Forging ahead

Annual Report 2010

TDM BERHAD (6265-P)

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Proxy Form

Today, TDM is a stronger company. Since our rehabilitation programme, which started in 2004, we have grown our revenue over 80% and increased profit 407%. Our market capitalisation went up 269%.

Announcement of Result

17 May 2010	Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2010.
10 August 2010	Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2010.
26 November 2010	Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2010.
21 February 2011	Announcement of the unaudited consolidated results for the 4th quarter ended 31 December 2010.

Dividend

30 March 2010	Announcement 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.
2 April 2010	Announcement of Notice of Book Closure.
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.
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.
31 March 2011	Announcement of final dividend of 13.5 sen per ordinary share tax exempt under the single-tier system in respect at the financial year ended 31 December 2010.
27 May 2011	Date of entitlement to the final dividend of 13.5 sen per ordinary share.
9 June 2011	Date of payment of the final dividend of 13.5 per ordinary share.

Annual General Meeting

27 April 2011	Date of notice of 46th Annual General Meeting and date of issuance of the 2010 Annual Report.
19 May 2011	46th Annual General Meeting.

Financial Calendar

Board Of Directors

Y. Bhg. Datuk Haji Roslan
Bin Awang Chik (Chairman)
Non-Independent Non-Executive Director

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

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

Haji Long Bin A. Rahman
Non-Independent Non-Executive Director

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

Wong Shew Yong
Non-Independent Non-Executive Director

Abdul Mutalip Bin Sulaiman
Independent Non-Executive Director

Audit Committee

Abdul Mutalip Bin Sulaiman (Chairman)
YB Dato' Haji Abdul Razak Bin Ismail
Haji Zakaria Bin K C Ahammu

Nomination and Remuneration Committee

Haji Zakaria Bin K C Ahammu (Chairman)
Haji Long Bin A. Rahman
Abdul Mutalip Bin Sulaiman

Company Secretaries

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

Auditors

Messrs. Ernst & Young
Messrs. Kosasih, Nurdiyaman,
Tjahjo & Rekan

Principal Bankers

Bank Islam Malaysia Berhad
CIMB Bank Berhad
Maybank Berhad

Solicitors

Messrs. Abu Talib Shahrom
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
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 Information

Corporate Chart

- **Plantation**
  - 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 Ltd (Incoporated in SIngapore) **80.60%**
    - Kuala Terengganu Specialist Hospital Sdn Bhd **19.07%**
  - TDM Trading Sdn Bhd **100%**
  - TDM Capital Sdn Bhd **90%**
  - PT. Rafi Kamanjaya Abadi (Incorpoated in Indonesia) **89.37%**
- **Healthcare**
  - Kumpulan Mediiman Sdn Bhd **90.49%**
    - Medi Air Sdn Bhd **100%**
    - Kuantan Medical Centre Sdn Bhd **6.50%**
    - Kelana Jaya Medical Centre Sdn Bhd **6.50%**
    - Kuala Terengganu Specialist Hospital Sdn Bhd **1.42%**
  - Kuala Trengganu Specialist Hospital Sdn Bhd **79.5%**
    - HMMC (Ampang) Sdn Bhd **100%**
  - Kelana Jaya Medical Centre Sdn Bhd **69.27%**
  - Kuantan Medical Centre Sdn Bhd **66.66%**
- **Food**
  - TD Poultry Sdn Bhd **100%**
- **Other Activities**
  - TD Ijarah Sdn Bhd **100%**
    - Kuantan Medical Centre Sdn Bhd **16.81%**
    - 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%**
  - Indah Sari Travel & Tours Sdn Bhd **70%**

Active
Dormant

Profit Distribution Policy

TDM Group's annual consolidated distributable profits shall be appropriated as follows:

(i) one third for dividends to shareholders;

(ii) one third for capital expenditure of the Group; and

(iii) one third for the reserves of the Group.

This policy was approved by the Board of Directors of TDM Berhad on 13 August 2009

Dividend Policy

TDM Berhad will endeavour to payout dividends of at least 30% of its consolidated annual net profit after taxation and minority interest, 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

From left:

Y. Bhg. Datuk Haji Roslan Bin Awang Chik (Chairman)

YB Dato' Haji Abdul Razak Bin Ismail

Haji Long Bin A. Rahman

Haji Zakaria Bin K C Ahammu

Abdul Mutalip Bin Sulaiman

Wong Shew Yong

Y. Bhg. Dato' Haji Adzlan Bin Mohd Dagang

Board of Directors' Profile

Y. Bhg. Datuk Haji Roslan Bin Awang Chik
Chairman / Non-Independent Non-Executive Director

Appointed to the Board on 13 January 2009, the 60-year-old Malaysian is currently a Non-Independent Non-Executive Director and Chairman of the Board of Directors of TDM Berhad.

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 from 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, a member of the Board of Directors of Construction Industry Development Board (CIDB) and CIDB Holdings Sdn Bhd.

Datuk Haji Roslan 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 twelve (12) Board meetings held during the financial year ended 31 December 2010.

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

Appointed to the Board on 16 October 2008, the 57-year-old Malaysian is currently a Non-Independent Non-Executive Director and a member of the Audit Committee of TDM Berhad.

Holding a Bachelor of Social Sciences (Honours) degree from Universiti Sains Malaysia, he was the Assistant Land Administrator of the Kemaman Land Office in 1978 and 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.

Dato' Haji Abdul Razak 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 twelve (12) Board meetings held during the financial year ended 31 December 2010.

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

Appointed to the Board on 16 October 2008, the 56-year-old Malaysian 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 (January 2007). On 1 February 2010, he was appointed as the Mayor of Kuala Terengganu.

Dato' Haji Adzlan 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 eleven (11) of the twelve (12) Board meetings held during the financial year ended 31 December 2010.

Haji Long Bin A. Rahman
Non-Independent Non-Executive Director

Appointed to the Board on 13 January 2009, the 68-year-old Malaysian is currently a Non Independent Non-Executive Director and a member of the Nomination and Remuneration Committee of TDM Berhad.

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.

Haji Long 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 twelve (12) Board meetings held during the financial year ended 31 December 2010.

BOARD OF DIRECTORS' PROFILE

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

Appointed to the Board on 16 October 2008, the 50-year-old Malaysian is currently Senior Independent Non-Executive Director. He is also the Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee of TDM Berhad.

As a holder of 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.

Haji Zakaria 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 twelve (12) Board meetings held during the financial year ended 31 December 2010.

Wong Shew Yong
Non-Independent Non-Executive Director

Appointed to the Board on 16 October 2008, the 60-year-old Malaysian is currently a Non-Independent Non-Executive Director 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 Berhad 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 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 and was then re-designated as the Executive Director of Golden Pharos Berhad. He was the Chief Executive Officer of Golden Pharos Berhad from 17 January 2010 to 16 January 2011 and subsequently, he was re-designated as a Non-Executive Director on 16 January 2011.

Wong 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 eleven (11) of the twelve (12) Board meetings held during the financial year ended 31 December 2010.

Abdul Mutalip Bin Sulaiman
Independent Non-Executive Director

Appointed to the Board on 18 May 2010, the 55-year-old Malaysian is currently an Independent Non-Executive Director, the Chairman of the Audit Committee and member of Nomination and Remuneration Committee of TDM Berhad.

He is a Fellow of the Association of Chartered Certified Accountants (ACCA) for which he studied at the London School of Accountancy and a Chartered Accountant with the Malaysian Institute of Accountants (MIA). In addition, he is also a Certified Financial Planner with a Diploma in Accountancy from Institute Technology MARA (1977).

Abdul Mutalip has served in various management positions in the Shell Group of Companies including overseas assignments. Prior to joining the Shell Group of Companies, he served in Malaysian Mining Corporation Berhad as an Internal Audit Manager and also a Bank Officer with United Malayan Banking Corporation Berhad.

He has extensive experience in internal and external auditing, financial and operational audits, financial reporting, project management, tax planning, developing business plans and feasibility studies.

He was appointed as a Director of Golden Pharos Berhad from April 2003 to September 2008 and a Director of Tracoma Holdings Bhd from January 2010 to December 2010. He is currently the sole practitioner of AM Sulaiman & Co., a firm registered with the Malaysian Institute of Accountants.

Abdul Mutalip 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 all seven (7)* Board meetings held during the financial year ended 31 December 2010.

* Abdul Mutalip Bin Sulaiman was appointed on 18 May 2010.

Chief Executive Officer’s Profile

Badrul Hisham Bin Mahari
Chief Executive Officer

Malaysian, 52, 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 6 April 2011, he holds 200,000 shares in TDM Berhad.

From left:

Badrul Hisham Bin Mahari
(Chief Executive Officer)

Abel Ahing
(Group Manager,
Management Information System)

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

Azlan Bin Mokhtar
(Group Manager,
Productivity & Quality)

Management Team

From left:

Amir Mohd Hafiz Bin Amir Khalid
(Group Manager, Accounts)

Mohd Azlisham Bin Jaffar
(Group Manager, Legal & Secretarial)

Khairul Anuar Bin Abdullah
(Group Manager, Corporate Finance)

Zahidah Binti Shikh Anuar
(Head, Internal Audit)

Management Team

From left:

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

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

Abdul Ghani bin Pakir Muhamad
(Chief Executive Officer,
Kelana Jaya Medical Centre)

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

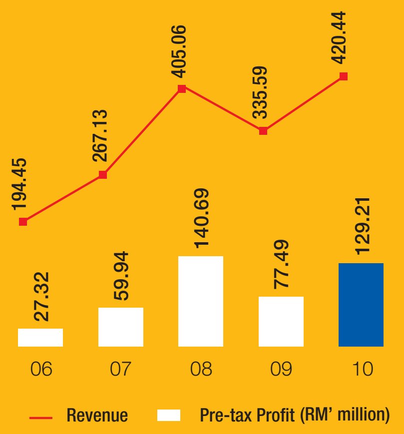
From left:

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

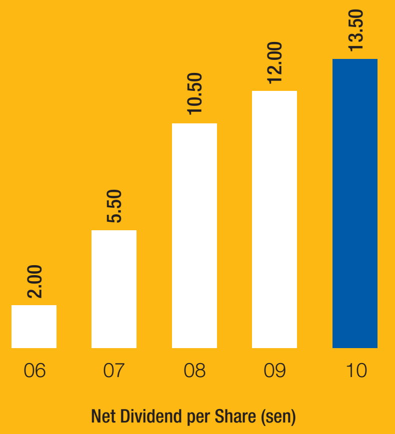
Mat Yula Bin Kasim
(President Director,
P.T. Rafi Kamajaya Abadi)

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

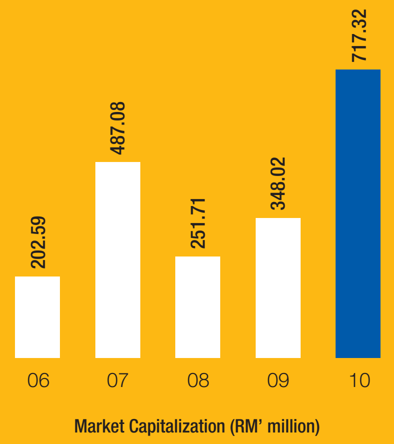
Strong Performance



Attractive Growth in Dividend Payments



Improved Share Value



STATEMENT OF COMPREHENSIVE INCOME	2006	2007	2008	2009	2010
Revenue (RM'000)	194,451	267,127	405,064	335,593	**420,440**
Pre-tax profit (RM'000)	27,323	59,944	140,686	77,487	**129,207**
Profit after tax (RM'000)	15,972	40,210	100,300	55,947	**93,331**
STATEMENT OF FINANCIAL POSITION					
Total assets (RM'000)	766,628	790,966	861,362	838,660	**929,022**
Total liabilities (RM'000)	274,202	274,378	247,616	190,792	**201,668**
Shareholders' equity (RM'000)	484,417	500,735	597,965	631,027	**709,135**
Total equity (RM'000)	492,426	516,588	613,746	647,868	**727,354**
KEY FINANCIAL INDICATORS					
Pre-tax profit margin (%)	14.05	22.44	34.73	23.09	**30.73**
Return on average shareholders' equity (%)	3.27	7.82	17.95	8.91	**13.73**
Earning per share (sen)	7.18	17.93	45.37	25.03	**41.49**
Net assets per share (RM)	2.28	2.40	2.80	2.96	**3.22**
Net dividend per share (sen)	2.00	5.50	10.50	12.00	**13.50**
Gearing ratio (times)	0.02	0.03	0.01	0.01	**0.01**
Current ratio (times)	0.96	0.94	1.18	1.39	**1.65**
Price to earning ratio (times)	13.09	12.60	2.53	6.35	**7.66**
Price to book ratio (times)	0.42	0.95	0.42	0.55	**1.01**

Financial Highlights

PERFORMANCE

- Group revenue and Pre-tax Profit increased by 25% and 67% respectively, contributed by higher production at plantation and improved performance at healthcare.
- Plantation division contributed RM119.5 mil in Pre-Tax Profit or higher by 73% compared to 2009.
- Healthcare division maintained its consecutive annual increase in profit since 2007.
- Healthy financial position with cash balance of RM176.7 mil and almost zero gearing.

"The management's management of cashflow also exhibits seldom-seen astuteness. The group can now finance its plantation expansion programme internally, unusual for a small plantation group of its size."

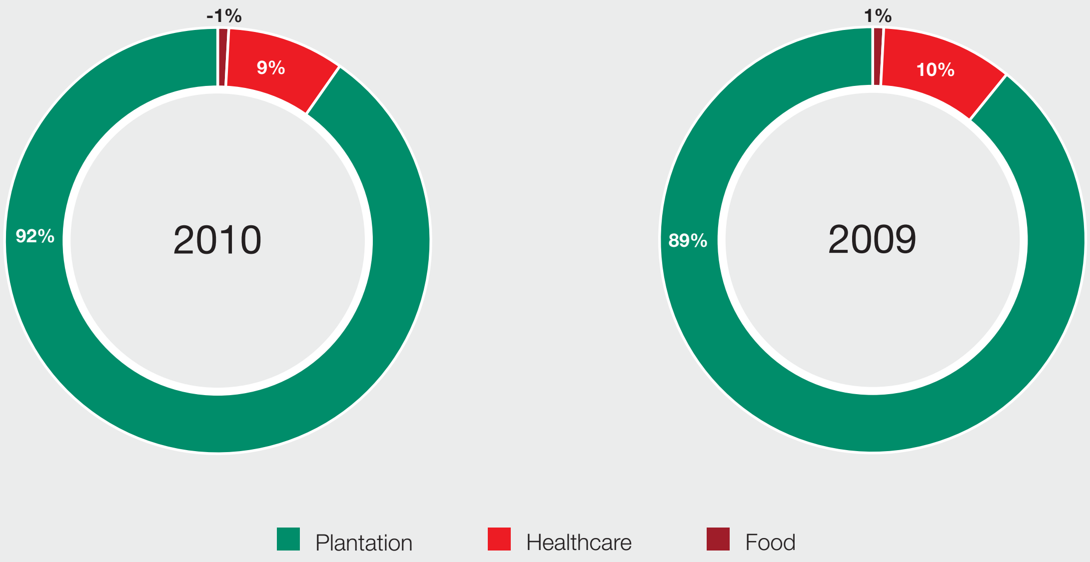
Jupiter Securities Research
4 June 2010

COMMITMENT TO SHAREHOLDERS' WEALTH

- Established a dividend policy in 2009, of at least 30% of consolidated annual net profit after tax and minority interest.
- Since our maiden dividend payment in 2007, we have paid in total RM65.4 million in dividends to our shareholders.
- Long term shareholders have enjoyed from 2006 to 2010, Total Shareholder Return (TSR) of 346%.

FINANCIAL HIGHLIGHTS

Segmental Performance - Pre-Tax Profit



2010

Pre-Tax Profit

	RM'000	
Plantation	119,505	92%
Healthcare	11,157	9%
Food	(1,486)	-1%
Others	31	0%
	129,207	**100%**

2009

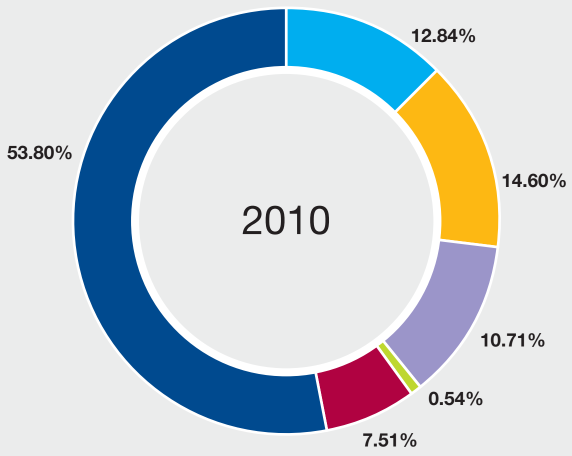
Pre-Tax Profit

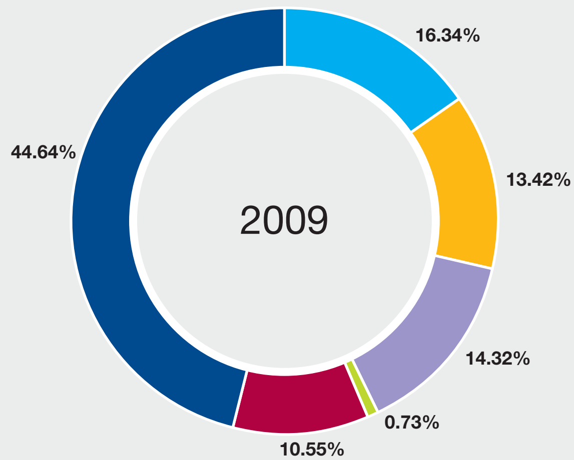
	RM'000	
Plantation	69,062	89%
Healthcare	7,570	10%
Food	893	1%
Others	(38)	0%
	77,487	**100%**

"We will be withdrawing from the food industry in order to focus our resources on what we do very well and that is our core businesses of plantation and healthcare."

FINANCIAL HIGHLIGHTS

Statement of Value Added





- To Employees - Employment Cost
- To Government - Taxation
- To Shareholders - Dividend
- To Shareholders - Minority Interest
- Retained for re-investment - Depreciation/Amortisation
- Retained for future growth - Retained Profit

	2010 RM'000	2009 RM'000
Value Added		
Revenue	420,440	335,593
Purchases of good and services	(181,824)	(180,812)
Value added by the Group	238,616	154,781
Other income	7,505	6,122
Finance expenses	(327)	(384)
Value added available for distribution	**245,794**	**160,519**

	2010 RM'000	2009 RM'000	2010 %	2009 %
Distribution				
To Employee				
Employment cost	31,554	26,226	12.84	16.34
To Government				
Taxation	35,876	21,540	14.60	13.42
To Shareholders				
Dividend	26,332	22,983	10.71	14.32
Minority Interest	1,316	1,166	0.54	0.73
Retained for re-investment				
Depreciation/Amortisation	18,470	16,934	7.51	10.55
Retained for future growth				
Retained profit	132,246	71,670	53.80	44.64
Total distribution	**245,794**	**160,519**	**100.00**	**100.00**

DEAR SHAREHOLDERS

ON BEHALF OF THE BOARD OF DIRECTORS, I AM HONOURED TO PRESENT TDM BERHAD'S ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010.

Highlights

I am delighted to be able to present to you another year of strong results by the Group, among which are the following key highlights:

- Group revenue increased by 25% from RM335.6 million to RM420.5 million
- Pre-tax profit grew by 67% from RM77.5 million to RM129.2 million
- Earnings per share increased by 66% to 41.49 sen
- Healthy net cash generated from operating activities of RM140.2 million
- Net asset per share increased by 9% to RM3.22
- All time high cash and bank balance of RM176.7 million

The streamlining of business and rehabilitation programmes which began in 2004, have enabled us to once again deliver sterling results.

Review of performance

The Group revenue and pre-tax profit for the year increased by 25% and 67% respectively, on the back of improved performances from our Plantation and Healthcare businesses.

Our Plantation Division recorded an 73% increase in pre-tax profit, benefiting from both higher production of CPO and higher CPO prices. While the industry experienced lower production of CPO, TDM registered higher CPO production driven by ongoing improvement at estates. This reaffirms our plantation rehabilitation program is right on track.

Our Healthcare Division, meanwhile, registered a pre-tax profit increase of 47% on the back of revenue growth of 19%. This is a result of an increase in patient numbers and higher hospital activities, as well as improved operational efficiencies during the year.

TDM is now on a firm financial footing, with cash reserves of RM176.7 million and almost zero gearing.

Strategic Direction

The outstanding performance of the Plantation and Healthcare Divisions validates the strategies we adopted and gives us the confidence to forge ahead in the coming years.

Our strategy to expand our land bank by investing in Kalimantan has proven to be the correct one. This investment will provide the foundation for sustainable production growth as well as income stability in the coming years.

We will continue to focus on expanding our plantations to increase our production capacity by leveraging on our competencies in the sector.

Chairman's Statement

In the Healthcare Division, we will continue to enhance our capacity, upgrade our facilities and improve our services. These continuous improvements will serve to nurture our future income stream in the sector.

As part of our strategy to grow the Healthcare Division, TDM has acquired TDMC Hospital Sdn. Bhd., a 128-bed hospital in Taman Desa. The new hospital is expected to contribute positively to the group's earnings in the coming years.

Sustainable Practices

We are committed to sustainable practices, balancing economic viability with environment and social responsibility.

TDM is firmly committed to the production of sustainable palm oil. Effective from 1 March 2011, we are now a member of Roundtable on Sustainable Palm Oil (RSPO). We expect to obtain certification for one of our mill complexes by end of 2012.

We continue to make investments in projects that support sustainable practices. During the year under review, we completed the construction of Bio-Composting Plant, which is our latest effort towards managing waste in a sustainable manner. The plant produces bio-organic fertilizer and will contribute to reduce our consumption of chemical fertilizer.

Our People

TDM's role as a responsible corporate citizen saw us exercising our social responsibility by improving the lives of the people whom we touch. This includes constantly improving the living and working conditions of our workers and their families, as well as extending our health services to the underprivileged communities around us.

We continue to reward our deserving employees with a stake in the company through an Employee Share Option Scheme. This not only provides them with a sense of belonging but also a sense of shared responsibility as they drive company's performance.

Moving forward, as our business continues to grow, our focus on human capital development will remain on top of TDM's agenda.

Rewarding our shareholders

In fulfillment of our Dividend Policy, I am pleased to announce that the Board of Directors will be recommending a final dividend payment of 13.5 sen net per ordinary share subject to shareholders' approval at the upcoming 46th Annual General Meeting.

Outlook

Looking ahead, we are optimistic that CPO prices will continue to remain buoyant, driven by the demand for edible oils, as well as the continued supply constraint on edible oil substitutes like soy and corn.

Meanwhile, in order to capitalize on the expansion in investment in the private healthcare sector and medical insurance, we will continue to improve the capacities and the quality of our services.

I am confident that with the wise counsel from the Board of Directors, together with the professionalism of the management and guidance of our stakeholders, TDM will continue to flourish.

Acknowledgements

I would like to take this opportunity to thank each and every one of the employees and the management team for their contribution to TDM's growth. Your commitment, hard work and contributions have been crucial to the excellent performance in 2010 and will be the backbone of our future expansion.

Y. Bhg. Datuk Haji Roslan
Bin Awang Chik
Chairman


Our financial position and capabilities allow us to forge ahead with confidence in managing future challenges.

TODAY, TDM IS A STRONGER COMPANY.
SINCE OUR REHABILITATION PROGRAMME, WHICH STARTED IN 2004, WE HAVE GROWN OUR REVENUE OVER 80% AND INCREASED PROFIT 407%. OUR MARKET CAPITALISATION WENT UP 269%.

IN ADDITION, DIVIDEND PAYMENT TO SHAREHOLDERS INCREASED STEADILY SINCE THE MAIDEN PAYMENT IN 2007. THIS IS A STRONG REFLECTION OF SOLID FINANCIAL PERFORMANCE, AS WELL AS TDM'S STATEMENT OF IMPROVING SHAREHOLDERS' WEALTH.

WE ALSO CONTINUED TO MAKE TANGIBLE PROGRESS TOWARDS IMPROVING OUR POSITIONING, AS PER OUR STRATEGIC DIRECTION, TO BECOME A NEWLY IMPROVED ENTITY.

2010 was an outstanding year for TDM. Our group revenue and pre-tax profit increased significantly, by 25% (to RM420.5 million) and 67% (to RM129.2 million), respectively.

The commendable results were largely attributed to the "Excellent Operational Efficiency" programme, which resulted in improved Fresh Fruit Bunch (FFB) yields and reduction of production cost for the Plantation Division. This was a direct effect of the improved estate practices. In the Healthcare Division, our improved efficiency and facilities, as well as better services, had attracted more patients to our hospitals.

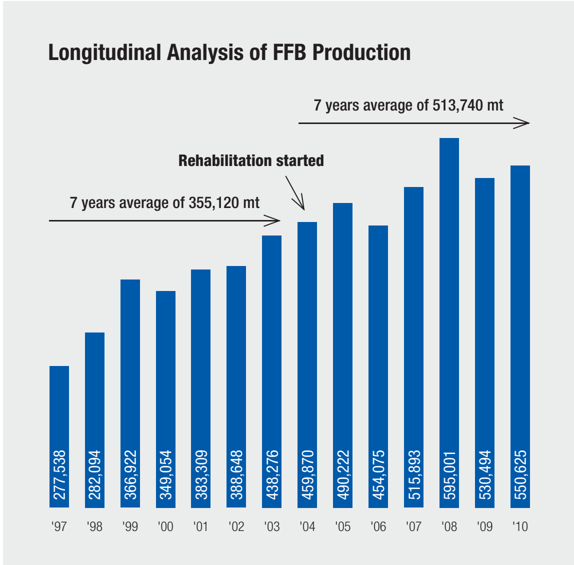
Going forward, our aim is to sustain these improvements. Because of the many developments that we have initiated (for example, expansion in Kalimantan) has yet to show impact on our finance, we expect this growth to be sustainable in the foreseeable future.

Chief Executive Officer's Review

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

Plantation Division

With the ravenous global demand for edible oils, TDM is optimistic that CPO prices will continue to remain firm in 2011.



"…earning growth over the past 4 years have been wrought by the management's pursuit of productivity gains. This is clearly seen in TDM's 4-year earnings CAGR of 35.8 %."

Jupiter Securities Research
4 June 2010

"…TDM's fundamentals have shown a notable improvement since the re-engineering …in 2004…It has resulted in higher productivity and increased cost efficiency…"

HLG Research
2 August 2010

Compared to the previous year, the Plantation Division registered an 73% increase in pre-tax profit, to reach RM119.5 million (the second highest profit in TDM's 46 year history) on the back of revenue of RM316.4 million, which was an increase of 31%.

Although the industry experienced challenges in the form of adverse weather conditions and biological tree stress that resulted in a decrease in industry production, TDM was able to improve its CPO production by 7%. This enabled us to capitalise on the buoyant CPO prices, which increased from RM2,515 (January 2010) to RM3,620 (December 2010).

During the period under review, total FFB production increased by 3.8%, to reach 550,625 metric tonnes. This was a tremendous achievement by the rehabilitation programme.

Improving performance through better yields and expansion

TDM's focus will be to further improve the productivity, yield and efficiency of our operations, while simultaneously try to lower the cost of production. We believe these initiatives will keep TDM on the right path for further growth.

PLANTATION DIVISION

TDM now manages 12 oil palm estates, with a total planted area of 33,284 hectares in Malaysia, and another 2,000 hectares which have been planted in Kalimantan, Indonesia. The planted hectarage in Kalimantan is expanding very fast. Our future growth is set to come from this part of our business.

In addition to ensuring the sustainability of the division's growth, Kalimantan also offers the potential for better yields. The land in Kalimantan is more fertile, flatter and receiving better rainfall distribution than the ones in Terengganu.

To date, 25,000 hectares has been acquired from a plan of 40,000 hectares in Kalimantan. Our goal is to complete the planting exercise for the first 20,000 hectares within the next 3 years.

Going forward, we shall be looking at acquiring more land in Malaysia and Kalimantan, particularly those that are adjacent to our current land banks, with the long term objective of enlarging our planted area to 100,000 hectares.

Efficiency and sustainable practices

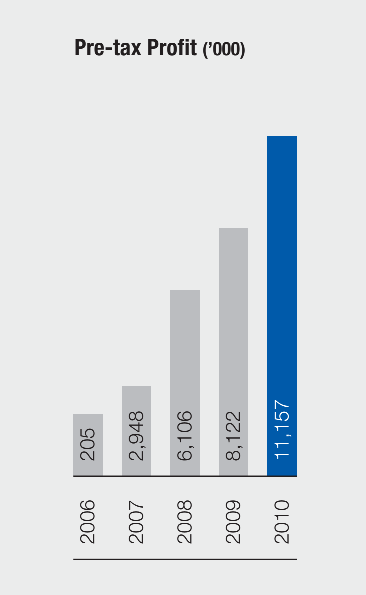
We subscribe to good agricultural practice and inspired by the best in the industry. We have introduced the latest agronomics advances in oil palm cultivation, concentrating on the best sustainable practices in estate management. This includes efficient use of water and nutrients, stricter harvesting and processing routines, with the aim of continuously improving yield and profitability.

Palm nutrition remains integral toward good harvest. Quality fertilizers, both inorganic and organic, are used with uncompromising efficacy.

TDM has been accepted as a member of RSPO effective 1 March 2011. The certification programmes will commence with pre-assessment audit in 2011. We expect to obtain certifications for one of our mill complexes by end of 2012. Additionally, we have also commenced our initiative to obtain certifications by MPOB under its Code of Good Agricultural Practices.

The year under review also saw the commissioning of our Bio-Composting Plant, which marked a significant milestone in our effort towards managing waste in a sustainable manner. Located at the Sungai Tong mill, it uses oil palm waste such as empty fruit bunches (EFB) and palm oil mill effluent (POME) to produce bio-organic fertilizer (for use in direct field applications). With the bio-organic fertilizer, TDM will be less reliant on chemical fertilizer. This practice helps to lower fertilizer costs for the company.

TDM's focus will be to further improve the productivity, yield and efficiency of our operations, while simultaneously try to lower the cost of production. We believe these initiatives will keep TDM on the right path for further growth.



Healthcare Division

With the Kuala Terengganu Specialist Hospital recording its maiden profit since commencing operations in 2006, all three hospitals are now profitable and have maintained the Division's consecutive annual increase in profit since 2007.

The Healthcare Division performed robustly in 2010, registering a 19% increase in revenue (to RM78.0 million) and a 47% rise in pre-tax profit (to RM11.2 million). The year under review saw a 5% increase in the number of patients being treated at our hospitals.

With the Kuala Terengganu Specialist Hospital (KTS) recording its maiden profit since commencing operations in 2006, all three hospitals are now profitable, maintaining the Division's consecutive annual increase in profit since 2007. The growth was achieved despite the challenge of rising operating costs and increasing competition (especially from newly established private hospitals).

TDM's brand of no frills healthcare services continued to gain acceptance. The annual double digit growth since the rehabilitation programme initiated, testify to this. The profit margin also improves. These achievements were made despite the (current) space limitations at our hospitals.

Operational efficiencies, improved marketing efforts and an increase in the number of consultants have enhanced our capabilities. This had allowed more major surgeries to be performed throughout 2010. While we will continue with our improvements, we will also expand through upgrading of our facilities and acquiring new hospitals.

TDM's brand of no frills healthcare services continued to gain acceptance. The annual double digit growth since the rehabilitation programme was initiated, testify to this.

Operational efficiency, improved marketing efforts and an increase in the number of consultants have enhanced our capabilities. This had allowed more major surgeries to be performed throughout 2010.

The Government has announced a tax exemption equivalent to 100% of qualifying capital expenditure incurred from 1 January 2010 to 31 December 2014, for the construction of new hospitals or for expansion/ modernisation/ refurbishment of existing hospitals. We intend to take advantage of this incentive for our upcoming expansion program.

Challenges from increasing competition

Improved standards of living encourage more Malaysians to invest in medical health insurance, enabling them to seek private specialist treatment. This resulted in an increase in private healthcare facilities being set up, a common phenomenon of an improving and maturing economy, like what Malaysia is experiencing.

We are optimistic that we will be able to overcome the challenges from the increased competition. Our effort in improving the quality of our services; introducing new state of the art technology; implementing initiatives to maximise customer satisfaction; and maintaining our competitive pricing policy will sustain our competitive advantage.

In 2010, the industry continued to face a shortage of pharmacists and nurses with special skills. TDM responded by continuing to sponsor and train our own pool of staff. Our group approach is to attract, retain and develop talent.

Expanding our services

To meet the increasing need of quality but affordable healthcare, TDM is continuously improving its capability and capacity. These include upgrading the number of beds at all our hospitals, as well as the construction of the new 150 bed Kuantan Medical Centre (KMC) in Indera Mahkota, which will have a 12-bed intensive care unit and 5 operating theatres. It is scheduled to be completed by Q2 of 2013.

Once the new purpose-built hospital is in operation, it will enhance TDM's offering of a no frills but quality healthcare service. This division will contribute significantly to the growth of TDM's profit.

COMMITMENT TO SHAREHOLDERS' WEALTH

In 2007, we made our first ever dividend payment to shareholders. In 2009, we made another milestone when our Board approved our Dividend Policy (in which we endeavour to payout dividends of at least 30% of consolidated annual PATAMI).

Our focus is to continue rewarding our shareholders. In doing so, we are taking special efforts to grow the core businesses and improve operational efficiency, which will surely be reflected in the growth of our dividend payout.

In respect of the financial year ended 31 December 2010, we will be recommending a 13.5 sen dividend per share. This payout is equivalent to 33% of PATAMI, fulfilling our expressed commitment in the dividend policy.

If an investor had bought 1,000 ordinary shares of TDM Berhad on 30 December 2005 (at RM0.78 per share or RM780), the investment value on 30 December 2010 was worth RM3,180 (based on a share price of RM3.18). If we take into consideration of all dividends received from 2007 until 2010, the Total Shareholders Return (TSR) for the investment in TDM is equivalent to 346%. I think TDM has done very well for its investors.

ACKNOWLEDGEMENT

The transformation programmes and rehabilitation exercise in each of our divisions have reaped the desired results. This was evidenced by our financial performances over the past few years, which is a direct reflection of the efforts by all employees, at every level, including the members of the board. They are the foundation on which we have built our success. I would like to put on record my thanks and appreciation for their tireless contributions and support.

I would also like to thank our customers and business partners, as well as the authorities and stakeholders, whose support and contributions have been instrumental to our continued success.

We still have a long way to go before we achieve our goals of being in the top tier of the oil palm industry. I believe we are on the right track as our strategies in focusing on our core businesses, and the Plantation Division's expansion to Kalimantan will slowly but surely deliver the desired results.

The journey to the top will be a long and arduous one, but with the people that we have in place, I am confident we will continue to forge ahead and continue to deliver the returns to our stakeholders.

We believe we have positioned ourselves to capture the most attractive growth and profit opportunities in our history.

Badrul Hisham Bin Mahari
Chief Executive Officer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Corporate Social Responsibility

The Fun-To-Learn program is designed to enhance the life skills of children in the estate community through fun activity based programs and experiential learning.

CORPORATE SOCIAL RESPONSIBILITY

Preserving the planet and empowering people for the future

TDM is in the business of harvesting the gifts of nature and healing people, so nurturing is in our nature and we have adopted the same approach to sustainability with our philosophy towards People, Planet and Profit.

We strive to achieve a sustainable approach as we balance the needs of our stakeholders and the planet, while creating sustainable wealth through good governance and ethical practices, reflected in how we care for the environment to ensure that it is not adversely impacted by our business.

Meanwhile, every effort is made to care for the people whose lives we touch – our staff and their families, clients, suppliers and the communities surrounding us – by conducting our business practices in a fair and responsible manner, while enhancing their quality of life through community growth and development, as well as activities that positively impact our customers, employees, the community and environment.

PEOPLE

Workplace

Nurturing talent, motivational training, personal development and continuous learning are TDM's approaches to sustainability in the workplace. As we forge ahead, we are taking our people with us and we want to create healthy and productive work environment where they are able to excel.

TDM has in place an Occupational Safety and Health policy, where we strive to ensure preventive and safety measures are entrenched in our working environment.

Employees are encouraged to maintain a healthy and balanced life style, which is complemented with medical check-ups and health screenings when required.

The health and safety initiatives to increase safety awareness among employees is also designed to reduce workplace injury while reducing loss of workdays due to injury.

To inculcate the culture of safety further, training sessions on fire safety, defensive driving and CPR, as well as health talks were carried out throughout 2010.

In terms of staff welfare, activities are being carried out for the benefit of our people and their families to enhance quality work-life balance. The company has been actively supporting the setting up of 15 nurseries and 7 kindergartens in all the estates. Free transportation is also provided to ferry the children to and from the facilities.

Since 2005, 195 units of new staff housing has been built with 28 units built in 2010 for the benefit of the staff and their families.

In 2010, poor families in the estates received zakat from the company in amounts ranging between RM300.00 – RM500.00 each, and a total sum of RM140,200.00 has been distributed.

A new surau was also constructed at the Ladang Jerangau estate at a cost of RM105,000.00, while the upgrading and renovation of other mosques and suraus in all the estates together with contributions to the estate schools came to a total of RM421,169.00.

Staff and their families also enjoyed specially organized activities such as sports carnivals, gotong-royong to spruce up their living quarters, Family Day, and a Hari Raya Open House. An Award Ceremony was also held during which cash awards were given to children of staff who excelled in examinations or had gained admittance to institutions of higher learning, in addition to the education allowances already allocated for them.

Meanwhile, special activities were also conducted by TDM's "Kelab Sukan & Kebajikan" for staff and families to bring everyone closer and they included a Family Day at De'Rhu Beach Resort in Kuantan; an excursion to Rantau Panjang in Kelantan; a picnic during which bubur asyura was cooked; grooming classes and aerobics for female staff; and futsal sessions.

Community

It is also part of TDM's philosophy to be a positive and active participant in the communities where we are present by responding to and assisting in critical social issues such as education, poverty eradication, infrastructure amenities development and healthcare.

The company sponsors sports events and tournaments, provides contributions for schools in the estates to carry out their activities, as well as support programmes organized by the community.

A community centre called 'Infodesa' was launched in March 2011. The centre was purposely built for the benefits of the surrounding communities.

TDM's healthcare expertise continuously contributed towards community service and the medical centres – Kelana Jaya Medical Centre, Kuantan Medical Centre and Kuala Terengganu Specialist Hospital – actively participate in educating and serving the community through public health talks, community service programs and health screenings.

Together with TDM's healthcare professionals, community outreach programs providing health screening, exhibitions and blood donations drive in support of the government's healthy lifestyle campaign are regularly held. During 2010, a total of 72 programs were held by the 3 hospitals.

Fun-To-Learn

Many who have grown up on estates find it difficult to break out of the proverty cycle and one of the main reasons is the lack of education, life skills and opportunities.

The Fun-To-Learn program is designed to give something back to the estate community for their contribution to the growth of the company by improving their quality of life in a fun and exciting way through activity based programs and experiential learning.

Fun-To-Learn provides additional learning platforms for primary school children of the estate workers to enhance their life skills which will aid them as they grow so that they can realize their full potential at home, in school and for the community.

Exposure to the programmes under the project has benefited not only the children of the estates but also our staff whose enthusiasm to contribute have enlightened their perspective on the values of the Company.

CORPORATE SOCIAL RESPONSIBILITY

Each programme was headed by a multitude of staff members, and assisted by other volunteers in its implementation, from planning the theme, preparing the budget up to the execution of the programme and debriefing session after the programme ends.

Employee involvement is on a voluntary basis and as programmes are conducted during weekends and school holidays, they have the opportunity to be involved with the respective communities, and along the way pick up new skills in organising and managing an event, experience personal development and foster closer ties with colleagues.

Every programme carries a different theme and students are encouraged to take notes and document on what they have learned or discovered, which is then kept in their personal file. The students are then required to participate in group discussions, and give a presentation on what they have learned.

The tools and guidebooks for the programme are developed based on the theme, complemented by plan-do-review sheets for continuous evaluation and improvement to provide measurable impact on the child's four Cs – Competence, Connectivity, Character and Confidence.

To make it more fun and motivational, attractive prizes are given to those who answered questions correctly during quizzes as well as for the best presentation. This also serves as a form of assessment on whether the programme has met its objective.

Debriefings and post mortem sessions were also held to look into areas of improvement and for the planning of future programmes, which have to date involved 185 employees and benefited 168 children in the Ladang Pelantoh, Ladang Tebak and Ladang Air Jerneh estates as well those from the Kemaman Palm Oil Mills Complex.

Although the program was not based around developing academic excellence, the 2009 pilot programme also resulted in significant improvement in the academic performance of the children, particularly during the year-end examinations.

Feedback from the teachers indicated that the students show more self confidence and are more participative in class, possibly as a result of the motivational and skill building modules that we conducted and the fun learning activities which capture their interest and encourage them to discover and learn even more.

Fun-to-Learn Programmes conducted in 2010 focused on motivation and career options, featuring parent-child motivation sessions, role playing and a visit to the Kuantan naval base where children and parents were introduced to the career options offered by the Navy as well a tour of the naval vessel KD Perak.

PLANET

TDM's approach and philosophy towards how we treat the planet stems from our respect for it as the source that nourishes and feeds us and our future generations.

As such, sustainable development is at the core of everything that we do and frames the priorities of our business and operational policies. We are committed to protecting the environment over and above the compliance to existing legal requirements including adopting Good Agricultural Practices (GAP) and initiatives to improve the soil condition, preserve biodiversity and reduce waste.

TDM has always benchmarked itself against the industry's GAP as well as the Roundtable for Sustainable Palm Oil (RSPO) guidelines, which together serve as our protocols for working in harmony with the planet.

In the estates, TDM applies the latest agronomic advances in oil palm cultivation, concentrating on the best sustainable practices in estate management including efficient use of water and nutrients, as well as stricter harvesting and processing routines, in order to continuously improve production yields and profitability.

Our work processes is now being audited by the Malaysian Palm Oil Board (MPOB) under its Codes of Best Practices, and Ladang Jaya has been certified.

Effective 1st March 2011, we attained RSPO membership and is currently preparing for certification and a pre-assessment audit in 2011; after which we expect to obtain certification for one of our mills complexes by the end of 2012 and another by 2013.

Soil Conservation
To minimize soil erosion, TDM practices the planting of leguminous crops such as 'Mucuna bracteata', a species of legume that protects surface soil from erosion and recycles plant nutrients while enhancing the soils' organic and moisture content.

Where there are terraces on hilly terrain, the vigorous Guatamala grass (Tripsacum luxam) is planted along high-risk erosion areas at stream embankments and near bridges to bind the soil.

TDM also practices "zero burning" which ensures that the existing vegetative growth is not destroyed and helps to minimize soil erosion, complemented by the use of chipped trunks of felled palm trees, which act as soil cover.

The zero burning policy is a cleaner and greener approach for land clearing activities during replanting program which at the same time enhance soil fertility by replenishing organic matter and improving the soil's physical properties.

Meanwhile, inorganic fertilizers such as Nitrogen, potash and phosphate are used to supply nutrients to the palms, while organic fertilizers are used to improve soil structure and uptake of nutrients by the palms.

Integrated Pest Management
TDM's Integrated Pest Management policy involves a combination of methods to control and suppress pest populations below the economic injury-causing level.

To control and eradicate the rat population, both the traditional use of bait and eco-friendly system method of barn owls are used to complement each other for a complete approach and all estates now have breeding boxes to attract the "Tyto Alba" species of owls.

Trunk injection was used for destroying beetles, which has proven effective as there is no longer a problem at the estates, while nectariferous plants such as Turnera Subulata, Antigonon Leptopus and Cassia Cobanensis are planted to attract predatory insects which destroy back worms and nettle caterpillars.

Weed Control
TDM adopts a "clean circle" approach, which is maintained to provide unimpeded access to palm trees while establishing desirable ground vegetation species and eradicating inter row competitive species. Meanwhile, all roads are kept reasonably clean of weeds.

In keeping with TDM's philosophy of being in harmony with the planet, the use of herbicides is kept to a minimum to achieve equilibrium in weed and ground coverage.

Bio-Organic Fertilizer
The minimal use of chemical materials is now further complemented by TDM's new RM3.4 million bio-composting plant located at the Sg. Tong Mill, which can produce 2,000 mt./per month of organic fertilizer. This is then applied in our plantations using mechanical fertilizer spreaders to ensure even distribution which optimizes cost while maximizing the recovery of applied nutrients.

Waste Control
Under TDM's waste management policy, which also reduces the reliance on inorganic fertilizer and keeps costs down, by-products from the mills such as empty fruit bunches (EFB) are recycled as material for the bio composting plant to produce bio-organic fertilizer or incinerated to produce ash which is used for direct field applications.

PROFITS
In carrying out our responsibilities towards our stakeholders to create opportunities and the conditions for sustainable growth, TDM has strived to provide optimal profit by investing in core business expansion & improving operational efficiency.

We remain focus on strong corporate governance practice and risk management during the period

Among the initiatives undertaken to further develop how we practice Corporate Governance and risk management during the period under review included adopting new guidelines on Delegated Authority Limit, which sets the limit on the quantum each level of authority is authorized to approve, covering all levels from management to the Board of Directors.

Also introduced was the formation of the Tender Committee and E-procurement system to ensure greater transparency in how we deal with our business partners as well as how they deal with us.

Under TDM's dividend policy, we also strive to provide sustainable dividends to shareholders which are consistent with earnings growth and declare a dividend of at least 30% of the consolidated net profit after tax and minority interest annually, subject to availability of distributable reserves.

Plantation Statistics

		Total Hectarage Managed By TDM Plantation Sdn Bhd (Hectares)	Group's Owned Plantation (Hectares)	Other (Hectares)
Oil Palm				
Mature Hectarage		32,471	25,737	6,734
Immature Hectarage		95	95	–
New Planting		591	591	–
Other Crop				
Mature Hectarage		127	127	–
Immature Hectarage		–	–	–
Total Planted		**33,284**	**26,550**	**6,734**
Hectarage by Company / Division				
Sublease	Mature	10,354	6,006	4,349
	Immature	–	–	–
TDM Capital Sdn Bhd	Mature	1,796	1,796	–
	Immature	–	–	–
Kumpulan Ladang-Ladang Trengganu Sdn Bhd	Mature	17,935	17,935	–
	Immature	95	95	–
	New Planting	591	591	–
	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		**33,284**	**26,550**	**6,734**

Production / Company / Division (Metric Tonne)	
Oil Palm	
FFB Production (MT)	550,625
FFB Processed Own (MT)	510,287
FFB Processed Outside Mill (MT)	29,365
FFB Sold to 3rd Party (MT)	10,733
FFB Purhased (MT)	26,140
CPO Production (MT)	107,806
Palm Kernel Production (MT)	28,615
Extraction Rates (%) - CPO	20.00%
Extraction Rates (%) - PK	5.29%

Statement on Corporate Governance

The Board of Directors of the Company believes that good corporate governance is vital in achieving good long term performance and continuous growth. Therefore the Board strongly supports the recommendations of the Malaysia Code on Corporate Governance ("Code") and Corporate Governance Guide ("CG Guide") issued by Bursa Malaysia.

The Board is continuously strengthening the governance practices in order to safeguard the shareholders' investment and enhancing shareholders' value as well as the interest of other stakeholders.

The Board is pleased to report below the manner in which the Company has applied the principles of the CG Guide and the extent of compliance with the Best Practices provisions.

A. 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.

Board Balance

The Board, as at the date of this statement, consists of seven (7) members, all of whom are Non-Executive Directors (including the Chairman). Two (2) of the Directors are Independent and five (5) are Non Independent.

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

There is a distinct and clear division of responsibility between the Chairman and Chief Executive Officer to ensure that 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 provides 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, and the long term interests of stakeholders are considered. 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 is the Senior Independent Non-Executive Director of the Board 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.

Board Committee

In order to enhance business and operational efficiency, the Board has delegated specific responsibilities to three sub-committees, namely Audit Committee, Nomination & Remuneration Committee and Employees' Shares Option Scheme Committee.

(a) Audit Committee

A full Audit Committee report detailing its membership, role and activities is presented on pages 49 to 52 of this annual report.

(b) Nomination & Remuneration Committee

The Nomination & Remuneration Committee consists of three (3) members whom two (2) are Independent Non-Executive Directors and one (1) is Non-Independent Non-Executive Director.

- Haji Zakaria bin K C Ahammu (Chairman)
- Abdul Mutalip bin Sulaiman
- Haji Long Bin A. Rahman

The Committee recommend all new appointment to the Board, 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.

(c) Employees' Shares Option Scheme Committee

During the year, Employees' Shares Option Scheme Committee has been established with the objective to administer the Scheme.

The following is the membership of Employees' Shares Option Scheme Committee as at the date of this statement:

- Y. Bhg. Datuk Haji Roslan bin Awang Chik (Chairman)
- YB Dato' Haji Abdul Razak bin Ismail
- Y. Bhg. Dato' Haji Adzlan bin Mohd Dagang
- Haji Long Bin A. Rahman

All the above mentioned committees have the authority to examine particular issues and report to the Board with their recommendations. The ultimate responsibility for the final decisions on all matters however lies entirely with the Board.

Meetings of Directors

The Board meets regularly to review corporate strategies, operations and performance of business units within the Group. There were twelve (12) Board of Directors' meetings held during the financial year ended 31 December 2010. The number of meetings attended by each director is as follows:

Members	No. of meetings attended	%
Y. Bhg. Datuk Haji Roslan bin Awang Chik (Chairman)	12/12	100
YB Dato' Haji Abdul Razak bin Ismail	12/12	100
Y. Bhg. Dato' Haji Adzlan bin Mohd Dagang	11/12	91.67
Haji Long bin A. Rahman	12/12	100
Haji Zakaria bin K C Ahammu	12/12	100
Wong Shew Yong	11/12	91.67
Haji Abdul Mutalip bin Sulaiman (Appointed on 18 May 2010)	7/7	100

Appointment to the Board

A Nomination & Remuneration Committee has been set up to recommend 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.

Supply of Information

The Board is supplied with timely and sufficient information. Advance notice is given for all scheduled meetings 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. The Board papers include, among others, the following details:

- Minutes of previous Board meeting(s);
- Quarterly performance report of the Group;
- Quarterly financial statements to Bursa Malaysia Securities Berhad; and
- Major operational, financial and corporate issues.

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 the Company's expense.

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 2010 were as follows:-

- Powering Business Sustainability
- Palm & Lauric Oils Conference & Exhibition
- Transforming Organisations Through Changing Mindsets and HRD Strategies
- Promoting the Corporate Governance
- National Procurement Guidelines Forum Understanding the Integrity Pact and the Do's and Don'ts of Government Procurement
- Marketing for Directors and and Senior Executives
- Employee Tax Issues – Impact Employer and Employees
- Seminar Kesedaran Cukai Barangan dan Perkhidmatan

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 once 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 the Nomination & Remuneration Committee (NRC). The NRC has a structured procedure for the Board to approve the remuneration of all Non Executive Directors which is based on their 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 2010 are stated as below:

	Group (RM'000)	Company (RM'000)
Executive Director		
Fees and other emoluments	274	–
Share based payment	33	–
Non-Executive Directors		
Fees and other emoluments	1,305	577
Benefits-in-kind	141	22
Share based payment	735	529
Total	**2,488**	**1,128**

The aggregate remuneration of Directors of the Company for the financial year ended 31 December 2010, in respective bands as follows:-

Range of Remuneration	No. of Directors
Non-Executive Directors	
Below RM50,000	1
RM50,001 to RM100,000	1
RM100,001 to RM150,000	–
RM150,001 to RM200,000	4
RM200,001 to RM250,000	–
RM250,001 to RM300,000	–
RM300,001 to RM350,000	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 ("Bursa Securities"). All major developments of the Group and other information are communicated to 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 Bursa Securities;

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

(v) Various announcements which can be accessed at any time through the Bursa Securities' website at (http://www.bursamalaysia.com)

Annual General Meeting

The Annual General Meeting ("AGM") is the crucial mechanism in shareholders' communication. It gives an opportunity to 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 the AGM and the Chairman will explain to members of the media on 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 statements 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 Y. Bhg. Datuk Haji Roslan bin Awang Chik and Abdul Mutalip bin Sulaiman is set out on page 60 of this annual report.

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 key management from each business segment including the Board and is designed to meet the Group's particular needs and to manage the risks which it is 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 of this annual report.

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 statement is made in accordance with a resolution of the Board of Directors dated 19 February 2011.

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. We practise the principles on the basis of integrity, mutual trust and respect. These value are essential to our long-term, mutually beneficial relationships.

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.

We shall 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. 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.

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.

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 2010.

Membership and Meetings

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

Members	Status of Directorship	Attendance of meetings
Haji Abdul Mutalip bin Sulaiman (Chairman) (Appointed on 18 May 2010)	Independent Non-Executive Director	4/4
Haji Zakaria bin K C Ahammu	Senior Independent Non-Executive Director	8/8
YB Dato' Haji Abdul Razak bin Ismail (Appointed on 13 December 2010)	Non-Independent Non-Executive Director	N/A
Haji Long bin A. Rahman (Resigned on 13 December 2010)	Independent Non-Executive Director	8/8

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

Summary of Activities

The Committee carried out the following activities in discharging their duties and responsibilities:

Internal Controls

- Evaluated the overall effectiveness of the system of internal controls through the review of the results of work performed by internal and external auditors and discussions with key senior management.

Financial Results

- Reviewed the quarterly results and the audited annual financial statements of the Company and the Group before recommending to the Board for their approval and release of the Group's results to the Bursa Malaysia Securities Berhad ("Bursa Securities") focusing on the following areas, where relevant:
  - Listing Requirements of Bursa Securities;
  - Provisions of the Companies Act, 1965;
  - Applicable approved accounting standards.

External Audit

- Reviewed with the external auditors, their audit plan for the financial year ended 31 December 2010 to ensure that their scope of work adequately covered the activities of the Group;
- Reviewed the results and issues arising from their audit of annual financial statements and their resolution of such issues highlighted in their report to the Committee;
- Recommended to the Board their re-appointment and remuneration.

Internal Audit

- Reviewed with the internal auditors, their audit plan for the financial year ended 31 December 2010 ensuring that principal risk areas were adequately identified and covered in the plan;
- Request any special audit or investigation required to be conducted for the year;
- Reviewed and deliberated on total of seven (7) audit reports by the Internal Audit Department of the Company;
- Reviewed the recommendations by internal audit and representations made by the management in addressing the issues raised;
- Reviewed the necessary corrective actions taken by the management in addressing and resolving issues as well as ensuring that all issues were adequately addressed on a timely basis;
- Reviewed the adequacy and relevance of the Internal Audit Charter.

Related Party Transactions

- Reviewed related party transactions for compliance with the Listing Requirements of Bursa Securities and the appropriateness of such transactions.

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 the 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 internal audit 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. A report was tabled at the Audit Committee Meeting.

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:-

1) To review the following and report the same to the Board of Directors:

   (a) with the external auditors:
   (i) the external audit plan,
   (ii) the evaluation of the system of internal control; and
   (iii) the external audit report.

   (b) assistance given by the Company's officers to the external auditors;

   (c) adequacy of the scope, functions, competency and resources of the Internal Audit Department and that it has the necessary authority to carry out its works;

   (d) the internal audit programme, processes, the results of the internal audit programme or investigation undertaken and whether appropriate action is taken on the recommendations of the internal audit function;

   (e) the quarterly financial report and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
   (i) changes in or implementation of major accounting policy;
   (ii) significant and unusual events;
   (iii) the going concern assumption; and
   (iv) compliance with accounting standards and other legal requirements.

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

   (g) Letter of resignation from the external auditors and its written explanations, if any; and

   (h) whether there is any reason (supported by grounds) to believe that the external auditors is not suitable for reappointment.

2. To consider the nomination of external auditors.

3. To review the functions of internal audit department that reports directly to the Audit Committee.

4. To perform such other functions as may be agreed by the Audit Committee and the Board of Directors.

   The authority, responsibility and specific duties of the Audit Committee are set out in the Audit Committee Charter.

Audit Committee Charter

1.0 Composition

1.1 The Audit Committee shall comprise at least three (3) Directors which all the audit committee members must be non-executive directors, with a majority of them being independent directors. There shall be at least one (1) member of the committee who is:

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

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

i. he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or

ii. 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

c) i. a degree/masters/doctorate in accounting or finance and at least 3 years' post qualification experience in accounting or finance; or

ii. at least 7 years' experience being a Chief Financial Officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

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

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

1.3 No alternate director should be appointed as a member of the Committee.

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

2.0 Authority

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

2.1 have authority to investigate any matter within its terms of reference;

2.2 have the resources which are required to perform its duties;

2.3 have full and unrestricted access to any information pertaining to the Group;

2.4 have direct communication channels with the external auditors, and person(s) carrying out the internal audit function;

2.5 be able to obtain independent professional or other advice; and

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

3.0 Responsibility

The Audit Committee is to serve as a focal point for communication between non-audit committee directors, the external auditors, internal auditors and the Company's management as their duties relate to financial accounting and reporting, and controls. The Audit Committee is to assist the Board of Directors in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and all subsidiaries and the sufficiency of auditing relative thereto. It is to be the Board's principal agent in assuring the independence of the Company's external auditors, the integrity of management, and the adequacy of disclosures to shareholders.

4.0 Meetings

Meetings shall be held not less than four (4) times a year with minimum two (2) times with the external auditors without the presence of management and executive board members.

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. If necessary or desirable, the Chairman may request that members of the management, the Head of Internal Audit and representatives of the external auditors be present at meetings of the committee.

During the financial year under review, the Audit Committee held eight (8) meetings.

5.0 Specific Duties

The Audit Committee is to:

5.1 Review with the Company's management, external auditors and the internal auditor, the Company's general policies and procedures to reasonably assure the adequacy of internal accounting and financial reporting controls.

5.2 Make all necessary enquiries of management and the external auditors concerning established standards of corporate conduct and performance, and deviations there from.

5.3 Review the scope of audit and general extent of the external auditors' examination, including their engagement letter.

5.4 Review with management and the external auditors upon completion of their audit, financial results for the year prior to the release to the public. This review is to encompass:

(i) significant transactions not forming a normal part of the Company's operations;

(ii) changes, if any, during the year in the Company's accounting principles or their application; and

(iii) significant adjustments proposed by the external auditors.

5.5 Evaluate the cooperation received by the external auditors during their examination, including their access to all requested records, data and information. Also, elicit the comments of management regarding the responsiveness of the external auditors to the Company's needs. Enquire the external auditors whether there have been any disagreements with management, which if not satisfactorily resolved would have caused them to issue a non-standard report on the Company's financial statements.

5.6 Discuss with the external auditors any relevant recommendations, which the external auditors may have. Topics to be considered during this discussion include improving internal financial controls, the selection of accounting principles, and management reporting systems. Review written responses of management to the letter of comments and recommendations from the external auditors.

5.7 Review the scope and results of the internal audit procedures and discuss with the Company's management the remedial actions taken on the areas that need improvement.

5.8 Recommend to the Board of Directors the retention or non-retention of the external auditors.

6.0 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.

7.0 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.

The approval of the Board for this report was obtained on 7 February 2011.

Abdul Mutalip bin Sulaiman
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 15.25(b) of the Listing Requirement of Bursa Malaysia Securities Berhad. The following statement outlines the Group's key elements of an internal control system for the financial year ended 31 December 2010.

Board Responsibility

The Board affirms its overall responsibility for maintaining sound internal control systems, and for reviewing the adequacy and integrity of those systems. The system of internal control covers risk management, financial, operational and compliance controls. In view of the limitations that are inherent in any system of internal control, it is imperative to note that the systems are designed to mitigate rather than eliminate the risk of failure to achieve business objectives. Accordingly, the system can only provide reasonable, but not absolute, assurance against material misstatement, loss or fraud.

Risk Management

The Board recognises that risk management is an integral part of the Group's business operations and is important for the achievement of the business objectives. The management established Group Risk Management Committee led by the Chief Executive Officer with the responsibility to identify the risks faced by the Company and the Group. This is conform to Part 2 of the Bursa Malaysia Corporate Governance which states that the Audit Committee must determine that management has implemented policies ensuring that the company's risks are identified and evaluated and that controls in place are adequate and functioning properly to address the risks.

Other 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 and Employees' Share Option Scheme 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:

- **Organisation and Management Structure**
  The Group has an organisation structure that clearly defined lines of responsibility and delegation of authority to ensure proper identification of accountability and segregation of duties.

  All employees are expected to be efficient in delivering their respective job functions in accordance to the approved delegated authority limit. 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.

- **Annual Budget**
  Annual budget is deliberated thoroughly between the management at head office and business unit level before tabling it to the Board for review, consideration and approval.

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

- **Business Performance Review**
  The Group's management monitors the financial performance against the budget and followed up on critical operational issues to ensure an appropriate action has been taken in accordance to the agreed plan.

  The management provides quarterly reports to the Board covering financial performance and production statistics which include the actual results comparison against approved annual budget.

  That detailed analysis of financial results is reviewed by the Audit Committee before recommended to the Board prior to submission to Bursa Malaysia Securities Berhad.

Internal Audit Function

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

The Audit Committee, with the assistance of Internal Audit Department provides an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system and advises management on areas that require improvement.

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 Internal audit unit also reviews the extent to which its recommendations have been accepted and implemented by the management. Internal audit reports are tabled at the Audit Committee meetings, who in turn reports to the Board its assessments and recommendations. Internal control deficiencies and issues highlighted are addressed by the management appropriately.

The total cost incurred for the Internal Audit Function of the Group for the financial year 2010 is RM 278,000.00.

Conclusion

The system of internal control described in this statement is considered by the Board to be adequate within the context of the business environment throughout the Group's businesses. The Board continues to take appropriate initiatives to enhance the internal control system to ensure that it remain relevant over time in the continually evolving business environment.

The approval of the Board for this statement was obtained on 19 February 2011.

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 29 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 2010 or which were entered into since the end of the previous financial year.

3. Share Buybacks

There were 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 have any profits guarantees during the financial year.

6. List of Properties

The list of properties is stated on page 137 to 139 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 RM5,000.

8. Revaluation Policy

The Group's policy on revaluation is disclosed in Note 2.7 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 Employee Share Options Scheme ("ESOS") as disclosed in Note 27 (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 release by the Company.

Directors' Report and Audited Financial Statements

31 December 2010

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Directors' Report

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

Principal Activities

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

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

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

Results

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

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

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

Dividends

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

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

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

Directors

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

Y. Bhg. Datuk Haji Roslan bin Awang Chik
Y. B. Dato' Haji Abdul Razak bin Ismail
Y. Bhg. Dato' Haji Adzlan bin Mohd Dagang
Tuan Haji Long bin A. Rahman
Tuan Haji Zakaria bin K C Ahammu
Encik Wong Shew Yong
Encik Abdul Mutalip bin Sulaiman *(appointed on 18 May 2010)*

Directors' Benefits

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

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

Directors' Interest

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

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

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

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

Issue of Shares

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

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

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.

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

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

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

Other Statutory Information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

   (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and Company inadequate to any substantial extent; and

   (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

   (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

   (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant Events

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

Auditors

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

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

Datuk Haji Roslan bin Awang Chik **Abdul Mutalip bin Sulaiman**

Statement by Directors

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

We, Datuk Haji Roslan bin Awang Chik and Abdul Mutalip bin Sulaiman, being two of the directors of TDM Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 63 to 132 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and the cash flows for the year then ended.

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

Datuk Haji Roslan bin Awang Chik

Abdul Mutalip bin Sulaiman

Statutory Declaration

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

I, Amir Mohd Hafiz bin Amir Khalid, being the officer primarily responsible for the financial management of TDM Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 63 to 132 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

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

Amir Mohd Hafiz bin Amir Khalid

Before me,

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 on the Financial Statements

We have audited the financial statements of TDM Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 63 to 132.

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 2010 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 15 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act, other than as disclosed in Note 15 to the financial statements.

Other matters

The supplementary information set out in Note 37 on page 133 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Ernst & Young
AF: 0039
Chartered Accountants

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

Kuala Terengganu, Terengganu Darul Iman, Malaysia
31 March 2011

Statements of Comprehensive Income

For the financial year ended 31 December 2010

	Note	Group 2010 RM'000	Group 2009 RM'000 Restated	Company 2010 RM'000	Company 2009 RM'000
Revenue	4	**420,440**	335,593	**99,572**	85,398
Cost of sales		**(218,051)**	(201,390)	**(21,904)**	(21,380)
Gross profit		**202,389**	134,203	**77,668**	64,018
Other items of income					
Profit from Al-Mudharabah		**806**	1,371	**–**	–
Other income		**6,699**	4,751	**523**	54
Other items of expense					
Distribution costs		**(8,055)**	(7,288)	**(1,690)**	(1,479)
Administrative expenses		**(68,869)**	(52,666)	**(30,079)**	(22,140)
Other expenses		**(3,436)**	(2,500)	**(2,998)**	(1,742)
Finance costs	5	**(327)**	(384)	**(783)**	(81)
Profit before tax	6	**129,207**	77,487	**42,641**	38,630
Income tax expense	9	**(35,876)**	(21,540)	**(6,081)**	(9,160)
Profit for the year, net of tax		**93,331**	55,947	**36,560**	29,470
Other comprehensive income:					
Available for sale investments' fair value movement		**38**	–	**–**	–
Deferred tax impact on fair value gain		**(5)**	–	**–**	–
Other comprehensive income for the year, net of tax		**33**	–	**–**	–
Total comprehensive income for the year		**93,364**	55,947	**36,560**	29,470
Profit attributable to:					
Owners of the parent		**92,015**	54,781	**36,560**	29,470
Minority interests		**1,316**	1,166	**–**	–
		93,331	55,947	**36,560**	29,470
Total comprehensive income attributable to:					
Owners of the parent		**92,048**	54,781	**36,560**	29,470
Minority interests		**1,316**	1,166	**–**	–
		93,364	55,947	**36,560**	29,470
Earnings per share attributable to owners of the parent (sen per share):					
Basic	10	**41.49**	25.03		
Diluted	10	**41.13**	n/a		

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

Statements of Financial Position

As at 31 December 2010

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2010

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

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2010

	Attributable to owners of the parent										
			Non-distributable		Distributable	Non-distributable					
2010	Total equity	Equity attributable to owners of the parent	Share capital (Note 24)	Share premium (Note 24)	Retained earnings (Note 26)	Total other reserves	Asset revaluation reserve (Note 25)	Foreign currency translation reserve (Note 25)	Share option reserve (Note 25)	Fair value adjustment reserve (Note 25)	Minority interest
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Opening balance at 1 January 2010	647,868	631,027	218,881	38,132	163,588	210,426	205,481	(543)	5,488	–	16,841
Total comprehensive income	93,364	92,048	–	–	92,015	33	–	–	–	33	1,316
Transactions with owners											
Foreign currency translation reserve	(1,544)	(1,250)	–	–	–	(1,250)	–	(1,250)	–	–	(294)
Issuance of ordinary shares pursuant to ESOS	14,504	14,504	6,691	7,813	–	–	–	–	–	–	–
Share options granted under ESOS	2,870	2,870	–	–	–	2,870	–	–	2,870	–	–
Exercise of ESOS	(3,732)	(3,732)	–	–	–	(3,732)	–	–	(3,732)	–	–
Acquisition of shares in existing subsidiaries	426	–	–	–	–	–	–	–	–	–	426
Loss on accretion interest	31	–	–	–	–	–	–	–	–	–	31
Dividends on ordinary shares	(26,433)	(26,332)	–	–	(26,332)	–	–	–	–	–	(101)
Total transactions with owners	(13,878)	(13,940)	6,691	7,813	(26,332)	(2,112)	–	(1,250)	(863)	–	62
Closing balance at 31 December 2010	727,354	709,135	225,572	45,945	229,271	208,347	205,481	(1,793)	4,626	33	18,219

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2010

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

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

Company Statement of Changes in Equity

For the financial year ended 31 December 2010

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

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

Statements of Cash Flows

For the financial year ended 31 December 2010

	Note	Group 2010 RM'000	Group 2009 RM'000 Restated	Company 2010 RM'000	Company 2009 RM'000 Restated
Cash flows from operating activities					
Profit before tax		**129,207**	77,487	**42,641**	38,630
Adjustments for:					
Interest expense	5	**327**	384	**24**	81
Interest expense charged by subsidiaries	5	**–**	–	**759**	–
Depreciation of property, plant and equipment	6	**17,502**	15,550	**1,504**	866
Property, plant and equipment written off	6	**38**	1	**–**	–
Impairment of property, plant and equipment	6	**–**	1,312	**–**	1,035
Reversal of impairment of leasehold land	6	**–**	(488)	**–**	–
Reversal of amortisation of leasehold land	6	**(1,386)**	–	**–**	–
Amortisation of livestocks	6	**968**	1,384	**–**	–
Loss on disposal of biological assets	6	**2,397**	–	**2,397**	–
Inventories written off	6	**61**	–	**–**	–
Gain on disposal of property, plant and equipment	6	**(91)**	(246)	**(19)**	(32)
Impairment loss on trade and other receivables	6	**4,973**	277	**4,940**	1,691
Reversal of impairment loss on trade and other receivables	6	**(130)**	(23)	**–**	–
Bad debts written off	6	**60**	–	**–**	–
Payables written back	6	**(1,036)**	–	**(51)**	–
Provision for impairment of investments in a subsidiary	6	**–**	–	**6,000**	7,800
Dividends income	6	**(1,646)**	(940)	**(33,846)**	(38,137)
Biological assets written off	6	**2,101**	–	**–**	–
Expenses arising from liquidation of subsidiaries	6	**1,174**	–	**–**	–
Profit received from Al Mudharabah	6	**(806)**	(1,371)	**–**	–
Interest income	6	**(1,398)**	(1,104)	**(31)**	(11)
Loss on accretion interest	6	**31**	–	**–**	–
Interest income charged to subsidiaries	6	**–**	–	**(399)**	–
(Reversal of)/provision for short term accumulating compensated absences	7	**(10)**	5	**23**	(9)
Provision for retirement benefit obligations	7	**192**	222	**33**	171
Share options granted under ESOS	7	**2,869**	1,360	**1,207**	417
Total adjustments		**26,190**	16,323	**(17,459)**	(26,128)
Operating profit before working capital changes		**155,397**	93,810	**25,182**	12,502

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2010

	Note	Group 2010 RM'000	Group 2009 RM'000 Restated	Company 2010 RM'000	Company 2009 RM'000 Restated
Cash flows from operating activities (Cont'd.)					
Changes in working capital					
(Increase)/decrease in inventories		**(1,457)**	19,239	**834**	445
(Increase)/decrease in receivables		**(6,245)**	(3,165)	**4,270**	(8,716)
Increase/(decrease) in payables and deferred revenue		**17,129**	(57,659)	**(10,745)**	(2,775)
Total changes in working capital		**9,427**	(41,585)	**(5,641)**	(11,046)
Cash generated from operations		**164,824**	52,225	**19,541**	1,456
Interest paid		**(327)**	(384)	**(24)**	(81)
Interest received		**1,398**	1,104	**31**	11
Taxes paid		**(24,354)**	(27,180)	**(3,458)**	(7,508)
Zakat paid		**(351)**	(1,994)	**–**	–
Retirement benefits paid	27	**(1,031)**	(56)	**(241)**	–
Net cash from/(used in) operating activities		**140,159**	23,715	**15,849**	(6,122)
Cash flows from investing activities					
Purchase of property, plant and equipment	12 (b)	**(41,022)**	(20,779)	**(2,003)**	(425)
Addition of livestocks	13	**(753)**	(1,006)	**–**	–
Addition of plantation development expenditure	13	**(15,729)**	(3,469)	**–**	–
Purchase of additional shares in subsidiaries	15	**(700)**	–	**(14,660)**	–
Dividends received		**1,646**	940	**60,989**	30,836
Profit received from Al Mudharabah		**806**	1,371	**–**	–
Proceeds from disposal of biological assets		**1,500**	–	**1,500**	–
Proceeds from disposal of property, plant and equipment		**195**	423	**19**	32
Net cash (used in)/from investing activities		**(54,057)**	(22,520)	**45,845**	30,443
Cash flows from financing activities					
Proceeds from trust receipts and bankers' acceptances		**6,099**	6,054	**–**	–
Repayments of trust receipts and bankers' acceptances		**(6,164)**	(5,930)	**–**	–
Proceeds from issuance of ordinary shares		**11,400**	8	**10,772**	8
Repayment of term loans		**(188)**	(188)	**–**	–
Repayment of hire purchase facilities		**(1,190)**	(1,449)	**(75)**	(98)
Dividends paid to shareholders	11	**(26,434)**	(23,052)	**(26,332)**	(22,983)
Net cash used in financing activities		**(16,477)**	(24,557)	**(15,635)**	(23,073)
Net increase/(decrease) in cash and cash equivalents		**69,625**	(23,362)	**46,059**	1,248
Cash and cash equivalents at beginning of year		**106,475**	129,837	**829**	(419)
Cash and cash equivalents at end of year	21	**176,100**	106,475	**46,888**	829

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

Notes to the Financial Statements

For the financial year ended 31 December 2010

1. Corporate Information

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

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

2. Summary of Significant Accounting Policies

2.1 Basis of preparation

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

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

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

2.2 Changes in accounting policies

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

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

- FRS 7 *Financial Instruments: Disclosures*
- FRS 8 *Operating Segments*
- FRS 101 *Presentation of Financial Statements (Revised)*
- FRS 123 *Borrowing Costs*
- FRS 139 *Financial Instruments: Recognition and Measurement*
- Amendments to *FRS 1 First-time Adoption of Financial Reporting Standards* and FRS 127 *Consolidated and Separate Financial Statements: Cost of and Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
- Amendments to FRS 132 *Financial Instruments: Presentation*
- Amendments to FRS 139 *Financial Instruments: Recognition and Measurement*, FRS 7 *Financial Instruments: Disclosures and* IC Interpretation 9 *Reassessment of Embedded Derivatives*
- Improvements to FRS issued in 2009
- IC Interpretation 9 *Reassessment of Embedded Derivatives*
- IC Interpretation 10 *Interim Financial Reporting and Impairment*
- IC Interpretation 11 FRS 2 – *Group and Treasury Share Transactions*
- IC Interpretation 13 *Customer Loyalty Programmes*
- IC Interpretation 14 FRS 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. Summary of Significant Accounting Policies (Cont'd.)

2.2 Changes in accounting policies (Cont'd.)

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

FRS 7 *Financial Instruments: Disclosures*

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

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

FRS 8: *Operating Segment*

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

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

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

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

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

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

FRS 139 *Financial Instruments: Recognition and Measurement*

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

- **Impairment of trade receivables**

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

2. Summary of Significant Accounting Policies (Cont'd.)

2.2 Changes in accounting policies (Cont'd.)

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

- **Inter-company loans**

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

- **Financial guarantee contracts**

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

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

	Increase/(decrease) As at 31 December 2010 RM'000	Increase/(decrease) As at 1 January 2010 RM'000
Statements of financial position		
Group		
Investment in securities (non-current)		
- available-for-sale financial assets	148	110
Deferred tax liability	5	–
Retained earnings	33	–
Company		
Trade and other receivables	399	–
Trade and other payables	759	–
Retained earnings	(450)	–

	Increase/ (decrease) 2010 RM'000
Statement of comprehensive income	
Group	
Available for sale investments' fair value movement	38
Deferred tax impact on fair value gain	(5)
Other comprehensive income for the year, net of tax	33
Company	
Interest income	399
Finance cost	(759)
Loss for the year	(360)
Income tax expense	(90)
Loss net of tax	(450)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. Summary of Significant Accounting Policies (Cont'd.)

2.2 Changes in accounting policies (Cont'd.)

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

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

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

	Group 2010 RM'000	Company 2009 RM'000
Increase/(decrease) in:		
Property, plant and equipment	**170,028**	28,444
Prepaid land lease payments	**(170,028)**	(28,444)

The following comparatives have been restated:

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

2. Summary of Significant Accounting Policies (Cont'd.)

2.3 Standards issued but not yet effective

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

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

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

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

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

2.4 Basis of consolidation

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. Summary of Significant Accounting Policies (Cont'd.)

2.4 Basis of consolidation (Cont'd.)

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

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

2.5 Transactions with minority interests

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

2.6 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

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

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

2. Summary of Significant Accounting Policies (Cont'd.)

2.6 Foreign currency (Cont'd.)

(c) Foreign operations

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

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

2.7 Property, plant and equipment

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. Summary of Significant Accounting Policies (Cont'd.)

2.7 Property, plant and equipment (Cont'd.)

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

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

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

2.8 Biological assets

(a) Plantation development expenditure

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

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

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

(b) Livestocks

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

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

2.9 Goodwill

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

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

2. Summary of Significant Accounting Policies (Cont'd.)

2.9 Goodwill (Cont'd.)

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

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

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

2.10 Impairment of non-financial assets

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. Summary of Significant Accounting Policies (Cont'd.)

2.11 Subsidiaries

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

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

2.12 Financial assets

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

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

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

(a) Loans and receivables

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

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

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

(b) Available-for-sale financial assets

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

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

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

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

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

2. Summary of Significant Accounting Policies (Cont'd.)

2.13 Impairment of financial assets

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

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

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

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

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

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

(b) Available-for-sale financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. Summary of Significant Accounting Policies (Cont'd.)

2.14 Property development costs

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

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

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

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

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

2.15 Cash and cash equivalents

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

2.16 Inventories

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

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

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

2.17 Provisions

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

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

2. Summary of Significant Accounting Policies (Cont'd.)

2.18 Financial liabilities

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

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

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

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

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

(b) Other financial liabilities

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

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

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

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

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

2.19 Borrowing costs

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

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

2.20 Employee benefits

(a) Defined contribution plans

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. Summary of Significant Accounting Policies (Cont'd.)

2.20 Employee benefits (Cont'd.)

(b) Employee share option plans

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

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

2.21 Leases

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

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

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

2.22 Revenue

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

(i) Sale of goods

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

(ii) Rendering of services

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

(iii) Interest income

Interest income is recognised using the effective interest method.

2. Summary of Significant Accounting Policies (Cont'd.)

2.22 Revenue (Cont'd.)

(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.

2.23 Income taxes

(a) Current tax

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

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

(b) Deferred tax

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

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

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

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. Summary of Significant Accounting Policies (Cont'd.)

2.23 Income taxes (Cont'd.)

(b) Deferred tax (Cont'd.)

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

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

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

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

2.24 Segment reporting

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

2.25 Share capital and share issuance expenses

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

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

2.26 Contingencies

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

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

3. Significant accounting judgements and estimates

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

3.1 Key sources of estimation uncertainty

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

(a) Useful lives of plant and equipment

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

(b) Impairment of goodwill

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

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

(c) Deferred tax assets

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

(d) Impairment of loans and receivables

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

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

(e) Defined benefit plan

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

4. Revenue

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

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

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

5. Finance Costs

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

6. Profit before tax

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

	Group		Company	
	2010 RM'000	2009 RM'000 Restated	2010 RM'000	2009 RM'000 Restated
Employee benefits expense (Note 7)	**31,554**	26,226	**8,474**	6,481
Non-executive directors' remuneration (Note 8)	**2,040**	1,392	**1,106**	575
Auditors' remuneration				
- current year	**257**	230	**58**	51
- other services	**5**	6	**5**	–
- over provided in prior year	**(4)**	–	**–**	–
Depreciation of property, plant and equipment (Note 12)	**17,502**	15,550	**1,504**	866
Property, plant and equipment written off (Note 12)	**38**	1	**–**	–
Biological assets written off (Note 13)	**2,101**	–	**–**	–
Impairment of property, plant and equipment (Note 12)	**–**	1,312	**–**	1,035
Amortisation of livestocks (Note 13)	**968**	1,384	**–**	–
Loss on accretion interest	**31**	–	**–**	–
Reversal of impairment of leasehold land (Note 12)	**–**	(488)	**–**	–
Reversal of amortisation of leasehold land (Note 12)	**(1,386)**	–	**–**	–
Loss on disposal of biological assets	**2,397**	–	**2,397**	–
Rental of premises	**3,552**	3,227	**600**	540
Rental of equipment	**180**	45	**–**	–
Rental of land	**89**	180	**85**	172
Rental of parking space	**103**	63	**47**	63
Rental of chicken pen	**173**	–	**–**	–
Inventories written off	**61**	–	**–**	–
Gain on disposal of property, plant and equipment	**(91)**	(246)	**(19)**	(32)
Bad debts written off	**60**	–	**–**	–
Impairment loss on trade and other receivables	**4,973**	277	**4,940**	1,691
Reversal of impairment loss on trade and other receivables	**(130)**	(23)	**–**	–
Payables written back	**(1,036)**	–	**(51)**	–
Royalty	**423**	527	**–**	–
Share of profits from estates payable to Lembaga Tabung Amanah Warisan Negeri Terengganu	**2,862**	1,649	**2,862**	1,649
Share of profits from estates payable to Majlis Agama Islam dan Adat Melayu Terengganu	**137**	–	**137**	–
Provision for impairment of investments in a subsidiaries	**–**	–	**6,000**	7,800
Replanting expenditure	**430**	848	**–**	91
Cash written off	**–**	23	**–**	–
Expenses arising from liquidation of subsidiaries	**1,174**	–	**–**	–
Profit received from Al Mudharabah	**(806)**	(1,371)	**–**	–
Dividends received	**(1,646)**	(940)	**(33,846)**	(38,137)
Interest income	**(1,398)**	(1,104)	**(31)**	(11)
Rental income	**(3,582)**	(503)	**–**	–
Profit distribution from Terengganu Oil Palm Development - Sublessees Scheme	**(30,809)**	(18,557)	**(11,239)**	(6,770)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

6. Profit before tax (Cont'd.)

	Group		Company	
	2010 RM'000	2009 RM'000 Restated	2010 RM'000	2009 RM'000 Restated
Management fees charged to subsidiaries	**–**	–	**(17,769)**	(9,757)
Management fees charged to Terengganu Oil Palm Development - Sublessees Scheme	**(2,454)**	–	**–**	–
Interest expense charged by subsidiaries	**–**	–	**759**	–
Interest income charged to subsidiaries	**–**	–	**(399)**	–

7. Employee benefits expense

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

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

8. Directors' remuneration

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

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

	Number of directors	
	2010	**2009**
Non-executive directors:		
Below RM50,000	**1**	5
RM50,001 - RM100,000	**1**	3
RM150,001 - RM200,000	**4**	1
RM300,001 - RM350,000	**1**	–

9. Income tax expense

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

9. Income tax expense (Cont'd.)

Reconciliation between tax expense and accounting profit

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

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

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

10. Earnings per share

Basic

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

Diluted

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

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

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

11. Dividends

	Dividends in respect of year			Dividends recorgnised in year	
	2010	**2009**	**2008**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Recognised during the year:					
Final dividend of 14% less 25% taxation on 218,881,402 ordinary shares declared on 12 April 2009 and paid on 21 July 2009 (10.50 sen net per ordinary share)	**–**	–	22,983	**–**	22,983
Final dividend of 4 sen gross dividend per share, less 25% taxation, on 219,435,002 and 9 sen dividend per share, tax exempt under the single-tier system on 219,435,002 ordinary shares declared on 30 March 2010 and paid on 15 June 2010	**–**	26,332	–	**26,332**	–

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For the financial year ended 31 December 2010

11. Dividends (Cont'd.)

	Dividends in respect of year			Dividends recorgnised in year	
	2010	2009	2008	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Proposed for approval at AGM (not recognised as at 31 December):					
First and final dividend in respect of the financial year ended 31 December 2010 of 13.50 sen dividend per share, tax exempt under the single-tier system on 225,572,202 ordinary shares	**30,452**	–	–	**–**	–
	30,452	26,332	22,983	**26,332**	22,983

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

12. Property, plant and equipment

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

12. Property, plant and equipment (Cont'd.)

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery, equipment, vehicles and renovation RM'000	Livestock pen and cages RM'000	Work-in progress RM'000	Total RM'000
Group (Cont'd.)							
Representing:							
At cost	1,683	111,551	32,881	106,846	632	13,620	267,213
At valuation	800	83,255	19,227	47,464	–	–	150,746
At 31 December 2009	2,483	194,806	52,108	154,310	632	13,620	417,959
Cost or valuation							
At 1 January 2010							
As previously stated							
At cost	**1,683**	**–**	**32,881**	**106,846**	**632**	**13,620**	**155,662**
At valuation	**800**	**–**	**19,227**	**47,464**	**–**	**–**	**67,491**
Effects of adopting the amendments to FRS 117	**–**	**194,806**	**–**	**–**	**–**	**–**	**194,806**
As restated	**2,483**	**194,806**	**52,108**	**154,310**	**632**	**13,620**	**417,959**
Additions	**–**	**14,953**	**–**	**10,154**	**22**	**15,993**	**41,122**
Disposal	**–**	**–**	**–**	**(706)**	**–**	**–**	**(706)**
Transfers	**–**	**–**	**4,666**	**7,925**	**–**	**(12,591)**	**–**
Adjustments	**–**	**–**	**–**	**(16)**	**–**	**(277)**	**(293)**
Write off	**–**	**–**	**–**	**(804)**	**–**	**–**	**(804)**
At 31 December 2010	**2,483**	**209,759**	**56,774**	**170,863**	**654**	**16,745**	**457,278**
Representing:							
At cost	**1,683**	**126,504**	**37,547**	**123,399**	**654**	**16,745**	**306,532**
At valuation	**800**	**83,255**	**19,227**	**47,464**	**–**	**–**	**150,746**
At 31 December 2010	**2,483**	**209,759**	**56,774**	**170,863**	**654**	**16,745**	**457,278**

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For the financial year ended 31 December 2010

12. Property, plant and equipment (Cont'd.)

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

12. Property, plant and equipment (Cont'd.)

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

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For the financial year ended 31 December 2010

12. Property, plant and equipment (Cont'd.)

	Leasehold land RM'000	Machinery, equipment, and vehicles RM'000	Work-in progress RM'000	Renovation RM'000	Total RM'000
Company					
Cost					
At 31 December 2009					
As previously stated	–	5,861	1,340	512	7,713
Effects of adopting the amendments to FRS 117	34,092	–	–	–	34,092
As restated	34,092	5,861	1,340	512	41,805
Adjustments	–	(1,267)	(817)	2,131	47
Additions	–	425	–	–	425
Disposal	–	(95)	–	–	(95)
Reclassification	–	(1,148)	–	–	(1,148)
At 31 December 2009 (restated)	34,092	3,776	523	2,643	41,034
At 31 December 2010					
As previously stated	–	3,776	523	2,643	6,942
Effects of adopting the amendments to FRS 117	34,092	–	–	–	34,092
As restated	34,092	3,776	523	2,643	41,034
Additions	–	1,287	716	–	2,003
Disposal	–	(83)	–	–	(83)
At 31 December 2010	34,092	4,980	1,239	2,643	42,954
Accumulated depreciation and impairment					
At 1 January 2009					
As previously stated	–	2,151	1,801	345	4,297
Effects of adopting the amendments to FRS 117	4,816	–	–	–	4,816
As restated	4,816	2,151	1,801	345	9,113
Adjustments	–	63	(1,801)	1,786	48
Depreciation charge for the year (Note 6)	832	34	–	–	866
Impairment losses (Note 6)	–	–	523	512	1,035
Disposal	–	(95)	–	–	(95)
At 31 December 2009 (restated)	5,648	2,153	523	2,643	10,967

12. Property, plant and equipment (Cont'd.)

	Leasehold land RM'000	Machinery, equipment, and vehicles RM'000	Work-in progress RM'000	Renovation RM'000	Total RM'000
Company (Cont'd.)					
Accumulated depreciation and impairment (Cont'd.)					
At 1 January 2010					
As previously stated	–	2,153	523	2,643	5,319
Effects of adopting the amendments to FRS 117	5,648	–	–	–	5,648
As restated	5,648	2,153	523	2,643	10,967
Depreciation charge for the year (Note 6)	831	673	–	–	1,504
Disposal	–	(83)	–	–	(83)
At 31 December 2010	6,479	2,743	523	2,643	12,388
Net carrying amount					
At 31 December 2009	28,444	1,623	–	–	30,067
At 31 December 2010	**27,613**	**2,237**	**716**	**–**	**30,566**

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

	Group	
	2010 RM'000	**2009 RM'000**
Plant and machinery	**6,025**	6,531

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

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Machinery, equipment and motor vehicles	**3,378**	4,272	**190**	295

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

12. Property, plant and equipment (Cont'd.)

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

Group

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

13. Biological assets

	2010 RM'000	2009 RM'000 Restated
Group		
(a) Plantation development expenditure		
At cost or valuation		
At 1 January		
At cost	**23,990**	20,416
At valuation	**333,434**	333,434
	357,424	353,850
Addition	**15,729**	3,469
Adjustments	**–**	105
Disposal	**(3,897)**	–
Write off	**(2,101)**	–
At 31 December	**367,155**	357,424
Representing:		
At cost	**33,721**	23,990
At valuation	**333,434**	333,434
At 31 December	**367,155**	357,424

13. Biological Assets (cont'd.)

Group (cont'd.)

(b) Livestocks

	2010 RM'000	2009 RM'000
At cost		
At 1 January	**12,287**	11,281
Addition	**753**	1,006
	13,040	12,287
Cumulative amount amortised	**(12,571)**	(11,603)
At 31 December	**469**	684
Total	**367,624**	358,108

	2010 RM'000	2009 RM'000
Company		
(a) Plantation development expenditure		
At cost		
At 1 January	**27,535**	27,535
Disposal	**(3,897)**	–
	23,638	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 2010 would have been as follows:

	Group	
	2010 RM'000	2009 RM'000
Plantation development expenditure	**293,004**	293,004
New plantation development expenditure	**17,748**	17,748
	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 2010 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

For the financial year ended 31 December 2010

14. Goodwill

	Group	
	2010	**2009**
	RM'000	**RM'000**
Cost		
At 1 January	**1,070**	1,070
Additional investment in a subsidiary (Note 15 (a) (ii))	**398**	–
At 31 December	**1,468**	1,070

Impairment testing of goodwill

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

- Plantation
- Healthcare

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

	Group	
	2010	**2009**
	RM'000	**RM'000**
Plantation	**477**	79
Healthcare	**991**	991
	1,468	1,070

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

	Plantation		Healthcare	
	2010	**2009**	**2010**	**2009**
Growth rates	**-32%**	-26%	**23%**	36%
Pre-tax discount rates	**4%**	7%	**4%**	4%

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

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

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

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

15. Investment in Subsidiaries

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

Details of the subsidiaries are as follows:

Names of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2010 %	Proportion of ownership interest 2009 %
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.	**89.18**	80.60
TDM Properties Bhd. ##	Malaysia	Dormant.	**100**	100

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For the financial year ended 31 December 2010

15. Investment in Subsidiaries (Cont'd.)

Names of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2010 %	2009 %
Indah Sari Travel & Tours Sdn. Bhd. ***	Malaysia	Dormant.	**70**	70
TD Ijarah Sdn. Bhd. ##	Malaysia	Dormant.	**100**	100
TD Poultry Sdn. Bhd.	Malaysia	Intergrated poultry farming.	**100**	100
TDM Helling Sdn. Bhd. ##	Malaysia	Dormant.	**100**	100
TMG (M) Sdn. Bhd. (In liquidation) #	Malaysia	Dormant.	**–**	100
East Coast Transportation Sdn. Bhd. (In liquidation) #	Malaysia	Dormant.	**–**	100
Kuantan Medical Centre Sdn. Bhd.	Malaysia	Specialist medical centre.	**92.35**	88.44
Kelana Jaya Medical Centre Sdn. Bhd.	Malaysia	Specialist medical centre.	**98.97**	98.97
Held by Kumpulan Ladang-Ladang Trengganu Sdn. Bhd.				
TRP Industries Sdn. Bhd. ##	Malaysia	Dormant.	**100**	100
KLLT Fibres Sdn. Bhd. ##	Malaysia	Dormant.	**100**	100
Trengganu Rubber Processing Sdn. Bhd.##	Malaysia	Dormant.	**99.99**	99.99
TDM Markwell (S) Pte. Ltd. (In liquidation) ###	Singapore	Dormant.	**100**	100
Held by TMG (M) Sdn. Bhd.				
Chee Keng stocks-Feeds Manufacturing Company Sdn. Bhd. (In liquidation) #	Malaysia	Dormant.	**–**	100
TDM Interdagang (M) Sdn. Bhd. (In liquidation) #	Malaysia	Dormant.	**–**	100
Pemco Sdn. Bhd. (In liquidation) #	Malaysia	Dormant.	**–**	100

15. Investment in Subsidiaries (Cont'd.)

Names of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2010 %	2009 %
Held by TRP Industries Sdn. Bhd				
World Wide Rubber Marketing Sdn. Bhd. ##	Malaysia	Dormant.	**100**	100
Held by TDM Properties Sdn. Bhd.				
TD Gabongan Sdn. Bhd. ##	Malaysia	Dormant.	**51**	51
TD Permatang Sdn. Bhd. ##	Malaysia	Dormant.	**100**	100
Held by Kumpulan Mediiman Sdn. Bhd.				
Medi Air Sdn. Bhd. **	Malaysia	Dormant.	**100**	100
Held by Kuala Terengganu Specialist Hospital Sdn. Bhd.				
HMMC (Ampang) Sdn. Bhd. ##	Malaysia	Dormant.	**100**	100

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

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

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

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

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

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

(a) Additional investment in subsidiaries

(i) Kuantan Medical Centre Sdn. Bhd.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

15. Investment in Subsidiaries (Cont'd.)

(a) Additional investment in subsidiaries (Cont'd.)

(ii) PT Rafi Kamajaya Abadi

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

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

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

(iii) TD Poultry Sdn. Bhd.

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

(b) Liquidation of subsidiaries

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

15. Investment in Subsidiaries (Cont'd.)

(c) Voluntarily winding up subsidiaries

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

(i) KLLT Fibres Sdn. Bhd.

(ii) World Wide Rubber Marketing Sdn. Bhd.

(iii) HMMC (Ampang) Sdn. Bhd.

(iv) TD Gabongan Sdn. Bhd.

(v) TDM Properties Bhd.

(vi) TDM Helling Sdn. Bhd.

(vi) TRP Industries Sdn. Bhd.

(vii) Trengganu Rubber Processing Sdn. Bhd.

(viii) TD Ijarah Sdn. Bhd.

(ix) TD Permatang Sdn. Bhd.

16. Other investments

	Group		Company	
	2010 RM'000	2009 RM'000 Restated	2010 RM'000	2009 RM'000
Marketable securities				
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	**–**	–

17. Available for sale investments

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

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

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For the financial year ended 31 December 2010

18. Property development costs

	Group	
	2010 RM'000	2009 RM'000
Property development, at cost	**1,583**	1,583
Less: Provision for foreseeable losses	**(1,583)**	(1,583)
	–	–

19. Inventories

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

20. Trade receivables and other receivables

	Group		Company	
	2010 RM'000	2009 RM'000 Restated	2010 RM'000	2009 RM'000 Restated
Trade receivables				
Third parties	**71,381**	66,985	**–**	–
Less: Allowance for impairment				
Third parties	**(19,675)**	(18,870)	**–**	–
Trade receivables, net	**51,706**	48,115	**–**	–

20. Trade receivables and other receivables (Cont'd.)

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

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

(a) Trade receivables

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

Ageing analysis of trade receivables

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

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For the financial year ended 31 December 2010

20. Trade receivables and other receivables (Cont'd.)

(a) Trade receivables (Cont'd.)

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

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

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

Receivables that are impaired

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

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

Movement in allowance accounts:

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

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

(b) Related party balances

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

20. Trade receivables and other receivables (Cont'd.)

(c) Other receivables (Cont'd)

Other receivables that are impaired (Cont'd)

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

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

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

21. Cash and cash equivalents

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

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

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

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

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

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For the financial year ended 31 December 2010

22. Borrowings

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

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

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

8% p.a. fixed rate loan

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

22. Borrowings (Cont'd.)

Bank overdrafts and trust receipts and bankers' acceptances

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

	Group	
	2010	**2009**
Trust receipts and bankers' acceptances	3.84%	3.69%
Bank overdrafts	7.30%	7.00%

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

23. Trade payables and other payables

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

23. Trade payables and other payables (Cont'd.)

(a) Trade payables

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

(b) Other payables

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

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

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

24. Share capital and share premium

	Group and Company			
	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 2009	218,876	218,876	38,127	257,003
Ordinary shares issued during the year:				
Pursuant to ESOS (Note 27(b))	5	5	5	10
At 31 December 2009 and 1 January 2010	218,881	218,881	38,132	257,013
Ordinary shares issued during the year:				
Pursuant to ESOS (Note 27(b))	6,691	6,691	7,813	14,504
At 31 December 2010	**225,572**	**225,572**	**45,945**	**271,517**

	Number of ordinary shares of RM1 each		Amount	
	2010 '000	2009 '000	2010 RM'000	2009 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.

25. Other reserves

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

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

25. Other reserves (Cont'd.)

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

(a) Asset revaluation reserve

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

(b) Capital reserve

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

(c) Foreign currency translation reserve

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

(d) Share option reserve

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

(e) Fair value adjustment reserve

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

26. Retained earnings/(accumulated losses)

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

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited 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 2010. Hence, the Company will be able to distribute out its entire profit for the year ended 31 December 2010 under the single tier system.

26. Retained earnings/(accumulated losses) (Cont'd.)

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

	Group 2010 RM'000	Company 2009 RM'000
Realised	**203,266**	(22,665)
Unrealised	**26,005**	741
	229,271	(21,924)

27. Employee benefits

(a) Retirement benefit obligations

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

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

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

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

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

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27. Employee benefits (Cont'd.)

(a) Retirement benefit obligations (Cont'd)

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Restated		**Restated**
Analysed as:				
Current:				
Not later than 1 year	**160**	1,023	**77**	241
Non current:				
Later than 5 years	**833**	809	**89**	133
	993	1,832	**166**	374

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

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

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

Principal actuarial assumptions used:

	2010	**2009**
Discount rate	**6.25%**	6.44%
Average salary increase	**6.00%**	6.00%

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

27. Employee benefits (Cont'd.)

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

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

The salient features of the ESOS are as follows:

(i) The ESOS shall be in force for a period of five (5) years commencing from 17 March 2008 ("the Option period").

(ii) Only employees and directors of the Group are eligible to participate in the scheme and must have completed a continuous period of employment of at least one (1) year before the date of offer. The selection for participation in the scheme shall be at the discretion of the ESOS Committee.

(iii) The new TDM shares are to be allotted and issued to the Grantee pursuant to the exercise of any option under this scheme.

(iv) In the event of cessation of employment of the Grantee with the Group prior to the full exercise of the Options, such Options shall cease without any claim against the Group provided always that the ESOS Committee in its discretion, by notice in writing, if such cessation occurs by reason.

(v) The total number of new TDM Shares which may be made available under the Scheme shall not exceed fifteen centum (15%) of the total issued and paid-up share capital comprising ordinary shares of the Company at any one time.

(vi) The total number of new TDM Shares allocated, in aggregate, to the Directors and/or Senior Management of the TDM Group shall not exceed fifty per centum (50%) of the total TDM Shares available under the Scheme.

(vii) The number of TDM Shares allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds twenty per centum (20%) or more in the issued and paid-up share capital of the Company, shall not exceed ten per centum (10%) of the total TDM Shares available under the Scheme.

(viii) The weighted average market price of the TDM Shares for the five (5) Market Days immediately preceding the Offer Date less a discount of not more than ten per centum (10%) there from at the ESOS Committees' discretion.

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For the financial year ended 31 December 2010

27. Employee benefits (Cont'd.)

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

Movement of share options during the financial year

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

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

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

(i) Fair value of share options granted

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

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

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

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

28. Deferred tax

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

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

Presented after appropriate offsetting as follows:

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

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For the financial year ended 31 December 2010

28. Deferred tax (Cont'd.)

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

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

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

29. Related party disclosures

(a) Sale and purchase of services

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

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

29. Related party disclosures (Cont'd.)

(b) Compensation of key management personnel

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

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

Included in the total key management personnel are:

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

Directors' interests in employee share option scheme

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

- At the reporting date, the total number of outstanding share options granted by the Company to the above-mentioned directors was 1,820,000 (2009: Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

30. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

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

(b) Finance lease commitments

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

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

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

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

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

31. Fair value of financial instruments

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

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

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

(b) Determination of fair value

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

32. Financial risk management objectives and policies

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

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

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

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

(a) Credit risk

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

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

Credit risk concentration profile

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

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

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

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

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

(b) Liquidity risk

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

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

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

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

(c) Interest rate risk

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

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

(d) Foreign currency risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

33. Capital management

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

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

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

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

34. Segment information

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

(i) The plantation division involved in a few activities such as cultivation of oil palms, sales of fresh fruit bunches and management of plantation operation services.

(ii) Food division involved in activities such as integrated poultry farming, and processing of related products.

(iii) Health division provide health consultancy and operates with speciallist medical centres.

(iv) Others division, dormant companies.

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

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

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

34. Segment information (Cont'd.)

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

34. Segment information (Cont'd.)

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

A Inter-segment revenues are eliminated on consolidation.

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

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

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

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

D Additions to non-current assets consist of:

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

34. Segment information (Cont'd.)

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

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

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

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

	2010 RM'000	2009 RM'000
Inter-segment liabilities	**(140,191)**	(153,251)

35. Comparatives

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

35. Comparatives (Cont'd.)

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

36. Authorisation of financial statements for issue

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

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

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

	Group 2010 RM'000	Company 2009 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries		
- Realised	**112,893**	(22,665)
- Unrealised	**26,005**	741
	138,898	(21,924)
Less: Consolidation adjustments	**90,373**	–
Retained profits/(accumulated losses) as per financial statements	**229,271**	(21,924)

Statistics on Shareholdings

as at 6 April 2011

Analysis of Shareholdings

Authorised Share Capital : RM500,000,000.00

Issued and Paid-up Capital : RM230,225,642 comprising 230,225,642 Ordinary Shares of RM1.00 each

Voting Rights : One (1) vote per ordinary share

A. Distribution of Shareholdings

Size of Holdings	No. of Holders	Percentage %	No. of Shares	Percentage %
1 – 99	66	1.154	1,748	0.000
100 – 1,000	623	10.895	547,303	0.237
1,001 – 10,000	4,034	70.549	17,041,182	7.401
10,001 – 100,000	896	15.669	26,563,691	11.538
100,001 – 11,511,281 *	97	1.696	37,076,734	16.104
11,511,282 and above **	2	0.034	148,994,984	64.716
TOTAL	**5,718**	**100.000**	**230,225,642**	**100.000**

* Less than 5% of issued shares

** 5% and above of issued shares

B. List of Thirty (30) Largest Shareholders

No.	Name	No. of Shares	Percentage %
1.	Terengganu Incorporated Sdn Bhd	116,194,984	50.470
2.	Perbadanan Memajukan Iktisad Negeri Terengganu	32,800,000	14.246
3.	United Teochew (Malaysia) Bhd	4,782,000	2.077
4.	Permodalan Terengganu Berhad	3,742,000	1.625
5.	ABB Nominee (Tempatan) Sdn Bhd *Pledged Securities Account for Yayasan Terengganu (1115001178)*	2,000,000	0.868
6.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Dimensional Emerging Markets Value Fund*	1,457,880	0.633
7.	Kumpulan Pengurusan Kayu Kayan Trengganu Sdn Bhd	1,306,400	0.567
8.	Pesama Timber Corporation Sdn Bhd	870,934	0.378
9.	Gan Kho @ Gan Hong Leong	826,000	0.358
10.	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Koay Ean Chim*	824,900	0.358
11.	Soon Ah Khun @ Soon Lian Huat	800,000	0.347
12.	Teo Tin Lun	760,300	0.330
13.	Eng Liat Kiang	700,000	0.304
14.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Koay Ean Chim (IMO/TAS)*	660,000	0.286
15.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teoh Ah Baa @ Teoh Beng Suang (IMO/M&A)*	634,000	0.275

STATISTICS ON SHAREHOLDINGS

as at 6 April 2011

No.	Name	No. of Shares	Percentage %
16.	Malaysia Nominees (Tempatan) Sendirian Berhad *Great Eastern Life Assurance (Malaysia) Berhad (LBF)*	550,300	0.239
17.	Citigroup Nominee (Asing) Sdn Bhd *Exempt An for OCBC Securities Private Limited (client A/C - NR)*	520,600	0.226
18.	Megategas Sdn Bhd	500,000	0.217
19.	Perbadanan Usahawan Johor Sdn Bhd	498,200	0.216
20.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for the Bank of New York Mellon (Mellon Acct)*	421,100	0.182
21.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Hock Hin (9076-1101)*	405,000	0.175
22.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Fong Siling (CEB)*	380,000	0.165
23.	Chee Ah Ngoh	366,000	0.158
24.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for DFA Emerging Markets Small Cap Series*	365,000	0.158
25.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Hock Fatt (E-SS2)*	350,000	0.152
26.	Cartaban Nominees (Asing) Sdn Bhd *SSBT Fund @DCN for Emerging Markets Value Fund (John Hnck FDS II)*	316,483	0.137
27.	Liew Siew Lan	303,000	0.131
28.	Lee Chee Ming	300,000	0.130
29.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teo Tin Lun (E-IMO)*	300,000	0.130
30.	*Soon Lian Huat Holdings Sdn. Berhad*	300,000	0.130

STATISTICS ON SHAREHOLDINGS

as at 6 April 2011

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	50.470	116,194,984	50.470
2.	Perbadanan Memajukan Iktisad Negeri Terengganu	32,800,000	14.246	32,800,000	14.246

D. List of Directors' Shareholdings

		Direct Interest		Deemed Interest	
No.	Name	No. of Shares	Percentage %	No. of Shares	Percentage %
1.	Y. Bhg. Datuk Haji Roslan Bin Awang Chik	–	–	–	–
2.	YB Dato' Haji Abdul Razak Bin Ismail	–	–	–	–
3.	Y. Bhg. Dato' Haji Adzlan Bin Mohd Dagang	–	–	–	–
4.	Haji Zakaria Bin K C Ahammu	–	–	–	–
5.	Haji Long Bin A. Rahman	–	–	–	–
6.	Wong Shew Yong	–	–	–	–
7.	Abdul Mutalip Bin Sulaiman	–	–	–	–

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)		Part Ladang Jerneh/ Tebak		Leasehold exp. 2078 Sublease exp. 2018	489.72996		
Geran 12509 PT 821 (replacing HS (D) 187 PT Lot 551 P)		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)		Part Ladang Jerneh/ Tebak		Leasehold exp. 2078 Sublease exp. 2018	203.30647		
Geran 12511 No Lot 2550 (replacing HS (D) 208 PT 553 P)		Part Ladang Jerneh/ Tebak		Leasehold exp. 2078 Sublease exp. 2018	61.68705		
Geran 12512 No Lot 2443 (replacing HS (D) 208 PT 554 P)		Part Ladang Jerneh/ Tebak		Leasehold exp. 2078 Sublease exp. 2018	181.58885		
Geran 12618 No Lot 882 (replacing Grant 8071 PT Lot 882)		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)		Part Ladang Jerneh/ Tebak		Leasehold exp. 2078 Sublease exp. 2018	218.88118		
QT(R) Kemaman 1: L.O. PTK 198/65		Ladang Air Puteh		Leasehold exp. 2012 Sublease exp. 2011	320.00000		
QT(R) Kemaman 2: L.O. PTK 198/65		Part Ladang Jerneh		Leasehold exp. 2012 Sublease exp. 2011	1,024.00000		
QT(R) Kemaman 3: L.O. PTK 198/65		Ladang Tebak		Leasehold exp. 2012 Sublease exp. 2011	2,432.00000		
QT(R) Kemaman 4: L.O. PTK 198/65		Ladang Pelantoh		Leasehold exp. 2012 Sublease exp. 2011	4,736.00000		
QT(R) Kemaman 4: L.O. No. 4		Ladang Pelantoh		Sublease exp. 2014	10.00000		
QT(R) Kemaman 11: L.O. No. 28		Ladang Pelantoh		Sublease exp. 2014	8,500.00000		
QT(R) Kemaman 12: L.O. No. 29		Ladang Pelantoh		Sublease exp. 2014	8,500.00000		
QT(R) Kemaman 13: L.O. No. 30		Ladang Pelantoh		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	Leasehold exp. 2072	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)	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

Headquaters

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 4805

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)
Jalan Provinsi Sidomulyo
No. 5, Nanga Pinoh
Kalimantan Barat, Indonesia
Tel : (0062) 5682 2784
Fax : (0062) 5682 2783

President Director / 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

Estate & Mills Factories Addresses

Sungai Tong Complex

Jaya Estate
Sungai Tong, 21500 Setiu
Terengganu
Tel : (609) 824 1023
Fax : (609) 657 1625
Estate Manager : En. Mohd Kahar bin Makktarudin

Fikri Estate
Sungai Tong, 21500 Setiu
Terengganu
Tel : (609) 824 7612
Fax : (609) 824 7612
Estate Manager : Haji Mohd Pauzi bin Mahamud

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

Pelung Estate
Sungai Tong, 21500 Setiu
Terengganu
Tel : (609) 824 0829
Fax : (609) 823 1072
Estate Manager : Haji Saifuddin bin Mustaffa

Bukit Besi Complex

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

MAI Estate
Bukit Besi, 23000 Dungun
Terengganu
Tel : (609) 822 2001
Fax : (609) 822 2001
Estate Manager : En. Fikri bin Ismail

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

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

Kemaman Complex

Air Putih Estate
P.O. Box 19, Padang Kubu
24007 Kemaman, Terengganu
Tel : (609) 859 8367
Fax : (609) 859 5854
Estate Manager : En. Murah bin Jusoh

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

Jernih Estate
P.O. Box 12, Padang Kubu
24007 Kemaman, Terengganu
Tel : (6019) 928 4716
Estate Manager : En. Abdu Rahim bin Abdul Sani

Pelantoh Estate
P.O. Box 10, Padang Kubu
24007 Kemaman, Terengganu
Tel : (609) 822 6400
Fax : (609) 822 6822
Estate Manager : Haji Ezani bin Ismail

Mills

Sungai Tong Palm Oil Mills
Sungai Tong, 21500 Setiu
Terengganu
Tel : (609) 624 7290
Fax : (609) 624 6472
Mill Manager : Haji Hassan bin Osman

Kemaman Palm Oil Mills
P.O. Box 13, Padang Kubu
24007 Kemaman, Terengganu
Tel : (609) 822 6566
Fax : (609) 822 6704
Mill Manager : En. Shahbudin bin Usop

Bio Organic Fertilizer Mill
c/o Sungai Tong Palm Oil Mills
Sungai Tong
21500 Setiu, Terengganu
Tel : (609) 624 7290
Fax : (609) 624 6472

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
website : www.kjmc.com.my

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

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

Food 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-Sixth (46th) Annual General Meeting of the Company will be held at Gamelan 3, Primula Beach Hotel, Jalan Persinggahan, 20400 Kuala Terengganu on Thursday, 19 May 2011 at 11.00 a.m. for the following purposes:

Agenda

As Ordinary Business

1. To receive the Statutory Financial Statements for the financial year ended 31 December 2010 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 Adzlan Bin Mohd Dagang **Resolution 2**
   ii) Wong Shew Yong **Resolution 3**

3. To re-elect Abdul Mutalip Bin Sulaiman retiring pursuant to Article 116 of the Company's Articles of Association, and being eligible offer himself for re-election. **Resolution 4**

4. To approve the payment of the First and Final dividend of 13.50 sen per ordinary share, tax exempt under the single tier system for the financial year ended 31 December 2010. **Resolution 5**

5. To approve the payment of Directors' Remuneration for the financial year ending 31 December 2011. **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. 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 46th Annual General Meeting to be held on 19 May 2011, the First and Final dividend of 13.50 sen per ordinary share, tax exempt under the single tier system for the financial year ended 31 December 2010 will be paid on Thursday, 9 June 2011 to Depositors whose names appear in the Record of Depositors on Friday, 27 May 2011. 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 27 May 2011 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
27 April 2011

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

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

   The Company had on 45th Annual General Meeting held on 17 May 2010, 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"). The Company did not issue any new ordinary shares pursuant to this mandate.

   The proposed Ordinary Resolution No. 9, is a renewal of the mandate to issue shares under Section 132D of the Act. If passed, it will allow 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 funding current and/or future investment projects, working capital, acquisition, issuance of shares as settlement of purchase consideration and / or such other applications they may in their absolute discretion deem fit.

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 Forty-Sixth (46th) Annual General Meeting of the Company to be held at Gamelan 3, Primula Beach Hotel, Jalan Persinggahan, 20400 Kuala Terengganu on Thursday, 19 May 2011 at 11.00 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 cast your votes. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his /her discretion.

No.	Resolutions		For	Against
1.	To receive the Statutory Financial Statements for the financial year ended 31 December 2010 together with the Reports of the Directors and the Auditors thereon.	**Resolution 1**		
2.	To re-elect Dato' Haji Adzlan Bin Mohd Dagang retiring pursuant to Article 113 of the Company's Articles of Association.	**Resolution 2**		
3.	To re-elect Wong Shew Yong retiring pursuant to Article 113 of the Company's Articles of Association.	**Resolution 3**		
4.	To re-elect Abdul Mutalip Bin Sulaiman retiring pursuant to Article 116 of the Company's Articles of Association.	**Resolution 4**		
5.	To approve the payment of the First and Final dividend of 13.50 sen per ordinary share, tax exempt under the single tier system for the financial year ended 31 December 2010.	**Resolution 5**		
6.	To approve the payment of Directors' Remuneration for the financial year ending 31 December 2011	**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**		

____
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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TDM Berhad (6265-P)
Aras 5, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100 Kuala Terengganu
Terengganu Darul Iman
Malaysia

Tel : (609) 622 8000 / (609) 622 4800
Fax : (609) 620 4803

www.tdmberhad.com.my