of profits from estates payable to Lembaga Tabung Amanah Warisan Negeri Terengganu	**1,649**	2,792	**1,649**	2,792
Provision for impairment of investments in subsidiaries	**–**	–	**7,800**	11,090
Replanting expenditure	**848**	2,763	**91**	–
Cash written off	**23**	102	**–**	–
Realised gain on foreign exchange	**–**	(288)	**–**	(288)
Profit received from Al Mudharabah	**(1,371)**	(1,071)	**–**	–
Dividends received	**(940)**	(1,412)	**(38,137)**	(40,314)
Interest income	**(1,104)**	(1,920)	**(11)**	–
Rental income	**(503)**	(357)	**–**	–
Profit distribution from Terengganu Oil Palm Development				
– Sublessees Scheme	**(6,770)**	(11,497)	**(6,770)**	(11,497)
Management fees charged to subsidiaries	**–**	–	**(9,757)**	(15,971)

6. Employee Benefits Expense

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Salaries, wages and allowances	**20,291**	13,076	**2,678**	2,510
Defined contribution benefits	**2,897**	1,778	**535**	605
Social security costs	**197**	130	**27**	24
Provision for/(reversal of) defined benefit plans (Note 27)	**209**	(26)	**171**	12
Provision for/(reversal of) short term accumulating compensated absences	**5**	39	**(9)**	2
Share options granted under ESOS	**1,360**	5,233	**417**	900
	24,959	20,230	**3,819**	4,053

Included in employee benefits expense of the Group and of the Company is executive director's remuneration amounting to RM14,000 (2008: RM428,000) and RMNil (2008: RM428,000) respectively as further disclosed in Note 7.

7. Directors' Remuneration

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Executive director's remuneration (Note 6):				
Fees and other emoluments	**14**	255	**–**	255
Bonus	**–**	108	**–**	108
Share options granted under ESOS	**–**	65	**–**	65
	14	428	**–**	428
Non-executive directors' remuneration (Note 5):				
Fees and other emoluments	**1,134**	965	**575**	475
Share options granted under ESOS	**258**	767	**–**	235
	1,392	1,732	**575**	710
Total directors' remuneration	**1,406**	2,160	**575**	1,138
Estimated money value of benefits-in-kind	**51**	32	**17**	–
Total directors' remuneration including benefits-in-kind	**1,457**	2,192	**592**	1,138

Notes to the Financial Statements

7. 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	
	2009	**2008**
Executive director:		
RM400,001 – RM500,000	**–**	1
Non-executive directors:		
Below RM50,000	**5**	8
RM50,000 – RM100,000	**3**	5
Above RM100,000	**1**	2

8. Income Tax Expense

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Tax expense for the year:				
Malaysian income tax	**20,537**	41,375	**9,501**	17,101
Under/(over)provision of income tax in prior year	**587**	1,333	**(109)**	249
	21,124	42,708	**9,392**	17,350
Deferred tax (Note 28):				
Under/(over)provision in prior year	**212**	(448)	**(6)**	(25)
Relating to origination and reversal of temporary differences	**204**	(1,886)	**(226)**	(318)
Relating to changes in tax rates	**–**	12	**–**	12
	416	(2,322)	**(232)**	(331)
	21,540	40,386	**9,160**	17,019

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year. In previous year, certain subsidiaries of the Company being Malaysian resident companies with paid-up capital of RM2.5 million or less qualified for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act 1967 as follows:

On the first RM500,000 of chargeable income : 20%
In excess of RM500,000 of chargeable income : Malaysian corporate statutory tax rate

Effective from year of assessment 2009, Small and Medium Enterprises exclude companies if more than 50% of the paid up capital in respect of ordinary shares of the company is directly owned by a company with paid up capital more than 2.5 million. As such, the tax rate for the year of assessment 2009 was 25%.

Notes to the Financial Statements

8. Income Tax Expense (cont'd.)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2009 RM'000	2008 RM'000
Group		
Profit before tax	**77,487**	140,686
Taxation at Malaysian statutory rate of 25% (2008: 26%)	**19,372**	36,578
Relating to changes in tax rates	**–**	12
Income not subject to tax	**(3,146)**	(39)
Effect of income subject to tax rate of 20%	**–**	(54)
Expenses not deductible for tax purposes	**4,840**	3,624
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(687)**	2
Deferred tax assets recognised during the year	**–**	(793)
Deferred tax assets not recognised during the year	**362**	171
Under/(over)provision of deferred tax in prior years	**212**	(448)
Underprovision of income tax in prior year	**587**	1,333
Tax expense for the year	**21,540**	40,386
Company		
Profit before tax	**38,630**	42,657
Taxation at Malaysian statutory rate of 25% (2008: 26%)	**9,658**	11,091
Relating to changes in tax rates	**–**	12
Income not subject to tax	**(3,024)**	–
Expenses not deductible for tax purposes	**2,641**	5,692
Overprovision of deferred tax in prior year	**(6)**	(25)
(Over)/underprovision of income tax in prior year	**(109)**	249
Tax expense for the year	**9,160**	17,019

Notes to the Financial Statements

9. Earnings Per Share

Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year held by the Company.

	Group 2009 RM'000	Group 2008 RM'000
Profit attributable to ordinary equity holders of the Company (RM'000)	**54,781**	98,592
Weighted average number of ordinary shares in issue ('000)	**218,881**	217,297
Basic earnings per share (sen)	**25.03**	45.37

Diluted

Diluted earnings per share is calculated based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the period, 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 Company's ESOS which has potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share. As a result, the earnings per share is the same for basic and diluted earning per share calculations.

10. Dividends

	Dividends in respect of year			Dividends recognised in year	
	2009 RM'000	2008 RM'000	2007 RM'000	2009 RM'000	2008 RM'000
Recognised during the year:					
Final dividend of 7.43% less 26% taxation on 218,834,402 ordinary shares declared on 10 April 2008 and paid on 13 August 2008 (5.5 sen net per ordinary share)	**–**	–	12,032	**–**	12,032
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**	–
Proposed for approval at AGM (not recognised as at 31 December):					
First and final dividend of 4 sen gross dividend per share less 25% taxation and 9 sen tax exempt dividend per share on 218,881,402 ordinary shares	**26,266**	–	–	**–**	–
	26,266	22,983	12,032	**22,983**	12,032

Notes to the Financial Statements

10. Dividends (cont'd.)

At the forthcoming Annual General Meeting ("AGM"), a first and final dividend in respect of the financial year ended 31 December 2009 of 4 sen gross dividend per share, less 25% taxation on 218,881,402 ordinary shares, amounting to RM6,566,442 and 9 sen dividend per share, tax exempt under the single-tier system on 218,881,402 ordinary shares, amounting to RM19,699,326 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 2010.

11. Property, Plant and Equipment

	Freehold 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
Group						
At 31 December 2009						
Cost or valuation						
At 1 January 2009						
At cost	2,405	26,336	94,567	1,276	23,711	148,295
At valuation	800	18,436	37,964	–	–	57,200
	3,205	44,772	132,531	1,276	23,711	205,495
Additions	–	–	10,852	17	11,511	22,380
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)
At 31 December 2009	2,483	52,108	154,310	632	13,620	223,153
Representing:						
At cost	1,683	32,881	106,846	632	13,620	155,662
At valuation	800	19,227	47,464	–	–	67,491
At 31 December 2009	2,483	52,108	154,310	632	13,620	223,153
Accumulated depreciation and impairment						
At 1 January 2009	–	30,901	75,452	470	4,826	111,649
Depreciation charge for the year (Note 5)	–	1,220	10,761	50	–	12,031
Adjustments	–	244	4,092	–	(4,826)	(490)
Disposal	–	–	(1,858)	–	–	(1,858)
Impairment losses	–	–	789	–	523	1,312
Write offs	–	(482)	(576)	–	–	(1,058)
At 31 December 2009	–	31,883	88,660	520	523	121,586

Notes to the Financial Statements

11. Property, Plant and Equipment (cont'd.)

	Freehold 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
Group (cont'd.)						
At 31 December 2009 (cont'd.)						
Analysed as:						
Accumulated depreciation	**–**	**31,883**	**83,842**	**521**	**–**	**116,246**
Accumulated impairment losses	**–**	**–**	**4,817**	**–**	**523**	**5,340**
	–	**31,883**	**88,659**	**521**	**523**	**121,586**
Net carrying amount						
At cost	**1,683**	**20,225**	**57,622**	**112**	**13,097**	**92,739**
At valuation	**800**	**–**	**8,028**	**–**	**–**	**8,828**
At 31 December 2009	**2,483**	**20,225**	**65,650**	**112**	**13,097**	**101,567**
At 31 December 2008						
Cost or valuation						
At 1 January 2008						
At cost	2,405	25,342	81,235	1,184	18,250	128,416
At valuation	800	18,436	37,964	–	–	57,200
	3,205	43,778	119,199	1,184	18,250	185,616
Additions	–	1,358	11,761	92	10,194	23,405
Disposal	–	–	(1,353)	–	–	(1,353)
Reclassifications	–	(364)	465	–	(101)	–
Transfers	–	–	4,632	–	(4,632)	–
Write off	–	–	(2,173)	–	–	(2,173)
At 31 December 2008	3,205	44,772	132,531	1,276	23,711	205,495
Representing:						
At cost	2,405	26,336	94,567	1,276	23,711	148,295
At valuation	800	18,436	37,964	–	–	57,200
At 31 December 2008	3,205	44,772	132,531	1,276	23,711	205,495

Notes to the Financial Statements

11. Property, Plant and Equipment (cont'd.)

	Freehold 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
Group (cont'd.)						
At 31 December 2008 (cont'd.)						
Accumulated depreciation and impairment						
At 1 January 2008	–	32,615	66,245	422	4,592	103,874
Depreciation charge for the year (Note 5)	–	1,225	9,556	48	234	11,063
Reclassifications	–	(2,939)	2,939	–	–	–
Disposal	–	–	(1,297)	–	–	(1,297)
Write off	–	–	(1,991)	–	–	(1,991)
At 31 December 2008	–	30,901	75,452	470	4,826	111,649
Analysed as:						
Accumulated depreciation	–	30,035	71,224	470	3,041	104,770
Accumulated impairment losses	–	866	4,228	–	1,785	6,879
	–	30,901	75,452	470	4,826	111,649
Net carrying amount						
At cost	2,405	13,871	49,051	806	18,885	85,018
At valuation	800	–	8,028	–	–	8,828
At 31 December 2008	3,205	13,871	57,079	806	18,885	93,846

	Machinery, equipment and vehicles RM'000	Work-in progress RM'000	Renovation RM'000	Total RM'000
Company				
At 31 December 2009				
Cost				
At 1 January 2009	**5,861**	**1,340**	**512**	**7,713**
Adjustments	**(1,267)**	**(817)**	**2,131**	**47**
Addition	**425**	**–**	**–**	**425**
Disposal	**(95)**	**–**	**–**	**(95)**
Reclassification	**(1,148)**	**–**	**–**	**(1,148)**
At 31 December 2009	**3,776**	**523**	**2,643**	**6,942**

Notes to the Financial Statements

11. Property, Plant and Equipment (cont'd.)

	Machinery, equipment and vehicles RM'000	Work-in progress RM'000	Renovation RM'000	Total RM'000
Company (cont'd.)				
At 31 December 2009 (cont'd.)				
Accumulated depreciation and impairment				
At 1 January 2009	**2,151**	**1,801**	**345**	**4,297**
Adjustments	**63**	**(1,801)**	**1,786**	**48**
Depreciation charge for the year (Note 5)	**34**	**–**	**–**	**34**
Impairment losses (Note 5)	**–**	**523**	**512**	**1,035**
Disposal	**(95)**	**–**	**–**	**(95)**
At 31 December 2009	**2,153**	**523**	**2,643**	**5,319**
Net carrying amount				
At 31 December 2009	**1,623**	**–**	**–**	**1,623**
At 31 December 2008				
Cost				
At 1 January 2008	4,524	3,506	858	8,888
Addition	1,056	–	–	1,056
Write off	(1,324)	–	–	(1,324)
Disposal	(907)	–	–	(907)
Reclassifications	2,512	(2,166)	(346)	–
At 31 December 2008	5,861	1,340	512	7,713
Accumulated depreciation and impairment				
At 1 January 2008	4,071	1,801	345	6,217
Depreciation charge for the year (Note 5)	311	–	–	311
Write off	(1,324)	–	–	(1,324)
Disposal	(907)	–	–	(907)
At 31 December 2008	2,151	1,801	345	4,297
Net carrying amount				
At 31 December 2008	3,710	(461)	167	3,416

Notes to the Financial Statements

11. 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 2009 would have been as follows:

	Group	
	2009	**2008**
	RM'000	**RM'000**
Plant and machinery	**6,531**	7,718

(b) During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM22,380,000 (2008: RM23,405,000) and RM425,000 (2008: RM1,056,000) respectively of which RM1,914,000 (2008: RM2,295,000) and RMNil (2008: RM138,000) respectively were acquired by means of hire purchase. Net carrying amounts of property, plant and equipment held under hire purchase are as follows:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Machinery, equipment and motor vehicles	**4,272**	1,191	**295**	400

(c) Details of independent professional valuations of properties owned by the Company and its subsidiaries at 31 December 2009 are as follows:

Group

Year of valuation	Description of property	Valuation amount RM'000	Basis of valuation
2006	Buildings	14,277	Investment method
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	3,250	Open market value
		67,491	

Notes to the Financial Statements

12. Prepaid Land Leases Payments

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
At 1 January	**172,746**	173,748	**29,276**	30,107
Addition	**313**	3,209	**–**	–
Reversal of impairment losses (Note 5)	**488**	–	**–**	–
Provision for amortisation (Note 5)	**(3,519)**	(4,211)	**(832)**	(831)
At 31 December	**170,028**	172,746	**28,444**	29,276
Analysed as:				
Long term leasehold land	**166,509**	168,536	**27,612**	28,445
Short term leasehold land	**3,519**	4,210	**832**	831
	170,028	172,746	**28,444**	29,276

13. Biological Assets

	2009	2008
	RM'000	RM'000
Group		
(a) Plantation development expenditure		
At cost or valuation		
At 1 January		
At cost	**22,335**	20,837
At valuation	**331,515**	331,515
	353,850	352,352
Addition	**3,469**	1,531
Adjustments	**105**	–
Write off	**–**	(33)
At 31 December	**357,424**	353,850
Representing:		
At cost	**23,990**	22,335
At valuation	**333,434**	331,515
At 31 December	**357,424**	353,850

Notes to the Financial Statements

13. Biological Assets (cont'd.)

Group (cont'd.)

(b) Livestocks

	2009 RM'000	2008 RM'000
At cost		
At 1 January	**11,281**	9,820
Addition	**1,006**	1,461
	12,287	11,281
Cumulative amount amortised	**(11,603)**	(10,219)
At 31 December	**684**	1,062
Total	**358,108**	354,912

	2009 RM'000	2008 RM'000
Company		
At valuation		
Plantation development expenditure	**27,535**	27,535

(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 2009 would have been as follows:

	Group	
	2009 RM'000	2008 RM'000
Plantation development expenditure	**310,752**	310,752

(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 2009 are as follows:

Group

Year of valuation	Description of property	Valuation amount RM'000	Basis of valuation
2006	Plantation development expenditure	333,434	Open market value

Notes to the Financial Statements

14. Investments in Subsidiaries

	Company 2009 RM'000	Company 2008 RM'000
Unquoted shares at cost:		
– in Malaysia	**187,436**	186,514
– outside Malaysia	**15,936**	15,893
	203,372	202,407
Less: Accumulated impairment loss	**(37,721)**	(29,921)
	165,651	172,486

Details of the subsidiaries are as follows:

Names of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2009 %	Proportion of ownership interest 2008 %
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
PT Rafi Kamajaya Abadi *	Indonesia	Cultivation of oil palms, trading of palm oil and other related products.	**80.60**	80.60
TDM Properties Bhd **	Malaysia	Dormant.	**100**	100

Notes to the Financial Statements

14. Investments in Subsidiaries (cont'd.)

Names of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2009 %	2008 %
Indah Sari Travel & Tours Sdn. Bhd.***	Malaysia	Ceased operations.	**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**	100
East Coast Transportation Sdn. Bhd. (In liquidation) #	Malaysia	Dormant.	**100**	100
Kuantan Medical Centre Sdn. Bhd.	Malaysia	Specialist medical centre.	**88.44**	88.44
Kelana Jaya Medical Centre Sdn. Bhd.	Malaysia	Specialist medical centre.	**96.92**	96.92
TD Gabongan Sdn. Bhd.	Malaysia	Dormant.	**51**	51
Chee Keng Stocks-Feeds Manufacturing Company Sdn. Bhd. (In liquidation) #	Malaysia	Dormant.	**100**	100
TDM Interdagang (M) Sdn. Bhd. (In liquidation) #	Malaysia	Dormant.	**100**	100
Pemco Sdn. Bhd. (In liquidation) #	Malaysia	Dormant.	**100**	100
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. #	Singapore	Dormant.	**100**	100

Notes to the Financial Statements

14. Investments in Subsidiaries (cont'd.)

Names of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2009 %	2008 %
World Wide Rubber Marketing Sdn. Bhd.**	Malaysia	Dormant.	**100**	100
Medi Air Sdn. Bhd. **	Malaysia	Dormant.	**100**	100
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.*

*** *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.*

Consolidated based on unaudited financial statements. The directors deem these as dormant companies and therefore the results are immaterial to the financial statements of the Group.

Additional investments in subsidiaries

(i) PT Rafi Kamajaya Abadi

On 12 March 2008, the Company entered into a Sale and Purchase of Shares Agreement to purchase from Bapak H Rahman 34.49% of his existing shareholdings in PT Rafi Kamajaya Abadi for the purchase consideration of RM1,986,418.

	2008 RM'000
Property, plant and equipment	1,254
Inventories	2
Other receivables	6
Cash and cash equivalents	695
Due from related companies	2
	1,959
Due to related companies	(52)
Carrying value of net assets	1,907
Goodwill on acquisition (Note 33)	79
Total cost of acquisition	1,986

The cash outflow on acquisition is as follows:

Cash outflow arising on acquisition:	
Purchase consideration satisfied by cash represents net cash outflow of the Group	1,986

14. Investments in Subsidiaries (cont'd.)

Additional investments in subsidiaries (cont'd.)

(ii) Kelana Jaya Medical Centre Sdn. Bhd.

On 4 May 2008, the Company increased its equity shares in Kelana Jaya Medical Centre Sdn. Bhd. from 94.77% to 96.92% by way of transfer of shares of 1,200,000 ordinary shares of RM1 each from Tis'Ata 'Ashar Sdn. Bhd. to the Company for purchase consideration of RM1,200,000.

	2008 RM'000
Property, plant and equipment	386
Inventories	12
Trade receivables	76
Other receivables	23
Cash and cash equivalents	15
	512
Trade payables	(46)
Other payables	(25)
Due to holding company	(32)
Due to related company	(118)
Borrowings	(82)
	(303)
Carrying value of net assets	209
Goodwill on acquisition (Note 33)	991
Total cost of acquisition	1,200
Cash outflow arising on acquisition:	
Purchase consideration satisfied by cash represents net cash outflow of the Group	1,200

Notes to the Financial Statements

15. Other Investments

	Group 2009 RM'000	Group 2008 RM'000 Restated	Company 2009 RM'000	Company 2008 RM'000
Marketable securities				
Quoted shares, at cost				
Within Malaysia – shares	**818**	818	**–**	–
Less: Impairment losses	**(708)**	(708)	**–**	–
	110	110	**–**	–
Unquoted shares, at cost				
Within Malaysia – shares	**9,745**	9,745	**4,770**	4,770
Less: Impairment losses	**(5,045)**	(5,045)	**(4,770)**	(4,770)
	4,700	4,700	**–**	–
	4,810	4,810	**–**	–
Market value of quoted shares	**134**	110	**–**	–

16. Property Development Costs

	Group 2009 RM'000	Group 2008 RM'000
Property development, at cost	**1,583**	1,583
Less: Provision for foreseeable losses	**(1,583)**	(1,583)
	–	–

17. Inventories

	Group 2009 RM'000	Group 2008 RM'000 Restated	Company 2009 RM'000	Company 2008 RM'000 Restated
Cost				
Produced inventories	**4,796**	5,892	**1,252**	1,697
Pharmaceutical products	**1,753**	1,611	**–**	–
Consumables and food stuff	**45**	–	**–**	–
Spare parts, equipment and store	**2,570**	23,390	**–**	–
Seedlings	**3,915**	1,274	**–**	–
Chicken farming inventories	**1,443**	1,415	**–**	–
	14,522	33,582	**1,252**	1,697

18. Trade Receivables

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000 Restated**	**RM'000**	**RM'000**
Trade receivables	**66,996**	59,621	**299**	299
Less: Provision for doubtful debts	**(18,881)**	(18,604)	**–**	–
	48,115	41,017	**299**	299

The Group's and Company's primary exposure to credit risk arises through its trade receivables. The Group's and Company's trading terms with its customers are mainly on credit. The credit period is generally for a period ranging from 15 to 60 days. Each customer has a maximum credit limit. The Group and Company seek to maintain strict control over their outstanding receivables and have a credit control department to minimise credit risks. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's and Company's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

19. Other Receivables

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000 Restated**	**RM'000**	**RM'000 Restated**
Due from subsidiaries	**–**	–	**88,851**	168,267
Sundry receivables	**27,201**	24,422	**10,677**	5,911
Deposits	**3,084**	1,629	**193**	193
Prepayments	**6,445**	4,926	**88**	24
	36,730	30,977	**99,809**	174,395
Less: Provision for doubtful debts				
Third parties	**(7,537)**	(7,549)	**(2,411)**	(2,411)
Subsidiaries	**–**	–	**(25,527)**	(23,836)
	(7,537)	(7,549)	**(27,938)**	(26,247)
	29,193	23,428	**71,871**	148,148

Included in sundry receivables of the Group is an amount of RM5,000,000 (2008: RM5,000,000) held with a shareholder, Terengganu Incorporated Sdn. Bhd.

The amount due from subsidiaries is unsecured, non interest bearing and has no fixed terms of repayment.

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

Notes to the Financial Statements

20. Cash and Cash Equivalents

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash on hand and at banks	**19,787**	20,345	**766**	159
Deposits with licensed banks	**87,233**	110,680	**63**	63
Cash and bank balances	**107,020**	131,025	**829**	222
Less: Bank overdrafts (Note 21)	**(545)**	(1,188)	**–**	(641)
Cash and cash equivalents	**106,475**	129,837	**829**	(419)

The Group's deposits with licensed banks amounting to RM53,365,892 (2008: RM52,002,448) are pledged as securities for performance bonds issued and banking facilities granted to a subsidiary as referred to in Note 22.

The weighted average interest rate during the financial year and the average maturities of deposits as at 31 December 2009 were as follows:

	Weighted average interest rate		Average maturities	
	2009 %	2008 %	2009 Days	2008 Days
Licensed banks	**2.7**	3.2	**90**	198

21. Borrowings

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Short term borrowings				
Secured				
Bank overdrafts (Note 20)	**545**	1,188	**–**	641
Term loans	**188**	188	**–**	–
Trust receipts and bankers' acceptances	**1,422**	1,246	**–**	–
Hire purchase payables (Note 29)	**1,144**	752	**82**	89
	3,299	3,374	**82**	730
Long term borrowings				
Secured				
Term loans	**734**	921	**–**	–
Hire purchase payables (Note 29)	**1,952**	1,930	**151**	242
	2,686	2,851	**151**	242

21. Borrowings (cont'd.)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Total borrowings				
Bank overdrafts (Note 20)	**545**	1,188	**–**	641
Term loans	**922**	1,109	**–**	–
Trust receipts and bankers' acceptances	**1,422**	1,246	**–**	–
Hire purchase payables (Note 29)	**3,096**	2,682	**233**	331
	5,985	6,225	**233**	972

The term loan is secured by a first legal charge over the buildings of a subsidiary. The carrying amount of buildings pledged as securities is RM3,959,000 (2008: RM4,252,000).

22. Trade Payables

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade payables	**83,989**	109,507	**78**	19
Deferred revenue (due within 12 months)	**6,000**	34,500	**–**	–
	89,989	144,007	**78**	19
Deferred revenue (due after 12 months)	**–**	3,500	**–**	–
	89,989	147,507	**78**	19

The deferred revenue relates to a long term sales contract to supply crude unbleached palm oil in bulk to Cargill Palm Product Sdn. Bhd.

The first tranche contract of RM170 million and the second tranche contract of RM50 million are 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 is 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.

Notes to the Financial Statements

23. Other Payables

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Due to subsidiaries	**–**	–	**3,178**	88,396
Sundry payables	**24,410**	16,758	**3,012**	5,773
Accruals	**9,426**	11,934	**1,162**	1,247
Zakat	**–**	2,713	**–**	–
Due to Perbadanan Memajukan Iktisad Negeri Terengganu ("PMINT")	**15,559**	15,559	**15,559**	15,559
	49,395	46,964	**22,911**	110,975

The amounts due to subsidiaries and PMINT are unsecured, non interest bearing and have no fixed terms of repayment.

24. Share Capital and Share Premium

	Number of ordinary shares of RM1 each	← Amount →		
	Share capital (issued and fully paid) '000	Share capital (issued and fully paid) RM'000	Share premium RM'000	Total RM'000
At 1 January 2008	215,524	215,524	34,979	250,503
Ordinary shares issued during the year:				
Pursuant to ESOS (Note 27(b))	3,352	3,352	3,148	6,500
At 31 December 2008	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	**218,881**	**218,881**	**38,132**	**257,013**

	Number of ordinary shares of RM1 each		Amount	
	2009 '000	2008 '000	2009 RM'000	2008 RM'000
Authorised				
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.

Notes to the Financial Statements

25. Other Reserves

	Revaluation reserve RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Share option reserve RM'000	Total RM'000
Group					
At 1 January 2008	205,481	–	(479)	–	205,002
Foreign currency translation reserve	–	–	40	–	40
Share options granted under ESOS	–	–	–	5,233	5,233
Exercise of ESOS	–	–	–	(1,103)	(1,103)
At 31 December 2008	205,481	–	(439)	4,130	209,172
Foreign currency translation reserve	–	–	(104)	–	(104)
Share options granted under ESOS	–	–	–	1,360	1,360
Exercise of ESOS	–	–	–	(2)	(2)
At 31 December 2009	**205,481**	**–**	**(543)**	**5,488**	**210,426**
Company					
At 1 January 2008	31,926	2,736	–	–	34,662
Share options granted under ESOS	–	–	–	5,233	5,233
Exercise of ESOS	–	–	–	(1,103)	(1,103)
At 31 December 2008	31,926	2,736	–	4,130	38,792
Share options granted under ESOS	–	–	–	1,360	1,360
Exercise of ESOS	–	–	–	(2)	(2)
At 31 December 2009	**31,926**	**2,736**	**–**	**5,488**	**40,150**

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. **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.

d. **Share option reserve**

The share option reserve represents the equity settled share options granted to employees. This reserve is made up of the cumulative of services received from employees recorded on grant of share options.

Notes to the Financial Statements

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 circumtances. 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 2009. Hence, the Company will be able to distribute out its entire retained earnings as at 31 December 2009 under the single-tier system.

The Company did not elect for the irrevocable option to disregard the Section 108 balance as at 31 December 2008. Accordingly, during the transitional period, the Company also may utilise the credit in the 108 balance as at 31 December 2008 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. The Company has sufficient tax credit under section 108 of the Income Tax Act 1967 to frank the payment of dividends out of its current year profit as at 31 December 2008.

27. Employee Benefits

(a) Retirement benefit obligations

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	**1,641**	1,723	**203**	191
Recognised in income statement (Note 6)	**209**	(26)	**171**	12
Payment during the year	**(56)**	(56)	**–**	–
At 31 December	**1,794**	1,641	**374**	203

A subsidiary of the Group operates an unfunded, defined benefit Retirement Benefit Scheme for its executives. Only executives who were employed by the subsidiary prior to January 1999 are eligible for the scheme. Benefits are payable based on the last drawn salary of the executive and the number of years of service with the Group.

The amounts recognised in the balance sheet are determined as follows:-

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Present value of unfunded defined benefit obligations	**1,765**	1,723	**336**	191
Unrecognised transition liability	**29**	(82)	**38**	12
Net liability	**1,794**	1,641	**374**	203

Notes to the Financial Statements

27. Employee Benefits (cont'd.)

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

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Analysed as:				
Current:				
Not later than 1 year	**–**	203	**–**	203
Non current:				
Later than 5 years	**1,794**	1,438	**374**	–
	1,794	1,641	**374**	203

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

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Current service cost	**103**	39	**13**	6
Interest cost	**117**	53	**20**	6
Net actuarial losses	**(11)**	–	**(11)**	–
Transfer from a subsidiary	**–**	–	**149**	–
Reversal of provision during the year	**–**	(121)	**–**	–
Amortisation of transitional liability	**–**	3	**–**	–
Total included in employee benefits expense (Note 6)	**209**	(26)	**171**	12

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

Principal actuarial assumptions used:

	2009	2008
Discount rate	**6.4%**	5.6%
Average salary increase	**6.0%**	6.0%

The Retirement Benefit Scheme was revalued on 30 November 2009. 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.

Notes to the Financial Statements

27. Employee Benefits (cont'd.)

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

The TDM Berhad ("TDM") 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 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.

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the year.

	Number of share options					
	Outstanding at 1 January '000	← Movements during the year → Granted '000	Exercised Sold '000	Lapsed '000	Outstanding at 31 December '000	Exercisable at 31 December '000
2008	–	21,723	(3,352)	(2,546)	15,825	15,825
2009	**15,825**	**–**	**(5)**	**(629)**	**15,191**	**15,191**
WAEP	1.61	1.61	1.61	1.61	1.61	1.61

27. Employee Benefits (cont'd.)

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

(i) Details of share options outstanding at the end of the year:

	WAEP RM	Exercised period
2008 Options	1.61	17.03.2009 – 16.03.2013

(ii) Share options exercised during the year

As disclosed in Note 24, options exercised during the financial year resulted in the issuance of 5,000 (2008: 3,352,100) ordinary shares at an average price of RM1.61 (2008: RM1.61) each. The related weighted average share price at the date of exercise was RM1.53 (2008: RM1.47).

(iii) Fair value of share options granted during the year

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 options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	2008
Fair value of share options at grant date of 17 March 2008 (RM)	0.329
Weighted average share price (RM)	1.79
Weighted average exercise price (RM)	1.61
Expected volatility (%)	42.10
Expected life (years)	5
Risk free rate (%)	3.52
Expected dividend yield (%)	2.75

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

28. Deferred Tax Liabilities

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At 1 January	**40,772**	43,094	**11,318**	11,649
Recognised in income statement (Note 8)	**416**	(2,322)	**(232)**	(331)
At 31 December	**41,188**	40,772	**11,086**	11,318
Presented after appropriate offsetting as follows:				
Deferred tax assets	**(6,839)**	(14,076)	**(379)**	(232)
Deferred tax liabilities	**48,027**	54,848	**11,465**	11,550
	41,188	40,772	**11,086**	11,318

Notes to the Financial Statements

28. Deferred Tax Liabilities (cont'd.)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Property, plant and equipment, biological assets and prepaid land lease payments RM'000	Other receivables RM'000	Total RM'000
At 1 January 2009	**54,846**	**2**	**54,848**
Recognised in the income statement	**(6,762)**	**(59)**	**(6,821)**
At 31 December 2009	**48,084**	**(57)**	**48,027**
At 1 January 2008	55,187	2	55,189
Recognised in the income statement	(341)	–	(341)
At 31 December 2008	54,846	2	54,848

Deferred tax assets of the Group:

	Provision of liabilities RM'000	Other receivables RM'000	Tax losses and unabsorbed capital allowances RM'000	Others RM'000	Total RM'000
At 1 January 2009	**(1,287)**	**(8,215)**	**(5,170)**	**596**	**(14,076)**
Recognised in the income statement	**(5,254)**	**8,215**	**5,170**	**(894)**	**7,237**
At 31 December 2009	**(6,541)**	**–**	**–**	**(298)**	**(6,839)**
At 1 January 2008	(551)	(8,120)	(4,250)	826	(12,095)
Recognised in the income statement	(736)	(95)	(920)	(230)	(1,981)
At 31 December 2008	(1,287)	(8,215)	(5,170)	596	(14,076)

Notes to the Financial Statements

28. Deferred Tax Liabilities (cont'd.)

Deferred tax liabilities of the Company:

	Property, plant and equipment, biological assets and prepaid land lease payments RM'000	Other receivables RM'000	Total RM'000
At 1 January 2009	**11,550**	**–**	**11,550**
Recognised in the income statement	**(85)**	**–**	**(85)**
At 31 December 2009	**11,465**	**–**	**11,465**
At 1 January 2008	11,647	2	11,649
Recognised in the income statement	(97)	(2)	(99)
At 31 December 2008	11,550	–	11,550

Deferred tax assets of the Company:

	Other payables RM'000	Others RM'000	Total RM'000
At 1 January 2009	**(51)**	**(181)**	**(232)**
Recognised in the income statement	**(43)**	**(104)**	**(147)**
At 31 December 2009	**(94)**	**(285)**	**(379)**
At 1 January 2008	–	–	–
Recognised in the income statement	(51)	(181)	(232)
At 31 December 2008	(51)	(181)	(232)

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

	Group	
	2009 RM'000	2008 RM'000 Restated
Unused tax losses	**25,260**	25,260
Unabsorbed capital allowances	**10,826**	12,125
	36,086	37,385

The unused tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the Group in which those items arose, subject to no substantial change in shareholdings under the Income Tax Act 1967 and guidelines issued by the tax authority.

Notes to the Financial Statements

29. Hire Purchase and Finance Lease Payables

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Minimum lease payments:				
Not later than 1 year	**1,288**	865	**91**	91
Later than 1 year and not later than 2 years	**1,628**	865	**91**	91
Later than 2 years and not later than 5 years	**446**	1,255	**68**	180
Later than 5 years	**22**	–	**–**	–
	3,384	2,985	**250**	362
Less: Future finance charges	**(288)**	(303)	**(17)**	(31)
Present value of finance lease payables	**3,096**	2,682	**233**	331
Analysis of present value of hire purchase payables:				
Not later than 1 year	**1,144**	752	**82**	89
Later than 1 year and not later than 2 years	**1,515**	752	**82**	89
Later than 2 years and not later than 5 years	**423**	1,178	**69**	153
Later than 5 years	**14**	–	**–**	–
	3,096	2,682	**233**	331
Less: Due within 12 months (Note 21)	**(1,144)**	(752)	**(82)**	(89)
Due after 12 months (Note 21)	**1,952**	1,930	**151**	242

The hire purchase and lease liabilities bore an average interest rate at the balance sheet date of 2.70% to 4.50% (2008: 2.62% to 4.50%) per annum. The Group has finance leases and hire purchase contracts for various items of property, plant and equipment (see Note 11(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 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 35.

30. Capital Commitments

	Group	
	2009	2008
	RM'000	RM'000
Approved and contracted for		
– Property, plant and equipment	**14,908**	520
Approved but not contracted for		
– Property, plant and equipment	**16,448**	9,504

Notes to the Financial Statements

31. Contingent Liabilities

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Secured:				
Corporate guarantees given to financial institutions for banking facilities granted to a subsidiary	**–**	–	**159,400**	159,400

32. Significant Related Party Transactions

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Profit distribution from Sublessees scheme	**(6,770)**	(11,497)	**(6,770)**	(11,497)
Dividend income from subsidiaries	**–**	–	**(38,137)**	(40,314)
Management bonus charged to subsidiaries	**–**	–	**(9,757)**	(15,971)
Rental income from a related company	**(155)**	–	**–**	–
Fee and charges paid to a director as liquidator of certain subsidiaries	**–**	30	**–**	30

(b) Compensation of key management personnel

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

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Short term benefits	**2,916**	2,972	**1,194**	1,264
Post-employment benefits:				
– Defined contribution plan	**246**	260	**96**	139
– Defined benefit plan	**3**	6	**–**	–
Share options granted under ESOS	**329**	1,078	**35**	361
	3,494	4,316	**1,325**	1,764

Included in the total key management personnel are:

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Executive and non-executive directors' remuneration excluding benefits-in-kind (Note 7)	**1,406**	2,160	**575**	1,138

Notes to the Financial Statements

33. Goodwill

	Group 2009 RM'000	Group 2008 RM'000
Cost		
At 1 January	**1,070**	–
Additional investment in subsidiaries (Note 14)	**–**	1,070
At 31 December	**1,070**	1,070

Impairment test for goodwill

(a) **Allocation of goodwill**

Goodwill has been allocated to the Group's CGU identified according to business segment as follows:

	2009 RM'000	2008 RM'000
At 31 December		
Plantation	**79**	79
Healthcare	**991**	991
	1,070	1,070

(b) **Key assumptions used in value-in-use calculations**

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial forecasts approved by management covering a five-year period. Cash flows beyond the five-year period are expected to be the same with the fifth year projection. The five year cash flows are forecasted using the growth rates stated below. The key assumptions used for value-in-use calculations are:

	Plantation %	Healthcare %
At 31 December 2009		
Gross margin	**40**	**50**
Growth rate	**(26)**	**36**
Discount rate	**7**	**4**

The following describes each key assumptions on which management has based its cash flow projections to undertake impairment testing on goodwill:

(i) **Gross margin**

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.

(ii) **Growth rate**

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

(iii) **Discount rate**

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

Notes to the Financial Statements

33. Goodwill (cont'd.)

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the plantation and healthcare activities, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the activities to materially exceed their recoverable amounts.

34. Significant event

Kuantan Medical Centre Sdn. Bhd., a subsidiary of the Company had on 19 August 2009 entered into a Conditional Sale and Purchase Agreement with Far East Holdings Berhad of Suite 5 & 6, 8th Floor, Kompleks Teruntum, Jalan Mahkota, 25000 Kuantan, Pahang Darul Makmur, to acquire a piece of leasehold land, held under PN 7723 Lot 54559, Mukim of Kuala Kuantan, District of Kuantan, Pahang Darul Makmur measuring in area 4.324 hectares, free from all encumbrances for a total cash consideration of RM13,960,000. The purchase will be funded entirely from internally generated funds.

35. Financial Instruments

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits or occasionally, in short term commercial papers.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

Notes to the Financial Statements

35. Financial Instruments (cont'd.)

(b) Interest rate risk (cont'd.)

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	More than 5 years RM'000	Total RM'000
Group									
At 31 December 2009									
Fixed rate									
Term loans	21	**8.0**	**(188)**	**(188)**	**(188)**	**(188)**	**(170)**	**–**	**(922)**
Trust receipts and bankers' acceptances	21	**3.69**	**(1,422)**	**–**	**–**	**–**	**–**	**–**	**(1,422)**
Hire purchase payables	21	**3.59**	**(1,144)**	**(1,515)**	**(423)**	**(14)**	**–**	**–**	**(3,096)**
Floating rate									
Bank overdrafts	21	**7.0**	**(545)**	**–**	**–**	**–**	**–**	**–**	**(545)**
Cash and bank balances	20	**2.0**	**107,020**	**–**	**–**	**–**	**–**	**–**	**107,020**
At 31 December 2008									
Fixed rate									
Term loans	21	8.0	(188)	(187)	(187)	(187)	(187)	(173)	(1,109)
Trust receipts and bankers' acceptances	21	4.0	(1,246)	–	–	–	–	–	(1,246)
Hire purchase payables	21	3.35	(752)	(752)	(752)	(426)	–	–	(2,682)
Floating rate									
Bank overdrafts	21	8.0	(1,188)	–	–	–	–	–	(1,188)
Cash and bank balances	20	2.0	131,025	–	–	–	–	–	131,025

Notes to the Financial Statements

35. Financial Instruments (cont'd.)

(b) Interest rate risk (cont'd.)

	Note	WAEIR %	Within 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	More than 5 years RM'000	Total RM'000
Company									
At 31 December 2009									
Fixed rate									
Hire purchase payables	21	**3.35**	**(82)**	**(82)**	**(69)**	**–**	**–**	**–**	**(233)**
Floating rate									
Cash and bank balances	20	**2.5**	**829**	**–**	**–**	**–**	**–**	**–**	**829**
At 31 December 2008									
Fixed rate									
Hire purchase payables	21	3.35	(89)	(89)	(153)	–	–	–	(331)
Floating rate									
Bank overdrafts	21	8.0	(641)	–	–	–	–	–	(641)
Cash and bank balances	20	2.5	222	–	–	–	–	–	222

(c) Foreign currency risk

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The net unhedged financial assets and financial liabilities of the Group companies as at 31 December 2009 that are not denominated in their functional currencies are expected to be immaterial.

(d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

Notes to the Financial Statements

35. Financial Instruments (cont'd.)

(e) Credit risk

The Group's credit risk is primarily attributable to trade receivables. 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 and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, marketable securities and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

(f) Fair values

The carrying amounts of financial asset and financial liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the following:

		Group		Company	
	Note	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets					
As at 31 December 2009:					
Due from subsidiaries	19	**–**	**–**	**88,851**	**#**
As at 31 December 2008:					
Due from subsidiaries	19	–	–	168,267	#
Financial liabilities					
As at 31 December 2009:					
Due to subsidiaries	23	**–**	**–**	**3,178**	**#**
Hire purchase payables	30	**3,096**	**3,440**	**233**	**236**
Term loans	21	**922**	**978**	**–**	**–**
As at 31 December 2008:					
Due to subsidiaries	23	–	–	88,396	#
Hire purchase payables	30	2 ,682	2,879	331	234
Term loans	21	1 ,109	978	–	–

\# *It is not practical to estimate the fair values of amount due from/to subsidiaries due principally to a lack of fixed repayment terms entered into by the parties involved.*

The fair value of hire purchase payables and term loans is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

36. Segment Information

(a) Reporting format

The segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(b) Business segments

The Group is organised into four major business segments:

(i) Plantation

Cultivation of oil palms, sale of fresh fruit bunches and other related products.

(ii) Food

Integrated poultry farming and processing of related products.

(iii) Health

Provision of consultancy and operations of specialist medical centres.

(iv) Others

Investment holding and provision of management services.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

No segment reporting by geographical area is prepared as the Group activities are mainly carried out in Malaysia.

(c) Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

36. Segment Information(cont'd.)

	Plantation		Food		Health		Others		Elimination		Group	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000 Restated	2009 RM'000	2008 RM'000 Restated	2009 RM'000	2008 RM'000 Restated
Revenue												
External sales	**205,341**	275,881	**28,277**	23,168	**65,915**	58,000	**37,504**	48,015	**–**	–	**337,037**	405,064
Inter-segment sales	**30,337**	30,163	**18,942**	16,938	**720**	720	**47,894**	32,644	**(97,893)**	(80,465)	**–**	–
Total revenue	**235,678**	306,044	**47,219**	40,106	**66,635**	58,720	**85,398**	80,659	**(97,893)**	(80,465)	**337,037**	405,064
Results												
Segment results	**61,867**	114,466	**972**	(1,878)	**8,334**	6,106	**6,698**	22,417	**–**	–	**77,871**	141,111
Finance costs											**(384)**	(425)
Profit before tax											**77,487**	140,686
Income tax expense											**(21,540)**	(40,386)
Profit after tax											**55,947**	100,300
Minority interests											**(1,166)**	(1,708)
Profit for the year											**54,781**	98,592
Assets												
Segment assets	**746,910**	933,534	**13,487**	12,525	**63,391**	57,106	**314,250**	397,033	**–**	–	**1,138,038**	1,400,198
Consolidation adjustments	**(45,117)**	(197,361)	**(7,352)**	–	**(7,534)**	(6,866)	**(239,375)**	(334,609)	**–**	–	**(299,378)**	(538,836)
Total assets	**701,793**	736,173	**6,135**	12,525	**55,857**	50,240	**74,875**	62,424	**–**	–	**838,660**	861,362
Liabilities												
Segment liabilities	**(236,866)**	(434,667)	**(11,530)**	(11,530)	**(27,571)**	(25,503)	**(68,075)**	(159,015)	**–**	–	**(344,042)**	(630,715)
Consolidation adjustments	**99,209**	244,160	**5,589**	5,519	**9,758**	9,008	**38,694**	124,412	**–**	–	**153,250**	383,099
Total liabilities	**(137,657)**	(190,507)	**(5,941)**	(6,011)	**(17,813)**	(16,495)	**(29,381)**	(34,603)	**–**	–	**(190,792)**	(247,616)
Other segment information												
Capital expenditure	**16,986**	16,117	**172**	376	**4,797**	5,479	**425**	1,433	**–**	–	**22,380**	23,405
Depreciation	**7,978**	6,981	**647**	748	**3,364**	2,883	**42**	451	**–**	–	**12,031**	11,063
Amortisation of livestocks	**–**	–	**1,384**	1,194	**–**	–	**–**	–	**–**	–	**1,384**	1,194
Other significant non-cash expenses:												
Increase/ (decrease) in liability for defined benefit plan	**38**	(48)	**–**	–	**–**	–	**171**	22	**–**	–	**209**	(26)

Notes to the Financial Statements

37. Comparatives

The comparative amounts as at 31 December 2008 have been restated to conform with current year's presentation as follows:

	Previously stated RM'000	Adjustment RM'000	As restated RM'000
Group			
Balance sheet			
Other investments	4,809	1	4,810
Inventories	33,123	459	33,582
Other receivables	28,814	(5,386)	23,428
Tax recoverable	–	4,926	4,926
Income statement			
Revenue	380,882	24,182	405,064
Cost of sales	(183,392)	(20,843)	(204,235)
Other income	19,639	(11,497)	8,142
Distribution costs	(18,358)	9,792	(8,566)
Administrative expenses	(52,106)	(1,313)	(53,419)
Other expenses	(5,554)	(321)	(5,875)
Company			
Balance sheet			
Inventories	1,238	459	1,697
Other receivables	148,607	(459)	148,148
Income statement			
Revenue	80,119	24,173	104,292
Cost of sales	(12,621)	(8,321)	(20,942)
Other income	13,482	(11,786)	1,696
Distribution costs	–	(1,287)	(1,287)
Administrative expenses	(14,171)	(23,657)	(37,828)
Other expenses	(23,988)	20,878	(3,110)

Statistics on Shareholdings

As at 22 March 2010

Analysis of Shareholdings

Authorised Share Capital : RM500,000,000.00

Issued and Paid-up Capital : RM218,881,402.00 comprising 218,881,402 Ordinary Shares of RM1.00 each

Voting Rights : One (1) vote per ordinary share

A. Distribution of Shareholdings

Breakdown of Shareholdings	No. of Shareholders	Percentage %	No. of Shares	Percentage %
1 - 99	67	1.393	1,774	0.000
100 – 1,000	421	8.758	365,002	0.166
1,001 – 10,000	3,535	73.538	14,974,908	6.841
10,001 – 100,000	697	14.499	21,661,266	9.896
100,001 – 10,944,069	85	1.768	32,883,468	15.023
10,944,070 and above	2	0.041	148,994,984	68.071
TOTAL	**4,807**	**100.000**	**218,881,402**	**100.000**

B. List of Thirty (30) Largest Shareholders

No.	Name	No. of Shares	Percentage %
1.	Terengganu Incorporated Sdn Bhd	116,194,984	53.085
2.	Perbadanan Memajukan Iktisad Negeri Terengganu	32,800,000	14.985
3.	Permodalan Terengganu Berhad	3,742,000	1.709
4.	ABB Nominee (Tempatan) Sdn Bhd *Pledged Securities Account for Yayasan Terengganu (1115001178)*	2,000,000	0.913
5.	United Teochew (Malaysia) Bhd	1,879,000	0.858
6.	Kumpulan Pengurusan Kayu Kayan Trengganu Sdn Bhd	1,306,400	0.596
7.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Dimensional Emerging Markets Value Fund*	1,059,200	0.483
8.	Yap Lim Sen	995,800	0.454
9.	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Kit Pheng*	950,000	0.434
10.	OSK Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Koon Yew Yin*	894,400	0.408
11.	Pesama Timber Corporation Sdn Bhd	870,934	0.397
12.	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Koay Ean Chim*	778,200	0.355
13.	Eng Liat Kiang	700,000	0.319
14.	Soon Ah Khun @ Soon Lian Huat	630,000	0.287
15.	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for OCBC Securities Private Limited (Client A/C-NR)*	620,600	0.283

Statistics on Shareholdings

As at 22 March 2010

No.	Name	No. of Shares	Percentage %
16.	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Koon Yew Yin*	599,400	0.273
17.	HLG Nominee (Tempatan) Sdn Bhd *Pledged Securities Account for Koon Yew Yin (M)*	593,000	0.270
18.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Koay Ean Chim (IMO/TAS)*	560,000	0.255
19.	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Kit Pheng*	539,000	0.246
20.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for the Bank of New York Mellon (Mellon Acct)*	500,200	0.228
21.	Megategas Sdn Bhd	500,000	0.228
22.	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Kit Yew*	500,000	0.228
23.	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Koon Yew Yin*	445,800	0.203
24.	Teh Bee Gaik	438,300	0.200
25.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for DFA Emerging Markets Small Cap Series*	355,500	0.162
26.	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Yap Sung Pang*	301,200	0.137
27.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teoh Ah Baa @ Teoh Beng Suang (IMO/M&A)*	300,000	0.137
28.	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kidstone Sdn Bhd*	297,100	0.135
29.	CIMB Group Nominees (Tempatan) Sdn Bhd *Chiat Hin Envelope Manufacturer Sdn Bhd for Lim Chooi Ing (50080 TTBB)*	288,000	0.131
30.	Mercsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chong Han Wah*	285,000	0.130

Statistics on Shareholdings

As at 22 March 2010

C. List of Substantial Shareholders (5% and above)

		Direct Interest		Deemed Interest	
No.	Name	No. of Shares	Percentage %	No. of Shares	Percentage %
1.	Terengganu Incorporated Sdn Bhd	116,194,984	53.085	–	–
2.	Perbadanan Memajukan Iktisad Negeri Terengganu	32,800,000	14.985	–	–

D. List of Directors' Shareholdings

		Direct Interest		Deemed Interest	
No.	Name	No. of Shares	Percentage %	No. of Shares	Percentage %
1.	YB Senator Datuk Haji Roslan Bin Awang Chik	–	–	–	–
2.	Dato' Haji Abdul Razak Bin Ismail	–	–	–	–
3.	Dato' Haji Adzlan Bin Mohd Dagang	–	–	–	–
4.	Haji Zakaria Bin K C Ahammu	–	–	–	–
5.	Haji Long Bin A. Rahman	–	–	–	–
6.	Wong Shew Yong	–	–	–	–
7.	Haji Rahmat Bin Awi *(Resigned on 11 January 2010)*	–	–	–	–
8.	Mohd Noor Bin Dato' Mohamad *(Resigned on 1 January 2010)*	–	–	–	–
9.	Ramli Bin Shahul Hameed *(Resigned on 31 January 2010)*	–	–	–	–

List of Properties

Production / Company / Division (Metrik Tonne)		Estate	Division	Tenure	Size (Ac)	Description	Book Value
Mukin Tebak	Kemaman					Oil Palm plantation	55,465,255
HS (D) 1779 PT 1666		Part Ladang Jerneh/ Tebak		Leasehold exp. 2078 Sublease exp. 2052	9,095.99810		
HS (D) 2871 PT 402 A (replacing HS (D) 180 PT Lot 402 A)		Part Ladang Jerneh/ Tebak		Leasehold exp. 2078 Sublease exp. 2018	539.72867		
HS (D) 2872 PT 402 B (replacing HS (D) 181 PT Lot 402 B)	515,893	Part Ladang Jerneh/ Tebak		Leasehold exp. 2078 Sublease exp. 2018	489.72996		
Geran 12509 PT 821 (replacing HS (D) 187 PT Lot 551 P)	446,966	Part Ladang Jerneh/ Tebak		Leasehold exp. 2078 Sublease exp. 2018	87.59695		
Geran 12510 No. Lot 2444 (replacing HS (D) 210 PT Lot 555 P)	47,540	Part Ladang Jerneh/ Tebak		Leasehold exp. 2078 Sublease exp. 2018	203.30647		
Geran 12511 No Lot 2550 (replacing HS (D) 208 PT 553 P)	86,412	Part Ladang Jerneh/ Tebak		Leasehold exp. 2078 Sublease exp. 2018			
Geran 12511 No Lot 2550 (replacing HS (D) 208 PT 553 P)	86,412	Part Ladang Jerneh/ Tebak		Leasehold exp. 2078 Sublease exp. 2018			
Geran 12512 No Lot 2443 (replacing HS (D) 208 PT 554 P)	23,113	Part Ladang Jerneh/ Tebak		Leasehold exp. 2078 Sublease exp. 2018	181.58885		
Geran 12618 No Lot 882 (replacing Grant 8071 PT Lot 882)	19.33%	Part Ladang Jerneh/ Tebak		Leasehold exp. 2078 Sublease exp. 2018	169.78745		
Geran 12497 No Lot 882 (replacing HS (D) 209 PT Lot 552 P)	51.7%	Part Ladang Jerneh/ Tebak		Leasehold exp. 2078 Sublease exp. 2018	218.88118		
QT(R) Kemaman 1: L.O. PTK 198/65	Kemaman	Ladang Air Puteh		Leasehold exp. 2012 Sublease exp. 2011	320.00000		
QT(R) Kemaman 2: L.O. PTK 198/65	Kemaman	Part Ladang Jerneh		Leasehold exp. 2012 Sublease exp. 2011	1,024.00000		
QT(R) Kemaman 3: L.O. PTK 198/65	Kemaman	Ladang Tebak		Leasehold exp. 2012 Sublease exp. 2011	2,432.00000		
QT(R) Kemaman 4: L.O. PTK 198/65	Kemaman	Ladang Pelantoh		Leasehold exp. 2012 Sublease exp. 2011	4,736.00000		
QT(R) Kemaman 4: L.O. No. 4	Kemaman	Ladang Pelantoh		Sublease exp. 2014	10.00000		
QT(R) Kemaman 11: L.O. No. 28	Kemaman	Ladang Pelantoh		Sublease exp. 2014	8,500.00000		
QT(R) Kemaman 12: L.O. No. 29	Kemaman	Ladang Pelantoh		Sublease exp. 2014	8,500.00000		
QT(R) Kemaman 13: L.O. No. 30	Kemaman			Sublease exp. 2014	404.00000		
Mukim Belara	Sungai Tong					Oil Palm plantation	14,556,496
Geran 12885 Lot 7250 (replacing Geran 6002 Lot 7250)		Ladang Jaya	Bari	Leasehold exp. 2072	3,491.73872		
Geran 6001 Lot 6558		Ladang Jaya	Jaya	Leasehold exp. 2072	4,105.36660		
Geran 6247 Lot 6743		Ladang Jaya	Jaya	Leasehold exp. 2072	209.81088		
Mukim Belara	Sungai Tong					Oil Palm plantation	10,269,722
HS (D) 1017 PT 804 K		Fikri	Sentosa	Leasehold exp. 2072	255.99461		
Geran 9309 Lot 8264 (replacing HS (D) 1018 PT 805 K)		Fikri	Sentosa	Leasehold exp. 2072	144.40200		
Geran 10657 Lot 6641		Fikri	Sentosa	Leasehold exp. 2072	3.80654		
HS (D) 1983 PT 381 K		Fikri	Sentosa	Leasehold exp. 2072	50.40400		

List of Properties

Production / Company / Division (Metrik Tonne)		Estate	Division	Tenure	Size (Ac)	Description	Book Value
Mukim Belara	Sungai Tong					Oil Palm plantation	
Geran 8238 Lot 8187		Fikri	Sentosa	Leasehold exp. 2072	168.39643		
HS (D) 813 PT 882 K		Fikri	Sentosa	Leasehold exp. 2072	18.94367		
HS (D) 814 PT 883 K		Fikri	Sentosa	Leasehold exp. 2072	2,213.58580		
HS (D) 561 PT 642 K		Fikri	Sentosa	Leasehold exp. 2072	1,571.24762		
Geran 6005 Lot 7254		Fikri	Fikri	Leasehold exp. 2072	203.30968		
Geran 6521 Lot 7663		Fikri	Fikri	Leasehold exp. 2075	145.21696		
HS (D) 560 PT 641 K		Fikri	Fikri	Leasehold exp. 2072	348.47278		
Geran 6003 Lot 7251		Fikri	Fikri	Leasehold exp. 2072	1,324.68803		
Geran 6004 Lot 7253		Fikri	Fikri	Leasehold exp. 2072	554.20502		
Geran 6491 Lot 7662		Fikri	Fikri		317.96433		
PN 3074 Lot 9390 (replacing HS (D) 3974 PT 2323 K)		Fikri	Pakoh Jaya	Leasehold exp. 2087	1,166.31200		
HS (D) 6416 PT 4152 K		Fikri	Pakoh Jaya	Leasehold exp. 2098	37.45789		
HS (D) 6417 PT 4153 K		Fikri	Pakoh Jaya	Leasehold exp. 2098	44.22843		
HS (D) 6418 PT 4154 K		Fikri	Pakoh Jaya	Leasehold exp. 2098	6.77425		
HS (M) 1007 PT 884 K (loji)		Fikri	Fikri	Renewal Proses	0.50000		
Mukim Hulu Nerus	Sungai Tong					Oil Palm plantation	
HS (D) 764 PT 707 K		Tayor		Leasehold exp. 2072	1,230.63300		
GM 1533 Lot 0054		Tayor		Leasehold exp. 2072	4.47498		
HS (D) 770 Lot 789 K		Tayor		Leasehold exp. 2072	7.00000		
HS (D) 769 Lot 788 K		Tayor		Leasehold exp. 2072	6.50000		
GM 617 Lot 0097		Tayor		Leasehold exp. 2072	2.75600		
GM 1546 Lot 0094		Tayor		Leasehold exp. 2072	4.28700		
Geran 8683 Lot 3039		Tayor		Leasehold exp. 2072	1,407.02983		
Geran 8684 Lot 3040		Tayor		Leasehold exp. 2072	31.25597		
Geran 8685 Lot 3041		Tayor		Leasehold exp. 2072	2,801.24549		
Mukim Hulu Nerus	Sungai Tong					Oil Palm plantation	11,347,624
PT 7218		Pelung			7,430.29700		
Mukim Besul	Bukit Besi					Oil Palm plantation	15,429,839
HS (D) 72 PT 140		Gajah Mati		Leasehold exp. 2075	11,995.74946		
HS (D) 73 PT 141		Gajah Mati		Leasehold exp. 2075	1,543.96778		
Mukim Jerangau	Bukit Besi					Oil Palm plantation	7,443,553
HS (D) 397 PT 3643		Jerangau	Chakuh 9	Leasehold exp. 2051	1,005.11879		
Mukim P. Diman	Bukit Besi						
PN 669 Lot 37		Jerangau	Jerangau	Leasehold exp. 2049	1,128.97643		
& Lot 204		Jerangau	Jerangau	Leasehold exp. 2049	90.77935		
PN 825 Lot 1157		Jerangau	Jerangau	Leasehold exp. 2058	1,434.47011		

List of Properties

Production / Company / Division (Metrik Tonne)	Estate	Division	Tenure	Size (Ac)	Description	Book Value
Mukim Bandar Kuala Terengganu						
Geran 6763 Lot 3072 Geran 6764 Lot 3073 102&102A, Jalan Sultan Ismail Kuala Terengganu			Freehold	297.00 sq. m	2 units of 4 storey shophouses (Office)	2,400,000
Mukim Batu Buruk						
GM 569-575 Lot 3046-3052 Bgn Jalan Kamaruddin, Jalan Kamaruddin Kuala Terengganu			Leasehold exp. 2090	1,390 sq. m	5 units of 4 storey shophouses and 2 parcels of land	1,753,973
Mukim Pulau Perhentian						
HS (D) 2209 PT 320			Leasehold exp. 2051	448,271.7 sq. m	Undeveloped Resort Land	9,204,876.98
Mukim Chendering						
TD Poultry Sdn Bhd Kaw. Perindustrian Chendering 21080 Kuala Terengganu			Building	9,800 sq ft	Processing Plant	2,299,999.00
TD Poultry Sdn Bhd Kaw. Perindustrian Chendering 21080 Kuala Terengganu			Building	2,800 sq ft	Office Building	152,977.29
KM 25 1/2 Pulau Kerengga Marang, 21600 Terengganu			Building	150,000.00 sq ft	Production Building	422,471.75
Daerah Kemaman Terengganu			Building	913,500.00 sq ft	Farming Building	356,261.46
Wilayah Persekutuan						
Geran 11011 Lot No. 36 Sek 51 Bandar Kuala Lumpur 33B-12-1 Villa Putra Kuala Lumpur			Building		Apmt (1 unit)	174,000
State of Selangor						
Mukim Damansara Lot No. 3.5 and 4.5 HS (D) 85220 PT No. 14532 District of Petaling			Leasehold exp. 2092	2,815.2 sq m	Hospital Building	4,837,554.00

Group Directory

Headquarters

TDM Berhad
Aras 5, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100 Kuala Terengganu
Terengganu, Malaysia
Tel : (609) 620 4800 / (609) 622 8000
Fax : (609) 620 4803
website : www.tdmberhad.com.my

Plantation Division

TDM Plantation Sdn. Bhd.
Aras 5, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100 Kuala Terengganu
Terengganu, Malaysia
Tel : (609) 620 4800 / (609) 622 8000
Fax : (609) 620 4803

Kumpulan Ladang-Ladang Trengganu Sdn. Bhd.
Aras 5, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100 Kuala Terengganu
Terengganu, Malaysia
Tel : (609) 620 4800 / (609) 622 8000
Fax : (609) 620 4803

TDM Trading Sdn. Bhd.
25th Floor, Menara KH
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
Tel : (603) 2148 0811
Fax : (603) 2148 9900

TDM Capital Sdn. Bhd.
Aras 5, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100 Kuala Terengganu
Terengganu, Malaysia
Tel : (609) 620 4800 / (609) 622 8000
Fax : (609) 620 4803

P.T. Rafi Kamajaya Abadi (Incorporated in Indonesia)
Jl Stadion, No. 15.B, RT.07/I
Sintang, Kabupaten Sintang
Kalimantan Barat, Indonesia
Tel : (0062) 5652 1665
Fax : (0062) 5652 3261

P.T. Rafi Kemajaya Abadi (Respresentative Office)
Aras 5, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100 Kuala Terengganu
Terengganu, Malaysia
Tel : (609) 620 4800 / (609) 622 8000
Fax : (609) 620 4803

Plantation & Factories Addresses

Ladang Jaya
Sungai Tong, 21500 Setiu
Terengganu
Tel : (609) 824 1023
Fax : (609) 657 1625
Estate Manager : En. Abd. Rahim Abd. Sani

Ladang Fikri
Sungai Tong, 21500 Setiu
Terengganu
Tel : (609) 824 7612
Fax : (609) 824 7612
Estate Manager : En. Murad Jusoh

Ladang Tayor
Sungai Tong, 21500 Setiu
Terengganu
Tel : (609) 824 1790
Fax : (609) 824 1679
Estate Manager : En. Jais Sungip

Ladang Pelung
Sungai Tong, 21500 Setiu
Terengganu
Tel : (609) 824 0829
Fax : (609) 823 1072
Estate Manager : En. Mohd Kahar Mukktarudin

Kompleks Ladang Bukit Besi

Ladang Gajah Mati
Bukit Besi, 23000 Dungun
Terengganu
Tel : (609) 834 1288 / (609) 834 3536
Fax : (609) 834 0288
Estate Manager : En. Fikri Ismail

Ladang Majlis Agama Islam
Bukit Besi, 23000 Dungun
Terengganu
Tel : (609) 822 2001
Fax : (609) 822 2001
Estate Manager : En. Fikri Ismail

Ladang Pinang Emas
Bukit Besi, 23000 Dungun
Terengganu
Tel : (609) 834 1377
Fax : (609) 834 0377
Estate Manager : En. N. Thanimalai

Ladang Jerangau
Wakil Pos Pelar, 21810 Ajil
Hulu Terengganu, Terengganu
Tel : (609) 838 4248
Fax : (609) 838 4248
Estate Manager : Tuan Haji Abdullah Zawawi Jusoh

Group Directory

Kompleks Kemaman

Ladang Air Putih
P.O. Box 19, Padang Kubu
24007 Kemaman, Terengganu
Tel : (609) 859 8367
Fax : (609) 859 5854
Estate Manager : Tuan Haji Ezani Ismail

Ladang Tebak
P.O. Box 14, Padang Kubu
24007 Kemaman, Terengganu
Tel : (609) 852 1552
Fax : (609) 852 1552
Estate Manager : En. Fadilah Mukhtar

Ladang Jernih
P.O. Box 12, Padang Kubu
24007 Kemaman, Terengganu
Tel : (6019) 928 4716
Estate Manager : Tuan Haji Mohd Pauzi Mahmud

Ladang Pelantoh
P.O. Box 10, Padang Kubu
24007 Kemaman, Terengganu
Tel : (609) 822 6400
Fax : (609) 822 6822
Estate Manager : Tuan Haji Saifuddin Mustaffa

Mills

Kilang Kelapa Sawit Sungai Tong
Sungai Tong, 21500 Setiu
Terengganu
Tel : (609) 624 7290
Fax : (609) 624 6472
Mill Manager : Tuan Haji Hassan Osman

Kilang Kelapa Sawit Kemaman
P.O. Box 13, Padang Kubu
24007 Kemaman, Terengganu
Tel : (609) 822 6566
Fax : (609) 822 6704
Mill Manager : En. Shahbudin Usop

Plantation Adviser
En. Omar Hassan

Healthcare Division

Kelana Jaya Medical Centre Sdn. Bhd.
No. 1, FAS Business Avenue
Jalan Perbandaran SS7, Kelana Jaya
47301 Kelana Jaya
Selangor, Malaysia
Tel : (603) 7805 2111
Fax : (603) 7806 3505

Kuantan Medical Centre Sdn. Bhd.
No. 1, Jalan Tun Ismail 9
25000 Kuantan
Pahang, Malaysia.
Tel : (609) 514 2828
Fax : (609) 514 7688

Kuala Terengganu Specialist Hospital Sdn. Bhd.
No. 443B, Jalan Kamaruddin
20400 Kuala Terengganu
Terengganu, Malaysia
Tel : (609) 624 5353
Fax : (609) 626 5211

Poultry Division

TD Poultry Sdn. Bhd.
Kawasan Perindustrian Chendering
21080 Kuala Terengganu
Terengganu, Malaysia.
Tel : (609) 617 8387 / 8389 / 8390
Fax : (609) 617 6690

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Forty-Fifth (45th) Annual General Meeting of the Company will be held at Rajawali 2, 2nd Floor Marina Building, Ri-Yaz Heritage Marina Resort & Spa Pulau Duyong, 21300 Kuala Terengganu, Terengganu Darul Iman, Malaysia on Monday, 17 May 2010 at 10.30 a.m. for the following purposes:

Agenda

As Ordinary Business

1. To receive the Statutory Financial Statements for the financial year ended 31 December 2009 together with the Reports of the Directors and the Auditors thereon. **Resolution 1**

2. To re-elect the following Directors retiring pursuant to Article 113 of the Company's Articles of Association, and being eligible offer themselves for re-election:
   i) Dato' Haji Abdul Razak Bin Ismail **Resolution 2**
   ii) Haji Zakaria Bin K C Ahammu **Resolution 3**

3. To approve the payment of the First and Final dividend of 4 sen per ordinary share less 25% Income Tax and 9 sen per ordinary share tax exempt under the single-tier system for the financial year ended 31 December 2009. **Resolution 4**

4. To approve the payment of Directors' Remuneration as stated in the Statutory Financial Statements for the financial year ended 31 December 2009. **Resolution 5**

5. To approve the payment of Directors' Remuneration for the financial year ending 31 December 2010. **Resolution 6**

6. To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

As Special Business

To consider and if thought fit, to pass the following ordinary resolutions:

7. **Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965**
   "THAT subject always to the Companies Act, 1965, Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, full authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965 to issue not more than ten percent (10%) of the issued capital of the Company at any time upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force and that the Directors be and are hereby further authorized to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof AND THAT authority be and is hereby given to the Directors to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad." **Resolution 8**

8. **Authority to Allot and Issue Shares Pursuant to the Employees' Share Option Scheme**
   "THAT pursuant to the TDM Berhad Employees' Share Option Scheme ("the Scheme") which was approved at the Extraordinary General Meeting held on 19 February 2008, approval be and is hereby given to the Directors to offer and grant options eligible employees and eligible Directors of the Company and its subsidiary companies ("the Group") and pursuant to Section 132D of the Companies Act, 1965 to allot and issue such number of new ordinary shares in the capital of the Company from time to time in accordance with the By-Laws of the Scheme". **Resolution 9**

9. To transact any other ordinary business of which due notice shall be given.

Notice of Annual General Meeting

Notice of Dividend Entitlement and Payment

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of members at the 45th Annual General Meeting to be held on 17 May 2010, the First and Final dividend of 4 sen per ordinary share less 25% Income Tax and 9 sen per ordinary share tax exempt under the single-tier system for the financial year ended 31 December 2009 will be paid on Tuesday, 15 June 2010 to Depositors whose names appear in the Register of Depositors on Tuesday, 25 May 2010. A Depositor shall qualify for entitlement only in respect of:

(a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 25 May 2010 in respect of ordinary transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

YEAP KOK LEONG (MAICSA No. 0862549)
WONG WAI FOONG (MAICSA No. 7001358)
Company Secretaries

Kuala Terengganu
23 April 2010

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and the provisions of the Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member shall appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation, either under the common seal, or under the hand of an officer or attorney duly authorised.

3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, shall be deposited at the registered office of the Company at Aras 5, Bangunan UMNO Terengganu, Lot 3224, Jalan Masjid Abidin, 20100 Kuala Terengganu, Terengganu Darul Iman not less than 48 hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of the poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. If this Proxy Form is signed under the hand of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If this Proxy Form is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in this Proxy Form.

6. Explanatory Note on Special Business

   (i) Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965

   Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965. The Company had on 44th Annual General Meeting held on 28 May 2009, obtained its shareholders approval for the renewal of the general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965 ("the Act"). On 3 June 2009, the Company had issued 5,000 new ordinary shares pursuant to this mandate. The new shares were allotted pursuant to the Company's Employees' Share Option Scheme. The proceeds from the allotment were used for working capital.

   The proposed Ordinary Resolution No. 8, is a renewal mandate for the issue of shares under Section 132D of the Act. If passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot shares from the unissued capital of the Company but not exceeding 10% of the issued share capital of the Company.

   A renewal for the said mandate is sought to avoid any delay and cost involved in convening such a general meeting. Should the mandate be exercised, the Directors will utilize the proceeds raised for working capital or such other applications they may in their absolute discretion deem fit.

   (ii) Authority to Allot and Issue Shares pursuant to the Employees' Share Option Scheme

   The proposed Ordinary Resolution No. 9 is to empower the Directors to allot and issue ordinary shares from the unissued share capital of the Company pursuant to TDM Berhad's Employees' Share Option Scheme.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

There is no person seeking election as Director at this Annual General Meeting.

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

PROXY FORM

CDS Account No.

I/We ____
(name of shareholder as per NRIC / passport / certificate of incorporated in capital letters)

with (New NRIC No.) ______________________ (Old NRIC No.) ______________________

(Passport No.) ______________________ (Company No.) ______________________

of ____
(full address)

being a member(s) of abovenamed Company, hereby appoint ______________________
(name of proxy as per NRIC / passport in capital letters)

with (New NRIC No.) ____________ (Old NRIC No.) ____________ (Passport No.) ____________

of ____
(full address)

or failing him/her ____
(name of proxy as per NRIC / passport in capital letters)

with (New NRIC No.) ____________ (Old NRIC No.) ____________ (Passport No.) ____________

of ____
(full address)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Forty-Fifth (45th) Annual General Meeting of the Company to be held at Rajawali 2, 2nd Floor Marina Building, Ri-Yaz Heritage Marina Resort & Spa Pulau Duyong, 21300 Kuala Terengganu, Terengganu Darul Iman, Malaysia on Monday, 17 May 2010 at 10.30 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:

Please indicate with an "X" in the spaces as provided below how you wish to cost your votes. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

	Resolutions		For	Against
1.	To receive the Statutory Financial Statements for the financial year ended 31 December 2009 together with the Reports of the Directors and the Auditors thereon.	**Resolution 1**		
2.	To re-elect Dato' Haji Abdul Razak Bin Ismail retiring pursuant to Article 113 of the Company's Articles of Association.	**Resolution 2**		
3.	To re-elect Haji Zakaria Bin K C Ahammu retiring pursuant to Article 113 of the Company's Articles of Association.	**Resolution 3**		
4.	To approve the payment of the First and Final dividend of 4 sen per ordinary share less 25% Income Tax and 9 sen per ordinary share tax exempt under the single-tier system for the financial year ended 31 December 2009.	**Resolution 4**		
5.	To approve the payment of Directors' Remuneration as stated in the Statutory Financial Statements for the financial year ended 31 December 2009.	**Resolution 5**		
6.	To approve the payment of Directors' Remuneration for the financial year ending 31 December 2010.	**Resolution 6**		
7.	To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.	**Resolution 7**		
8.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.	**Resolution 8**		
9.	Authority to allot and issue shares pursuant to the Employees' Share Option Scheme.	**Resolution 9**		

____
Signature(s)/Common Seal of Member(s)

Number of shares held: ______________________

Date: ______________________

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:

	No. of Share	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and the provisions of the Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member shall appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation, either under the common seal, or under the hand of an officer or attorney duly authorised.
3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, shall be deposited at the Registered Office of the Company at Aras 5, Bangunan UMNO Terengganu, Lot 3224, Jalan Masjid Abidin, 20100 Kuala Terengganu, Terengganu Darul Iman not less than 48 hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of the poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. If this Proxy Form is signed under the hand of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If this Proxy Form is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under Power of Attonery which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in this Proxy Form.

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Affix
Stamp

TDM Berhad (6265-P)

Aras 5, Bangunan UMNO Terengganu

Lot 3224, Jalan Masjid Abidin

20100 Kuala Terengganu

Terengganu Darul Iman

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