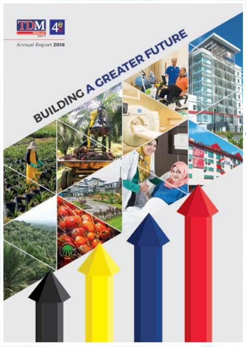
TDM BERHAD (6265-P)

Annual Report **2016**

BUILDING A GREATER FUTURE



Cover Rationale

Building a greater future is the aim of our Transformation Model of our plantation and healthcare businesses. This is manifested in our company's vision to inspire our people to improve their lives.

Contents

About TDM

WHO WE ARE

Incorporated on 1 December 1965, TDM Berhad (TDM or the Group) was listed on the Main Market of Bursa Malaysia Securities Berhad (formerly known as the Kuala Lumpur Stock Exchange) under the Plantations Sector in 1970. Following a successful restructuring exercise and new strategic direction in 2004, TDM has grown into a leading player in the oil palm plantation and healthcare sectors.

Plantation Division

TDM develops and manages 12 estates at the following locations:

- Sungai Tong Complex – Estates : Jaya, Fikri, Tayor and Pelung
- Bukit Besi Complex – Estates : Gajah Mati, Majlis Agama Islam, Pinang Emas and Jerangau
- Kemaman Complex – Estates : Air Putih, Tebak, Jernih and Pelantoh

In 2007, TDM expanded its plantation business to Kalimantan Barat, Indonesia. Currently, the Group has a total of 44,451 hectares of planted oil palm land for its plantations in Terengganu, Malaysia and Kalimantan Barat, Indonesia.

The Group also operates two palm oil mills, which are located in Sungai Tong, Setiu and Kemaman, Terengganu.

In 2011, the Group opened its first bio-composting plant to convert empty fruit bunches (EFB) of oil palm into bio-organic fertilizer for use in its estates. The plant, which is located in Sungai Tong, Terengganu is able to produce up to 15,000 metric tonnes of fertilizer per annum.

The second bio-composting plant in Kemaman, Terengganu, has a capacity to produce up to 24,000 metric tonnes of fertilizer annually.

The two plants will be able to reduce the Group's dependency on chemical fertilisers and help to manage waste in a more sustainable manner.

Advance Imaging Technology - TDMC Hospital

Manuring - Gajah Mati Estate

About TDM

Healthcare Division

The Group's Healthcare division, Kumpulan Medic Iman Sdn Bhd (KMI) manages four specialist hospitals which offer affordably priced secondary healthcare services to the community. Hospitals under KMI are ;-

1. Kelana Jaya Medical Centre (KJMC) in Petaling Jaya, Selangor
2. Kuantan Medical Centre (KMC) in Kuantan, Pahang
3. Kuala Terengganu Specialist Hospital (KTS) in Kuala Terengganu, Terengganu
4. TDMC Hospital in Kuala Lumpur

The vision of the healthcare division is to be the community specialist hospital of choice where every individual will have an access to high standard of healthcare services similar to any developed countries in the world.

The services offered at all of our hospitals cover key disciplines such as general medicine, paediatrics, orthopaedic, general surgery, radiology, obstetrics and gynaecology, ENT, dermatology, ophthalmology, urology, anaesthesiology and gastroenterology.

OUR VISION

Inspiring our people to improve their lives.

OUR MISSION

TDM wants to be a model corporate citizen, enhancing the wealth of Shareholders and improving the well-being of all stakeholders.

OUR VALUES

- Integrity
- Professionalism
- Transparency
- Passion
- Diligence
- Care

Milestones and Achievements

1965

TDM Berhad (TDM) was incorporated.

1970

TDM was listed under the Plantation Sector on the Main Market of the Kuala Lumpur Stock Exchange.

1996

- Kelana Jaya Medical Centre (KJMC) was established
- Kuantan Medical Centre (KMC) was established

1997

- Acquisition of Kumpulan Ladang-Ladang Trengganu Sdn. Bhd.

2002

Awards
TDM Plantation Sdn Bhd (TDMP) was awarded the Best Crude Palm Oil (CPO) Supplier in Kuantan by Cargill Palm Products Sdn Bhd.

FFB Evacuation - Jaya Estate

2004

Streamlining of our business to focus on Plantation and Healthcare

Plantation
Total area planted: 33,527 hectares.

Healthcare
- Number of hospitals: 2
- Number of beds: 71
- Number of clinics: 3

Sold & closed down
- Fast-food/Restaurant: A&W restaurants
- Property
- Poultry
- Air Ambulance
- Rubber Processing
- Transportation
- Travel Agency
- Hotel
- Fiber Mattress

Awards
TDMP was awarded the Most Preferred CPO Supplier by Cargill Palm Products Sdn Bhd.

2005

Plantation
Housing facilities for the estate workers
- The initiative takes an annual cost of approximately RM4 million and 10 years to complete.

Awards
TDMP was awarded the Most Preferred CPO Supplier by Cargill Palm Products Sdn Bhd.

2006

Corporate
First Financial Year dividend declared to shareholders.

Healthcare
Kuala Terengganu Specialist Hospital (KTS) was established.

Milestones and Achievements

2007

Corporate

TDM expanded its plantation business to Indonesia

- Entered into joint venture agreement to develop 10,000ha in Kalimantan.

Plantation

- Introduction of RM1,000 as a minimum wage for the Group
  - This policy is being progressively implemented in stages.
- Field Assistant Trainee Programme
  - Introduced to enhance the life of the estate workers and eradicate poverty among the estate communities.


Oil Palm Nursery - Gajah Mati Estate

2008

Corporate

Introduction of the MBA Scholarship Programme

- To encourage staff to further develop their knowledge, skill and capabilities.

Plantation

- Entered into joint venture agreement to develop an addition of 30,000ha in Kalimantan.

Awards

- KPMG/The EDGE Shareholder Value Award
  - TDM was ranked 87 out of the top 100 ranking companies on the percentage returns as calculated by Economic Profit/Invested Capital.

2010

Corporate

- Introduction of the Vendor Development Programme (VDP) for Local Entrepreneurs
  - To support the local businesses and entrepreneurs.
  - To develop sustainable local businesses and in turn, can contribute to the betterment of the community.
- Implementation of e-Procurement
  - To promote healthy competition, fairness and transparency where only the most competitive and qualified vendors are selected.

Plantation

Total area planted: 33,374 hectares.

Milestones and Achievements

New building of Kuala Terengganu Specialist Hospital

2011

Corporate
Introduction of e-Bidding
- The electronic system where vendors bid electronically, where each competing party has an equal and fair chance to participate.
- To reduce the level of human intervention throughout the procurement and bidding processes from start to completion.

Plantation
- Total area planted: 39,034 hectares.
- Highest FFB production for the past 10 years.
- First bio-composting plant started operations in Sungai Tong, Setiu, Terengganu.

Healthcare
- Number of hospitals: 4
- Number of beds: 204
- Acquisition of Taman Desa Medical Centre (TDMC), Kuala Lumpur.
- Construction work started on the new KMC in Indera Mahkota, Pahang.

Awards
- Awarded a pioneer status for five years by the Ministry of International Trade and Industry Malaysia (MITI) for the bio-composting mill in Sungai Tong, Setiu, Terengganu.
  - The award entitles the company to 100% tax exemption on statutory income for five years.
- Malaysian Corporate Governance Report - published by the MSWG.
  - TDM was ranked 118 out of 820 public listed companies.
- Awarded the Certificate of the Code of Good Agricultural Practices for Palm Oil Estates (CoGAP) and Certificate of the Code of Good Milling Practices for Palm Oil Mills (CoGMP) from the Malaysian Palm Oil Board (MPOB).

2012

Plantation
- Total area planted: 40,518 hectares.
- Construction work started on the second bio composting plant at Kemaman, Terengganu.

Healthcare
Ground breaking ceremony of KTS new building in Batu Burok, Kuala Terengganu, Terengganu. Construction work started in December.

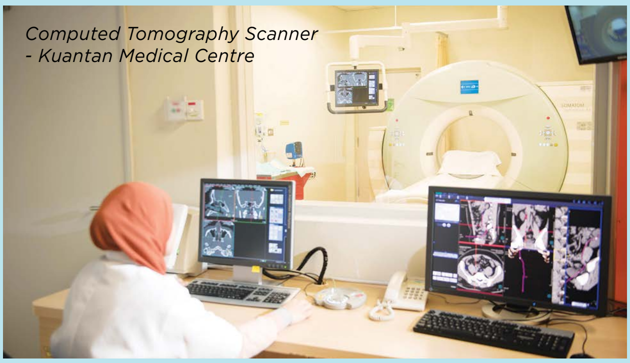
Awards
- The Longest Loyal Members Recognition Award
  - Conferred by the Federation of Public Listed Companies (FPLC) Berhad.
  - TDM became a member of the FPLC since 1987.
- The EDGE Billion Ringgit Club
  - Exclusive club for public listed companies with a stock market capitalisation of at least RM1 billion as at 31 March 2012.
  - Ranked among the top 150 public listed companies by market capitalisation.
- ISO 9001:2008 Certification for the Provision of Healthcare Services : KMC
  - Lloyd's Register Quality Assurance Ltd.
- ISO 9001:2008 Certification for the Provision of Healthcare Services : KTS
  - Moody International Certification (Malaysia) Sdn Bhd and Moody International Certification Ltd.

Milestones and Achievements

2013

Plantation
Total area planted: 44,005 hectares.

Awards
- Roundtable on Sustainable Palm Oil (RSPO)
  - TDMP became the first plantation company in Terengganu and among the few elite companies in Malaysia to achieve 100% RSPO certified for its estates and mills operations.
- ISO 9001:2008 Certification for the Provision of Healthcare Services : KJMC
  - Moody International Certification (Malaysia) Sdn Bhd and Moody International Certification Ltd.
- ISO 9001:2008 Certification for the Provision of Healthcare Services : TDMC
  - Moody International Certification (Malaysia) Sdn Bhd and Moody International Certification Ltd.


Computed Tomography Scanner - Kuantan Medical Centre

2014

Healthcare
Completion of the new KMC.

Awards
- Association of Chartered Certified Accountants' (ACCA) Approved Employer - Trainee Development Status (Gold standard)
  - First corporate company in the East Coast to be awarded with this globally recognised certification.
- The Edge Billion Ringgit Club
  - Top award in the plantation sector.
- Employees Provident Fund
  - TDMP recognised as Best Employer 2014 in Kuala Terengganu.

2015

Plantation
March
- Completion of Front-End Upgrading Project Sungai Tong Palm Oil Mill.

2016

Plantation
Total area planted: 44,451 hectares. (Malaysia & Indonesia)

April
- Completion of Front-End Upgrading Project at Kemaman Palm Oil Mill.

Healthcare
- Numbers of hospitals : 4
- Numbers of beds : 297

Award
April
- Certificate of Achievement from MPC to Kuantan Medical Centre
  - "Quality Environment Management System"

Corporate Structure

PLANTATION

- **TDM Plantation Sdn Bhd (100%)**
- **Kumpulan Ladang-Ladang Trengganu Sdn Bhd (100%)**
- **TDM Trading Sdn Bhd (100%)**
- **TDM Capital Sdn Bhd (100%)**
- **PT. Rafi Kamajaya Abadi (93.75%)**
- **PT. Rafi Sawit Lestari (95%)**
- **PT. Sawit Rezki Abadi (95%)**

HEALTHCARE

- **Kumpulan Medic Iman Sdn Bhd (99.28%)**
  - **TDMC Hospital Sdn Bhd (100%)**
  - **Kuantan Medical Centre Sdn Bhd (92.33%)**
  - **Kuala Terengganu Specialist Hospital Sdn Bhd (100%)**
  - **Kelana Jaya Medical Centre Sdn Bhd (99.29%)**

- Kumpulan Mediiman Sdn Bhd (90.49%)

OTHERS

- *Indah Sari Travel & Tours Sdn Bhd (70%)*
- *TD Gabongan Sdn Bhd (51%)*

**italic = Dormant*

Labour Quarters - Kemaman Complex

Diagnosis of osteoporosis with Bone mineral densitometry - Kuantan Medical Centre

2016
Key Highlights

Manages **44,451**
hectares of oil palm plantation
Owns two palm oil mills

Operates **4** community
Specialist Hospitals

100%
RSPO Certified

Revenue
RM 428.5 million
(2015: RM 380.8 million)

Earning Per Share
1.34 sen
(2015: 3.53 sen)

A leading **Private healthcare provider** in the East Coast

Dividend
0.5 sen
(2015: 1.2 sen)

Profit before tax
35.1 million
(2015: RM49.6 million)

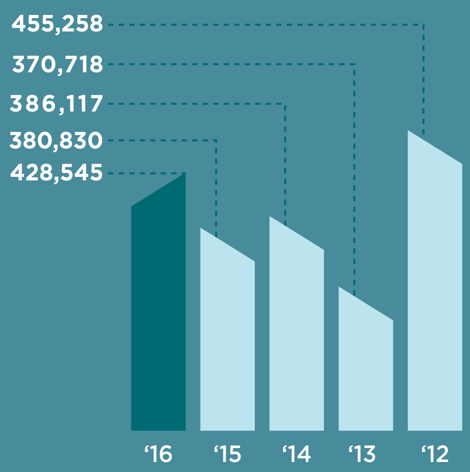
Market Capitalisation
RM 1.0 billion
(2015: RM 1.0 billion)

Financial Calendar

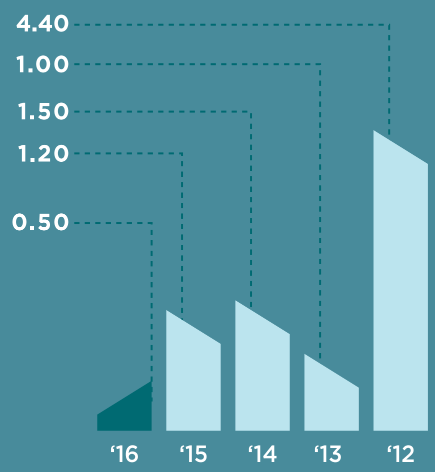
ANNOUNCEMENTS ON QUARTERLY RESULTS	**31 May 2016**	Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2016.
	29 Aug 2016	Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2016.
	28 Nov 2016	Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2016.
	28 Feb 2017	Announcement of the unaudited consolidated results for the 4th quarter ended 31 December 2016.
DIVIDENDS	**31 Mar 2016**	Announcement of the first and final dividend of 1.2 sen per ordinary share tax exempt under the single-tier system for the financial year ended 31 December 2015.
	30 May 2016	Announcement on the Dividend Reinvestment Scheme – Electable Portion
	29 June 2016	Announcement of Notice of Book Closure. Date of Entitlement : 19 July 2016 Date of Payment : 16 August 2016
	05 Apr 2017	Announcement of the first and final dividend of 0.50 sen per ordinary share tax exempt under the single-tier system for the financial year ended 31 December 2016.
ANNUAL GENERAL MEETING	**28 Apr 2017**	Date of notice of 52nd Annual General Meeting and date of issuance of the 2016 Annual Report
	25 May 2017	52nd Annual General Meeting

Financial Highlights

Revenue
(RM'000)



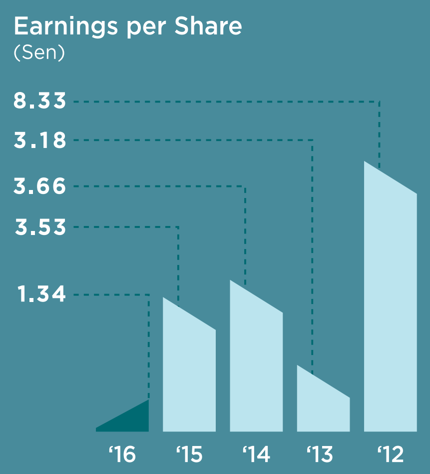
Annual Dividend
Net Dividend per Share (sen)



Income Statement	**2012**	**2013**	**2014 Restated**	**2015 Restated**	**2016**
Revenue (RM'000)	455,258	370,718	386,117	380,830	**428,545**
Profit before tax (RM'000)	149,025	67,125	65,903	49,615	**35,096**
Profit after tax (RM'000)	103,356	46,620	51,919	49,691	**17,068**
Statement of Financial Position					
Total assets (RM'000)	1,524,854	1,769,213	2,024,117	2,496,054	**2,559,809**
Total liabilities (RM'000)	265,396	519,836	758,238	1,165,729	**1,246,043**
Shareholders' equity (RM'000)	1,234,267	1,242,605	1,264,847	1,332,470	**1,318,971**
Total equity (RM'000)	1,259,458	1,249,377	1,265,879	1,330,325	**1,313,766**
Key Financial Indicators					
PBT margin (%)	32.73	18.11	17.07	13.03	**8.19**
Return on average shareholders' equity (%)	8.64	3.76	4.14	3.83	**1.28**
Return on average shareholders' equity (%) (without assets revaluation reserve)	14.59	6.45	7.59	7.45	**2.36**
Earnings per share (sen)	8.33*	3.18	3.66	3.53	**1.34**
Net assets per share (RM)	1.02*	0.84	0.85	0.90	**0.87**
Net dividends per share (sen)	4.40*	1.00	1.50	1.20	**0.50****
Gearing ratio (times)	0.02	0.22	0.36	0.55	**0.64**
Current ratio (times)	2.34	1.33	1.14	1.18	**1.16**
Price to earnings ratio (times)	8.07*	29.87*	22.68	19.69	**50.75**
Price to book ratio (times)	0.66*	1.13	0.98	0.77	**0.78**

*Figures are adjusted for share split.
**Subject to shareholders' approval at the 52nd Annual General Meeting.

Financial Highlights



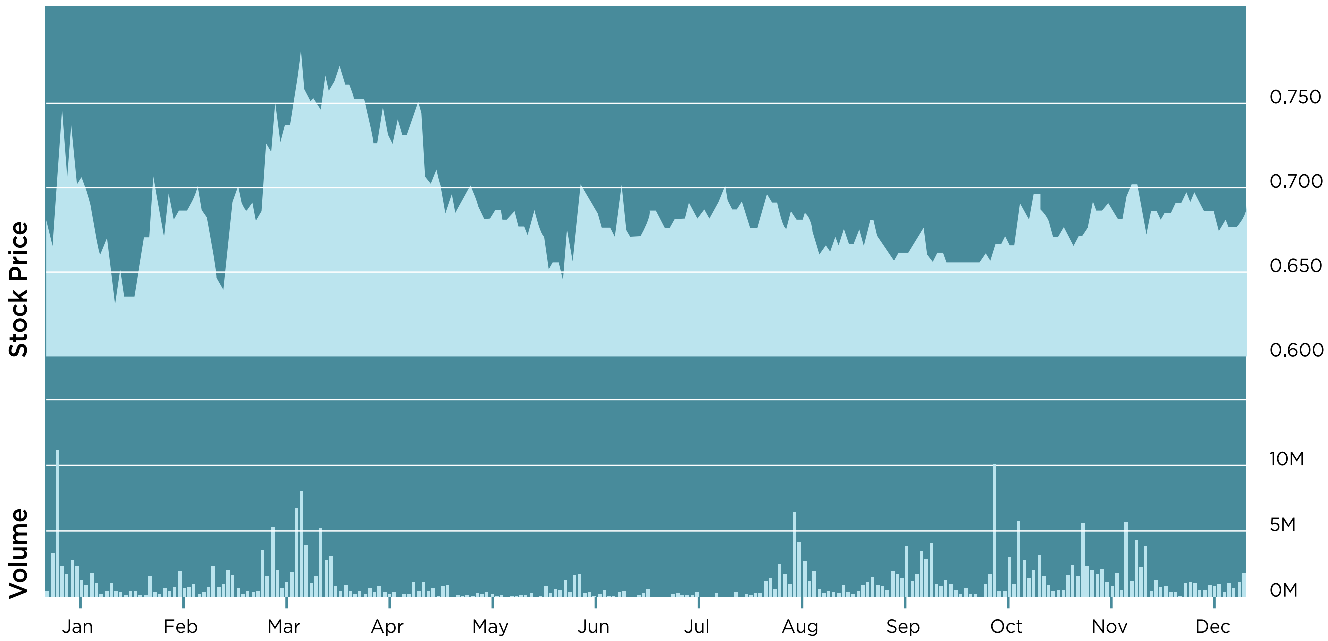
2016 Profit Before Tax

	RM'000	Percentage (%)
Plantation	27,700	78.93
Healthcare	7,360	20.97
Others	36	0.10
	35,096	100.00

2015 Profit Before Tax

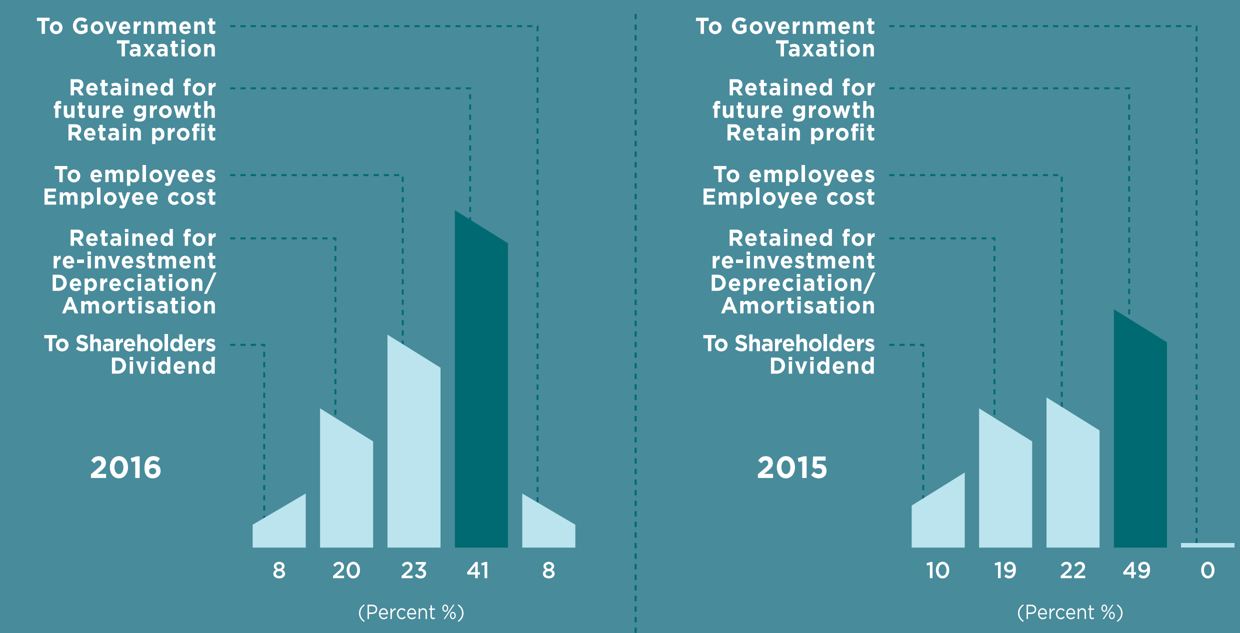
	RM'000	Percentage (%)
Plantation	39,030	78.67
Healthcare	10,572	21.31
Others	13	0.02
	49,615	100.00

1st Jan - 31st Dec 2016



Financial Highlights

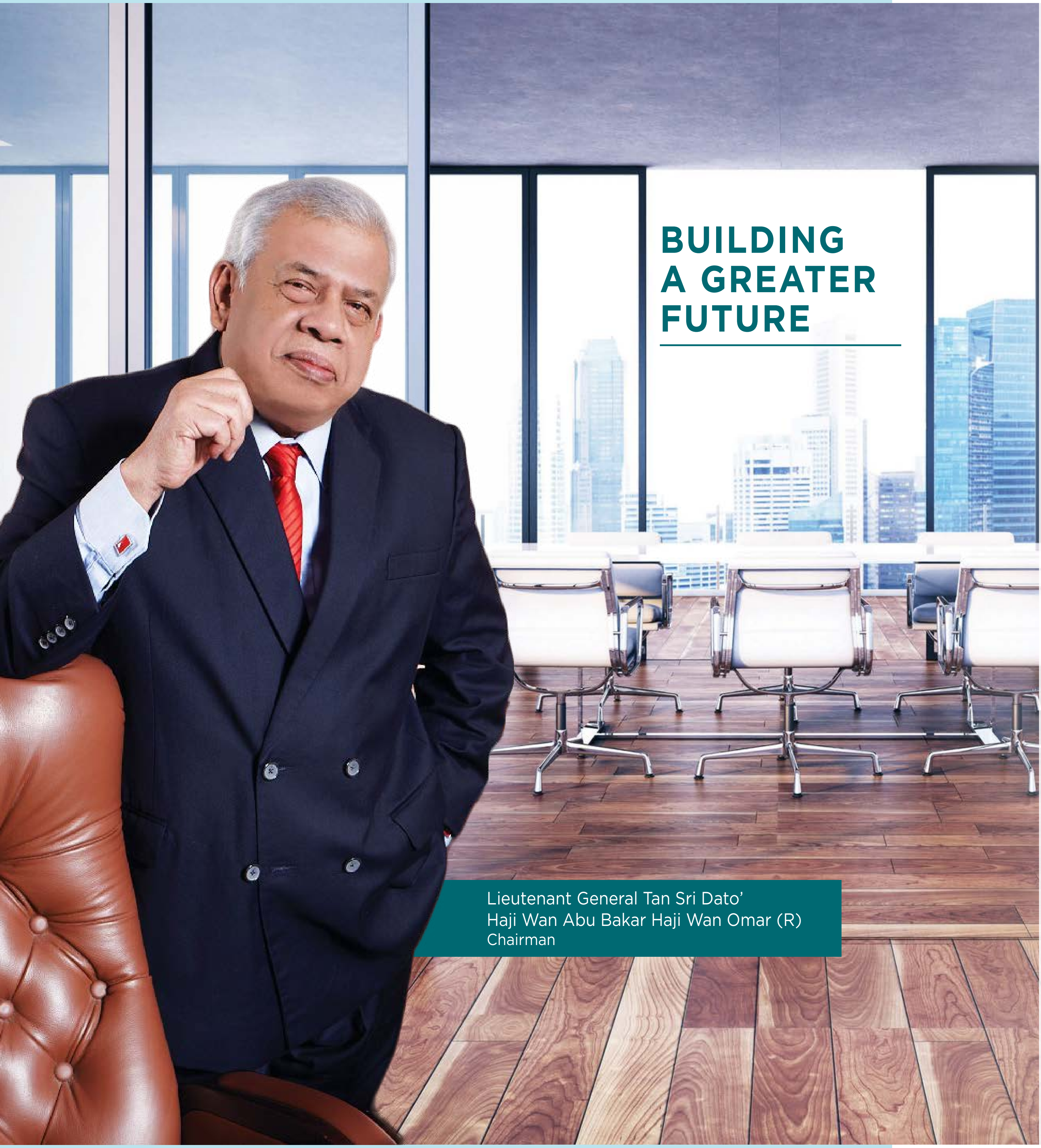
STATEMENT OF VALUE ADDED



Distribution	**2016 RM'000**	2015 RM'000 Restated
Revenue	**428,545**	380,830
Purchases of goods and services	**(257,849)**	(240,397)
Value added by the group	**170,696**	140,433
Other income	**65,738**	77,387
Finance expense	**(21,413)**	(8,588)
Value added available for distribution	**215,021**	209,232

Distribution	**2016 RM'000**	2015 RM'000 Restated	**2016 %**	2015 % Restated
To employees				
Employee cost	**49,449**	46,985	**23.00**	22.46
To Government				
Taxation	**18,028**	(76)	**8.38**	(0.04)
To Shareholders				
Dividend	**17,780**	22,225	**8.27**	10.62
Non-controlling interests	**(3,060)**	(2,677)	**(1.42)**	(1.28)
Retained for re-investment				
Depreciation/Amortisation	**43,485**	39,625	**20.22**	18.94
Retained for future growth				
Retained profit	**89,339**	103,150	**41.55**	49.30
Total distribution	**215,021**	209,232	**100.00**	100.00

Message From Our Chairman



BUILDING A GREATER FUTURE

Lieutenant General Tan Sri Dato' Haji Wan Abu Bakar Haji Wan Omar (R)
Chairman

Message From Our Chairman

Dear Esteemed Shareholders,
Assalamualaikum Warahmatullahhi Wabarokatuh and Salam Sejahtera

Despite a truly difficult year, I am pleased to announce that TDM Berhad (TDM or the Group) successfully managed to overcome the challenges by leveraging on our strong fundamentals to deliver a commendable performance. 2016 saw a weak global environment accentuated by low commodity prices, a prolonged slowdown in the oil and gas industry, sluggish growth in China and a weaker US economy. Compounding these, were major political uncertainties like BREXIT and the US Presidential election which impacted further global economic landscape in more ways than one. On the domestic front, the Malaysian ringgit continued to slide against major currencies while GDP grew at a slower 4.2% against 5.0% in 2015.

FINANCIAL PERFORMANCE

The Group's revenue totalled RM428.5 million in 2016 representing a 13% increase over the previous year's total of RM380.8 million. The Plantation Division registered a revenue of RM245.9 million compared to RM215.6 million in 2015. This was mainly a result of higher of CPO and PK prices by 23% and 43% respectively. The Healthcare Division recorded a total revenue of RM182.7 million in 2016 which represents an increase of 11% compared to RM165.2 million in 2015 primarily due to an increase in total number of patients by 3% compared to the previous year.

The Group's PBT decreased by 29% to RM35.1 million in 2016 from RM49.6 million the year before. The Plantation Division recorded lower PBT of 29%, mainly from impairment of assets amounting to RM47.2 million at the Indonesian operation. The Healthcare Division registered a PBT of RM7.4 million which is 30% lower than RM10.6 million in 2015 mainly due to higher operating costs and impairment of receivables and goodwill.

RESPONSIBLE CORPORATE PRACTICES

TDM continues to enhance its relationships with stakeholders and is actively engaged in various activities in the communities where we operate. 2016 saw a number of initiatives being undertaken under the Group's Corporate Social Responsibility (CSR) banner. The Board of Directors recognises its duty to ensure sustainable value creation for our shareholders and as such, will continue to prioritise responsible management and sustainable development across the Group.

NEW LEADERSHIP

Allow me to extend a warm welcome to Dato' Haji Mohamat Muda, the new Group Managing Director and our recently appointed Board of Director Dato' Dr. Ahmad Shukri Md Salleh @ Embat who together bring added strength and a wealth of experience to the TDM leadership.

PROSPECTS

2017 is expected to be a good year driven by our Transformation Model and investments that we put in our business and people. Our plantation and healthcare businesses are expected to deliver good performances with the establishment of the four Strategic Reform Initiatives (SRI) i.e. Expansion, Efficient, Enhance People Development and Empower & Engage. This will be implemented through the Entry Point Projects (EPP), supported by TDM's four fundamental values namely:

i. Good governance;
ii. Strive for excellence;
iii. Integrity and transparency; and
iv. Teamwork.

At the same time we continue to remain committed to improve operational efficiencies and profitability through prudent financial management and cost control initiatives.

APPRECIATION

In closing, allow me to express my utmost appreciation to all our shareholders for your unwavering support and confidence in the Group. My sincere gratitude is also extended to our customers, bankers and financiers, partners, business associates, suppliers, various government bodies and regulators and our committed management team and employees. I would also wish to thank the Board of Directors for their direction and guidance in 2016 and look forward to another successful year ahead.

Thank You and Salam,

Lieutenant General Tan Sri
Dato' Haji Wan Abu Bakar Haji Wan Omar (R)
Chairman

Group Managing Director Management Discussion and Analysis

Y. Bhg. Dato' Haji Mohamat Muda
Group Managing Director

Dear Shareholders,

In my maiden year as the newly appointed Managing Director for TDM Berhad (TDM or the Group), I am delighted to present to you the Management Discussion and Analysis Statement of TDM for the financial year ended 31st December 2016 (FY2016).

FFB Loading - Pinang Emas Estate

Group Managing Director Management Discussion and Analysis

DESCRIPTION OF OUR GROUP'S BUSINESSES

PLANTATION

The Group is involved in the oil palm plantation business and has a planted landbank of 31,807ha in Terengganu and 12,645ha in Kalimantan, Indonesia. We operate two mills in Terengganu with milling capacity of 60mt/hour for each mill. Our new 60mt/hour mill in Kalimantan is slated for completion in Q3 2017.

Our competitive advantage is that our entire Terengganu estates and mills are certified sustainable by the Roundtable on Sustainable Palm Oil (RSPO). Being a 100% producer of Certified Sustainable Palm Oil (CSPO), we are able to command a premium price for our production whilst upholding the key values of the 3P Philosophy – People, Planet and Profit.

HEALTHCARE

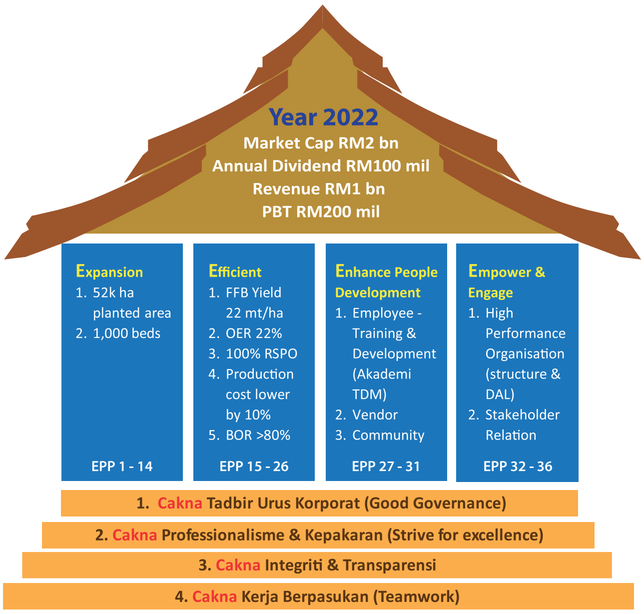
We own and operate "Secondary Care Community Hospitals" that provide patients with value for money quality healthcare services. We have a total of four (4) hospitals with 297 beds. Our hospitals are conveniently located nearby residential neighbourhoods for easy access.

The hospitals that we own and operate are:-
- Kelana Jaya Medical Centre, Selangor (KJMC) - 44 beds
- Kuantan Medical Centre, Pahang (KMC) - 167 beds
- Kuala Terengganu Specialist Hospital, Terengganu (KTS) - 33 beds
- Taman Desa Medical Centre, Kuala Lumpur (TDMC) - 53 beds

OUR 5-YEAR PLAN

The Group has recently launched the TDM Transformation Model, a 5-year plan that outlines the direction for the Group. The ultimate objective is for TDM to achieve a market capitalization of RM2 billion, revenue of RM1 billion, profit before tax of RM200 million[1] and annual dividend of RM100 million, by the year 2022.

[1]This is an internal target and not a forecast or projection of our future earnings.



OUR STRATEGY

	PLANTATION DIVISION	HEALTHCARE DIVISION
WHERE WE PLAY	**Upstream :** • Oil palm plantation • Milling	**Secondary care**
HOW WE WIN	**Strategic Intent:** "Leading producer of certified sustainable palm oil"	**Strategic Intent:** "Leading secondary care community hospital"
	Competitive Advantage • Co-branding strategy to improve trust by our customers • High quality of oil – produced based on good environmental social and economics standards.	**Competitive Advantage** • Convenient location – within the customers locality, where they come regularly • Mid price hospital – customer pay for good care, not for the luxury without compromising quality of care

Group Managing Director
Management Discussion and Analysis

STRATEGIES IN CREATING VALUE

Plantation Division
Over the next 5 years, we aim to grow our planted landbank in Terengganu to 52,000ha. This will be achieved via series of new planting activities as well as acquisitions of other greenfield or brownfield landbank.

On 27th February 2017, we entered into a Heads of Agreement with Terengganu Incorporated Sdn. Bhd. to increase our stake in Ladang Rakyat Trengganu Sdn Bhd (Ladang Rakyat) from 19.1% to 61.8%. Ladang Rakyat has a planted oil palm area of 11,467ha in Terengganu with an average palm age profile of 9 years. The completion of this proposed acquisition, slated in Q4 2017, will bring us closer to achieve our planted landbank target.

In addition to that, we will also be focusing on improving the efficiencies at our plantations through key performance indicators by year 2022 as follows:-

- achieving a Fresh Fruit Bunch (FFB) yield of 22mt/ha (from 15.04 mt/ha in 2016);
- achieving an Oil Extraction Rate of 22% (from 19.57% in 2016);
- lowering production costs by 10%; and
- maintaining our RSPO certifications.


Fabrication & Installation Works of New Vertical Clarifier Tank - Kemaman Palm Oil Mill

As a result of consistent replanting activities carried out in Terengganu over the last few years, the average age profile of our palms now stand at 15.4 years. Upon completion of the proposed acquisition of Ladang Rakyat, our palms age profile will be further improved to 13.9 years.

The replanting program of approximately 5% per annum, is a rejuvenation exercise for our Terengganu estates, through replanting of old and unproductive palms to improve oil palm productivity. The usage of superior planting materials and higher planting density will help to improve productivity of the replanting areas. In addition, the replanting exercise allows us to re-design the estates layout to improve mechanization for efficient crops evacuation.

On the milling side, we have upgraded the front-end system in 2015 and 2016 for Sungai Tong Palm Oil Mill (STPOM) and Kemaman Palm Oil Mill (KPOM) respectively. Moving forward, we are going to upgrade various stations in both mills to further enhance our mills through-put and efficiency.

The above expansion, rejuvenation of estates and upgrading of mills are part of Plantation Division transformation plan. In this connection we have identified 24 Entry Point Projects (EPP) with 57 projects to be implemented within 5 years.

Healthcare Division
Under the Transformation Model, we aim to grow the number of beds at our hospitals to 1,000 beds by 2022, from 297 beds currently.

The expansion over the next 5 years will be carried out by increasing the number of beds at our existing hospitals as well as building and acquiring of new hospitals.

The new hospitals that we plan to build and acquire would have to fit in with our value proposition of providing affordable secondary healthcare services and the location will be within the surrounding communities.

Over the immediate term, the opening of our new 143-bed KTS will raise our total beds to 407 beds. The number of beds at our existing hospitals namely, TDMC, KJMC and KMC will also be increased in stages through the years. There is sufficient space available to carry out further expansion at these hospitals to accommodate the increase in number of beds.

To ensure that we provide a comprehensive suite of healthcare services, we will also be introducing new service modalities at our hospitals. We will introduce new services in 2017, such as diabetes care, endovascular & angioplasty and eye care services.

We are planning to establish a Center of Excellence (COE) for each of our hospital as a next frontier of growth for Healthcare Division. The COE will focus on the need of local community as well as expert care which are available in our respective hospital.

We are also heading towards a more efficient admission and discharge processes at our hospitals.

Over the long term, we aim to maintain a Bed Occupancy Rate (BOR) at more than 80% level, up from the current 60% level.

Group Managing Director
Management Discussion and Analysis

GROUP FINANCIAL PERFORMANCE

In FY2016, revenue increased by 12.5% to RM428.5 million, from RM380.8 million a year ago. 57.4% of the Group's revenue was contributed by the Plantation Division whilst the Healthcare Division contributed the remaining 42.6%.

Both of the Group's Plantation and Healthcare Divisions reported a rise in revenue, attributed to higher CPO prices and increase in number of patients respectively.

Gross profit margins increased to 39.8% from 36.9%, mainly driven by the Plantation Division which enjoyed higher average selling prices of CPO. Profit before tax however declined by 48.1% to RM36.0 million as compared to RM69.4 million a year ago, mainly due to an impairment charge of RM53.2 million.

In line with the accounting policies, the Group assess at each reporting date whether there is an indication that an asset may be impaired. The assessment resulted in recognition of impairment charges on the palm oil mill and biological assets in Kalimantan, Indonesia amounting to RM41.7 million and RM5.5 million respectively. This is partly due to the strengthening of USD against Ringgit Malaysia and Indonesian Rupiah which resulted in higher costs of mill's proprietary equipment. Subsequently, this has further increased the import duty on these equipment. Meanwhile, for biological assets, the impairment was mainly due to the proposed conversion of existing Inti (Plantation area owned by the company) area measuring approximately 492ha into Plasma (Plantation area developed by the company for the small holders) and re-measurement of productive areas which resulted in reduction of Inti planted area.

The Group also assessed the fair value of goodwill and receivables at the reporting date whether there is an indication of impairment. Based on the assessment, the Group has recognised an impairment of goodwill and receivables both amounting to RM3.0 million each.

Plantation Division	2016	2015	% change
Revenue (RM '000)	245,893	215,624	14.0
Profit before tax (RM'000)	27,700	39,030	29.0
CSPO production (mt)	78,494	90,552	-13.3
CPO average price (RM)	2,696	2,184	23.4

higher CPO price by 23.4%. In addition, during the year we also sold 36,566mt of Identity Preserved CSPO and 10,387mt of Mass Balance CSPO at premium of RM124/mt and RM78/mt respectively.

Profit before tax however declined by 51.3% to RM27.7 million as compared to RM39.03 million in the previous year, mainly due to:

- Impairment of assets in Kalimantan, Indonesia plantation amounting to RM47.2 million;
- Decline in other income to RM28.5 million from RM40.9 million as we reported lower unrealized gain on the foreign exchange of investment in fixed income securities; and
- Higher finance costs of RM21.4 million, from RM8.6 million in the previous year.

Healthcare Division	2016	2015	% change
Revenue (RM '000)	182,652	165,206	10.6
Profit before tax (RM'000)	7,360	10,572	-30.4
No. of inpatients	21,706	20,985	3.4
No. of outpatients	164,093	159,328	3.0

The Healthcare Division's revenue increased by 10.6% compared to the previous year contributed by higher number of inpatients and outpatients by 3.4% and 3.0% respectively.

However the profit before tax decreased by 30.4% due to higher operating costs by RM17.1 million, partly due to impairment of goodwill of RM2.5 million and impairment of receivables of RM3.0 million. The higher operating costs was due to the higher staff costs pursuant to the new regulatory requirements by Ministry of Health pertaining to staff to bed ratio which has increased from 1:6 to 1:2.

Group Managing Director
Management Discussion and Analysis

Excluding the impairment, the Healthcare Division profit before tax would be RM12.9 million which is RM2.3 million higher than previous years.

The Group's total finance costs increased by RM12.8 million to RM21.4 million mainly attributed to the increase in borrowings of RM86.1 million.

During the year, the Group incurred income tax expenses of RM18.0 million, as compared to a positive tax charge of RM76,000 in the year before. The effective tax rate of 51% was higher than the statutory tax rate of 24% due to non-allowable expense mainly from impairment of assets in Kalimantan, Indonesia. Profit after tax and minority interests (PATAMI) decreased by 61.6% to RM20.1 million, from RM52.4 million.

Total assets increased by 2.6% to RM2.6 billion during the financial year. This was primarily due to:

- Increased in property, plant and equipment by RM4.4 million due to completion of palm oil mill upgrading, construction of mill and revaluation surplus of the assets, partly offset with impairment of assets in Kalimantan plantation of RM41.7 million;
- Increased in biological assets by RM25.0 million from revaluation surplus and capitalization of finance cost, partly offset with impairment of biological assets in Kalimantan plantation of RM5.5 million;
- Increased in other investments by RM24.1 million from increase in fair value of investment in fixed income securities; and
- Increased in trade and other receivables by RM32.1 million, mainly due to interest receivable from fixed income securities.

Replanting Area - Jernih Estate

Total liabilities increased by 6.9% to RM1.2 billion during the financial year. This was primarily due to drawdown of financing facilities amounting to RM86.1 million and increased in deferred tax liabilities by RM16.2 million. The increase was partly offset with the decreased in trade and other payables by RM11.7 million.

Total borrowings increased by 11.7% to RM824.3 million from RM738.2 million in the previous year. The additional borrowings were mainly utilized for replanting, plantation development expenditure and construction of mill carried out during the year. As at 31st December 2016, our gearing level stood at 62.7%, up from 55.5% in the previous year.

RM'000	2016	2015	2014	2013	2012
Revenue	428,545	380,830	386,117	370,718	455,258
PBT	35,096	49,615	65,903	67,125	149,025
Net Assets	1,313,766	1,330,325	1,265,879	1,249,377	1,259,458

REVIEW OF OPERATION

Plantation Division

Due to the effect of the dry spell El Nino phenomenon, production of FFB, CPO and PK reduced by 14.1%, 13.3% and 13.4% respectively.

Production (mt)	2016	2015	% change
Fresh Fruit Bunch (FFB)	403,618	469,772	-14.1
Crude Palm Oil (CPO)	78,494	90,552	-13.3
Palm Kernel (PK)	20,262	23,388	-13.4

However, higher average CPO prices boosted FY2016 plantation revenue by 14.1% to RM245.9 million from RM215.6 million a year ago. As all of our Malaysian production are CSPO, we achieved a higher selling price than the Malaysian Palm Oil Board's 2016 CPO price average of RM2,656.

Average Selling Prices (RM)	2016	2015	% change
CPO	2,696	2,184	23.4
PK	2,258	1,578	43.1

Group Managing Director
Management Discussion and Analysis

The Replanting Program has been planned as such, to achieve average age profile of 13 years by 2022. The table below shows the replanting hectarage for the past 5 years.

2016	2015	2014	2013	2012
1,133.28Ha	1,158.97Ha	1,102.64Ha	1,596.46Ha	1,548.65Ha

The Plantation Division has also achieved shorter maturity period from 36 months to 30 months through usage superior planting materials, good nursery and agricultural practices.

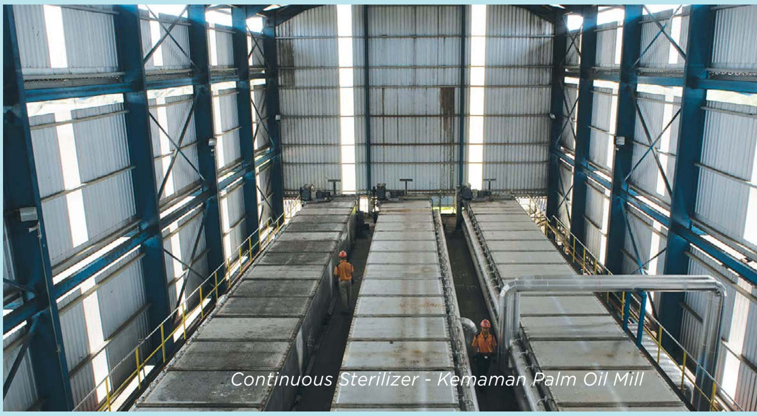
Front-End upgrading at STPOM and KPOM in Terengganu was completed in 2015 and middle of year 2016 respectively. This has enabled us to reduce our mills maintenance and labour costs as well as improving efficiency of the operation. For year 2017 onwards, we are looking forward to optimise our milling capacity of 60mt/hour thus reducing overall processing cost.

Plantation in Kalimantan, Indonesia
In 2007, we made our maiden venture into Kalimantan Barat, at Nanga Pinoh, Kabupaten Melawi, in order to expand our planted hectarage via PT. Rafi Kamajaya Abadi (PTRKA), PT. Sawit Rezki Abadi and PT. Rafi Sawit Lestari. Todate we have planted 12,645ha of oil palm and with one palm oil mill currently under construction, targeted to be completed in Q3 2017.

During the year, plantation operation activities were temporarily affected by a stop work order issued arising from a peaceful demonstration by the villagers. The stop work order was issued on 16th August 2016 by Bupati Melawi and lifted on 9th November 2016. The demonstration was mainly due to the villagers' demands as follows:

a. Payment of outstanding claims by the local contractors;
b. Employment priority to the local community;
c. Distribution of new Plasma scheme by converting partly Inti into Plasma totaling 492ha;
d. Socialization to Plasma participants on new Plasma scheme; and
e. Rehabilitation of new Plasma scheme totalling 2,385ha.

We have mutually resolved the above demands with the villagers and local government except for the rehabilitation of new Plasma scheme totalling 2,385ha which is still in progress. We are committed to be a valuable part of the community by proactively engaging with the community in ensuring our operations create values and enhance the social environment. For example, we have built infrastructure that improved connectivity between surrounding villagers and our operation created more than 1,000 jobs opportunities.


Continuous Sterilizer - Kemaman Palm Oil Mill

On 11th January 2017, Modipalm Engineering Sdn Bhd (Modipalm) - our main contractor appointed for the construction of the palm oil mill at Nanga Pinoh - filed an application for Suspension of Obligation For Payment of Debt (PKPU) against PTRKA, to the Court of Jakarta Pusat, Indonesia. The application was made on the ground that PTRKA had failed to settle the outstanding amount which, Modipalm claims, was due and payable. The Court has on 9th February 2017 decided to reject Modipalm's petition against PTRKA on the basis that the claims cannot be simply proven in accordance to the PKPU requirements. With the decision, the matter is now closed and PTRKA has not suffered any losses.

On 25th January 2017, PTRKA had also received a suit filed by Ibu Suryati, an Indonesian national, who claims that PTRKA had allegedly encroached on her lands of approximately 15ha. We have been advised by PTRKA's solicitors, based on the documentary evidence, her claims have no basis and is confident that her claims will be rejected.

Healthcare Division
Due to the slowdown in economy, intense competition, regulatory requirement and rising costs of living have impacted the healthcare industry in 2016. Our Healthcare Division endured a challenging year which saw the PBT decreased by 30.4% compared to the previous year.

Be the above as it may, the revenue has improved by 10.6% compared to the previous year contributed by higher number of inpatients and outpatients by 3.4% and 3.0% respectively. Further, our effort to introduce new and high value services has contributed towards improvement of the case-mixed of patients at our hospitals.

Group Managing Director
Management Discussion and Analysis

In addition, our single bed differentiation approach at KMC (all rooms are single bedded) is gaining popularity amongst the locals, which saw the bed occupancy rate hit at all time of 82% with total inpatients number jumped from 11,325 to 12,377. Our new KTS building will also adopt the same differentiation approach which will be the first of its kind in Kuala Terengganu.

Advance 1.5T Magnetic resonance imaging - Kuala Terengganu Specialist Hospital

Healthcare Division	2016	2015	2014	2013	2012
No. Beds	297	297	284	284	284
Key Drivers of Growth :-					
Consultants - Resident	45	44	38	43	41
No. of Inpatient	21,706	20,985	17,100	14,508	14,589
No. of Outpatient	164,093	159,328	153,101	141,239	149,688
Average Length of Stay	2.8	2.92	3.0	2.99	2.97

In 2016, we continued to strengthen and introduce additional services with new doctors joining our hospitals. KMC has additional specialists with service offerings in field of neurology, orthopedics, spine surgery, pediatrics, cardiology and obstetrics & gynecology. KTS also recruited additional specialists to provide services in pediatrics, diabetes, and obstetrics & gynecology.

In addition, KTS has been equipped with the new capability in cardiac imaging with its state of the art Magnetic Resonance Imaging (MRI). KJMC is also poised to increase its number of beds from 42 to 50 with the purchase of an additional building lot, thus allowing us to meet the growing demand for our hospital's services. The hospital also upgraded its radiology equipment with a latest ultrasound machine to better serve the local community.

RISK

A sound risk management framework and internal control system is vital to safeguard the shareholders' investments and assets. We are committed to nurture and preserve through the Group a sound risk management and internal control system as well as a good corporate governance practices. Our Risk and Compliance department is tasked to execute and maintain the Group risk management system to ensure corporate objectives and strategies are achieved within the acceptable risk appetite of the Group.

TDM Board has, on 27th November 2016, approved the 'Risk & Control Self-Assessment Handbook' (RCSA) as one of the risk management tools that provide guidelines; to register risk profiles and controls; to self-assess risks and effectiveness of controls; promote awareness of risk and control; and as a reporting platform for the stakeholders.

RCSA will provide departments and subsidiaries with a systematic approach in identifying its current and potential risks and to identify control gaps in its various operations. It also complements the knowledge gap from historical risk loss events, audit findings, compliance issues etc. It is also a platform for continuous process of risk assessment, formulating necessary controls and provides opportunities for process improvements. Ultimately, RCSA will promote the compliance and integrity culture within the Group.

Labour Risk (Plantation Division)
Plantation Division are bracing labour shortage with Indonesian workers staying away due to an increase opportunities in their country. On top of that, both governments have imposed strict employment regulation for foreign workers recruitment. In mitigating the issues, Plantation Division is taking proactive measures by sourcing out foreign workers from other country, increase productivity through mechanization, provide better working environment and encouraging local participation. In addition, we have introduced an EPP called RFW (Reduce dependency of Foreign Workers) which aimed to develop and source for local workers.

Group Managing Director
Management Discussion and Analysis

Competition Risk (Healthcare Division)
In 2016, the healthcare landscape appears to be more competitive with the opening of new private hospitals in Kuala Terengganu, Kuantan and Klang Valley. Despite the increased competitive environment, with our unique positioning in the secondary care segment, multi-disciplinary specialist community hospital and mid-range pricing will strengthen our value proposition. Our approach of single bedded, well-credentialed medical team and modern equipment will further enhance patient's recovery.

DIVIDEND

In line with our commitment to provide a sustainable return to shareholders, the Group had adopted a dividend policy to pay out dividends of at least 30% of PATAMI. Pursuant to this policy, the Board proposed a final dividend of 0.5 sen for FY2016. This proposed dividend payout amounting to RM7.5 million (FY2015 : RM17.8 million), representing a 35% dividend payout ratio of our FY2016 PATAMI.

BONUS ISSUE

On 28th February 2017, the Board had also proposed a 1-for-10 bonus issue to reward our shareholders for their continuous support and loyalty. The proposed bonus issue will increase TDM's share capital base and is expected to enhance the marketability and trading liquidity of TDM shares on Bursa Securities.

OUTLOOK

Plantation
The recent correction in palm oil prices is due to the expectation of stronger production in second half of 2017 as palms recover from the El Nino effect.

The Group is optimistic on the long term fundamental of the industry and will remain focused in improving productivity and optimising production costs. We are also steadfast towards responsible agriculture practices which focus on sustainability and good governance, manifested by our continued commitment on RSPO certification for our estates and mills.

Healthcare
Slowing economy and challenging environment pace will continue to weigh on the healthcare sector. Nevertheless, we are cautiously optimistic that our Healthcare Division growth will remain supported by our capacity expansion and introduction of new service modalities.

FFB Loading - Pinang Emas Estate

We remain committed to strengthen our core businesses and financial position in line with our 5-year TDM Transformation Model.

I wish to thank the Board, the management and all the employees for their tremendous effort, perseverance and passion in contributing to this year's results. Finally, my sincere thanks and appreciation to the state government, our customers, business partners, shareholders and stakeholders for their confidence and continuous support to TDM.

Dato' Haji Mohamat Muda
Group Managing Director

Corporate Information

BOARD OF DIRECTORS

- **Lieutenant General Tan Sri Dato' Haji Wan Abu Bakar Haji Wan Omar (R)**
  Chairman, Non-Independent Non-Executive Director
- **Major General Dato' Dr Mohamad Termidzi Junaidi (R)**
  Senior Independent Non-Executive Director
- **Dato' Haji Mohamat Muda**
  Group Managing Director
- **Dato' Haji Mohd Ali Abas**
  Independent Non-Executive Director
- **Datuk Dr Ahmad Shukri Md Salleh @ Embat**
  Independent Non-Executive Director
- **Haji Md Kamaru Al-Amin Ismail**
  Non-Independent Non-Executive Director
- **Haji Samiun Salleh**
  Non-Independent Non-Executive Director
- **Haji Mohd Nasir Ali**
  Independent Non-Executive Director

AUDIT COMMITTEE
- Dato' Haji Mohd Ali Abas (Chairman)
- Major General Dato' Dr Mohamad Termidzi Junaidi (R)
- Haji Mohd Nasir Ali

NOMINATION AND REMUNERATION COMMITTEE
- Major General Dato' Dr Mohamad Termidzi Junaidi (R) (Chairman)
- Dato' Haji Mohd Ali Abas
- Haji Samiun Salleh

BOARD RISK & COMPLIANCE COMMITTEE
- Haji Mohd Nasir Ali (Chairman)
- Major General Dato' Dr Mohamad Termidzi Junaidi (R)
- Dato' Haji Mohd Ali Abas
- Haji Md Kamaru Al-Amin Ismail

COMPANY SECRETARY
Wan Haslinda Wan Yusoff (MAICSA No. 7055478)

AUDITORS
Messrs. Ernst & Young
Messrs. Kap Hendrawinata Eddy Siddharta & Tanzil (Kreston International)

PRINCIPAL BANKERS
Bank Islam Malaysia Berhad
Maybank Berhad
OCBC Bank Berhad
CIMB Bank Berhad
RHB Investment Bank Berhad

SOLICITORS
Messrs. Abu Talib Shahrom
Messrs. Azmi & Associates
Messrs. Asmadi Azmi & Associates
Messrs. Hutabarat Halim & Rekan
Messrs. Edlin Ghazaly & Associates

REGISTERED OFFICE
Level 5, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100 Kuala Terengganu
Terengganu Darul Iman
Telephone No : 09 620 4800 / 09 622 8000
Facsimile No : 09 620 4803

SHARE REGISTRAR
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Telephone No : 03 2783 9299
Facsimile No : 03 2783 9222

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad

PLANTATION DIVISION
Level 3, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100 Kuala Terengganu
Terengganu Darul Iman
Telephone No : 09 620 4800 / 09 622 800
Facsimile No : 09 6204805

HEALTHCARE DIVISION
Level 5, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100 Kuala Terengganu
Terengganu Darul Iman
Telephone No : 09 620 4800 / 09 622 800
Facsimile No : 09 620 4803

COMMODITIES TRADING
25th Floor, Menara KH
Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone No : 03 2148 0811
Facsimile No : 03 2148 9900


FFB Evacuation - Jaya Estate


Compassionate & personalised service - Kuantan Medical Centre

Policies

Profit Distribution Policy

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

(i) one third for dividend to shareholders;
(ii) one third for capital expenditure of the Group; and
(iii) one third for the reserves of the Group.

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

Dividend Policy

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

Dividend will only be paid if it is approved by the Board of Directors and the shareholders of the Company.

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

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

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

Whistleblower Policy

1. **TDM Whistleblower policy statement:**
   TDM Berhad is committed to sustaining a high standard of good Corporate Governance and adhering to our Code of Business Ethics. The Whistleblower policy acts to support the said values above by ensuring that stakeholders can raise concerns on improprieties without fear of reprisals if acting in good faith.

   The policy, through its procedures, aims to provide a transparent and confidential process when dealing with such raised concerns. This policy and the procedures are applicable to all companies within TDM Group.

2. **Whistleblower**
   Whistleblower is a specific means by which a stakeholder can report or disclose through an established channel, concerning improprieties including fraud, criminal offences, miscarriages of justice, ethical wrongdoings and corruption, bribery and blackmail.

3. **Ombudsperson**
   All complaints and/or concerns should be raised and directed to the Company's Ombudsperson. The Ombudsperson for TDM is the Chairman of the Audit Committee. The Ombudsperson can be contacted as follows:-

   TDM Berhad
   Level 5, Bangunan UMNO Terengganu
   Lot 3224, Jalan Masjid Abidin
   20100 Kuala Terengganu
   Terengganu, Malaysia

Philanthropy Policy

Background

- It is part of TDM's CSR philosophy to be a positive and active participant in the communities where we are present.
- This calls for our response and assistance in social issues as well as in sports and economic development.

Rationale

- In implementing the CSR activities, TDM is committed to good corporate governance that encourages transparency.

TDM's Philanthropy Policy

"TDM Group will contribute 2% of its consolidated annual net profit after taxation, minority interest and dividend payments to approved organisations in Terengganu that support social causes, sports and economic development".

This policy was approved by shareholders at the Annual General Meeting on 17 May, 2012.

Notes:

1. Approved organisations are organisations that qualify for tax deduction by the Inland Revenue Board.
2. The 2% comes from the "for-cash reserved budget" and not from profit to be distributed to the shareholders.

Board of Directors' Profile

1. **Lieutenant General Tan Sri Dato' Haji Wan Abu Bakar Wan Omar (R)**

   Non-Independent Non-Executive Chairman

2. **Y. Bhg. Major General Dato' Dr Mohamad Termidzi Junaidi (R)**

   Senior Independent Non-Executive Director

3. **Dato' Haji Mohamat Muda**

   Group Managing Director

4. **Dato' Haji Mohd Ali Abas**

   Independent Non-Executive Director

Board of Directors' Profile

5. **Haji Samiun Salleh**
   Non-Independent Non-Executive Director

6. **Haji Md Kamaru Al-Amin Ismail**
   Non-Independent Non-Executive Director

7. **Haji Mohd Nasir Ali**
   Independent Non-Executive Director

8. **Datuk Dr Ahmad Shukri Md Salleh @ Embat**
   Independent Non-Executive Director

Board of Directors' Profile

Lieutenant General Tan Sri Dato' Haji Wan Abu Bakar Haji Wan Omar (R)

PSM, PSAT, PJN, SPKK, DPMT, PAT, JMN, KAT, KMN, AMN, THE KING GRAND CROSS (FIRST CLASS) OF THE MOST NOBLE ORDER OF THE CROWN OF THAILAND, JSSC, PSC

Age: 68, Malaysian / Male

Non-Independent Non-Executive Chairman

Directorship
- Appointed as Chairman: 1 March 2014

Qualifications
- He graduated from the Royal Military College and was commissioned as a Second Lieutenant in the Royal Malay Regiment (RAMD) in 1972. He was subsequently invited to join the Royal Intelligence Corps, in the rank of Major.
- He was also a graduate from the Malaysian Armed Forces Staff College, Fort Bragg USA - Psychological Operations, JSSC Australia - Strategic Studies, and UKM - Security and Strategic Studies.

Working Experience and Occupation
- He has served the nation for over 39 years. Prior to his retirement, he was the Director General of Defence Intelligence and the Director General of Task Force 2010 (Malaysia).
- He was on the Board of Directors of Terengganu Incorporated Sdn Bhd (TI) and a member of the Implementation Coordination Committee - East Coast Economic Region Development Council (ECER DC) - Terengganu. He is currently the Chairman of Permai Hotel Kuala Terengganu and the Chairman of Seaweed (South East Asia Welfare and Education) Foundation.

Directorship of Public Companies (if any)
NIL

No. of Board Meetings Attended
11/14

Major General Dato' Dr Mohamad Termidzi Junaidi (R)

PSAT, DPMJ, DPKK, PAT, JSM, KMN, BDS (MALAYA), DPHD (SYDNEY) PSC FICD

Age: 64, Malaysian / Male

Senior Independent Non-Executive Director

Directorship
- Appointed as Director: 15 September 2014
- Appointed as Member of Audit Committee: 1 April 2015
- Appointed as Member of Nomination And Remuneration Committee on 28 September 2014 and redesignated as Chairman of Nomination and Remuneration Committee on 1 April 2015.
- Appointed as Member of Board Risk & Compliance Committee on 1 April 2015

Qualifications
- Bachelor of Dental Surgery, University of Malaya.
- Diploma in Public Health Dentistry, University of Sydney.
- PSC (Staff College, Malaysia Armed Forces)

Working Experience and Occupation
- Served the Malaysian Armed Forces for 27 years.
- Director of Dental Services, Malaysia Armed Forces.
- Founding Dean and Professor, Kuliyyah of Dentistry International Islamic University, Malaysia.
- Commandant of the Malaysia Armed Forces Health Services Training Institute.
- Chairman of Section of Defence Forces Dental Services Federation Dentaire International.
- President of the Armed Forces Officers Mess.
- President, Old Putera Association (Alumnus of the Royal Military College).
- Founding President of the Malaysian Cricket Umpires and Scorers Association.
- Vice President of the Malaysian Dental Association.
- Council Member of the Malaysian Dental Council.
- Founding President of the Dental Alumni of University Malaya.

Directorship of Public Companies (if any)
NIL

No. of Board Meetings Attended
14/14

Board of Directors' Profile

Dato' Haji Mohamat Muda
DPMT, AMN, PJK

Age: 61, Malaysian / Male

Group Managing Director

Directorship
- Appointed as Group Managing Director : 5 Jan 2017
- Appointed as Director: 15 September 2014
- Appointed as Member of Audit Committee : 26 May 2015
- Appointed as Member of Nomination & Remuneration Committtee : 28 September 2014
- Prior to his redesignation as Member of Board Risk & Compliance Committee (BRCC) on 31 March 2016, he was the Chairman of the BRCC from 1 April 2015.
- Vacated office as an Independent Non-Executive Director on 4 January 2017, pursuant to Rule 15.05(3)(c) of the Bursa Malaysia Listing Requirement due to his lengthy illness condition.

Qualifications
- Bachelor of Agricultural Science, Universiti Pertanian Malaysia.
- BMP, Asian Institute of Management (Manila)

Working Experience and Occupation
- Director General, RISDA Malaysia (Sept 2015 - June 2016)
- Deputy Director General (Development), RISDA Malaysia (Oct 2011-Sep 2015)
- CEO, RISDA Plantation Sdn. Bhd (Oct 2010 - Oct 2011)
- Director (Grade 54), Productivity & Marketing Division, RISDA (Nov 2009 - Oct 2010)
- Director, Replanting & Estate Division, RISDA (Aug 2007 - Nov 2009)
- State RISDA Officer, Terengganu (July 2002 - Aug 2007)
- Manager, RISDA Plantation Sdn Bhd (Sept 1996 - Jul 2002)
- Manager, NARSCO, Terengganu (Jan 1996 - Aug 1996)
- Mini Estate Manager, RISDA Terengganu (May 1991 - Dec 1995)
- District RISDA Officer, Kuala Krai/Gua Musang, RISDA Kelantan (Jan 1989 - Apr 1991)
- District RISDA Officer Besut/Setiu, Terengganu (Sept 1980 - Dec 1988)
- State Marketing Officer, RISDA Terengganu (Aug 1979 - Aug 1980)
- Assistant Director, RISDA Terengganu (Apr 1979 - Jul 1979)
- Currently, he is also a Director of RISDA Plantation Sdn.Bhd.

Directorship of Public Companies (if any)
NIL

No. of Board Meetings Attended
4/14

Dato' Haji Mohd Ali Abas
DPMT, PJK, CA(M), FCPA(AUS), MMIM, AICMA, ACTIM, B.ECONS. (HONS), DIA(UM)

Age: 67, Malaysian / Male

Independent Non-Executive Director

Directorship
- Appointed as Director: 1 October 2014
- Appointed as Chairman of the Audit Committee: 1 October 2014
- Appointed as Member of Nomination & Remuneration Committee: 1 April 2015
- Appointed as Member of Board Risk & Compliance Committee: 1 April 2015

Qualifications
- Member of the Malaysian Institute of Accountants.
- Fellow of CPA Australia.
- Member of the Chartered Tax Institute of Malaysia.
- Member of the Malaysia Institute of Cooperative and Management Auditors.
- Bachelor of Economics (Hons.) in Accounting, University Malaya.
- Post-Degree Diploma in Accounting, University Malaya.

Working Experience and Occupation
- Chartered Accountant, Auditor, Tax Agent and Company Secretary. (Current)
- Executive Chairman of Messrs Mohd Ali Abas & Co. (Current)
- Managing Director of Hubungan Raya Terengganu Sdn Bhd. (1988)
- Senior Assistant Director (Finance), Lembaga Kemajuan Terengganu Tengah (KETENGAH), Kuala Terengganu. (1984-1987)
- Accountant with Urban Development Authority (UDA), Kuala Lumpur. (Started career)

Directorship of Public Companies (if any)
NIL

No. of Board Meetings Attended
14/14

Board of Directors' Profile

Haji Samiun Salleh

SMZ, BCM, PJK

Age: 56, Malaysian / Male

Non- Independent Non-Executive Director

Directorship
- Appointed as Director : 15 September 2014
- Appointed as Member of Nomination & Remuneration Committee: 28 February 2016

Qualifications
- Bachelor in Business Administration, Universiti Kebangsaan Malaysia.
- Master in Business Administration, University of Wales, Newport.

Working Experience and Occupation
- Currently he is the General Manager, Terengganu State Economic Development Corporation (PMINT)
- Deputy State Secretary (Management). (2014-2016)
- President, Setiu District Council. (2013-2014)
- Secretary, Kuala Terengganu City Council. (2009-2013)
- President, Hulu Terengganu District Council. (2005-2009)
- Secretary, Kemaman Municipal Council. (2004-2005)
- Assistant District Officer, Setiu District Council. (2002-2004)
- Secretary, Kemaman District Council. (2000-2002)
- Assistant State Secretary (Tambah Setara). (1998-2000)
- Executive Director, Terengganu Skills Development Centre (TESDEC). (1997-1998)
- Assistant Director at the State Economic Planning Unit. (1992-1997)
- Assistant District Officer, Hulu Terengganu District Council. (1986-1992)

Directorship of Public Companies (if any)
NIL

No. of Board Meetings Attended
12/14

Haji Md Kamaru Al-Amin Ismail

SMT, PJK

Age: 56, Malaysian / Male

Non-Independent Non Executive Director

Directorship
- Appointed as Director: 15 September 2014
- Appointed as Member of Board Risk & Compliance Committee: 28 February 2016

Qualifications
- Bachelor of Science and Natural Resources, Universiti Kebangsaan Malaysia.

Working Experience and Occupation
- Currently working as Senior Private Secretary to the Menteri Besar of Terengganu.
- He is also a Director of Yayasan Islam Terengganu.
- Director, Yayasan Terengganu.
- Assistant Head, Terengganu State Government (Human Resource)
- President, Dungun District Council.
- Assistant District Officer, Dungun District Council.
- Assistant District Officer , Kemaman District Council.
- Secretary, Setiu Municipal Council.
- Assistant District Officer, Setiu District Council.
- Assistant District Officer, Hulu Terengganu District Council.
- Assistant, Terengganu State Government (Human Resource) (Terengganu State Government Office)
- Assistant State Development Officer, Terengganu State Economic Development Office.

Directorship of Public Companies (if any)
NIL

No. of Board Meetings Attended
12/14

Board of Directors' Profile

Haji Mohd Nasir Ali

Age: 64, Malaysian / Male

Independent Non-Executive Director

Directorship
- Appointed as Director: 28 February 2016
- Appointed as Member of the Audit Committee: 28 February 2016
- Appointed as Chairman of Board Risk & Compliance Committee: 31 March 2016

Qualifications
- Diploma in Agriculture, Universiti Putra Malaysia

Working Experience and Occupation
- Assistant Manager at Felda in 1976 and promoted as Manager in 1978 and was working with Felda for five years till 1981.
- Senior Assistant Manager at Boustead Estates Agency Sdn Bhd in 1981 and promoted as Manager in 1986. In 2001, he was designated as Visiting Agent based in Head Office at Kuala Lumpur. After 29 years in Boustead, he retired in 2010.

Directorship of Public Companies (if any)
NIL

No. of Board Meetings Attended
11/11

NOTES:
1. Full profile of Directors can be viewed at www.tdmberhad.com.my (Section: Corporate Information)
2. Family relationship with any director and or major shareholder of the Company
   None of the directors has any family relationship with any director and/or substantial shareholder of the Company.
3. Conflict of interest with the Company
   None of the directors has any conflict of interest with the Company or its subsidiary companies.
4. Conviction of offences
   None of the Directors has been convicted for any offences within the past five years and no public sanctions and/or penalties imposed on them by any regulatory bodies during the financial year ended 31 December 2016.
5. The shareholdings of the directors are disclosed on page 170 of the 2016 Annual Report.

Datuk Dr Ahmad Shukri Md Salleh @ Embat

PJK, AMT, DPMT, PSD

Age: 53, Malaysian / Male

Independent Non-Executive Director

Directorship
- Appointed as Director: 23 August 2016

Qualifications
- First Degree MBBS
  - Medical Faculty, University of Malaya
- Post Graduate
  - Double Specialist (Malaysia and United Kingdom)
  - Master Internal Medicine (MD) Universiti Sains Malaysia
  - Royal College of Physician (MRCP) United Kingdom
- Fellow Royal College of Physician (FRCP), London, UK
- Fellow and Sub-specialised in Gastroenterology and Hepatology , Malaysia

Working Experience and Occupation
- Has worked in The Royal Liverpool University Hospital, Manchester Royal Infirmary March 2000 to July 2000, St Thomas' Hospital in London - August 2010 to June 2011 and at the NIB Soehendra's International World Class Endoscopy Center at the University Hospital Eppendorf, Hamburg, Germany - September 2008 to November 2008
- Served as Head of the Department of Medicine, Hospital Putrajaya - March 2007 till July 2010
- Currently working as a Senior Consultant Physician and Gastroenterologist at Hospital Sultanah Nur Zahirah, Kuala Terengganu

Directorship of Public Companies (if any)
NIL

No. of Board Meetings Attended
04/04

Key Senior Management

Amir Mohd Hafiz Amir Khalid

CFO, TDM Berhad

Age: 37, Malaysian / Male

Qualifications

- Intensive Diploma in Oil Palm Management and Technology, Malaysia Palm Oil Board (2015)
- Advanced Management Programme, National University of Singapore (2011)
- Fellow of Association of Chartered Certified Accountants (2003)
- BA (Hons) in Accounting and Finance, Liverpool John Moores University, United Kingdom (2002)

Working experience and Occupation

- Chief Financial Officer, TDM Berhad (2012 – present)
- Group Manager, Accounts, TDM Berhad (2007)
- Accounts Executive, PETRONAS (2006)
- Operational Cost Analyst, bmi British Midland, United Kingdom (2005)
- Senior Researcher, Equity Division, FT Interactive Data, Ireland (2002)

The date the person was first appointed to the key senior management position
1 March 2012

NOTES:
Directorship in public companies and listed issuers (if any)
NIL

Any family relationship with any director and/or major shareholder of the Company
None

Any conflict of interests that the per son has with the listed issue
None

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year (if any)
None

Jalaini Che Kar

CEO, TDM Plantation Sdn Bhd Plantation Division

Age: 50, Malaysian / Male

Qualifications

- Diploma in Agriculture, Universiti Putra Malaysia
- Bachelors in Business Administration, Universiti Teknologi Mara (2003);
- Masters in Business Administration, Open University Malaysia (2014)

Working experience and Occupation

Twenty-six (26) years experience in plantation management mostly in TDM estates. Apart from his official duties with TDM, he is also a Chairman for MAPA Advisory Panel, Terengganu branch and Chairman of MPOA Terengganu.

- Acting Chief Executive Officer (CEO), TDM Plantation Sdn Bhd (2016)
- Plantation Coordinator, TDM Plantation Sdn Bhd (2010)
- Estate Manager, TDM Plantation Sdn Bhd (2005)
- Assistant Manager, TDM Plantation Sdn Bhd (1991)
- Trainee Assistant, The United Malacca Rubber Estate (1989)

The date the person was first appointed to the key senior management position
1 January 2017

Bryan Lin Boon Diann

Group CEO, Kumpulan Medic Iman Sdn Bhd Healthcare Division

Age: 54, Malaysian / Male

Qualifications

- Bachelors in Business Admin at University of Nebraska-Lincoln (1985);
- Masters in Healthcare Administration at University of Nebraska-Lincoln (1991)

Working experience and Occupation

Twenty-eight (28) years experience in health care management, health care finance, business modelling, health education, and hospital commissioning which were gained in the private sector in USA and Malaysia.

- General Manager, 2010 to 2012, Columbia Asia Hospital – Bukit Rimau, Shah Alam
- Hospital Group Chief Executive Officer, 2007 to 2010, TMC Life Sciences Berhad (Tropicana Medical Centre, Kota Damansara, Petaling Jaya, & Tropicana Medical Centre Penang)
- Financial Controller, 1996 to 2007, Gleneagles Intan Medical Centre, Kuala Lumpur, Malaysia.
- Assistant Controller, 1992 – 1996, Subang Jaya Medical Centre, Subang Jaya, Selangor, Malaysia.
- Statistical & Financial Analyst, 1989 – 1992 St. Vincent Medical Centre, Los Angeles, California, USA

The date the person was first appointed to the key senior management position
Sept 2012

Tayor Estate

Management Team

1. **Dato' Haji Mohamat Muda**
   Group Managing Director
   TDM Berhad

2. **Amir Mohd Hafiz Amir Khalid**
   Chief Financial Officer
   TDM Berhad

3. **Ahmad Zaki Muda**
   Group Manager
   Risk & Compliance
   TDM Berhad

4. **Mohd Mardi Ismail**
   Group Manager
   Internal Audit
   TDM Berhad

5. **Syed Zulfhadlie Syed Zin**
   Group Manager
   Legal & Secretarial
   TDM Berhad

Management Team

6. Faraliza Widayu Mohd
Group Manager
Corporate Finance & Investor Relation
TDM Berhad

7. Salina Long
Group Manager
Human Resources & Administration
TDM Berhad

8. Zahidah Shikh Anuar
Group Manager
Accounts & Planning
TDM Berhad

9. Yasmadi Yatim
Senior Executive
Information Technology
TDM Berhad

10. Norfar'Izan Hashim
Senior Executive
Corporate Communication
TDM Berhad

Plantation Division

2. Mohd Asri Sulong
President Director
PT Rafi Kamajaya Abadi

1. Jalaini Che Kar
Chief Executive Officer
TDM Plantation Sdn Bhd

3. Mohammad Azrain Mohd Kassim
Manager
TDM Trading Sdn Bhd

Healthcare Division

1. **Bryan Lin Boon Diann**
   Group Chief Executive Officer
   Healthcare
   Kumpulan Medic Iman Sdn Bhd

2. **Nik Zainon Yussoff**
   Chief Executive Officer
   Kuantan Medical Centre Sdn Bhd

3. **Norliza Razali**
   General Manager
   TDMC Hospital Sdn Bhd

4. **Abel Ahing**
   General Manager
   Kuala Terengganu Specialist Hospital Sdn Bhd

5. **Zahri Abd Ghani**
   General Manager
   Kelana Jaya Medical Centre Sdn Bhd

Corporate Social Responsibility

As a responsible business entity, we are committed to uphold sound corporate responsibility policies and practices in our day-to-day operations to ensure sustainability and long-term growth.

Our CSR initiatives revolve around the three key pillars of People, Planet, and Profit (3Ps).

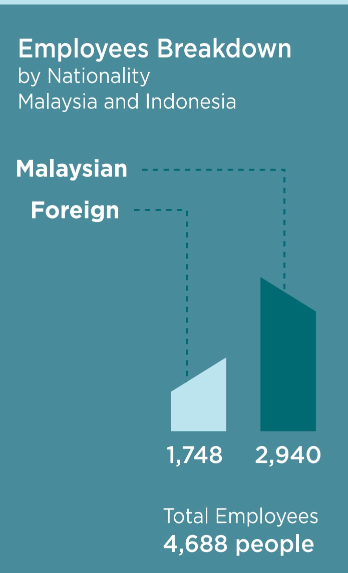
The various initiatives and programs undertaken in 2016 sought to achieve an optimal balance between a commendable business operation and a tangible social performance.

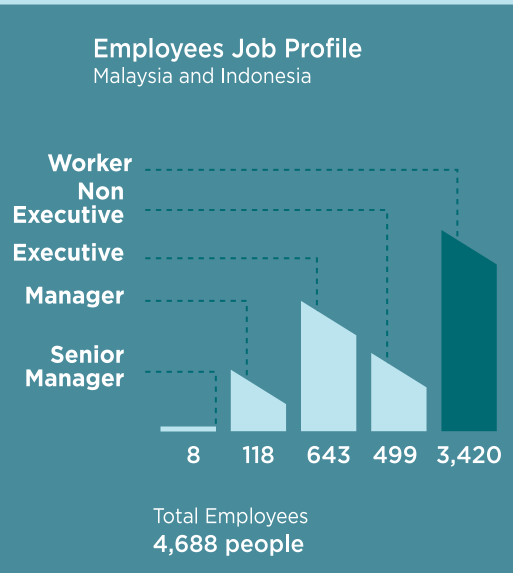
PEOPLE - ENRICHING OUR GREATEST ASSET

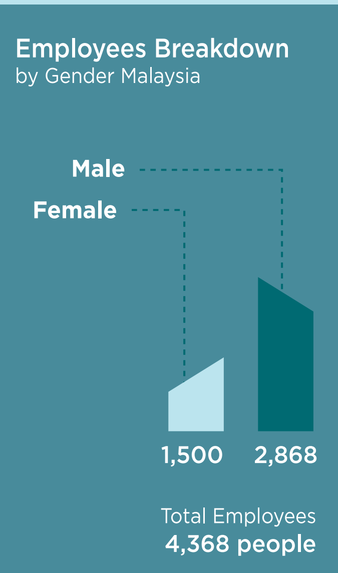
Our people management plays big roles in the business. Focusing on the knowledge acquisition with skills experience and fostered good values, we trust that individuals are always ready to face future economic and social challenges. Moving forward to achieve our vision and mission, we have geared our Human Resource with a great strategy towards optimum personal and professional development, high-performance and innovation-driven work culture.

We are committed towards enriching their work experience amid a conducive environment for professional development and career growth. More than RM690,000 spent in year 2016 on upgrading the skills and capabilities of our staff through a variety of training programs for all levels of staff. Some initiatives we have employed included the MBA and ACCA scholarships offered to our staff. All of these programmes are tailored to provide the company with a talent pool for succession planning.

TDM also spent RM7.7 million in providing better housing facilities in year 2016 to elevate the living standards of employees working in the estates. As far as the employees' welfare is concerned, we provide sufficient infrastructure and amenities for our plantation workers and their families.







Employees Breakdown
by Nationality Malaysia and Indonesia

FOREIGN	1,748
MALAYSIAN	2,940
Total	**4,688**

Employees Job Profile
Malaysia and Indonesia

SENIOR MANAGER	8
MANAGER	118
EXECUTIVE	643
NON-EXECUTIVE	499
WORKER	3,420
Total	**4,688**

Employees Breakdown
by Gender Malaysia

MALE	2,868
FEMALE	1,500
Total	**4,368**

Corporate Social Responsibility

Engaging The Community

We continued to help communities enhancing their quality of life through various community outreach initiatives in 2016. We conducted several replanting projects which provided employment for the local communities. Our new Bio Compost plant and Kuala Terengganu Specialist hospital, which soon-to-be-opened will also generate new job opportunities to the people of Terengganu. Our Plantation and Healthcare divisions organized nearly 200 activities and programs ranging from welfare to donations.

We take pride in reaching out such a wide spectrum of communities. Indeed, both the local communities in Malaysia and Indonesia received our due attention – improving their socio-economic standing, mobilizing self-help groups and assisting the unfortunate.

PLANET - PRESERVING THE DELICATE BALANCE OF NATURE

We are committed to play our part in conserving the fragile balance of the environment. We continued with our efforts to reduce carbon footprint through responsible agriculture practices. We are proud to have achieved 100% RSPO certification for our 12 estates and two mills in Terengganu. We have carried out independent social and environmental impact assessments, soil surveys and topographic studies prior to new or replanting exercise.

We are also constantly mindful of managing palm waste such as shells, fibre, Empty Fruit Bunch (EFB), and Palm Oil Mill Effluent (POME) in a socially and environmentally responsible manner, in line with sustainable agriculture which we strictly adhere to. We utilized shells and fibre to produce renewable energy that power our mills. These has helped to reduce our dependency on fossil fuels and mitigated our Green House Gas emissions. We also utilised the EFB and POME to produce bio organic fertilizer which subsequently reduced our dependency on chemical fertilizers, enabling us to enjoy good cost savings at the same time.

Further effort is made to reduce dependency on pesticides by implementing Integrated Pest Management (IPM) in our estates. These include the use of barn owls (Tyto alba) as a biological control of rodent. We also enhanced the number of natural predators and parasitic insects for the leaf-eating caterpillars by propagating its host plants. Plant and flowers such as antigonon leptopus, turnera subulata and cassia cobanensis have been introduced at strategic locations in various estates.

We also attended to soil erosion, especially in replanting areas by cultivating prolific Legumes Cover Crops (LCC). Indeed we achieved 85% of LCC coverage in group replanting and immature areas. Other soil degradation and erosion measures which includes silt pit and cambering. Both methods are recommended for soil and water conservation practice in oil palm plantations. As part of our good land management practices, where applicable, we always consider and select the most appropriate mitigation measures.


Cover Crop - Air Putih Estate

Corporate Social Responsibility

Healthcare Programs

Our Healthcare Division continues to participate and contribute actively in the respective community's social welfare development programmes.

We believe in prevention rather than cure. Hence, the CSR activities and programs are designed to engage with the community from all strata of society and continuously educate them on the importance of healthy lifestyle as a way of life.

Further, our hospitals are aggressively organizing activities and programs to raise awareness and impart vital information on symptoms, causes and treatments of various deceases which benefited the community.

Digitisation

With greater digitisation efforts in mind, TDM continued to make headways in the migration of core and supplementary systems into cloud-based technologies. This was in keeping with the aim of moving towards a more technologically-efficient organisation.

TDM had boosted our ICT management with an array of systems which include Enterprise Resource Planning, Plantation System, Mill System, Hospital Information System, and other supplementary ICT services. In a couple of years, these will migrate into the cloud-based technologies.

PROFIT - CREATING VALUE FOR ALL

We are committed to ensuring long-term growth and sustainability for the Group, enhancing the quality of life of our people, delivering good financial returns to stakeholders and creating value for our shareholders.

TDM has been paying more than RM258.5 million worth of dividends since our maiden payment in 2007.

We take pride in our ability to keep up with a dividend policy that strives to pay an annual dividend of at least 30% of its consolidated annual net profit after taxation and minority interests (PATAMI), subject to the availability of distributable reserves. This has been achieved due to a large extent, our prudent approach on capital management which balance between dividend payment and capital expenditure.

Profits are also distributed to our JV partners amounting to RM21.8 million since the first payment made in 2007. In 2012, shareholders approved a Philanthropy Policy as part of our CSR Philosophy to be a positive and active participants in the communities where we are present. The establishment of the policy is in line with our transparency commitment to our shareholders in relation to donation expenses. Since the establishment of the policy, we have contributed RM3.7 million to various organizations in Terengganu that support social causes, sports and economic development.

Corporate Social Responsibility

Our CAPEX expenditure has been steadily increasing each year since to 2004. It currently stands at RM1.1 billion which aimed to ensure sustainable growth of the Group. Meanwhile, initiatives are ongoing to promote and inculcate a culture of innovation throughout the group to enhance efficiency and productivity.

TDM is also committed to upholding effective corporate governance in support of the Company's strategies that will bring positive impact on our business performance whilst maintaining sustainable profit and growth.

Staff Quarters - Kemaman Complex

It also has in place a whistle-blower policy. Any stakeholder can report or disclose improprieties including fraud, criminal offences, miscarriages of justice, ethical wrongdoings, corruption, bribery and blackmail through an established channel. It will also be dealt in strict confidence.

Kemaman Bio-Organic Fertilizer Plant

OUR CSR

PEOPLE	PLANET	PROFIT
Job creations	Bio-organic / fertilizer	Dividend to shareholders
Training + Support Program	Natural predator to control pests	Profit distribution to JV partners
Scholarships	Renewable energy (Bio-mass)	Philanthropy
Philanthropy	Water Use	CAPEX Investment (to create Sustainable growth)
Community engagement and programs	Beneficial plant to control pest	Business opportunities
Employee well-being (new housing, healthcare services)	Integrated Pest Management (IPM)	Good governance
Business opportunities	Cover crop for soil protection	Whistleblower Policy
Stakehokders engagement (State go, public)	RSPO certification	Innovation
Clean water	Digitisation	

The above summary clearly demonstrates a comprehensive, deep and inter-related CSR measures which have not only benefitted the beneficiaries but also made remarkable business sense for the Group.

An Eventful Year

10th JANUARY

Terengganu Menteri Besar, Y.A.B Dato' Seri Haji Ahmad Razif Abd Rahman, visited the new Kuala Terengganu Specialist (KTS) Hospital site in Batu Burok, Kuala Terengganu.

27th FEBRUARY

In conjunction with the " Karnival Kecermelangan", SK Kelana Jaya 2 has invited KJMC to showcase medical services to their students. We have brought our nurses and KJMC's ambulance, to create interest and raise awareness on medical services among the students.

20th – 28th MARCH

His excellency Bapak Abang Tajudin Haji Abang Thamrin, together with other Indonesian delegates have visited TDM Berhad and subsidiary companies. The purpose of the visit was to enhance Malaysia – Indonesia relationship, as we owned our operations in Kalimantan.

An Eventful Year

24th MARCH

His Excellency Bapak Abang Tajudin Haji Thamrin and his Indonesian delegation visited Tayor Estate.

16th APRIL

KMC has provided Basic Health Screening and Health Talk for public in conjunction with " Hari Bersama Pelanggan" organized by the Taska An Nass, Kuantan.

17th APRIL

Pinang Emas Plantation has participated in the volleyball competition organized by the Bukit Besi Complex Club. The objective of the event was to strengthen relationship amongst the club members.

31st MAY

TDM Berhad's 51st Annual General Meeting (AGM) was held in Kuala Terengganu on the 31st May. The session, witnessed active participation and a fruitful discussion among the shareholders who present to the meeting.

22nd MAY

In conjunction with the Klinik Mediveron OUG Parklane's Health Campaign & Blood Donation, TDMC Hospital has taken up a booth to promote services and packages available in our hospital.

31st MAY

"Sembang Sihat" is a series of Health Talks given to the public by KTSH's specialists, dietitian and physiotherapist. These talks are meant to raise awareness among the people of Terengganu on health issues and other health related concerns.

An Eventful Year

19th JUNE

Pinang Emas Estate has distributed coconuts to madrasah Kampung Pinang, as part of their Corporate Responsibility undertaken by the estate.

15th JULY

The Management of Gajah Mati Estate and Ladang Gajah Mati primary school have collaborated to clean up the school's compound. The teachers, pupils, parents, estate staff and general workers had joined hands in this corporate responsibility activity.

11th – 14th AUGUST

In conjunction with the "Beautiful Terengganu Program" to promote Visit Terengganu, KTS hospital has sent a team to introduce our hospital to the people of Singapore. We conducted free eye screening and a survey was done to identify if Singapore is a likely market to explore.

31st AUGUST

The Merdeka Day celebration was held in Batu Burok, Kuala Terengganu. Strong TDM's contingent which comprise of employees from head office, security personnel, estate workers and Kuala Terengganu Specialist Hospital has participated in the parade.

24th & 25th SEPTEMBER

In conjunction with Karnival Jualan Buku Pasdec 2016, Kuantan Medical Centre carried out basic health screening for BP, glucose, BMI and cholesterol.

An Eventful Year

28th SEPTEMBER

TDM Berhad ("TDM") distributed dividend payment and profit-sharing for the Financial Year ended 31 Decmbeer 2015. Recipients were Terengganu state government agencies, Terengganu Incorporated Sdn. Bhd., Lembaga Tabung Amanah Warisan Negeri Terengganu (LTAWNT) and Majlis Agama Islam dan Adat Melayu Terengganu (MAIDAM).

29th SEPTEMBER

In conjunction with World Heart Day, TDMC hospital had a total number of 89 participants for the Health Screening. Dr. Lau Gin Choy, Consultant Cardiologist, advised the participants on the risk factors and preventive steps of acquiring heart disease.

10th OCTOBER

Kuala Terengganu Specialist Hospital organised our first symposium in conjunction with our 10th year anniversary. The symposium comprised of health talks and forums which aimed to shift the perception about medical services among the people of Terengganu.

19th NOVEMBER

In conjunction with World Diabetes Day, TDMC had attracted 50 participants for the health screening. During this program, Dato' Dr. G Selvaraju, has delivered his health talk on "How to remove sweetness in our life to prevent Diabetes".

10th DECEMBER

In conjunction with the International Science Week, Kuala Terengganu Specialist Hospital conducted the first ever, "Hour of Code" program in Terengganu. It was attended by about 20 participants, aged 7 to 15. We also conducted a Health Talk by our Dietitian.

TRANSPARENCY

Gajah Mati Estate

List of Abbreviations and Acronyms Used in this Section

AC	:	Audit Committee
AGM	:	Annual General Meeting
BEE	:	Board Effectiveness Evaluation
BRCC	:	Board Risk & Compliance Committee
CEO	:	Chief Executive Officer
CFO	:	Chief Financial Officer
DAL	:	Delegation of Authority Limit
EWRM	:	Enterprise Wide Risk Management
GMD	:	Group Managing Director
IAD	:	Internal Audit Department
INED	:	Independent Non-Executive Director
IR	:	Investor Relations
MMLR	:	Main Market Listing Requirement of Bursa Malaysia Securities Berhad
MCCG 2012	:	Malaysian Code on Corporate Governance 2012
NED	:	Non–Executive Director
NINE	:	Non–Independent Non–Executive Director
NRC	:	Nomination and Remuneration Committee
SINED	:	Senior Independent Non-Executive Director
SRMIC	:	Statement on Risk Management and Internal Control
TOR	:	Terms of Reference

Statement on Corporate Governance

This Statement on Corporate Governance is presented to explain the corporate governance practices and how the principles and the recommendations of the Malaysian Code on Corporate Governance 2012 (MCCG 2012) have been applied during the financial year ended 31st December 2016. In order to provide the latest update of the Company, the Statement on the Corporate Governance also includes the change in the composition of the Board of Directors up to 25th February 2017.

INTRODUCTION

The Board recognises the importance of effective corporate governance in supporting the Company's strategies. The Board and the Management believe that improvement in governance structures and processes will bring positive impact on the business performance whilst promoting and maintaining sustainable profit and growth. The Board of Directors of TDM Berhad is committed towards achieving excellence in corporate governance and acknowledges that the prime responsibility for good corporate governance lies with the Board.

BOARD OF DIRECTORS

Board Charter

The Board approved a Board Charter, outlining the Board's roles and responsibilities. The Charter serves as a guideline for the Directors and other stakeholders.

The Board Charter defined processes and procedures for the Board and its committees in discharging their stewardship effectively and efficiently.

The Board Charter stipulates the following key areas:

- Roles and responsibilities of the Board
- Roles and responsibilities of Chairman, Non-Executive Directors (NED), Executive Directors and Chief Executive Officer (CEO)
- Roles and responsibilities of the Management
- Board Appointment
- Board Size and Composition
- Chairman
- Board Committees
- Board Meetings
- Director's Independence
- Board Performance
- Ethical Standards

The Board Charter is subject to review from time to time to ensure that it remains consistent with the Board's objectives and current laws and practices.

The Board Charter is available on the Company's official website at http://www.tdmberhad.com.my

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear roles and responsibilities in discharging its fiduciary and leadership functions.

Board Roles and Responsibilities

The Board has clear roles and responsibilities in delivering sustainable returns and growths for the stakeholders. The Board oversees the strategic decisions taken, monitors the execution of the decisions and the management's ethical conduct. It also looks into the financial reporting and regulatory compliance. The Board delegates authority and vests accountability for the Group's day to day operations with a Management team led by the current Group Managing Director. The Board, however is guided by six principle responsibilities listed below in discharging its fiduciary and leadership functions;

Statement on Corporate Governance

- Review and adopt strategic business plan for the Company

  The Board on annual basis reviews and deliberates the Group Business Plan for both short term and long term. The Board ensures the Group strategic plans promote sustainable growth and takes into consideration the interest of the people, planet and profit. The Board plays an active role in the development of the Company's strategy. It has in place an annual strategy planning process, whereby the Management prepare and present its Business Plan and Budget for the Board's review at the Special Board meeting. At this session, the Board reviews and challenges Management's views and assumptions. In furtherance of this, the Board then reviews and approves the annual budget for the ensuing year and sets the Key Performance Indicators under the Balanced Scorecard.

- Oversee and evaluate the Company's business conduct

  Business performance is reported at the quarterly Board meeting for the directors to review the implementation of the approved business plan. The Board evaluates whether the business is being properly managed by comparing the business performance against the approved business plan and the achievements of the key performance indicators. The Board subsequently reviews and approves the financial reports.

- Identify and manage principle risks

  The Board is assisted by the Board Risk and Compliance Committee to identify principal risks faced by the Company and the Group on annual basis. The Board evaluates and monitors the identified principal risks and its mitigating activities.

- Monitor the succession planning

  The Nomination and Remuneration Committee (NRC) ensures appropriate succession planning is in place for key appointments. The NRC reviews the appointments, remuneration packages, and the performance of the Board members and Senior Management.

  The NRC is responsible for reviewing candidates for key management positions and determining the remuneration for these appointments. In this respect, the NRC considers new appointments and renewal of service contracts of key management positions to ensure all candidates appointed to these positions are of sufficient competence.

  For this purpose, the factors considered by the NRC include the suitability of the shortlisted candidates based on their profiles, professional achievements and personality assessments.

  The NRC further considered the remuneration packages for the key management personnel when finalising the terms and conditions of their service contracts before it is further deliberated by the Board.

- Oversee the development and implementation of communication policy

  Communication to both shareholders and stakeholders is mainly managed by the Corporate Communications Department. A dedicated Investor Relations (IR) website was developed to disseminate relevant information to the investors and the public. There are IR programmes planned throughout the year to facilitate the continuous engagement with the investing communities.

- Review the adequacy and integrity of the Company's internal control system

  The Audit Committee (AC) with the assistance of the internal auditors regularly reviews the state of internal control within the Group.

  Apart from the core responsibilities, the Board is committed in ensuring the smooth running of core business processes and business decisions are made with due care to promote sustainability.

Statement on Corporate Governance

1.2 Chairman's Function

The Chairman is responsible for ensuring Board effectiveness and conduct, which includes promoting sustainable business strategies. The Chairman of the Board shall also act as Chairman at general meetings. The role of the Chairman are as follows:

a) Provides leadership to the Board by helping the Board to fulfil the goals by assigning specific tasks to members of the Board.

b) Ensures proper flow of information to the Board, reviewing adequacy and timing of documentation in support of Management's proposals. In addition, the Chairman organises and presents the agenda for regular or special Board meetings based on input from Board members and Management to ensure that all relevant issues are on the agenda.

c) Provides a reasonable time for discussion at a meeting. Furthermore, the Chairman should encourage a healthy debate on the issue in review and bring to the Board objectivity and independent in deliberations.

d) Ensures adequate lead time for effective study and discussion of business under consideration and that Board resolutions are put to a vote if necessary to ensure that it is the will of the majority and not that of the dominant shareholder that prevails and that genuine disagreements have been voiced out and resolved.

e) Acts as liaison between the Board and Management and carries out other duties as requested by the Board, depending on needs and circumstances.

f) Identifies guidelines for the conduct of the Directors.

g) Manages the processes of the Board and ensures that the Board discharges its responsibilities effectively.

h) Ensures the balance of membership, subject to the Board's approval.

i) Provides a formal schedule of matters specifically reserved for decision to ensure that the direction and control of the Company is firmly managed.

j) Maintains an effective communications policy with the shareholders, stakeholders and the public. This policy must effectively interpret the operations of the Company to the shareholders and must accommodate feedback from shareholders, which should be factored into the Company's business decisions.

1.3 Clear functions reserved for the Board and those delegated to Management.

Separation of Functions of the Group Chairman and Group Managing Director

The roles and responsibilities of the Non-Independent Non-Executive (NINE) Chairman and the Group Managing Director (GMD) are clearly separated. This is in line with the recommendation of the MCCG 2012, which requires the Board to establish clear functions reserved for the Board and those delegated to the Management.

The governance structure within TDM Berhad is supported by a Board-approved Delegation of Authority Limit (DAL). The DAL has been structured to define all the common matters pertaining to operations such as policy approval, awarding of projects and capital and operational expenditure. It serves as a control whereby a cross-check system has been incorporated to minimise any abuse of authority.

Statement on Corporate Governance

The NINE Chairman is responsible for ensuring the effectiveness and conduct of the Board which includes promoting sustainable business strategies. On the other hand, the current GMD is responsible for the day-to-day management of the business and operations of the Group with respect to its operational functions, ensuring its effectiveness and implementation of Board policies and decisions within the delegated authority limit approved by the Board.

The segregation of duties between the Chairman and the GMD facilitates an appropriate balance of roles, responsibilities and accountabilities and promotes appropriate supervision of the Management.

The NINE Chairman is not previously a CEO or employee of the Company.

2. Strengthen Composition and Balance

The current Board has eight (8) members with seven (7) of them are NED, including the Chairman and one (1) Executive Director. Four (4) of the NED are Independent Non-Executive Directors (INED).

Details of each individual director's qualifications and experiences are presented in the Board of Directors' Profile from page 28 to 33 of this Annual Report.

The Board had on 5th January 2017, appointed the GMD. There is a separation of the role of the GMD and Chairman to ensure that there is an appropriate balance of power and authority with clear divisions of responsibilities and accountability. The responsibility of Chairman is primarily to ensure that the conduct and working of the Board is in an orderly and effective manner whilst the GMD manages the daily running of business and implementation of Board policies.

The GMD is responsible for overseeing the operation and strategic development of the Group and obliged to refer major matters to the Board. The Management's function is conducted by and under the supervision of the GMD and by other Officers to whom management function is properly delegated by the GMD. The GMD is expected to keep the Board informed on all matters which may materially affect the Company and its business.

In relation to recommendation on gender diversity, two of the subsidiaries are led by the female Chairman and there are eight (8) female directors within the Group.

The Group adopts non-discriminatory policy in employing talents to fulfill its human resource needs at all levels including Board especially in ensuring gender diversity. Presently, the Board is of the opinion that the size and composition of members are appropriate to commensurate the complexity of the Group's businesses and conducive for effective conduct of the Board decision making.

Board Appointment

The appointment of the new member of the Board is guided by the expertise, experience and competency of the individual candidate with gender diversity forming part of the consideration in the selection of the potential candidate.

The NRC is responsible for assessing the candidate(s) nominated by the significant shareholder for directorship and Board Committee membership and there upon, convey their recommendations to the Board.

3. Qualified and Competent Company Secretary

The Company Secretary i.e. Puan Wan Haslinda Wan Yusoff who is a member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) provides a central source of guidance and advice to the Board, on matters of ethics and good corporate governance. The Company Secretary is required to provide the directors, collectively and individually, with detailed guidance on their duties and responsibilities.

The Company Secretary ensure that deliberations at Board and Board Committee meetings are well documented.

Statement on Corporate Governance

4. Reinforce Independence

4.1 Independence of Directors

The Chairman, a NINE member of the Board is neither the CEO nor previous employee of the Company.

All four (4) INED have been in the Board for less than nine (9) years. The Board is in the opinion that present number of independent directors is adequate to ensure the balance of power and authority on the Board.

Though INED do not form part of majority of the Board members, their independent opinion, advice and judgement are essential in arriving unbiased decision making by the Board and thus plays a key role in corporate accountability.

During the year under review, the Board assessed the independence of the INED; all INED completed the Independent Directors' Self – Assessment Checklist.

In respect of the minority shareholders' interest, the Board regards the present number of INED is sufficient and effective.

Noting that none of the Independent Non-Executive Directors has served more than nine (9) years cumulatively in TDM Berhad, the Board believes that the requirement for shareholders' approval to retain status of Independent Directors of nine (9) years on the Board is not applicable.

4.2 Senior Independent Non – Executive Director

In accordance to corporate governance best practice, Major General Dato' Dr. Mohamad Termidzi Junaidi (R) was appointed as the Senior Independent Non-Executive Director (SINED) who is responsible to ensure the views of each NED are given due consideration. The SINED also provides an additional channel of communication between the NED and the shareholders. The shareholders and other stakeholders may communicate their concerns relating to the company through his email; mohd.termidzi@gmail.com

5. Foster Commitment

Board Meetings

Quarterly board meetings are held to deliberate and review quarterly financial result of the Group and the core issues based on the pre-determined agendas.

Besides the quarterly Board meeting held during the year, there were fourteen (14) meetings held to review and decide on immediate strategic matters. During the fourth quarter, a Board meeting was held to deliberate and review the Annual Business Plan for the coming year.

The agenda together with the board papers are disseminated to the Board via email prior to the meetings to enable them to study the matters which require their decisions or opinions. The Board seeks further information and clarification from the Management in order to make an informed decision.

None of the Board members serves as director on more than five (5) Boards of listed companies. This enables them to devote adequate time to carry out their responsibilities. The Board members' commitment in carrying their duties is affirmed by their attendance at the Board meetings held during the financial year ended 31st December 2016, set out below:

Statement on Corporate Governance

No.	Members	No. of Meetings	
		Attended /Held	%
1.	Lieutenant General Tan Sri Dato' Haji Wan Abu Bakar Haji Wan Omar (R) (Chairman)	11/14	79
2.	Major General Dato' Dr Mohamad Termidzi Junaidi (R)	14/14	100
3.	Dato' Haji Mohamat Muda**	4/14	29
4.	Datuk Dr Ahmad Shukri Md Salleh @ Embat (Appointed on 23 August 2016)	4/4	100
5.	Dato' Haji Mohd Ali Abas	14/14	100
6.	Haji Md Kamaru Al–Amin Ismail	12/14	86
7.	Haji Samiun Salleh	12/14	86
8.	Haji Mohd Nasir Ali (Appointed on 28 February 2016)	11/11	100
9.	Wan Zalizan Wan Jusoh (Appointed on 28 February 2016 and Resigned on 1 January 2017)	08/11	73

** Dato' Haji Mohamat Muda was unable to meet the requirement of Rule 15.05(3)(c) of the Bursa Listing Requirements due to his lengthy illness condition from November 2015 until June 2016 and as such he was subjected to vacate his office as Independent Non-Executive Director of the Company as per the abovementioned rule on 31st December 2016.

On 26th October 2016, the Company had appealed to Bursa for a waiver of the abovementioned rule as he had fully recovered since July 2016 and was able to discharge his duties diligently to the Company. Further, his experience and expertise was as an asset to the Company and therefore needed a continuity of his service. However, Bursa had replied via its letter dated 4th January 2017 that the application was unsuccessful. Hence, Dato' Haji Mohamat Muda vacated his office as Independent Non-Executive Director of the Company on 4th January 2017.

Pursuant to the above, Dato' Haji Mohamat Muda was re-appointed as the Director of the Company on 5th January 2017 and was immediately appointed as the Group Managing Director on the same date.

6. Board Access to the Information

The Board has direct access to the Senior Management personnel and has unrestricted access to information relating to the Group's business affairs. To facilitate productive and meaningful deliberations during the Board meeting, the proceedings of the meetings are conducted in accordance to a structured agenda. The Board papers are prepared and presented in a manner to facilitate the deliberation and decision making process. The agenda together with the board papers are disseminated to the Board via email prior to the meetings to enable them to study the matters, which require their decisions or opinions.

All directors have individual and independent access to the advice and support services of the Company Secretary and External Auditors and the Board has access to seek further information and clarification from the Management in order to make informed decision.

Directors, whether acting as a full Board member or in their individual capacity, in the furtherance of their duties, may obtain independent professional advice at the Company's expense, which the application and appointment process for the services is as per established internal procedures.

Statement on Corporate Governance

7. Re-election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the directors shall retire from office and be eligible for re-election at each Annual General Meeting and all directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. Newly appointed directors shall hold office until the next AGM and shall then be eligible for re-election.

8. Board Effectiveness Evaluation

The Board Effectiveness Evaluation (BEE) comprises of Board Evaluation, Committee Evaluation and Directors Self / Peer Assessment. The BEE is conducted with the objectives to improve the Board's effectiveness and to enhance the director's awareness on the key areas that need to be addressed.

The BEE was conducted through completion of questionnaires on the effectiveness of the Board as a whole as well as for the Board Committees. In assessing individual performance, the members of the Board completed Self-Assessment Questionnaires and Individual Director Peer Evaluation Questionnaires.

Performance indicators by which the Board is evaluated include the Board's composition, administration and processes, conduct, accountability, interaction and communication whilst the performance indicators for individual director include his or her interactive contributions, quality of input and understanding of his or her roles.

The summary of the evaluation results was deliberated at the NRC meeting which subsequently reports the same to the Board.

BOARD COMMITTEES

The Board of TDM Berhad as a listed entity has entrusted its Board Committees with specific responsibilities to oversee the Group's affairs in accordance with their respective Terms of Reference. Although specific powers are delegated to the Board Committees, the Board keeps itself abreast of the key issues and decisions made by each Board Committee through the reports by the Chairman of the respective Board Committees.

The Chairman of the various Committees report the outcome of the Committee meetings to the Board and relevant decisions are incorporated in the minutes of the Board of Directors' meetings.

The Board in ensuring effective delivery of their roles and responsibilities established the following three (3) committees:

- Audit Committee.
- Nomination and Remuneration Committee.
- Board Risk and Compliance Committee.

The duties, responsibilities and authority of these three (3) committees are clearly outlined in their term of references.

a) Audit Committee

The Audit Committee Report detailing the membership, meetings and activities during the year is presented from page 65 to 68 of this Annual Report.

Statement on Corporate Governance

b) Nomination & Remuneration Committee

During the year, NRC comprises of three (3) INED and one (1) NINE Directors and led by the Senior Independent Director. The present members of the Committee are as follows:

1. Major General Dato' Dr Mohamad Termidzi Junaidi (R) (Chairman), SINED

2. Dato' Haji Mohd Ali Abas, INED

3 . Dato' Haji Mohamat Muda, INED (Vacated his position on 4 January 2017)

4. Haji Samiun Salleh, NINE (Appointed on 28 February 2016)

The primary functions of the committee, among others, include the following:

- Determine the criteria for Board membership;
- Review and recommend to the Board the structure, size, balance and composition of the Board and committees;
- Propose to the Board the responsibilities of the NED, which includes membership and chairmanship of Board committees;
- Evaluate the effectiveness of the Board and committees on annual basis;
- Recommend to the Board on the re-election of retiring Board members;
- Establish and recommend the remuneration structure and policy for the Board members and Senior Management personnel, where applicable.

In recommending the Board membership, NRC receives nomination from the significant shareholder. NRC subsequently assesses the candidates' background and expertise, experiences and skills of the candidates prior to the appointment. The Board believes that the individual director from various fields contributed to the effectiveness and improvement of the Board functions and decision making.

The NRC is responsible for assessing the performance of the individual Board members and Board Committees. The assessment has been done annually vide Directors' Performance Evaluation on interaction contributed, input quality and understanding of role. Other than that, the independent assessment has also been done by independent directors in accordance with Main Market Listing Requirement (MMLR).

In 2016, the NRC held eight (8) meetings and the attendance is as follows:

Members	No. of Meetings	
	Attended /Held	**%**
Major General Dato' Dr Mohamad Termidzi Junaidi (R) (Chairman)	8/8	100
Dato' Haji Mohd Ali Abas	8/8	100
Dato' Haji Mohamat Muda (Vacated his position as member on 4 January 2017)	2/8	25
Haji Samiun Salleh (Appointed as member on 28 February 2016)	6/7	86

The main activities of the NRC during the year are listed below:

- Reviewed the Performance of the Board members.
- Considered and recommended to the Board on the re-appointment and re-election of directors at the AGM.
- Considered and recommended to the Board on the remuneration and benefits for the Board of Directors.
- Considered and recommended to the Board on the remuneration and appointment of Senior Management.

Statement on Corporate Governance

Remuneration Policies

The NRC, carries out the annual review of the overall remuneration policy for Executive Director where recommendations are submitted to the Board for approval. The remuneration for Executive Director is structured to link rewards to corporate and individual performance. It is nevertheless, the ultimate responsibility of the Board to approve the remuneration of this director.

The determination of the remuneration packages of Non-Executive Directors (whether in addition to or in lieu of their fees as directors), is a matter for the Board as a whole, subject to approval of shareholders at the Annual General Meeting.

c) Board Risk & Compliance Committee (BRCC)

The Chairman of BRCC is assisted by a panel of at least 2 Independent members of which are also appointed by the BOD. BRCC held four (4) meetings during the year. The attendance is as follows:

Members	No. of Meetings	
	Attended /Held	%
Haji Mohd Nasir Ali (Chairman) (Appointed as member and Chairman on 31 March 2016)	3/3	100
Major General Dato' Dr Mohamad Termidzi Junaidi (R)	4/4	100
Dato' Haji Mohd Ali Abas	4/4	100
Dato' Haji Mohamat Muda (Vacated his position as member on 4 January 2017)	2/4	50
Haji Md Kamaru Al–Amin Ismail (Appointed as member on 28 February 2016)	4/4	100

Haji Mohd Nasir Ali was appointed as Chairman of BRCC replacing Dato' Haji Mohamat Muda on 31st March 2016. Dato' Haji Mohamat Muda was redesignated as member of BRCC.

The roles and responsibilities of BRCC are as follows:

- Oversee the Group's Risk Management.
- Ensure Risk Management is embedded in the Group's business operations.
- Identify, evaluate and manage significant risks faced by the Group via EWRM.
- Continuous review of risks especially corporate risks involving new Investments, Projects and Financial Borrowings

The BRCC reports all Risk Management matters to the Board.

Statement on Corporate Governance

DIRECTORS REMUNERATION

The details of the directors' remuneration of the Company and the Group for the financial year ended 31st December 2016 are as follows:

	Group RM'000	Company RM'000
Executive Directors		
Fees and other emoluments	754	142
Non-Executive Directors		
Fees and other emoluments	1,903	645
Benefits in kind	75	21
Total	**2,732**	**808**

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

1. Executive Directors

Remuneration Bands	Number of Directors
RM100,001 – RM 150,000	1

2. Non-Executive Directors

Remuneration Bands	Number of Directors
RM50,000 and below	1
RM 50,001 – RM 100,000	6
RM150,001 – RM 200,000	1

BOARD'S CODE OF CONDUCT

The members of the Board observe the Code of Ethic for Company Directors established by the Companies Commission of Malaysia and Company's Code of Business Ethics. The Code of Business Ethic sets forth the guidelines and ethical standards of conduct required of the Board, the management and other employees of the Company. The details on the Code of Business Ethics are set out from page 63 to 64 of this Annual Report.

DIRECTORS' TRAINING

All members of the Board are encouraged to enrol in relevant continuous education programmes to keep abreast with the industry development as well as current changes in laws and regulations.

The Board acknowledges the importance of continuous development of its Directors and encourages them to partake in courses or programmes that serve to enhance their skills and update their knowledge. This will enable Directors to sustain their active participation in Board deliberation.

Statement on Corporate Governance

In addition, the Directors also attended development and training programmes and other professionally conducted seminars relevant to the Company's business and/ or their respective skills during the year. The Directors will continue to attend training programmes endorsed by Bursa Securities to keep abreast of industry developments and trends.

The training/courses attended by the Directors during the financial year 2016 are as follows:

No.	Training Programme	Board Members
1.	Mandatory Accreditation Programme (MAP)	a. Haji Mohd Nasir Ali b. Wan Zalizan Wan Jusoh c. Datuk Dr. Ahmad Shukri Md Salleh @ Embat
2.	In House Training 'Creating Value with Enterprise Risk Management in TDM Group'	All Board Member
3.	Bursa Malaysia's Listing Requirements Updates 2016 & The Proposed Corporate Governance 2016	All Board Member
4.	The Inside Story of the Annual Report: What Directors Must Know	a. Major General Dato' Dr. Mohamad Termidzi Junaidi (R) b. Dato' Haji Mohamat Muda c. Dato' Haji Mohd Ali Abas d. Haji Mohd Nasir Ali

RELATIONSHIP AND COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

All major developments of the Company and other information are communicated to shareholders and investors through the following:

- Annual Report;
- Quarterly financial results with an overview of the Group's performance and operations;
- Various announcements which can be accessed at any time through the Bursa Securities' website at (http://www.bursamalaysia.com); and
- Company's website (http://www.tdmberhad.com.my)

The Company's website publishes the name(s), email address(es) and contact number(s) of designated person(s) to enable the shareholders and other stakeholders to forward their queries to the Company.

The Company Profit Distribution Policy and Dividend Policy are published in the Company's website and presented on page 26 of this Annual Report.

Annual General Meeting (AGM)

The AGM is one of the key communication channels between the Company and its shareholders. It gives an opportunity to all shareholders to have direct access to the Board and to raise questions on resolutions being proposed. Shareholders are encouraged to attend the AGM and actively participate in the proceedings.

During the AGM, the Chairman, Directors and Senior Management personnel and the Company's External Auditors are available to reply to shareholders' questions on the business and performance of the Company. Responses to queries raised by the Minority Shareholders Watchdog Group (MSWG) before the AGM are shared with the shareholders during the meeting, assuring the shareholders that pertinent issues and queries pertaining to the business of the Company are amply addressed.

As and when necessary, a press conference is held immediately after the AGM where the Chairman will explain to members of the media any resolution passed and to answer any question in relation to the development and operations of the Company and the Group.

Statement on Corporate Governance

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Chief Financial Officer (CFO) provided assurance that appropriate accounting policies have been applied consistently in preparing the Group Consolidated Financial Statements 2016. The Board of Directors had been assured that proper accounting records are kept so as to enable the preparation of the Financial Statements with reasonable accuracy.

Based on the Audit Committee's recommendation and confirmation, the Board of Directors is satisfied that it has met its obligation to present a balanced and understandable assessment of the Group's financial position in presenting the annual financial statements to shareholders.

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

Responsibility Statement By The Board Of Directors

In preparing the annual financial statements of the Group and of the Company, the Directors are collectively responsible to ensure that these financial statements have been prepared to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and the results and cash flows of the Group and the Company is in accordance with applicable approved accounting standards in Malaysia, the provisions of the Companies Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements for the financial year ended 31st December 2016 set out on pages 84 to 167 of this Annual Report, the Directors have applied appropriate accounting policies on a consistent basis and made judgments and estimates that are reasonable and prudent.

The Directors have responsibility for ensuring that proper accounting records are kept by the company which disclose with reasonable accuracy of the financial position of the Group and the Company and also enable them to ensure that the financial statements comply with the Companies Act.

The Directors have overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Statement by directors pursuant to Section 251 (2) of the Companies Act 2016 signed by Lieutenant General Tan Sri Dato' Haji Wan Abu Bakar Haji Wan Omar (R) and Dato' Haji Mohd Ali Abas is set out on page 78 of this Annual Report.

Internal Control

The Statement on Risk Management and Internal Control (SRMIC), which provides an overview of the Group's risk management framework and the state of internal controls within the Company and the Group, is set out from page 69 to 71 of this Annual Report.

Compliance and Internal Disclosure Controls

Syed Zulfhadlie Syed Zin, Group Manager, Legal and Secretarial of the Company is the designated person responsible for ensuring compliance with the disclosure obligation under the MMLR (designated person). The alternate designated person is the CFO of the Company, Amir Mohd Hafiz Amir Khalid.

Other than ensuring compliance with the disclosure obligation under the MMLR, the appointment of the designated person is in line with the recommendations objective of the MCCG 2012 which is to establish corporate disclosure policies and procedure to ensure comprehensive, accurate and timely disclosure.

Statement on Corporate Governance

Relationship with Auditors

The Board maintains a transparent and appropriate relationship with the Company's Auditors, both external and internal, in seeking their professional advice towards ensuring compliance with applicable accounting standards and all statutory requirements.

AC meets with the External Auditors to discuss their audit plan, audit findings and audited financial statements. AC has at least one (1) meeting with the External Auditors without the presence of the management. The AC also meets with the External Auditors whenever it deems necessary.

In addition, the External Auditors are invited to attend the AGM of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and contents of their audit report. While assessing the independence of the External Auditors, the AC is satisfied and agrees with the representation by the External Auditors in their Audit Planning Memorandum for the audit of the financial year ended 31st December 2016, that they are independent in accordance with the By-laws (on Professional Ethics, Conduct and Practise) of the Malaysian Institute of Accountants.

Considering the expertise and existing business knowledge of the current External Auditors and the location of the Company and its subsidiaries, the AC is in the opinion that the current External Auditors are still suitable for re-appointment.

CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS

The directors are responsible at all times to determine whether they have a potential or actual conflict of interest in relation to any matter, which comes before the Board. All the directors are required to make declarations on whether they have any interest in transactions tabled at Board meetings.

The directors acknowledged that they have to declare any interest they have in the Company and its subsidiaries and abstained from the deliberation and voting on the related resolutions at the Board or any general meetings convened to consider the matter.

In the event that a corporate proposal is required to be approved by shareholders, interested directors will abstain from voting in respect of their shareholdings in TDM on the resolution related to the corporate proposal, and will further ensure that persons related to them also refrain from voting on the resolution.

This Statement on Corporate Governance was approved by the Board of Directors on 26 February 2017.

Code of Business Ethics

The Code of Business Ethics ("the Code") describes and reinforces TDM Berhad's guiding values and commitment consistent with our policies and practices, and essential to TDM's legal and regulatory compliance obligations. We strive to perform responsibly, ethically and in a sustainable manner in all our business activities. We believe in applying the principles of our code of business ethics in every transaction, which affects our employees, our customers and all other stakeholders.

The Code is based on integrity, mutual trust and respect, which are essential to long-term, mutually beneficial relationships with all our stakeholders.

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

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

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

- Customers
- Employees and their familiess
- Stockholders and owners
- The Board and Board Committee members
- Vendors and suppliers
- Industry affiliates
- The Community

Compliance with Laws, Rules and Regulations

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

All employees, executive officers and board members are also required to comply with all laws, rules and regulations, which apply to the Group in all areas of business.

While it is the Group's philosophy to address matters internally, the Code takes precedence in not preventing or discouraging any party from reporting any illegal activity including the violation of any Federal, State or International laws, rules or regulations to the appropriate authorities.

The purpose of the Code is to promote ethical practices and in doing so, should not be an obstacle to any party to testify, participate or assist in any legal proceedings or investigations and in upholding the intent. No employee, executive officer or board member shall discharge, demote, suspend, threaten, harass or in any manner discriminate against an employee for reporting any violation in good faith.

Professionalism

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

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

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

Code of Business Ethics

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

Conflict of Interest

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

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

Our Moral Standards of Honesty, Integrity and Fair Dealing

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

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

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

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

Occupational Safety and Health

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

Sexual Harassment Policy

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

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

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

Audit Committee Report

1.0 MEMBERSHIP

In order to provide the latest update of the Company, the AC Report includes the change in the composition of the AC up to 25th February 2017.

The members of the AC for the financial year ended 31st December 2016 are as follows:

- Dato‘ Haji Mohd Ali Abas (Chairman)
  Independent Non-Executive Director

- Major General Dato‘ Dr Mohamad Termidzi Junaidi (R)
  Senior Independent Non-Executive Director

- Haji Mohd Nasir Ali
  Independent Non-Executive Director (Appointed on 28 February 2016)

- Dato‘ Haji Mohamat Muda
  Independent Non-Executive Director (Vacated his position as member on 4 January 2017)

The membership of AC comprises of all Independent Non-Executive Directors.

Dato’ Haji Mohamat Muda was unable to meet the requirement of Bursa Listing Requirement, Rule 15.05 (3)(c) and has to vacate his position as a member of AC on 4th January 2017 due his lengthy illness condition.

The Chairman of the AC, Dato’ Haji Mohd Ali Abas is a Fellow of Chartered Public Accountants (FCPA) Australia and a Chartered Accountant with the Malaysian Institute of Accountants (MIA). Accordingly, TDM Berhad complies with paragraph 15.09(1)(c)(i) of MMLR. All of the members of the AC are financially literate.

2.0 SUMMARY OF THE TERMS OF REFERENCE

The Audit Committee is guided by the Terms of Reference in discharging its functions which is in accordance to the MMLR and recommendations of the MCCG 2012 and relevant best practices.

The Terms of Reference establishes the scope, authority, duties and responsibilities of the Audit Committee, and is incorporated into the Board Charter.

The summary of key duties and responsibilities of the AC are as follows:

a) Overseeing the financial reporting of TDM Group, ensuring that it presents true and fair of the Group’s and the Company’s financial position and performance and it is in compliance with the financial reporting standards and regulatory requirements.

b) Assessing the adequacy of risk management and internal control systems.

c) Discussing the Audit Plan and audit findings with the external auditors. Evaluate the independence of the external auditors in ensuring suitability of its appointment.

d) Reviewing the Internal Audit Charter and Audit Plan, ensuring the independence and objectivity of the Internal Auditors.

e) Reviewing any related party transaction and conflict of interest situation that may arise within the Company or Group.

f) Reporting any breach or non-compliance of MMLR to Bursa Malaysia Securities if such matters are not satisfactorily resolved by the Board.

Audit Committee Report

3.0 MEETINGS AND ATTENDANCES

In order to enable the members meet their time commitment, all quarterly meetings for the financial year were scheduled earlier, prior to the end of the previous year, and communicated to the members accordingly.

The details of attendance of the Committee members during the financial year ended 31st December 2016 are as follows:

Members	Number of Meetings	
	Attended /Held	%
Dato' Haji Mohd Ali Abas (Chairman)	5/5	100
Major General Dato' Dr Mohamad Termidzi Junaidi (R)	5/5	100
Dato' Haji Mohamat Muda (Vacated his position as member on 4 January 2017)	2/5	40
Haji Mohd Nasir Ali (Appointed as member on 28 February 2016)	4/4	100

The AC held five (5) meetings during the financial year 2016. The Group Manager of Internal Audit Department attended all AC meetings to table the respective Internal Audit (IA) reports. The total number of meetings include the special meeting held between members of the AC and representatives of the external auditors, Messrs. Ernst & Young without the presence of any Executive Director or Management. The CFO and other members of the Management were invited to attend the meeting as and when required.

Minutes of the AC meetings were circulated to all the AC members. Significant matters requiring Board approval were tabled at TDM Berhad's Board meetings. The Chairman of the AC provided reports on recommendations and decisions of the AC to the Board.

4.0 SUMMARY OF ACTIVITIES

During the financial year 2016, AC carried out the following principal activities and reported the same to the Board:

4.1 Internal Control

a) The Group has an adequately resourced internal audit function to assist the Boards in maintaining a sound system of internal control. The AC reviewed the annual Statement on Risk Management and Internal Control submitted by the BRCC to ensure that all necessary risk mitigation measures to address the critical risk areas have been or were being put in place.

b) Through the Internal Audit's reports on key internal audit findings on work performed presented at the AC meetings, as well as through discussions with the GMD, the Committee evaluated the overall adequacy and effectiveness of the system of internal controls including information technology, the Group's financial and compliance procedures with respect to business practices.

4.2 Financial Reporting

a) Reviewed the quarterly Unaudited Financial Statements of the Company and the Group before recommending to the Board of Directors for approval.

b) Reviewed the annual Audited Financial Statements of the Company and the Group with the external auditors prior to submission to the Board of Directors for their approval. The review was to ensure the Financial Statements prepared are in compliance with the requirements of the Companies Act and Financial Reporting Standards in Malaysia focusing on changes in or implementation of major accounting, significant matters highlighted by the management or the external auditors, significant judgements made by the management or unusual events or transaction and how these matters were addressed.

Audit Committee Report

c) Messrs. Ernst & Young declared their independence and confirmed that they were not aware of any relationship between Messrs. Ernst & Young and the Group that, in their professional judgement, might reasonably be thought to impair their independence.

4.3 Internal Audit

a) Reviewed Annual Internal Audit Plan to ensure adequate scope and comprehensive coverage of the Group's activities and principal risk areas were identified and adequately covered.

b) Reviewed the adequacy of resources and competency of the internal audit function to ensure it has appropriate expertise in discharging its duties.

c) Assessed performance and effectiveness of the internal audit function and reviewed the skills and the core competencies requirement of the internal auditors.

d) Reviewed and deliberated the internal audit reports tabled during the year, the audit recommendations and the management responses to the internal audit findings and recommendations.

e) Held private meetings and discussions with the Group Manager of internal audit on key internal controls and internal audit related matters.

f) Visited and met the senior management at the subsidiaries to discuss audit and internal control matters.

4.4 External Audit

a) Reviewed with external auditors the audit plan, nature and scope of the audit, including the terms detailed in the external auditors' appointment letter.

b) Reviewed the result of the annual audit, the audit report and the management letter together with the management responses to the findings of the external auditors.

c) Reviewed with external auditors, their evaluation of the system of internal controls.

d) Held private meetings with the external auditors to ensure there were no restrictions on the audit scope and to discuss any item that the auditors did not wish to raise in the presence of management.

e) Evaluated the performance of the external auditors and made recommendation to the Board of Directors on their appointment and remuneration.

4.5 Related Party Transactions

Reviewed significant related party transactions to ensure the appropriateness of the transactions, ensuring they were in the best interest of the company. The details of the related party transactions are presented on page 151 of this Annual Report.

5.0 TRAINING

During the year, the AC members attended training and development programs to enhance their knowledge in order to effectively deliver their duties and responsibilities. The details of the courses or seminars attended are listed in the Statement on Corporate Governance, set out on page 60 of this Annual Report.

6.0 INTERNAL AUDIT FUNCTION

Internal Audit Department (IAD) strives to provide independent, reasonable objective assurance on the adequacy and effectiveness of the Group's internal control system and consulting services, designed to add value and improve the operations of the Group and the Company.

Internal audit function is managed in-house. The purpose, authorities and responsibilities of the IAD are clearly articulated in the Internal Audit Charter, reviewed and approved by the AC.

Audit Committee Report

The activities of the IAD are based on the Annual Audit Plan, which has been reviewed and approved by the AC. The Annual Audit Plan is primarily determined by risk based audit approach.

The AC Chairman has direct access to the Group Manager of internal audit. They meet regularly to discuss internal control and audit related issues without the presence of the Management and the external auditors.

6.1 Independence of Internal Audit

In discharging its duties and responsibilities, the Group Manager of internal audit receives instruction from and reports directly to the AC. The internal audit activities, including the audit scope, procedures, frequency and the content of the reports, remain free from any interference. IAD has no direct operational responsibility or authority over the areas audited. Since IAD does not involve in the implementation of controls, development of procedures or engage in any activities that may impair the judgment of the internal auditors, it maintains its independence and objectivity.

6.2 Evaluation of Internal Audit

In order to enhance the capability of internal audit function, the AC evaluates its effectiveness by considering the following performance criteria:

- Overall comprehensiveness of the internal audit plan and its link to the strategic objectives of the company.
- Timely delivery of the audit plan.
- The competency of the internal audit staff and adequacy of resources.

The assessment on the internal audit function provides assurance to the AC on the adequacy and effectiveness of the Group's risk management, governance and control processes.

6.3 Summary of Activities

Internal Audit Plan was formulated in a way that fosters continuous improvement in both internal controls and operational efficiency. IAD reviewed the adequacy and effectiveness of the key controls over the Group activities, focusing on high risk areas determined by risk based audit approach with regards to the following:

- Reliability and integrity of financial and operational information.
- Effectiveness and efficiency of operations.
- Safeguarding of assets.
- Compliance with relevant laws, regulations and contractual obligations.

In the event of identification of any internal control deficiency, the internal auditors reported their findings to the appropriate level of management.

Besides audit areas identified for the year, the IAD on annual basis also performed follow–up reviews on the previously audited areas to assess the implementation of previous recommendations and management action plans. Other than that, the IAD conducted special audits or reviews upon the AC and Board requests.

During the year, all the internal audit activities were performed in-house and the total cost incurred was RM764,000 comprising of manpower, training, travelling and accommodation.

This Audit Committee Report was approved by the Board of Directors on 26 February 2017.

Dato' Haji Mohd Ali Abas
Chairman, Audit Committee

Statement on Risk Management And Internal Control

This statement on Risk Management and Internal Control (the "SRMIC") is made pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad. The Board of TDM Berhad is pleased to provide the following Statement that has been prepared in accordance to the Statement on Risk Management and Internal Control – Guidance for Directors of Listed Issuers 2012.

STATEMENT ON RISK MANAGEMENT

Responsibility and Accountability

The Board recognises that risk management is an ongoing process and an integral part of the Group's business operations and is important in achieving the business objectives.

The Board has delegated the responsibilities to the Board Risk & Compliance Committee (BRCC) to oversee the Group's Risk Management. The BRCC ensures that the risk management is embedded in the Group's business operations by continuously reviewing the risk management frameworks, processes, responsibilities and assessing whether they provide reasonable assurance that risks are managed within a tolerable range.

The composition of the Committee is presented on page 58 of this Annual Report.

The Management is responsible to implement the established policies and procedures pertaining to risk management, particularly in identifying and assessing the risks and designing, implementing and monitoring the risk management. The Management is also responsible for establishing the risk management framework that is in line with the Group's strategic vision and risk appetite acceptable to the Board. The management takes appropriate action on any changes to the identified risks or emerging risks and the Board is timely informed in such events.

The Risk Management provides continuous assessments that risks, which may hinder the Group ability to achieve its objectives, are being adequately evaluated, managed, monitor and mitigated.

In order to ensure sustainability in the emerging business environment, enhancements are made in line with the Board and the management to continuously taking measures for strengthening and improving the risk management of the Group.

Risk Management Framework

The Group has established an Enterprise Wide Risk Management (EWRM) framework to identify, evaluate and manage significant risks faced by the Group.

The procedures of risk management are as follows:

- The Management in each business units and subsidiaries is to identify the key risks and mitigation strategies.
- Identified risks and mitigation strategies are to be compiled to establish the Group's Risks Register.
- The Group's Risks Register is to be updated half yearly and improvements are to be made based on its half yearly review.

The Risk and Control Self-Assessment (RCSA) Handbook has been established to guide each business units and subsidiaries of the company to understand the objectives, process flow and develop its own RCSA. In order to ensure the effectiveness of risk management, it is important for them to identify the risk and determine appropriate controls within their units or subsidiaries.

Zero Tolerance Policy against corruption, bribery, embezzlement and abuse of power was established. To enforce this policy, company has formulated the Anti-Corruption Handbook in 2016. This handbook provides guidelines on how to control and deal with corruption, bribery, embezzlement and abuse of power that may arise along the business activities. It also covers internal and external improper solicitation that will lead to corruption.

Statement on Risk Management And Internal Control

STATEMENT ON INTERNAL CONTROL

Internal Control Framework

The Board understands that the system of internal controls is designed to identify, evaluate and manage rather than to eliminate the risks that may hinder the achievement of the Group's business goals and objectives. Therefore, the Board and the management are committed in creating good control environment and effective monitoring system within the Group.

Listed below are the key internal controls measures taken throughout the year under review:

- Organisation and Management Structure

  The Group has established a formal organisation structure that clearly defines lines of responsibility and authority to ensure proper identification of accountability and delegation of duties.

- Assignment of Authority Limit and Responsibility

  The DAL policy operates as an ancillary document to the Board Charter, to ensure the maintenance of appropriate expenditure controls is the Management of TDM Berhad. The Board through this Delegated Authority Policy has established Delegation Authority Limit to the budgeted and unbudgeted expenditure authority of the Group Managing Director/Executive Director/Chief Executive Officier and other Management personnel.

  The delegations of authority are determined based upon the staff member's position and the Board has the right to revoke the authority given at any time. This DAL also applies to transactions that do not involve a monetary amount, but nonetheless legally commit TDM Berhad or incur liabilities for TDM Berhad.

- Human Resource Policies and Procedures

  A guideline for hiring, terminating, training and development and performance appraisal systems has been established. The Group is taking serious effort in developing Human Capital. Emphasis is placed on the quality and ability of employees with continuous training that relevant to their job function. This is to ensure that all personnel within the Group are competent and adequately trained to deliver their duties and responsibilities.

  Subsequently, employees are remunerated based on their performance and length of service according to the approved performance appraisal system.

- Code of Business Ethics

  The Company has established the Code of Business Ethics to set forth the guidelines and ethical standards of conduct required of the Board, Management and other employees. The Code of Business Ethics describes and reinforces TDM Berhad's guiding values and commitments to doing business responsibly, ethically and in a sustainable manner.

- Annual Business Plans

  Annual business plans are prepared by the Company and its operating subsidiaries. The subsidiaries' business plans are deliberated thoroughly by the management at Head Office before submission for review, consideration and approval by the respective Boards. The subsidiaries' approved business plans are then reviewed and approved by the Board of TDM Berhad.

- Business Performance Review

  Business performance is reviewed at meetings held at operational and management levels. These include periodic operation meetings at Group level chaired by the Company's GMD.

  Business performance review is a mechanism adopted to measure the Group's actual performance against its business plan, previous year and the annual budget.

Statement on Risk Management And Internal Control

The Management monitors the financial performance against the budget and follow up on critical operational issues to ensure appropriate actions have been taken in accordance to the agreed plans.

- Insurance and Physical Safeguards

  In order to ensure the Group's assets are sufficiently covered against any mishaps that could result in material loss, adequate insurance and physical safeguards on major assets are in place.

- Internal Audit Function

  In-house Internal Audit Function has been established to provide an independent and objective assurance. The consulting activity designed to add value and improve the Group's business operations.

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

  In ensuring the independence and objectivity of the internal auditors, they report directly to the AC.

  During the financial year under review, the internal auditors have conducted independent reviews of the key activities within the Group's operating units based on the approved annual audit plan. The internal auditors have also reviewed the extent to which their recommendations had been accepted and implemented by the management. Internal audit reports were tabled at the AC meetings, whose Chairman of AC in turn reports to the Board its assessments and recommendations.

Review of Risk Management and Internal Control Effectiveness

In order to facilitate the Board in reviewing the effectiveness of risk management and internal control process, the Management periodically reports to the Board the business risks that had impacted or were likely to have impacted the Group. The Management reports include the Group's achievement of its objectives and strategies and the effectiveness of the risk management and internal control systems in managing the risks.

In reviewing the management reports, the Board with the assistance of the AC and BRCC reviewed the management's process for identifying, evaluating and managing the identified risks and subsequently reviewed the risks register of the Group together with the plan to manage and mitigate the significant risks identified.

The Board, in reviewing the adequacy and effectiveness of the risk management and internal control systems has considered the assurance from other members of the management and other relevant assurance providers.

Adequacy and Effectiveness of the Risk Management and Internal Control Systems

In making this statement, the Board has on annual basis, considered all the significant aspects of risks and internal control of the Group for the year under review and up to the date of this statement.

The Board has received written statement from the GMD and CFO certifying the adequacy and effectiveness of the Group's risk management and internal control systems during the financial year under review.

As such, the Board regards the current risk management and internal control systems of the Group as reasonable and adequate to safeguard the shareholders' investments and other stakeholders' interests.

Review of the Statement by the External Auditors

The External Auditors have reviewed this statement and reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Internal Control intended to be included in the Annual Report is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the Group's risk management and internal control system.

This Statement on Risk Management and Internal Control was approved by the Board of Directors on 26 February 2017.

Additional Compliance Statement

The following information is in compliance with Appendix 9C of the MMLR.

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

Material Contracts
During the financial year under review, save as disclosed in the sections under significant related party disclosures set out in Note 31 to the financial statements, there were no other material contracts entered into by the Company and/or its subsidiaries which involved Directors' and major shareholders' interests, either still subsisting at the end of the financial year 2016 or which were entered into since the end of the previous financial year.

Share Buyback
There was no share buyback during the financial year.

Depository Receipt Programme (DRP)
The Company did not sponsor any DRP programme during the financial year.

Profit Guarantee
The Company did not have any profits guarantees during the financial year.

List of Properties
The list of properties is stated on pages 174 to 179 of the Annual Report.

Audit and Non-Audit Fees
The amount of Audit and Non-Audit fees paid/payable to External Auditors and their affilliated companies by the Company for the financial year ended 31 December 2016 are set out in Note 6 to the financial statements for the financial ended 31 December 2016 on page 119 of this Annual Report.

The amount of Non-Audit fees incurred for services rendered to the Company and its subsidiaries for the financial year by the Company's auditors amounted to RM40,000.

Revaluation Policy
The Group's policy on revaluation is disclosed in Note 2.8, Note 2.9 and Note 2.10 to the financial statements.

Options, Warrants or Convertible Securities
During the financial year, no options, warrants or convertible securities were issued by the Company.

Utilisation of Proceeds
There were no proceeds raised by the Company from any corporate proposal during the financial year.

Variation in Results
The Company did not make any release on the profit estimate, forecast or projection for the financial year. There is no significant variance between the results for the financial year and the unaudited results previously released by the Company.

FINANCIAL STATEMENTS

Directors' report

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 2016.

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 as disclosed in Note 17 to the financial statements.

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

Results

	Group RM'000	Company RM'000
Profit for the year	17,068	140,150
Profit attributable to:		
Owners of the parent	20,128	140,150
Non-controlling interests	(3,060)	-
	17,068	140,150

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

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

Dividends

The amount of dividends paid by the Company since 31 December 2015 was as follows:

	RM'000
In respect of the financial year ended 31 December 2015: First and final dividend of 1.2 sen dividend per share, tax exempt under the single-tier system on 1,481,661,680 ordinary shares proposed on 31 March 2016, approved on 31 May 2016 and paid on 16 August 2016.	17,780

Directors' report (cont'd.)

Dividends (cont'd.)

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 December 2016 of 0.5 sen dividend per share, tax exempt under the single-tier system on 1,505,462,380 ordinary shares, amounting to RM7,527,312 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 earnings in the financial year ending 31 December 2017.

The board of directors has also determined that the Dividend Reinvestment Scheme ("DRS") will be applied to the entire dividend, whereby the shareholders will be given the option to elect to reinvest the whole or part of the dividend into new ordinary shares of the Company.

The listing of and quotation for the new ordinary shares to be issued pursuant to the DRS will be subject to the approval of Bursa Malaysia Securities Berhad being obtained, to which an application will be submitted in due course.

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:

Lieutenant General Tan Sri Dato' Haji Wan Abu Bakar Haji Wan Omar (R)	
Major General Dato' Dr. Mohamad Termidzi Junaidi (R)	
Dato' Haji Mohamat Muda	(Appointed as Group Managing Director on 5 January 2017)
Dato' Haji Mohd Ali Abas	
Haji Md Kamaru Al-Amin Ismail	
Haji Samiun Salleh	
Haji Mohd Nasir Ali	(Appointed on 28 February 2016)
Datuk Dr. Ahmad Shukri Md Salleh @ Embat	(Appointed on 23 August 2016)
Wan Zalizan Wan Jusoh	(Resigned on 1 January 2017)

Directors' benefits

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement, to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except as disclosed in Note 31 to the financial statements.

Directors' report (cont'd.)

Directors' interests

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

	I-----Number of ordinary shares of RM0.20 each-----I			
The Company	**1 January 2016**	**Acquired**	**Sold**	**31 December 2016**
Haji Md Kamaru Al-Amin Ismail	100,000	1,900	-	101,900

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

Other statutory information

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

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

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

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

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

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

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

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

Directors' report (cont'd.)

Other statutory information (cont'd.)

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

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

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

(f) In the opinion of the directors:

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

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

Events occuring after the reporting date

The details of the events occuring after the reporting date are disclosed in Note 38.

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 16 April 2017.

Lieutenant General Tan Sri Dato' Haji Wan Abu Bakar Haji Wan Omar (R)

Dato' Haji Mohd Ali Abas

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

We, Lieutenant General Tan Sri Dato' Haji Wan Abu Bakar Haji Wan Omar (R) and Dato' Haji Mohd Ali Abas, 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 84 to 166 are drawn up in accordance with Financial Reporting Standards and the requirements of 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 2016 and of their financial performance and cash flows for the year then ended.

The information set out in Note 40 to the financial statements have been prepared in accordance with the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 16 April 2017.

Lieutenant General Tan Sri Dato' Haji Wan Abu Bakar Haji Wan Omar (R)

Dato' Haji Mohd Ali Abas

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

I, Amir Mohd Hafiz 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 84 to 167 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 Amir Khalid at Kuala Terengganu in the state of Terengganu Darul Iman on 25 April 2017

Amir Mohd Hafiz Amir Khalid

Before me,

PESURUHJAYA SUMPAH
Nama : RAHMAT MIMI BIN MANSOR
MALAYSIA

Gerai Pelbagai MBKT
MC-4, Sebelah Kompleks
Hentian Bas (KHB)
20100 Jalan Sultan Zainal Abidin
Kuala Terengganu

Independent auditors' report to the members of TDM Berhad (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of TDM Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 84 - 166.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance of our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a seperate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Independent auditors' report to the members of TDM Berhad (cont'd.) (Incorporated in Malaysia)

Valuation of property, plant and equipment and biological assets

Area of focus

Refer to summary of significant accounting policies in Note 2.8 and 2.9 to the financial statements and the disclosures for property, plant and equipment and biological assets in Note 12 and Note 13 to the financial statements.

Freehold land, leasehold land, buildings and plant and machinery (included within property, plant and equipment) and biological assets of the Group are stated at revalued amount, which is the fair value at the date of the revaluation less accumulated depreciation and accumulated impairment losses. When measuring fair value, the objective is to estimate the price that would be received to sell an asset in an orderly transaction between market participants at the reporting date under current market conditions. The directors have engaged registered independent valuers to undertake the valuation of these assets. The valuation of these assets are highly judgmental and includes the use of valuation techniques and estimates to be made on the inputs to the valuation techniques. The key inputs include adjustment factors to the comparable market value such as nature, location or condition of the specific assets. Due to the subjectivity involved in the valuation process and the magnitude of the carrying amount of these assets (72% of total assets), we consider this to be an area of audit focus.

How our audit addressed the risk factors

As part of our evaluations of the fair values of the abovementioned assets, we performed, amongst others, the following procedures:

- We considered the objectivity, independence and expertise of the independent valuers;
- We obtained an understanding of the methodology adopted by the independent valuers in estimating the fair value of the abovementioned assets and assessed whether such methodology is consistent with those used in the industry;
- We had discussions with the independent valuers to obtain an understanding of the comparable market value used as inputs to the valuation techniques and of the adjustments made to the observable inputs; and
- We corroborated the observable inputs used in the valuations to available market data.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Statement on Risk Management and Internal Control but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent auditors' report to the members of TDM Berhad (cont'd.) (Incorporated in Malaysia)

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent auditors' report to the members of TDM Berhad (cont'd.) (Incorporated in Malaysia)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other reporting responsibilities

The supplementary information set out in Note 40 on page 106 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Independent auditors' report to the members of TDM Berhad (cont'd.) (Incorporated in Malaysia)

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. 02882/01/2019 J
Chartered Accountant

Kuala Terengganu, Terengganu Darul Iman, Malaysia
25 April 2017

Statements of comprehensive income
For the financial year ended 31 December 2016

	Note	Group 2016 RM'000	Group 2015 RM'000 Restated	Company 2016 RM'000	Company 2015 RM'000 Restated
Revenue	4	**428,545**	380,830	**151,644**	69,407
Cost of sales		**(257,849)**	(240,397)	**(18,665)**	(18,380)
Gross profit		**170,696**	140,433	**132,979**	51,027
Other items of income					
Interest income		**37,205**	36,442	**32,058**	28,839
Other income		**28,533**	40,945	**24,465**	32,812
Other items of expense					
Distribution costs		**(5,398)**	(8,338)	**(1,064)**	(2,277)
Administrative expenses		**(155,886)**	(129,506)	**(26,952)**	(23,124)
Other expenses		**(18,641)**	(21,773)	**(4,813)**	(4,379)
Finance costs	5	**(21,413)**	(8,588)	**(14,650)**	(4,597)
Profit before tax	6	**35,096**	49,615	**142,023**	78,301
Income tax (expense)/benefit	9	**(18,028)**	76	**(1,873)**	(372)
Profit for the year, net of tax		**17,068**	49,691	**140,150**	77,929
Other comprehensive income/(loss):					
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:					
Available for sale investments' fair value movement		**(4)**	(31)	**-**	-
Foreign currency translation		**(2,514)**	(25,194)	**-**	-
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		**(2,518)**	(25,225)	**-**	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Revaluation of land, buildings, plant and machinery and plantation development expenditure	27	**(32,685)**	110,798	**(496)**	3,415

Statements of comprehensive income (cont'd.)
For the financial year ended 31 December 2016

	Note	Group 2016 RM'000	Group 2015 RM'000 Restated	Company 2016 RM'000	Company 2015 RM'000 Restated
Deferred tax related to:					
Net deficit/(surplus) on revaluation	27	**7,844**	(48,093)	**-**	(820)
Transfer of revaluation reserve upon write off of assets		**(3,006)**	-	**-**	-
Net other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods		**(27,847)**	62,705	**(496)**	2,595
Other comprehensive (loss)/income for the year, net of tax		**(30,365)**	37,480	**(496)**	2,595
Total comprehensive (loss)/income for the year		**(13,297)**	87,171	**139,654**	80,524
Profit attributable to:					
Owners of the parent		**20,128**	52,368	**140,150**	77,929
Non-controlling interests		**(3,060)**	(2,677)	**-**	-
		17,068	49,691	**140,150**	77,929
Total comprehensive income attributable to:					
Owners of the parent		**(10,237)**	89,848	**139,654**	80,524
Non-controlling interests		**(3,060)**	(2,677)	**-**	-
		(13,297)	87,171	**139,654**	80,524

Earnings per share attributable to owners of the parent (sen per share):

	Note	Group 2016	Group 2015
Basic	10	**1.34**	3.53

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

Statements of financial position
As at 31 December 2016

		Group			Company		
	Note	2016 RM'000	2015 RM'000 Restated	As at 1 January 2015 RM'000 Restated	2016 RM'000	2015 RM'000 Restated	As at 1 January 2015 RM'000 Restated
Assets							
Non-current assets							
Property, plant and equipment	12	**1,221,033**	1,216,644	914,398	**179,946**	167,887	130,075
Biological assets	13	**584,371**	559,328	562,042	**-**	-	-
Intangible asset	14	**7,463**	8,408	9,353	**7,463**	8,408	9,353
Investment property	15	**11,000**	11,000	11,000	**11,000**	11,000	11,000
Goodwill	16	**7,003**	9,959	9,959	**-**	-	-
Investments in subsidiaries	17	**-**	-	-	**275,252**	281,716	269,227
Other investments	18	**355,400**	331,251	280,081	**350,700**	326,551	275,381
Investments in securities	19	**53**	57	88	**-**	-	-
Other receivables	22	**109,419**	84,932	38,010	**63,459**	53,420	24,877
Deferred tax assets	30	**12,461**	20,917	12,747	**189**	179	45
		2,308,203	2,242,496	1,837,678	**888,009**	849,161	719,958
Current assets							
Property development costs	20	**-**	-	-	**-**	-	-
Inventories	21	**38,568**	45,798	48,335	**510**	1,505	817
Trade and other receivables	22	**76,307**	68,711	54,622	**316,764**	200,105	94,207
Prepayments		**7,049**	3,406	2,360	**-**	-	-
Tax recoverable		**7,514**	9,182	1,610	**-**	-	-
Cash and bank balances	23	**122,168**	126,461	79,512	**35,490**	41,315	24,517
		251,606	253,558	186,439	**352,764**	242,925	119,541
Total assets		**2,559,809**	2,496,054	2,024,117	**1,240,773**	1,092,086	839,499
Equity and liabilities							
Current liabilities							
Loans and borrowings	24	**33,464**	19,314	7,741	**23,546**	6,853	-
Trade and other payables	25	**178,639**	188,814	146,137	**252,943**	233,108	235,994
Tax payable		**4,845**	6,385	10,010	**1,907**	1,732	3,405
		216,948	214,513	163,888	**278,396**	241,693	239,399
Net current assets		**34,658**	39,045	22,551	**74,368**	1,232	(119,858)

Statements of financial position (cont'd.)
As at 31 December 2016

	Note	Group 2016 RM'000	Group 2015 RM'000 Restated	Group As at 1 January 2015 RM'000 Restated	Company 2016 RM'000	Company 2015 RM'000 Restated	Company As at 1 January 2015 RM'000 Restated
Non-current liabilities							
Retirement benefit obligations	29	**4,070**	3,709	3,378	**447**	406	368
Loans and borrowings	24	**790,810**	718,909	449,059	**271,595**	296,075	104,843
Other payable	25	**92,712**	70,856	29,404	**-**	-	-
Deferred tax liabilities	30	**141,503**	157,742	112,509	**11,016**	10,985	10,261
		1,029,095	951,216	594,350	**283,058**	307,466	115,472
Total liabilities		**1,246,043**	1,165,729	758,238	**561,454**	549,159	354,871
Net assets		**1,313,766**	1,330,325	1,265,879	**679,319**	542,927	484,628
Equity attributable to owners of the parent							
Share capital	26	**301,092**	296,332	296,332	**301,092**	296,332	296,332
Share premium	26	**42,822**	33,064	33,064	**42,822**	33,064	33,064
Retained earnings	28	**419,802**	417,454	387,311	**292,860**	170,490	114,786
Other reserves	27	**555,255**	585,620	548,140	**42,545**	43,041	40,446
		1,318,971	1,332,470	1,264,847	**679,319**	542,927	484,628
Non-controlling interests		**(5,205)**	(2,145)	1,032	**-**	-	-
Total equity		**1,313,766**	1,330,325	1,265,879	**679,319**	542,927	484,628
Total equity and liabilities		**2,559,809**	2,496,054	2,024,117	**1,240,773**	1,092,086	839,499

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

Statements of changes in equity
For the financial year ended 31 December 2016

2016 Group	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Other reserves, total RM'000	Asset revaluation reserve RM'000	Foreign currency translation reserve RM'000 Restated	Fair value adjustment reserve RM'000	Premium paid on acquisition of non-controlling interest RM'000	Non-controlling interests RM'000
		Attributable to owners of the parent									
			Non-distributable	Non-distributable	Distributable	Non-distributable					
Opening balance at 1 January 2016 (previously stated)	1,417,542	1,415,188	296,332	33,064	500,172	585,620	631,936	(46,246)	(39)	(31)	2,354
Prior year adjustments (Note 37)	(87,217)	(82,718)	-	-	(82,718)	-	-	-	-	-	(4,499)
Opening balance at 1 January 2016 (as restated))	1,330,325	1,332,470	296,332	33,064	417,454	585,620	631,936	(46,246)	(39)	(31)	(2,145)
Profit for the year	17,068	20,128	-	-	20,128	-	-	-	-	-	(3,060)
Other comprehensive income											
Net gain on fair value changes in available for sale investments' fair value movement	(4)	(4)	-	-	-	(4)	-	-	(4)	-	-
Foreign currency translation	(2,514)	(2,514)	-	-	-	(2,514)	-	(2,514)	-	-	-
Net deficit on revaluation of land, buildings, plant and machinery and plantation development expenditure	(24,841)	(24,841)	-	-	-	(24,841)	(24,841)	-	-	-	-
Transfer of revaluation reserve upon write off of assets	(3,006)	(3,006)	-	-	-	(3,006)	(3,006)	-	-	-	-
Other comprehensive income for the year, net of tax	(30,365)	(30,365)	-	-	-	(30,365)	(27,847)	(2,514)	(4)	-	-
Total comprehensive income for the year	(13,297)	(10,237)	-	-	20,128	(30,365)	(27,847)	(2,514)	(4)	-	(3,060)
Transactions with owners											
Issuance of shares pursuant to dividends reinvestment scheme	-	-	4,760	9,758	(14,518)	-	-	-	-	-	-
Dividends on ordinary shares (Note 11)	(3,262)	(3,262)	-	-	(3,262)	-	-	-	-	-	-
Total transactions with owners	(3,262)	(3,262)	4,760	9,758	(17,780)	-	-	-	-	-	-
Closing balance at 31 December 2016	1,313,766	1,318,971	301,092	42,822	419,802	555,255	604,089	(48,760)	(43)	(31)	(5,205)

Statements of changes in equity (cont'd.)
For the financial year ended 31 December 2015

2015 Group	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Other reserves, total RM'000	Asset revaluation reserve RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000	Premium paid on acquisition of non-controlling interest RM'000	Non-controlling interests RM'000
		Attributable to owners of the parent									
			Non-distributable		Distributable	Non-distributable					
Opening balance at 1 January 2015 (previously stated)	1,333,361	1,329,004	296,332	33,064	451,468	548,140	569,231	(21,052)	(8)	(31)	4,357
Prior year adjustments (Note 37)	(67,482)	(64,157)	-	-	(64,157)	-	-	-	-	-	(3,325)
Opening balance at 1 January 2015 (as restated))	1,265,879	1,264,847	296,332	33,064	387,311	548,140	569,231	(21,052)	(8)	(31)	1,032
Profit for the year	49,691	52,368	-	-	52,368	-	-	-	-	-	(2,677)
Other comprehensive income											
Net gain on fair value changes in available for sale investments' fair value movement	(31)	(31)	-	-	-	(31)	-	-	(31)	-	-
Foreign currency translation	(25,194)	(25,194)	-	-	-	(25,194)	-	(25,194)	-	-	-
Net surplus on revaluation of land, buildings, plant and machinery and plantation development expenditure	62,705	62,705	-	-	-	62,705	62,705	-	-	-	-
Other comprehensive income for the year, net of tax	37,480	37,480	-	-	-	37,480	62,705	(25,194)	(31)	-	-
Total comprehensive income for the year	87,171	89,848	-	-	52,368	37,480	62,705	(25,194)	(31)	-	(2,677)
Transaction with owners											
Dividends on ordinary shares	(22,725)	(22,225)	-	-	(22,225)	-	-	-	-	-	(500)
Total transaction with owners	(22,725)	(22,225)	-	-	(22,225)	-	-	-	-	-	(500)
Closing balance at 31 December 2015	1,330,325	1,332,470	296,332	33,064	417,454	585,620	631,936	(46,246)	(39)	(31)	(2,145)

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

Statements of changes in equity (cont'd.)
For the financial year ended 31 December 2016

		← Non-distributable	→ ← Distributable →		←	Non-distributable	→
2016 Company	**Equity, total RM'000**	**Share capital RM'000**	**Share premium RM'000**	**Retained earnings RM'000**	**Other reserves, total RM'000**	**Asset revaluation reserve RM'000**	**Capital reserve RM'000**
Opening balance at 1 January 2016 (previously stated)	558,157	296,332	33,064	185,720	43,041	40,305	2,736
Prior year adjustments (Note 37)	(15,230)	-	-	(15,230)	-	-	-
Opening balance at 1 January 2015 (as restated))	542,927	296,332	33,064	170,490	43,041	40,305	2,736
Profit for the year	140,150	-	-	140,150	-	-	-
Other comprehensive income							
Net deficit on revaluation of leasehold land	(496)	-	-	-	(496)	(496)	-
Other comprehensive income for the year, net of tax	(496)	-	-	-	(496)	(496)	-
Total comprehensive income for the year	139,654	-	-	140,150	(496)	(496)	-
Transactions with owners							
Issuance of shares pursuant to dividends reinvestment scheme	-	4,760	9,758	(14,518)	-	-	-
Dividends on ordinary shares (Note 11)	(3,262)	-	-	(3,262)	-	-	-
Total transactions with owners	(3,262)	4,760	9,758	(17,780)	-	-	-
Closing balance at 31 December 2016	679,319	301,092	42,822	292,860	42,545	39,809	2,736

Statements of changes in equity (cont'd.)
For the financial year ended 31 December 2015

2015 Company	Equity, total RM'000	← Non-distributable → Share capital RM'000	Share premium RM'000	← Distributable → Retained earnings RM'000	← Non-distributable → Other reserves, total RM'000	Asset revaluation reserve RM'000	Capital reserve RM'000
Opening balance at 1 January 2015 (previously stated)	498,913	296,332	33,064	129,071	40,446	37,710	2,736
Prior year adjustments (Note 37)	(14,285)	-	-	(14,285)	-	-	-
Opening balance at 1 January 2015 (as restated))	484,628	296,332	33,064	114,786	40,446	37,710	2,736
Profit for the year	77,929	-	-	77,929	-	-	-
Other comprehensive income							
Net surplus on revaluation of leasehold land	2,595	-	-	-	2,595	2,595	-
Other comprehensive income for the year, net of tax	2,595	-	-	-	2,595	2,595	-
Total comprehensive income for the year	80,524	-	-	77,929	2,595	2,595	-
Transaction with owners							
Dividends on ordinary shares (Note 11)	(22,225)	-	-	(22,225)	-	-	-
Total transaction with owners	(22,225)	-	-	(22,225)	-	-	-
Closing balance at 31 December 2015	542,927	296,332	33,064	170,490	43,041	40,305	2,736

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

Statements of cash flows
For the financial year ended 31 December 2016

	Note	Group 2016 RM'000	Group 2015 RM'000 Restated	Company 2016 RM'000	Company 2015 RM'000 Restated
Operating activities					
Profit before tax		**35,096**	49,615	**142,023**	78,301
Adjustments for:					
Interest expense	5	**21,413**	8,588	**14,650**	4,597
Depreciation of property, plant and equipment	6	**43,485**	39,625	**1,077**	1,518
Property, plant and equipment written off	6	**3,131**	69	**1**	-
Biological assets written off	6	**-**	44	-	-
Inventories written off	6	**10**	1	**-**	-
(Gain)/loss on disposal of property, plant and equipment	6	**(21)**	(15)	**18**	-
Impairment of property, plant and equipment	6	**41,702**	-	**-**	-
Impairment of biological assets	6	**5,535**	19,617	**-**	-
Impairment of goodwill	6	**2,956**	-	**-**	-
Impairment loss on trade receivables	6	**3,033**	2,998	**-**	-
Impairment loss on other receivables	6	**-**	-	**3**	5
Impairment loss on investment in subsidiaries	6	**-**	-	**6,464**	-
Payables written back	6	**-**	(153)	**-**	-
Unrealised gain on the foreign exchange of investment in fixed income securities	6	**(24,150)**	(31,952)	**(24,150)**	(31,952)
Dividend income	6	**(235)**	(235)	**(105,000)**	(23,554)
Interest income	6	**(30,208)**	(28,544)	**(30,208)**	(28,544)
Profit from Al Mudharabah	6	**(6,997)**	(7,898)	**(1,850)**	(295)
Amortisation of intangible asset	6	**945**	945	**945**	945
(Reversal of)/provision for short term accumulating compensated absences	7	**(45)**	36	**1**	(58)
Provision for retirement benefit obligations	7	**361**	384	**41**	38
Total adjustments		**60,915**	3,510	**(138,008)**	(77,300)
Operating cash flows before changes in working capital		**96,011**	53,125	**4,015**	1,001
Changes in working capital					
Decrease/(increase) in inventories		**7,220**	2,536	**995**	(688)
Increase in receivables		**(38,759)**	(33,652)	**(116,662)**	(113,811)
Increase/(decrease) in payables		**13,233**	85,124	**19,834**	(2,828)
Total changes in working capital		**(18,306)**	54,008	**(95,833)**	(117,327)
Cash flows from/(used in) operations		**77,705**	107,133	**(91,818)**	(116,326)
Interest paid		**(21,413)**	(8,588)	**(14,650)**	(4,597)
Interest received and profit from Al Mudharabah		**27,166**	4,776	**22,019**	295
Taxes paid		**(18,729)**	(22,151)	**(1,677)**	(2,275)
Taxes refund		**1,030**	-	**-**	-
Retirement benefits paid	29 (a)	**-**	(53)	**-**	-
Net cash flows from/(used in) operating activities		**65,759**	81,117	**(86,126)**	(122,903)

Statements of cash flows (cont'd.)
For the financial year ended 31 December 2016

	Note	Group 2016 RM'000	Group 2015 RM'000 Restated	Company 2016 RM'000	Company 2015 RM'000 Restated
Investing activities					
Purchase of property, plant and equipment	12	**(85,043)**	(142,815)	**(13,786)**	(35,915)
Addition of plantation development expenditure	13	**(41,327)**	(66,972)	**-**	-
Acquisition of additional shares in a subsidiary		**-**	-	**-**	(4,580)
Dividend received		**235**	235	**105,000**	23,554
Proceeds from disposal of property, plant and equipment		**220**	15	**136**	-
Investment in fixed income securities		**-**	(19,218)	**-**	(19,218)
Increase in deposits with licensed banks pledged as securities for certain banking facilities		**(1,619)**	(26,929)	**(1,618)**	(30,000)
Withdrawal of deposits with licensed banks		**13,226**	21,034	**7,558**	11,938
Net cash flows (used in)/from investing activities		**(114,308)**	(234,650)	**97,290**	(54,221)
Financing activities					
Drawdown of term loans		**85,795**	224,724	**8,157**	196,901
Drawdown of hire purchase facilities		**253**	-	**148**	-
Proceeds from subscription of IDR Notes		**-**	19,218	**-**	-
Repayments of term loans		**(17,611)**	(8,096)	**(11,948)**	(5,669)
Repayments of hire purchase facilities		**(2,659)**	(193)	**(5)**	-
Dividends paid		**(3,262)**	(22,725)	**(3,262)**	(22,225)
Net cash flows from/(used in) financing activities		**62,516**	212,928	**(6,910)**	169,007
Net increase/(decrease) in cash and cash equivalents		**13,967**	59,395	**4,254**	(8,117)
Cash and cash equivalents at 1 January		**72,039**	37,838	**(6,600)**	1,517
Effect of foreign exchange rate changes		**(2,514)**	(25,194)	**-**	-
Cash and cash equivalents at 31 December	23	**83,492**	72,039	**(2,346)**	(6,600)

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

Notes to the financial statements
For the financial year ended 31 December 2016

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 its subsidiaries are as disclosed in Note 17. There have been no significant changes in the nature of the principal activities during the financial year.

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

The holding company is Terengganu Incorporated Sdn. Bhd., a company incorporated in Malaysia.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2016 as described fully in Note 2.2.

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

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

2.2 Changes in accounting policies

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

On 1 January 2016, the Group and the Company adopted the following new and amended FRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2016.

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations (Annual improvement to FRSs 2012-2014 Cycle)	1 January 2016
Amendments to FRS 7: Financial Instruments Disclosures (Annual improvement to FRSs 2012-2014 Cycle)	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

2.2 Changes in accounting policies (cont'd.)

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 101: Disclosure Initiative	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 14: Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 119: Employee Benefits (Annual improvement to FRSs 2012-2014 Cycle)	1 January 2016
Amendments to FRS 134: Interim Financial Reporting: (Annual improvement to FRSs 2012-2014 Cycle)	1 January 2016

Adoption of the above amendments and standards did not have any effect on the financial performance or position of the Group and of the Company.

2.3 Standards issued but not yet effective

The amendments and standards that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	*Effective for annual periods beginning on or after*
FRS 107 Disclosures Initiatives (Amendments to FRS 107)	1 January 2017
FRS 112 Recognition of Deferred Tax for Unrealised Losses (Amendments to FRS 112)	1 January 2017
FRS 2 Classification and Measurement of Share-based	1 January 2018
Payments Transactions (Amendments to FRS 2)	1 January 2018
FRS 9 Financial Instruments	1 January 2018
FRS 15 Revenue from Contracts with Customers	1 January 2018
FRS 16 Leases	1 January 2019
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined by Malaysian Accounting Standards Board

The directors expect that the adoption of the above amendments and standards will have no material impact on the financial statements in the period of initial application except as discussed below:

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

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

FRS 107 Disclosures Initiatives (Amendments to FRS 107)

The amendments to FRS 107 Statement of Cash Flows require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of these amendments, entities are not required to provide comparative information for preceding periods.

FRS 112 Recognition of Deferred Tax for Unrealised Losses (Amendments to FRS 112)

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

FRS 9 Financial Instruments

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting.

FRS 15 Revenue from Contracts with Customers

FRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. FRS 15 will supersede the current revenue recognition guidance including FRS 118 Revenue, FRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of FRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under FRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

FRS 16 Leases

FRS 16 will replace FRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. FRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under FRS 117.

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

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

FRS 16 Leases (cont'd)

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under FRS 16 is substantially the same as the accounting under FRS 117. Lessors will continue to classify all leases using the same classification principle as in FRS 117 and distinguish between two types of leases: operating and finance leases.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group and the Company have not completed their assessment of the financial effects of the differences between FRS and accounting standards under the MFRS Framework. Accordingly, the consolidated and separate financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2016 could be different if prepared under the MFRS Framework.

2.4 Fair value measurement

The Group and the Company measure financial instruments, and non-financial assets such as property, plant and equipment, biological assets and investment property at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

2.4 Fair value measurement (cont'd.)

(a) In the principal market for the asset or liability, or

(b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.5 Basis of consolidation

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

The Company controls an investee if and only if the Company has all the following:

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

2.5 Basis of consolidation (cont'd.)

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

2.5 Basis of consolidation (cont'd.)

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.11.

2.6 Transactions with non-controlling interests

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

2.7 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group and the Company 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.

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

2.7 Foreign currency (cont'd.)

(b) Foreign currency transactions

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

(c) Foreign operations

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

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

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

2.8 Property, plant and equipment

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

Subsequent to recognition, property, plant and equipment except for freehold land, leasehold land, buildings as well as plant and machinery included within property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

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

Freehold land, leasehold land, buildings as well as plant and machinery 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 registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Revaluations are performed at a regular interval 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 reporting date. Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction are also not depreciated as such assets are 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 lives of the assets, at the following annual rates and useful life:

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

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

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

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

2.9 Biological assets

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 incurred on land belonging to the Group and the Company is stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value (other than where little biological transformation has taken place since initial cost incurrence, where cost approximates fair value) is determined from market-based evidence by appraisal that is undertaken by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Revaluations are performed at a regular interval 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 reporting date.

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

2.9 Biological assets (cont'd.)

Plantation development expenditure (cont'd.)

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

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

2.10 Investment properties

Investment properties are properties which are held either to earn rental income, capital appreciation, or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group and the Company hold them to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.8 up to the date of change in use.

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

2.11 Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

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

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

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

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.7. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in Ringgit Malaysia at the rates prevailing at the date of acquisition.

2.12 Impairment of non-financial assets

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

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

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

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

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

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

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

2.13 Subsidiaries

A subsidiary is an entity over which the Company has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

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

2.14 Financial assets

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

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

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

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

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

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

2.14 Financial assets (cont'd.)

(a) Loans and receivables

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

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

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

(b) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in the preceding category.

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

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

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

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

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

2.15 Impairment of financial assets

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

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

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

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

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

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

(b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

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

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

2.15 Impairment of financial assets (cont'd.)

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

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

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

2.16 Property development costs

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

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

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

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

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

2.17 Cash and cash equivalents

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

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

2.18 Inventories

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

- Raw materials: purchase costs on a first-in first-out basis.

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

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

2.19 Provisions

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

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

2.20 Financial liabilities

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

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

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

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

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

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

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

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

2.20 Financial liabilities (cont'd.)

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

2.21 Borrowing costs

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

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

2.22 Employee benefits

(a) Short term benefit

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised as a liability when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur. The estimated liability for leave is recognised for services rendered by employees up to the reporting date.

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed. The Indonesian companies in the Group are required to provide a minimum amount of pension benefits in accordance with Law 13/2003.

(c) Defined benefit plan

The Group and the Company operate a funded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Group's and the Company's obligations under the Scheme are determined based on triennial actuarial valuation where 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 using the Projected Unit Credit Method in order to determine its present value.

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

2.22 Employee benefits (cont'd.)

(c) Defined benefit plan (cont'd.)

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

The amount recognised in the statements of financial position represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, 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 cost, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

2.23 Leases

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

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

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

2.24 Revenue

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

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

2.24 Revenue (cont'd.)

(i) Sale of goods

Revenue from sale of goods represents invoiced amount after allowing for sales discounts and returns and excludes intra-group transactions. Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Rendering of services

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed and excludes intra-group transactions.

(iii) Interest income and profit from Al Mudharabah

Interest income and profit from Al Mudharabah are recognised using the effective interest method.

(iv) Dividend income

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

(v) Management fees

Management fees are recognised when services are rendered.

(vi) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(vii) Profit distribution from the Sublessee Scheme

Profit distribution from the Sublessee Scheme is recognised when the Group's and the Company's right to receive payment is established.

2.25 Income taxes

(a) Current tax

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

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

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

2.25 Income taxes (cont'd.)

(b) Deferred tax

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

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

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

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

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

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

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

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

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

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

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

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

(c) Goods and Services Tax ("GST")

The net amount of GST being the difference between output and input of GST, payable to or receivable from the respective authorities at the reporting date, is included in trade and other payables or trade and other receivables in the statements of financial position.

2.26 Segment reporting

For management purposes, the Group is organised into business units based on its products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 Share capital and share issuance expenses

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

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

2.28 Intangible asset

Intangible asset of the Group represents initial plantation development costs incurred on lands belonging to third parties which plantation are managed by the Group. Initial plantation development costs are capitalised at cost up to the point of maturity of the plantation. This intangible asset is amortised over 25 years, being the useful life of the plantation.

2.29 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and the Company; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

2.29 Contingencies (cont'd.)

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and the Company.

Contingent liabilities and assets are not recognised on the statements of financial position, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined, which are recognised on the statements of financial position of the Group and the Company.

2.30 Related parties

(a) A related party is defined as follows:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting judgements and estimates

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

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

3.1 Judgements made in applying accounting policies

There were no significant judgements made by management in the process of applying the Group's and the Company's accounting policies.

3.2 Key sources of estimation uncertainty

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

(a) Useful lives of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 5 to 20 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's plant and machinery at the reporting date is disclosed in Note 12.

(b) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses and unutilised capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital 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.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statement of financial position and the amount of unrecognised tax losses and capital allowances. The carrying amount of the Group's deferred tax assets at the reporting date is disclosed in Note 30.

(c) Impairment of loans and receivables

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

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

3.2 Key sources of estimation uncertainty (cont'd.)

(c) Impairment of loans and receivables (cont'd.)

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's and the Company's loans and receivables at the reporting date is disclosed in Note 22.

(d) Revaluation of property, plant and equipment, biological assets and investment property

The Group and the Company carry certain of their property, plant and equipment, biological assets and investment property at fair value, with changes in fair values being recognised in other comprehensive income.

The fair values of property, plant and equipment, biological assets and investment property are determined by independent real estate valuation experts using recognised valuation techniques.

The carrying amount and key assumptions used to determine the fair value of the property, plant and equipment, biological assets and investment property are further explained in Note 12, Note 13, Note 15 and Note 33 respectively.

(e) Defined benefit plan

The cost of defined benefit pension plan is determined using the actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. All assumptions are reviewed at each reporting date. The carrying amounts of the Group's and of the Company's defined benefit plan at the reporting date and related assumptions are disclosed in Note 29.

(f) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate present value of those cash flows. Further details of the carrying value, key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are given in Note 16.

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

4. Revenue

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Sale of goods	**250,487**	253,647	**33,825**	29,082
Rendering of services	**177,559**	126,812	**-**	-
Dividend income from subsidiaries	**-**	-	**105,000**	23,554
Management fees from subsidiaries	**-**	-	**12,819**	16,771
Management fee from Terengganu Oil Palm Development - Sublessees Scheme	**499**	371	**-**	-
	428,545	380,830	**151,644**	69,407

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

5. Finance costs

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense on:				
- term loans	**16,964**	4,750	**13,846**	4,597
- bank overdrafts	**804**	-	**804**	-
- hire purchase and finance lease liabilities	**3,645**	3,838	**-**	-
	21,413	8,588	**14,650**	4,597

The total finance costs for the Group and the Company were RM61,672,000 (2015: RM46,771,000) and RM17,903,000 (2015: RM7,025,000) respectively. The Group capitalised interest costs amounting to RM13,126,000 (2015: RM10,747,000) as property, plant and equipment and RM27,133,000 (2015: RM27,436,000) as biological assets. The Company capitalised interest costs amounting to RM3,253,000 (2015: RM2,428,000) as property, plant and equipment.

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

6. Profit before tax

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

	Group 2016 RM'000	Group 2015 RM'000 Restated	Company 2016 RM'000	Company 2015 RM'000 Restated
Auditors' remuneration:				
- statutory audits - Ernst & Young	**271**	271	**63**	63
- statutory audits - non Ernst & Young	**62**	52	**-**	-
- under provision of auditors' remuneration in previous year	**-**	36	**-**	-
- other services - Ernst & Young	**40**	34	**40**	34
- over provision of other services in previous year	**-**	(34)	**-**	-
Employee benefits expense (Note 7)	**61,060**	70,078	**5,713**	6,912
Bad debts written off	**-**	-	**-**	-
Other receivables written off	**-**	-	**-**	-
Non-executive directors' remuneration (Note 8)	**1,903**	1,859	**645**	631
Depreciation of property, plant and equipment (Note 12)	**43,485**	39,625	**1,077**	1,518
Property, plant and equipment written off (Note 12)	**3,131**	69	**1**	-
Biological assets written off (Note 13)	**-**	44	**-**	-
Rental of premises	**3,269**	3,894	**825**	935
Rental of equipment	**168**	149	**25**	16
Rental of land	**1,244**	1,246	**145**	147
Rental of parking space	**196**	96	**52**	53
(Gain)/loss on disposal of property, plant and equipment	**(21)**	(15)	**18**	-
Inventories written off	**10**	1	**-**	-
Impairment of property, plant and equipment (Note 12)	**41,702**	-	**-**	-
Impairment of biological assets (Note 13)	**5,535**	19,617	**-**	-
Amortisation of intangible asset	**945**	945	**945**	945

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

6. Profit before tax (cont'd.)

The following items have been included in arriving at profit before tax (cont'd.):

	Group 2016 RM'000	Group 2015 RM'000 Restated	Company 2016 RM'000	Company 2015 RM'000 Restated
Impairment of goodwill (Note 16)	**2,956**	-	**-**	-
Impairment loss on trade receivables (Note 22(a))	**3,033**	2,998	**-**	-
Impairment loss on other receivables (Note 22(b))	**-**	-	**3**	5
Impairment loss on investment in a subsidiary	**-**	-	**6,464**	-
Payables written back	**-**	(153)	**-**	-
Unrealised gain on the foreign exchange of investment in fixed income securities	**(24,150)**	(31,952)	**(24,150)**	(31,952)
Share of profits from estates payable to Lembaga Tabung Amanah Warisan Negeri Terengganu	**2,040**	1,199	**2,040**	1,199
Share of profits from estates payable to Majlis Agama Islam dan Adat Melayu Terengganu	**249**	307	**249**	307
Replanting expenditure	**13,829**	17,394	**2,524**	2,873
Dividend income	**(235)**	(235)	**(105,000)**	(23,554)
Interest income	**(30,208)**	(28,544)	**(30,208)**	(28,544)
Profit from Al Mudharabah	**(6,997)**	(7,898)	**(1,850)**	(295)
Rental income	**(824)**	(1,371)	**-**	-
Profit distribution from Terengganu Oil Palm Development - Sublessees Scheme	**(12,322)**	(1,423)	**(2,553)**	(259)
Management fees charged to subsidiaries	**-**	-	**(12,819)**	(16,771)

7. Employee benefits expense

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Salaries, wages and allowances	**41,311**	39,137	**5,014**	6,219
Defined contribution benefits	**7,322**	7,092	**614**	674
Social security costs	**816**	756	**43**	39
Provision for retirement benefit obligations (Note 29 (a))	**361**	384	**41**	38
(Reversal of)/provision for short term accumulating compensated absences	**(45)**	36	**1**	(58)
Other benefits	**11,295**	22,673	**-**	-
	61,060	70,078	**5,713**	6,912

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM754,000 (2015: RM619,000) as further disclosed in Note 8.

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

8. Directors' remuneration

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Executive directors' remuneration (Note 7):				
Fees and other emoluments	**754**	619	**142**	-
	754	619	**142**	-
Non-executive directors' remuneration (Note 6):				
Fees and other emoluments	**1,903**	1,859	**645**	631
	1,903	1,859	**645**	631
Total directors' remuneration	**2,657**	2,478	**787**	631
Estimated money value of benefits-in-kind	**75**	60	**21**	12
Total directors' remuneration including benefits-in-kind	**2,732**	2,538	**808**	643

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

	Number of directors 2016	Number of directors 2015
Executive directors:		
RM100,001 - RM150,000	**1**	-
Non-executive directors:		
Up to RM50,000	**1**	4
RM50,001 - RM100,000	**6**	3
RM150,001 - RM200,000	**1**	1

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

9. Income tax expense/(benefit)

	Group 2016 RM'000	Group 2015 RM'000 Restated	Company 2016 RM'000	Company 2015 RM'000 Restated
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	**19,206**	11,788	**1,963**	1,513
- Over provision of income tax in prior year	**(1,239)**	(834)	**(111)**	(911)
	17,967	10,954	**1,852**	602
Deferred tax (Note 30):				
Relating to origination and reversal of temporary differences	**(1)**	(7,834)	**(85)**	(209)
Relating to changes in Malaysia tax rates	**-**	33	**-**	8
Under/(over) provision in prior year	**62**	(3,229)	**106**	(29)
	61	(11,030)	**21**	(230)
Income tax expense/(benefit) recognised in profit or loss	**18,028**	(76)	**1,873**	372

Reconciliation between tax expense/(benefit) and accounting profit

The reconciliation between tax expense/(benefit) and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2016 and 2015 is as follows:

	2016 RM'000	2015 RM'000 Restated
Group		
Profit before tax	**35,096**	49,615
Taxation at Malaysian statutory rate of 24% (2015: 25%)	**8,423**	12,404
Adjustments:		
Income not subject to tax	**(16,410)**	(16,218)
Expenses not deductible for tax purposes	**27,346**	8,824

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

9. Income tax expense/(benefit) (cont'd.)

Group (cont'd.)

	2016 RM'000	2015 RM'000 Restated
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(49)**	(97)
Deferred tax assets recognised on different tax rate	**(105)**	(926)
Over provision of income tax in prior year	**(1,239)**	(834)
Under/(over) provision of deferred tax in prior year	**62**	(3,229)
Tax expense/(benefit) for the year	**18,028**	(76)

Company	2016 RM'000	2015 RM'000 Restated
Profit before tax	**142,023**	78,301
Adjustments:		
Taxation at Malaysian statutory rate of 24% (2015: 25%)	**34,086**	19,575
Income not subject to tax	**(38,257)**	(21,012)
Expenses not deductible for tax purposes	**6,049**	2,741
Deferred tax assets recognised on different tax rate	**-**	8
Over provision of income tax in prior year	**(111)**	(911)
Under/(over) provision of deferred tax in prior year	**106**	(29)
Tax expense for the year	**1,873**	372

Domestic current income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year.

10. Earnings per share

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

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

	Group 2016 RM'000	2015 RM'000 Restated
Profit net of tax attributable to owners of the parent used in computation of basic earnings per share	**20,128**	52,368

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

10. Earnings per share (cont'd.)

	2016 Number of ordinary shares '000	2015 Number of ordinary shares '000
Weighted average number of ordinary shares in issue for basic earnings per share computation	**1,497,607**	1,481,662
Basic earnings per share (sen per share)	**1.34**	3.53

The Company does not have any outstanding convertible equity instrument as at the reporting date. Accordingly, the diluted earnings per share is presented as equal to the basic earnings per share.

11. Dividends

	Company				
	|----- Dividends in respect of year ------|			|----- Dividends recognised in year -----|	
	2016 RM'000	2015 RM'000	2014 RM'000	2016 RM'000	2015 RM'000
Recognised in prior year					
First and final dividend in respect of the financial year ended 31 December 2014 of 1.5 sen dividend per share, tax exempt under the single-tier system on 1,481,661,680 ordinary shares proposed on 1 April 2015, approved on 7 May 2015 and paid on 3 June 2015.	**-**	-	22,225	**-**	22,225
Recognised during the year					
First and final dividend in respect of the financial year ended 31 December 2015 of 1.2 sen dividend per share, tax exempt under the single-tier system on 1,481,661,680 ordinary shares proposed on 31 March 2016, approved on 31 May 2016 and paid on 16 August 2016.	**-**	17,780	-	**17,780**	-
Proposed for approval at AGM (not recognised as a liability as at 31 December 2016)					
First and final dividend in respect of the financial year ended 31 December 2016 of 0.5 sen dividend per share, tax exempt under the single-tier system on 1,505,462,380 ordinary shares.	**7,527**	-	-	**-**	-
	7,527	17,780	22,225	**17,780**	22,225

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

11. Dividends (cont'd.)

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 December 2016 of 0.5 sen dividend per share, tax exempt under the single-tier system on 1,505,462,380 ordinary shares, amounting to RM7,527,312 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 earnings in the financial year ending 31 December 2017.

The board of directors has also determined that the Dividend Reinvestment Scheme ("DRS") will be applied to the entire dividend, whereby the shareholders will be given the option to elect to reinvest the whole or part of the dividend into new ordinary shares of the Company.

The listing of and quotation for the new ordinary shares to be issued pursuant to the DRS will be subject to the approval of Bursa Malaysia Securities Berhad being obtained, to which an application will be submitted in due course.

12. Property, plant and equipment

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant machinery, equipment, vehicles and renovation RM'000	Assets under construction RM'000	Total RM'000
Cost or valuation:						
Group						
At 1 January 2015	40,099	423,765	187,438	327,758	116,559	1,095,619
Additions	3,396	-	656	18,884	125,724	148,660
Disposal	-	-	-	(88)	-	(88)
Transfer	(4,551)	-	-	-	-	(4,551)
Reclassifications	-	-	9,278	900	(10,178)	-
Written off	-	-	(1,138)	(9,339)	-	(10,477)
Revaluation surplus	24,598	126,374	20,850	23,860	-	195,682
Exchange differences	-	-	-	2,149	-	2,149
At 31 December 2015 and 1 January 2016	63,542	550,139	217,084	364,124	232,105	1,426,994
Additions	-	611	538	6,648	78,598	86,395
Disposal	-	-	-	(1,281)	-	(1,281)
Transfers	-	-	10,127	34,754	(44,881)	-
Reclassifications	(30,300)	30,300	-	(16,944)	16,944	-
Written off	-	-	(429)	(11,987)	-	(12,416)
Revaluation	(16,059)	34,874	(20,621)	(3,048)	-	(4,854)
Exchange differences	-	3,040	157	2,480	5,688	11,365
At 31 December 2016	17,183	618,964	206,856	374,746	288,454	1,506,203
Representing:						
At cost	-	-	-	242,399	232,105	474,504
At valuation	63,542	550,139	217,084	121,725	-	952,490
At 31 December 2015	63,542	550,139	217,084	364,124	232,105	1,426,994
At cost	-	-	-	131,296	288,454	419,750
At valuation	17,183	618,964	206,856	243,450	-	1,086,453
At 31 December 2016	17,183	618,964	206,856	374,746	288,454	1,506,203

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant machinery, equipment, vehicles and renovation RM'000	Assets under construction RM'000	Total RM'000
Group (cont'd.)						
Accumulated depreciation and impairment loss						
At 1 January 2015	-	17,138	34,757	128,803	523	181,221
Depreciation charge for the year (Note 6)	-	5,975	4,308	29,342	-	39,625
Disposal	-	-	-	(88)	-	(88)
Written off	-	-	(1,127)	(9,281)	-	(10,408)
At 31 December 2015 and 1 January 2016	-	23,113	37,938	148,776	523	210,350
Depreciation charge for the year (Note 6)	-	8,580	4,497	30,408	-	43,485
Impairment (Note 6)	-	-	-	-	41,702	41,702
Disposal	-	-	-	(1,082)	-	(1,082)
Written off	-	-	(391)	(8,894)	-	(9,285)
At 31 December 2016	-	31,693	42,044	169,208	42,225	285,170
Net carrying amount						
At 31 December 2015	63,542	527,026	179,146	215,348	231,582	1,216,644
At 31 December 2016	17,183	587,271	164,812	205,538	246,229	1,221,033
Representing:						
At cost	-	1,200	-	96,674	231,582	329,456
At valuation	63,542	525,826	179,146	118,674	-	887,188
At 31 December 2015	63,542	527,026	179,146	215,348	231,582	1,216,644
At cost	-	-	-	126,698	246,229	372,927
At valuation	17,183	587,271	164,812	78,840	-	848,106
At 31 December 2016	17,183	587,271	164,812	205,538	246,229	1,221,033

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

	Leasehold land RM'000	Equipment and vehicles RM'000	Renovation RM'000	Assets under construction RM'000	Total RM'000
Company					
Cost or valuation					
At 1 January 2015	36,117	8,106	2,724	94,338	141,285
Additions	-	857	1,262	33,796	35,915
Revaluation surplus	3,415	-	-	-	3,415
At 31 December 2015 and 1 January 2016	39,532	8,963	3,986	128,134	180,615
Additions	-	352	984	12,450	13,786
Disposal	-	(910)	-	-	(910)
Written off	-	(1)	-	-	(1)
Revaluation deficit	(496)	-	-	-	(496)
At 31 December 2016	39,036	8,404	4,970	140,584	192,994
Representing:					
At cost	-	8,963	3,986	128,134	141,083
At valuation	39,532	-	-	-	39,532
At 31 December 2015	39,532	8,963	3,986	128,134	180,615
At cost	-	8,404	4,970	140,584	153,958
At valuation	39,036	-	-	-	39,036
At 31 December 2016	39,036	8,404	4,970	140,584	192,994
Accumulated depreciation					
At 1 January 2015	1,848	6,196	2,643	523	11,210
Depreciation charge for the year (Note 6)	630	888	-	-	1,518
At 31 December 2015 and 1 January 2016	2,478	7,084	2,643	523	12,728
Depreciation charge for the year (Note 6)	452	625	-	-	1,077
Disposal	-	(756)	-	-	(756)
Written off	-	(1)	-	-	(1)
At 31 December 2016	2,930	6,952	2,643	523	13,048
Net carrying amount					
At 31 December 2015	37,054	1,879	1,343	127,611	167,887
At 31 December 2016	36,106	1,452	2,327	140,061	179,946
Representing:					
At cost	-	1,879	1,343	127,611	130,833
At valuation	37,054	-	-	-	37,054
At 31 December 2015	37,054	1,879	1,343	127,611	167,887
At cost	-	1,452	2,327	140,061	143,840
At valuation	36,106	-	-	-	36,106
At 31 December 2016	36,106	1,452	2,327	140,061	179,946

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

(a) Had the revalued property, plant and equipment been carried under cost model, the net carrying amounts of each class of property, plant and equipment that would have been included in the financial statements of the Group and of the Company as at 31 December 2016 and 31 December 2015 are as follows:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Freehold land	7,378	7,378	-	-
Leasehold land	103,743	104,001	20,303	18,540
Buildings	92,510	87,793	-	-
Plant and machinery	13,550	10,988	-	-

(b) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM1,352,000 (2015: RM5,845,000) by means of hire purchase and finance leases. The cash outflow on acquisition of property, plant and equipment amounted to RM85,043,000 (2015: RM142,815,000).

Net carrying amounts of property, plant and equipment held under hire purchase and finance leases are as follows:

	Group	
	2016 RM'000	**2015 RM'000**
Machinery, equipment and vehicles	10,645	14,437

(c) In addition to assets held under finance leases, the Group's assets with a carrying amount of RM104,186,000 (2015: RM111,255,000) are mortgaged to secure the Group's bank loans (Note 24).

(d) Details of valuation performed by Raine & Horne, independent professional valuers to determine the fair value of property, plant and equipment owned by the Company and its subsidiaries as at 31 December 2016 are as follows:

Group Year of valuation	**Description of property, plant and equipment**	**Valuation amount RM'000**	**Basis of valuation**
2016	Freehold land	17,183	Open market value
2016	Leasehold land	587,271	Open market value
2016	Buildings	164,812	Open market value
2016	Plant and machinery	78,840	Depreciated replacement cost
		848,106	

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

Company

Year of valuation	Description of property	Valuation amount RM'000	Basis of valuation
2016	Leasehold land	36,106	Open market value

(e) The Group's and the Company's property, plant and equipment include borrowing cost arising from bank loan borrowed specifically for the purpose of the improvements and construction of both hospital buildings and mill. During the financial year, the borrowing cost capitalised as cost of property, plant and equipment for the Group and the Company amounted to RM13,126,000 (2015: RM10,747,000) and RM3,253,000 (2015: RM2,428,000) respectively.

(f) Impairment of assets under construction arose from valuation performed by independent professional valuers which resulted in the carrying amount being written down by RM41,702,000 (2015: RM Nil).

13. Biological assets

	2016 RM'000	2015 RM'000 Restated
Group		
Plantation development expenditure		
At 1 January (As previously stated)	**631,315**	615,239
Prior year adjustments (Note 37)	**(71,987)**	(53,197)
At 1 January (As restated)	**559,328**	562,042
Addition	**41,327**	66,972
Written off (Note 6)	**-**	(44)
Impairment (Note 6)	**(5,535)**	(19,617)
Revaluation deficit	**(27,832)**	(84,884)
Exchange differences	**17,083**	34,859
At 31 December	**584,371**	559,328
Representing:		
At valuation	**584,371**	559,328

Impairment of biological assets arose from valuation performed by independent professional valuers which resulted in the carrying amount being written down by RM5,535,000 (2015: RM19,617,000, 1 January 2014: RM2,376,000).

The Group's biological assets include borrowing cost arising from bank loan borrowed specifically for the purpose of the financing the oil palm development expenditure. During the financial year, the borrowing cost capitalised as cost of biological assets amounted to RM27,133,000 (2015: RM27,456,000, 1 January 2014: RM22,163,000).

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

13. Biological assets (cont'd.)

(i) Had the revalued biological assets been under cost model, the net carrying amounts of biological assets that would have been included in the financial statements of the Group as at 31 December 2016 and 31 December 2015 are as follows:

	Group	
	2016	**2015**
	RM'000	**RM'000**
Plantation development expenditure	**597,131**	542,250

(ii) Details of valuation performed by Raine & Horne, independent professional valuers to determine the fair value of biological assets owned by the Company and its subsidiaries as at 31 December 2016 are as follows:

Group Year of valuation	**Description of property**	**Valuation amount RM'000**	**Basis of valuation**
2016	Plantation development expenditure	584,371	Open market value

14. Intangible asset

	Group and Company	
	2016	**2015**
	RM'000	**RM'000**
		Restated
At 1 January (As previously stated)	**23,638**	23,638
Prior year adjustments (Note 37)	**(15,230)**	(14,285)
At 1 January (As restated)	**8,408**	9,353
Amortisation	**(945)**	(945)
At 31 December	**7,463**	8,408

15. Investment property

	Group and Company	
	2016	**2015**
	RM'000	**RM'000**
At 1 January / 31 December	11,000	11,000

Details of valuation performed by Raine & Horne, independent professional valuers to determine the fair value of investment property owned by the Group and the Company as at 31 December 2016 are as follows:

Group and Company Year of valuation	**Description of property**	**Valuation amount RM'000**	**Basis of valuation**
2016	Leasehold land	11,000	Open market value

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

16. Goodwill

	Group 2016 RM'000	Group 2015 RM'000
At 1 January	**9,959**	9,959
Impairment (Note 6)	**(2,956)**	-
At 31 December	**7,003**	9,959

Impairment testing of goodwill

Goodwill arising from business combinations has been allocated to two individual cash-generating units ("CGU") for impairment testing which are plantation and healthcare.

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

	Group 2016 RM'000	Group 2015 RM'000
Plantation	**-**	477
Healthcare	**7,003**	9,482
	7,003	9,959

An impairment loss on goodwill amounting to RM2,956,000 has been recognised during the financial year due to declining business operations of the subsidiaries.

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period.

	Healthcare 2016	Healthcare 2015
Budgeted gross margins	50%	51%
Growth rates	0%	0%
Pre-tax discount rates	12%	12%

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

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

Growth rates –The growth rates used are after considering the expected long term inflation and economic growth rate of the country as well as the riskiness of the prospective financial information, the terminal growth rate of 0% used by management appears reasonable.

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

Sensitivity to changes in assumptions

Management believes that no reasonable possible changes in any of the above key assumptions would cause the carrying value of the CGUs to materially exceed its recoverable amount.

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

17. Investments in subsidiaries

	Company 2016 RM'000	2015 RM'000
Unquoted shares at cost:		
- in Malaysia	**236,736**	236,736
- outside Malaysia	**50,986**	50,986
	287,722	287,722
Less: Accumulated impairment losses	**(12,470)**	(6,006)
	275,252	281,716

Details of the subsidiaries are as follows:

Names of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2016 %	2015 %
TDM Plantation Sdn. Bhd.	Malaysia	Management of oil palm plantation, processing and trading of palm oil and related products.	**100**	100
Kumpulan Ladang-Ladang Trengganu Sdn. Bhd.	Malaysia	Cultivation of oil palms, trading of palm oil and other related products.	**100**	100
TDM Trading Sdn. Bhd.	Malaysia	Trading of crude palm oil and other related products.	**100**	100
TDM Capital Sdn. Bhd.	Malaysia	Investment holding, trading, cultivation of oil palms and other related products.	**100**	100
Kumpulan Medic Iman Sdn. Bhd.	Malaysia	Investment holding and provision of consultancy and management services to specialist medical centres.	**99.28**	99.28
PT Rafi Kamajaya Abadi *@	Indonesia	Cultivation of oil palms, trading of palm oil and other related products.	**93.75**	93.75
PT Rafi Sawit Lestari *	Indonesia	Cultivation of oil palms, trading of palm oil and other related products.	**95**	95

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

17. Investments in subsidiaries (cont'd.)

Details of the subsidiaries are as follows (cont'd.):

PT Sawit Rezki Abadi *	Indonesia	Cultivation of oil palms, trading of palm oil and other related products.	**95**	95
Kumpulan Mediiman Sdn. Bhd.	Malaysia	Dormant.	**90.49**	90.49
Indah Sari Travel & Tours Sdn. Bhd.	Malaysia	Dormant.	**70**	70
TD Gabongan Sdn. Bhd. #	Malaysia	Dormant.	**51**	51
Held by Kumpulan Medic Iman Sdn. Bhd.				
Kuantan Medical Centre Sdn. Bhd.	Malaysia	Specialist medical centre.	**92.33**	92.33
Kelana Jaya Medical Centre Sdn. Bhd.	Malaysia	Specialist medical centre.	**99.29**	99.29
Kuala Terengganu Specialist Hospital Sdn. Bhd.	Malaysia	Specialist medical centre.	**100**	100
TDMC Hospital Sdn. Bhd.	Malaysia	Specialist medical centre.	**100**	100

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

@ A subsidiary with auditors' report that draws reference to the going concern assumptions. The auditors' report is not qualified.

The subsidiary's financial statements have been prepared on a break-up basis. The auditors' report is not qualified.

(a) Summarised financial information of PT Rafi Kamajaya Abadi ("RKA"), Kuantan Medical Centre Sdn. Bhd. ("KMC"), Kumpulan Mediiman Sdn. Bhd. ("KMI") and TD Gabongan Sdn. Bhd. ("TDG") which has non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination and consolidation adjustments. The non-controlling interests in respect of Kelana Jaya Medical Centre Sdn. Bhd, PT Rafi Sawit Lestari and Indah Sari Travel & Tours Sdn. Bhd. are not material to the Group.

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

17. Investments in subsidiaries (cont'd.)

(i) Summarised statement of financial position

	2016				2015			
	RKA RM'000	KMC RM'000	KMI RM'000	TDG RM'000	RKA RM'000	KMC RM'000	KMI RM'000	TDG RM'000
Non-current assets	**426,349**	**132,067**	**499**	**-**	363,433	135,062	528	-
Current assets	**74,128**	**47,284**	**14,101**	**2,889**	62,423	45,189	16,734	2,853
Total assets	**500,477**	**179,351**	**14,600**	**2,889**	425,856	180,251	17,262	2,853
Current liabilities	**394,844**	**35,554**	**495**	**10**	279,769	39,473	3,075	2,660
Non-current liabilities	**329,794**	**70,237**	**-**	**-**	275,051	72,082	-	-
Total liabilities	**724,638**	**105,791**	**495**	**10**	554,820	111,555	3,075	2,660
Net liabilities	**(224,161)**	**73,560**	**14,105**	**2,879**	(128,964)	68,696	14,187	193
Equity attributable to owners of the parent	**(210,151)**	**67,918**	**12,764**	**1,468**	(120,904)	63,427	12,838	98
Non-controlling interests	**(14,010)**	**5,642**	**1,341**	**1,411**	(8,060)	5,269	1,349	95

(ii) Summarised statement of profit or loss and other comprehensive income

	2016				2015			
	RKA RM'000	KMC RM'000	KMI RM'000	TDG RM'000	RKA RM'000	KMC RM'000	KMI RM'000	TDG RM'000
Revenue	**942**	**113,203**	**-**	**-**	2,209	99,415	8,042	-
(Loss)/profit for the year	**(55,440)**	**4,863**	**(82)**	**29**	(53,470)	8,123	7,769	12
(Loss)/profit attributable to owners of the parent	**(51,975)**	**4,490**	**(74)**	**15**	(48,954)	7,500	7,030	6
(Loss)/profit attributable to non-controlling interests	**(3,465)**	**373**	**(8)**	**14**	(4,516)	623	739	6
Total comprehensive (loss)/income	**(55,440)**	**4,863**	**(82)**	**29**	(53,470)	8,123	7,769	12

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

17. Investments in subsidiaries (cont'd.)

(ii) Summarised statement of profit or loss and other comprehensive income (cont'd.)

	2016 RKA RM'000	2016 KMC RM'000	2016 KMI RM'000	2016 TDG RM'000	2015 RKA RM'000	2015 KMC RM'000	2015 KMI RM'000	2015 TDG RM'000
Total comprehensive (loss)/income attributable to owners of the parent	**(51,975)**	**4,490**	**(74)**	**15**	(48,954)	7,500	7,030	6
Total comprehensive (loss)/income attributable to the non-controlling interests	**(3,465)**	**373**	**(8)**	**14**	(4,516)	623	739	6
	(55,440)	**4,863**	**(82)**	**29**	(53,470)	8,123	7,769	12

(iii) Summarised statement of cash flows

	2016 RKA RM'000	2016 KMC RM'000	2016 KMI RM'000	2016 TDG RM'000	2015 RKA RM'000	2015 KMC RM'000	2015 KMI RM'000	2015 TDG RM'000
Net cash from/(used in) operating activities	84,378	13,984	(1,763)	42	127,762	10,431	3,297	25
Net cash (used in)/from investing activities	(85,337)	(4,145)	-	345	(127,643)	(6,862)	738	(25)
Net cash (used in)/from financing activities	-	(9,501)	(1,468)	-	-	1,920	(1,243)	-
Net (decrease)/increase in cash and cash equivalents	(959)	338	(3,231)	387	119	5,489	2,792	-
Cash and cash equivalents at 1 January	2,152	8,722	3,243	12	2,033	3,233	451	12
Cash and cash equivalents at 31 December	1,193	9,060	12	399	2,152	8,722	3,243	12

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

18. Other investments

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Available for Sale Investments				
Unquoted shares, at cost				
Within Malaysia - shares	**9,745**	9,745	**4,770**	4,770
Less: Accumulated impairment losses	**(5,045)**	(5,045)	**(4,770)**	(4,770)
	4,700	4,700	**-**	-
Loans and Receivables Investment				
Investment in fixed income securities, outside Malaysia (Note 22)	**350,700**	326,551	**350,700**	326,551
Total other investments	**355,400**	331,251	**350,700**	326,551

The unquoted shares are stated at cost less accumulated impairment losses.

The investment in fixed income securities represents an investment that was issued by an international financial institution, Oversea-Chinese Banking Corporation Limited, Singapore.

The investment in fixed income securities has an interest rate of 10.295% per annum for the first 3 years and 10% per annum after 3 years. It matures twelve years from the issuance date of the first transaction of Indonesian Rupiah 70,000,000,000. The investment will mature in 2025.

19. Investments in securities

	2016 Carrying amount RM'000	2016 Market value of quoted investments RM'000	2015 Carrying amount RM'000	2015 Market value of quoted investments RM'000
Group				
Non-current				
Available for Sale Investments				
-Equity instruments (quoted in Malaysia)	**53**	**53**	57	57
Other investments (Note 18)	**4,700**	**-**	4,700	-
Total Available for Sale Investments	**4,753**		4,757	

20. Property development costs

	Group 2016 RM'000	Group 2015 RM'000
Property development, at cost	**1,583**	1,583
Less: Provision for foreseeable losses	**(1,583)**	(1,583)
	-	-

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

21. Inventories

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
At cost				
Produced inventories	**3,741**	5,419	**510**	1,505
Pharmaceutical products	**8,944**	11,881	**-**	-
Consumables	**395**	360	**-**	-
Spare parts, equipment and store	**4,140**	7,542	**-**	-
Seedlings	**-**	20,596	**-**	-
At Net Realisable Value				
Seedlings	**21,348**	-	**-**	-
	38,568	45,798	**510**	1,505

During the year, the amounts of inventories recognised as an expense in cost of sales of the Group and of the Company were RM124,740,000 (2015: RM124,792,000) and RM14,529,000 (2015: RM14,582,000) respectively.

During the year, the amount of inventories written off at the Group level was RM10,000 (2015: RM1,000).

22. Trade and other receivables

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Current				
Trade receivables				
Third parties	**66,841**	64,006	**-**	-
Less: Allowance for impairment				
Third parties	**(8,897)**	(12,035)	**-**	-
Trade receivables,net	**57,944**	51,971	**-**	-
Other receivables				
Due from subsidiaries	**-**	-	**304,394**	192,220
Sundry receivables	**29,371**	28,753	**20,905**	16,417
	29,371	28,753	**325,299**	208,637
Less: Allowance for impairment				
Sundry receivables	**(11,008)**	(12,013)	**(7,087)**	(7,087)
Subsidiaries	**-**	-	**(1,448)**	(1,445)
	(11,008)	(12,013)	**(8,535)**	(8,532)
Other receivables,net	**18,363**	16,740	**316,764**	200,105
Total trade and other receivables (current)	**76,307**	68,711	**316,764**	200,105

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

22. Trade and other receivables (cont'd.)

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Non-current				
Other receivables				
Interest receivable (Note (c))	**63,459**	53,420	**63,459**	53,420
Amount due from Plasma (Note (d))	**45,960**	31,512	**-**	-
Total other receivables (non-current)	**109,419**	84,932	**63,459**	53,420
Total trade and other receivables (current and non-current)	**185,726**	153,643	**380,223**	253,525
Add: Loans and receivables investment (Note 18)	**350,700**	326,551	**350,700**	326,551
Add: Cash and bank balances (Note 23)	**122,168**	126,461	**35,490**	41,315
Total loans and receivables	**658,594**	606,655	**766,413**	621,391

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 day (2015: 30 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

	Group 2016 RM'000	Group 2015 RM'000
Neither past due nor impaired	**25,775**	22,736
1 to 30 days past due not impaired	**7,155**	8,656
31 to 60 days past due not impaired	**19,523**	11,389
61 to 90 days past due not impaired	**5,491**	9,190
	32,169	29,235
Impaired	**8,897**	12,035
	66,841	64,006

Receivables that are neither past due nor impaired

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

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

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

22. Trade and other receivables (cont'd.)

(a) Trade receivables (cont'd.)

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM32,169,000 (2015: RM29,235,000) that are past due at the reporting date but not impaired.

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

Receivables that are impaired

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

	Group individually impaired	
	2016 RM'000	**2015 RM'000**
Trade receivables-nominal amounts	**8,897**	12,035
Less: Allowance for impairment	**(8,897)**	(12,035)
	-	-

Movement in allowance accounts:

	Group	
	2016 RM'000	**2015 RM'000**
At 1 January	**12,035**	9,454
Charge for the year (Note 6)	**3,033**	2,998
Written off	**(6,171)**	(417)
At 31 December	**8,897**	12,035

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

(b) Other receivables

Amounts due from subsidiaries

Amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

Other receivables that are impaired

At the reporting date, the Group and the Company have provided an allowance of RM11,008,000 (2015: RM12,013,000) and RM8,535,000 (2015: RM8,532,000) respectively for impairment of other receivables.

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

22. Trade and other receivables (cont'd.)

(b) Other receivables (cont'd.)

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

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
At 1 January	**12,013**	12,107	**8,532**	8,527
Charge for the year (Note 6)	**-**	-	**3**	5
Written back	**(1,005)**	(94)	**-**	-
At 31 December	**11,008**	12,013	**8,535**	8,532

(c) Interest receivable

The amount is related to the interest receivable from investment in fixed income securities as disclosed in Note 18.

(d) Amount due from Plasma

	Group 2016 RM'000	Group 2015 RM'000
Land cost	**10,302**	8,818
Building and materials	**542**	506
Development costs	**23,095**	20,895
Interest	**10,542**	-
Management fee	**1,121**	1,036
Others	**358**	257
Total	**45,960**	31,512

Amount due from Plasma relates to advances by a subsidiary operating in Indonesia to the Plasma Programme which was initiated pursuant to the Indonesian government's policy for partnerships between plantation companies and their respective surrounding communities. This amount will be recovered by the subsidiary upon maturity of the plantation under Plasma before the profits are distributed to Plasma.

23. Cash and cash equivalents

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Cash at banks and in hand	**12,518**	21,803	**369**	253
Deposits with licensed banks	**109,650**	104,658	**35,121**	41,062
Cash and bank balances	**122,168**	126,461	**35,490**	41,315

Cash at banks earns interest at floating rates based on daily bank deposits rates. Deposits are made for varying periods of between one day to 365 days (2015: 365 days) depending on the immediate cash requirements of the Group, and earn interest at the respective deposits rate. The weighted average effective interest rates as at 31 December 2016 of the Group and of the Company were 3.39% (2015: 3.80%) and 4.11% (2015: 4.42%) per annum respectively.

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	**122,168**	126,461	**35,490**	41,315
Bank overdraft (Note 24)	**(2,714)**	(6,853)	**(2,714)**	(6,853)
Less: Deposits pledged for bank guarantee facility and Finance Service Reserve Account	**(31,844)**	(30,225)	**(31,618)**	(30,000)
Less: Deposits with maturity period more than 3 months	**(4,118)**	(17,344)	**(3,504)**	(11,062)
Cash and cash equivalents	**83,492**	72,039	**(2,346)**	(6,600)

24. Loans and borrowings

		Group		Company	
	Maturity	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current					
Secured					
Obligations under hire purchase and finance leases (Note 32 (b))	2017	**2,783**	2,358	**30**	-
Bank loans:					
- Business Financing-i at Base Finance Rate -2% per annum	2017	**1,450**	1,041	**-**	-
- RM loans at Effective Cost of Fund +1% per annum	2017	**26,517**	9,062	**20,802**	-
Bank overdraft	On demand	**2,714**	6,853	**2,714**	6,853
		33,464	19,314	**23,546**	6,853
Non-current					
Secured					
Obligations under hire purchase and finance leases (Note 32 (b))	2018-2020	**5,387**	5,289	**113**	-
Bank loans:					
- Business Financing-i at Cost of Fund +1.25% per annum	2018-2025	**66,585**	-	**-**	-
- Business Financing-i at Base Finance Rate -2% per annum	2018-2020	**3,879**	4,250	**-**	-
- Business Financing-i at 1.5% per annum above 3 months Cost of Fund	2019-2026	**1,262**	-	**-**	-
- RM loans at Effective Cost of Fund +1% per annum	2018-2030	**312,997**	332,819	**221,482**	246,075

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

24. Loans and borrowings (cont'd.)

		Group		Company	
		2016	2015	2016	2015
	Maturity	RM'000	RM'000	RM'000	RM'000
Unsecured					
Bank loan:					
- RM loan at Effective Cost of Fund +1% per annum	2018-2025	**50,000**	50,000	**50,000**	50,000
Indonesian Rupiah Notes Programme	2025	**350,700**	326,551	**-**	-
		790,810	718,909	**271,595**	296,075
Total loans and borrowings		**824,274**	738,223	**295,141**	302,928

The remaining maturities of the borrowings as at year end are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
On demand or within one year	**2,714**	19,314	**2,714**	6,853
More than 1 year and less than 2 years	**30,750**	7,523	**20,832**	-
More than 2 years and less than 5 years	**10,528**	27,599	**113**	-
5 years and more	**780,282**	683,787	**271,482**	296,075
	824,274	738,223	**295,141**	302,928

Business Financing-i at Cost of Fund +1.25% per annum

The term loan facility is secured by specific debenture over the plantation land held under H.S.(D) 1779, PT. No: PT 1666, Mukim Tebak, District of Kemaman. The facility is repayable over 120 months. The grace period is 48 months from the first drawdown on 21 July 2016. During the grace period, interest payments are to be serviced monthly and are subject to yearly review. The loan facility carried an average effective interest rate of 4.65% (2015: Nil) per annum.

Business Financing-i at Base Finance Rate ("BFR") -2% per annum

The facility is secured by way of a first party first legal charge over a freehold land and a hospital building belonging to a subsidiary erected on GRN 47712, Lot 51913 Mukim and District of Kuala Lumpur, Wilayah Persekutuan bearing postal address No. 45 Jalan Desa, Taman Desa, Off Old Klang Road, 58100 Kuala Lumpur.

The subsidiary has opened a Finance Service Reserve Account ("FSRA") with the bank and transferred prior to the initial disbursement, an amount equivalent to two (2) monthly payments ("Minimum Reserve Requirement") amounting to RM225,261 (2015: RM225,261) into the FSRA. Upon maturity, the credit balance in the FSRA shall be used for settlement of the final instalment payment.

The loan is repayable within 7 years from November 2013 to October 2020. The loan facility carried an average effective interest rate of 4.20% (2015: 4.45%) per annum.

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

24. Loans and borrowings (cont'd.)

Business Financing-i at 1.5% per annum above 3 months Cost of Funds

These obligations is secured by specific debenture over the equipment or machines to be financed. The facility is repayable with a maximum period of 8 years, including 30 months of grace profit period, commencing from the date of first disbursement of the Facility. During the grace period, interest payment is to be serviced monthly and subject to yearly review. The loan facility carried an average effective interest rate of 5.05% (2015: 5.05%) per annum.

RM loans at Effective Cost of Fund +1 % per annum

The facilities are secured by way of:

(i) Fresh first party first legal charge for RM80,000,000 over a piece of commercial land with a hospital building belonging to a subsidiary erected thereon at Bandar Indera Mahkota, Kuantan held under land title of PN 7723, Lot 54559, Mukim of Kuala Kuantan, Kuantan, Pahang Darul Makmur. The facility is repayable over 180 months with a monthly payment of RM632,635. The grace period is 24 months from the first drawdown on 30 August 2012. During the grace period, interest payments are to be serviced monthly and are subject to yearly review. The loan facility carried an average effective interest rate of 4.35% (2015: 4.55%) per annum.

(ii) Fresh first party first legal charge for RM135,194,725 over a piece of commercial land and building belonging to TDM Berhad erected on GM569 - 575, Lot 3046 - 3052, Mukim Batu Burok, District of Kuala Terengganu, Terengganu, Terengganu Darul Iman. The facility is repayable over 120 months with a monthly payment of RM762,384. The grace period is 24 months from the first drawdown on 27 August 2013 and effective interest rate was 5% (2015: 5%) per annum. During the grace period, interest payments are to be serviced monthly and are subject to yearly review. The loan facility carried an average effective interest rate of 4.35% (2015: 4.55%) per annum.

(iii) The term loan facility is secured by specific debenture over the equipment and machinery in relation to the capital expenditure items on a certain subsidiary's existing palm oil mills in Kemaman and Sungai Tong, Terengganu. The facility is repayable over 120 months. The grace period is 18 months from the first drawdown on 28 September 2015. During the grace period, interest payments are to be serviced monthly and are subject to yearly review.

Bank overdraft

The bank overdraft is under Commodity Murabahah Cash Line-i at profit rate based on a ceiling profit rate of Base Financing Rate (BFR) + 4% per annum. The facility is charged over the property held under HSD 9537, Lot PT 2407, Mukim Batu Burok, District of Kuala Terengganu, Terengganu.

Indonesian Rupiah Notes Programme ("IDR Notes")

The unsecured Indonesian Rupiah Notes Programme ("IDR Notes") bears a fixed interest rate of 12% per annum and matures twelve years from the issuance date of the first IDR Notes in 2013.

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

25. Trade and other payables

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Current				
Trade payables				
Third parties	**115,175**	113,206	**69**	69
	115,175	113,206	**69**	69
Other payables				
Due to subsidiaries	**-**	-	**244,979**	223,528
Sundry payables	**17,404**	14,277	**4,039**	6,533
Accruals	**46,060**	61,331	**3,856**	2,978
	63,464	75,608	**252,874**	233,039
Total trade payables and other payables	**178,639**	188,814	**252,943**	233,108
Non-current				
Other payable				
Interest payable representing total other payable	**92,712**	70,856	**-**	-
Total trade and other payables (current and non-current)	**271,351**	259,670	**252,943**	233,108
Add: Loans and borrowings (Note 23)	**824,274**	738,223	**295,141**	302,928
Total financial liabilities carried at amortised cost	**1,095,625**	997,893	**548,084**	536,036

(a) Trade payables

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

(b) Other payables

Amounts due to subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

(c) Interest payable

The amount is related to the interest payable on the Indonesian Rupiah Notes Programme ("IDR Notes") as disclosed in Note 24.

(d) Amount due to Sublessees

Included in trade payables is amount due to Sublessees which relates to the Sublessees Scheme managed by a subsidiary. The lease term of the Scheme expired on 17 April 2012. The subsidiary continues to cultivate the related plantation. Profit distribution from cultivation of the Sublessees Scheme to certain Sublessees has been accrued pending renewal of the Sublessees arrangement.

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

26. Share capital and share premium

	Number of ordinary shares of RM0.20 each		I-------- Amount ---------I	
	2016	2015	2016	2015
	'000	'000	RM'000	RM'000
Authorised				
At 1 January and 31 December	**2,500,000**	2,500,000	**500,000**	500,000

	Group and Company			
	Number of ordinary shares of RM0.20 each	I--------------- Amount ----------------I		
	Share capital (issued and fully paid)	Share capital (issued and fully paid)	Share premium	Total
	'000	RM'000	RM'000	RM'000
At 1 January 2015	1,481,662	296,332	33,064	329,396
At 31 December 2015 and 1 January 2016	1,481,662	296,332	33,064	329,396
Ordinary shares issued during the year:				
Pursuant to dividend reinvestment scheme	23,800	4,760	9,758	14,518
At 31 December 2016	1,505,462	301,092	42,822	343,914

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

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

27. Other reserves

Group	Asset revaluation reserve RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000	Premium paid on acquisition of non-controlling interest RM'000	Total RM'000
At 1 January 2015	569,231	(21,052)	(8)	(31)	548,140
Other comprehensive income:					
Available for sale investments' fair value movement	-	-	(31)	-	(31)
Foreign currency translation	-	(25,194)	-	-	(25,194)
Surplus on revaluation of land, buildings, plant and machinery and plantation development expenditure	110,798	-	-	-	110,798
Deferred tax related to net surplus on revaluation	(48,093)	-	-	-	(48,093)
	62,705	(25,194)	(31)	-	37,480
At 31 December 2015	631,936	(46,246)	(39)	(31)	585,620
At 1 January 2016	631,936	(46,246)	(39)	(31)	585,620
Other comprehensive income:					
Available for sale investments' fair value movement	-	-	(4)	-	(4)
Foreign currency translation	-	(2,514)	-	-	(2,514)
Deficit on revaluation of land, buildings, plant and machinery and plantation development expenditure	(32,685)	-	-	-	(32,685)
Deferred tax related to net deficit on revaluation	7,844	-	-	-	7,844
Transfer of revaluation reserve upon written off the assets	(3,006)	-	-	-	(3,006)
	(27,847)	(2,514)	(4)	-	(30,365)
At 31 December 2016	604,089	(48,760)	(43)	(31)	555,255

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

27. Other reserves (cont'd.)

	Asset revaluation reserve RM'000	Capital reserve RM'000	Total RM'000
Company			
At 1 January 2015	37,710	2,736	40,446
Other comprehensive income:			
Surplus on revaluation of leasehold land	3,415	-	3,415
Deferred tax related to net surplus on revaluation	(820)	-	(820)
	2,595	-	2,595
At 31 December 2015	40,305	2,736	43,041
At 1 January 2016	40,305	2,736	43,041
Other comprehensive income:			
Deficit on revaluation of leasehold land	(496)	-	(496)
At 31 December 2016	39,809	2,736	42,545

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

(a) Asset revaluation reserve

This reserve represents increases in the fair value of buildings, plant and machinery, leasehold and freehold land and plantation development expenditure, net of deferred taxation.

(b) Foreign currency translation reserve

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

(c) Fair value adjustment reserve

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

(d) Premium paid on acquisition of non-controlling interest

This relates to the premium paid on acquisition of non-controlling interest in a subsidiary without a change in control.

(e) 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.

28. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2016 and 31 December 2015 under the single tier system.

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

29. Employee benefits

(a) Retirement benefit obligations

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

The following tables summarise the components of retirement benefit expense recognised in the statements of financial position and statements of profit or loss and other comprehensive income.

All of the Group's and the Company's charge for the financial year has been included in administrative expenses.

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Present value of unfunded defined benefit obligations	**4,070**	3,709	**447**	406

The amounts recognised in the statements of profit or loss and other comprehensive income are determined as follows:-

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current service cost	**176**	170	**21**	20
Past service cost	-	-	-	-
Interest cost on defined benefit obligations	**185**	214	**20**	18
Amortisation of unrecognised loss	**-**	-	**-**	-
Net benefit expense, included in employee benefits expense (Note 7)	**361**	384	**41**	38

Changes in present value of defined benefit obligations are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	**3,709**	3,378	**406**	368
Amount recognised in statements of profit or loss and other comprehensive income (Note 7)	**361**	384	**41**	38
	4,070	3,762	**447**	406
Contribution paid	**-**	(53)	**-**	-
At 31 December	**4,070**	3,709	**447**	406

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

29. Employee benefits (cont'd.)

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

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Analysed as:				
Non current:				
Later than 1 year	**4,070**	3,709	**447**	406

The principal assumptions used in determining the retirement benefit obligations are shown below:

	Group 2016	Group 2015	Company 2016	Company 2015
Discount rate	**5.00%**	5.00%	**5.00%**	5.00%
Future salary increase	**6.00%**	6.00%	**6.00%**	6.00%

The Retirement Benefit Scheme obligations were determined by a professional actuary on 3 March 2014. As at that date, the Group's and the Company's provisions for retirement benefits were sufficient to meet the actuarially determined value of vested benefits.

Amounts for the current and previous four periods for the Group and Company are as follows:

Group

	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000
Present value of unfunded defined benefit obligations	**4,070**	3,709	3,378	3,046	1,308

Company

	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000
Present value of unfunded defined benefit obligations	**447**	406	368	332	128

Sensitivity analysis

A quantitative sensitivity analysis for significant assumptions as at 31 December 2016 are as shown below:

	Group Defined benefit obligations Increase RM'000	Group Defined benefit obligations Decrease RM'000
Discount rate (1% movement)	497	(497)
Future mortality (1% movement)	463	(463)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on net defined benefit obligations as a result of reasonable changes in key assumptions occuring at the end of the reporting date.

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

30. Deferred tax

Group

	As at 1 January 2015 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	As at 31 December 2015 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	As at 31 December 2016 RM'000
Deferred tax liabilities:							
Property, plant and equipment, biological assets and investment property	112,509	(2,860)	48,093	157,742	(8,395)	(7,844)	**141,503**
Deferred tax assets:							
Provision for liabilities	(12,747)	(8,170)	-	(20,917)	8,456	-	**(12,461)**
	(12,747)	(8,170)	-	(20,917)	8,456	-	**(12,461)**

Company

	As at 1 January 2015 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	As at 31 December 2015 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	As at 31 December 2016 RM'000
Deferred tax liabilities:							
Property, plant and equipment, biological assets and investment property	10,261	(96)	820	10,985	31	-	**11,016**
Deferred tax assets:							
Other payables	(45)	(134)	-	(179)	(10)	-	**(189)**
	(45)	(134)	-	(179)	(10)	-	**(189)**

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

	Group 2016 RM'000	Group 2015 RM'000
Unused tax losses	**44,491**	63,150
Unabsorbed capital allowances	**23,549**	5,094
	68,040	68,244

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

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

31. Related party disclosures

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

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Profit distribution from Terengganu Oil Palm Development - Sublessees Scheme	**(12,322)**	(1,423)	**(2,553)**	(259)
Dividend income from subsidiaries	**-**	-	**(105,000)**	(23,554)
Management fees from subsidiaries	-	-	**(12,819)**	(16,771)

(b) Compensation of key management personnel

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

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Short term benefits	**5,805**	5,976	**1,418**	1,707
Post-employment benefits:				
- Defined contribution plan	**382**	494	**71**	176
- Defined benefit plan	**6**	4	**1**	1
	6,193	6,474	**1,490**	1,884

Included in the total compensation of key management personnel are:

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Executive and non-executive directors' remuneration excluding benefits-in-kind (Note 8)	**2,657**	2,478	**787**	631

32. Commitments

(a) Capital commitments

Capital commitments as at the reporting date are as follows:

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	**25,230**	52,564	**9,015**	22,812
Approved but not contracted for:				
Property, plant and equipment	**82,056**	87,244	**1,001**	3,276

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

32. Commitments (cont'd.)

(b) Hire purchase and finance lease commitments

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

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Minimum hire purchase and lease payments:				
Not later than 1 year	**3,097**	2,937	**5**	-
Later than 1 year and not later than 2 years	**3,123**	3,590	**30**	-
Later than 2 years and not later than 5 years	**2,599**	3,220	**113**	-
	8,819	9,747	**148**	-
Less: Future finance charges	**(649)**	(2,100)	**(5)**	-
Present value of hire purchase and finance lease payables	**8,170**	7,647	**143**	-
Analysis of present value of hire purchase and lease payables:				
Not later than 1 year	**2,783**	2,358	**30**	-
Later than 1 year and not later than 2 years	**3,555**	2,360	**-**	-
Later than 2 years and not later than 5 years	**1,832**	2,929	**113**	-
	8,170	7,647	**143**	-
Less: Due within 12 months (Note 24)	**(2,783)**	(2,358)	**(30)**	-
Due after 12 months (Note 24)	**5,387**	5,289	**113**	-

The Group has hire purchase and finance leases for certain items of machinery, equipment and vehicles (Note 24). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

The hire purchase and lease liabilities bore an average interest rate at the reporting date of 3% (2015: 3%) per annum.

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

33. Fair value of assets and liabilities

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

	Group			
	2016		2015	
	RM'000 Carrying amount	RM'000 Fair value	RM'000 Carrying amount	RM'000 Fair value
Financial liabilities:				
Loans and borrowings (non-current)				
- Bank loans:				
- Business Financing-i at COF +1.25% per annum	**66,585**	**64,113**	-	-
- Business Financing-i at BFR -2% per annum	**3,879**	**4,120**	4,250	8,258
- Business Financing-i at 1.5% per annum above 3 months COF	**1,262**	**1,655**	-	-
- RM loans at Effective Cost of Fund +1% per annum	**362,997**	**348,115**	382,819	300,174
IDR Notes	**350,700**	**330,558**	326,551	321,232

The fair values of non current portion of loans and borrowings and IDR Notes are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

	Company			
	2016		2015	
	RM'000 Carrying amount	RM'000 Fair value	RM'000 Carrying amount	RM'000 Fair value
Financial liabilities:				
Loans and borrowings (non-current)				
- Bank loans:				
- RM loans at Effective Cost of Fund +1% per annum	**292,284**	**273,192**	296,075	224,718

(b) Determination of fair value

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

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

	Note
Trade and other receivables (current)	22
Loans and borrowings (current)	24
Trade and other payables (current)	25

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

33. Fair value of assets and liabilities (cont'd.)

(b) Determination of fair value (cont'd.)

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

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

Quoted equity instruments

The fair values of quoted equity instruments are determined directly by reference to their published market bid price at the reporting date.

(c) Fair value hierarchy

The following table analyses financial assets and liabilities carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable input).

Group

	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2016					
Non-financial assets					
Property, plant and equipment	12	-	-	848,106	848,106
Biological assets	13	-	-	584,371	584,371
Investment property	15	-	-	11,000	11,000
Investments in securities	19	53	-	-	53
31 December 2015					
Non-financial assets					
Property, plant and equipment	12	-	-	887,188	887,188
Biological assets	13	-	-	559,328	559,328
Investment property	15	-	-	11,000	11,000
Investments in securities	19	57	-	-	57

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

33. Fair value of assets and liabilities (cont'd.)

(c) Fair value hierarchy (cont'd.)

Company

	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2016					
Non-financial assets					
Property, plant and equipment	12	-	-	36,106	36,106
Investment property	15	-	-	11,000	11,000
31 December 2015					
Non-financial assets					
Property, plant and equipment	12	-	-	37,054	37,054
Investment property	15	-	-	11,000	11,000

The fair values of freehold land, leasehold land, buildings and biological assets were determined using the market comparison method whereas for plant and machinery, the fair values of the assets were determined using the depreciated replacement cost method. This means that valuations performed by the valuers are based on active market prices and determined cost, significantly adjusted for differences in the nature, location or condition of the specific assets. As at the date of revaluation on 31 December 2016, the assets' fair values are based on valuations performed by Raine & Horne, an independent professional valuer who has valuation experience for similar assets of the Group since previous years. The details of valuation disclosures for revalued freehold land, leasehold land, buildings as well as plant and machinery and biological assets are provided in Note 12 and Note 13 respectively.

Significant unobservable valuation input:	Range
Leasehold land	RM65 to RM1,200 per sq feet
Freehold land	RM270 to RM900 per sq feet
Biological assets	RM3,000 to RM40,000 per acre
Plant and machinery	RM1,350,000 to RM36,300,000
Investment property	RM250,000 per hectare

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value.

34. Financial risk management objectives and policies

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

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

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

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

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

(a) Credit risk

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

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

Credit risk concentration profile

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

	Group			
	2016		2015	
	RM'000	% of total	RM'000	% of total
By industry sectors:				
Plantation	**27,640**	**48%**	28,373	55%
Healthcare	**30,304**	**52%**	23,598	45%
	57,944	**100%**	51,971	100%

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 22. Deposits with banks and other financial institutions and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 22.

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

(b) Liquidity risk

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

Analysis of financial instruments by remaining contractual maturities

At the reporting date, approximately 0.3% (2015: 0.4%) of the Group's loans and borrowings (Note 24) will mature in less than one year based on the carrying amount reflected in the financial statements.

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

	2016			
	On demand or within one year RM'000	**Two to five years RM'000**	**Five years and more RM'000**	**Total RM'000**
Group				
Financial liabilities:				
Trade and other payables	**178,639**	**-**	**92,712**	**271,351**
Loans and borrowings	**33,753**	**38,830**	**752,315**	**824,898**
Total undiscounted financial liabilities	**212,392**	**38,830**	**845,027**	**1,096,249**

	2015			
	On demand or within one year RM'000	**Two to five years RM'000**	**Five years and more RM'000**	**Total RM'000**
Group				
Financial liabilities:				
Trade and other payables	188,814	-	70,856	259,670
Loans and borrowings	19,314	35,122	683,787	738,223
Total undiscounted financial liabilities	208,128	35,122	754,643	997,893

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

	2016			
	On demand or within one year RM'000	**Two to five years RM'000**	**Five years and more RM'000**	**Total RM'000**
Company				
Financial liabilities:				
Trade and other payables	**252,943**	**-**	**-**	**252,943**
Loans and borrowings	**23,521**	**20,975**	**250,650**	**295,146**
Total undiscounted financial liabilities	**276,464**	**20,975**	**250,650**	**548,089**

	2015			
	On demand or within one year RM'000	**Two to five years RM'000**	**Five years and more RM'000**	**Total RM'000**
Company				
Financial liabilities:				
Trade and other payables	233,108	-	-	233,108
Loans and borrowings	6,853	-	296,075	302,928
Total undiscounted financial liabilities	239,961	-	296,075	536,036

(c) Interest rate risk

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

Sensitivity analysis for interest rate risk

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

At the end of the reporting year, if Ringgit Malaysia ("RM") interest rates had been 325 (2015: - 100) basis points higher with all other variables held constant, the Group's profit before tax would have been RM696,000 (2015: RM86,000) lower/higher, arising mainly as a result of lower interest expense on floating rate loans and borrowings of the Group's. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

(d) Foreign currency risk

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

The Group's business is predominantly located in Malaysia and Indonesia. The foreign currencies in other investments and borrowings are predominantly denominated in United States Dollars ("USD") and Indonesian Rupiah ("IDR") respectively, which give rise to conversion exposure as the presentation currency is Ringgit Malaysia ("RM"). The foreign currency exposures are not hedged.

The unhedged financial assets and financial liabilities of the Group that are not denominated in Ringgit Malaysia are as follows:

	Other investment RM'000	Borrowing RM'000	Total RM'000
USD			
At 31 December 2016	**322,985**	**-**	**322,985**
IDR			
At 31 December 2016	**-**	**(350,700)**	**(350,700)**
USD			
At 31 December 2015	334,284	-	334,284
IDR			
At 31 December 2015	-	(326,551)	(326,551)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, IDR and RM exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group 2016 Profit before tax Increase/ (decrease) RM'000	2015 Increase/ (decrease) RM'000
USD/MYR	- strengthened 5%(2015: 23%)	**(1,586)**	(11,314)
	- weakened 5% (2015: 23%)	**1,586**	11,314
IDR/MYR	- strengthened -7% (2015: -10%)	**(779)**	(1,529)
	- weakened -7% (2015: -10%)	**779**	1,529

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to securities price risk from its investment in quoted securities classified as available for sale investments. The securities are listed on the Bursa Malaysia Securities Berhad.

The Group's objective is to manage investment return and the price risk by investing in investment grade shares with steady dividend yield.

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

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

(f) Commodity price risk

Volatility in the commodity market exposes the Group to the risk of palm products price fluctuations. To manage and mitigate the risk, the Group monitors the Malaysian Derivative Exchange ("MDEX") crude palm oil prices daily as a basis for our spot contract sales price, whereas Long term contract sales prices are based on Malaysian Palm Oil Board ("MPOB") Monthly Peninsular Malaysia Average Price.

If average price for crude palm oil were to change by 23% (2015: 10%) with all other variables being held constant, the effect on profit before tax would have been:

	Group	
	2016	**2015**
	RM'000	**RM'000**
Effect to profit before tax if crude palm oil price		
- increased by 23% (2015: 10%)	**8,072**	4,962
- decreased by 23% (2015: 10%)	**(8,072)**	(4,962)

35. Capital management

The primary objective of the Group's and the Company's capital management is to ensure that they maintain strong credit ratings and healthy capital ratios in order to support their businesses and maximise shareholders value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2016 and 31 December 2015.

The Group and the Company monitor capital using gearing ratio.

The gearing ratio is the net debt divided by total capital plus net debt. The policy of the Group and the Company is to keep the gearing ratio at a reasonable level. The Group and the Company include within their net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent less the fair value adjustment reserve.

		Group		Company	
	Note	**2016 RM'000**	**2015 RM'000 Restated**	**2016 RM'000**	**2015 RM'000 Restated**
Loans and borrowings	24	**824,274**	738,223	**295,141**	302,928
Trade and other payables	25	**271,351**	259,670	**252,943**	233,108
Less: - Cash and bank balances	23	**(122,168)**	(126,461)	**(35,490)**	(41,315)
Net debt		**973,457**	871,432	**512,594**	494,721
Equity attributable to the owners of the parent		**1,318,971**	1,332,470	**679,319**	542,927
Add : - Fair value adjustment reserve	27	**43**	39	**-**	-
Total capital		**1,319,014**	1,332,509	**679,319**	542,927
Capital and net debt		**2,292,471**	2,203,941	**1,191,913**	1,037,648
Gearing ratio		**42%**	40%	**43%**	48%

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

36. Segment information

Business segments

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

(i) Plantation - which involves activities such as cultivation of oil palms, sale of fresh fruit bunches and management of plantation operation services.

(ii) Healthcare - which involves activities such as provision of healthcare consultancy and specialist medical centre services.

(iii) Others - which involves dormant companies.

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's three business segments operate in two geographical areas:

(i) Malaysia - the operations in this area are principally investment holding, cultivation of oil palms, trading of palm oil and other related products and provision of healthcare services. Other operations include provision of management services.

(ii) Indonesia - the operations in this area are principally cultivation of oil palms, trading of palm oil and other related products.

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

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

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

Statements of financial position (cont'd.)
As at 31 December 2016

36. Segment information (cont'd.)

Business segments (cont'd.)

	Plantation		Healthcare		Others			As reported in consolidated financial statements	
	2016 RM'000	2015 RM'000 Restated	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	Note	2016 RM'000	2015 RM'000 Restated
Revenue:									
Total revenue	**396,827**	288,098	**192,013**	177,402	**-**	-		**588,840**	465,500
Inter-segment	**(150,934)**	(72,474)	**(9,361)**	(12,196)	**-**	-	A	**(160,295)**	(84,670)
External revenue	**245,893**	215,624	**182,652**	165,206	**-**	-		**428,545**	380,830
Results:									
Interest income	**37,004**	36,098	**155**	319	**46**	25		**37,205**	36,442
Dividend income	**235**	235	**-**	-	**-**	-		**235**	235
Depreciation	**30,346**	27,233	**13,139**	12,392	**-**	-		**43,485**	39,625
Other non-cash expenses	**51,787**	20,649	**5,525**	3,025	**-**	-	B	**57,312**	23,674
Total segment profit									
Unrealised gain on the foreign exchange of investment in fixed income securities	**24,150**	31,952	**-**	-	**-**	-		**24,150**	31,952
Other segment profit	**3,550**	7,078	**7,360**	10,572	**36**	13		**10,946**	17,663
Total segment profit	**27,700**	39,030	**7,360**	10,572	**36**	13		**35,096**	49,615

Statements of financial position (cont'd.)
As at 31 December 2016

36. Segment information (cont'd.)

Business segments (cont'd.)

	Plantation		Healthcare		Others			As reported in consolidated financial statements	
	2016 RM'000	2015 RM'000 Restated	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	Note	2016 RM'000	2015 RM'000 Restated
Assets:									
Additions to non-current assets	**119,839**	200,237	**7,883**	15,395	**-**	-	C	**127,722**	215,632
Segment assets	**2,292,260**	2,210,165	**265,002**	283,379	**2,547**	2,510		**2,559,809**	2,496,054
Segment liabilities	**1,120,590**	1,007,669	**123,991**	156,609	**1,462**	1,451		**1,246,043**	1,165,729

Geographical segments

	Total revenue		Segment assets		Capital expenditure	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000 Restated	2016 RM'000	2015 RM'000 Restated
Malaysia	**427,613**	379,063	**2,028,081**	2,131,697	**86,395**	86,330
Indonesia	**932**	1,767	**531,728**	364,357	**41,327**	129,302
	428,545	380,830	**2,559,809**	2,496,054	**127,722**	215,632

	2016 RM'000	2015 RM'000 Restated
Capital expenditure consists of additions during the year for:		
Property, plant and equipment (Note 12)	**86,395**	148,660
Biological assets (Note 13)	**41,327**	66,972
	127,722	215,632

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

36. Segment information (cont'd.)

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

A Inter-segment revenues are eliminated on consolidation.

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

	Note	2016 RM'000	2015 RM'000 Restated
Inventories written off	6	**10**	1
Impairment of property, plant and equipment	6	**41,702**	-
Impairment of biological assets	6	**5,535**	19,617
Impairment of goodwill	6	**2,956**	-
Impairment loss on trade receivables	6	**3,033**	2,998
Amortisation of intangible asset	6	**945**	945
Property, plant and equipment written off	6	**3,131**	69
Biological assets written off	6	**-**	44
		57,312	23,674

C Additions to non-current assets consist of:

	Note	2016 RM'000	2015 RM'000 Restated
Property, plant and equipment	12	**86,395**	148,660
Biological assets	13	**41,327**	66,972
		127,722	215,632

37. Prior year adjustments

As disclosed in Note 13, the Group has biological assets which are stated at revalued amounts based on latest valuation reports. During the current financial year, the management assessed that the fair value of the biological assets of PT Rafi Kamajaya Abadi, a subsidiary in Indonesia in prior years was not recognised based on latest valuation reports resulting in the biological assets of the subsidiary being overstated. The management also reassessed the biological assets carried at cost amounting RM23,368,000 and concluded that this amount represents an intangible asset to be amortised over the useful life of the asset. Accordingly, retrospective adjustments have been made to the financial statements as shown below:-

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

37. Prior year adjustments (cont'd.)

	As at 1 January 2015 As previously stated RM'000	Adjustments RM'000	As at 1 January 2015 As restated RM'000
Statements of financial position			
Group			
Intangible asset	-	9,353	9,353
Biological assets	638,877	(76,835)	562,042
Non-controlling interests	4,357	3,325	1,032
Retained earnings	451,468	64,157	387,311
Company			
Intangible asset	-	9,353	9,353
Retained earnings	129,071	14,285	114,786

	As at 31 December 2015 As previously stated RM'000	Adjustments RM'000	As at 31 December 2015 As restated RM'000
Group			
Intangible asset	-	8,408	8,408
Biological assets	654,953	(95,625)	559,328
Non-controlling interests	2,354	4,499	(2,145)
Retained earnings	500,172	82,718	417,454
Company			
Intangible asset	-	8,408	8,408
Retained earnings	185,720	15,230	170,490

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

37. Prior year adjustments (cont'd.)

Statements of profit or loss and other comprehensive income

	As at 31 December 2015 As previously stated RM'000	Adjustments RM'000	As at 31 December 2015 As restated RM'000
Group			
Administrative expenses	(109,771)	19,735	(129,506)
Company			
Administrative expenses	(22,179)	945	(23,124)

38. Events occuring after the reporting date

(a) Proposed bonus issue

On 27 February 2017, the Board of Directors of the Company has approved a proposal to implement a Proposed Bonus issue of up to 150,546,238 new Bonus Shares on the basis of one (1) Bonus Share for every ten (10) existing TDM Shares held at a date to be determined and announced later.

(b) Execution of a Heads of Agreement ("HOA") between TDM Berhad and Terengganu Incorporated Sdn. Bhd. ("TI")

On 27 February 2017, TDM Berhad announced that it had entered into a HOA with TI to acquire TI's entire equity interest of 42.64% in Ladang Rakyat Trengganu Sdn. Bhd.. The proposed acquisition will increase TDM Berhad's current shareholdings in Ladang Rakyat Trengganu Sdn. Bhd. from 19.12% to 61.76%.

The purchase consideration for the proposed acquisition will be determined upon the completion of a valuation of the plantation land of Ladang Rakyat Trengganu Sdn. Bhd. and TDM Berhad's satisfaction of its due diligence findings prior to the execution of a definitive shares sale agreement ("SSA"). The SSA is expected to be signed within 6 months from the date of the HOA or any other date to be agreed by the parties.

The acquisition of additional equity in Ladang Rakyat Trengganu Sdn. Bhd. is one of the moves adopted by the Group in line with its overall strategy of expanding plantation area in Malaysia.

39. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 16 April 2017.

Notes to the financial statements (cont'd.)
For the financial year ended 31 December 2016

40. Supplementary information - breakdown of retained profits into realised and unrealised

The breakdown of the retained profits of the Group and of the Company as at 31 December 2016 and 31 December 2015 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2016 RM'000	**2015 RM'000 Restated**	**2016 RM'000**	**2015 RM'000 Restated**
Total retained profits				
- Realised	**327,518**	448,544	**291,116**	167,861
- Unrealised	**49,653**	73,820	**1,744**	2,629
	377,171	522,364	**292,860**	170,490
Less: Consolidation adjustments	**42,631**	(104,910)	**-**	-
Retained profits as per financial statements	**419,802**	417,454	**292,860**	170,490

Statistics on Shareholdings as at 5 April 2017

Analysis of Shareholdings

Issued and Paid-up Capital RM301,092,476 comprising 1,505,462,380 Ordinary Shares.

Voting Rights One (1) vote per ordinary share

A. Distribution of Shareholdings

Breakdown of Shareholdings	No. of Shareholders	Percentage %	No. of Shares	Percentage %
1 - 99	38	0.426	1,240	0.000
100 – 1,000	353	3.964	253,053	0.016
1,001 – 10,000	3,648	40.965	22,907,551	1.521
10,001 – 100,000	4,310	48.399	129,301,701	8.588
100,001 – 75,273,118*	553	6.209	298,283,105	19.813
75,273,119 and above**	3	0.033	1,054,715,730	70.059
TOTAL	**8,905**	**100.000**	**1,505,462,380**	**100.000**

Remark: *Less than 5% of Issued shares
** 5% and above of issued shares

B. List of Thirty (30) Largest Shareholders

No.	Name	No. of Shares	Percentage %
1.	TERENGGANU INCORPORATED SDN BHD (A/C No:098-001-045464245)	697,087,130	46.303
2.	TERENGGANU INCORPORATED SDN BHD (A/C No:087-055-045755196)	223,565,100	14.850
3.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	134,063,500	8.905
4.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EXEMPT AN FOR AIA BHD*	36,480,100	2.423
5.	LEMBAGA TABUNG AMANAH WARISAN NEGERI TERENGGANU	21,347,370	1.417
6.	AMANAHRAYA TRUSTEES BERHAD *PUBLIC STRATEGIC SMALLCAP FUND*	12,320,600	0.818
7.	CITIGROUP NOMINEES (ASING) SDN BHD *CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND*	12,146,900	0.806
8.	CITIGROUP NOMINEES (ASING) SDN BHD *CBNY FOR EMERGING MARKETS CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC*	9,201,300	0.611
9.	AMANAHRAYA TRUSTEES BERHAD *PUBLIC ISLAMIC SELECT TREASURES FUND*	6,816,800	0.452
10.	CIMB COMMERCE TRUSTEE BERHAD *PUBLIC FOCUS SELECT FUND*	6,607,900	0.438
11.	AMANAHRAYA TRUSTEES BERHAD *PUBLIC ISLAMIC TREASURES GROWTH FUND*	5,756,000	0.382
12.	CITIGROUP NOMINEES (ASING) SDN BHD *CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES*	5,653,000	0.375

Statistics on Shareholdings

No.	Name	No. of Shares	Percentage %
13.	NEOH CHOO EE & COMPANY, SDN. BERHAD	5,635,400	0.374
14.	ENG BAK CHIM	4,210,000	0.279
15.	UOB KAY HIAN NOMINEES (ASING) SDN BHD *EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)*	3,387,560	0.225
16.	AMANAHRAYA TRUSTEES BERHAD *PUBLIC ISLAMIC OPPORTUNITIES FUND*	3,270,000	0.217
17.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (CIMB EQUITIES)*	3,118,000	0.207
18.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD (PHEIM)*	3,094,000	0.205
19.	KUMPULAN PENGURUSAN KAYU KAYAN TRENGGANU SDN BHD	2,854,560	0.189
20.	MEGATEGAS SDN BHD	2,651,100	0.176
21.	CITIGROUP NOMINEES (ASING) SDN BHD *EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C – NR)*	2,325,200	0.154
22.	TAI TSU KUANG @ TYE TSU HONG	2,200,000	0.146
23.	CHUNG CHIN-FU	2,142,600	0.142
24.	SOON LIAN HUAT HODINGS SDN. BERHAD	2,030,000	0.134
25.	WONG SHEW YONG	2,018,900	0.134
26.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	1,862,200	0.123
27.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN BOON HUAT	1,862,100	0.123
28.	YEONG CHERNG SDN BHD	1,800,000	0.119
29.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR UNITED ASEAN DISCOVERY FUND	1,626,200	0.108
30.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	1,578,800	0.104

Statistics on Shareholdings

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

No	Name	Direct Interest		Deemed Interest	
		No of Shares	Percentage %	No of Shares	Percentage %
1.	Terengganu Incorporated Sdn Bhd (A/C No:098-001-045464245) (A/C No:087-055-045755196)	920,652,230	61.154	-	-
2.	Kumpulan Wang Persaraan (DiPerbadankan)	134,063,500	8.905	3,118,000	0.207

D. List of Directors' Shareholdings

No	Name	Direct Interest		Deemed Interest	
		No of Shares	Percentage %	No of Shares	Percentage %
1.	Dato' Haji Mohamat Muda	-	-	-	-
2.	Dato' Haji Mohd Ali Abas	-	-	-	-
3.	Haji Md. Kamaru Al-Amin Ismail	101,900	0.006	-	-
4.	Haji Samiun Salleh	-	-	-	-
5.	Major General Dato' Dr. Mohamad Termidzi Junaidi (R)	-	-	-	-
6.	Haji Mohd Nasir Ali	-	-	-	-
7.	Tan Sri Dato' Haji Wan Abu Bakar Haji Wan Omar (R)	-	-	-	-
8.	Datuk Dr Ahmad Shukri Md Salleh @ Embat	-	-	-	-

Group Plantation Hectarage Statement

		Total Hectarage Managed By Group's	Group's Owned Plantation	Other
		(Hectares)	(Hectares)	(Hectares)
OIL PALM				
Mature Hectarage		35,560	29,125	6,435
Immature Hectarage		8,891	7,480	1,411
Total Planted		44,451	36,606	7,846
Hectarage by Company/Division				
Sublease	Mature	7,591	5,010	2,581
	Immature	2,314	1,527	787
TDM Capital Sdn Bhd	Mature	1,283	1,283	-
	Immature	426	426	-
Kumpulan Ladang-Ladang	Mature	15,957	15,957	-
Trengganu Sdn Bhd	Immature	2,143	2,143	-
Ladang Tabung Warisan	Mature	1,336	-	1,336
	Immature		-	-
Ladang Majlis Agama	Mature	500	-	500
Islam Terengganu	Immature	256	-	256
PT Rafi Kamajaya Abadi	Mature	8,893	6,875	2,018
	Immature	3,752	3,384	368
Total Planted		44,451	36,606	7,846

5-Year Group Plantation Statistics

		UNIT	2016	2015	2014	2013	2012
PLANTED AREA							
Oil Palm Area							
Malaysia Operation							
Immature	(0 - 3 Year)	hectare	**5,921**	5,172	4,275	3,277	1,863
Young	(4 - 10 Year)	hectare	**825**	2,146	3,691	3,548	3,487
Prime-Young	(11 - 15 Year)	hectare	**3,149**	4,144	4,299	6,783	9,833
Prime-Old	(16 - 20 Year)	hectare	**11,593**	11,523	10,477	12,161	10,841
Old	(21 - 25 Year)	hectare	**9,832**	9,012	9,365	5,990	6,119
Very Old	(25 Year Above)	hectare	**487**	0	0	700	294
			31,807	31,997	32,108	32,459	32,437
Indonesia Operation							
Immature	(0 - 3 Year)	hectare	**3,752**	7,604	11,896	11,093	8,081
Young	(4 - 10 Year)	hectare	**8,893**	5,595	1,385	453	
			12,645	13,199	13,281	11,546	8,081
Total Planted Area			**44,451**	45,197	45,389	44,005	40,518
Oil Palm							
MALAYSIA							
FFB Production		tonne	**401,020**	464,597	465,055	487,089	558,583
Yield per mature hectare		mt FFB/ha	**15.04**	17.32	16.71	16.69	18.27
INDONESIA							
FFB Production		tonne	**2,598**	5,175	3,359	1,386	nil
Yield per mature hectare		mt FFB/ha	**0.29***	0.92	2.43	3.06	nil
Mills FFB Processed							
- own		tonne	**397,457**	449,023	458,657	471,932	506,838
- outside		tonne	**206**	12,385	1,731	7,672	34,521
FFB Purchased by Mills		tonne	**796**	8,352	26,140	19,697	13,208
Total			**398,459**	**469,761**	**486,528**	**499,301**	**554,567**
FFB Sold		tonne	**6,029**	8,357	4,734	9,050	17,407
Average selling prices:							
- Crude Palm Oil		RM/mt ex-mill	**2,696**	2,184	2,432	2,360	2,946
- Palm Kernel		RM/mt ex-mill	**2,258**	1,578	1,749	1,288	1,677
- Fresh Fruit Bunch		RM/mt	**363**	424	476	441	578
Production							
- Crude Palm Oil		tonne	**78,494**	90,552	92,729	98,291	112,905
- Palm Kernel		tonne	**20,262**	23,388	23,797	25,642	29,714
Extraction Rate							
- Crude Palm Oil		%	**19.57**	19.49	19.93	20.17	20.26
- Palm Kernel		%	**5.05**	5.05	5.19	5.25	5.34
Palm Product Per Mature Hectare		tonne	**3.70**	4.25	4.19	4.25	4.66

*Indonesia production was affected by the temporary stop-work order between 16 August 2016 until 9 November 2016.

5-Year Group Healthcare Statistics

Healthcare Group	2016	2015	2014	2013	2012
No. Beds	297	297	284	284	284
Key Drivers of Growth: -	-	-	-	-	-
Occupancy Rate	60%	59%	64%	59%	58%
Consultants - Resident	45	44	38	43	41
Doctor: Patient - Ratio	4,129	4,098	4,479	3,622	4,007
No. of inpatient	21,706	20,985	17,100	14,508	14,589
No. of Outpatient	164,093	159,328	153,101	141,239	149,688
Average Length of Stay	2.8	2.92	3.0	2.99	2.97

List of Properties

List of Assets	Estate	Division	Tenure		Area (Ha)	Description	Net Book Value (RM)
			First Expiry Date	Second Expiry Date			
Mukim Tebak	**Kemaman**					Oil Palm plantation	184,100,000
HS (D) 1779 PT 1666	Part Jernih/Tebak Estate		Leasehold 2052 Sublease 2052		3,681.10		
GRN 18274 Lot 2514	Part Jernih/Tebak Estate		Leasehold 2078 Sublease 2018		218.42		
HS (D) 2872 PT 402 B	Part Jernih/Tebak Estate		Leasehold 2078 Sublease 2018		198.19		
GRN 12509 Lot 821	Pelantoh Estate	North & South	Leasehold 2078		35.45		
GRN 12499 Lot 823	-	-	Freehold Land		0.232		
GRN 12510 Lot 2444	Pelantoh Estate	North & South	Leasehold 2078		82.28		
GRN 12511 Lot 2550	Pelantoh Estate	North & South	Leasehold 2078		24.96		
GRN 12512 Lot 2443	Pelantoh Estate	North & South	Leasehold 2078		73.49		
GRN 12618 Lot 822	Pelantoh Estate	North & South	Leasehold 2078		68.71		
GRN 12497 Lot 833	Pelantoh Estate	North & South	Leasehold 2078		88.58		
PN 3380 lot 2523	Pelantoh Estate	South	Leasehold 2075		11.44		
HS (D) 011 PT 28*	Pelantoh Estate		Leasehold 2013 Sublease 2012	Leasehold 2059	3,439.95		
HS (D) 012 PT 29*	Pelantoh Estate		Leasehold 2014 Sublease 2013	Leasehold 2060	3,439.95		
Q.T.(R) Kemaman 13	Tebak Estate		Leasehold 2014	Leasehold 2060	195.86		

List of Properties

List of Assets	Estate	Division	Tenure		Area (Ha)	Description	Net Book Value (RM)
			First Expiry Date	Second Expiry Date			
HS (D) 001 L/NF 198/65*	Air Putih Estate		Leasehold 2012 Sublease 2011	Leasehold 2058	129.50		
HS (D) 002 L/NF 198/65*	Air Putih Estate		Leasehold 2012 Sublease 2011	Leasehold 2058	414.40		
HS (D) 003 L/NF 198/65*	Air Putih Estate		Leasehold 2012 Sublease 2011	Leasehold 2058	976.38		
HS (D) 004 L/NF 198/65*	Air Putih Estate		Leasehold 2012 Sublease 2011	Leasehold 2058	1,916.59		
Mukim Belara	**Sungai Tong**					Oil Palm plantation	110,800,000
GRN 12885 Lot 7250	Jaya Estate	Bari	Leasehold 2072		1,413.09		
GRN 6001 Lot 6558	Jaya Estate	Jaya	Leasehold 2072		1,661.42		
GRN 6247 Lot 6743	Jaya Estate	Jaya	Leasehold 2072		84.91		
Mukim Belara	**Sungai Tong**					Oil Palm plantation	121,200,000
HS (D) 1017 PT 804 K	Fikri Estate	Sentosa	Leasehold 2072		103.60		
GRN 9309 Lot 8264	Fikri Estate	Sentosa	Leasehold 2072		58.44		
GRN 10657 Lot 6641	Fikri Estate	Sentosa	Leasehold 2072		1.54		
GRN 17446 LOT 7682 (replacing HS(D) 1983 PT 381 K)	Fikri Estate	Sentosa	Leasehold 2072		20.40		
GRN 8238 Lot 8187	Fikri Estate	Sentosa	Leasehold 2072		168.40		
GRN 15359 LOT 8168 (replacing HS(D) 813 PT 882 K)	Fikri Estate	Sentosa	Leasehold 2072		7.67		

List of Properties

List of Assets	Estate	Division	Tenure		Area (Ha)	Description	Net Book Value (RM)
			First Expiry Date	Second Expiry Date			
HS(D) 814 PT 883 K	Fikri Estate	Sentosa	Leasehold 2072		895.81		
HS(D) 561 PT 642 K	Fikri Estate	Sentosa	Leasehold 2072		635.87		
GRN 6005 Lot 7254	Fikri Estate	Fikri	Leasehold 2075		82.28		
GRN 6521 Lot 7663	Fikri Estate	Fikri	Leasehold 2072		58.77		
GRN 13085 Lot 8169	Fikri Estate	Fikri	Leasehold 2072		143.34		
GRN 6003 Lot 7251	Fikri Estate	Fikri	Leasehold 2072		536.09		
GRN 6004 Lot 7253	Fikri Estate	Fikri	Leasehold 2072		224.28		
GRN 6491 Lot 7662	Fikri Estate	Fikri	Leasehold 2087		128.68		
PN 8088 Lot 15966	Fikri Estate	Fikri	Leasehold 2104		24.96		
PN 8089 Lot 15965	Fikri Estate	Fikri	Leasehold 2104		13.85		
HS(M) 1007 PT 884 K (loji)	Fikri Estate	Fikri	Leasehold 2072		0.20		
PN 3074 Lot 9390	Fikri Estate	Pakoh Jaya	Leasehold 2098		472.00		
PN 7567 Lot 12033	Fikri Estate	Pakoh Jaya	Leasehold 2098		79.84		
PN 6199 LOT 10939 (replacing HS(D) 6416 PT 4152 K)	Fikri Estate	Pakoh Jaya	Leasehold 2098		15.16		
PN 6200 LOT 11404 (replacing HS(D) 6417 PT 4153 K)	Fikri Estate	Pakoh Jaya	Leasehold 2098		17.90		
PN 6201 LOT 11405 (replacing HS(D) 6418 PT 4154 K)	Fikri Estate	Pakoh Jaya	Leasehold 2098		2.74		

List of Properties

List of Assets	Estate	Division	Tenure		Area (Ha)	Description	Net Book Value (RM)
			First Expiry Date	Second Expiry Date			
Mukim Hulu Nerus	**Sungai Tong**					Oil Palm plantation	77,500,000
HS(D) 764 LOT 707 K	Tayor Estate		Leasehold 2072		498.02		
GM 1533 Lot 0054	Tayor Estate		Leasehold 2072		1.81		
GM 3158 LOT 1141 (replacing HS(D) 770 Lot 789 K)	Tayor Estate		Leasehold 2072		3.26		
GM 3157 LOT 1140 (replacing HS(D) 769 Lot 788 K)	Tayor Estate		Leasehold 2072		3.04		
GM 617 Lot 0097	Tayor Estate		Leasehold 2072		1.12		
GM 1546 Lot 0094	Tayor Estate		Leasehold 2072		1.73		
GRN 16181 LOT 10237 (replacing Geran 8683 Lot 3039)	Tayor Estate		Leasehold 2072		569.30		
GRN 8684 LOT 3040	Tayor Estate		Leasehold 2072		12.65		
GRN 8685 Lot 3041	Tayor Estate		Leasehold 2072		1,133.65		
Mukim Hulu Nerus	**Sungai Tong**					Oil Palm plantation	66,900,000
HS(D) 1235 PT 7218	Pelung Estate		Leasehold 2102		3,007.00		
HS(D) 1285 PT 12682	Pelung Estate		Leasehold 2065		10.20		
Mukim Besul	**Bukit Besi**					Oil Palm plantation	260,600,000
GN 14644 Lot 3999 (replacing HS(D) 72 PT 140	Gajah Mati Estate/Pinang Emas Estate		Leasehold 2075		5,139.00		

List of Properties

List of Assets	Estate	Division	Tenure		Area (Ha)	Description	Net Book Value (RM)
			First Expiry Date	Second Expiry Date			
HS (D) 73 PT 141	Pinang Emas Estate		Leasehold 2075		624.84		
HS (D) 74 PT 1140	Pinang Emas Estate		Leasehold 2075		738.15		
HS (D) 75 PT 1143	Pinang Emas Estate		Leasehold 2075		621.60		
HS (D) 76 PT 1144	Pinang Emas Estate		Leasehold 2075		284.90		
HS (D) 77 PT 1145	Pinang Emas Estate		Leasehold 2075		336.70		
Mukim Jerangau	**Bukit Besi**					Oil Palm plantation	45,600,000
PN 10735 Lot 4050 (replacing HS(D) 397 PT 3643)	Jerangau Estate	Chakuh 9	Leasehold 2051		406.9		
PN 669 Lot 37	Jerangau Estate	Jerangau	Leasehold 2049		456.89		
PN 669 Lot 204	Jerangau Estate	Jerangau	Leasehold 2049		36.74		
PN 825 Lot 1157	Jerangau Estate	Jerangau	Leasehold 2058		580.52		
Mukim Bandar Kuala Terengganu							
Geran 6763 Lot 3072			Freehold		297.00 sq. m	2 units of 4 storey shophouses (Office)	2,700,000
Geran 6764 Lot 3073 102&102A, Jalan Sultan Ismail Kuala Terengganu							
Mukim Batu Buruk							
GM 569-575 Lot 3046-3052 Bgn Jalan Kamaruddin Jalan Kamaruddin Kuala Terengganu			Leasehold 2090		1,390.00 sq. m	5 units of 4 storey shophouses and 2 parcels of land	5,235,000
PN 10209 Lot 60035 Jalan Sultan Mahmud Kuala Terengganu			Leasehold 2111		48,503.00 sq. m	Hospital Building & Land	182,000,000

List of Properties

List of Assets	Estate	Division	Tenure		Area (Ha)	Description	Net Book Value (RM)
			First Expiry Date	Second Expiry Date			
Mukim Pulau Perhentian							
PN 7652 Lot 470 (replacing HS (D) 2209 PT 320)			Leasehold exp. 2051		438,100.00 sq. m	Undeveloped Resort Land	11,000,000
State of Pahang							
Mukim Kuala Kuantan PN 7723 Lot 54559 District of Kuantan			Leasehold 2096		43,240.00 sq m	Hospital Building & Land	118,800,000
Wilayah Persekutuan							
GRN 47712 Lot 51913 Mukim and District of Kuala Lumpur Taman Desa Medical Centre Lot 45, Jalan Desa Desa Business Park, Taman Des Off Jalan Klang Lama Kuala Lumpur			Freehold		1,486.00 sq m	Hospital Building & Land	31,000,000
State of Selangor							
Mukim Damansara Lot No. 3.5 and 4.5 HS (D) 85220 PT No. 14532 District of Petaling			Leasehold 2092		2,815.20 sq m	Hospital Building & Land	8,000,000
State of Kalimantan							
Kabupaten Melawi, Provinsi Kalimantan Barat, Indonesia.			Leasehold Land		18,007.98 Ha (HGU)	Estate	83,867,000

Group Directory

HEADQUARTERS

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

PLANTATION DIVISION

TDM Plantation Sdn. Bhd.
Kumpulan Ladang-Ladang Trengganu Sdn. Bhd.
TDM Capital Sdn. Bhd.
Level 3, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100 Kuala Terengganu
Terengganu, Malaysia
Tel : (609) 620 4800
Fax : (609) 620 4805

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

P.T. Rafi Kamajaya Abadi
P.T. Rafi Sawit Lestari
P.T. Sawit Rezki Abadi
(Incorporated in Indonesia)
JL Provinsi Sintang – Nanga Pinoh Desa Sido Mulyo
Kec Pinoh Kota
78672 Kabupaten Melawi
Kalimantan Barat, Indonesia
Office : (0062) 5682 2784
Estate : (0062) 5682 2767

ESTATES AND MILLS

SUNGAI TONG COMPLEX

Jaya Estate
Sungai Tong, 21500 Setiu
Terengganu, Malaysia
Tel : (609) 824 1023
Fax : (609) 824 0993

Fikri Estate
Sungai Tong, 21500 Setiu
Terengganu, Malaysia
Tel : (609) 824 7612
Fax : (609) 824 3901

Tayor Estate
Sungai Tong, 21500 Setiu
Terengganu, Malaysia
Tel : (609) 824 1790
Fax : (609) 824 1679

Pelung Estate
Sungai Tong, 21500 Setiu
Terengganu, Malaysia
Tel : (609) 824 0829
Fax : (609) 824 1017

BUKIT BESI COMPLEX

Gajah Mati Estate
Bukit Besi, 23000 Dungun
Terengganu, Malaysia
Tel : (609) 849 0058
Fax : (609) 849 0060

Majlis Agama Islam Estate
Bukit Besi, 23000 Dungun
Terengganu, Malaysia
Tel : (609) 822 2001
Fax : (609) 822 2001

Pinang Emas Estate
Bukit Besi, 23000 Dungun
Terengganu, Malaysia
Tel : (609) 849 0057
Fax : (609) 849 0059

Jerangau Estate
Wakil Pos Pelar, 21810 Ajil
Hulu Terengganu,
Terengganu, Malaysia
Tel : (609) 838 4127
Fax : (609) 838 4127

Group Directory

KEMAMAN COMPLEX

Air Putih Estate
P.O. Box 19, Padang Kubu
24007 Kemaman
Terengganu, Malaysia
Tel : (609) 859 8367
Fax : (609) 859 8367

Tebak Estate
P.O. Box 14, Padang Kubu
24007 Kemaman
Terengganu, Malaysia
Tel : (609) 852 1552
Fax : (609) 852 1552

Jernih Estate
P.O. Box 12, Padang Kubu
24007 Kemaman
Terengganu, Malaysia
Tel : (6019) 928 4716

Pelantoh Estate
P.O. Box 10, Padang Kubu
24007 Kemaman
Terengganu, Malaysia
Tel : (609) 822 6400
Fax : (609) 822 6023

MILLS

Sungai Tong Palm Oil Mill
Sungai Tong, 21500 Setiu
Terengganu, Malaysia
Tel : (609) 824 7290
Fax : (609) 624 6472

Kemaman Palm Oil Mill
P.O. Box 13, Padang Kubu
24007 Kemaman
Terengganu, Malaysia
Tel : (609) 822 6566
Fax : (609) 822 6704

HEALTHCARE DIVISION

Kumpulan Medic Iman Sdn. Bhd.
Level 5, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100 Kuala Terengganu
Terengganu, Malaysia.
Tel : (609) 620 4800
Fax : (609) 620 4804

Kelana Jaya Medical Centre Sdn. Bhd.
1, FAS Business Avenue
Jalan Perbandaran SS7, Kelana Jaya
47301 Kelana Jaya
Selangor, Malaysia
Tel : (603) 7805 2111
Fax : (603) 7806 3505

Kuantan Medical Centre Sdn. Bhd.
Jalan Tun Razak
Bandar Indera Mahkota
25200 Kuantan
Pahang, Malaysia
Tel : (609) 590 2828
Fax : (609) 590 2730

Kuala Terengganu Specialist Hospital Sdn. Bhd.
443B, Jalan Kamaruddin
20400 Kuala Terengganu
Terengganu, Malaysia
Tel : (609) 624 5353
Fax : (609) 626 5211

TDMC Hospital Sdn. Bhd.
45, Jalan Desa
Old Klang Road
58100 Kuala Lumpur, Malaysia
Tel : (603) 7982 6500
Fax : (603) 7625 8652

Notice of 52nd Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifty Second (52nd) Annual General Meeting ("AGM") of the Company will be held at Permata Hall, Permai Hotel, Jalan Sultan Mahmud, 20400 Kuala Terengganu, Terengganu Darul Iman on Thursday, 25 May 2017 at 10.30 a.m., or at any adjournment thereof for the purpose of considering and if thought fit, passing the following resolutions with or without modifications:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 and the Reports of the Directors and the Auditors thereon. — ***Please refer to Explanatory Note 1***

2. To approve the payment of a first and final dividend of 0.50 sen per ordinary share, tax exempt under the single-tier system in respect of the financial year ended 31 December 2016. — **Resolution 1**

3. To re-elect the following Directors who retire in accordance with Article 113 of the Company's Articles of Association and who being eligible, offer themselves for re-election:-

   3.1 Tuan Haji Md Kamaru Al-Amin Ismail — **Resolution 2**
   3.2 Tuan Haji Samiun Salleh — **Resolution 3**

4. To re-elect the following Directors who retire in accordance with Article 116 of the Company's Articles of Association and who being eligible, offer themselves for re-election:-

   4.1 Datuk Dr. Ahmad Shukri Md Salleh @ Embat — **Resolution 4**
   4.2 Dato' Haji Mohamat Muda — **Resolution 5**

5. To approve the payment of Directors' fees up to an amount of RM648,000 for the period from 1 January 2017 until the conclusion of the next AGM of the Company. — **Resolution 6**

6. To approve the payment of Directors' benefits up to an amount of RM650,000 for the period from 1 January 2017 until the conclusion of the next AGM of the Company. — **Resolution 7**

7. To re-appoint Messrs. Ernst & Young as Auditors of the Company for the financial year ending 31 December 2017 and to authorise the Board of Directors to determine their remuneration. — **Resolution 8**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions with or without modifications:-

8. **Proposed Renewal of Authority for Share Buy-Back by the Company** — **Resolution 9**

   "THAT subject always to the Companies Act, 2016 and all other applicable laws, rules and regulations, approval be and is hereby given to the Company, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad ("Bursa Securities") as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and held pursuant to this resolution does not exceed ten percent (10%) of the issued and paid up share capital of the Company and the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company. As at 31 December 2016, the audited retained profits of the Company was RM292,860,000.

Notice of 52nd Annual General Meeting

THAT such authority shall commence immediately upon the passing of this resolution and shall remain in force until the conclusion of the next AGM of the Company unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting.

THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the ordinary shares in the Company so purchased by the Company as Treasury Shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends and/or to deal with the treasury shares in such manners as may be permitted and prescribe by the provisions of the Bursa Securities Main Market Listing Requirements and any other relevant Authorities.

AND THAT FURTHER authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant Authorities and to do all such acts and things as the Directors may deem fit and expedient in the interest of the Company."

9. **Authority to Issue Shares Pursuant to Section 75 and 76 of the Companies Act, 2016** **Resolution 10**

"THAT subject always to the Act, the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad and any other Governmental/Regulatory Authorities, where such approval is necessary, authority be and is hereby given to the Directors of the Company, pursuant to Sections 75 and 76 of the Act, to allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company."

10. **Proposed Renewal of the Authority for Directors to allot and issue New Ordinary Shares in the Company ("TDM Shares") in relation to the Dividend Reinvestment Scheme that Provides Shareholders of the Company with the Option to Reinvest Their Cash Dividend entitlements in new TDM Shares (DRS)** **Resolution 11**

"THAT pursuant to the DRS as approved by the Shareholders at the Extraordinary General Meeting held on 31 May 2016, and subject to the approval of the relevant authority (if any), approval be and is hereby given to the Company to allot and issue such number of new TDM Shares for DRS until the conclusion of the next Annual General Meeting, upon such terms and conditions and to such persons as the Directors may, in their sole and absolute discretion, deem fit and in the best interest of the Company PROVIDED THAT the issue price of the said new TDM Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted five (5) - day volume weighted average market price (VWAMP) of TDM Shares immediately prior to the price-fixing date, of which the VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price of TDM shares at the material time;

Notice of 52nd Annual General Meeting

AND THAT the Directors and the Secretary of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements and agreements and to execute, sign and deliver for and on behalf of the Company, all such documents and impose such terms and conditions or delegate all or any part of its powers as may be necessary or expedient in order to give full effect to the DRS, with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, as the Directors may, in their absolute discretion, deem fit and in the best interest of the Company.

11. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Articles of Association.

BY ORDER OF THE BOARD

WAN HASLINDA WAN YUSOFF (MAICSA 7055478)
Company Secretary
Kuala Terengganu

Date: 28 April 2017

Notes: -

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

2. Where a member of the Company is an Authorised Nominee as defined in the Securities Industry (Central Depositories) Act, 1991 (SICDA), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit ofthe said securities account.

3. Where a member of the Company is an exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account "omnibus account", there is no limit to the number of proxies which the exempt Authorised Nominee may appoint in respect of each omnibus account it holds. An exempt Authorised Nominee refers to an Authorised Nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

4. Where a member or the Authorised Nominee appoints two (2) proxies, or where an exempt Authorised Nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his Attorney duly authorised in writing, or, if the appointor is a Corporation, either under the Common Seal, or under the hand of an Officer or Attorney duly authorised.

Notice of 52nd Annual General Meeting

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

7. The original signed instrument appointing a Proxy or the Power of Attorney or other Authority, if any, under which it is signed or a notarially certified copy of that Power or Authority must be deposited at **the office of the Share Registrar of the Company i.e at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours** before the time for holding the meeting or at adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

   Paragraph 8.29A (1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of 52nd AGM to be put to vote by poll.

8. For the purpose of determining a member who shall be entitled to attend and vote at the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 57B of the Articles of Association of the Company and Section 34(1) of the SICDA to issue a General Meeting Record of Depositors as at 19 May 2017. Only a depositor whose name appears on the Record of Depositors as at 19 May 2017 shall be entitled to attend the said meeting or appoint proxies to attend and vote in his stead.

EXPLANATORY NOTES TO THE AGENDA:-

1. **Item 1 of the Agenda**

   This item is meant for discussion only. The provisions of Section 340 (1) of the Companies Act, 2016 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such this Agenda item is not a business which requires a resolution to be put to vote by Shareholders.

2. **Item 2 of the Agenda – Ordinary Resolution 1**

   Pursuant to Paragraph 8.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the first and final dividend, if approved, will be paid no later than three (3) months from the date of Shareholders' approval. The Book Closure date will be announced by the Company after the 52nd AGM.

3. **Item 5 and 6 of the Agenda – Ordinary Resolutions 6 & 7**

   Section 230 (1) of the Companies Act 2016, provides amongst others, that "the fees" of the Directors and "any benefits" payable to the Directors shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 52nd AGM on the Directors' fees and benefit in two (2) separate resolutions and the Board had agreed that the Directors' Fees and benefits in respect of FY 2017 and until the conclusion of the next AGM of the Company be maintained.

   The payment of the Directors' Fees for the period from 1 January 2017 until the conclusion of the next AGM of the Company will only be made if the proposed resolution 6 has been approved at the 52nd AGM of the Company.

Notice of 52nd Annual General Meeting

In determining the estimated total amount of Directors' Benefit, the Board had considered various factors which include amongst others, the number of scheduled and Special Board meetings, scheduled and Special Board Committee meetings as well as the number of Non-Executive Directors (NEDs) involved in these meetings.

The estimated sum of RM650,000 is for Directors' Benefits for FY2017 and also from January 2018 up to the conclusion of the next AGM.

The payment of the directors' benefit will be made on monthly basis and/or as and when incurred if the Proposed Resolution 7 has been passed at the 52nd AGM. The Board is of the view that it is fair and equitable for the Directors to be paid on a monthly basis and/or as and when incurred, given that they have duly discharged their duties and responsibilities and provided their services to the Company throughout the said period.

4. Item 8 of the Agenda – Ordinary Resolution 9

Proposed Renewal of Authority for Share Buy-Back by the Company

The proposed Ordinary Resolution 9, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the issued and paid up share capital of the Company by utilising the fund allocated which shall not exceed the total retained profits of the Company. Further information on the Proposed Renewal of Share Buy-Back Authority is set out in the Statement in Relation to Proposed Renewal of Authority for Share Buy-Back by the Company contained in the Company's 2016 Annual Report from page 188 to 195 page.

5. Item 9 of the Agenda – Ordinary Resolution 10

Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016

The Company had in its 51st Annual General Meeting held on 31 May 2016, obtained its Shareholders' approval for the renewal of the general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965 (the Act). The Company did not issue any new ordinary shares pursuant to this mandate.

The proposed Ordinary Resolution No: 10 is a renewal of the mandate to issue shares under Section 75 and 76 of the Companies Act 2016. If passed, it will allow the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot shares from the unissued capital of the Company but not exceeding 10% of the issued share capital of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

A renewal for the said mandate is sought to avoid any delay and cost involved in convening such a general meeting. Should the mandate be exercised, the Directors will utilise the proceeds raised for funding current and / or future investment projects, working capital, acquisition, issuance of shares as settlement of purchase consideration and / or such other applications they may in their absolute discretion deem fit.

6. Item 10 of the Agenda – Ordinary Resolution 11

The proposed Resolution 11, if passed, will give authority to the Directors to allot and issue new TDM Shares in respect of the dividends declared at this AGM and subsequently until the conclusion of the next AGM.

Statement Accompanying Notice of Annual General Meeting

Directors who are standing for re-election at the Fifty Second (52nd) Annual General meeting of TDM Berhad are:-

No	Name	
1.	Tuan Haji Md Kamaru Al-Amin Ismail	**Resolution 2**
2.	Tuan Haji Samiun Salleh	**Resolution 3**
3.	Datuk Dr Ahmad Shukri Md Salleh @ Embat	**Resolution 4**
4.	Dato' Haji Mohamat Muda	**Resolution 5**

The details of the above Directors who are seeking re-election are set out in the "Board of Directors' Profile" which appears from page 28 to page 33 of the Annual Report.

The details of Directors' interests in the securities of the Company are set out in the "Statistics on Shareholdings" which appear on page 168 of the Annual Report.

Statement in Relation to Proposed Renewal of Authority
for Share Buy-Back by TDM Berhad

THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused this Statement prior to its issuance as it is an exempt statement. Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or due to your reliance upon the whole or any part of the contents of this Statement.

DEFINITION

For the purposes of this Statement, except where the context otherwise requires, the following definitions shall apply:

Act	:	Companies Act, 2016 as amended from time to time including any re-enactment thereof
AGM	:	Annual General Meeting
Board	:	Board of Directors of the Company
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
Code	:	The Malaysian Code on Take-Overs and Mergers, 2016 as amended from time to time and includes any re-enactment thereof
EPS	:	Earnings per Share
FYE	:	Financial year ended/ending (whichever is applicable)
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities as amended from time to time
LPD	:	5 April 2017, being the latest practicable date prior to the printing of this Statement
Market Day(s) holiday	:	Any day between Monday and Friday, both days inclusive, which is not a public and on which Bursa Securities is open for the trading of securities
NA	:	Net assets
Rules	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions, 2016 as amended from time to time including any re-enactment thereof

Statement In Relation To Proposed Renewal Of Authority For Share Buy-Back By TDM Berhad (cont'd.)

DEFINITION (CONT'D)

Proposed Share Buy-Back	:	Proposed authority for the Company to purchase its own Shares up to ten per centum (10%) of the issued and paid-up share capital at any given point of time
Purchased Shares	:	Shares purchased by the Company pursuant to the Proposed Share Buy-Back
RM and sen	:	Ringgit Malaysia and sen respectively
SC	:	Securities Commission Malaysia
Share Buy Back Scheme	:	A scheme by a company to purchase its own voting shares or voting rights as prescribed under Section 127 of Companies Act 2016 or any relevant governing statute or provision.
Statement	:	Statement in relation to proposed renewal of authority to purchase its own shares by the Company
TDM or our Company	:	TDM Berhad (6265-P)
TDM Share(s) or Share(s)	:	Ordinary share(s) in the Company

All references to **"we"**, **"us"**, **"our"** and **"ourselves"** in this Circular are to our Company and, save where the context otherwise requires, shall include our subsidiaries.

All references to **"you"** in this Statement are to our shareholders.

Unless specifically referred to, words denoting the singular shall include the plural and vice versa. And words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

All references to time of day in this Statement refer to Malaysian time, unless otherwise stated.

Rounding

Throughout this Statement, for ease of reading, certain figures have been rounded.

Statement In Relation To Proposed Renewal Of Authority For Share Buy-Back By TDM Berhad (cont'd.)

1. INTRODUCTION

On 31 May 2016, the Company announced that the approval granted by the shareholders at the AGM of TDM Berhad held on 31 May 2016 for the Company to purchase its own shares shall expire at the conclusion of the forthcoming 52^{nd} AGM and that the Company proposed to seek a renewal of the approval from the shareholders at the forthcoming 52^{nd} AGM to be held on 25 May 2017, to purchase and/or hold as treasury shares, its own Shares representing up to 10% of the issued and paid-up share capital of the Company through Bursa Securities.

The renewal of approval for the Proposed Share Buy-Back will be effective immediately upon the passing of the ordinary resolution for the Proposed Share Buy-Back at the Company's 52^{nd} AGM to be held on 25 May 2017 until:-

(i) the conclusion of the next AGM following the general meeting at which such resolution was passed, at which time the authority will lapse unless renewed by ordinary resolution, either unconditionally or subject to conditions; or

(ii) the authority is revoked or varied by ordinary resolution passed by you in a general meeting; or

(iii) the expiration of the period within which our next AGM is required by law to be held, whichever occurs first.

2. RATIONALE FOR THE PROPOSED SHARE BUY-BACK

The authority for the Proposed Share Buy-Back is sought so as to provide our Company with additional flexibility in respect of our capital management initiatives, whereby we have the option, if so implemented, to use any surplus funds in an efficient manner to purchase our own Shares from the open market.

Further, the purchase by our Company of our own Shares is expected to result in an improvement to TDM's consolidated EPS (given the decreased share base used for the computation of the same), which in turn may benefit TDM and our shareholders. Alternatively, any purchased TDM Shares which are retained as treasury shares may be resold on Bursa Securities at a potentially higher price and/or distributed as share dividends to our shareholders.

3. SOURCES OF FUND

The Proposed Share Buy-Back shall be financed through internally generated funds and/or bank borrowings. The actual amount of bank borrowings will depend on the financial resources available at the time of the Proposed Share Buy-Back. In the event the Company decides to utilise bank borrowings to finance the Proposed Share Buy-Back, it will ensure that it has sufficient funds to repay the bank borrowings and interest expense and that the repayment will not have a material impact on the cash flows of the Company.

The actual number of Shares to be purchased, the total amount of funds to be utilised, impact on cash flows and the timing of the purchase(s) will depend on the availability of funds, our Company's internal estimation of the fair value of our own Shares as well as the prevailing equity market conditions and sentiments at the time of the purchase(s).

Based on the audited financial statements of the Company as at 31 December 2016, the retained profits of the Company amounted to RM292,860,000. For information purposes, the latest unaudited retained profits of the Company as at 28 February 2017 amounted to RM298,975,000.

Statement In Relation To Proposed Renewal Of Authority For Share Buy-Back By TDM Berhad (cont'd.)

4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

Advantages

The Proposed Share Buy-Back if implemented is expected to potentially benefit our Company and our shareholders. The Proposed Share Buy-Back would enable our Group to utilise our surplus financial resources to purchase our own Shares when appropriate and at prices which your Board views as favourable.

The Proposed Share Buy-Back would effectively reduce the number of Shares carrying voting and participation rights (unless the Purchased Shares are resold on Bursa Securities or distributed as share dividends). Consequently (whether the Purchased Shares are held as treasury shares or cancelled), all else being equal, the EPS of our Group may be enhanced as the earnings of our Group would be divided by a reduced number of Shares. The enhancement in EPS, if any, arising from the Proposed Share Buy-Back is expected to benefit our shareholders.

The Purchased Shares can be held as treasury shares and be resold on Bursa Securities at a higher price than their cost of purchase and therefore realising a potential capital gain in reserves without affecting our total issued and paid-up share capital. The treasury shares may also be distributed to our shareholders as share dividends.

The Purchased Shares may also be cancelled at such time(s) when your Board is of the view that there is excess share capital and wish to reduce the number of Shares in circulation.

Disadvantages

The Proposed Share Buy-Back, if implemented, is expected to reduce the financial resources of our Group. This may result in our Group foregoing better investment opportunities which may emerge in the future and/or any interest income that may be derived from other alternative uses of such funds, such as deposit of funds in interest bearing instruments.

The Proposed Share Buy-Back may also reduce the amount of resources available for distribution to our shareholders in the form of dividends as funds are utilised to purchase our own Shares.

Nevertheless, the Proposed Share Buy-Back is not expected to have any potential material disadvantage to our Group and our shareholders, as it will be implemented only after careful consideration of the financial resources of our Group and its resultant impact on our shareholders. Your Board is mindful of the interest of our Group and our shareholders and will be prudent with respect to the above exercise.

5. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

On the assumption that the Proposed Share Buy-Back is carried out in full, the effects of the Proposed Share Buy-Back on the share capital, substantial shareholders' shareholdings, NA, working capital and EPS are set out below:-

5.1. Share Capital

The effects of the Proposed Share Buy-Back on the share capital of the Company will depend on the intention of the Board with regard to the purchased Shares. In the event that the Proposed Share Buy-Back is carried out in full and the purchased Shares are cancelled, the Proposed Share Buy-Back will result in a reduction in the total issued and paid up share capital of the Company as follows:-

Statement In Relation To Proposed Renewal Of Authority For Share Buy-Back By TDM Berhad (cont'd.)

	No. of Shares '000	RM'000
Total issued and paid up share capital as at 31 December 2016	1,505,462	301,092
Less: Share purchased amounting to 10% pursuant to the Proposed Share Buy-Back	150,546	30,109
Upon completion of the Proposed Share Buy-Back	1,354,916	270,983

5.2. NA

The effect of the Proposed Share Buy-Back on the NA per Share of our Group would depend on the purchase price(s) paid and number of the TDM Shares purchased. The NA per Share of our Group will decrease if the cost per Share purchased exceeds the NA per Share of our Group at the relevant point in time. However, if the cost per Share purchased is below the NA per Share of our Group at the relevant point in time, the NA per Share of our Group will increase.

In the case where the TDM Shares purchased pursuant to the Proposed Share Buy-Back are treated as treasury shares and subsequently resold on Bursa Securities, the NA per Share of our Group upon the resale will increase if our Company realises a gain from the resale and vice-versa. If the treasury shares are distributed as share dividends, the NA of our Group will decrease by the cost of the treasury shares at the point of purchase.

5.3. Working Capital

The Proposed Share Buy-Back, as and when implemented, is likely to reduce the working capital of our Group, the quantum of which depends on, amongst others, the purchase price of the Purchased Shares, the number of Purchased Shares and any associated costs incurred in making the purchase.

For Purchased Shares which are kept as treasury shares, upon their resale, the working capital and the cash flow of our Group may increase with the receipt of the proceeds of the resale. The quantum of the increase in the working capital and cash flow will depend on the actual selling price(s) of the treasury shares and the number of treasury shares resold and any associated costs incurred in undertaking the sale.

5.4. Earnings and EPS

The effects of the Proposed Share Buy-Back on TDM's consolidated earnings and EPS would depend on various factors including the number of TDM Shares purchased as well as any income foregone in connection with funding such purchases.

Additionally, the purchase of the shares pursuant to the Proposed Share Buy-Back will result in a lower number of shares being taken into account for purposes of EPS computation, which is expected to have a positive impact on our Group's EPS.

Statement In Relation To Proposed Renewal Of Authority For Share Buy-Back By TDM Berhad (cont'd.)

5.5. Substantial Shareholders' and Directors' Shareholdings

TDM Shares bought back by our Company under the Proposed Share Buy-Back that are retained as treasury shares and/or subsequently cancelled will result in a proportionate increase in the percentage shareholdings of the substantial shareholders and Directors of our Company.

Based on our Register of Substantial Shareholders and Register of Directors as at the LPD, the proforma effect of the Proposals on the shareholdings of the substantial shareholders and Directors of our Company are as follows:-

Substantial Shareholders

	As at LPD				After the Proposed Share Buy-Back			
	←Direct→		←Indirect→		←Direct→		←Indirect→	
Name of substantial shareholder	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Terengganu Incorporated Sdn Bhd (**"TISB"**)	920,652,230	61.15	-	-	920,652,230	67.95	-	-
Kumpulan Wang Persaraan (Diperbadankan) (**"KWAP"**)	134,063,500	8.91	3,118,000	0.21	134,063,500	9.89	3,118,000	0.23

Note : Assuming our Company purchase 10% of its outstanding Shares and the substantial shareholders do not dispose their shareholdings at that point of time

Directors

	As at LPD				After the Proposed Share Buy-Back			
	←Direct→		←Indirect→		←Direct→		←Indirect→	
Name of Director	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Haji Md Kamaru Al-Amin Ismail	101,900	0.01	-	-	101,900	0.01	-	-

Note : Assuming our Company purchase 10% of its outstanding Shares and the Directors do not dispose their shareholdings at that point of time

Statement In Relation To Proposed Renewal Of Authority For Share Buy-Back By TDM Berhad (cont'd.)

6. IMPLICATIONS OF THE PROPOSED SHARE BUY-BACK IN RELATION TO THE CODE

Pursuant to the Rules, which deals with Share Buy-Back Schemes states that a mandatory obligation arises when:

(i) a person obtains controls in a company as a result of a Share Buy-Back Scheme by the company;

(ii) a person (holding more than 33% but not more than 50% of the voting shares or voting rights of a company), as a result of a Share Buy-Back Scheme by the company, increases his holding of the voting shares or voting rights of the company by more than 2% in any six-month period;

(iii) a person (holding more than 33% but not more than 50% of the voting shares or voting rights of a company) acquires more than 2% of the voting shares or voting rights of the company when he knows or reasonably ought to know that the company would carry out a Share Buy-Back Scheme.

In the event the Proposed Share Buy-Back is implemented in full and all the substantial shareholders do not dispose their shareholdings at that point of time, the proforma effects of the Proposed Share Buy-Back on the shareholdings of the substantial shareholders of our Company as at LPD are as illustrated in Section 5.5 of this Statement.

In this regard, assuming the number of TDM Shares held by TISB remains unchanged, the Proposed Share Buy-Back, if implemented in full, may have an implication in relation to the Code as TISB's shareholdings in our Company may increase by more than 2% in any 6-months period. As a result, TISB may trigger an obligation to undertake a mandatory take-over offer on the remaining voting shares in our Company pursuant to Part III of the Code.

Nevertheless, as it is not intended for the Proposed Share Buy-Back to trigger the obligation to undertake a mandatory offer under the Code by any of our Company's substantial shareholder and/or parties acting in concert with them, our Board will ensure that such number of TDM Shares are purchased, retained as treasury shares, cancelled or distributed in such that the Proposed Share Buy-Back would not result in triggering any mandatory offer obligation on the part of its substantial shareholders and/or parties acting in concert with them.

In this connection, our Board is mindful of the requirements under the Code when making any purchase of the Company's own shares pursuant to the Proposed Share Buy-Back.

Notwithstanding the above, holders of voting shares may apply for an exemption from undertaking a mandatory offer obligation arising from the purchase of a company's own shares. In this respect, TISB and/or parties acting in concert with it, if any, may apply for an exemption from the obligation to undertake a mandatory offer prior to such obligation being triggered as a result of the Proposed Share Buy-Back.

7. PURCHASE, RESALE AND CANCELLATION OF TREASURY SHARES MADE IN THE PREVIOUS 12 MONTHS

The Company did not purchase its own Shares before and therefore, have never held any treasury shares in its accounts.

8. PUBLIC SHAREHOLDING SPREAD

Based on our Record of Depositors as at the LPD and based on our substantial shareholders and directors' filings with our Company, the public shareholding spread of our Company is 29.94%.

Statement In Relation To Proposed Renewal Of Authority For Share Buy-Back By TDM Berhad (cont'd.)

9. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save for the proportionate increase in the percentage of shareholdings and/or voting rights of shareholders in the Company as a consequence of the Proposed Share Buy-Back, none of the Directors or substantial shareholders of the Company or persons connected to them, has any interest, direct or indirect, in the Proposed Share Buy-Back.

10. DIRECTORS' RECOMMENDATION

The Board, having considered the rationale for the Proposed Share Buy-Back and after careful deliberation,is of the opinion that the Proposed Share Buy-Back is in the best interests of TDM and its shareholders and accordingly, recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming 52nd AGM to be convened.

(The remainder of this page is intentionally left blank)

(This page is intentionally left blank)

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

Proxy Form

CDS Account No.	
Number of Ordinary Share(s) held	

I / We ____
(FULL NAME OF SHAREHOLDER AS PER NRIC / CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

NRIC No. / Company No. ________________________ of ________________________

____
(FULL ADDRESS)

being a member of TDM BERHAD hereby appoint : ________________________

FIRST PROXY

Fulll Name of Proxy in capital letters		Proportion of Shareholdings	
		Number of Shares	Percentage
NRIC No/Passport No			

and/or failing him/her,

SECOND PROXY

Fulll Name of Proxy in capital letters		Proportion of Shareholdings	
		Number of Shares	Percentage
NRIC No/Passport No			

or failing him/her the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Fifty Second (52nd) Annual General Meeting of the Company to be held at Permata Hall, Permai Hotel, Jalan Sultan Mahmud, 20400 Kuala Terengganu, Terengganu Darul Iman on Thursday, 25 May 2017 at 10.30 a.m and at any adjournment thereof, on the following resolutions referred to in the Notice of 52nd AGM. My/our proxy is to vote as indicated below:-

Resolutions No	Resolutions	For	Against
Ordinary Resolution 1	To approve the payment of a first and final dividend of 0.50 sen per ordinary share, tax exempt under the single-tier system in respect of the financial year ended 31 December 2016		
Ordinary Resolution 2	To re-elect Tuan Haji Md Kamaru Al-Amin Bin Ismail as Director of the Company		
Ordinary Resolution 3	To re-elect Tuan Haji Samiun Bin Salleh as Director of the Company		
Ordinary Resolution 4	To re-elect Datuk Dr Ahmad Shukri bin Md Salleh @ Embat as Director of the Company		
Ordinary Resolution 5	To re-elect Dato' Haji Mohamat bin Muda as Director of the Company		
Ordinary Resolution 6	To approve the payment of Directors' fees up to an amount of RM648,000 for the period from 1 January 2017 until the conclusion of the next AGM of the Company		
Ordinary Resolution 7	To approve the payment of Directors' benefits up to an amount of RM650,000 for the period from 1 January 2017 until the conclusion of the next AGM of the Company		
Ordinary Resolution 8	To re-appoint Messrs. Ernst & Young as Auditors of the Company for the financial year ending 31 December 2017 and to authorise the Board of Directors to determine their remuneration		
Ordinary Resolution 9	To approve the proposed Renewal of Share Buy-Back Authority		
Ordinary Resolution 10	Authority to Issue Shares Pursuant to Section 75 and 76 of the Companies Act, 2016		
Ordinary Resolution 11	To approve the proposed Renewal of Dividend Reinvestment Scheme Authority		

____
Signature(S)/Common Seal of Members

Numbers of shares held :

Date : ________________________

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

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

Notes : -

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. A member shall appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
2. Where a member of the Company is an Authorised Nominee as defined in the Securities Industry (Central Depositories) Act, 1991 (SICDA), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit ofthe said securities account.
3. Where a member of the Company is an exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account “omnibus account”, there is no limit to the number of proxies which the exempt Authorised Nominee may appoint in respect of each omnibus account it holds. An exempt Authorised Nominee refers to an Authorised Nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
4. Where a member or the Authorised Nominee appoints two (2) proxies, or where an exempt Authorised Nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his Attorney duly authorised in writing, or, if the appointor is a Corporation, either under the Common Seal, or under the hand of an Officer or Attorney duly authorised.
6. If this Proxy Form is signed under the hand of an Officer duly authorised, it should be accompanied by a statement reading “signed as authorized Officer under Authorisation Document which is still in force, no notice of revocation having been received”. If this Proxy Form is signed under the Attorney duly appointed under a Power of Attorney, it should be accompanied by a statement reading “signed under Power of Attorney which is still in force, no notice of revocation having been received”. A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in this Proxy Form.
7. The original signed instrument appointing a Proxy or the Power of Attorney or other Authority, if any, under which it is signed or a notarially certified copy of that Power or Authority must be deposited at **the office of the Share Registrar of the Company i.e at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours** before the time for holding the meeting or at adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
   Paragraph 8.29A (1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of 52nd AGM to be put to vote by poll.
8. For the purpose of determining a member who shall be entitled to attend and vote at the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 57B of the Articles of Association of the Company and Section 34(1) of the SICDA to issue a General Meeting Record of Depositors as at 19 May 2017. Only a depositor whose name appears on the Record of Depositors as at 19 May 2017 shall be entitled to attend the said meeting or appoint proxies to attend and vote in his stead.

Fold here

Affix
Stamp

TDM BERHAD

C/O SHARE REGISTRAR
Tricor Investor & Issuing House Services Sdn Bhd,
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Wilayah Persekutuan

Fold here

TDM
BERHAD
(6265-P)

TDM BERHAD (6265-P)
Level 5, Bangunan UMNO Terengganu
Lot 3224, Jalan Masjid Abidin
20100 Kuala Terengganu
Terengganu
Malaysia

Tel : (609) 620 4800
Fax : (609) 620 4803
www.tdmberhad.com.my