

TDM BERHAD
(6265 P)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2008

Ernst & Young
AF : 0039

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**TDM Berhad
(Incorporated in Malaysia)**

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Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

Principal activities

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

The principal activities of its subsidiaries are described in Note 14 to the financial statements.

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

Results

	Group RM'000	Company RM'000
Profit for the year	<u>100,300</u>	<u>25,638</u>
Attributable to:		
Equity holders of the Company	98,592	25,638
Minority interests	<u>1,708</u>	<u>-</u>
	<u>100,300</u>	<u>25,638</u>

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

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

Dividends

The amount of dividends paid by the Company since 31 December 2007 were as follows:

	RM'000
In respect of the financial year ended 31 December 2007:	
Final dividend of 7.43% less 26% taxation, on 218,834,402 ordinary shares declared on 10 April 2008 and paid on 13 August 2008	<u>12,032</u>

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Directors' report

Dividends (cont'd.)

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2008, of 14% less 25% taxation on 218,876,402 ordinary shares, amounting to a dividend payable of RM22,982,022 (10.50 sen net per ordinary share) 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 2009.

Directors

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

Y. B. Senator Datuk Haji Roslan bin Awang Chik	(appointed on 13 January 2009)
Y. Bhg. Dato' Haji Abdul Razak bin Ismail	(appointed on 16 October 2008)
Y. Bhg. Dato' Haji Adzlan bin Mohd Dagang	(appointed on 16 October 2008)
Tuan Haji Long bin A. Rahman	(appointed on 13 January 2009)
Encik Mohd Noor bin Dato' Mohamad	(appointed on 16 October 2008)
Encik Ramli bin Shahul Hameed	(appointed on 16 October 2008)
Tuan Haji Rahmat bin Awi	(appointed on 16 October 2008)
Tuan Haji Zakaria bin K C Ahammu	(appointed on 16 October 2008)
Encik Wong Shew Yong	(appointed on 16 October 2008)
Y. Bhg. Dato' Haji Wan Hisham bin Dato' Wan Salleh	(resigned on 1 July 2008)
Y. B. Dato' Haji Mohtar bin Nong	(resigned on 16 October 2008)
Y. Bhg. Dato' Haji Wan Zakaria bin Abd. Rahman	(resigned on 16 October 2008)
Y. Bhg. Dato' Haji Awi @ Alwi bin Said	(resigned on 16 October 2008)
Y. Bhg. Dato' Senara Muda (Dato' Mazlan @ Mohd Nanri bin Hashim)	(resigned on 16 October 2008)
Y. Bhg. Dato' Haji Zakaria bin Awang	(resigned on 16 October 2008)
Tuan Haji Abd. Jalil bin Ali	(resigned on 16 October 2008)
Encik Mohamad Abdul Halim bin Ahmad	(resigned on 16 October 2008)
Y. Bhg. Prof. Dr. Mohd Azmi bin Mohd Lila	(resigned on 16 October 2008)

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 share options granted under the Employee Share Options Scheme ("ESOS").

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Directors' benefits (cont'd.)

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the Note 34 to the financial statements.

Directors' interests

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

	1 January 2008	Number of options over ordinary shares of RM1 each			31 December 2008
		Granted	Exercised	Lapsed	
Y. Bhg. Dato' Haji Wan Hisham bin Dato' Wan Salleh	-	400,000	(80,000)	-	320,000 #
Y. B. Dato' Haji Mohtar bin Nong	-	245,000	(49,000)	(196,000)	-
Y. Bhg. Dato' Haji Wan Zakaria bin Abd. Rahman	-	245,000	-	(245,000)	-
Y. Bhg. Dato' Haji Awi @ Alwi bin Said	-	250,000	(50,000)	-	200,000 @
Y. Bhg. Dato' Senara Muda (Dato' Mazlan @ Mohd Nanri bin Hashim)	-	245,000	-	(245,000)	-
Y. Bhg. Dato' Haji Zakaria bin Awang	-	245,000	(49,000)	-	196,000 @
Tuan Haji Abd. Jalil bin Ali	-	245,000	(45,000)	(200,000)	-
Encik Mohamad Abdul Halim bin Ahmad	-	245,000	-	(245,000)	-

Y. Bhg. Dato' Wan Hisham bin Dato' Wan Salleh has resigned as the director of the Company on 1 July 2008.

@ Y. Bhg. Dato' Haji Zakaria bin Awang and Y. Bhg. Dato' Awi @ Alwi bin Said have resigned as the directors of the Company on 16 October 2008.

The option to subscribe for shares of RM1 each in the Company at an average price of RM1.61 per ordinary share was granted on 17 March 2008 for a period of 5 years pursuant to the ESOS of the Company.

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Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM215,524,302 to RM218,876,402 by way of the issuance of 3,352,100 ordinary shares of RM1 each for cash pursuant to the Company's ESOS at an average exercise price of RM1.61 per ordinary share.

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

Employee share options scheme

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

The salient features and other terms of the ESOS are disclosed in Note 28(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 income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and Company inadequate to any substantial extent; and

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Directors' report

Other statutory information (cont'd.)

- (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year other than as disclosed in Note 33 to the financial statements.
- (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 other than as disclosed in Note 33 to the financial statements; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant events

- (a) On 21 January 2008, the Company announced the proposal to establish an ESOS for the eligible employees, Executive Directors and Non-Executive Directors of TDM Berhad and its subsidiaries ("TDM Group" or the "Group") ("Proposed ESOS") who meet the criteria of eligibility for participation in the Proposed ESOS ("Eligible Person") as set out in the by-laws of the Proposed ESOS ("By-Laws").

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Significant events (cont'd.)

- (a) The options granted shall entitle the Eligible Person to subscribe for new ordinary shares of RM1 each in TDM Berhad ("TDM Shares") at a specified price ("Option"). The Proposed ESOS will be administered by the ESOS Committee to be duly appointed and authorised by the Board ("ESOS Committee").

On 19 February 2008, at the Extraordinary General Meeting of the Company, the shareholders have approved all resolutions pertaining to the proposed ESOS. The investments in the subsidiaries had increased by RM4,333,061 pertaining to the ESOS.

- (b) On 12 March 2008, the Company entered into a Sale and Purchase of Shares Agreement ("S&P") to purchase from Bapak H Rahman ("BHR") 34.49% of his existing shareholdings in PT Rafi Kamajaya Abadi ("PT Rafi") for the purchase consideration of RM1,986,418. The shareholdings of the Company and BHR in PT Rafi after the completion of the S&P were 80.60% and 19.40% respectively.
- (c) On 9 April 2008, the Company entered into a Heads of Agreement with BHR and PT Rafi, to acquire and develop approximately 30,000 hectares land in Kacamatan Nanga Pinoh and Kacamatan Belimbing, West Kalimantan, Indonesia ("Land") and to develop the Land into oil palm plantation.
- (d) On 4 May 2008, the Company increased its equity shares in Kelana Jaya Medical Centre Sdn. Bhd. from 94.77% to 96.92% by way of transfer of shares of 1,200,000 ordinary shares of RM1 each from Tis'Ata 'Ashar Sdn. Bhd. to the Company for a purchase consideration of RM1,200,000.
- (e) Certain subsidiaries of the Company, namely East Coast Transportation Sdn. Bhd., TMG (M) Sdn. Bhd., Pemco Sdn. Berhad, TDM Interdagang (M) Sdn. Bhd. and Chee Kheng Stocks - Feeds Manufacturing Company Sdn. Bhd. had at their board of directors and shareholders meetings on 15 June 2008 and 24 June 2008 respectively passed a resolution to proceed with the winding-up of the subsidiaries voluntarily pursuant to Section 254(1) of the Companies Act 1965. The winding-up of the subsidiaries is in line with the Company's strategic plan to focus on its core business.

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Directors' report

Significant events (cont'd.)

- (f) On 29 June 2008, the Company entered into a Supplemental Joint Venture and Shareholders Agreement ("Supplemental JVSA") with BHR and PT Rafi to regulate the rights of the Company and BHR as shareholders of PT Rafi and to record the salient terms of the acquisition of the cultivation rights by PT Rafi over an additional 30,000 hectares of agricultural land. The salient terms of the Supplemental JVSA were disclosed in the Circular to Shareholders of the Company dated 10 June 2008 wherein the approval of the shareholders for the Proposed Joint Venture was obtained at the Extraordinary General Meeting held on 25 June 2008.

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 12 April 2009.

Datuk Haji Roslan bin Awang Chik

Haji Rahmat bin Awi

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

We, Datuk Haji Roslan bin Awang Chik and Haji Rahmat bin Awi, 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 12 to 108 are drawn up in accordance with the Companies Act 1965 and Financial Reporting Standards 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 2008 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 April 2009.

Datuk Haji Roslan bin Awang Chik

Haji Rahmat bin Awi

**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 12 to 108 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 on 12 April 2009

Amir Mohd Hafiz bin Amir Khalid

Before me,

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

We have audited the financial statements of TDM Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 12 to 108.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 14 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

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

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

Ernst & Young
AF: 0039
Chartered Accountants

Sandra Segaran a/l Muniandy@Krishnan
No. 2882/01/11 (J)
Chartered Accountant

Kuala Terengganu, Terengganu, Malaysia
12 April 2009

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(Incorporated in Malaysia)

Income statements

For the year ended 31 December 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000 Restated	2008 RM'000	2007 RM'000 Restated
Revenue	3	380,882	267,127	80,119	51,437
Cost of sales		(183,392)	(138,704)	(12,621)	(8,679)
Gross profit		<u>197,490</u>	<u>128,423</u>	<u>67,498</u>	<u>42,758</u>
Other income		19,639	10,018	13,482	5,709
Distribution costs		(18,358)	(16,274)	-	-
Administrative expenses		(52,106)	(54,945)	(14,171)	(12,077)
Other expenses		(5,554)	(6,297)	(23,988)	(9,285)
Operating profit		<u>141,111</u>	<u>60,925</u>	<u>42,821</u>	<u>27,105</u>
Finance costs	4	(425)	(502)	(164)	(702)
Profit before tax	5	<u>140,686</u>	<u>60,423</u>	<u>42,657</u>	<u>26,403</u>
Income tax expense	8	(40,386)	(20,213)	(17,019)	(9,274)
Profit for the year		<u>100,300</u>	<u>40,210</u>	<u>25,638</u>	<u>17,129</u>
Attributable to:					
Equity holders of the Company		98,592	38,649	25,638	17,129
Minority interests		1,708	1,561	-	-
		<u>100,300</u>	<u>40,210</u>	<u>25,638</u>	<u>17,129</u>
Earnings per share attributable to equity holders of the Company (sen):					
Basic, for profit for the year	9	<u>45.37</u>	<u>17.93</u>		
Diluted, for profit for the year	9	<u>n/a</u>	<u>n/a</u>		

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

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Balance sheets as at 31 December 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000 Restated	2008 RM'000	2007 RM'000 Restated
Assets					
Non-current assets					
Property, plant and equipment	11	93,846	81,742	3,416	2,671
Prepaid land lease payments	12	172,746	173,748	29,276	30,107
Biological assets	13	354,912	353,147	27,535	27,535
Goodwill	35	1,070	-	-	-
Investments in subsidiaries	14	-	-	172,486	176,057
Other investments	15	4,809	4,809	-	-
		<u>627,383</u>	<u>613,446</u>	<u>232,713</u>	<u>236,370</u>
Current assets					
Property development costs	16	-	-	-	-
Inventories	17	33,123	8,928	1,238	526
Trade receivables	18	41,017	29,994	299	-
Other receivables	19	28,814	36,812	148,607	126,921
Cash and bank balances	20	131,025	101,786	222	5,849
		<u>233,979</u>	<u>177,520</u>	<u>150,366</u>	<u>133,296</u>
Total assets		<u>861,362</u>	<u>790,966</u>	<u>383,079</u>	<u>369,666</u>
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	24	218,876	215,524	218,876	215,524
Share premium	24	38,127	34,979	38,127	34,979
Retained earnings/ (accumulated losses)	26	131,790	45,230	(38,639)	(52,245)
Other reserves	25	209,172	205,002	38,792	34,662
		<u>597,965</u>	<u>500,735</u>	<u>257,156</u>	<u>232,920</u>
Minority interests		<u>15,781</u>	<u>15,853</u>	<u>-</u>	<u>-</u>
Total equity		<u>613,746</u>	<u>516,588</u>	<u>257,156</u>	<u>232,920</u>
Non-current liabilities					
Retirement benefit obligations	28	1,641	1,723	203	191
Borrowings	21	2,851	1,987	242	295
Deferred revenue	22	3,500	39,500	-	-
Deferred tax liabilities	29	40,772	43,094	11,318	11,649
		<u>48,764</u>	<u>86,304</u>	<u>11,763</u>	<u>12,135</u>

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Balance sheets as at 31 December 2008 (cont'd.)

	Note	Group		Company	
		2008 RM'000	2007 RM'000 Restated	2008 RM'000	2007 RM'000 Restated
Current liabilities					
Borrowings	21	3,374	12,727	730	10,265
Trade payables	22	144,007	115,995	19	19
Other payables	23	46,964	38,314	110,975	110,326
Tax payable		4,507	21,038	2,436	4,001
		<u>198,852</u>	<u>188,074</u>	<u>114,160</u>	<u>124,611</u>
Total liabilities		<u>247,616</u>	<u>274,378</u>	<u>125,923</u>	<u>136,746</u>
Total equity and liabilities		<u>861,362</u>	<u>790,966</u>	<u>383,079</u>	<u>369,666</u>

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

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Consolidated statement of changes in equity
For the year ended 31 December 2008

Note	← Attributable to equity holders of the Company →				Total RM'000	Minority interests RM'000	Total equity RM'000
	← Non-distributable →		Distributable				
	Share capital (Note 24) RM'000	Share premium (Note 24) RM'000	Other reserves (Note 25) RM'000	Retained earnings (Note 26) RM'000			
At 1 January 2007							
As previously stated	215,524	34,979	210,941	22,973	484,417	8,009	492,426
Prior year adjustment	-	-	-	(12,081)	(12,081)	-	(12,081)
At 1 January 2007 (restated)	215,524	34,979	210,941	10,892	472,336	8,009	480,345
Dividends	-	-	-	(4,311)	(4,311)	-	(4,311)
Foreign currency translation	-	-	(479)	-	(479)	-	(479)
Effect of deferred taxation on revaluation surplus	-	-	(5,460)	-	(5,460)	-	(5,460)
Acquisition of a subsidiary	-	-	-	-	-	6,283	6,283
Profit for the year	-	-	-	38,649	38,649	1,561	40,210
At 31 December 2007 (restated)	215,524	34,979	205,002	45,230	500,735	15,853	516,588

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Consolidated statement of changes in equity
For the year ended 31 December 2008 (cont'd.)

Note	← Attributable to equity holders of the Company →				Total RM'000	Minority interests RM'000	Total equity RM'000
	← Non-distributable →		Distributable				
	Share capital (Note 24) RM'000	Share premium (Note 24) RM'000	Other reserves (Note 25) RM'000	Retained earnings (Note 26) RM'000			
At 1 January 2008							
As previously stated	215,524	34,979	205,481	56,832	512,816	15,853	528,669
Prior year adjustment	27	-	-	(479)	(11,602)	-	(12,081)
At 1 January 2008 (restated)	215,524	34,979	205,002	45,230	500,735	15,853	516,588
Profit for the year	-	-	-	98,592	98,592	1,708	100,300
Dividends	10	-	-	(12,032)	(12,032)	(82)	(12,114)
Foreign currency translation	-	-	40	-	40	-	40
Issuance of ordinary shares pursuant to ESOS	3,352	3,148	-	-	6,500	-	6,500
Share options granted under ESOS	-	-	5,233	-	5,233	-	5,233
Exercise of ESOS	-	-	(1,103)	-	(1,103)	-	(1,103)
Acquisition of shares in existing subsidiaries	-	-	-	-	-	(1,698)	(1,698)
At 31 December 2008	218,876	38,127	209,172	131,790	597,965	15,781	613,746

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

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Company statement of changes in equity
For the year ended 31 December 2008

	Note	← Non-distributable →			Distributable	Total equity RM'000
		Share capital (Note 24) RM'000	Share premium (Note 24) RM'000	Other reserves (Note 25) RM'000	Profit/ losses) (accumulated (Note 26) RM'000	
At 1 January 2007						
As previously stated		215,524	34,979	33,960	(58,270)	226,193
Prior year adjustment	27	-	-	-	(6,793)	(6,793)
At 1 January 2007 (restated)		215,524	34,979	33,960	(65,063)	219,400
Effect of deferred taxation on revaluation surplus		-	-	702	-	702
Profit for the year		-	-	-	17,129	17,129
Dividends		-	-	-	(4,311)	(4,311)
At 31 December 2007		215,524	34,979	34,662	(52,245)	232,920
At 1 January 2008						
As previously stated		215,524	34,979	34,662	(45,452)	239,713
Prior year adjustment	27	-	-	-	(6,793)	(6,793)
At 1 January 2008 (restated)		215,524	34,979	34,662	(52,245)	232,920
Profit for the year		-	-	-	25,638	25,638
Dividends	10	-	-	-	(12,032)	(12,032)
Issuance of ordinary shares pursuant to ESOS		3,352	3,148	-	-	6,500
Share options granted under ESOS		-	-	5,233	-	5,233
Exercise of ESOS		-	-	(1,103)	-	(1,103)
At 31 December 2008		218,876	38,127	38,792	(38,639)	257,156

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

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TDM Berhad
(Incorporated in Malaysia)

Cash flow statements
For the year ended 31 December 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000 Restated	2008 RM'000	2007 RM'000 Restated
Cash flows from operating activities					
Profit before tax		140,686	60,423	42,657	26,403
Adjustments for:					
Interest expense	4	425	502	164	702
(Reversal of)/provision for retirement benefit obligations	6	(26)	796	12	333
Depreciation of property, plant and equipment	5	11,063	10,649	311	530
Property, plant and equipment written off	5	182	766	-	225
Amortisation of prepaid land lease payments	5	4,211	3,289	831	729
Impairment of prepaid land lease payments	5	-	488	-	-
Amortisation of livestocks	5	1,194	1,025	-	-
Prepaid land lease payments written off	5	-	75	-	75
Biological assets written off	5	33	7,766	-	-
Inventories written off	5	102	169	-	-
(Gain)/loss on disposal of property, plant and equipment	5	(125)	(2,706)	(101)	9
Provision for doubtful debts	5	1,334	1,947	10,099	-
Provision for doubtful debts written back	5	(303)	-	(184)	-
Bad debt written off	5	8	-	8	-
Due to a subsidiary written back	5	-	-	(1,138)	-
Provision for/(reversal of) "Zakat"	5	2,697	(88)	-	(88)
Provision for impairment in investments in subsidiaries	5	-	-	11,090	8,000
Realised gain on foreign exchange	5	(288)	-	(288)	-
Dividends received	5	(1,412)	(3)	(40,314)	(21,134)

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TDM Berhad
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Cash flow statements
For the year ended 31 December 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000 Restated	2008 RM'000	2007 RM'000 Restated
Cash flows from operating activities (cont'd.)					
Profit received from AI Mudharabah	5	(1,071)	-	-	-
Interest income	5	(1,920)	(2,395)	-	-
Share options granted under ESOS	6	5,233	-	900	-
Provision for short term accumulating compensated absences	6	39	28	2	38
Operating profit before working capital changes		162,062	82,731	24,049	15,822
Increase in inventories		(24,297)	(2,585)	(712)	(526)
(Increase)/decrease in receivables		(19,788)	713	(19,307)	15,043
Increase/(decrease) in payables and deferred revenue		1,660	(20,716)	2,568	(5,126)
Cash generated from operations		119,637	60,143	6,598	25,213
Interest paid		(425)	(863)	(164)	(702)
Interest received		1,920	2,395	-	-
Taxes paid		(46,838)	(16,497)	(7,716)	(4,155)
Retirement benefits paid	28	(56)	(832)	-	(349)
Net cash generated from/(used in) operating activities		74,238	44,346	(1,282)	20,007
Cash flows from investing activities					
Purchase of property, plant and equipment	11 (b)	(21,110)	(12,714)	(918)	(2,051)
Addition of prepaid land lease payments	12	(3,209)	(13,702)	-	(35)
Addition of livestock	13	(1,461)	(1,062)	-	-
Addition of plantation development expenditure	13	(1,531)	(113)	-	-
Purchase of additional shares in subsidiaries	14	(3,186)	-	(3,186)	(20,357)
Acquisition of a subsidiary		-	-	-	(13,925)
Dividends received		1,412	3	15,733	21,134

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TDM Berhad
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Cash flow statements
For the year ended 31 December 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000 Restated	2008 RM'000	2007 RM'000 Restated
Cash flows from investing activities (cont'd.)					
Profit received from Al Mudharabah		1,071	-	-	-
Proceeds from disposal of property, plant and equipment		181	2,822	101	90
Net cash (used in)/generated from investing activities		<u>(27,833)</u>	<u>(24,766)</u>	<u>11,730</u>	<u>(15,144)</u>
Cash flows from financing activities					
Proceeds from trust receipts and bankers' acceptances		5,612	1,025	-	-
Repayments of trust receipts and bankers' acceptances		(5,357)	(1,827)	-	-
Proceeds from issuance of ordinary shares		5,397	-	5,397	-
Drawdown of term loans		-	20,593	-	20,401
Repayment of term loans		(10,044)	(10,212)	(9,861)	(10,162)
Repayment of TCULS		(450)	-	-	-
Repayment of hire purchase facilities		(811)	(368)	(220)	(193)
Dividends paid to shareholders	10	<u>(12,114)</u>	<u>(4,311)</u>	<u>(12,032)</u>	<u>(4,311)</u>
Net cash (used in)/generated from financing activities		<u>(17,767)</u>	<u>4,900</u>	<u>(16,716)</u>	<u>5,735</u>
Net increase/(decrease) in cash and cash equivalents		28,638	24,480	(6,268)	10,598
Cash and cash equivalents at beginning of year		<u>101,199</u>	<u>76,719</u>	<u>5,849</u>	<u>(4,749)</u>
Cash and cash equivalents at year end	20	<u>129,837</u>	<u>101,199</u>	<u>(419)</u>	<u>5,849</u>

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

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Notes to the financial statements

1. Corporate information

The principal activities of the Company are investment holding, provision of management services and cultivation of oil palms. The principal activities of the subsidiaries are as disclosed in Note 14 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 12 April 2009.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements comply with the Financial Reporting Standards and Companies Act 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised Financial Reporting Standards ("FRSs") which are mandatory for financial period beginning on or after 1 January 2008 as described fully in Note 2.3.

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

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

2.2 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

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

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Notes to the financial statements

2. Significant accounting policies (cont'd.)

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

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

(i) Subsidiaries (cont'd.)

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

(ii) Basis of consolidation

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

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

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

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Notes to the financial statements

2. Significant accounting policies (cont'd.)

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

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

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

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

(b) Associates

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

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

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

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Notes to the financial statements

2. Significant accounting policies (cont'd.)

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

(b) Associates (cont'd.)

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

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

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

(c) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for buildings, 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.

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Notes to the financial statements

2. Significant accounting policies (cont'd.)

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

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

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 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 profit or loss, in which case the increase is recognised in profit or loss 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 profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

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

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

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

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Notes to the financial statements

2. Significant accounting policies (cont'd.)

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

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

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

(d) Biological assets

(i) Plantation development expenditure

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

Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss 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 profit or loss. 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.

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Notes to the financial statements

2. Significant accounting policies (cont'd.)

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

(d) Biological assets (cont'd.)

(ii) Livestocks

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

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

(e) Property development costs

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

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

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

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

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Notes to the financial statements

2. Significant accounting policies (cont'd.)

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

(e) Property development costs (cont'd.)

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

(f) Impairment of non-financial assets

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

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

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

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Notes to the financial statements

2. Significant accounting policies (cont'd.)

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

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

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

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

(g) Inventories

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

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

(h) Financial instruments

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

Notes to the financial statements

2. Significant accounting policies (cont'd.)

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

(h) Financial instruments (cont'd.)

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

(i) Cash and cash equivalents

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

(ii) Other non-current investments

Non-current investments other than investments in subsidiaries are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

(iii) Marketable securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are credited or charged to the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is charged or credited to the income statement.

(iv) Receivables

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

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Notes to the financial statements

2. Significant accounting policies (cont'd.)

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

(h) Financial instruments (cont'd.)

(v) Payables

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

(vi) Interest bearing loans and borrowings

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

(vii) Derivative financial instruments

Derivative financial instruments are not recognised in the financial statements.

(viii) Equity instruments

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

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

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Notes to the financial statements

2. Significant accounting policies (cont'd.)

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

(h) Financial instruments (cont'd.)

(viii) Equity instruments (cont'd.)

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

(i) Borrowing costs

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

(j) Income tax

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

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

Notes to the financial statements

2. Significant accounting policies (cont'd.)

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

(j) Income tax (cont'd.)

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

(k) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(l) Employee benefits

(i) Short term benefits

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

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Notes to the financial statements

2. Significant accounting policies (cont'd.)

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

(i) Employee benefits (cont'd.)

(ii) Defined contribution plans

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

(iii) Defined benefit plan

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

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

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

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2. Significant accounting policies (cont'd.)

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

(l) Employee benefits (cont'd.)

(iv) Share-based compensation

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

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

(m) Foreign currencies

(i) Functional and presentation currency

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

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Notes to the financial statements

2. Significant accounting policies (cont'd.)

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

(m) Foreign currencies (cont'd.)

(ii) Foreign currency transactions

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

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

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

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Notes to the financial statements

2. Significant accounting policies (cont'd.)

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

(m) Foreign currencies (cont'd.)

(iii) Foreign operation

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

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

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2007 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2007 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

(n) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

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

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Notes to the financial statements

2. Significant accounting policies (cont'd.)

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

(n) Revenue recognition (cont'd.)

(ii) Revenue from services

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

(iii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(iv) Dividend income

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

(v) Management fees

Management fees are recognised when services are rendered.

(vi) Deferred revenue

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

(o) Goodwill

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

Notes to the financial statements

2. Significant accounting policies (cont'd.)

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

(p) Leases

(i) Classification

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

(ii) Finance leases - the group as lessee

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

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

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

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Notes to the financial statements

2. Significant accounting policies (cont'd.)

2.3 Changes in accounting policies and effects from adoption of new and revised FRSs, Amendment to FRS and Interpretations

On 1 January 2008, the Company adopted the following new and revised FRSs, Amendment to FRS and Interpretations:

FRS 107: Cash Flow Statements

FRS 111: Construction Contracts

FRS 118: Revenue

FRS 120: Accounting for Government Grants and
Disclosure of Government Assistance

FRS 134 : Interim Financial Reporting

FRS 137 : Provisions, Contingent Liabilities and Contingent Assets

Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates

- Net Investment in a Foreign Operation

IC Interpretation 1: Changes in Existing Decommissioning, Restoration
and Similar Liabilities

IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments

IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration
and Environmental Rehabilitation Funds

IC Interpretation 6: Liabilities arising from Participating in a Specific Market

- Waste Electrical and Electronic Equipment

IC Interpretation 7: Applying the Restatement Approach under FRS 129₂₀₀₄

- Financial Reporting in Hyperinflationary Economies

IC Interpretation 8: Scope of FRS 2 Share-based Payment

The new and revised FRSs, Amendment to FRS and Interpretations above do not have any significant impact on the financial statements of the Group and the Company except for the adoption of Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation as discussed below:

(a) Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation

Prior to 1 January 2008, exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation are recognised in equity in the consolidated financial statements only when that monetary item is denominated either in the functional currency of the reporting entity or the foreign operation.

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Notes to the financial statements

2. Significant accounting policies (cont'd.)

2.3 Changes in accounting policies and effects from adoption of new and revised FRSs, Amendment to FRS and Interpretations (cont'd.)

(a) Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation (cont'd.)

If the monetary item is denominated in a currency other than the functional currency of the reporting entity or the foreign operation, the exchange differences are recognised in profit or loss. Under the Amendment to FRS 121, such exchange differences should always be recognised in equity in the consolidated financial statements and should not be dependent on the currency of the monetary item.

This change in accounting policy has been accounted for retrospectively and the effects of this change are described in Note 27(c) and (d).

2.4 Standards and Interpretations issued but not yet effective

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

FRSs and Interpretations	Effective for financial periods beginning on or after
FRS 7: Financial Instruments: Disclosures	1 January 2010
FRS 8: Operating Segments	1 July 2009
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010

The new FRSs and Interpretations above are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the changes in disclosures arising from the adoption of FRS 7 and FRS 8. The Group and Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

Notes to the financial statements

2.5 Significant accounting estimates and judgements

(a) Key sources of estimation uncertainty

(i) Impairment of property, plant and equipment

During the current financial year, the Group has carried out the impairment test based on a variety of estimation including the value-in-use of the CGU to which the property, plant and equipment are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of property, plant and equipment of the Group and Company as at 31 December 2008 were RM93,846,000 (2007: RM81,742,000) and RM3,416,000 (2007: RM2,671,000). Further details of the impairment losses recognised are disclosed in Note 11.

(ii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and reinvestment allowances to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and reinvestment allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of unrecognised tax losses and capital allowances of the Group was RM26,191,000 (2007: RM42,647,808) and RM13,417,000 (2007: RM15,146,082) respectively.

3. Revenue

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Sale of goods	333,204	226,862	23,834	15,186
Rendering of services	47,678	40,265	-	-
Dividend income from subsidiaries	-	-	40,314	21,134
Management fees from subsidiaries	-	-	15,971	15,117
	<u>380,882</u>	<u>267,127</u>	<u>80,119</u>	<u>51,437</u>

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3. Revenue (cont'd.)

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

4. Finance costs

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
- bank overdrafts	138	311	138	311
- term loans	71	445	-	382
- trust receipts and bankers' acceptances	79	69	-	-
- hire purchase and finance lease liabilities	137	38	26	9
Reversal of interest on late payment over recognised in prior year	-	(361)	-	-
	<u>425</u>	<u>502</u>	<u>164</u>	<u>702</u>

5. Profit before tax

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

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Employee benefits expense (Note 6)	20,230	14,310	4,053	3,311
Non-executive directors' remuneration (Note 7)	1,732	833	710	407
Auditors' remuneration				
- current year	247	208	51	50
- other services	19	48	15	48

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5. Profit before tax (cont'd.)

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Depreciation of property, plant and equipment (Note 11)	11,063	10,649	311	530
Property, plant and equipment written off (Note 11)	182	766	-	225
Amortisation of prepaid land lease payments (Note 12)	4,211	3,289	831	729
Impairment of prepaid land lease payments (Note 12)	-	488	-	-
Amortisation of livestocks (Note 13)	1,194	1,025	-	-
Prepaid land lease payments written off (Note 12)	-	75	-	75
Biological assets written off (Note 13)	33	7,766	-	-
Rental of premises	3,002	2,686	360	360
Rental of equipment	16	22	15	22
Rental of land	2	3	-	-
Rental of parking space	74	51	74	51
Inventories written off	102	169	-	-
(Gain)/loss on disposal of property, plant and equipment	(125)	(2,706)	(101)	9
Bad debt written off	8	-	8	-
Provision for doubtful debts	1,334	1,947	10,099	-
Provision for doubtful debts written back	(303)	-	(184)	-
Due to a subsidiary written back	-	-	(1,138)	-
Provision for/(reversal of) "Zakat"	2,697	(88)	-	(88)
Royalty	340	247	-	-
Share of profits from estates payable to Lembaga Tabung Amanah Warisan Negeri Terengganu	2,792	1,374	2,792	1,374
Provision for impairment in investments in subsidiaries	-	-	11,090	8,000
Replanting expenditure	2,763	4,922	-	-
Cash written off	102	-	-	-
Realised gain on foreign exchange	(288)	-	(288)	-
Profit received from Al Mudharabah	(1,071)	-	-	-

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Notes to the financial statements

5. Profit before tax (cont'd.)

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Dividends received	(1,412)	(3)	(40,314)	(21,134)
Interest income	(1,920)	(2,395)	-	-
Rental income	(357)	(298)	-	-
Profit distribution from Terengganu Oil Palm Development - Sublessees Scheme	(11,497)	(5,255)	(11,497)	(5,255)
Management fees charged to subsidiaries	-	-	(15,987)	(15,117)
	-	-	(15,987)	(15,117)

6. Employee benefits expense

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Salaries, wages and allowances	13,076	11,614	2,510	2,384
Defined contribution benefits	1,778	1,723	605	535
Social security costs	130	149	24	21
(Reversal of)/provision for defined benefit plans (Note 28)	(26)	796	12	333
Provision for short term accumulating compensated absences	39	28	2	38
Share options granted under ESOS	5,233	-	900	-
	20,230	14,310	4,053	3,311

Included in employee benefits expense of the Group and of the Company is executive director's remuneration amounting to RM428,000 (2007: RM576,000) and RM428,000 (2007: RM576,000) respectively as further disclosed in Note 7.

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7. Directors' remuneration

	Group		Company	
	2008 RM'000	2007 RM'000 Restated	2008 RM'000	2007 RM'000 Restated
Executive director's remuneration (Note 6):				
Fees	40	40	40	40
Salaries and other emoluments	215	449	215	449
Bonus	108	87	108	87
Share options granted under ESOS	65	-	65	-
	<u>428</u>	<u>576</u>	<u>428</u>	<u>576</u>
Non-executive directors' remuneration (Note 5):				
Fees and other emoluments	830	691	475	407
Chairman allowances	135	142	-	-
Share options granted under ESOS	767	-	235	-
	<u>1,732</u>	<u>833</u>	<u>710</u>	<u>407</u>
Total directors' remuneration	2,160	1,409	1,138	983
Estimated money value of benefits-in-kind	32	36	-	-
Total directors' remuneration including benefits-in-kind	<u>2,192</u>	<u>1,445</u>	<u>1,138</u>	<u>983</u>

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

	Number of directors	
	2008	2007
Executive director:		
RM400,001 - RM500,000	1	-
RM500,001 - RM600,000	-	1
RM600,001 - RM650,000	-	-
	<u>-</u>	<u>-</u>
Non-executive directors:		
Below RM50,000	8	-
RM50,000 - RM100,000	5	7
Above RM100,000	2	-
	<u>2</u>	<u>-</u>

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Notes to the financial statements

8. Income tax expense

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Tax expense for the year:				
Malaysian income tax	41,375	20,662	17,101	9,572
Underprovision of income tax in prior year	1,333	1,125	249	1,814
	<u>42,708</u>	<u>21,787</u>	<u>17,350</u>	<u>11,386</u>
Deferred tax (Note 29):				
Overprovision in prior year	(448)	(1,189)	(25)	-
Relating to origination and reversal of temporary differences	(1,886)	(254)	(318)	(1,992)
Relating to changes in tax rates	12	(131)	12	(120)
	<u>(2,322)</u>	<u>(1,574)</u>	<u>(331)</u>	<u>(2,112)</u>
	<u>40,386</u>	<u>20,213</u>	<u>17,019</u>	<u>9,274</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. Certain subsidiaries of the Company being Malaysian resident companies with paid-up capital of RM2.5 million or less qualify for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act 1967 as follows:

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

Domestic current income tax is calculated at the statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 25% from the current year's rate of 26%, effective year of assessment 2009.

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Notes to the financial statements

8. Income tax expense (cont'd.)

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

	2008	2007
	RM'000	RM'000
Group		
Profit before tax	140,686	60,423
Taxation at Malaysian statutory rate of 26% (2007: 27%)	36,578	16,314
Relating to changes in tax rates	12	(131)
Income not subject to tax	(39)	(173)
Effect of income subject to tax rate of 20%	(54)	(78)
Expenses not deductible for tax purposes	3,624	4,905
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	2	8
Deferred tax assets recognised during the year	(793)	(1,791)
Deferred tax assets not recognised during the year	171	1,223
Overprovision of deferred tax in prior years	(448)	(1,189)
Underprovision of income tax in prior year	1,333	1,125
Tax expense for the year	<u>40,386</u>	<u>20,213</u>
Company		
Profit before tax	42,657	26,403
Taxation at Malaysian statutory rate of 26% (2007: 27%)	11,091	7,129
Relating to changes in tax rates	12	(120)
Income not subject to tax	-	(135)
Expenses not deductible for tax purposes	5,692	586
Overprovision of deferred tax in prior years	(25)	-
Underprovision of income tax in prior year	249	1,814
Tax expense for the year	<u>17,019</u>	<u>9,274</u>

Tax savings during the financial year arising from:

	Group	
	2008	2007
	RM'000	RM'000
Utilisation of current year capital allowances	<u>5,457</u>	<u>10,246</u>

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9. Earnings per share

Basic

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

	Group	
	2008	2007
Profit attributable to ordinary equity holders of the Company (RM'000)	98,592	38,649
Weighted average number of ordinary shares in issue ('000)	217,297	215,524
Basic earnings per share (sen)	45.37	17.93

Diluted

Diluted earnings per share is calculated based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the period, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The Company's ESOS which is a potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share. As a result, the earnings per share is the same for basic and diluted earning per share calculations.

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10. Dividends

	← Dividends in respect → of year			← Dividends → recognised in year	
	2008	2007	2006	2008	2007
	RM'000	RM'000	RM'000	RM'000	RM'000
Recognised during the year:					
Final dividend of 2.74% less 27% taxation, on 215,524,302 ordinary shares declared on 4 July 2007 and paid on 3 September 2007 (2.0 sen net per ordinary share)	-	-	4,311	-	4,311
Final dividend of 7.43% less 26% taxation on 218,834,402 ordinary shares declared on 10 April 2008 and paid on 13 August 2008 (5.5 sen net per ordinary share)	-	12,032	-	12,032	-
Proposed for approval at AGM (not recognised as at 31 December):					
Final dividend of 14% less 25% taxation on 218,876,402 ordinary shares (10.50 sen net per ordinary share)	22,982	-	-	-	-
	<u>22,982</u>	<u>12,032</u>	<u>4,311</u>	<u>12,032</u>	<u>4,311</u>

At the forthcoming Annual General Meeting ("AGM"), a final dividend in respect of the financial year ended 31 December 2008, of 14% less 25% taxation on 218,876,402 ordinary shares, amounting to a dividend payable of RM22,982,022 (10.50 sen net per ordinary share) 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 2009.

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11. Property, plant and equipment

	Freehold land RM'000	Buildings RM'000	Plant, machinery, equipment, vehicles and renovation RM'000	Livestock pen and cages RM'000	Work-in progress RM'000	Total RM'000
Group						
At 31 December 2008						
Cost or valuation						
At 1 January 2008						
At cost	2,405	25,342	81,235	1,184	18,250	128,416
At valuation	800	18,436	37,964	-	-	57,200
	<u>3,205</u>	<u>43,778</u>	<u>119,199</u>	<u>1,184</u>	<u>18,250</u>	<u>185,616</u>
Additions	-	1,358	11,761	92	10,194	23,405
Disposal	-	-	(1,353)	-	-	(1,353)
Reclassifications	-	(364)	465	-	(101)	-
Transfers	-	-	4,632	-	(4,632)	-
Write off	-	-	(2,173)	-	-	(2,173)
At 31 December 2008	<u>3,205</u>	<u>44,772</u>	<u>132,531</u>	<u>1,276</u>	<u>23,711</u>	<u>205,495</u>

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Notes to the financial statements

11. Property, plant and equipment (cont'd.)

	Freehold land RM'000	Buildings RM'000	Plant, machinery, equipment, vehicles and renovation RM'000	Livestock pen and cages RM'000	Work-in progress RM'000	Total RM'000
Group (cont'd.)						
Representing:						
At cost	2,405	26,336	94,567	1,276	23,711	148,295
At valuation	800	18,436	37,964	-	-	57,200
At 31 December 2008	<u>3,205</u>	<u>44,772</u>	<u>132,531</u>	<u>1,276</u>	<u>23,711</u>	<u>205,495</u>

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Notes to the financial statements

11. Property, plant and equipment (cont'd.)

	Freehold land RM'000	Buildings RM'000	Plant, machinery, equipment, vehicles and renovation RM'000	Livestock pen and cages RM'000	Work-in progress RM'000	Total RM'000
Group (cont'd.)						
Accumulated depreciation and impairment						
At 1 January 2008	-	32,615	66,245	422	4,592	103,874
Depreciation charge for the year (Note 5)	-	1,225	9,556	48	234	11,063
Reclassifications	-	(2,939)	2,939	-	-	-
Disposal	-	-	(1,297)	-	-	(1,297)
Write off	-	-	(1,991)	-	-	(1,991)
At 31 December 2008	-	30,901	75,452	470	4,826	111,649

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Notes to the financial statements

11. Property, plant and equipment (cont'd.)

	Freehold land RM'000	Buildings RM'000	Plant, machinery, equipment, vehicles and renovation RM'000	Livestock pen and cages RM'000	Work-in progress RM'000	Total RM'000
Group (cont'd.)						
Analysed as:						
Accumulated depreciation	-	30,035	71,224	470	3,041	104,770
Accumulated impairment losses	-	866	4,228	-	1,785	6,879
	-	30,901	75,452	470	4,826	111,649
Net carrying amount						
At cost	2,405	13,871	49,051	806	18,885	85,018
At valuation	800	-	8,028	-	-	8,828
At 31 December 2008	3,205	13,871	57,079	806	18,885	93,846

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Notes to the financial statements

11. Property, plant and equipment (cont'd.)

Group (cont'd.)	Freehold land RM'000	Buildings RM'000	Plant, machinery, equipment, vehicles and renovation RM'000	Livestock pen and cages RM'000	Work-in progress RM'000	Total RM'000
At 31 December 2007						
Cost or valuation						
At 1 January 2007						
At cost	1,964	25,564	80,572	494	18,556	127,150
At valuation	800	18,436	37,964	-	-	57,200
	<u>2,764</u>	<u>44,000</u>	<u>118,536</u>	<u>494</u>	<u>18,556</u>	<u>184,350</u>
Additions	546	2,680	9,672	690	30	13,618
Disposals	-	(858)	(661)	-	-	(1,519)
Reclassifications	-	-	(496)	-	496	-
Write offs	(105)	(2,044)	(7,852)	-	(832)	(10,833)
At 31 December 2007	<u>3,205</u>	<u>43,778</u>	<u>119,199</u>	<u>1,184</u>	<u>18,250</u>	<u>185,616</u>

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11. Property, plant and equipment (cont'd.)

	Freehold land RM'000	Buildings RM'000	Plant, machinery, equipment, vehicles and renovation RM'000	Livestock pen and cages RM'000	Work-in progress RM'000	Total RM'000
Group (cont'd.)						
Representing:						
At cost	2,405	25,342	81,235	1,184	18,250	128,416
At valuation	800	18,436	37,964	-	-	57,200
At 31 December 2007	3,205	43,778	119,199	1,184	18,250	185,616

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Notes to the financial statements

11. Property, plant and equipment (cont'd.)

	Freehold land RM'000	Buildings RM'000	Plant, machinery, equipment, vehicles and renovation RM'000	Livestock pen and cages RM'000	Work-in progress RM'000	Total RM'000
Group (cont'd.)						
Accumulated depreciation and impairment						
At 1 January 2007	-	36,090	63,451	385	4,739	104,665
Depreciation charge for the year (Note 5)	-	1,569	8,724	37	319	10,649
Reclassifications	-	(2,117)	2,163	-	(16)	30
Disposals	-	(859)	(544)	-	-	(1,403)
Write offs	-	(2,068)	(7,549)	-	(450)	(10,067)
At 31 December 2007	-	32,615	66,245	422	4,592	103,874

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Notes to the financial statements

11. Property, plant and equipment (cont'd.)

	Freehold land RM'000	Buildings RM'000	Plant, machinery, equipment, vehicles and renovation RM'000	Livestock pen and cages RM'000	Work-in progress RM'000	Total RM'000
Group (cont'd.)						
Analysed as:						
Accumulated depreciation	-	31,749	62,017	422	2,807	96,995
Accumulated impairment losses	-	866	4,228	-	1,785	6,879
	-	32,615	66,245	422	4,592	103,874
Net carrying amount						
At cost	2,405	9,463	22,493	762	12,755	47,878
At valuation	800	1,700	31,364	-	-	33,864
At 31 December 2007	3,205	11,163	53,857	762	12,755	81,742

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11. Property, plant and equipment

	Machinery, equipment and vehicles RM'000	Work-in progress RM'000	Renovation RM'000	Total RM'000
Company				
At 31 December 2008				
Cost				
At 1 January 2008	4,524	3,506	858	8,888
Addition	1,056	-	-	1,056
Write off	(1,324)	-	-	(1,324)
Disposal	(907)	-	-	(907)
Reclassifications	2,512	(2,166)	(346)	-
At 31 December 2008	<u>5,861</u>	<u>1,340</u>	<u>512</u>	<u>7,713</u>

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Notes to the financial statements

11. Property, plant and equipment (cont'd.)

Company (cont'd.)	Machinery, equipment and vehicles RM'000	Work-in progress RM'000	Renovation RM'000	Total RM'000
Accumulated depreciation and impairment				
At 1 January 2008	4,071	1,801	345	6,217
Depreciation charge for the year (Note 5)	311	-	-	311
Write off	(1,324)	-	-	(1,324)
Disposal	(907)	-	-	(907)
At 31 December 2008	<u>2,151</u>	<u>1,801</u>	<u>345</u>	<u>4,297</u>
 Net carrying amount				
At 31 December 2008	<u>3,710</u>	<u>(461)</u>	<u>167</u>	<u>3,416</u>

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Notes to the financial statements

11. Property, plant and equipment (cont'd.)

	Machinery, equipment and vehicles RM'000 Restated	Work-in progress RM'000	Renovation RM'000 Restated	Total RM'000
Company (cont'd.)				
At 31 December 2007				
Cost				
At 1 January 2007	4,464	4,094	3,602	12,160
Additions	1,006	690	651	2,347
Transfer to subsidiaries	(582)	(903)	(3,395)	(4,880)
Disposal	(143)	-	-	(143)
Write offs	(221)	(375)	-	(596)
At 31 December 2007	<u>4,524</u>	<u>3,506</u>	<u>858</u>	<u>8,888</u>

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Notes to the financial statements

11. Property, plant and equipment (cont'd.)

	Machinery, equipment and vehicles RM'000	Work-in progress RM'000	Renovation RM'000	Total RM'000
Company (cont'd.)				
Accumulated depreciation and impairment				
At 1 January 2007	3,956	1,801	345	6,102
Depreciation charge for the year (Note 5)	530	-	-	530
Disposal	(44)	-	-	(44)
Write off	(371)	-	-	(371)
At 31 December 2007	<u>4,071</u>	<u>1,801</u>	<u>345</u>	<u>6,217</u>
Net carrying amount				
At 31 December 2007	<u>453</u>	<u>1,705</u>	<u>513</u>	<u>2,671</u>

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11. Property, plant and equipment (cont'd.)

- (a) Had the revalued property, plant and equipment been carried under cost model, the net carrying amounts of each class of property, plant and equipment that would have been included in the financial statements of the Group as at 31 December 2008 would have been as follows:

	Group	
	2008	2007
	RM'000	RM'000
Plant and machinery	7,718	10,142

- (b) During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM23,405,000 (2007: RM13,618,000) and RM1,056,000 (2007: RM2,347,000) respectively of which RM2,295,000 (2007: RM904,000) and RM138,000 (2007: RM296,000) respectively were acquired by means of hire purchase. Net carrying amounts of property, plant and equipment held under hire purchase are as follows:

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Machinery, equipment and motor vehicles	1,191	1,172	400	275

- (c) Details of independent professional valuations of properties owned by the Company and its subsidiaries at 31 December 2008 are as follows:

Group	Description of property	Valuation	Basis of valuation
Year of valuation		amount	
		RM'000	
2006	Buildings	13,486	Investment method
1982	Motor vehicles	176	Depreciated replacement cost method
2006	Freehold land	800	Open market value
2006	Plant and machinery	37,788	Open market value
2006	Buildings	1,700	Open market value
2005	Buildings	3,250	Open market value
		<u>57,200</u>	

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12. Prepaid land lease payments

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At 1 January	173,748	163,898	30,107	30,876
Addition	3,209	13,702	-	35
Write off	-	(75)	-	(75)
Provision for impairment (Note 5)	-	(488)	-	-
Provision for amortisation (Note 5)	(4,211)	(3,289)	(831)	(729)
At 31 December	<u>172,746</u>	<u>173,748</u>	<u>29,276</u>	<u>30,107</u>
Analysed as:				
Long term leasehold land	168,536	170,423	28,445	29,378
Short term leasehold land	4,210	3,325	831	729
	<u>172,746</u>	<u>173,748</u>	<u>29,276</u>	<u>30,107</u>

13. Biological assets

	2008 RM'000	2007 RM'000
Group		
(a) Plantation development expenditure		
At cost or valuation		
At 1 January		
At cost	20,837	28,490
At valuation	<u>331,515</u>	<u>331,515</u>
	352,352	360,005
Addition	1,531	113
Write off	(33)	(7,766)
At 31 December	<u>353,850</u>	<u>352,352</u>
Representing:		
At cost	22,335	20,837
At valuation	<u>331,515</u>	<u>331,515</u>
At 31 December	<u>353,850</u>	<u>352,352</u>

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Notes to the financial statements

13. Biological assets (cont'd.)

(b) Livestocks

	2008	2007
	RM'000	RM'000
At cost		
At 1 January	9,820	8,758
Addition	1,461	1,062
	<u>11,281</u>	<u>9,820</u>
Cumulative amount amortised	(10,219)	(9,025)
At 31 December	<u>1,062</u>	<u>795</u>
 Total	 <u>354,912</u>	 <u>353,147</u>
	2008	2007
	RM'000	RM'000

Company

At valuation

Plantation development expenditure	<u>27,535</u>	<u>27,535</u>
------------------------------------	---------------	---------------

- (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 2008 would have been as follows:

	Group	
	2008	2007
	RM'000	RM'000
Plantation development expenditure	293,004	293,004
New planting development expenditure	17,748	17,748
	<u>310,752</u>	<u>310,752</u>

- (b) Prior to 1 January 2006, plantation development expenditure was classified as property, plant and equipment and livestock were classified as deferred expenditure.

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13. Biological assets (cont'd.)

(c) Details of independent professional valuations of biological assets owned by the Company and its subsidiaries at 31 December 2008 are as follows:

Group

Year of valuation	Description of property	Valuation amount RM'000	Basis of valuation
2006	New planting development expenditure	38,511	Open market value
2006	Plantation development expenditure	<u>293,004</u>	Open market value
		<u>331,515</u>	

14. Investments in subsidiaries

	Company	
	2008 RM'000	2007 RM'000 Restated
Unquoted shares at cost:		
- in Malaysia	186,514	180,981
- outside Malaysia	<u>15,893</u>	<u>13,907</u>
	202,407	194,888
Less: Accumulated impairment loss	<u>(29,921)</u>	<u>(18,831)</u>
	<u>172,486</u>	<u>176,057</u>

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
TDM Plantation Sdn. Bhd.	Malaysia	Management of oil palm plantation, processing and trading of palm oil and related products.	100	100

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14. Investments in subsidiaries (cont'd.)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Kumpulan Ladang-Ladang Trengganu Sdn. Bhd.	Malaysia	Cultivation of oil palms, trading of palm oil and other related products.	100	100
TDM Trading Sdn. Bhd.	Malaysia	Trading of crude palm oil and other related products.	100	100
TDM Capital Sdn. Bhd.	Malaysia	Investment holding, trading, cultivation of oil palms and other related products.	90	90
Kumpulan Mediiman Sdn. Bhd. **	Malaysia	Investment holding and provision of consultancy and management services to specialist medical centres.	90.49	90.49
Kuala Terengganu Specialist Hospital Sdn. Bhd.	Malaysia	Specialist medical centre.	100	100
PT Rafi Kamajaya Abadi *	Indonesia	Cultivation of oil palms, trading of palm oil and other related products.	80.60	70.39
TDM Properties Bhd **	Malaysia	Dormant.	100	100

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14. Investments in subsidiaries (cont'd.)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Indah Sari Travel & Tours Sdn. Bhd.***	Malaysia	Ceased operations.	70	70
TD Ijarah Sdn. Bhd. **	Malaysia	Dormant.	100	100
TD Poultry Sdn. Bhd.	Malaysia	Intergrated poultry farming.	100	100
TDM Helling Sdn. Bhd. **	Malaysia	Dormant.	100	100
TMG (M) Sdn. Bhd. (In liquidation) #	Malaysia	Dormant.	100	100
East Coast Transportation Sdn. Bhd. (In liquidation) #	Malaysia	Dormant.	100	100
Kuantan Medical Centre Sdn. Bhd.	Malaysia	Specialist medical centre.	88.44	88.44
Kelana Jaya Medical Centre Sdn. Bhd.	Malaysia	Specialist medical centre.	96.92	94.77
TD Gabongan Sdn. Bhd.	Malaysia	Dormant.	51	51
Chee Keng Stocks-Feeds Manufacturing Company Sdn. Bhd. (In liquidation) #	Malaysia	Dormant.	100	100
TDM Interdagang (M) Sdn. Bhd. (In liquidation) #	Malaysia	Dormant.	100	100
Pemco Sdn. Berhad (In liquidation) #	Malaysia	Dormant.	100	100
TRP Industries Sdn. Bhd. **	Malaysia	Dormant.	100	100

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14. Investments in subsidiaries (cont'd.)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008	2007
			%	%
KLLT Fibres Sdn. Bhd. **	Malaysia	Dormant.	100	100
Terengganu Rubber Processing Sdn. Bhd. **	Malaysia	Dormant.	99.99	99.99
TD Markwell (S) Pte. Ltd. #	Singapore	Dormant.	100	100
World Wide Rubber Marketing Sdn. Bhd. **	Malaysia	Dormant.	100	100
Medi Air Sdn. Bhd. **	Malaysia	Dormant.	100	100
HMMC (Ampang) Sdn. Bhd. **	Malaysia	Dormant.	100	100

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

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

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

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

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14. Investments in subsidiaries (cont'd.)

Additional investments in subsidiaries

(i) PT Rafi Kamajaya Abadi

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

	2008 RM'000
Property, plant and equipment	1,254
Inventories	2
Other receivables	6
Cash and cash equivalents	695
Due from related companies	2
	<u>1,959</u>
Due to related companies	<u>(52)</u>
Carrying value of net assets	1,907
Goodwill on acquisition (Note 35)	79
Total cost of acquisition	<u>1,986</u>

The cash outflow on acquisition is as follows:

Cash outflow arising on acquisition:

Purchase consideration satisfied by cash represents net cash
outflow of the Group

1,986

(ii) Kelana Jaya Medical Centre Sdn. Bhd.

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

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Notes to the financial statements

14. Investments in subsidiaries (cont'd.)

(ii) Kelana Jaya Medical Centre Sdn. Bhd. (cont'd.)

	2008 RM'000
Property, plant and equipment	386
Inventories	12
Trade receivables	76
Other receivables	23
Cash and cash equivalents	15
	<u>512</u>
Trade payables	(46)
Other payables	(25)
Due to holding company	(32)
Due to related company	(118)
Borrowings	(82)
	<u>(303)</u>
Carrying value of net assets	209
Goodwill on acquisition (Note 35)	991
Total cost of acquisition	<u>1,200</u>
Cash outflow arising on acquisition:	
Purchase consideration satisfied by cash represents net cash outflow of the Group	<u>1,200</u>

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Notes to the financial statements

15. Other investments

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Marketable securities				
Quoted shares, at cost				
Within Malaysia - shares	630	630	-	-
Less: Impairment losses	(582)	(582)	-	-
	<u>48</u>	<u>48</u>	<u>-</u>	<u>-</u>
Unquoted shares, at cost				
Within Malaysia - shares	11,462	11,462	4,770	4,770
Less: Impairment losses	(6,701)	(6,701)	(4,770)	(4,770)
	<u>4,761</u>	<u>4,761</u>	<u>-</u>	<u>-</u>
	<u>4,809</u>	<u>4,809</u>	<u>-</u>	<u>-</u>
Market value of quoted shares	<u>48</u>	<u>48</u>	<u>-</u>	<u>-</u>

16. Property development costs

	Group	
	2008	2007
	RM'000	RM'000
Property development, at cost	1,583	1,583
Less: Provision for foreseeable losses	<u>(1,583)</u>	<u>(1,583)</u>
	<u>-</u>	<u>-</u>

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17. Inventories

	Group		Company	
	2008 RM'000	2007 RM'000 Restated	2008 RM'000	2007 RM'000
Cost				
Produced inventories	5,433	2,312	1,238	526
Pharmaceutical products	1,611	857	-	-
Consumables and food stuff	-	151	-	-
Spare parts, equipment and store	23,390	4,143	-	-
Seedlings	1,274	174	-	-
Chicken farming inventories	1,415	1,291	-	-
	<u>33,123</u>	<u>8,928</u>	<u>1,238</u>	<u>526</u>

18. Trade receivables

	Group		Company	
	2008 RM'000	2007 RM'000 Restated	2008 RM'000	2007 RM'000
Trade receivables	61,292	49,384	299	-
Less: Provision for doubtful debts	(20,275)	(19,390)	-	-
	<u>41,017</u>	<u>29,994</u>	<u>299</u>	<u>-</u>

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

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19. Other receivables

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Due from subsidiaries	-	-	168,726	135,324
Sundry receivables	28,404	25,572	5,911	6,683
Deposits	1,629	1,438	193	107
Prepayments	4,926	17,863	24	1,139
	<u>34,959</u>	<u>44,873</u>	<u>174,854</u>	<u>143,253</u>
Less: Provision for doubtful debts				
Third parties	(6,145)	(8,061)	(2,411)	(2,595)
Subsidiaries	-	-	(23,836)	(13,737)
	<u>(6,145)</u>	<u>(8,061)</u>	<u>(26,247)</u>	<u>(16,332)</u>
	<u>28,814</u>	<u>36,812</u>	<u>148,607</u>	<u>126,921</u>

Included in sundry receivables of the Group is an amount of RM5,000,000 (2007: RM5,000,000) held with a shareholder, Terengganu Incorporated Sdn. Bhd. Included in prepayments of the Group is an amount of RM4,926,000 (2007: RM12,684,000) being tax prepayments to Inland Revenue Board.

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

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

20. Cash and cash equivalents

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	20,345	27,494	159	5,786
Deposits with licensed banks	110,680	74,292	63	63
Cash and bank balances	<u>131,025</u>	<u>101,786</u>	<u>222</u>	<u>5,849</u>
Less: Bank overdrafts (Note 21)	(1,188)	(587)	(641)	-
Cash and cash equivalents	<u>129,837</u>	<u>101,199</u>	<u>(419)</u>	<u>5,849</u>

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20. Cash and cash equivalents (cont'd.)

The Group's deposits with licensed banks amounting to RM52,002,448 (2007: RM50,228,358) are pledged as securities for performance bonds issued and banking facilities granted to a subsidiary as referred to in Note 22.

The weighted average interest rate during the financial year and the average maturities of deposits as at 31 December 2008 were as follows:

	Weighted average interest rate		Average maturities	
	2008 %	2007 %	2008 Days	2007 Days
Licensed banks	3.2	2.0	198	198

21. Borrowings

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short term borrowings				
Secured				
Bank overdrafts (Note 20)	1,188	587	641	-
Term loans	188	10,336	-	10,149
Trust receipts and bankers' acceptances	1,246	992	-	-
Hire purchase payables (Note 30)	752	362	89	116
	<u>3,374</u>	<u>12,277</u>	<u>730</u>	<u>10,265</u>
Unsecured				
6%-7% Transferable Convertible Unsecured Loan Stocks (Note 31)	-	450	-	-
	<u>-</u>	<u>450</u>	<u>-</u>	<u>-</u>
	<u>3,374</u>	<u>12,727</u>	<u>730</u>	<u>10,265</u>

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21. Borrowings (cont'd.)

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Long term borrowings				
Secured				
Term loans	921	1,106	-	-
Hire purchase payables (Note 30)	1,930	881	242	295
	<u>2,851</u>	<u>1,987</u>	<u>242</u>	<u>295</u>
Total borrowings				
Bank overdrafts (Note 20)	1,188	587	641	-
Term loans	1,109	11,442	-	10,149
Trust receipts and bankers' acceptances	1,246	992	-	-
Hire purchase payables (Note 30)	2,682	1,243	331	411
6%-7% Transferable Convertible Unsecured Loan Stocks (Note 31)	-	450	-	-
	<u>6,225</u>	<u>14,714</u>	<u>972</u>	<u>10,560</u>

The term loan is secured by a first legal charge over the buildings of a subsidiary. The carrying amount of buildings pledged as securities is RM4,252,000 (2007: RM4,545,000).

22. Trade payables

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
		Restated		
Trade payables	109,507	79,995	19	19
Deferred revenue (due within 12 months)	34,500	36,000	-	-
	<u>144,007</u>	<u>115,995</u>	<u>19</u>	<u>19</u>
Deferred revenue (due after 12 months)	3,500	39,500	-	-
	<u>147,507</u>	<u>155,495</u>	<u>19</u>	<u>19</u>

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

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Notes to the financial statements

22. Trade payables (cont'd.)

The first tranche contract of RM170 million and the second tranche contract of RM150 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.

23. Other payables

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Due to subsidiaries	-	-	88,396	89,606
Sundry payables	16,758	12,341	5,773	4,191
Accruals	11,934	10,399	1,247	970
Zakat	2,713	15	-	-
Due to Perbadanan Memajukan Iktisad Negeri Terengganu ("PMINT")	15,559	15,559	15,559	15,559
	46,964	38,314	110,975	110,326

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

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Notes to the financial statements

24. Share capital and share premium

	Number of ordinary shares of RM1 each Share capital (issued and fully paid) '000	← Amount →		
		Share capital (issued and fully paid) RM'000	Share premium RM'000	Total RM'000
At 1 January / 31 December 2007	215,524	215,524	34,979	250,503
Ordinary shares issued during the year:				
Pursuant to ESOS (Note 28(b))	3,352	3,352	3,148	6,500
At 31 December 2008	<u>218,876</u>	<u>218,876</u>	<u>38,127</u>	<u>257,003</u>

	Number of ordinary shares of RM1 each		Amount	
	2008 '000	2007 '000	2008 RM'000	2007 RM'000
Authorised				
At 1 January / 31 December	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

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.

Share premium which comprises the premium paid on subscription of shares in the Company over and above the par value of the shares, was utilised in prior years for the bonus share issue.

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25. Other reserves

Group	Revaluation reserve RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Share option reserve RM'000	Total RM'000
At 1 January 2007:					
Previously stated	210,941	-	-	-	210,941
Effect of deferred taxation on revaluation surplus	(5,460)	-	-	-	(5,460)
Foreign currency translation reserve	-	-	(479)	-	(479)
At 31 December 2007	205,481	-	(479)	-	205,002
Foreign currency translation reserve	-	-	40	-	40
Share options granted under ESOS	-	-	-	5,233	5,233
Exercise of ESOS	-	-	-	(1,103)	(1,103)
At 31 December 2008	205,481	-	(439)	4,130	209,172
Company					
At 1 January 2007	31,224	2,736	-	-	33,960
Effect of deferred taxation on revaluation surplus	702	-	-	-	702
At 31 December 2007	31,926	2,736	-	-	34,662
Share option reserve	-	-	-	4,130	4,130
At 31 December 2008	31,926	2,736	-	4,130	38,792

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

a. Revaluation reserve

This reserve includes the cumulative net change in fair value of buildings, motor vehicles, 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.

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Notes to the financial statements

25. Other reserves (cont'd.)

c. Foreign currency translation reserve

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

d. Share option reserve

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

26. Retained earnings/(accumulated losses)

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

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

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

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Notes to the financial statements

27. Changes in accounting policy and prior year adjustment

(a) Reversal of deferred tax assets

Prior year adjustment relates to the overstatement of deferred tax assets. This adjustment has been accounted for retrospectively and the effects of this change are as described in Note 27 (c).

(b) The adoption of Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation

The adoption of Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates Net Investment in a Foreign Operation are as described in Note 2.3(a).

(c) Effects of changes in accounting policy and prior year adjustments

	2008	2007
	RM'000	RM'000
Group		
Effect on retained profits:		
At 1 January, as previously stated	56,832	22,973
Effect on prior year adjustment (Note 27 (a))	(12,081)	(12,081)
Effect on change in accounting policy (Note 27 (b))	479	-
At 1 January, as restated	<u>45,230</u>	<u>10,892</u>
Effects on net profit for the year:		
Net profit before change in accounting policy		39,731
Effect on change in accounting policy (Note 27 (b))		479
Net profit for the year		<u>40,210</u>
Company		
Effect on accumulated losses:		
At 1 January, as previously stated	(45,452)	(58,270)
Effect on prior year adjustment (Note 27 (a))	(6,793)	(6,793)
At 1 January, as restated	<u>(52,245)</u>	<u>(65,063)</u>

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Notes to the financial statements

27. Changes in accounting policy and prior year adjustment (cont'd.)

(d) Restatement of comparatives

Following the change in accounting policy, prior year adjustment and to conform with current year's presentation, comparative amounts as at 31 December 2007 have been restated as follows:

	Previously stated RM'000	Adjustment RM'000	As restated RM'000
Group			
Balance sheet			
Trade receivables	25,511	4,483	29,994
Other receivables	41,295	(4,483)	36,812
Trade payables	(114,178)	(1,817)	(115,995)
Other payables	(40,131)	1,817	(38,314)
Deferred tax liabilities	(31,013)	(12,081)	(43,094)
Retained earnings	(56,832)	11,602	(45,230)
Other reserves	(205,481)	479	(205,002)
Income statement			
Other income	8,644	1,374	10,018
Administrative expenses	54,763	182	54,945
Other expenses	5,584	713	6,297
	Sen	Sen	Sen
Basic earnings per share	17.71	0.22	17.93
	Previously stated RM'000	Adjustment RM'000	As restated RM'000
Company			
Balance sheet			
Investments in subsidiaries	176,075	(18)	176,057
Other receivables	126,903	18	126,921
Accumulated losses	45,452	6,793	52,245
Deferred tax liabilities	(4,856)	(6,793)	(11,649)

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Notes to the financial statements

27. Changes in accounting policy and prior year adjustment (cont'd.)

(d) Restatement of comparatives (cont'd.)

Income statement	Previously stated RM'000	Adjustment RM'000	As restated RM'000
Other income	(4,335)	(1,374)	(5,709)
Administrative expenses	10,633	1,444	12,077
Other expenses	9,355	(70)	9,285
	<hr/>	<hr/>	<hr/>

28. Employee benefits

(a) Retirement benefit obligations

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At 1 January	1,723	1,759	191	207
Recognised in income statement (Note 6)	(26)	796	12	333
Payment during the year	(56)	(832)	-	(349)
At 31 December	<hr/> 1,641	<hr/> 1,723	<hr/> 203	<hr/> 191

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

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Present value of unfunded defined benefit obligations	1,723	1,048	191	187
Funded status	1,723	1,048	191	187
Unrecognised transition liability	(82)	675	12	4
Net liability	<hr/> 1,641	<hr/> 1,723	<hr/> 203	<hr/> 191

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Notes to the financial statements

28. Employee benefits (cont'd.)

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

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Analysed as:				
Current:				
Not later than 1 year	203	191	203	191
Non current:				
Later than 5 years	1,438	1,532	-	-
	<u>1,641</u>	<u>1,723</u>	<u>203</u>	<u>191</u>

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

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Current service cost	39	5	6	5
Interest cost	53	48	6	10
Transition obligation recognised	-	228	-	14
(Reversal of) additional provision during the year	(121)	515	-	304
Amortisation of transitional liability	3	-	-	-
Total included in employee benefits expense (Note 6)	<u>(26)</u>	<u>796</u>	<u>12</u>	<u>333</u>

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

Principal actuarial assumptions used:

	2008	2007
Discount rate	6%	6%
Average salary increase	6%	6%

The Retirement Benefit Scheme was revalued on 31 January 2008. As at that date, the revaluation showed that the Group's provision for retirement benefits was sufficient to meet the actuarially determined value of vested benefits.

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Notes to the financial statements

28. 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 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.

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28. Employee benefits (cont'd.)

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

- (vi) The total number of new TDM Shares allocated, in aggregate, to the Directors and/or Senior Management of the TDM Group shall not exceed fifty per centum (50%) of the total TDM Shares available under the Scheme.
- (vii) The number of TDM Shares allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds twenty per centum (20%) or more in the issued and paid-up share capital of the Company, shall not exceed ten per centum (10%) of the total TDM Shares available under the Scheme.
- (viii) The weighted average market price of the TDM Shares for the five (5) Market Days immediately preceding the Offer Date less a discount of not more than ten per centum (10%) there from at the ESOS Committees' discretion.

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

	Number of share options					
	Outstanding at	← Movements during the year →			Outstanding at	Exercisable at
	1 January	Granted	Exercised	Lapsed	31 December	31 December
	'000	'000	'000	'000	'000	'000
2008 Options	-	11,546	(3,352)	(312)	7,882	7,882
WAEP	-	1.61	1.61	1.61	1.61	1.61
2007 Options	-	-	-	-	-	-
WAEP	-	-	-	-	-	-

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Notes to the financial statements

28. Employee benefits (cont'd.)

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

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

	WAEP RM	Exercised period
2008		
2008 Options	1.61	17.03.2009 - 16.03.2013
2007		
2007 Options	-	-

(ii) Share options exercised during the year

As disclosed in Note 24, options exercised during the financial year resulted in the issuance of 3,352,100 (2007: Nil) ordinary shares at an average price of RM1.61 (2007: Nil) each. The related weighted average share price at the date of exercise was RM1.47 (2007: Nil).

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

The fair value of share options granted during the year was calculated by using the Binomial model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	2008	2007
Fair value of share options at grant date of 17 March 2008 (RM)	0.329	-
Weighted average share price (RM)	1.79	-
Weighted average exercise price (RM)	1.61	-
Expected volatility (%)	42.10	-
Expected life (years)	5	-
Risk free rate (%)	3.52	-
Expected dividend yield (%)	2.75	-

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

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29. Deferred tax liabilities

	Group		Company	
	2008 RM'000	2007 RM'000 Restated	2008 RM'000	2007 RM'000 Restated
At 1 January				
As previously stated	31,013	27,127	4,856	7,670
Prior year adjustment	12,081	12,081	6,793	6,793
At 1 January (restated)	43,094	39,208	11,649	14,463
Recognised in income statement (Note 8)	(2,322)	(1,574)	(331)	(2,112)
Recognised in equity	-	5,460	-	(702)
At 31 December	40,772	43,094	11,318	11,649

Presented after appropriate offsetting as follows:

Deferred tax assets	(14,076)	(12,095)	(232)	-
Deferred tax liabilities	54,848	55,189	11,550	11,649
	40,772	43,094	11,318	11,649

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

Deferred tax liabilities of the Group:

	Property, plant and equipment, biological assets and prepaid land lease payments RM'000	Other receivables RM'000	Total RM'000
At 1 January 2008			
As previously stated	49,583	2	49,585
Prior year adjustment	5,604	-	5,604
At 1 January 2008 (restated)	55,187	2	55,189
Recognised in the income statement	(341)	-	(341)
At 31 December 2008	54,846	2	54,848

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Notes to the financial statements

29. Deferred tax liabilities (cont'd.)

Deferred tax liabilities of the Group:

	Property, plant and equipment, biological assets and prepaid land lease payments RM'000	Other receivables RM'000	Total RM'000
At 1 January 2007			
As previously stated	46,262	2	46,264
Prior year adjustment	5,604	-	5,604
At 1 January 2007 (restated)	51,866	2	51,868
Recognised in the income statement	(2,139)	-	(2,139)
Recognised in equity	5,460	-	5,460
At 31 December 2007	55,187	2	55,189

Deferred tax assets of the Group:

	Provision for liabilities RM'000	Other receivables RM'000	Tax losses and unabsorbed capital allowances RM'000	Others RM'000	Total RM'000
At 1 January 2008					
As previously stated	(551)	(8,120)	(4,250)	(5,651)	(18,572)
Prior year adjustment	-	-	-	6,477	6,477
At 1 January 2008 (restated)	(551)	(8,120)	(4,250)	826	(12,095)
Recognised in the income statement	(736)	(95)	(920)	(230)	(1,981)
At 31 December 2008	(1,287)	(8,215)	(5,170)	596	(14,076)
At 1 January 2007					
As previously stated	(571)	(8,505)	(3,741)	(6,320)	(19,137)
Prior year adjustment	-	-	-	6,477	6,477
At 1 January 2007 (restated)	(571)	(8,505)	(3,741)	157	(12,660)
Recognised in the income statement	20	385	(509)	669	565
At 31 December 2007	(551)	(8,120)	(4,250)	826	(12,095)

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Notes to the financial statements

29. Deferred tax liabilities (cont'd.)

Deferred tax liabilities of the Company:

	Property, plant and equipment, biological assets and prepaid land lease payments RM'000	Other receivables RM'000	Total RM'000
At 1 January 2008			
As previously stated	12,454	2	12,456
Prior year adjustment	(807)	-	(807)
At 1 January 2008 (restated)	11,647	2	11,649
Recognised in the income statement	(97)	(2)	(99)
At 31 December 2008	11,550	-	11,550
At 1 January 2007			
As previously stated	13,941	2	13,943
Prior year adjustment	(807)	-	(807)
At 1 January 2007 (restated)	13,134	2	13,136
Recognised in the income statement	(785)	-	(785)
Recognised in equity	(702)	-	(702)
At 31 December 2007	11,647	2	11,649

Deferred tax assets of the Company:

	Other payables RM'000	Others RM'000	Total RM'000
At 1 January 2008			
As previously stated	-	(7,600)	(7,600)
Prior year adjustment	-	7,600	7,600
At 1 January 2008 (restated)	-	-	-
Recognised in the income statement	(51)	(181)	(232)
At 31 December 2008	(51)	(181)	(232)

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Notes to the financial statements

29. Deferred tax liabilities (cont'd.)

Deferred tax assets of the Company:

	Other payables RM'000	Others RM'000	Total RM'000
At 1 January 2007			
As previously stated	-	(6,273)	(6,273)
Prior year adjustment	-	7,600	7,600
At 1 January 2007 (restated)	-	1,327	1,327
Recognised in the income statement	-	(1,327)	(1,327)
At 31 December 2007	-	-	-

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

	Group 2008 RM'000	2007 RM'000
Unused tax losses	26,191	42,648
Unabsorbed capital allowances	13,417	15,146
	39,608	57,794

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

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Notes to the financial statements

30. Hire purchase and finance lease payables

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Minimum lease payments:				
Not later than 1 year	865	449	91	157
Later than 1 year and not later than 2 years	865	449	91	134
Later than 2 year and not later than 5 years	1,255	484	180	145
Later than 5 year	-	16	-	-
	<u>2,985</u>	<u>1,398</u>	<u>362</u>	<u>436</u>
Less: Future finance charges	(303)	(155)	(31)	(25)
Present value of finance lease payables	<u>2,682</u>	<u>1,243</u>	<u>331</u>	<u>411</u>
Analysis of present value of hire purchase payables:				
Not later than 1 year	752	362	89	116
Later than 1 year and not later than 2 years	752	362	89	116
Later than 2 years and not later than 5 years	1,178	507	153	179
Later than 5 years	-	12	-	-
	<u>2,682</u>	<u>1,243</u>	<u>331</u>	<u>411</u>
Less: Due within 12 months (Note 21)	(752)	(362)	(89)	(116)
Due after 12 months (Note 21)	<u>1,930</u>	<u>881</u>	<u>242</u>	<u>295</u>

The hire purchase and lease liabilities bore an average interest rate at the balance sheet date of 2.62% to 4.50% (2007: 2.30% to 4.40%) per annum. The Group has finance leases and hire purchase contracts for various items of property, plant and equipment (see Note 11(b)). These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease. There are no restrictions placed upon the Group by entering into these leases and no arrangements have been entered into for contingent rental payments.

Other information on financial risks of hire purchase and finance lease liabilities are disclosed in Note 37.

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Notes to the financial statements

31. 6%-7% Transferable Convertible Unsecured Loan Stocks ("TCULS")

The TCULS were transferable and convertible into fully paid ordinary shares of a subsidiary company during the period of five years from the date of issuance, ie, on 27 October 1998 of the Convertible Loan Stock Certificate at the rate RM1.00 nominal value of TCULS for one fully paid ordinary share of RM1.00 each in a subsidiary company.

Upon conversion of the TCULS into new ordinary shares, such shares shall rank pari passu in all respect with the ordinary shares of the subsidiary company except that they shall not be entitled to any dividend or other distributions declared in respect of a financial period prior to the financial period in which the TCULS were converted.

The TCULS's remaining outstanding on the maturity date will be converted by the subsidiary company on the date at one hundred percent (100%) of its nominal value. The maturity date was October 2003, which was the expiry of a period of five years commencing on the date of issue thereof.

The TCULS bear interest of 6% per annum on the principal amount due for the period of 2 years from the issuance of Loan Stock Certificates and 7% per annum for the following period of 3 years until the maturity date.

On 13 May 2008, the Company has fully settled the total outstanding amount of TCULS on behalf of the subsidiary. The subsidiary company has agreed to make payments by 86 monthly installments of RM5,000 to the Company effective June 2008.

32. Capital commitments

	Group	
	2008	2007
	RM'000	RM'000
Approved and contracted for		
- Property, plant and equipment	520	2,280
Approved but not contracted for		
- Property, plant and equipment	9,504	21,265

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Notes to the financial statements

33. Contingent liabilities

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Secured:				
Corporate guarantees given to financial institutions for banking facilities granted to a subsidiary	-	-	1,793	1,579
Legal claims:				
An ex-employee (2007: 2 ex-employees) of the Company has instituted a legal claim against the Company for wrongful termination of contract.	671	1,313	671	1,313
An ex-director of a subsidiary has instituted a legal claim of against the Company and a subsidiary for wrongful termination of contract.	-	2,200	-	2,200
2 civil suits have been filed against a subsidiary for medical negligence against the subsidiaries.	140	140	-	-
	<u>811</u>	<u>3,653</u>	<u>671</u>	<u>3,513</u>

No provisions have been made in the financial statements of the Group and of the Company on the legal claims as the directors, upon legal advice, are of the opinion that these claims would not succeed and that all applicable and acceptable standards and practices have been adopted. Any decision made would be in favour of the Group.

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Notes to the financial statements

34. Significant related party transactions

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Profit distribution from Sublessees scheme	(11,497)	(5,255)	(11,497)	(5,255)
Dividend income from subsidiaries	-	-	(40,314)	(21,134)
Management bonus charged to subsidiaries	-	-	(15,971)	(15,117)
Fee and charges paid to a director as liquidator for the subsidiaries	30	-	30	-

(b) Compensation of key management personnel

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short term benefits	2,972	2,721	1,264	1,063
Post-employment benefits:				
- Defined contribution plan	260	210	139	143
- Defined benefit plan	6	14	-	2
Share options granted under ESOS	1,078	-	361	-
	<u>4,316</u>	<u>2,945</u>	<u>1,764</u>	<u>1,208</u>

Included in the total key management personnel are:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Executive and non-executive directors' remuneration excluding benefits-in-kind (Note 7)	<u>2,160</u>	<u>1,409</u>	<u>1,138</u>	<u>983</u>

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35. Goodwill

	Group	
	2008	2007
	RM'000	RM'000
Cost		
At 1 January	-	-
Additional investment in subsidiaries (Note 14)	1,070	-
At 31 December	1,070	-

Impairment test for goodwill

(a) Allocation of goodwill

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

	2008	2007
	RM'000	RM'000
At 31 December		
Plantation	79	-
Healthcare	991	-
	1,070	-

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

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

	Plantation	Healthcare
	%	%
At 31 December 2008		
Gross margin	36	48
Growth rate	8	19
Discount rate	7	7

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

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35. Goodwill (cont'd.)

(i) Gross margin

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

(ii) Growth rate

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

(iii) Discount rate

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

Sensitivity to changes in assumptions

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

36. Significant events

- (a) On 21 January 2008, the Company announced the proposal to establish an ESOS for the eligible employees, Executive Directors and Non-Executive Directors of TDM Berhad and its subsidiaries ("TDM Group" or the "Group") ("Proposed ESOS") who meet the criteria of eligibility for participation in the Proposed ESOS ("Eligible Person") as set out in the by-laws of the Proposed ESOS ("By-Laws").

The options granted shall entitle the Eligible Person to subscribe for new ordinary shares of RM1 each in TDM Berhad ("TDM Shares") at a specified price ("Option"). The Proposed ESOS will be administered by the ESOS Committee to be duly appointed and authorised by the Board ("ESOS Committee").

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Notes to the financial statements

36. Significant events (cont'd.)

- (a) On 19 February 2008, at the Extraordinary General Meeting of the Company, the shareholders have approved all resolutions pertaining to the proposed ESOS. The investments in the subsidiaries had increased by RM4,333,061 pertaining to the ESOS.
- (b) On 12 March 2008, the Company entered into a Sale and Purchase of Shares Agreement ("S&P") to purchase from BHR 34.49% of his existing shareholdings in PT Rafi for the purchase consideration of RM1,986,418. The shareholdings of the Company and BHR in PT Rafi after the completion of the S&P were 80.60% and 19.40% respectively.
- (c) On 9 April 2008, the Company entered into a Heads of Agreement with BHR and PT Rafi, to acquire and develop approximately 30,000 hectares land in Kacamatan Nanga Pinoh and Kacamatan Belimbing, West Kalimantan, Indonesia ("Land") and to develop the Land into oil palm plantation.
- (d) On 4 May 2008, the Company increased its equity shares in Kelana Jaya Medical Centre Sdn. Bhd. from 94.77% to 96.92% by way of transfer of shares of 1,200,000 ordinary shares of RM1 each from Tis'Ata 'Ashar Sdn. Bhd. to the Company for a purchase consideration of RM1,200,000.
- (e) Certain subsidiaries of the Company, namely East Coast Transportation Sdn. Bhd., TMG (M) Sdn. Bhd., Pemco Sdn. Berhad, TDM Interdagang (M) Sdn. Bhd. and Chee Kheng Stocks - Feeds Manufacturing Company Sdn. Bhd. had at their board of directors and shareholders meetings on 15 June 2008 and 24 June 2008 respectively passed a resolution to proceed with the winding-up of the subsidiaries voluntarily pursuant to Section 254(1) of the Companies Act 1965. The winding-up of the subsidiaries is in line with the Company's strategic plan to focus on its core business.
- (f) On 29 June 2008, the Company entered into a Supplemental Joint Venture and Shareholders Agreement ("Supplemental JVSA") with BHR and PT Rafi to regulate the rights of the Company and BHR as shareholders of PT Rafi and to record the salient terms of the acquisition of the cultivation rights by PT Rafi over an additional 30,000 hectares of agricultural land. The salient terms of the Supplemental JVSA were disclosed in the Circular to Shareholders of the Company dated 10 June 2008 wherein the approval of the shareholders for the Proposed Joint Venture was obtained at the Extraordinary General Meeting held on 25 June 2008.

Notes to the financial statements

37. Financial instruments

(a) Financial risk management objectives and policies

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

(b) Interest rate risk

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

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

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Notes to the financial statements

37. Financial instruments (cont'd.)

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

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

	Note	WAEIR %	Within 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	More than 5 years RM'000	Total RM'000
Group									
At 31 December 2008									
Fixed rate									
Term loans	21	8.0	(188)	(187)	(187)	(187)	(187)	(173)	(1,109)
Trust receipts and bankers' acceptances	21	4.0	(1,246)	-	-	-	-	-	(1,246)
Hire purchase payables	21	3.56	<u>(752)</u>	<u>(752)</u>	<u>(752)</u>	<u>(426)</u>	<u>-</u>	<u>-</u>	<u>(2,682)</u>
Floating rate									
Bank overdrafts	21	8.0	(1,188)	-	-	-	-	-	(1,188)
Cash and bank balances	20	2.0	<u>131,025</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,025</u>

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Notes to the financial statements

37. Financial instruments (cont'd.)

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

	Note	WAEIR %	Within 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	More than 5 years RM'000	Total RM'000
Group									
At 31 December 2007									
Fixed rate									
Term loans	21	8.0	(10,336)	(187)	(187)	(187)	(187)	(358)	(11,442)
Trust receipts and bankers' acceptances	21	4.0	(992)	-	-	-	-	-	(992)
Hire purchase payables	21	3.35	(362)	(362)	(362)	(157)	-	-	(1,243)
Floating rate									
Bank overdrafts	21	8.0	(587)	-	-	-	-	-	(587)
Cash and bank balances	20	2.0	101,786	-	-	-	-	-	101,786

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Notes to the financial statements

37. Financial instruments (cont'd.)

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

	Note	WAEIR %	Within 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	More than 5 years RM'000	Total RM'000
Company									
At 31 December 2008									
Fixed rate									
Hire purchase payables	21	3.56	(89)	(89)	(153)	-	-	-	(331)
Floating rate									
Cash and bank balances	20	2.5	222	-	-	-	-	-	222

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Notes to the financial statements

37. Financial instruments (cont'd.)

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

	Note	WAEIR %	Within 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	More than 5 years RM'000	Total RM'000
Company									
At 31 December 2007									
Fixed rate									
Hire purchase payables	21	3.35	(116)	(116)	(116)	(63)	-	-	(411)
Floating rate									
Cash and bank balances	20	2.5	5,849	-	-	-	-	-	5,849

Notes to the financial statements

37. Financial instruments (cont'd.)

(c) Foreign currency risk

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

The net unhedged financial assets and financial liabilities of the Group companies as at 31 December 2008 that are not denominated in their functional currencies are expected to be immaterial.

(d) Liquidity risk

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

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

(e) Credit risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

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

Notes to the financial statements

37. Financial instruments (cont'd.)

(e) Credit risk (cont'd.)

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

(f) Fair values

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

		Group		Company	
	Note	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial liabilities					
As at 31 December 2008:					
Hire purchase payables	30	2,682	2,879	331	234
Term loans	21	1,109	978	-	-
As at 31 December 2007:					
Hire purchase payables	30	1,243	1,353	411	481
Term loans	21	11,442	10,747	10,149	9,861

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

38. Segment information

(a) Reporting format

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

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Notes to the financial statements

38. Segment information (cont'd.)

(b) Business segments

The Group is organised into four major business segments:

- (i) Plantation
Cultivation of oil palms, sale of fresh fruit bunches and other related products.
- (ii) Food
Integrated poultry farming and processing of related products.
- (iii) Health
Provision of consultancy and operations of specialist medical centres.
- (iv) Others
Investment holding and provision of management services.

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

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

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Notes to the financial statements

38. Segment information (cont'd.)

(b) Business segments (cont'd.)

	Plantation		Food		Health		Others		Elimination		Group	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue												
External sales	275,881	190,661	23,168	18,953	58,000	42,424	23,833	15,089	-	-	380,882	267,127
Inter-segment sales	30,163	13,718	16,938	12,486	720	771	56,826	38,531	(104,647)	(65,506)	-	-
Total revenue	306,044	204,379	40,106	31,439	58,720	43,195	80,659	53,620	(104,647)	(65,506)	380,882	267,127
Results												
Segment results	114,466	45,606	(1,878)	(3,199)	6,106	3,027	22,417	15,491	-	-	141,111	60,925
Finance costs											(425)	(502)
Profit before tax											140,686	60,423
Income tax expense											(40,386)	(20,213)
Profit after tax											100,300	40,210
Minority interests											(1,708)	(1,561)
Profit for the year											98,592	38,649

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38. Segment information (cont'd.)

(b) Business segments

	Plantation		Food		Health		Others		Elimination		Group	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Assets												
Segment assets	933,534	822,329	12,525	11,657	57,106	46,883	397,033	389,844	-	-	1,400,198	1,270,713
Consolidation adjustments	(197,361)	(161,128)	-	(2,597)	(6,866)	(17,179)	(334,609)	(298,843)	-	-	(538,836)	(479,747)
Total assets	<u>736,173</u>	<u>661,201</u>	<u>12,525</u>	<u>9,060</u>	<u>50,240</u>	<u>29,704</u>	<u>62,424</u>	<u>91,001</u>	<u>-</u>	<u>-</u>	<u>861,362</u>	<u>790,966</u>
Liabilities												
Segment liabilities	(434,667)	(387,529)	(11,530)	(8,926)	(25,503)	(21,676)	(159,015)	(165,716)	-	-	(630,715)	(583,847)
Consolidation adjustments	244,160	161,165	5,519	3,638	9,008	7,903	124,412	136,763	-	-	383,099	309,469
Total liabilities	<u>(190,507)</u>	<u>(226,364)</u>	<u>(6,011)</u>	<u>(5,288)</u>	<u>(16,495)</u>	<u>(13,773)</u>	<u>(34,603)</u>	<u>(28,953)</u>	<u>-</u>	<u>-</u>	<u>(247,616)</u>	<u>(274,378)</u>
Other segment information												
Capital expenditure	16,117	6,695	376	69	5,479	9,388	1,433	2,346	-	-	23,405	13,618
Depreciation	6,981	6,409	748	1,062	2,883	2,577	451	601	-	-	11,063	10,649
Amortisation of livestock	-	-	1,194	1,025	-	-	-	-	-	-	1,194	1,025
Other significant non-cash expenses:												
(Decrease)/increase in liability for defined benefit plan	(48)	463	-	-	-	-	22	333	-	-	(26)	796